COMMUNITY DEVELOPMENT COMMISSION
County of Los Angeles
2 Coral Circle • Monterey Park, CA 91755
323.890.7001 • www.lacdc.org

Gloria Molina
Yvonne Brathwaite Burke
Zev Yaroslavsky
Don Knabe
Michael D. Antonovich
Commissioners

Carlos Jackson
Executive Director

October 5, 2004

Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Honorable Board of Commissioners
Community Development Commission
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors and Commissioners:

APPROVE A SECTION 108 LOAN GUARANTEE TO THE CITY OF BELL GARDENS (1) (3 Vote)

IT IS RECOMMENDED THAT THE BOARD OF SUPERVISORS:

1. Find that the park improvements to the John Anson Ford Park, located at 8000 Park Lane in the City of Bell Gardens, are exempt from the California Environmental Quality Act (CEQA), as described herein, because the proposed work will not have the potential for causing a significant effect on the environment.

2. Approve an 11-year Section 108 Loan to the City of Bell Gardens, using $5,000,000 in Economic Development Loan Program funds allocated to the County of Los Angeles by the U.S. Department of Housing and Urban Development (HUD), to finance park improvements to the John Anson Ford Park.

3. Authorize the Executive Director of the Community Development Commission, acting on behalf of the County, to execute the Loan Agreement and all related documents, and to take all necessary actions to provide the Section 108 Loan to the City of Bell Gardens, for the purposes described herein, to be effective following approval as to form by County Counsel and execution by all parties.

4. Authorize the Executive Director to execute Amendment No. 2 to Community Development Block Grant (CDBG) Reimbursable Contract No. 70715, between the County of Los Angeles and the City of Bell Gardens, presented in substantially final form, to reduce the Contract amount from $1,046,023 to $428,170, to set aside $617,853 in Thirtieth Program Year (2004-2005) CDBG funds allocated to the City for the first year of repayment of the Section 108 Loan, to be effective following approval as to form by County Counsel and execution by all parties.

5. Authorize the Executive Director, acting on behalf of the County, to execute amendments to the Loan Agreement and all related documents to take all HUD-required actions to adjust loan conditions and interim and permanent financing; and to execute all related documents to participate in HUD's public offering of notes, for the purposes described above, following approval as to form by County Counsel.

6. Authorize the Executive Director to execute future amendments to the CDBG Reimbursable Contract to annually adjust the funds set aside for repayment of the loan, as interim or permanent financing is obtained from HUD for the City of Bell Gardens, for the purposes described herein, following approval as to form by County Counsel.

IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS OF THE COMMUNITY DEVELOPMENT COMMISSION:

Authorize the Executive Director of the Community Development Commission to receive from the County of Los Angeles $5,000,000 in Economic Development Loan Program funds allocated to the County by the U.S. Department of Housing and Urban Development (HUD), for the purpose of administering an 11-year Section 108 Loan with the City of Bell Gardens, to finance park improvements to the John Anson Ford Park, located at 8000 Park Lane, Bell Gardens; and authorize the Executive Director to incorporate these funds into the Commission's approved Fiscal Year 2004-2005 budget, following approval by HUD.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of this action is to approve the loan request from the City of Bell Gardens to finance park improvements using a Section 108 Loan Guarantee as part of the County's Economic Development Loan Program.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund. On October 25, 1994, your Board authorized the Executive Director to request Section 108 loan funds from HUD as part of the County's $30,000,000 Economic Development Loan Program application. Your Board included and approved the application as part of the 1994-1995 Los Angeles Urban County CDBG Program Amended Statement of Objectives and Projected Use of Funds. The proposed Section 108 Loan is consistent with the goals set forth in the approved Statement of Objectives and Projected Use of Funds.

The Section 108 loan will enable the City of Bell Gardens to obtain funds to construct park improvements to its John Anson Ford Park. The City's $5,000,000 loan will be funded from the County's Section 108 Loan Guarantee from HUD using interim financing, and will pay quarterly interest at the London InterBank Offered Rate (LIBOR rate), plus 20 basis points (0.20 percent), until permanent financing is secured through HUD. Once HUD conducts a public offering of Notes and permanent financing is available, the City will repay both principal and interest over an 11-year period. The estimated annual loan repayment under the permanent financing is $617,853. The City will use current and future CDBG allocations as the principal source of repayment. The City's Fiscal Year 2004-2005 CDBG allocation is $1,046,023, of which $617,853 will be set-aside for Section 108 Loan repayment. The City will provide additional collateral in the form of an irrevocable, callable upon demand Letter of Credit from an AA rated financial institution.

A Loan Agreement will be executed between the County and the City, which will be binding and valid under applicable State and local law. The Commission, on behalf of the County, will serve as administrator of the Section 108 loan proceeds, which will be passed through to the City, as a subrecipient.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

The Economic Development Loan Program makes funds available for eligible activities, including construction of park improvements. Projects must benefit low- and moderate-income persons, or eliminate conditions of slum and blight. Projects to be funded under the Economic Development Loan Program may be submitted to the Commission by cities participating in the Los Angeles Urban County CDBG Program, as well as by private, for-profit businesses. Each project is then individually submitted to your Board for approval.

The City of Bell Gardens will use loan proceeds to fund the development of park improvements at John Anson Ford Park. The proposed improvements will include a restroom building, two ball fields, four soccer fields, lighting, outdoor fixtures, landscaping, site furnishings, permanent fencing, and a portable service maintenance building.

The CDBG Reimbursable Contract between the Commission and the City of Bell Gardens provides the City with its allocation of CDBG funds over a three-year period. The CDBG

Reimbursable Contract will be amended to provide authority to the Commission to set aside a portion of the City's current and future allocation of CDBG funds for repayment of the Section 108 loan. In the future, additional amendments to the CDBG Reimbursable Contract, the Loan Agreement and other related documents will be executed to adjust the amount of set aside funds as the City obtains interim or permanent financing.

Pursuant to a public notice advertised in the Los Angeles Times, the Commission convened a public hearing on September 1, 2004, at its main office, located at 2 Coral Circle, Monterey Park, regarding the proposed project, in accordance with federal guidelines. No verbal or written public comments were received regarding this project.

The proposed Section 108 Loan was approved by the Bell Gardens City Council on March 22, 2004. County Counsel has reviewed this letter, Amendment No. 2 to the CDBG Reimbursable Contract and the Loan Agreement. The Amendment and Loan Agreement will be effective following approval as to form by County Counsel and execution by all parties.

ENVIRONMENTAL DOCUMENTATION:

An Environmental Assessment was prepared for the project pursuant to the requirements of the National Environmental Policy Act of 1969 (NEPA). This document describes the proposed project, evaluates the potential environmental effects, and describes the mitigation measures necessary to avoid potentially significant environmental effects from the project. Based on the conclusions and findings of the Environmental Assessment, a Finding of No Significant Impact was adopted by the Board on May 5, 1998. Following the required public and agency comment period, the U.S. Department of Housing and Urban Development issued a Release of Funds for the project on June 6, 1998.

This project is exempt from the provisions of CEQA pursuant to State CEQA Guidelines 15302 because it involves negligible expansion beyond the current use of the existing site and facilities and does not have the potential for causing a significant effect on the environment.

The environmental review record for this project is available for viewing by the public during regular business hours at the Commission's main office, located at 2 Coral Circle, Monterey Park.

IMPACT ON CURRENT PROGRAM:

Approval of the Section 108 Loan will enable the City of Bell Gardens to implement activities to benefit low- and moderate-income persons through the provision of recreational programs.

Respectfully submitted,

CARLOS JACKSON
Executive Director

Attachments: 2

COUNTY OF LOS ANGELES
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
REIMBURSABLE CONTRACT WITH PARTICIPATING CITY
AMENDMENT NUMBER 2

CITY: CITY OF BELL GARDENS

CONTRACT NUMBER: 70715

THIS AMENDMENT TO CONTRACT made this _____ day of _____, 2004, by the County of Los Angeles, hereinafter called the "County," and the City of Bell Gardens, hereinafter called the Operating Agency.

WITNESSETH THAT:

WHEREAS, the County and the Operating Agency previously entered into a Community Development Block Grant Program Reimbursable Contract with Participating City, Contract Number 70715 dated July 1, 2003; and amended July 1, 2004;

WHEREAS, County and Operating Agency desire to amend said Contract in order that Operating Agency may better implement the projects. The Community Development Commission of the County of Los Angeles ("CDC") implements this contract for the County.

NOW, THEREFORE, in consideration of the mutual undertakings herein, the parties agree that said Contract Number 70715 be amended as follows:

1. COMPENSATION AND METHOD OF PAYMENT in Fiscal Year 2004-05 funding, show a compensation amount of one million and forty-six thousand and twenty-three dollars **($1,046,023**), of which six hundred and seventeen thousand eight hundred and fifty-three dollars **($617,853)** will now be set aside for annual Section 108 debt repayment. As such, in Fiscal Year 2004-05 funding, the Operating Agency has available for programming, and the County shall reimburse the Operating Agency, an amount not to exceed four hundred and twenty-eight thousand one hundred and seventy dollars **($428,170)**

   The six hundred seventeen thousand eight hundred and fifty-three dollars **($617,853)** set aside for estimated Section 108 debt repayment will automatically be drawn down by the Commission, with no further notice to Operating Agency, following Section 108 loan approval by the County and U.S. Department of Housing and Urban Development (HUD). The set aside funds will be used for County's Section 108 debt repayment to HUD's fiscal agent. Further, such funds, if any, shall be drawn down only after development and execution of the Security Agreement necessary to implement the project(s). Any remaining balance for the Section 108 debt repayment set aside will be available for programming and reimbursement.

2. All other terms and conditions of said Contract shall remain in full force and effect.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this

Contract to be subscribed by the Executive Director of the Community Development Commission, and the Operating Agency has subscribed the same through its authorized officers, the day, month and year first above written.

COUNTY OF LOS ANGELES

By: _____

CARLOS JACKSON, Executive Director
Community Development Commission
of the County of Los Angeles

CITY OF BELL GARDENS

By: _____

Title: _____

APPROVED AS TO FORM:

OFFICE OF COUNTY COUNSEL

By: _____
Deputy

APPROVED AS TO PROGRAM:

CARLOS JACKSON, Executive Director
Community Development Commission
of the County of Los Angeles

By: _____
Director, CDBG

LOAN AGREEMENT

by and between the

COUNTY OF LOS ANGELES

a public body corporate and politic

and the

CITY OF BELL GARDENS

a California municipal corporation

for a Section 108 loan in the initial principal amount of

$ 5,000,000

_____, 2004

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LOAN AGREEMENT

(Section 108 Loan Guarantee – Bell Gardens John Anson Ford Park improvements)

THIS LOAN AGREEMENT ("Agreement") is made as of the ____ day of _____ 2004, by and between the COUNTY OF LOS ANGELES, a public body corporate and politic ("COUNTY"), and the CITY OF BELL GARDENS, a California municipal corporation ("Borrower" or "City"). COUNTY and Borrower are sometimes referred to collectively herein as the "Parties" and each individually as a "Party".

TRANSACTION SUMMARY

Project Name: Bell Gardens John Anson Ford Park Improvements

Borrower Name: City of Bell Gardens

☐ Limited Partnership ☐ LLC ☐ Nonprofit Public Benefit Corporation
■Other : Municipal corporation (city)

Loan Amount: Up To $5,000,000 Interest Rate: 3-month LIBOR plus 20 basis points (or such higher rate as may be imposed by HUD) during interim financing period; then actual HUD public offering rate plus 75 basis points (10% Default Interest Rate).

Amortization: Interest only, payable quarterly during interim financing period; then semi-annual principal and interest payments (level amortization over an 11-year term).

Repayment term: 11 years.

Project Type: Construction of public improvements to develop a sport complex at John Anson Ford Park in the City of Bell Gardens, which will consist of: a restroom building; two ball fields, four soccer fields; lighting; hardscape; landscape; site furnishings; permanent fencing; and a portable service maintenance building.

Use of Loan Proceeds: Net proceeds of the loan will be used by the City to pay for construction of the public improvements, construction management, loan underwriting and issuance fees.

Security provided for Loan by Borrower: AA rated Letter of Credit in the amount of the Loan, irrevocable and callable upon demand, from BNP Paribas.

The foregoing Transaction Summary is provided for the convenience of the parties. In

case of any conflict, the detailed terms below and/or in the attachments to this Loan Agreement shall control.

RECITALS

A. WHEREAS, Borrower desires to borrow the principal amount of Five Million ($5,000,000) (the "Loan") from COUNTY for the construction of public improvements to develop a sport complex at John Anson Ford Park, which will consist of: a restroom building; two ball fields, four soccer fields; lighting; hardscape; landscape; site furnishings; permanent fencing; and a portable service maintenance building ("Project") located in the City of Bell Gardens. COUNTY's source of funding for the Loan is the United States Department of Housing and Urban Development ("HUD") pursuant to HUD's Section 108 loan guarantee program. The Project will be constructed on a site ("Development Site") in John Anson Ford Park generally depicted on Exhibit E attached hereto. A detailed Project description is attached hereto as Exhibit D, and reduced site plans for the Project are attached as Exhibit E.

B. WHEREAS, other sources of financing for the Project are anticipated to include, in addition to the Loan hereunder, Community Development Block Grant (CDBG) Funds, State Park Bonds Act, Roberti-Z' Berg Harris Block Grants, and Bell Gardens Community Development Commission ("Other Financing"). The Loan will be secured by a $5,000,000 Letter of Credit, irrevocable and callable upon demand, from an AA rated financial institution, as described below.

C. WHEREAS, as more particularly provided below, Borrower will, among other items, deliver to COUNTY the "Note" and the "CC&Rs", and other "Loan Documents" (as those terms are defined below) to secure repayment of the Loan as provided herein and to ensure that the Project is completed and provides a Sports Complex at John Anson Ford Park in accordance with the terms of those instruments and this Agreement.

D. WHEREAS, COUNTY desires to make the Loan to Borrower, on the terms and conditions set forth herein.

NOW, THEREFORE, the Parties agree as follows:

AGREEMENT

1.0 COUNTY LOAN.

COUNTY agrees, subject to the terms and conditions of this Agreement and in consideration of the representations, covenants and obligations of Borrower contained in this Agreement, to make the Loan to Borrower, to be used solely for the purposes described herein.

2.0 PROMISSORY NOTE; LOAN REPAYMENT.

2.1 Note. As one of the conditions to disbursement of the Loan to Borrower under Section 6 below, Borrower shall execute a Promissory Note (the "Note") in the form of Exhibit B attached hereto or as otherwise required by HUD, which Note sets forth terms and conditions for the repayment of the Loan. The Note shall be secured by a Letter of Credit in the amount of the Loan, as further described in Section 5 below.

2.2 Interest.

(a) Interim Financing. The parties contemplate that COUNTY will initially use proceeds of an interim financing facility to fund the Loan, and will subsequently replace (as an accounting matter) the interim funds with proceeds of a public offering by HUD. The entire Loan amount shall bear interest commencing on the date which COUNTY first draws down the Loan funds from HUD, and continuing through the period of the interim financing, at a rate per annum equal to the 3-month London InterBank Offered Rate (3 month-LIBOR) plus twenty (20) basis points (or such higher rate as may be imposed by HUD pursuant to the Variable/Fixed Rate Note to be executed by COUNTY in favor of HUD ("HUD Note") in connection with the HUD loan to the County ("HUD Loan") that is the COUNTY'S source of funds for the Loan). Subject to Sections 6.3, and 6.4 below, COUNTY shall disburse the Loan proceeds to the Borrower as follows:

First Disbursement of Loan proceeds: COUNTY shall disburse $1,000,000 in Loan proceeds to Borrower within two (2) business days after COUNTY draws the funds down from HUD on the HUD Loan subject to Borrower's compliance with Sections 6.3 and 6.4 below.

Second Disbursement of Loan proceeds: After COUNTY conducts a monitoring review of Borrower's files for use of the first disbursement of $1,000,000 in Loan proceeds in accordance with HUD requirements and COUNTY provides any corrective actions to Borrower to implement, COUNTY shall disburse a second $1,000,000 in Loan proceeds to Borrower.

Third Disbursement of Loan proceeds: After COUNTY conducts a monitoring review of Borrower's files for use of the second disbursement of $1,000,000 in Loan proceeds in accordance with HUD requirements and COUNTY provides any corrective actions to Borrower to implement, COUNTY shall disburse a third $1,000,000 in Loan proceeds to Borrower.

Fourth Disbursement of Loan proceeds: After COUNTY conducts a monitoring

review of Borrower's files for use of the third disbursement of $1,000,000 in Loan proceeds in accordance with HUD requirements and COUNTY provides any corrective actions to Borrower to implement, COUNTY shall disburse a fourth $1,000,000 in Loan proceeds to Borrower.

Fifth Disbursement of Loan proceeds: After COUNTY conducts a monitoring review of Borrower's files for use of the fourth disbursement of $1,000,000 in Loan proceeds in accordance with HUD requirements and COUNTY provides any corrective actions to Borrower to implement, COUNTY shall disburse $375,000 in Loan proceeds to Borrower. which is the net amount of Loan proceeds after deducting fees set forth under Section 6.1 and retaining the ten percent construction retention amount pursuant to Section 32.0.

(b) Permanent Financing. From and after the funding date ("Conversion Date") for HUD's public bond offering that will provide permanent funds to replace the interim financing for the Loan, interest will accrue at the rate of Seventy-Five Basis Points (0.75%) over the rate on the permanent Loan funds from HUD. After funding of the Loan through a public bond offering, Borrower shall also be liable for the full amount of interest due on the Loan for the entire Term, even if Borrower should pay off the Loan prior to the end of the Term. Early payoff of the Loan shall not result in any waiver of COUNTY'S right to receive full payment of all interest required by HUD, for the full Term of the Loan, nor shall Borrower be forgiven for such liability under any circumstances.

(c) Base Rate. The rate of interest applicable under (a) or (b) above is sometimes referred to as the "Base Rate". Interest shall be computed on the basis of actual number of days elapsed and a 360-day year.

(d) Default Rate. Notwithstanding the foregoing, any amounts not paid when due under this Agreement or the Note shall bear interest from the date due to the date paid at the "Default Rate" of ten percent (10%) per annum. If Borrower is late in making any payment on the Loan, Borrower shall also be liable for any additional interest accruing on the Loan as well as applicable late fees and penalties.

2.3 Payment Dates and Amounts. Subject to approval by HUD, the schedule for repaying the Loan shall be as set forth in this Section 2.3. Absent any default or acceleration, Borrower shall initially make quarterly payments to COUNTY of interest, payable at least eleven working days in advance of each August 1st, November 1st, February 1st and May 1st during the period of interim financing, in the amount of COUNTY'S quarterly payments due to HUD under the HUD Loan.

From and after the earlier of the Conversion Date or September 1, 2005, Borrower shall make level semi-annual payments of principal and interest in an amount necessary to amortize the Loan in 11 years as reasonably calculated by the COUNTY. The timing of the semi-annual payments shall be at least eleven (11) working days in advance of each August 1 and February 1 or as reasonably determined by the COUNTY based on coordination with the timing of debt service payments by COUNTY under the HUD Note. Notwithstanding any other provision of the Note or of this Agreement, unless due sooner, the entire outstanding principal balance of the Loan together with any outstanding interest

and any other sums payable under the Note shall be due and payable in full on July 22, 2015 ("Maturity Date"). Any of the foregoing or other payment terms of the Note are subject to modification by the COUNTY as necessary to meet payment terms under the COUNTY loan from HUD ("HUD" Loan") that is the COUNTY's source of funds for the Loan.

3.0 ACCELERATION.

Notwithstanding the payment terms set forth in Section 2 above, upon the occurrence of any "Event of Default" as set forth in Section 15 below, the entire outstanding principal balance of the Note, together with any outstanding interest and other amounts payable thereunder or under the HUD Loan, shall, at the election of COUNTY and upon notice to Borrower thereof, become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Borrower.

4.0 PREPAYMENT; APPLICATION OF PAYMENTS.

Prior to the Conversion Date, prepayment of the Loan shall be available, with HUD approval, subject to any limitation, restriction, cost, penalty, fee or expense imposed by HUD in connection with prepayment of the HUD Loan.

After the Conversion Date, and pursuant to terms of the HUD Loan, and the HUD Note, and following the tenth (10^{th}) anniversary of the Conversion Date, Borrower may request to prepay the unpaid principal amount of the Loan and interest thereon. Prepayment, if approved, would be available only through a prepayment account involving additional fees, costs, and pre-funded interest expenses that the Borrower would be required to pay. Borrower acknowledges that prepayment of the Loan is subject to approvals from COUNTY and HUD. Borrower agrees to pay all prepayment premiums, fees and penalties incurred in connection with the prepayment of the Loan. Since the term of the Loan is eleven (11) years, this prepayment option may be available to the Borrower.

After the Conversion Date, and pursuant to terms of the HUD Loan and the HUD Note, Borrower may request to defease the unpaid principal amount of the Loan and interest, subject to approval by COUNTY and HUD. Defeasance, if approved, would be available only through a defeasance account involving additional fees, costs and pre-funded interest expenses that the Borrower would be required to pay. Borrower agrees to pay any defeasance costs incurred in connection with defeasance of the HUD Loan.

Borrower hereby agrees and understands that the prepayment or defeasance of the Note shall not relieve Borrower of the duty to comply with the covenants described in Sections 9.4, 9.7, 10 and 11 herein, and such obligations and covenants shall remain in full force and effect pursuant to their terms. All payments, including any prepayments or funds received upon acceleration pursuant to Section 3 above, shall be applied first toward any

outstanding costs of collection or other amounts (excluding Loan principal or interest thereon) due under the Note or this Agreement, then toward outstanding interest accrued at the Default Rate, if any, then toward outstanding interest accrued at the Base Rate, if any, and then finally toward the remaining principal balance of the Loan.

5.0 SECURITY AND SOURCE OF PAYMENT.

Borrower's obligation to repay the Loan and any associated interest and other amounts payable under this Agreement or the Note shall, at all times during which any amount remains outstanding, be secured by the Letter of Credit; or with the approval of COUNTY, which COUNTY may withhold in its sole discretion, cash in an escrow account equivalent to the principal amount of the Loan. A $5,000,000 Letter of Credit shall be issued to COUNTY in form and substance and from Federal Home Loan Bank or another AA or better-rated issuer approved by COUNTY in COUNTY's sole discretion. The Letter of Credit shall have an initial term of not less than one year and shall be renewed annually thereafter not less than 30 days before expiration. If approved, the escrow account will be held by U.S. Bank as an Escrow Agent ("Escrow Agent") of the COUNTY pursuant to an escrow agreement ("Escrow Agreement") in the form of Exhibit G hereto if any. The escrow account will be pledged to the COUNTY pursuant to a pledge agreement ("Pledge and Security Agreement") in the form of Exhibit F hereto.

Except to the extent any Event of Default hereunder results directly or indirectly from any fraud or intentional and material misrepresentation by Borrower in connection with this Agreement or the Loan, the Loan is a limited recourse obligation of Borrower, and in the event of the occurrence of an Event of Default, COUNTY's only recourse shall be against the collateral provided for the Loan.

Notwithstanding the foregoing, COUNTY shall have recourse against any assets of Borrower with respect to all Borrower's obligation under this Agreement imposed by HUD, including to pay any prepayment premium, costs, fees, or reimbursement to HUD, or other defeasance cost incurred in connection with prepayment, acceleration, or defeasance of the HUD Loan, or change in use or disposition of the John Anson Ford Park, regardless of whether the prepayment, acceleration, defeasance or change in use or disposition of the John Anson Ford Park is triggered involuntarily by default or voluntarily. The preceding sentence is not intended to make the Loan full recourse as to the basic principal and interest thereof, but only as to the premiums, penalties, costs, fees, or reimbursement attributable to prepayment, acceleration defeasance of the HUD Loan and change in use or disposition of the John Anson Ford Park.

6.0 ESCROW; CONDITIONS TO FUNDING THE LOAN.

6.1 Except to the extent COUNTY elects to accomplish such items outside of escrow, disbursement of the Loan proceeds in accordance with this Agreement, delivery of the executed Note to COUNTY, recordation of the CC&Rs, and delivery of the other Loan Documents shall be carried out through an escrow account ("Escrow") to be established by the Parties with Chicago Title Company or another title or escrow company specifically

approved in writing for this transaction by COUNTY ("Escrow Holder"). The Parties may execute supplemental instructions to Escrow Holder consistent with the terms of this Agreement, but in the event of a conflict between the terms of this Agreement and any supplemental escrow instructions, the terms of this Agreement shall control. Except as otherwise expressly provided herein, any fees and costs incurred by COUNTY or Borrower in connection with Loan, the HUD Loan, the Escrow, or any of the Loan Documents shall be paid exclusively by Borrower and shall not be paid from Loan proceeds (except a COUNTY Loan fee of $50,000 and HUD fees of approximately $75,000 which shall be deducted from Loan proceeds). The following is a partial estimate (not a cap) of COUNTY-incurred fees and costs to be paid by Borrower when due or when invoiced by COUNTY: (i) $70.00 per wire fee and $100 quarterly administration fees imposed by HUD.

