Memorandum of Understanding Between

County of Sonoma Department of Health Services and Sonoma County Community Development Commission

This Interim Memorandum of Understanding ("MOU") is made as of _________, 2025 ("Effective Date") by and between the County of Sonoma, Department of Health Services, a political subdivision of the State of California (the "County") and the Sonoma County Community Development Commission, a public body, corporate and politic (the "Commission") (together referred to herein as the "parties").

RECITALS

WHEREAS, the Homelessness Division, previously operating under the Commission and currently operating within the County, applied for and received funding from the California Department of Housing and Community Development ("HCD") for a grant through the Homekey Program Round 1 grant to purchase the Hotel Azura, now known as "Mickey Zane Place", with the purpose of providing interim shelter for individuals and families who are experiencing homelessness or are at risk of homelessness with the option to operate the location as a Permanent Supportive Housing facility.

WHEREAS, HCD has approved grant funding in the amount of \$8,800,000 towards facility acquisition costs (the "Homekey Grant").

WHEREAS, the project approved by HCD is as follows (hereinafter referred to as the "Facility"): Hotel Azura is a single-site hotel, located at 635 Healdsburg Avenue, Santa Rosa, California, which consists of 44 units that are used as interim housing.

WHEREAS, on November 10, 2020, by Resolution No. 20-0421, the County Board of Supervisors accepted the HCD Grant and authorized the Commission's Executive Director to execute the Homekey Standard Agreement.

WHEREAS, the purpose of this MOU is to establish the respective roles and responsibilities of the County and the Commission with respect to the Facility and the Homekey Standard Agreement.

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

AGREEMENT

1. Purpose

The parties understand and agree that the purpose of this MOU is to establish the roles and responsibilities of the parties with respect to repair and maintenance, management, and operation of the Facility in accordance with the Homekey Standard Agreement.

2. Roles and Responsibilities of the Parties

2.1. The Commission

- 2.1.1. The Commission converted the Hotel Azura into interim housing with the option to convert to permanent housing units for at least 44 persons who are homeless or at risk of homelessness in accordance with the terms of the Homekey Standard Agreement.
 - 2.1.2. The Commission rehabilitated the Facility as required for its operation as interim housing.
 - 2.1.3. The Commission is responsible for maintaining the Facility and performing necessary repairs, including the provision of utilities and routine services such as landscaping, pest control, maintenance of fire extinguishers and fire alarms, and similar items. These expenditures shall not exceed \$20,000 per month, as outlined in Exhibit A (Mickey Zane Place Monthly Eligible Expenditures). Approval by both parties will be necessary.
- 2.1.4. The Commission is responsible for compliance with the terms and conditions of the Homekey Standard Agreement (see Exhibit B (Project Homekey)) applicable to the Commission.

2.2. The County

- 2.2.1. The County will reimburse the Commission on a monthly basis for costs associated with the operations and maintenance of the Facility, per Exhibit A.
 - 2.2.2. The County will screen and place guests at the Facility.
 - 2.2.3. The County will provide Occupancy Reports to the Commission as requested in order to comply with the Homekey Standard Agreement requirements.
- 2.2.4. The County will provide support, supervision, and services at the Facility through County staff or contractors.
- 2.2.5. The County will comply with the terms and conditions of the Homekey Standard Agreement applicable to the County.

3. Term and Retroactive Reimbursement

The term of this MOU shall be for a period of twenty-four (24) months commencing on July 1, 2025 unless terminated earlier by mutual written agreement of the parties or in accordance with Section 5. Notwithstanding the actual date of execution, this MOU shall apply retroactively to allow for the reimbursement of eligible costs incurred on or after July 1, 2025.

4. Extension of Term

The parties may mutually agree in writing to amend this MOU to extend the term beyond the original twenty-four month term, under the same or revised terms and conditions, as agreed upon by both parties.

5. Termination

Notwithstanding any other provision of this MOU, at any time and without cause, each party shall have the right, in its sole discretion, to terminate this MOU by giving a written 60-day notice to the other party.

6. Payment

Each party shall bear its own costs incurred in the performance of the respective responsibilities set forth in Paragraph 2, except as otherwise provided herein. The Commission shall be eligible for reimbursement for costs as listed in Exhibit A, as stipulated in Section 2. The County is responsible for costs not to exceed \$20,000 per month, up to a maximum of \$240,000 annually.

Monthly reimbursement is limited to actual, documented, eligible expenses incurred within the month for which reimbursement is requested. Funds not expended within a given month shall not roll over or be applied to subsequent months. If costs are above and beyond the monthly not-to-exceed (NTE) amount of \$20,000 per month, the Commission will request additional funding through the Sonoma County Board of Supervisors.

In no event shall the total annual reimbursement exceed \$240,000.

7. Facility Ownership

Title to the Facility shall be held by the Commission for the useful life of the Facility as determined under the Homekey Standard Agreement. In the event the Commission is unable to, or determines that it is in the best interest of the Commission not to hold title to the Facility during such period, the parties shall work together to effectuate the transfer of the Facility to the County or third party.

8. Modification

No modification of this MOU shall be effective unless and until such modification is evidenced by a writing signed by both parties. In coordination with County Counsel, the Director of the Department of Health Services and the Executive Director of the Commission shall have authority to modify this MOU to effectuate the Homekey Standard Agreement.

9. Dispute Resolution

The parties shall work in good faith to resolve any conflicts or disputes that arise under this MOU or to further clarify the roles and responsibilities of the parties under this MOU.

10. No Third-Party Beneficiaries

Nothing contained in this MOU shall be construed to create and the parties do not intend to create any rights in third parties.

11. Applicable Law and Forum

This MOU shall be construed and interpreted according to the substantive law of California, regardless of the law of conflicts to the contrary in any jurisdiction. Any action to enforce the terms of this MOU or for the breach thereof shall be brought and tried in the City of Santa Rosa or the forum nearest to the City of Santa Rosa in the County of Sonoma.

12. Counterparts and Electronic Copies

The parties agree that, where applicable, this MOU may be executed in counterparts, together which when executed by the requisite parties shall be deemed to be a complete original MOU. An electronic copy, including facsimile copy, email, or scanned copy of the executed MOU or counterpart, shall be deemed, and shall have the same legal force and effect as, an original document.

[Remainder of Page Intentionally Blank-Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this MOU as of the date first set forth above.

