



# CITY OF VALLEJO

COMMUNITY DEVELOPMENT DEPARTMENT  
Economic Development Division

555 SANTA CLARA STREET • P.O. BOX 3068 • VALLEJO • CALIFORNIA • 94590-5934 • (707) 648-4444  
E-MAIL: econdev@ci.vallejo.ca.us • WEB PAGE: www.ci.vallejo.ca.us/ed.html • FAX (707) 648-4499

August 4, 2003

Francis "Skip" Radziewicz, Interim General Manager  
Greater Vallejo Recreation District  
395 Amador Street  
Vallejo, CA 94590

Subject: Sereno Village Project Agreement between City of Vallejo, Greater Vallejo Recreation District, and Sereno Village Associates

Dear Mr. Radziewicz:

Enclosed, for your records, please find:

- Signed copy of the Amended and Restated Loan Agreement,
- Signed original Deed of Trust naming Sereno Village Associates as Trustor and City of Vallejo and GVRD as Beneficiaries,
- Signed copy Lender's Escrow Instructions
- Signed copy Substitution of Trustee and Deed of Full Reconveyance

An original set of these documents is being forwarded to North American Title Company for recording.

Should you have any questions, please call me at 707/648-4395.

Sincerely,

GUY L. RICCA  
Senior Community Development Analyst

Enclosures

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## AMENDED AND RESTATED LOAN AGREEMENT

THIS AMENDED AND RESTATED LOAN AGREEMENT (this "Agreement") is entered into as of JULY 18, 2003 by and between the CITY OF VALLEJO ("City"), a municipal corporation, the GREATER VALLEJO RECREATION DISTRICT ("GVRD"), and SERENO VILLAGE ASSOCIATES, a California Limited Partnership ("Borrower"), whose Managing General Partner is CITIZENS HOUSING CORPORATION, a California non-profit public benefit corporation, ("Citizens") and Administrative General Partner is AFFORDABLE HOUSING AFFILIATION, a California nonprofit public benefit corporation ("AHA") (Citizens and AHA are collectively referred to herein as the "General Partners"). This Agreement expressly replaces and supersedes the Loan Agreement entered into by City and Borrower on May 15, 2003, and encompasses the Loan Agreement contemplated by GVRD and Borrower.

### RECITALS

A. Citizens and the Redevelopment Agency of the City of Vallejo (the "Agency") entered into that certain Participation Agreement, dated November 28, 2000, which Participation Agreement was assigned to and assumed by the Borrower pursuant to that certain Assignment Agreement Re: Property and Financing between Citizens and the Borrower, dated February 11, 2002 (as so assigned, the "PA").

B. Pursuant to the PA, the Borrower acquired that certain real property (the "Site") shown on the Map of the Site attached hereto as **Exhibit A** and incorporated herein by reference, and described in the Legal Description of the Site attached hereto as **Exhibit B** and incorporated herein by reference. Pursuant to the PA, the Borrower will construct on the Site a multi-family residential housing project on Sereno Drive (Planned Development #01-0007), consisting of approximately 125 residential units (the "Units"), which shall be rented to qualified very-low income persons and families (the "Sereno Village Project").

C. On June 5, 2001, the Vallejo City Council committed funds for the Sereno Village Project in the amount of \$844,781, and directed that an agreement, including a note and deed of trust, be prepared and executed to ensure the repayment of the Loan. On April 9, 2002, the City Council modified its prior commitment, and approved a loan to the Borrower in the principal amount of \$1,400,000, which funds were to be made available to the Borrower to assist with financing the construction of the Sereno Village Project. On June 13, 2001, the GVRD Board of Directors committed funds for the Sereno Village Project in the amount of \$202,463, which funds were to be made available to the Borrower to assist with financing costs associated with the construction of the Sereno Village Project. The total aggregate amount of the loan committed to by City and GVRD, pursuant to this Agreement is \$1,602,463.

D. The parties desire to enter into this Agreement to set forth the terms and conditions and ensure repayment of the Loan.

NOW THEREFORE, IT IS AGREED AS FOLLOWS:

## AGREEMENT

1. Loan. The City and GVRD agree to loan to Borrower and the Borrower agrees to borrow from City and GVRD an aggregate amount not to exceed One Million Six Hundred and Two Thousand Four Hundred and Sixty-Three Dollars (\$1,602,463) (the "Loan"), subject to the terms and conditions set forth in this Agreement. Of the total Loan amount (\$1,602,463), One Million Four Hundred Thousand Dollars (\$1,400,000) shall be funded from, and when repaid shall be credited toward, City Account No. 001 (General Fund), on behalf of the City (sometimes referred to herein as the "City Loan"), and the remaining Two Hundred Two Thousand Four Hundred Sixty Three Dollars (\$202,463) shall be funded by the City from, and when repaid shall be credited toward, City Account No. 137, on behalf of GVRD (sometimes referred to herein as the "GVRD Loan"). The GVRD Loan shall be administered by the City on behalf of GVRD. The Loan shall be evidenced by and repayable in accordance with a promissory note (the "Note") executed by the Borrower in substantially the form attached hereto and incorporated herein as **Exhibit C**. The Note shall bear simple interest at the rate of three percent (3%) per annum. Payments shall be made under the Note from a pro-rata share of Net Surplus Cash from the Project (as defined in the Note), with the entire amount of unpaid principal and interest due in full fifteen (15) years following the date of the Note, all as more fully set forth in the Note. The Note shall be secured by a deed of trust (the "Deed of Trust") to be recorded against the Site, which Deed of Trust shall be executed by the Borrower, in recordable form, in substantially the form attached hereto and incorporated herein as **Exhibit D**. The Deed of Trust shall be and remain a lien upon the Site, subordinate only to those certain regulatory agreements and deeds of trust previously recorded in favor of Borrower's lenders and authorized under the PA (the "Approved Senior Liens").

The Note is one of four (4) promissory notes to be executed and delivered by the Borrower for the Sereno Village Project, all of which notes require repayment from the Net Surplus Cash from the Sereno Village Project, including: (1) the Note; (2) a promissory note executed by the Borrower in favor of the Vallejo Sanitation and Flood Control District ("VSFCD"), in the initial principal amount of \$351,635.20 (the "VSFCD Note"), entered into pursuant to a Loan Agreement between Maker and VSFCD dated November 19, 2002; (3) a promissory note executed by the Borrower in favor of the Agency, in the initial principal amount of \$600,000 (the "Agency Acquisition Loan Note"), entered into pursuant to Section 302 of the PA; and (4) a promissory note executed by the Borrower in favor of the Agency, in the initial principal amount of \$1,900,000 (the "Agency Permanent Financing Loan Note"), entered into pursuant to Section 303 of the PA. The Agency, pursuant to its consent and agreement attached hereto and incorporated herein by reference, has agreed to defer repayment of amounts owed to the Agency by the Borrower under the Agency Acquisition Loan Note and Agency Permanent Financing Loan Note until such time as all amounts owed to the City and to GVRD under the Note and to VSFCD under the VSFCD Note, have been repaid in full. Further, it is the intent of the City and GVRD (and VSFCD pursuant to its separate loan agreement and note referenced above) that the entire amount of Net Surplus Cash (as defined in the Note) from the Sereno Village Project be divided on a pro-rata basis and paid to the City, GVRD and VSFCD to repay amounts owing by the

Borrower under the Note and the VSFCD Note, respectively, all as more fully set forth in the Note.

2. Conditions to Disbursement of Loan Proceeds. The City, on behalf of itself and GVRD, shall not be obligated to make any disbursement of any portion of the Loan proceeds or take any other action under this Agreement unless all of the following conditions precedent are satisfied or waived in City's and GVRD's reasonable discretion:

a. The Borrower shall deliver evidence satisfactory to the City and GVRD that Borrower has obtained, or caused to be obtained, all approvals necessary to undertake and complete the construction of the Sereno Village Project, including without limitation, binding commitments for any financing required, in addition to the Loan provided for hereunder, for the construction of the Sereno Village Project; approval of all construction plans, drawings and related documents; and approvals and issuance of all required permits, including a building permit; and that Borrower will commence construction within thirty (30) business days after the date of the Note and disbursement of the Loan proceeds;

b. The Borrower shall execute and deliver to the City the Note and Deed of Trust (in recordable form) evidencing the Loan, pursuant to Section 1, above;

c. All of the representations and warranties made by the Borrower in this Agreement and in the PA and any other loan documents executed by the Borrower with respect to the Sereno Village Project, as referenced in the PA, shall be true and correct as of the date of the proposed disbursement; and

d. The Borrower shall deliver to the City a binding commitment by a title insurance company acceptable to the City and GVRD to issue a CLTA lender's policy of title insurance ("Title Policy"), with any endorsement the City or GVRD may reasonably require, showing fee simple title to the Site in the name of the Borrower, of the validity and the priority of the Note and Deed of Trust as a lien upon the Site, subject only to matters of record approved by the City and GVRD in writing, and subordinate only to the Approved Senior Liens authorized under Section 1, above;

e. The Borrower has delivered evidence of insurance required by Section 7 of this Agreement.

If the Borrower fails to satisfactorily complete all of the conditions precedent set forth above, then the City (for itself or on behalf of GVRD), in its sole discretion, may terminate this Agreement by delivering written notice of such termination to the Borrower. Following such termination, no party shall have any further rights, duties or obligations hereunder, and the City (for itself or on behalf of GVRD) shall have no obligation to fund any portion of the Loan provided for hereunder.

3. Loan Closing. The City shall deliver the proceeds of the Loan to the Borrower upon satisfaction of all of the conditions set forth in Section 2, above. Concurrently with delivery of the proceeds of the Loan to the Borrower, the City shall record, or cause the recordation of, the Deed of Trust in the Official Records of the

County of Solano. The Borrower shall pay all fees, charges and costs related to the Loan, including without limitation all closing costs and fees and the premium for the Lender's Title Policy required under Section 2.d., above.

4. Restrictions on Use of Loan Proceeds. The Borrower covenants that it shall use the proceeds of the Loan solely to pay costs associated with the construction of the Sereno Village Project. The Borrower shall not use the Loan proceeds, or permit them to be used, for any purpose other than as set forth in this Section 4. The City and GVRD shall not be responsible for any costs or charges incurred in the construction of the Sereno Village Project, except for the Loan provided for hereunder.

5. Schedule of Performance of Construction Obligations. The Borrower shall commence and diligently proceed to take all actions necessary to undertake and complete the construction of the Sereno Village Project, in accordance with the schedule of performance provided for under the PA.

6. Subordination. The City and GVRD agree to subordinate the lien of their Deed of Trust to any other Deeds of Trust or other security instruments for the Approved Senior Liens authorized under Section 1, above, and execute such subordinating and non-disturbance Agreements with Borrower's senior lenders and tenants of all or any portion of the Site, all in recordable form.

7. Insurance.

A. Workers' Compensation. The Borrower, at its own cost and expense, shall carry and maintain full Workers' Compensation Insurance and Employer's Liability with limits as required by California law with an insurance carrier satisfactory to the City and GVRD. The policy shall provide that no cancellation, major change or expiration shall become effective or occur until at least ten (10) days after receipt of written notice by the City and GVRD.

B. Liability and Property Damage.

1. The Borrower, at its own cost and expense, shall maintain a commercial general liability policy written on an occurrence basis with a combined single limit of TWO MILLION DOLLARS (\$2,000,000). The City and GVRD, and their officers and employees, shall be named as additional insured. The policy shall cover the Site.

2. All insurance shall be with insurers and under forms of policies satisfactory in all respect to the City and GVRD and shall provide that notice must be given to the City at least thirty (30) days prior to cancellation or material change. The policies shall stipulate that this insurance will operate as primary insurance and that no other insurance effected by the City or GVRD will be called upon to contribute to a loss suffered by the Borrower hereunder.

3. The Borrower agrees to furnish any certificates of insurance evidencing the above-described policies as requested by the City or GVRD. Such certificates must be returned to City and GVRD and approved by the City and GVRD,

respectively, before any disbursement will be made under this Agreement. Upon notification of receipt by the City and GVRD of a notice of cancellation or major change in coverage, the Borrower shall file with the City and GVRD a certified copy of the required new or renewal policy and certificates for such policy.

8. Indemnification. The Borrower shall defend, assume all responsibility for and hold the City and GVRD, and their respective officers and employees, harmless from all demands, claims, actions and damages to any person or property arising out of or caused by any of Borrower's activities under this Agreement, whether such activities or performance thereof be by the Borrower or anyone directly or indirectly employed or contracted with by the Borrower and whether such damage shall accrue or be discovered before or after completion of the Sereno Village Project, except to the extent any such demands, claims, actions and damages are due to the gross negligence or willful misconduct of the City or GVRD or their respective officers and employees.

9. Defaults. The occurrence of any of the following shall constitute an event of default under this Agreement: (1) Borrower fails to pay any amount due hereunder or under the Note or Deed of Trust within fifteen (15) days of its due date after notice to Borrower; or (2) any other material default by Borrower hereunder or under the Note or Deed of Trust which is not cured within 30 days after notice to Borrower, or within such other applicable cure period provided for under this Agreement; (3) any sale or transfer of the Sereno Village Project or any portion thereof in violation of this Agreement or the PA unless consented to by the City (for itself and on behalf of GVRD) in its reasonable discretion; (4) the filing by or against the Borrower of a petition for relief under the Bankruptcy Reform Act of 1978 or any bankruptcy or debtor relief law; (5) the transfer or assignment of this Loan Agreement, the Note or the Deed of Trust without approval by the City (for itself and on behalf of GVRD); (6) failure of the Borrower to complete the construction of the Sereno Village Project, or any portion thereof, within the times set forth in the PA, subject to any extensions of time mutually agreed to by the parties; or (7) the Borrower fails to use the Loan proceeds for any purpose other the purposes set forth in Section 4 of this Agreement.

Upon the occurrence of a default, the City (for itself and on behalf of GVRD), at its option, may declare this Agreement to be in default and, in such event, the City (for itself and on behalf of GVRD) shall have all of the rights and remedies prescribed in the Note and the Deed of Trust and at law or in equity. Following an event of default, the City (for itself and on behalf of GVRD) shall have no further obligation to disburse all or any portion of the Loan.

10. Borrower agrees to pay the following costs, expenses, and attorneys' fees paid or incurred by the City and GVRD or adjudged by a Court: (1) reasonable costs of collection, costs, and expenses, and reasonable attorneys' fees paid or incurred in connection with the collection, enforcement, or foreclosure sale of any security for this Agreement, or of any covenant of this Agreement or such security, whether or not suit is filed; (2) costs of suit and such sums the Court may adjudge as attorneys' fees in any action to enforce payment of all amounts due under this Agreement or any part of it; and (3) costs of suit and such sums as the Court may adjudge as reasonable attorneys' fees in any other litigation or controversy connected with the enforcement of this Agreement

11. No Liability of City or GVRD Officials. No councilmember, director, official or employee of the City or GVRD shall be personally liable to the Borrower, or any successor in interest, in the event of any default or breach by the City or GVRD under this Agreement or for any amount which may become due to the Borrower or any successor or on any obligations under the terms of this Agreement.

12. Miscellaneous Provisions.

a. Transfer or Assignment. As long as any balance of the Note is remaining to be paid, the Borrower shall not transfer or assign this Loan Agreement, the Note, the Deed of Trust, or the ownership of the Site without prior written approval by the City and GVRD. Approval of any such transfer or assignment shall be at the sole discretion of the City and GVRD.

b. Interest of Officials of the City or GVRD. No member of the governing body of the City or GVRD and no other officer, employee or agent of the City or GVRD who exercises any functions or responsibilities in connection with the carrying out of the City's or GVRD's work shall have any personal interest, direct or indirect, in this Agreement.

c. Compliance with Government Regulations. The Borrower shall, at its sole cost and expense, comply with all applicable municipal, county, state and federal laws, rules, regulations and ordinances now in force, or which may hereafter be in force, pertaining to any and all activities contemplated under this Agreement, including, but not limited to, issuance of building and use permits and compliance with all federal and state labor laws.

d. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, to the jurisdiction of which the parties hereto submit.

e. Time of the Essence. Time is of the essence of each and every provision of this Agreement.

f. Notices. Notices or other communications given under this Agreement shall be in writing and shall be served personally or transmitted by first class mail, postage prepaid. Notices shall be deemed received either at the time of actual receipt or, if mailed in accordance herewith, on the third (3rd) business day after mailing, whichever occurs first. Notices shall be directed to the parties at the following addresses or at such other addresses as the parties may indicate by notice:

City: Housing Authority  
City of Vallejo  
PO Box 1432  
Vallejo, CA 94590  
Attention: Gary Truelsen, Housing Manager

GVRD: Greater Vallejo Recreation District  
395 Amador Street  
Vallejo, CA 94590  
Attn: General Manager

Borrower: Sereno Village Associates  
26 O'Farrell Street, Suite 600  
San Francisco, CA 94108  
Attention: James Buckley, President

With a copy to:  
Alliant Tax Credit Fund SV, Ltd. And  
Alliant Tax Credit SV, Inc.  
C/o Alliant Asset Management Company, LLC  
21550 Oxnard Street, Suite 1020  
Woodland Hills, CA 91367  
Attn: Shawn Horwitz

g. Invalidity. If any provision of this Agreement 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.

h. Headings. The titles and headings of the various sections of this Agreement are intended solely for reference and are not intended to explain, modify or place any interpretation upon any provision of this Agreement.

i. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such or the remaining provisions of this Agreement.

j. Waiver. No waiver of any provision of this Agreement shall be deemed or shall constitute a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executing in writing by the party making the waiver.

k. Number and Gender. As used in this Agreement, the masculine, feminine or neuter gender, and the singular or plural number, shall each include the others whenever the context so indicates or requires.

l. Further Assurances. The parties shall execute, acknowledge, file or record such other instruments and statements and shall take such additional action as may be necessary to carry out the purpose and intent of this Agreement.

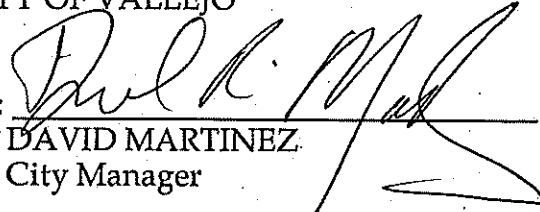
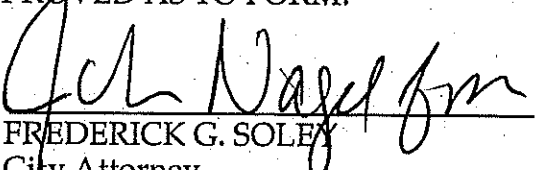
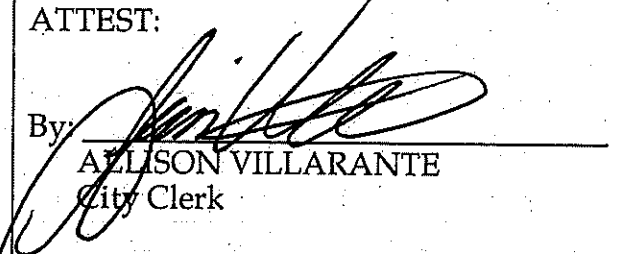

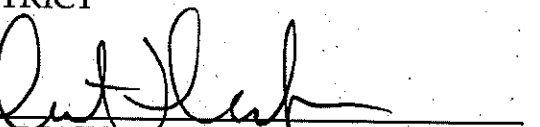
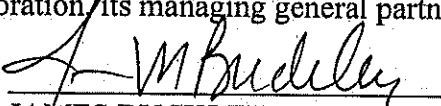

m. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties' respective heirs, legal representatives, successors and assigns.

n. Entire Agreement. This Agreement and Exhibits A, B, C and D, which are incorporated herein, together constitute the entire agreement between the parties and supersede all prior or contemporaneous agreements, representations, warranties and understandings of the parties concerning the subject matter contained herein, written or oral. No change, modification, addendum or amendment to any provision of this Agreement shall be valid unless executed in writing by each party hereto.

o. Attorneys' Fees. In the event of any litigation arising out of this Agreement, the prevailing party in such action, or the nondismissing party where the dismissal occurs other than by reason of a settlement, shall be entitled to recover its reasonable costs and expenses, including, without limitation, reasonable attorneys' fees and costs paid or incurred in good faith. The "prevailing party," for purposes of this Agreement, shall be deemed to be that party who obtains substantially the result sought, whether by settlement, dismissal or judgement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the day and year first above written.

<p><b>CITY:</b></p> <p>CITY OF VALLEJO</p> <p>By:  DAVID MARTINEZ City Manager</p> <p>APPROVED AS TO FORM:</p> <p>By:  FREDERICK G. SOLEY City Attorney</p> <p>ATTEST:</p> <p>By:  ALLISON VILLARANTE City Clerk</p> <p>APPROVED AS TO INSURANCE REQUIREMENTS:</p> <p>By:  DAVID CLOVIS Risk Manager</p> <p><b>GVRD:</b></p> <p>GREATER VALLEJO RECREATION DISTRICT</p> <p>By:  LIAT MEITZENHEIMER Chairperson</p>	<p><b>BORROWER:</b></p> <p>SERENO VILLAGE ASSOCIATES, a California Limited Partnership</p> <p>By: Citizens Housing Corporation, a California nonprofit public benefit corporation, its managing general partner</p> <p>By:  JAMES BUCKLEY President</p> <p>By: Affordable Housing Affiliation, a California nonprofit public benefit corporation, its administrative general partner</p> <p>By:  BILL MCCUNE Executive Director</p>
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**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

No. 6907

State of CALIFORNIA

County of SOLANO

On AUGUST 1, 2003 before me, JENNIFER ARTATES, NOTARY PUBLIC

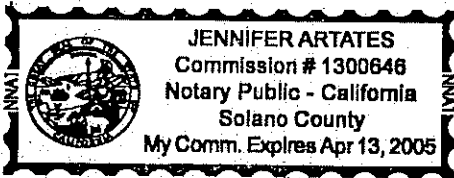
DATE

NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared DAVID R. MARTINEZ

NAME(S) OF SIGNER(S)

personally known to me - OR -  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.



WITNESS my hand and official seal.

*Jennifer Artates*  
SIGNATURE OF NOTARY

**OPTIONAL**

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

**CAPACITY CLAIMED BY SIGNER**

- INDIVIDUAL
- CORPORATE OFFICER

TITLE(S)

- PARTNER(S)       LIMITED
- ATTORNEY-IN-FACT       GENERAL
- TRUSTEE(S)
- GUARDIAN/CONSERVATOR
- OTHER: \_\_\_\_\_

**SIGNER IS REPRESENTING:**  
NAME OF PERSON(S) OR ENTITY(IES)

**DESCRIPTION OF ATTACHED DOCUMENT**

TITLE OR TYPE OF DOCUMENT

NUMBER OF PAGES

DATE OF DOCUMENT

SIGNER(S) OTHER THAN NAMED ABOVE

41

State of California  
County of San Francisco

On July 15, 2003 before me, Robyn A. Thompson, Notary Public,  
personally appeared:

James M. Buckley

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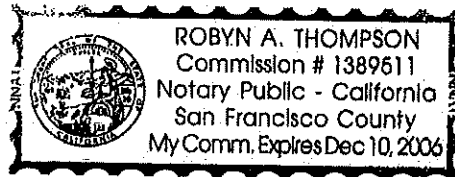
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Personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies),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

WITNESS my hand and official seal.

Robyn A. Thompson

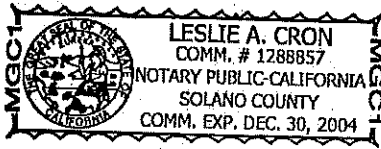


STATE OF CALIFORNIA  
COUNTY OF

Solano

On July 16, 2003, before me, Leslie A. Cron  
personally appeared Bill McInerney

( ) personally known to me - OR - (✓) 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.



WITNESS my hand and official seal.

Leslie A. Cron

(This area for official notarial seal)

DESCRIPTION OF ATTACHED DOCUMENT

Loan Agreement

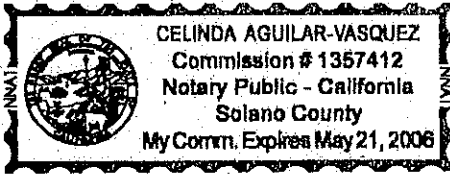
DESCRIPTION OF DOCUMENT (OPTIONAL)

STATE OF CALIFORNIA  
COUNTY OF

Solano

On July 22, 2003, before me, Celinda Aguilar-Vasquez, Notary Public  
personally appeared Liat Meitzenheimer

( ) personally known to me - OR - (X) 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.



WITNESS my hand and official seal.

Celinda Aguilar-Vasquez

(This area for official notarial seal)

DESCRIPTION OF ATTACHED DOCUMENT

Loan Agreement

DESCRIPTION OF DOCUMENT (OPTIONAL)

**CONSENT AND AGREEMENT OF  
REDEVELOPMENT AGENCY OF THE CITY OF VALLEJO**

In furtherance of the (a) Participation Agreement, dated November 28, 2000, Between the Agency and Citizens Housing Corporation ("Citizens"), which Participation Agreement was assigned to and assumed by the Sereno Village Associates, a California Limited Partnership (the "Borrower"), pursuant to that certain Assignment Agreement Re: Property and Financing between Citizens and the Borrower, dated February 1, 2002 (the "Assignment") (as so assigned, the "PA"); (b) the Agency Acquisition Loan Note executed by Citizens in favor of the Agency pursuant to Section 302 of the PA, which Note was assigned to the Borrower pursuant to the Assignment; (c) the Agency Permanent Financing Loan Note executed by the Borrower in favor of the Agency pursuant to Section 303 of the PA; and (d) the development of the Project, pursuant to and as defined in the PA, the Redevelopment Agency of the City of Vallejo hereby consents to the terms of the Loan Agreement by and between the City of Vallejo (the "City"), the Greater Vallejo Recreation District ("GVRD"), and the Borrower, dated as of July 28, 2003, and does hereby agree, for itself and its officers, departments, boards and agencies:

1. To undertake, in a timely and good faith manner, subject to applicable legal requirements, all of the obligations of the Agency under the PA; and

2. So long as Borrower is not in default under the PA, the Agency Acquisition Loan Note or the Agency Permanent Financing Loan Note, any payments of Surplus Cash from the Project which may be due and payable under the Agency Acquisition Loan Note and the Agency Permanent Financing Loan Note shall not be due and payable until such time as all amounts due and owing the City, GVRD and VSFCD under their respective notes are paid in full, as provided for under Section 3 of those respective notes.

REDEVELOPMENT AGENCY OF THE CITY  
OF VALLEJO

Dated: July 28, 2003

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

DAVID MARTINEZ  
Executive Director

EXHIBIT A

MAP OF THE SITE

[To Be Inserted by Title Company.]

A handwritten signature or set of initials, possibly 'D' or 'D.', is located in the bottom right corner of the page.

EXHIBIT B

LEGAL DESCRIPTION OF THE SITE

[To Be Inserted by Title Company.]



EXHIBIT C

*gll*  
~~FORM OF PROMISSORY NOTE~~

\$1,602,463

July 28, 2003  
Vallejo, California

FOR VALUE RECEIVED, **SERENO VILLAGE ASSOCIATES**, a California limited partnership (the "Maker"), having an address of 26 O'Farrell Street, Suite 506, San Francisco, California 94108, promises to pay to the order of **CITY OF VALLEJO** ("Holder" or "City"), for and on behalf of itself and the **GREATER VALLEJO RECREATION DISTRICT** ("GVRD"), the initial principal sum of ONE MILLION SIX HUNDRED AND TWO THOUSAND FOUR HUNDRED AND SIXTY-THREE DOLLARS (\$1,602,463), with simple interest at the rate of three percent (3%) per annum. The Managing General Partner of Maker is Citizens Housing Corporation, a California nonprofit public benefit corporation ("Citizens"); and the Administrative General Partner of Maker is Affordable Housing Affiliation, a California nonprofit public benefit corporation ("AHA") (Citizens and AHA are collectively referred to herein as the "General Partners").

