AGREEMENT NO. _____
BETWEEN THE CITY OF PALO ALTO AND
PALO ALTO SENIOR HOUSING PROJECT, INC.
FOR FUNDS ALLOCATED DURING FISCAL
YEAR 2007/08 UNDER THE COMMUNITY DEVELOPMENT
BLOCK GRANT PROGRAM

This Agreement No. _____ is entered into ____________, 2008, by and
between the CITY OF PALO ALTO, a chartered city and a municipal corporation of the State of
California ("City"), and PALO ALTO SENIOR HOUSING PROJECT, INC., a corporation duly
organized and existing under the Nonprofit Corporation Law of the State of California
("Borrower").

RECITALS:

WHEREAS, the City has applied for and received funds ("Funds") from the
Government of the United States under Title I of the Housing and Community Development Act
of 1974;

WHEREAS, Borrower has requested funds to upgrade the radiant heating system
at the Senior Housing facility at the Stevenson House site (the "Facility") located at 455 E.
Charleston Road, Palo Alto, California;

WHEREAS, Borrower is a private non-profit organization which provides
affordable independent living facilities for low-income seniors;

WHEREAS, City wishes to lend funds to Borrower, and forgive the loan if certain
conditions are met by Borrower, for the purposes set forth in this Agreement, and any exhibits
thereto;

WHEREAS, City has approved and authorized the provision of up to One
Hundred Thirty Eight Thousand Dollars ($138,000) drawn from FY 2007/08 CDBG funds to
Borrower for the purposes and under the terms contained herein; and

WHEREAS, the City neither warrants or makes any representations as to the
quality, method or adequacy of the work products or services to be provided. Borrower under
the terms and conditions of this Agreement, except with respect to compliance with Federal
Regulations;

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and
provisions set forth in this Agreement, the parties agree:

SECTION 1. TERM

1.1 Time of Performance. This Agreement shall effective on the day above
written and the renovation work described in Exhibit A shall be completed by June 30, 2009.
The term of this agreement and the provisions herein (including the rent and affordability
covenants of Exhibit D which shall terminate 30 years from the effective date) shall be extended to cover any additional time period during which the Borrower remains in control of Funds or other assets including program income.

SECTION 2. SCOPE OF SERVICE

2.1 Activities. Borrower shall upgrade the radiant heating system at the Stevenson House at 455 E. Charleston Road, in Palo Alto ("Project"), as more fully described in Exhibit "A" which is incorporated herein by reference and made a part of this agreement.

2.2 Provision of Funds. The City will loan Borrower the sum of money not to exceed One Hundred Thirty Eight Thousand Dollars ($138,000) drawn from its CDBG funds for upgrading the radiant heating system in the "B" and "C" buildings, comprising a total of 62 rental units. Payments shall be made to Borrower only for costs incurred on or after the effective date of this Agreement. City shall make funds available to Borrower on the following basis:

(1) City has reviewed and approved the bidding process and the contract for the rehabilitation work; and

(2) Borrower has provided City with a copy of the actual invoice(s) for work done and performed in accordance with this Agreement;

(3) Project is in compliance with all Federal, State and City Rules and Regulations.

2.3 Performance Monitoring. The City will monitor the performance of the Borrower against goals and performance standards required herein. City will retain a consultant who will monitor labor to be performed pursuant to this Agreement according to Davis-Bacon Act standards ("Consultant"). CITY will be responsible for directing all work to be performed by Consultant, and Consultant will report directly to CITY. Substandard performance as determined by the City will constitute non-compliance with this Agreement. If action to correct such substandard performance is not taken by the Borrower within a reasonable period of time after being notified by the City, contract suspension or termination procedures will be initiated.

SECTION 3. TRANSFER OF FUNDS AND SECURITY.

3.1 City Loan. City shall pay to Borrower a sum of money in an amount not to exceed One Hundred Thirty Eight Thousand Dollars ($138,000) for the purposes set forth in Section 2 and Exhibit "A". In consideration of the payment of such sum, Borrower shall execute a promissory note ("Note"), in the form attached hereto as Exhibit "B" and incorporated herein by this reference. The entire sum transferred, and any part of it, shall, at the option of City, become immediately due and payable upon the occurrence of any of the following conditions:

(a) The failure by Borrower to commence and complete the Project services set forth in this Agreement within a period of one (1) year after the date of this Agreement;
(b) The sale, transfer, or other disposition by Borrower of the Facility without the prior written consent of City prior to July 1, 2038;

(c) A use by Borrower of the Facility, prior to July 1, 2038, which violates the applicable provisions of City's Charter, ordinances, or regulations, or which is not an "eligible activity" under the Program of the Housing and Community Development Acts of 1974 and 1977, as amended, and the regulations issued pursuant thereto, by HUD or a successor agency; or

(d) An uncured default under this Agreement or the Note.

(e) Failure of Borrower to comply with rental and occupancy requirements of Regulatory Agreement Between the City of Palo Alto and Palo Alto Senior Housing Project, Inc. for 455 E. Charleston Road, Palo Alto, CA (Exhibit D).

If, on July 1, 2038, conditions (a), (b), (c), (d) and (e) have not occurred and there are no uncured defaults under this Agreement or the Note, the funds transferred to Borrower under this Agreement shall be treated as grant from City to Borrower and no amount shall be due to City under the Note or this Agreement.

This shall be a simple interest, noncompounding loan with interest at three percent (3%) per annum. It is agreed and understood that the loan shall be nonamortizing, and all payments of interest and principal shall be deferred until July 1, 2038, as long as Borrower continues to comply with all terms and conditions of this Agreement. Both principal and accrued interest shall be forgiven by the City on July 1, 2038 if Borrower has satisfactorily complied with all terms and conditions of this Agreement. If at any time any of the above conditions are not met, City has the right to demand repayment of the One Hundred Thirty Eight Thousand Dollars ($138,000), plus all accrued interest and any other costs or amounts due.

SECTION 4. NOTICES

4.1 Communications. All notices, correspondence, and other communications concerning this Agreement shall be directed to the parties' duly authorized representatives at the addresses set forth below or at any other addresses as may be noticed, in writing:

CITY: City of Palo Alto
        Department of Planning &
        Community Environment
        Attn: CDBG Coordinator
        250 Hamilton Avenue
        Palo Alto, CA 94301

BORROWER: Palo Alto Senior Housing Project, Inc.
          Attn: Executive Director
          455 E. Charleston Road
          Palo Alto, CA 94306
SECTION 5. SPECIAL CONDITIONS

5.1 Compliance with Federal Regulations. The Borrower agrees to comply with the requirements of the Housing and Urban Development regulations concerning Community Development Block Grants (24 CFR Part 570) and all federal regulations and policies issued pursuant to these Regulations. The Borrower further agrees to utilize Funds available under this Agreement to supplement rather than supplant Funds otherwise available.

5.2 National Objectives. The Borrower certifies that the activities carried out with funds provided under this Agreement will meet the CDBG Program’s National Objective of benefiting low/moderate income persons as defined in 24 CFR, Part 570.208.

5.3 Borrower shall procure all subcontractors, consistent with Federal procurement requirements. All bid documents must be reviewed and approved by the City or its designee before being made available to the public. Borrower shall sign a written agreement(s) with selected subcontractor(s), and shall direct, manage and reimburse all project subcontractors.

SECTION 6. GENERAL CONDITIONS

6.1 General Compliance. The Borrower agrees to comply with all applicable federal, state, county, and municipal laws, ordinances, resolutions, rules, policies, and regulations (“Laws”) governing the Funds provided under this Agreement.

6.2 Independent Contractor. Nothing contained in this Agreement is intended to, or shall be construed in any manner, as creating or establishing the relationship of employer and employee between the parties. The Borrower shall at all times remain an independent contractor with respect to the services to be performed under this Agreement. The City shall be exempt from payment of all unemployment compensation, FICA, retirement, life and/or medical insurance and workers’ compensation insurance as the Borrower is an independent contractor.

6.3 Hold Harmless. The Borrower shall hold harmless, defend and indemnify the City, its council members, officers and employees from any and all claims, actions, suits, charges and judgments whatsoever that arise out of the Borrower’s performance or nonperformance of the Services or subject matter called for in this Agreement.

6.4 Insurance and Bonding. The Borrower, at its sole cost and expense, shall obtain and maintain during the term of this Agreement, insurance as more fully described in Exhibit “C” which is incorporated herein by reference and made a part of this Agreement. The Borrower shall comply with the bonding and insurance requirements of Attachment B of OMB Circular A-110, Bonding and Insurance.

