

## Regular Council Meeting

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# FRESNO CITY COUNCIL

CITY OF FRESNO  
CITY CLERK'S OFFICE



## Supplement Packet

### ITEM(S)

#### **1-P (ID 23-1523)**

Actions pertaining to a proposed permanent affordable housing project at 6507 North Polk Avenue, known as the Welcome Home Project (District 2):

1. \*\*\*RESOLUTION - Authorizing acceptance of Project Homekey 3 Funding from the State of California Department of Housing and Community Development for the Welcome Home Project in the amount of \$21,983,607 and authorizing the City Manager or designee to enter into and execute a standard agreement to secure the Homekey 3 funds and participate in the Homekey 3 Program (Subject to Mayor's Veto)
2. \*\*\*RESOLUTION - Adopting the 24th amendment to the Annual Appropriation Resolution (AAR) No. 2023-185 appropriating \$21,983,700 to the Homekey Program fund for Fiscal Year 2023-2024. (Requires 5 Affirmative Votes) (Subject to Mayor's Veto)
3. Approve a State and Local Fiscal Recovery Funds (part of the American Rescue Plan Act) Agreement with Valley Teen Ranch for development of the Welcome Home Project, in an amount not to exceed \$2,800,000.
4. Approve a Memorandum of Understanding with Valley Teen Ranch related to the Welcome Home Project and the State of California Homekey 3 Program.

**Contents of Supplement:** MOU (Signature Copy, City Attorney and Valley Teen Ranch)

#### **Supplemental Information:**

Any agenda related public documents received and distributed to a majority of the City Council after the Agenda Packet is printed are included in Supplemental Packets. Supplemental Packets are produced as needed. The Supplemental Packet is available for public inspection in the City Clerk's Office, 2600 Fresno Street, during normal business hours (main location pursuant to the Brown Act, G.C. 54957.5(2)). In addition, Supplemental

Packets are available for public review at the City Council meeting in the City Council Chambers, 2600 Fresno Street. Supplemental Packets are also available on-line on the City Clerk's website.

**Americans with Disabilities Act (ADA):**

The meeting room is accessible to the physically disabled, and the services of a translator can be made available. Requests for additional accommodations for the disabled, sign language interpreters, assistive listening devices, or translators should be made one week prior to the meeting. Please call City Clerk's Office at 621-7650. Please keep the doorways, aisles and wheelchair seating areas open and accessible. If you need assistance with seating because of a disability, please see Security.

**MEMORANDUM OF UNDERSTANDING  
BETWEEN THE CITY OF FRESNO  
AND VALLEY TEEN RANCH  
REGARDING WELCOME HOME PROJECT**

THIS MEMORANDUM OF UNDERSTANDING (MOU or Agreement) is made and entered into effect on \_\_\_\_\_ (the Effective Date), by and between the CITY OF FRESNO, a California municipal corporation (City), and VALLEY TEEN RANCH, a California nonprofit public benefit corporation (Valley Teen Ranch).

**RECITALS**

WHEREAS, the State of California Department of Housing and Community Development (HCD) issued a Notice of Funding Availability for the Homekey Program Round 3 (NOFA), dated March 29, 2023;

WHEREAS, City and Valley Teen Ranch submitted a joint application in response to the NOFA for the construction and operation of 6507 N. Polk Avenue as permanent affordable housing;

WHEREAS, the City and Valley Teen Ranch were awarded \$21,983,607 in Homekey Round 3 funds from HCD;

WHEREAS, Valley Teen Ranch will act as the owner/developer exercising effective project control, as to the construction of 96 one-bedroom apartment units on the Property, and related on-site and off-site improvements (Project);

WHEREAS, the City has determined that the Project is vital and in the best interest of the City, and the health, safety, and welfare of City residents and will increase, improve, and preserve the community's supply of affordable housing.

NOW, THEREFORE, in consideration of the recitals and mutual covenants and conditions contained in this MOU, incorporated herein, the Parties agree, as follows:

Section 1. The parties to this MOU encourage the highest possible degree of cooperative relationships between their respective representatives with regard to the Homekey Program including but not limited to acting in good faith to ensure the transparency, mutual success, and liability prevention, to acquire, develop, and maintain the Property and provide services to the residents.

Section 2. The parties to this MOU shall coordinate their resources and efforts to develop the Project and manage the Property in a timely manner. The Parties agree that 96 units shall be developed and operated as a result of this round of the Homekey Program.