1. This Note is made pursuant to that certain Loan Agreement between Maker and Holder and GVRD, dated July 28, 2003 (the "Loan Agreement"). Prior to the Loan Agreement, Citizens and the Redevelopment Agency of the City of Vallejo (the "Agency") entered into that certain Participation Agreement, dated November 28, 2000, which Participation Agreement was assigned to and assumed by Maker pursuant to that certain Assignment Agreement Re: Property and Financing between Citizens and Maker, dated February 1, 2002 (as so assigned, the "PA"). Pursuant to the PA, Maker has acquired that certain real property defined in the PA as the "Site", and shall construct on the Site a multi-family residential housing project consisting of approximately 125 residential units which shall be rented to qualified very-low income persons and families (the "Project"), all as described in the PA. Pursuant to the Loan Agreement, the City and Greater Vallejo Recreation District ("GVRD") have agreed to provide a loan (the "Loan") to Maker to assist Maker in financing costs associated with the construction of the Project. Of the total Loan amount (\$1,602,463), One Million Four Hundred Thousand Dollars (\$1,400,000) has been loaned by, and when repaid shall be credited toward, the City (sometimes referred to herein as the "City Loan"), and the remaining Two Hundred Two Thousand Four Hundred Sixty Three Dollars (\$202,463) has been loaned by, and when repaid shall be credited toward, GVRD (sometimes referred to herein as the "GVRD Loan"). The GVRD Loan shall be administered by the City on behalf of GVRD. This is a promissory note for the repayment to Holder, on behalf of itself and GVRD, of funds advanced to or on behalf of Maker pursuant to the Loan Agreement. All capitalized terms not defined in this Note shall have the meaning set forth in the Loan Agreement.

2. Payment of this Note is secured by a deed of trust, assignment of rents, security agreement and fixture filing (the "Deed of Trust") from Maker to Holder upon the Site, or applicable portion thereof covered by this Note.

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3. Payments of interest and principal shall be made to the Holder from "Net Surplus Cash" which is hereinafter defined. To the extent there is Net Surplus Cash available from the Project, Net Surplus Cash shall be disbursed and credited as follows:

a. This promissory note is one of four (4) promissory notes set forth in more detail below to be executed and delivered by Maker for the Project, all of which notes require repayment from the Net Surplus Cash. Said notes are:

(1) this Note; (2) a promissory note executed by Maker in favor of the Vallejo Sanitation and Flood Control District ("VSFCD"), in the initial principal amount of \$351,635.20 (the "VSFCD Note"), entered into pursuant to a Loan Agreement between Maker and VSFCD dated November 19, 2002;

(3) a promissory note executed by Maker in favor of the Agency, in the initial principal amount of \$600,000 (the "Agency Acquisition Loan Note"), entered into pursuant to Section 302 of the PA; and

(4) a promissory note executed by Maker in favor of the Agency, in the initial principal amount of \$1,900,000 (the "Agency Permanent Financing Loan Note"), entered into pursuant to Section 303 of the PA.

The Agency, pursuant to its consent and agreement attached to and incorporated into the Loan Agreement, has agreed to defer repayment of amounts owed to the Agency by Maker under the Agency Acquisition Loan Note and Agency Permanent Financing Loan Note until such time as all amounts owed to Holder (and GVRD) under this Note and to VSFCD under the VSFCD Note have been repaid in full. It is the intent of Holder and GVRD (and of VSFCD pursuant to its separate note referenced above) that the entire amount of Net Surplus Cash (as defined below) from the Project be divided on a pro-rata basis and paid to Holder and VSFCD to repay amounts owing by Maker under this Note and the VSFCD Note.

b. Unless otherwise approved by Holder, so long as any amounts are due and owing under this Note, the entire amount of Net Surplus Cash shall be disbursed by Maker and credited as follows:

(1) EIGHTY TWO PERCENT (82%) of the Net Surplus Cash shall be paid to Holder as repayment of amounts due and owing hereunder (SEVENTY ONE AND SIX-TENTHS PERCENT (71.6%) of the Net Surplus Cash shall be credited to City Account No. 001 (General Fund), on behalf of the City, for repayment of the City Loan; and TEN AND FOUR-TENTHS PERCENT (10.4%) of the Net Surplus Cash shall be credited to City Account No. 137, on behalf of GVRD for repayment of the GVRD Loan);

(2) The entire remaining EIGHTEEN PERCENT (18%) of Net Surplus Cash shall be paid to VSFCDC as repayment of amounts due and owing under the VSFCDC Note.

Notwithstanding the foregoing, the entire unpaid principal, together with all accrued and unpaid interest, due under this Note shall be due and payable in full fifteen (15) years from the date hereof.

All payments made hereunder shall be credited first to any interest due and owing and then to principal. Interest not paid current shall accrue and shall not be compounded.

Maker may, if it has sufficient Net Surplus Cash available, prepay all or any part of this Note, without penalty, at any time during the term of this Note. Any unauthorized prepayments, as determined by HUD, shall be the responsibility of the Maker to return to the Project.

4. "Surplus Cash" for purposes of this Note shall mean the sum of money computed as follows:

a. All rents, revenues, consideration or income (of any form) derived by Maker in connection with or relating to the ownership or operation of the Project, including any net revenue derived from any refinancing of the Project and any revenue from contributions, loans or grants which is not required to meet future project obligations, less all of the following: all customary and reasonable costs and expenses in connection with the construction, operation and maintenance of the Project (including without limitation the organizational expenses of Borrower); property management fees and asset management fees (previously approved by Holder); any tax credit shortfall payments due to the limited partner of Borrower pursuant to Borrower's partnership agreement; principal and interest paid by Maker on account of any loan(s) or other obligations associated with the Approved Senior Liens authorized under Section 1 of the Loan Agreement or otherwise approved by Holder; amounts (previously approved by Holder) expended to restore the Project after a casualty loss or condemnation; reasonable and customary cost for accounting and auditing the books and records of the Project; taxes (including without limitation preparation costs); any amounts (previously approved by Holder) reserved by Maker as an operating contingency reserve account and a replacement reserve account (and deposited in an account approved by Holder) for the Project; and any other reserves required by an approved lender or investor.

b. Notwithstanding the generality of the foregoing, the following items are not expenses or deductible in computing Surplus Cash:

(i) Payment of any fees or expenses or of any portion of the Surplus Cash to Maker or any affiliate of Maker, other than a reasonable property management fee, an asset management fee not to exceed \$5,000, and a supervisory management fee not to exceed \$20,000 for the following: reviewing the monthly operating budget; overseeing the performance of the property

manager; meetings, coordination and conflict resolution with the adjacent property owner; review and approval of the annual operating budget; prepare, review and approval of annual partnership reports; review and approval of tax returns; coordination with the investor limited partner; and resolution of miscellaneous issues normally associated with the ownership and operation of multi-family housing;

(ii) Income taxes imposed upon Maker's income;

(iii) Payment of interest on any indebtedness of Maker to any affiliate of Maker (individual or entity) or to any other third-party lender or partner not otherwise approved by Holder; and

(iv) Depreciation, cost recovery, amortization and similar items which do not involve the expenditure of cash.

c. This promissory note is one of several notes executed and delivered by Maker relating to the Project. Although the language of paragraph 4(a) appears in each note, Maker may deduct the items identified in paragraph 4(a) only once to determine the Surplus Cash from the Project.

d. Notwithstanding the foregoing, if and so long as the Secretary of Housing and Urban Development or his/her successors or assigns, are the insurers or holders of the first or any senior mortgage on the Project, payments due under this Note shall be payable only from a portion of the Surplus Cash of the Project, as the term Surplus Cash is defined in the Regulatory Agreement between HUD and Maker. Any restriction on payment imposed by this paragraph shall not excuse any default caused by the failure of the Maker to pay the indebtedness evidenced by this Note.

5. "Net Surplus Cash" for purposes of this Note shall mean the sum of money determined as follows:

a. If all or any portion of the Developer Fee for the Project (as defined and approved by the Agency pursuant to the PA) is deferred and not paid to or retained by the General Partners from the proceeds of the permanent financing to be obtained for the Project, then the Surplus Cash from the Project shall be disbursed and credited as follows:

(1) FIFTY PERCENT (50%) of the Surplus Cash from the Project may be paid to or retained by the General Partners, until such time as the entire deferred Developer Fee is paid to the General Partners; provided, the total amount paid to the General Partners pursuant to this subsection 5.a.(1) shall not exceed the amount of Net Surplus Cash paid collectively to Holder and VSFCD pursuant to subsection 3.b., above; and provided, further, that the total aggregate amount paid to the General Partners pursuant to this subsection 5.a.(1) shall not exceed the amount of the deferred Developer Fee.

(2) The entire remaining amount of Surplus Cash from the Project (including the remaining Fifty Percent (50%) of the Surplus Cash from the Project, plus all Surplus Cash remaining after payment in full of the Developer Fee) shall be deemed "Net Surplus Cash" for purposes of this Note and shall be used to repay amounts due and owing hereunder pursuant to subsection 3, above.

b. Following payment to the General Partners of the maximum amount set forth in subsection 5.a.(1), above, and thereafter, ONE HUNDRED PERCENT (100%) of the Surplus Cash from the Project shall be deemed "Net Surplus Cash" for purposes of this Note and shall be used to repay amounts due and owing hereunder pursuant to subsection 3, above.

6. Maker shall deliver monthly balance sheets showing all revenues and expenses of the Project. An audited financial statement shall be delivered within one hundred twenty (120) days of the end of each calendar year along with payment of the Net Surplus Cash (if any). Holder shall have the right to inspect and audit Maker's books and records concerning the calculation of Net Surplus Cash and to object within ninety (90) days from receipt of Maker's statement. Failure to timely object shall be deemed acceptance. If Holder does object, Holder shall specify the reasons for disapproval. Maker shall have thirty (30) days to reconcile any disapproved item. If Maker and Holder cannot agree on the amount of the Net Surplus Cash, an independent auditor mutually selected by Maker and Holder shall resolve any disputed items. The cost of the auditor shall be shared equally by Maker and Holder.

7. Maker shall prepare and submit to Holder a copy of the proposed annual operating budget for the management and operation of the Project no later than October 1 of each year until this Note is paid in full. The proposed budget shall include a line item showing the projected Net Surplus Cash from the Project for the year. Holder will review the proposed budget and, if acceptable, approve it, which approval shall not be unreasonably withheld. If the budget is not acceptable, Holder shall specify the reasons for disapproval. The intent of this paragraph is to provide Holder an opportunity to disapprove any unreasonable expenses which would diminish the Net Surplus Cash from the Project. Once approved, any changes to the budget which exceed ten percent (10%) of the total budget shall require Holder's prior written consent, which consent shall not be unreasonably withheld.

8. Notwithstanding anything to the contrary provided herein, in the event that the Project is in default under the terms of the Loan Agreement, the PA, any loan documents provided for under the PA, including without limitation the Acquisition Note, Permanent Financing Note, Affordable Housing Covenant or the Tax Credit Financing (as defined in the PA) provisions such that the affordability restrictions are no longer in effect, or if there shall have been an event of default under this Note or the Deed of Trust securing this Note, then the entire unpaid principal of this Note and accrued interest thereon may be immediately due and payable, at the option of Holder.

9. Payment shall be made in lawful money of the United States to Holder c/o The City of Vallejo, 555 Santa Clara Street, Vallejo, California 94590. The place of

payment may be changed from time to time as the Holder may from time to time designate in writing. Upon receipt, Holder shall credit all payments received hereunder to the appropriate City and GVRD accounts, pursuant to the respective pro rata shares, as described in subsection 3.b.(1).

10. Maker hereby covenants and agrees that it shall maintain, or cause to be maintained, the Site in a manner consistent with the provisions set forth therefor in the Vallejo Municipal Code, and shall keep the entire Site reasonably free from any accumulation of debris or waste materials prior to and after construction.

If, at any time, Maker fails to maintain the Site, and has either failed to commence to cure such condition or to diligently prosecute to completion the condition or the condition is not corrected after expiration of thirty (30) days from the date of written notice from Holder to Maker, Holder may perform the necessary corrective maintenance, and Maker shall pay such costs as are reasonably incurred for such maintenance. The Holder shall have the right to place a lien on the property should Maker not reimburse Holder for such costs within sixty (60) days following Holder's written demand to Maker for reimbursement of such costs. Maker, on behalf of itself its heirs, successors and assigns, hereby grants to Holder and its officers, employees and agents, an irrevocable license to enter upon the Site to perform such maintenance during normal business hours after receipt of written notice from Holder as hereinabove described and Maker's failure to cure or remedy such failure within thirty (30) days of such notice. Any such entry shall be made only after reasonable notice to Maker, and Holder shall indemnify and hold Maker harmless from any claims or liabilities pertaining to any such entry by Holder.

Failure by Maker to maintain the Site in the condition provided in this Section 10 may, in Holder's sole discretion, constitute a default under this Note and the related Deed of Trust.

The foregoing covenants shall remain in effect for the Site until all amounts due Holder hereunder are paid in full.

11. The occurrence of any of the following shall constitute an event of default under this Note: (i) Maker fails to pay any amount due under the Loan Agreement, this Note or the Deed of Trust within fifteen (15) days of its due date after notice to Maker; or (2) any other material default by Maker under the Loan Agreement, this Note or the Deed of Trust which is not cured within 30 days after notice to Maker, or within such other applicable cure period provided for under the Loan Agreement or the Rider thereto; (3) any sale or transfer of the Sereno Village Project or any portion thereof in violation of the Loan Agreement or the PA, unless consented to by the Holder in its reasonable discretion; (4) the filing by or against Maker of a petition for relief under the Bankruptcy Reform Act of 1978 or any bankruptcy or debtor relief law; (5) the transfer or assignment of the Loan Agreement, this Note or the Deed of Trust without approval by Holder; (6) failure of Maker to complete the construction of the Sereno Village Project, or any portion thereof, within the times set forth in the PA, subject to any extensions of time mutually agreed to by the parties; or (7) Maker fails to use the Loan

proceeds for any purpose other the purposes set forth in Section 4 of the Loan Agreement.

Upon the occurrence of any event of default, or at any time thereafter, at the option of the Holder hereof and without notice, the entire unpaid principal and interest owing on this Note may become immediately due and payable; provided, however, that notice of any such default shall be sent to each of the General Partners and Limited Partners, who shall have (i) with respect to a default by Maker to make any payment due hereunder, fifteen (15) days after the date of such notice of default to pay any amount due; and (ii) with respect to any other default by Maker, the same cure period applicable to Maker, beginning after the date of such notice of default, to cure any such default. This option may be exercised at any time following any such event, and the acceptance of one or more installments thereafter shall not constitute a waiver of Holder's option. Holder's failure to exercise such option shall not constitute a waiver of such option with respect to any subsequent event. Holder's failure in the exercise of any other right or remedy hereunder or under any agreement which secures the indebtedness or is related thereto shall not affect any right or remedy and no single or partial exercise of any such right or remedy shall preclude any further exercise thereof. Holder agrees that in the event any such default is cured by a General Partner or Limited Partner within the times set forth herein, it shall accept such cure as a cure of the default under this Note.

12. At all times when Maker is in default hereunder by reason of Maker's failure to pay principal due under this Note or any amounts due under any loan documents securing this Note, the interest rate on the sums as to which Maker is in default (including principal, if Holder has elected to declare it immediately due and payable), shall be the lower of the highest rate then allowed by law or two percent (2%) over the prime interest rate announced by Wells Fargo Bank, N.A., as of the date of the default.

13. Maker and any endorsers hereof and all others who may become liable for all or any part of this obligation, severally waive presentment for payment, demand and protest and notice of protest, and of dishonor and nonpayment of this Note, and expressly consent to any extension of the time of payment hereof or of any installment hereof, to the release of any party liable for this obligation, and any such extension or release may be made without notice to any of said parties and without any way affecting or discharging this liability.

14. Maker agrees to pay immediately upon demand all costs and expenses of Holder including reasonable attorneys' fees, (i) if after default this Note be placed in the hands of an attorney or attorneys for collection, (ii) if after a default hereunder or under the Deed of Trust, the Loan Agreement or under any loan document referred to herein Holder finds it necessary or desirable to secure the services or advice of one or more attorneys with regard to collection of this Note against Maker, any guarantor or any other party liable therefor or to the protection of its rights under this Note, the Deed of Trust, the Loan Agreement or other loan document, or (iii) if Holder seeks to have the Site abandoned by or reclaimed from any estate in bankruptcy, or attempts to have any stay or injunction prohibiting the enforcement or collection of the Note or prohibiting

the enforcement of the Deed of Trust or any other agreement evidencing or securing this Note lifted by any bankruptcy or other court.

15. If Holder shall be made a party to or shall reasonably intervene in any action or proceeding, whether in court or before any governmental agency, affecting the property or the title thereto or the interest of the Holder under the Deed of Trust, including, without limitation, any form of condemnation or eminent domain proceeding, Holder shall be reimbursed by maker immediately upon demand for all costs, charges and attorneys' fees incurred by Holder in any such case, and the same shall be secured by the Deed of Trust as a further charge and lien upon the Site.

16. Payment of this Note is secured solely by the Deed of Trust recorded against the Site and all improvements thereon, without recourse of any kind against Maker or its general or limited partners.

17. Any notices provided for in this Note shall be given by mailing such notice by certified mail, return receipt requested at the address stated in this Note or at such address as either party may designate by written notice.


18. This Note shall be binding upon Maker, its successors and assigns.

19. This Note shall be construed in accordance with and be governed by the laws of the State of California.


20. 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.

SERENO VILLAGE ASSOCIATES,  
a California limited partnership

By: CITIZENS HOUSING CORPORATION, a  
California nonprofit public benefit corporation,  
its Managing General Partner

By:   
JAMES BUCKLEY  
President

By: AFFORDABLE HOUSING AFFILIATION, a  
California nonprofit public benefit corporation,  
its Administrative General Partner

By:   
BILL MCCUNE  
Executive Director

## EXHIBIT D

Title Company's standard short or long form deed of trust may be used with the following addendum attached:

### ADDENDUM TO DEED OF TRUST

This Addendum to Deed of Trust is part of the Deed of Trust dated JULY 28, 2003, to which it is attached between SERENO VILLAGE ASSOCIATES, a California Limited Partnership (as "Trustor"), whose Managing General Partner is CITIZENS HOUSING CORPORATION, a California non-profit public benefit corporation, ("Citizens") and Administrative General Partner is Affordable Housing Affiliation, a California nonprofit public benefit corporation ("AHA") (Citizens and AHA are collectively referred to herein as the "General Partners"), and the CITY OF VALLEJO ("City"), a public body, corporate and politic, and the GREATER VALLEJO RECREATION DISTRICT ("GVRD") (City and GVRD are collectively referred to herein as "Beneficiary"). The following provisions are made a part of the Deed of Trust:

1. This Deed of Trust, and the Note secured hereby, are entered into in implementation of that certain Loan Agreement (the "Loan Agreement") between Trustor (as the Borrower) and Beneficiary (as the City and the GVRD), dated JULY 28, 2003. Prior to entering into the Loan Agreement, Citizens and the Redevelopment Agency of the City of Vallejo (the "Agency") entered into that certain Participation Agreement, dated November 28, 2000, which Participation Agreement was assigned to and assumed by the Borrower pursuant to that certain Assignment Agreement Re: Property and Financing between Citizens and the Borrower, dated December 11, 2001 (as so assigned, the "PA"). The Loan Agreement provides for a Loan in the total amount of \$1,602,463 from Beneficiary to Trustor. Of the total loan amount, \$1,400,000 has been funded on behalf of the City to pay certain costs associated with the construction of the Sereno Village Project, to be constructed by Trustor pursuant to the PA and \$202,463 has been funded on behalf of GVRD to assist with financing costs associated with the construction of the Sereno Village Project.
2. No Discrimination. The Trustor covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, sexual preference, age, marital status, physical handicap, medical condition, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall the Trustor itself or any person claiming

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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 in the Property.

3. Default. Notwithstanding any other provisions in the Deed of Trust, the occurrence of any of the following shall constitute an event of default under the Note and the Deed of Trust, and a default may be declared under the Deed of Trust solely upon the occurrence of any of the following: (i) Trustor fails to pay any amount due under the Loan Agreement, the Note or the Deed of Trust within fifteen (15) days of its due date after notice to Trustor; or (2) any other material default by Trustor under the Loan Agreement, the Note or the Deed of Trust which is not cured within 30 days after notice to Trustor, or within such other applicable cure period provided for under the Loan Agreement or the Rider thereto; (3) any sale or transfer of the Sereno Village Project or any portion thereof in violation of the Loan Agreement or the PA unless consented to by Beneficiary in its reasonable discretion; (4) the filing by or against Trustor of a petition for relief under the Bankruptcy Reform Act of 1978 or any bankruptcy or debtor relief law; (5) the transfer or assignment of the Loan Agreement, the Note or the Deed of Trust without approval by Beneficiary; (6) failure of Trustor to complete the construction of the Sereno Village Project, or any portion thereof, within the times set forth in the PA, subject to any extensions of time mutually agreed to by the parties; or (7) Trustor fails to use the Loan proceeds for any purpose other than the purposes set forth in Section 4 of the Loan Agreement.
4. Subordination. Beneficiary hereby agrees that the lien of this Deed of Trust shall be subject and subordinate to any other Deeds of Trust or other security instruments for the Tax Credit Financing or other alternative financing, as referenced in the PA, obtained by the Trustor for acquisition and construction of the Sereno Village Project, and the Acquisition Note and Permanent Finance note provided for under the PA. Upon request by Trustor or Trustor's lender, Beneficiary shall execute in recordable form a subordination agreement on such lender's standard form evidencing Trustor's agreement as set forth herein and such other terms as may be customarily and reasonably required by lenders in connection with similar projects.
5. Hazardous Substances.
  - (a) As used in this Section 5, the following terms shall have the following meanings:
    - (i) "Environmental Laws" means all statutes, ordinances, orders, rules, regulations, plans, policies or decrees and the like now or hereafter in effect relating to (A) Hazardous Substance Activity or Hazardous Substances; (B) the generation, use, storage, transportation or disposal of Hazardous Substances, or solid waste; or (C) occupational safety and health, industrial hygiene, land use or the protection of human, plant or animal health, safety or welfare, including, without limitation, the Comprehensive

Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. Section 9601 et seq.) ("CRELA"); the Hazardous Material Transportation Act (49 U.S.C. Section 180 et seq.); the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. Section 136 et seq.); the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.); the Clean Air Act (42 U.S.C. Section 740 et seq.); the Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.); the Occupational Safety and Health Act (29 U.S.C. Section 651 et seq.); the Safe Drinking Water Act (42 U.S.C. Section 300f et seq.); the Porter-Cologne Water Quality Control Act (California Water Code Section 13020 et seq.); the Safe Drinking Water and Toxic Enforcement Act of 1986 (California Health & Safety Code Section 25249.5 et seq.); the Hazardous Substance Account Act (California Health & Safety Code Section 25300 et seq.); the Hazardous Waste Control Act (California Health & Safety Code Section 25100 et seq.); The California Environmental Quality Act (California Public Resources Code Section 2100 et seq.); and the rules, regulations and ordinances of the City or County of San Francisco or any applicable federal, state and local agencies or bureaus, as amended from time to time.

- (ii) "Foreclosure Transfer" means the transfer of title to all or any part of the Property or the Trust Estate at a foreclosure sale under the Deed of Trust, either pursuant to judicial decree or the power of sale contained in the Deed of Trust, or by deed in lieu of such foreclosure.
- (iii) "Hazardous Substances" means (A) any chemical, compound, material, mixture or substance that is now or hereafter defined or listed in, or otherwise classified pursuant to, any Environmental Laws as a "hazardous substance," "hazardous material," "hazardous waste," "extremely hazardous waste," "acutely hazardous waste," "radioactive waste," "infectious waste," "biohazardous waste," "toxic substance," "pollutant," "toxic pollutant," "contaminant" as well as any other formulation not mentioned herein intended to define, list, or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, toxicity, reproductive toxicity, "EP toxicity" or "TCLP toxicity"; (B) petroleum, natural gas, natural gas liquids, liquified natural gas, synthetic gas usable for fuel (or mixtures of natural gas and such synthetic gas) and ash produced by a resource recovery facility utilizing a municipal solid waste stream, and drilling fluids, produced waters and other wastes associated with the exploration, development or production of crude oil, natural gas, or geothermal resources; (C) "hazardous substance" as defined in Section 2782.6(d) of the California Civil Code; (D) "waste" as defined in Section 13050(d) of the California Water Code; (E) asbestos in any form; (F) urea formaldehyde foam insulation; (G) polychlorinated biphenyls (PCBs); (H) radon; and (I) any other chemical, material,

or substance that, because of its quantity, concentration, or physical or chemical characteristics, exposure to which is limited or regulated for health and safety reasons by any governmental authority, or which poses a significant present or potential hazard to human health and safety or to the environment if released into the workplace or the environment.

- (iv) "Hazardous Substance Activity" means any actual, proposed, or threatened use, storage, holding, existence, location, release (including, without limitation, any spilling, leaking, leaching, pumping, pouring, emitting, emptying, dumping, disposing into the environment, and the continuing migration into or through soil, surface water, groundwater or any body of water or the air), discharge, deposit, placement, generation, processing, construction, treatment, abatement, removal, disposal, disposition, handling, or transportation of any Hazardous Substance from, under, in, into, or on the Property, including without limitation, the movement or migration of any Hazardous Substances from surrounding property, surface water, groundwater or any body of water, or the air under, in, into or onto the Property and any residual Hazardous Substances contamination in, on, or under the Property.
- (v) "Losses" means all charges, losses, liabilities, damages (whether actual, consequential, punitive, or otherwise denominated), costs, fees, demands, claims for personal injury or real or personal property damage), actions, administrative proceedings (including informal proceedings), judgments, causes of action, assessments, fines, penalties, costs, and expenses of any kind or character, foreseeable and unforeseeable, liquidated and contingent, proximate and remote, including, without limitation, the following: (A) the reasonable fees and expenses of outside legal counsel; (B) the reasonable fees and expenses of accountants, third-party consultants, and other independent contractors retained by an Beneficiary; (C) costs, including capital, operating and maintenance costs, incurred in connection with any investigation or monitoring of site conditions or any clean-up, remedial, removal or restoration work required or performed by any federal, state or local governmental agency or political subdivision or performed by any non-governmental entity or person that is required by Environmental Laws or administrative ruling or directive because of the presence, suspected presence, release or suspected release of Hazardous Substances in violation of Environmental Laws in the air, soil, surface water or groundwater at the Property; (D) any and all diminution in value of the Property, loss of use or damage to the Property, or loss of profits or loss of business opportunity; and (E) reasonable costs and expenses of enforcing this Section 6.09.
- (vi) "Environmental Losses" means Losses rising out of or as a result of: (A) the occurrence of any Hazardous Substance Activity; (B) any

violation of any applicable Environmental laws relating to the Property or to the ownership, use, occupancy or operation thereof; (C) any investigation, inquiry, order, hearing, action, or other proceeding by or before any governmental agency in connection with any Hazardous Substance Activity; or (D) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnitee which directly or indirectly relates to, arises from or is based on any of the matters described in clauses (A), (B), or (C), or any allegation of any such matters.

- (b) Trustor represents and warrants to Beneficiary that Trustor has conducted as appropriate inquiry and investigation which was satisfied by the Phase I, and, to the best of Trustor's knowledge, based on such inquiry and investigation which was satisfied by the Phase I, no portion of the Property is being used or has ever been used at any previous time, for the disposal, storage, treatment, processing or other handling of Hazardous Substances, nor have any Hazardous Substances migrated onto or from the Property. Neither the Property nor Trustor is in violation of or subject to any existing, pending or threatened investigation by any governmental authority under any Environmental Law. Trustor's prior and intended use of the Property will not result in the disposal or release of any Hazardous Substances on, under, about or to the Property or the migration of any Hazardous Substances from the Property. The foregoing representations and warranties shall be continuing and shall be true and correct for the period from the date hereof to the release of this Deed of Trust (whether by payment of the indebtedness secured hereby or foreclosure or action in lieu thereof), and these representations and warranties shall survive such release.
- (c) Trustor represents and warrants to Beneficiary that Trustor has complied with all recommendations by any engineers retained by Trustor and all requirements of any applicable department of environmental resources, environmental protection agency or similar governmental agency, and there are no recommendations by said engineers or requirements ordered by said agency or any other governmental body for environmental investigation or cleanup with respect to the Property.
- (d) On and after the date hereof, Trustor shall not (a) allow any Hazardous Substances to be installed, used, introduced, stored, treated, disposed of, generated, manufactured, discharged, dumped, transported or brought in, upon or over the Property in violation of applicable law; (b) allow any soil or ground water contamination or pollution with any Hazardous Substances on the Property in violation of applicable law; (c) allow any Hazardous Substances to migrate from the Property in violation of applicable law; (d) allow any Hazardous Substances to migrate onto the Property from any adjacent properties in violation of applicable law; or (e) allow or cause the Property to be in violation of, or to trigger a duly initiated and prosecuted investigation of the Property by any

governmental authority under applicable limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules or timetables contained in any local, state and/or federal laws, regulations, codes, ordinances, plans, administrative or judicial orders, decrees, judgments, notices or demand letters issued, entered, promulgated or approved thereunder relating to the environment, land use, water and air quality and Hazardous Substances ("Environmental Requirements").