Sonoma County Community Development Comm	nission:
Michelle Whitman Executive Director	Dated
Approved as to Form:	
Aldo Mercado Deputy County Counsel	Dated
Sonoma County Department of Health Services:	
Nolan Sullivan Director	Dated
Approved as to Substance:	
Division Director or Designee	Dated
Approved As to Form:	
Tambra Curtis DHS County Counsel	Dated
Approved as to Substance:	
Oshua Fabugais Privacy & Security Officer or Designee	9/30/25
Privacy & Security Officer or Designee	Dated

Exhibit A Mickey Zane Place Monthly Eligible Expenditures

Property Management Fee	\$3,500.00
Administrative Costs	\$1,300.00
Utilities	
Gas/Electric	\$5,000.00
Water/Sewer	\$2,500.00
Garbage	\$2,000.00
Cable/Internet	\$2,000.00
General Repairs/Maintenance – The	\$0.00
County maintains a subcontractor	
(currently FS Global) responsible for	
routine or minor general repairs and	
maintenance. Expenses for repairs or	
maintenance that fall outside the scope or	
authority of the County's subcontractor are	
considered eligible reimbursable expenses,	
provided they are documented and	
approved in accordance with this MOU.	
Electrical Repairs	\$500.00
Plumbing Repairs	\$250.00
Fire Alarm/Inspections	\$150.00
Fire Extinguishers/Safety Service	\$75.00
Pest Control	\$300.00
Grounds/Landscaping	\$1,500,00
Elevator Maintenance	\$925.00
Miscellaneous Fees – This category is	\$0.00
intended to cover unforeseen or incidental	
costs not specifically listed in the	
categories above. All such expenses must	
be reasonable, program-related, and	
supported by appropriate backup	
documentation. Prior written approval	
from the County is recommended for any	
significant or non-standard expenditures	
under this category.	
Total	\$20,000

- These figures are based on the monthly average over the last two years. Any amount that exceeds these expenses, along with any damages beyond normal wear and tear, and/or caused by program participants or their guests will be reimbursed by the County. Subject to Section 2.1.3., all reimbursement requests must be accompanied by appropriate backup documentation that supports the request, such as itemized receipts, invoices, time logs, or other verifiable records demonstrating the nature, date, and amount of the expense. Reimbursements may be delayed or denied if adequate supporting documentation is not provided. Reimbursement requests must be sent to DHS.Fiscal@sonomacounty.gov.
- Flexible Allocation Within Monthly Limit Funds may be distributed across eligible line items listed in Exhibit A and are not restricted to the individual dollar amounts shown for each category. However, the total monthly reimbursement shall not exceed \$20,000, and any unspent funds for a given month do not roll over to subsequent months. All expenses must remain within the scope of eligible activities and be supported by appropriate documentation.

Exhibit B. Project Homekey

The remainder of this page is intentionally left blank.

		SC	CO ID:			
ST	TATE OF CALIFORNIA - DEPARTMENT OF GENERAL SERVICES TANDARD AGREEMENT D 213 (Rev. 04/2020) AGREEMENT NUMBER 20-HK-00108 PURCHASING AUTHORITY NUMBER (If		f Applicable)			
1. T	his Agreement	is entered into between the Contracting Agency	and the Contractor named below	r.		
	NTRACTING AGE Partment of H	NCY NAME Housing and Community Development				
2000	NTRACTOR NAME noma County	Community Development Commission				
2. 7	The term of this	Agreement is:				
	RT DATE on approval b	by HCD				
	OUGH END DAT ears from the	effective date				
\$8,	800,000.00	mount of this Agreement is: e to comply with the terms and conditions of the	e following exhibits which are hy	his reference made a	part of the Agreem	ent
	Exhibits		Title	, iis received illustration	part of the righteen	Pages
	Exhibit A Authority, Purpose, and Scope of Work			5		
	Exhibit B Budget Detail and Payment Provisions			3		
	Exhibit C *	State of California General Terms and Con	ditions			GTC – 04/2017
+	— Exhibit D Homekey General Terms and Conditions			12		
+	Exhibit E	xhibit E Project-Specific Provisions and Special Terms and Conditions			5	
Thes	e documents ca	n asterisk (*), are hereby incorporated by reference ar In be viewed at https://www.dgs.ca.gov/OLS/Resour BOF. THIS AGREEMENT HAS BEEN EXECUTED B	ces	attached hereto.		
			CONTRACTOR			
	TRACTOR NAME attached	(if other than an individual, state whether a corporation	on, partnership, etc.)			
	TRACTOR BUSIN	ESS ADDRESS	CITY See	attached	STATE	ZIP
	NTED NAME OF P	ERSON SIGNING	TITLI See	attached		
CON	CONTRACTOR AUTHORIZED SIGNATURE DATE SIGNED See attached					

AGREEMENT NUMBER 20-HK-00108	PURCHASING AUTHORITY NUMBER (IF A	Applicable)
STATE OF CALIFORNIA		
CITY Sacram	nento STATE	ZIP 95833
TITLE Cont	racts Manager	
	DATE SIGNED 11/17/2020	
Exemp	EXEMPTION (If Applicable) Exempt per: SCM Vol. 1 4.04.A.3 (DGS memo dated 6/12/1981)	
	20-HK-00108 CITY Sacram TITLE Cont DATE SK 11/17 EXEMPTI Exemp	20-HK-00108 CITY Sacramento TITLE Contracts Manager DATE SIGNED 11/17/2020 EXEMPTION (If Applicable) Exempt per: SCM Vol. 1 4.04.A.3 (DGS me

STATE OF CALIFORNIA STANDARD AGREEMENT STD 213 (Rev. 04.2020) Sonoma County Community Development Commission 20-HK-00108 Page 1 of 1

CONTRACTOR

Sonoma County Community Development Commission,

public entity, corporate and politic

By: November 12, 2020

Barbie Robinson Interim Executive Director

Address:

1440 Guerneville Road Santa Rosa, CA 95403 Sonoma County Community Development Commission 20-HK-00108 Page 1 of 5

EXHIBIT A

AUTHORITY, PURPOSE AND SCOPE OF WORK

Authority

Assembly Bill No. 83 (2019-2020 Reg. Sess.) added section 50675.1.1 and 50675.1.2 to the Multifamily Housing Program ("MHP") (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code). Health and Safety Code section 50675.1.1 is the statutory basis for the Homekey Program ("Homekey" or "Program"). Health and Safety Code section 50675.1, subdivision (d) authorizes the Department of Housing and Community Development ("Department" or "HCD") to administer MHP.