Section 3. The Parties agree to comply with all Homekey regulations, and any other guidelines issued by the State of California that directly relate to the Homekey program.

Section 4. Valley Teen Ranch shall pay all third-party costs incurred in connection with the Homekey program application and shall reimburse the City with Homekey funds for all eligible costs under the Homekey program.

Section 5. Attachment "A" (Project Description and Project Schedule) provides a summary of the Project and performance deadlines. Attachment "B" (Budget and Disbursement Schedule) outlines the disbursement of funds. Both documents are hereby fully incorporated herein.

Section 6. Indemnification and Insurance.

Insurance Requirements.

(a) Throughout the life of this Agreement, VALLEY TEEN RANCH shall pay for and maintain in full force and effect all insurance as required herein with an insurance company(ies) either (i) admitted by the California Insurance Commissioner to do business in the State of California and rated no less than "A-VII" in the Best's Insurance Rating Guide, or (ii) as may be authorized in writing by CITY'S Risk Manager or his/her designee at any time and in his/her sole discretion. The required policies of insurance as stated herein shall maintain limits of liability of not less than those amounts stated therein. However, the insurance limits available to CITY, its officers, officials, employees, agents and volunteers as additional insureds, shall be the greater of the minimum limits specified therein or the full limit of any insurance proceeds to the named insured.

(b) If at any time during the life of the Agreement or any extension, VALLEY TEEN RANCH or any of its subcontractors fail to maintain any required insurance in full force and effect, all services and work under this Agreement shall be discontinued immediately, and all payments due or that become due to VALLEY TEEN RANCH shall be withheld until notice is received by CITY that the required insurance has been restored to full force and effect and that the premiums therefore have been paid for a period satisfactory to CITY. Any failure to maintain the required insurance shall be sufficient cause for CITY to terminate this Agreement. No action taken by CITY pursuant to this section shall in any way relieve VALLEY TEEN RANCH of its responsibilities under this Agreement. The phrase "fail to maintain any required insurance" shall include, without limitation, notification received by CITY that an insurer has commenced proceedings, or has had proceedings commenced against it, indicating that the insurer is insolvent.

(c) The fact that insurance is obtained by VALLEY TEEN RANCH shall not be deemed to release or diminish the liability of VALLEY TEEN RANCH, including, without limitation, liability under the indemnity provisions of this Agreement. The duty to indemnify CITY shall apply to all claims and liability regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by VALLEY TEEN RANCH. Approval or purchase of any insurance contracts or policies shall in no way relieve from liability nor limit the liability of VALLEY TEEN RANCH, vendors, suppliers, invitees, contractors, sub-contractors, subcontractors, or anyone employed directly or indirectly by any of them.

Coverage shall be at least as broad as:

(i) COMMERCIAL GENERAL LIABILITY insurance which shall be at least as broad as the most current version of Insurance Services Office (ISO) Commercial General Liability Coverage Form CG 00 01 and include insurance for "bodily injury," "property damage" and "personal and advertising injury" with coverage for premises and operations

(including the use of owned and non-owned equipment), products and completed operations, and contractual liability (including, without limitation, indemnity obligations under the Agreement) with limits of liability not less than the following:

\$2,000,000 per occurrence for bodily injury and property damage

\$2,000,000 per occurrence for personal and advertising injury

\$4,000,000 aggregate for products and completed operations

\$4,000,000 general aggregate applying separately to the work performed under the Agreement.

(ii) COMMERCIAL AUTOMOBILE LIABILITY insurance which shall be at least as broad as the most current version of Insurance Service Office (ISO) Business Auto Coverage Form CA 00 01, and include coverage for all owned, hired, and non-owned automobiles or other licensed vehicles (Code 1- Any Auto) with limits of liability of not less than \$1,000,000 per accident for bodily injury and property damage.

(iii) Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.

(iv) EMPLOYEE LIABILITY insurance with limits of liability of no less than \$1,000,000 each accident, \$1,000,000 disease policy limit and \$1,000,000 diseased each employee

(v) BUILDERS RISK (Course of Construction) insurance, obtained by VALLEY TEEN RANCH or subcontractor in an amount equal to the completed value of the project with no coinsurance penalty provisions. (Only required if the project includes new construction of a building; or renovation of, or addition to, an existing building.)