- (e) If the presence of any Hazardous Substances on the Property caused or permitted by Trustor results in any contamination of the Property, Trustor shall promptly take all actions, at its sole expense, as are necessary to return the Property to the condition existing prior to the introduction of any such Hazardous Substances to the Property; provided that Beneficiary's approval of such actions shall first be obtained, which approval shall not be unreasonably withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the Property.
- (f) At any time after the occurrence and during the continuance of any default under this Section 5, Beneficiary shall have the following rights and remedies, in addition to any other rights and remedies Beneficiary has under this Deed of Trust:
  - (i) As provided in California Code of Civil Procedure Section 564, Beneficiary or its employees, acting by themselves or through a court appointed receiver may do any of the following: (i) enter upon, possess, manage, operate, dispose of, and contract to dispose of the Property or any part thereof; (ii) take custody of all accounts; (iii) negotiate with governmental authorities with respect to the Property's environmental compliance and remedial measures; (iv) take any action necessary to enforce compliance with environmental provisions, including spending Rent Payments to abate any environmental problem; (v) make, terminate, enforce or modify leases of part or all of the Property; (vi) contract for goods and services, hire agents, employees, and counsel, make repairs, alterations, and improvements to the Property necessary in Beneficiary's judgment to protect or enhance the security hereof; and/or (vii) take any and all other actions which may be necessary or desirable to comply with Trustor's obligations hereunder and under the Loan Documents. All sums realized by the receiver or Beneficiary under this subparagraph, less all costs and expenses incurred by either of them under this subparagraph, including attorneys' fees, and less such sums as Beneficiary or the receiver deems appropriate as a reserve to meet future expenses under this subparagraph, shall be applied on any indebtedness secured hereby in such order as Beneficiary shall determine. Neither application of said sums to said indebtedness, nor any other action taken by Beneficiary or the receiver under this subparagraph shall

cure or waive any default or notice of default hereunder, or nullify the effect of any such notice of default. Beneficiary, or any employee or agent of Beneficiary, or a receiver appointed by a court, may take any action or proceeding hereunder without regard to the adequacy of the security for the indebtedness secured hereunder, the existence of a declaration that the indebtedness secured hereby has been declared immediately due and payable, or the filing of a notice of default.

- (ii) With or without notice, and without releasing Trustor from any obligation hereunder, to cure any default of Trustor or in connection with any such default, Beneficiary or its agents, acting by themselves or through a court-appointed receiver, may enter upon the Property or any part thereof and perform such acts and things as Beneficiary deems necessary or desirable to inspect, investigate, assess, and protect the security hereof, including of any of Beneficiary's other rights: (i) to obtain a court order to enforce Beneficiary's right to enter and inspect the Property under California Civil Code Section 2929.5 (in respect of which the decision of Beneficiary as to whether there exists a release or threatened release of hazardous substance, as defined therein, onto the Property shall be deemed reasonable and conclusive as between the parties hereto); and (ii) to have a receiver appointed under California Code of Civil Procedure Section 564 to enforce Beneficiary's right to enter and inspect the Property for hazardous substances as defined therein. All costs and expenses incurred by Beneficiary with respect to the audits, tests, inspections, and examinations which Beneficiary or its agents or employees may conduct, including the fees of engineers, laboratories, contractors, consultants, and attorneys, shall be paid by Trustor. All costs and expenses incurred by Trustee and Beneficiary pursuant to this subparagraph (including court costs, consultant fees and attorney fees, whether incurred in litigation or not and whether before or after judgment) shall bear interest at the Note Rate, from the date they are incurred until said sums have been paid.
- (iii) Beneficiary may seek a judgment that Trustor has breached its covenants, representations and/or warranties with respect to the environmental matters set forth above in this Section 5, by commencing and maintaining an action or actions in any court of competent jurisdiction for breach of contract pursuant to California Code of Civil Procedure Section 736, whether commenced prior to foreclosure of the Property or after foreclosure of the Property, and to seek the recovery of any and all costs, damages, expenses, fees, penalties, fines, judgments, indemnification payments to third parties, and other out-of-pocket costs or expenses actually incurred by Beneficiary or advanced by Beneficiary (collectively, the "Environmental Costs") relating to the cleanup, remediation or other response action required by applicable law or which

Beneficiary believes necessary to protect the Property, it being conclusively presumed between Beneficiary and Trustor that all such Environmental Costs incurred or advanced by Beneficiary relating to the cleanup, remediation, or other response action respecting the Property were made by Beneficiary in good faith. All Environmental Costs incurred by Beneficiary under this subparagraph (including court costs, consultant fees and attorney fees, whether incurred in litigation or not and whether before or after judgment) shall bear interest at the Note Rate, from the date of expenditure until said sums have been paid. Beneficiary shall be entitled to bid, at any sale of the Property held hereunder, the amount of said costs, expenses and interest in addition to the amount of the other obligations hereby secured as a credit bid, the equivalent of cash.

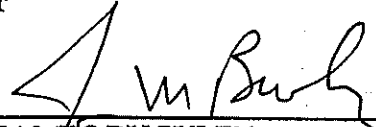
- (iv) As provided in California Code of Civil Procedure Section 726.5, Beneficiary may waive its lien against the Property or any portion thereof, to the extent such property is found to be environmentally impaired as defined therein, and to exercise any and all rights and remedies of an unsecured creditor against Trustor and all of Trustor's assets and property for the recovery of any deficiency and Environmental Costs, including seeking an attachment order under California Code of Civil Procedure Section 483.010. Beneficiary and Trustor each represents and warrants for itself that it has no actual knowledge of any release of any Hazardous Substance (as defined in Section 726.5) on, to or under the Property. As between Beneficiary and Trustor, for purposes of California Code of Civil Procedure Section 726.5, Trustor shall have the burden of proving that Trustor or any related party (or any affiliate or agent of Trustor or any related party) did not cause or contribute to, and was not in any way negligent in permitting, any release or threatened release of the Hazardous Substance.
- (v) Trustor acknowledges and agrees that notwithstanding any term or provision contained herein or in the Loan Documents, the Environmental Costs and all judgments and awards entered against Trustor pursuant to Section 5(f)(iv) above shall be exceptions to any nonrecourse or exculpatory provision of the Loan Documents, and Trustor shall be fully and personally liable for the Environmental Costs and such judgments and awards and such liability shall not be limited to the original principal amount of the obligations secured by this Deed of Trust, and Trustor's obligations shall survive the foreclosure, deed in lieu of foreclosure, release, reconveyance, or any other transfer of the Property or this Deed of Trust.
- (g) Trustor hereby agrees to indemnify, defend and hold harmless Beneficiary from and against any and all Environmental Losses, except those caused

by Beneficiary's gross negligence or willful misconduct, or those occurring following a foreclosure transfer.

**TRUSTOR:**

SERENO VILLAGE ASSOCIATES,  
a California Limited Partnership

By: Citizens Housing Corporation,  
a California nonprofit public benefit  
corporation, its managing general  
partner

By:   
\_\_\_\_\_  
JAMES BUCKLEY  
President

By: Affordable Housing Affiliation,,  
a California nonprofit public benefit  
corporation, its administrative general  
partner

By:   
\_\_\_\_\_  
BILL MCCUNE  
Executive Director



# CITY OF VALLEJO

COMMUNITY DEVELOPMENT DEPARTMENT

Economic Development Division

555 SANTA CLARA STREET • P.O. BOX 3068 • VALLEJO • CALIFORNIA • 94590-5934 • (707) 648-4444  
E-MAIL: econdev@ci.vallejo.ca.us • WEB PAGE: www.ci.vallejo.ca.us/ed.html • FAX (707) 648-4499

August 4, 2003

Francis "Skip" Radziewicz, Interim General Manager  
Greater Vallejo Recreation District  
395 Amador Street  
Vallejo, CA 94590

Subject: Sereno Village Project Agreement between City of Vallejo, Greater Vallejo Recreation District, and Sereno Village Associates

Dear Mr. Radziewicz:

Enclosed, for your records, please find:

- Signed copy of the Amended and Restated Loan Agreement,
- Signed original Deed of Trust naming Sereno Village Associates as Trustor and City of Vallejo and GVRD as Beneficiaries,
- Signed copy Lender's Escrow Instructions
- Signed copy Substitution of Trustee and Deed of Full Reconveyance

An original set of these documents is being forwarded to North American Title Company for recording.

Should you have any questions, please call me at 707/648-4395.

Sincerely,

GUY L. RICCA  
Senior Community Development Analyst

Enclosures

## AMENDED AND RESTATED LOAN AGREEMENT

THIS AMENDED AND RESTATED LOAN AGREEMENT (this "Agreement") is entered into as of JULY 18, 2003 by and between the CITY OF VALLEJO ("City"), a municipal corporation, the GREATER VALLEJO RECREATION DISTRICT ("GVRD"), and SERENO VILLAGE ASSOCIATES, a California Limited Partnership ("Borrower"), whose Managing General Partner is CITIZENS HOUSING CORPORATION, a California non-profit public benefit corporation, ("Citizens") and Administrative General Partner is AFFORDABLE HOUSING AFFILIATION, a California nonprofit public benefit corporation ("AHA") (Citizens and AHA are collectively referred to herein as the "General Partners"). This Agreement expressly replaces and supersedes the Loan Agreement entered into by City and Borrower on May 15, 2003, and encompasses the Loan Agreement contemplated by GVRD and Borrower.

### RECITALS

A. Citizens and the Redevelopment Agency of the City of Vallejo (the "Agency") entered into that certain Participation Agreement, dated November 28, 2000, which Participation Agreement was assigned to and assumed by the Borrower pursuant to that certain Assignment Agreement Re: Property and Financing between Citizens and the Borrower, dated February 11, 2002 (as so assigned, the "PA").

B. Pursuant to the PA, the Borrower acquired that certain real property (the "Site") shown on the Map of the Site attached hereto as Exhibit A and incorporated herein by reference, and described in the Legal Description of the Site attached hereto as Exhibit B and incorporated herein by reference. Pursuant to the PA, the Borrower will construct on the Site a multi-family residential housing project on Sereno Drive (Planned Development #01-0007), consisting of approximately 125 residential units (the "Units"), which shall be rented to qualified very-low income persons and families (the "Sereno Village Project").

C. On June 5, 2001, the Vallejo City Council committed funds for the Sereno Village Project in the amount of \$844,781, and directed that an agreement, including a note and deed of trust, be prepared and executed to ensure the repayment of the Loan. On April 9, 2002, the City Council modified its prior commitment, and approved a loan to the Borrower in the principal amount of \$1,400,000, which funds were to be made available to the Borrower to assist with financing the construction of the Sereno Village Project. On June 13, 2001, the GVRD Board of Directors committed funds for the Sereno Village Project in the amount of \$202,463, which funds were to be made available to the Borrower to assist with financing costs associated with the construction of the Sereno Village Project. The total aggregate amount of the loan committed to by City and GVRD, pursuant to this Agreement is \$1,602,463.

D. The parties desire to enter into this Agreement to set forth the terms and conditions and ensure repayment of the Loan.

NOW THEREFORE, IT IS AGREED AS FOLLOWS:

## AGREEMENT

1. Loan. The City and GVRD agree to loan to Borrower and the Borrower agrees to borrow from City and GVRD an aggregate amount not to exceed One Million Six Hundred and Two Thousand Four Hundred and Sixty-Three Dollars (\$1,602,463) (the "Loan"), subject to the terms and conditions set forth in this Agreement. Of the total Loan amount (\$1,602,463), One Million Four Hundred Thousand Dollars (\$1,400,000) shall be funded from, and when repaid shall be credited toward, City Account No. 001 (General Fund), on behalf of the City (sometimes referred to herein as the "City Loan"), and the remaining Two Hundred Two Thousand Four Hundred Sixty Three Dollars (\$202,463) shall be funded by the City from, and when repaid shall be credited toward, City Account No. 137, on behalf of GVRD (sometimes referred to herein as the "GVRD Loan"). The GVRD Loan shall be administered by the City on behalf of GVRD. The Loan shall be evidenced by and repayable in accordance with a promissory note (the "Note") executed by the Borrower in substantially the form attached hereto and incorporated herein as Exhibit C. The Note shall bear simple interest at the rate of three percent (3%) per annum. Payments shall be made under the Note from a pro-rata share of Net Surplus Cash from the Project (as defined in the Note), with the entire amount of unpaid principal and interest due in full fifteen (15) years following the date of the Note, all as more fully set forth in the Note. The Note shall be secured by a deed of trust (the "Deed of Trust") to be recorded against the Site, which Deed of Trust shall be executed by the Borrower, in recordable form, in substantially the form attached hereto and incorporated herein as Exhibit D. The Deed of Trust shall be and remain a lien upon the Site, subordinate only to those certain regulatory agreements and deeds of trust previously recorded in favor of Borrower's lenders and authorized under the PA (the "Approved Senior Liens").

The Note is one of four (4) promissory notes to be executed and delivered by the Borrower for the Sereno Village Project, all of which notes require repayment from the Net Surplus Cash from the Sereno Village Project, including: (1) the Note; (2) a promissory note executed by the Borrower in favor of the Vallejo Sanitation and Flood Control District ("VSFCD"), in the initial principal amount of \$351,635.20 (the "VSFCD Note"); entered into pursuant to a Loan Agreement between Maker and VSFCD dated November 19, 2002; (3) a promissory note executed by the Borrower in favor of the Agency, in the initial principal amount of \$600,000 (the "Agency Acquisition Loan Note"), entered into pursuant to Section 302 of the PA; and (4) a promissory note executed by the Borrower in favor of the Agency, in the initial principal amount of \$1,900,000 (the "Agency Permanent Financing Loan Note"), entered into pursuant to Section 303 of the PA. The Agency, pursuant to its consent and agreement attached hereto and incorporated herein by reference, has agreed to defer repayment of amounts owed to the Agency by the Borrower under the Agency Acquisition Loan Note and Agency Permanent Financing Loan Note until such time as all amounts owed to the City and to GVRD under the Note and to VSFCD under the VSFCD Note, have been repaid in full. Further, it is the intent of the City and GVRD (and VSFCD pursuant to its separate loan agreement and note referenced above) that the entire amount of Net Surplus Cash (as defined in the Note) from the Sereno Village Project be divided on a pro-rata basis and paid to the City, GVRD and VSFCD to repay amounts owing by the

Borrower under the Note and the VSFCD Note, respectively, all as more fully set forth in the Note.

2. Conditions to Disbursement of Loan Proceeds. The City, on behalf of itself and GVRD, shall not be obligated to make any disbursement of any portion of the Loan proceeds or take any other action under this Agreement unless all of the following conditions precedent are satisfied or waived in City's and GVRD's reasonable discretion:

a. The Borrower shall deliver evidence satisfactory to the City and GVRD that Borrower has obtained, or caused to be obtained, all approvals necessary to undertake and complete the construction of the Sereno Village Project, including without limitation, binding commitments for any financing required, in addition to the Loan provided for hereunder, for the construction of the Sereno Village Project; approval of all construction plans, drawings and related documents; and approvals and issuance of all required permits, including a building permit; and that Borrower will commence construction within thirty (30) business days after the date of the Note and disbursement of the Loan proceeds;

b. The Borrower shall execute and deliver to the City the Note and Deed of Trust (in recordable form) evidencing the Loan, pursuant to Section 1, above;

c. All of the representations and warranties made by the Borrower in this Agreement and in the PA and any other loan documents executed by the Borrower with respect to the Sereno Village Project, as referenced in the PA, shall be true and correct as of the date of the proposed disbursement; and

d. The Borrower shall deliver to the City a binding commitment by a title insurance company acceptable to the City and GVRD to issue a CLTA lender's policy of title insurance ("Title Policy"), with any endorsement the City or GVRD may reasonably require, showing fee simple title to the Site in the name of the Borrower, of the validity and the priority of the Note and Deed of Trust as a lien upon the Site, subject only to matters of record approved by the City and GVRD in writing, and subordinate only to the Approved Senior Liens authorized under Section 1, above;

e. The Borrower has delivered evidence of insurance required by Section 7 of this Agreement.

If the Borrower fails to satisfactorily complete all of the conditions precedent set forth above, then the City (for itself or on behalf of GVRD), in its sole discretion, may terminate this Agreement by delivering written notice of such termination to the Borrower. Following such termination, no party shall have any further rights, duties or obligations hereunder, and the City (for itself or on behalf of GVRD) shall have no obligation to fund any portion of the Loan provided for hereunder.

3. Loan Closing. The City shall deliver the proceeds of the Loan to the Borrower upon satisfaction of all of the conditions set forth in Section 2, above. Concurrently with delivery of the proceeds of the Loan to the Borrower, the City shall record, or cause the recordation of, the Deed of Trust in the Official Records of the

County of Solano. The Borrower shall pay all fees, charges and costs related to the Loan, including without limitation all closing costs and fees and the premium for the Lender's Title Policy required under Section 2.d., above.

4. Restrictions on Use of Loan Proceeds. The Borrower covenants that it shall use the proceeds of the Loan solely to pay costs associated with the construction of the Sereno Village Project. The Borrower shall not use the Loan proceeds, or permit them to be used, for any purpose other than as set forth in this Section 4. The City and GVRD shall not be responsible for any costs or charges incurred in the construction of the Sereno Village Project, except for the Loan provided for hereunder.

5. Schedule of Performance of Construction Obligations. The Borrower shall commence and diligently proceed to take all actions necessary to undertake and complete the construction of the Sereno Village Project, in accordance with the schedule of performance provided for under the PA.

6. Subordination. The City and GVRD agree to subordinate the lien of their Deed of Trust to any other Deeds of Trust or other security instruments for the Approved Senior Liens authorized under Section 1, above, and execute such subordinating and non-disturbance Agreements with Borrower's senior lenders and tenants of all or any portion of the Site, all in recordable form.

7. Insurance.

A. Workers' Compensation. The Borrower, at its own cost and expense, shall carry and maintain full Workers' Compensation Insurance and Employer's Liability with limits as required by California law with an insurance carrier satisfactory to the City and GVRD. The policy shall provide that no cancellation, major change or expiration shall become effective or occur until at least ten (10) days after receipt of written notice by the City and GVRD.

B. Liability and Property Damage.

1. The Borrower, at its own cost and expense, shall maintain a commercial general liability policy written on an occurrence basis with a combined single limit of TWO MILLION DOLLARS (\$2,000,000). The City and GVRD, and their officers and employees, shall be named as additional insured. The policy shall cover the Site.

2. All insurance shall be with insurers and under forms of policies satisfactory in all respect to the City and GVRD and shall provide that notice must be given to the City at least thirty (30) days prior to cancellation or material change. The policies shall stipulate that this insurance will operate as primary insurance and that no other insurance effected by the City or GVRD will be called upon to contribute to a loss suffered by the Borrower hereunder.

3. The Borrower agrees to furnish any certificates of insurance evidencing the above-described policies as requested by the City or GVRD. Such certificates must be returned to City and GVRD and approved by the City and GVRD,

respectively, before any disbursement will be made under this Agreement. Upon notification of receipt by the City and GVRD of a notice of cancellation or major change in coverage, the Borrower shall file with the City and GVRD a certified copy of the required new or renewal policy and certificates for such policy.

8. Indemnification. The Borrower shall defend, assume all responsibility for and hold the City and GVRD, and their respective officers and employees, harmless from all demands, claims, actions and damages to any person or property arising out of or caused by any of Borrower's activities under this Agreement, whether such activities or performance thereof be by the Borrower or anyone directly or indirectly employed or contracted with by the Borrower and whether such damage shall accrue or be discovered before or after completion of the Sereno Village Project, except to the extent any such demands, claims, actions and damages are due to the gross negligence or willful misconduct of the City or GVRD or their respective officers and employees.

9. Defaults. The occurrence of any of the following shall constitute an event of default under this Agreement: (1) Borrower fails to pay any amount due hereunder or under the Note or Deed of Trust within fifteen (15) days of its due date after notice to Borrower; or (2) any other material default by Borrower hereunder or under the Note or Deed of Trust which is not cured within 30 days after notice to Borrower, or within such other applicable cure period provided for under this Agreement; (3) any sale or transfer of the Sereno Village Project or any portion thereof in violation of this Agreement or the PA unless consented to by the City (for itself and on behalf of GVRD) in its reasonable discretion; (4) the filing by or against the Borrower of a petition for relief under the Bankruptcy Reform Act of 1978 or any bankruptcy or debtor relief law; (5) the transfer or assignment of this Loan Agreement, the Note or the Deed of Trust without approval by the City (for itself and on behalf of GVRD); (6) failure of the Borrower to complete the construction of the Sereno Village Project, or any portion thereof, within the times set forth in the PA, subject to any extensions of time mutually agreed to by the parties; or (7) the Borrower fails to use the Loan proceeds for any purpose other the purposes set forth in Section 4 of this Agreement.

Upon the occurrence of a default, the City (for itself and on behalf of GVRD), at its option, may declare this Agreement to be in default and, in such event, the City (for itself and on behalf of GVRD) shall have all of the rights and remedies prescribed in the Note and the Deed of Trust and at law or in equity. Following an event of default, the City (for itself and on behalf of GVRD) shall have no further obligation to disburse all or any portion of the Loan.

10. Borrower agrees to pay the following costs, expenses, and attorneys' fees paid or incurred by the City and GVRD or adjudged by a Court: (1) reasonable costs of collection, costs, and expenses, and reasonable attorneys' fees paid or incurred in connection with the collection, enforcement, or foreclosure sale of any security for this Agreement, or of any covenant of this Agreement or such security, whether or not suit is filed; (2) costs of suit and such sums the Court may adjudge as attorneys' fees in any action to enforce payment of all amounts due under this Agreement or any part of it; and (3) costs of suit and such sums as the Court may adjudge as reasonable attorneys' fees in any other litigation or controversy connected with the enforcement of this Agreement

11. No Liability of City or GVRD Officials. No councilmember, director, official or employee of the City or GVRD shall be personally liable to the Borrower, or any successor in interest, in the event of any default or breach by the City or GVRD under this Agreement or for any amount which may become due to the Borrower or any successor or on any obligations under the terms of this Agreement.

12. Miscellaneous Provisions.

a. Transfer or Assignment. As long as any balance of the Note is remaining to be paid, the Borrower shall not transfer or assign this Loan Agreement, the Note, the Deed of Trust, or the ownership of the Site without prior written approval by the City and GVRD. Approval of any such transfer or assignment shall be at the sole discretion of the City and GVRD.

b. Interest of Officials of the City or GVRD. No member of the governing body of the City or GVRD and no other officer, employee or agent of the City or GVRD who exercises any functions or responsibilities in connection with the carrying out of the City's or GVRD's work shall have any personal interest, direct or indirect, in this Agreement.

c. Compliance with Government Regulations. The Borrower shall, at its sole cost and expense, comply with all applicable municipal, county, state and federal laws, rules, regulations and ordinances now in force, or which may hereafter be in force, pertaining to any and all activities contemplated under this Agreement, including, but not limited to, issuance of building and use permits and compliance with all federal and state labor laws.

d. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, to the jurisdiction of which the parties hereto submit.

e. Time of the Essence. Time is of the essence of each and every provision of this Agreement.

f. Notices. Notices or other communications given under this Agreement shall be in writing and shall be served personally or transmitted by first class mail, postage prepaid. Notices shall be deemed received either at the time of actual receipt or, if mailed in accordance herewith, on the third (3rd) business day after mailing, whichever occurs first. Notices shall be directed to the parties at the following addresses or at such other addresses as the parties may indicate by notice:

City: Housing Authority  
City of Vallejo  
PO Box 1432  
Vallejo, CA 94590  
Attention: Gary Truelsen, Housing Manager

GVRD: Greater Vallejo Recreation District  
395 Amador Street  
Vallejo, CA 94590  
Attn: General Manager

Borrower: Sereno Village Associates  
26 O'Farrell Street, Suite 600  
San Francisco, CA 94108  
Attention: James Buckley, President

With a copy to:  
Alliant Tax Credit Fund SV, Ltd. And  
Alliant Tax Credit SV, Inc.  
C/o Alliant Asset Management Company, LLC  
21550 Oxnard Street, Suite 1020  
Woodland Hills, CA 91367  
Attn: Shawn Horwitz

g. Invalidity. If any provision of this Agreement 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.

h. Headings. The titles and headings of the various sections of this Agreement are intended solely for reference and are not intended to explain, modify or place any interpretation upon any provision of this Agreement.

i. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such or the remaining provisions of this Agreement.

j. Waiver. No waiver of any provision of this Agreement shall be deemed or shall constitute a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executing in writing by the party making the waiver.

k. Number and Gender. As used in this Agreement, the masculine, feminine or neuter gender, and the singular or plural number, shall each include the others whenever the context so indicates or requires.

l. Further Assurances. The parties shall execute, acknowledge, file or record such other instruments and statements and shall take such additional action as may be necessary to carry out the purpose and intent of this Agreement.

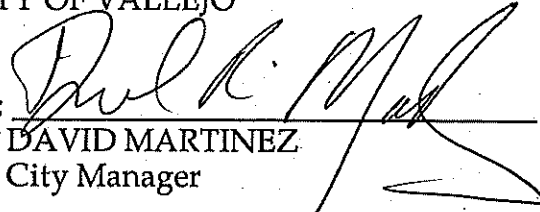
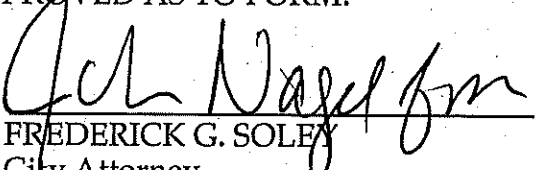
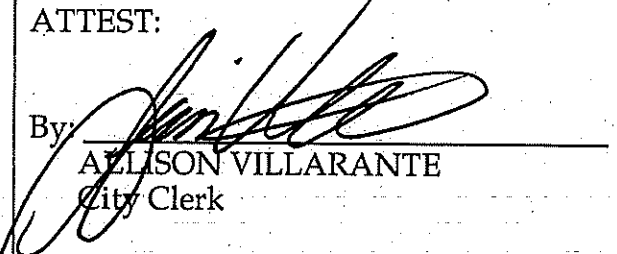
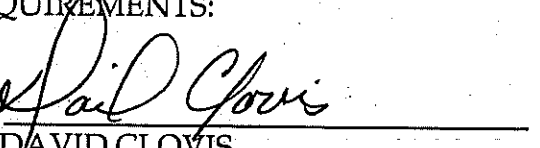
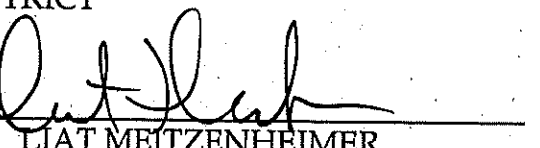
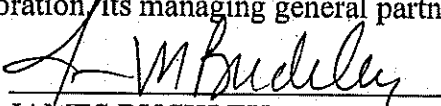

m. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties' respective heirs, legal representatives, successors and assigns.

n. Entire Agreement. This Agreement and Exhibits A, B, C and D, which are incorporated herein, together constitute the entire agreement between the parties and supersede all prior or contemporaneous agreements, representations, warranties and understandings of the parties concerning the subject matter contained herein, written or oral. No change, modification, addendum or amendment to any provision of this Agreement shall be valid unless executed in writing by each party hereto.

o. Attorneys' Fees. In the event of any litigation arising out of this Agreement, the prevailing party in such action, or the nondismissing party where the dismissal occurs other than by reason of a settlement, shall be entitled to recover its reasonable costs and expenses, including, without limitation, reasonable attorneys' fees and costs paid or incurred in good faith. The "prevailing party," for purposes of this Agreement, shall be deemed to be that party who obtains substantially the result sought, whether by settlement, dismissal or judgement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the day and year first above written.