6.5 Funding Recognition. The Borrower shall ensure recognition of the role of the City in providing services through this Agreement. All activities, facilities and items utilized pursuant to this Agreement shall be prominently labeled as to funding source. In addition, the Borrower will include a reference to the support provided herein in all publications made possible with Funds made available under this Agreement.
6.6 Amendments. The parties may amend this Agreement at any time provided that such amendments make specific reference to this Agreement, and are executed in writing, and signed by their duly authorized representatives. Such amendments shall not invalidate this Agreement, nor relieve or release any party from its obligations under this Agreement. At any time during the term of this Agreement, the City, in its discretion, may amend this Agreement to conform with federal, state or local governmental guidelines, policies and available funding amounts, or for any other reasons. If such amendments result in a change in the funding, the Scope of Services, or schedule of, the activities to be undertaken as part of this Agreement, such modifications will be incorporated only by written amendment signed by the parties.

6.7 Suspension or Termination.

6.7.1 Either party may terminate this Agreement at any time by giving written notice to the other party of such termination and specifying the effective date thereof at least 30 days before the effective date of such termination. If Borrower terminates the Agreement, all sums transferred to Borrower pursuant to this Agreement and the Note shall become immediately due and payable to City. Partial termination of the scope of Services described in Exhibit “A” may only be undertaken with the prior approval of the CITY.

6.7.2 The CITY may also suspend or terminate this Agreement, in whole or in part, if the BORROWER materially fails to comply with any covenant, term, condition, or provision of this Agreement, or with any of the rules, regulations or provision referred to herein; and the CITY may declare the BORROWER ineligible for any further participation in CITY contracts, in addition to other remedies as provided by Law. In the event there is probable cause to believe the BORROWER is in noncompliance with any applicable rules or regulations, the CITY may withhold up to fifteen percent (15%) of the Funds until such time as the BORROWER is found to be in compliance by the City, or is otherwise adjudicated to be in compliance.

SECTION 7. ADMINISTRATIVE REQUIREMENTS

7.1 Financial Management.

7.1.1 Accounting Standards. The Borrower agrees to comply with Attachment F of OMB Circular A-110 and agrees to adhere to the accounting principles and procedures required therein, utilize adequate internal controls and maintain necessary source documentation for all costs incurred.

7.1.2 Cost Principles. The Borrower shall administer its program in conformance with OMB Circulars A-122, “Cost Principles for Non-Profit Organizations,” or A-21, “Cost Principles for Educational Institutions,” as applicable. These principles shall be applied for all costs incurred whether charged on a direct or indirect basis.

7.2 Documentation and Record-Keeping.

7.2.1 Records to be Maintained. The Borrower shall maintain all records required by the federal regulations specified in 24 CFR Section 570.506, and that are pertinent to
the activities to be funded under this Agreement. Such records shall include, but are not limited to:

a. Records providing a full description of each activity undertaken;

b. Records demonstrating that each activity undertaken meets a National Objective of the CDBG Program;

c. Records required to determine the eligibility of activities;

d. Records required to document the acquisition, improvement, use or disposition of real property acquired or improved with CDBG assistance;

e. Records documenting compliance with the fair housing and equal opportunity component of the CDBG Program;

f. Financial records as required by 24 CFR Section 570.502, and OMB Circular A-110; and

g. Other records necessary to document compliance with Subpart K of 24 CFR Part 570.

7.2.2 Retention. The Borrower shall retain all records pertinent to expenditures incurred under this Agreement for a period of five (5) years after the termination of all activities funded under this Agreement, or after the resolution of all federal audit findings, whichever occurs later. Records for non-expendable property acquired with Funds under this Agreement shall be retained for five (5) years after final disposition of such property. Records for any displaced person must be kept for five (5) years after he or she has received final payment. Notwithstanding the above, if there is litigation, claims, audits, negotiations or other actions that involve any of the records cited and that have started before the expiration of the five-year period, then such records must be retained until completion of the actions and resolution of all issues, or the expiration of the five-year period, whichever occurs later.

7.2.3 Client Data. The Borrower shall maintain confidential records of client data demonstrating client eligibility for housing. Such data shall include, but not be limited to, client name, address, income level or other basis for determining eligibility, and ethnicity. Such information shall be made available to the City’s monitors or their designees for review upon request in order to determine compliance with the Agreement.

7.2.4 Disclosure. The Borrower understands that client information collected under this Agreement is private and the use or disclosure of such information, when not directly connected with the administration of the City’s or the Borrower’s responsibilities with respect to Services provided under this Agreement, is prohibited by the laws of the State of California, unless written consent is obtained from such person receiving the service and, in the case of a minor, that of a responsible parent or guardian.
7.2.5 Property Records. The Borrower shall maintain real property inventory records which clearly identify properties purchased, improved or sold. Properties retained shall continue to meet eligibility criteria and shall conform with the "changes in use" restrictions specified in 24 CFR Section 570.503(b)(8), as applicable.

7.2.6 National Objectives. The Borrower agrees to maintain documentation that demonstrates that the activities carried out with Funds provided under this Agreement meet the CDBG Program's national objective of benefiting low and moderate income persons, as defined in 24 CFR Section 570.208.

7.2.7 Close-Outs. The Borrower's obligation to the City shall not end until all close-out requirements are completed. Activities during this close-out period shall include, but are not limited to, making final payments, disposing of CDBG Program assets (including the return of all unused materials, equipment, unspent cash advances, program income balances, and receivable accounts to the City), and determining the custodianship of records.

7.2.8 Audits and Inspections. All of the Borrower's records with respect to any matters covered by this Agreement shall be made available to the City, grantor agency, their designees or the Government of the United States, at any time during normal business hours, as often as the City or grantor agency deems necessary, to audit, examine, and make excerpts or transcripts of all relevant data. Any deficiencies noted in audit reports must be fully cleared by the Borrower within 30 days after receipt by the Borrower. Failure of the Borrower to comply with the above audit requirements will constitute a violation of this Agreement and may result in the withholding of future payments. The Borrower agrees to have an annual agency audit conducted in accordance with current City policy concerning the Borrower's audits, and as applicable, OMB Circular A-133.

7.3 Procedures Concerning Reporting and Payments.

7.3.1 Budgets. The Borrower shall submit a detailed budget of a form and content prescribed by the City for its approval. The parties may agree to revise the budget from time to time in accordance with existing City policies.

7.3.2 Program Income. The Borrower shall report on a monthly basis all program income, as defined at 24 CFR Section 570.500(a), generated by activities carried out with the Funds made available under this Agreement. The use of program income by the Borrower shall comply with the requirements set forth at 24 CFR Section 570.504. By way of further limitations, the Borrower may use such program income during the term of this Agreement for activities permitted under this Agreement and shall reduce requests for additional Funds by the amount of any such program income balances on hand. All unused program income shall be returned to the City at the end of the term of this Agreement. Any interest earned on cash advances from the United States Treasury is not Program Income and shall be remitted promptly to the City.

7.3.3 Indirect Costs. If indirect costs are charged, the Borrower shall develop an indirect cost allocation plan for determining the appropriate City share of administrative costs and shall submit such plan to the City for approval, in a form specified by the City.
7.3.4 Payment Procedures. The City will pay to the Borrower Funds available under this Agreement based upon information submitted by the Borrower and consistent with any approved budget and City policy concerning payments. With the exception of certain advances, payments will be made for eligible expenses actually incurred by the Borrower, and not to exceed actual cash requirements. Payments will be adjusted by the City in accordance with advance fund and program income balances available in the Borrower accounts. In addition, the City reserves the right to liquidate Funds available under this Agreement for costs incurred by the City on behalf of the Borrower.

7.3.5 Progress Reports. The Borrower shall be responsible for filing periodic reports, including but not limited to monthly activity reports and weekly certified wage payment reports which evaluate the manner in which the project is achieving its goals and objectives according to standards established by City. The report shall be on forms approved by City and shall be filed within five (5) days of the request by the City.

7.4 Procurement.

7.4.1 Compliance. The Borrower shall comply with current City policy concerning the purchase of equipment and shall maintain inventory records of all non-expendable personal property as defined by such policy as may be procured with Funds provided herein. All program assets, including, without limitation, unexpended program income, property, and equipment, shall revert to the City upon termination of this Agreement.

7.4.2 OMB Standards. The Borrower shall procure materials in accordance with the requirements of Attachment O of OMB Circular A-110, Procurement Standards, and shall subsequently follow Attachment N of OMB Circular A-110, Property Management Standards, as modified by 24 CFR 470.502(b)(6) covering utilization and disposal of property.

7.4.3 Travel. The Borrower shall obtain written approval from the City for any travel outside the metropolitan area with Funds provided under this Agreement.

7.4.4 Relocation. The Borrower agrees to comply with (a) the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA), and implementing regulations at 49 CFR Part 24 and 24 CFR 570.606(b); (b) the requirements of 24 CFR 570.606(c) governing the Residential Antidisplacement and Relocation Assistance Plan under section 104(d) of the HCD Act; and (c) the requirements in CFR 570.606(d) governing optional relocation policies. The Borrower shall provide relocation assistance to persons (families, individuals, businesses, nonprofit organizations and farms) that are displaced as a direct result of acquisition, rehabilitation, demolition or conversion for a CDBG-assisted project. The Borrower also agrees to comply with applicable City ordinances, resolutions and policies concerning the displacement of persons from their residences.

