

**RESOLUTION NO. 5119**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOLEDAD  
AUTHORIZING THE CITY MANAGER TO SIGN AND FILE, FOR AND ON BEHALF  
OF THE CITY OF SOLEDAD, A FINANCIAL ASSISTANCE APPLICATION FOR A  
GRANT AGREEMENT FROM THE STATE WATER RESOURCES CONTROL  
BOARD FOR THE PLANNING, DESIGN AND CONSTRUCTION OF PHASE III OF  
THE CITY'S REUSE WATER SYSTEM**

**WHEREAS**, the City of Soledad Water Reclamation Facility (WRF) produces over two million gallons per day of Title 22 (high quality) wastewater reuse water; and

**WHEREAS**, this new water resource is available to apply, with restrictions, to various landscaping throughout the City such as parks, schools and roadway landscaping; and

**WHEREAS**, reuse water can offset groundwater pumping to provide irrigation water, which will make our groundwater supply more sustainable and reduce some of the potable water peak storage and pumping capacity needed to supply domestic water supply needs; and

**WHEREAS**, this new water resource is available to apply, with restrictions, to various landscaping throughout the City such as parks, schools and roadway landscaping; and

**WHEREAS**, the State Water Resources Control Board has grant funding which will program millions of dollars toward design and construction of reuse water projects such as Soledad's Phase III Reuse Water System project; and

**NOW THEREFORE, BE IT HEREBY RESOLVED** by the City Council of the City of Soledad that the City Manager is:

- authorized and directed to sign and file, for and on behalf of the City of Soledad, a Financial Assistance Application for a financing agreement with the State Water Resources Control Board for the planning, design and construction of the Soledad Phase III Reuse Water System Project, and
- designated to provide the assurances, certifications and commitments required for the financial assistance application, including executing a financial assistance agreement from the State Water Resources Control Board and any amendments or changes thereto; and
- designated to represent the City in carrying out the City's responsibilities under the grant agreement, including certifying disbursement requests on behalf of the City and compliance with applicable state and federal laws

**PASSED AND ADOPTED** by the City Council of the City of Soledad at a regular meeting duly held on the 2nd of September, 2015, by the following vote:

**AYES**, and in favor thereof, Councilmembers: Christopher K. Bourke, Patricia D. Stephens, Mayor Pro Tem Alejandro Chavez and Richard Perez

NOES, Councilmembers:

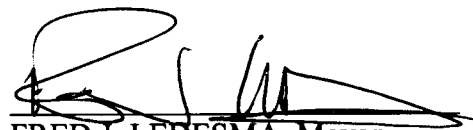
None

ABSENT, Councilmembers:

Fred J. Ledesma


ABSTAIN, Councilmembers:

None



FRED J. LEDESMA, Mayor

ATTEST:



ADELA P. GONZALEZ, City Clerk

**COMMUNITY DEVELOPMENT BLOCK GRANT**  
**CAPITAL EXPENDITURES AGREEMENT**

This COMMUNITY DEVELOPMENT BLOCK GRANT CAPITAL EXPENDITURES AGREEMENT ("**Agreement**") is entered into as of this 13<sup>th</sup> day of July, 2015 (for reference purposes only), between the CITY OF SOLEDAD, a political subdivision of the State of California ("**City**"), and the SOLEDAD COMMUNITY HEALTH CARE DISTRICT, a political subdivision of the State of California ("**Participant**").

**RECITALS**

A. City participates in the Community Development Block Grant program administered by the United States Department of Housing and Urban Development ("**HUD**") under Title I of the Housing and Community Development Act of 1974 (42 U.S.C. § 5301 *et seq.*) as amended from time to time, and the regulations promulgated thereunder (24 C.F.R. § 570 *et seq.*). Pursuant to the Community Development Block Grant program, City receives funds ("**CDBG Funds**") from the California Department of Housing and Community Development ("**HCD**") to be used for the support of community development activities that meet at least one of the three national objectives of the program of benefiting low and moderate income persons, preventing and eliminating slums and blight, and addressing a community development need having a particular urgency.

B. Participant is a political subdivision of the State of California, formed for the purpose of providing high quality healthcare services to the People of Soledad and surrounding communities, and which, through its Soledad Medical Clinic (the "**Clinic**"), provides healthcare services to low-income individuals and families. Participant proposes to renovate the Clinic as set forth in more detail in the attached budget for Eligible Project Expenses (the "**Project**") on the real property owned by Participant and located at 600 Main Street, Soledad, California (the "**Property**").

C. City desires to assist Participant with the foregoing by providing financial assistance to Participant in the form of a loan of CDBG Funds in an amount not to exceed the sum of **One Million Three Hundred Ninety-Five Thousand Three Hundred Forty-Nine Dollars (\$1,395,349)** (the "**City Loan**") to be used by Participant for the construction costs of the renovation of the Clinic.

D. City's provision of the City Loan to Participant pursuant to this Agreement, and the fulfillment generally of this Agreement, are in the best interests of the City and the welfare of its residents, and in accordance with the purpose and provisions of the Community Development Block Grant program.

## A G R E E M E N T

Based upon the foregoing Recitals, which are incorporated herein by this reference, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged by both parties, City and Participant hereby agree as follows:

1. DEFINITIONS.

The following terms as used in this Agreement shall have the meanings given below unless expressly provided to the contrary:

“**CDBG Requirements**” shall collectively refer to the requirements of Title I of the Housing and Community Development Act of 1974 (42 U.S.C. § 5301 *et seq.*) as amended from time to time, and the implementing regulations set forth in 24 C.F.R. § 570 *et seq.* as amended from time to time, and the requirements set forth and referred to in Exhibit “A” to this Agreement, which is attached hereto and incorporated herein by this reference.

“**Completion Date**” shall mean the date on which the City of Soledad issues a certificate of occupancy or similar instrument approving Participant’s completion of the Project, which certificate or other instrument the City shall not unreasonably withhold, condition or delay.

“**Contract Officer**” shall mean City Manager or such other person as may be designated by City Manager.

“**City Documents**” shall mean this Agreement, the Note, the Deed of Trust, and the Regulatory Agreement.

“**Deed of Trust**” shall mean that certain Deed of Trust securing Participant’s repayment of the City Loan to be executed by Participant and recorded against the Property, substantially in the form attached hereto and incorporated herein as Exhibit “B”.

“**Eligible Project Expenses**” shall mean the expenses set forth in the budget for the renovation of the Clinic attached hereto and incorporated herein as Exhibit “C”, and such other expenses for the renovation of the Clinic approved by the City in its reasonable discretion.

“**Funding Conditions**” shall mean the conditions set forth in Section 2.2 of this Agreement that must be satisfied prior to City providing the City Loan to Participant.

“**Note**” shall mean that certain Promissory Note evidencing the City Loan to be executed by Participant, substantially in the form attached hereto and incorporated herein as Exhibit “D”.

“**Participant Personnel**” shall mean any employee, volunteer, contractor, subcontractor, or agent of Participant or any other person under Participant’s supervision, control or direction, including the contractors and subcontractors constructing the Project. Participant is responsible for the full compliance of all Participant Personnel with this Agreement, including without limitation all labor standards applicable to the Project.

**“Participant Representative”** shall mean Participant’s Chief Executive Officer, Steven Pritt, who is designated by Participant to represent Participant in the administration of this Agreement.

**“Project Timeline”** shall mean the Project Timeline substantially in the form attached hereto and incorporated herein as Exhibit “E”.

**“Regulatory Agreement”** shall mean that certain Regulatory Agreement and Declaration of Covenants and Conditions to be entered into by City and Participant and recorded against the Property, substantially in the form attached hereto and incorporated herein as Exhibit “F”.

**“Third Party Contracts”** shall have the meaning ascribed in Section 4 of this Agreement.

## 2. CITY LOAN.

2.1 **Loan of Funds; Eligible Project Expenses.** Subject to the terms and conditions set forth herein and provided Participant is not in default of this Agreement or any of the City Documents, City shall loan to Participant the City Loan to be applied towards the costs of the Eligible Project Expenses. The City Loan proceeds may be used only for Eligible Project Expenses that are actually and reasonably incurred by Participant.

2.2 **City Loan Initial Funding Conditions.** Notwithstanding any other provision of this Agreement to the contrary, City shall have no obligation to disburse any City Loan proceeds until such time that all of the following conditions (collectively the **“Funding Conditions”**) are satisfied:

(a) If applicable, in accordance with 24 CFR § 58.22 entitled “Limitations on activities pending clearance,” the Request for Release of Funds and related certifications have been approved for the Project or City has determined an exemption is applicable.

(b) Participant shall have executed and delivered to City the Note, the Deed of Trust, and Regulatory Agreement.

(c) Participant shall not be in material default of any of its obligations set forth in this Agreement or in any of the City Documents, and no event has occurred that would constitute a material default with the giving of notice or the passage of time, and all of the material representations and warranties of Participant contained in this Agreement remain true and correct.

Upon the satisfaction of the Funding Conditions, Participant may draw down portions of the City Loan by submitting periodic disbursement requests, in a form approved by the City, to the City. Within five business (5) days after receipt of a disbursement request, City shall make a determination of whether such request is in compliance with the terms hereunder. Upon a determination that a request is in compliance with the terms, City shall promptly disburse such funds to Participant, but in any event no later than 30 days after the City approves a disbursement request. All requests for payment shall include written evidence of previously paid or pending

invoices, such as receipts or invoices from the vendor, and shall also include written evidence that the invoices are for actual Eligible Project Expenses that have been incurred as a result of development of the Project. All requests for payment shall include, as appropriate, partial/conditional or unconditional lien releases covering the work to be reimbursed.

2.3 Return of Improperly Used City Loan Proceeds. If it is determined, as a result of an audit or otherwise, that any of the disbursements of City Loan proceeds were improper or made for expenditures not eligible for reimbursement, Participant shall repay to City the amounts of such disbursements immediately and in no event later than ten (10) days after receipt of written notice from City.

2.4 Excess City Loan Proceeds. If the amount of Eligible Project Expenses incurred by Participant in developing the Project is less than the City Loan, the excess City Loan proceeds shall revert to City and shall not be encumbered by this Agreement.

### 3. DEVELOPMENT OF PROJECT.

3.1 No Debarred, Suspended, or Ineligible Parties. Participant shall not employ, engage the services of, or award any contract to any party that is debarred, suspended, or otherwise ineligible to receive CDBG Funds pursuant to the CDBG Requirements. Participant shall provide to City such certifications as required by City demonstrating compliance with this Section.

3.2 Rights of Inspection. Representatives of the City shall have a reasonable right of access to the Property upon twenty-four (24) hours' notice during normal business hours for the purposes of this Agreement, including, but not limited to, the inspection of the work being performed and the interviewing of laborers and mechanics employed on the Project. Participant shall cooperate with, and shall cause the contractor and any subcontractor to cooperate with, City in connection with its inspection and access rights. It is understood that City does not by this Section 3.2 assume any responsibility or liability for a negligent inspection or failure to inspect. All inspections by City or on behalf of City, approvals of payment requests by City and other actions by City in connection therewith are not to be construed as a representation by City that there has been compliance with any permits or plans and specifications, legal requirements, or that the Project is free of defects in materials or workmanship. Any inspections or determinations made by City or lien waivers, receipts, or other agreements, documents, and instruments obtained by City are made or obtained solely for City's own benefit and not in any way for the benefit or protection of Participant. City has no obligation to Participant to ensure compliance by the contractor or any other person in carrying out such construction. No such inspections or review will limit any of the rights and remedies of City pursuant to this Agreement.

### 4. AGREEMENTS WITH THIRD PARTIES.

If Participant enters into any agreements ("**Third Party Contracts**") with contractors, consultants or other parties for the construction of the Project ("**Other Contracting Party**"), such Third Party Contract shall be subject to the reasonable approval of City, which approval the City shall not unreasonably condition or delay, and must be consistent with the terms of this Agreement. Participant shall include in all Third Party Contracts the following minimum

requirements: (a) provisions for the Other Contracting Party to comply with all terms of this Agreement applicable to the work or services provided by the Other Contracting Party, and all legal requirements, including the CDBG Requirements; (with the references to the "Participant" therein changed to the name of the Other Contracting Party), with a requirement that the Other Contracting Party comply with such requirements; (b) provisions for the Other Contracting Party to cooperate with City and make available to City all information, documents, and records reasonably requested by City in connection with the activities under this Agreement; (c) provisions for City to be granted the right of access to the Property for purposes of this Agreement and evaluating Participant's performance hereunder; (d) a provision naming City as an intended third party beneficiary with the right but not the obligation to enforce the agreement; (e) a provision for City to be copied on all notices between the parties; and (f) a provision permitting the termination of the agreement by City or Participant if the Other Contracting Party fails to comply with any material term or provision of the Third Party Contract after any applicable notice and cure period. In connection with clause (f) of the preceding sentence, City shall have the right to require Participant to terminate the Third Party Contract if such material failure occurs and is not remedied during any applicable notice and cure period. In addition to the foregoing, Participant shall include in its construction contracts for the Project and cause to be included in any subcontracts a provision that City may interview laborers and mechanics employed on the Project and that the contractors and subcontractors shall require any laborers or mechanics employed or engaged by it to cooperate with City. If Participant believes that any of the CDBG Requirements are not applicable to a Third Party Contract, it is Participant's responsibility to provide to City evidence that the requirement is not applicable; however, it is ultimately Participant's responsibility to include all legal requirements in its Third Party Contracts and City shall have no liability for Participant's failure to comply with this obligation. In connection therewith, any statement made by City to Participant as to the non-applicability of a particular legal requirement shall be provided as an accommodation to Participant and as a statement of City's opinion, but shall not be relied upon by Participant or excuse Participant from Participant's responsibility to include all applicable legal requirements in its Third Party Contracts or to comply with such requirements. Participant acknowledges that City's approval of a Third Party Contract shall in no way constitute an assumption by City of any responsibility whatsoever for the construction of the Project or performance of any activity that is the subject of the Third Party Contract, or Participant's or the Other Contracting Party's compliance with applicable laws, statutes, ordinances, codes, rules and regulations, or Participant's compliance with this Agreement. In connection therewith, City assumes no responsibility or liability for any act or omission of any Other Contracting Party and in no way guarantees any of the work to be done or materials to be supplied or services to be performed. Participant shall comply with all terms of Third Party Contracts.

5. PROGRAM INCOME.

If any program income as defined in the CDBG Requirements including 24 C.F.R. 570.500(a) is generated by activities carried out with CDBG Funds, Participant shall submit to City quarterly reports on all such program income. The program income shall be returned to City.

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6. COMPLIANCE WITH LAWS AND REGULATIONS AND CDBG REQUIREMENTS.

6.1 Participant shall carry out the design, construction and operation of the Project in conformity with all applicable laws, regulations, and rules of governmental agencies having jurisdiction, including without limitation, the CDBG Requirements and the statutes referenced therein, the City zoning and development standards, building, plumbing, mechanical and electrical codes, and all federal and state fair labor standards, including the payment of prevailing wages and compliance with the Davis-Bacon Act. Because the source of the City Loan is funds received from HCD pursuant to the federal government's Community Development Block Grant program, Participant is required to comply with all applicable CDBG Requirements. In the case of any conflict among the CDBG Requirements and this Agreement, the CDBG Requirements shall control; it being understood, however, that in order to be in compliance with this Agreement and the CDBG Requirements, Participant shall, to the extent possible, comply with the most restrictive provisions in this Agreement and the CDBG Requirements. Each and every provision required by law to be included in this Agreement shall be deemed to be included, and this Agreement shall be read and enforced as though all such provisions were included. Participant acknowledges and agrees that it shall be and remain, and shall cause the Participant Personnel to be and remain, fully knowledgeable and apprised of all local, state and federal laws, rules and regulations in any manner affecting the performance under this Agreement, including the CDBG Requirements. Participant shall indemnify, protect, defend and hold harmless City and its respective officials, officers, employees, representatives, and agents (collectively, the "City and City Personnel"), with counsel reasonably acceptable to City, from and against any and all loss, liability, damages, claims, cost, expense and/or "increased costs" (including reasonable attorneys' fees, court and litigation costs, and fees of expert witnesses) that results or arises in any way from any of the following: (a) the material noncompliance by Participant or Participant Personnel of any applicable local, state and/or federal law, including, without limitation, any applicable federal and/or state labor laws (including, without limitation, any applicable, the requirement to pay state or federal prevailing wages and hire apprentices); (b) the implementation of Section 1781 of the Labor Code, as the same may be amended from time to time, or any other similar law, by Participant or Participant Personnel; and/or (c) failure by Participant or Participant Personnel to provide any required disclosure or identification as required by Labor Code Section 1781, as the same may be amended from time to time, or any other similar law. The foregoing indemnity shall survive termination of this Agreement. It is agreed by the parties that, in connection with the development and construction of the Project, including, without limitation, any and all public works (as defined by applicable law), Participant shall bear all risks of payment or non-payment of prevailing wages under federal law and California law and/or the implementation of Labor Code Section 1781, as the same may be amended from time to time, and/or any other similar law. "Increased costs," as used in this Section 6, shall have the meaning ascribed to it in Labor Code Section 1781, as the same may be amended from time to time.

7. RECORDS AND REPORTS.

7.1 Records.

7.1.1 Records to be Maintained. Participant shall keep and maintain records providing a full description of the activities undertaken pursuant to this Agreement, including the

8.2 Indemnification. Participant shall indemnify, defend, and hold harmless City and City Personnel from and against any and all liability, expense or damage of any kind or nature, and for, from and against any suits, claims or demands, including legal fees and expenses, on account of or arising out of this Agreement or otherwise in connection with the Property or Project, except to the extent of such loss as may be caused by the active negligence or willful misconduct of any of the City and City Personnel. Upon receiving knowledge of any suit, claim or demand asserted by a third party that City believes is covered by this indemnity, City shall give Participant notice of the matter and an opportunity to defend it, at Participant's sole cost and expense, with legal counsel satisfactory to City.