<p><b>CITY:</b></p> <p>CITY OF VALLEJO</p> <p>By:  DAVID MARTINEZ City Manager</p> <p>APPROVED AS TO FORM:</p> <p>By:  FREDERICK G. SOLEY City Attorney</p> <p>ATTEST:</p> <p>By:  ALLISON VILLARANTE City Clerk</p> <p>APPROVED AS TO INSURANCE REQUIREMENTS:</p> <p>By:  DAVID CLOVIS Risk Manager</p> <p><b>GVRD:</b></p> <p>GREATER VALLEJO RECREATION DISTRICT</p> <p>By:  LIAT METZENHEIMER Chairperson</p>	<p><b>BORROWER:</b></p> <p>SERENO VILLAGE ASSOCIATES, a California Limited Partnership</p> <p>By: Citizens Housing Corporation, a California nonprofit public benefit corporation, its managing general partner</p> <p>By:  JAMES BUCKLEY President</p> <p>By: Affordable Housing Affiliation, a California nonprofit public benefit corporation, its administrative general partner</p> <p>By:  BILL MCCUNE Executive Director</p>
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CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

No. 5907

State of CALIFORNIA

County of SOLANO

On AUGUST 1, 2003 before me, JENNIFER ARTATES, NOTARY PUBLIC

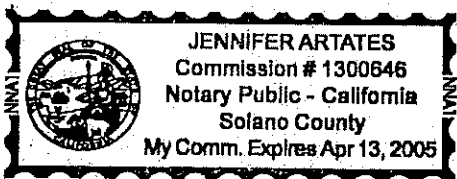
DATE

NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared DAVID R. MARTINEZ

NAME(S) OF SIGNER(S)

[X] personally known to me - OR - [ ] 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.



WITNESS my hand and official seal.

[Handwritten signature]

SIGNATURE OF NOTARY

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- [ ] INDIVIDUAL
[ ] CORPORATE OFFICER

- [ ] PARTNER(S) [ ] LIMITED
[ ] GENERAL

- [ ] ATTORNEY-IN-FACT
[ ] TRUSTEE(S)
[ ] GUARDIAN/CONSERVATOR
[ ] OTHER:

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

TITLE OR TYPE OF DOCUMENT

NUMBER OF PAGES

DATE OF DOCUMENT

SIGNER(S) OTHER THAN NAMED ABOVE

State of California  
County of San Francisco

On July 15, 2003 before me, Robyn A. Thompson, Notary Public,  
personally appeared:

James M. Buckley

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Personally known to me (or 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.

WITNESS my hand and official seal.

Robyn A. Thompson

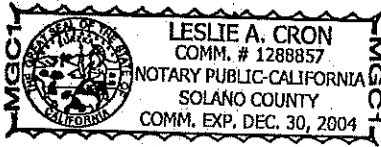


STATE OF CALIFORNIA  
COUNTY OF

Solano

On July 16, 2003, before me, Leslie A. Cron,  
personally appeared Bill McInerney

( ) personally known to me – OR – (✓) 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.



WITNESS my hand and official seal.

Leslie A. Cron

(This area for official notarial seal)

DESCRIPTION OF ATTACHED DOCUMENT

Loan Agreement

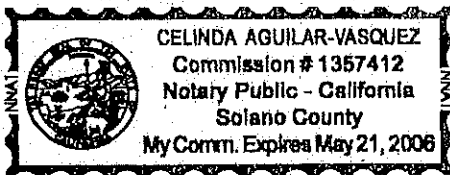
DESCRIPTION OF DOCUMENT (OPTIONAL)

STATE OF CALIFORNIA  
COUNTY OF

Solano

On July 22, 2003, before me, Celinda Aguilar-Vasquez, Notary Public,  
personally appeared Liat Meitzenheimer

( ) personally known to me – OR – (X) 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.



WITNESS my hand and official seal.

Celinda Aguilar-Vasquez

(This area for official notarial seal)

DESCRIPTION OF ATTACHED DOCUMENT

Loan Agreement

DESCRIPTION OF DOCUMENT (OPTIONAL)

**CONSENT AND AGREEMENT OF  
REDEVELOPMENT AGENCY OF THE CITY OF VALLEJO**

In furtherance of the (a) Participation Agreement, dated November 28, 2000, Between the Agency and Citizens Housing Corporation ("Citizens"), which Participation Agreement was assigned to and assumed by the Sereno Village Associates, a California Limited Partnership (the "Borrower"), pursuant to that certain Assignment Agreement Re: Property and Financing between Citizens and the Borrower, dated February 1, 2002 (the "Assignment") (as so assigned, the "PA"); (b) the Agency Acquisition Loan Note executed by Citizens in favor of the Agency pursuant to Section 302 of the PA, which Note was assigned to the Borrower pursuant to the Assignment; (c) the Agency Permanent Financing Loan Note executed by the Borrower in favor of the Agency pursuant to Section 303 of the PA; and (d) the development of the Project, pursuant to and as defined in the PA, the Redevelopment Agency of the City of Vallejo hereby consents to the terms of the Loan Agreement by and between the City of Vallejo (the "City"), the Greater Vallejo Recreation District ("GVRD"), and the Borrower, dated as of July 28, 2003, and does hereby agree, for itself and its officers, departments, boards and agencies:

1. To undertake, in a timely and good faith manner, subject to applicable legal requirements, all of the obligations of the Agency under the PA; and

2. So long as Borrower is not in default under the PA, the Agency Acquisition Loan Note or the Agency Permanent Financing Loan Note, any payments of Surplus Cash from the Project which may be due and payable under the Agency Acquisition Loan Note and the Agency Permanent Financing Loan Note shall not be due and payable until such time as all amounts due and owing the City, GVRD and VSFCD under their respective notes are paid in full, as provided for under Section 3 of those respective notes.

REDEVELOPMENT AGENCY OF THE CITY  
OF VALLEJO

Dated: July 28, 2003

By:

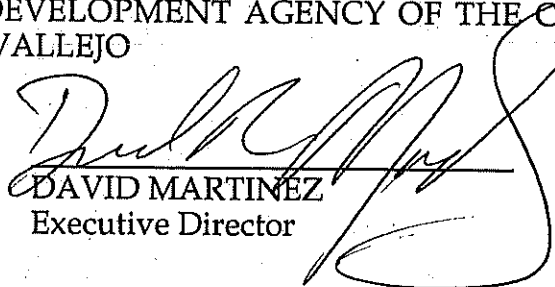
  
\_\_\_\_\_  
DAVID MARTINEZ  
Executive Director



EXHIBIT A

MAP OF THE SITE

[To Be Inserted by Title Company.]



EXHIBIT B

LEGAL DESCRIPTION OF THE SITE

[To Be Inserted by Title Company.]



EXHIBIT C

*SLB*  
~~FORM OF~~ PROMISSORY NOTE

\$1,602,463

July 28, 2003  
Vallejo, California

FOR VALUE RECEIVED, SERENO VILLAGE ASSOCIATES, a California limited partnership (the "Maker"), having an address of 26 O'Farrell Street, Suite 506, San Francisco, California 94108, promises to pay to the order of CITY OF VALLEJO ("Holder" or "City"), for and on behalf of itself and the GREATER VALLEJO RECREATION DISTRICT ("GVRD"), the initial principal sum of ONE MILLION SIX HUNDRED AND TWO THOUSAND FOUR HUNDRED AND SIXTY-THREE DOLLARS (\$1,602,463), with simple interest at the rate of three percent (3%) per annum. The Managing General Partner of Maker is Citizens Housing Corporation, a California nonprofit public benefit corporation ("Citizens"); and the Administrative General Partner of Maker is Affordable Housing Affiliation, a California nonprofit public benefit corporation ("AHA") (Citizens and AHA are collectively referred to herein as the "General Partners").

1. This Note is made pursuant to that certain Loan Agreement between Maker and Holder and GVRD, dated July 28, 2003 (the "Loan Agreement"). Prior to the Loan Agreement, Citizens and the Redevelopment Agency of the City of Vallejo (the "Agency") entered into that certain Participation Agreement, dated November 28, 2000, which Participation Agreement was assigned to and assumed by Maker pursuant to that certain Assignment Agreement Re: Property and Financing between Citizens and Maker, dated February 1, 2002 (as so assigned, the "PA"). Pursuant to the PA, Maker has acquired that certain real property defined in the PA as the "Site", and shall construct on the Site a multi-family residential housing project consisting of approximately 125 residential units which shall be rented to qualified very-low income persons and families (the "Project"), all as described in the PA. Pursuant to the Loan Agreement, the City and Greater Vallejo Recreation District ("GVRD") have agreed to provide a loan (the "Loan") to Maker to assist Maker in financing costs associated with the construction of the Project. Of the total Loan amount (\$1,602,463), One Million Four Hundred Thousand Dollars (\$1,400,000) has been loaned by, and when repaid shall be credited toward, the City (sometimes referred to herein as the "City Loan"), and the remaining Two Hundred Two Thousand Four Hundred Sixty Three Dollars (\$202,463) has been loaned by, and when repaid shall be credited toward, GVRD (sometimes referred to herein as the "GVRD Loan"). The GVRD Loan shall be administered by the City on behalf of GVRD. This is a promissory note for the repayment to Holder, on behalf of itself and GVRD, of funds advanced to or on behalf of Maker pursuant to the Loan Agreement. All capitalized terms not defined in this Note shall have the meaning set forth in the Loan Agreement.

2. Payment of this Note is secured by a deed of trust, assignment of rents, security agreement and fixture filing (the "Deed of Trust") from Maker to Holder upon the Site, or applicable portion thereof covered by this Note.

3. Payments of interest and principal shall be made to the Holder from "Net Surplus Cash" which is hereinafter defined. To the extent there is Net Surplus Cash available from the Project, Net Surplus Cash shall be disbursed and credited as follows:

a. This promissory note is one of four (4) promissory notes set forth in more detail below to be executed and delivered by Maker for the Project, all of which notes require repayment from the Net Surplus Cash. Said notes are:

(1) this Note; (2) a promissory note executed by Maker in favor of the Vallejo Sanitation and Flood Control District ("VSFCD"), in the initial principal amount of \$351,635.20 (the "VSFCD Note"), entered into pursuant to a Loan Agreement between Maker and VSFCD dated November 19, 2002;

(3) a promissory note executed by Maker in favor of the Agency, in the initial principal amount of \$600,000 (the "Agency Acquisition Loan Note"), entered into pursuant to Section 302 of the PA; and

(4) a promissory note executed by Maker in favor of the Agency, in the initial principal amount of \$1,900,000 (the "Agency Permanent Financing Loan Note"), entered into pursuant to Section 303 of the PA.

The Agency, pursuant to its consent and agreement attached to and incorporated into the Loan Agreement, has agreed to defer repayment of amounts owed to the Agency by Maker under the Agency Acquisition Loan Note and Agency Permanent Financing Loan Note until such time as all amounts owed to Holder (and GVRD) under this Note and to VSFCD under the VSFCD Note have been repaid in full. It is the intent of Holder and GVRD (and of VSFCD pursuant to its separate note referenced above) that the entire amount of Net Surplus Cash (as defined below) from the Project be divided on a pro-rata basis and paid to Holder and VSFCD to repay amounts owing by Maker under this Note and the VSFCD Note.

b. Unless otherwise approved by Holder, so long as any amounts are due and owing under this Note, the entire amount of Net Surplus Cash shall be disbursed by Maker and credited as follows:

(1) EIGHTY TWO PERCENT (82%) of the Net Surplus Cash shall be paid to Holder as repayment of amounts due and owing hereunder (SEVENTY ONE AND SIX-TENTHS PERCENT (71.6%) of the Net Surplus Cash shall be credited to City Account No. 001 (General Fund), on behalf of the City, for repayment of the City Loan; and TEN AND FOUR-TENTHS PERCENT (10.4%) of the Net Surplus Cash shall be credited to City Account No. 137, on behalf of GVRD for repayment of the GVRD Loan);

(2) The entire remaining EIGHTEEN PERCENT (18%) of Net Surplus Cash shall be paid to VSFCDC as repayment of amounts due and owing under the VSFCDC Note.

Notwithstanding the foregoing, the entire unpaid principal, together with all accrued and unpaid interest, due under this Note shall be due and payable in full fifteen (15) years from the date hereof.

All payments made hereunder shall be credited first to any interest due and owing and then to principal. Interest not paid current shall accrue and shall not be compounded.

Maker may, if it has sufficient Net Surplus Cash available, prepay all or any part of this Note, without penalty, at any time during the term of this Note. Any unauthorized prepayments, as determined by HUD, shall be the responsibility of the Maker to return to the Project.

4. "Surplus Cash" for purposes of this Note shall mean the sum of money computed as follows:

a. All rents, revenues, consideration or income (of any form) derived by Maker in connection with or relating to the ownership or operation of the Project, including any net revenue derived from any refinancing of the Project and any revenue from contributions, loans or grants which is not required to meet future project obligations, less all of the following: all customary and reasonable costs and expenses in connection with the construction, operation and maintenance of the Project (including without limitation the organizational expenses of Borrower); property management fees and asset management fees (previously approved by Holder); any tax credit shortfall payments due to the limited partner of Borrower pursuant to Borrower's partnership agreement; principal and interest paid by Maker on account of any loan(s) or other obligations associated with the Approved Senior Liens authorized under Section 1 of the Loan Agreement or otherwise approved by Holder; amounts (previously approved by Holder) expended to restore the Project after a casualty loss or condemnation; reasonable and customary cost for accounting and auditing the books and records of the Project; taxes (including without limitation preparation costs); any amounts (previously approved by Holder) reserved by Maker as an operating contingency reserve account and a replacement reserve account (and deposited in an account approved by Holder) for the Project; and any other reserves required by an approved lender or investor.

b. Notwithstanding the generality of the foregoing, the following items are not expenses or deductible in computing Surplus Cash:

(i) Payment of any fees or expenses or of any portion of the Surplus Cash to Maker or any affiliate of Maker, other than a reasonable property management fee, an asset management fee not to exceed \$5,000, and a supervisory management fee not to exceed \$20,000 for the following: reviewing the monthly operating budget; overseeing the performance of the property

manager; meetings, coordination and conflict resolution with the adjacent property owner; review and approval of the annual operating budget; prepare, review and approval of annual partnership reports; review and approval of tax returns; coordination with the investor limited partner; and resolution of miscellaneous issues normally associated with the ownership and operation of multi-family housing;

(ii) Income taxes imposed upon Maker's income;

(iii) Payment of interest on any indebtedness of Maker to any affiliate of Maker (individual or entity) or to any other third-party lender or partner not otherwise approved by Holder; and

(iv) Depreciation, cost recovery, amortization and similar items which do not involve the expenditure of cash.

c. This promissory note is one of several notes executed and delivered by Maker relating to the Project. Although the language of paragraph 4(a) appears in each note, Maker may deduct the items identified in paragraph 4(a) only once to determine the Surplus Cash from the Project.

d. Notwithstanding the foregoing, if and so long as the Secretary of Housing and Urban Development or his/her successors or assigns, are the insurers or holders of the first or any senior mortgage on the Project, payments due under this Note shall be payable only from a portion of the Surplus Cash of the Project, as the term Surplus Cash is defined in the Regulatory Agreement between HUD and Maker. Any restriction on payment imposed by this paragraph shall not excuse any default caused by the failure of the Maker to pay the indebtedness evidenced by this Note.

5. "Net Surplus Cash" for purposes of this Note shall mean the sum of money determined as follows:

a. If all or any portion of the Developer Fee for the Project (as defined and approved by the Agency pursuant to the PA) is deferred and not paid to or retained by the General Partners from the proceeds of the permanent financing to be obtained for the Project, then the Surplus Cash from the Project shall be disbursed and credited as follows:

(1) FIFTY PERCENT (50%) of the Surplus Cash from the Project may be paid to or retained by the General Partners, until such time as the entire deferred Developer Fee is paid to the General Partners; provided, the total amount paid to the General Partners pursuant to this subsection 5.a.(1) shall not exceed the amount of Net Surplus Cash paid collectively to Holder and VSFCD pursuant to subsection 3.b., above; and provided, further, that the total aggregate amount paid to the General Partners pursuant to this subsection 5.a.(1) shall not exceed the amount of the deferred Developer Fee.

(2) The entire remaining amount of Surplus Cash from the Project (including the remaining Fifty Percent (50%) of the Surplus Cash from the Project, plus all Surplus Cash remaining after payment in full of the Developer Fee) shall be deemed "Net Surplus Cash" for purposes of this Note and shall be used to repay amounts due and owing hereunder pursuant to subsection 3, above.

b. Following payment to the General Partners of the maximum amount set forth in subsection 5.a.(1), above, and thereafter, ONE HUNDRED PERCENT (100%) of the Surplus Cash from the Project shall be deemed "Net Surplus Cash" for purposes of this Note and shall be used to repay amounts due and owing hereunder pursuant to subsection 3, above.

6. Maker shall deliver monthly balance sheets showing all revenues and expenses of the Project. An audited financial statement shall be delivered within one hundred twenty (120) days of the end of each calendar year along with payment of the Net Surplus Cash (if any). Holder shall have the right to inspect and audit Maker's books and records concerning the calculation of Net Surplus Cash and to object within ninety (90) days from receipt of Maker's statement. Failure to timely object shall be deemed acceptance. If Holder does object, Holder shall specify the reasons for disapproval. Maker shall have thirty (30) days to reconcile any disapproved item. If Maker and Holder cannot agree on the amount of the Net Surplus Cash, an independent auditor mutually selected by Maker and Holder shall resolve any disputed items. The cost of the auditor shall be shared equally by Maker and Holder.

7. Maker shall prepare and submit to Holder a copy of the proposed annual operating budget for the management and operation of the Project no later than October 1 of each year until this Note is paid in full. The proposed budget shall include a line item showing the projected Net Surplus Cash from the Project for the year. Holder will review the proposed budget and, if acceptable, approve it, which approval shall not be unreasonably withheld. If the budget is not acceptable, Holder shall specify the reasons for disapproval. The intent of this paragraph is to provide Holder an opportunity to disapprove any unreasonable expenses which would diminish the Net Surplus Cash from the Project. Once approved, any changes to the budget which exceed ten percent (10%) of the total budget shall require Holder's prior written consent, which consent shall not be unreasonably withheld.

8. Notwithstanding anything to the contrary provided herein, in the event that the Project is in default under the terms of the Loan Agreement, the PA, any loan documents provided for under the PA, including without limitation the Acquisition Note, Permanent Financing Note, Affordable Housing Covenant or the Tax Credit Financing (as defined in the PA) provisions such that the affordability restrictions are no longer in effect, or if there shall have been an event of default under this Note or the Deed of Trust securing this Note, then the entire unpaid principal of this Note and accrued interest thereon may be immediately due and payable, at the option of Holder.

9. Payment shall be made in lawful money of the United States to Holder c/o The City of Vallejo, 555 Santa Clara Street, Vallejo, California 94590. The place of

payment may be changed from time to time as the Holder may from time to time designate in writing. Upon receipt, Holder shall credit all payments received hereunder to the appropriate City and GVRD accounts, pursuant to the respective pro rata shares, as described in subsection 3.b.(1).

10. Maker hereby covenants and agrees that it shall maintain, or cause to be maintained, the Site in a manner consistent with the provisions set forth therefor in the Vallejo Municipal Code, and shall keep the entire Site reasonably free from any accumulation of debris or waste materials prior to and after construction.

If, at any time, Maker fails to maintain the Site, and has either failed to commence to cure such condition or to diligently prosecute to completion the condition or the condition is not corrected after expiration of thirty (30) days from the date of written notice from Holder to Maker, Holder may perform the necessary corrective maintenance, and Maker shall pay such costs as are reasonably incurred for such maintenance. The Holder shall have the right to place a lien on the property should Maker not reimburse Holder for such costs within sixty (60) days following Holder's written demand to Maker for reimbursement of such costs. Maker, on behalf of itself its heirs, successors and assigns, hereby grants to Holder and its officers, employees and agents, an irrevocable license to enter upon the Site to perform such maintenance during normal business hours after receipt of written notice from Holder as hereinabove described and Maker's failure to cure or remedy such failure within thirty (30) days of such notice. Any such entry shall be made only after reasonable notice to Maker, and Holder shall indemnify and hold Maker harmless from any claims or liabilities pertaining to any such entry by Holder.

Failure by Maker to maintain the Site in the condition provided in this Section 10 may, in Holder's sole discretion, constitute a default under this Note and the related Deed of Trust.

The foregoing covenants shall remain in effect for the Site until all amounts due Holder hereunder are paid in full.

11. The occurrence of any of the following shall constitute an event of default under this Note: (i) Maker fails to pay any amount due under the Loan Agreement, this Note or the Deed of Trust within fifteen (15) days of its due date after notice to Maker; or (2) any other material default by Maker under the Loan Agreement, this Note or the Deed of Trust which is not cured within 30 days after notice to Maker, or within such other applicable cure period provided for under the Loan Agreement or the Rider thereto; (3) any sale or transfer of the Sereno Village Project or any portion thereof in violation of the Loan Agreement or the PA, unless consented to by the Holder in its reasonable discretion; (4) the filing by or against Maker of a petition for relief under the Bankruptcy Reform Act of 1978 or any bankruptcy or debtor relief law; (5) the transfer or assignment of the Loan Agreement, this Note or the Deed of Trust without approval by Holder; (6) failure of Maker to complete the construction of the Sereno Village Project, or any portion thereof, within the times set forth in the PA, subject to any extensions of time mutually agreed to by the parties; or (7) Maker fails to use the Loan

proceeds for any purpose other the purposes set forth in Section 4 of the Loan Agreement.

Upon the occurrence of any event of default, or at any time thereafter, at the option of the Holder hereof and without notice, the entire unpaid principal and interest owing on this Note may become immediately due and payable; provided, however, that notice of any such default shall be sent to each of the General Partners and Limited Partners, who shall have (i) with respect to a default by Maker to make any payment due hereunder, fifteen (15) days after the date of such notice of default to pay any amount due; and (ii) with respect to any other default by Maker, the same cure period applicable to Maker, beginning after the date of such notice of default, to cure any such default. This option may be exercised at any time following any such event, and the acceptance of one or more installments thereafter shall not constitute a waiver of Holder's option. Holder's failure to exercise such option shall not constitute a waiver of such option with respect to any subsequent event. Holder's failure in the exercise of any other right or remedy hereunder or under any agreement which secures the indebtedness or is related thereto shall not affect any right or remedy and no single or partial exercise of any such right or remedy shall preclude any further exercise thereof. Holder agrees that in the event any such default is cured by a General Partner or Limited Partner within the times set forth herein, it shall accept such cure as a cure of the default under this Note.

12. At all times when Maker is in default hereunder by reason of Maker's failure to pay principal due under this Note or any amounts due under any loan documents securing this Note, the interest rate on the sums as to which Maker is in default (including principal, if Holder has elected to declare it immediately due and payable), shall be the lower of the highest rate then allowed by law or two percent (2%) over the prime interest rate announced by Wells Fargo Bank, N.A., as of the date of the default.

13. Maker and any endorsers hereof and all others who may become liable for all or any part of this obligation, severally waive presentment for payment, demand and protest and notice of protest, and of dishonor and nonpayment of this Note, and expressly consent to any extension of the time of payment hereof or of any installment hereof, to the release of any party liable for this obligation, and any such extension or release may be made without notice to any of said parties and without any way affecting or discharging this liability.

14. Maker agrees to pay immediately upon demand all costs and expenses of Holder including reasonable attorneys' fees, (i) if after default this Note be placed in the hands of an attorney or attorneys for collection, (ii) if after a default hereunder or under the Deed of Trust, the Loan Agreement or under any loan document referred to herein Holder finds it necessary or desirable to secure the services or advice of one or more attorneys with regard to collection of this Note against Maker, any guarantor or any other party liable therefor or to the protection of its rights under this Note, the Deed of Trust, the Loan Agreement or other loan document, or (iii) if Holder seeks to have the Site abandoned by or reclaimed from any estate in bankruptcy, or attempts to have any stay or injunction prohibiting the enforcement or collection of the Note or prohibiting

the enforcement of the Deed of Trust or any other agreement evidencing or securing this Note lifted by any bankruptcy or other court.

15. If Holder shall be made a party to or shall reasonably intervene in any action or proceeding, whether in court or before any governmental agency, affecting the property or the title thereto or the interest of the Holder under the Deed of Trust, including, without limitation, any form of condemnation or eminent domain proceeding, Holder shall be reimbursed by maker immediately upon demand for all costs, charges and attorneys' fees incurred by Holder in any such case, and the same shall be secured by the Deed of Trust as a further charge and lien upon the Site.

16. Payment of this Note is secured solely by the Deed of Trust recorded against the Site and all improvements thereon, without recourse of any kind against Maker or its general or limited partners.

17. Any notices provided for in this Note shall be given by mailing such notice by certified mail, return receipt requested at the address stated in this Note or at such address as either party may designate by written notice.


18. This Note shall be binding upon Maker, its successors and assigns.

19. This Note shall be construed in accordance with and be governed by the laws of the State of California.


20. 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.

SERENO VILLAGE ASSOCIATES,  
a California limited partnership

By: CITIZENS HOUSING CORPORATION, a  
California nonprofit public benefit corporation,  
its Managing General Partner

By:   
\_\_\_\_\_  
JAMES BUCKLEY  
President

By: AFFORDABLE HOUSING AFFILIATION, a  
California nonprofit public benefit corporation,  
its Administrative General Partner

By:   
\_\_\_\_\_  
BILL MCCUNE  
Executive Director

## EXHIBIT D

Title Company's standard short or long form deed of trust may be used with the following addendum attached:

### ADDENDUM TO DEED OF TRUST

This Addendum to Deed of Trust is part of the Deed of Trust dated JULY 28, 2003, to which it is attached between SERENO VILLAGE ASSOCIATES, a California Limited Partnership (as "Trustor"), whose Managing General Partner is CITIZENS HOUSING CORPORATION, a California non-profit public benefit corporation, ("Citizens") and Administrative General Partner is Affordable Housing Affiliation, a California nonprofit public benefit corporation ("AHA") (Citizens and AHA are collectively referred to herein as the "General Partners"), and the CITY OF VALLEJO ("City"), a public body, corporate and politic, and the GREATER VALLEJO RECREATION DISTRICT ("GVRD") (City and GVRD are collectively referred to herein as "Beneficiary"). The following provisions are made a part of the Deed of Trust:

1. This Deed of Trust, and the Note secured hereby, are entered into in implementation of that certain Loan Agreement (the "Loan Agreement") between Trustor (as the Borrower) and Beneficiary (as the City and the GVRD), dated JULY 28, 2003. Prior to entering into the Loan Agreement, Citizens and the Redevelopment Agency of the City of Vallejo (the "Agency") entered into that certain Participation Agreement, dated November 28, 2000, which Participation Agreement was assigned to and assumed by the Borrower pursuant to that certain Assignment Agreement Re: Property and Financing between Citizens and the Borrower, dated December 11, 2001 (as so assigned, the "PA"). The Loan Agreement provides for a Loan in the total amount of \$1,602,463 from Beneficiary to Trustor. Of the total loan amount, \$1,400,000 has been funded on behalf of the City to pay certain costs associated with the construction of the Sereno Village Project, to be constructed by Trustor pursuant to the PA and \$202,463 has been funded on behalf of GVRD to assist with financing costs associated with the construction of the Sereno Village Project.
2. No Discrimination. The Trustor covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, sexual preference, age, marital status, physical handicap, medical condition, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall the Trustor itself or any person claiming

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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 in the Property.