SECTION 8. PERSONNEL AND PARTICIPANT CONDITIONS

8.1 Civil Rights.

8.1.1 Compliance. The Borrower agrees to comply with all federal, state, and local laws, including, without limitation, Title VI of the Civil Rights Act of 1964, as amended,
Title VIII of the Civil Rights Act of 1968, as amended, Section 104(b) and Section 109 of Title I of the Housing and Community Development Act of 1974, as amended, Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990, the Age Discrimination Act of 1975, Executive Order 11063, and Executive Order 11246, as amended by Executive Orders 11375 and 12086.

8.1.2 Nondiscrimination. The Borrower will not discriminate against any employee or applicant for employment because of race, color, creed, religion, ancestry, national origin, sex, disability, age, marital status, family status, status with regard to public assistance or sexual preference. The Borrower will take affirmative action to ensure that all employment practices are free from such discrimination and in compliance with all Federal, State and local directives and executive orders regarding nondiscrimination in employment. Such employment practices include, but are not limited to the following: hiring, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff, termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The Borrower agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting agency setting forth the provision of this nondiscrimination clause.

8.1.3 Land Covenants. This Agreement is subject to the requirements of Title VI of the Civil Rights Act of 1964, as amended, and 24 CFR Part 570.601 and 602. In regard to the sale, lease, or other transfer of land acquired, cleared or improved with assistance provided under this Agreement, the Borrower shall cause or require a covenant running with the land to be inserted in the deed or lease for such transfer, prohibiting discrimination as herein defined, in the sale, lease or rental, or in the use or occupancy of such land, or in any improvements erected or to be erected thereon, providing that the City and the United States are beneficiaries of and entitled to enforce such covenants. The Borrower, in undertaking its obligation to carry out the CDBG Program assisted hereunder, agrees to take such measures as are necessary to enforce such covenant, and will not itself so discriminate.

8.1.4 Section 504. The Borrower agrees to comply with any federal regulations issued pursuant to and in compliance with Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 706), as amended, which prohibits discrimination against the disabled in any federally assisted program. The City shall provide the Borrower with any guidelines necessary for compliance with that portion of the regulations in force during the term of this Agreement.

8.2 Affirmative Action.

8.2.1 Compliance With California Constitution. Article I, Section 31 of the California Constitution, adopted by the People of the State of California as Proposition 209 in 1996, prohibits the City from discrimination or the grant of preferential treatment on the basis of race, sex, color, ethnicity or national origin in public employment, public education, and public contracting. Article I, Section 31 (e) provides that nothing in Section 31 shall be interpreted as prohibiting actions which must be taken to establish or maintain eligibility for any federal program where ineligibility would result in a loss of federal funds to the City. The provisions of this Section 8.2 are those necessary to establish and maintain eligibility for federal funds. At such time as any provision of this Section 8.2 is not required to establish and maintain such eligibility, that provision shall be waived by City. If Borrower believes any provision of this Section 8.2 should be waived under this Section 8.2.1, Borrower shall provide notice to City in
writing, identifying the provision for which a waiver is sought and the legal basis for the waiver. City shall respond to the request for waiver within thirty days after notice is received.

8.2.2 Approved Plan. The Borrower agrees that it shall be committed to carry out pursuant to the City's specifications an affirmative action program in keeping with the principles as provided in Executive Order 11246 (September 24, 1965). The City shall provide affirmative action guidelines to the Borrower to assist in the formulation of such program. The Borrower shall submit a plan for an affirmative action program for approval prior to the award of Funds.

8.2.3 Women and Minority Business Enterprises. The Borrower will use its best efforts to afford minority and women-owned business enterprises the maximum practicable opportunity participate in the performance of this Agreement. As used in this Agreement, the term "minority and female business enterprise" means a business at least fifty-one percent (51%) owned and controlled by minority group members or women. For the purpose of this definition, "minority group members" are Afro-Americans, Spanish-speaking, Spanish surname or Spanish-heritage Americans, Asian-Americans, and American Indians. The Borrower may rely on written representations by businesses regarding their status as minority and female business enterprises in lieu of an independent investigation.

8.2.4 Access to Records. The Borrower shall furnish and cause each of its contractors or subcontractors to furnish all information and reports required hereunder and will permit access to its books, records and accounts by the City, HUD or its agent, or other authorized federal officials for purposes of investigation to ascertain compliance with rules, regulations and provisions stated herein.

8.2.5 Notifications. The Borrower will send to each labor union or representative of workers with which it may have a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or worker's representative of the Borrower's commitments hereunder, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

8.2.6 EEO/AA Statement. The Borrower will, in all solicitations or advertisements for employees placed by or on behalf of the Borrower, state that it is an Equal Opportunity or Affirmative Action Employer.

8.2.7 Subcontract Provisions. The Borrower will include the provisions of Sections 8.1 and 8.2 in every subcontract or purchase order, specifically or by reference, so that such provisions will be binding upon each contractor or subcontractor or vendor.
8.3 Employment Restrictions.

8.3.1 Prohibited Activity. The Borrower is prohibited from using Funds provided herein or personnel employed in the administration of the CDBG Program for political activities, sectarian or religious activities, or lobbying, political patronage, and nepotism activities.

8.3.2 Labor Standards. The Borrower agrees to comply with the requirements of the Secretary of Labor in accordance with the Davis-Bacon Act, as amended, the provisions of Contract Work Hours, the Safety Standards Act, the Copeland "Anti-Kickback" Act (40 U.S.C. 276a-276a-5; 40 U.S.C. 327 and 40 U.S.C. 276c and all other applicable Laws pertaining to labor standards insofar as those acts apply to the performance of this Agreement. The Borrower shall maintain documentation which demonstrates compliance with the hour and age requirements of this part. Such documentation shall be made available to the City for review upon request.

The Borrower agrees that, except with respect to the rehabilitation or construction of residential property containing less than eight (8) units, all contractors engaged under contracts in excess of $2,000 for construction, renovation or repair of any building or work financed, in whole or in part, with assistance provided under this Agreement, shall comply with the federal requirements adopted by the City pertaining to such contracts and with the applicable requirements of the regulations of the Department of Labor, under 29 CFR Parts 1, 3, 5 and 7 governing the payment of wages and ratio of apprentices and trainees to journeymen; provided, that if wage rates higher than those required under the regulations are imposed by state or local laws, nothing hereunder is intended to relieve the Borrower of its obligation, if any, to require payment of the higher wage. The Borrower shall cause or require to be inserted in full, in all such contracts subject to such regulations, provisions meeting the requirements of this paragraph.

8.3.3 “Section 3” Clause.

a. Compliance with the provisions of “Section 3” regulations set forth in 24 CFR Part 135, and all applicable rules and orders issued hereunder prior to the execution of this Agreement, shall be a condition of the federal financial assistance provided under this Agreement and binding upon the City, the Borrower and any contractor or subcontractor. Failure to fulfill these requirements shall subject the City, the Borrower and any contractor or subcontractor, their successors and assigns, to those sanctions specified by the agreement through which federal assistance is provided. The Borrower certifies and agrees that no contractual or other disability exists which would prevent compliance with these requirements.

The Borrower further agrees to comply with these “Section 3” requirements and to include the following language in all subcontracts executed under this Agreement:

"The work to be performed under this agreement is a project assisted under a program providing direct federal financial
assistance from HUD and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701. “Section 3” requires that to the greatest extent feasible opportunities for training and employment be given to low and very low income residents of the project area and contracts for work in connection with the project be awarded to business concerns that provide economic opportunities for low and very low income persons residing in the metropolitan area in which the project is located.”

The Borrower further agrees to ensure that opportunities for training and employment arising in connection with a housing rehabilitation (including reduction and abatement of lead-based paint hazards), housing construction, or other public construction project are given to low and very low income persons residing within the metropolitan area in which the CDBG-funded project is located; where feasible, priority should be given to low and very low income participants in other HUD programs; and award contracts for work undertaken in connection with a housing rehabilitation (including reduction and abatement of lead-based paint hazards), housing construction, or other public construction project are given to business concerns that provide economic opportunities for low and very low income persons residing within the metropolitan area in which the CDBG-funded project is located; where feasible priority should be given to business concerns which provide economic opportunities to low and very low income residents within the service area of the neighborhood in which the project is located, and to low and very low income participants in other HUD programs.

