

## REDEVELOPMENT AGENCY STAFF REPORT

**To:** Chairman & Agency Board Council  
**From:** Mark Nuaimi, Executive Director  
**Date:** December 9, 2010  
**For Agency Meeting:** December 21, 2010

**Subject:** Approval of an Exclusive Negotiation Agreement between the Agency, the Town of Yucca Valley, and National Community Renaissance of California (CORE) regarding a Senior Affordable Housing Development.

**Prior Agency Review:** The Agency authorized the release of the Request for Qualifications at its meeting of June 15, 2010. The Agency approved the selection of National Community Renaissance of California (CORE) as the development entity to deliver an affordable senior housing opportunity, and directed staff to return to the Agency with an Exclusive Negotiating Agreement for consideration. The Agency reviewed site alternatives at its meeting of November 16, 2010 and recommended the Dumosa site as the preferred site for the proposed Project.

**Recommendation:** Authorize the Executive Director to enter into an Exclusive Negotiating Agreement ("ENA") with National Community Renaissance of California (CORE) regarding the development of an affordable senior housing opportunity, potentially located at the Town of Yucca Valley's vacant property at Dumosa and SR 62.

**Executive Summary:** Redevelopment law requires agencies to spend no less than 20% of tax increment for affordable housing programs. Affordable housing programs can take on many forms, from repair programs, to rehabilitation, to acquisition and rehabilitation, and include construction of new affordable units.

There have been no affordable units produced in the Project Area since the Redevelopment Plan was adopted in 1992. Since the Redevelopment Plan was adopted through 2008-2009, the Agency was required to produce 44 affordable units and 18 very low income units.

Based upon the projection of 147 units anticipated to be constructed in the project area through 2013-2014, 23 of these units would need to be affordable with 10 of these units affordable to very low income households. Therefore the Agency has a projected need of 67 affordable units to be developed through the end of 2013-2014. To meet this need, the Agency has discussed at a conceptual level the development of a 75-unit affordable housing complex for low to moderate income seniors on the Town's Dumosa site. When completed, this development would greatly assist the Agency in meeting both near and long term affordable housing goals.

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Reviewed By:

  
Town Manager

  
Town Attorney

  
Mgmt Services

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Dept Head

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<input checked="" type="checkbox"/> Department Report	<input type="checkbox"/> Ordinance Action	<input type="checkbox"/> Resolution Action	<input type="checkbox"/> Public Hearing
<input type="checkbox"/> Consent	<input type="checkbox"/> Minute Action	<input type="checkbox"/> Receive and File	<input type="checkbox"/> Study Session

The proposed action will provide preliminary funding to allow staff to begin negotiations with CORE regarding the proposed development and to move forward with the preparation of various grant applications related to the Project including the completion of a HUD 202 application.

**Order of Procedure:**

- Request Staff Report
- Agency Questions of Staff
- Request Public Comment
- Agency Discussion
- Motion/Second
- Discussion on Motion
- Call the Question (Voice Vote)

**Discussion:** The Agency released a Request for Qualifications (RFQ) to prospective developers to partner with the Agency to deliver affordable housing alternatives to Yucca Valley. The Agency received submittals from nine (9) firms. They included:

- AMCAL Multi-Housing Las Palmas Foundation
- The Northridge Group
- Opportune Companies
- National Community Renaissance of California (CORE)
- Chelsea Investment Corporation
- Riverside Housing Development Corporation
- Coachella Valley Housing Coalition
- Related Companies
- Orange County Development Corp.

Agency staff and consultants reviewed the submittals and determined that four proposals warranted an interview. Based upon the interviews, staff recommended and the Agency approved the selection of National Community Renaissance of California (CORE). The CORE team provided Agency staff with a comprehensive strategy for securing funding to deliver a high-quality, amenitized, affordable senior housing facility. Staff was particularly impressed with CORE's technical analysis of the development, their strategic planning to deliver such a project, and their track record throughout the Inland Empire delivering multiple phases of improvements within communities. Based on these factors, staff asked that the Agency board approve staff's recommendation to select CORE and further direct staff to prepare the necessary agreement (ENA, DDA, or equivalent) to move this development effort forward.

Accordingly, staff and CORE have outlined an Exclusive Negotiating Agreement (ENA) to assist in development process. The ENA is a common tool used by redevelopment agencies when the Agency wants to have a high level of discretion and control over the final use of the identified property. The ENA is the first step in a two-step process whereby the Agency-approved plan for the ultimate use of the property is developed with a selected participant, and related grant applications are completed. Secondly, a Disposition and Development Agreement (DDA) is drafted identifying the terms and conditions required for the transfer of the site and completion of the project. The DDA is then presented to the Agency Board and Town Council for final approval.

Some of the main provisions provided by the proposed ENA include:

- Term and milestones
- Site Development Plan identification and elements
- Costs estimates and potential funding structure
- Responsibilities and Obligations
- Reservation and Discretion of final property disposition

#### Proposed ENA Highlights

If the proposed ENA is approved and executed, the Agency and Developer will enter into exclusive negotiations for final disposition of the property for up to 365 days provided that the Developer meets identified milestones including the following:

- Cooperation with the Agency to prepare a Site development program and plan.
- Undertake Project due diligence activities.
- Establish Project development responsibilities, including development schedule, development budget, and financing strategy.
- Completion of a HUD 202 application and the initialization and/or completion of various other financial grant applications as necessary.
- Negotiate and finalize a disposition and development agreement (DDA) and other documents related to the conveyance of the site and the development of the Project.

During this period, the Agency will retain full and complete discretion regarding the approval and execution of any DDA, the approval of any development proposal or land use regulation governing the site, the provision of financial assistance for the development of any public or private interest in real property, or any other such act or approval. The agreements also provides the Agency's Executive Director with the authority to extend the term of the agreement up to 120 days should he deem it advantageous to the Agency.

Finally, as part of the agreement, there is an Early Entry Agreement which will provide the developer access to the property in order to complete their due diligence, site planning, pre-design and other related tasks. The Early Entry Agreement is structured to provide reasonable access for the developer while limiting the Agency's exposure and liability during the course of these activities.

### Initial Funding and Project Schedule

CORE is a nonprofit 501 (c) (3) corporation working in partnership with the Agency to initiate a high quality low income senior housing development in the project area. Due to their non-profit status, it is staff's recommendation that the Agency agrees to make a loan to the Developer for the purpose of paying and/or reimbursing certain predevelopment expenses incurred and paid by the Developer with respect to due diligence investigation concerning acquisition of the property and subsequent development, construction and operation of the proposed project. This funding will also be utilized for the purpose of completing the HUD 202 application, a potentially critical component of the Project's financing structure. These funds will be primarily used for expenditure reimbursement related to third-party contractors and consultants as further detailed in Project Budget attachment to the ENA. As the Project moves forward, this funding may be reimbursed to the Agency through the receipt of various grants, or will be considered a part of the Agency's gap funding into the Project.

A second attachment to the ENA outlines the preliminary project schedule during the ENA and DDA periods. Due to the various grant funding sources being sought for this Project, there are different timelines established for each of the grant cycles. Additionally, given uncertainty in the availability of various grants, uncertainty of the Project's competitiveness in certain grant programs, and other unknowns, the proposed Project schedule is subject to change. The underlying goal of attaining maximum grant funding for this project remains one of the paramount objectives of both Agency and CORE staff.

**Alternatives:** Request revisions to the proposed ENA; decline to authorize the ENA with CORE.

**Fiscal Impact:** The proposed predevelopment loan provision establishes a \$100,000 budget for activities related to the first phase of the ENA. Should an acceptable DDA result from this agreement, site planning, design and other entitlement costs approach \$550,000. Any such contribution will be considered a part of the Agency's financial contribution to the project. The Agency Low/Mod account has a current balance in excess of \$1.5 million and a bonding capacity of approximately \$3.2 million.

**Attachments:** Executed ENA

**EXCLUSIVE NEGOTIATION AGREEMENT**

**National Community Renaissance of California**

**December 8, 2010**

This EXCLUSIVE NEGOTIATION AGREEMENT ("Agreement") is entered into this \_\_\_\_ day of December, 2010 ("Effective Date"), between the TOWN OF YUCCA VALLEY, a public body, corporate and politic ("Town"), the TOWN OF YUCCA VALLEY REDEVELOPMENT AGENCY, a public body, corporate and politic ("Agency"), and National Community Renaissance of California, a California public benefit non-profit corporation ("Developer"), to provide a specified period of time to attempt to negotiate a disposition and development agreement per the terms and provisions set forth below.

**RECITALS**

WHEREAS, Agency has approved and adopted the 2009-10 Five Year Implementation Plan, which includes a Housing Compliance Plan that outlines Agency's affordable housing production requirements for Redevelopment Project Area No. 1 ("Project Area"); and

WHEREAS, Agency intends to achieve its' affordable housing requirements through direct or indirect action such as partnering with a private entity to build, construct, or substantially rehabilitate residential units within the Project Area; and

WHEREAS, Town owns approximately 3.09 +/- gross acres of vacant real property located north of 29 Palms Highway, west of Dumosa Avenue, and south of Antelope Trail, identified as Assessor Parcel 595-371-11 and the southerly portion of Assessor Parcel 595-361-21, Town of Yucca Valley, County of San Bernardino, State of California as further depicted on Exhibit A attached hereto (the "Site"); and

WHEREAS, the purpose of this Agreement is to establish a specific, limited period of time to negotiate an agreement between Town, Agency and Developer that would govern the Lease or sale of the Site, and the development and operation of an affordable housing development on the Site, all subject to mutually agreeable terms, conditions, covenants, and restrictions negotiated and documented in a Disposition and Development Agreement (“DDA”); and

WHEREAS, Town and Agency desire to work with Developer to: (i) identify development opportunities for the Site, and (ii) identify development costs, responsibilities and schedule, (iii) formulate plans for an affordable housing development (“Project”), (iv) determine if the Site will be leased or sold to the Developer, and (v) if agreed to by the parties to this Agreement, negotiate a DDA; and

WHEREAS, Town, Agency and Developer desire to enter into this Agreement to initiate exclusive negotiations for up to three hundred sixty-five (365) days (“Negotiation Period”) provided that Developer meets certain performance milestones, including without limitation: (i) cooperating with Agency to prepare a Project development program and plan, (ii) undertaking Project due diligence activities; (iii) establishing Project development responsibilities (including a Project development schedule, development budget and financing strategy), (iv) preparing and submitting an application for a HUD 202 loan in an amount which, when combined with other potential financing, would be sufficient to enable Developer to acquire, develop, entitle, construct and operate the Project, and (v) attempting to negotiate and finalize a DDA and other documents related to the sale or lease of the Site and the development of the Project.