9. REPRESENTATIONS AND WARRANTIES OF PARTICIPANT.

Participant makes the following representations and warranties as of the date of this Agreement and agrees that such representations and warranties shall survive and continue thereafter:

(a) *Authorization and Validation*. The execution, delivery and performance by Participant of this Agreement (i) are within the powers of Participant and upon its execution will constitute a legal, valid and binding obligation of Participant enforceable in accordance with its terms, and (ii) will not violate any provisions of law, any order of any court or other agency of government, or any indenture, agreement or any other instrument to which Participant is a party or by which Participant, or any of its property, is bound, or be in conflict with, result in any breach of or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of its property or assets, except as contemplated by the provisions of this Agreement.

(b) *Correct Information*. All reports, papers, data and information given to City with respect to Participant and this Agreement, including the Property, are accurate and correct in all material respects and complete insofar as completeness may be necessary to give City a true and accurate knowledge of the subject matters thereof, and there has been no change in such information.

(c) *Defaults*. Participant is not a party to any agreement or instrument that will interfere with its performance under this Agreement, and is not in material default in the performance, observance or fulfillment of any of the obligations, covenants or conditions set forth in any agreement or instrument to which it is a party.

(d) *Title*. Participant has good and marketable title in fee simple to the Property and good and marketable title to all fixtures and personal property now located on the Property, free and clear of any liens, charges, encumbrances, security interests and adverse claims whatsoever except as approved in writing by City, and has full right, power, and authority to encumber the Property with the Regulatory Agreement.

(e) *Pending Litigation*. There is not now pending or, to the best knowledge of Participant, threatened against or affecting Participant or the Property any claim, investigation, action, suit or proceeding at law, or in equity, or before any court or

development of the Project, records demonstrating the costs of developing the Project constitute Eligible Public Facility Expenses, records demonstrating compliance with this Agreement and CDBG Requirements, and such other records as may be reasonably required by City to enable City to evaluate Participant's compliance with the CDBG Requirements and this Agreement, and to identify and account for the use of the City Loan proceeds and expenditures of Eligible Project Expenses and all costs pertaining to this Agreement, and to enable City to comply with City's record keeping and reporting requirements under the CDBG Requirements, including without limitation the records specified in 24 C.F.R. 570.506 as they pertain to the activities under this Agreement. Books and records pertaining to the Eligible Public Facility Expenses shall be kept and prepared in accordance with generally accepted accounting principles or as otherwise required by City.

7.1.2 Retention. The books and records required to be maintained by Participant under this Agreement shall be retained for a period of five (5) years following the date the Property use restriction in the Regulatory Agreement are no longer applicable; provided, however, in the event any litigation, audit, negotiation, or other action involving the books and records is commenced prior to the expiration of the five (5) year retention period, Participant shall retain the books and records until completion of the action and resolution of all issues which arise from it.

7.1.3 Location of Records. The books and records required to be maintained by Participant shall be kept at the Property or the corporate office of Participant if located in the City or such other nearby location approved by City.

7.1.4 Access to Records. City and HCD and/or their representatives shall have full and free access to, and the right to examine, inspect, and audit, all books and records of Participant pertaining to this Agreement at all times during normal business hours.

7.1.5 Audits. Participant shall perform all audits of its books and records required by the CDBG Requirements or City or HCD and a copy of such audits shall be forwarded to the City within fifteen (15) days after completion. Participant shall be subject to all audit and review requirements imposed on City in connection with this Agreement and shall, at its sole cost and expense, cause such audits and reviews to be timely performed.

7.2 Reports. Participant shall, at such times and in such forms as required by City, prepare and submit to the Contract Officer, such reports concerning the activities under this Agreement, the costs and obligations incurred or to be incurred in connection therewith, and any other matters covered by this Agreement and compliance with CDBG Requirements, as City may reasonably require from time to time.

## 8. INSURANCE AND INDEMNITY.

8.1 Commencing on the date of this Agreement and continuing until the termination of the Regulatory Agreement, Participant shall procure and maintain the insurance required pursuant to the Regulatory Agreement. Participant's compliance with said insurance requirements shall not, in any way, limit Participant's indemnity obligations set forth in Section 8.2 herein.

administrative agency which, if adversely determined, would materially impair or affect the Property or Participant.

(f) *Unpaid Materialmen.* No person, firm or corporation has performed any construction work or furnished services in connection with any construction carried on or to be carried on at the Property who or which remains unpaid at the time of execution of this Agreement.

(g) *Compliance.* Participant has examined and is familiar with all conditions, restrictions, reservations and ordinances affecting the Property and Project. The Project will in all material respects conform to and comply with all of the requirements of said conditions, restrictions, reservations and ordinances and all construction and installation of the Project shall conform in all respects with applicable ordinances and statutes, and shall be in accordance with all requirements of the regulatory authorities having jurisdiction thereof.

## 10. DEFAULTS AND REMEDIES.

10.1 Defaults-General. In addition to any other event described in this Agreement as a default, the occurrence of any of the following shall be deemed a default under this Agreement:

(a) The failure or delay by either party to perform any material term or provision of this Agreement if such failure is not cured, corrected or remedied within any specific time period set forth in this Agreement.

(b) If no other specific time period is set forth herein, the failure to cure a monetary default under this Agreement (other than any monetary defaults specifically listed in any of the other subparagraphs of this Section 10.1) within ten (10) days after the nonperforming party's receipt of written notice from the other party specifying the nature of the default.

(c) If no other specific time period is set forth herein, the failure to cure a non-monetary default under this Agreement (other than any non-monetary defaults specifically listed in any of the other subparagraphs of this Section 10.1) within thirty (30) days after the nonperforming party's receipt of written notice from the other party specifying the nature of the default; provided, however, that if the failure cannot be corrected within such period, it shall not constitute a default if the failure is correctable without material adverse effect on the Property, and if corrective action is instituted by Participant within such period and diligently pursued until the failure is corrected.

(d) Subject to Section 12.10, Participant does not proceed with the commencement, construction and completion of the Project as provided in the Project Timeline set forth in Exhibit "E".

(e) Subject to Section 12.10, work ceases on the Project for fifteen (15) consecutive calendar days.

(f) The occurrence of any material default under the Regulatory Agreement that is not cured within any applicable cure period therein.

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(g) Any of the warranties or representations made by Participant herein are or become false, incorrect or misleading in any material respect and Participant does not cure same within the time frame set forth in Section 10.1(c) above.

(h) Participant commits any act of bankruptcy or if any relief under the Bankruptcy Act is sought by or against Participant, or if a receiver is appointed to take charge of the assets or affairs of Participant, or if Participant should make an assignment for the benefit of creditors, or if Participant should become insolvent, or upon any liquidation or termination of Participant; provided, however, that if any such proceeding is brought involuntarily against Participant, Participant shall have sixty (60) days to obtain the dismissal of such proceeding.

(i) The filing of a notice of judgment lien against Participant, or the recording of any abstract of judgment against Participant, or the service of a notice of levy and/or of a writ of attachment or execution, or other like process, against the assets of Participant, or the entry of a judgment, order or decree against Participant, any or all of which would have a material and adverse effect upon Participant's ability to perform under this Agreement, unless the same is dismissed within sixty (60) days.

(j) Participant shall default under any permits, development documents, construction contracts, bond agreements, or any other instrument executed in connection with the development of the Project, including without limitation the construction contract, which default would have a material and adverse effect upon Participant's ability to perform under this Agreement, and which default is not cured during any applicable notice and cure periods.

(k) Participant shall be in default under any of the City Documents, or Participant shall be in default in the payment or performance of any obligation, or any defined event of default, under the terms of any contract or instrument pursuant to which Participant has incurred any debt or other liability to any other person or entity that has an interest secured by a lien recorded against the Property, which default would have a material and adverse effect upon Participant's ability to perform under this Agreement and which default is not cured within any grace and cure period expressly provided in such contract or instrument.

(l) Participant shall transfer the Property in a manner prohibited by Section 12.11 of this Agreement.

The party in default shall provide to the other party immediate written notice of the occurrence of any event that would constitute a default hereunder.

10.2 Remedies Upon Default. In addition to any other rights or remedies available at law or in equity, upon a default following expiration of applicable notice and cure periods (other than a default of City), City may take one or more of the following actions:

(a) Refuse to advance all or any part of the City Loan and reallocate said funds to another activity.

(b) Wholly or partially suspend or terminate the award of the City Loan.

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- (c) Wholly or partially suspend or terminate this Agreement.
- (d) [Intentionally Omitted]
- (e) Accelerate repayment of the City Loan funds, subject to Section 2.3 hereof.
- (f) Institute legal action to cure, correct, or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purposes of this Agreement.

In addition to the foregoing, upon the occurrence of an event which, with the passage of time or the giving of notice, would constitute a default under this Agreement (other than a default of City), City may temporarily withhold disbursements of City Loan proceeds pending correction of the default by Participant.

Upon a default following expiration of applicable notice and cure periods by the City, Participant may institute legal action to cure, correct, or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purposes of this Agreement.

Except as otherwise expressly provided in this Agreement, any failure or delay by a party in asserting any of its rights and remedies as to any default shall not constitute a waiver of any default, nor shall it change the time of default, nor shall it deprive the non-defaulting party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

10.3 Rights and Remedies are Cumulative. All remedies provided for herein are cumulative and shall be in addition to any and all other rights and remedies provided by law. The exercise by a 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.

## 11. TERM; TERMINATION.

11.1 Term. The term of this Agreement shall commence on the date set forth in the preamble to this Agreement and, unless terminated earlier pursuant to the provisions herein, shall continue thereafter until the date that is ten (10) years after the Completion Date. Notwithstanding the expiration or earlier termination of this Agreement, the following obligations of Participant shall survive the termination of this Agreement: (a) Participant's indemnity obligations; (b) the obligation to promptly repay to City any City Loan proceeds improperly disbursed to Participant or used for ineligible expenditures; (c) Participant's requirements under the Note, the Deed of Trust, and Regulatory Agreement; and (d) any other obligations which cannot by their nature be performed until after the expiration of this Agreement. No termination under this Agreement shall release either party then in default from liability for such default. All terms of this Agreement shall survive as necessary for the purpose of enabling either party to enforce its provisions or pursue an action with respect to a default of this Agreement, including the provisions of Section 12.7.

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11.2 Termination. In addition to any other termination provision set forth in this Agreement, this Agreement may be terminated by City as follows:

(a) *Lack of Funding*. If, for any reason, the CDBG Funds required by City to fund the Eligible Project Expenses are not received by City or are withdrawn from City, the City may unilaterally terminate or modify the terms of this Agreement to reflect the loss of funding. If a reduction in funding is required, City will provide Participant with a modified loan of funds.

(b) *Default*. If a default shall occur that would have a material and adverse effect upon Participant's ability to perform under this Agreement, and which default is not cured during any applicable notice and cure periods (other than a default of City), City may terminate this Agreement in whole or in part.

## 12. GENERAL PROVISIONS.

12.1 Notices. All notices required to be delivered under this Agreement to City or Participant shall be delivered to the respective parties at the address set forth next to the party's signature to this Agreement or to such other address as the parties may hereafter designate by written notice to the other party.

12.2 Nonliability of City Officials and Employees. No member, official, employee, or contractor of City shall be personally liable to Participant in the event of any default or breach by City or for any amount which may become due to Participant or on any obligations under this Agreement.

12.3 Contract Administration. The Contract Officer shall be the person designated by City to administer this Agreement on behalf of City, and the Participant Representative shall be the person designated by Participant to administer this Agreement on behalf of Participant.

12.4 Entire Agreement, Waivers and Amendments. This Agreement including its exhibits integrate all of the terms and conditions mentioned herein, or incidental hereto, and supersedes all negotiations and previous agreements between the parties with respect to all or any part of the subject matter hereof. 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 City and Participant.

12.5 City as Beneficiary of Covenants. City shall be deemed a beneficiary of the agreements and covenants provided hereinabove both for and in its own right and also for the purposes of protecting the interests of the community. All covenants without regard to technical classification or designation shall be binding for the benefit of City and such covenants shall run in favor of City for the entire period during which such covenants shall be in force and effect, without regard to whether City is or remains an owner of any land or interest therein to which such covenants relate. City shall have the right, in the event of any breach of any such agreement or covenant, to exercise all rights and remedies, including maintaining an action at law or suit in equity or other proper proceedings to obtain damages or enforce the curing of such breach of agreement or covenant.

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12.6 Applicable Law; Venue. The internal laws of the State of California shall govern the interpretation and enforcement of this Agreement. All legal actions must be instituted and maintained in the Superior Court for the County of Monterey, State of California, or in any other appropriate court in that County.

12.7 Litigation Expenses. If either party to this Agreement is required to initiate or defend litigation in any way connected with this Agreement, each party shall pay its own attorney's fees.

12.8 Severability. If any term, provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of this Agreement shall not be affected thereby to the extent such remaining provisions are not rendered impractical to perform taking into consideration the purposes of this Agreement.

12.9 Monitoring. City shall monitor and evaluate Participant's performance under this Agreement to determine compliance with this Agreement and the CDBG Requirements. Participant shall cooperate with City and shall make available to City all information, documents, and records reasonably requested by City and shall provide City the reasonable right of access to the Property for purposes of this Agreement and evaluating Participant's performance hereunder.

12.10 Enforced Delay; Extension of Times of Performance. Time is of the essence in the performance of each of the parties' respective obligations set forth in this Agreement. No party shall be deemed to be in default and times for performance hereunder shall be extended where delays are due to war; insurrection; any form of labor dispute; lockouts; riots; floods; earthquakes; fires; acts of God or of third parties; third party litigation; acts of a public enemy; referenda; acts of or failures to act by governmental authorities (except that the failure of City to act as required hereunder shall not excuse its performance); moratoria; epidemics; quarantine restrictions; freight embargoes; unusually severe weather; inability to secure necessary labor, materials, or tools; or other similar causes beyond the control and without the fault of the party claiming an extension of time to perform; provided, however, that the party claiming the existence of a force majeure delay and an extension of its obligation to perform shall promptly notify the other party of the nature of the matter causing the delay; and, provided further, that the extension of time shall be only for the period of the force majeure delay. Notwithstanding the foregoing, in no event shall Participant be entitled to a force majeure delay or delays with respect to its obligations to timely proceed with development of the Project due to an inability to obtain financing or proceed with development as a result of general market or economic conditions, interest rates, or other similar circumstances that make development impossible, commercially impracticable, or infeasible.

12.11 Assignment and Transfer. The qualifications and identity of the Participant are of particular interest to the City. It is because of these qualifications and identity that the City has entered into this Agreement with the Participant. Consequently, no person, whether a voluntary or involuntary successor of Participant, shall acquire any rights or powers under this Agreement nor shall the Participant assign all or any part of this Agreement or the Property without the prior written approval of the City, which the City shall not unreasonably withhold, condition, or delay. A voluntary or involuntary sale or transfer of any interest in the Participant or the Property during the term of this Agreement shall be deemed to constitute an assignment or transfer for the

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purposes of this Section 12.11, and the written approval of the City shall be required prior to effecting such an assignment or transfer. Any purported transfer, voluntarily or by operation of law, except with the prior written consent of the City, shall be null and void. During the term of this Agreement the Participant shall not, except as permitted by this Agreement, assign or attempt to assign this Agreement or any rights or duties herein, nor make any total or partial sale, transfer, conveyance, or assignment of the whole or any part of the Property or any of the improvements thereon, without the prior written approval of the City.

Notwithstanding any other provision of this Agreement to the contrary, City approval of an assignment of this Agreement or transfer of the Property, or any interest therein, shall not be required in connection with: (a) the conveyance or dedication of any portion of the Property to the City, (b) any assignment of the interests in Participant to an entity owned and controlled by Soledad Community Health Care District, a political subdivision of the State of California; (c) any mortgage, deed of trust, sale and leaseback, or other form of conveyance required for any reasonable method of financing or refinancing of the Project on the Property that has been approved by the City Manager, including all direct and indirect costs related thereto; (d) transfers resulting from the death or mental or physical incapacity of an individual; (e) transfers in trust for the benefit of a spouse, children, grandchildren, or other family member, or for charitable purposes; (f) transfers of stock in a publicly-held corporation or of the beneficial interest in a publicly-held partnership or real estate investment trust.

Notwithstanding anything in this Section 12.11 to the contrary, in the absence of specific written agreement by City, no transfer or assignment by Participant or any successor in interest to Participant, whether or not requiring the approval by City, shall be deemed to relieve Participant or any successor party from the obligation to timely complete development of the Project, and no transfer or assignment by Participant or any successor in interest to Participant shall be effective unless and until the transferor and transferee execute and deliver to Agency an assignment and assumption agreement in a form and with content reasonably acceptable to City's legal counsel.

12.12 Authority to Execute. The person(s) executing this Agreement on behalf of the parties hereto warrant that (a) such party is duly organized and existing, (b) they are duly authorized to execute and deliver this Agreement on behalf of said party, and (c) by so executing this Agreement, such party is formally bound to the provisions of this Agreement.

12.13 Execution in Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

12.14 Exhibits. This Agreement incorporates by reference the following six (6) Exhibits attached hereto:

Exhibit A	Summary of Legal Requirements
Exhibit B	Deed of Trust
Exhibit C	Budget
Exhibit D	Note
Exhibit E	Project Timeline
Exhibit F	Regulatory Agreement

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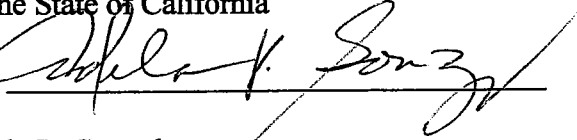
IN WITNESS WHEREOF, City and Participant have entered into this Agreement to be effective as of the date set forth above.