The Borrower certifies and agrees that no contractual or other legal incapacity exists which would prevent compliance with these requirements.

b. The Borrower agrees to send to each labor organization or representative of workers with which it has a collective agreement or other contract or understanding, if any, a notice advising the labor organization or worker’s representative of its commitments under this “Section 3” clause and shall post copies of the notice in conspicuous places available employees and applicants for employment or training.

c. The Borrower will include this “Section 3” clause in every subcontract and will take appropriate action pursuant to the subcontract upon a finding that the contractor or subcontractor is in violation of regulations issued by the grantor agency. The
Borrower will not subcontract with any contractor or subcontractor where it has notice or knowledge that the latter has been found in violation of regulations under 24 CFR Part 135 and will not let any subcontract unless the contractor or subcontractor has first provided it with a preliminary statement of ability to comply with the requirements of these regulations.

8.4 Conduct.

8.4.1 Assignability. The Borrower shall not assign or transfer any interest in this Agreement without the prior written consent of the City; provided, however, that claims for money due or to become due to the Borrower from the City under this Agreement may be assigned to a bank, trust company, or other financial institution without such approval. Notice of any such assignment or transfer shall be furnished promptly to the City.

8.4.2 Hatch Act. The Borrower agrees that no Funds provided, nor personnel employed under this Agreement, shall be in any way or to any extent engaged in the conduct of political activities in violation of Chapter 15 of Title 5 of the United States Code.

8.4.3 Conflict of Interest. The Borrower agrees to abide by the provisions of 24 CFR Section 570.611 with respect to conflicts of interest, and covenants that it presently has no financial interest and shall not acquire any financial interest, direct or indirect, which would conflict in any manner or degree with the performance of Services required under this Agreement. The Borrower further covenants that in the performance of this Agreement, no person having such a financial interest shall be employed or retained by the Borrower hereunder. These conflict of interest provisions apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the City, or of any designated public agencies or Borrowers which are receiving Funds under the CDBG Program.

8.4.4 Subcontracts.

a. The Borrower shall not enter into any subcontracts with any agency or individual in the performance of this Agreement without the written consent of the City prior to the execution of such subcontracts.

b. The Borrower will monitor all subcontract services on a regular basis to assure contract compliance. Results of monitoring efforts shall be summarized in written reports and supported with documented evidence of follow-up actions taken to correct areas of noncompliance.

c. The Borrower shall cause all of the provisions of this Agreement in its entirety to be included in and made a part of any subcontract executed in the performance of this Agreement.
d. The Borrower shall undertake to ensure that all subcontracts let in the performance of this Agreement shall be awarded on a fair and open competition basis. Executed copies of all subcontracts shall be forwarded to the City along with documentation concerning the selection process.

8.4.5 Lobbying.

The Borrower hereby certifies that:

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

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

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

d. **Lobbying Certification - Paragraph d**

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.
8.4.6 Copyrights. If this Agreement results in any copyrightable material, the City or grantor agency, or both, reserves the right to royalty-free, non-exclusive and irrevocable license to reproduce, publish or otherwise use and to authorize others to use, the work for government purposes.

8.4.7 Religious Organizations. The Borrower agrees that Funds provided under this Agreement will not be utilized for religious activities, to promote religious interests, or for the benefit of a religious organization in accordance with the federal regulations specified in 24 CFR Section 570.200(j).

SECTION 9. ENVIRONMENTAL CONDITIONS

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

9.2 Flood Disaster Protection. In accordance with the requirements of the Flood Disaster Protection Act of 1973 (42 USC 4001), the Borrower shall assure that for activities located in an area identified by FEMA as having special flood hazards, flood insurance under the National Flood Insurance Program is obtained and maintained as a condition of financial assistance for acquisition or construction purposes (including rehabilitation).

9.3 Lead-Based Paint. The Borrower agrees that any construction or rehabilitation of residential structures with assistance provided under this Agreement shall be subject to HUD Lead-Based Paint Regulations at 24 CFR Part 35 et seq. as amended.

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

SECTION 10. SEVERABILITY

If any provision of this Agreement is held invalid, the remainder of the Agreement shall not be affected thereby and all other parts of this Agreement shall nevertheless be in full force and effect.

//

//
IN WITNESS WHEREOF, the parties hereto have by their duly authorized representatives executed this Contract on the date first above written.

ATTEST:  CITY OF PALO ALTO

_________________________________________  ____________________________
City Clerk  Mayor

APPROVED AS TO FORM:

_________________________________________
Assistant City Attorney

APPROVED:

_________________________________________
Deputy City Manager

_________________________________________
Director of Administrative Services

_________________________________________
Interim Director of Planning and Community Environment

_________________________________________
Insurance Review

_________________________________________
------------------------------------------------------------------------
PAULO ALTO SENIOR HOUSING PROJECT, INC.

By:  ____________________________
Name:  Mary J. Morrison
Title:  Secretary

By:  ____________________________
Name:  Samuel Gordon
Title:  Vice President

Taxpayer Identification No.
Fed. I.D. #94-6115413

(Compliance with Corp. Code § 313 is required if the entity on whose behalf this contract is signed is a corporation. In the alternative, a certified corporate resolution attesting to the signatory authority of the individuals signing in their respective capacity is acceptable)

Attachments:
EXHIBIT “A”:  SCOPE OF SERVICES & TIME SCHEDULE
EXHIBIT “B”:  PROMISSORY NOTE
EXHIBIT “C”:  INSURANCE
EXHIBIT “D”:  REGULATORY AGREEMENT
EXHIBIT “E”:  PROPERTY DESCRIPTION
CERTIFICATE OF ACKNOWLEDGMENT
(Civil Code § 1189)

STATE OF CALIFORNIA
COUNTY OF SANTA CLARA

On July 1st, 2008, before me, SULU KARNIK, a notary public in and for said County, personally appeared MARY MORRISON & SAMUEL GORDON and proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

[Signature]

SULU NITIN KARNIK
Commission # 1729377
Notary Public - California
Santa Clara County
My Comm. Expires May 5, 2011
CERTIFICATE OF ACKNOWLEDGMENT
(Civil Code § 1189)

STATE OF CALIFORNIA )
) )
COUNTY OF ______________________ )

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

I certify under penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

______________________________
CERTIFICATE OF ACKNOWLEDGMENT
(Civil Code § 1189)

STATE OF CALIFORNIA

COUNTY OF _______________

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

I certify under penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

__________________________
EXHIBIT “A”
PALO ALTO SENIOR HOUSING PROJECT, INC.
RADIANT HEATING SYSTEM PROJECT
SCOPE OF SERVICES

Palo Alto Senior Housing Project, Inc. is a community-based nonprofit agency providing independent living facilities for low-income senior citizens in Palo Alto, California. Stevenson House is an affordable housing facility with 120 housing units. The Agency also offers a wide range of services, such as social activities, a subsidized lunch program and a wellness clinic. Stevenson House presently has 135 residents, all of whom are low-income seniors.

This project consists of upgrading the existing radiant heating system in the “B” and “C” buildings, which consists of 62 housing units. This includes: circulating piping, pumps, boilers, 24 volt electric zone control valves, with a total of 125 apartment zones and 8 public zones. The major tasks that Palo Alto Senior Housing Project, Inc will perform in connection with the project include, but are not limited to, the following:

1. Apply for City required permits and/or variances based on proposed repairs and upgrade to the existing radiant heating system.

2. Prepare bid specifications in accordance with federal regulations including, but not limited to, prevailing wage and competitive bid requirements.

3. Select contractor.

4. Attend pre-construction conference.

5. Remove all unusable parts of the existing radiant heating system.

6. Install a new system and all necessary parts, which may include: cleaning out all zones with fresh water, installation of shut off valves and hose valves, new thermostats, temperature control valves, new manifolds including circuit valves and manual air vent valves for each zone, verification of the operation of each zone temperature control system, refill the piping system and vent out all air and light off boilers.
EXHIBIT “A”
SCOPE OF SERVICES – continued

Competitive Bid Process

All contracts and subcontracts shall be awarded through a fair and open competitive bidding process. The process shall be reviewed and approved by City. Palo Alto Senior Housing Project, Inc. will use its best efforts to afford minority and women-owned business enterprises the maximum practicable opportunity to participate in contracts let in the performance of this project. Executed copies of all contracts shall be supplied to City along with documentation concerning the selection process.

Prevailing Wage and Federal Labor Standards

Palo Alto Senior Housing Project, Inc., its contractors and subcontractors shall comply with the Federal Davis-Bacon Act Prevailing Wage requirements including inserting the applicable wage decision into the bid documents, and all contracts awarded under this Agreement. Palo Alto Senior Housing Project, Inc., the selected contractor and any subcontractors will participate in a pre-construction conference with City to review Davis Bacon compliance requirements, including reporting and monitoring.

Timeline:

The project will attempt to adhere to the following timetable.