NOW, THEREFORE, in consideration of the recitals and mutual covenants and conditions contained herein, the parties hereto agree as follows:

## **I. NEGOTIATION PERIOD**

### **A. Negotiation Period**

The Negotiation Period shall consist of two consecutive terms, subject to Developer's achievement and performance of certain milestones in each period, and shall commence upon the date presented in the Preamble of this Agreement ("Commencement Date"), and shall end on the date that is three hundred sixty-five (365) days following the Commencement Date ("End Date"), unless earlier terminated or extended pursuant to the terms of this Agreement ("Negotiation Period"). This Agreement shall automatically terminate as of the End Date unless extended pursuant to the terms of the Agreement; provided, however, that if the Agreement is earlier terminated pursuant to this Agreement's provisions then such earlier termination date shall be the "End Date" and this Agreement shall be deemed to automatically terminate on such date.

### **B. First Term: Site Development Plan Preparation and HUD 202 Application**

During the first one hundred eighty (180) days of the Negotiation Period ("First Term"), Developer shall conduct due diligence activities and will prepare a Site development program and plan ("Site Development Plan") for Agency review. The Site Development Plan shall include and delineate the following conceptual elements regarding the Project:

1. Anticipated uses, type, and size;
2. Building configuration(s), ingress/egress points, parking areas, open space areas, and building exterior elevations;
3. Relationships with the surrounding uses;
4. Design, construction, and operating features;
5. Anticipated on- and off-site infrastructure improvements;

6. Estimated development costs including soft and hard construction costs, on- and off-site infrastructure improvement costs, and state and local regulatory requirement costs;
7. Funding responsibilities and sources;
8. Site disposition (whether the Site will be leased or sold to the Developer);
9. The parties/entities responsible for development activities;
10. A development schedule;
11. Complete a Phase 1 review analysis and report on the Site; and,
12. Complete a Site appraisal.

Within the first sixty (60) days of the First Term, Agency may request from Developer any and all documentation reasonably necessary for Agency's assessment of Developer's ability, both practically and financially, to undertake and perform the Project ("Developer Documents"). Developer Documents may include, without limitation, corporate formation or business entity formation documents, financial statements, equity partner commitments, lender commitments, and any other documentation reasonably related to Developer's performance of this Agreement, ability to perform the terms of a DDA, and/or the Project. Developer shall provide Developer Documents to Agency and Developer shall continue to provide new documentation as it is received or as specifically requested by Agency. Agency may request further Developer Documents that it reasonably considers necessary to its assessment at any time during the First Term. During the First Term, Town and Agency shall provide Developer with all reports, plans and information Town and Agency may have for the Site, however, Town and Agency will not guarantee the accuracy of said documents. During the First Term, Developer will also undertake the following:

1. Shall review preliminary title report information for the Site;

2. Shall conduct other due diligence activities as necessary to determine whether or not the Site can accommodate the Project. In conjunction therewith, Developer and its consultants and agents shall have the right to enter upon the Site to conduct tests, studies, and investigations pursuant to an Early Entry Agreement, the form of which is attached hereto and incorporated herein as Exhibit B.
3. Shall coordinate with the Agency the completion of a HUD 202 loan application to be submitted in the Spring of 2011. The information prepared in such application, to the degree possible, shall be in a form that can be utilized in the application process for other financing programs such as County HOME Funds, Tax Credit Financing, and other related affordable housing financing programs. The costs of preparing such application will be borne by the Agency to the degree further described in Section III of this Agreement.

Agency may utilize independent financial or design consulting firms to verify and further analyze the Site Development Plan and/or Developer Documents at Agency's sole expense. Within thirty (30) days of the date of receipt of Developer Documents and/or the Site Development Plan, Agency may provide its preliminary evaluation or comments thereon to Developer. Agency's preliminary determinations on the Site Development Plan may indicate the appropriate level of review under the California Environmental Quality Act ("CEQA"). Developer's failure to satisfactorily cure (as determined in the sole and absolute discretion of Agency) any deficiencies in the Developer Documents and/or the Site Development Plan identified by Agency in the course of preliminary reviews or discussions may result in Agency's rejection of the Developer Documents and/or the Site Development Plan. Consistent with Section IV hereof, no preliminary representations by, or discussions with, Town or Agency staff shall constitute a warranty or guarantee that Town or Agency will accept the Developer

Documents and/or the Site Development Plan; nor shall any such preliminary representations by, or discussions with, Town or Agency staff limit Town's or Agency's police powers or be binding upon the discretion of the Town Council and/or Agency Board.

If, at the end of the First Term, Agency has not accepted the Site Development Plan and the Developer Documents, this Agreement shall automatically terminate without notice, unless the time for Developer's performance is extended in writing by the Agency Executive Director, in his or her sole and absolute discretion (and with Developer's written agreement to the extension), pursuant to Section VIII.Q of this Agreement.

**C. Second Term: DDA Preparation / Environmental Review / Entitlements/Submittal of DDA to Agency Board and Town Council**

If the Site Development Plan and Developer Documents are all accepted by Agency, then Town and Agency agree to negotiate exclusively with Developer for an additional one hundred and eighty (180) days of the Negotiation Period ("Second Term") to structure, draft and finalize the DDA, to complete site entitlement consistent with the DDA, to complete necessary environmental review to comply with CEQA, and to present the DDA, entitlements, and environmental determination to the Agency Board and Town Council for consideration.

Without limitation, the parties anticipate that a DDA, if any, would include the following terms: (i) the design of the Project which is proposed by Developer, which design shall be subject to approval by Town and Agency, (ii) the financing of the Project by Developer and Agency, (iii) the lease or sale of the Site to Developer, (iv) the construction of the Project by Developer in accordance with final plans and specifications to be provided by Developer and pursuant to a detailed schedule of performance, and in full compliance with all applicable laws including, but not limited to, those pertaining to the payment of prevailing wages, if applicable, (v) the construction of the Project by the Developer in compliance with all applicable equal

opportunity and prevailing wage standards established by Federal and State law, (vi) the right of Town and Agency to inspect the Project from time to time to assure compliance with the foregoing provisions, (vii) the furnishing by Developer to Agency, upon Agency's request, of conceptual drawings and schematics, final plans and working drawings for the Project and participation in presentations regarding all phases of development, (viii) assurances from Developer that the Project shall be of high quality, (ix) the terms and conditions of the lease or acquisition and sale of the Site, and (x) the restricted use of the Site for Project-only uses. Further, the DDA may provide that Developer shall work in cooperation with Town and use reasonable efforts to provide the residents of the town with employment opportunities in the construction and operation of the Project,

Upon Developer's submission of an executed DDA to Agency, if at all, the Town and Agency will: (i) prepare any required environmental documentation necessary to comply with CEQA, (ii) complete any necessary land use entitlements, and (iii) notice and conduct a public hearing pursuant to Section 33433 of the California Health and Safety Code on the DDA and site entitlements. If additional time is required by Town and Agency to complete the CEQA and entitlement processes, such extension of the Second Term will be based upon the Agency Executive Director's determination of the time required.

If, at the close of the Second Term, Developer has not executed and accepted a DDA with Agency in a form and content that Agency staff and Agency legal counsel are willing to recommend for Agency approval, then this Agreement shall automatically terminate without notice, unless the time for Developer's performance is extended in writing by the Agency Executive Director, in his or her sole and absolute discretion (and with Developer's written agreement to the extension), pursuant to Section VIII. of this Agreement.

**D. Exclusivity of Negotiations**

During the Negotiation Period Agency shall not negotiate, discuss nor otherwise communicate with any other person or entity, other than Developer, regarding the lease, transfer, sale, or other disposition of the Site or the development of the Project, except for entities or persons which have an interest therein pursuant to applicable law or contractual rights or obligations. During the Negotiation Period, Developer agrees that it will perform the terms of this Agreement diligently, negotiate in good faith at all times hereunder, and commit the financial and time resources required to conduct and complete the activities and milestones outlined in this Agreement.

The obligation to negotiate in good faith requires the respective parties to communicate with each other regarding issues for which agreement has not been reached, and in such communication to follow reasonable negotiation procedures including meetings, telephone conversations and correspondence. The parties understand that final accord on all issues may not be reached. It is also understood that: (i) Agency expects Developer to meet the milestones identified previously in order to enter successive terms, (ii) neither party is under any obligation to reach agreement on the DDA or other documents relating to the lease or sale of the Site, and (iii) Town, Agency and Developer each reserve the right to approve or reject the DDA or such other Project documents, the Project, or any disposition of the Site, as set forth in this Agreement.