Address:

City of Soledad  
248 Main Street  
Soledad, CA 93960  
Attn: City Manager

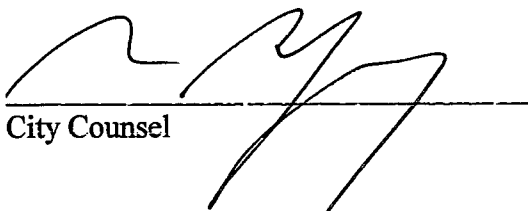
“CITY”

CITY OF SOLEDAD, a political subdivision  
of the State of California

By: 

Adela P. Gonzalez  
Its: City Manager

APPROVED AS TO FORM:

  
City Counsel

Address:

Soledad Community Health Care District  
612 Main Street  
Soledad, CA 93960

Attn: Chief Executive Officer

“PARTICIPANT”

SOLEDAD COMMUNITY HEALTH CARE  
DISTRICT, a political subdivision of the State  
of California

By: 

Steven Pritt  
Its: Chief Executive Officer

JUAN SALVADOR

JUAN SALVADOR

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ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California  
County of Monterey

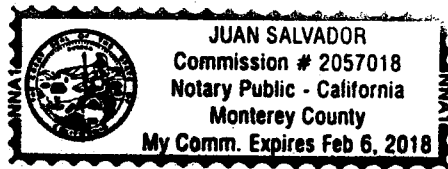
On July 13, 2015 before me, Juan Salvador (Notary)  
(insert name and title of the officer)

personally appeared Steven Pritt  
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(~~s~~) on the instrument the person(~~s~~), or the entity upon behalf of which the person(~~s~~) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature [Handwritten Signature] (Seal)



**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

**CIVIL CODE § 1189**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
County of Monterey )

On July 13, 2015 before me, Francine m. Bufiluy, Notary Public  
Date Here Insert Name and Title of the Officer  
personally appeared Adela P. Gonzalez  
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature Francine m. Bufiluy  
Signature of Notary Public

Place Notary Seal Above

**OPTIONAL**

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

**Description of Attached Document**

Title or Type of Document: CD Block Grant Capital Expenses Agreement Document Date: July 13, 2015  
Number of Pages: 70 Signer(s) Other Than Named Above: No Other Signers

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: Adela P. Gonzalez  
 Corporate Officer -- Title(s): \_\_\_\_\_  
 Partner --  Limited  General  
 Individual  Attorney in Fact  
 Trustee  Guardian or Conservator  
 Other: City manager  
Signer Is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_  
 Corporate Officer -- Title(s): \_\_\_\_\_  
 Partner --  Limited  General  
 Individual  Attorney in Fact  
 Trustee  Guardian or Conservator  
 Other: \_\_\_\_\_  
Signer Is Representing: \_\_\_\_\_

MONTEREY COUNTY My Comm. Expires Dec 9, 2018

## EXHIBIT "A"

### SUMMARY OF LEGAL REQUIREMENTS

In addition to the requirements set forth in other provisions of the Agreement, Participant shall comply, and shall cause all Participant Personnel to comply, with the following regulations and requirements.<sup>1</sup>

#### 1. Equal Opportunity and Nondiscrimination.

a. **Title VI of the Civil Rights Act of 1964, as amended, including Public Law 88-352 implemented in 24 CFR Part 1.** This law provides in part that no person shall, on the grounds of race, color, or national origin be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance. In regard to the sale or lease of the Property, Participant shall cause or require a covenant running with the land to be inserted in the deed and leases prohibiting discrimination under this Title, and providing that City and the United States are beneficiaries of and entitled to enforce such covenants. Participant shall enforce such covenant and shall not itself so discriminate.

b. **Fair Housing Act, Title VIII of the Civil Rights Act of 1968, as amended, including Public Law 90-234.** The Fair Housing Act provides in part that there shall be no discrimination in housing practices on the basis of race, color, religion, sex, and national origin. The Fair Housing Act was amended in 1988 to provide protections from discrimination in any aspect of the sale or rental of housing for families with children and persons with disabilities. The Fair Housing Act also establishes requirements for the design and construction of new rental or for-sale multi-family housing to ensure a minimum level of accessibility for persons with disabilities.

c. **Section 109 of Title I of the Housing and Community Development Act of 1974, as amended, including 42 U.S.C. 5301 et. seq., 42 U.S.C. 6101 et. seq., and 29 U.S.C. 794.** This law provides in part that no person on the grounds of race, color, national origin, sex, or religion shall be excluded from participation in, be denied the benefits of, or otherwise be subject to discrimination under any activity funded in whole or part with funds under this Title.

d. **Section 104(b) of Title I of the Housing and Community Development Act of 1974, as amended, including 42 U.S.C. 5301 et. seq.** This law provides in part that any grant under Section 106 shall be made only if the grantee certifies to the satisfaction of the Secretary of HUD that the grantee will, among other things, affirmatively further fair housing.

e. **Executive Order 11246, as amended.** This order includes a requirement that grantees and subrecipients and their contractors and subcontractors not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin.

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<sup>1</sup> This exhibit is a list and summary of some of the applicable legal requirements and is not a complete list of all Participant requirements. The description set forth next to a statute or regulation is a summary of certain provisions in the statute or regulation and is in no way intended to be a complete description or summary of the statute or regulation. In the event of any conflict between this summary and the requirements imposed by applicable laws, regulations, and requirements, the applicable laws, regulations, and requirements shall apply.

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f. **Executive Order 11063, as amended, including 24 CFR Part 107.** This order and its implementing regulations include requirements that all actions necessary be taken to prevent discrimination because of race, color, religion, sex, or national origin in the use, occupancy, sale, leasing, rental, or other disposition of property assisted with Federal loans, advances, grants, or contributions.

g. **Section 504 of the Rehabilitation Act of 1973, as amended.** This Act specifies in part that no otherwise qualified individual shall solely by reason of his or her disability or handicap be excluded from participation (including employment), denied program benefits, or subjected to discrimination under any program or activity receiving Federal assistance. Participant must ensure that its programs are accessible to and usable by persons with disabilities.

h. **The Americans with Disabilities Act (ADA) of 1990, as amended.** This Act prohibits discrimination on the basis of disability in employment by state and local governments and in places of public accommodation and commercial facilities. The ADA also requires that facilities that are newly constructed or altered, by, on behalf of, or for use of a public entity, be designed and constructed in a manner that makes the facility readily accessible to and usable by persons with disabilities. The Act defines the range of conditions that qualify as disabilities and the reasonable accommodations that must be made to assure equality of opportunity, full participation, independent living, and economic self-sufficiency for persons with disabilities.

i. **The Age Discrimination Act of 1975, as amended.** This law provides in part that no person shall be excluded from participation in, be denied program benefits, or subjected to discrimination on the basis of age under any program or activity receiving federal assistance.

j. **EEO/AA Statement.** Participant shall, in all solicitations or advertisements for employees placed by or on behalf of Participant, state that it is an Equal Opportunity or Affirmative Action employer.

k. **Minority/Women Business Enterprise.** Participant will use its best efforts to afford small businesses and minority and women-owned business enterprises the maximum practicable opportunity to participate in the performance of the Agreement. As used in the Agreement, the term "small business" means a business that meets the criteria set forth in Section 3(a) of the Small Business Act, as amended (15 U.S.C. 632), and "minority and women-owned business enterprise" means a business at least fifty-one percent (51%) owned and controlled by minority group members or women. For the purpose of this definition, "minority group members" are Afro-Americans, Spanish-speaking, Spanish surnamed or Spanish-heritage Americans, Asian-Americans, and American Indians. Participant may rely on written representations by businesses regarding their status as minority and female business enterprises in lieu of an independent investigation.

## 2. **Environmental.**

a. **Air and Water.** Participant shall comply with the following regulations insofar as they apply to the performance of the Agreement: Clean Air Act, 42 U.S.C. 7401, *et seq.*; Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251, *et seq.*, as amended, 1318 relating to inspection, monitoring, entry, reports, and information, as well as other requirements specified in said Section 114 and Section 308, and all regulations and guidelines issued thereunder; and the U.S. Environmental Protection Agency regulations pursuant to 40 CFR Part 50, as amended.

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**b. Flood Disaster Protection Act of 1973.** Participant shall assure that for activities located in an area identified by FEMA as having special flood hazards, flood insurance under the National Flood Insurance Program is obtained and maintained.

**c. Lead-Based Paint.** Participant shall comply with the Lead-Based Paint Regulations referenced in 24 C.F.R. 570.608, including 24 C.F.R. Part 35, *et. al.*

**d. Historic Preservation.** Participant shall comply with the historic preservation requirements set forth in the National Historic Preservation Act of 1966, as amended (16 U.S.C. 470) and the procedures set forth in 36 C.F.R. Part 800, Advisory Council on Historic Preservation Procedures for Protection of Historic Properties and related laws and Executive Orders, insofar as they apply to the performance of this Agreement. In general, this requires concurrence from the State Historic Preservation Officer for all rehabilitation and demolition of historic properties that are fifty years old or older or that are included on a federal, state, or local historic property list.

**e. Limitation on Activities Pending Clearance.** In accordance with 24 C.F.R. § 58.22 entitled "Limitations on activities pending clearance," neither a recipient nor any participant in the development process, including public or private nonprofit or for-profit entities, or any of their contractors, may commit HUD assistance under a program listed in 24 C.F.R. § 58.1(b) on an activity or project until HUD or the state has approved the recipient's Request for Release of Funds (RROF) and the related certifications have been approved. Neither a recipient nor any participant in the development process may commit non-HUD funds or undertake an activity or project that would have an adverse environmental impact or limit the choice of reasonable alternatives. Upon completion of environmental review or receipt of environmental clearance, City shall notify Participant. HUD funds shall not be utilized before this requirement is satisfied. The environmental review or violation of the provisions may result in approval, modification or cancellation of the City Loan. If a project or activity is exempt under 24 C.F.R. § 58.34, or is categorically excluded (except in extraordinary circumstances) under 24 C.F.R. § 58.35(b), no RROF is required and the recipient may undertake the activity immediately after the City has documented its determination that each activity or project is exempt and meets the conditions specified for such exemption under this section by issuing a Notice to Proceed.

**3. Uniform Administrative Requirements.** The uniform administrative requirements described in 24 C.F.R. § 570.502.

**4. Other Program Requirements.** Participant shall carry out each activity under the Agreement in accordance with all applicable federal laws and regulations described in Subpart K of 24 C.F.R. § 570 except for City's environmental responsibilities under 24 C.F.R. § 570.604 and City's responsibility for initiating the review process under the provisions of 24 C.F.R. Part 52.

**5. Reversion of Assets.** Upon the expiration of the Funding Period or sooner termination of the Agreement, Participant shall transfer to City (a) any and all CDBG Funds, (b) any accounts receivable attributable to the use of CDBG Funds. In all cases in which equipment acquired, in whole or in part, with funds under this Agreement is sold, the proceeds shall be program income (prorated to reflect the extent to that funds received under this Agreement were used to acquire the equipment). Equipment not needed by Participant for activities under this Agreement shall at the election of City either be (a) transferred to City for the CDBG program, or (b) retained by Participant after compensating City an amount equal to the current fair market value of the equipment less the percentage of non-CDBG funds used to acquire the equipment.

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6. **Relocation.** City shall not be responsible for relocating any occupants from the Property in connection with the Program or Project. If required, Participant shall have the sole and exclusive responsibility for providing relocation assistance and paying all relocation costs required to comply with all applicable federal and state laws, rules, and regulations, including the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, 42 U.S.C. § 4601 *et seq.*, as amended, and implementing regulations, and HUD Handbook 1378. Participant shall indemnify, defend, and hold City harmless from and against any claims, liabilities, damages, or losses made against it by tenants or occupants of the Property, including without limitation claims for relocation assistance, inverse condemnation, and claims otherwise arising from any act or omission of Participant pursuant to the provision of relocation assistance.

7. **Allowable Costs and Audits.** Participant shall comply with and administer the Project and Program in accordance with OMB Circular No. A-122 "Cost Principles for Non Profit Organizations" or OMB Circular No. A-21 "Cost Principles for Educational Institutions", as applicable. If Participant is a governmental or quasi-governmental agency, the applicable sections of 24 CFR Part 85, "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments," and OMB Circular A-87 shall apply. Participant shall have an annual audit conducted in accordance with OMB Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

8. **Records and Reports.** Participant shall provide to City and shall cause each of its contractors, subcontractors and subrecipients to provide to City all records and reports relating to the Project and Program that may be reasonably requested by City in order to enable it to perform its record keeping and reporting obligations pursuant to the CDBG Requirements, including but not limited to those described in the Agreement and 24 CFR 570.506.

9. **Religious Organizations.** If Participant is a religious organization as defined by the CDBG Requirements, Participant shall comply with all conditions prescribed by HUD for the use of CDBG funds by religious organizations, including the First Amendment of the United States Constitution regarding church/state principles and the applicable constitutional prohibitions set forth in 24 C.F.R. § 570.200(j).

10. **Conflict of Interest.** Participant will comply with 24 C.F.R. 84.42, 85.36 and 570.611 regarding the avoidance of conflict of interest, which provisions include (but are not limited to) the following:

i. Participant shall maintain a written code or standards of conduct that shall govern the performance of its officers, employees or agents engaged in the award and administration of contracts supported by Federal funds.

ii. No employee, officer or agent of the Participant shall participate in the selection, or in the award, or administration of, a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved.

iii. No covered persons who exercise or have exercised any functions or responsibilities with respect to CDBG-assisted activities, or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest in any contract, or have a financial interest in any

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contract, subcontract, or agreement with respect to the CDBG-assisted activity, or with respect to the proceeds from the CDBG-assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for a period of one (1) year thereafter. For purposes of this paragraph, a "covered person" includes any person who is an employee, agent, consultant, officer, or elected or appointed official of the Grantee, the Participant, or any designated public agency.

**11. Political Activity (24 CFR 570.207(a)(3)).** Participant is prohibited from using CDBG funds to finance the use of facilities or equipment for political purposes or to engage in other partisan political activities, such as sponsoring candidate forums, distributing brochures, voter transportation, or voter registration.

**12. Anti-Lobbying Certification.** By its execution of the Agreement, Participant hereby certifies that:

i. No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

ii. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

iii. It will require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. This certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S.C. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure. At the request of City, Participant shall execute a separate document that contains the certifications set forth above.

**13. Drug-Free Workplace Requirements.** Participant shall comply with and be subject to the requirements of the federal drug-free workplace requirements, which include the following actions be taken:

i. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the

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grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition.

ii. Establishing an ongoing drug-free awareness program to inform employees about: (a) the dangers of drug abuse in the work place; (b) the grantee's policy of maintaining a drug-free workplace; (c) any available drug counseling, rehabilitation, and employee assistance programs; and (d) the penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.

iii. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (i).

iv. Notifying the employee in the statement required by paragraph (i) that, as a condition of employment under the grant, the employee will: (a) abide by the terms of the statement; and (b) notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction.

v. Notifying the agency in writing, within ten calendar days after receiving notice under sub-paragraph (iv)(b) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant.

vi. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph (iv)(b), with respect to any employee who is so convicted: (a) taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or (b) requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State or local health, law enforcement, or other appropriate agency.

vii. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (i), (ii), (iii), (iv), (v), and (vi).

**14. Procurement.** Participant will comply with the procurement standards under 24 CFR 85.36 for governmental subrecipients and 24 CFR 84.40-48 for subrecipients that are non-profit organizations. Participant shall comply with all existing and future City policies concerning the purchase of equipment.

**15. Labor Provisions.**

a. **Section 3 of the Housing and Community Development Act of 1968.** Participant shall comply with and cause its contractors and subcontractors to comply with the requirements of Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. § 1701u), the HUD regulations issued pursuant thereto at 24 C.F.R, Part 135, and any applicable rules and orders of HUD issued thereunder. The Section 3 clause, set forth in 24 C.F.R § 135.38 provides:

i. The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. § 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

ii. The parties to this contract agree to comply with HUD's regulations in 24 C.F.R. Part 135, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the Part 135 regulations.

iii. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

iv. The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 C.F.R. Part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 C.F.R. Part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 C.F.R. Part 135.

v. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 C.F.R. Part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 C.F.R. Part 135.

vi. Noncompliance with HUD's regulations in 24 C.F.R. Part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

Participant shall abide by the Section 3 clause set forth above and will also cause this Section 3 clause to be inserted in all contracts relating to the construction of the Project.

**b. Labor Standards.** Participant shall comply with the provisions of 24 C.F.R. 570.603 and related requirements. Participant shall include in all applicable construction contracts the provisions of federal law imposing labor standards on federally assisted contracts. Participant shall comply with the requirements of the Secretary of Labor in accordance with the Davis-Bacon

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Act as amended (40 U.S.C. 3141 through 3148), the provisions of Contract Work Hours and Safety Standards Act (40 U.S.C. 327 *et seq.* and implementing regulations), the Copeland Anti-Kick Back Act (40 U.S.C. 276c and 18 U.S.C. 874 *et seq.*), the implementing regulations of the U.S. Department of Labor including 29 CFR Parts 1, 3, 5, 6 and 7, and all other applicable Federal, state and local laws and regulations pertaining to labor standards insofar as those acts apply to the performance of this Agreement. Participant shall maintain documentation that demonstrates compliance with these provisions and such documentation shall be made available to City and HUD for review upon request. Participant shall cause or require to be inserted in full, in all such contracts subject to such regulations, provisions meeting the requirements of this paragraph.

c. **HUD Form 4010.** Participant shall comply and cause Participant Personnel to comply with the provisions of HUD Form 4010 attached hereto. HUD Form 4010 must be included in the bid packet and construction contract and subcontracts for the Project.

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**Applicability**

The Project or Program to which the construction work covered by this contract pertains is being assisted by the United States of America and the following Federal Labor Standards Provisions are included in this Contract pursuant to the provisions applicable to such Federal assistance.

**A. 1. (i) Minimum Wages.** All laborers and mechanics employed or working upon the site of the work, will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the Secretary of Labor under the Copeland Act (29 CFR Part 3), the full amount of wages and bona fide fringe benefits (or cash equivalents thereof) due at time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor which is attached hereto and made a part hereof, regardless of any contractual relationship which may be alleged to exist between the contractor and such laborers and mechanics. Contributions made or costs reasonably anticipated for bona fide fringe benefits under Section 1(b)(2) of the Davis-Bacon Act on behalf of laborers or mechanics are considered wages paid to such laborers or mechanics, subject to the provisions of 29 CFR 5.5(a)(1)(iv); also, regular contributions made or costs incurred for more than a weekly period (but not less often than quarterly) under plans, funds, or programs, which cover the particular weekly period, are deemed to be constructively made or incurred during such weekly period.

Such laborers and mechanics shall be paid the appropriate wage rate and fringe benefits on the wage determination for the classification of work actually performed, without regard to skill, except as provided in 29 CFR 5.5(a)(4). Laborers or mechanics performing work in more than one classification may be compensated at the rate specified for each classification for the time actually worked therein: Provided, That the employer's payroll records accurately set forth the time spent in each classification in which work is performed. The wage determination (including any additional classification and wage rates conformed under 29 CFR 5.5(a)(1)(ii) and the Davis-Bacon poster (WH-1321) shall be posted at all times by the contractor and its subcontractors at the site of the work in a prominent and accessible, place where it can be easily seen by the workers.