6.2 RESERVED.

6.3 COUNTY shall have no obligation to make any disbursements of Loan proceeds under this Agreement unless the Close of Escrow occurs on or before the date ("Closing Deadline") that is December 31, 2004, and this obligation shall in any event be subject to satisfaction of all of the following conditions (the "Closing Conditions"):

(a) The execution of this Agreement by COUNTY and Borrower, and delivery of a fully executed copy to Escrow Holder;

(b) Borrower's due execution and deposit into Escrow of the Note;

(c) Borrower's delivery of a Letter of Credit, in the amount of $5,000,000, to be issued to COUNTY in form and substance and from BNP Paribas or another AA or better-rated issuer approved by COUNTY in COUNTY's sole discretion. The Letter of Credit shall have an initial term of not less than one year and shall be renewed annually thereafter not less than 30 days before expiration.

(d) Borrower's due execution (with notary acknowledgment) and deposit into Escrow of the covenants, conditions and restrictions ("CC&Rs") in the form attached hereto as Exhibit C;

(e) COUNTY shall have approved final construction plans and drawings for the Project, together with a detailed line item budget for the Project showing specific categories of costs and line item amounts that COUNTY deems eligible for funding with proceeds of the Loan;

(f) Borrower shall have awarded and entered into a guaranteed maximum price (G-MAX) construction contract for the Project, and COUNTY shall have reviewed and reasonably approved the contract as to form and content; and the contractor shall have provided payment and performance bonds for the Project in form and amount, and from a surety, reasonably approved by COUNTY and naming Borrower, COUNTY and HUD as joint obligees under the bonds; and the Project shall be in all respects ready to commence construction upon the Closing for the

Loan and proceed thereafter without foreseeable obstacles to timely completion and opening;

(g) Receipt by COUNTY from Borrower and Borrower's counsel of such other documents, certifications, legal opinions and authorizations as are reasonably required by COUNTY, in form and substance satisfactory to COUNTY, evidencing that (i) this Agreement, the Note, the CC&Rs and all other documents given or executed in connection herewith (collectively, the "Loan Documents") are duly and validly executed by and on behalf of and constitute the valid and enforceable obligation of Borrower pursuant to the respective terms of each of such documents, and (ii) the execution and delivery of this Agreement, the Note, and all other documents executed or given hereunder, and the performances thereunder by Borrower, will not breach or violate any law applicable or governmental regulation to which Borrower is subject nor constitute a breach of or default under any instrument or agreement to which Borrower may be a party;

(h) No Event of Default shall exist under this Agreement or under any agreement or instrument relating to this Agreement, the Development Site, or the Project, and Borrower has demonstrated to the satisfaction of the COUNTY Executive Director (or his designee) that all financing sources for development and on-going operation of the Project, including but not limited to City funds, are or will be available in sufficient amounts to provide for full and timely completion and on-going operation of the Project;

(i) Borrower shall have obtained COUNTY's written approval of a supplemental instruction to Escrow Holder specifying the applicable payees and uses for the Loan proceeds when disbursed by Escrow Holder or by COUNTY's custodial agent for the account of Borrower pursuant to this Agreement.

(j) Borrower shall have furnished COUNTY with certificates of insurance evidencing the coverages required by Section 9.8 below.

(k) Borrower shall have furnished to COUNTY and obtained COUNTY's approval of all environmental assessments which exist or which COUNTY desires in its sole discretion to obtain with respect to the Development Site; nothing herein shall limit Borrower's obligation to obtain the necessary approvals of all regulatory agencies regarding soils or geological conditions; and

(l) All HUD requirements applicable to funding of the HUD Loan pursuant to HUD's Section 108 loan guarantee program shall have been satisfied, including, without limitation, assignment of any collateral required by HUD and satisfaction of all the conditions and other requirements associated with the HUD Loan.

6.4 When, and only when, Escrow Holder has confirmed that the Closing Conditions independently verifiable by Escrow Holder, have been satisfied, and has

received written certification on behalf of COUNTY from the Executive Director of the Community Development Commission of the County of Los Angeles ("COUNTY's Executive Director" or his designee) that all other Closing Conditions have been timely satisfied or waived, then Escrow Holder shall carry out the close of Escrow ("Close of Escrow") by:

(i) causing the CC&Rs to be recorded in the Official Records of Los Angeles County, California;

(ii) delivering the executed original Loan Documents to COUNTY;

(iii) disbursing the net Loan proceeds pursuant to this Agreement and Escrow instructions mutually approved by Borrower and COUNTY, which instructions shall provide, among other things, for disbursement from Loan proceeds consistent with Section 8.0 below, of amounts including underwriting and issuance fees of $75,000 to HUD and $50,000 to COUNTY. A retention in the amount of ten (10%) of the Loan proceeds shall be withheld from Borrower in accordance with Section 32 below.

A conformed copy of the CC&R's is to be delivered to the City.

If COUNTY elects to have the foregoing recording, delivery and disbursement occur outside of Escrow, then the "Close of Escrow" shall be deemed to have occurred when COUNTY authorizes disbursement of the first Loan proceeds as described in Section 6.4(iii) above.

6.5 If the Close of Escrow does not occur prior to the Closing Deadline, then the Escrow shall terminate, and Escrow Holder shall promptly return all funds and documents to the Party depositing them.

7.0 RESERVED.

8.0 USE OF LOAN PROCEEDS; SCHEDULE OF PERFORMANCE.

Proceeds of the Loan shall be used only for (i) loan origination fees and costs identified in Section 6.1 above; and (ii) Project development costs actually and reasonably incurred by Borrower and within the eligible line items and amounts included in the Project budget approved by COUNTY pursuant to Section 6.3(e) above. Borrower shall diligently monitor construction of the Project. Borrower shall cause the John Anson Ford Park improvements to be completed within twelve months following the date of this Agreement, and the Project shall be completed and opened for regular use not later than twelve months following the date of this Agreement in accordance with Section 12.1 and 12.2 below.

9.0 COVENANTS OF BORROWER.

As additional consideration for the making of the Loan by COUNTY, Borrower covenants as follows:

9.1 Compliance with Laws; Compliance with HUD Loan. Borrower shall comply with all applicable Governmental Restrictions. COUNTY will continue to provide BORROWER with technical assistance regarding HUD's CDBG program regulations. As used herein, "Governmental Restrictions" shall mean and include any and all laws, statutes, ordinances, codes, rules, regulations, directives, writs, injunctions, orders, decrees, rulings, conditions of approval, or authorizations, now in force or which may hereafter be in force, of any governmental entity, agency or political subdivision as they pertain to the Loan, performance of this Agreement or development or operation of the Project, including specifically but without limitation all code and other requirements of the jurisdiction in which the Project is located; the California Environmental Quality Act; the National Environmental Policy Act; applicable federal, state and local fair housing laws; and public bid and prevailing wage requirements.

Borrower acknowledges that prevailing wages must be paid in connection with development of the Project, and Borrower shall be solely responsible for implementing any and all prevailing wage requirements, which may apply, regardless of whether they may be obligations of the contractor or of the party awarding the contract. Prevailing wage laws include, among others, California Labor Code Section 1720 et seq., and the federal Davis-Bacon Act (40 U.S.C. §276a). If applicable, these requirements may include, among others, the requirement that prevailing wages be paid, that prevailing wage schedules be posted at the job site, and that detailed wage records be maintained. COUNTY has available on file prevailing wage schedules promulgated by the California State Department of Industrial Relations. Borrower shall indemnify, defend and hold COUNTY harmless for any suit, cost, attorneys' fees, claim, administrative proceeding, damage, wage award, fine, penalty or liability arising out of or relating to construction of the Project.

Borrower specifically acknowledges that COUNTY's source of funds for making the Loan will be Section 108 Loan funds obtained through or from HUD pursuant to the HUD Loan, and Borrower shall comply in all respects with the contractual, statutory and regulatory requirements associated with the HUD Loan, including but not limited to provisions relating to repayment thereof. Borrower shall indemnify, defend, and hold harmless COUNTY for any costs, claims, liabilities or obligations arising out of or related to the HUD Loan, including but not limited to interest, late charges and penalties. Further, Borrower shall be liable to reimburse and compensate COUNTY for any and all fees, costs and penalties COUNTY shall incur as a result of any "Event of Default" by Borrower, as defined in Section 15.0 herein below.

9.2 Project Disclosures. Borrower shall make available for inspection and audit to COUNTY's representatives, upon seventy-two (72) hours written request, at any reasonable time during the 20-year term ("Term") of the CC&Rs at Borrower's offices all of Borrower's books and records relating to the Loan the Project and this Agreement. All

such books and records shall be maintained by Borrower until expiration of the Term of the CC&Rs; provided, however, that records relating to construction of the Project need not be maintained beyond the tenth (10^{th}) anniversary of completion of the Project. In the event any litigation, claim or audit is started before the expiration of the Term, (or before such tenth anniversary, in the case of claims or litigation related to construction) said books and records shall be retained until all litigation, claims, or audit findings involving said books and records shall have been resolved.

9.3 Other Reports. Upon seventy-two (72) hours written notice, at any reasonable time during the Term, Borrower shall prepare and submit to COUNTY, all additional reports and any financial, program progress, monitoring, evaluation or other reports reasonably required by COUNTY or its representatives as they relate to the Project or this Agreement; provided, however, if such requested reports are not capable of being prepared and submitted to COUNTY within such 72-hour period, then within a reasonable time thereafter. Borrower shall ensure that its employees, agents, officers, and board members furnish such information, which in the reasonable judgment of COUNTY representatives, may be relevant to a question of compliance with this Agreement or the Loan Documents. In the event any litigation, claims or audit is started during the Term, said books and records shall be retained until all litigation, claims or audit findings involving said books and records have been resolved.

9.4 Indemnification. Subject to the provisions of Section 9.7 below, from and after the date hereof, Borrower agrees to and does hereby indemnify, defend and save harmless COUNTY and its members, directors, agents, officers and employees from and against any and all liability, expense, including reasonable defense costs and legal fees of counsel acceptable to COUNTY, and claims (collectively, "Claims") for damages of any nature whatsoever, which Claims arise directly or indirectly from or in connection with the Development Site or the Project, including, but not limited to Claims respecting bodily injury, death, property damage, workers' compensation, liability or expense arising from or in connection with services performed on behalf of Borrower pursuant to this Agreement; provided, however, the foregoing indemnity shall not apply to claims that result solely from the gross negligence or willful misconduct of COUNTY. This covenant shall remain in force and effect following the expiration of the term of the Loan.

9.5 Audit by State and Federal Agencies. Borrower agrees that in the event this Agreement or the Loan is subjected to audit, monitoring or other inspections by appropriate state and federal agencies (collectively, "Inspections"), it shall be responsible for complying with such Inspections and paying, on behalf of itself and COUNTY, the full amount of the liability to the funding agency resulting from such Inspections, unless such Inspections and any resulting liability arises solely from the gross negligence or willful misconduct of COUNTY.

9.6 Program Evaluation and Review. Borrower shall allow COUNTY authorized personnel to inspect and monitor the Project and program operations as they relate to the Project or this Agreement, including the interview of Borrower's staff and users of the Project facilities, as reasonably required by COUNTY during the Term.

9.7 Hazardous Materials. Borrower represents, warrants and covenants that it has not and shall not (i) deposit "Hazardous Materials" (as defined below) in, on or upon the Development Site or Project, or (ii) permit the deposit of Hazardous Materials in, on or upon the Project. Borrower further covenants and agrees to remove or remediate, at its expense (utilizing Loan proceeds only to the extent if at all expressly authorized by Section 8.0 above, and subject to any reimbursement it may be able to obtain from third parties) any Hazardous Materials located in, on or upon the Development Site or the Project as of the date hereof or which are deposited in, on or upon the Development Site or the Project from and after the date hereof, including any asbestos, lead-based paint and any other Hazardous Materials located in the Project, to the extent required by and in accordance with the requirements of the applicable environmental laws. The foregoing shall not be construed or understood to prohibit Borrower from allowing Hazardous Materials to be brought upon the Project so long as they are materials which are customary and common to the normal course of business in the construction or operation of a well-designed John Anson Ford Park improvements and so long as such materials are used, stored and disposed of in accordance with all applicable governmental restrictions.

Borrower agrees to indemnify, defend and hold COUNTY and its members, directors, agents, officers and employees harmless from and against any Claims arising directly or indirectly out of the presence of Hazardous Materials in, on or upon the Development Site or the Project, existing as of the date hereof or deposited (or claimed to have been deposited) in, on or upon the Development Site or the Project, including without limitation any Claims arising out of any deposits of Hazardous Materials described in (i) and (ii) hereinabove or out of Borrower's failure to remove or remediate all such Hazardous Materials in, on or upon the Development Site and the Project, as required above. Borrower hereby releases, waives and discharges COUNTY and its agents, officials and representatives from all present and future claims, demands, suits, legal and administrative proceedings and from all losses and liabilities arising out of or in any way connected with Borrower's ownership of the Development Site, operation of the Project, or any condition of environmental contamination in, on, under, upon or around the Development Site, or the existence of Hazardous Materials in any state in, on, under, upon or around the Development Site, and in connection with such release and waiver Borrower is familiar with and hereby waives the provisions of Section 1542 of the California Civil Code which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

For purposes of this Agreement, the term "Hazardous Materials" means, without limitation, gasoline, petroleum products, explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, polychlorinated biphenyls or related or similar materials, asbestos or any other substance or material as may now or hereafter be defined as a hazardous or toxic substance by any federal, state or local environmental law, ordinance, rule or regulation, including, without limitation, (i) the

Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act (42 U.S.C. Section 6901 et seq.), (ii) the Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.), (iii) the Clean Air Act (42 U.S.C. Section 7401 et seq.), (iv) the Resource Conservation and Recovery Act, as amended by the Hazardous and Solid Waste Amendments of 1984 (42 U.S.C. Section 6902 et seq.), (v) the Toxic Substances Control Act (15 U.S.C. Section 2601-2629), (vi) the Hazardous Materials Transportation Act (49 U.S.C. Section 1801 et seq.), (vii) the Carpenter-Presley-Tanner Hazardous Substance Account Act (CA Health & Safety Code Section 25300 et seq.), (viii) the Hazardous Waste Control Law (CA Health & Safety Code Section 25100, et seq.), (ix) the Porter-Cologne Water Quality Control Act (CA Water Code Section 13000 et seq.), (x) the Safe Drinking Water and Toxic Enforcement Act of 1986, (xi) the Hazardous Materials Release Response Plans and Inventory (CA Health & Safety Code Section 25500 et seq.), (xii) the Air Resources Law (CA Health & Safety Code Section 39000 et seq.), or (xiii) in any of the regulations adopted and publications promulgated pursuant to the foregoing.

Borrower shall provide notice to COUNTY within 10 days of Borrower's receipt of any notice from another property owner or governmental agency regarding Hazardous Materials on the Development Site.

9.8 Insurance. Without limiting Borrower's indemnification of COUNTY provided above, Borrower shall procure and maintain at its own expense during the Term of the Loan the insurance described below. Such insurance shall be secured from a pooled-risk joint powers authority satisfactory to COUNTY for purposes of this Agreement, or from carriers admitted in California or having a minimum rating of or equivalent to A:VIII in Best's Insurance Guide. Borrower shall, prior to the Close of Escrow for the Loan, deliver to COUNTY certificates of insurance with original endorsements evidencing the general liability coverage required by this Agreement. Borrower shall deliver the certificates of insurance evidencing issuance of "all risk" property insurance described in (b) below and worker's compensation insurance described in (c) below at such time that such exposures are at risk, but in no event later than the Close of Escrow. The certificate and endorsements shall be signed by a person authorized by the insurers to bind coverage on its behalf. COUNTY reserves the right to require complete certified copies of all policies at any time. Said insurance shall be in a form acceptable to COUNTY and may provide for such deductibles as may be acceptable to COUNTY. In the event such insurance does provide for deductibles or self-insurance, Borrower agrees that it will protect COUNTY, its agents, officers and employees in the same manner as these interests would have been protected had full commercial insurance been in effect. Each such certificate shall stipulate that COUNTY is to be given at least thirty (30) days written notice in advance of any modification or cancellation of any policy of insurance.

(a) Liability: Comprehensive liability insurance, including coverage for personal injury, death, property damage and contractual liability, with a combined single limit of at least One Million Dollars ($1,000,000) for each occurrence ($2,000,000 General Aggregate), including products and completed operations coverage. COUNTY and their

agents, officials and employees shall be named as additional insureds in each of the aforementioned insurance policies with respect to liability arising from activities performed by or on behalf of Borrower. Said insurance shall be primary insurance with respect to COUNTY. If required by COUNTY from time to time, Borrower shall increase the limits of the foregoing liability insurance to reasonable amounts customary for owners of improvements similar to the Project. The policy shall contain a waiver of subrogation for the benefit of COUNTY.

(b) Property Insurance: "All Risk" property insurance, including without limitation builder's risk protection during the course of construction, covering the full replacement value of real property and equipment utilized for the Project. Coverage shall extend to provide debris removal. COUNTY shall be the loss payee under the aforementioned policy under a standard lender's endorsement. Earthquake coverage, in form and amount reasonably approved by COUNTY shall be maintained throughout the 20-year Term; provided, however, that the requirement of earthquake insurance shall also be waived by COUNTY for any period during which Borrower demonstrates, to the reasonable satisfaction of COUNTY's Executive Director, that earthquake coverage is not available at a commercially reasonable cost.

(c) Workers' Compensation: Borrower's employees shall be covered by Workers' Compensation insurance in an amount and form to meet all applicable requirements of the Labor Code of the State of California and Employers Liability limits of $1,000,000 per accident.

No modification or waiver of the insurance requirements set forth herein shall be made without the prior written approval of the Executive Director of COUNTY.

Failure on the part of Borrower to procure or maintain the insurance coverage required above shall constitute a material breach of this Agreement pursuant to which COUNTY may immediately terminate this Agreement and exercise all other rights and remedies set forth herein, at its sole discretion, and without waiving such default or limiting the rights or remedies of COUNTY, procure or renew such insurance and pay any and all premiums in connection therewith and all monies so paid by COUNTY shall be repaid by the Borrower to COUNTY upon demand including interest thereon at the Default Rate.

9.9 Financial Statements. Borrower shall deliver to COUNTY a copy of Borrower's annual audited financial statements within six (6) months after the end of each fiscal year of Borrower occurring during the term of the Loan.

9.10 Other Loans. Borrower shall comply with all monetary and non-monetary covenants associated with any loan or grant, including but not limited to the Other Financing, utilized in development or operation of the Project or the John Anson Ford Park improvements. Borrower shall provide to COUNTY a copy of any notice of default within three business days after receiving any notice of a default or alleged default of such covenants, and Borrower shall promptly cure any such default and cooperate in permitting

COUNTY, to the extent COUNTY in its sole discretion elects to do so, to cure or assist in curing the default. Any cost or expenditure incurred by COUNTY in providing or assisting in such a cure shall be deemed added to the outstanding principal amount of the Loan.

9.11 Archeological Resources. In the event that archeological resources are exposed during Project construction, all earth disturbing work within the Development Site must be temporarily suspended or redirected until a professional archaeologist has evaluated the nature and significance of the find. After the find has been appropriately mitigated, work in the area may resume.

9.12 State Health and Safety Code. If human remains are unearthed during Project construction, State Health and Safety Code Section 7050.5 requires that no further disturbance shall occur until the County Coroner has made the necessary findings as to the origin and disposition pursuant to Public Resources Code Section 5097.98. If the remains are determined to be of Native American descent, the coroner has 24 hours to notify the Native American Heritage Commission.

10.0 USE OF THE DEVELOPMENT SITE.

10.1 Use of Project Exclusively for John Anson Ford Park. Throughout the 20-year term of the CC&Rs, Borrower shall use and operate the Project as a John Anson Ford Park as a sport complex, which will consist of: a restroom building; two ball fields, four soccer fields; lighting; hardscape; landscape; site furnishings; permanent fencing; and a portable service maintenance building where at least 51% of those who utilize the Park are at least low-and moderate-income persons as defined by HUD.

Throughout the 20-year term of the CC&Rs, Borrower shall continuously and exclusively operate the Project in a manner that meets the National Objective under Section 570.208(a)(1)(i) of HUD's Community Development Block Grant program regulations, i.e. to provide activities that benefit low-and moderate income persons (as defined by HUD) where at least fifty-one percent (51%) of those who utilize the facility are low-and moderate-income persons.

10.2 Reports and Records. Borrower shall maintain such records and satisfy such reporting requirements as may be reasonably imposed by COUNTY to monitor compliance with the requirements described in Section 10.1 above.

10.3 RESERVED.

10.4 Operations and Maintenance. Borrower covenants and agrees for itself, its successors and assigns, which covenants shall run with the Development Site and bind every successor or assign in interest of Borrower during the term of this Agreement, that during development of the Project pursuant to this Agreement and thereafter, neither the Development Site nor the Project, nor any portion thereof, shall be improved, used or occupied in violation of any applicable Governmental Restrictions or the restrictions contained in this Agreement or the Loan Documents. Furthermore, Borrower and its

successors and assigns shall not maintain, commit, or permit the maintenance or commission on the Development Site or in the Project, or any portion thereof, of any nuisance, public or private, as now or hereafter defined by any statutory or decisional law applicable to the Development Site or the Project, or any portion thereof.

11.0 BORROWER'S OBLIGATION TO REFRAIN FROM DISCRIMINATION.

There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Project, nor shall Borrower itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of persons using the Project or any portion thereof. The nondiscrimination and nonsegregation covenants set forth herein shall remain in effect in perpetuity.

11.1 Form of Nondiscrimination and Nonsegregation Clauses.

Borrower shall refrain from restricting the use of the Development Site or any portion thereof on the basis of race, color, creed, religion, sex, marital status, national origin, or ancestry of any person. All deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(a) In deeds: "The grantee herein covenants by and for himself or herself, and his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

(b) In leases: "The lessee herein covenants by and for himself or herself, and his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the land herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the land herein leased."

(c) In contracts: "There shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the parties to this contract or any person claiming under or through them, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the premises."

12.0 BORROWER'S CONSTRUCTION COVENANTS.

Borrower shall complete construction of the Project, on or before the first anniversary of the date of this Agreement, as follows:

12.1 Completion of the Project. For the purposes hereof, "Completion" shall be deemed to have occurred when COUNTY has received satisfactory evidence that the public improvements have been completed at John Anson Ford Park, which will consist of: a restroom building; two ball fields, four soccer fields; lighting; hardscape; landscape; site furnishings; permanent fencing; and a portable service maintenance building, have been completed in compliance with the plans and specifications (collectively, the "Plans") referenced in the construction contract (the "Construction Contract") which Borrower has entered into with a general contractor (the "Contractor") with respect to the Project, and with this Agreement, and that all final permits and certificates necessary to the operation of the Project as contemplated herein have been obtained, including, without limitation, the following, each of which is subject to COUNTY's review and approval:

(a) A certificate of occupancy (the "Certificate of Occupancy") and any other final permits and licenses necessary to permit the use and occupancy of the Project for its intended purposes, which have been issued by proper governmental agencies.

(b) Certificates of insurance issued by Borrower's insurance agent evidencing compliance with all insurance requirements set forth in the Loan Documents.

(c) No stop notices or liens against the Project or the Development Site remain outstanding, and Unconditional Waivers and Releases Upon Final Payment, in statutory form, showing no amounts in dispute from the Contractor, all subcontractors, and all other persons or entities providing services or furnishing material in connection with the Project.

12.2 Construction. Borrower shall cause the construction of the Project to be done in a good and workmanlike manner substantially according to the Plans and this Agreement. In constructing the Project, Borrower shall comply in all material respects with all applicable laws and regulations. Borrower shall cause Completion of the Project to occur no later than twelve months following the date of this Agreement.

12.3 Barriers to the Disabled. Borrower shall cause the Project to be developed to comply with all applicable federal, state and local requirements for access for disabled persons.