(vi) CONTRACTOR POLLUTION with coverage for bodily injury, property damage or pollution clean-up costs that could result from of pollution condition, both sudden and gradual. Including a discharge of pollutants brought to the work site, a release of pre-existing pollutants at the site, or other pollution conditions with limits of liability of not less than the following:

\$1,000,000 per occurrence

\$2,000,000 general aggregate per annual policy period

In the event the work involves any lead-based, mold or asbestos environmental hazard, either the Automobile Liability insurance policy or the Pollution Liability insurance policy shall be endorsed to include Transportation Pollution Liability insurance covering materials to be transported by VALLEY TEEN RANCH pursuant to the MOU.

In the event the work involves any lead-based environmental hazard (e.g., lead-based paint), VALLEY TEEN RANCH's Pollution Liability insurance policy shall be endorsed to include coverage for lead based environmental hazards. In the event VALLEY TEEN RANCH involves any asbestos environmental hazard (e.g., asbestos remediation), VALLEY TEEN RANCH's Pollution Liability insurance policy shall be endorsed to include coverage for asbestos environmental hazards. In the event the MOU involves any mold environmental hazard (e.g., mold remediation), the Pollution Liability

insurance policy shall be endorsed to include coverage for mold environmental hazards and "microbial matter including mold" within the definition of "Pollution" under the policy.

#### UMBRELLA OR EXCESS INSURANCE

In the event VALLEY TEEN RANCH purchases an Umbrella or Excess insurance policy(ies) to meet the "Minimum Limits of Insurance," this insurance policy(ies) shall "follow form" and afford no less coverage than the primary insurance policy(ies). In addition, such Umbrella or Excess insurance policy(ies) shall also apply on a primary and non-contributory basis for the benefit of the CITY, its officers, officials, employees, agents and volunteers.

#### DEDUCTIBLES AND SELF-INSURED RETENTIONS

VALLEY TEEN RANCH shall be responsible for payment of any deductibles contained in any insurance policy(ies) required herein and VALLEY TEEN RANCH shall also be responsible for payment of any self-insured retentions.

#### OTHER INSURANCE PROVISIONS/ENDORSEMENTS

All policies of insurance required hereunder shall be endorsed to provide that the coverage shall not be cancelled, non-renewed, reduced in coverage or in limits except after thirty (30) calendar day written notice has been given to CITY. Upon issuance by the insurer, broker, or agent of a notice of cancellation, non-renewal, or reduction in coverage or in limits, VALLEY TEEN RANCH shall furnish the CITY with a new certificate and applicable endorsements for such policy(ies). In the event any policy is due to expire during the work to be performed for the CITY, VALLEY TEEN RANCH shall provide a new certificate, and applicable endorsements, evidencing renewal of such policy not less than fifteen (15) calendar days prior to the expiration date of the expiring policy.

The General Liability, Pollution and Automobile Liability insurance policies shall be written on an occurrence form.

The General Liability, Automobile Liability and Pollution Liability insurance policies shall name the CITY, its officers, officials, agents, employees and volunteers as an additional insured for ongoing and completed operations. All such policies of insurance shall be endorsed so VALLEY TEEN RANCH's insurance shall be primary, and no contribution shall be required by the CITY.

The coverage shall contain no special limitations on the scope of protection afforded to the CITY, its officers, officials, employees, agents, and volunteers.

If VALLEY TEEN RANCH maintains higher limits of liability than the minimums shown above, the CITY requires and shall be entitled to coverage for the higher limits of liability maintained by VALLEY TEEN RANCH.

The Builders Risk (Course of Construction) insurance policy shall be endorsed to name the CITY as loss payee.

All insurance policies required including the Workers' Compensation insurance policy shall contain a waiver of subrogation as to the City, its officers, officials, agents, employees, and volunteers.



VALLEY TEEN RANCH shall furnish the CITY with all certificate(s) and applicable endorsements effecting coverage required hereunder. All certificates and applicable endorsements are to be received and approved by the CITY's Risk Manager or his/her designee before work commences. Upon request of the CITY, VALLEY TEEN RANCH shall immediately furnish the CITY with a complete copy of any insurance policy required under this Agreement, including all endorsements, with said copy certified by the underwriter to be a true and correct copy of the original policy. This requirement shall survive expiration or termination of this Agreement.