(ii) (a) Any class of laborers or mechanics which is not listed in the wage determination and which is to be employed under the contract shall be classified in conformance with the wage determination. HUD shall approve an additional classification and wage rate and fringe benefits therefor only when the following criteria have been met:

(1) The work to be performed by the classification requested is not performed by a classification in the wage determination; and

(2) The classification is utilized in the area by the construction industry; and

(3) The proposed wage rate, including any bona fide fringe benefits, bears a reasonable relationship to the wage rates contained in the wage determination.

(b) If the contractor and the laborers and mechanics to be employed in the classification (if known), or their representatives, and HUD or its designee agree on the classification and wage rate (including the amount designated for fringe benefits where appropriate), a report of the action taken shall be sent by HUD or its designee to the Administrator of the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, Washington, D.C. 20210. The Administrator, or an authorized representative, will approve, modify, or disapprove every additional classification action within 30 days of receipt and so advise HUD or its designee or will notify HUD or its designee within the 30-day period that additional time is necessary. (Approved by the Office of Management and Budget under OMB control number 1215-0140.)

(c) In the event the contractor, the laborers or mechanics to be employed in the classification or their representatives, and HUD or its designee do not agree on the proposed classification and wage rate (including the amount designated for fringe benefits, where appropriate), HUD or its designee shall refer the questions, including the views of all interested parties and the recommendation of HUD or its designee, to the Administrator for determination. The Administrator, or an authorized representative, will issue a determination within 30 days of receipt and so advise HUD or its designee or will notify HUD or its designee within the 30-day period that additional time is necessary. (Approved by the Office of Management and Budget under OMB Control Number 1215-0140.)

(d) The wage rate (including fringe benefits where appropriate) determined pursuant to subparagraphs (1)(ii)(b) or (c) of this paragraph, shall be paid to all workers performing work in the classification under this contract from the first day on which work is performed in the classification.

(iii) Whenever the minimum wage rate prescribed in the contract for a class of laborers or mechanics includes a fringe benefit which is not expressed as an hourly rate, the contractor shall either pay the benefit as stated in the wage determination or shall pay another bona fide fringe benefit or an hourly cash equivalent thereof.

(iv) If the contractor does not make payments to a trustee or other third person, the contractor may consider as part

of the wages of any laborer or mechanic the amount of any costs reasonably anticipated in providing bona fide fringe benefits under a plan or program, Provided, That the Secretary of Labor has found, upon the written request of the contractor, that the applicable standards of the Davis-Bacon Act have been met. The Secretary of Labor may require the contractor to set aside in a separate account assets for the meeting of obligations under the plan or program. (Approved by the Office of Management and Budget under OMB Control Number 1215-0140.)

**2. Withholding.** HUD or its designee shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld from the contractor under this contract or any other Federal contract with the same prime contractor, or any other Federally-assisted contract subject to Davis-Bacon prevailing wage requirements, which is held by the same prime contractor so much of the accrued payments or advances as may be considered necessary to pay laborers and mechanics, including apprentices, trainees and helpers, employed by the contractor or any subcontractor the full amount of wages required by the contract in the event of failure to pay any laborer or mechanic, including any apprentice, trainee or helper, employed or working on the site of the work, all or part of the wages required by the contract, HUD or its designee may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds until such violations have ceased. HUD or its designee may, after written notice to the contractor, disburse such amounts withheld for and on account of the contractor or subcontractor to the respective employees to whom they are due. The Comptroller General shall make such disbursements in the case of direct Davis-Bacon Act contracts.

**3. (i) Payrolls and basic records.** Payrolls and basic records relating thereto shall be maintained by the contractor during the course of the work preserved for a period of three years thereafter for all laborers and mechanics working at the site of the work. Such records shall contain the name, address, and social security number of each such worker, his or her correct classification, hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in Section 1(b)(2)(B) of the Davis-bacon Act), daily and weekly number of hours worked, deductions made and actual wages paid. Whenever the Secretary of Labor has found under 29 CFR 5.5 (a)(1)(iv) that the wages of any laborer or mechanic include the amount of any costs reasonably anticipated in providing benefits under a plan or program described in Section 1(b)(2)(B) of the Davis-Bacon Act, the contractor shall maintain records which show that the commitment to provide such benefits is enforceable, that the plan or program is financially responsible, and that the plan or program has been

communicated in writing to the laborers or mechanics affected, and records which show the costs anticipated or the actual cost incurred in providing such benefits. Contractors employing apprentices or trainees under approved programs shall maintain written evidence of the registration of apprenticeship programs and certification of trainee programs, the registration of the apprentices and trainees, and the ratios and wage rates prescribed in the applicable programs. (Approved by the Office of Management and Budget under OMB Control Numbers 1215-0140 and 1215-0017.)

(ii) (a) The contractor shall submit weekly for each week in which any contract work is performed a copy of all payrolls to HUD or its designee if the agency is a party to the contract, but if the agency is not such a party, the contractor will submit the payrolls to the applicant sponsor, or owner, as the case may be, for transmission to HUD or its designee. The payrolls submitted shall set out accurately and completely all of the information required to be maintained under 29 CFR 5.5(a)(3)(i) except that full social security numbers and home addresses shall not be included on weekly transmittals. Instead the payrolls shall only need to include an individually identifying number for each employee (e.g., the last four digits of the employee's social security number). The required weekly payroll information may be submitted in any form desired. Optional Form WH-347 is available for this purpose from the Wage and Hour Division Web site at <http://www.dol.gov/esa/whd/forms/wb347instr.htm> or its successor site. The prime contractor is responsible for the submission of copies of payrolls by all subcontractors. Contractors and subcontractors shall maintain the full social security number and current address of each covered worker, and shall provide them upon request to HUD or its designee if the agency is a party to the contract, but if the agency is not such a party, the contractor will submit the payrolls to the applicant sponsor, or owner, as the case may be, for transmission to HUD or its designee, the contractor, or the Wage and Hour Division of the Department of Labor for purposes of an investigation or audit of compliance with prevailing wage requirements. It is not a violation of this subparagraph for a prime contractor to require a subcontractor to provide addresses and social security numbers to the prime contractor for its own records, without weekly submission to HUD or its designee. (Approved by the Office of Management and Budget under OMB Control Number 1215-0149.)

(b) Each payroll submitted shall be accompanied by a "Statement of Compliance," signed by the contractor or subcontractor or his or her agent who pays or supervises the payment of the persons employed under the contract and shall certify the following:

(1) That the payroll for the payroll period contains the information required to be provided under 29 CFR 5.5 (a)(3)(ii), the appropriate information is being maintained under 29 CFR 5.5(a)(3)(i), and that such information is correct and complete;

(2) That each laborer or mechanic (including each helper, apprentice, and trainee) employed on the contract during the payroll period has been paid the full weekly wages earned, without rebate, either directly or indirectly, and that no deductions have been made either directly or indirectly from the full wages earned, other than permissible deductions as set forth in 29 CFR Part 3;

(3) That each laborer or mechanic has been paid not less than the applicable wage rates and fringe benefits or cash equivalents for the classification of work performed, as specified in the applicable wage determination incorporated into the contract.

(c) The weekly submission of a properly executed certification set forth on the reverse side of Optional Form WH-347 shall satisfy the requirement for submission of the "Statement of Compliance" required by subparagraph A.3.(f)(b).

(d) The falsification of any of the above certifications may subject the contractor or subcontractor to civil or criminal prosecution under Section 1001 of Title 18 and Section 231 of Title 31 of the United States Code.

(iii) The contractor or subcontractor shall make the records required under subparagraph A.3.(i) available for inspection, copying, or transcription by authorized representatives of HUD or its designee or the Department of Labor, and shall permit such representatives to interview employees during working hours on the job. If the contractor or subcontractor fails to submit the required records or to make them available, HUD or its designee may, after written notice to the contractor, sponsor, applicant or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment action pursuant to 29 CFR 5.12.

#### 4. Apprentices and Trainees.

(i) Apprentices. Apprentices will be permitted to work at less than the predetermined rate for the work they performed when they are employed pursuant to and individually registered in a bona fide apprenticeship program registered with the U.S. Department of Labor, Employment and Training Administration, Office of Apprenticeship Training, Employer and Labor Services, or with a State Apprenticeship Agency recognized by the Office, or if a person is employed in his or her first 90 days of probationary employment as an apprentice in such an apprenticeship program, who is not individually registered in the program, but who has been certified by the Office of Apprenticeship Training, Employer and Labor Services or a State Apprenticeship Agency (where appropriate) to be eligible for probationary employment as an apprentice. The allowable ratio of apprentices to journeymen on the job site in any craft classification shall not be greater than the ratio permitted to the contractor as to the entire work force under the registered program. Any worker listed on a payroll at an apprentice wage rate, who

is not registered or otherwise employed as stated above, shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any apprentice performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. Where a contractor is performing construction on a project in a locality other than that in which its program is registered, the ratios and wage rates (expressed in percentages of the journeyman's hourly rate) specified in the contractor's or subcontractor's registered program shall be observed. Every apprentice must be paid at not less than the rate specified in the registered program for the apprentice's level of progress, expressed as a percentage of the journeymen hourly rate specified in the applicable wage determination. Apprentices shall be paid fringe benefits in accordance with the provisions of the apprenticeship program. If the apprenticeship program does not specify fringe benefits, apprentices must be paid the full amount of fringe benefits listed on the wage determination for the applicable classification. If the Administrator determines that a different practice prevails for the applicable apprentice classification, fringes shall be paid in accordance with that determination. In the event the Office of Apprenticeship Training, Employer and Labor Services, or a State Apprenticeship Agency recognized by the Office, withdraws approval of an apprenticeship program, the contractor will no longer be permitted to utilize apprentices at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(ii) Trainees. Except as provided in 29 CFR 5.16, trainees will not be permitted to work at less than the predetermined rate for the work performed unless they are employed pursuant to and individually registered in a program which has received prior approval, evidenced by formal certification by the U.S. Department of Labor, Employment and Training Administration. The ratio of trainees to journeymen on the job site shall not be greater than permitted under the plan approved by the Employment and Training Administration. Every trainee must be paid at not less than the rate specified in the approved program for the trainee's level of progress, expressed as a percentage of the journeyman hourly rate specified in the applicable wage determination. Trainees shall be paid fringe benefits in accordance with the provisions of the trainee program. If the trainee program does not mention fringe benefits, trainees shall be paid the full amount of fringe benefits listed on the wage determination unless the Administrator of the Wage and Hour Division determines that there is an apprenticeship program associated with the corresponding journeyman wage rate on the wage determination which provides for less than full fringe benefits for apprentices. Any employee listed on the payroll at a trainee rate who is not registered and participating in a training plan approved by

the Employment and Training Administration shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. In addition, any trainee performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. In the event the Employment and Training Administration withdraws approval of a training program, the contractor will no longer be permitted to utilize trainees at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(iii) **Equal employment opportunity.** The utilization of apprentices, trainees and journeymen under 29 CFR Part 5 shall be in conformity with the equal employment opportunity requirements of Executive Order 11246, as amended, and 29 CFR Part 30.

**5. Compliance with Copeland Act requirements.** The contractor shall comply with the requirements of 29 CFR Part 3 which are incorporated by reference in this contract

**6. Subcontracts.** The contractor or subcontractor will insert in any subcontracts the clauses contained in subparagraphs 1 through 11 in this paragraph A and such other clauses as HUD or its designee may by appropriate instructions require, and a copy of the applicable prevailing wage decision, and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for the compliance by any subcontractor or lower tier subcontractor with all the contract clauses in this paragraph.

**7. Contract termination; debarment.** A breach of the contract clauses in 29 CFR 5.5 may be grounds for termination of the contract and for debarment as a contractor and a subcontractor as provided in 29 CFR 5.12.

**8. Compliance with Davis-Bacon and Related Act Requirements.** All rulings and interpretations of the Davis-Bacon and Related Acts contained in 29 CFR Parts 1, 3, and 5 are herein incorporated by reference in this contract

**9. Disputes concerning labor standards.** Disputes arising out of the labor standards provisions of this contract shall not be subject to the general disputes clause of this contract. Such disputes shall be resolved in accordance with the procedures of the Department of Labor set forth in 29 CFR Parts 5, 6, and 7. Disputes within the meaning of this clause include disputes between the contractor (or any of its subcontractors) and HUD or its designee, the U.S. Department of Labor, or the employees or their representatives.

**10. (i) Certification of Eligibility.** By entering into this contract the contractor certifies that neither it (nor he or she) nor any person or firm who has an interest in the contractor's firm is a person or firm ineligible to be awarded Government contracts by virtue of Section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1) or to be

awarded HUD contracts or participate in HUD programs pursuant to 24 CFR Part 24.

(ii) No part of this contract shall be subcontracted to any person or firm ineligible for award of a Government contract by virtue of Section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1) or to be awarded HUD contracts or participate in HUD programs pursuant to 24 CFR Part 24.

(iii) The penalty for making false statements is prescribed in the U.S. Criminal Code, 18 U.S.C. 1001. Additionally, U.S. Criminal Code, Section 1 01 0, Title 18, U.S.C., "Federal Housing Administration transactions", provides in part: "Whoever, for the purpose of . . . influencing in any way the action of such Administration . . . makes, utters or publishes any statement knowing the same to be false . . . shall be fined not more than \$5,000 or imprisoned not more than two years, or both."

**11. Complaints, Proceedings, or Testimony by Employees.** No laborer or mechanic to whom the wage, salary, or other labor standards provisions of this Contract are applicable shall be discharged or in any other manner discriminated against by the Contractor or any subcontractor because such employee has filed any complaint or instituted or caused to be instituted any proceeding or has testified or is about to testify in any proceeding under or relating to the labor standards applicable under this Contract to his employer.

**B. Contract Work Hours and Safety Standards Act.** The provisions of this paragraph B are applicable where the amount of the prime contract exceeds \$100,000. As used in this paragraph, the terms "laborers" and "mechanics" include watchmen and guards.

(1) **Overtime requirements.** No contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which the individual is employed on such work to work in excess of 40 hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of 40 hours in such workweek.

(2) **Violation; liability for unpaid wages; liquidated damages.** In the event of any violation of the clause set forth in subparagraph (1) of this paragraph, the contractor and any subcontractor responsible therefor shall be liable for the unpaid wages. In addition, such contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in subparagraph (1) of this paragraph, in the sum of \$10 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of 40 hours without payment of the overtime wages required by the clause set forth in subparagraph (1) of this paragraph.

(3) **Withholding for unpaid wages and liquidated damages.** HUD or its designee shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld, from any moneys payable on account of work performed by the contractor or subcontractor under any such contract or any other Federal contract with the same prime contract, or any other Federally-assisted contract subject to the Contract Work Hours and Safety Standards Act which is held by the same prime contractor such sums as may be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in subparagraph (2) of this paragraph.

(4) **Subcontracts.** The contractor or subcontractor shall insert in any subcontracts the clauses set forth in subparagraph (1) through (4) of this paragraph and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in subparagraphs (1) through (4) of this paragraph.

**C. Health and Safety.** The provisions of this paragraph C are applicable where the amount of the prime contract exceeds \$100,000.

(1) No laborer or mechanic shall be required to work in surroundings or under working conditions which are unsanitary, hazardous, or dangerous to his health and safety as determined under construction safety and health standards promulgated by the Secretary of Labor by regulation.

(2) The Contractor shall comply with all regulations issued by the Secretary of Labor pursuant to Title 29 Part 1926 and failure to comply may result in imposition of sanctions pursuant to the Contract Work Hours and Safety Standards Act, (Public Law 91-54, 83 Stat 96). 40 USC 3701 et seq.

(3) The contractor shall include the provisions of this paragraph in every subcontract so that such provisions will be binding on each subcontractor. The contractor shall take such action with respect to any subcontractor as the Secretary of Housing and Urban Development or the Secretary of Labor shall direct as a means of enforcing such provisions.

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**EXHIBIT "B"**

**DEED OF TRUST**

[See following document]

29/70

Recording Requested By And  
When Recorded Return to:

City of Soledad  
248 Main Street  
Soledad, CA 93960  
Attn: City Manager

SPACE ABOVE THIS LINE FOR RECORDER'S USE  
EXEMPT FROM RECORDING FEE PER GOV. CODE § 27383

**DEED OF TRUST WITH ASSIGNMENT OF RENTS  
AND RIDER ATTACHED HERETO**

**NOTE:** RIDER ATTACHED TO THIS DEED OF TRUST CONTAINING TERMS INCLUDING SECURITY AGREEMENT AND FIXTURE FILING.

This DEED OF TRUST WITH ASSIGNMENT OF RENTS AND RIDER ATTACHED HERETO ("Deed of Trust"), is made on July 13, 2015 (for reference purposes only), between SOLEDAD COMMUNITY HEALTH CARE DISTRICT, a political subdivision of the State of California, herein called TRUSTOR, whose address is 612 Main Street, Soledad, CA 93960, TITLE INSURANCE COMPANY, a California corporation, herein called TRUSTEE, and CITY OF SOLEDAD, a political subdivision of the State of California, herein called BENEFICIARY.

WITNESSETH: That Trustor grants to Trustee in trust, with power of sale, Trustor's estate, dated on or about the date hereof, in that real property in the unincorporated area of the City of Soledad, State of California, described in Exhibit "1" (the "Property"), together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits for the purpose of securing (1) payment of the sum of One Million Three Hundred Ninety-Five Thousand Three Hundred Forty-Nine Dollars (\$1,395,349), with interest thereon according to the terms of a promissory note or notes of even date herewith made by Trustor, payable to order of Beneficiary, and extensions or renewals thereof; (2) the performance of each agreement of Trustor incorporated by reference or contained herein; and (3) payment of additional sums and interest thereon which may hereafter be loaned to Trustor, or its successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust.