12.4 Lead-Based Paint. Borrower shall insure that its contractors and subcontractors shall not use lead-based paint in construction or maintenance of the Project. Borrower shall cause this provision to be incorporated in all contracts and subcontracts for work performed on the Development Site, which involve the application of paint.

13.0 INDEPENDENT CONTRACTOR.

In their performance of this Agreement, all parties hereto will be acting in an independent capacity and not as agents, employees, partners, joint venturers, or associates of one another. The employees or agents of one party shall not be deemed or construed to be the agents or employees of the other party for any purpose whatsoever, including workers' compensation liability. Borrower shall bear the sole responsibility and liability for causing its Contractor to furnish workers' compensation benefits to any person for injuries arising from or connected with the Project or this Agreement.

14.0 ASSIGNMENT OF THIS AGREEMENT.

This Agreement shall be assignable by Borrower only if Borrower obtains the prior express written consent of COUNTY, which consent may be withheld by COUNTY in its sole discretion.

Any attempt by Borrower to assign any performance or benefit under the terms of this Agreement, without the prior written consent of COUNTY as provided herein, shall be null and void and shall constitute a material breach of this Agreement.

15.0 EVENTS OF DEFAULT AND REMEDIES.

15.1 Borrower Events of Default. The occurrence of any of the following shall, after the giving of any notice and the expiration of any applicable cure period described therein, constitute an event of default by Borrower hereunder ("Event of Default"):

(a) The failure of Borrower to pay or perform any monetary covenant or obligation hereunder or under the terms of the Note or any of the Loan Documents, without curing such failure within ten (10) days after receipt of written notice of such default from COUNTY (or from any party authorized by COUNTY to deliver such notice as identified by COUNTY in writing to Borrower). Notwithstanding anything herein to the contrary, no notice requirement or cure period shall apply to a failure by Borrower to make timely payments of principal and interest in advance of payment dates on the HUD Loan as specified in Section 2.3 above;

(b) The failure of Borrower to perform any non-monetary covenant or

obligation hereunder or under the terms of the Note or any of the Loan Documents, without curing such failure within thirty (30) days after receipt of written notice of such default from COUNTY (or from any party authorized by COUNTY to deliver such notice as identified by COUNTY in writing to Borrower) specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency. Provided, however, that if any default with respect to a non-monetary obligation is such that it cannot be cured within a 30-day period, it shall be deemed cured if Borrower commences the cure within said 30-day period and diligently prosecutes such cure to completion thereafter. Notwithstanding anything herein to the contrary, the herein described notice requirements and cure periods shall not apply to any Event of Default described in Sections 15.1 (c) through 15.1 (h) below;

(c) The falsity of any material representation or material warranty made by Borrower under the terms of this Agreement or any of the Loan Documents;

(d) Borrower shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of its property, (ii) fail to pay or admit in writing its inability to pay its debts generally as they become due, (iii) make a general assignment for the benefit of creditors, (iv) be adjudicated a bankrupt or insolvent or (v) commence a voluntary case under the Federal bankruptcy laws of the United States of America or file a voluntary petition that is not withdrawn within ten (10) days of the filing thereof or answer seeking an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against it in any bankruptcy or insolvency proceeding;

(e) If a proceeding shall be instituted in any court of competent jurisdiction, under any law relating to bankruptcy, in respect of Borrower, for an order for relief or an adjudication in bankruptcy, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of Borrower or of all or any substantial part of Borrower's assets, or other like relief in respect thereof under any bankruptcy or insolvency law, and, if such proceeding is being contested by Borrower, in good faith, the same shall (i) result in the entry of an order for relief or any such adjudication or appointment, or (ii) continue undismissed, or pending and unstayed, for any period of ninety (90) consecutive days;

(f) Following completion of the construction of the Project, and during the term of the CC&R's, voluntary or involuntary cessation of the operation of the Project for a continuous period of more than ninety (90) days;

(g) Borrower shall suffer or attempt to effect a Transfer (as defined below) in violation of Section 14 above or Section 30 below;

(h) Borrower shall be in default under the terms of the Other Financing or any other secured or unsecured obligation to a third party relating to the Project,

unless the default is cured within the cure period, if any, applicable thereto under the terms of the obligation which is in default; or

(i) Borrower shall obtain "entitlement" status under the HUD Community Development Block Grant Program and separates from the Los Angeles Urban County Program for purposes of receiving its Community Development Block Grant (CDBG) funds from the State and/or HUD. Borrower shall use its CDBG funds as the primary source of repayment for the Loan. Borrower may use any other eligible funding source available to Borrower, subject to COUNTY's approval, to make timely payments as specified under Section 2.3.

15.2. COUNTY Remedies. Upon the occurrence of an Event of Default hereunder, COUNTY may, in its sole discretion, take any one or more of the following actions:

(a) By notice to Borrower, except in the case of an Event of Default under Section 15.1 (a), 15.1 (c) or Section 15.1 (d), in which event no notice shall be required, declare the entire then unpaid balance of the Loan and any accrued interest and other amounts immediately due and payable, and the same shall become due and payable without further demand, protest or further notice of any kind, all of which are expressly waived. Upon such declaration, outstanding principal and (to the extent permitted by law) interest and any other sums outstanding in connection with the Loan shall thereafter bear interest at the Default Rate, payable from the date of such declaration until paid in full;

(b) Take any and all actions and do any and all things which are allowed, permitted or provided by law, in equity or by statute, in the sole discretion of COUNTY, to collect the amounts then due and thereafter to become due hereunder and under the Note, and to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Agreement or under any other document executed in connection herewith, including but not limited to drawing on collateral pursuant to the Escrow Agreement and the Pledge and Security Agreement, if any;

(c) Upon the occurrence of an Event of Default which is occasioned by Borrower's failure to pay money, whether under this Agreement or any other provision of the Loan Documents, COUNTY may, but shall not be obligated to, make such payment. If such payment is made by COUNTY, Borrower shall deposit with COUNTY, upon written demand therefore, such sum plus interest at the Default Rate. In either case, the Event of Default with respect to which any such payment has been made by COUNTY shall not be deemed cured until such repayment (as the case may be) has been made by Borrower. Until repaid, such amounts shall have the security afforded disbursements under the Note;

(d) Upon the occurrence of an Event of Default described in Section 15.1(d) or 15.1(e) hereof, COUNTY shall be entitled and empowered by intervention in such proceedings or otherwise to file and prove a claim for the whole

amount owing and unpaid on the Loan and, in the case of commencement of any judicial proceedings, to file such proof of claim and other papers or documents as may be necessary or advisable in the judgment of COUNTY and its counsel to protect the interests of COUNTY and to collect and receive any monies or other property in satisfaction of its claim.

15.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to COUNTY is intended to be exclusive of any other available remedy or remedies, but each such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now existing at law or in equity or by statute; and may be exercised in such number, at such times and in such order as COUNTY may determine in its sole discretion. No delay or omission to exercise any right or power upon the occurrence of any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient by COUNTY. In order to entitle COUNTY to exercise any right or remedy reserved to it under this Agreement, no notice shall be required except as expressly provided herein.

15.4. COUNTY Default and Borrower Remedies. Upon fault or failure of COUNTY to meet any of its obligations under this Agreement without curing such failure within thirty (30) days after receipt of written notice of such failure from Borrower specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency, Borrower may, as its sole and exclusive remedies:

(a) Demand and obtain payment from COUNTY of any sums due to or for the benefit of Borrower pursuant to the express terms of this Agreement;

(b) Bring an action in equitable relief seeking the specific performance by COUNTY of the terms and conditions of this Agreement or seeking to enjoin any act by COUNTY which is prohibited hereunder; and

(c) Bring an action for declaratory relief seeking judicial determination of the meaning of any provision of this Agreement.

Notwithstanding the foregoing, Borrower shall in no event be entitled to, and hereby waives, any right to seek consequential damages of any kind or nature from COUNTY arising out of or in connection with this Agreement, and in connection with such waiver Borrower is familiar with and hereby waives the provisions of Section 1542 of the California Civil Code which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

16.0 RESERVED.

17.0 AGREEMENT TO PAY ATTORNEYS' FEES AND EXPENSES.

In the event that either party hereto brings any action or files any proceeding in connection with the enforcement of its respective rights under this Agreement or any of the Loan Documents as a consequence of any default, the prevailing party in such action or proceeding shall be entitled to have its reasonable attorneys' fees and out-of-pocket expenditures paid by the losing party. The attorneys' fees so recovered shall include fees for prosecuting or defending any appeal and shall be awarded for any supplemental proceedings until the final judgment is satisfied in full. In addition to the foregoing award of attorneys' fees, the prevailing party in any lawsuit on this Agreement or any other Loan Document shall also be entitled to its reasonable attorneys' fees incurred in any post-judgment proceedings to collect or enforce the judgment. In addition to the foregoing, Borrower agrees to pay or reimburse COUNTY, upon demand by COUNTY, for all costs incurred by COUNTY in connection with the enforcement of this Agreement, the Note, and any other Loan Document, including without limitation, reasonable attorneys' fees and costs, if there shall be filed by or against Borrower any proceedings under any federal or state bankruptcy or insolvency laws, whether COUNTY is a creditor in such proceeding or otherwise.

18.0 RIGHT OF ACCESS AND INSPECTION.

Representatives of COUNTY shall have the right at any time during normal business hours and from time to time to enter upon the Project or the Development Site for purposes of inspection. All such representatives must comply with all safety rules on the Development Site. Inspection by COUNTY of the Project or the Development Site or any construction thereof is for the sole purpose of protecting COUNTY and is not to be construed as an acknowledgment, acceptance or representation by COUNTY that there has been compliance with any Plans approved pursuant to this Agreement, that the Plans are adequate, or that the Project or the Development Site or any of the construction thereof is or will be free of faulty materials or workmanship. The indemnification in Section 9.4 shall not apply to claims that result solely from the negligent entry upon the Development Site by COUNTY representatives.

19.0 CONFLICT OF INTEREST; NO INDIVIDUAL LIABILITY.

No official or employee of COUNTY or Borrower shall have any personal interest, direct or indirect, in this Agreement, nor shall any official or employee of COUNTY or Borrower participate in any decision relating to this Agreement which affects such official's or employee's pecuniary interest in any corporation, partnership or association in which such official or employee is directly or indirectly interested. No official or employee of COUNTY or Borrower shall be personally liable in the event of a breach of this Agreement by COUNTY or Borrower.

20.0 AMENDMENTS, CHANGES AND MODIFICATIONS.

This Agreement may not be amended, changed, modified, altered or terminated without the prior written consent of the parties hereto. The parties agree to enter into any amendments to this Agreement to maintain the John Anson Ford Park improvement in compliance with HUD requirements, or as necessary to implement this Loan.

21.0 EXECUTION OF COUNTERPARTS.

This Agreement may be executed in several counterparts, each of which shall be an original and all of, which shall constitute one and the same document.

22.0 NOTICES.

All notices, demands, requests, elections, approvals, disapprovals, consents or other communications given under this Agreement shall be in writing and shall be given by personal delivery, certified mail, return receipt requested, or overnight guaranteed delivery service and addressed as follows:

If to COUNTY: c/o Community Development Commission of the
County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Executive Director

With a copy to: Community Development Commission of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Community Development Block Grant Division

If to Borrower: The City of Bell Gardens
7100 South Garfield Avenue
Bell Gardens, California 90201
Attn: City Administrator

With a copy to: The City of Bell Gardens
7100 South Garfield Avenue
Bell Gardens, California 90201
Attention: City Attorney

Notices shall be effective upon receipt, if given by personal delivery, or notices shall be effective the earlier of (i) three (3) business days after deposit with United States Mail, or (ii) the date of actual receipt as evidenced by the return receipt, if delivered by certified mail, or (iii) one (1) business day after deposit with the delivery service, if delivered by overnight guaranteed delivery service. Each party shall promptly notify the other party of any change(s) of address to which notice shall be sent pursuant to this Agreement.

23.0 SEVERABILITY.

The invalidity or unenforceability of any one or more provisions of this Agreement by a court of competent jurisdiction will in no way affect any other provision hereof.

24.0 INTERPRETATION.

Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa, and each gender will include any other gender. The captions of the paragraphs of this Agreement are for convenience only and do not define or limit any terms or provisions. Time is of the essence in the performance of this Agreement by Borrower. Each Party has been represented by counsel in the negotiation of this Agreement, and it shall not be interpreted in favor of or against any Party on account of relative responsibilities in drafting. Notwithstanding any other provision of this Agreement, nothing herein or in the Note shall be deemed to require Borrower to pay interest in the amount of any applicable usury law or other legal limitation on interest, and the terms hereof and of the Note shall be interpreted to require in each instance the lesser of (i) the amount stated in the Note; and (ii) the maximum applicable legal limit. Attached hereto for the convenience of the Parties as Exhibit A is a directory indicating the location of definitions for certain defined terms used in this Agreement. In the event of any conflict between the body of this Agreement and Exhibit A, the body of this Agreement shall prevail and supersede. All references in the Loan Documents to the COUNTY's "Executive Director" shall be deemed to refer to the Executive Director of the Community Development Commission of the County of Los Angeles ("CDC"). Borrower acknowledges that the CDC and the CDC's officials and employees are agents of the COUNTY for purposes of Section 9.4 and the other release and indemnification provisions in the Loan Documents.

25.0 NO WAIVER; CONSENTS.

Any waiver by COUNTY or Borrower must be in writing and will not be construed as a continuing waiver. No waiver will be implied from any delay or failure by COUNTY or Borrower to take action on account of any default of the other party. Consent by COUNTY or Borrower to any act or omission by Borrower will not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for COUNTY's consent to be obtained in any future or other instance.

26.0 MISCELLANEOUS.

A. Governing Law.

This Agreement shall be governed by the laws of the State of California and applicable federal law.

B. Termination for Improper Consideration

COUNTY may, by written notice to Borrower, immediately terminate the right of Borrower to proceed under this Agreement if it is found that consideration, in any form, was offered or given by Borrower, either directly or through an intermediary, to any COUNTY officer, employee or agent with the intent of securing the Agreement or securing favorable treatment with respect to the award, amendment or extension of the Agreement or the making of any determinations with respect to the Borrower's performance pursuant to the Agreement. In the event of such termination, COUNTY shall be entitled to pursue the same remedies against the Borrower as it could pursue upon an Event of Default.

Borrower shall immediately report any attempt by a COUNTY officer or employee to solicit such improper consideration. The report shall be made either to the Commission's Executive Director or to the County Auditor-Controller's Employee Fraud Hotline at (800) 544-6861.

Among other items, such improper consideration may take the form of cash, discounts, service provision of travel or entertainment, or tangible gifts.

C. COUNTY's Quality Assurance Plan

COUNTY or its agent will evaluate Borrower's performance under this Agreement on not less than an annual basis. Such evaluation will include assessing Borrower's compliance with all contract terms and performance standards. Borrower deficiencies which COUNTY determines are severe or continuing and that may place performance of the Agreement in jeopardy if not corrected will be reported to COUNTY's governing Board. The report will include improvement/corrective action measures to be taken by Borrower. If improvement does not occur consistent with the corrective action measures within the cure period set forth in Section 15.1 above, COUNTY may terminate this Agreement or pursue other remedies as specified in this Agreement.

D. Compliance with Laws

Borrower agrees to be bound by applicable federal, state, and local laws, regulations and directives as they pertain to the performance of the Agreement. To the extent applicable, this Agreement is subject to and incorporates the terms of the Housing and Community Development Act of 1974, as amended by the Cranston-Gonzales National Affordable Housing Act, 1990 and the Code of Federal Regulations (CFR) Part 85, and Section 3 of the Housing and Community Development Act of 1968, as Amended, 12 U.S.C. 1701 Et Seq.

Borrower shall comply with any applicable portions of Section 3 of the Housing and Community Development Act of 1968, as amended 12 U.S.C. 1701 Et Seq. which requires that to the greatest extent feasible, opportunities for training and employment be given to

lower income residents of the Project area and contracts for work in connection with the Project be awarded to business concerns which are located in or owned in substantial party by persons residing in the area of the Project.

E. Borrower's Warranty of Adherence to Child Support Compliance Program

Borrower acknowledges that COUNTY has established a goal of ensuring that all individuals who benefit financially from COUNTY through contracts are in compliance with their court-ordered child, family and spousal obligations in order to mitigate the economic burden otherwise imposed upon COUNTY and the taxpayers of Los Angeles County ("County").

As required by County's Child Support Program (County Code Chapter 2.200) and without limiting Borrower's duty under this Agreement to comply with all applicable provisions of law, Borrower warrants that it is now in compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653 a) and California Unemployment Insurance Code Section 1088.5, and shall implement all lawfully served Wage and Earnings Withholding Orders or District Attorney Notices of Wage and Earnings Assignment for Child or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

F. Consideration of GAIN/GROW Program Participants For Employment

Should Borrower require additional or replacement personnel after the effective date of this Agreement, Borrower shall give consideration for any such employment openings to participants in the County's Department of Public Social Services' Greater Avenues for Independence (GAIN) Program or General Relief Opportunity for Work (GROW) Program who meet Borrower's minimum qualifications for the open position. The Contractor shall contact the County's GAIN/GROW Division at (626) 927-5354 for a list of GAIN/GROW participants by job category. The Borrower shall contact the County's GAIN/GROW Division at (626) 927-5354 for a list of GAIN/GROW participants by job category.

27.0 REPRESENTATIONS AND WARRANTIES OF BORROWER.

Borrower hereby warrants and represents to COUNTY that:

A. Organization and Standing. Borrower is a legal entity as described in the Transaction Summary above, duly organized, qualified to operate in California and validly existing and in good standing in the State of California and has all requisite power and authority to enter into and perform its obligations under this Agreement, the Note, the CC&Rs, and all other documents executed in connection herewith.

B. Enforceability. This Agreement, the Note, the CC&Rs, and all other instruments to be executed by Borrower in connection with the Loan constitute the legal, valid and binding obligation of Borrower, without joinder of any other party.

C. Authorization and Consents. The execution, delivery and performance of this Agreement and all other instruments to be executed in connection herewith is consistent with the operating agreement, partnership agreement, articles and bylaws, charter, code and ordinances, as applicable, governing Borrower, and have been duly authorized by all necessary action of Borrower's council members, commissioners, partners, directors, officers, members and shareholders.

D. Due and Valid Execution. This Agreement and all other instruments to be executed in connection herewith, will, as of the date of their execution, have been duly and validly executed by Borrower.

E. Licenses. Borrower will obtain and maintain all material licenses, permits, consents and approvals required by all applicable governmental authorities to own and operate the Project.

F. Litigation and Compliance. To Borrower's current actual knowledge, there are no suits, other proceedings or investigations pending or threatened against, or affecting the business or the properties of Borrower (other than those as have been previously disclosed in writing to COUNTY) which could materially impair its ability to perform its obligations under this Agreement, nor is Borrower in violation of any laws or ordinances which could materially impair Borrower's ability to perform its obligations under this Agreement.

G. Default. To Borrower's current actual knowledge, there are no facts now in existence which would, with the giving of notice or the lapse of time, or both, constitute an "Event of Default" hereunder, as described in Section 15.

H. No Violations. The execution and delivery of this Agreement, the Note, and all other documents executed or given hereunder, and the performances thereunder by Borrower, as applicable, will not constitute a breach of or default under any instrument or agreement to which Borrower may be a party nor, to Borrower's current actual knowledge, will the same constitute a breach of or violate any law or governmental regulation.

28.0 APPROVALS.

Any review or approval of any matter by COUNTY or any COUNTY official or employee under this Agreement shall be solely for the benefit of COUNTY, and neither Borrower nor any other person shall rely upon such review or approval as an indication of the wisdom, soundness, safety, appropriateness, or presence or absence of any matter. Without limiting the generality of the foregoing, Borrower, and not COUNTY, shall be solely responsible for assuring compliance with laws, the suitability of the Development Site for the Project, the adequacy of the Plans, and the safety of the Project construction site, the completed Project, and the operation thereof.

29.0 GOOD FAITH AND FAIR DEALING.

COUNTY and Borrower agree to perform all of their obligations and the actions required of each hereunder in good faith and in accordance with fair dealing.

30.0 ASSIGNMENT OF INTEREST IN THE SITE OR THE PROJECT.

30.1 Without the prior written approval of COUNTY, which approval COUNTY may withhold in its sole and absolute discretion, Borrower shall not during the term of the CC&R's (i) sell, encumber, assign or otherwise transfer (collectively, "Transfer") all or any portion of its interest in the Development Site or the Project; (ii) permit the Transfer of greater than 49% of its ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis; or (iii) Transfer any of its rights or obligations under the Loan Documents. Borrower hereby agrees that any purported Transfer not approved by COUNTY as required herein shall be ipso facto null and void, and no voluntary or involuntary successor to any interest of Borrower under such a proscribed Transfer shall acquire any rights pursuant to this Agreement.

30.2 At any time Borrower desires to effect a Transfer hereunder, it shall notify COUNTY in writing (the "Transfer Notice") and shall submit to COUNTY for its prior written approval (i) all proposed agreements and documents (collectively, the "Transfer Documents") memorializing, facilitating, evidencing and/or relating to the circumstances surrounding such proposed Transfer, and (ii) a certificate setting forth representations and warranties by Borrower and the proposed transferee to COUNTY sufficient to establish and insure that all requirements of this Section 30 have been and will be met. No Transfer Documents shall be approved by COUNTY unless they expressly provide for the assumption by the proposed transferee of all of Borrower's obligations under the Loan Documents. The Transfer Notice shall include a request that COUNTY consent to the proposed Transfer. COUNTY agrees to make its decision on Borrower's request for consent to such Transfer, as promptly as possible, and, in any event, not later than thirty (30) days after COUNTY receives the last of the items required by this Section 30. In the event COUNTY consents to a proposed Transfer, then such Transfer shall not be effective unless and until COUNTY receives copies of all executed and binding Transfer Documents which Transfer Documents shall conform with the proposed Transfer Documents originally submitted by Borrower to COUNTY.

30.3 Notwithstanding anything in this Agreement which may be or appear to be to the contrary, Borrower agrees that Borrower shall not be permitted to make any Transfer, whether or not COUNTY consent is required therefor and even if COUNTY has consented thereto, when there exists an Event of Default under this Agreement at the time the Transfer Notice is tendered to COUNTY or at any time thereafter until such Event of Default is cured.

30.4 The provisions of this Section 30 shall apply to each successive Transfer and proposed transferee in the same manner as initially applicable to Borrower under the terms set forth herein.

31.0 ADDITIONAL HUD REQUIREMENTS

31.1 Regulatory Compliance. In carrying out activities utilizing Loan proceeds, and in Project operations, the Borrower agrees to comply with Title I of the Housing and Community Development Act of 1974, as amended (the "Act") and 24 CFR Part 570.

31.2 Investment of Loan Funds. Until used to pay contractors and other eligible Project costs, any Loan proceeds disbursed for the account of Borrower shall be invested within 72 hours of disbursement of Loan proceeds to Borrower, solely in U.S. Treasury notes, U.S. Treasury bonds, U.S. Treasury bills, or other qualifying federal agency issues that have a full faith credit guarantee from the U.S. Government. In no event shall Borrower invest Loan proceeds in any other investments, including but not limited to bonds and obligations issued by Fannie Mae or Freddy Mac. Borrower shall remit bank statements on the investment account containing Loan proceeds to COUNTY on a monthly basis, until the Loan funds have been fully expended and disbursed for Project costs. Interest earned by Borrower on Loan funds is Program Income, which must be returned to the COUNTY within 30 days such interest was earned in order to use it to repay the Loan.

31.3 Availability of Loan Funds. Notwithstanding any other provision of this Agreement, the availability of Loan proceeds to Borrower is contingent upon HUD's making corresponding funds available to COUNTY under the HUD Loan. COUNTY shall have no liability to the Borrower if HUD for any reason does not provide the HUD Loan proceeds to COUNTY.

31.4 Program Income . Program Income for the purposes of the CDBG and Section 108 loan programs means gross income that is received by the Borrower and has been directly generated from the use of the John Anson Ford Park improvement. Borrower may retain such program income received provided that the income is treated as additional CDBG funds subject to all applicable requirements governing the use of CDBG funds. Borrower shall use the program income generated by the use of the John Anson Ford Park improvement to offset the operating and maintenance costs for the John Anson Ford Park improvement. Borrower shall establish a separate cost center for John Anson Ford Park improvement expenditures and program income generated. Once a year during the Financial Closeout process for Borrower's CDBG program funds, Borrower shall remit its General Ledger and Operating Statement of the John Anson Ford Park improvement to the COUNTY. Any program income exceeding the amount specified in the Operating Statement for the John Anson Ford Park improvement shall be remitted via a check or wire transfer to the COUNTY during the Financial Closeout process. Any excess program income returned to the COUNTY shall be used to repay the Loan.