In the event of a partial or total destruction by the perils insured against of any or all of the work and/or materials herein provided for at any time prior to the final completion of the Agreement and the final acceptance by the CITY of the work or materials to be performed or supplied thereunder, VALLEY TEEN RANCH shall promptly reconstruct, repair, replace, or restore all work or materials so destroyed or injured at his/her sole cost and expense. Nothing herein provided for shall in any way excuse VALLEY TEEN RANCH or his/her insurance company from the obligation of furnishing all the required materials and completing the work in full compliance with the terms of this Agreement.

#### SUBCONTRACTORS

If VALLEY TEEN RANCH subcontracts any or all of the services to be performed under this Agreement, VALLEY TEEN RANCH shall require, at the discretion of the CITY Risk Manager or designee, subcontractor(s) to enter into a separate Side Agreement with the City to provide required indemnification and insurance protection. Any required Side Agreement(s) and associated insurance documents for the subcontractor must be reviewed and preapproved by CITY Risk Manager or designee. If no Side Agreement is required, VALLEY TEEN RANCH will be solely responsible for ensuring that its subcontractors maintain insurance coverage at levels no less than those required by applicable law and is customary in the relevant industry.

#### Indemnification.

To the furthest extent allowed by law, including California Civil Code section 2782, VALLEY TEEN RANCH shall indemnify, defend and hold harmless CITY and each of its officers, officials, employees, agents, and volunteers from any and all claims, demands, actions in law or equity, loss, liability, fines, penalties, forfeitures, interest, costs including legal fees, and damages (whether in contract, tort, or strict liability, including but not limited to personal injury, death at any time, property damage, or loss of any type) arising or alleged to have arisen directly or indirectly out of (1) any voluntary or involuntary act or omission, (2) error, omission or negligence, or (3) the performance or non-performance of this Contract. VALLEY TEEN RANCH'S obligations as set forth in this section shall apply regardless of whether CITY or any of its officers, officials, employees, agents, or volunteers are passively negligent, but shall not apply to any loss, liability, fines, penalties, forfeitures, costs or damages caused by the active or sole negligence, or the willful misconduct, of CITY or any of its officers, officials, employees, agents or volunteers.

To the fullest extent allowed by law, and in addition to the express duty to indemnify, VALLEY TEEN RANCH, whenever there is any causal connection between VALLEY TEEN RANCH's performance or non-performance of the work or services required under this Contract and any claim or loss, injury or damage of any type, VALLEY

TEEN RANCH expressly agrees to undertake a duty to defend CITY and any of its officers, officials, employees, agents, or volunteers, as a separate duty, independent of and broader than the duty to indemnify. The duty to defend as herein agreed to by VALLEY TEEN RANCH expressly includes all costs of litigation, attorneys fees, settlement costs and expenses in connection with claims or litigation, whether or not the claims are valid, false or groundless, as long as the claims could be in any manner be causally connected to VALLEY TEEN RANCH as reasonably determined by CITY.

Upon the tender by CITY to VALLEY TEEN RANCH, VALLEY TEEN RANCH shall be bound and obligated to assume the defense of CITY and any of its officers, officials, employees, agents, or volunteers, including the a duty to settle and otherwise pursue settlement negotiations, and shall pay, liquidate, discharge and satisfy any and all settlements, judgments, awards, or expenses resulting from or arising out of the claims without reimbursement from CITY or any of its officers, officials, employees, agents, or volunteers.

It is further understood and agreed by VALLEY TEEN RANCH that if CITY tenders a defense of a claim on behalf of CITY or any of its officers, officials, employees, agents, or volunteers and VALLEY TEEN RANCH fails, refuses or neglects to assume the defense thereof, CITY and its officers, officials, employees, agents, or volunteers may agree to compromise and settle or defend any such claim or action and VALLEY TEEN RANCH shall be bound and obligated to reimburse CITY and its officers, officials, employees, agents, or volunteers for the amounts expended by each in defending or settling such claim, or in the amount required to pay any judgment rendered therein.

The defense and indemnity obligations set forth above shall be direct obligations and shall be separate from and shall not be limited in any manner by any insurance procured in accordance with the insurance requirements set forth in this Contract. In addition, such obligations remain in force regardless of whether CITY provided approval for, or did not review or object to, any insurance VALLEY TEEN RANCH may have procured in a accordance with the insurance requirements set forth in this Contract. The defense and indemnity obligations shall arise at such time that any claim is made, or loss, injury or damage of any type has been incurred by CITY, and the entry of judgment, arbitration, or litigation of any claim shall not be a condition precedent to these obligations.