July 15, 2008  City Contract Signed
August 1, 2008  Meeting with City staff to review project specifications
August 15, 2008  Bid Documents Available/Ad in Newspaper
September 15, 2008  Bid Opening and contractor Selection
October 1, 2008  Pre-construction Conference
October 15, 2008  Start of Construction
February 15, 2009  Work Completed
EXHIBIT "B"
PROMISSORY NOTE

$138,000.00

Date: ____________________________

Palo Alto, California

FOR VALUE RECEIVED, Palo Alto Senior Housing Project, Inc., a corporation organized under the Nonprofit Public Benefit Corporation Law of the State of California ("BORROWER"), promises to pay to the order of the City of Palo Alto, a charter city and a municipal corporation ("CITY"), the principal sum of One Hundred Thirty Eight Thousand Dollars ($138,000) at the office of Revenue Collections of the City of Palo Alto, 250 Hamilton Avenue, P.O. Box 10250, Palo Alto, CA 94303, or at such other place as CITY may from time to time designate, with interest from the date of this PROMISSORY NOTE ("Note"), until paid, at the rate of three percent (3%) simple interest per year on the unpaid principal balance.

This Note is made in connection with an agreement entitled "AGREEMENT BETWEEN THE CITY OF PALO ALTO AND PALO ALTO SENIOR HOUSING PROJECT, INC. FOR FUNDS ALLOCATED DURING FISCAL YEAR 2007/08 UNDER THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM ("Agreement"). The Agreement provides that BORROWER is the recipient of certain Community Development Block Grant ("CDBG") funds designated for certain renovation costs at the Stevenson House facility located at 455 E. Charleston, Palo Alto, California.

Any amounts advanced under this Note shall, at the option of CITY, become immediately due and payable upon the occurrence of any of the following: (a) the failure by BORROWER to commence and complete the project of services or to complete the scope of services set forth in the Agreement within a period of one (1) year after the date of this Agreement; (b) the sale, transfer, or other disposition by BORROWER of the Facility without the prior written consent of CITY prior to July 1, 2038; (c) a use by BORROWER of the Facility, prior to July 1, 2038, which violates the applicable provisions of CITY’s Charter, ordinances, or regulations, or which is not an “eligible activity” under the CDBG Program of the Housing and Community Development Acts of 1974 and 1977, as amended, and the regulations issued pursuant thereto by the United States Department of Housing and Urban Development, or successor agency; and (d) an uncured default under the Regulatory Agreement, this Note, or the Deed of Trust. Subject to the terms of the Agreement, the entire principal balance shall be considered paid in full if, on July 1, 2038, the contingencies set forth in subparagraphs (a), (b), (c) and (d) above have not occurred.

BORROWER, any endorser of this Note, and any others who may become liable for all or any part of the obligations evidenced by this Note may prepay all or any portion of the principal sum of this Note, without penalty. Any and all payments made hereunder shall be credited, first, on the interest then due and, the remainder, on the principal balance, and interest on the principal balance so credited shall thereupon cease.
BORROWER, any endorser of this Note, and any others who may become liable for all or any part of the obligations evidenced by this Note or this Note, as amended, hereby individually waive demand, presentment for payment, demand and protest, notice of protest, demand, and of dishonor and non-payment, and consent to any number of extensions or renewals of time hereof. Any such extensions or renewals may be made without notice to any of the obligated parties and without affecting their liability. The pleading of any statute of limitations as a defense to any demand against BORROWER is expressed waived by BORROWER. If BORROWER consists of more than one person or individual, each person or individual shall be jointly and severally liable under this Note.

BORROWER shall not further encumber, mortgage or subject the Facility, or the real property on which it is located, or any interest therein, to a deed of trust, mortgage, indenture, or other document of legal encumbrance (individually, “Encumbrance” and jointly, “Encumbrances”) without the prior written consent of CITY.

Unless CITY shall expressly agree otherwise, in writing, any Encumbrance affecting the Facility shall provide that, in the event of any default or breach by BORROWER under any Encumbrance entitling any party thereunder to accelerate the indebtedness secured thereby and foreclose upon the Facility, (1) CITY shall have the right, but not the obligation, to cure the default prior to the completion of any foreclosure and reinstate the Encumbrance; or (2) pay the total unpaid indebtedness secured by such Encumbrance, in which event, such Encumbrance shall be released, canceled, or otherwise reconveyed.

Any amounts expended by CITY under the contingencies set forth in (1) or (2) of the preceding paragraph shall be reimbursed by BORROWER upon demand of CITY therefor, and, in any event, shall bear interest at the maximum rate permitted by Article XV, Section 1(2) of the California Constitution, as may be amended from time to time, from the date such amounts were advanced by CITY until paid by BORROWER in full. All such amounts, including interest and any penalty authorized under the Agreement, this Note, or the Deed of Trust, shall be added to the principal of this Note. The approval by BORROWER of any Encumbrance, and the placing of a security interest thereon on the Facility, or any portion thereof, not containing the provisions of the preceding paragraph and this paragraph shall constitute a default under this Note.

If any default is made hereunder, BORROWER further promises to pay reasonable attorneys’ fees and costs and expenses incurred by CITY in connection with any such default or any other action or other proceeding brought to enforce any of the provisions of this Note. CITY’s right to such fees shall not be limited to or by its representation by staff attorneys of CITY’s Office of the City Attorney, and such representation shall be valued at the customary and reasonable rates for private sector legal services.

The relationship of CITY and BORROWER evidenced by this Note shall be deemed to be one of creditor and debtor and not of partnership or joint venture.

This Note may not be modified or amended except by an instrument in writing which expresses such intention of the parties sought to be bound thereby, and such writing shall be firmly attached to this Note and made a part thereof.
Any failure of CITY or other holder to exercise any rights under this Note shall not constitute a waiver of such rights or of any other rights under this Note.

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

To the extent assignment of this Note is permitted by CITY, the terms of this Note shall apply to, inure to the benefit of, and bind all of the parties thereto, their heirs, successors and assigns.

EXECUTED BY BORROWER on the date first above written.

PALO ALTO SENIOR HOUSING PROJECT, INC.

By: __________________________
Name: _________________________
Title: __________________________

By: __________________________
Name: _________________________
Title: __________________________
EXHIBIT "C"
INSURANCE REQUIREMENTS

The policy or policies of insurance maintained by Subrecipient shall provide the following limits and coverages:

POLICY

• Worker's Compensation Statutory

• Comprehensive Automobile Liability (including owned, hired, and non-owned automobiles)
  $1,000,000 Bodily Injury each person
  $1,000,000 Bodily Injury each occurrence
  $1,000,000 Property Damage each occurrence

• Comprehensive General Liability (including products and completed operations, broad form contractual, and personal injury)
  $1,000,000 Bodily Injury each person
  $1,000,000 Bodily Injury each occurrence
  $1,000,000 Bodily Injury Aggregate
  $1,000,000 Property Damage each occurrence

• Flood Insurance Total Project cost (to be determined)

Any deductibles of self-insurance retentions must be declared to and approved by the City. At the option of the City, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City, its officers, officials, employees and volunteers; or the Subrecipient shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

Insurance shall be in full force and effect commencing on the first day of the term of this Agreement. Each insurance policy required by this Agreement shall contain the following clauses:

1. "This insurance shall not be suspended, voided, cancelled, reduced in coverage or in limits except after thirty (30) days written notice has been given to the City by Certified Mail, Return Requested."

2. "All rights of subrogation are hereby waived against the City and the members of the City Council and elective or appointive officers or employees, when acting within the scope of their employment or appointment."

3. "The City, its officers, employees, agents and volunteers are to be covered as insureds as respects liability arising out of activities performed by or on behalf of the Subrecipient, products and completed operations of the
Subrecipient; premises owned, occupied or used by the Subrecipient; or automobiles owned, leased, hired or borrowed by the Subrecipient. The coverage shall contain no special limitations on the scope of protection afforded to the City, its officers, officials, employees, agents or volunteers."

4. "It is agreed that any insurance maintained by the City of Palo Alto will apply in excess of, and no contribute to, insurance provided by the Subrecipient."

5. "Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to the City, its officers, officials, employees agents or volunteers."

6. "Insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability."

All insurance coverage required under this Agreement shall be provided through carriers with a Best's Key Rating guide rating of A-:VII or higher that are admitted to do business in the State of California. The certificate(s) of insurance evidencing such coverage shall be completed and executed by an authorized representative of the Company providing insurance, and shall be filed with and approved by the City.