**E. Agency and Developer Obligations**

During the Negotiation Period, Town, Agency and Developer obligations shall include, but not be limited to, the following:

1. Agency Obligations

- a) Provide Developer with documents in Agency's possession that would assist Developer with the due diligence activities described in this Agreement;
- b) Upon its acceptance of the Site Development Plan, if at all, Agency shall duly evaluate the Developer's financial ability to develop the Project, review Developer Documents, and prepare and attempt to finalize a DDA. Developer's financial ability may be established with evidence of the financial strength or credit standing of its principals, and if based on the credit standing of its principals, on the availability of appropriate financing;
- c) Upon its acceptance of the Site Development Plan, if at all, Agency shall duly evaluate the Developer's financial ability to acquire or lease the Site, and prepare and attempt to finalize a purchase or lease agreement. Developer's financial ability may be established with evidence of the financial strength or credit standing of its principals, and if based on the credit standing of its principals, on the availability of appropriate financing;
- d) Provide Developer with timely and reasonable responses from Agency staff;
- e) Provide Developer feedback and clear communication of Agency expectations regarding any and all documentation related to the Site

Development Plan and the Developer Documents submitted by Developer:  
and

f) During the Negotiation Period Agency shall not negotiate, discuss nor otherwise communicate with any other person or entity, other than Developer, regarding the development of the Project, except for entities or persons which have an interest therein pursuant to applicable law or contractual rights or obligations. However, Agency may utilize independent financial or design consulting firms to verify and further analyze the Site Development Plan and/or Developer Documents at Agency's sole expense.

g) Provide for certain pre-development costs associated with the HUD 202 due diligence and application filing fees as further described in Section III.

## 2. Town Obligations

a) Provide Developer with documents in Town's possession that would assist Developer with the due diligence activities described in this Agreement;

b) Upon its acceptance of the Site Development Plan, if at all, Town shall evaluate options regarding the sale or lease of the Site to the Agency, and prepare and attempt to finalize a purchase or lease agreement between the Town and Agency for the Site;

c) Provide Developer with timely and reasonable responses from Town staff, and use reasonable efforts to cause Town staff and associated Town

departments reviewing the purchase or lease agreement to provide timely and reasonable responses;

d) Provide the Developer with an Early Entry Agreement in the form attached hereto as Exhibit B;

e) During the Negotiation Period Town shall not negotiate, discuss nor otherwise communicate with any other person or entity, other than Developer, regarding the lease, transfer, sale, or other disposition of the Site, except for entities or persons which have an interest therein pursuant to applicable law or contractual rights or obligations, however, Town may utilize independent financial or design consulting firms to verify and further analyze the Site Development Plan and/or Developer Documents at Town's sole expense; and

f) Town shall not transfer the Site to an unrelated party during the Negotiating Period.

### 3. Developer Obligations

a) Exercise all due diligence to investigate the Site;

b) Timely submit site plan(s), interior floor plan(s), building exterior elevations, schematic drawings, parking layout, prospective tenants/end users the tentative Project development schedule, detailed Project development costs (including construction and non-construction costs, such as the proposed purchase price for land), Project pro formas which identify all sources and uses of funds, and other related documents necessary for Agency review and reasonably requested of Developer. All such submittals shall be adequate for the purpose of demonstrating

compliance with Town's design requirements and to assist Town and Agency in conducting a review under CEQA. Furthermore, any such submittals shall be available for use to Agency so long as such use does not conflict with copyright infringement law;

c) A study or market analysis of rental rates for the units as developed with the Project;

d) Timely submit development financing options, projected sources of equity and other capital to develop and operate the Project; and

e) Timely submit Developer Documents and any other evidence reasonably acceptable to Agency that Developer has the financial resources necessary for development.

## II. COSTS AND EXPENSES

a) In recognition of the fact that the Developer is a nonprofit 501 (c) (3) corporation working in partnership with the Agency to initiate a high quality low income senior housing development in the project area, and subject to the terms and limitations set forth in this agreement, the Agency agrees to make a loan (the "Predevelopment Loan") to the Developer for the purpose of paying and/or reimbursing certain predevelopment expenses incurred and paid or to be incurred and paid by the Developer with respect to due diligence investigation concerning acquisition of the property and subsequent development, construction and operation of the proposed project.

1. Predevelopment expenses which are eligible for reimbursement are those expenses described on the attached Exhibit "C" and which are actually incurred and/or paid by the Developer to unrelated third parties.

2. Without limiting the generality of the foregoing, eligible predevelopment expenses do not include the Developer's internal, administrative, overhead or similar expenses.
3. Not more than once every thirty (30) days, the Developer may submit a disbursement request to the Agency for reimbursement of the eligible expenses which have been incurred and or paid by the Developer.
  - i. Each request for reimbursement shall be accompanied by copies of invoices, cancelled checks, or other such documentation as may be reasonably necessary, as determined and/or requested by the Agency, to evidence the requested amount of eligible expenses for which payment is sought.
  - ii. The Agency shall review and approve or disapprove each such reimbursement request within fifteen (15) days following its receipt thereof.
  - iii. The Agency shall pay all approved or deemed approved reimbursement expenses within fifteen (15) calendar days following such approval. If a reimbursement request is partially approved and partially disapproved, the Agency shall pay only those approved expenses contained within such reimbursement request.
  - iv. The Agency shall give prompt written notice to the Developer of any disapproved requested reimbursement amounts and the reason for disapproval.

- b) The total amount of the Predevelopment Loan shall not exceed One Hundred Thousand Dollars (\$100,000).
- c) The aggregate amount of predevelopment expenditures paid and/or reimbursed by the Agency shall be deemed to be a loan from the Agency to the Developer made under the terms hereof. If a DDA or similar agreement is ultimately executed by the parties, such Predevelopment Loan shall constitute a portion of any financial assistance which may ultimately be provided by the Agency for the benefit of the proposed project. The Predevelopment Loan will be repayable by the Developer with simple interest at such interest rate as may ultimately be charged on any financial assistance provided by the Agency from residual receipts produced from the operation of the proposed Project. If this Agreement is terminated, or if the acquisition and/or development/construction of the proposed Project does not proceed prior to the termination of this Agreement for any reason other than the Developer's uncured material default of its obligations hereunder or under the DDA, the Agency shall forgive the Predevelopment Loan and discharge the Developer's obligation to repay the same. In such event, the Developer shall assign its interest in all reports, studies and plans pertaining to the proposed Project to the Agency. Such assignment shall be without warranty as to correctness or completeness and shall also be subject to any applicable third party rights in all such materials so assigned. If this Agreement is terminated, or if the acquisition and/or development /construction of the proposed Project does not proceed prior to the termination of this Agreement, either event due to the Developer's uncured material default of its obligations hereunder or under the DDA, then the loan shall be repayable pursuant to the terms of the DDA;

provided, however, that if a DDA or similar agreement has not been executed by the parties, the Developer shall immediately repay to the Agency the total outstanding balance of the Predevelopment Loan.

**III. RETENTION OF DISCRETION TO APPROVE THE PROJECT, ENTITLEMENTS AND DDA; NO PRE-COMMITMENT**

It is anticipated, without guarantee, that the Project, the DDA and other transfer documents related to the lease or sale of the Site will be presented to the Town Council and the Agency Board for approval. It is also anticipated that the Town Council and/or Planning Commission will be required to review and hold hearing(s) upon the necessary Project entitlements and environmental documentation. The parties understand that Town and Agency are reserving the right to exercise their discretion as to all matters which they are, by law, entitled or required to exercise, at their discretion; nothing in this Agreement shall be construed as having the effect of waiving or limiting Agency's police powers and exercise of discretion. To this end:

**A. Approval by Agency of the Final Project as Contained in the DDA**

The parties understand that Town and Agency have the complete and unfettered discretion to reject the DDA and other documents related to the lease or sale of the Site without explanation or cause. The risk of loss of all processing, design and developmental costs incurred by Developer prior to DDA approval and execution shall be absorbed entirely by Developer, unless expressly assumed by the terms of this Agreement by Town and Agency.

**B. Review and Approval by Town and Agency of all Discretionary Findings and Conclusions**

The duty of Town and Agency to execute the DDA shall be conditioned upon the successful review and approval of all necessary findings and conclusions which the Town

Council and/or Agency Board are required to make, including all necessary findings and determinations required under the CEQA, state and local land use provisions, and the California Community Redevelopment Law. As to any matter which Town or Agency may be required to exercise its unfettered discretion in advancing the Project to completion, nothing herein, nor to be contained in the DDA, shall obligate Town or Agency to exercise its discretion in any particular manner, and any exercise of discretion reserved hereunder or required by law, shall not be deemed to constitute a breach of Town or Agency duties under this Agreement.

**C. No Pre-Commitment by Town or Agency**

By its execution of this Agreement, except as set forth herein, neither Town nor Agency are committing themselves or agreeing to undertake any activity requiring the subsequent exercise of discretion by Town or Agency, or any department thereof including, but not limited to, the approval and execution of a DDA, the approval of any development proposal or land use regulation governing the Site, the provision of financial assistance for the development of any public or private interest in real property, or any other such act or approval.

This Agreement does not constitute a disposition of property and does not require a public hearing. Agency execution of this Agreement is merely an agreement to enter into a period of exclusive negotiations according to the terms hereof, reserving final discretion and approval by Town and Agency as to any proposed DDA and all proceedings and decisions in connection therewith.

**IV. THE DEVELOPER**

**A. Developer Experience**

As a condition precedent to Agency execution of this Agreement, Developer shall have submitted to Agency a detailed description of the development experience of Developer and its principals, associates, employees, partners, and joint ventures.

**A. Offices of Developer**

The principal offices of Developer are located at:

9065 Haven Avenue, Suite 100  
Rancho Cucamonga, California 91730  
Telephone: 909.483.2444  
Facsimile: 909.483.2448

**B. Project Manager**

The Project Manager for Developer will be Julie Mungai. Other employees, consultants, or representatives who are will be directly involved in the Project will be determined by Developer and submitted to Agency upon any such determination.

**C. Full Disclosure**

Upon request of Agency, Developer shall provide full disclosure of the identity of its principals, officers, stockholders, partners, joint ventures, and all other pertinent information concerning Developer.