The Department issued a Notice of Funding Availability ("NOFA") for the Homekey Program on July 16, 2020. The NOFA incorporates by reference the MHP, as well as the MHP Final Guidelines ("MHP Guidelines"), dated June 19, 2019, both as amended and in effect from time to time. In addition, the NOFA states that Homekey grant funds are derived primarily from Coronavirus Relief Fund ("CRF") money received from the U.S. Department of the Treasury. The CRF was established by the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law No. 116-136).

This STD 213, Standard Agreement ("Agreement") is entered under the authority and in furtherance of the Program. This Agreement is the result of an Application by the Sponsor, as defined below, for funding under the Program (the "Grant"). As such, this Agreement shall be executed by the Sponsor. Where the Sponsor comprises a Local Public Entity (as defined below) and a private entity, both entities shall execute the Standard Agreement.

This Agreement hereby incorporates by reference the Application in its entirety. This Agreement is governed by the following (collectively, the "Program Requirements") and each of the following is incorporated hereto as if set forth in full herein:

- A. The above-referenced MHP statutory scheme;
- B. The NOFA issued on July 16, 2020, and as may be subsequently amended;
- C. The MHP Guidelines:
- D. The CARES Act and related federal guidance;
- E. The award letter issued by the Department to the Sponsor; and
- F. Any and all other applicable law.

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EXHIBIT A

Purpose

The Homekey Program is intended to provide housing for individuals and families who are experiencing homelessness or who are at risk of homelessness, as defined in Part 578.3 of Title 24 of the Code of Federal Regulations, and who are impacted by the COVID-19 pandemic ("Target Population").

Sponsor applied to the Department for the Grant in order to conduct one or more of the activities outlined in <u>Paragraph 4</u> below. By entering into this Agreement and thereby accepting the award of Program Grant funds, the Sponsor agrees to comply with the Program Requirements and the terms and conditions of this Agreement.

Definitions

Any capitalized terms that are not defined below shall have the definitions set forth in the NOFA, the MHP statutes, and the MHP Guidelines. In the event of any conflict, the definitions in this Agreement and the NOFA are controlling.

- A. "Application" means the application for Grant funds that was submitted in response to the Department's Homekey Program 2020 Notice of Funding Availability, issued on July 16, 2020.
- B. "CRF Covered Period" means the time period running from March 1, 2020 through December 30, 2020. All Grant expenses for CRF-funded Eligible Uses must be incurred during this time period, or they will not be reimbursed. CRF-funded Eligible Uses are those listed at <u>Paragraph 4.A – F</u>, below.
- C. "CRF Expenditure Deadline" means December 30, 2020. All Grant expenses for CRF-funded Eligible Uses must be incurred on or before this date, or they will not be reimbursed. CRF-funded Eligible Uses are those listed at Paragraph 4.A – F, below.
- D. "Designated Payee" means the Co-Sponsor that will serve as the payee of the Program Grant funds. If applicable, the Designated Payee is identified at <u>Exhibit E</u> of this Agreement.
- E. "Development Sponsor" has the same meaning as "Sponsor" below.
- **F.** "Eligible Uses" means the activities that may be funded by the Homekey Program Grant. Those activities are listed at <u>Paragraph 4</u> of this Agreement, and at Health and Safety Code section 50675.1.1, subdivision (a).

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EXHIBIT A

- G. "Interim Housing" means any facility that is primarily intended to provide temporary shelter or lodging for the Target Population, and which does not require occupants to sign leases or occupancy agreements.
- H. "Local Public Entity" is defined at Health and Safety Code section 50079, and means any county, city, city and county, the duly constituted governing body of an Indian reservation or rancheria, tribally designated housing entity as defined in Section 4103 of Title 25 of the United States Code and Section 50104.6.5, redevelopment agency organized pursuant to Part 1 (commencing with Section 33000) of Division 24, or housing authority organized pursuant to Part 2 (commencing with Section 34200) of Division 24, and also includes any state agency, public district, or other political subdivision of the state, and any instrumentality thereof, that is authorized to engage in or assist in the development or operation of housing for persons and families of low or moderate income. In addition, and in accord with this Health and Safety Code definition, the term "Local Public Entity" also includes two or more local public entities acting jointly.
- I. "Performance Milestones" means the indicators and metrics of progress and performance that are identified as such at <u>Exhibit E</u> of this Agreement. Sponsor's failure to satisfy any one of the Performance Milestones will constitute a breach of this Agreement and will entitle the Department to exercise any and all available remedies, including the recapture of disbursed Grant funds and the cancellation of this Agreement.
- J. "Permanent Housing" means housing, dwellings, or other living accommodations where the landlord does not limit the tenant's length of stay or restrict the tenant's movements and where the tenant has a lease and is subject to the rights and responsibilities of tenancy.
- **K.** "Program Requirements" means the legal authority and Program materials listed at Paragraph 1.A F, above.
- L. "Project" means a structure or set of structures with common financing, ownership, and management and which provides Permanent Housing or Interim Housing for the Target Population.
- M. "Scope of Work" or "Work" means the work to be performed by the Sponsor to accomplish the Program purpose.
- N. "Sponsor" is defined by MHP at Health and Safety Code section 50675.2, subdivision (g). (See also Health and Safety Code, section 50669, subd. (c).) "Sponsor" refers, both individually and collectively, to the private entity and/or the Local Public Entity that received a Homekey Grant after submitting an Application or a joint Application

Homekey Program (Homekey) NOFA Date: 07/16/2020 Project Name: Hotel Azura Approved Date: 10/27/2020 - Prep. Date: 11/06/20

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EXHIBIT A

to the Department. When the Sponsor comprises two entities, each entity may be referred to as a "Co-Sponsor." On the STD 213 portion of this Agreement, the Sponsor is identified as the Contractor.

- O. "State General Fund Expenditure Deadline" means June 30, 2022. Grant expenses for capitalized 24-month operating subsidies, which are funded by the State General Fund, must be incurred on or before this date, or they will not be reimbursed.
- P. "Target Population" means individuals and families who are experiencing homelessness or who are at risk of homelessness, as defined in Part 578.3 of Title 24 of the Code of Federal Regulations, and who are impacted by the COVID-19 pandemic.