To protect the security of this Deed of Trust, and with respect to the Property above described, Trustor expressly makes each and all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set forth in subdivision A, and it is mutually agreed that each and all of the terms and provisions set forth in subdivision B of the fictitious deed of trust recorded in Orange County August 17, 1964, and in all other counties August 18, 1964, in the book and at the page of Official Records in the office of the city recorder of the county where said property is located, noted below opposite the name of such county, namely:

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	1288	556	Kings	858	713	Placer	1028	379	Sierra	38	187
Alpine	3	130-31	Lake	437	110	Plumas	166	1307	Siskiyou	506	762
Amador	133	438	Lassen	192	367	Riverside	3778	347	Solano	1287	621
Butte	1330	513	Los Angeles	T-3878	874	Sacramento	5039	124	Sonoma	2067	427
Calaveras	185	338	Madera	911	136	San Benito	300	405	Stanislaus	1970	56
Colusa	323	391	Marin	1849	122	San Bernardino	6213	768	Sutter	655	585
Contra Costa	4684	1	Mariposa	90	453	San Francisco	A-804	596	Tehama	457	183
Del Norte	101	549	Mendocino	667	99	San Joaquin	2855	283	Trinity	108	595
El Dorado	704	635	Merced	1660	753	San Luis Obispo	1311	137	Tulare	2530	108
Fresno	5052	623	Modoc	191	93	San Mateo	4778	175	Tuolumne	177	160
Glenn	469	76	Mono	69	302	Santa Barbara	2065	881	Ventura	2607	237
Humboldt	801	83	Monterey	357	239	Santa Clara	6626	664	Yolo	769	16
Imperial	1189	701	Napa	704	742	Santa Cruz	1638	607	Yuba	398	693
Inyo	165	672	Nevada	363	94	Shasta	800	633			
Kern	3756	690	Orange	7182	18	San Diego					

SERIES 5 Book 1964, Page 149774

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shall inure to and bind the parties hereto, with respect to the property above described. Said agreements, terms and provisions contained in said subdivisions A and B (identical in all counties, and printed on pages 3 and 4 hereof) are by the within reference thereto, incorporated herein and made a part of this Deed of Trust for all purposes as fully as if set forth at length herein, and Beneficiary may charge for a statement regarding the obligation secured hereby, provided the charge therefore does not exceed the maximum allowed by law.

The undersigned Trustor, requests that a copy of any notice of default and any notice of sale hereunder be mailed to him at his address hereinbefore set forth.

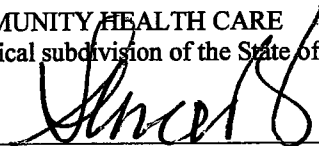
**SEE RIDERS ATTACHED TO THIS DEED OF TRUST**

Signature of Trustor

STATE OF CALIFORNIA }  
CITY OF SOLEDAD }

SOLEDAD COMMUNITY HEALTH CARE DISTRICT, a political subdivision of the State of California

State of California )  
City of Soledad )

By:   
Steven Pritt  
Chief Executive Officer

On July 13, 2015, before me,  
\_\_\_\_\_  
(here insert name and title of the officer)

Notary Public, personally appeared Steven Pritt, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_

(This area for official notarial seal)

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ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California  
County of Monterey

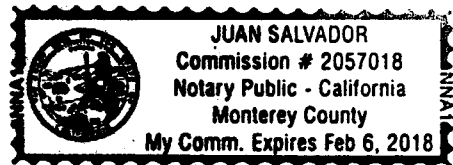
On July 13, 2015 before me, Juan Salvador (Notary)  
(insert name and title of the officer)

personally appeared Steven Pritt  
who proved to me on the basis of satisfactory evidence to be the person(~~s~~) whose name(~~s~~) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(~~s~~) on the instrument the person(~~s~~), or the entity upon behalf of which the person(~~s~~) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Juan Salvador (Seal)



## DO NOT RECORD

The following is a copy of Subdivisions A and B of the fictitious Deed of Trust recorded in each city in California as stated in the foregoing Deed of Trust and incorporated by reference in said Deed of Trust as being a part thereof as if set forth at length therein.

A. To protect the security of this Deed of Trust, Trustor agrees:

1) To keep said Property in good condition and repair, not to remove or demolish any building thereon; to complete or restore promptly and in a good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor, to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.

2) To provide, maintain and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at the option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

3) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed.

4) To pay: at least ten (10) days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his or her reasonable fees.

5) To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from the date of expenditure at the amount allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

B. It is mutually agreed:

1) That any award in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such moneys received by him in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

2) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

3) That at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed and said note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of said property; consent to the making of any map or plat thereof; join in granting any easement thereon, or join in any extension agreement or any agreement subordinating the lien or charge hereof.

4) That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed and said note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The Grantee in such reconveyance may be described as "the person or persons legally entitled thereto".

5) That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these Trusts, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in the performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default (beyond any applicable cure period, and during the continuance of such default), Beneficiary may at any time without notice, either in person, by agent, or be a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in its own

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name sue for or otherwise collect such rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collecting of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

6) That upon default by Trustor in payment of any indebtedness secured hereby or in the performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed, said note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

7) Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the city or counties where said property is situated shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed is recorded and the name and address of the new Trustee.

8) That this Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledgees, of the note secured hereby, whether or not named as Beneficiary herein. In this Deed, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

9) That Trustee accepts this Trust when this Deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

DO NOT RECORD

REQUEST FOR FULL RECONVEYANCE

TO \_\_\_\_\_, TRUSTEE:

The undersigned is the legal owner and holder of the note or notes and of all indebtedness secured by the foregoing Deed of Trust. Said note or notes, together with all other indebtedness secured by said Deed of Trust, have been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel said note or notes above mentioned, and all other evidences of indebtedness secured by said Deed of Trust delivered to you herewith, together with the said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you under the same.

Dated \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Please mail Deed of Trust,

Note and Reconveyance to \_\_\_\_\_

Do Not lose or destroy this Deed of Trust OR THE NOTE which it secures. Both must be delivered to the Trustee for cancellation before reconveyance will be made.

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**EXHIBIT "1"**

**LEGAL DESCRIPTION OF PROPERTY**

Real property in the City of Soledad, County of Monterey, State of California, described as follows:

PARCEL ONE: (PORTION APN: 022-124-001)

A PORTION OF RANCHO SAN VICENTE, BEING A PART OF THAT CERTAIN TRACT CONVEYED TO PETER SCATTINI, ET AL, BY DEED DATED FEBRUARY 19, 1920, RECORDED IN BOOK 170 OF DEEDS, AT PAGE 283, MONTEREY COUNTY RECORDS, SAID PART BEING PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST NORTHERLY CORNER OF LOT A, AS SAID LOT IS SHOWN ON MAP ENTITLED "SCATTINI SUBDIVISION", FILED JANUARY 28, 1947, IN MAP BOOK 4 CITIES AND TOWNS, AT PAGE 108 THEREIN, RECORDS OF MONTEREY COUNTY, CALIFORNIA; THENCE, FROM SAID PLACE OF BEGINNING, ALONG THE BOUNDARY OF SAID SUBDIVISION AND ALSO THE NORTHEASTERLY BOUNDARY OF LOT A,

(1) SOUTH 39° 22. 30" EAST 259.70 FEET; THENCE LEAVE SAID SUBDIVISION BOUNDARY AND ALSO THE NORTHEASTERLY BOUNDARY OF SAID LOT A,

(2) NORTH 0° 01. WEST 141.37 FEET; THENCE

(3) NORTH 39° 22. 30. WEST 217.53 FEET; THENCE

(4) SOUTH 13° 47. 30. WEST 112.0 FEET TO THE PLACE OF BEGINNING.

PARCEL TWO: (PORTION APN: 022-124-001)

A PORTION OF RANCHO SAN VICENTE, BEING A PART OF THAT CERTAIN TRACT OF LAND CONVEYED TO PETER SCATTINI, ET AL, BY DEED DATED FEBRUARY 19, 1920, RECORDED IN BOOK 170 OF DEEDS, AT PAGE 283, MONTEREY COUNTY RECORDS, SAID PART BEING PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A 1/2" DIAMETER IRON PIPE STANDING AT THE MOST NORTHERLY CORNER OF THAT CERTAIN TRACT OF LAND CONVEYED TO CENTRAL VALLEY HOSPITAL ASSOCIATION BY DEED DATED DECEMBER 2, 1947, RECORDED IN BOOK 1024 OF OFFICIAL RECORDS, AT PAGE 72, MONTEREY COUNTY RECORDS; THENCE, FROM SAID PLACE OF BEGINNING, ALONG THE NORTHEASTERLY BOUNDARY OF LAST MENTIONED TRACT OF LAND,

(1) SOUTH 39° 22. 30. EAST 343.68 FEET, AT 217.53 FEET LEAVE THE BOUNDARY OF SAID CENTRAL VALLEY HOSPITAL ASSOCIATION TRACT OF LAND, 343.68 FEET TO A POINT IN THE EASTERLY BOUNDARY OF SAID SCATTINI TRACT OF LAND; THENCE, ALONG LAST MENTIONED BOUNDARY,

(2) NORTH 0° 01' WEST 272.86 FEET; THENCE, LEAVE LAST MENTIONED BOUNDARY,

(3) NORTH 54° 31. 30. WEST 154.84 FEET, AT 95.84 FEET A 1" DIAMETER IRON PIPE, 154.84 FEET TO A 1/2. DIAMETER IRON PIPE; THENCE

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(4) SOUTH 43° 25. 30. WEST 133.63 FEET TO THE PLACE OF BEGINNING.

EXCEPTING THEREFROM THAT PARCEL OF LAND DESCRIBED IN THE DEED TO GONZALES UNION HIGH SCHOOL DISTRICT, RECORDED IN REEL 864, PAGE 740, OFFICIAL RECORDS.

PARCEL THREE:

A RIGHT OF WAY APPURTENANT, FOR ALL PURPOSES OF A ROAD, OVER, UPON AND ACROSS A STRIP OF LAND 30 FEET WIDE AND 30 FEET LONG, LYING ALONG, CONTIGUOUS TO AND NORTHWESTERLY FROM THE SOUTHWESTERLY 30 FEET OF THAT CERTAIN COURSE HEREINABOVE NUMBERED (4) IN PARCEL TWO ABOVE DESCRIBED, AND DESIGNATED AS SOUTH 43° 25. 30. WEST 133.63 FEET.

EXCEPTING THEREFROM THAT PORTION THEREOF LYING WITHIN PARCEL SIX.

PARCEL FOUR:

A RIGHT OF WAY APPURTENANT, FOR ALL PURPOSES OF A ROAD, OVER, UPON AND ACROSS A STRIP OF LAND 80.0 FEET WIDE, LYING ALONG, CONTIGUOUS TO AND NORTHWESTERLY FROM THE FOLLOWING DESCRIBED LINE:

BEGINNING AT A 1/2" DIAMETER IRON PIPE STANDING AT THE MOST NORTHERLY CORNER OF SAID CENTRAL VALLEY HOSPITAL ASSOCIATION TRACT REFERRED TO IN PARCEL TWO ABOVE; THENCE, ALONG THE NORTHWESTERLY BOUNDARY THEREOF, SOUTH 13° 47. 30. WEST 112.0 FEET TO A POINT IN THE NORTHEASTERLY BOUNDARY OF SAID SCATTINI SUBDIVISION, THE NORTHEASTERLY EXTREMITY OF SAID RIGHT OF WAY BEING THE COURSE HEREINABOVE NUMBERED (1) IN PARCEL TWO ABOVE DESCRIBED PRODUCED NORTHWESTERLY, AND THE SOUTHWESTERLY EXTREMITY OF SAID RIGHT OF WAY BEING CONTIGUOUS TO THE NORTHEASTERLY BOUNDARY OF SAID SCATTINI SUBDIVISION.

PARCEL FIVE: (PORTION APN: 022-124-001)

LOT A, AS SHOWN ON THE MAP OF TRACT NO. 138, SCATTINI SUBDIVISION, FILED JANUARY 28, 1947, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, IN BOOK 4, CITIES AND TOWNS, AT PAGE 108.

PARCEL SIX: (PORTION APN: 022-124-001)

A PORTION OF THAT CERTAIN PARCEL 1, OF THAT TRACT OF LAND CONVEYED BY DEED TO THE GONZALES UNION HIGH SCHOOL DISTRICT, AS RECORDED IN REEL 418 AT PAGE 894 OF OFFICIAL RECORDS, PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST WESTERLY CORNER OF THAT CERTAIN PARCEL OF LAND AS DESCRIBED IN THE DEED TO SOLEDAD COMMUNITY HOSPITAL DISTRICT, AS RECORDED IN REEL 124, AT PAGE 124 OF OFFICIAL RECORDS; THENCE, ALONG THE NORTHWESTERLY BOUNDARY OF SAID HOSPITAL DISTRICT PARCEL,

(1) NORTH 43° 25. 30. EAST 90.16 FEET; THENCE, LEAVING THE NORTHWESTERLY BOUNDARY OF SAID HOSPITAL PARCEL,

(2) NORTH 76° 12. 30. WEST 44.58 FEET; THENCE

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(3) SOUTH 13° 47. 30. WEST 78.37 FEET TO THE POINT OF BEGINNING.

PARCEL SEVEN: (PORTION APN: 022-124-001)

A PORTION OF THAT CERTAIN PARCEL 1, OF THAT TRACT OF LAND CONVEYED BY DEED TO THE GONZALES UNION HIGH SCHOOL DISTRICT, AS RECORDED IN REEL 418 AT PAGE 894 OF OFFICIAL RECORDS, PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE NORTHEASTERLY BOUNDARY OF THAT CERTAIN PARCEL OF LAND AS CONVEYED TO THE SOLEDAD COMMUNITY HOSPITAL DISTRICT, AS RECORDED IN REEL 124 AT PAGE 124 OF OFFICIAL RECORDS; THENCE, ALONG SAID HOSPITAL DISTRICT BOUNDARY,

(1) SOUTH 54° 31. 30. EAST 52.58 FEET TO A POINT IN THE EASTERLY BOUNDARY OF THAT 140.0 ACRE TRACT OF LAND CONVEYED FROM BINGAMAN TO SCATTINI AS RECORDED IN BOOK 170 OF DEEDS AT PAGE 283, RECORDS OF MONTEREY COUNTY; THENCE, ALONG SAID SCATTINI TRACT EASTERLY BOUNDARY,

(2) NORTH 00° 01. 00. WEST 20.01 FEET; THENCE, LEAVING SAID SCATTINI TRACT EASTERLY BOUNDARY,

(3) NORTH 76° 12. 30. WEST 44.08 FEET TO THE POINT OF BEGINNING.

PARCEL EIGHT: (PORTION APN: 022-124-001)

CERTAIN REAL PROPERTY SITUATE IN THE RANCHO SAN VICENTE AND BEING A PORTION OF SOLEDAD STREET, AN 80 FOOT WIDE CITY STREET AS SHOWN ON MAP OF THE .SCATTINI SUBDIVISION., RECORDED IN VOLUME 4 OF CITIES AND TOWNS AT PAGE 108, RECORDS OF SAID COUNTY, AND A PORTION OF THOSE LANDS DESCRIBED IN DEED RECORDED IN REEL 1033 OF OFFICIAL RECORDS AT PAGE 888, RECORDS OF SAID COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE WESTERLY LINE OF SAID SOLEDAD STREET, SAID POINT BEING THE MOST NORTHEASTERLY CORNER OF .LOT A. AS SHOWN ON SAID MAP; THENCE, ALONG SAID LINE,

(1) SOUTH 0° 01. EAST 193.47 FEET TO A POINT; THENCE, TANGENTIALLY

(2) CURVING TO THE RIGHT ALONG THE ARC OF A CIRCULAR CURVE OF 20 FOOT RADIUS, THROUGH AN ANGLE OF 103° 48. 30., A DISTANCE OF 36.24 FEET TO A POINT ON THE NORTHERLY LINE OF REGINA STREET, A CITY STREET 80 FEET WIDE; THENCE, LEAVE SAID WESTERLY LINE OF SOLEDAD STREET AND ALONG THE EASTERLY PROLONGATION OF SAID NORTHERLY LINE OF REGINA STREET,

(3) SOUTH 76° 12. 30. EAST 107.89 FEET TO A POINT IN THE EASTERLY BOUNDARY OF SAID SCATTINI SUBDIVISION AND THE EASTERLY LINE OF SAID SOLEDAD STREET; THENCE, ALONG SAID BOUNDARY AND STREET LINE,

(4) NORTH 0° 01. WEST 282.47 FEET, AT 141.10 FEET THE MOST NORTHEASTERLY CORNER OF SAID SCATTINI SUBDIVISION, TO AND ALONG THE EASTERLY BOUNDARY OF PARCEL 1 AS DESCRIBED IN SAID DEED, 282.47 FEET TO THE MOST NORTHEASTERLY CORNER OF SAID PARCEL 1; THENCE, ALONG THE NORTHERLY BOUNDARY THEREOF,

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(5) NORTH 39° 22. 30. WEST 126.15 FEET TO THE MOST NORTHWESTERLY CORNER OF SAID PARCEL 1; THENCE

(6) SOUTH 0° 01. EAST 141.37 FEET TO THE POINT OF BEGINNING.

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## RIDER TO DEED OF TRUST WITH ASSIGNMENT OF RENTS

This RIDER TO DEED OF TRUST WITH ASSIGNMENT OF RENTS ("Rider") is executed this 13<sup>th</sup> day of July, 2015 (for reference purposes only), by SOLEDAD COMMUNITY HEALTH CARE DISTRICT, a political subdivision of the State of California herein "Trustor," in favor of the CITY OF SOLEDAD, a political subdivision of the State of California, herein, "Beneficiary," the same parties to that certain form Deed of Trust With Assignment of Rents, of even date hereto, to which this Rider is attached. This Rider is made a part of and is incorporated into said Deed of Trust. This Rider shall supersede any conflicting term or provision of the form Deed of Trust to which it is attached.

Reference is made to (i) that certain Note by and between Trustor and Beneficiary, dated on or about the date set forth above, the repayment of which by Trustor is secured by this Deed of Trust ("City Note"), (ii) that certain Community Development Block Grant Capital Expenditures Agreement between the Trustor and Beneficiary dated for identification purposes only as of July 13, 2015 (the "CDBG Agreement"), and (iii) that certain Regulatory Agreement and Declaration of Covenants and Restrictions, by and between Trustor and Beneficiary, for the benefit of Beneficiary, and recorded concurrently herewith in the Office of the Monterey County Recorder ("City Regulatory Agreement").