Subrecipient shall include all subcontractors as insured's under its policies, or shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated above.
REGULATORY AGREEMENT
BETWEEN THE CITY OF PALO ALTO AND
PALO ALTO SENIOR HOUSING PROJECT, INC. FOR
455 E. CHARLESTON ROAD, PALO ALTO, CA

RECITALS:

WHEREAS, the City of Palo Alto ("City") has agreed to loan Community Development Block Grant (CDBG) Funds to Palo Alto Senior Housing Project, Inc. (Borrower") for renovations to Stevenson House located at 455 E. Charleston Road, Palo Alto, California;

WHEREAS, Borrower is a private non-profit organization which provides affordable independent living facilities for low-income seniors;

WHEREAS, the City has approved the provision of up to One Hundred Thirty Eight Thousand Dollars ($138,000) drawn from FY 2007/08 CDBG funds to Borrower for the purpose of replacing and upgrading the radiant heating system in the facility; and

WHEREAS, the City's intention in providing these CDBG funds for repair and maintenance projects at Stevenson House is to keep the rents affordable to low-income seniors;

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions set forth in this Agreement, the parties agree:

SECTION 1. DEFINITIONS

1.1 "Extremely Low-Income Household" means a household with gross income that does not exceed 30% of Median Income and which is otherwise a qualified Tenant under the Section 8 or HUD Program Regulations.
1.2 “Very Low-Income Household” means a household with gross income that does not exceed 50% of Median Income and which is otherwise a qualified Tenant under the Section 8 or HUD Program Regulations.

1.3 “Low-Income Household” means a household with gross income that does not exceed 80% of Median Income and which is otherwise a qualified Tenant under the Section 8 or HUD Program Regulations.

1.4 “Extremely Low-Income Units” means the Units that are required to be occupied by Extremely Low-Income Households.

1.5 “Very Low-Income Units” means the Units that are required to be occupied by Very Low-Income Households.

1.6 “Low Income Units” means the Units that are required to be occupied by Low Income Households.

1.7 “HAP Contract” means a Housing Assistance Payment contract with HUD or the Housing Authority for project-based Section 8 rental assistance.

1.8 “Housing Authority” means the Housing Authority of the County of Santa Clara, California.

1.9 “HUD” means the United States Department of Housing and Urban Development.

1.10 “Median Income” means the median income for households in Santa Clara County, State of California, as determined from time to time by HUD in a manner consistent with the determination of median gross income under the Section 8 program and published by State HCD. In the event that such income determinations are no longer determined and published by HUD or State HCD, or are not updated for a period of at least 24 months from the date of the previous publication, the City shall provide Owner with other income determinations that are reasonably similar with respect to methods of calculation contained in that previous HUD publication.

1.11 “Project” or “Property” means the improvements constructed on the land for the purpose of providing 120 rental housing units which shall be offered for rent and occupied as provided in this Agreement.

1.12 “Rent” means the sum total of all monthly payments to be made by the Tenant of a Unit for the following privileges: use and occupancy of the Unit and associated facilities, including parking; any separately charged fees or service charges assessed by Borrower which are required of all Tenants, other than security deposits; and the cost of an adequate level of service for utilities paid by the Tenant, as determined by the applicable utility allowance for the Units as set by the Housing Authority under the Section 8 program regulations.

1.13 “Section 8” means Section 8 of the United States Housing Act of 1937 (“Act”), as amended.
1.14 "Section 8 Assistance" means rental assistance on behalf of households living at the Property provided pursuant to Section 8, whether indirectly pursuant to a Section 8 Housing Assistance Program contract, or directly pursuant to tenant-based Section 8 vouchers or certificates.

1.15 "Section 8 Assistance Program" means a program funded by HUD that provides rental assistance on behalf of Very Low and Low-Income Households, or a successor federal or State rental assistance program providing similar assistance.

1.16 "Section 8 Assisted Household" means a household that holds a valid voucher or certificate under a Section 8 Assistance Program.

SECTION 2. USE, OCCUPANCY AND RENT RESTRICTIONS

2.1 The Property shall be used solely for the operation and maintenance of 120-Units of senior rental housing, with all but one of the Units subject to the affordability covenants contained herein, and for no other purpose. At all times during the term of this Agreement, unless subsequently revised in a written amendment approved by the City, at least FIFTY (50) of the Units shall be made available to Extremely Low-Income seniors and FIFTY (50) of the Units shall be made available to Extremely Low-Income or Very-Low Income seniors and at least TWENTY (20) of the Units shall be made available to Low Income seniors, Very-Low Income seniors, or Extremely Low-Income seniors at affordable rents as described herein. Without derogating the importance of compliance by Borrower with the other provisions of this Agreement, compliance by Borrower with this provision is of particular importance to City and is one of the principal reasons for which City was willing to provide Community Development Block Grant (CDBG) funds.

2.2.1 Extremely Low-Income Units: At all times during the term of this Agreement a minimum of FIFTY (50) Units, shall be rented and occupied by, or if vacant, made available for rental and occupancy by, Extremely Low-Income Households.

2.2.2 Very Low-Income Units: At all times during the term of this Agreement a minimum of FIFTY (50) Units, shall be rented and occupied by, or if vacant, made available for rental and occupancy by Households with incomes in the Very Low-Income category or a lower income category.

2.2.3 Low-Income Units: At all times during the term of this Agreement a minimum of TWENTY (20) Units, shall be rented and occupied by, or if vacant, made available for rental and occupancy by, Households with incomes in the Low-Income Category or a lower income category.

2.2.4 Manager’s Unit: A unit made available for an on-site manager would not be required to comply with the rent and occupancy restrictions of this Section if it is occupied by a resident manager as a condition of employment.

2.3 Units Occupied by Section 8 Assisted Households: Units occupied by Section 8 Assisted Households shall be considered to be qualified Extremely Low-Income, Very Low-Income, or Low-Income Units based on each household’s annual income as certified pursuant to regulations and procedures of the Section 8 Assistance Program. Notwithstanding anything to
the contrary contained herein, the Rent for Units occupied by Section 8 Assisted Households shall be set pursuant to Section 8 regulations and procedures.

2.4 Rent for Units Occupied by Non-Section 8 Assisted Households: At all times during the term of this Agreement, the maximum monthly Rents charged to each of the Tenants without a Section 8 rental subsidy shall not exceed the HUD Santa Clara County Fair Market Rent (FMR) Standards, as published annually, based on the unit type. Current Section 8 FMR rents are: Studio: $928; One-Bedroom $1076.

2.5 Noncompliance

A failure by Borrower to maintain the rent affordability and occupancy restrictions required by this Agreement shall constitute a default of this Agreement. The Project will be deemed to be in compliance with the affordability covenants, notwithstanding a temporary noncompliance with the provisions, if the noncompliance arises as a result of an increase in the income of any Tenant, and if the next vacancy is filled in accordance with this Agreement.

2.6 Lease Provisions

Borrower shall include in the leases or rental agreements for all Units occupied by Extremely Low-Income, Very Low-Income or Low-Income Households a provision which authorizes the lessor to immediately terminate the tenancy of any Tenant, after the lessor determines that one or more members of such Tenant’s household has misrepresented any fact material to the Tenant’s qualification for occupancy. Each lease or rental agreement shall provide that the Tenant is subject to the requirement for the execution of an annual income certification in accordance with Section 4.1 below, and that, if the Tenant’s income increases above the applicable income limits, such Tenant’s Rent may be increased.

2.7 Applicability of HUD Regulations and HUD Regulatory Agreement

During the term that the HUD Regulatory Agreement is in effect, all definitions, procedures and calculations related to the use and occupancy of the Units and the qualification of Tenants including, without limitation, determination of Rent, Rent increases, household income limits, income certification procedures, tenant selection procedures and the designation of particular Units for each of the income categories as required by the HUD Regulatory Agreement shall be deemed to be in compliance with this Agreement.

In the event of a conflict between the provisions of this Agreement and the HUD Regulatory Agreement, the HUD Regulatory Agreement shall prevail. Borrower shall comply with all other requirements of this Agreement that are in addition to the HUD Regulatory Agreement.

SECTION 3. COVENANTS AND CONDITIONS

3.1 Efforts to Seek Section 8 Housing Assistance Payment Contracts for the Units

As a continuing obligation during the term of this Regulatory Agreement, Borrower shall, in good faith, undertake all actions as required and necessary to seek to obtain HAP Contracts for project-based Section 8 rental assistance as may be made available from HUD or from the
Housing Authority from time to time. Borrower shall seek the longest HAP Contract term available and shall seek such contract assistance for all of the 120 Units. In the event that any such HAP Contract is obtained and then later terminated by HUD for all, or a portion of, the Units, Borrower shall continue to rent to all Tenants residing in the affected Units under the terms of any replacement or successor rental assistance program provided by HUD or the Housing Authority to the Tenants.

3.2 Selection Criteria for Applicants for Tenancy

Borrower agrees to accept Section 8 Assisted Households as Tenants on the same basis as all other prospective tenants. Borrower shall not apply selection criteria to Section 8 Assisted Households that are more burdensome than criteria applied to all other prospective tenants, nor shall Borrower apply or permit the application of management policies or lease provisions that have the effect of precluding occupancy of Units by Section 8 Assisted Households. The Borrower will use reasonable efforts to make the Units available to participants in the Section 8 tenant-based voucher program and other rent subsidy programs as may become available.