4. Eligible Uses

Sponsor shall apply the Program Grant funds to one or more of the following uses. Sponsor's use of the funds and scope of work ("Scope of Work" or "Work") are specified at Exhibit E of this Agreement.

- A. Acquisition or rehabilitation of motels, hotels, or hostels.
- B. Master leasing of properties.
- C. Acquisition of other sites and assets, including purchase of apartments or homes, adult residential facilities, residential care facilities for the elderly, manufactured housing, and other buildings with existing residential uses that could be converted to permanent or interim housing.
- D. Conversion of units from nonresidential to residential in a structure with a certificate of occupancy as a motel, hotel, or hostel.
- E. The purchase of affordability covenants and restrictions for units.
- F. Relocation costs for individuals who are being displaced as a result of rehabilitation of existing units.
- G. Capitalized operating subsidies for units purchased, converted, or altered with funds provided under the Program.

Homekey Program (Homekey) NOFA Date: 07/16/2020 Project Name: Hotel Azura Approved Date: 10/27/2020 Prep. Date: 11/06/20

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EXHIBIT A

5. Performance Milestones

Sponsor shall complete each of the Performance Milestones set forth at Exhibit E of this Agreement by the date designated for such completion therein (each a "Milestone Completion Date"). Sponsor may apply to the Department for an extension of any such Milestone Completion Date. Approval of any such extension request shall be in the Department's sole and absolute discretion. In no event will the Department approve an extension request in the absence of Sponsor's demonstration of good cause for said extension, along with Sponsor's reasonable assurances that the extension will not result in Sponsor's failure to meet other Performance Milestones or any Expenditure Deadline under this Agreement.

6. Reporting Requirements

Sponsor shall comply with all reporting requirements set forth at Section 402 of the NOFA or in this Agreement, all in accordance with, without limitation, the deadline(s) set forth under Performance Milestones at <u>Exhibit E</u> of this Agreement.

7. Department Contract Coordinator

The Department's Contract Coordinator for this Agreement is the Deputy Director of the Division of Financial Assistance, or the Deputy Director's designee. Unless otherwise informed, Sponsor shall mail any notice, report, or other communication required under this Agreement by First-Class Mail to the Department Contract Coordinator at the following address:

California Department of Housing and Community Development Attention: Homekey Program (Homekey) Grant Management Section 2020 West El Camino Avenue, Suite 400, 95833 P. O. Box 952050 Sacramento, CA 94252-2050

8. Sponsor Contract Coordinator

The Sponsor Contract Coordinator for this Agreement may coordinate with the State Grant Management Section Manager for the Homekey Program. Unless otherwise informed, the Department shall mail any notice, report, or other communication required under this Agreement by First-Class Mail, or through a commercial courier, to the Sponsor Contract Coordinator at the address specified at Exhibit E of this Agreement.

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EXHIBIT B

BUDGET DETAIL AND PAYMENT PROVISIONS

1. Budget Detail

Applicant has been awarded the Grant amount set forth in this Agreement.

2. Conditions of Disbursement

The Department will disburse the full amount of the Grant award to the Sponsor after this Agreement has been fully executed and after the Department receives the Sponsor's request for funds, with all required supporting documents appended thereto. The Sponsor shall append the following supporting documents to the request for funds, all in form and substance acceptable to the Department:

- Payee Data Record (STD 204) or Government Agency Taxpayer ID Form, as applicable;
- B. An authorizing resolution or set of authorizing resolutions that, in the Department's reasonable determination, materially comport with the Program's requirements (if the Sponsor has not already submitted same);
- C. Certification of compliance with California's prevailing wage law;
- Evidence of the insurance coverages required under the Program and/or a written acknowledgment of self-insured status;
- E. Documentary evidence of capacity to provide operating funds for the Project for at least five (5) years;
- F. A current title report (dated within 15 days of the request for funds);
- G. Any forms, certifications, or documentation required pursuant to <u>Paragraph E-Additional Conditions Precedent to Disbursement</u> of <u>Exhibit E</u> of this Agreement; and
- H. Any other forms, certifications, or documentation deemed necessary by the Department prior to disbursement of Grant funds.

Homekey Program (Homekey) NOFA Date: 07/16/2020 Project Name: Hotel Azura Approved Date: 10/08/2020 Prep. Date: 11/06/20

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EXHIBIT B

3. Performance

After disbursement of the funds, the Sponsor shall meet each Performance Milestone set forth at Exhibit E by the designated deadline. After satisfaction of each Performance Milestone, the Sponsor shall promptly report its progress, in writing, to the Department. Sponsor may apply to the Department for an extension of the Performance Milestone deadlines based on good cause shown and best efforts and assurances from the Recipient for timely completion of the remaining Milestones.

FAILURE TO SATISFY ANY ONE OF THE PERFORMANCE MILESTONES WILL CONSTITUTE A BREACH OF THIS AGREEMENT AND ENTITLES THE DEPARTMENT TO MANDATE THE SPONSOR TO RETURN TO THE DEPARTMENT ANY FUNDS DISBURSED; IN ANY SUCH INSTANCE, THE DEPARMENT MAY ALSO CANCEL THIS AGREEMENT WITHOUT OWING ANY DAMAGES OR OTHER PAYMENT TO SPONSOR.

4. Fiscal Administration

- A. Sponsor shall either deposit the Grant funds with an escrow company licensed to do business in the State of California and in good standing, or deposit Grant funds in an interest-bearing checking or savings account insured by the federal or state government. All interest earned from the deposit of Grant funds shall be used for eligible Program activities.
- B. Any CRF Grant funds that have not been expended by the CRF Expenditure Deadline must be returned to the Department with accrued interest. Any State General Fund moneys that have not been expended by the State General Fund Expenditure Deadline must be returned to the Department with accrued interest. Checks shall be made payable to the Department of Housing and Community Development and shall be mailed to the Department at the address below, no later than thirty (30) calendar days after the applicable Expenditure Deadline.

Department of Housing and Community Development Accounting Division, Suite 300 2020 W. El Camino Avenue Sacramento, California 95833

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EXHIBIT B

5. Duplication of Benefit

Homekey funding is not required to be used as funding of last resort. However, Sponsor may not use Homekey funding to cover expenditures that have already been funded through other sources. Expenses that have been or will be reimbursed under any federal program are not eligible uses of Homekey funding.