The parties hereto agree:

1. Property. The estate subject to this Deed of Trust is Trustor's fee estate in the real property legally described in the foregoing Deed of Trust to which this Rider is attached (the "Property"). The Property does not include a security interest in and to Trustor's (a) revenues, moneys, accounts, accounts receivable, contract rights, general intangibles, documents, instruments, chattel paper, and other rights to payment of whatever kind, and (b) gifts, grants, bequests, donations, contributions and tax revenues to the extent specifically restricted by the donor to a particular purpose inconsistent with their use for the payment of the Secured Obligations or their being pledged as security hereunder.

2. Obligations Secured. Trustor makes this grant and assignment for the purpose of securing the following obligations ("Secured Obligations"):

- a. Payment to Beneficiary of all indebtedness at any time owing under the terms of the City Note;
- b. Payment and performance of all obligations of Trustor under this Deed of Trust;
- c. Payment and performance of all obligations of Trustor under the CDBG Agreement and the Regulatory Agreement.
- d. Payment and performance of all future advances and other obligations of Trustor or any other person, firm, or entity with the approval of Trustor, may agree to pay and/or perform (whether as principal, surety or guarantor) for the benefit of Beneficiary, when the obligation is evidenced by a writing which recites that it is secured by this Deed of Trust; and

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- e. All modifications, extensions and renewals of any of the obligations secured hereby, however evidenced.

3. Obligations. The term “obligations” is used herein in its broadest and most comprehensive sense and shall be deemed to include, without limitation, all interest and charges, prepayment charges, late charges and fees at any time accruing or assessed on any of the Secured Obligations.

4. Incorporation. All terms of the Note, Regulatory Agreement and CDBG Agreement (collectively, the “City Agreements”) and the Secured Obligations are incorporated herein by this reference. All persons who may have or acquire an interest in the Property shall be deemed to have notice of the terms of all of the foregoing documents.

5. Mortgagee-in-Possession. Neither the assignment of rents set forth in the Deed of Trust nor the exercise by Beneficiary of any of its rights or remedies hereunder shall be deemed to make Beneficiary a “mortgagee-in-possession” or otherwise liable in any manner with respect to the Property, unless Beneficiary, in person or by agent, assumes actual possession thereof. Nor shall appointment of a receiver for the Property by any court at the request of Beneficiary or by agreement with Trustor, or the entering into possession of the Property by such receiver, be deemed to make Beneficiary a “mortgagee-in-possession” or otherwise liable in any manner with respect to the Property.

6. No Cure. In the event Beneficiary collects and receives any rents under the Deed of Trust upon any default hereof, such collection or receipt shall in no way constitute a curing of the default, except if and to the extent the same are sufficient to cure all monetary defaults and no other defaults then exist.

7. Possession Upon Default. Upon the occurrence of and during the continuation of a default, Beneficiary, after having given notice and the applicable cure periods having expired with the default having not been cured (hereinafter, a “default”), may, at its option, without any action on its part being required and without in any way waiving such default, take possession of the Property in accordance with applicable law and have, hold, manage, lease and operate the same, on such terms and for such period of time as Beneficiary may deem proper, and may collect and receive all rents and profits, with full power to make, from time to time, all commercially reasonable alterations, renovations, repairs or replacements thereto as may seem proper to Beneficiary, and to apply such rents and profits to the payment of (a) the cost of all such alterations, renovations, repairs and replacements, and all costs and expenses incident to taking and retaining possession of the Property, and the management and operation thereof, and keeping the same properly insured; (b) all taxes, charges, claims, assessments, and any other liens which may be prior in lien or payment of the City Note, and premiums for insurance, with interest on all such items; and (c) the indebtedness secured hereby, together with all costs and attorney’s fees, in such order or priority as to any of such items as Beneficiary in its sole discretion may determine, any statute, law, custom or use to the contrary notwithstanding. Any amounts received by Beneficiary or its agents in the performance of any acts prohibited by the terms of this assignment, including, but not limited to, any amounts received in connection with any cancellation, modification or amendment of any lease prohibited by the terms of this assignment and any rents and profits received by Trustor after the occurrence of a default shall

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be held by Trustor as trustee for Beneficiary and all such amounts shall be accounted for to Beneficiary and shall not be commingled with other funds of the Trustor. Any person receiving any portion of such trust funds shall receive the same in trust for Beneficiary as if such person had actual or constructive notice that such funds were impressed with a trust in accordance therewith.

8. Receiver. In addition to any and all other remedies of Beneficiary set forth under this Deed of Trust or permitted at law or in equity, if a default shall have occurred and not have been cured within any applicable cure period, Beneficiary, to the extent permitted by law and without regard to the value, adequacy or occupancy of the security for the Note and other sums secured hereby, shall be entitled as a matter of right if it so elects to the appointment of a receiver to enter upon and take possession of the Property and to collect all rents and profits and apply the same as the court may direct, and such receiver may be appointed by any court of competent jurisdiction by ex parte application and without notice, notice of hearing being hereby expressly waived. The expenses, including receiver's fees, attorneys' fees, costs and agent's compensation, incurred pursuant to the power herein contained shall be secured by this Deed of Trust.

9. Use or Condemnation or Insurance Proceeds. Notwithstanding anything to the contrary in Section B1 of Subdivision B of the fictitious Deed of Trust recorded in Monterey County on August 18, 1964, in Book 1638, page 607, in the event of any fire or other casualty to the Project or eminent domain proceedings resulting in condemnation of the Property or any part thereof, Trustor shall have the right to rebuild the Project, and to use all available insurance or condemnation proceeds therefor, provided that (a) such proceeds are sufficient to rebuild the Project in a manner that provides adequate security to Beneficiary for repayment of the loan evidenced by the City Note (the "City Loan") or if such proceeds are insufficient then Trustor shall have funded any deficiency, (b) Beneficiary shall have the right to approve plans and specifications for any major rebuilding and the right to approve disbursements of insurance or condemnation proceeds for rebuilding under a construction escrow or similar arrangement, and (c) no material default then exists under the City Note or this Deed of Trust. If the casualty or condemnation affects only part of the Project and total rebuilding is infeasible, then proceeds may be used for partial rebuilding and partial repayment of the City Loan in a manner that provides adequate security for repayment of the remaining balance of the City Loan. The rights of the Beneficiary to any insurance proceeds or condemnation awards pursuant to this paragraph 9 are and shall be subject to the prior right to any insurance proceeds or condemnation awards of the beneficiary of the Deed of Trust of any senior loan permitted by the CDBG Agreement.

10. Notice to Beneficiary. Notices to Beneficiary shall be sent to Beneficiary addressed to:

City of Soledad  
248 Main Street  
Soledad, CA 93960  
Attn: City Manager

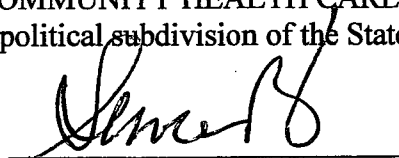
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IN WITNESS WHEREOF, Trustor has executed this Rider on the date of Trustor's acknowledgment herein below, to be effective for all purposes as of the day and year first set forth above.

TRUSTOR:

SOLEDAD COMMUNITY HEALTH CARE  
DISTRICT, a political subdivision of the State of  
California

By:



Steven Pritt

Its:

Chief Executive Officer

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ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

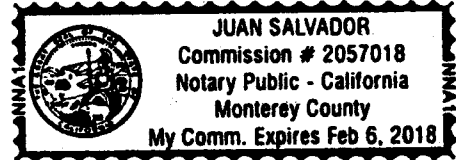
State of California  
County of Monterey

On July 13, 2015 before me, Juan Salvador (Notary)  
(insert name and title of the officer)

personally appeared Steven Pritt  
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(~~s~~) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature [Handwritten Signature] (Seal)





**EXHIBIT "C"**

**Budget**

[See following document]

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**Soledad Community Healthcare District**  
**Project Budget Breakdown**  
**2/10/15**

CDBG Grant	\$	1,395,349.00		
Activity Delivery @ 9%	\$	149,502.00		
Construction		2,457,740.00		
<p><b>PHASE I - Scope of Work:</b> Remodel and redeveloped staff 'Nurse Station' and 'Physician Alcoves' into one Team Room area per the Patient Centered Medical Home Model of Care. Renovate Reception, Eligibility, Lab, Triage, Patient/Staff Restrooms, and Soiled/Clean/Med Prep functions to meet current code (including ADA) and provide better flow. Furniture &amp; Equipment Scope of Work: Budget is to support added Waiting Room capacity, Administration, 'Team Room', and Exam Room needed furniture and equipment based on the renovation and addition project. No new radiology or lab medical equipment.</p>				
<b>Phase I:</b>		<b>Sq.ft / Unit</b>	<b>Cost per sf</b>	
Lab/Toilet Rooms/Utility Room Renovations		653	\$300	\$ 195,900.00
Team Room', Women's Health, Admin, Storage		1151	\$220	\$ 253,220.00
Exam Rooms, Corridors, Walls/Ceilings, Waiting Rm.		3122	\$55	\$ 171,710.00
Furniture & Equipment to Support Renovation		42315	Allowance	\$ 42,315.00
Concrete Walkway		18715	Allowance	\$ 18,715.00
<p><b>PHASE II - Scope of Work:</b> Phase II - BUILDING ADDITION: will be submitted as a separate package due to the City of Soledad requirements for it to be submitted for Planning approval prior to Building Permit approval. Completing Phase I work will help out with reducing the overall disruption to the operations of the clinic. Phase II scope includes increasing the capacity to meet code for Public Mens/Womens Restrooms - currently there is only one toilet each for Men (no urinal) and Women. This will require rebuilding and expanding (113 square feet) the existing public toilet structure attached to the clinic. The second addition will be to correct the deficiencies within the Women's Health clinic area. Currently the Women's Health services had been converted from Administration Offices, which does not have plumbing in the 'Exam Rooms' nor meet code minimum dimensional size. Scope of work is to physical expand the building by (600 square feet) to adequately support Women's Health. Besides providing more patient service space, additional Waiting Room area is severely needed. Space is captured by using the covered walkway space to expand the Waiting Room area (198 square feet). Phase II - SITE WORK: Currently there is no safe or compliant accessible patient unloading / drop-off zone nor an area for ambulance parking during an emergency. The proposed project will include a re-alignment of the parking and drive access aisle to incorporate a drop-off area, added parking stalls which are needed, as well as a new patient entrance.</p>				
<b>Phase II</b>		<b>Sq.ft / Unit</b>	<b>Cost per sf</b>	
Building Expansion		911	\$300	\$ 273,300.00
Parking Lot Improvements - Drop Off w/ Net Gain +4 Stalls		13213	\$22	\$ 290,686.00
<b>Building Expansion - Site Total:</b>				<b>\$ 563,986.00</b>
<b>Total Proposed Project:</b>				<b>\$ 1,245,846.00</b>

HY Architects, Inc.

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**EXHIBIT "D"**

**NOTE**

[See following document]

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**PROMISSORY NOTE**

**\$ 1,395,349 .00**

**Soledad, California**

**FOR VALUE RECEIVED**, the undersigned, SOLEDAD COMMUNITY HEALTH CARE DISTRICT, a political subdivision of the State of California, with its principal office at 612 Main Street, Soledad, California 93960 (the "Borrower"), hereby promises to pay to the order of the City of Soledad, Main Street, Soledad, California 93960 (the "City"), the principal amount of ONE MILLION THREE HUNDRED NINETY-FIVE THOUSAND THREE HUNDRED FORTY-NINE DOLLARS (\$1,395,349.00), or such lesser amount which shall from time to time be owing hereunder pursuant to the terms and conditions set forth in this Promissory Note (the "Note"). The principal sum hereof shall be disbursed pursuant to the terms and conditions set forth in that certain Community Development Block Grant Capital Expenditures Agreement entered into by and between Borrower and the City on or about July 13, 2015 (the "CDBG Agreement") pertaining to the City's provision to Borrower of financial assistance to be applied toward renovation of the Borrower's Clinic, as same in defined in the CDBG Agreement (the "Project") on certain real property owned by Borrower (the "Property").

Reference is also made to the following additional agreements and documents involving Borrower and City and/or pertaining to the Project:

(i) Regulatory Agreement and Declaration of Covenants and Restrictions entered into by and between Borrower and City concurrently herewith, and recorded in the Official Records on July 13, 2015, as Instrument No. \_\_\_\_\_ (the "City Regulatory Agreement")

The CDBG Loan Agreement and City Regulatory Agreement are referred to hereinafter collectively as the "City Agreements." The City Agreements are incorporated herein as though fully set forth.

**1. Purpose of Loan.** The loan evidenced by this Note (the "City Loan") is a loan for the purpose of assisting Borrower with Borrower's costs for renovation of Borrower's Clinic.

**2. Principal Amount; Interest.** The principal amount of this loan shall be ONE MILLION THREE HUNDRED NINETY-FIVE THOUSAND THREE HUNDRED FORTY-NINE DOLLARS (\$1,395,349.00) (the "Note Amount"). This Note does not bear interest.

**3. Disbursement.** The City Loan shall be disbursed in accordance with the terms of the CDBG Loan Agreement.

**4. Term of Note; Repayment of City Loan.**

4.1 The term of this Note ("Term") shall be ten (10) years from the Completion Date (as defined in the City Regulatory Agreement). The City Loan amount shall be forgiven over ten (10) years from the Completion Date. The original amount shall be reduced to zero, prorated monthly, over a ten (10) year period or until a change in the use of the property is made at any time during the ten (10) year period, which would not comply with the program

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requirements, at which time the remaining balance would be due and payable. A forgiveness schedule of the City Loan is attached to this Note.

**5. Additional Payment Terms; Penalty.**

5.1 Intentionally left blank.

**6. Default.** Borrower shall be deemed in default of this Note in the event:

6.1 Borrower fails to timely make any other payment due hereunder; or

6.2 Borrower is in material default (whether termed default, event of default, or similar term) of any of the terms of this Note or any of the City Agreements, and Borrower fails to timely cure such default under the terms of the applicable agreement, it being understood and agreed by Borrower that a default of this Note, or of any of the City Agreements shall be a default of all of the foregoing listed documents.

Borrower agrees that the unforgiven balance of the principal amount of this Note, together with any charges owing, shall, in addition to any other remedies of the City and at the option of the City, become immediately due and payable upon any of the foregoing defaults by Borrower.

**7. Due on Sale or Encumbrance.** The Borrower covenants and agrees that it shall not sell, agree to sell, transfer, convey, lease, assign, encumber or alienate the Property or any part thereof or any interest therein except in accordance with the terms of the CDBG Loan Agreement and City Regulatory Agreement and any attempt to do so shall be deemed a default under the Note, in which event all obligations evidenced by the Note may be declared immediately due and payable at the option of the City.

**8. Prepayment Penalty.** No prepayment penalty will be charged to Borrower for payment of all or any portion of the Note prior to the date it is due. Prepayment will not, however, release the Borrower from ongoing obligations under the City Regulatory Agreement.

**9. Borrower's Waiver.** The Borrower hereby waives (a) notice of default or delinquency, (b) notice of acceleration, (c) notice of nonpayment, (d) notice of costs, expenses and losses or interest and late charges, (e) diligence in taking any action to collect any sums owing under the Note or in proceeding against any of the rights and interests in and to properties securing payment of the Note, (f) presentment for payment, demand, protest and notices of dishonor and of protest, (g) the benefits of all waivable exemptions, and (h) all defenses of time of payment or of any due date under this Note, in whole or in part, whether before or after maturity and with or without notice, except extensions in writing.

**10. Collection Costs; Attorney's Fees.** If, because of any event of default under this Note or any of the City Agreements, any attorney is engaged by City to enforce or defend any provision of this instrument, whether or not suit is filed hereon, then Borrower shall pay upon demand reasonable attorneys' fees, expert witness fees and all costs so incurred by City, as if such fees and costs had been added to the unforgiven principal owing hereunder.

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**11. Security.** Borrower's obligations under this Note shall, at all times during which any amount remains outstanding hereunder, be secured by the Deed of Trust. The security interest in the Project site granted to the City pursuant to the City Deed of Trust shall be subordinate only to such exceptions to title shown in the title report for the Property which are approved in writing by the City.

The City Loan shall constitute a nonrecourse obligation of Borrower, and neither Borrower nor any partner, member, or shareholder, thereof, shall have any personal liability for repayment.

However, nothing contained in the foregoing limitation of liability shall (a) limit or impair the enforcement against all such security for this Note of all the rights and remedies of the City, or (b) be deemed in any way to impair the right of the City to assert the unforgiven principal amount of this Note as a demand for money within the meaning and intent of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto. The foregoing limitation of liability is intended to apply only to the obligation for the repayment of the principal of this Note; nothing contained therein is intended to relieve the Borrower and, if Borrower is a partnership, limited liability company, or corporation, any general partner, member, or shareholder of Borrower of liability for damages caused to City as a result of (i) fraud or willful misrepresentation; (ii) the failure to pay taxes, assessments or other charges which may create liens on the real property described in the City Agreements that are payable or applicable prior to any foreclosure under the City Deed of Trust (to the full extent of such taxes, assessments or other charges); (iii) the retention of any rental income or other income arising with respect to the Project collected by Borrower after a default to the full extent of the rental income or other income retained and collected by Borrower after the giving of any such notice, and not used to pay operating expenses of the Project; (iv) the misapplication of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Project; and (v) breach of any environmental covenant or representation made by the Borrower relating to the Project.

**12. Notices.** All notices, demands, requests, elections, approvals, disapprovals, consents or other communications given under this Note shall be in writing and shall be given by personal delivery, first class mail certified or registered, return receipt requested, or reputable overnight delivery service that provides a receipt with the time and date of delivery and addressed as follows:

To City  
City of Soledad  
248 Main Street  
Soledad, CA 93960  
Attn: City Manager

With a copy to:  
City of Soledad  
248 Main Street  
Soledad, CA 93960  
Attn: City Counsel

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To Borrower:

SOLEDAD COMMUNITY HEALTH CARE  
DISTRICT, a political subdivision of the State of  
California  
Soledad Community Health Care District  
612 Main Street  
Soledad, CA 93960  
Attn: Chief Executive Officer

With a copy to:

Archer Norris  
2033 North Main Street, Suite 800  
Walnut Creek, CA 94596  
Attn: Colin Coffey

Any Notice shall be deemed received immediately if delivered by hand and shall be deemed received on the third day from the date it is postmarked if delivered by registered or certified mail.