32.0 CONSTRUCTION RETENTION

Not less than ten percent (10%) of the amount of Loan proceeds will be retained by COUNTY and must be retained by COUNTY from the Borrower and contractor to remedy any outstanding contractor defaults, including but not limited to defaults regarding labor compliance or related Davis-Bacon Act violations. Borrower shall request a file review by the applicable Labor Compliance Officer at least thirty (30) calendar days prior to completion of the Project. All labor compliance issues and federal contract compliance requirements must be cleared by the COUNTY prior to COUNTY releasing the retention to Borrower and Borrower releasing the retention to the contractor.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date and year first above written.

COUNTY:

COUNTY OF LOS ANGELES

By:_____
Carlos Jackson, Executive Director
Community Development Commission
of the County of Los Angeles

APPROVED AS TO FORM:
Office of the County Counsel

By:_____
Deputy

BORROWER:

CITY OF BELL GARDENS a California municipal corporation

By:_____
City Administrator

APPROVED AS TO FORM:

By:_____
City Attorney

TABLE OF EXHIBITS

EXHIBIT "A"	DIRECTORY OF DEFINED TERMS
EXHIBIT "B"	PROMISSORY NOTE TO BE EXECUTED BY CITY
EXHIBIT "C"	CC&RS
EXHIBIT "D"	PROJECT DESCRIPTION
EXHIBIT "E"	SITE PLANS
EXHIBIT "F"	PLEDGE AND SECURITY AGREEMENT
EXHIBIT "G"	ESCROW AGREEMENT

EXHIBIT "A" TO COUNTY LOAN AGREEMENT

DIRECTORY OF DEFINED TERMS

DIRECTORY OF DEFINED TERMS

Annual Audited Financial Statement: Yearly accounting statement showing the City's assets and liabilities, which have been audited by an independent certified public accountant.

Assignment: An "Assignment" is, generally, a transfer of property, rights, benefits, duties or obligations from one individual or entity to another.

Base Rate: Is defined in Section 2.2(c). The annual interest rate applicable to the Loan as specified in the Note, excluding any fees, penalties, or surcharges.

Borrower: Is defined on page 1 of the Loan Agreement. The City of Bell Gardens, a public agency.

CDBG: Community Development Block Grant program, created and administered by the U.S. Department of Housing and Urban Development.

Claims: Is defined in Section 9.4. "Claims" include all claims, demands, legal and administrative proceedings, liability and expense, including reasonable defense costs and legal fees of counsel, for damages of any nature whatsoever, which Claims arise directly or indirectly from or in connection with the Development Site or the Project, including, but not limited to Claims respecting bodily injury, death, property damage, workers' compensation, liability or expense arising from or in connection with services performed on behalf of Borrower pursuant to this Agreement.

Closing Conditions: Is defined in Section 6.3. Those conditions precedent, which must be fulfilled by the Borrower to the satisfaction of the COUNTY in order for escrow to close on the Loan. Refer to Section 6.2 of this Agreement.

Closing Deadline: Is defined in Section 6.3. The date in which the Loan Agreement terminates if the Loan Closing Conditions have not been previously satisfied or waived.

Completion of the Project: Is defined in Section 12.1. The condition in which the Project has been physically completed pursuant to the approved project description noted in the Loan Agreement, and ready for operation, as determined by the COUNTY.

Construction Contract: Is defined in Section 12.1. The contractual agreement between Borrower and the Contractor hired by Borrower to construct the Project, as defined herein.

Contractor: Is defined in Section 12.1. The general contractor retained, or to be retained, by Borrower in relation to the construction and development of the Project.

COUNTY: Is defined on page 1 of the Loan Agreement. The County of Los Angeles, a public body, corporate and politic.

Custodial Agent: A financial institution chosen by the COUNTY who will serve as trustee of the Escrow Account, as defined herein and in the Escrow Agreement. U.S. Bank shall serve as the Custodial Agent under this Agreement.

Default Rate: Is defined in Section 2.2(d). An annual interest rate of ten percent (10%), which is applied on the outstanding balance of the Section 108 loan, following an event, act, omission or consequence on behalf of the Borrower to perform its obligations or responsibilities in accordance with this Loan Agreement, the Note, the Pledge and Security Agreement if any or the Escrow Agreement if any.

Development Site: Is defined in A of Recitals. The specific property on which the Project will be developed on.

Escrow Account: Is defined in Section 6.1. An account, held by the Custodial Agent for the benefit of the Lender, which shall consist of funds deposited by Borrower in an amount specified within the Loan Agreement, to collateralize the Loan and to be available for loan repayment.

Escrow Agreement: Is defined in Section 5.0. The agreement between the Custodial Agent, the COUNTY, and the Borrower defining the rights and obligations of the parties with respect to the Escrow Account. See Exhibit G.

Event of Default: A breach by Borrower of its obligations as defined under Section 15.0 of the Agreement or any of the Loan Documents. Where applicable, Borrower shall have a limited opportunity to cure such breach, which failure to cure within the time prescribed shall result in the COUNTY's right to exercise against the Borrower any and all rights and remedies afforded to the COUNTY under this Agreement and/or by law. Refer to Section 15.0 of this Agreement.

Governmental Restrictions: Is defined in Section 9.1. Include any and all laws, statutes, ordinances, codes, rules, regulations, directives, writs, injunctions, orders, decrees, rulings, conditions of approval, or authorizations, now in force or which may hereafter be in force, of any governmental entity, agency or political subdivision as they apply or pertain to the Loan, performance of this Agreement, construction and development of the Site, or operation of the Project, including specifically but without limitation all code and other requirements of the jurisdiction in which the Project is located, the California Environmental Quality Act, National Environmental Policy Act, applicable federal, state, and local fair housing laws and public bid and prevailing wage requirements.

Hazardous Materials: Is defined in Section 9.7. Include, without limitation, gasoline, petroleum products, explosives, radioactive materials, hazardous materials, hazardous

wastes, hazardous or toxic substances, polychlorinated biphenyls or related or similar materials, asbestos or any other substance or material as may now or hereafter be defined as a hazardous or toxic substance by any federal, state or local environmental law, ordinance, rule or regulation, including, without limitation, (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986 (42 U.S.C. Section 9601 et seq.), (ii) the Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.), (iii) the Clean Air Act (42 U.S.C. Section 7401 et seq.), (iv) the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984 (42 U.S.C. Section 6901 et seq.), (v) the Toxic Substances Control Act (15 U.S.C. Section 2601-2692), (vi) the Hazardous Materials Transportation Act (49 U.S.C. Section 1801 et seq.), (vii) the Carpenter-Presley-Tanner Hazardous Substance Account Act (CA Health & Safety Code Section 25300 et seq.), (viii) the Hazardous Waste Control Law (CA Health & Safety Code Section 25100, et seq.), (ix) the Porter-Cologne Water Quality Control Act (CA Water Code Section 13020 et seq.), (x) the Safe Drinking Water and Toxic Enforcement Act of 1986, (xi) the Hazardous Materials Release Response Plans and Inventory (CA Health & Safety Code Section 25500 et seq.), (xii) the Air Resources Law (CA Health & Safety Code Section 39000 et seq.), or (xiii) in any of the regulations adopted and publications promulgated pursuant to the foregoing.

HUD: The U.S. Department of Housing and Urban Development.

HUD Commitment Letter: The letter from HUD to the COUNTY providing an offer of commitment on the request for the HUD Loan.

HUD Loan: Is defined in Section 2.2(a). HUD's loan to the COUNTY of $5,000,000, which amount shall be passed through to the Borrower subject to the Agreement and the Loan Documents.

HUD Note: Is defined in Section 2.2(a). The promissory note executed by the COUNTY, in favor of HUD, securing COUNTY's promise to repay the HUD Loan timely and in full.

Loan: Is defined in A of Recitals. COUNTY's loan to the Borrower of $5,000,000, which is the subject of this Agreement and the Loan Documents.

Loan Documents: Is defined in Section 6.3(g). Include this Agreement, the Note, the Pledge and Security Agreement, and all other documents executed in connection therewith, attached thereto, or referenced therein.

Maturity Date: Is defined in Section 2.3. The outside date on which the Note is due; specifically, the outside date, absent acceleration, on which the Borrower must pay in full any remaining balance on the Loan, including interest, and other sums payable.

Note: Is defined in Section 2.1. The promissory note executed by Borrower in favor of the

COUNTY, securing Borrower's promise to repay the Loan timely and in full.

Other Financing: Is defined in B of Recitals. Sources of funds other than the Loan funds, which have been committed towards funding the Project.

Plans: Is defined in Section 12.1. Drawings that have been reviewed by the COUNTY, which depict the project upon completion, including rendering, and elevations of the project.

Pledge & Security Agreement: Is defined in Section 5. The agreement between the Borrower and the COUNTY describing the rights and remedies of each party pertaining to Borrower's pledge of collateral and security for the Loan.

Project: Is defined in A of Recitals. The John Anson Ford Park improvement improvements approved for funding by the COUNTY using the Loan proceeds.

Schedule of Performance: Deadlines provided in the Loan Agreement for Borrower to carry out and complete the Project.

* These definitions are provided for convenience only. In the event of any conflict between this Exhibit and the main body of the Loan Agreement, the main body of the Loan Agreement shall supersede and control.

EXHIBIT "B" TO COUNTY LOAN AGREEMENT

PROMISSORY NOTE TO BE EXECUTED BY CITY

PROMISSORY NOTE
(Section 108 Loan Guarantee – Bell Gardens John Anson Ford Park Improvements)

$ 5,000,000 _____, 2004

For value received, the undersigned, the CITY OF BELL GARDENS, a California municipal corporation ("Borrower") whose principal address is set forth herein below, promises to pay to the order of the COUNTY OF LOS ANGELES, a public body corporate and politic ("COUNTY") at Two Coral Circle, Monterey Park, California 91755-7425 (or to such designee and/or at such other address as COUNTY may from time to time designate in writing), the principal sum of Five Million Dollars ($ 5,000,000) (the "Loan"), or such amount as may be advanced hereunder, plus accrued and unpaid interest as provided herein below, in accordance with the terms and conditions of that certain Loan Agreement dated as of October 4, 2004, entered into between Borrower and COUNTY (the "Loan Agreement"), and the terms and conditions of this Promissory Note (this "Note"). As set forth in greater detail in the Loan Agreement, the purpose of the Loan is to provide Borrower with funds to construct public improvements to develop a sport complex at John Anson Ford Park, which will consist of: a restroom building; two ball fields, four soccer fields; lighting; hardscape; landscape; site furnishings; permanent fencing; and a portable service maintenance building, to be constructed at John Anson Ford Park in the City of Bell Gardens.

1. Interest.

1.1 Interest.

(a) Interim Financing. The entire Loan amount shall bear interest commencing on the date on which COUNTY first draws down the Loan funds from HUD, and continuing through the period of the interim financing, at a rate per annum equal to the three (3) month London InterBank Offered Rate (3 month-LIBOR) plus twenty (20) basis points (or such higher rate as may be imposed by HUD pursuant to the Variable/Fixed Rate Note to be executed by COUNTY in favor of HUD ("HUD Note") in connection with the HUD loan to the County ("HUD Loan") that is the COUNTY'S source of funds for the Loan). Subject to Sections 6.3, and 6.4 of the Loan Agreement, COUNTY shall disburse the Loan proceeds to the Borrower as follows:

First Disbursement of Loan proceeds: COUNTY shall disburse $1,000,000 in Loan proceeds to Borrower within two (2) business days after COUNTY draws the funds down from HUD on the HUD Loan subject to Borrower's compliance with Sections 6.3 and 6.4 below.

Second Disbursement of Loan proceeds: After COUNTY conducts a monitoring review of Borrower's files for use of the first disbursement of $1,000,000 in Loan proceeds in accordance with HUD requirements and COUNTY provides any corrective actions to Borrower to implement, COUNTY shall disburse a second $1,000,000 in Loan proceeds to Borrower.

Third Disbursement of Loan proceeds: After COUNTY conducts a monitoring review of Borrower's files for use of the second disbursement of $1,000,000 in Loan proceeds in accordance with HUD requirements and COUNTY provides any corrective actions to Borrower to implement, COUNTY shall disburse a third $1,000,000 in Loan proceeds to Borrower.

Fourth Disbursement of Loan proceeds: After COUNTY conducts a monitoring review of Borrower's files for use of the third disbursement of $1,000,000 in Loan proceeds in accordance with HUD requirements and COUNTY provides any corrective actions to Borrower to implement, COUNTY shall disburse a fourth $1,000,000 in Loan proceeds to Borrower.

Fifth Disbursement of Loan proceeds: After COUNTY conducts a monitoring review of Borrower's files for use of the fourth disbursement of $1,000,000 in Loan proceeds in accordance with HUD requirements and COUNTY provides any corrective actions to Borrower to implement, COUNTY shall disburse $375,000 in Loan proceeds to Borrower. which is the net amount of Loan proceeds after deducting fees set forth under Section 6.1 and retaining the ten percent construction retention amount pursuant to Section 32.0.

(b) Permanent Financing. From and after the date ("Conversion Date") for HUD's public bond offering that will provide permanent funds to replace the interim financing for the Loan, interest will accrue at HUD's rate plus Seventy-Five Basis Points (0.75%) on the permanent Loan funds from HUD. After funding of the Loan through a public bond offering, Borrower shall also be liable for the full amount of interest due on the Loan for the entire Term, even if Borrower should pay off the Loan prior to the end of the Term. Early payoff of the Loan shall not result in any waiver of COUNTY'S right to receive full payment of all interest required by HUD, for the full Term of the Loan, nor shall Borrower be forgiven for such liability under any circumstances.

(c) Base Rate. The rate of interest (i.e. HUD's rate plus 0.75%) is sometimes referred to as the "Base Rate." Interest shall be computed on the basis of actual number of days elapsed and a 360-day year.

(d) Default Rate. Notwithstanding the foregoing, any amounts not paid when due under this Agreement or the Note shall bear interest from the date due to the date paid at the "Default Rate" of ten percent (10%) per annum. If Borrower is late in making any payment on the Loan, Borrower shall also be liable for any additional interest accruing on the Loan as well as applicable late fees and penalties.

1.2 Payment Dates and Amounts. Subject to approval by HUD, the schedule for repaying the Loan shall be as set forth in this Section 1.2. Absent any default or acceleration, Borrower shall initially make quarterly payments to COUNTY of interest, payable at least eleven working days in advance of each August 1st, November 1st, February 1st and May 1st during the period of interim financing, in the amount of COUNTY's quarterly payments due to HUD under the HUD Loan.

From and after the earlier of the Conversion Date or September 1, 2005, Borrower shall make level semi-annual payments of principal and interest in an amount necessary to amortize the Loan in 11 years as reasonably calculated by the COUNTY. The timing of the semi-annual payments shall be at least eleven (11) working days in advance of each August 1 and February 1 or as reasonably determined by the COUNTY based on coordination with the timing of debt service payments by COUNTY under the HUD Note. Notwithstanding any other provision of the Note or of this Agreement, unless due sooner, the entire outstanding principal balance of the Loan together with any outstanding interest and any other sums payable under the Note shall be due and payable in full on July 22, 2015 ("Maturity Date"). Any of the foregoing or other payment terms of the Note are subject to modification by the COUNTY as necessary to meet payment terms under the HUD Loan.

2. Acceleration.

Notwithstanding the payment terms set forth in Section 1 above, upon the occurrence of any "Event of Default" as set forth in Section 9 below, the entire outstanding principal balance of the Note, together with any outstanding interest and other amounts payable hereunder or under the HUD Loan, shall, at the election of COUNTY and upon notice to Borrower thereof, become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Borrower.

3. Prepayment; Application of Payments.

Prior to the Conversion Date, prepayment of the Loan shall be available, with HUD approval, subject to any limitation, restriction, cost, penalty, fee or expense imposed by HUD in connection with prepayment of the HUD Loan.

After the Conversion Date, and pursuant to terms of the HUD Loan, and the HUD Note, and following the tenth (10^{th}) anniversary of the Conversion Date, Borrower may request to prepay the unpaid principal amount of the Loan and interest thereon. Prepayment, if approved, would be available only through a prepayment account involving additional fees, costs, and pre-funded interest expenses that the Borrower would be required to pay. Borrower acknowledges that prepayment of the Loan is subject to approvals from COUNTY and HUD. Borrower agrees to pay all prepayment premiums, fees and penalties incurred in connection with the prepayment of the Loan. Since the term of the Loan is eleven (11) years, this prepayment option may be available to the Borrower.

After the Conversion Date, and pursuant to terms of the HUD Loan and the HUD Note, Borrower may request to defease the unpaid principal amount of the Loan and interest, subject to approval by COUNTY and HUD. Defeasance, if approved, would be available only through a defeasance account involving additional fees, costs and pre-funded interest expenses that the Borrower would be required to pay. Borrower agrees to pay any defeasance costs incurred in connection with defeasance of the HUD Loan.

Borrower hereby agrees and understands that the prepayment or defeasance of the Note shall not relieve Borrower of the duty to comply with the covenants described in Sections 9.4, 9.7, 10 and 11 of the Loan Agreement, and such obligations and covenants shall remain in full force and effect pursuant to their terms. All payments, including any prepayments or funds received upon acceleration pursuant to Section 3 above, shall be applied first toward any outstanding costs of collection or other amounts (excluding Loan principal or interest thereon) due under the Note or this Agreement, then toward outstanding interest accrued at the Default Rate, if any, then toward outstanding interest accrued at the Base Rate, if any, and then finally toward the remaining principal balance of the Loan.

4. Security and Source of Payment.

Borrower's obligation to repay the Loan and any associated interest and other amounts payable under this Note or the Loan Agreement shall, at all times during which any amount remains outstanding, be secured by a $5,000,000 Letter of Credit; or with the approval of COUNTY, which COUNTY may withhold in its sole discretion, cash in an escrow account equivalent to the principal amount of the Loan. A $5,000,000 Letter of Credit shall be issued to COUNTY in form and substance and from Federal Home Loan Bank or another AA or better-rated issuer approved by COUNTY in COUNTY's sole discretion. The Letter of Credit shall have an initial term of not less than one year and shall be renewed annually thereafter not less than 30 days before expiration. If approved, the escrow account will be held by U.S. Bank as an Escrow Agent ("Escrow Agent") of the COUNTY pursuant to an escrow agreement ("Escrow Agreement") in the form of Exhibit G hereto if any. The escrow account will be pledged to the COUNTY pursuant to a pledge agreement ("Pledge and Security Agreement") in the form of Exhibit F hereto.

Except to the extent any Event of Default hereunder results directly or indirectly from any fraud or intentional and material misrepresentation by Borrower in connection with this Note or the Loan, the Loan is a limited recourse obligation of Borrower, and in the event of the occurrence of an Event of Default, COUNTY's only recourse shall be against the collateral provided for the Loan.

Notwithstanding the foregoing, COUNTY shall have recourse against any assets of Borrower with respect to Borrower's obligation under this Note and the Loan Agreement to pay any prepayment premium, cost, fees or reimbursement to HUD, imposed by HUD or other defeasance cost incurred in connection with prepayment, acceleration, defeasance of the HUD Loan, or change in use or disposition of the John Anson Ford Park, regardless of whether the prepayment, acceleration or defeasance is triggered involuntarily by default or voluntarily. The preceding sentence is not intended to make the Loan full recourse as to the basic principal and interest thereof, but only as to the premiums, penalties, costs, fees or reimbursement attributable to prepayment or defeasance of the HUD Loan and change in use or disposition of the John Anson Ford Park.

5. Obligation of Borrower Unconditional.

The obligation of Borrower to repay the Loan and all accrued interest thereon shall be absolute and unconditional, and until such time as all of the outstanding principal of and interest on this Note shall have been fully paid, Borrower agrees that it: (a) will use the funds solely for the purposes set forth herein; and (b) will not terminate or suspend any payment or obligations under this Note, the Loan Agreement, or any other document executed hereunder or in connection herewith for any cause, including without limitation, any acts or circumstances that may constitute failure of consideration, commercial frustration of purpose, or any duty, liability or obligation arising out of or in connection with this Note, the Loan Agreement or any document executed hereunder or in connection herewith.

6. Purpose of Loan.

Proceeds of the Loan shall be used only for loan origination fees and costs identified in Section 6.1 of the Loan Agreement; and for public improvements to develop a sport complex at John Anson Ford Park as specified in Section 8 of the Loan Agreement.

7. Covenants of Borrower.

As additional consideration for the making of the Loan by COUNTY, Borrower covenants as follows:

7.1 Compliance with Loan Agreement and other Loan Documents. Borrower shall comply with all of its obligations under the Loan Agreement, the Note, the Pledge and Security Agreement, the other Loan Documents executed by the Borrower, and the provisions of the HUD Loan. Any amounts payable by Borrower under the Loan Agreement and the Note (other than amounts also payable hereunder) shall be deemed added to the principal amount of the Loan payable hereunder.

7.2 Other Loans. Borrower shall comply with all monetary and non-monetary covenants associated with any loan secured by an interest in the Development Site and/or the Project. Borrower shall provide to COUNTY a copy of any notice of default within three business days after receiving any notice of a default or alleged default of such covenants

by Borrower, and Borrower shall promptly cure any such default and cooperate in permitting COUNTY, to the extent COUNTY in its sole discretion elects to do so, to cure or assist in curing the default. Any cost or expenditure incurred by COUNTY in providing or assisting in such a cure shall be deemed added to the outstanding principal amount of the Loan.

8. Assignment of this Note.

This Note shall be assignable by Borrower only if Borrower obtains the prior express written consent of COUNTY, which consent may be withheld by COUNTY in its sole discretion. Notwithstanding anything, which may be or appear to be herein to the contrary, no purported assignment of this Note and the Loan shall be effective if such assignment would violate the terms, conditions and restrictions of any Governmental Restrictions.