To the extent allowed by HUD or the Housing Authority, Borrower will give a preference in the selection of Tenants, and in the maintenance of its waiting list for Units, to otherwise qualified households that have one or more adult household members living, or employed, within the city limits of the City of Palo Alto immediately prior to occupancy in the Unit or at application for the waiting list. Borrower will use the definitions and procedures applicable to the City’s Below Market Rate housing program to administer this preference.

3.3 Preference for Holders of Section 8 Tenant-Based Assistance

In the event project based Section 8 contracts are not renewed by HUD, owner will notify the Housing Authority of vacancies and give preference to applicants with Section 8 vouchers/certificates. If no Section 8 holder is available, then the unit will be rented to an otherwise qualified low-income household.

3.4 HUD Regulatory Agreement

Compliance with the HUD Regulatory Agreements shall be deemed compliance with this Agreement to the extent the HUD Regulatory Agreement is more restrictive than this Agreement. In case of a direct conflict between this Agreement and the HUD Regulatory Agreement, the Borrower shall comply with the HUD Regulatory Agreement; however, the Borrower shall comply with all requirements of this Agreement that are in addition to (rather than inconsistent with) requirements of the HUD Regulatory Agreements.

SECTION 4. INCOME CERTIFICATION AND REPORTING

4.1 Income Certification

Borrower will obtain, complete and maintain on file, immediately prior to initial occupancy and annually thereafter, an income certification from each Tenant. Borrower shall make a good faith effort to verify that the income provided by an applicant, or occupying household, in an income certification is accurate in accordance with Section 8 Regulations.
Copies of tenant income certifications shall be made available to the City, including its designated representatives, upon request.

4.2 Reporting and Provision of Information

Borrower will submit reports in a format and at a time specified by the City. The reports shall contain such information as the City may require to document compliance with the use and occupancy restrictions and other requirements of this Agreement. The City, including its designated representatives, shall have the right to examine and make copies of all books, records or other documents of Borrower which pertain to the Property or any Unit and Borrower shall provide any information reasonably requested. Borrower shall deliver to the City copies of all reports submitted to HUD as may be requested by the City.

4.3 Records

Owner shall maintain complete, accurate and current records pertaining to the Property and the Units, and shall permit any duly authorized representative of the City to inspect records, including records pertaining to incomes and household sizes of Tenants’ households, and the rents and other charges for occupancy of the Units during business hours upon reasonable notice. All Tenants lists, applications and waiting lists relating to the Property shall at all times be kept separate and identifiable from any other business of Owner and shall be maintained as required by the City, in a reasonable condition for proper audit and subject to examination by representatives of the City.

4.4 Financial Audits

Owner shall provide City, during the term of this Regulatory Agreement, with copies of audited financial statements of Owner, including any management letter comments on the adequacy of internal or operational controls, within one hundred fifty (150) days of the close of each fiscal year of the Property. City reserves the right, during the term of this Regulatory Agreement, to audit the records, including the financial records supporting the aforementioned financial statements, and other records and documents pertaining to the operations of the Property.

4.5 Assignment or Transfer or Encumbrance

Except for leases with the Tenants in the ordinary course of business, Borrower shall not cause or permit any voluntary transfer, assignment or encumbrance of its interest in the Property or lease or permit a sublease of all or any part of the Property without first obtaining the City’s written consent. Any transfer, assignment, encumbrance, or lease without the City’s written consent shall be voidable and, at the City’s election, shall constitute a breach of this Agreement. No consent to any assignment, encumbrance or lease shall constitute consent to any subsequent assignment, encumbrance or lease, or a waiver of any of the City’s rights under this Agreement.
SECTION 5. MISCELLANEOUS PROVISIONS

5.1 The City and Borrower hereby declare their express intent that the covenants and restrictions set forth in this Agreement shall run with the land and shall bind all successors in interest to the Property, provided, however, that on the expiration of the term of this Agreement, the covenants and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any portion thereof shall be held conclusively to have been executed, delivered and accepted subject to such covenants and restrictions, regardless of whether such covenants or restrictions are set forth in such contract, deed or other instrument, unless the City expressly releases such conveyed portion of the Property from the requirements of this Agreement.

5.2 The covenants, agreements, terms, and conditions of this Regulatory Agreement shall inure to and be binding on the successors and assigns of the parties. Any provision of this Regulatory Agreement which is characterized as a covenant or a condition shall be deemed both a covenant and a condition. If any provision of this Regulatory Agreement shall be determined by a court of competent jurisdiction to be invalid, illegal, void, or unenforceable in any respect, the validity of all other provisions herein shall remain in full force and effect.

5.3 The provisions of this Regulatory Agreement shall apply to the Property for the entire term hereof. This Regulatory Agreement shall bind any successor, heir or assign of Borrower, whether a change in interest occurs voluntarily or involuntarily, by operation of law or otherwise, except as expressly released by the City by a written amendment, signed by the City, and recorded in the Official Records of Santa Clara County. Borrower acknowledges that the City has loaned CDBG funds for renovations on the condition that the provisions of this Regulatory Agreement shall apply to the Property for its entire term, and in consideration of this provision, and would not have done so otherwise.

5.4 If Borrower fails to perform any obligation under this Regulatory Agreement, and fails to cure the default within 30 days after the City has notified Borrower in writing of the default or, if the default cannot be cured within 30 days, fails to commence to cure promptly and thereafter diligently pursue such cure, the City shall have the right to enforce this Regulatory Agreement by any remedy provided by law or equity, including, but not limited to an action for specific performance to enforce the covenants and restrictions herein.
IN WITNESS WHEREOF, the parties hereto have by their duly authorized representatives executed this Contract on ________________, 2008.

ATTEST:  

______________________________  
City Clerk  

______________________________  
CITY OF PALO ALTO  
Mayor  

APPROVED AS TO FORM:  

______________________________  
Assistant City Attorney  

______________________________  
PALO ALTO SENIOR HOUSING PROJECT, INC.  
Name:  
Mary K. Morrison  
Title:  
Secretary  
By:  
______________________________  
Name:  
Samuel Gordon  
Title:  
Vice President  
Taxpayer Identification No.  
Fed. I.D. #94-6115413  

(Compliance with Corp. Code § 313 is required if the entity on whose behalf this contract is signed is a corporation. In the alternative, a certified corporate resolution attesting to the signatory authority of the individuals signing in their respective capacities is acceptable)
CERTIFICATE OF ACKNOWLEDGMENT
(Civil Code § 1189)

STATE OF CALIFORNIA

COUNTY OF SANTA CLARA

On July 1st, 2008, before me, Sulu Karnik, a notary public in and for said County, personally appeared Mary Morrison & Samuel Gordon who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) js/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Sulu Nitin Karnik
Commission # 1729377
Notary Public - California
Santa Clara County
CERTIFICATE OF ACKNOWLEDGMENT
(Civil Code § 1189)

STATE OF CALIFORNIA )
) )
COUNTY OF ________________ )

On _________________, before me, __________________, a notary public in and for said County, personally appeared ______________________ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

_________________________
CERTIFICATE OF ACKNOWLEDGMENT
(Civil Code § 1189)

STATE OF CALIFORNIA

COUNTY OF ____________________

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

I certify under penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

______________________________
DEED OF TRUST AND ASSIGNMENT OF RENTS

THIS DEED OF TRUST AND ASSIGNMENT OF RENTS made on __________________, 2008 between PALO ALTO SENIOR HOUSING PROJECT, INC., a California nonprofit public benefit corporation ("Trustor"), whose address is 455 E. Charleston Road, Palo Alto, California 94303, First American Title Guaranty Company, a California corporation ("Trustee"), whose address is 1737 North First Street, San Jose, California 95112 and THE CITY OF PALO ALTO ("Beneficiary"), whose address is 250 Hamilton Avenue, Palo Alto, California 94301.

WITNESSETH:

That Trustor IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS TO TRUSTEE IN TRUST, WITH POWER OF SALE, that real property and improvements in the County of Santa Clara, State of California, described in Exhibit "A", attached hereto and made a part hereof by reference ("Security" or "Property"),

TOGETHER WITH the rents, issues and profits thereof, SUBJECT, HOWEVER, to the right, power and authority to and conferred upon Beneficiary, by fictitious deed of trust recorded in the office of the Recorder of the County of Santa Clara, in Book _____ of Official Records, at Page _____, adopted and incorporated herein by reference and made a part hereof as if fully set forth herein, to collect and apply such rents, issues and profits,

FOR THE PURPOSE OF SECURING payment of the indebtedness evidenced by that Promissory Note ("Note"), and any extensions or renewals thereof, in the principal amount of $138,000 executed by Trustor in favor of Beneficiary, and the performance of the obligations of Trustor contained in that certain Regulatory Agreement between the City of Palo Alto and Palo Alto Senior Housing Project, Inc. for 455 E. Charleston Road, Palo Alto, CA (the "Regulatory Agreement") recorded concurrently herewith.
TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR AGREES:

1. **Fictitious Deed of Trust.** By the execution and delivery of this Deed of Trust and the Note secured hereby, that the provisions of ________ and ____ inclusive, of the fictitious deed of trust recorded in the office of the Recorder of the County of Santa Clara in Book _____ of Official Records, at Page _____, hereby are adopted and incorporated herein and made a part hereof as fully as though set forth herein at length; that it 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.