3. Default. Notwithstanding any other provisions in the Deed of Trust, the occurrence of any of the following shall constitute an event of default under the Note and the Deed of Trust, and a default may be declared under the Deed of Trust solely upon the occurrence of any of the following: (i) Trustor fails to pay any amount due under the Loan Agreement, the Note or the Deed of Trust within fifteen (15) days of its due date after notice to Trustor; or (2) any other material default by Trustor under the Loan Agreement, the Note or the Deed of Trust which is not cured within 30 days after notice to Trustor, or within such other applicable cure period provided for under the Loan Agreement or the Rider thereto; (3) any sale or transfer of the Sereno Village Project or any portion thereof in violation of the Loan Agreement or the PA unless consented to by Beneficiary in its reasonable discretion; (4) the filing by or against Trustor of a petition for relief under the Bankruptcy Reform Act of 1978 or any bankruptcy or debtor relief law; (5) the transfer or assignment of the Loan Agreement, the Note or the Deed of Trust without approval by Beneficiary; (6) failure of Trustor to complete the construction of the Sereno Village Project, or any portion thereof, within the times set forth in the PA, subject to any extensions of time mutually agreed to by the parties; or (7) Trustor fails to use the Loan proceeds for any purpose other the purposes set forth in Section 4 of the Loan Agreement.
4. Subordination. Beneficiary hereby agrees that the lien of this Deed of Trust shall be subject and subordinate to any other Deeds of Trust or other security instruments for the Tax Credit Financing or other alternative financing, as referenced in the PA, obtained by the Trustor for acquisition and construction of the Sereno Village Project, and the Acquisition Note and Permanent Finance note provided for under the PA. Upon request by Trustor or Trustor's lender, Beneficiary shall execute in recordable form a subordination agreement on such lender's standard form evidencing Trustor's agreement as set forth herein and such other terms as may be customarily and reasonably required by lenders in connection with similar projects.
5. Hazardous Substances.
  - (a) As used in this Section 5, the following terms shall have the following meanings:
    - (i) "Environmental Laws" means all statutes, ordinances, orders, rules, regulations, plans, policies or decrees and the like now or hereafter in effect relating to (A) Hazardous Substance Activity or Hazardous Substances; (B) the generation, use, storage, transportation or disposal of Hazardous Substances, or solid waste; or (C) occupational safety and health, industrial hygiene, land use or the protection of human, plant or animal health, safety or welfare, including, without limitation, the Comprehensive

Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. Section 9601 et seq.) ("CRELA"); the Hazardous Material Transportation Act (49 U.S.C. Section 180 et seq.); the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. Section 136 et seq.); the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.); the Clean Air Act (42 U.S.C. Section 740 et seq.); the Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.); the Occupational Safety and Health Act (29 U.S.C. Section 651 et seq.); the Safe Drinking Water Act (42 U.S.C. Section 300f et seq.); the Porter-Cologne Water Quality Control Act (California Water Code Section 13020 et seq.); the Safe Drinking Water and Toxic Enforcement Act of 1986 (California Health & Safety Code Section 25249.5 et seq.); the Hazardous Substance Account Act (California Health & Safety Code Section 25300 et seq.); the Hazardous Waste Control Act (California Health & Safety Code Section 25100 et seq.); The California Environmental Quality Act (California Public Resources Code Section 2100 et seq.); and the rules, regulations and ordinances of the City or County of San Francisco or any applicable federal, state and local agencies or bureaus, as amended from time to time.

- (ii) "Foreclosure Transfer" means the transfer of title to all or any part of the Property or the Trust Estate at a foreclosure sale under the Deed of Trust, either pursuant to judicial decree or the power of sale contained in the Deed of Trust, or by deed in lieu of such foreclosure.
- (iii) "Hazardous Substances" means (A) any chemical, compound, material, mixture or substance that is now or hereafter defined or listed in, or otherwise classified pursuant to, any Environmental Laws as a "hazardous substance," "hazardous material," "hazardous waste," "extremely hazardous waste," "acutely hazardous waste," "radioactive waste," "infectious waste," "biohazardous waste," "toxic substance," "pollutant," "toxic pollutant," "contaminant" as well as any other formulation not mentioned herein intended to define, list, or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, toxicity, reproductive toxicity, "EP toxicity" or "TCLP toxicity"; (B) petroleum, natural gas, natural gas liquids, liquified natural gas, synthetic gas usable for fuel (or mixtures of natural gas and such synthetic gas) and ash produced by a resource recovery facility utilizing a municipal solid waste stream, and drilling fluids, produced waters and other wastes associated with the exploration, development or production of crude oil, natural gas, or geothermal resources; (C) "hazardous substance" as defined in Section 2782.6(d) of the California Civil Code; (D) "waste" as defined in Section 13050(d) of the California Water Code; (E) asbestos in any form; (F) urea formaldehyde foam insulation; (G) polychlorinated biphenyls (PCBs); (H) radon; and (I) any other chemical, material,

or substance that, because of its quantity, concentration, or physical or chemical characteristics, exposure to which is limited or regulated for health and safety reasons by any governmental authority, or which poses a significant present or potential hazard to human health and safety or to the environment if released into the workplace or the environment.

- (iv) "Hazardous Substance Activity" means any actual, proposed, or threatened use, storage, holding, existence, location, release (including, without limitation, any spilling, leaking, leaching, pumping, pouring, emitting, emptying, dumping, disposing into the environment, and the continuing migration into or through soil, surface water, groundwater or any body of water or the air), discharge, deposit, placement, generation, processing, construction, treatment, abatement, removal, disposal, disposition, handling, or transportation of any Hazardous Substance from, under, in, into, or on the Property, including without limitation, the movement or migration of any Hazardous Substances from surrounding property, surface water, groundwater or any body of water, or the air under, in, into or onto the Property and any residual Hazardous Substances contamination in, on, or under the Property.
- (v) "Losses" means all charges, losses, liabilities, damages (whether actual, consequential, punitive, or otherwise denominated), costs, fees, demands, claims for personal injury or real or personal property damage), actions, administrative proceedings (including informal proceedings), judgments, causes of action, assessments, fines, penalties, costs, and expenses of any kind or character, foreseeable and unforeseeable, liquidated and contingent, proximate and remote, including, without limitation, the following: (A) the reasonable fees and expenses of outside legal counsel; (B) the reasonable fees and expenses of accountants, third-party consultants, and other independent contractors retained by an Beneficiary; (C) costs, including capital, operating and maintenance costs, incurred in connection with any investigation or monitoring of site conditions or any clean-up, remedial, removal or restoration work required or performed by any federal, state or local governmental agency or political subdivision or performed by any non-governmental entity or person that is required by Environmental Laws or administrative ruling or directive because of the presence, suspected presence, release or suspected release of Hazardous Substances in violation of Environmental Laws in the air, soil, surface water or groundwater at the Property; (D) any and all diminution in value of the Property, loss of use or damage to the Property, or loss of profits or loss of business opportunity; and (E) reasonable costs and expenses of enforcing this Section 6.09.
- (vi) "Environmental Losses" means Losses rising out of or as a result of: (A) the occurrence of any Hazardous Substance Activity; (B) any

violation of any applicable Environmental laws relating to the Property or to the ownership, use, occupancy or operation thereof; (C) any investigation, inquiry, order, hearing, action, or other proceeding by or before any governmental agency in connection with any Hazardous Substance Activity; or (D) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnitee which directly or indirectly relates to, arises from or is based on any of the matters described in clauses (A), (B), or (C), or any allegation of any such matters.

- (b) Trustor represents and warrants to Beneficiary that Trustor has conducted as appropriate inquiry and investigation which was satisfied by the Phase I, and, to the best of Trustor's knowledge, based on such inquiry and investigation which was satisfied by the Phase I, no portion of the Property is being used or has ever been used at any previous time, for the disposal, storage, treatment, processing or other handling of Hazardous Substances, nor have any Hazardous Substances migrated onto or from the Property. Neither the Property nor Trustor is in violation of or subject to any existing, pending or threatened investigation by any governmental authority under any Environmental Law. Trustor's prior and intended use of the Property will not result in the disposal or release of any Hazardous Substances on, under, about or to the Property or the migration of any Hazardous Substances from the Property. The foregoing representations and warranties shall be continuing and shall be true and correct for the period from the date hereof to the release of this Deed of Trust (whether by payment of the indebtedness secured hereby or foreclosure or action in lieu thereof), and these representations and warranties shall survive such release.
- (c) Trustor represents and warrants to Beneficiary that Trustor has complied with all recommendations by any engineers retained by Trustor and all requirements of any applicable department of environmental resources, environmental protection agency or similar governmental agency, and there are no recommendations by said engineers or requirements ordered by said agency or any other governmental body for environmental investigation or cleanup with respect to the Property.
- (d) On and after the date hereof, Trustor shall not (a) allow any Hazardous Substances to be installed, used, introduced, stored, treated, disposed of, generated, manufactured, discharged, dumped, transported or brought in, upon or over the Property in violation of applicable law; (b) allow any soil or ground water contamination or pollution with any Hazardous Substances on the Property in violation of applicable law; (c) allow any Hazardous Substances to migrate from the Property in violation of applicable law; (d) allow any Hazardous Substances to migrate onto the Property from any adjacent properties in violation of applicable law; or (e) allow or cause the Property to be in violation of, or to trigger a duly initiated and prosecuted investigation of the Property by any

governmental authority under applicable limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules or timetables contained in any local, state and/or federal laws, regulations, codes, ordinances, plans, administrative or judicial orders, decrees, judgments, notices or demand letters issued, entered, promulgated or approved thereunder relating to the environment, land use, water and air quality and Hazardous Substances ("Environmental Requirements").

- (e) If the presence of any Hazardous Substances on the Property caused or permitted by Trustor results in any contamination of the Property, Trustor shall promptly take all actions, at its sole expense, as are necessary to return the Property to the condition existing prior to the introduction of any such Hazardous Substances to the Property; provided that Beneficiary's approval of such actions shall first be obtained, which approval shall not be unreasonably withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the Property.
- (f) At any time after the occurrence and during the continuance of any default under this Section 5, Beneficiary shall have the following rights and remedies, in addition to any other rights and remedies Beneficiary has under this Deed of Trust:
  - (i) As provided in California Code of Civil Procedure Section 564, Beneficiary or its employees, acting by themselves or through a court appointed receiver may do any of the following: (i) enter upon, possess, manage, operate, dispose of, and contract to dispose of the Property or any part thereof; (ii) take custody of all accounts; (iii) negotiate with governmental authorities with respect to the Property's environmental compliance and remedial measures; (iv) take any action necessary to enforce compliance with environmental provisions, including spending Rent Payments to abate any environmental problem; (v) make, terminate, enforce or modify leases of part or all of the Property; (vi) contract for goods and services, hire agents, employees, and counsel, make repairs, alterations, and improvements to the Property necessary in Beneficiary's judgment to protect or enhance the security hereof; and/or (vii) take any and all other actions which may be necessary or desirable to comply with Trustor's obligations hereunder and under the Loan Documents. All sums realized by the receiver or Beneficiary under this subparagraph, less all costs and expenses incurred by either of them under this subparagraph, including attorneys' fees, and less such sums as Beneficiary or the receiver deems appropriate as a reserve to meet future expenses under this subparagraph, shall be applied on any indebtedness secured hereby in such order as Beneficiary shall determine. Neither application of said sums to said indebtedness, nor any other action taken by Beneficiary or the receiver under this subparagraph shall

cure or waive any default or notice of default hereunder, or nullify the effect of any such notice of default. Beneficiary, or any employee or agent of Beneficiary, or a receiver appointed by a court, may take any action or proceeding hereunder without regard to the adequacy of the security for the indebtedness secured hereunder, the existence of a declaration that the indebtedness secured hereby has been declared immediately due and payable, or the filing of a notice of default.

- (ii) With or without notice, and without releasing Trustor from any obligation hereunder, to cure any default of Trustor or in connection with any such default, Beneficiary or its agents, acting by themselves or through a court-appointed receiver, may enter upon the Property or any part thereof and perform such acts and things as Beneficiary deems necessary or desirable to inspect, investigate, assess, and protect the security hereof, including of any of Beneficiary's other rights: (i) to obtain a court order to enforce Beneficiary's right to enter and inspect the Property under California Civil Code Section 2929.5 (in respect of which the decision of Beneficiary as to whether there exists a release or threatened release of hazardous substance, as defined therein, onto the Property shall be deemed reasonable and conclusive as between the parties hereto); and (ii) to have a receiver appointed under California Code of Civil Procedure Section 564 to enforce Beneficiary's right to enter and inspect the Property for hazardous substances as defined therein. All costs and expenses incurred by Beneficiary with respect to the audits, tests, inspections, and examinations which Beneficiary or its agents or employees may conduct, including the fees of engineers, laboratories, contractors, consultants, and attorneys, shall be paid by Trustor. All costs and expenses incurred by Trustee and Beneficiary pursuant to this subparagraph (including court costs, consultant fees and attorney fees, whether incurred in litigation or not and whether before or after judgment) shall bear interest at the Note Rate, from the date they are incurred until said sums have been paid.
- (iii) Beneficiary may seek a judgment that Trustor has breached its covenants, representations and/or warranties with respect to the environmental matters set forth above in this Section 5, by commencing and maintaining an action or actions in any court of competent jurisdiction for breach of contract pursuant to California Code of Civil Procedure Section 736, whether commenced prior to foreclosure of the Property or after foreclosure of the Property, and to seek the recovery of any and all costs, damages, expenses, fees, penalties, fines, judgments, indemnification payments to third parties, and other out-of-pocket costs or expenses actually incurred by Beneficiary or advanced by Beneficiary (collectively, the "Environmental Costs") relating to the cleanup, remediation or other response action required by applicable law or which

Beneficiary believes necessary to protect the Property, it being conclusively presumed between Beneficiary and Trustor that all such Environmental Costs incurred or advanced by Beneficiary relating to the cleanup, remediation, or other response action respecting the Property were made by Beneficiary in good faith. All Environmental Costs incurred by Beneficiary under this subparagraph (including court costs, consultant fees and attorney fees, whether incurred in litigation or not and whether before or after judgment) shall bear interest at the Note Rate, from the date of expenditure until said sums have been paid. Beneficiary shall be entitled to bid, at any sale of the Property held hereunder, the amount of said costs, expenses and interest in addition to the amount of the other obligations hereby secured as a credit bid, the equivalent of cash.


- (iv) As provided in California Code of Civil Procedure Section 726.5, Beneficiary may waive its lien against the Property or any portion thereof, to the extent such property is found to be environmentally impaired as defined therein, and to exercise any and all rights and remedies of an unsecured creditor against Trustor and all of Trustor's assets and property for the recovery of any deficiency and Environmental Costs, including seeking an attachment order under California Code of Civil Procedure Section 483.010. Beneficiary and Trustor each represents and warrants for itself that it has no actual knowledge of any release of any Hazardous Substance (as defined in Section 726.5) on, to or under the Property. As between Beneficiary and Trustor, for purposes of California Code of Civil Procedure Section 726.5, Trustor shall have the burden of proving that Trustor or any related party (or any affiliate or agent of Trustor or any related party) did not cause or contribute to, and was not in any way negligent in permitting, any release or threatened release of the Hazardous Substance.
- (v) Trustor acknowledges and agrees that notwithstanding any term or provision contained herein or in the Loan Documents, the Environmental Costs and all judgments and awards entered against Trustor pursuant to Section 5(f)(iv) above shall be exceptions to any nonrecourse or exculpatory provision of the Loan Documents, and Trustor shall be fully and personally liable for the Environmental Costs and such judgments and awards and such liability shall not be limited to the original principal amount of the obligations secured by this Deed of Trust, and Trustor's obligations shall survive the foreclosure, deed in lieu of foreclosure, release, reconveyance, or any other transfer of the Property or this Deed of Trust.
- (g) Trustor hereby agrees to indemnify, defend and hold harmless Beneficiary from and against any and all Environmental Losses, except those caused

by Beneficiary's gross negligence or willful misconduct, or those occurring following a foreclosure transfer.

**TRUSTOR:**

**SERENO VILLAGE ASSOCIATES,  
a California Limited Partnership**

By: Citizens Housing Corporation,  
a California nonprofit public benefit  
corporation, its managing general  
partner

By:   
\_\_\_\_\_  
JAMES BUCKLEY  
President

By: Affordable Housing Affiliation,,  
a California nonprofit public benefit  
corporation, its administrative general  
partner

By:   
\_\_\_\_\_  
BILL MCCUNE  
Executive Director

Recording Requested By  
North American Title Company  
Order No. 56101-18821853  
Escrow No. 56101-18821853-LAV

AND WHEN RECORDED MAIL TO:

Name City of Vallejo  
Street 555 Santa Clara Street  
Address  
City Vallejo, CA 94590  
State

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**SHORT FORM DEED OF TRUST AND ASSIGNMENT OF RENTS**

A.P.N. 0052-180-110 & 120

**This Deed of Trust**, made this 14th day of July, 2003, between Sereno Village Associates, a California Limited Partnership, herein called **Trustor**,

whose address is 26 O'Farrell Street, Suite 600 San Francisco, CA 94108,  
(number and street) (city) (state) (zip)

North American Title Company, a California corporation, herein called **Trustee**, and the City of Vallejo and the Greater Vallejo Recreation District herein called **Beneficiary**,  
**Witneseth: That Trustor IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS to TRUSTEE IN TRUST, WITH POWER OF SALE**, That property in the City of Vallejo, County of Solano, California, described as follows:

LEGAL DESCRIPTION ATTACHED HERETO AS EXHIBIT " A " AND MADE A PART HEREOF  
Addendum to Deed of Trust attached hereto and made a part hereof

TOGETHER WITH the rents, issues and profits thereof, SUBJECT, HOWEVER, to the right, power and authority given to and conferred upon Beneficiary by paragraph (10) of the provisions incorporated herein by reference to collect and apply such rents, issues and profits.

**For the Purpose of Securing:**

1. Performance of each agreement of Trustor incorporated by reference or contained herein. 2. Payment of the indebtedness evidenced by one promissory note of even date herewith, and any extension or renewal thereof, in the principal sum of \$1,602,463.00 executed by Trustor in favor of Beneficiary or order. 3. Payment of such further sums as the then record owner of said property hereafter may borrow from Beneficiary, when evidenced by another note (or notes) reciting it is so secured.

**To Protect the Security of This Deed of Trust, Trustor Agrees:** By the execution and delivery of this Deed of Trust and the note secured hereby, that provisions (1) to (14), inclusive, of the fictitious deed of trust recorded in Santa Barbara County and Sonoma County October 18, 1961, and in all other counties October 23, 1961, in the book and at the page of Official Records in the office of the county recorder of the county where said property is located, noted below opposite the name of the county, viz.:

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	435	684	Kings	792	833	Placer	895	301	Sierra	29	335
Alpine	1	250	Lake	362	39	Plumas	151	5	Siskiyou	468	181
Amador	104	348	Lassen	171	471	Riverside	3005	523	Solano	1105	182
Butte	1145	1	Los Angeles	T2055	899	Sacramento	4331	62	Sonoma	1851	689
Calaveras	145	152	Madera	810	170	San Benito	271	383	Stanislaus	1715	456
Colusa	296	617	Marin	1508	339	San Bernardino	5567	61	Sutter	572	297
Contra Costa	3978	47	Mariposa	77	292	San Francisco	A332	905	Tehama	401	289
Del Norte	78	414	Mendocino	579	530	San Joaquin	2470	311	Trinity	93	366
El Dorado	568	456	Merced	1547	538	San Luis Obispo	1151	12	Tulare	2294	275
Fresno	4626	572	Modoc	184	851	San Mateo	4078	420	Tuolumne	135	47
Glenn	422	184	Mono	52	429	Santa Barbara	1878	860	Ventura	2062	386
Humboldt	657	527	Monterey	2194	538	Santa Clara	5336	341	Yolo	653	245
Imperial	1091	501	Napa	639	86	Santa Cruz	1431	494	Yuba	334	486
Inyo	147	598	Nevada	305	320	Shasta	684	528			
Kern	3427	60	Orange	5889	611	San Diego	Series2 Book 1961, Page 183887				

(which provisions, identical in all counties, are printed on attached herewith) hereby are adopted and incorporated herein and made a part hereof as fully as though set forth herein at length; that he will observe and perform said provisions; and that the references to property, obligations and parties in said provisions shall be construed to refer to the property, obligations, and parties set forth in this Deed of Trust.

The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to him at his address hereinbefore set forth.

STATE OF CALIFORNIA )  
 COUNTY OF San Francisco ) SS.

On July 15, 2003 before me,  
Robyn A. Thompson, personally appeared  
James M. Buckley

personally known to me (or 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.

WITNESS my hand and official seal.  
 Signature Robyn A. Thompson

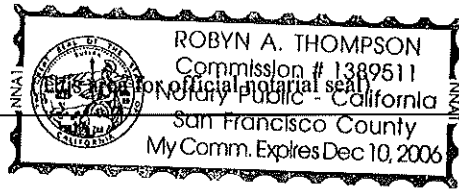
Signature of Trustor  
 Sereno Village Associates, a California Limited Partnership

By: Citizens Housing Corporation, a California nonprofit public benefit corporation, its managing general partner

By: James M. Buckley  
 James M. Buckley, President

By: Affordable Housing Affiliation, a California nonprofit public benefit corporation, its administrative general partner

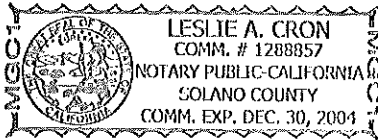
By: Bill McCune  
 Bill McCune, Executive Director



STATE OF CALIFORNIA  
COUNTY OF Solano

On July 14, 2003, before me, Leslie A. Cron,  
personally appeared Bill McCune

( ) personally known to me – OR – (✓) 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.



(This area for official notarial seal)

WITNESS my hand and official seal.

Leslie A. Cron

DESCRIPTION OF ATTACHED DOCUMENT

Deed of Trust

DESCRIPTION OF DOCUMENT (OPTIONAL)

STATE OF CALIFORNIA  
COUNTY OF \_\_\_\_\_

On \_\_\_\_\_, before me, \_\_\_\_\_,  
personally appeared \_\_\_\_\_

( ) personally known to me – OR – ( ) 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.

WITNESS my hand and official seal.

(This area for official notarial seal)

DESCRIPTION OF ATTACHED DOCUMENT

DESCRIPTION OF DOCUMENT (OPTIONAL)

FOR RECONVEYANCE SEND TO THE NEAREST OFFICE OF NORTH AMERICAN TITLE COMPANY

**REQUEST FOR FULL RECONVEYANCE**

To be used only when note has been paid in full.

Dated \_\_\_\_\_

TO NORTH AMERICAN TITLE COMPANY, Trustee:

The undersigned is the legal owner and holder of all indebtedness secured by the within Deed of Trust. All sums 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 all evidences of indebtedness, secured by said Deed of Trust, delivered to you herewith together with said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, the estate now held by you under the same.

MAIL RECONVEYANCE TO:

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

\_\_\_\_\_  
(By) \_\_\_\_\_

(By) \_\_\_\_\_

**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.**

STATE OF CALIFORNIA } SS.  
COUNTY OF \_\_\_\_\_ }

On \_\_\_\_\_ before me,  
\_\_\_\_\_, personally appeared  
\_\_\_\_\_

personally known to me (or 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.

WITNESS my hand and official seal.

Signature \_\_\_\_\_

(This area for official notarial seal)

## DO NOT RECORD/FOR INFORMATION PURPOSES

### SHORT FORM DEED OF TRUST AND ASSIGNMENT OF RENTS (INDIVIDUAL)

The following is a copy of provisions (1) to (14), inclusive, of the fictitious deed of trust, recorded in each county 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.

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 in 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, 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 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 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 actions 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 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, the 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 incumbrance, charge or lien which in the judgement of either appears to be prior to or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his reasonable fees.

(5) To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at 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.

That any award of damages in connection with any condemnation for public use 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/her/them in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

(6) That any award of damages in connection with any condemnation for public use 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/her them in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

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

(8) 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.

(9) 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 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." Five years after issuance of such full reconveyance, Trustee may destroy this document (unless directed in such request to retain it).

(10) 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 performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to adequacy of any security for the indebtedness hereby secured enter upon and take possession of said property or any part thereof, in his/her/their own 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 collection 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.

(11) That upon default by trustor in payment of any indebtedness secured hereby or in 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 of 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 the 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.

(12) 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 county 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.

(13) 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.

(14) 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.

Recording Requested By  
North American Title Company  
Order No. 01604638  
Escrow No. 56101-18821853-LAV

AND WHEN RECORDED MAIL TO:

Name Citizens Housing Corporation  
Attn: Scott Falcone

Street 26 O'Farrell Street, Ste. 600

Address City & San Francisco, CA 94108  
State

SPACE ABOVE THIS LINE FOR RECORDERS  
USE

### SUBSTITUTION OF TRUSTEE AND DEED OF FULL RECONVEYANCE

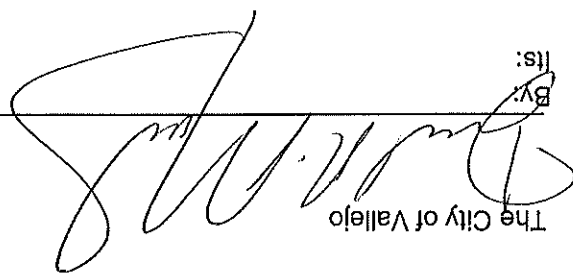
J.P.N. A.P.N. Portions of 0052-180-120 & 110

The undersigned The City of Vallejo Beneficiary, in and under the provisions of that certain Deed of Trust executed by Sereno Village Associates, a California Limited Partnership Trustors, to North American Title Company Trustee, for The City of Vallejo, Beneficiary, dated April 15, 2003 and recorded on May 23, 2003, in the office of Solano County, State of California, as Instrument number 200300083683, of Official Records, do in accordance with the provisions of said Deed of Trust, hereby give notice of the Substitution and Appointment of The City of Vallejo in place and instead of North American Title Company the present Trustee, and do hereby vest in said substituted Trustee, all the rights, title, estate, power, duty and trusts conferred by said Deed of Trust upon the Trustee therein named.

And whereas the indebtedness secured, to be paid by the Deed of Trust above mentioned, has been fully paid and/or satisfied.

NOW, THEREFORE, The City of Vallejo as substituted Trustee, does hereby GRANT AND RECONVEY unto the parties entitled thereto without warranty, all the estate and interest derived to the said Trustee under said Deed of Trust in the lands therein described, situated in the County of Solano, State of California, Reference being hereby made specifically to said Deed of Trust and the record thereof for a particular description of said lands.

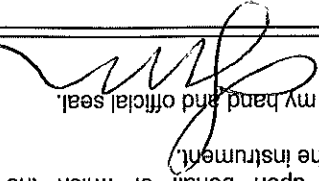
Dated July 14, 2003

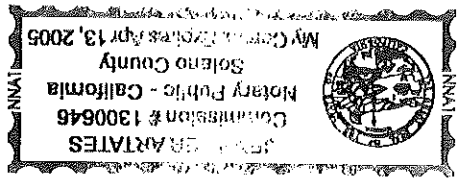
  
The City of Vallejo  
By: \_\_\_\_\_  
Its: \_\_\_\_\_

STATE OF CALIFORNIA, SOLANO COUNTY OF \_\_\_\_\_  
On July 30, 2003 before me,  
JENNIFER MARTINEZ, NOTARY PUBLIC, personally  
appeared  
DAVID R. MARTINEZ

personally known to me (or 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 the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature 



(This area for official notarial seal)

# NORTH AMERICAN TITLE COMPANY

## LENDER'S ESCROW INSTRUCTIONS

**TO:** North American Title Company  
1261 Travis Blvd., Suite 150  
Fairfield, CA 94533  
(707) 422-1100 Fax No. (707) 422-2390

**ORDER NO:** 56101-18821853-LAV  
**DATE:** July 14, 2003

We hand you herewith the following:

- A.) A Deed of Trust to record securing a promissory note executed by Sereno Village Associates, a California Limited Partnership, a California Limited Partnership, Borrower(s)/Trustor(s)/Payor(s) in the amount of \$ 1,602,463.00 dated July 14, 2003, and naming the City of Vallejo and the Greater Vallejo Recreation District, as Payee and Beneficiary.
- B.) A Substitution of Trustee and Deed of Full Reconveyance to record concurrent and subsequent to the above described Deed of Trust reconveying the Deed of Trust shown as Item Number 15 of the Preliminary Report issued by North American Title Company dated June 23, 2003.

Escrow Holder is authorized and instructed to insert the Beneficiaries exact vesting on the Deed of Trust over the signatures without further instructions or approval.

It is further expressly understood and agreed by all parties hereto that North American Title Company, Inc., is to be held harmless and relieved of any and all liability regarding the preparation of said promissory note and deed of trust and/or the enforceability of the terms contained therein.