9. Events of Default and Remedies.

A. Borrower Events of Default. The occurrence of any of the following shall, after the giving of any notice and the expiration of any applicable cure period described therein, constitute an event of default by Borrower hereunder ("Event of Default"):

(1) The failure of Borrower to pay or perform any monetary covenant or obligation hereunder or under the terms of the Loan Agreement or any of the Loan Documents, without curing such failure within ten (10) days after receipt of written notice of such default from COUNTY (or from any party authorized by COUNTY to deliver such notice as identified by COUNTY in writing to Borrower). Notwithstanding anything herein to the contrary, no notice requirement or cure period shall apply to a failure by Borrower to make timely payments of principal and interest in advance of payment dates on the HUD Loan as specified in Section 1.2 above;

(2) The failure of Borrower to perform any non-monetary covenant or obligation hereunder or under the terms of this Note or any of the Loan Documents, without curing such failure within thirty (30) days after receipt of written notice of such default from COUNTY (or from any party authorized by COUNTY to deliver such notice as identified by COUNTY in writing to Borrower) specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency. Provided, however, that if any default with respect to a non-monetary obligation is such that it cannot be cured within a 30-day period, it shall be deemed cured if Borrower commences the cure within said 30-day period and diligently prosecutes such cure to completion thereafter. Notwithstanding anything herein to the contrary, the herein described notice requirements and cure periods shall not apply to any Event of Default described in subparts (3) through (9) below;

(3) The falsity of any material representation or material warranty made by Borrower under, as applicable, the terms of this Note, the Loan Agreement, or the Loan Documents;

(4) Borrower shall (a) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of its property, (b) fail to pay or admit in writing its inability to pay its debts generally as they become due, (c) make a general assignment for the benefit of creditors, (d) be adjudicated a bankrupt or insolvent or (e) commence a voluntary case under the federal bankruptcy laws of the United States of America or file a voluntary petition that is not withdrawn within ten (10) days of the filing thereof or answer seeking an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against it in any bankruptcy or insolvency proceeding;

(5) If a proceeding shall be instituted in any court of competent jurisdiction, under any law relating to bankruptcy, in respect of Borrower, for an order for relief or an adjudication in bankruptcy, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of Borrower or of all or any substantial part of Borrower's assets, or other like relief in respect thereof under any bankruptcy or insolvency law, and, if such proceeding is being contested by Borrower in good faith, the same shall (a) result in the entry of an order for relief or any such adjudication or appointment, or (b) continue undismissed, or pending and unstayed, for any period of ninety (90) consecutive days;

(6) Following completion of the construction of the Project, voluntary or involuntary cessation of the operation of the Project for a continuous period of more than ninety (90) days;

(7) Borrower shall suffer or attempt to effect a Transfer, in violation of Section 14 or Section 30 of the Loan Agreement;

(8) Borrower shall be in default under the terms of Other Financing or any other secured or unsecured obligation relating to the Project, unless the default is cured within the cure period, if any, applicable thereto under the terms of the obligation which is in default; or

(9) Borrower shall obtain "entitlement" status under the HUD Community Development Block Grant Program and separates from the Los Angeles Urban County program for purposes of receiving its Community Development Block Grant (CDBG) funds from the State and/or HUD. Borrower shall use its CDBG funds as the primary source of repayment for the Loan. Borrower may use any other eligible funding source available to Borrower, subject to COUNTY'S approval, to make timely payments as specified under Section 1.2

B. COUNTY Remedies. Upon the occurrence of an Event of Default hereunder, COUNTY may, in its sole discretion, take any one or more of the following actions:

(1) By notice to Borrower, except in the case of an Event of Default under Section 9(A)(1), 9(A)(3) or Section 9(A)(4) in which event no notice shall be required,

declare the entire then unpaid balance of the Loan and any accrued interest and other amounts immediately due and payable, and the same shall become due and payable without further demand, protest or further notice of any kind, all of which are expressly waived. Upon such declaration, outstanding principal and (to the extent permitted by law) interest and any other sums outstanding in connection with the Loan shall thereafter bear interest at the Default Rate, payable from the date of such declaration until paid in full;

(2) Take any and all actions and do any and all things which are allowed, permitted or provided by law, in equity or by statute, in the sole discretion of COUNTY, to collect the amounts then due and thereafter to become due hereunder, to exercise its rights under the Pledge and Security Agreement, and to enforce performance and observance of any obligation, agreement or covenant of the Borrower, under this Note or under any other document executed in connection herewith, including but not limited to drawing on collateral pursuant to the Escrow Agreement and the Pledge and Security Agreement, if any;

(3) Upon the occurrence of an Event of Default, which is occasioned by Borrower's failure to pay money, whether under this Note or any other provisions of the Loan Documents, COUNTY may, but shall not be obligated to, make such payment. If such payment is made by COUNTY, Borrower shall deposit with COUNTY, upon written demand therefor, such sum plus interest at the Default Rate. In either case, the Event of Default with respect to which any such payment has been made by COUNTY shall not be deemed cured until such repayment (as the case may be) has been made by Borrower. Until repaid, such amounts shall have the security afforded disbursements under this Note;

(4) Upon the occurrence of an Event of Default described in Section 9(A)(4) or 9(A)(5) hereof, COUNTY shall be entitled and empowered by intervention in such proceedings or otherwise to file and prove a claim for the whole amount owing and unpaid on the Loan and, in the case of commencement of any judicial proceedings, to file such proof of claim and other papers or documents as may be necessary or advisable in the judgment of COUNTY and its counsel to protect the interests of COUNTY and to collect and receive any monies or other property in satisfaction of its claim.

C. No Remedy Exclusive. No remedy herein conferred upon or reserved to COUNTY is intended to be exclusive of any other available remedy or remedies, but each such remedy shall be cumulative and shall be in addition to every other remedy given under this Note or now existing at law or in equity or by statute; and may be exercised in such number, at such times and in such order as COUNTY may determine in its sole discretion. No delay or omission to exercise any right or power upon the occurrence of any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient by COUNTY. In order to entitle COUNTY to exercise any right or remedy reserved to it under this Note, no notice shall be required except as expressly provided herein.

D. COUNTY Default and Borrower Remedies. Upon default or failure of COUNTY to meet any of its obligations under this Note without curing such failure within thirty (30) days after receipt of written notice of such failure from Borrower specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency, Borrower may, as its sole and exclusive remedies:

(1) Demand and obtain payment from COUNTY of any sums due to or for the benefit of Borrower pursuant to the express terms of this Note;

(2) Bring an action in equitable relief seeking the specific performance by COUNTY of the terms and conditions of this Note or seeking to enjoin any act by COUNTY, which is prohibited hereunder;

(3) Bring an action for declaratory relief seeking judicial determination of the meaning of any provision of this Note;

Notwithstanding the foregoing, Borrower shall in no event be entitled to, and hereby waives, any right to seek consequential damages of any kind or nature from COUNTY arising out of or in connection with this Note, and in connection with such waiver Borrower is familiar with and hereby waives the provisions of Section 1542 of the California Civil Code which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

10. Agreement to Pay Attorney's Fees and Expenses.

In the event that either party hereto brings any action or files any proceeding in connection with the enforcement of its respective rights under this Note or any of the Loan Documents as a consequence of any default, the prevailing party in such action or proceeding shall be entitled to have its reasonable attorneys' fees and out-of-pocket expenditures paid by the losing party. The attorneys' fees so recovered shall include fees for prosecuting or defending any appeal and shall be awarded for any supplemental proceedings until the final judgment is satisfied in full. In addition to the foregoing award of attorneys' fees, the prevailing party in any lawsuit on this Note or any other Loan Document shall also be entitled to its reasonable attorneys' fees incurred in any post-judgment proceedings to collect or enforce the judgment. In addition to the foregoing, Borrower agrees to pay or reimburse COUNTY, upon demand by COUNTY, for all costs incurred by COUNTY in connection with the enforcement of this Note, and any other Loan Document, including without limitation, reasonable attorneys' fees and costs, if there shall be filed by or against Borrower any proceedings under any federal or state bankruptcy or insolvency laws, whether COUNTY is a creditor in such proceeding or otherwise.

11. Conflict of Interest; No Individual Liability.

No official or employee of COUNTY shall have any personal interest, direct or indirect, in this Note, nor shall any official or employee of COUNTY participate in any decision relating to this Note which affects such official's or employee's pecuniary interest in any corporation, partnership or association in which such official or employee is directly or indirectly interested. No official or employee of COUNTY shall be personally liable in the event of a breach of this Note by COUNTY.

12. Amendments, Changes and Modifications.

This Note may not be amended, changed, modified, or altered without the prior written consent of the parties hereto.

13. Notices.

All notices, demands, requests, elections, approvals, disapprovals, consents or other communications given under this Note shall be in writing and shall be given by personal delivery, certified mail, return receipt requested, or overnight guaranteed delivery service and addressed as follows:

If to COUNTY: Community Development Commission of the
County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Executive Director

With a copy to: Community Development Commission of the
County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Community Development Block Grant Division

If to Borrower: The City of Bell Gardens
7100 South Garfield Avenue
Bell Gardens, California 90201
Attn: City Administrator

With a copy to: The City of Bell Gardens
7100 South Garfield Avenue
Bell Gardens, California 90201
Attention: City Attorney

Notices shall be effective upon receipt, if given by personal delivery, or notices shall be effective the earlier of (i) three (3) business days after deposit with United States Mail,

or (ii) the date of actual receipt as evidenced by the return receipt, if delivered by certified mail, or (iii) one (1) business day after deposit with the delivery service, if delivered by overnight guaranteed delivery service. Each party shall promptly notify the other party of any change(s) of address to which notice shall be sent pursuant to this Note.

14. Severability.

The invalidity or unenforceability of any one or more provisions of this Note will in no way affect any other provision.

15. Interpretation.

Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa, and each gender will include any other gender. The captions of the paragraphs of this Note are for convenience only and do not define or limit any terms or provisions. Time is of the essence in the performance of this Agreement by Borrower. Time is of the essence in the performance of this Note by Borrower. Each Party has been represented by counsel in the negotiation of this Note, and it shall not be interpreted in favor of or against any Party on account of relative responsibilities in drafting. Notwithstanding any other provision of this Note, nothing herein or in this Note shall be deemed to require Borrower to pay interest in the amount of any applicable usury law or other legal limitation on interest, and the terms hereof and of this Note shall be interpreted to require in each instance the lesser of (i) the amount stated in this Note; and (ii) the maximum applicable legal limit. Defined terms not otherwise defined herein shall have the meaning assigned to them by the Loan Agreement.

16. No Waiver; Consents.

Any waiver by COUNTY or Borrower must be in writing and will not be construed as a continuing waiver. No waiver will be implied from any delay or failure by COUNTY or Borrower to take action on account of any default of the other Party. Consent by COUNTY or Borrower to any act or omission by the other Party will not be construed to be a consent to any other or subsequent act or omission or to waive any applicable requirement for consent to be obtained in any future or other instance.

17. Miscellaneous.

A. Governing Law.

This Note shall be governed by the laws of the State of California and applicable federal law.

B. Termination for Improper Consideration

COUNTY may, by written notice to Borrower, immediately terminate the right of Borrower to proceed under this Note if it is found that consideration, in any form, was

offered or given by Borrower, either directly or through an intermediary, to any COUNTY officer, employee or agent with the intent of securing the Loan Agreement or securing favorable treatment with respect to the award, amendment or extension of the Loan Agreement or securing favorable treatment with respect to the making of any determinations with respect to the Borrower's performance pursuant to the Loan Agreement. In the event of such termination, COUNTY shall be entitled to pursue the same remedies against the Borrower as it could pursue upon an Event of Default by the Borrower.

The Borrower shall immediately report any attempt by a COUNTY officer or employee to solicit such improper consideration. The report shall be made either to the Commission's Executive Director or to the County Auditor-Controller's Employee Fraud Hotline at (800) 544-6861.

Among other items, such improper consideration may take the form of cash, discounts, service provision of travel or entertainment, or tangible gifts.

C. COUNTY'S Quality Assurance Plan

COUNTY or its agent will evaluate Borrower's performance under this Note on not less than an annual basis. Such evaluation will include assessing Borrower's compliance with all contract terms and performance standards. Borrower deficiencies which COUNTY determines are severe or continuing and that may place performance of this Note in jeopardy if not corrected will be reported to COUNTY's governing Board. The report will include improvement/corrective action measures to be taken by Borrower. If improvement does not occur consistent with the corrective action measures within the cure period set forth in Section 9.A. above, COUNTY may terminate the Loan Agreement or pursue other remedies as specified in the Loan Agreement or this Note.

D. Compliance with Laws

Borrower agrees to be bound by applicable federal, state, and local laws, regulations and directives as they pertain to the performance of the Note. To the extent applicable, this Note is subject to and incorporates the terms of the Housing and Community Development Act of 1974, as amended by the Cranston-Gonzales National Affordable Housing Act, 1990 and the Code of Federal Regulations (CFR) Part 85, and Section 3 of the Housing and Community Development Act of 1968, As Amended, 12 U.S. C. 1701 Et Seq.

Borrower shall comply with any applicable portions of Section 3 of the Housing and Community Development Act of 1968, as amended 12 U.S.C. 1701 Et Seq. which requires that to the greatest extent feasible, opportunities for training and employment be given to lower income residents of the Project area and contracts for work in connection with the Project be awarded to business concerns which are located in or owned in substantial party by persons residing in the area of the Project.

E. Consideration of GAIN Program Participants For Employment

Should the Borrower require additional or replacement personnel after the effective date of this Agreement, the Borrower shall give consideration for any such employment openings to participants in the County's Department of Public Social Services' Greater Avenues for Independence (GAIN) Program or General Relief Opportunity for Work (GROW) Program who meet the Borrower's minimum qualifications for the open position. The Borrower shall contact the County's GAIN/GROW Division at (626) 927-5354 for a list of GAIN/GROW participants by job category.

18. Representations and Warranties of Borrower.

Borrower hereby warrants and represents to COUNTY that:

A. Organization and Standing. Borrower is a California legal entity as described in the Transaction Summary set forth in the Loan Agreement, duly organized, qualified to operate in California and validly existing and in good standing under all applicable laws, and has all requisite power and authority to enter into and perform its obligations under this Note, the Loan Agreement, the CC&Rs, and all other documents executed in connection herewith.

B. Enforceability. This Note and all other instruments to be executed by Borrower in connection with the Loan constitute the legal, valid and binding obligation of Borrower, without joinder of any other party.

C. Authorization and Consents. The execution, delivery and performance of this Note and all other instruments to be executed in connection herewith is consistent with the operating agreement, partnership agreement, articles and bylaws, charter, code and ordinances, as applicable, governing Borrower and have been duly authorized by all necessary action of Borrower's council members, commissioners, partners, directors, officers, members and shareholders.

D. Due and Valid Execution. This Note and all other instruments to be executed in connection herewith, will, as of the date of their execution, have been duly and validly executed by Borrower.

E. Licenses. Borrower will obtain and maintain all material licenses, permits, consents and approvals required by all applicable governmental authorities to own and operate the Project.

F. Litigation and Compliance. To Borrower's current actual knowledge, there are no suits, other proceedings or investigations pending or threatened against, or affecting the business or the properties of Borrower (other than those as have been previously disclosed in writing to COUNTY) which could materially impair its ability to perform its obligations under this Note, nor is Borrower in violation of any laws or ordinances which could materially impair Borrower's ability to perform its obligations under this Note.

G. Default. To Borrower's current actual knowledge, there are no facts now in existence which would, with the giving of notice or the lapse of time, or both, constitute an "Event of Default" hereunder, as described in Section 9.

H. No Violations. The execution and delivery of this Note, the Loan Agreement and all other documents executed or given thereunder, and the performances hereunder and thereunder by Borrower, as applicable, will not constitute a breach of or default under any instrument or agreement to which Borrower may be a party nor, to Borrower's current actual knowledge, will the same constitute a breach of or violate any law or governmental regulation.

19. Approvals.

Any review or approval of any matter by COUNTY or any COUNTY official or employee under this Note shall be solely for the benefit of COUNTY, and neither Borrower nor any other person shall rely upon such review or approval as an indication of the wisdom, soundness, safety, appropriateness, or presence or absence of any matter. Without limiting the generality of the foregoing, Borrower and not COUNTY shall be solely responsible for assuring compliance with laws, the suitability of the Development Site for the Project, the adequacy of the Plans, and the safety of the Project construction site, the completed Project, and the operation thereof.

20. Good Faith and Fair Dealing.

COUNTY and Borrower agree to perform all of their obligations and the actions required of each hereunder in good faith and in accordance with fair dealing.

21. Waiver.

Borrower agrees that it will still be liable for repayment of this Note even if the holder hereof does not follow the procedures of presentment, protest, demand, diligence, notice of dishonor and of nonpayment, which requirements are hereby waived. Failure of COUNTY or other holder hereof to exercise any right or remedy hereunder shall not constitute a waiver of any future or other default. No acceptance of a past due installment or indulgence granted from time to time shall be construed to be a waiver of, or to preclude the exercise of, the right to insist upon prompt payment thereafter or to impose late charges retroactively or prospectively, or to waive or preclude the exercise of any other rights which COUNTY may have.

IN WITNESS WHEREOF, Borrower has executed this Note as of the date and year first above written.

BORROWER:

CITY OF BELL GARDENS, a California municipal corporation

By:_____

City Administrator

APPROVED AS TO FORM:

By: _____

City Attorney

EXHIBIT "C" TO COUNTY LOAN AGREEMENT

CC&RS

OFFICIAL BUSINESS

Document entitled to free Recording
per Govt. Code Section 6103.

RECORDING REQUESTED BY AND
AFTER RECORDATION, MAIL TO:

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES
2 Coral Circle
Monterey Park, CA 91755-7425
Attn.: Director of Community Development
Block Grant Division

(Space Above Line for Recorder's use)

COVENANTS, CONDITIONS, AND RESTRICTIONS

THIS AGREEMENT CONTAINING COVENANTS, CONDITIONS, AND RESTRICTIONS ("Agreement") is executed as of the 4th day of October, 2004 by and between the COUNTY OF LOS ANGELES ("County"), and the CITY OF BELL GARDENS, a California municipal corporation ("Owner"), with reference to the following:

A. County and Owner are parties to a Loan Agreement ("Loan Agreement") dated as of the 4th day of October 2004, on the terms and conditions of which Owner shall borrow from County, and County shall lend to Owner, the original principal amount of FIVE MILLION DOLLARS ($5,000,000) (the "Loan") for construction of public improvements to develop a sport complex at John Anson Ford Park, which will consist of: a restroom building; two ball fields, four soccer fields; lighting; hardscape; landscape; site furnishings; permanent fencing; and a portable service maintenance building, as specified in Section 8 of the Loan Agreement ("Project"). The Project will be constructed to provide a sport complex at John Anson Ford Park site legally described on Exhibit "A" to this Agreement (the "Development Site").

B. Unless otherwise expressly provided, all defined terms used in this Agreement shall have the defined meanings provided for in the Loan Agreement.

NOW THEREFORE, in consideration of the representations, covenants, and obligations of Owner contained in this Agreement, Owner, on behalf of itself and its successors and assigns, hereby covenants and agrees as follows:

(1) John Anson Ford Park.

a. On or before the first anniversary of the date of this Agreement, Owner shall cause to be constructed and opened on the Development Site a sport complex at John Anson Ford Park, (the "John Anson Ford Park" or "Project"). The John Anson Ford Park facility shall include a restroom building; two ball fields, four soccer fields; lighting; hardscape; landscape; site furnishings; permanent fencing; and a portable service maintenance building as more particularly described in the Loan Agreement and exhibits thereto.

b. Commencing upon completion of the John Anson Ford Park facility and continuously thereafter until the 20th anniversary of the date of this Agreement, Owner shall cause the John Anson Ford Park facility to be operated and maintained as a community facility offering recreational programs.

c. Throughout the 20-year term of this Agreement, Owner shall continuously and exclusively operate the Project in a manner that meets the National Objective under Section 570.208(a)(1)(i) of HUD's Community Development Block Grant program regulations, i.e. to provide activities where at least fifty-one percent (51%) of those that utilize the facility are low-and moderate income persons (as defined by HUD).

(2) Management of Project. Subject to the terms and conditions contained herein below, Owner shall at all times during the operation of the Project pursuant to this Agreement assign a professional City staff manager, or retain a management company ("Manager") to perform the management and/or supervisory functions with respect to the operation of the Project including day-to-day administration, maintenance and repair. Owner shall obtain County's written approval of the Manager, which approval shall not be unreasonably withheld. The Manager shall be subject to termination or reassignment for failure to meet Project maintenance and operational standards set forth herein or in other agreements between Owner and County. Owner shall promptly terminate any Manager which commits or allows such failure, unless the failure is cured within a reasonable period in no event exceeding 60 days (or longer if reasonably necessary for the cure and the cure is being diligently pursued) from Manager's receipt of notice of the failure from Owner or County. Owner's obligation to retain a Manager shall remain in force and effect throughout the 20-year term of this Agreement ("Term").

(3) RESERVED.

(4) Operations and Maintenance. Owner hereby covenants on behalf of itself, and its successors and assigns, which covenant shall run with the land and bind every successor and assign in interest of Owner for the duration specified in Paragraph (9) below, that Owner and such successors and assigns shall use the Project, in accordance with and of the quality prescribed by this Agreement and the Loan Agreement.

Owner covenants and agrees for itself, its successors and assigns, which covenants shall run with the John Anson Ford Park, and bind every successor or assign in interest of Owner for the duration specified in Paragraph (9) below, that during development of the Development Site pursuant to this Agreement and thereafter, the Project, nor any portion thereof, shall be improved, used or occupied in violation of any applicable Governmental Restrictions (as defined below) or the restrictions contained in this Agreement. Furthermore, Owner and its successors and assigns shall not maintain, commit, or permit the maintenance or commission on the Project, or any portion thereof, of any nuisance, public or private, as now or hereafter defined by any statutory or decisional law applicable to the Project, or any portion thereof.

As used herein, "Governmental Restrictions" shall mean and include any and all laws, statutes, ordinances, codes, rules, regulations, directives, writs, injunctions, orders, decrees, rulings, conditions of approval, or authorizations, now in force or which may hereafter be in force, of any governmental entity, agency or political subdivision as they pertain to the performance of this Agreement or development or operation of the Project, including specifically but without limitation all code and other requirements of the jurisdiction in which the Project is located; the California Environmental Quality Act, the National Environmental Policy Act (NEPA); and applicable federal, state and local laws. Owner shall indemnify, defend and hold County harmless for any suit, cost, attorneys' fees, claim, administrative proceeding, damage, award, fine, penalty or liability arising out of or relating to the Loan or this Agreement.

(5) Performance of Maintenance.

Owner shall, at its expense, (i) maintain all improvements and landscaping on Project and existing facilities at John Anson Ford Park in first-class order, condition, and repair (and, as to landscaping, in a healthy and thriving condition) in accordance with the plans for the Project approved by County and all Governmental Restrictions, and (ii) manage the Project and Project finances reasonably prudently and in compliance with applicable Governmental Restrictions so as to maintain a safe and attractive environment for users of the John Anson Ford Park. Specifically:

a. Owner shall maintain in accordance with County Standards, as hereinafter defined, the improvements and landscaping to the curbline(s) on and abutting the Project and existing facilities at John Anson Ford Park. Said improvements shall include, but not be limited to, buildings, sidewalks and other paved areas, pedestrian lighting, landscaping, irrigation of landscaping, architectural elements identifying the Project and existing facilities at John Anson Ford Park and any and all other improvements on the

Project and in the public right-of-way to the nearest curbline(s) abutting the existing John Anson Ford Park.

b. To accomplish the maintenance, Owner shall either staff or contract with and hire, or cause its tenants to contract with and hire, licensed (if required by applicable law) and qualified personnel to perform the maintenance work, including the provision of labor, equipment, materials, support facilities, and any and all other items necessary to comply with the requirements of this Agreement.

c. County Standards: The following minimum standards ("County Standards") shall be complied with by Owner and its maintenance staff, contractors or subcontractors:

(i) Ordinary Maintenance Standards - Owner shall maintain the Project and existing facilities at John Anson Ford Park in good repair, order and condition at all times in order to assure that the Project is kept in a decent, safe, and sanitary condition, and that the buildings, grounds, and equipment are to be maintained in a manner that will preserve their condition.

(ii) Annual Inspection Standards - Owner shall annually inspect the Project and existing facilities at John Anson Ford Park for compliance with the maintenance standards specified in this Agreement. The completed annual inspection will be documented and reported to County on an annual basis, and at the end of each year Owner shall submit to County a declaration certifying that the annual inspection was performed at the Project and existing facilities at John Anson Ford Park. Owner shall retain records of the inspection and make them available for review by County at the request of County. Owner shall perform any preventative maintenance and extraordinary repairs or replacements necessary in order to maintain the Project and existing facilities at John Anson Ford Park, in the condition required by this Agreement including extraordinary replacement of equipment, betterment, and additions. Extraordinary repairs or replacement consists of major repairs and rehabilitation involving substantial expenditures which usually are needed only at relatively long intervals of time, or are caused by such occurrences as earthquake, fire, obsolescence and, in some instances, neglect. Such items as replacement of roofs, replacement of corroded gas and heating lines, and rehabilitation of landscaping (ground-cover) would be considered in this category.

(iii) County may enter and inspect the premises at any time during hours of operation, with or without prior notice to Owner.

(6) Failure to Maintain Improvements. In the event Owner does not maintain the Project and existing facilities at John Anson Ford Park improvements to the curbline(s) in the manner set forth herein and in accordance with County Standards, County shall have

the right to maintain such private and/or public improvements, or to contract for the correction of such deficiencies, after (i) written notice to Owner stating that the condition of said improvements does not meet with County Standards and specifying the deficiencies and the actions required to be taken by Owner to cure the deficiencies ("Deficiency Notice"); and (ii) the lapse of the applicable "Cure Period," as hereinafter defined. Upon receipt of the Deficiency Notice, Owner shall have thirty (30) days within which to correct, remedy or cure the deficiency, unless such deficiency is not capable of being cured within such 30 day period, then such amount of time as is needed, to cure such deficiency provided owner is diligently pursuing cure; provided however, if the Deficiency Notice states the problem is urgent relating to public health and safety, then Owner shall have forty-eight (48) hours to rectify the problem (collectively the "Cure Periods").

In the event Owner fails to correct, remedy, or cure such maintenance deficiency after the Deficiency Notice and after the applicable Cure Period has lapsed, then County shall have the right to maintain such improvements. Owner agrees to pay County such maintenance charges and costs. Until so paid, County shall have a lien on the Project and existing facilities at John Anson Ford Park for the amount of such maintenance charges or costs, which lien shall be perfected by the recordation of a "Notice of Claim of Lien" against the Project and existing facilities at John Anson Ford Park. Upon recordation of a Notice of a Claim of Lien against the Project and existing facilities at John Anson Ford Park, such lien shall constitute a lien on the fee estate in and to the Project and existing facilities at John Anson Ford Park prior and superior to all other monetary liens except: (i) all taxes, bonds, assessments, and other levies which by law would be superior thereto; (ii) the lien or charges of any mortgage, deed of trust, or other security interest then of record made in good faith and for value, it being understood that the priority for any such lien for costs incurred to comply with this Agreement shall date from the date of the recordation of the Notice of Claim of Lien. Owner acknowledges and agrees County may also pursue any and all other remedies available in law or equity. Owner shall be liable for any and all reasonable attorneys' fees, and other legal costs or fees incurred in collecting said maintenance costs.