2. **Prohibited Transfers.** Trustor shall not, voluntarily or involuntarily or by operation of law, sell, transfer, lease, pledge, encumber, create a security interest in, or otherwise hypothecate or alienate all or any part of the security, without Beneficiary’s prior written consent. The consent by Beneficiary to any sale, transfer, lease, pledge, encumbrance, creation of a security interest in, or other hypothecation of the Security shall not be deemed to constitute a novation or a consent to any further sale, transfer, lease, pledge, encumbrance, creation of a security interest in or other hypothecation. Beneficiary may, at its option, declare the indebtedness secured hereby immediately due and payable, without notice to Trustor or any other person or entity (except as provided herein), upon any such sale, transfer, lease, pledge, encumbrance, creation of a security interest in, or other hypothecation or alienation in violation hereof. Without the written consent of Beneficiary, no sale, transfer, lease, pledge, encumbrance, creation of a security interest in, or other hypothecation of the Security shall relieve or release Trustor from primary liability under this Deed of Trust or the Note, as the case may be. As used in this Section 2, the term “transfer” includes, without limitation, the following transactions:

   a. Any total or partial sale, assignment or conveyance, or creation of any trust or power, or any transfer in any other mode with respect to the Security or any part hereof or any interest herein, or any contract or agreement to do the same;

   b. The cumulative transfer of more than ten percent (10%) of the capital stock, partnership profit and loss interest, or other form of interest in Trustor; and

   c. Any merger, consolidation, sale or lease of all or substantially all of the assets of Trustor.

3. **Due on Sale.** In the event of default by Trustor under this Deed of Trust, or if the Property or any part thereof or any interest therein is sold, agree to be sold, conveyed, alienated or refinanced by Trustor, or by the operation of law or otherwise, without the written consent of Beneficiary, all obligations secured by this instrument irrespective of the maturity dates expressed therein, at the option of beneficiary hereof and without demand or notice shall immediately become due and payable.

4. **Notices.** Trustor requests that a copy of any Notice of Default, and of any Notice of Sale hereunder, be mailed to it at its address hereinabove set forth, and that additional
copies of any such notice be mailed to the City of Palo Alto, Office of the City Clerk, 250 Hamilton Avenue, Palo Alto, California 94301.

PALO ALTO SENIOR HOUSING PROJECT, INC., a California non-profit public benefit Corporation, Trustor

By:  

Its:  Vice President

CITY OF PALO ALTO, a Municipal Corporation

By:  

Its:  

3
CERTIFICATE OF ACKNOWLEDGMENT
(Civil Code § 1189)

STATE OF CALIFORNIA

COUNTY OF SANTA CLARA

On July 1st, 2008, before me, SULU KARNIK, a notary public in and for said County, personally appeared SAMUEL GORDON who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

SULU NITIN KARNIK
Commission # 1729377
Notary Public - California
Santa Clara County
My Comm. Expires Mar 5, 2011
CERTIFICATE OF ACKNOWLEDGMENT
(Civil Code § 1189)

STATE OF CALIFORNIA  )
)                       )
COUNTY OF _______________ )

On _______________ , before me, ____________________, a notary public in and for said County, personally appeared ____________________________ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

________________________
EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

PARCEL ONE

BEGINNING at the point of intersection of the Southwesterly line of that certain 6.01 acre tract of land as shown upon that certain Map entitled, "Record of Survey of a portion of the Rancho Rincon de San Francisquito, Palo Alto, Santa Clara County, California", which Map was filed for record in the office of the Recorder of the County of Santa Clara, State of California, on June 30, 1952 in Book 37 of Maps, page 30, with the Northwesterly line of Charleston Road, as said line was established by Parcel 142 in the Final Order of Condemnation to certain Defendants, entered on January 25, 1957 in the Superior Court of the State of California, in and for the County of Santa Clara, in that certain action entitled, "The City of Palo Alto, a municipal corporation, Plaintiff vs. James H. Alteiri, et al, Defendants", Case No. 100068, a certified copy of which Order was filed for record in the office of the Recorder of the County of Santa Clara, State of California, on January 25, 1957 in Book 3715 Official Records, page 448; thence from said point of beginning North 352° 34’ 50” West, along the Southwesterly line of said 6.01 acre tract for a distance of 195.50 feet to the Southermmost corner of that certain 5.01 acre tract of land described in the Deed from Louis J. Freitas, et ux, to the Palo Alto Unitarian Church dated August 30, 1954, recorded September 10, 1954 in Book 2957 Official Records, page 100, Santa Clara County Records; thence North 54° 26’ 10” East along a Southeasterly line of said 5.01 acre tract for a distance of 200.00 feet; thence South 35° 34’ 50” East along a Southwesterly line of said 5.01 acre tract for a distance of 139.55 feet to the Northernmost corner of that certain tract of land described in the Deed from Louis J. Freitas, et ux, to City of Palo Alto, a municipal corporation, dated September 16, 1955, recorded November 23, 1955, in Book 3342 Official Records, page 242, Santa Clara County Records; thence South 0° 13’ 50” East along the Westerly line of land so described in the Deed to said City of Palo Alto for a distance of 68.16 feet to the point of intersection thereof with the said Northwesterly line of Charleston Road; thence South 54° 26’ 10” West along said last mentioned line 160.31 feet to the point of beginning, as surveyed in March, 1965 by Riley & Floyd, Civil Engineers.

PARCEL TWO

BEGINNING at a point in a Southwesterly line of that certain 5.01 acre tract of land described in the Deed from Louis F. Freitas et ux, to the Palo Alto Unitarian Church, Inc., a corporation, dated August 27, 1954, recorded September 10, 1954, in Book 2957 Official Records, page 100, Santa Clara County Records, distant thereon North 35° 34’ 50” West 78.95 feet from the Southermmost corner thereof in the Northwesterly line of Charleston Road, as the same originally existed (40.00 feet in width), said point of beginning being in the Westerly line of that certain tract of land described in the Deed from the Palo Alto Unitarian Church, Inc. a corporation, to City of Palo Alto, a municipal corporation, dated February 9, 1956, recorded March 2, 1956 in Book 3428 Official Records, page 465m Santa Clara County Records; thence from said point of
beginning Northwesterly along the Southwesterly line of land so described in the Deed to said City of Palo Alto for the following courses and distances: North 0° 13' 50" West 0.44 feet; thence Northerly along an arc of a curve to the left, with a radius of 80.00 feet, through a central angle of 35° 21', for an arc distance of 49.36 feet and North 35° 34' 50" West 361.00 feet to the Westernmost corner thereof in the Northwesterly line of said 5.01 acre tract above referred to; thence South 54° 30' 00" West along said last mentioned line for a distance of 215.00 feet to the Westernmost corner thereof; thence South 35° 34' 50" East along a Southwesterly line of said 5.01 acre tract for a distance of 268.35 feet to a Southerly corner thereof; thence North 54° 26' 10" East along a Southeasterly line of said 5.01 acre tract for a distance of 200.00 feet to an angle corner therein; thence South 35° 34' 50" East along a Southwesterly line of said 5.01 acre tract for a distance of 139.55 feet to the point of beginning, and being a portion of Rancho Rincon de San Francisquito, as surveyed in March 1965 by Riley & Floyd, Civil Engineers.

PARCEL THREE

An easement 30.00 feet in width across that certain parcel situate in the City of Palo Alto, County of Santa Clara, State of California, which parcel was described in the Deed from the Palo Alto Unitarian Church, Inc., a corporation, to City of Palo Alto, a municipal corporation, dated February 9, 1056, recorded March 2, 1056 in Book 3428 Official Records, page 465, Santa Clara County Records, as reserved by said Palo Alto Unitarian Church, Inc., in said Deed to City of Palo Alto to permit ingress and egress to contiguous properties, the center line of which easement is described as follows:

BEGINNING at a point in the Southwesterly line of the parcel described in said Deed to City of Palo Alto, distant thereon South 35° 34' 50" East 230.00 feet from the Westernmost corner thereof; thence running at right angles to said last mentioned line North 54° 25' 10" East 230.00 feet from the Westernmost corner thereof; thence running 40.00 feet to the Northeasterly line of said parcel so conveyed to City of Palo Alto.