**13. Governing Law.** This Note shall be construed in accordance with, and be governed by, the internal laws of the State of California, without regard to conflict of law principles.

**14. Severability.** If any provision of this Note shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

**15. Assignment.** City's rights under this Note may be assigned by City at its sole discretion.

**16. Conflict.** If any term or provision of this Note conflicts with any term or provision of any of the City Agreements, the terms or provisions of this Note shall control to the extent of such conflict.

**17. No Waiver by the City.** No waiver of any breach, default or failure of condition under the terms of the Note shall be implied from any failure of the City to take, or any delay by the City in taking, action with respect to such breach, default or failure or from any previous waiver of any similar or unrelated breach, default, or failure, and a waiver of any term of the Note must be made in writing and shall be limited to the express written term of such waiver.

**18. Modifications.** Neither this Note nor any term hereof may be waived, amended, discharged, modified, changed or terminated orally; nor shall any waiver of any provision hereof be effective except by an instrument in writing signed by City and Borrower.

**19. Usury.** Notwithstanding any provision in this Note, the total liability for payment in the nature of interest shall not exceed the limit imposed by applicable laws of the State of California.

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20. **Time.** Time is of the essence in this Note.

[signatures on next page]

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IN WITNESS WHEREOF, Borrower has executed this Note to be effective as of the date set forth above.

BORROWER:

SOLEDAD COMMUNITY HEALTH CARE  
DISTRICT, a political subdivision of the State  
of California

Dated: July 13, 2015

By:



Steven Pritt

Its:

Chief Executive Officer

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**EXHIBIT "E"**

**Project Timeline**

[See following document]

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## Soledad Community Healthcare District Preliminary Project Schedule

ID	Task Name	Duration	Start	Finish	Professionals
1	DBCG Funding / Project Approval - Tentative Project Start	9 days	Mon 8/29/15	Wed 7/1/16	Professionals
2	Phase I - Interim Upgrades - FF&E (Const. Cost: \$681,468)	218 days	Thu 7/2/15	Mon 6/2/16	
3	Design Development	16 days	Thu 7/2/15	Mon 7/27/15	
4	Construction Documents	48 days	Thu 7/2/15	Mon 8/24/15	
5	Permitting	60 days	Thu 7/2/15	Mon 9/14/15	
6	Bid / Contract Approval / NTP	30 days	Tue 12/1/15	Mon 1/05/16	
7	Construction - Phased	70 days	Tue 1/24/16	Mon 3/22/16	
8					
9	Phase II - Clinic Expansion & Site Work (Const. Cost: \$683,956)	360 days	Thu 7/2/15	Wed 11/16/16	
10	Design Development	48 days	Thu 7/2/15	Wed 8/26/15	
11	City of Soledad Design Review	50 days	Thu 8/27/15	Wed 11/4/15	
12	Construction Documents	55 days	Thu 11/5/15	Wed 1/20/16	
13	Permitting	50 days	Thu 12/1/15	Wed 3/30/16	
14	Bid	25 days	Thu 3/5/16	Wed 3/31/16	
15					
16	Construction - Phased	140 days	Thu 6/6/16	Wed 11/16/16	

Project: Soledad Clinic\_ Revised Scope  
 Date: Thu 7/2/15  
 177 Architects, Inc.

Task Split:  Task  Split  
 Progress Milestone:  Progress  Milestone  
 Summary Project Summary:  Summary  Project Summary  
 External Tasks External Milestone:  External Tasks  External Milestone  
 Deadline:  Deadline

Thu 7/2/15

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**EXHIBIT "F"**

**REGULATORY AGREEMENT AND  
DECLARATION OF COVENANTS AND RESTRICTIONS**

[See following document]

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FREE RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:

City of Soledad  
248 Main Street  
Soledad, CA 93960  
Attn: City Manager

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(Space Above For Recorder's Use)

This Regulatory Agreement is recorded at the request and for the benefit of the City of Soledad and is exempt from the payment of a recording fee pursuant to Government Code Section 27383.

**REGULATORY AGREEMENT AND  
DECLARATION OF COVENANTS AND RESTRICTIONS**

This REGULATORY AGREEMENT AND DECLARATION OF COVENANTS AND RESTRICTIONS ("Agreement") is dated to be effective as of July 13, 2015 (the "Effective Date"), and entered into by and between the CITY OF SOLEDAD, a political subdivision of the State of California ("City"), and SOLEDAD COMMUNITY HEALTH CARE DISTRICT, a political subdivision of the State of California ("Participant").

**R E C I T A L S**

A. Participant is the owner of that certain real property located in the City of Soledad, County of Monterey, State of California, more particularly described in the legal description attached hereto as Exhibit "1" and incorporated by reference herein (the "Property").

B. City and Participant are parties to that certain Community Development Block Grant Capital Expenditures Agreement ("CDBG Agreement") dated July 13, 2015, pursuant to which City is providing a loan to Participant from City's Community Development Block Grant program to assist Participant with its renovation of its Soledad Medical Clinic (the "**Clinic**"). All of the terms, conditions, provisions and covenants set forth in the CDBG Agreement are incorporated in this Agreement by reference as though written out at length herein and the CDBG Agreement and this Agreement shall be deemed to constitute a single instrument or document.

D. City and Participant desire to place restrictions upon the use and operation of the Property in order to ensure that the Property is continuously used as a community health care clinic in accordance with the terms set forth herein. It is the intent of the parties that title to the Property shall be subject to this Agreement and that the terms hereof shall be binding on Participant and its successors in interest in the Property for so long as this Agreement remains in effect.

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**NOW, THEREFORE**, in consideration of the benefits received by Participant, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Participant and City agree as follows:

**1. Definitions.** The following terms shall have the meanings in this Agreement given below unless expressly provided to the contrary:

“Agreement” shall mean this Regulatory Agreement and Declaration of Covenants and Restrictions by and between City and Participant.

“CDBG Requirements” shall collectively refer to the requirements of Title I of the Housing and Community Development Act of 1974 (42 U.S.C. § 5301 *et seq.*) as amended from time to time, and the implementing regulations set forth in 24 C.F.R. § 570 *et seq.* as amended from time to time, and the requirements set forth and referred to in Exhibit “A” attached to the CDBG Agreement.

“City Loan” shall mean the loan to be provided by City to Participant pursuant to the CDBG Agreement in the amount not to exceed the sum of ONE MILLION THREE HUNDRED NINETY-FIVE THOUSAND THREE HUNDRED FORTY-NINE DOLLARS (\$1,395,349.00) for the renovation of the Clinic.

“Eligible Client” shall mean a low or very-low income individual or family.

“HCD” shall mean the California Department of Housing and Community Development

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

“Loan Agreement” shall mean the Community Development Block Grant Capital Expenditures Agreement between City and Participant, referenced in Recital C of this Agreement, including all exhibits and other documents attached thereto, as may be amended from time to time.

“Participant” shall mean the SOLEDAD COMMUNITY HEALTH CARE DISTRICT, a political subdivision of the State of California, a California non-profit corporation, and its permitted successors and assigns in and to each Property.

“Participant Personnel” shall mean any employee, volunteer, contractor, subcontractor, or agent of Participant or any other person under Participant’s supervision, control or direction, including the contractors and subcontractors constructing the Project. Participant is responsible for the full compliance of all Participant Personnel with this Agreement and the Loan Agreement.

“Property” shall have the meaning ascribed in Recital B of this Agreement.

**2. Term.** The term of this Agreement shall commence upon the Effective Date and shall terminate on the tenth anniversary of the Completion Date. The termination of this Agreement shall not release either party from a default.

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**3. Use of Property.**

**3.1 Restrictions.** During the term of this Agreement, the Property shall be continuously operated as a community health care clinic. Participant shall cooperate with City in providing to City such evidence as required by City to confirm compliance with the foregoing and all obligations under this Agreement.

**4. Operation and Management of Project.** Participant shall operate and maintain the Project in a professional and competent manner. In addition, Participant shall manage and operate the Project in compliance with the CDBG Requirements and in a manner that meets the CDBG national objective(s) under which the City Loan was awarded to Participant.

**5. Monitoring and Records.**

**5.1 Monitoring.** City shall monitor and evaluate Participant's performance under this Agreement to determine compliance with this Agreement and the CDBG Requirements. Participant shall cooperate with City and shall make available to City all information, documents, and records reasonably requested by City and shall provide City the reasonable right of access to the Property and the Units during normal business hours for the purpose of assuring compliance with this Agreement and evaluating Participant's performance hereunder. City shall have the right to contact and interview Participant Personnel and the Eligible Tenants concerning this Agreement.

**5.2 Records to be Maintained.** Participant shall keep and maintain records providing a full description of the activities undertaken pursuant to this Agreement demonstrating that the activities meet the CDBG Requirements, and such other records as may be reasonably required by City to enable City to evaluate Participant's compliance with the CDBG Requirements and to enable City to comply with City's recordkeeping and reporting requirements under the CDBG Requirements. The books and records required to be maintained by Participant shall be kept at a location in Soledad, California. City and HCD and/or their representatives shall have full and free access to, and the right to examine, inspect, and audit, all books and records of Participant pertaining to this Agreement at all times during normal business hours upon 48 hours prior written notice to Participant.

**5.3 Audits.** Participant shall perform all audits of its books and records required by HCD or the CDBG Requirements or reasonably required by City and a copy of such audits shall be forwarded to the City within fifteen (15) days after completion. Participant shall be subject to all audit and review requirements imposed on City in connection with this Agreement and shall, at its sole cost and expense, cause such audits and reviews to be timely performed.

**6. Maintenance.** Participant agrees to and shall maintain all interior and exterior improvements, including landscaping, on the Property in a first class condition and repair (and, as to landscaping, in a healthy condition).

**7. Liens.** Participant shall pay and promptly discharge, at Participant's cost and expense, all Impositions, liens, encumbrances and charges upon the Property, or any part thereof or interest therein. As used herein, the term "Impositions" shall mean all (a) real estate and

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personal property taxes and other taxes and assessments, water and sewer rates and charges and all other governmental charges and any interest or costs or penalties with respect thereto and charges for any agreement maintained for the benefit of any Property, general and special, ordinary and extraordinary, foreseen and unforeseen, of any kind and nature whatsoever which at any time may be assessed, levied or imposed upon the Project, or the rent or income received therefrom, or any use or occupancy thereof, and (b) other taxes, assessments, fees and governmental charges levied, imposed or assessed upon or against Participant or any Property. In addition, Participant shall timely make all payments on all loans secured by any Property or other debts which could give rise to a security interest in the Property.

## 8. Insurance.

**8.1 Duty to Procure Insurance.** Participant, for the term of this Agreement, shall procure and keep in full force and effect or cause to be procured and kept in full force and effect for the mutual benefit of Participant and City, and shall provide City evidence reasonably acceptable to the City Manager, insurance policies meeting the minimum requirements set forth below:

### a. Types of Insurance and Minimum Limits

1. Worker's Compensation in the minimum statutorily required coverage amounts.

2. Automobile Liability Insurance for each of Participant's vehicles used in the performance of this Agreement, including owned, non-owned (e.g., owned by Participant's employees), leased or hired vehicles, in the minimum amount of Five Hundred Thousand Dollars (\$500,000) combined single limit per occurrence for bodily injury and property damage. This insurance coverage shall not be required if vehicle use by Participant is not a material part of performance of this Agreement and Participant and City both certify to this fact by initialing here *SM, ag.*

3. Comprehensive or Commercial General Liability Insurance coverage in the minimum amount of Two Million Dollars (\$2,000,000) combined single limit, including coverage for: (a) bodily injury, (b) personal injury, (c) broad form property damage, (d) contractual liability, and (e) cross-liability.

4. Insurance against fire, extended coverage, vandalism, and malicious mischief, and such other evils, hazards, and risks as now are or may be included in the standard "all risk" form in general use in Soledad, California, with the standard form fire insurance coverage in an amount equal to the full actual replacement cost of the improvements to be owned by Participant on the Project, as the same may change from time to time. City shall be a loss payee under such policy or policies and such insurance shall contain a replacement cost endorsement.

### b. Other Insurance Provisions

1. If any insurance coverage required by this Agreement is provided on a "Claims Made" rather than "Occurrence" form, Participant agrees to maintain the required

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coverage for a period of three (3) years after the expiration or termination of this Agreement (hereinafter "post agreement coverage") and any extensions thereof. Participant may maintain the required post agreement coverage by renewal or purchase of prior acts or tail coverage. This provision is contingent upon post agreement coverage being both available and reasonably affordable in relation to the coverage provided during the term of this Agreement. For purposes of interpreting this requirement, a cost not exceeding one hundred percent (100%) of the last annual policy premium during the term of this Agreement in order to purchase prior acts or tail coverage for post agreement coverage shall be deemed to be reasonable.

2. All required Automobile and Comprehensive or Commercial General Liability Insurance shall be endorsed to contain the following clause:

"The City of Soledad, its officials, officers, members, employees, agents, representatives and volunteers are added as additional insureds as respects the operations and activities of, or on behalf of, the named insureds performed under agreement with the City of Soledad."

3. All required insurance policies shall be endorsed to contain the following clause:

"This insurance shall not be canceled until after thirty (30) days prior written notice has been given to:

City of Soledad  
City Manager  
248 Main Street  
Soledad, CA 93960

4. Participant agrees to provide its insurance broker(s) with a full copy of these insurance provisions and provide City on or before the Effective Date of this Agreement with Certificates of Insurance for all required coverages. All Certificates of Insurance shall be delivered or sent to:

City of Soledad  
City Manager  
248 Main Street  
Soledad, CA 93960

Participant agrees that the provisions of this Section shall not be construed as limiting in any way the extent to which Participant may be held responsible for the payment of damages to any persons or property resulting from the Participant's activities or the activities of any person or persons for which the Participant is otherwise responsible.

**8.2 Failure to Procure Insurance.** If Participant fails to procure and maintain the above-required insurance despite its availability, then City, in addition to any other remedy which City may have hereunder for Participant's failure to procure, maintain, and/or pay for the insurance required herein, may (but without any obligation to do so) at any time or from

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time to time, after thirty (30) days written notice to Participant, procure such insurance and pay the premiums therefor, in which event Participant shall immediately repay City all sums so paid by City together with interest thereon at the maximum legal rate.

**9. Compliance with Laws.** Participant shall comply and cause the Participant Personnel and all Eligible Tenants on the Property to comply with all applicable laws, regulations, and rules of any governmental agencies having jurisdiction with regard to any activities conducted on the Property, including without limitation the CDBG Requirements. Each and every provision required by law to be included in this Agreement shall be deemed to be included, and this Agreement shall be read and enforced as though all such provisions were included. Participant acknowledges and agrees that it shall be and remain, and shall cause the Participant Personnel to be and remain, fully knowledgeable and apprised of all local, state and federal laws, rules and regulations in any manner affecting the performance under this Agreement, including the CDBG Requirements. Participant shall indemnify, protect, defend and hold harmless City and its officials, officers, employees, and agents, with counsel reasonably acceptable to City, from and against any and all loss, liability, damage, claim, cost, and/or expense (including reasonable attorneys' fees, court and litigation costs, and fees of expert witnesses) that results or arises in any way from any of the following the noncompliance by Participant or Participant Personnel of any applicable local, state and/or federal law.

**10. Non-Discrimination.** There shall be no discrimination against or segregation of any person, or group of persons, on account or race, color, creed, religion, sex, marital status, national origin or ancestry or any other protected class in the sale, lease sublease, transfer, use, occupancy, tenure or enjoyment of the site, or any part thereof, nor shall Participant, or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Property, or any part thereof.

**11. Defaults.**

**11.1 Defaults-General.** The occurrence of any of the following shall be deemed a default under this Agreement:

(a) The failure or delay by either party to perform any term or provision of this Agreement if such failure is not cured, corrected or remedied within any specific time period set forth in this Agreement.

(b) The failure or delay by Participant to perform any term or provision of any of the Agency Documents if such failure is not cured, corrected or remedied after notice has been provided under the applicable document and any applicable cure period has expired.

(c) If no other specific time period is set forth herein, the failure to cure a monetary default under this Agreement (other than any monetary defaults specifically listed in any of the other subparagraphs of this Section 11.1) within ten (10) days after the nonperforming party's receipt of written notice from the other party specifying the nature of the default.

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(d) If no other specific time period is set forth herein, the failure to cure a non-monetary default under this Agreement (other than any non-monetary defaults specifically listed in any of the other subparagraphs of this Section 11.1) within thirty (30) days after the nonperforming party's receipt of written notice from the other party specifying the nature of the default; provided, however, that if the failure cannot be corrected within such period, it shall not constitute a default if the failure is correctable without material adverse effect on the Property, and if corrective action is instituted by Participant within such period and diligently pursued until the failure is corrected, and provided further that any such failure is cured within sixty (60) days of receipt of notice of such failure.

(e) The occurrence of any default under the Loan Agreement that is not cured within any applicable cure period thereunder.

The party in default shall provide to the other party immediate written notice of the occurrence of any event that would constitute a default hereunder.

**11.2 Remedies Upon Default.** In addition to any other rights or remedies available at law or in equity, upon a default of this Agreement (other than a default of City) City may take any of the actions described in the CDBG Agreement for defaults, including without limitation the institution of legal action to cure, correct, or remedy any default or recover damages for any default, enforce any of the City's rights contained in Section 10.2 of the Loan Agreement including requiring Participant repay the City Loan, or obtain any other remedy consistent with the purposes of this Agreement. All legal actions must be instituted and maintained in the Superior Court of Monterey County, California, or in any other appropriate court in that city.

**11.3 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.

## **12. Miscellaneous.**

**12.1 Attorneys' Fees and Costs.** If either party to this Agreement commences an action against the other party to this Agreement arising out of or in connection with this Agreement, each party shall pay its own attorney's fees.