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EXHIBIT D

HOMEKEY GENERAL TERMS AND CONDITIONS

1. Effective Date, Term of Agreement, Timing, and Deadlines

- A. This Agreement is effective upon the date of the Department representative's signature on the STD 213, Standard Agreement (such date, the "Effective Date").
- B. This Agreement shall terminate five (5) years after the Effective Date, as stated in <u>Paragraph 2</u> of the STD 213, Standard Agreement (such date, the "Expiration Date").
- C. Sponsor will receive the disbursement of Program funds after satisfying all conditions precedent to such disbursement, as set forth under <u>Paragraph 2</u> of <u>Exhibit B</u>. All Program funds must be disbursed by **December 30**, 2020.
- D. Grant expenses for CRF-funded Eligible Uses must be incurred from March 1, 2020 through December 30, 2020 (the "CRF Covered Period"). December 30, 2020 is the deadline for all such expenditures (the "CRF Expenditure Deadline" or "Expenditure Deadline"). CRF-funded Eligible Uses are those listed at Paragraph 4.A F of Exhibit A.
- E. Grant expenses for capitalized 24-month operating subsidies (which are funded by the State General Fund) must be incurred by **June 30**, **2022** (the "State General Fund Expenditure Deadline" or "Expenditure Deadline").
- F. Any expenses incurred prior to the CRF Covered Period, after the CRF Expenditure Deadline, or after the State General Fund Expenditure Deadline, respectively and as applicable, are not eligible for payment under the Program. Grant funds that have not been expended by the applicable Expenditure Deadlines shall revert to the Department.

2. Termination

The Department may terminate this Agreement for cause at any time by giving at least 14 days' advance written notice to the Sponsor. Upon such termination, Sponsor shall return any unexpended funds to the Department within thirty (30) calendar days of the date on the Department's written notice of termination, unless the Department has approved an alternate arrangement in advance and in writing,

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EXHIBIT D

as provided below. Such termination will not limit any other remedies that may be available to the Department under this Agreement, at law, or in equity.

Cause shall consist of Sponsor's breach of, or failure to satisfy, any of the terms or conditions of this Agreement. Cause includes but is not limited to the following:

- A. Sponsor's failure to satisfy the conditions precedent to disbursement or to expend Program Grant funds, as specified, by **December 30**, 2020.
- B. Sponsor's failure to timely satisfy each or any of the conditions set forth in these Homekey General Terms and Conditions, the Special Conditions set forth at <u>Exhibit E</u> of this Agreement (including any one of the Performance Milestones), or the award letter.
- Sponsor's violation of any of the Program Requirements.
- D. The Department's determination of the following:
 - Any material fact or representation, made or furnished to the Department by the Sponsor in connection with the Application or the award letter, shall have been untrue or misleading at the time that such fact or representation was made known to the Department, or subsequently becomes untrue or misleading; or
 - 2) Sponsor has concealed any material fact from the Department related to the Application or the Project.
- E. The Department's determination that the objectives and requirements of the Homekey Program cannot be met in accordance with applicable timeframes, as memorialized by this Agreement.

Sponsor's failure to meet any applicable Expenditure Deadline shall result in the automatic termination of this Agreement, and Sponsor shall return all disbursed Grant funds to the Department within thirty (30) calendar days of the applicable Expenditure Deadline.

In the event of any other breach, violation, or default by the Sponsor, the Department may give written notice to the Sponsor to cure the breach, violation, or default. If the breach, violation, or default is not cured to the Department's satisfaction within a reasonable time, as determined by the Department at its sole

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EXHIBIT D

and absolute discretion, then the Department may declare a default under this Agreement and seek any and all remedies that are available under this Agreement, at law, or in equity.

3. Eligible Activities

Grant funds awarded to the Sponsor shall be applied to the eligible uses set forth at <u>Exhibit A</u> and described in greater detail at <u>Exhibit E</u>. Payment for any cost which is not authorized by this Agreement or which cannot be adequately documented shall be disallowed and must be reimbursed to the Department or its designee.

4. Performance Milestones

Sponsor shall timely satisfy and complete all Performance Milestones, as identified at Exhibit E of this Agreement.

Article XXXIV

Article XXXIV, section 1 of the California Constitution ("Article XXXIV") is not applicable to development involving the acquisition, rehabilitation, reconstruction, alterations work, or any combination thereof, of lodging facilities or dwelling units using moneys receiving from the CRF established by the federal CARES Act (Public Law 116-136), pursuant to Health and Safety Code section 37001, subdivision (h).

Appraisals

Sponsor shall, at the request of the Department, provide an appraisal of any real property or any interest in real property that is acquired with the Grant funds. Any such appraisal shall be prepared in a form, and by a qualified appraiser, acceptable to the Department.

7. Compliance with California's Prevailing Wage Law

Sponsor's Project may be subject to California's prevailing wage law (Lab. Code, § 1720 et seq.). Sponsor is urged to seek professional legal advice about the law's requirements. Prior to disbursing the Grant funds, the Department will require a certification of compliance with California's prevailing wage law. The certification must verify that prevailing wages have been or will be paid if such payment is required by law, and that labor records will be maintained and made available to any enforcement agency upon request. The certification must be signed by Sponsor and its general contractor.

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8. Environmental Conditions

Sponsor shall provide a Phase I Environmental Site Assessment ("ESA") for the Project, in conformance with ASTM Standard Practice E 1527, evaluating whether the Project is affected by any recognized environmental conditions. If the Phase I ESA discloses evidence of recognized environmental conditions and Sponsor desires to proceed with the Project, the Sponsor shall provide the Department with a Phase II report and any additional reports as required by the Department and in a form acceptable to the Department. Any remediation work shall be subject to Department approval. Sponsor shall also provide an asbestos assessment and a lead-based paint report for the Department's approval if the Project involves rehabilitation or demolition of existing improvements.

Insurance

Sponsor shall obtain the insurance coverages identified at Article VI of the NOFA; Sponsor shall maintain such insurance coverages for either the term of this Agreement or the term of any required use restriction or affordability covenant, whichever applicable term is longer. Sponsor shall name the State of California and the Department, as well as their respective appointees, officers, agents, and employees, as additional insureds on all such policies. Such policies shall provide for notice to the Department in the event of any lapse of coverage or insurance claim thereunder. Prior to disbursement of any Grant funds, Sponsor shall provide evidence satisfactory to the Department of its compliance with these insurance requirements.