**D. Assignment**

Developer shall not assign this Agreement without Town and Agency's prior written consent, which consent may be withheld in their sole and absolute discretion. Any Assignment Town and Agency have approved shall not be effective unless and until Developer submits a signed assignment and assumption agreement in a form and with content reasonably approved by Agency legal counsel.

**V. ENVIRONMENTAL REQUIREMENTS**

Agency and Developer acknowledge and agree that all environmental documentation required pursuant to CEQA and local regulations for development of the project on the Site will need to be prepared and, at the time it is necessary to prepare such documentation (which is contemplated to occur as part of the Second Term), Developer shall assist Agency with the

preparation of all such necessary environmental documents as required by CEQA and local regulations, for certification or adoption by Town. Developer agrees to cooperate with Town and Agency, as requested, to determine the environmental impact of the Project and to assist Agency with the preparation of any other additional documents as may be needed to complete environmental review for the Project; provided, however, that Agency shall not reimburse Developer for costs incurred by Developer in assisting Agency with preparing such documentation.

## **VI. GENERAL PROVISIONS**

### **A. Legal Actions; Governing Law; Service of Process**

In addition to any other rights or remedies, either party may institute legal action to cure, correct or remedy any default, to recover actual damages for any default, or to obtain any other remedy consistent with the purposes of this Agreement; provided, however, that Paragraph C of this Section VII of this Agreement shall supersede any conflicting provisions of this Paragraph A. Such legal actions must be instituted and maintained in the Superior Court of the County of San Bernardino, State of California, or in any other appropriate court in that county. The laws of the State of California shall govern the interpretation and enforcement of this Agreement. In the event that any legal action is commenced by Developer against Town or Agency, service of process shall be made by personal service upon the Town Manager or Secretary of Agency, or in such other manner as may be provided by law. In the event that any legal action is commenced by Town or Agency against Developer, service of process on Developer shall be made by personal service upon Developer or in such other manner as may be provided by law, and shall be valid whether made within or without the State of California.

**B. Rights and Remedies are Cumulative**

Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of its 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.

**C. Specific Performance as Developer's Exclusive Remedy**

Subject to Developer's right to terminate this Agreement in accordance with the terms of Paragraph E of this Section VII, Developer's exclusive remedy for an uncured Town or Agency default under this Agreement is to institute an action for specific performance of the terms of this Agreement, and in no event shall Developer have the right, and Developer expressly waives the right, to seek monetary damages of any kind (including but not limited to actual damages, economic damages, consequential damages, or lost profits) from Town or Agency in the event of a default by any party under this Agreement or any action related to this Agreement.

**D. Attorney's Fees**

Except as specifically provided in Section III hereof, the parties hereto acknowledge and agree that each such party shall bear its own legal costs incurred in connection with the negotiation, approval, and execution of this Agreement.

**E. Termination Rights**

Notwithstanding the Negotiation Period, all parties may terminate this Agreement if the one party has materially defaulted in its obligations herein set forth, and the terminating party has provided the defaulting party with written notification of such determination, and the defaulting party has refused or failed to cure same prior to the expiration of the cure period below. The written notification shall set forth the nature of the actions required to cure such default if curable. The defaulting party shall have ten (10) days from the date of the written notification to

cure such default, or where such cure cannot reasonably be completed within ten (10) days the defaulting party shall promptly commence to cure the default to completion. If such default is not cured within the ten (10) days, or such cure is not diligently prosecuted to completion in the sole and absolute discretion of the non-defaulting party, the termination shall be deemed effective. For purposes of this paragraph, the parties hereby acknowledge that time is of the essence. Each party shall also have the right to terminate this Agreement in the event that: (i) Agency or Developer determines that the Project is infeasible, based on financial or environmental impact considerations, the public interest, delays, or any other reasonable basis for believing that Developer might not perform this Agreement or the Project in a satisfactory manner; or (ii) Agency and Developer reach an impasse in their negotiation of the DDA which cannot be resolved after good faith efforts; or (iii) Town and Developer reach an impasse in their negotiations of the purchase or lease agreement of the Site which cannot be resolved after good faith efforts.

**F. Indemnity**

Developer shall indemnify, protect, defend and hold harmless both Town and Agency, including their respective elected officials, officers, employees, representatives, members, and agents from and against any and all challenges to this Agreement, or any and all losses, liabilities, damages, claims or costs (including attorneys' fees) arising from Developer's negligent acts, errors, or omissions with respect to its obligations hereunder, excluding any such losses arising from the sole negligence or sole willful misconduct of Town, Agency or the conduct of third parties not under contract to or associated with, and outside the control of, Developer. This indemnity obligation shall survive the termination of this Agreement. Town and Agency shall have sole discretion in selecting its defense counsel.

**G. Notices, Demands and Communications Between the Parties**

Formal notices, demands, and communications between Town, Agency and Developer shall be given by any of the following methods: (i) personal service with a receipt obtained, (ii) delivery by reputable document delivery service such as Federal Express that provides a receipt showing date and time of delivery, or (iii) or by mailing in the United States mail, certified mail, postage prepaid, return receipt requested, addressed to:

To Town:                                      Town of Yucca Valley  
57090 29 Palms Highway  
Yucca Valley, California 92284  
Attn: Mark Nuaimi – Town Manager  
Telephone: 760.369.6585  
Facsimile: 760.369.7207

To Agency:                                    Town of Yucca Valley Redevelopment Agency  
57090 29 Palms Highway  
Yucca Valley, California 92284  
Attn: Mark Nuaimi – Executive Director  
Telephone: 760.369.6585  
Facsimile: 760.369.7207

With a copy to:                              The Law Firm of Aleshire and Wynder, LLP  
18881 Von Karman Avenue, Suite 400  
Irvine, CA 92612  
Attn: Lona N. Laymon  
Telephone: (949) 223-1170

To Developer:                                National Community Renaissance of California  
9065 Haven Avenue, Suite #100  
Rancho Cucamonga, CA 91730  
Attn: Richard J. Whittingham & Julie Mungai  
Telephone: 909.483.2444  
Facsimile: 909.483.2448

With a copy to:                              Edward A. Hopson  
655 A No. Mountain Ave.  
Upland, CA 91786 Telephone: (909) 920-6464  
Facsimile: (909) 920-3727

Notices personally delivered or delivered by document delivery service shall be deemed effective upon receipt. Notices delivered by reputable document delivery service such as Federal Express that provides a receipt showing date and time of delivery shall be deemed effective on the receipt. Notices mailed in the manner provided above shall be deemed effective on the second business day following deposit in the United States mail. Such written notices, demands, and communications shall be sent in the same manner to such other addresses as either party may from time to time designate by formal notice given in accordance with this Section G.

**H. Nonliability of Agency/Town Officials and Employees**

No member, official, employee, or contractor of Town or Agency shall be personally liable to Developer in the event of any default or breach by Town or Agency for any amount, which may become due to Developer or on any obligations under the terms of this Agreement.

No board member, manager, partner, officer, employee or agent of Developer shall be personally liable to Town or Agency in the event of any default or breach by Developer or for any amount which may become due to Town or Agency on any obligation under the terms of this Agreement.

**I. Enforced Delay; Extension of Times of Performance**

In addition to specific provisions of this Agreement, performance by either party (who is not then otherwise in material default) shall not be deemed to be in default where delays or defaults are due to war, insurrection, strikes, lock-outs, riots, floods, earthquakes, fires, casualties, supernatural causes, acts of the public enemy, terrorism, epidemics, quarantine restrictions, freight embargoes, lack of transportation, governmental restrictions or priority, litigation, unusually severe weather, inability to secure necessary labor, materials or tools, delays of any contractor, subcontractor or supplies, acts of the other party, acts or failure to act of Town, Agency or any other public or governmental agency or entity, including, without limitation,

unreasonable delays in the processing and issuance of required permits for the Project required by Developer or any other causes beyond the reasonable control or without the fault of the party claiming an extension of time to perform, for up to a maximum cumulative period of one hundred eighty (180) days. Notwithstanding the foregoing, inability to secure satisfactory financing, tenant commitments, or market and economic conditions shall not entitle Developer to an extension of time to perform. An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within ten (10) days of knowledge of the commencement of the cause. In addition, times of performance under this Agreement may be extended by mutual written agreement by Town, Agency and Developer.

**J. Interpretation**

The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of this Agreement. The Section and Paragraph headings are for purposes of convenience only, and shall not be construed to limit or extend the meaning of this Agreement.

**K. Entire Agreement, Waivers, and Amendments**

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 part of the subject matter hereof. The waiver by Town or Agency of any breach of Developer hereunder, or the failure on the part of Town or Agency to enforce any right it may have hereunder, shall not constitute a waiver of any other or subsequent, similar, or different breaches, or a waiver of Agency's or Town's power to enforce such rights. All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the party to be charged, and all amendments and modifications hereto must be in writing and signed

by the appropriate authorities of Town and Agency and Developer. Without limiting the foregoing, the parties understand that the results of this Agreement may lead to future agreements or obligations, which shall only become valid (if at all) upon full execution of such future agreements.

**L. Counterparts**

This Agreement may be executed in counterparts, each of which, after all the parties hereto have signed this Agreement, shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

**M. Successors**

Subject to the limitations on Assignments above, this Agreement shall be binding upon and shall inure to the benefit of the permitted successors of each of the parties hereto.

**N. Further Assurances**

The parties hereto each agree, without further consideration, to execute such other and further documents, and to perform such other and further acts, as may be reasonably necessary or proper in order to consummate the transactions set forth in and contemplated by this Agreement.

**O. Severability**

In the event any section or portion of this Agreement shall be held, found, or determined to be unenforceable or invalid for any reason whatsoever, the remaining provisions shall remain in effect, and the parties hereto shall take further actions as may be reasonably necessary and available to them to effectuate the intent of the parties as to all provisions set forth in this Agreement.

**P. Time is of the Essence**

Time is of the essence for each of the parties' obligations under this Agreement.