(7) Owner's Obligation to Refrain From Discrimination. There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Project and existing facilities at John Anson Ford Park, nor shall Owner itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Project and existing facilities at John Anson Ford Park or any portion thereof. The nondiscrimination and nonsegregation covenants set forth herein shall remain in effect in perpetuity.

Owner shall refrain from restricting the rental, sale or lease of the Project and existing facilities at John Anson Ford Park or any portion thereof on the basis of race, color, creed, religion, sex, marital status, national origin, or ancestry of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following

nondiscrimination or nonsegregation clauses:

a. In deeds: "The grantee herein covenants by and for himself or herself, and his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

b. In leases: "The lessee herein covenants by and for himself or herself, and his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the land herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the land herein leased."

c. In contracts: "There shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the parties to this contract or any person claiming under or through them, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the premises."

(8) Environmental Mitigation Measures. Prior to "completion" of the Project, as defined in the Loan Agreement, the Owner shall implement, or cause to be implemented, the environmental mitigation measures, if any, described on Exhibit "B," attached hereto.

(9) Covenants Run With the Land; Duration of Covenants. The covenants and agreements established in this Agreement shall be covenants running with the John Anson Ford Park, including the existing facilities at John Anson Ford Park and shall, without regard to technical classification and designation, be binding on Owner and any successor-in-interest to Owner's interest in the Project and exist existing facilities at John Anson Ford Park, or any part thereof, for the benefit of and in favor of County and its successors and assigns. The covenants of this Agreement shall remain in effect through the twentieth (20th) anniversary of the date hereof ("Term") (unless a shorter duration is otherwise specified herein), notwithstanding the repayment of the Loan by Owner prior to the Maturity

Date (as defined in the Loan Agreement). The covenants contained in Section (7) of this Agreement shall remain in effect in perpetuity.

The Improvements to the curbline(s) and the maintenance thereof touch and concern the Project and existing facilities at John Anson Ford Park and inure to the benefit of any and all present or successive owners of the Project and existing facilities at John Anson Ford Park. Therefore, whenever the word "owner" is used herein, it shall include the owner as of date of execution of this Agreement, and any and all successor owners or assigns of the Project and existing facilities at John Anson Ford Park, and the provisions hereof are expressly binding upon all such successive owners and assigns and the parties agree all such provisions shall run with the Project and existing facilities at John Anson Ford Park. County shall cause a fully executed copy of this Agreement to be recorded in the Office of the Los Angeles County Recorder.

(10) Enforcement. In amplification and not in restriction of the provisions set forth hereinabove, it is intended and agreed that County and any assignees of this Agreement (including, without limitation, the Community Development Commission of the County of Los Angeles ("CDC") and the U.S. Department of Housing and Urban Development ("HUD")) shall be deemed the beneficiary(ies) of the terms and provisions of this Agreement and of the restrictions and covenants running with the Project and existing facilities at John Anson Ford Park for and in its own right and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit the covenants running with the Project and existing facilities at John Anson Ford Park have been provided. Each covenant of Owner, shall, without regard to technical classification and designation, inure to the benefit of the successors, transferees and assigns of County for the entire period during which such covenants shall be in force and effect, and shall be binding upon the successors, transferees and assigns of Owner, whether by merger, consolidation, sale, transfer, liquidation or otherwise. Each covenant in favor of County (and any assignee of the County) is for the benefit of the real property owned by County (or such assignee) in the area surrounding or otherwise in the vicinity of the Project and existing facilities at John Anson Ford Park. The covenants herein running with the Project and existing facilities at John Anson Ford Park shall also be equitable servitudes upon the Project and existing facilities at John Anson Ford Park and each part thereof and shall bind each and every person having any interest in the Project and existing facilities at John Anson Ford Park or part thereof, whether such interest is fee, easement, leasehold, beneficial or otherwise, and each successor or assign of such person having any such interest in the Project and existing facilities at John Anson Ford Park or part thereof. County (and any assignee of County) shall have the right if any of the covenants set forth in this Agreement which are provided for its benefit are breached, to exercise all rights and remedies and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breach to which it may be entitled. In the event that suit is brought for the enforcement of this Agreement or as the result of any alleged breach hereof, the prevailing party or parties in such suit shall be entitled to recover their reasonable attorneys' fees from the losing party or parties, and any judgment or decree rendered in such proceedings shall include an award thereof. Except for County (and any assignee of County), the covenants and restrictions contained in this Agreement

shall not benefit nor be enforceable by any owner of any other real property or any person or entity having any interest in any such other real property.

(11) Compliance with Law. Owner shall comply with all Governmental Restrictions relating to the uses of or condition of the Project and existing facilities at John Anson Ford Park private improvements and public improvements to the curbline(s). Local laws for the purposes of this section shall include only those ordinances which are nondiscriminatory in nature and applicable to the public welfare, health, safety and aesthetics. If any new local laws relating to the uses of or condition of the improvements create a condition or situation that constitutes a lawful nonconforming use as defined by local ordinance with respect to the Project and existing facilities at John Anson Ford Park or any portion thereof, then so long as the lawful nonconforming use status remains in effect (i.e., until such lawful status is properly terminated by amortization as provided for in the new local law or otherwise), Owner shall be entitled to enjoy the benefits of such lawful nonconforming use pursuant to the lawful nonconforming uses ordinance.

(12) Indemnification and Insurance. From and after the execution of this Agreement, Owner hereby agrees to indemnify and hold harmless County, CDC and HUD and all of their respective members, directors, agents, officers and employees ("Representatives"), and each of them, from and against all liability, expense, including reasonable defense costs and legal fees of counsel acceptable to County, CDC and HUD and claims ("Losses and Liabilities") related directly or indirectly to, or arising out of or in connection with (i) any breach or default by Owner hereunder, (ii) any of Owner's activities on the Project and existing facilities at John Anson Ford Park (or the activities of Owner's agents, employees, lessees, representatives, licensees, guests, invitees, contractors, subcontractors or independent contractors on the Project and existing facilities at John Anson Ford Park), including without limitation the construction of any improvements on the Project and existing facilities at John Anson Ford Park or the use or condition of any such Improvements, or (iii) any other fact, circumstance or event related to Owner's performance hereunder; provided, however, that the foregoing indemnity shall not extend to any Losses and/or Liabilities to the extent resulting from the negligence or misconduct of the County and/or any County Representatives.

Without limiting Owner's indemnification of the County, CDC and HUD as set forth above, Owner shall provide and maintain at its sole cost and expense, the following insurance program from a joint powers insurance pool approved by County for purposes of this Section or from insurers admitted in California or having a minimum rating of or equivalent to A:VIII in Best's Insurance Guide:

a. Comprehensive liability insurance, including coverage for personal injury, death, property damage and contractual liability, with a combined single limit of a least one million dollars ($1,000,000) for each occurrence ($2,000,000 General Aggregate), including products and completed operations coverage. County, CDC, HUD and all Representatives shall be carried as additional insureds with respect to liability arising from activities performed by or on behalf of Owner, premises owned, leased or used by such persons. Said insurance shall be primary insurance with respect to County, CDC

and HUD. Except as otherwise provided in this Agreement, said insurance shall be maintained continuously for as long as Owner shall own the Project and existing facilities at John Anson Ford Park, and shall be endorsed to require thirty (30) days prior written notice from insurer to County, CDC and HUD before cancellation or reduction in coverage. The policy shall contain a waiver of subrogation for the benefit of County, CDC and HUD.

b. "All Risk" property insurance, including builder's risk protection during the course of construction, covering the full replacement value of the improvements. Said insurance shall include debris removal and shall provide coverage for earthquake and flood if this protection is available from responsible carriers at reasonable cost.

c. Workers' Compensation insurance as required by the Labor Code of the State of California and Employer Liability limits of $1,000,000 per accident.

d. Earthquake coverage, in form and amount reasonably approved by County shall be maintained for all buildings; provided, however, that the requirement for earthquake insurance shall be waived by the County for any period during which Owner demonstrates, to the reasonable satisfaction of County's Executive Director, that earthquake coverage is not available at a commercially reasonable cost.

Owner shall annually (or more frequently in the event of a change of insurer or policy) deliver to County certificates of insurance with original endorsements evidencing the coverage required by this Agreement. The certificates and endorsements shall be signed by a person authorized by the insurers to bind coverage on its behalf. County reserves the right to require complete certified copies of all policies at any time.

Said insurance may provide for such deductibles or self-insured retention as may be reasonably acceptable to County, CDC and HUD. In the event such insurance does provide for deductibles or self insurance, Owner agrees that it will protect County, CDC, HUD and Representatives in the same manner as these interests would have been protected had full commercial insurance been in effect. If required by County, CDC and/or HUD from time to time, Owner shall reasonably increase the limits of its liability insurance to reasonable amounts customary for owners of improvements similar to those on the Project and existing facilities at John Anson Ford Park.

Failure on the part of Owner to procure or maintain required insurance shall constitute a material breach of this Agreement under which County may exercise all remedies for default, and/or, at the discretion of County, CDC and/or HUD, procure or renew such insurance and pay any and all reasonable premiums in connection therewith, and all monies so paid by County, CDC or HUD, as the case may be, shall be repaid by Owner to County, CDC and/or HUD upon demand.

Owner shall furnish a certificate of insurance and endorsement countersigned by an authorized agent of the insurance carrier on a form of the insurance carrier setting forth the general provisions of the insurance coverage. This countersigned certificate and endorsement shall name County, CDC and HUD, and if available, the Representatives, as

additional insureds under the policy. The certificate by the insurance carrier shall contain a statement of obligations on the part of the carrier to notify County, CDC and HUD of any material change, cancellation or termination. Coverage provided hereunder by Owner shall be primary insurance and not contributing with any insurance maintained by County, and the policy shall contain such an endorsement. The insurance policy or the certificate of insurance shall contain a waiver of subrogation for the benefit of County, CDC and HUD.

(13) Bodily Injury and Property Damage. Owner shall defend, assume all responsibility for and hold County, CDC and HUD and the Representatives harmless from all claims or suits for, and damages to, property and injuries to persons, including accidental death (including attorneys' fees and Court costs), which result from any of Owner's activities under this Agreement, whether such activities or performance thereof be by Owner or anyone directly or indirectly employed or contracted with by Owner and whether such damage shall accrue or be discovered before or after termination of this Agreement.

(14) Waiver. Failure or delay by either party to perform any term or provision of this Agreement constitutes a default under this Agreement. The aggrieved party shall give written notice of the default to the party in default as set forth in Section (17)(e) hereof. If the defaulting party within a reasonable time commences to cure, correct, or remedy such default, and shall complete such cure, correction or remedy with reasonable and due diligence, within a thirty (30) day period or such longer period as reasonably determined by County, if the default cannot be cured within thirty (30) days, then the defaulting party shall no longer be in default. The waiver by one party of the performance of any covenant, condition, or promise shall not invalidate this Agreement nor shall it be considered a waiver by such party of any other covenant, condition or promise hereunder. The exercise of any remedy shall not preclude the exercise of other remedies County or Owner may have at law or at equity.

(15) Modification. This Agreement may be modified only by subsequent mutual written agreement executed by Owner and County.

(16) Attorney's Fees. In the event of litigation arising out of any breach of this Agreement, the prevailing party shall be entitled to recover reasonable costs and attorney's fees.

(17) Miscellaneous Provisions.

a. Interpretation. The provisions of this document shall be liberally construed to effectuate its purpose. Time is of the essence of this Agreement.

b. Severability. Invalidation of any of the covenants, conditions, restrictions, or other provisions contained in this Agreement by judgment or court order shall in no way affect any of the other covenants, conditions, restrictions, or provisions hereof, which shall remain in full force and effect.

c. Headings. The caption headings of the various sections and paragraphs of this Agreement are for convenience and identification only, and shall not be deemed to limit or define the contents of their respective sections or paragraphs.

d. Effective Date. This Agreement shall take effect upon its execution.

e. Notices. Formal notices, demands, and communications between County and Owner shall be given either by personal service, by overnight courier, or by mailing in the United States mail, certified mail, postage prepaid, return receipt requested, addressed to the principal offices of County or Owner, as follows:

If to Owner
The City of Bell Gardens
7100 South Garfield Avenue
Bell Gardens, California 90201
Attn: City Administrator

With a copy to:
The City of Bell Gardens
7100 South Garfield Avenue
Bell Gardens, California 90201
Attention: City Attorney

If to County:
Community Development Commission of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Executive Director

With a copy to:
Community Development Commission of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Community Development Block Grant Division

Notices shall be effective upon receipt, if given by personal delivery, the earlier of (i) three (3) business days after deposit with United States Mail, or (ii) the date of actual receipt as evidenced by the return receipt, if delivered by certified mail, or (iii) one (1) business day after deposit with the delivery service, if delivered by overnight guaranteed delivery service. Each party shall promptly notify the other party of any change(s) of address to which notice shall be sent pursuant to this Agreement.

f. Exhibits. Each Exhibit mentioned in this Agreement is attached hereto and incorporated herein by this reference.

g. Execution in Counterparts. The parties may execute this document in two or more counterparts; each counterpart shall be deemed an original instrument as against any party who has executed it.

h. Estoppel Certificate. Upon the written request of Owner from time to time, the County shall provide a certificate, signed by an authorized representative of County, certifying to a lender, tenant or other interested person designated by Owner that there are no uncured defaults by Owner under this Agreement, or specifying any outstanding defaults. Each request shall be accompanied by payment of $1,500 to County to defray the County's cost of investigating and processing the request.

i. Notice and Cure Right. Except where another procedure and/or cure period is specified in this Agreement, County shall provide Owner with notice specifying the default and 30 days following the notice to cure the default prior to exercising any remedy pursuant to this Agreement.

j. HUD Section 108 Financing. The Parties acknowledge that the funds used by County in making the Project Loan to Owner will come from HUD through HUD's Section 108 program, and Owner hereby agrees to abide by any and all regulatory restrictions and conditions imposed by HUD in connection with HUD's funding to the County for this Project.

IN WITNESS WHEREOF, County and Owner have caused this instrument to be executed on their behalf by their respective officers hereunto duly authorized as of date first written above.

City:

CITY OF BELL GARDENS,
a California municipal corporation

By:_____
City Administrator

APPROVED AS TO FORM:

By: _____
City Attorney

County:

COUNTY OF LOS ANGELES

By:_____
Carlos Jackson, Executive Director
Community Development Commission
of the County of Los Angeles

APPROVED AS TO FORM:
Office of the County Counsel

By: _____
Deputy

STATE OF CALIFORNIA)
) SS.
COUNTY OF _____)

On _____, 2004, before me_____, Notary Public, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature_____

STATE OF CALIFORNIA)
) SS.
COUNTY OF _____)

On _____, 2004, before me_____, Notary Public, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature_____

STATE OF CALIFORNIA)
) SS.
COUNTY OF _____)

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WITNESS my hand and official seal.

Signature_____

STATE OF CALIFORNIA)
) SS.
COUNTY OF _____)

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WITNESS my hand and official seal.

Signature_____

STATE OF CALIFORNIA)
) SS.
COUNTY OF _____)

On _____, 2004, before me_____, Notary Public, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature_____

STATE OF CALIFORNIA)
) SS.
COUNTY OF _____)

On _____, 2004, before me_____, Notary Public, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature_____

EXHIBIT "A" TO CC&Rs

LEGAL DESCRIPTION OF DEVELOPMENT SITE

That portion of the Rancho Santa Gertrudes, as shown on map recorded in Book 1, pages 156, 157 and 158, of Patents, in the office of the Recorder of the County of Los Angeles, that portion of the San Antonio Rancho, as shown on map recorded in Book 1, page 389, of said Patents, and those portions of Lots 4 and 5, I. Heyman Tract, as shown on map recorded in Book 7, page 249, of Deeds, in the office of said Recorder, within the following described boundaries:

Beginning at a point in the southeasterly line of Scout Avenue, 55 feet wide, as shown on map of Tract No. 10948, filed in Book 193, pages 15, 16 and 17, of Maps, in the office of said Recorder, distant southwesterly thereon 215 fees from the southwesterly line of Tract No. 1290, as shown on map files in Book 20, page 155, of said Maps, said point being the most northerly corner of that certain parcel of land described as Parcel 1-11 in final order of condemnation in favor of County of Los Angeles, a certified copy of which was recorded as Document No. 4469, on September 24, 1956, in Book 52385, page 394, of Official Records, in the office of said Recorder; thence southeasterly along the northeasterly line of said certain parcel of land to the southwesterly prolongation of that certain course of North 57°01'10" East 332.68 feet in the northwesterly boundary of Parcel 2, as shown on map filed in Book 232, pages 49 and 50, of Parcel Maps, in the office of said Recorder; thence northeasterly along said southwesterly prolongation to the northwesterly corner of said last mentioned parcel; thence southeasterly along the southwesterly line of said last mentioned parcel a distance of 181.19 feet to the southeasterly boundary of that certain parcel of land described in deed to County of Los Angeles, recorded as Document No. 3256, on August 14, 1974, in Book D6381, page 339, of said Official Records; thence southwesterly along said southeasterly boundary to the southeasterly boundary of said San Antonio Rancho; thence southwesterly along said last mentioned southeasterly boundary to the easterly line of said Lot 4; thence northerly along said easterly line to the southeasterly line of that certain parcel of land described as Parcel 1-23 in final order of condemnation in favor of County of Los Angeles, a certified copy of which was recorded as Document No. 2917, on March 10, 1958, in Book D38, page 491, of said Official Records; thence southwesterly along said last mentioned southeasterly line to the southwesterly corner of said last mentioned certain parcel of land; thence northerly along the westerly line of said last mentioned certain parcel of land and along the westerly line of that certain parcel of land described as Parcel B of Parcel 1-17 in final order of condemnation in favor of County of Los Angeles, a certified copy of which was recorded as Document No. 3780, on August 7, 1957, in Book 55275 page 367, of said Official Records, to the most westerly corner of said Tract No. 10948; thence easterly and northerly along the southerly and southeasterly lines of said last mentioned tract to the northeasterly line of that certain parcel of land described in deed to County of Los Angeles, recorded as Document No. 1661, on February 17, 1956, in Book 50423, page 209, of said Official Records; thence southeasterly along said last mentioned northeasterly line to said southeasterly line of Scout Avenue, 55 feet wide, as

shown on said map of Tract No. 10948; thence northeasterly along said last mentioned southeasterly line to the point of beginning.

Excepting therefrom that portion thereof within the following described boundaries:

Beginning at the point of beginning of above described parcel of land; thence South 22°58'05" East along the northeasterly boundary of above described parcel of land a distance of 302.34 feet to above mentioned southwesterly prolongation of that certain course of North 57°01'10" East 332.68 feet in the northwesterly boundary of Parcel 2 as shown on map filed in Book 232, pages 49 and 50, of Parcel Maps; thence North 57°01'10" East along said southwesterly prolongation 2.43 feet; thence South 26°44'14" East 182.30 feet to the southeasterly boundary of above described parcel of land; thence South 56°59'40" West along said last mentioned southeasterly boundary 280.58 feet; thence North 22°55'20" West 156.83 feet; thence North 67°07'12" East 26.93 feet; thence North 23°01'52" West 320.60 feet; thence North 66°55'00" East 40.43 feet; thence North 23°07'35" West 50.25 feet to the southeasterly boundary of that certain 60 foot strip of land set aside for Scout Avenue by resolution of the Board of Supervisors of the County of Los Angeles, a certified copy of which was recorded as Document No. 3976, on July 7, 1958, in Book M62, page 653, of said Official Records; thence North 67°01'55" East along said last mentioned southeasterly boundary 34.91 feet to the northeasterly line of that certain parcel of land described in deed to County of Los Angeles, recorded as Document No. 1474, on April 2, 1956, in Book 50760, page 346, of said Official Records; thence North 22°57'55" West along said last mentioned northeasterly line 5.00 feet to said southeasterly line of Scout Avenue, 55 feet wide; thence North 67°01'55" East along said last mentioned southeasterly line 160.01 feet to the point of beginning.

EXHIBIT "B" TO CC&Rs

Environmental Special Conditions

Title: John Anson Ford Park – Section 108 Loan
Project No. 600731-04

The following special conditions/environmental mitigation measures must be included in the project contract and later implemented as part of the project scope to alleviate adverse environmental impacts. The environmental clearance is conditioned upon the implementation of all special conditions/mitigation measures:

1. Best Management Practices (BMPs) to reduce erosion of disturbed soils shall be utilized and implemented through the grading and excavation phases of the project. Erosion control measures may include sediment detention basins, silt fences, hay bales, the stabilizing of construction vehicle entrances, and limiting disturbed areas to restrict movement of entrained soils offsite during storm events.

2. Safety measures shall be incorporated into the project design to ensure that patrons of the park do not expose themselves to health hazards potentially associated with the electrical transmission lines located in the area of the proposed parking lot expansion.

3. Prior to renovation or demolition of onsite structures, surveys shall be undertaken to determine the presence of asbestos-containing materials (ACM) and lead-based paint (LBP). If ACM and LBP are identified during the surveys, removal and/or handling of the materials shall be conducted in accordance with applicable regulations.

4. Energy-efficient design and fixtures shall be incorporated into the project design.

5. If trees are removed to accommodate the project, they must be replaced at a 1:1 ratio.

6. Construction debris shall be recycled to the extent possible.

7. Water conservation shall be incorporated into the project improvements. Such measures shall include, but not be limited to, low-flow plumbing fixtures (1.6

gallon/flush toilets, flow restrictors) and drought-tolerant landscaping.

8. To minimize potential air quality impacts related to grading activity and building renovation activities, the following dust control methods shall be implemented:

- Active grading sites shall be watered at least twice daily.

- All grading activity shall be suspended when wind speeds (as instantaneous gusts) exceed 25 miles per hour.

- Ground cover in all disturbed areas shall be replaced as quickly as possible.

9. In the event that archaeological resources are unearthed during construction activities, all work within a 100-meter radius of the find shall be temporarily suspended or redirected until an archaeologist can evaluate the significance of the find. Work may resume once the mitigation measures (if any) recommended by the archaeologist have been implemented.

EXHIBIT "D" TO COUNTY LOAN AGREEMENT

PROJECT DESCRIPTION

Community Development Commission
County of Los Angeles
Project Description and Activity Budget

Contract No. 101518 Version 0

PROJECT	OPERATING AGENCY
Project No.: 600731-04	**Organization**
Title: John Anson Ford Park Section 108 Loan	Name: City of Bell Gardens
	Type: Participating City
Funding Period: From To 6/30/06	CDC Program Mgr: Michael Sakai-Salazar

Jurisdiction: Section 108 Loans

Project Administration

Megan Johnson
(562) 806-7700
City of Bell Gardens
7100 South Garfield Avenue
Bell Gardens, CA 90201

Eligibility Summary

Funding Source: Section 108
HUD Code: 03 Public Facilities and Improvements
Eligibility Citation: 570.703(l)
National Objective: LMA Low/Mod Area
Nat. Objective Citation: 570.208(a)(1) (i)
Est. Accomplishments: 1 Performance Indicator: Public Facilities

Activity Summary

The City will use Section 108 loan funds to finance public improvements at John Anson Ford Park to provide a sports complex. The improvements will consist of: a restroom building; two ball fields, four soccer fields; lighting; hardscape; landscape; site furnishings; permanent fencing; and a portable service maintenance building. Section 108 loan funds will be used for hard construction costs, contingency costs as well as underwriting, issuance fees, and letter of credit fees associated with the Section 108 loan.

The City will draw down the Section 108 loan funds under the interim financing facility and will obtain permanent financing through HUD's public offering of notes during the calendar year of 2005.

The Section 108 loan information is as follows:

Loan Amount: $5,000,000

Loan Amount: $5,000,000
Loan Term: 11 years
Collateral: $5,000,000 Letter of Credit
Repayment Source of fund: City's CDBG funds

Special Conditions

PREVAILING WAGE REQUIREMENTS: The Operating Agency is advised that the prevailing wage requirements of the Davis-Bacon and Related Acts and the Federal Labor Standards Provisions apply to all construction activities and demolition in conjunction with construction comprising $2,000 or more in cost. These prevailing wage requirements also apply to contracts for the rehabilitation of residential property when the contract contains eight (8) or more housing units at the site of construction. The Operating Agency must notify the CDBG Labor Compliance Officer/Specialist of the date, time, and location of the Pre-Construction Conference at least 10 calendar days in advance.