If Sponsor is a Local Public Entity and is self-insured, in whole or in part, as to any of the required types and levels of coverage, the Local Public Entity shall provide the Department with a written acknowledgment of its self-insured status prior to disbursement of any Grant funds. If the Local Public Entity abandons its self-insured status at any time after execution of this Agreement, the Local Public Entity shall immediately notify the Department, and shall promptly comply with the insurance coverage requirements under the Program.

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10. Operating Funds

Sponsor shall demonstrate its capacity to provide five (5) years of operating funds for the Project. As set forth at <u>Exhibit B</u> of this Agreement, Sponsor shall provide documentary evidence of such capacity prior to disbursement of any Grant funds.

11. Relocation

If there is or will be any residential or commercial displacement directly or indirectly caused by the Project, the Sponsor shall provide a relocation plan to the Department for review. The relocation plan must comply with the requirements of state law (Gov. Code, § 7260 et seq.) and the regulations adopted by the Department (Cal. Code Regs., tit. 25, § 6000 et seq.). The Project budget shall include enough funds to pay all costs of relocation benefits and assistance, as identified in the relocation plan accepted by the Department. If the Project will not cause any displacement, the Sponsor must provide corroborating documentation to the Department for approval. If there is separate federal funding of the Project, the Sponsor shall comply with federal Uniform Relocation Act requirements to the extent applicable.

12. Site Control

Unless and except as otherwise expressly approved in writing by the Department or provided at Exhibit E to this Agreement, the Sponsor shall at all times have control of the property and such control shall not be contingent on the approval of any other party. The status and nature of the Sponsor's title and interest in the property must be acceptable to the Department. Site control may be evidenced by one of the following:

- A. Fee title.
- B. A leasehold interest on the property with provisions that enable the lessee to make improvements on and encumber the property provided that the terms and conditions of any proposed lease shall permit compliance with, and satisfaction of, all program objectives and requirements, including, without limitation, those set forth in this Agreement. If the Sponsor's interest in the property is a leasehold, and the lessee and the lessor are affiliated or related parties, then the Department may require that both the lessee and the lessor must execute this Agreement.
- C. An executed disposition and development agreement, or irrevocable offer of

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dedication to a public agency.

- D. A sales contract, or other enforceable agreement for the acquisition of the property. If this form of evidence was relied upon at the time of Application, the Department may impose additional Performance Milestones (e.g., presentation of additional or supplemental evidence of eventual site control closer to any projected close of escrow).
- E. A letter of intent, executed by a sufficiently authorized signatory of the Sponsor, that expressly represents to the Department, without condition or reservation, that, upon successful application, the Sponsor shall purchase or otherwise acquire a sufficient legal interest in the property to accomplish the purpose of the award. The letter of intent must also be duly acknowledged by the party selling or otherwise conveying an interest in the subject property to the Sponsor. If this form of evidence was relied upon at the time of Application, the Department may impose additional Performance Milestones (e.g., presentation of additional or supplemental evidence of eventual site control closer to any projected close of escrow).
- F. Other forms of site control that give the Department assurance (equivalent to A-E above) that the Sponsor will be able to complete the Project in a timely manner and in accordance with the Program's objectives and requirements, including, without limitation, those set forth or referenced in this Agreement.

13. Adaptability and Accessibility

The Project shall comply with all applicable federal, state and local laws regarding adaptability and accessibility in the design, construction and rehabilitation of residential projects for persons with disabilities.

14. Title Report

Sponsor shall provide a current title report for the real property on which the Project is located. If Sponsor's interest in the property is leasehold, then Sponsor shall provide a current title report for the leasehold interest and the fee interest.

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15. Title Insurance

Sponsor shall provide evidence of title insurance and an ALTA As-Built Survey that are acceptable to the Department. The condition of title, the insurer, the liability amount, the form of policy, and the endorsements shall be subject to Department approval. The policy shall insure that Sponsor holds good and marketable title (fee simple or leasehold).

16. Supportive Services Plan

Where a project features on-site supportive services, Sponsor shall submit a supportive services plan to the Department for its review and approval. Such plan shall meet the Program Requirements.

17. Non-Discrimination

During Sponsor's performance under this Agreement, Sponsor shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex (gender), sexual orientation, gender identity, gender expression, race, color, ancestry, religion, creed, national origin (including language use restriction), pregnancy, physical disability (including HIV and AIDS), mental disability, medical condition (cancer/genetic characteristics), age (over 40), genetic information, marital status, military and veteran status, and denial of medical and family care leave or pregnancy disability leave. Sponsor shall ensure that the evaluation and treatment of employees and applicants for employment are free from such discrimination and harassment. Sponsor shall comply with California's laws against discriminatory practices relating to specific groups: the California Fair Employment and Housing Act (FEHA) (Gov. Code, § 12900 et seq.); the regulations promulgated thereunder (Cal. Code Regs., tit. 2, § 11000 et seq.); and the provisions of Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (Gov. Code, §§ 11135 - 11139.5). Sponsor shall give written notice of its obligations under this provision to labor organizations with which it has a collective bargaining or other agreement.

18. Affirmative Fair Housing Marketing Plan and Fair Housing Compliance

Sponsor shall develop and implement an affirmative fair housing marketing plan that is satisfactory to the Department. Appropriate aspects of the initial plan shall be incorporated into the ongoing management plan to ensure positive outreach and informational efforts to those who are least likely to know about and apply for Interim Housing or Permanent Housing. Sponsor is encouraged to refer to the guidelines for

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Affirmative Fair Housing Marketing Plans issued by the U.S. Department of Housing and Urban Development ("HUD"). Sponsor shall comply with all state and federal fair housing laws.

19. Sponsor Acknowledgment of the Pet Friendly Housing Act of 2017

By executing this Agreement, Sponsor acknowledges that the Pet Friendly Housing Act of 2017 (Health & Saf. Code, § 50466) requires each housing development, if it is financed on or after January 1, 2018 pursuant to Division 31 of the Health and Safety Code, to authorize a resident of the housing development to own or otherwise maintain one or more common household pets within the resident's dwelling unit, subject to applicable state laws and local governmental ordinances related to public health, animal control, and animal anticruelty.

20. Final Certificate of Occupancy

Sponsor shall provide a final certificate of occupancy (or an equivalent form of occupancy certification or approval) issued by the local agency having jurisdiction over such certificates.