**Q. Extension by Agency Executive Director**

The Agency Executive Director is authorized, in his or her sole and absolute discretion, to extend pursuant to a written agreement with Developer, the time for Developer's performance under this Agreement for a cumulative period of up to one hundred twenty (120) days.

**R. Confidentiality**

Developer acknowledges and agrees that Town and Agency are public entities with a responsibility and, in many cases, a legal obligation to conduct business in a manner open and available to the public. Accordingly, any information provided by Developer to Town or Agency with respect to the Site, the Project or Developer may be disclosed to the public either purposely, inadvertently, or as a result of a public demand or order.

[Signatures contained on following page]

IN WITNESS WHEREOF, Town, Agency and Developer have executed this Agreement on the respective dates set forth below.

**"TOWN"**

Dated: \_\_\_\_\_

**TOWN OF YUCCA VALLEY**

By: \_\_\_\_\_  
Mark Nuaimi, Town Manager

ATTEST:

By: \_\_\_\_\_  
Janet M. Anderson, City Clerk

**"AGENCY"**

Dated: \_\_\_\_\_

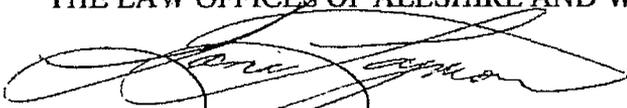
**TOWN OF YUCCA VALLEY  
REDEVELOPMENT AGENCY**

By: \_\_\_\_\_  
Mark Nuaimi, Executive Director

ATTEST:

By: \_\_\_\_\_  
Janet M. Anderson, Agency Secretary

APPROVED AS TO FORM:  
THE LAW OFFICES OF ALESHIRE AND WYNDER



\_\_\_\_\_  
Lona N. Laymon, Agency & Town Counsel

Dated: 12/9/10

**"DEVELOPER"**

**NATIONAL COMMUNITY RENAISSANCE of  
CALIFORNIA, a California public benefit non-  
profit corporation**

By:  \_\_\_\_\_

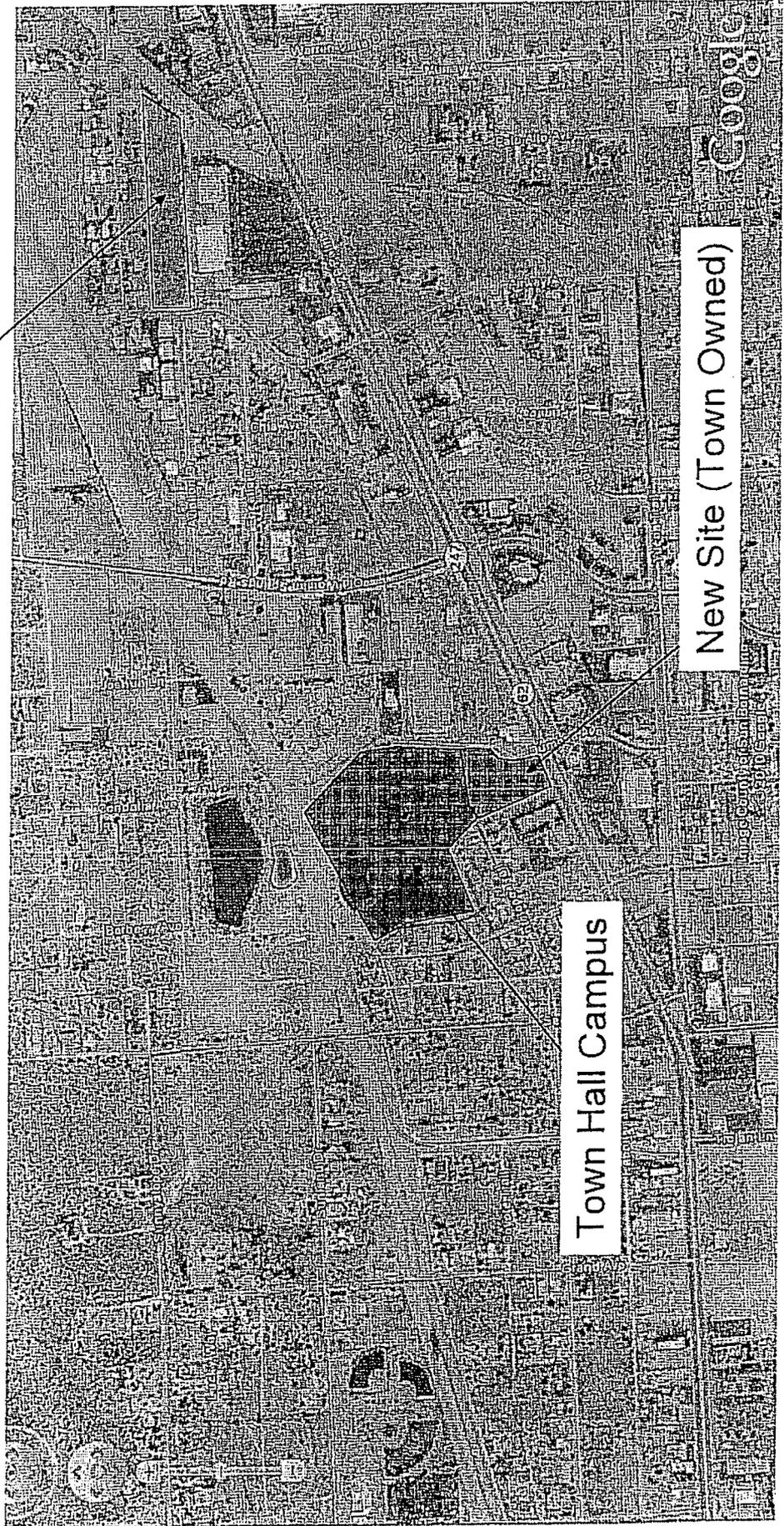
Title: Chief Financial Officer

Richard J. Whittingham, CPA  
Chief Financial Officer

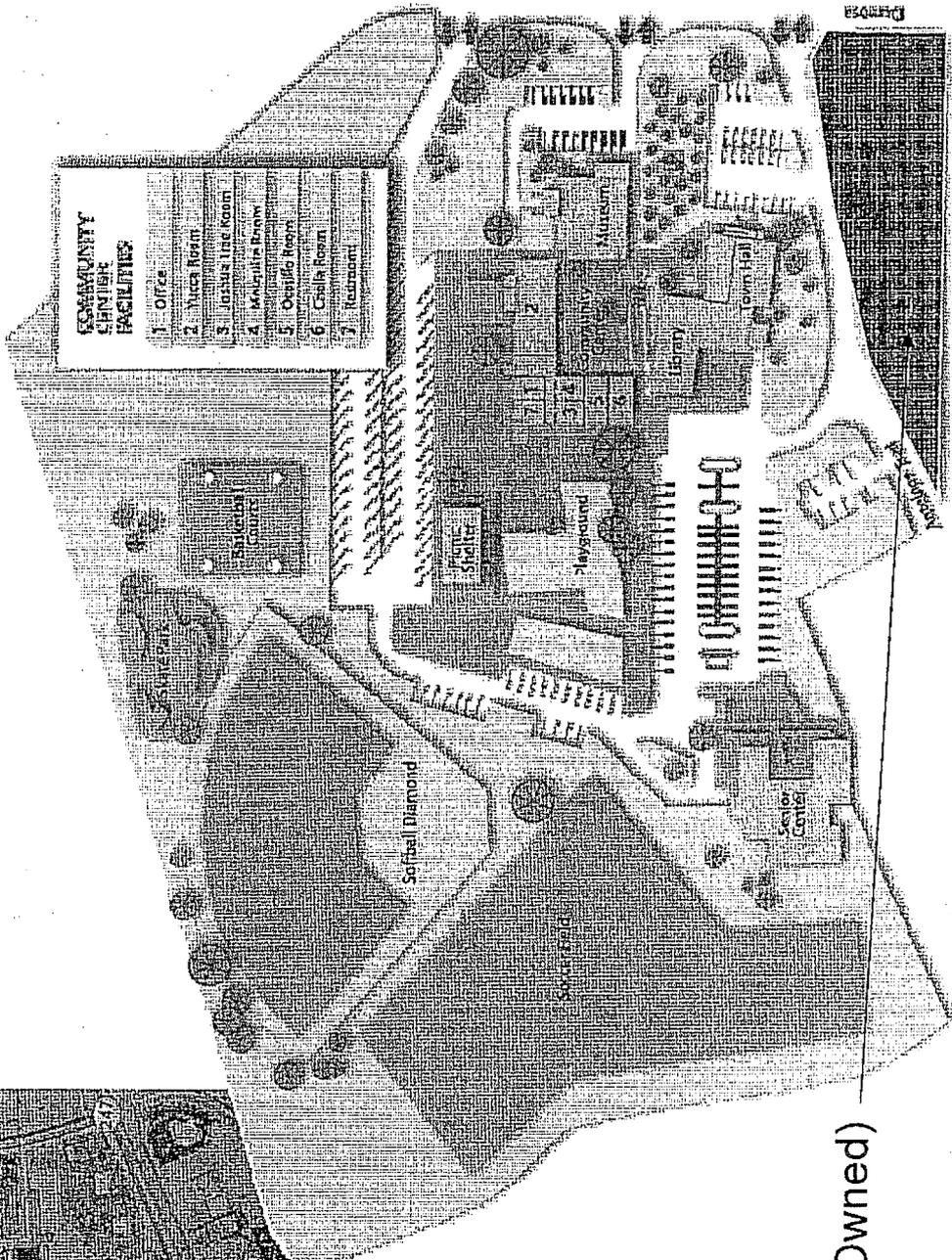
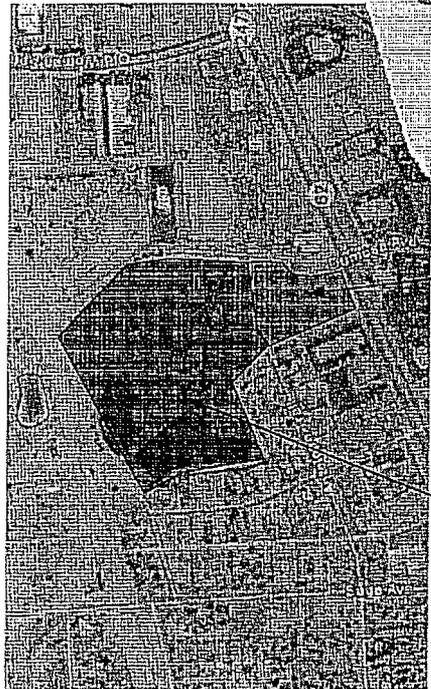
**EXHIBIT A**  
**DEPICTION OF THE SITE**