TEN PERCENT RETENTION: CDC will retain ten percent (10%) of the CDBG contract amount for this project until a Contract and Labor Compliance File Review of the Labor Standards Enforcement File is completed and a clearance letter is issued. The Operating Agency must request a Contract and Labor Compliance File Review by the CDBG Labor Compliance Officer/Specialist at least 30 calendar days prior to the anticipated completion of construction activities.

The Operating Agency is advised that ten percent (10%) of the total construction contract award be retained by the Operating Agency to allow for the availability of funds to remedy all outstanding monetary liability that can result from the violation of this contract, the Davis-Bacon and Related Acts, and Federal Labor Standards Provisions.

SECTION 3 REQUIREMENTS: The Operating Agency is advised that a training and employment opportunity program for low- and very low-income individuals must be implemented in conjunction with all construction projects with contracts in excess of $100,000, when the amount of Federal assistance to the Operating Agency exceeds $200,000 in order to meet the requirements of Section 3 of the Housing and Urban Development Act of 1968. The Operating Agency is required to conduct a Section 3 Pre-Bid Meeting for all interested bidders to review the construction contract program requirements applicable to the project. The Operating Agency is required to contact the CDBG Labor Compliance Officer/Specialist of the Community Development Commission (CDC) at least 10 calendar days prior to the Section 3 Pre-Bid Meeting to arrange for their participation.

The Operating Agency must ensure that each contractor that is awarded a construction contract based on Section 3 qualification provides a "Section 3 Compliance Report" with the final Certified Payroll Report. The Operating Agency must compile and submit reports on Section 3 accomplishments to CDC as directed by CDBG Bulletin.

LABOR STANDARDS ADMINISTRATION AND ENFORCEMENT: To meet minimum program requirements, the Operating Agency must provide its CDBG Program Manager with any updates to the Construction Schedule within 10 calendar days of any change. The contract award must be documented by:
*Providing the CDBG Labor Compliance Officer/Specialist with a copy of the "Agency Report of Contract Award" within 10 calendar days of awarding any contract or subcontract involving construction activity;
*Providing the U.S. Department of Labor (DOL) Office of Federal Contract Compliance Programs with a written "Notice of Contract Award" within 10 calendar days of awarding a contract in the amount of $10,000 or more; and
*Providing the "Contract-Subcontract Activity Report" as directed by CDBG Bulletin.

The Operating Agency must also establish and maintain a Labor Standards Enforcement File for each contractor working at the project site in accordance with the CDBG Contract and Labor Compliance Guidelines. The Operating Agency must:
*Actively monitor the project site on a continuous basis to conduct Employee Field Interviews with workers;
*Document all posting requirements and ensure that postings are accessible to workers;
*Ensure that all contractors working at the project site submit all compliance documents within 10 calendar days of contract award;
*Ensure that all contractors submit weekly Certified Payroll Reports within 10 calendar days of the pay period ending date; and
*Ensure that a Certified Payroll Report is submitted for each week that work is performed.

All weekly Certified Payroll Reports must be reviewed by the Operating Agency for completeness and accuracy upon receipt. The Operating Agency's review must include:
*Reconciliation of all Employee Field Interviews with each contractor's weekly Certified Payroll Report;
*Assurance that all documents supporting "other" deductions and "apprentice" status letters is attached to the corresponding contractor's weekly Certified Payroll Report.

In the event of a discrepancy, the Operating Agency must suspend or withhold payment as allowed by law and in accordance with the contract between the Operating Agency and the prime contractor. The Operating Agency must also notify the prime contractor in writing within 10 calendar days of the discovery of such a discrepancy. This written notification must:
*Provide a detailed description of the discrepancy, including all necessary support documentation;
*Outline the required corrective action;
*Notify the contractor of their right to appeal;
*Require the prime contractor to respond to the notification within 10 calendar days of its receipt; and
*Inform the prime contractor that failure to sufficiently resolve the discrepancy within 10 calendar days, as detailed in the corrective action required, will lead to the Operating Agency suspending or withholding payment, as allowed by law and in accordance with the contract between the Operating Agency and the prime contractor.

In the event of a labor violation, the Operating Agency must:
*Provide the CDBG Labor Compliance Officer/Specialist with a "Report of Violation" within 10 calendar days of the date of the discovery of any violations involving underpayments to workers as outlined in the CDBG Contract and Labor Compliance Guidelines;
*Provide the CDBG Labor Compliance Officer/Specialist with an "Enforcement Report" (29 CFR 5.7) within 30 calendar days of the disposition date for each labor violation that involves underpayments to workers in the amount of $500 or more for willful violations or unintentional underpayments of $1,000 or more as outlined in the Federal Labor Standards Provisions;
*Provide CDC with a "Semi-Annual Labor Standards Enforcement Report" summarizing all labor violation enforcement activities for the year as directed by CDBG Bulletin.

PENALTIES: Failure by the Operating Agency to comply with this contract will result in a written notification from CDC that the Operating Agency is subject to one or more of the following penalties, including but not limited to:
*Suspension of payment of contract funds;
*Withholding of contract retention funds; and
*Termination of Contract.

SANCTIONS: Failure by the Operating Agency to comply with this contract will result in a written notification from CDC that the Operating Agency will be subject to consideration for placement on one of the following HUD sanction lists:
*Limited Participation List;
*List of Parties Excluded from receiving Federally Assisted contracts.

The Operating Agency is advised that ten percent (10%) of the construction contract award must be retained by the Operating Agency to allow for the availability of funds to remedy any outstanding labor compliance or related Davis-Bacon Act violations. Upon completion of the construction project, the Operating Agency must request a file review by the Contract Compliance Officer within thirty (30) days of completion of the construction project. All labor compliance issues and federal contract compliance requirements must be cleared by the Community Development Commission (CDC) prior to releasing the ten percent (10%) retention to the prime contractor.

The Operating Agency is advised that Davis Bacon/Federal Labor Standards will apply to all construction work comprising $2,000 or more in cost. However, these requirements apply to the rehabilitation of residential property only if such property contains 8 or more units.

The Operating Agency will comply with procurement standards outlined in 24 CFR, Part 85, Section 85.36 of the Common Rule, entitled Procurement, for the purchase of all equipment, supplies, and contracted services using CDBG funds.

The Operating Agency shall maintain during the term of this Contract and for a period of three (3) years thereafter complete

and adequate financial records and accounts as are considered necessary by the Commission to assure proper accounting for all program funds and to support all program expenditures. These records and accounts shall include, but not be limited to, the following: a General Ledger that supports the costs charged to the CDBG or ESG Program; records documenting procurement of goods and services; contracts for goods or services; lease or rental agreements; invoices; billing statements; cancelled checks; timecards signed by employees and supervisors; personnel authorization records; payroll registers; payroll tax records; and bank statements, bank reconciliations and documentation to support the allocation of indirect costs.

The Operating Agency is advised that Section 3 Provisions will apply to contracts in excess of $100,000. It is recommended that the Operating Agency conduct a pre-bid meeting for all interested bidders to review the construction contract requirements applicable to the project. The Operating Agency must contact the CDBG Contract Compliance Officer of the Community Development Commission (CDC) at least 10 days prior to the pre-bid meeting to arrange for their participation.

The Operating Agency shall execute a professional services agreement with each consultant/contractor prior to incurring any costs or distributing any CDBG or ESG funds, in compliance with federal contractual requirements.

The Operating Agency shall submit adequate financial documentation to support the program expenditures reported in the monthly CDBG Funding Request forms. The financial supporting documentation will include contracts for goods or services, evidence of procurement, lease or rental agreements, invoices, billing statements, cancelled checks, timecards signed by employee and supervisors, payroll registers, payroll tax records, bank statements, bank reconciliations, a detailed General Ledger that supports the costs charged to the CDBG program, and an approved cost allocation method for indirect costs charged. Failure to submit the necessary supporting documentation will result in the disallowance of costs.

Contracted Services/Subrecipients

The City will utilized construction management consultants including labor compliance consultants.

Funding Summary

Formula Grant Funding

Cost Category	Amount
Uncategorized	$5,000,000
Total	**$5,000,000**

Leverage Sources

Source	Amount
Other	$255,602
Other Local	$647,206
Other State	$635,000
Total	**$1,537,808**

Implementation Schedule

Phase	Scheduled	% Complete
Preparation of Bid Document	9/1/04	4%
Pre-Bid	10/1/04	6%
Bid-Opening	11/1/04	8%
Contract Award	11/1/04	10%
Pre-Construction	11/1/04	12%
Mid-Construction	2/1/05	54%
Construction Completed	4/1/05	96%
Post Construction/Labor Review	5/1/05	100%

Location

Name: John Anson Ford Park

Address: 8000 Park Ln

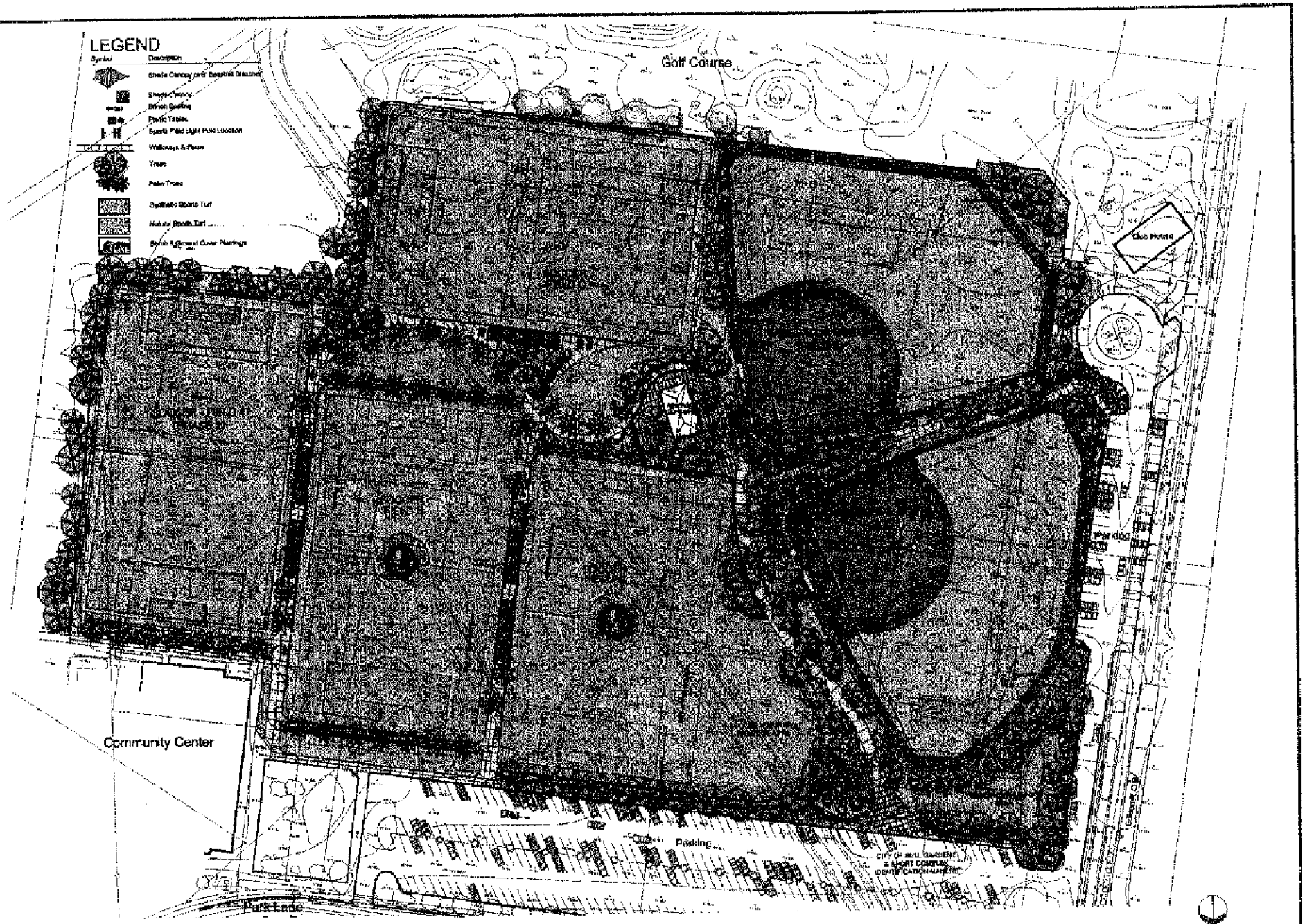
City: Bell Gardens **ZIP:** 90201

Service Area

Region	Population	Low/Mod Pop	
Bell Gardens	43,594	29,648	
Grand Total:	**43,594**	**29,648**	**68.01% Low/Mod**

EXHIBIT "E" TO COUNTY LOAN AGREEMENT

SITE PLANS



City of Bell Gardens

Ford Park Sports Complex

Master Plan

DVD
David Volz Design

Advanced Applied Engineering, Inc.

EXHIBIT "F"

PLEDGE AND SECURITY AGREEMENT

This PLEDGE AND SECURITY AGREEMENT ("**Agreement**") is dated as of _____, 2004, and is made and entered into by the CITY OF BELL GARDENS, a California municipal corporation ("**City**") in favor of the COUNTY OF LOS ANGELES, a public entity corporate and politic ("**County**").

RECITALS

A. The City has prepared and submitted to the County a loan application for Five Million Dollars ($5,000,000.00) ("**County Loan**") in funds made available to the County by the U.S. Department of Housing and Urban Development ("**HUD**") pursuant to the Section 108 Loan Guarantee Program established under the Housing and Community Development Act of 1974, as amended. Concurrently with the execution and delivery of this Agreement, the County is extending the County Loan to the City pursuant to the terms of a Loan Agreement of even date herewith between the County and the City ("**County Loan Agreement**"). In addition to the County Loan Agreement, the County Loan is evidenced by a Promissory Note ("**County Promissory Note**") and certain other loan documents executed in connection therewith (the County Loan Agreement, the County Promissory Note and such other loan documents, collectively, the "**County Loan Documents**").

B. The City will use the net proceeds of the County Loan for the purpose of financing a restroom building, two ball fields, four soccer fields, lighting, outdoor fixtures, landscaping, site furnishings, permanent fencing, and a portable service maintenance building, to be constructed at John Anson Ford Park in the City of Bell Gardens, California.

C. In order to induce the County to make the County Loan, the City desires to enter into this Agreement to grant a security interest in and pledge certain assets to the County as additional security for the County Loan.

NOW, THEREFORE, in consideration of the foregoing premises, and the mutual promises, covenants and agreements set forth herein, the City hereby agrees with the County as follows:

1. Pledge and Grant of a Security Interest. As collateral for the payment and performance in full when due by City of the Obligations (as defined in Section 2 below), the City hereby pledges and grants a security interest in, assigns and transfers to the County (and delivers to U.S. Bank, N.A. as "**Escrow Agent**," pursuant to the terms and conditions of that certain Escrow Agreement entered into between the County, the City and the Escrow Agent of even date herewith):

(i) Cash and/or cash equivalents in the total amount of Five Million Dollars ($5,000,000) (the "**Initial Cash Collateral Amount**"), as deposited in that certain Account No. _____ located at the _____ branch of the Escrow Agent (the "**Cash Collateral Account**"), together with all monies now or hereafter contained in the Cash Collateral Account, and all interest accruing thereon and all renewals and replacements thereof, whether or not any such renewal or replacement is evidenced by a certificate or other evidence of deposit, and all additional amounts deposited therein; and

(ii) All proceeds of the Cash Collateral Account ("**Cash Collateral Proceeds**").

(All of the foregoing shall be collectively referred to herein as the "**Collateral**.")

2. Obligations Secured. This Agreement is made, and the pledge and grant of a security interest herein is given, to secure the City's payment and performance in full of all of the County Loan Documents (collectively, the "**Obligations**").

3. Reserved.

4. Covenants and Representations of City. The City hereby covenants, represents and agrees as follows:

(a) Covenants. Until the full and final satisfaction of all the Obligations, the City shall:

(i) Make all payments required under the County Loan Documents.

(ii) Not withdraw or attempt to withdraw any of the funds from the Cash Collateral Account without the prior written consent of the County, which consent the County may or may not give in its sole and absolute discretion except as otherwise provided in Section 3 of the Escrow Agreement).

(iii) In the event the County elects to receive payments of Collateral hereunder, pay all expenses incurred by the County in connection therewith, including expenses of accounting, correspondence, collection efforts, reporting to account or contract debtors, filing, recording, record keeping and expenses incidental thereto.

(iv) Provide any service and do any other acts which may be necessary to keep the Collateral free and clear of all defenses, rights of off-set and counterclaims.

(b) Representations. The City represents and warrants that the City is the lawful owner of all other rights and interest in the Collateral, and that the Collateral is and

shall be free of all claims and liens other than the ownership and security interest granted hereunder to the County, and that the City has the full right to assign, transfer and pledge the Collateral to the County. This Agreement and the delivery to the Escrow Agent, as the County's agent, of all funds to be deposited into the Cash Collateral Account creates a valid and perfected first security interest in the Collateral in favor of the County, securing the payment of the Obligations, and all filings and other actions necessary or desirable to perfect and protect such first security interest and transfer have been duly taken. No authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required (i) for the grant by the City of the security interest or transfer made hereby, (ii) for the execution, delivery or performance of this Agreement by the City, or (iii) for the perfection of or the exercise by the County of its rights and remedies hereunder.

5. County's Rights.

(a) Attorney-In-Fact. City irrevocably appoints the County as the City's attorney-in-fact with full authority in the place and stead of the City and in the name of the City, with full power of substitution, from time to time in the County's sole discretion, to take any action and to execute any instrument which the County may deem necessary or advisable, in its sole discretion, to accomplish the purposes of this Agreement, including, without limitation: (i) to liquidate any deposit pledged to the County hereunder prior to its maturity date and apply the proceeds thereof to repayment of the Obligations, notwithstanding that such liquidation may give rise to penalties for early withdrawal of funds; (ii) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for monies due and to become due under or in respect of any of the Collateral; (iii) to receive, endorse and collect any drafts or other instruments, documents and chattel paper in connection therewith; (iv) to file any claims or take any action or institute any proceedings which the County may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of County with respect to any of the Collateral; and (v) to exercise all rights, powers and remedies that the City would have, but for this Agreement, with respect to the Collateral. This appointment is coupled with an interest and is irrevocable. Notwithstanding the foregoing, the County shall have no duty, and shall not be liable for any failure, to realize upon the Collateral or for any failure to take any action whatsoever with regard to the Collateral.

(b) County May Perform. County, at any time, without notice to the City, and at the City's expense, either in its own name or in the name of its nominee, may, but shall not be obligated to, do and perform such acts as it may deem proper to preserve the Collateral and exercise such rights, powers and remedies with respect to the Collateral that an owner would possess. County shall notify the City or cause the Escrow Agent to notify City of such acts within a reasonable amount of time after they are taken by County.

(c) County's Duties. The rights and remedies of the County hereunder are solely to protect its interests in the Collateral and shall not impose any duty upon it to exercise any such powers. The County shall have no duty as to the Collateral or any

portion thereof or to take any steps necessary to preserve rights against third parties or any other rights pertaining to the Collateral or any portion thereof whatsoever.

(d) Default. An "**Event of Default**" shall occur hereunder upon the occurrence of an "Event of Default" under the County Loan Documents.

(e) Rights of County Upon Default. Upon the occurrence and during the continuance of an Event of Default under this Agreement, or at any time thereafter, unless such Event of Default shall have been remedied to the County's satisfaction or expressly waived in writing by the County, the County shall have all of the rights and remedies available to it under the County Loan Documents, including, without limitation, this Agreement, or accorded to a secured party by law or in equity, all of which rights and remedies shall, to the fullest extent permitted by law, be cumulative. Without limiting the generality of the foregoing, upon the occurrence of an Event of Default, the County shall be entitled, at its option, and the City hereby authorizes the County to take, whatever actions may be necessary to realize upon the Collateral, including, without limitation, to withdraw any or all funds from the Cash Collateral Account and to apply the proceeds of the Cash Collateral Account to the costs and expenses of the County in enforcing its remedies (including the reasonable attorney's fees and legal expenses incurred by the County in any bankruptcy or judicial or non-judicial foreclosure proceeding, whether or not suit has been filed, or otherwise) and then to the payment of the Obligations and the indebtedness secured hereby. The City expressly authorizes such action by the County in advance of, and without regard to, any realization upon any other collateral (if any) securing any indebtedness of City to County, and City hereby waives any right of subrogation or marshalling of such collateral for indebtedness of the City to the County. Any legal requirement of reasonable notice (to the extent not waived) shall be satisfied if the County provides written notice to the City at least five (5) days prior to the event giving rise to the required notice.

6. County's Assignment. The County may assign or transfer the whole or any part of the Obligations secured hereby and may transfer the whole or any part of its interest in the Collateral. The transferee shall be vested with all rights and powers of the County hereunder with respect to said interest in the Collateral so transferred, and thereafter the County shall be fully discharged from all responsibility with respect thereto.

7. No Further Assignment by City. The City shall not pledge, assign, encumber, hypothecate or otherwise transfer all or any part of the Collateral or any of the City's rights, benefits, obligation or duties hereunder, and shall not withdraw any portion of the Collateral without the County's prior written consent, which consent may be withheld in the County's sole discretion. Any purported transfer or assignment by the City without such consent shall be void.

8. Indemnity. The City agrees to protect, defend, indemnify and hold the County harmless from and against any liabilities, expenses, costs, penalties and fees paid or incurred by the County in protecting and enforcing the County's rights and remedies

hereunder, including, without limitation, any attorney's fees and expenses and any penalties reasonably incurred that may arise by any realization upon the Collateral or in connection with bankruptcy, foreclosure or similar proceedings.

9. Further Acts and Assurances. The City, upon request of the County, agrees to do such further acts, and execute, acknowledge, endorse and deliver such further instruments and agreements, that the County may at any time and from time to time reasonably request in connection with the administration or enforcement of this Agreement, or related to the Collateral or any part thereof, or in order to further assure and confirm unto the County the rights, powers and remedies hereunder.

10. Waivers. The City unconditionally waives all of the following:

(a) Any right to require the County to proceed against the City or any other person at any time or to proceed against or exhaust any security held by the County at any time or to pursue any other remedy whatsoever at any time;

(b) The defense of any statute of limitations affecting the liability of the City hereunder;

(c) All presentments, demands for performance, or requirement for notice, including but not limited to notices of nonperformance, protests, notices of protest, notices of dishonor, and notices of acceptance of this Agreement;

(d) Any defense arising by reason of any invalidity or unenforceability of any of the documents evidencing or securing any of the Obligations or any disability of the City; and

(e) Any defense based upon an election of remedies by the County.

11. Authorizations. The City authorizes the County, without affecting the City's liability hereunder, from time to time to:

(a) Take and hold security, other than the Collateral, for the payment of the Obligations secured hereby or any part thereof, and exchange, enforce, waive and release the Collateral or any part thereof or any such other security; and

(b) Apply such Collateral or other security and direct the order or manner or sale thereof as the County in its discretion may determine.

12. Termination of Pledge. The Collateral shall forthwith be transferred and delivered to the City, and the County's rights hereunder shall be terminated, at such time as (a) the County (or its assignee) shall have received payment in full of all Obligations owing by the City to the County under the County Loan Documents, and all other

evidences of indebtedness and other instruments, documents and security instruments delivered to County in connection with the Obligations (as they may be extended, modified or supplemented) have been satisfied, and (b) the County shall have no further commitment to extend any loan or financial accommodation to the City with respect to the Obligations secured hereby. Any such delivery shall be without recourse upon or warranty by the County and at the expense of the City.

13. No Waiver. No forbearance, failure or delay on part of the County or City to exercise any right or remedy hereunder shall operate as a waiver thereof and no single or partial exercise by the County or City of any right of remedy shall preclude any other or further exercise thereof or the exercise of any other right or remedy. All rights, powers and privileges of the County or City under this Agreement and the County Loan Documents shall be cumulative.

14. Notices. All notices hereunder shall be conclusively deemed to have been received and shall be effective on the day delivered (including delivery by commercial delivery services), or, if sent by registered mail, return receipt requested, then three (3) business days after mailing. All notices shall be addressed to the City or the County, as the case may be, as follows:

If to City:	The City of Bell Gardens 7100 South Garfield Avenue Bell Gardens, California 90201 Attn: City Administrator
With a copy to:	The City of BELL GARDENS 7100 South Garfield Avenue Bell Gardens, California 90201 Attention: City Attorney
If to County:	Community Development Commission of the County of Los Angeles 2 Coral Circle Monterey Park, California 91755-7425 Attn: Executive Director
With a copy to:	Community Development Commission of the County of Los Angeles 2 Coral Circle Monterey Park, California 91755-7425 Attn: Community Development Block Grant Division

15. Amendments. The provisions of this Agreement may not be waived, altered, amended or repealed in whole or in part except by the express written consent of the County.