21. Occupancy

The units shall be in decent, safe, and sanitary condition at the time of their occupancy. In addition, the Sponsor shall certify, upon occupancy, that it will employ the core components of Housing First (set forth at Welfare and Institutions Code section 8255) as part of its property management and tenant selection practices.

22. Reporting Requirements

Sponsor shall submit expenditure and program reporting to the Department by **February 1, 2021**. Such reporting shall include the data outlined at Section 402 of the NOFA.

If Sponsor has received State General Fund moneys to fund a 24-month operating subsidy, Sponsor shall submit relevant expenditure reporting to the Department on **January 31, 2021**; **July 31, 2021**; **January 31, 2022**; and **July 31, 2022**. Such reporting shall include the data set forth at Section 402.i. – vi. of the NOFA.

23. Use Restrictions and Affordability Covenants

Either a use restriction or an affordability covenant shall be recorded against the

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Project real property, depending on the Project type. For Interim Housing Projects that will not result in permanent housing, the Department shall cause a 10-year use restriction to be recorded against the Project real property. For Interim Housing Projects that will ultimately result in permanent housing, the Local Public Entity shall cause a 10-year use restriction to be recorded against the Project real property. For Permanent Housing Projects, the Local Public Entity shall cause a 55-year affordability covenant to be recorded against the Project real property.

All use restrictions and affordability covenants shall require integration of the Target Population within all entrances, common areas, and buildings that comprise the Project.

All use restrictions and affordability covenants are subject to the advance written approval of the Department, and shall be acceptable to the Department in form, substance, and priority. Project-specific requirements and deadlines are set forth at Exhibit E of this Agreement.

24. Restrictions on Sales, Transfers, and Encumbrances

Sponsor shall not, for the duration of this Agreement, sell, assign, transfer, or convey the Project, or any interest therein or portion thereof, without the express prior written approval of the Department.

25. Retention, Inspection, and Audit of Records

Sponsor is responsible for maintaining records which fully disclose the activities funded by the Grant. Sponsor shall retain all records for a period of five (5) years after the expiration of this Agreement, unless a longer retention period is stipulated. If any litigation, claim, negotiation, audit, monitoring, inspection or other action commences during this required retention period, all records must be retained until a full and final resolution of the action.

The Department, as well as its appointees, employees, agents, and delegatees, shall have the right to review, obtain, and copy all records pertaining to performance under this Agreement. Sponsor shall provide any relevant information requested, and shall permit access to its premises, upon reasonable notice and during normal business hours, for the purpose of interviewing employees and inspecting and copying books, records, accounts, and other relevant material.

At any time during the term of this Agreement, the Department may perform or

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cause to be performed a financial audit of any and all phases of the Project. At the Department's request, the Sponsor shall provide, at its own expense, a financial audit prepared by a certified public accountant. The audit shall be performed by a qualified state, local, independent, or Department auditor. Where an independent auditor is engaged, the audit services agreement shall include a clause which permits the Department to have access to the independent auditor's relevant papers, records, and work product.

If there are audit findings, the Sponsor shall submit a detailed response to the Department for each audit finding. The Department will review the response. If the Department determines, in its sole and absolute discretion, that the response is satisfactory, the Department will conclude the audit process and notify the Sponsor in writing. If the Department determines, in its sole and absolute discretion, that the response is not satisfactory, the Department will contact the Sponsor, in writing, and explain the action required to cure any audit deficiencies. Such action could include the repayment of ineligible costs or other remediation.

If so directed by the Department upon the termination or expiration of this Agreement, the Sponsor shall deliver all records, accounts, documentation, and other materials that are relevant to this Agreement to the Department as depository.

26. Site Inspection

The Department reserves the right, upon reasonable notice, to inspect the Project to determine whether it meets the Program Requirements. If the Department reasonably determines that the site is not acceptable for the Project in accordance with the Program Requirements, the Department reserves the right to rescind the award and the Grant. Nothing in this paragraph is intended to create or imply any obligation of the Department to inspect the Project.

27. Compliance with State and Federal Laws, Rules, Guidelines, and Regulations

Sponsor agrees to comply with all state and federal laws, rules, guidelines, and regulations that are applicable to the Project, including those that pertain to construction, health and safety, labor, fair employment practices, and equal opportunity.

28. Updated Information

If there is any change in the information that has been provided to the Department, Sponsor shall promptly provide the Department with updated documentation (e.g.,

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updated sources and uses). All changes shall be subject to Department approval.

29. Survival of Obligations

The obligations of the Sponsor, as set forth in this Agreement, shall survive the termination or expiration of this Agreement.

30. Litigation

Sponsor shall notify the Department immediately of any claim or action undertaken by or against it which affects or may affect this Agreement or the Department, and shall take such action with respect to the claim or action as is consistent with the terms of this Agreement, the Program Requirements, the interests of the Department, and the objectives of the Homekey Program.

31. Severability

This Agreement constitutes the entire agreement between the Sponsor and the Department. All prior representations, statements, negotiations and undertakings with regard to the subject matter hereof are superseded hereby. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remaining terms and provisions of this Agreement, or the application of such terms or provisions to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

32. Waivers

No waiver of any breach of this Agreement shall be held to be a waiver of any prior or subsequent breach. The Department's failure, at any time, to enforce the provisions of this Agreement or to require the Sponsor's performance under this Agreement shall in no way be construed as a waiver of such provisions or performance, and it shall not affect the validity of this Agreement or the Department's right to enforce this Agreement.

33. Disputes

In the event of any conflict between this Agreement and any Sponsor documents or side agreements, this Agreement and the Program Requirements shall prevail, are applicable, and shall be enforceable by the Department even if the Department provided review or approval of such documents and side agreements.

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34. Consent

The parties agree that wherever the consent or approval of the Department or Sponsor is required under this Agreement, such consent or approval shall not be unreasonably withheld, conditioned, or delayed, unless the same is specified as being in that party's sole and absolute discretion, or other words of similar import.

35. Sponsor Liability

Sponsor shall remain liable to the Department for performance under this Standard Agreement and compliance with all Program Requirements regardless of any Department-approved transfer or assignment of interest, or of any designation of a third party for the undertaking of all or any part of the Scope of Work. Likewise, each Co-Sponsor shall remain jointly and severally liable to the Department for performance under this Standard Agreement and compliance with all Program Requirements regardless of any Department-approved transfer or assignment of interest; any designation of a third party for the undertaking of all or any part of the Scope of Work; or the Co-Sponsors' identification of a Designated Payee.