You are authorized to record the above Deed of Trust when you can issue your current form 1990 CLTA Lenders Policy of Title Insurance showing liability of \$ 1,602,463.00 insuring Beneficiary. Covering property described in your Preliminary Report No. 56101-18821853 dated June 23, 2003, which property is described in the City of Vallejo, County of Solano, State of California:

**COMMONLY KNOWN AS:** 750 Sereno Drive, Vallejo, CA 94589

(Above address not verified by escrow holder)

**SHOWING TITLE VESTED IN:** Sereno Village Associates, a California Limited Partnership

### FREE FROM ENCUMBRANCES EXCEPT:

- A. General and Special County, and City (if any) Taxes for the current fiscal year, not delinquent, and taxes for the ensuing year, if any, a lien not yet payable.
- B. All other bonds and assessments levied or assessed to the date of close of escrow.
- C. Covenants, conditions, restrictions, reservations, rights, rights of way, and easements, and the exception or reservation of water, oil, gas minerals, carbons, hydrocarbons or kindred substances on or under said land, now of record, if any, or in the Deed to file.
- D. Preliminary report dated June 23, 2003 items numbered 1-14 and 16, issued by North American Title Company, a copy of which has been read and approved by the undersigned.
- E. Deed of Trust to record securing a note.

### ADDITIONAL INSTRUCTIONS:

None

Signatures on any documents and instructions pertaining to this escrow indicate the signer's unconditional approval thereof. If no demand for cancellation is made, you will proceed to close this escrow when the principals have complied with the escrow instructions.

The foregoing terms, conditions and instructions, including the "General Provisions" attached hereto, (as if fully set forth herein), have been read and are understood by each of the undersigned, who hereby agree to, concur with, approve and accept the same in their entirety.

Any amendments of or supplements to any instructions affecting this escrow must be in writing. I will hand you any funds and instruments required to complete this escrow.

Borrower's Initials



(CONTINUED)

Lender's Initials





Date:

Escrow No.: 56101-18821853-LAV

Page - 2 -: Additional instructions made a part of previous pages as if fully incorporated therein.

**NORTH AMERICAN TITLE COMPANY IS LICENSED BY THE STATE OF CALIFORNIA DEPARTMENT OF INSURANCE.**

**LENDER/BENEFICIARY:**

City of Vallejo

**MAILING ADDRESS:**

CITY OF VALLEJO P.O. BOX 1433, VALLEJO CA 94590

By: [Signature]

Day Telephone: 707 6487435

Greater Vallejo Recreation District

Work Telephone: 707 6487435

By: [Signature]

I/We approve the above instructions and agree to execute all papers necessary to comply therewith within the time specified. From said funds when credited to me, you are authorized to deduct your usual Loan Escrow Fees, the Policy of Title Insurance Premium, Recording Fees, Document Preparation Fees, Advances, any and all other fees or charges directly related to this loan, and pay any Encumbrances on said property necessary to issue your Policy of Title Insurance as above provided. I will hand you any funds and instruments required to complete this Escrow. All documents, balances and statements due the undersigned are to be mailed to the addresses shown below.

**INSURANCE:** Borrower agrees to provide a new hazard insurance acceptable to lender and to pay required premium for coverage through escrow, unless a paid receipt is deposited into escrow. **Please provide your fire insurance information:**

Agent: \_\_\_\_\_ Company Name: \_\_\_\_\_

Phone Number: \_\_\_\_\_ Fax Number: \_\_\_\_\_

**BORROWER/TRUSTOR:**

Sereno Village Associates, a California Limited Partnership, a California Limited Partnership

By: Citizens Housing Corporation, a California nonprofit public benefit corporation, its managing general partner

By: [Signature]  
James M. Buckley, President

By: Affordable Housing Affiliation, a California nonprofit public benefit corporation, its administrative general partner

By: [Signature]  
Bill McCune, Executive Director

**MAILING ADDRESS:**

26 O'Farrell St., Suite 600, San Francisco, CA 94108

Home Telephone: \_\_\_\_\_

Work Telephone: 415-421-8605

**MAILING ADDRESS:**

1400 E. 2nd St., Benecia, CA 94510

Home Telephone: \_\_\_\_\_

Work Telephone: 707-746-6197

**1. DEPOSIT AND DISBURSEMENT OF FUNDS**

All funds received in this escrow shall be deposited with other escrow funds in a general escrow account or accounts of North American Title Company, Inc. (hereinafter referred to as "NATC") with any state or national bank or savings and loan, and may be transferred to any other such general escrow account or accounts. Said funds will not earn interest unless specifically instructed. NATC shall have no obligation to account to parties in any manner for the value of, or pay to parties, any benefit received by NATC, directly or indirectly, by reason of the deposit of the escrowed funds or the maintenance of such accounts with that bank. Those benefits may include, without limitation, credits allowed by that bank on loans to NATC and on accounting, reporting and other services and products of that bank and earnings on investments made with the proceeds of such loans. Any such benefits shall be deemed additional compensation earned by NATC for its services as escrow holder. All disbursements shall be made by check of NATC. NATC shall not be responsible for any delay in closing if funds received by escrow are not available for immediate withdrawal. NATC is authorized not to close escrow or disburse until good funds as provided for in California Insurance Code Section 12413.1 ("AB512") have been confirmed in escrow. If any check submitted to escrow is dishonored upon presentment for payment, you are authorized to notify all principals and/or their respective agents of such nonpayment.

**2. CLOSE OF ESCROW**

The phrase "close of escrow" (or "COE" or "CE") as used in this escrow means the date on which documents are recorded, unless otherwise specified.

**3. DELIVERY, RECEIPT AND NOTICES**

All written notices, communications, changes of instructions and documents intended for NATC are required to be delivered timely at the office of NATC as set forth herein. Delivery to the parties as used in these instructions is to be by regular mail, and receipt is deemed to be 72 hours after such mailing unless otherwise stated herein. All documents, balances and statements due the undersigned are to be mailed to the respective addresses shown below, unless otherwise directed. Delivery of documents by Escrow to a real estate broker shall be deemed delivery to the principal.

**4. PRORATION, ADJUSTMENTS AND DEMANDS**

Unless otherwise specified in writing, all prorations or adjustments are to be made as of close of escrow on the basis of a 30-day month. NATC is to use the information contained in the latest available real property tax statement, without regard to any reassessments or subsequent changes. Real property tax bills or statements issued after close of escrow shall be handled directly between the parties outside of escrow. NATC is instructed to assume and shall be fully protected in assuming that all information (for example, association fees, rents, rental deposits, insurance, insurance premiums, beneficiary statements) provided to NATC by the parties or their agent(s) is correct. NATC is authorized to pay all encumbrances necessary to place title in condition called for herein, including but not limited to prepayment penalties, without further approval of the undersigned. Application of payoff funds: Should a check or wire be deemed unacceptable by lenders, creditors, lien holders or beneficiary of a Deed of Trust, you are authorized to act on our behalf in requesting the funds, as well as any balance in an impound account, be applied towards the balance due.

**5. SUPPLEMENTAL TAXES**

The parties acknowledge that the subject property may be subject to real property supplemental taxes due as a result of change of ownership taking place through this escrow, prior changes in ownership, or improvements of the subject property. Any adjustment due on receipt of a supplemental tax bill will be made by the parties outside of this escrow and NATC is released from all liability in connection with same.

**6. UTILITIES, WATER, GARBAGE AND ENVIRONMENTAL ISSUES**

Transfer of utilities, water, and garbage service, or any interruptions or cancellations thereof are to be settled by the parties directly and outside of escrow. NATC shall not be responsible for any late payments or nonpayment of any of these services. It is acknowledged that NATC has made no investigation concerning the property as to environmental or hazardous materials issues, and NATC is released of any responsibility or liability in connection with such issues.

**7. POSSESSION**

Possession of the subject property shall be settled by the parties, and NATC shall not be liable or responsible for such possession.

**8. RECORDATION OF INSTRUMENTS**

NATC is authorized and instructed to record any documents delivered through this escrow, the recording of which is necessary or proper in the issuance of the requested policy or policies of title insurance.

**9. AUTHORIZATION TO FURNISH COPIES**

NATC is authorized to furnish copies of preliminary reports, inspection reports, escrow instructions, supplements, amendments or notices of cancellations and closing statements in this escrow to the real estate broker(s) and lender(s) referred to in this escrow. NATC may do so without incurring liability to any party.

**10. FIRE, FLOOD AND HAZARD INSURANCE**

Other than as may be specifically instructed by lender, NATC is not to be concerned with nor make any inquiry as to any fire, flood, hazard and other liability insurance.

**11. PERSONAL PROPERTY TAXES**

No examination or assurance as to the existence, amount of payment of personal property taxes is required of NATC unless specifically instructed.

**12. ACTION IN INTERPLEADER**

The parties expressly agree that NATC, as escrow holder, has the absolute right at its election to file an action in interpleader requiring the parties to answer and litigate their several claims and rights among themselves. NATC is authorized to deposit with the clerk of the court all documents and funds held in this escrow. In the event such action is filed, the parties jointly and severally agree to pay NATC's cancellation charges and costs, expenses and reasonable attorney's fees which NATC is required to expend in this interpleader action. Upon the filing of the action, NATC shall be fully released from all obligations to further perform any duties otherwise imposed by the terms of this escrow.

**13. USURY**

NATC is not to be concerned with any question of usury in the processing of this escrow and NATC is hereby released of any responsibility of liability therefor.

**14. CANCELLATION OF ESCROW**

Any principal requesting that NATC cancel this escrow shall file notice of demand to cancel in NATC's office in writing. NATC shall within a reasonable time there after mail or otherwise deliver one copy of such notice of demand to cancel to the principals or their respective agents. Unless written objection to such notice of demand to cancel is filed with NATC within fifteen (15) calendar days after the date NATC mailed or delivered the initial notice of demand to cancel, NATC is authorized to cancel this escrow. If NATC cancels this escrow, it is authorized to return the documents to the parties. NATC is, in any event, authorized to hold any money deposited in escrow until it is in receipt of mutual written instructions signed by all parties or the order of a court of competent jurisdiction, concerning the disposition of such money. NATC may return lender's papers and/or funds upon lender's demand. In the event of cancellation of this escrow, the fees and charges due NATC, including expenditures incurred or authorized, shall be borne by the parties or decided by a court of competent jurisdiction.

(CONTINUED)

Borrower's Initials

Lender's Initials

**15. CONFLICTING INSTRUCTIONS**

Should NATC receive or become aware of any conflicting instructions, demands or claims with respect to this escrow or with respect to any money or property deposited herein or affected, NATC shall have the right to discontinue any or all further acts on its part until in receipt of consistent instructions or until the conflict is resolved to NATC's satisfaction. In the event that any dispute between the parties is submitted to arbitration, NATC is authorized to follow the award or decision of such arbitrator(s), whether or not such arbitration award or decision is "binding" or "final".

**16. TERMINATION OF AGENCY OBLIGATIONS**

If there is no action taken on this escrow for any six month period, NATC's agency obligation shall terminate at its option and NATC shall be authorized to return all documents, monies or other items to the parties depositing same. This shall not limit NATC's right to withdraw as escrow agent from this transaction at any time. In the event of termination of NATC's agency obligations, the parties shall pay its fees, charges and any expenses incurred.

**17. RIGHT OF RESIGNATION**

NATC has the right to resign as escrow holder, upon reasonable written notice, and it is acknowledged that five calendar days shall be deemed reasonable under this paragraph. If such right is exercised, NATC is authorized to return all funds and documents to the party who deposited them and NATC shall have no further liability in this escrow.

**18. MEMORANDA**

NATC is to be concerned only with the directives specifically set forth in the escrow instructions and amendments hereto, and is not to be concerned with or liable for items designated as "memoranda" in the within escrow instructions, nor with any other agreement or contract between the parties.

**19. DESTRUCTION OF RECORDS**

NATC is authorized to destroy or otherwise dispose of any and all documents, papers, instructions, correspondence and other material pertaining to this escrow at the expiration of five years from the close of escrow or cancellation thereof, without liability and without further notice to parties in the transaction.

**20. PRELIMINARY REPORT**

The parties acknowledge that they have received, read and approved a copy of the Preliminary Report.

**21. CHANGE OF OWNERSHIP**

Revenue and Taxation Code Section 480.3 requires that Buyers complete a Preliminary Change of Ownership Report (PCOR) for all deeds and other documents which reflect a change in ownership of real property. If such PCOR is not presented at time of recording, or is incomplete, a fee of \$20 or as required by law will be charged to the appropriate party. NATC is relieved of all liability or responsibility as to the validity, sufficiency or preparation of said PCOR.

**22. INTERNAL REVENUE SERVICE REPORTING REQUIREMENTS**

The parties acknowledge that NATC may be required to report this real estate transaction, or aspects thereof, to the Internal Revenue Service. The parties authorize NATC to make such reporting as it deems necessary, and agree to hold NATC harmless from such reporting. The parties also agree to provide to NATC all documentation and information requested by NATC to comply with reporting requirements.

**23. FOREIGN INVESTOR REAL PROPERTY TAX ACT(S)**

Under Section 1445 of the Internal Revenue Code as amended ("Section 1445"), the Foreign Investment in Real Property Tax Act ("FIRPTA"), every Buyer of U.S. real property must, unless an exemption applies, deduct and withhold from Seller's proceeds ten percent (10%) of the gross sales price. NATC is released from and shall have no liability, obligation or responsibility with respect to: (a) withholding of funds pursuant to Section 1445, or (b) advising the parties as to the requirements of such section, (c) determining whether the transferor is a foreign person under such Section, or (d) obtaining a non-foreign affidavit or other basis for an exemption from withholding under such Section, or otherwise making any inquiry concerning compliance with such Section by any party to the transaction.

**State Withholding & Reporting for closings after January 1, 2003:** Under California Law (Rev & Tax Code 18662) a buyer may be required to withhold and deliver to the Franchise Tax Board (FTB) an amount equal to 3.33% of the sales price in the case of disposition of California real property interest ("Real Property") by either: 1) a seller who is an individual or when the disbursement instructions authorize the proceeds to be sent to a financial intermediary of seller, or 2) a corporate seller that has no permanent place of business in California. Buyer may be subject to a penalty (equal to the greater of 10% of the amount required to be withheld or \$500) for failing to withhold and transmit the funds to FTB in the time required by law. Buyer is not required to withhold any amount and will not be subject to penalty for failure to withhold if: a) the sale price of the Real Property does not exceed \$100,000; b) the seller executes a written certificate under penalty of perjury certifying that the seller is a corporation with a permanent place of business in California; or c) the seller, who is an individual, executes a written certificate under penalty of perjury certifying one of the following: (i) the Real Property was the seller's principal residence (as defined in IRC 121); (ii) the Real Property is or will be exchanged for property of likekind (as defined in IRC 1031) and that the seller intends to acquire property similar or related in service or use so as to be eligible for nonrecognition of gain for California income tax purposes under IRC 1031; (iii) the Real Property has been compulsorily or involuntarily converted (as defined in IRC 1033) and the seller intends to acquire property similar or related in service or use as to be eligible for nonrecognition of gain for California income tax purposes under IRC 1033; or (iv) the Real Property sale will result in loss of California income tax purposes. Seller is subject to penalties for knowingly filing a fraudulent certificate for the purpose of avoiding the withholding laws. FTB may grant reduced withholding and waivers from withholding on a case-by-case basis for corporations or other entities.

For additional information regarding California withholding, contact the Franchise Tax Board at (toll free) 888-792-4900, or by e-mail at [urws@ftb.ca.gov](mailto:urws@ftb.ca.gov) or visit their website at [www.ftb.ca.gov](http://www.ftb.ca.gov).

**24. DISCLOSURE OF TAXPAYER IDENTIFICATION NUMBERS**

Internal Revenue Code Section 6109(h) imposes requirements for furnishing, disclosing and including taxpayer identification numbers in tax returns on the parties to a residential real estate transaction involving seller-provided financing. The parties understand that the disclosure reporting requirements are exclusive obligations between the parties to this transaction and that NATC is not obligated to transmit the taxpayer identification numbers to the Internal Revenue Service or to the parties. NATC is not rendering an opinion concerning the effect of this law on this transaction, and the parties are not relying upon any statements made or omitted by the escrow or closing officer.

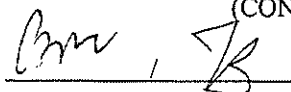
To facilitate compliance with this law, the parties to this escrow hereby authorize NATC to release any party's taxpayer identification number to any requesting party who is a party to this transaction. The requesting party shall deliver a written request to escrow. The parties hereto waive all rights of confidentiality regarding their respective taxpayer identification numbers and agree to defend, indemnify, and hold NATC harmless from and against any fees, costs, or judgements incurred and/or awarded in connection with the release of taxpayer identification numbers.

**25. "FAX/ELECTRONIC" TRANSMISSIONS**

NATC is authorized to accept and rely upon instructions and amendments thereto as such may be submitted via facsimile machines ("FAX") OR electronic media. The parties hereby agree and instruct Escrow Holder to rely upon such documents bearing original signatures. The parties hereby agree to provide to Escrow Holder the original documents within 72 hours of transmission. The parties further acknowledge and agree that documents necessary for recording by the County Recorder must contain original/notarized signatures, and therefore, non-receipt of the original document (s) to record can delay the close of Escrow.

(CONTINUED)

Borrower's Initials



Lender's Initials



**26. AGREEMENT OF CO-OPERATION (Unjust Enrichment)**

In the event that any party to this escrow received funds or is credited with funds that they are not entitled to, for whatever reason, they agree upon written demand, to return said funds to the proper party entitled or to the escrow for disbursement. In the event that suit is brought to enforce the return of said funds, the parties agree to reimburse the prevailing party to reasonable Attorney Fees.

**27. OFFICIAL BUSINESS HOURS:**

North American Title Companies official business hours are 8am through 5pm Monday through Friday, unless otherwise posted

**28. MISCELLANEOUS FEES:**

The Buyer (s)/Borrower (s) hereby agree to pay an electronic delivery fee in the event lender chooses to send the loan documents electronically. North American Title Company may also charge a fee for special courier services, a per check charge for payment of consumer debt (credit cards and other non-secured loans), a wiring fee for the wiring of funds due the lender to satisfy an existing loan and/or the proceeds due the Seller (s), Buyer (s), Borrower (s), and for drawing any additional documents necessary to close this transaction.

**29. CONTINGENCY PERIODS:**

Escrow Holder shall not be responsible for monitoring contingency time periods between the parties. The parties shall execute such documents as may be requested by Escrow Holder to confirm the status of any such period.

**30. IMPORTANT NOTICE:**

Except for wire transfers, funds remitted to the Escrow are subject to availability requirements by Sections 123413.1 of the California Insurance Code. CASHIERS, CERTIFIED OR TELLER'S checks, payable to North American Title Company are generally available for disbursement on the next business day following the date of deposit to North American Title Companies Trust Account.

Other forms of payment may cause extended delays in the closing of your transaction pursuant to the requirements imposed by State Law -- (Wire transfer information available upon request.)

**31. ESCROW INSTRUCTIONS, COUNTERPART APPROVAL AND SEVERABILITY**

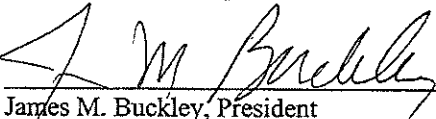
Any escrow instruction, amendment or supplement to these instructions must be in writing. Collectively, these escrow instructions constitute the entire escrow between the escrow holder and the parties. These escrow instructions, amendments and supplements may be executed in one or more counterparts, each of which independently shall have the same effect as if it were the original, regardless of date of execution or delivery, and all of which taken together shall constitute one and the same instructions. In these instructions, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular includes the plural. In the event one or more of these General Provisions is held to be invalid in judicial, administrative or other proceedings, the remaining General Provisions will continue to be operative. Should there be any conflict between these General Provisions and any other agreements of which these General Provisions are a part, all the terms and conditions of these General Provisions shall control as to NATC. Once the parties have performed and/or satisfied all conditions to escrow, NATC is authorized to close escrow without further instruction or authorization.

ALL PARTIES ACKNOWLEDGE THAT NORTH AMERICAN TITLE COMPANY HAS NOT GIVEN AND WILL NOT GIVE ANY LEGAL, TAX, REAL ESTATE OR INVESTMENT ADVICE IN THE ESCROW, NOR HAS IT MADE NOR WILL IT MAKE ANY INVESTIGATION, REPRESENTATIONS, OR ASSURANCES AS TO SUCH MATTERS OR AS TO COMPLIANCE OF THIS TRANSACTION WITH ANY TAX, SECURITIES, OR ANY OTHER FEDERAL OR STATE LAWS OR REGULATIONS. NORTH AMERICAN TITLE COMPANY RECOMMENDS THAT THE PARTIES SEEK AND OBTAIN INDEPENDENT LEGAL COUNSEL AND OTHER PROFESSIONAL ADVICE AS TO ALL SUCH MATTERS.

THE ESCROW HOLDER IS NORTH AMERICAN TITLE COMPANY, INC., WHICH IS LICENSED BY THE CALIFORNIA DEPARTMENT OF INSURANCE.

**BORROWERS**

Sereno Village Associates, a California Limited Partnership, a California Limited Partnership

By:   
James M. Buckley, President

By:   
Bill McCune, Executive Director

**CURRENT ADDRESS:**

26 O'Farrell St., Suite 600, San Francisco, CA 94108

Home Telephone: \_\_\_\_\_

Work Telephone: 415-421-8605

**CURRENT ADDRESS:**

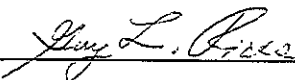
1400 E. 2nd St., Benecia, CA 94510

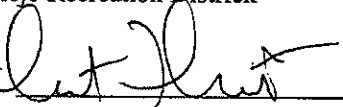
Home Telephone: \_\_\_\_\_

Work Telephone: 707-746-6197

**LENDER/BENEFICIARY:**

City of Vallejo and the Greater Vallejo Recreation District

By: 

By: 

# Sereno Village

100% Affordable Community

Vallejo, California



# Overview

Units: 125 (one-, two-, three-bedroom units)

Address: 750 Sereno Drive, Vallejo, CA

Affordability: 30-50% AMI

Built in 2003 by Citizens Housing; When Citizens closed its doors in 2010, Eden Housing stepped in to assume ownership and help preserve the property's long-term affordability.

Eden Housing is a mission-driven non-profit with over 67 years of experience developing and operating affordable housing throughout California. Eden serves very low, low and moderate-income families, seniors, veterans, people living with physical, mental, or developmental disabilities, and the formerly homeless.



# Rehabilitation of Sereno Village

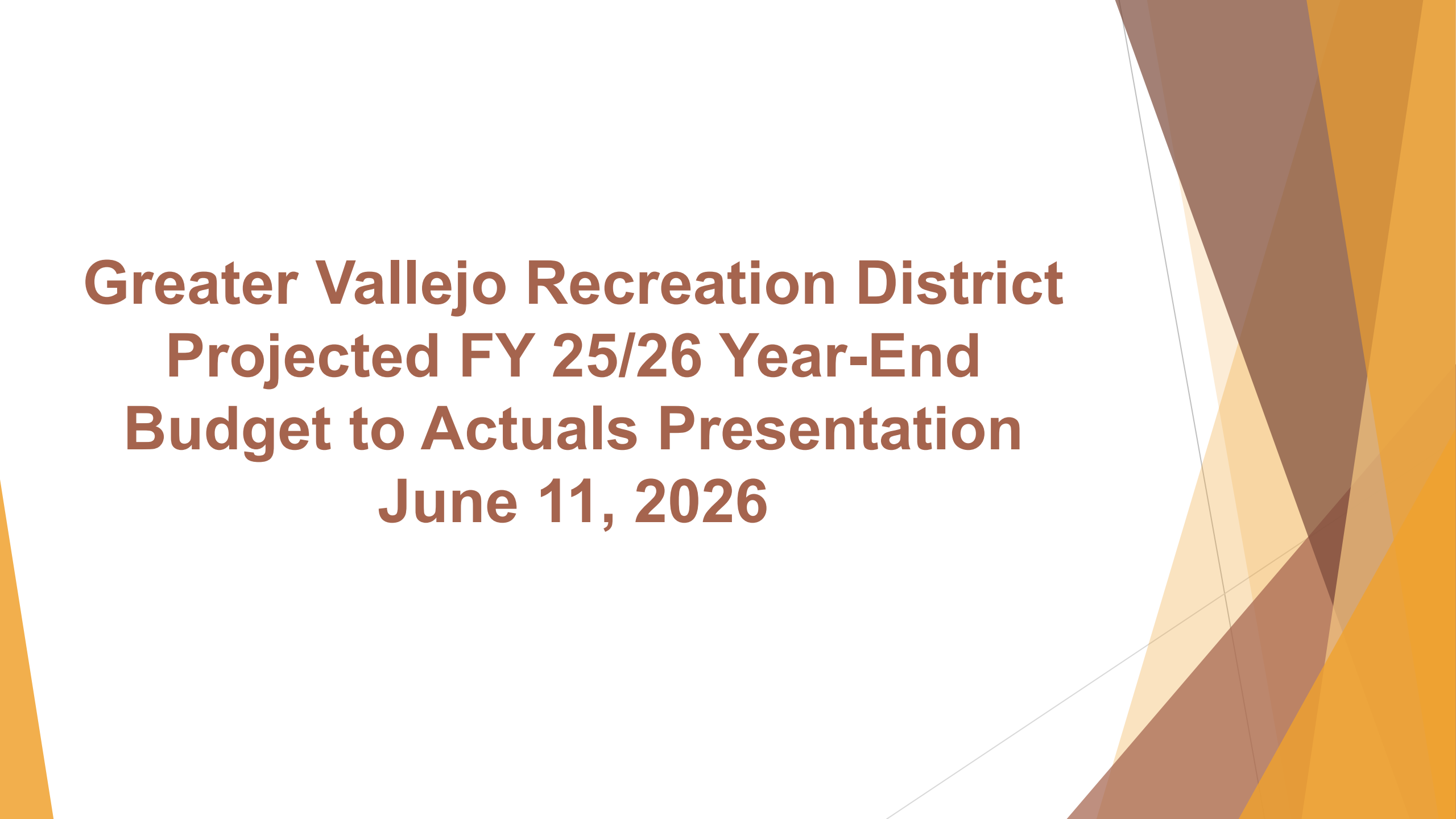
- Eden Housing secured tax credit financing in December 2025. Applications were very competitive. Sereno Village was **1 of 7 projects to be funded** in the State.
- The receipt of the tax credits will support a significant renovation and upgrades at Sereno Village. The project has the following existing soft loans:
  - City of Vallejo RDA & Successor Loans: ~\$4.3million, no paydown
  - Greater Vallejo Recreation District (GVRD) loan with a current principal of: ~\$1.3million, partial paydown
  - Vallejo Flood and Wastewater District loan: ~\$370,108

# Greater Vallejo Recreation District

- **Requested actions at the GVRD Hearing:**
  - Approve a partial ~\$370,108 repayment of the Greater Vallejo Recreation District loan (GVRD) .
  - Approve an amendment, assignment, and extension of the GVRD loan to match the new tax credit regulatory term.
  - Approve subordinations of the GVRD Loans to new senior construction and permanent debt.
  - Authorize the District to execute all loan and subordination documents required for the tax credit transaction on behalf of the GVRD.

# Project Benefits

- Partially pay down the existing GVRD loan in the amount of **\$370,108**. Amended and restated loan will have compounding interest at the current AFR of 4.87%.
- The tax credit award brings **~\$17M** in private tax credit funding to the City of Vallejo through a rehab of Sereno Village.
- Eden Housing is contributing \$990,000 towards the project's renovation.
- The rehab project will bring **federal prevailing wage construction jobs** to the City of Vallejo.
- Project will pay **building permit and inspection fees** to the City of Vallejo.
- The renovation will bring much-needed **capital repairs** to the Sereno Village, including but not limited to: improved site work and landscaping, new windows, new exterior paint, new heating/cooling units, sprinkler system upgrades, interior paint and flooring, new bath fans to enhance in-door air quality, new appliances as needed, new kitchen cabinets as needed, 7 units to be upgraded to meet current accessibility standards, new exterior lighting, upgraded security system including cameras, electrification of the hot water at the community building and other improvements to the community building.
- Seven (7) of the 31 project-based vouchers reserved for special needs households.
- **Preserve** long-term affordability of **125 units** of extremely low- and very-low income housing units for another **55 years**.