The defense and indemnity obligations set forth in this section shall survive termination or expiration of this Contract.

If VALLEY TEEN RANCH should subcontract all or any portion of the work to be performed under this Contract, VALLEY TEEN RANCH shall require each subcontractor to Indemnify, hold harmless and defend CITY and each of its officers, officials, employees, agents and volunteers in accordance with the terms as set forth above.

Section 7. Non-Performing Deed of Trust. City can enforce Valley Teen Ranch's obligation to the Project and City to ensure compliance with this MOU by executing a deed of trust, and recording it as a lien against the Property, in a subordinate lien priority to all liens, including but not limited to a senior secured debt or regulatory agreement at the close of escrow.



Section 8. Time is of the essence in the performance of this MOU. When any party has knowledge that any actual or potential situation is delaying or threatens to delay timely performance, that party shall, within twenty-four (24) hours, give notice thereof, including all relevant information with respect thereto, to the other party or parties.

Section 9. Any alterations, modifications, or amendments shall only be valid when reduced to writing, duly signed and approved by the authorized representative of the Parties as an amendment to this MOU. City and Valley Teen Ranch recognize and acknowledge that the State of California may require amendments to this MOU as the Homekey Program grant funds are awarded.

Section 10. All actions in this MOU are contingent on the State of California awarding Homekey Program grant funds for the application. In the event that the State of California does not award Homekey Program funds to City for its application, this MOU shall be of no force or effect and shall be deemed terminated. The indemnification requirements of this section shall survive termination of this MOU.

Section 11. The parties understand and agree that the availability of Homekey Program grant funds is subject to the control of the State of California, and should said funds be encumbered, withdrawn, or otherwise made unavailable to the City, whether earned or promised to Valley Teen Ranch, and/or should the City in any fiscal year hereunder fail to allocate said Funds, the City shall not provide the Homekey Program grant funds unless and until they are made available for payment to the City by the State of California and the City receives and allocates said Homekey Program grant funds. No other funds owned or controlled by the City shall be obligated under this MOU.

Section 12. Valley Teen Ranch may assign its rights, obligations, and duties contemplated under this MOU to controlled subsidiaries ( Assignee), and may form one or more jointly controlled or owned special purpose entities as may be required for the financing or other purposes related to the execution of the obligations of Valley Teen Ranch under this MOU, so long as such assignment or creation of special purposes entities do no substantively change the obligations of Valley Teen Ranch or the rights of City. The assignment of rights, obligations, and duties does not relieve Valley Teen Ranch of their obligations under this MOU.

Section 13. This MOU may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts shall together constitute one and the same instrument. The parties shall be entitled to sign and transmit an electronic signature of this MOU (whether by facsimile, PDF or other email transmission), which shall be binding on the party whose name is contained therein. Each party providing an electronic signature agrees to promptly execute and deliver to the other party an original signed MOU upon request.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed this MOU to be executed below.

CITY OF FRESNO,  
a California municipal corporation

By: \_\_\_\_\_  
Georgeanne A. White  
City Manager  
(Attach notary certificate of acknowledgment)

Date: \_\_\_\_\_

APPROVED AS TO FORM:  
ANDREW JANZ

City Attorney

By:  \_\_\_\_\_  
Tracy N. Parvanian  
Supervising Deputy City Attorney

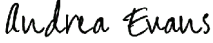
Date: 10/16/2023  
\_\_\_\_\_


ATTEST:  
TODD STERMER, CMC  
City Clerk

By: \_\_\_\_\_  
Name:  
Deputy

Date: \_\_\_\_\_

Valley Teen Ranch  
a California nonprofit public benefit corporation

By:  \_\_\_\_\_  
Andrea Evans  
Chief Executive Officer

By:  \_\_\_\_\_  
Donna Callahan  
Secretary

Attachments:

EXHIBIT A: PROJECT DESCRIPTION AND PROJECT SCHEDULE  
EXHIBIT B: BUDGET AND DISBURSEMENT SCHEDULE

## **Exhibit A**

### **I. PROJECT DESCRIPTION**

The Welcome Home Project consists of developing 96 units of Permanent Housing for persons experiencing homelessness or at risk of homelessness. The target populations will be Homeless Youth and Youth at Risk of Homelessness and General Homeless. 60 units will be set aside for Homeless Youth or Youth at Risk of Homelessness, 35 units for the general homeless, and 1 on-site manager unit. All units will be one-bedroom units. The project will be an acquisition of modular housing that will be set on a permanent foundation on a lot owned by Valley Teen Ranch at 6507 N Polk Avenue, Fresno CA 93722.