**12.2 Entire Agreement, Waivers, and Amendments.** This Agreement, the CDBG Agreement, and the agreements referred to herein contain the entire agreement between the parties relating to the subject matter hereof, and supersedes all negotiations and previous agreements between the parties with respect to all or part of the subject matter hereof. All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the party to be charged. A waiver of the breach of the covenants, conditions or obligations under this Agreement by either party shall not be construed as a waiver of any succeeding breach of the same or other covenants, conditions or obligations of this Agreement.

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Any amendment or modification to this Agreement must be in writing and executed by the appropriate authorities of City and Participant.

**12.3 Interpretation; Governing Law.** This Agreement shall be construed according to its fair meaning and as if prepared by both of the parties hereto. This Agreement shall be construed in accordance with the internal laws of the State of California without regard to conflict of law principles.

**12.4 Severability.** If any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Agreement, and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision(s) had never been contained herein.

**12.5 Assignment and Transfer.** The qualifications and identity of the Participant are of particular interest to the City. It is because of these qualifications and identity that the City has entered into the CDBG Agreement and this Agreement with the Participant. Consequently, no person, whether a voluntary or involuntary successor of Participant, shall acquire any rights or powers under this Agreement nor shall the Participant assign all or any part of this Agreement or the Property without the prior written approval of the City. A voluntary or involuntary sale or transfer of any interest in the Participant or the Property during the term of this Agreement shall be deemed to constitute an assignment or transfer for the purposes of this Section 12.5, and the written approval of the City shall be required prior to effecting such an assignment or transfer. Any purported transfer, voluntarily or by operation of law, except with the prior written consent of the City, shall be null and void. During the term of this Agreement the Participant shall not, except as permitted by this Agreement, assign or attempt to assign this Agreement or any rights or duties herein, nor make any total or partial sale, transfer, conveyance, or assignment of the whole or any part of the Property or any of the improvements thereon, without the prior written approval of the City.

Notwithstanding any other provision of this Agreement to the contrary, City approval of an assignment of this Agreement or transfer of the Property, or any interest therein, shall not be required in connection with: (a) the conveyance or dedication of any portion of the Property to the City, or other appropriate governmental agency, including public utilities, where the granting of such conveyance or easement permits or facilitates the development of the Project on the Property; or (b) an entity owned and controlled by the SOLEDAD COMMUNITY HEALTH CARE DISTRICT, a political subdivision of the State of California, a California nonprofit public benefit corporation; (c) any mortgage, deed of trust, sale and leaseback, or other form of conveyance required for any reasonable method of financing or refinancing the development of the Project on the Property that has been approved by the City Manager, including all direct and indirect costs related thereto; (d) transfers resulting from the death or mental or physical incapacity of an individual; (e) transfers in trust for the benefit of a spouse, children, grandchildren, or other family member, or for charitable purposes; (f) transfers of stock in a publicly-held corporation or of the beneficial interest in any publicly-held partnership or real estate investment trust.

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**12.7 Covenants Run with the Land.** All conditions, covenants, and restrictions contained in this Agreement shall be covenants running with the land, and shall, in any event, and without regard to technical classification or designation, legal or otherwise, be, to the fullest extent permitted by law and equity, binding for the benefit and in favor of, and enforceable by, City and its successors and assigns, against Participant, its successors and assigns, to or of each Property or any portion thereof or any interest therein, and any party in possession or occupancy of said Property or portion thereof. Upon a transfer of any Property by Participant, the transferee shall be subject to and shall comply with this Agreement, subject to the terms of any subordination agreement recorded concurrently herewith with any lender. In amplification and not in restriction of the provisions set forth hereinabove, it is intended and agreed that City shall be deemed a beneficiary of the agreements and covenants provided hereinabove both for and in its own right and also for the purposes of protecting the interests of the community. All covenants without regard to technical classification or designation shall be binding for the benefit of City and such covenants shall run in favor of City for the entire period during which such covenants shall be in force and effect, without regard to whether City is or remains an owner of any land or interest therein to which such covenants relate.

**12.8 Counterparts.** This Agreement may be executed in two or more counterparts, each of which when so executed and delivered shall be deemed an original and all of which, when taken together, shall constitute one and the same instrument.

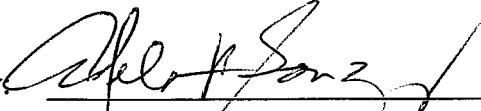
[signatures on next page]

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IN WITNESS WHEREOF, City and Participant have entered into this Agreement as of the date first set forth above.

CITY OF SOLEDAD,  
a political subdivision of the State of California

Dated: July 13, 2015

By: 

Adela P. Gonzalez

Its: City Manager

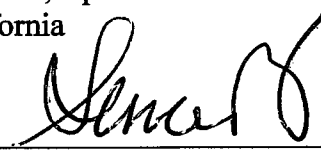
APPROVED AS TO FORM

  
\_\_\_\_\_  
City Counsel

“PARTICIPANT”

SOLEDAD COMMUNITY HEALTH CARE  
DISTRICT, a political subdivision of the State  
of California

Dated: July 13, 2015

By: 

Steven Pritt

Its: Chief Executive Officer

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ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

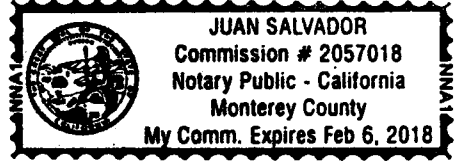
State of California  
County of Monterey

On July 13, 2015 before me, Juan Salvador (Notary)  
(insert name and title of the officer)

personally appeared Steven Pitt  
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/~~she~~/they executed the same in his/~~her~~/their authorized capacity(ies), and that by his/~~her~~/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature [Handwritten Signature] (Seal)



**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

**CIVIL CODE § 1189**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
County of Monterey )

On July 13, 2015 before me, Francine M. Berfil-Uy, Notary Public  
Date Here Insert Name and Title of the Officer

personally appeared Adela P. Gonzalez  
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature Francine M. Berfil-Uy  
Signature of Notary Public

Place Notary Seal Above

**OPTIONAL**

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

**Description of Attached Document**

Title or Type of Document: CO Block Grant Capital Expenditures Agreement Document Date: July 13, 2015  
Number of Pages: 70 Signer(s) Other Than Named Above: No other signers

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: Adela P. Gonzalez

- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Individual  Attorney in Fact
- Trustee  Guardian or Conservator
- Other: City manager

Signer Is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_

- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Individual  Attorney in Fact
- Trustee  Guardian or Conservator
- Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_

IA1  
Monterey County  
My Comm. Expires 09, 2018

State of California )  
City of \_\_\_\_\_ )

On July 13, 2015, before me, \_\_\_\_\_,  
(insert name and title of the officer)

Notary Public, personally appeared \_\_\_\_\_,  
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are  
subscribed to the within instrument and acknowledged to me that he/she/they executed the same  
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument  
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that  
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_

(Seal)

State of California )  
City of \_\_\_\_\_ )

On July 13, 2015, before me, \_\_\_\_\_,  
(insert name and title of the officer)

Notary Public, personally appeared \_\_\_\_\_,  
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are  
subscribed to the within instrument and acknowledged to me that he/she/they executed the same  
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument  
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that  
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_

(Seal)

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**EXHIBIT 1**

**LEGAL DESCRIPTION OF PROPERTY**

Real property in the City of Soledad, County of Monterey, State of California, described as follows:

PARCEL ONE: (PORTION APN: 022-124-001)

A PORTION OF RANCHO SAN VICENTE, BEING A PART OF THAT CERTAIN TRACT CONVEYED TO PETER SCATTINI, ET AL, BY DEED DATED FEBRUARY 19, 1920, RECORDED IN BOOK 170 OF DEEDS, AT PAGE 283, MONTEREY COUNTY RECORDS, SAID PART BEING PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST NORTHERLY CORNER OF LOT A, AS SAID LOT IS SHOWN ON MAP ENTITLED "SCATTINI SUBDIVISION", FILED JANUARY 28, 1947, IN MAP BOOK 4 CITIES AND TOWNS, AT PAGE 108 THEREIN, RECORDS OF MONTEREY COUNTY, CALIFORNIA; THENCE, FROM SAID PLACE OF BEGINNING, ALONG THE BOUNDARY OF SAID SUBDIVISION AND ALSO THE NORTHEASTERLY BOUNDARY OF LOT A,

(1) SOUTH 39° 22. 30" EAST 259.70 FEET; THENCE LEAVE SAID SUBDIVISION BOUNDARY AND ALSO THE NORTHEASTERLY BOUNDARY OF SAID LOT A,

(2) NORTH 0° 01. WEST 141.37 FEET; THENCE

(3) NORTH 39° 22. 30. WEST 217.53 FEET; THENCE

(4) SOUTH 13° 47. 30. WEST 112.0 FEET TO THE PLACE OF BEGINNING.

PARCEL TWO: (PORTION APN: 022-124-001)

A PORTION OF RANCHO SAN VICENTE, BEING A PART OF THAT CERTAIN TRACT OF LAND CONVEYED TO PETER SCATTINI, ET AL, BY DEED DATED FEBRUARY 19, 1920, RECORDED IN BOOK 170 OF DEEDS, AT PAGE 283, MONTEREY COUNTY RECORDS, SAID PART BEING PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A 1/2" DIAMETER IRON PIPE STANDING AT THE MOST NORTHERLY CORNER OF THAT CERTAIN TRACT OF LAND CONVEYED TO CENTRAL VALLEY HOSPITAL ASSOCIATION BY DEED DATED DECEMBER 2, 1947, RECORDED IN BOOK 1024 OF OFFICIAL RECORDS, AT PAGE 72, MONTEREY COUNTY RECORDS; THENCE, FROM SAID PLACE OF BEGINNING, ALONG THE NORTHEASTERLY BOUNDARY OF LAST MENTIONED TRACT OF LAND,

(1) SOUTH 39° 22. 30. EAST 343.68 FEET, AT 217.53 FEET LEAVE THE BOUNDARY OF SAID CENTRAL VALLEY HOSPITAL ASSOCIATION TRACT OF LAND, 343.68 FEET TO A POINT IN THE EASTERLY BOUNDARY OF SAID SCATTINI TRACT OF LAND; THENCE, ALONG LAST MENTIONED BOUNDARY,

(2) NORTH 0° 01' WEST 272.86 FEET; THENCE, LEAVE LAST MENTIONED BOUNDARY,

(3) NORTH 54° 31. 30. WEST 154.84 FEET, AT 95.84 FEET A 1" DIAMETER IRON PIPE, 154.84 FEET TO A 1/2. DIAMETER IRON PIPE; THENCE

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(4) SOUTH 43° 25. 30. WEST 133.63 FEET TO THE PLACE OF BEGINNING.

EXCEPTING THEREFROM THAT PARCEL OF LAND DESCRIBED IN THE DEED TO GONZALES UNION HIGH SCHOOL DISTRICT, RECORDED IN REEL 864, PAGE 740, OFFICIAL RECORDS.

PARCEL THREE:

A RIGHT OF WAY APPURTENANT, FOR ALL PURPOSES OF A ROAD, OVER, UPON AND ACROSS A STRIP OF LAND 30 FEET WIDE AND 30 FEET LONG, LYING ALONG, CONTIGUOUS TO AND NORTHWESTERLY FROM THE SOUTHWESTERLY 30 FEET OF THAT CERTAIN COURSE HEREINABOVE NUMBERED (4) IN PARCEL TWO ABOVE DESCRIBED, AND DESIGNATED AS SOUTH 43° 25. 30. WEST 133.63 FEET.

EXCEPTING THEREFROM THAT PORTION THEREOF LYING WITHIN PARCEL SIX.

PARCEL FOUR:

A RIGHT OF WAY APPURTENANT, FOR ALL PURPOSES OF A ROAD, OVER, UPON AND ACROSS A STRIP OF LAND 80.0 FEET WIDE, LYING ALONG, CONTIGUOUS TO AND NORTHWESTERLY FROM THE FOLLOWING DESCRIBED LINE:

BEGINNING AT A 1/2" DIAMETER IRON PIPE STANDING AT THE MOST NORTHERLY CORNER OF SAID CENTRAL VALLEY HOSPITAL ASSOCIATION TRACT REFERRED TO IN PARCEL TWO ABOVE; THENCE, ALONG THE NORTHWESTERLY BOUNDARY THEREOF, SOUTH 13° 47. 30. WEST 112.0 FEET TO A POINT IN THE NORTHEASTERLY BOUNDARY OF SAID SCATTINI SUBDIVISION, THE NORTHEASTERLY EXTREMITY OF SAID RIGHT OF WAY BEING THE COURSE HEREINABOVE NUMBERED (1) IN PARCEL TWO ABOVE DESCRIBED PRODUCED NORTHWESTERLY, AND THE SOUTHWESTERLY EXTREMITY OF SAID RIGHT OF WAY BEING CONTIGUOUS TO THE NORTHEASTERLY BOUNDARY OF SAID SCATTINI SUBDIVISION.

PARCEL FIVE: (PORTION APN: 022-124-001)

LOT A, AS SHOWN ON THE MAP OF TRACT NO. 138, SCATTINI SUBDIVISION, FILED JANUARY 28, 1947, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, IN BOOK 4, CITIES AND TOWNS, AT PAGE 108.

PARCEL SIX: (PORTION APN: 022-124-001)

A PORTION OF THAT CERTAIN PARCEL 1, OF THAT TRACT OF LAND CONVEYED BY DEED TO THE GONZALES UNION HIGH SCHOOL DISTRICT, AS RECORDED IN REEL 418 AT PAGE 894 OF OFFICIAL RECORDS, PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST WESTERLY CORNER OF THAT CERTAIN PARCEL OF LAND AS DESCRIBED IN THE DEED TO SOLEDAD COMMUNITY HOSPITAL DISTRICT, AS RECORDED IN REEL 124, AT PAGE 124 OF OFFICIAL RECORDS; THENCE, ALONG THE NORTHWESTERLY BOUNDARY OF SAID HOSPITAL DISTRICT PARCEL,

(1) NORTH 43° 25. 30. EAST 90.16 FEET; THENCE, LEAVING THE NORTHWESTERLY BOUNDARY OF SAID HOSPITAL PARCEL,

(2) NORTH 76° 12. 30. WEST 44.58 FEET; THENCE

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(3) SOUTH 13° 47. 30. WEST 78.37 FEET TO THE POINT OF BEGINNING.

PARCEL SEVEN: (PORTION APN: 022-124-001)

A PORTION OF THAT CERTAIN PARCEL 1, OF THAT TRACT OF LAND CONVEYED BY DEED TO THE GONZALES UNION HIGH SCHOOL DISTRICT, AS RECORDED IN REEL 418 AT PAGE 894 OF OFFICIAL RECORDS, PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE NORTHEASTERLY BOUNDARY OF THAT CERTAIN PARCEL OF LAND AS CONVEYED TO THE SOLEDAD COMMUNITY HOSPITAL DISTRICT, AS RECORDED IN REEL 124 AT PAGE 124 OF OFFICIAL RECORDS; THENCE, ALONG SAID HOSPITAL DISTRICT BOUNDARY,

(1) SOUTH 54° 31. 30. EAST 52.58 FEET TO A POINT IN THE EASTERLY BOUNDARY OF THAT 140.0 ACRE TRACT OF LAND CONVEYED FROM BINGAMAN TO SCATTINI AS RECORDED IN BOOK 170 OF DEEDS AT PAGE 283, RECORDS OF MONTEREY COUNTY; THENCE, ALONG SAID SCATTINI TRACT EASTERLY BOUNDARY,

(2) NORTH 00° 01. 00. WEST 20.01 FEET; THENCE, LEAVING SAID SCATTINI TRACT EASTERLY BOUNDARY,

(3) NORTH 76° 12. 30. WEST 44.08 FEET TO THE POINT OF BEGINNING.

PARCEL EIGHT: (PORTION APN: 022-124-001)

CERTAIN REAL PROPERTY SITUATE IN THE RANCHO SAN VICENTE AND BEING A PORTION OF SOLEDAD STREET, AN 80 FOOT WIDE CITY STREET AS SHOWN ON MAP OF THE .SCATTINI SUBDIVISION., RECORDED IN VOLUME 4 OF CITIES AND TOWNS AT PAGE 108, RECORDS OF SAID COUNTY, AND A PORTION OF THOSE LANDS DESCRIBED IN DEED RECORDED IN REEL 1033 OF OFFICIAL RECORDS AT PAGE 888, RECORDS OF SAID COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE WESTERLY LINE OF SAID SOLEDAD STREET, SAID POINT BEING THE MOST NORTHEASTERLY CORNER OF .LOT A. AS SHOWN ON SAID MAP; THENCE, ALONG SAID LINE,

(1) SOUTH 0° 01. EAST 193.47 FEET TO A POINT; THENCE, TANGENTIALLY

(2) CURVING TO THE RIGHT ALONG THE ARC OF A CIRCULAR CURVE OF 20 FOOT RADIUS, THROUGH AN ANGLE OF 103° 48. 30., A DISTANCE OF 36.24 FEET TO A POINT ON THE NORTHERLY LINE OF REGINA STREET, A CITY STREET 80 FEET WIDE; THENCE, LEAVE SAID WESTERLY LINE OF SOLEDAD STREET AND ALONG THE EASTERLY PROLONGATION OF SAID NORTHERLY LINE OF REGINA STREET,

(3) SOUTH 76° 12. 30. EAST 107.89 FEET TO A POINT IN THE EASTERLY BOUNDARY OF SAID SCATTINI SUBDIVISION AND THE EASTERLY LINE OF SAID SOLEDAD STREET; THENCE, ALONG SAID BOUNDARY AND STREET LINE,

(4) NORTH 0° 01. WEST 282.47 FEET, AT 141.10 FEET THE MOST NORTHEASTERLY CORNER OF SAID SCATTINI SUBDIVISION, TO AND ALONG THE EASTERLY BOUNDARY OF PARCEL 1 AS DESCRIBED IN SAID DEED, 282.47 FEET TO THE MOST NORTHEASTERLY CORNER OF SAID PARCEL 1; THENCE, ALONG THE NORTHERLY BOUNDARY THEREOF,

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(5) NORTH 39° 22. 30. WEST 126.15 FEET TO THE MOST NORTHWESTERLY CORNER OF SAID PARCEL 1; THENCE

(6) SOUTH 0° 01. EAST 141.37 FEET TO THE POINT OF BEGINNING.

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