**Greater Vallejo Recreation District  
Projected FY 25/26 Year-End  
Budget to Actuals Presentation  
June 11, 2026**

# FY 25/26 HIGHLIGHTS

- ▶ Oversight of 20 neighborhood parks, 10 community parks, 6 special-purpose parks, 4 community centers and an Olympic-size swimming pool
- ▶ Maintenance of over 1,000 acres in public land
- ▶ Approximately 184,180 participants across all recreation programs and events
- ▶ 2 Million+ users of parks and facilities
- ▶ Partnership and Collaboration with numerous community organizations and groups: Vallejo City Unified School District, Vallejo Little League, Kaiser Permanente, Sustainable Solano, Outdoor Afro, Solano Community College and Vallejo Rotary Club
- ▶ \$39,000 in recreation program scholarships
- ▶ Partnership with the Vallejo Little League - \$3000 scholarship funding
- ▶ Sale of Colusa Property
- ▶ Sale of McIntyre Ranch Property
- ▶ Received 1<sup>st</sup> funding of \$914K from the Prop 68 Grant for the Franklin Sports Complex CIP project

**Greater Vallejo  
Recreation District  
FY 25/26 Budget  
Year End  
Projections**



# FY 25/26 Year-End Budget to Actual Projection Highlights

- ▶ The FY 25/26 year-end projected budget to actuals indicate there will be a General Fund surplus of \$2,136,485
- ▶ Substantial surplus due in large part to one-time revenue:
  - ▶ Outstanding impact fees of \$737,118 received from the City of Vallejo,
  - ▶ Colusa property sale in the amount of \$974,727 and the
  - ▶ McIntyre Ranch property sale, of which \$392,461 was received in cash
- ▶ Projected cash reserve balance of \$8,002,727 at 06/30/26, which includes the surplus from the one-time revenue, is now sufficient to cover the District's required reserves of \$3,400,776, (designated 15% reserve by policy and the OPEB retiree benefit set aside), plus the cash operational needs of \$4,272,000 for the 26/27 fiscal year.

# FY 25-26 GENERAL FUND PROJECTED BUDGET TO ACTUAL YEAR-END REVENUE

Revenue/ Expense By Category	FY 25/26 Adopted Budget	FY 25/26 Actuals thru 04/30/26	FY 25/26 Projected Year End Totals	FY 25/26 Projected Year End Totals Compared to Budget	FY 25/26 Projected Year End Totals % of Budget
General Fund					
General Fund Revenue					
Property Taxes	6,233,769	6,027,838	6,233,769	0	100%
Intergovernmental Revenue	1,412,220	1,626,070	2,322,767	910,547	164%
Charges for Services	527,124	449,342	584,651	57,527	111%
Rents: Use of Facilities/Equipment	748,988	559,733	768,626	19,638	103%
Use of Money & Property (Contract Rents, Leases, Int Income)	102,548	153,303	195,623	93,075	191%
Grants	0	0	0	0	0%
Donations	0	41,646	41,646	41,646	0%
Other Revenue	0	191,006	45,420	45,420	0%
Sale of Assets	0	974,727	1,367,188	1,367,188	0%
<b>Total General Fund Revenue</b>	<b>9,024,649</b>	<b>10,023,664</b>	<b>11,559,689</b>	<b>2,535,040</b>	<b>128%</b>

**FY 25/26**  
**GENERAL FUND PROJECTED BUDGET TO ACTUAL**  
**YEAR-END EXPENDITURES WITH SURPLUS/(DEFICIENCY) OF**  
**REVENUE OVER EXPENSE BEFORE CAPITAL OUTLAY AND CIP**

Revenue/ Expense By Category	FY 25/26 Adopted Budget	FY 25/26 Actuals thru 04/30/26	FY 25/26 Projected Year End Totals	FY 25/26 Projected Year End Totals Compared to Budget	FY 25/26 Projected Year End Totals % of Budget
<b>General Fund</b>					
General Fund Expenses					
Full-Time Salaries	3,430,829	2,719,700	3,403,495	(27,334)	99%
Part-Time Salaries	1,798,565	1,529,068	1,831,710	55,145	102%
Non-Retirement Employee Benefits	1,038,443	942,735	1,138,583	100,141	110%
Medical Insurance - Retiree	91,350	78,960	84,144	(7,206)	92%
CalPERS	504,393	450,783	539,953	35,559	107%
Services & Supplies	777,135	763,870	1,110,539	311,404	143%
Computer Services, Software & Equipment	261,912	128,942	268,711	6,799	103%
County Tax Collection Fee	80,000	0	2,395	(77,605)	3%
Professional Services	482,000	282,817	629,745	147,745	131%
Facilities Maintenance Expense	0	0	76,304	76,304	0%
Other Post Employment Benefit (OPEB)	0	0	0	0	0%
Transfer to Debt Service (POB)	331,000	76,810	331,000	0	100%
<b>Total General Fund Expense</b>	<b>8,795,628</b>	<b>6,973,685</b>	<b>9,416,578</b>	<b>620,951</b>	<b>107%</b>
<b>Total General Fund Excess (Deficiency) of Revenue Over Expense Before Capital Outlay &amp; CIP</b>	<b>229,021</b>	<b>3,049,978</b>	<b>2,143,110</b>	<b>1,914,090</b>	<b>936%</b>

**FY 25/26  
GENERAL FUND PROJECTED BUDGET TO ACTUAL  
YEAR-END EXPENDITURES WITH SURPLUS/(DEFICIENCY) OF REVENUE OVER  
EXPENSE WITH CAPITAL OUTLAY AND CIP EXPENSE**

Revenue/ Expense By Category	FY 25/26 Adopted Budget	FY 25/26 Actuals thru 04/30/26	FY 25/26 Projected Year End Totals	FY 25/26 Projected Year End Totals Compared to Budget	FY 25/26 Projected Year End Totals % of Budget
Capital Outlay & CIP Expense					
Capital Outlay & CIP	0	6,625	6,625	6,625	0%
Total Capital Outlay & CIP Expense	0	6,625	6,625	6,625	0%
Total General Fund Expense with Capital Outlay & CIP	8,795,628	6,980,310	9,423,203	627,576	107%
Total General Fund Excess (Deficiency) of Revenue Over Expense with Capital Outlay & CIP Expense	229,021	3,043,353	2,136,485	1,907,465	933%

## FY 25/26 PROJECTED YEAR-END REVENUE AND EXPENSE PLUS SURPLUS/(DEFICIENCY) OF REVENUE OVER EXPENSE MESURE K FUND

Revenue/ Expense By Category	FY 25/26 Adopted Budget	FY 25/26 Actuals thru 04/30/26	FY 25/26 Projected Year End Totals	FY 25/26 Projected Year End Totals Compared to Budget	FY 25/26 Projected Year End Totals % of Budget
Measure K Revenue					
Other Revenue	0	0	0	0	0%
Special Assessments - Measure K	2,155,914	2,031,957	2,155,914	0	100%
Total Measure K Revenue	2,155,914	2,031,957	2,155,914	0	100%
Measure K Expense					
Part-Time Salaries	0	0	0	0	0%
Non-Retirement Employee Benefits	0	0	0	0	0%
Services & Supplies	1,739,895	1,467,166	1,881,967	142,072	108%
Computer Services, Software & Equipment	0	0	0	0	0%
Professional Services	2,884	0	2,884	0	100%
Facilities Maintenance Expense	347,367	165,957	271,063	(76,304)	78%
Measure K Refunds	0	0	0	0	0%
Total Measure K Expense	2,090,146	1,633,123	2,155,914	65,768	103%
Capital Outlay & CIP	0	0	0	0	0%
Total Capital Outlay & CIP	0	0	0	0	0%
Total Measure K Expense with Capital Outlay & CIP	2,090,146	1,633,123	2,155,914	65,768	103%
Total Measure K Excess (Deficiency) of Revenue Over Expense With Capital Outlay & CIP	65,768	398,835	0	(65,768)	-100%
Total General & Measure K Funds Combined Excess (Deficiency) of Revenue Over Expense	65,768	398,835	0	(65,768)	0%

## FY 25/26 PROJECTED YEAR-END GENERAL FUND AND MEASURE K SURPLUS/(DEFICIENCY) OF REVENUE OVER EXPENSE DETAIL

- ▶ The main objective for the FY 2025/26 budget was to continue providing enjoyable recreational experiences for the community while operating within the financial constraints of the District's financial position and building back depleted cash reserves.
- ▶ For FY 25/26, The District again deferred all CIP Projects to future fiscal years. The only CIP project that the District initiated in FY 25/26, was the proposed development of the Franklin Field, as it is completely funded by the \$7.5 million Proposition 68 Grant awarded to the District in FY 23/24.
- ▶ Projections for FY 25/26 indicate there will be a large surplus of \$2,136,485. This is due primarily to the following one-time revenue sources:
  - ▶ Outstanding impact fees of \$737,118 received from the City of Vallejo,
  - ▶ Colusa property sale in the amount of \$974,727 and the
  - ▶ McIntyre Ranch property sale, of which \$392,461 was received in cash
- ▶ The projected cash reserve balance of \$8,002,727 at 06/30/26 which includes the surplus from the one-time revenue, is now sufficient to cover the District's required reserves of \$3,400,776, (designated 15% reserve by policy and the OPEB retiree benefit set aside), plus the cash operational needs of \$4,272,000 for the 26/27 fiscal year.

## FY 25/26 PROJECTED GENERAL & MEASURE K FUND BUDGET TO ACTUAL YEAR-END EXPENDITURE DETAIL

- ▶ FT Salaries are under budget by \$27K due to a Recreation Coordinator vacancy for 5.5 months, Human Resources Director vacancy for 3.5 months and Parks Supervisor vacancy for 4 Months; offset by an increase in salary of \$48K for the Interim General Manager through FY 25/26 year-end.
- ▶ Non-Retirement Employee Benefits are over budget by \$100K due to Workers' Comp rates increase after budget was adopted plus payments of prior year income taxes following year-end reconciliations.
- ▶ CalPERS is over budget by \$36K because part-time staff who are members of CalPERS were not budgeted, (will be included in FY 26/27 budget); offset by the staff vacancies
- ▶ Services and Supplies are over budget by \$311K due to \$48k in unbudgeted recruitment fees for the Interim General Manager, new General Manager, and the Human Resources Director; \$53k of emergency pool repairs and a cover purchase; \$75K extra PG&E expense at Cunningham Pool for prior year costs due to a faulty meter installation; \$43K of unexpected contract classes expense offset by increased contract class revenues; and unbudgeted Measure P special event expense of \$114K funded by 24/25 Measure P funds from City of Vallejo
- ▶ Computer Services is over budget by \$7K as the Civic Rec application renewal expense was more than budgeted.
- ▶ County tax Collection Fees are under budget by \$78k as a reduction in collection fees was implemented by the County.
- ▶ Professional Services is over budget by \$131K due to an \$89k increase in financial consulting hours and a \$41k increase in legal fees for the Colusa and McIntyre property sales, review of the new PT handbook and miscellaneous general services expense
- ▶ CIP/Capital Outlay expense is over budget by \$6,625 due to the unexpected Franklin Gym roof repairs.

## FY 25/26 PROJECTED YEAR-END REVENUE AND EXPENSE PLUS SURPLUS/(DEFICIENCY) OF REVENUE OVER EXPENSE PROP 68 FRANKLIN SPORTS COMPLEX

Revenue/ Expense By Category	FY 25/26 Adopted Budget	FY 25/26 Actuals thru 04/30/26	FY 25/26 Projected Year End Totals	FY 25/26 Projected Year End Totals Compared to Budget	FY 25/26 Projected Year End Totals % of Budget
Prop. 68 Franklin Sports Complex Revenue					
Use of Money & Property (Contract Rents, Leases, Int Income)	0	3,562	4,062	4,062	0%
Grants	2,000,000	414,056	914,056	(1,085,944)	46%
Total Prop. 68 Franklin Sports Complex Revenue	2,000,000	417,618	918,118	(1,081,882)	46%
Prop. 68 Franklin Sports Complex Expense					
Capital Outlay & CIP	2,000,000	321,323	914,056	(1,085,944)	46%
Total Prop. 68 Franklin Sports Complex Expense with Capital Outlay & CIP	2,000,000	321,323	914,056	(1,085,944)	46%
Total Prop. 68 F.S.C. Excess (Deficiency) of Revenue Over Expense With Capital Outlay & CIP	0	96,295	4,062	4,062	0%

# PROP 68 FRANKLIN SPORTS COMPLEX FUND FY 25/26 YEAR-END PROJECTED REVENUE AND EXPENSE DETAIL

## ▶ Revenue Detail

- ▶ FY 25/26 year-end projected revenue includes \$4,062 in unbudgeted interest revenue as the grant funds interest-bearing checking account was not open until after the budget was adopted, therefore the interest rate and grant fund balances were not yet available.
- ▶ Grant Revenue is based on the Franklin Sports Complex project expense for the year and will match all planning, permitting, and construction costs plus any contracted construction project manager costs.

## ▶ Expense Detail

- ▶ FY 25/26 year-end capital Improvement expense is forecasted by the construction manager (CALA) for the Franklin Sports Complex project. The forecasted year-end expense of \$914K includes CALA's costs.

# Questions From The BOARD?



**GREATER VALLEJO  
RECREATION DISTRICT  
FY 2026-27 PRELIMINARY BUDGET**

# DISTRICT GOALS

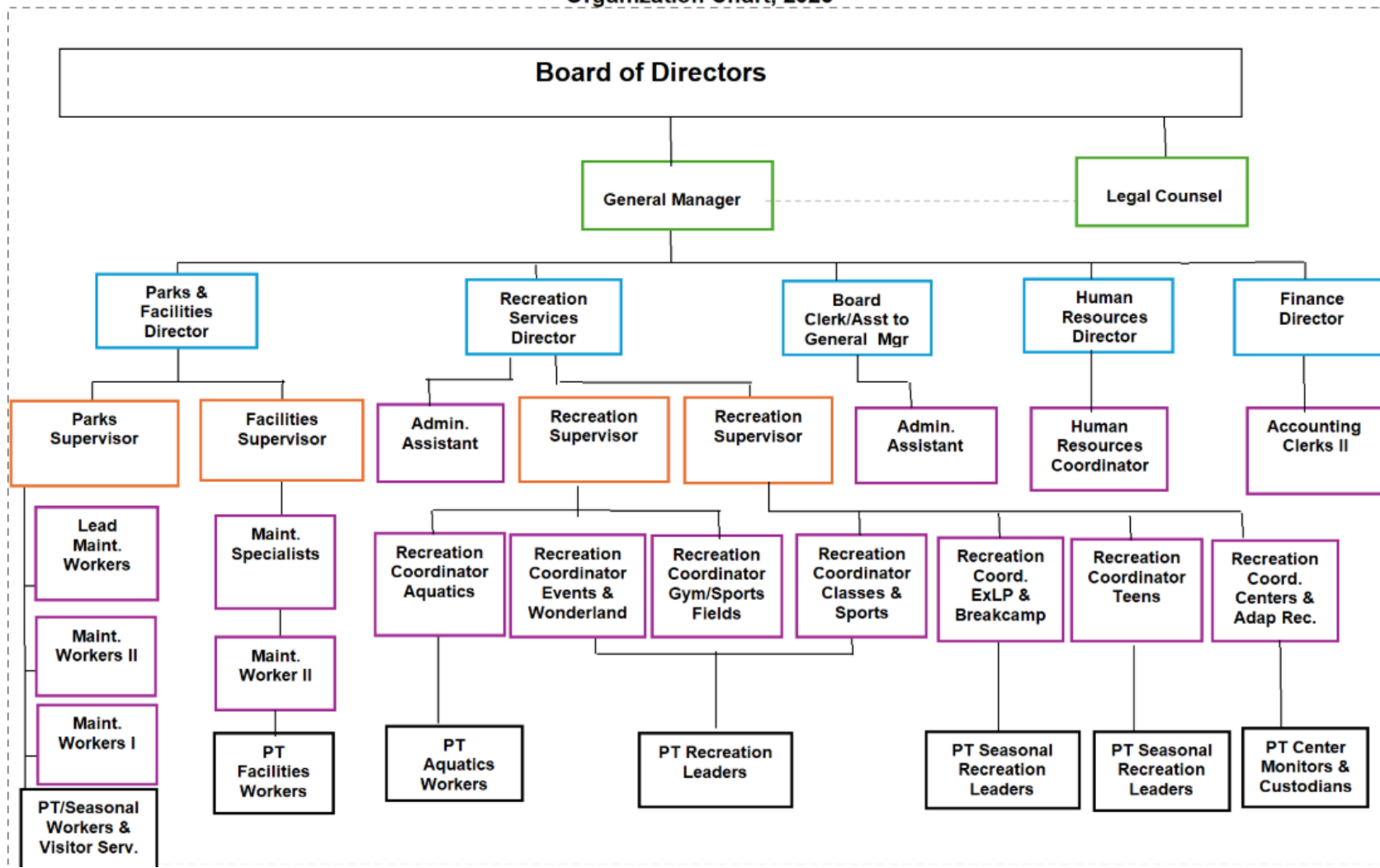
1. Maintain organizational effectiveness, resilient, and sustainable funding
2. Aspire to be a connected and walkable community
3. Continue to improve and enhance recreation programs and service delivery
4. Prioritize access to parks and programs for all district residents
5. Improve quality park experience
6. Invest in existing and new facilities for system-wide improvement

# DISTRICT DEPARTMENTS

- ▶ **Administrative Services**
- ▶ **Finance**
- ▶ **Human Resources**
- ▶ **Parks and Facilities Services**
- ▶ **Recreation Services**

# GREATER VALLEJO RECREATION DISTRICT

## Organization Chart, 2025



# GREATER VALLEJO RECREATION DISTRICT DEPARTMENTS

The Greater Vallejo Recreation District is organized into five Departments; the Administrative Services Department, which includes the General Manager and Board Clerk, the Finance Department, the Human Resources Department, the Parks and Facilities Department, and the Recreation Services Department. Administrative Services, Finance, Human Resources, and the Parks and Facilities Department are internal facing and support all departments and divisions working towards the District Board's goals and priorities. The Recreation Services Department is the outward facing department that provides all the District's community recreation programs and classes, special events, youth services, and management of the community centers.

The Administrative Services department captures all the District's major revenue sources which includes Property Taxes and Measure K. These revenues are used to fund the District's entire operations and are not allocated by department. Although, some revenue is shown in other departments, it is only to show what revenue is specific to the programs and services that each department provides.

Therefore, the FY 26/27 Total General Fund and Measure K Revenue less Total General Fund and Measure K Expenses - Excess (Deficiency) of Revenue Over Expense as a whole, provides the necessary elements for approval of the FY 26/27 Preliminary Budget.

# FY 2026-27 PRELIMINARY BUDGET KEY ELEMENTS

- ▶ The District's FY 26/27 Preliminary Operating and Capital Budget is a policy document which sets the financial course for the Greater Vallejo Recreation District and defines the recreation service priorities provided to the community.
- ▶ It is important to remember that the proposed budget is a plan. The Board of Director's can modify and adapt the budget as we proceed through the fiscal year.
- ▶ During the past two fiscal years the District has had to dip into reserves to fund operations.
- ▶ With the unexpected one-time revenue received in FY 25/26 the District now has sufficient reserves for operating expenses as well as the 15% reserve by policy and the Other Post Employment Benefits, (OPEB), retiree benefit set aside.
- ▶ The FY 26/27 Preliminary Budget funds all District services and a portion of capital projects needs from July 1, 2026, through June 30, 2027.
- ▶ Most importantly, the FY 26/27 Preliminary Budget maintains the needed cash reserves for the fiscal year.

# GENERAL FUND & MEASURE K FUND - COMBINED

## FY2026-27 PRELIMINARY BUDGET - REVENUE

General Fund & Measure K Combined Revenue & Expense by Category	FY 25/26 Adopted Budget	FY 25/26 Actuals thru 04/30/26 83% of Fiscal Year Completed	FY 25/26 Projected Year End Totals	FY 25/26 Projected Year End Totals - Over/ (Under) Compared to Budget	FY 25/26 Projected Year End Totals % of Budget	FY 26/27 Proposed Preliminary Budget
<b>General Fund</b>						
<b>Revenue</b>						
Property Taxes	6,233,769	6,027,838	6,233,769	-	100%	6,409,879
Intergovernmental Revenue	1,412,220	1,626,070	2,322,767	910,547	164%	1,934,116
Charges for Services	527,124	449,342	584,651	57,527	111%	591,387
Rents: Use of Facilities/Equipment	748,988	559,733	768,626	19,638	103%	717,482
Grants	-	-	-	-	-	-
Use of Money & Property (Contract Rents, Leases, Int Income)	102,548	153,303	195,623	93,075	191%	190,377
Donations	-	41,646	41,646	41,646	0%	-
Other Revenue	-	191,006	45,420	45,420	0%	-
Sale of Assets	-	974,727	1,367,188	1,367,188	0%	35,024
<b>Total General Fund Revenue</b>	<b>9,024,649</b>	<b>10,023,664</b>	<b>11,559,689</b>	<b>2,535,040</b>	<b>128%</b>	<b>9,878,264</b>

# SUMMARY AND CHANGES

## FY 2026-27 BUDGET

### REVENUE

- ▶ General Fund Surplus of \$344,147
- ▶ Balanced Measure K Fund
- ▶ Property Tax Revenue of \$6,409,879; A 2.8% Increase
- ▶ Measure K Revenue of \$2,157,364; No Material Increase from Last Year
- ▶ \$521,896 Budget Increase for Intergovernmental Revenue
- ▶ Use of Money & Property Budget Increased by \$87,829
- ▶ \$35,024 Budgeted from Sale of Assets

# GENERAL FUND & MEASURE K FUND - COMBINED

## FY2026-27 PRELIMINARY BUDGET - EXPENDITURES

General Fund & Measure K Combined Revenue & Expense by Category	FY 25/26 Adopted Budget	FY 25/26 Actuals thru 04/30/26 83% of Fiscal Year Completed	FY 25/26 Projected Year End Totals	FY 25/26 Projected Year End Totals - Over/ (Under) Compared to Budget	FY 25/26 Projected Year End Totals % of Budget	FY 26/27 Proposed Preliminary Budget
<b>Expense</b>						
Full-Time Salaries	3,430,829	2,719,700	3,403,495	(27,334)	99%	3,516,169
Part-Time Salaries	1,798,565	1,529,068	1,831,710	55,145	102%	1,715,901
Non-Retirement Employee Benefits	1,038,443	942,735	1,138,583	100,141	110%	1,254,269
Medical Insurance - Retiree	91,350	78,960	84,144	(7,206)	92%	100,485
CalPERS	504,393	450,783	539,953	35,559	107%	637,231
Services & Supplies	777,135	763,870	1,088,539	311,404	143%	992,161
Computer Services, Software & Equipment	261,912	128,942	268,711	6,799	103%	265,355
County Tax Collection Fee	80,000	-	2,395	(77,605)	3%	4,000
Professional Services	482,000	282,817	629,745	147,745	131%	524,473
Facilities Maintenance Expense	-	-	76,304	76,304	0%	63,226
Other Post Employment Benefit (OPEB)	-	-	-	-	0%	-
Transfer to Debt Service (POB)	331,000	76,810	331,000	-	100%	329,818
Capital Outlay & CIP	-	6,625	6,625	6,625	0%	131,000
<b>Total General Fund Expenses</b>	<b>8,795,628</b>	<b>6,980,310</b>	<b>9,423,203</b>	<b>627,576</b>	<b>107%</b>	<b>9,534,087</b>
<b>Total General Fund Excess (Deficiency) of Revenue Over Expense</b>	<b>229,021</b>	<b>3,043,353</b>	<b>2,136,486</b>	<b>1,907,465</b>	<b>933%</b>	<b>344,177</b>

# SUMMARY AND CHANGES

## FY 2026-27 BUDGET

### EXPENDITURES

- ▶ Salaries and Benefits at \$7.254M, makes up 76% of the General Fund Budget.
- ▶ \$132,838 Increase in CalPERS Expense.
- ▶ Debt Obligation Bond Payment (OPEB) of \$330K.
- ▶ \$185,026 Increase in Services & Supplies.
- ▶ \$76K reduction In County Tax Collection Fee.
- ▶ Planned 2 ½ Month Closure at Cunningham Pool reflects an estimated \$160K net Savings.
- ▶ \$131K Budgeted for CIP and Capital Assets.

# GENERAL FUND & MEASURE K FUND - COMBINED

## FY2026-27 PRELIMINARY BUDGET – MEASURE K FUNDS

General Fund & Measure K Combined Revenue & Expense by Category	FY 25/26 Adopted Budget	FY 25/26 Actuals thru 04/30/26 83% of Fiscal Year Completed	FY 25/26 Projected Year End Totals	FY 25/26 Projected Year End Totals - Over/ (Under) Compared to Budget	FY 25/26 Projected Year End Totals % of Budget	FY 26/27 Proposed Preliminary Budget
<b>Measure K Fund</b>						
<b>Revenue</b>						
Special Assessments - Measure K	2,155,914	2,031,957	2,155,914	-	100%	2,157,364
Revenue Total	2,155,914	2,031,957	2,155,914	-	100%	2,157,364
<b>Expense</b>						
Services & Supplies	1,739,895	1,467,166	1,881,967	142,072	108%	1,873,223
Professional Services	2,884	-	2,884	-	100%	-
Facilities Maintenance Expense	347,367	165,957	271,063	(76,304)	78%	284,141
Expense Total	2,090,146	1,633,123	2,155,914	65,768	103%	2,157,364
Total Measure K Fund Excess (Deficiency) of Revenue Over Expense	65,768	398,835	0	(65,768)	0%	0
<b>Combined Total General Fund and Measure K Fund Excess (Deficiency) of Revenue Over Expense</b>	<b>294,789</b>	<b>3,442,188</b>	<b>2,136,485</b>	<b>1,841,697</b>	<b>725%</b>	<b>344,177</b>

# SUMMARY AND CHANGES

## FY 2026-27 BUDGET

### MEASURE K FUND

- ▶ Measure K Fund is Balanced with a budget of \$2.16M.
- ▶ Revenue remains flat with less than .1% of an increase.
- ▶ \$133K Increase in Services & Supplies
- ▶ \$63K reduction in Facilities Maintenance Expense.



# **ADMINISTRATIVE SERVICES**

**Pamela Sloan, Interim General Manager**  
**Kimberly Pierson, Assistant to GM/Board Clerk**  
**Jeffrey Worrell, Administrative Assistant**

# ADMINISTRATIVE SERVICES

## Overview:

- ▶ Day-to-day operation of the District
- ▶ Board Administration - Meetings and Activities
- ▶ Partnerships and Collaborations
- ▶ Liaison to the City of Vallejo City Managers Office & Departments
- ▶ Development of Policy & Procedures
- ▶ Grant Oversight
- ▶ Contract Management
- ▶ 3 Full-Time Employees

# ADMINISTRATIVE SERVICES

## Accomplishments 2025-26:

- ▶ On-going evaluation of expenditures of the district to not deplete reserves.
- ▶ Completed the District 2021-22 Audit.
- ▶ Submitted grant funding for a community funding project to Congressman Garamendi's Office for \$1.5M to cover Franklin Recreation Center Park project shortfall.
- ▶ Established an account with the Solano Community Foundation to help support recreation, parks and services of the district.
- ▶ Work with the City of Vallejo to improve Impact Fee and Quimby fee process.
- ▶ Hired a consultant to conduct a Cunningham Pool operational study to determine an efficient operation, cost savings and programs.
- ▶ Adopted operational best practices to operate more efficiently and effectively.
- ▶ Sale of Colusa and McIntyre properties.