### **II. PROJECT SCHEDULE**

- A. Capital Funds Expenditure Deadline: May 26, 2024
- B. Completion of Construction: September 26, 2024
- C. Occupancy Deadline: December 26, 2024
- D. Operating Funds Expenditure Deadline: June 30, 2026

## Exhibit B

## BUDGET AND DISBURSEMENT SCHEDULE

USES OF FUNDS	Homekey Award	City of Fresno	Valley Teen Ranch	Total Sources/Costs
<b>Project Development Costs</b>				
<b>LAND COST ACQUISITION</b>				
Land Cost or Value	\$695,000			\$695,000
Demolition				\$0
Legal				\$0
Land Lease Rent Prepayment				\$0
<b>Total Land Cost or Value</b>	<b>\$695,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$695,000</b>
Existing Improvements Cost or Value				\$0
Off-Site Improvements	\$533,230			\$533,230
<b>Total Acquisition Cost</b>	<b>\$533,230</b>	<b>\$0</b>	<b>\$0</b>	<b>\$533,230</b>
<b>Total Land Cost / Acquisition Cost</b>	<b>\$1,228,230</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,228,230</b>
Predevelopment Interest/Holding Cost				\$0
Assumed, Accrued Interest on Existing Debt (Rehab/Acq)				\$0
Excess Purchase Price Over Appraisal				\$0
<b>NEW CONSTRUCTION</b>				
Site Work	\$3,817,065			\$3,817,065
Structures	\$9,035,126	\$2,800,000	\$1,561,676	\$13,396,802
General Requirements	\$619,835			\$619,835
Contractor Overhead	\$188,275			\$188,275
Contractor Profit	\$188,275			\$188,275
Prevailing Wages				\$0
General Liability Insurance	\$108,471			\$108,471
Urban Greening				\$0
<b>Total New Construction Costs</b>	<b>\$13,957,047</b>	<b>\$2,800,000</b>	<b>\$1,561,676</b>	<b>\$18,318,723</b>
<b>ARCHITECTURAL FEES</b>				
Design	\$568,800			\$568,800
Supervision	\$220,604			\$220,604
<b>Total Architectural Costs</b>	<b>\$789,404</b>	<b>\$0</b>	<b>\$0</b>	<b>\$789,404</b>
<b>Total Survey &amp; Engineering</b>	<b>\$116,700</b>			<b>\$116,700</b>
<b>CONSTRUCTION INTEREST &amp; FEES</b>				
Construction Loan Interest				\$0
Origination Fee				\$0
Credit Enhancements/Application Fee				\$0
Bond Premium	\$116,219			\$116,219
Cost of Issuance				\$0
Title & Recording	\$15,000			\$15,000
Taxes				\$0
Insurance	\$400,000			\$400,000
Employment Reporting				\$0
<b>Total Construction Interest &amp; Fees</b>	<b>\$531,219</b>	<b>\$0</b>	<b>\$0</b>	<b>\$531,219</b>
<b>Subtotals Forward</b>	<b>\$16,622,600</b>	<b>\$2,800,000</b>	<b>\$1,561,676</b>	<b>\$20,984,276</b>
<b>LEGAL FEES</b>				
Legal Paid by Applicant	\$5,000			\$5,000
<b>Total Attorney Costs</b>	<b>\$5,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,000</b>
<b>RESERVES</b>				
Operating Reserve				\$0
Replacement Reserve				\$0
Rent Reserve				\$0
<b>Total Reserve Costs</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>CONTINGENCY COSTS</b>				
Construction Hard Cost Contingency	\$940,000			\$940,000
Soft Cost Contingency	\$100,000			\$100,000
<b>Total Contingency Costs</b>	<b>\$1,040,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,040,000</b>
<b>OTHER PROJECT COSTS</b>				
TCAC App/Allocation/Monitoring Fees				\$0
Environmental Audit	\$5,000			\$5,000
Local Development Impact Fees	\$1,715,075			\$1,715,075
Permit Processing Fees	\$150,000			\$150,000
Capital Fees				\$0
Marketing	\$25,000			\$25,000
Furnishings				\$0
Market Study				\$0
Accounting/Reimbursable	\$10,000			\$10,000
Appraisal Costs	\$4,000			\$4,000
Other Costs: (Prevailing Wage Monitoring)	\$25,000			\$25,000
Other Costs: (Entitlements Consultant)	\$20,000			\$20,000
Other Costs: (Dry Utilities Consultant)	\$25,000			\$25,000
Other Costs: (PG&E Application)	\$10,000			\$10,000
Other Costs: (Utilities Hook Up)	\$25,000			\$25,000
Other Costs: (Specify)				\$0
<b>Total Other Costs</b>	<b>\$2,014,075</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,014,075</b>
<b>SUBTOTAL PROJECT COST</b>	<b>\$19,681,675</b>	<b>\$2,800,000</b>	<b>\$1,561,676</b>	<b>\$24,043,351</b>
<b>DEVELOPER COSTS</b>				
Developer Overhead/Profit				\$0
Consultant/Processing Agent	\$130,000			\$130,000
Project Administration	\$90,000			\$90,000
Broker Fees Paid to a Related Party				\$0
Construction Oversight by Developer	\$360,000			\$360,000
Other Developer Costs: (Specify)				\$0
<b>Total Developer Costs</b>	<b>\$580,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$580,000</b>
<b>Total Project Costs</b>	<b>\$20,261,675</b>	<b>\$2,800,000</b>	<b>\$1,561,676</b>	<b>\$24,623,351</b>