# Regional Perspective

Site 1 (from RFQ)

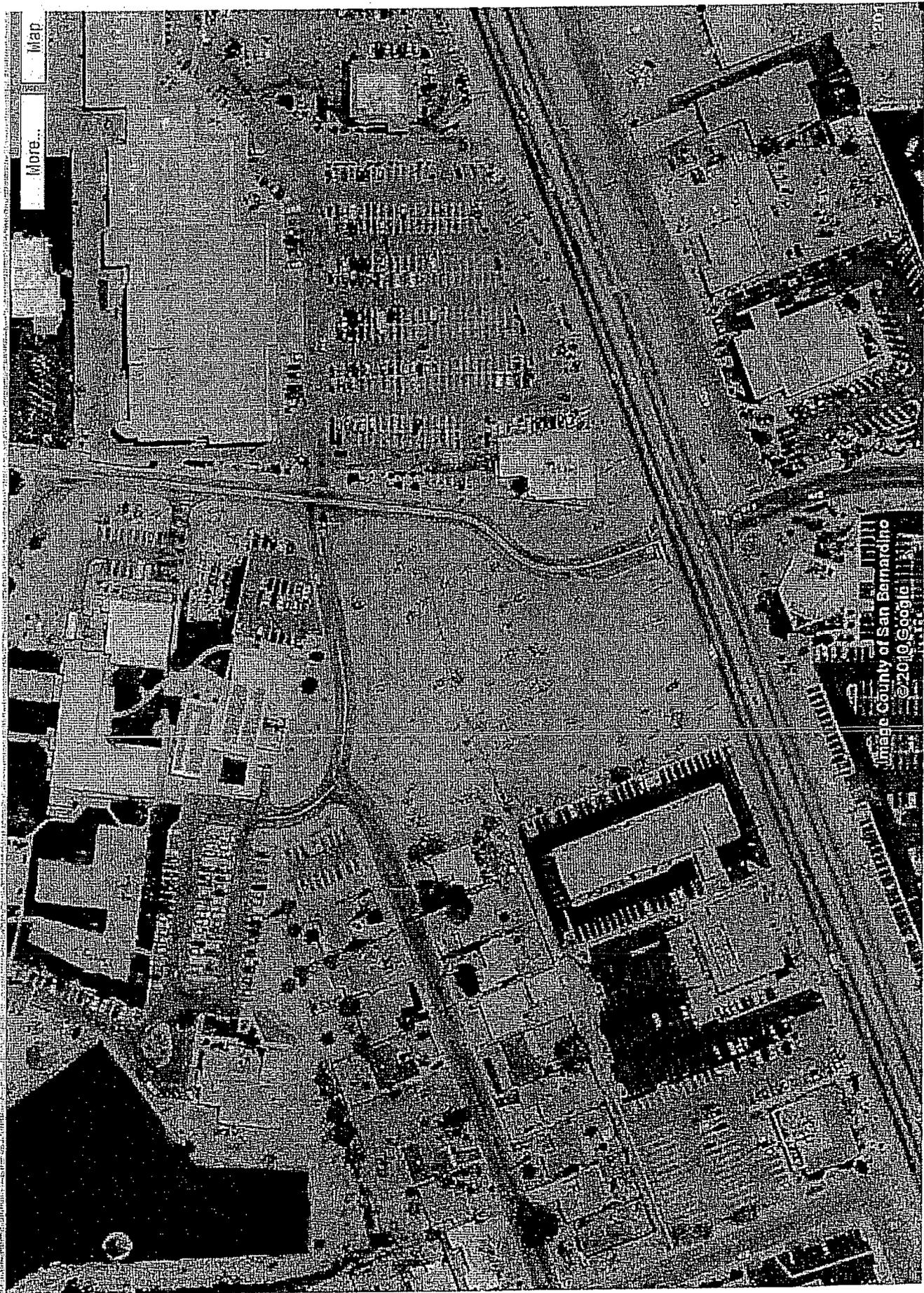


# Town Hall Amenities



Town Hall Campus

New Site (Town Owned)



**EXHIBIT B**

**EARLY ENTRY AGREEMENT**

This Early Entry Agreement ("Agreement") is entered into as of December 7, 2010, by and among the TOWN OF YUCCA VALLEY, a California municipal corporation ("Town"), the TOWN OF YUCCA VALLEY REDEVELOPMENT AGENCY, a public body, corporate and politic ("Agency"), and NATIONAL COMMUNITY RENNAISANCE of CALIFORNIA ("Developer"), with reference to the following facts:

**RECITALS**

A. Town is the owner of certain real property, described on Exhibit "1" hereto ("Site").

B. Town and Agency have executed, or will execute, concurrent with the execution of this Agreement, that certain Exclusive Negotiation Agreement with Developer ("ENA"), pursuant to which Town, Agency and Developer will negotiate the possible sale or lease of the Site to Developer for Developer's development of the Site for an affordable housing development and related infrastructure ("Project").

C. Developer has requested the right to enter onto and about the Site to perform certain work specified herein, and Town is willing to allow such entry on the terms and conditions hereinafter specified.

NOW, THEREFORE, in consideration of the covenants and agreements contained herein and for other valuable consideration, the sufficiency and receipt of which are hereby acknowledged by the parties hereto, the parties covenant and agree as follows:

1. Grant of License. Town hereby grants to Developer and its employees, agents, consultants, and contractors ("Related Parties") a license for the term set forth in Paragraph 3 ("License") to enter upon the Site between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, for the purposes of inspecting, surveying and testing, including geotechnical, soils and environmental tests, on said Site ("Permitted Work") in connection with the proposed use or lease thereof for development of the Project. Notwithstanding the above, at least forty-eight (48) hours prior to any of the Related Parties entering the Site, Developer shall notify Town of its intention of the same. Said notice shall be provided by facsimile, addressed to the person listed in Section 9.8 hereof at the number provided therein. Town may reject any proposed entry, in the exercise of its reasonable discretion, by providing telephonic notification to Developer at least twenty-four (24) hours prior to Developer's proposed entry, to the person listed in Section 9.8 hereof, at the number provided therein, which notice shall specify the reason for such rejection.

Town has full right, title and authority to grant Developer the License for the Permitted Work, and no third party permission or consent is needed in connection therewith. Such License shall be non-revocable for the Term defined in Paragraph 3 below, except as otherwise set forth herein. Town specifically agrees that Developer shall have access to and be entitled to inspect all portions of the Site, including without limitation, any structures located thereon, provided, however, that neither Developer nor any of the Related Parties shall interfere with any other real or personal property, or enter upon any other real property, without first obtaining the written consent of the owner(s) or manager(s) of such other real or personal property.

2. Revocation. Town may revoke this License upon two (2) days written notice to Developer delivered in accordance with Subparagraph 9.8 below in the event: (i) in the reasonable judgment of Town, such revocation is necessary to protect the public health, safety,

or welfare pursuant to the exercise of Agency's police powers; or (ii) Developer is in violation of the terms of this Agreement, the ENA or any applicable law, statute, ordinance, rule, or regulation pertaining to the Permitted Work or Developer's or the Related Parties' entry upon the Site pursuant to this Agreement, and Developer has failed to cure such violation within two (2) days following Developer's receipt of notice of such violation from Town.

3. Term. The term of the License shall commence on full execution hereof and shall terminate on the earlier of (i) the execution of a disposition and development agreement as described in the ENA, or (ii) the termination of the ENA pursuant to the terms and conditions set forth in the ENA.

4. Repair and Restoration of Site. Developer shall repair any damage it causes to the Site in the course of conducting its investigations pursuant hereto and shall restore the Site to the condition existing prior to Developer's or Related Parties' entry onto the Site, unless this requirement is waived by Town Manager in his or her sole and absolute discretion.

5. Compliance with Laws. Developer shall obtain, at its sole cost and expense, all governmental permits and authorizations required by any governmental agencies for the Permitted Work. Developer shall comply with, and shall cause all of its Related Parties to comply with, all applicable governmental laws, rules, regulations and requirements governing the Permitted Work. Prior to Developer's or any of the Related Parties' entry onto the Site to perform any Permitted Work, Developer shall have prepared, obtained approval from Town.

5.1 Notice of Potential Existence of Cultural Resources. Without limiting the generality of the foregoing, Developer is hereby notified and understands that there may be cultural resources located on the Site. Developer acknowledges and is aware that state laws require that Developer take specific actions (including cessation of work and notification of a "most likely descendant") if cultural resources are found. Developer represents and warrants that

its work on the site shall comply with applicable laws in this regard. In the event that Developer finds cultural resources during its activity under this License, it shall immediately cease work and notify the Town Manager. Further work shall not commence unless and until Town investigates and determines a course of action.