# ADMINISTRATIVE SERVICES

## Goals 2026-27:

- ▶ Establish regular meetings with the City of Vallejo and GVRD to discuss issues and concerns. **(MPG1)**
- ▶ Review and update district policies to represent best practices and current operations. **(MPG1)**
- ▶ Coordinate a Board Retreat. **(MPG1)**
- ▶ Enhance current partnerships and develop new partnership opportunities. **(MPG1)**
- ▶ Collaborate with the City of Vallejo on grant opportunities to enhance programs, parks, facilities and services of the district. **(MPG1)**
- ▶ Continue to support implementation of the City of Vallejo ADA transition plan. **(MGP4)**
- ▶ Work with staff to monitor completion of park development projects approved by the Board within prescribed budget boundaries. **(MPG1,5)**
- ▶ Evaluate current professional services contracts, i.e., Marketing and IT services. **(MPG1)**

# ADMINISTRATIVE SERVICES

## Goals Cont.:

- ▶ Assemble recreation program data for Board reports. **(MPG1)**
- ▶ Continue to review operational practices and make necessary changes to ensure effective and efficient service is provided for the community. **(MPG1)**
- ▶ Partner with other community agencies to identify funding and resources for recreation and park enhancement. **(MPG1,3,5)**
- ▶ Continue to work with the City on Impact Fee and Quimby fee process. **(MPG1)**
- ▶ Re-evaluate the Fee Study presented by MATRIX Consulting Group. **(MPG3)**
- ▶ Update District website to include amenities available to the Community. **(MPG2,3)**
- ▶ Develop a partnership with the Vallejo School District to inform students of programs and scholarship opportunities. **(MPG1)**

# ADMINISTRATIVE SERVICES

## FY2026-27 PRELIMINARY BUDGET

001 - General Support & Administration General Fund & Measure K Revenue & Expense by Category	FY 25/26 Adopted Budget	FY 25/26 Actuals thru 04/30/26 83% of Fiscal Year Completed	FY 25/26 Projected Year End Totals	FY 25/26 Projected Year End Totals - Over/ (Under) Compared to Budget	FY 25/26 Projected Year End Totals % of Budget	FY 26/27 Proposed Preliminary Budget
<b>General Fund Revenue</b>						
Property Taxes	6,233,769	6,027,838	6,233,769	-	100%	6,409,879
Intergovernmental Revenue	-	-	-	-		-
Use of Money & Property	102,548	153,303	195,623	93,075	191%	190,377
Other Revenue	-	173,388	24,352	24,352		-
Sale of Assets	-	974,727	1,367,188	1,367,188		35,024
<b>Total General Fund Revenue</b>	<b>6,336,317</b>	<b>7,329,256</b>	<b>7,820,932</b>	<b>1,484,615</b>	<b>123%</b>	<b>6,635,280</b>
<b>Expense</b>						
Full-Time Salaries	435,261	346,238	471,513	36,252	108%	460,220
Part-Time Salaries	22,000	13,000	22,000	-	100%	30,000
Non-Retirement Employee Benefits	108,482	112,050	131,673	23,191	121%	125,582
CalPERS	90,844	56,275	67,458	(23,386)	74%	70,747
Services & Supplies	152,429	116,567	198,373	45,944	130%	211,949
Computer Services, Software & Equipment	98,000	65,127	98,000	-	100%	107,000
County Tax Collection Fee	80,000	-	2,395	(77,605)	3%	4,000
Professional Services	250,000	117,608	274,170	24,170	110%	279,573
Facilities Maintenance Expense	-	-	-	-		-
Other Post Employment Benefit (OPEB)	-	-	-	-		-
Transfer to Debt Service (POB)	331,000	76,810	331,000	-	100%	329,818
<b>Total General Fund Expenses</b>	<b>1,568,016</b>	<b>903,676</b>	<b>1,596,581</b>	<b>28,565</b>	<b>102%</b>	<b>1,618,888</b>
<b>Total General Fund Revenue Less Expenses</b>	<b>4,768,301</b>	<b>6,425,581</b>	<b>6,224,351</b>	<b>1,456,050</b>	<b>131%</b>	<b>5,016,392</b>

## ADMINISTRATIVE SERVICES FY2026-27 Preliminary Budget

001 - General Support & Administration General Fund & Measure K Revenue & Expense by Category	FY 25/26 Adopted Budget	FY 25/26 Actuals thru 04/30/26 83% of Fiscal Year Completed	FY 25/26 Projected Year End Totals	FY 25/26 Projected Year End Totals - Over/ (Under) Compared to Budget	FY 25/26 Projected Year End Totals % of Budget	FY 26/27 Proposed Preliminary Budget
<b>Measure K Fund</b>						
<b>Revenue</b>						
Special Assessments - Measure K	2,155,914	2,031,957	2,155,914	-	100%	2,157,364
Revenue Total	2,155,914	2,031,957	2,155,914	-	100%	2,157,364
<b>Expense</b>						
Measure K Refunds	-	-	-	-		-
Services & Supplies	752,794	609,149	752,794	-	100%	701,143
Facilities Maintenance Expense	-	-	-	-		-
Expense Total	752,794	609,149	752,794	-	100%	701,143
<b>Total Measure K Fund Revenue Less Expenses</b>	<b>1,403,120</b>	<b>1,422,808</b>	<b>1,403,120</b>	<b>-</b>	<b>100%</b>	<b>1,456,221</b>
<b>Combined Total General Fund and Measure K Fund Revenue Less Expenses</b>	<b>6,171,421</b>	<b>7,848,389</b>	<b>7,627,471</b>	<b>1,456,050</b>	<b>124%</b>	<b>6,472,612</b>

# FINANCE

**Noel Parkhurst, Finance Director**

**Dayna Asbury, Accounting Clerk II**

**Melissa Grondona, Accounting Clerk II**

# FINANCE

## Overview:

- ▶ Treasury and Banking Oversight
- ▶ General Accounting & General Ledger
- ▶ Payroll Processing
- ▶ Cash receipts, Account Payable and Receivable
- ▶ Purchasing & Procurement
- ▶ Auditing & Financial Reporting
- ▶ Budget Development and Fiscal Planning
- ▶ Fixed Asset Inventory
- ▶ 3 Full-Time Staff

# FINANCE

## Accomplishments 2025-26:

- ▶ Completion of the 2022-23 Audit.
- ▶ Transitioned to new banking institute and transferred multiple accounts.
- ▶ Increased interest revenue by \$78K.
- ▶ Transitioned to new banking institute and transferred multiple accounts.
- ▶ Improved Communication and Synergies with HR Team to Increase Efficiencies and Accuracy in areas of Reporting, Reconciling, Onboarding & Offboarding.
- ▶ Revised Fixed Asset Policy 3050.
- ▶ Assist in finalization of Prop. 68 Grant and receiving advanced funding for Franklin Sports Complex Project as well as participate in oversight of project (On going).
- ▶ Staff participated in training in areas such as CalPERS and governmental accounting.

# FINANCE

## Goals 2026-27:

- ▶ Complete the 2023-24 and 2024-25 audits for the district. **(MPG1)**
- ▶ Improve the budget process and reporting methods for efficiency. **(MPG1)**
- ▶ Continue to assist in the administration of the Prop 68 grant and project oversight for the Franklin Community Sports Complex. **(MPG1)**
- ▶ Update budget and reserve policy 3030. **(MPG1)**
- ▶ Implement Sage Intacct ERP System with ADP. **(MPG1)**
- ▶ Set up an Emergency Reserve Fund. **(MPG1)**
- ▶ Develop a training and learning program for finance staff. **(MPG1)**

# FINANCE

## FY2026-27 Preliminary Budget

100 - Finance General Fund & Measure K Revenue & Expense by Category	FY 25/26 Adopted Budget	FY 25/26 Actuals thru 04/30/26 83% of Fiscal Year Completed	FY 25/26 Projected Year End Totals	FY 25/26 Projected Year End Totals - Over/ (Under) Compared to Budget	FY 25/26 Projected Year End Totals % of Budget	FY 26/27 Proposed Preliminary Budget
<b>General Fund</b>						
<b>Revenue</b>						
Total General Fund Revenue	-	-	-	-	0%	-
<b>Expense</b>						
Full-Time Salaries	310,611	252,504	312,339	36,252	12%	335,843
Non-Retirement Employee Benefits	98,163	89,361	105,882	-	0%	113,228
CalPERS	44,828	36,434	43,699	23,191	52%	55,668
Services & Supplies	13,569	11,372	16,202	(23,386)	-172%	21,134
Computer Services, Software & Equipment	114,152	13,076	114,152	45,944	40%	87,955
Professional Services	95,000	93,156	184,461	-	0%	126,900
Total General Fund Expenses	676,323	495,904	776,737	82,000	12%	740,728
Total General Fund Revenue Less Expenses	(676,323)	(495,904)	(776,737)	(82,000)	12%	(740,728)
<b>Measure K Fund</b>						
<b>Expense</b>						
Professional Services	2,884	-	2,884	-	-	-
Expense Total	2,884	-	2,884	-	0%	-
Total Measure K Fund Revenue Less Expenses	(2,884)	-	(2,884)	-	0%	-
<b>Combined Total General Fund and Measure K Fund Revenue Less Expenses</b>	<b>(679,207)</b>	<b>(495,904)</b>	<b>(779,621)</b>	<b>(82,000)</b>	<b>12%</b>	<b>(740,728)</b>

# HUMAN RESOURCES

Seanzell Lewis, Human Resources Director  
Loralei Morehouse, Human Resources Coordinator

# HUMAN RESOURCES

## Overview:

- ▶ Classification and compensation
- ▶ New Employee On-boarding
- ▶ Employee Benefit Administration
- ▶ Employee and Labor Relations
- ▶ Performance management
- ▶ Workforce Planning
- ▶ Safety and risk management
- ▶ Training and development of employees
- ▶ 2 Full-Time Employees

# HUMAN RESOURCES

## Accomplishments 2025-26:

- ▶ Hire new Human Resources Director.
- ▶ Partnered with third-party recruitment firm and legal professionals to facilitate the appointment of an Interim General Manager.
- ▶ Revised and strengthened the District's employee separation and termination processes to improve consistency, compliance, documentation, and operational efficiency.
- ▶ Collaborated with District departments to support employee life cycle processes, including recruitment, on-boarding, personnel actions, leave administration, performance management, and employee transitions.
- ▶ Continued advancing and coordinating resolution efforts related to ongoing workplace investigations and legal matters in collaboration with outside counsel and leadership.

# HUMAN RESOURCES

## Goals 2026-27:

- ▶ Assist each District department with personnel issues and concerns. **(MPG1)**
- ▶ Assist with succession planning to help the district transfer knowledge and retain high performing employees. **(MPG1)**
- ▶ Develop a board policy in support of core values of diversity, equity and inclusion **(MPG4)**
- ▶ Evaluate and develop training program for district employees. **(MPG1)**
- ▶ Analyze employee benefits to ensure best support for employees. **(MPG1)**
- ▶ Analyze employee benefits to ensure best support for employees. **(MPG1)**
- ▶ ADP implementation **(MPG1)**
- ▶ Identify new methods of employee recognition. **(MPG1)**
- ▶ Review Employee Benefit package. **(MPG1)**

# HUMAN RESOURCES

## FY2026-27 Preliminary Budget

007 - Human Resources General Fund & Measure K Revenue & Expense by Category	FY 25/26 Adopted Budget	FY 25/26 Actuals thru 04/30/26 83% of Fiscal Year Completed	FY 25/26 Projected Year End Totals	FY 25/26 Projected Year End Totals - Over/ (Under) Compared to Budget	FY 25/26 Projected Year End Totals % of Budget	FY 26/27 Proposed Preliminary Budget
<b>General Fund</b>						
<b>Revenue</b>						
Total General Fund Revenue	-	-	-	-	-	-
<b>Expense</b>						
Full-Time Salaries	230,791	177,375	218,319	(12,472)	95%	217,830
Non-Retirement Employee Benefits	28,622	24,051	36,832	8,211	129%	66,362
Medical Insurance - Retiree	91,350	78,960	84,144	(7,206)	92%	100,485
CalPERS	18,820	22,225	26,776	7,956	142%	33,605
Services & Supplies	13,400	30,761	39,835	26,435	297%	21,400
Computer Services, Software & Equipment	12,450	11,151	12,450	-	100%	12,450
Professional Services	30,000	17,472	47,213	17,213	157%	30,000
Total General Fund Expenses	425,433	361,995	465,568	40,136	109%	482,132
Total General Fund Revenue Less Expenses	(425,433)	(361,995)	(465,568)	(40,136)	109%	(482,132)

# **PARKS & FACILITIES SERVICES**

**Salvador Nuno, Parks & Facilities Director**

# PARKS & FACILITIES SERVICES

## Overview:

- ▶ Maintenance and Development
- ▶ Facilities
- ▶ Visitor Services
  - ▶ Picnic sites, athletic fields, special events
- ▶ Landscaping and Grounds
  - ▶ Maintenance, inspection and operation of parks and facilities grounds, athletic fields, recreational equipment
- ▶ Capital Improvement Projects
- ▶ 17 Full-Time Employees

# PARKS & FACILITIES SERVICES

## Accomplishments for 2025-26:

- ▶ Roof replacement for concession stand at Setterquist Park (Thurmon Field)
- ▶ Sewer line improvements at Wilson Park restrooms
- ▶ Installed shade structure and pathway improvements at Blue Rock Springs Park
- ▶ Driveway improvements at Franklin Middle School Gym facility
- ▶ Installed new HVAC system at Cunningham Pool
- ▶ Replaced pour-in-place surfacing in train station area - Children's Wonderland Park
- ▶ Installed addition tee pads at disc golf course in Hanns Park in collaboration with local labor unions

# PARKS & FACILITIES SERVICES

## Accomplishments Cont.:

- ▶ Security and Surveillance upgrades at 401 Amador Building
- ▶ Transitioned new alarm monitoring provider, resulting in approximately 60% cost savings
- ▶ Removed portable building at Crest property site to improve conditions and support planning efforts
- ▶ Coordinated with CALA on Franklin Proposition 68 Project (on-going)
- ▶ Partnered with Solano Sunset Rotary to install peace pole at Children's Wonderland Park
- ▶ Participated in the Vallejo Alliance Expo at the Vallejo Naval Historical Museum

# PARKS & FACILITIES SERVICES

## Goals 2026-27:

- ▶ Fill employee part-time vacancies to maintain adequate staffing levels and quality maintenance service throughout the district parks and facilities. **(MPG5)**
- ▶ Implement effective management and efficient operations of parks and facilities maintenance by providing public safety and proactive maintenance practices. **(MPG5)**
- ▶ Monitor deferred maintenance projects to reduce long-term operating expenses and improve condition of existing parks and facilities. **(MPG5)**
- ▶ Repair or replace damaged and vandalized facilities in coordination with insurance re-imburement and evaluate preventive measures to reduce vandalism incidents. **(MPG5)**
- ▶ Franklin Gym roof replacement. **(MPG5)**
- ▶ Continue coordination with CALA on the Franklin Proposition 68 Project to support facility improvements. **(MPG5)**

# PARKS & FACILITIES SERVICES

## Goals Continued:

- ▶ Replace aging equipment to improve efficiency and reduce maintenance costs by evaluating equipment conditions and prioritizing replacements within budget limits. **(MPG6)**
- ▶ Continue collaboration with the City of Vallejo to identify grant opportunities for park and facility improvements. **(MPG6)**
- ▶ Continue to pursue funding sources for capital projects. **(MPG6)**
- ▶ Continue coordination with CALA on Franklin Proposition 68 Project to support long-term capital improvements and community investment. **(MPG6)**
- ▶ Evaluate infrastructure and facility improvement needs to support long-term sustainability and operational efficiency throughout the district. **(MPG6)**

# PARKS & FACILITIES SERVICES

## FY 2026/27 Preliminary Budget

Parks & Facilities Division General Fund & Measure K Revenue & Expense by Category	FY 25/26 Adopted Budget	FY 25/26 Actuals thru 04/30/26 83% of Fiscal Year Completed	FY 25/26 Projected Year End Totals	FY 25/26 Projected Year End Totals - Over/ (Under) Compared to Budget	FY 25/26 Projected Year End Totals % of Budget	FY 26/27 Proposed Preliminary Budget
<b>General Fund</b>						
<b>Revenue</b>						
Rents: Use of Facilities/Equipment	234,400	190,868	234,400	-	0%	231,600
Total General Fund Revenue	234,400	190,868	234,400	-	0%	231,600
<b>Expense</b>						
Full-Time Salaries	1,533,647	1,233,083	1,526,765	(6,882)	0%	1,558,887
Part-Time Salaries	268,500	160,572	268,500	-	0%	312,169
Non-Retirement Employee Benefits	454,163	369,854	444,749	(9,414)	-2%	494,875
CalPERS	207,833	188,812	226,417	18,584	9%	262,282
Services & Supplies	162,150	95,090	166,526	4,376	3%	154,457
Computer Services, Software & Equipment	3,600	60	3,600	-	0%	4,400
Professional Services	1,000	-	1,000	-	0%	1,000
Facilities Maintenance Expense	-	-	76,304	76,304	0%	63,226
Total General Fund Expenses	2,630,893	2,047,471	2,713,861	82,969	3%	2,851,296
<b>Total General Fund Revenue Less Expenses</b>	<b>(2,396,493)</b>	<b>(1,856,602)</b>	<b>(2,479,461)</b>	<b>(82,969)</b>	<b>3%</b>	<b>(2,619,696)</b>

# PARKS & FACILITIES SERVICES

## FY 2026/27 Preliminary Budget

Parks & Facilities Division General Fund & Measure K Revenue & Expense by Category	FY 25/26 Adopted Budget	FY 25/26 Actuals thru 04/30/26 83% of Fiscal Year Completed	FY 25/26 Projected Year End Totals	FY 25/26 Projected Year End Totals - Over/ (Under) Compared to Budget	FY 25/26 Projected Year End Totals % of Budget	FY 26/27 Proposed Preliminary Budget
<b>Measure K Fund</b>						
<b>Expense</b>						
Services & Supplies	553,286	393,132	571,913	18,627	103%	586,553
Facilities Maintenance Expense	347,367	165,957	271,063	(76,304)	0%	284,141
Expense Total	900,653	559,089	842,977	(57,676)	94%	870,694
Total Measure K Fund Revenue Less Expenses	(900,653)	(559,089)	(842,977)	57,676	94%	(870,694)
<b>Combined Total General Fund and Measure K Fund Revenue Less Expenses</b>	<b>(3,297,146)</b>	<b>(2,415,692)</b>	<b>(3,322,438)</b>	<b>(25,292)</b>	<b>101%</b>	<b>(3,490,391)</b>

# GVRD 3-YEAR CIP PLAN

## Fiscal Years 2027 - 2029

GVRD CIP LIST 2026-2028		FY26-27	FY27-28	FY28-29	Funding Source
<b>Line #</b>	<b>Project Name</b>				
1	Equipment				
2	Replace 2 ranger trucks		60,000	60,000	
3	New backhoe			180,000	
4	Large area Mower			135,000	
5	Tilt Trailer	15,000			General Fund
6	Trim Mower	30,000			General Fund
7	Franklin GYM				
8	Roof Coverings	300,000			General Fund
9	Prop 68 Project	5,500,000	1,187,978		Grant funding
10	Beverly Park				
11	Playground		350,000		
12	Wilson Park				
13	Field Lighting	600,000	400,000		General Fund & Insurance Claim Reimbursement

# GVRD 3-YEAR CIP PLAN

## Fiscal Years 2027 - 2029

GVRD CIP LIST 2026-2028		FY26-27	FY27-28	FY28-29	Funding Source
<b>Line #</b>	<b>Project Name</b>				
14	Blue Rock Springs Park				
15	ADA Pathway Improvements		250,000		
16	ADA Restrooms Upgrades			450,000	
17	DAN FOLEY				
18	Cultural Center Electrical Upgrade		120,000		Seeking Grant
19	ADA Restrooms Upgrades			400,000	
20	Soccer/Softball Field Lighting Upgrades			200,000	Seeking Grant
21	Grant Mahony				
22	Roof Coverings		70,000		
23	Independence Park				
24	Plumbing Upgrades		60,000	15,000	
25	Hanns Park ADA Improvements				
26	ADA Pathway Improvements			80,000	
27	Highlands Park				
28	Pathway Repairs	26,000	23,000		COV contract

# GVRD 3-YEAR CIP PLAN

## Fiscal Years 2027 - 2029

GVRD CIP LIST 2026-2028		FY26-27	FY27-28	FY28-29	Funding Source
<b>Line #</b>	<b>Project Name</b>				
29	SVCC				
30	Roof Coverings			160,000	
31	Room Partition		120,000		
32	VCC				
33	HVAC Upgrades			200,000	Seeking Grant
34	ADA Upgrades (Stage & Exit)		150,000		Seeking Grant
35	Amador LL Building				
36	Roof Coverings	60,000			General Fund
37	Borges Park				
38	Playground		250,000		
39	Richardson Park				

# GVRD 3-YEAR CIP PLAN

## Fiscal Years 2027 - 2029

GVRD CIP LIST 2026-2028		FY26-27	FY27-28	FY28-29	Funding Source
<b>Line #</b>	<b>Project Name</b>				
40	Playground			250,000	
41	Sheveland Park				
42	Playground			250,000	
43	Castlewood Park				
44	Tennis/Pickleball Courts Renovations		275,000	150,000	
45	Pool Shade Structure			300,000	
<b>TOTALS</b>		<b>\$6,531,000</b>	<b>\$ 3,315,978</b>	<b>\$2,830,000</b>	

# PLANNED CIP/ CAPITAL ASSETS FY 2026/27

- ▶ \$ 15,000 Tilt Trailer
- ▶ \$ 30,000 Trim Mower
- ▶ \$ 26,000 Pathway Repairs (Hanns Park)
- ▶ \$ 60,000 Roof Coverings (Amador Little League Building)
- ▶ **\$131,000 Total Budgeted CIP Projects and Capital Asset Purchases\***
  
- ▶ Other CIP Projects Planned, Not Yet Funded:
  - ▶ \$ 300,000 Franklin Roof Replacement
  - ▶ \$1,000,00 Wilson Park Field Lighting and Vandalism Repair\*\*
  
- ▶ \$5,500,000 Franklin Sports Complex

\* *Paid from General Funds*

\*\* *Approximately \$400K to be reimbursed through Insurance Claim*

# RECREATION SERVICES

**Antony Ryans, Recreation Director**

# RECREATION SERVICES

## Overview:

- ▶ Providing a balanced recreation program that is all inclusive to the community.
- ▶ Recreation programs - Instructional, educational, special events, community partnerships, After school program, sports programs, Adaptive Recreation, etc.
- ▶ Community Events
- ▶ Youth Services
- ▶ Aquatics - Cunningham Pool (Olympic Size Pool)
- ▶ 3 Community Centers and programming & Franklin Gym
- ▶ Children's Wonderland
- ▶ GVRD Activity Guide
- ▶ 22 Full-Time Employees

# RECREATION SERVICES

## Accomplishments 2025-26:

- ▶ Released three seasonal Activity Guides to increase awareness for recreational programs, parks and services.
- ▶ Launched the Mobile REcess Program to expand recreation access throughout Vallejo neighborhoods.
- ▶ Utilized Measure P funding to provide free and reduced-cost recreation opportunities, including a free two-week youth sports camp.
- ▶ Hosted major community events and activations including Recreation Expo, Winter at Wonderland, Festival of lights, Bite Night Thursdays, Bands & Brews, Nightmare on Glenn Street, and many others.
- ▶ Launched new programs and initiatives: Teen Summit, Senior Prom, Senior Social Program, and Making Waves Scholarship Program in partnership with Outdoor Afro.

# RECREATION SERVICES

## Accomplishments Cont.:

- ▶ Provided the Youth Round Table Initiative and expanded youth-serving community partnerships.
- ▶ Supported community outreach efforts through holiday toy distributions, turkey giveaways, and underserved family support programs.
- ▶ Expanded community partnerships and sponsorships - Kaiser Permanente, Sustainable Solano, Outdoor Afro, Vallejo Rotary Club, Costco Vallejo, AT&T, Self-Help Federal Credit Union, Tesla, Solano Community College and others.
- ▶ Implemented Standard Operating Procedures based on industry best practices (Redesigned and utilized Event Planning Forms, Budget Based Plans, and streamlining operational processes to improve consistency.
- ▶ Integrated Event Helper Software for private event insurance processing.

# RECREATION SERVICES

## Goals 2026-27:

- ▶ Expand utilization of District facilities by expanding adult recreation programs, teen programming, community-based classes, and multigenerational offerings. **(MPG3)**
- ▶ Increase recreation opportunities for the community by increasing program spaces, staffing, and resources to create new programming opportunities. **(MPG3)**
- ▶ Published three seasonal Activity Guides to increase awareness for recreational programs, parks and services **(MPG3)**
- ▶ Prioritize access to Parks and Programs for all district residents with a focus on diversity, equity, inclusion and social justice. **(MPG4)**
- ▶ Continue to develop new partnerships and collaboration to enhance recreation experiences. **(MPG3)**
- ▶ Maintain and improve existing recreation facilities to support community needs and long-term sustainability. **(MPG6)**

# RECREATION SERVICES

## Goals Cont.:

- ▶ Expand Teen Services and Youth Leadership opportunities. (MPG3)
- ▶ Increase services for underserved populations. (MPG3)
- ▶ Partner with Contra Costa Food Bank for Food Locker program. (MPG3)
- ▶ Finalize the Cunningham Pool operational assessment and implement cost savings operations and new programming. (MPG1,3,5)
- ▶ Strengthen Operational Systems and succession planning. (MPG3)
- ▶ Develop a volunteer program. (MPG1)
- ▶ Celebrate 20 Years of Children's Wonderland Park Reopening. (MPG3)
- ▶ Implement programming for ages 14-24 utilizing Measure P funding. (MPG3)

# RECREATION SERVICES

## FY 2026/27 Preliminary Budget

Recreation Services Division General Fund & Measure K Revenue & Expense by Category	FY 25/26 Adopted Budget	FY 25/26 Actuals thru 04/30/26 83% of Fiscal Year Completed	FY 25/26 Projected Year End Totals	FY 25/26 Projected Year End Totals - Over/ (Under) Compared to Budget	FY 25/26 Projected Year End Totals % of Budget	FY 26/27 Proposed Preliminary Budget
<b>General Fund Revenue</b>						
Intergovernmental Revenue	1,412,220	888,951	1,585,648	173,428	12%	1,934,116
Charges for Services	527,124	449,342	584,651	57,527	11%	591,387
Rents: Use of Facilities/Equipment	514,588	368,864	534,226	19,638	4%	485,882
Grants	-	-	-	-	-	-
Donations	-	41,646	41,646	41,646	0%	-
Other Revenue	-	17,617	21,068	21,068	0%	-
Revenue Total	2,453,932	1,766,421	2,767,239	313,307	13%	3,011,385

# RECREATION SERVICES

## FY 2026/27 Preliminary Budget

Recreation Services Division General Fund & Measure K Revenue & Expense by Category	FY 25/26 Adopted Budget	FY 25/26 Actuals thru 04/30/26 83% of Fiscal Year Completed	FY 25/26 Projected Year End Totals	FY 25/26 Projected Year End Totals - Over/ (Under) Compared to Budget	FY 25/26 Projected Year End Totals % of Budget	FY 26/27 Proposed Preliminary Budget
<b>Expense</b>						
Full-Time Salaries	920,519	710,500	874,558	(45,961)	-5%	943,389
Part-Time Salaries	1,508,065	1,368,496	1,563,210	55,145	4%	1,403,732
Non-Retirement Employee Benefits	349,014	347,419	419,447	70,433	20%	454,222
CalPERS	142,068	147,037	175,603	33,535	24%	214,929
Services & Supplies	435,587	497,080	667,604	232,016	53%	553,221
Computer Services, Software & Equipment	33,710	39,528	40,509	6,799	20%	53,550
Professional Services	106,000	54,580	106,000	-	0%	87,000
Facilities Maintenance Expense	-	-	-	-	-	-
Expense Total	3,494,963	3,164,641	3,846,931	351,967	10%	3,710,043
<b>Total General Fund Revenue Less Expenses</b>	<b>(1,041,031)</b>	<b>(1,398,220)</b>	<b>(1,079,692)</b>	<b>(38,660)</b>	<b>4%</b>	<b>(698,658)</b>

# RECREATION SERVICES

## FY 2026/27 Preliminary Budget

Recreation Services Division General Fund & Measure K Revenue & Expense by Category	FY 25/26 Adopted Budget	FY 25/26 Actuals thru 04/30/26 83% of Fiscal Year Completed	FY 25/26 Projected Year End Totals	FY 25/26 Projected Year End Totals - Over/ (Under) Compared to Budget	FY 25/26 Projected Year End Totals % of Budget	FY 26/27 Proposed Preliminary Budget
<b>Measure K Fund</b>						
<b>Expense</b>						
Services & Supplies	433,815	464,884	557,259	123,444	128%	585,526
Expense Total	433,815	464,884	557,259	123,444	128%	585,526
Total Measure K Fund Revenue Less Expenses	(433,815)	(464,884)	(557,259)	(123,444)	128%	(585,526)
<b>Combined Total General Fund and Measure K Fund Revenue Less Expenses</b>	<b>(1,474,846)</b>	<b>(1,863,104)</b>	<b>(1,636,951)</b>	<b>(162,105)</b>	<b>111%</b>	<b>(1,284,184)</b>

# BOARD DIRECTION

Staff is requesting the Board to review, discuss and approve the FY 2026-27 Preliminary Budget as presented, or to provide direction to staff for any changes agreed upon by the Board.