36. Defense and Indemnification

Sponsor agrees to defend, indemnify, and hold harmless the Department, and its appointees, agents, employees, and officers, from any losses, damages, liabilities, claims, actions, judgments, court costs and legal or other expenses (including attorneys' fees), which may arise in connection with Sponsor's use of the Grant funds and performance under this Agreement. If any attorney, including the California Attorney General, is engaged by the Department to enforce, construe, or defend any provision of this paragraph, with or without the filing of any legal action or proceeding, Sponsor shall, individually or jointly, pay to the Department, immediately upon demand, the amount of all attorneys' fees and costs incurred by the Department in connection therewith.

37. Time Is of the Essence

Time is of the essence under this Agreement, and in the performance of every term, covenant, and obligation contained herein.

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EXHIBIT E

PROJECT-SPECIFIC PROVISIONS AND SPECIAL TERMS AND CONDITIONS

1. PROJECT-SPECIFIC PROVISIONS

Hotel Azura 635 Healdsb Santa Rosa, County: Son	CĀ 95401	APN: 010-014-013-000 010-014-012-000		
# of Bedrooms	# of Doors	HK Restricted	Income Limit (% of AMI)	
0	44	44	30% AMI	
Total	44	44		

A. <u>Project Description</u>

1. Grant Amount: \$8,800,000

- 2. Payee: Sonoma County Community Development Commission, a public entity, corporate and politic (the "Commission" or "Sponsor")
- Eligible Use: Acquisition and rehabilitation of hotel with existing commercial
 and residential uses to be converted to interim housing with a plan to convert
 to permanent housing.
- 4. Project Narrative: Hotel Azura is a single-site Hotel which will consist of 44 interim units that will be developed into interim housing with a plan to convert to permanent housing units that will house COVID-19 vulnerable homeless individuals. The units are studios configured with 22-sinlge bed and 22-double beds. There are two-ADA accessibly units on the ground floor. Coordinated Care will be provided through the Sonoma County ACCESS

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initiative. The project site is centrally located within 500 feet of a high-frequency Bus Line providing access to the essential services, such as grocery stores, pharmacy, full-service drug store, community college, the mall and parks. Within ¼ of a mile of the project site is a Veterans Resource Center, VOICES youth center, a bike shop, convenience stores and various restaurants. The Project will use the Coordinated Entry System (CES) of the County of Sonoma to refer future residents. The Commission will use the Housing First model and provide on-site services and coordinate off-site services. The Commission will record a 10-year use and occupancy restrictions against the real property of the Project site.

5. Strategies to Promote Racial Equity and Accessibility:

- a. The Sponsor shall, at the request of the Department, report back on any racial equity strategies described in the Homekey Application.
- b. The Sponsor shall ensure that the Project includes sensory accessible units and mobility accessible units in accordance with all relevant representations and descriptions in the Sponsor's Homekey Application (e.g., number of units, accessibility elements) and/or meets the minimum required accessible units as listed in the Homekey NOFA, to meet or exceed the greater of the two requirements.

B. Scope of Work

The Commission will convert the Hotel Azura into interim housing with a plan to convert to permanent housing units for at least 44 persons who are homeless or at risk of homelessness, and, because of that and for other reasons, are or have been impacted by the COVID-19 pandemic. Future Deliverables include: New fire service, utility relocations, sprinkler system for all units, and adding kitchens for all units including appliances.

The Commission will ensure that a 10-year use and occupancy restriction is recorded against the real property of the Project site in accordance with and as more fully specified and set forth in the Special Conditions below.

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C. Sponsor Contract Coordinator

Authorized Representative Name:	Barbie Robinson
Authorized Representative Title:	Interim Executive Director
Entity Name:	Sonoma County Community Development Commission
Address:	1440 Guerneville Rd Santa Rosa, CA 95403
Phone No.:	(797) 565-7876
E-Mail Address:	barbie.robinson@sonoma-county.org

D. Budget Detail

The Sponsor will draw upon Local Public Entity sources (e.g., Sonoma County Treasury Note) to provide matching contributions. The Sponsor will receive philanthropic funds for operating support.

E. Additional Conditions Precedent to Disbursement

Intentionally omitted

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F. Performance Milestones

Performance Milestones	Date
Site control of Project site.	11/10/2020
Submission of documentation of compliance with California's relocation assistance law that has been expressly approved in writing by the Department.	11/10/2020
Completion of all necessary environmental clearances.	11/10/2020
Obtaining all discretionary public land use approvals that are required, notwithstanding Health and Safety Code section 50675.1.1, subdivision (g).	11/10/2020
Obtaining all enforceable funding commitments.	11/10/2020
Satisfaction of all conditions of disbursement set forth at <u>Exhibit B</u> .	11/10/2020
Submit certification that Sponsor will employ the core components of Housing First (set forth at Welfare and Institutions Code section 8255) as part of its property management and selection practices"	11/10/2020
Sponsor's submission of certification that it will employ the core components of Housing First (set forth at Health and Safety Code section 8255) as part of its property management and tenant selection practices.	11/10/2020
Submit documentation of compliance with California's relocation assistance law in accordance with and as more fully specified and set forth in the Special Conditions below	12/15/2020
Recordation of a 10-year use and occupancy restriction by the Commision	12/15/2020
Program funds fully disbursed.	12/30/2020
Satisfaction of occupancy timeline.	02/15/2020
Submission of expenditure and program reporting	Feb. 1, 2021

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2. SPECIAL TERMS AND CONDITIONS

The following Special Terms and Conditions are applicable to this Project and shall control notwithstanding anything to the contrary herein:

- A. The Sponsor shall submit documentation of its compliance with California's relocation assistance law, in form and substance satisfactory to the Department, as required by Exhibit D of this Agreement. Such documentation shall be in finalized form and expressly approved by the Department in writing by the Performance Milestone date set forth herein.
- B. The Sponsor shall cause a use restriction in accordance with the NOFA and Program Requirements ("Covenant") to be recorded against the real property of the Project site by the Performance Milestone date set forth herein. The Sponsor shall obtain the Department's express written approval of such Covenant prior to the Sponsor's recordation of the same. Unless otherwise authorized by the prior and express written approval of the Department, the Covenant shall be recorded as a lien against the Project in first position, and shall remain in first position over all other Project agreements, covenants, or other matters of record on the real property for the period of affordability required by the Program.