6. Indemnity. Developer shall protect, defend, indemnify and hold harmless Town and Town's respective officers, officials, members, employees, agents, and representatives (any of the foregoing shall be known individually as "Indemnitee" and collectively as "Indemnitees"), and each of them, jointly and severally, against and from any and all claims, demands, causes of action, damages, costs, expenses, losses and liabilities, at law or in equity, of every kind or nature whatsoever related to Developer's exercise of its rights hereunder, including attorneys' fees and expert witness fees, but excluding those resulting from environmental contamination of the Site or other defects on the Site existing prior to Developer's entry thereon or not otherwise caused by Developer or any of the Related Parties, but including, without limitation, injury to or death of any person or persons and damage to or destruction of any property, threatened, brought or instituted ("Claims"), arising out of or in any manner directly or indirectly connected with the entry upon the Site by Developer or any of its Related Parties and the performance of the Permitted Work, including without limitation:

(a) any damage to the Site and any liability to any third party incurred by reason of any acts or omission of, or any commission of any negligent or tortious acts, by Developer or its Related Parties;

(b) any mechanics' or materialmen's liens, claims, demands, actions or suits arising (directly or indirectly) from (i) any work performed or materials supplied to or for Developer, or (ii) any activities of any of its Related Parties on or relating to the Site (including, without limitation, any claims by any of such Related Parties); and

(c) any costs of removing Developer or its Related Parties from the Site after the expiration of the term hereof unless Developer is otherwise entitled to possession of the Site at such time.

Town shall have sole discretion in selecting its defense counsel.

7. Insurance. Developer shall procure and maintain during the term of this Agreement, including any holdover period, commercial general liability insurance in an amount not less than Two Million Dollars (\$2,000,000). Town and Agency and Town's and Agency's respective officers, officials, members, employees, agents, and representatives shall be named additional insureds on such policy/ies. Developer's insurance required hereunder shall (i) be primary insurance and not contributory with any other insurance Town may have; (ii) not contain any special limitations on the scope of protection afforded to Town and Agency and its officers, partners, officials, members, employees, agents, and representatives; (iii) be "date of occurrence" and not "claims made" insurance; (iv) apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability; (v) shall provide that the policy shall not be cancelled by the insurer or Developer unless there is a minimum of thirty (30) days prior written notice to Developer and Town; and (vi) shall be written by a good and solvent insurer rated with a BEST rating of no less than B+ Class X, licensed by or having admitted status in the State of California, and registered with the California State Department of Insurance. The deductible or self-insured retention must be declared to Town Manager, who in his/her sole discretion may require the insurer to reduce such deductible or self-insured retention (but in no event shall such deductible or self-insured retention be required to be reduced below Ten Thousand Dollars [\$10,000]) with respect to Town and Town's respective officers, officials, members, employees, agents, and representatives; or Developer may be required to procure a bond guaranteeing payment of losses and related

investigation, claims administration, and defense expenses. Developer shall furnish or cause to be furnished to Town Manager, prior to the entry on the Site pursuant to this Agreement, certificates of insurance with bear original signatures of authorized agents and which reflect insurer' names and addresses, policy numbers, coverage limits, deductibles and self-insured retentions. Additionally, Developer shall furnish certified copies of all policy endorsements required herein. All certificates and endorsements must be received and approved by Town before work commences. Town reserves the right to require at any time complete, certified copies of any or all required insurance policies and endorsements. Prior to any such entry, Developer shall also provide evidence reasonably satisfactory to Town Manager that Developer or any contractor with whom Developer has contracted for the performance of work on or around the Site carries workers' compensation insurance as required by law.

8. Transfer of Site to Agency. Town and Developer acknowledge that the Town intends to convey the Site's fee title to the Agency, which conveyance is proposed and likely to occur before the conclusion of the second term stated in Section II of the ENA. Upon such conveyance of the Site to Agency, Agency shall automatically assume all rights and obligations of the Town set forth in this Agreement, and Town's conveyance of the Site to Agency shall automatically assign to the Agency all rights and obligations hereunder. Upon Town's conveyance of the Site to Agency, the Agency shall thus automatically take the place of the "Town" for all purposes of this Agreement.

9. Miscellaneous.

9.1 Authority. Each signatory hereto warrants to the other party that it has authority to sign on behalf of the party for whom it purports to sign.

9.2 Attorney's Fees. In the event any party hereto brings suit to enforce the terms of this Agreement or on account of breach hereof, the party not prevailing in such suit shall

pay all reasonable costs and expenses incurred by the other party in such suit, including, without limitation, court costs, attorneys' fees, and expert witness fees.

9.3 Entire Agreement. This Agreement sets forth the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior discussions, negotiations, understandings or agreements relating thereto.

9.4 Counterparts. This Agreement may be executed in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same agreement.

9.5 Litigation Matters. The Municipal and Superior Courts of the State of California in the County of San Bernardino shall have the exclusive jurisdiction of any litigation between the parties arising out of this Agreement. This Agreement shall be governed by, and construed under, the laws of the State of California. Service of process on Town shall be made in the manner required by law for service on a public entity. Service of process on Developer shall be made in any manner permitted by law and shall be effective whether served within or outside of California.

9.6 Non-liability of Agency Officers and Employees. No officer, official, member, employee, agent, or representative of Town shall be personally liable to Developer, or any successor or assign of same, in the event of any default or breach by Town, or for any amount which may become due to Developer, or any successor or assign of same, or for breach of any obligation of the terms of this Agreement.

9.7 Covenant Against Discrimination. Developer covenants for itself, its heirs, executors, assigns, and all persons claiming under or through it, that there shall be no discrimination against any person on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the performance of this Agreement.

9.8 Notices. All notices required to be delivered under this Agreement or under applicable law shall be personally delivered, or delivered by United States mail, prepaid, certified, return receipt requested, or by reputable document delivery service that provides a receipt showing date and time of delivery. Notices personally delivered or delivered by a document delivery service shall be effective upon receipt. Notices delivered by mail shall be effective at 5:00 p.m. on the second business day following dispatch. Notices shall be delivered to the following addresses:

To Agency:                      Town of Yucca Valley  
57090 29 Palms Highway  
Yucca Valley, CA 92284  
Attn: Mark Nuaimi – Town Manager  
Telephone: 760.369.6585  
Facsimile: 760.369.7207

With a copy to:                The Law Firm of Aleshire and Wynder, LLP  
18881 Von Karman Avenue, Suite 400  
Irvine, CA 92612  
Attn: Lona N. Laymon  
Telephone: (949) 223-1170

To Developer:                 National Community Renaissance  
9065 Haven Avenue, Suite #100  
Rancho Cucamonga, CA 91730  
Attn: Richard J. Whittingham, CFO  
Telephone: 909.483.2444  
Facsimile: 909.483.2448

With a copy to:                Edward A. Hopson  
655 A No. Mountain Ave.  
Upland, CA 91786  
  
Telephone: (909) 920-6464  
Facsimile: (909) 920-3727

Changes in the address to be used for receipt of notices shall be effected in accordance with this Paragraph 9.8.

9.9 Time of Essence. Time is of the essence in the performance of the Agreement.

IN WITNESS WHEREOF, the parties hereto as of the date first above-written have executed this Agreement.

**"TOWN"**

Dated: \_\_\_\_\_

**TOWN OF YUCCA VALLEY**

By: \_\_\_\_\_  
Mark Nuaimi, Town Manager

ATTEST:

By: \_\_\_\_\_  
Janet M. Anderson, Agency Clerk

**"AGENCY"**

Dated: \_\_\_\_\_

**TOWN OF YUCCA VALLEY  
REDEVELOPMENT AGENCY**

By: \_\_\_\_\_  
Mark Nuaimi, Executive Director

ATTEST:

By: \_\_\_\_\_  
Janet M. Anderson, Agency Secretary

APPROVED AS TO FORM:  
THE LAW OFFICES OF ALESHIRE AND WYNDER

Lona N. Laymon, Agency & Town Counsel

**"DEVELOPER"**

Dated: \_\_\_\_\_

**NATIONAL COMMUNITY RENAISSANCE of  
CALIFORNIA, a California public benefit non-  
profit corporation**

By: \_\_\_\_\_

Title: \_\_\_\_\_

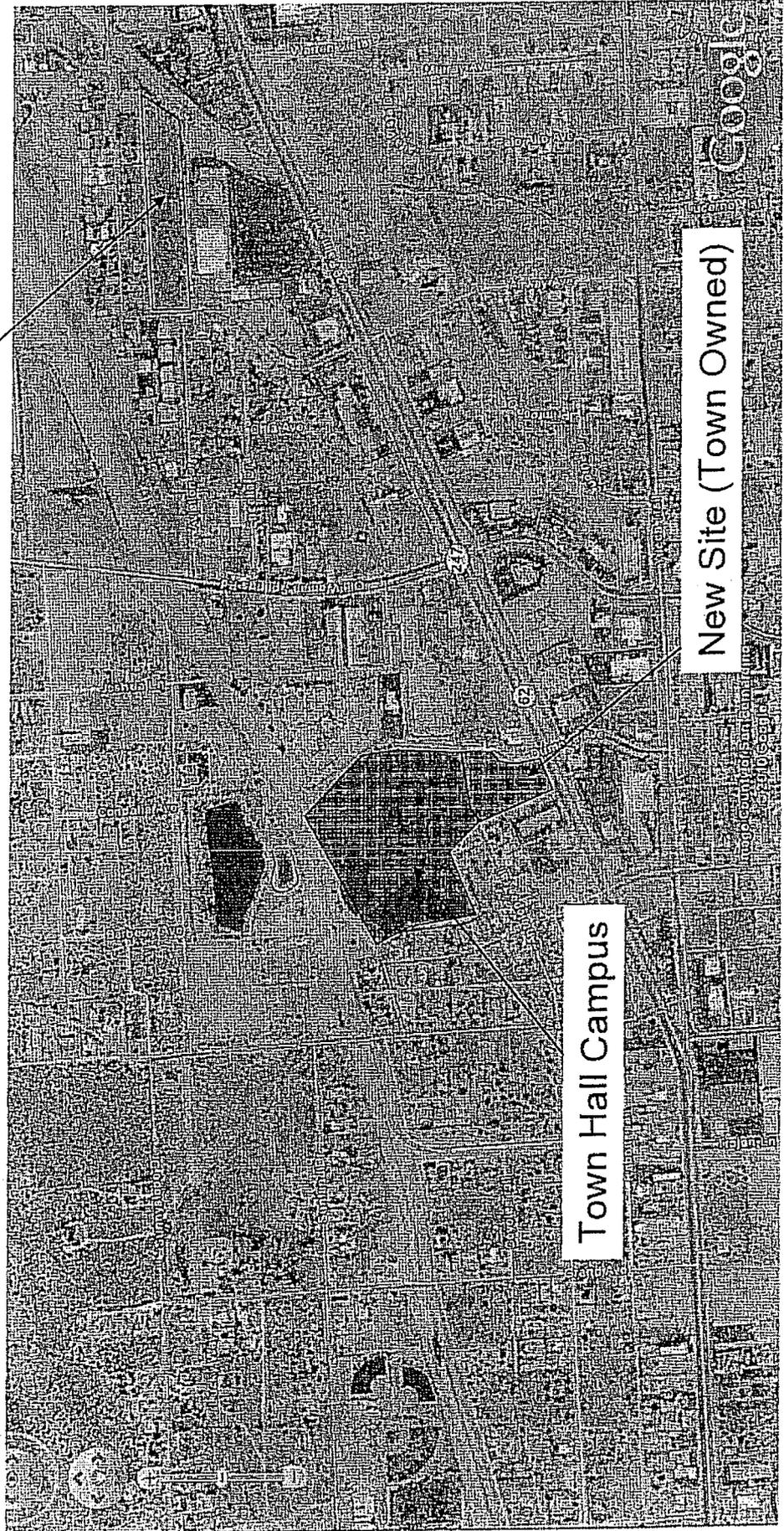
**EXHIBIT "1"**

**DEPICTION OF SITE**

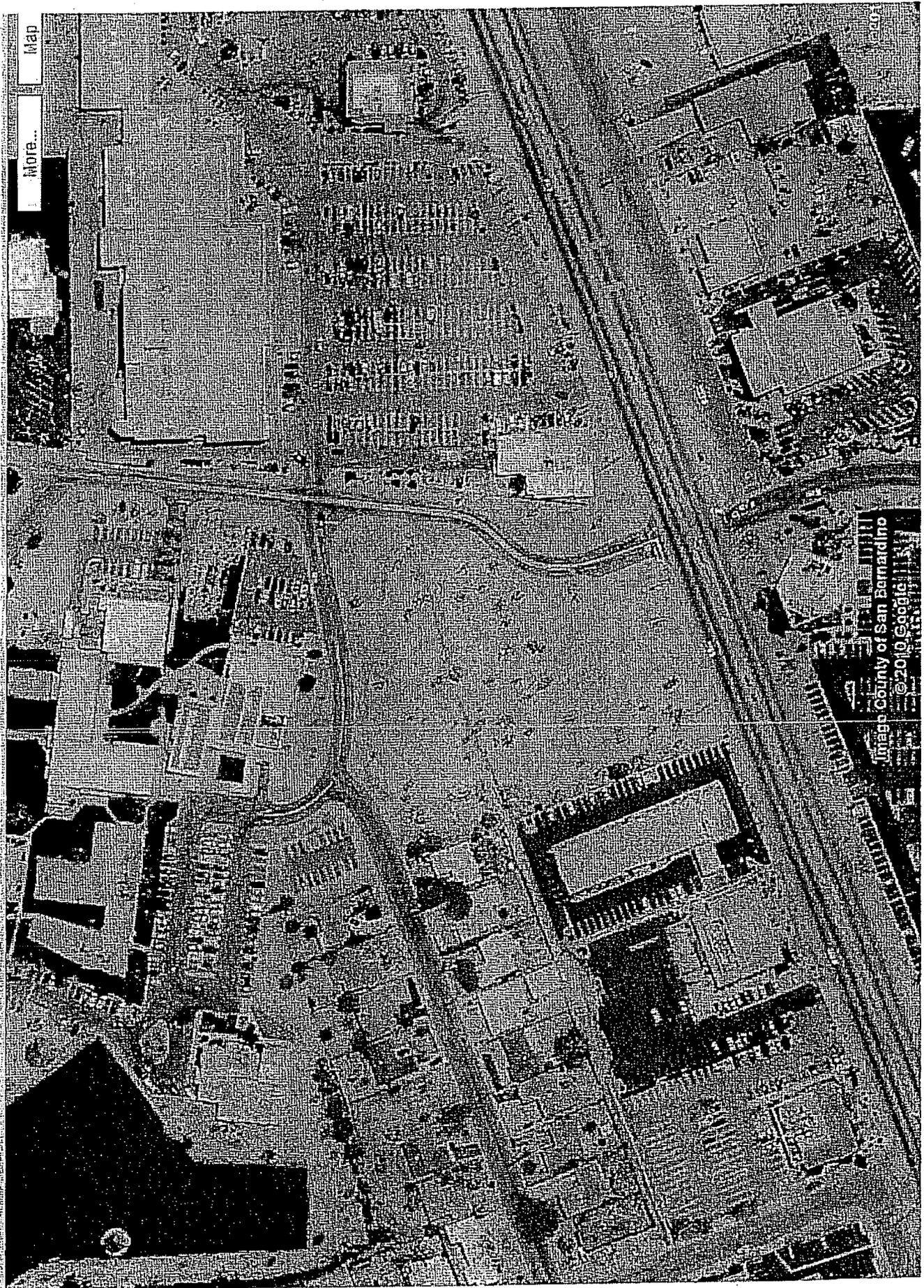
[TO BE INSERTED]

# Regional Perspective

Site 1 (from RFQ)







**EXHIBIT C**  
**PRE-DEVELOPMENT EXPENDITURES SCHEDULE**

Town of Yucca Valley Senior Project  
 Pre-Development Budget  
 12/2/2010

Description	Amount to get to HUD 202 Application	Amount to get to full entitlement for HOME and Tax Credit Application
Appraisal	6,500	6,500
Consultant HUD Section 202 Application	25,000	75,000
Architecture and Engineering - conceptual design	50,000	250,000
Geotechnical Engineer (Soils report)		10,000
Entitlement fees/Design review fees		50,000
Phase I/Phase II Environmental	6,500	6,500
Archeological/Biological reports		10,000
Acoustical and Traffic Reports		15,000
Market Study		8,500
Legal Fees	8,500	30,000
TCAC Deposit fees (9% TCAC application - upon award)		55,000
Contingency	3,500	50,000
<b>TOTAL</b>	<b>100,000</b>	<b>566,500</b>

**EXHIBIT D**  
**AGREEMENT PROJECT SCHEDULE**

Exclusive Negotiating Agreement Project Schedule

<b>MILESTONE</b>	<b>DESCRIPTION</b>
<b>Within 60 Days of Effective Date (_____, 2010) of ENA</b>	
Environmental	Conduct an environmental Phase I and II if necessary for HUD 202 application
Appraisal	Conduct property appraisal for HUD 202 application
Project Development Schedule	Submit projected development/construction schedule for the proposed development.
Due Diligence	Conduct all necessary due diligence for site development
Site Development Plan Submittal (A)	Developer to Submit site conceptual development plans and elevations for review.
<b>Within 90 Days of Effective Date of ENA</b>	
Conceptual Plan Review (A)	Staff reviews conceptual site plans for compliance with applicable codes and regulations – for submittal with HUD 202 application
Project Development Costs (A)	Developer to submit revised projected development costs and sources of funds after conceptual plan review for HUD 202 application
Option Agreement (A)	Developers Legal Counsel to draft Option agreement in format required by HUD for site control and commitment of Agency funds
Option Agreement (A)	Agency to review and approve Option Agreement
HUD 202 Application (A)	Submit completed HUD 202 Application by published deadline
Entitlement Processing	Developer to begin preparing plan documents for Entitlement processing for County HOME funds and Tax Credit Applications
Community Outreach	Developer and Agency to hold design charettes/focus groups/community outreach meeting/tours of developer existing properties
Market Study	Developer to commission a market study to determine market suitability of proposed project
Environmental reports	Developer to conduct all necessary environmental testing for entitlement processing (soils, traffic, acoustical, biological, archeological e.t.c)
DDA Negotiation	Agency and Developer to begin negotiating terms of DDA – initial draft
<b>Within 120 Days of Effective Date of ENA</b>	
Submittal of entitlement documents	Submit complete entitlement package
Entitlement documents Review	Staff reviews plans for compliance with applicable codes and regulations - CEQA and NEPA processing.

<b>Within 150 Days of Effective Date of ENA</b>	
Draft Development Agreement	Complete negotiations and draft Development Agreement.
Funding Partners and Structure	Submit letter identifying lenders and proof of ability to obtain financing.
Market Study	Submit a market study containing a forecast of regional and local real estate market conditions and anticipated performance of proposed product types.
Revised Proforma	Submit refined proforma and development schedule based on revised site plans and elevations
Final Revisions	Finalize revisions to development proposal and all relevant materials
<b>Within 180 Days of Effective Date of ENA</b>	
Town Council approval of DDA	Present development proposal and Development Agreement to Agency and/or Council for final review and approval.
Planning Commission/Town Council approvals	Present development design proposal/entitlements for approval/CEQA & NEPA clearance
<b>Financing Applications</b>	
County of San Bernardino HOME funds	Apply in Summer 2011 or when published by County
HUD 202 Pre-development Funds	Apply in Summer 2011 or when published by HUD if applicable
9% Tax credits Application	Apply in July 2011 or March 2012 depending on completion of entitlement processing and HUD 202 Application
4% Tax Credits	Apply in 2011 upon completion of Entitlements and HUD 202 Award
Tax Exempt Bonds	Apply in 2011 upon completion of Entitlements and HUD 202 Award

(A) Timing may be changed depending on when HUD Section 202 NOFA is published