16. Severability. Each term, covenant, condition or provision of this Agreement shall be viewed as separate and distinct, and in the event that any such term, covenant, condition or provision shall be held to be invalid, the remaining provisions shall continue in full force and effect.

17. Successors and Assigns. The provisions of this Agreement shall be binding on and shall inure to the benefit of the parties to it and their respective heirs, legal representatives, successors and assigns, except as otherwise provided herein.

18. Survival of Representations and Warranties. The representations, warranties, covenants and agreements made herein shall survive the execution and delivery of this Agreement and the execution and delivery of the County Loan Documents. All statements contained in any certificate delivered by or on behalf of the City pursuant hereto shall constitute representations and warranties hereunder.

19. Time of the Essence. Time is of the essence in the performance of the terms and provisions of this Agreement.

20. General Construction. As used in this Agreement, the masculine, feminine and neuter genders, and the plural and singular numbers shall be deemed to include the others in all cases where they would so apply. "Includes" and "including" are not limiting, and "or" is not exclusive. If more than one person has executed this Agreement as the City, the obligations of all such persons shall be joint and several.

21. Headings and Captions. The headings and captions used herein are solely for the purpose of reference only and are not to be considered as construing or interpreting the provisions of this Agreement.

22. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, except as required by mandatory provision of law and except to the extent that the validity or perfection of the security interest hereunder, or remedies hereunder, in respect of any particular Collateral are governed by the laws of a jurisdiction other than the State of California. Unless otherwise defined herein, terms used in Article 9 of the Uniform Commercial Code in the State of California are used herein as therein defined. The County and City each consent to the personal jurisdiction of the appropriate state or federal court located in Los Angeles, California.

23. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute one and the same agreement.

IN WITNESS WHEREOF, City and County have caused this Pledge and Security Agreement to be executed as of the date first above written.

CITY OF BELL GARDENS,
a California municipal corporation

By:_____
City Administrator

Approved as to form:

By: _____
City Attorney

COUNTY OF LOS ANGELES, a public entity corporate and politic

By:_____
Executive Director,
Community Development Commission
of the County of Los Angeles

APPROVED AS TO FORM:
Office of the County Counsel

By:_____
Deputy

EXHIBIT "G" TO COUNTY LOAN AGREEMENT

ESCROW AGREEMENT

THIS ESCROW AGREEMENT ("Escrow Agreement") is made as of _____ XX, 2005, by and between the CITY OF BELL GARDENS, a California municipal corporation, (the "City"), the COUNTY OF LOS ANGELES, a public body, corporate and politic (the "County"), and U.S. BANK, N.A. (the "Escrow Agent").

The County has selected, and previously entered into an Agreement for Custodial Services with U.S. Bank, N.A., to serve as the County's Custodial Agent. The Escrow Agent shall, in addition to the terms and conditions of this Escrow Agreement, abide by the terms of the Agreement for Custodial Services, dated May 26, 2004, ("Agreement for Custodial Services") by and between the County and U.S. Bank, N.A., in its capacity as Custodial Agent, in relation to Sections 12, 13, 14, 15, 19, 24, 25, 26, 27, 28, 29, 30, 32 and 33 of the Agreement for Custodial Services, incorporated into this Escrow Agreement by this reference.

The City and the County have entered into that certain Loan Agreement dated as of October XX, 2004 (the "County Loan Agreement"). The County Loan Agreement contemplates that the City will borrow from the County Five Million Dollars ($5,000,000) ("Section 108 Loan") under the U.S. Department of Housing and Urban Development's ("HUD") Section 108 Loan Guarantee Program. The City will use the proceeds of the Section 108 Loan for construction of public improvements to develop a sport complex at John Anson Ford Park, California (the "Project").

The County Loan Agreement further contemplates that the City will provide additional security for the Section 108 Loan to be held in an escrow account ("Escrow Account") to be opened with the Escrow Agent, which security shall be as follows: treasury securities or other permitted investments under the City's investment policies (other than cash) initially in the amount of XXX XXX Million Dollars ($X,000,000) ("Cash Deposit"), as funded by the City's General Fund Contingency Reserves (the "Initial Escrow Deposit") (which funds the City has authorized the County to retain and apply to the "Obligations," as defined herein). (All funds contained in the Escrow Account, as further described in Section 2 of this Agreement, including, without limitation, the Cash Deposit, the Initial Escrow Deposit, any additional deposits into the Escrow Account, as may be required under the County Loan Agreement, and all interest on the foregoing, shall collectively be referred to as the "Escrow Fund.") The Escrow Fund shall be administered only as set forth herein, and the parties hereto acknowledge that the Escrow Fund may only be used to make payments on the Section 108 Loan in accordance with the County Loan Agreement.

The obligations and duties of the Escrow Agent shall be determined exclusively by this Escrow Agreement and the Escrow Agent shall possess no rights, obligations or duties pursuant to the County Loan Agreement between the City and the County.

The parties desire to set forth the terms on which the Escrow Fund is to be created and to establish the rights and responsibilities of the parties hereto.

Except as otherwise expressly provided herein, all capitalized terms in this Escrow Agreement shall have the meanings set forth in the County Loan Agreement.

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

1. The City hereby elects and agrees to deposit or cause to be deposited with the Escrow Agent into the Escrow Account, established pursuant hereto, the Cash Deposit, the Initial Escrow Deposit together with any additional amounts which may be required to be so deposited under the Loan Documents, all for the purpose of satisfying the City's obligations therein. All deposits shall be accompanied with written instructions stating that the funds shall be deposited into the Escrow Fund established pursuant to this Escrow Agreement.

2. Upon receipt of a requisition executed by the County, the Escrow Agent shall disburse funds from the Escrow Fund to the County to make payments on the Section 108 Loan as required by HUD. Upon receipt of written instructions from the County only, the Escrow Agent shall transfer funds deposited by the City in the Los Angeles County Community Development Commission Guaranteed Loan Funds Repayment Account No. 110237-012 to the Escrow Account.

3. The Escrow Fund is hereby established, which is a special fund to be held in trust for the exclusive benefit of County, and its assigns, and is to be known as the "City of Claremont Section 108 Loan Escrow Fund." The City acknowledges that the County shall be deemed to be in "possession" of the Escrow Fund and that the County has a perfected security interest to the Escrow Fund. Any amounts on deposit in the Escrow Fund shall be invested and administered as set forth herein.

4. The Escrow Agent hereby agrees to serve as escrow agent upon the terms and conditions set forth herein. The Escrow Agent agrees that the Escrow Fund shall be held in trust for the account and benefit of the County. Except as specifically provided otherwise in this Escrow Agreement, the City has given the County complete control over the Escrow Fund. The County shall assign such rights to HUD, as evidenced by the Assignment and Pledge Agreement between the County and HUD. All interest earned with respect to the Escrow Fund shall accrue to the benefit of the City and shall be applied as expressly set forth herein. Finally, notwithstanding the use of the term "Escrow Agent" in this Agreement, the Escrow Agent, in the performance of its duties hereunder, shall be deemed to be the agent of the County and not of the City.

At least 48 hours prior to the time COUNTY draws down funds from HUD (the "Deposit Date"), the City shall transmit to the Escrow Agent in immediately available funds

the Cash Deposit, the Initial Escrow Deposit to be deposited into the Escrow Account and used by the Escrow Agent immediately to purchase U.S. Treasury notes, bonds and/or bills, as well as any investment pursuant to the City's investment policies (other than cash), for deposit into the Escrow Account. Such purchase (and any future purchase with additional amounts deposited in the Escrow Fund) shall be made in accordance with the written instructions of the City or the County (Exhibit 1).

On the Deposit Date, the Escrow Agent agrees to accept the Cash Deposit, the Initial Escrow Deposit by the City and any additional deposits made, and further agrees to hold the securities so deposited, together with all interest and other additions received with respect thereto, as the Escrow Fund hereunder, in escrow on the express terms and conditions set forth herein. The Escrow Agent shall follow the written instructions of the County as to deposits and disbursements from the Escrow Fund upon receipt thereof.

5. The Escrow Agent shall at all times segregate the Escrow Fund into the Escrow Account which is being maintained for that express purpose, and which account shall be clearly identified on the books and records of the Escrow Agent as being held in its capacity as the Escrow Agent. Securities and other negotiable instruments, if any, comprising all or any portion of the Escrow Funds from time to time shall be held or, if registerable, registered in the name of the Escrow Agent (or its nominee). The Escrow Fund shall not, to the extent permitted by applicable law, be subject to levy or attachment or lien by or for the benefit of any creditor of any of the parties hereto.

6. Should there be an event of default on the City's part with respect to the Section 108 Loan which results in acceleration of the Section 108 Loan, County shall provide a written requisition to the Escrow Agent (with a copy to the City) informing the Escrow Agent of the event of default giving rise to acceleration and requesting that the Escrow Agent deliver by wire transfer or otherwise to County or its assignee up to the entire amount on deposit in the Escrow Fund. Any moneys left in the Escrow Fund after the County has given the Escrow Agent written notice that all payments on the Section 108 Loan have been made in full shall be transferred to the City upon written notice from the County that the Section 108 Loan has been paid in full at which time the Escrow Fund shall be closed.

7. (a) The cash comprising all or any portion of the Escrow Fund from time to time shall be invested and reinvested by the Escrow Agent in Treasury securities or other permitted investments and in accordance with the written investment directions of the City, which directions shall be set forth in a letter in the form attached hereto as Exhibit 1. The City hereby covenants that any such investment shall be in compliance with the investment policies of the City. At least ten (10) calendar days prior to each August 1, November 1, February 1 and May 1, sufficient funds shall be invested by Escrow Agent in short-term liquid investments to provide funds available to make quarterly or semi-annual payments on the Section 108 Loan.

(b) The Escrow Agent will use due diligence to collect all instruments for the payment of money comprising the Escrow Fund and shall promptly notify the County and the City in the event of dishonor. All interest or other amounts earned and received by the Escrow Agent with respect to the Escrow Fund shall be deposited in and comprise a part of the Escrow Fund.

8. The Escrow Agent shall send monthly statements of account to the City and County, which statements shall set forth all deposits to, withdrawals from and interest earnings on the Escrow Fund as well as the investments in which the Escrow Fund is invested. Such statements shall be sent regardless of whether they are actually requested by the City or the County. The Escrow Agent shall keep for a period of five (5) years after the Section 108 Loan has been paid in full, complete and accurate books, documents, papers and records pertinent to this Escrow Agreement, including such books, documents, papers and records of all moneys received and disbursed under this Escrow Agreement, which shall be available for inspection by the City, the County, HUD, the Comptroller General of the United States or any of their respective duly authorized representatives, or the agent of any of them, at any time during regular business hours.

9. The City hereby agrees to pay the reasonable fees and expenses of the Escrow Agent for County fiscal years 2005-2006 through 2015 incurred in connection herewith in an amount and in terms as further outlined in the attached Exhibit 2. The Escrow Agent shall submit invoices to the City indicating the task and per unit cost(s) associated with approved duties, pursuant to Exhibit 2 and as discussed herein. The Escrow Agent shall maintain source documentation of all costs charged for monitoring purposes. Maximum compensation under this contract shall not exceed Five Thousand Dollars ($5,000) per year.

10. The Escrow Agent and the City hereby acknowledge that this Escrow Agreement shall be administered for the County by the Community Development Commission of the County of Los Angeles ("CDC"), and Escrow Agent shall accept instructions from the CDC on behalf of the County in all respects as if given directly by the County. The Escrow Agent shall have no liability for acting upon any written instruction presented by the County or CDC in connection with this Escrow Agreement which the Escrow Agent in good faith believes to be genuine and to have been approved or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Escrow Agreement, and the Escrow Agent shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. Furthermore, the Escrow Agent, its directors, officers or employees shall not be liable for any act or omission in connection with this Escrow Agreement except for their own negligence, willful misconduct or bad faith. The Escrow Agent may consult with legal counsel with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by Escrow Agent hereunder in good faith in accordance therewith. The Escrow Agent shall not be liable for any loss or diminution in value of the

Escrow Fund as a result of the investments made by the Escrow Agent in accordance with written instructions presented to it in accordance with the terms hereof. The recitals of facts, covenants and agreements herein and contained in the County Loan Agreement shall be taken as statements, covenants and agreements of the City and the County, and the Escrow Agent neither assumes any responsibility for the correctness of the same, nor makes any representations as to the validity or sufficiency of this Escrow Agreement or of the County Loan Agreement, nor shall Escrow Agent incur any responsibility in respect thereof, other than in connection with the duties or obligations herein imposed upon the Escrow Agent. The Escrow Agent will be responsible only for the performance of its duties as specified in this Escrow Agreement. The County and the City hereby release the Escrow Agent from any and all claims, losses, damages or liabilities now existing, or hereafter arising from, or in connection with this Escrow Agreement or the services to be performed by the Escrow Agent in connection herewith, except for any claims, losses, damages or liabilities that are directly caused by negligence, willful misconduct or bad faith of the Escrow Agent. The parties hereto agree that the release provided in this Section 10 shall survive the termination of the Escrow Agreement and shall remain in full force and effect until any and all applicable laches periods or statutes of limitations have expired.

11. To the extent permitted by applicable law, the County and the City jointly agree to indemnify and hold the Escrow Agent and its directors, officers or employees harmless from and against all claims, suits and actions brought against it, or to which any of them are made a party, and from all losses and damages, including, without limitation, reasonable attorneys fees and court costs suffered by any of them as a result thereof, where such claim, suit or action arises in connection with the Escrow Agent acting solely upon written instructions from the County or the City pursuant to this Escrow Agreement, the transactions described herein and in the County Loan Agreement or the Escrow Agent's employment as an escrow agent by the County. Notwithstanding the foregoing, such indemnification shall not extend to claims, suits and actions brought against the Escrow Agent for claims, losses, damages or liabilities that are directly caused by the negligence, willful misconduct or bad faith of the Escrow Agent or failure to perform and carry out the duties specifically imposed upon and to be performed by it pursuant to this Escrow Agreement.

12. The Escrow Agent or any successor to the Escrow Agent may resign at any time by giving thirty (30) days' prior written notice to the City and the County. The County may at any time, or for any reason, without prior written consent which will not be unreasonably withheld, remove the Escrow Agent as the Escrow Agent under this Escrow Agreement upon thirty (30) days' written notice. Such resignation or removal shall not be effective until the County shall have appointed a successor to the Escrow Agent. Upon the effective date of resignation or removal, the Escrow Agent will transfer the Escrow Fund to the successor escrow agent selected by the County. Any successor thereto must have capital (exclusive of borrowed capital) and surplus of at least Fifty Million Dollars ($50,000,000) and be subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to statute or the requirements of any federal or state supervising or examining authority, then

for the purposes of this Section 12, the combined capital and surplus of such bank or trust company may be conclusively established for the purposes hereby in its most recent report of condition so published. If no successor shall have been appointed as of the effective date of the resignation of the Escrow Agent as set forth above, all of the Escrow Agent's obligations hereunder shall be terminated, except that it shall hold sums then remaining in the Escrow Fund as a mere bailee pending (a) the Escrow Agent's receipt of the County's instruction to transfer same to a successor escrow agent or (b) the Escrow Agent's receipt of an order of a court of competent jurisdiction directing transfer of same. If no successor escrow agent is appointed within ninety (90) days after the resignation of the Escrow Agent, the Escrow Agent may petition a court of competent jurisdiction for appointment of a successor.

13. The County may, by written notice to the Escrow Agent, immediately terminate the right of Escrow Agent to proceed under this Escrow Agreement if it is found that consideration, in any form, was offered or given by the Escrow Agent, either directly or through an intermediary, to any County officer, employee or agent with the intent of securing this Escrow Agreement or securing favorable treatment with respect to the award, amendment or extension of this Escrow Agreement or the making of any determinations with respect to the Escrow Agent's performance pursuant to this Escrow Agreement. In the event of such termination, the County shall be entitled to pursue the same remedies against the Escrow Agent as it could pursue in the event of default by the Escrow Agent.

14. Any company into which the Escrow Agent may be merged or converted, or with which it may be consolidated, or any company resulting from any merger, conversion or consolidation to which it shall be a party, or any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business (provided that such company shall be eligible under Section 12) shall be the successor to the Escrow Agent without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

15. In the event of the failure by any party hereto to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Escrow Agreement, any non-defaulting party hereto shall have all of the rights and remedies now or hereafter existing at law or in equity against the defaulting party. No delay or omission to exercise any such right or power accruing upon any default shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In case an event of default has occurred and is continuing, the Escrow Agent shall exercise such of the rights and powers vested in it by this Escrow Agreement and use the same degree of skill and care in its exercise as a prudent person would exercise or use under the circumstances in the conduct of its own affairs.

16. This Escrow Agreement and the escrow established hereunder, except for the final monthly statement of account, shall terminate upon receipt by the Escrow Agent of

the written notice from the County that the Section 108 Loan has been repaid in full, and any moneys remaining in the Escrow Fund shall be disbursed pursuant to Section 6 herein.

17. In the event of any dispute in respect of the disbursement of all or any portion of the Escrow Fund, or if any disagreements arise among the parties hereto in respect of the interpretation of this Escrow Agreement, or concerning their rights and obligations hereunder, or the propriety of any action contemplated by the Escrow Agent hereunder, or if the Escrow Agent in good faith is in doubt as to what action should be taken hereunder, the Escrow Agent will not be obligated to resolve the dispute or disagreement or to make any disbursement of all or any portion of the Escrow Fund, but may commence an action in the nature of an interpleader and seek to deposit such funds in a court of competent jurisdiction, and thereby shall be discharged from any further duty or obligation with respect to the Escrow Fund. The Escrow Agent, in its sole discretion, may elect in lieu of filing such action in interpleader to cease to perform under this Escrow Agreement and all instructions received in connection herewith until the Escrow Agent has received a written notice of resolution of such dispute or disagreement signed by the parties to such dispute or disagreement.

18. The Escrow Agent acknowledges that the County has established a goal of ensuring that all individuals who benefit financially from the County through contract are in compliance with their court-ordered child, family and spousal obligations in order to mitigate the economic burden otherwise imposed upon the County and its taxpayers.

As required by County's Child Support Compliance Program (County Code Chapter 2.200) and without limiting the Escrow Agent's duty under this Escrow Agreement to comply with all applicable provisions of law, the Escrow Agent warrants that it is now in compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC section 653a) and California Unemployment Insurance Code section 1088.5, and shall implement all lawfully served Wage and Earnings Withholding Orders or District Attorney Notices of Wage and Earnings Assignment for Child or Spousal Support, pursuant to Code of Civil Procedures section 706.031 and Family Code section 5246(b).

19. Failure of the Escrow Agent to maintain compliance with the requirements set forth in Section 18 herein shall constitute a default by the Escrow Agent under this Escrow Agreement. Without limiting the rights and remedies available to Escrow Agent under any other provision of this Escrow Agreement, failure to cure such default within ninety (90) days of notice by the Los Angeles County District Attorney shall be grounds upon which the Executive Director of the Community Development Commission may terminate this Escrow Agreement.

20. The Escrow Agent acknowledges that County places a high priority on the enforcement of child support laws and the apprehension of child support evaders. The Escrow Agent understands that it is County's policy to encourage all County contractors to voluntarily post County's "L.A.'s Most Wanted: Delinquent Parents" poster in a prominent

position at the Escrow Agent's place of business. District Attorney will supply the Escrow Agent with the poster to be used.

21. The County or its agent will evaluate Escrow Agent's performance under this Escrow Agreement on not less than an annual basis. Such evaluation will include assessing Escrow Agent's compliance with all contract terms and performance standards. Escrow Agent deficiencies which County determines are severe or continuing and that may place performance of this Escrow Agreement in jeopardy if not corrected will be reported to the Board of Commissioners. The report will include improvement/corrective action measures to be taken by the County and Escrow Agent. If improvement does not occur consistent with the corrective action measures, County may terminate this Escrow Agreement or seek other remedies as specified in this Escrow Agreement.

22. All notices, certificates or other communications hereunder shall be in writing and shall be deemed to have been properly given on the earlier of (a) when delivered in person; (b) the third (3rd) business day following deposit in the United States mail, with adequate postage, and sent by registered or certified mail, with return receipt requested to the appropriate party at the address set forth below; (c) the first (1st) business day following deposit with Federal Express, Express Mail or other overnight delivery service for next day delivery, addressed to the appropriate party at the address set forth below; or (d) the first (1st) business day following transmission by facsimile, with a confirmation copy sent by regular United States mail, postage prepaid, sent to the appropriate party at the address set forth below:

Community Development Commission of the
County of Los Angeles
Attention: Terry Gonzalez, Director, CDBG Division
2 Coral Circle
Monterey Park, California 91755
(Tel) 323-890-7168
(Fax) 323-890-8595

City of Bell Gardens
Finance Director
7100 South Garfield Avenue
Bell Gardens, California 90201
(Tel) 818-898-1233
(Fax) 818-898-7329

U.S. Bank, N.A.
Corporate Trust Department
633 West 5th Street, 24th Floor
Los Angeles, California 90071
(Tel) 213-615-6016

(Fax) 213-615-6198

23. Each party shall be responsible for providing each other party with appropriate wire instructions as needed.

24. This Escrow Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns. No rights or obligations of the Escrow Agent under this Escrow Agreement may be assigned without the prior written consent of the City and the County.

25. Notwithstanding any other provision of this Escrow Agreement, Escrow Agent shall repay to the City any money held by the Escrow Agent hereunder in trust remaining unclaimed for thirty (30) days after the Escrow Agent is notified by the County that principal and interest of all of the Section 108 Loan shall have been paid in full. Notwithstanding the foregoing, the Escrow Agent shall, upon the written request of the County, repay such money to the City at any time earlier than thirty (30) days if failure to repay such money to the City within such earlier period shall give rise to the operations of any escheat statute under applicable law.

26. Nothing in this Escrow Agreement, expressed or implied, is intended or shall be construed to give any person other than the City, the County, HUD and the Escrow Agent any legal or equitable right, remedy or claim under or in respect of this Escrow Agreement or any covenant, condition or provision hereof; and all such covenants, conditions and provisions are and shall be for the sole and exclusive benefit of the City, the County, HUD and the Escrow Agent.

27. This Escrow Agreement shall be governed by and construed in accordance with federal, California and local laws. This Escrow Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof, and no waiver, consent, modification or change of terms hereof shall bind any party unless in writing signed by all parties. The City and the County represent and warrant that each of them, respectively, has full power and authority to execute, deliver and perform each of their obligations, respectively, under this Escrow Agreement and that this Escrow Agreement has been duly authorized, executed and delivered and is a legal, valid and binding obligation of each of them respectively, enforceable in accordance with its terms. Any provision of this Escrow Agreement found by a court of competent jurisdiction to be prohibited by law shall be ineffective only to the extent of such prohibition and shall not invalidate the remainder of this Escrow Agreement. This Escrow Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

27. The Escrow Agent shall keep confidential all reports, information and data received, prepared or assembled pursuant to performance hereunder. Such information shall not be made available to any person, firm, corporation or entity other than bank regulators without the prior written consent of the City and the County.

IN WITNESS WHEREOF, the parties have caused this Escrow Agreement to be duly executed under seal as of the day and year first above set forth.

COUNTY OF LOS ANGELES

By: _____
Carlos Jackson, Executive Director
Community Development Commission
of the County of Los Angeles

APPROVED AS TO FORM:
OFFICE OF THE COUNTY COUNSEL

By: _____
Deputy

CITY OF BELL GARDENS

By: _____
City Administrator

APPROVED AS TO FORM:

By: _____
City Attorney

U.S. BANK, N.A.

By: _____
Mark Petrasso, Assistant Vice President

EXHIBIT 1

Investment Direction Letter of the City of Bell Gardens

Date:

Subject: Escrow Agreement dated as of _____ XX, 2005, by and between the City of Bell Gardens, the County of Los Angeles, and U.S. Bank, N.A.

Dear_____:

Pursuant to the above-referenced Escrow Agreement, $_____will be delivered to you on or about _____ XX, 2005. Such funds should be invested in the following:

Amount	Nature of Investment/Instrument	Maturity
$_____	_____	_____

The foregoing investment directions may be changed by subsequent investment direction letters executed by the City and the County.

Sincerely,

CITY OF BELL GARDENS

By: _____