### **Disbursement Schedule:**

#### **Homekey funds (\$21,983,607 - \$20,261,675 capital funds, \$1,721,932 operating subsidy)**

- Upon full execution of the Homekey Standard Agreement with HCD and receipt of the funds by City, HCD shall deposit \$6,360,389 into an escrow account for the modular construction. In addition, HCD shall deposit \$695,000 into an escrow account for the cost of the land.
- City will disburse 50% of the remaining capital funds, \$6,603,143, upfront to Valley Teen Ranch via wire, to be used as 4-6 months of working capital to cover expenses in the following categories:
  - Construction costs
  - Development management fees
  - Design and Engineering
  - Construction testing
  - Title and Recording fees
  - Construction-related insurance
  - Legal Fees
  - City Fees (Plan Review, Permitting, Inspections)
  - Prevailing Wage Monitoring
  - Miscellaneous Consultant expenses
- Valley Teen Ranch shall submit all required documentation to the City for the initial 50%, as described in the following sections of this MOU. As the required documentation is provided by Valley Teen Ranch to the City, the City will release additional funding on a dollar-for-dollar (1:1) basis, until all funds have been disbursed. Valley Teen Ranch shall continue to submit all required documentation to the City for all funds received, as agreed upon with the City.
- Valley Teen Ranch shall request that the CITY disburse Homekey funds for eligible project costs using the CITY's Request for Disbursement of Funds form. All requests should provide in detail such Eligible Costs applicable to the request. All requests for disbursement of Homekey funds shall be accompanied by a Certification as required below
- Valley Teen Ranch shall submit to the CITY a written certification that, as of the date of the Request for Disbursement of Funds (Certification):
  - The representations and warranties contained in or incorporated by reference in this MOU continue to be true, complete and accurate in material respects.
  - Valley Teen Ranch has carried out all of its obligations and is in compliance with all the obligations specified in this MOU, to the extent that such

obligations are required to have been carried out or are applicable at the time of the Request for Disbursement of Funds; and

- Valley Teen Ranch has not committed or suffered an act, event, occurrence, or circumstance that constitutes an Event of Default or that with the passage of time or giving of notice or both would constitute an Event of Default; and
- The disbursement of funds shall be used solely for expenses related to Eligible projects Costs identified in this MOU and must be supported by the itemized obligations that have been properly incurred, expended and are properly chargeable in connection with construction of the Project.

Disbursement of Funds. The disbursement of Homekey Funds shall occur within the normal course of CITY business (approximately 30 days) after the CITY receives the Certification and Request for Disbursement with correct supporting documentation.