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January 19, 2016

Sharon Anderson, County Counsel
Contra Costa County
651 Pine Street, 9th Floor
Martinez, CA 94553

City of Antioch
Derek Cole, Interim City Attorney
Cota & Cole
2261 Lava Ridge Court
Roseville, CA 95661

Re: Consents to Potential Conflict of Interest – Tabora Gardens

Dear Ms. Anderson and Mr. Cole:

We write this letter in response to the request of Contra Costa County (the "County") that Goldfarb & Lipman LLP ("Goldfarb & Lipman") represent the County in connection with the County's loan of HOME, HOPWA, NSP1, and Summer Lake Trust funds to a limited partnership affiliate of Satellite Affordable Housing Associates ("SAHA") for the construction of an affordable housing project on property located at 3557 Tabora Drive, Antioch, California. The City of Antioch (the "City") will also provide financing as set forth in more detail below.

The primary purpose of this letter is to disclose to the County and the City our representation of the County and to request your acknowledgment of and consent to the potential conflict of interest that arises from Goldfarb & Lipman's representation of the County in this transaction.

I. Existing Relationships.

The County is an existing client. We represent the County on numerous housing loan transactions throughout the County.

The City is also an existing client. We represent the City in matters related to it acting as the successor agency to its former redevelopment agency.

II. Current Transaction.

Satellite Affordable Housing Associates Property Management ("Current Owner") owns the real property located at 3557 Tabora Drive, Antioch, California (the "Property"). The Current Owner intends to transfer the Property to a limited partnership in which the general partner will be controlled by SAHA (the "Partnership"). The Partnership intends to construct an 85-unit senior affordable housing development on the Property (the "Improvements") (collectively, with the Property, the "Development").

San Francisco

415 788-6336

Los Angeles

213 627-6336

San Diego

619 239-6336

Goldfarb & Lipman LLP

Sharon Anderson
Derek Cole
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The County HOME, HOPWA, NSP1, and Summer Lake Trust funds will be used to fund predevelopment activities of the Partnership and the construction of the Development by the Partnership. The County loan will be in an amount not to exceed Three Million Dollars (\$3,000,000) (Five Hundred Fifty Thousand Dollars (\$550,000) in NSP funds, Six Hundred Fifty Thousand Dollars (\$650,000) in HOPWA funds, Seven Hundred Thousand Dollars (\$700,000) in HOME funds, and One Million One Hundred Thousand Dollars (\$1,100,000) in Summer Lake Trust funds) (the "County Loan"). The County Loan will be evidenced by a Regulatory Agreement and Declaration of Restrictive Covenants and a Deed of Trust with Assignment of Rents, Security Agreement, and Fixture Filing to be recorded against the Property. The County Loan will have a term of fifty-five (55) years.

On June 1st, 2011 the City made a loan to the Current Owner of Neighborhood Stabilization Program (NSP) funds in the amount of One Million Nine Hundred Eighty Three Thousand Seven Hundred Fifty Five Dollars (\$1,983,755) (the "City NSP Loan"). On June 6th, 2011 the City as Successor Housing Agency to the Antioch Development Agency made a loan to the Current Owner in the amount of Three Hundred Thousand Dollars (\$300,000) (the "Successor Agency Loan"). Both loans have been fully disbursed.

On February 24th, 2015 the City as Successor Housing Agency to the Antioch Development Agency committed to loan an additional Six Hundred Thousand Dollars (\$600,000) for construction of the Development (the "Successor Agency Construction Loan"). Also on February 24th, 2015 the City committed to loan One Hundred Seventy Thousand (\$170,000) of Neighborhood Stabilization Program (NSP) funds and Two Hundred Thirty Thousand (\$230,000) of CDBG funds for construction of the Development (the "City Construction Loan"). The Successor Agency Loan, City NSP Loan, Successor Agency Construction Loan and City Construction Loan are collectively referred to as the "City Loan".

It is our understanding that both the City Loan and County Loan will be repayable from excess cash flow from the Development. To effect that, the City and the County will enter into an Intercreditor Agreement that will set out their agreement as to the sharing of Development cash flow for the repayment of the City Loan and the County Loan, in proportion to the amount of the City Loan and the County Loan.

The Intercreditor Agreement may also set forth the City and County agreement as to the co-equal lien position of the deeds of trust for the City loan and County Loan and the process for addressing foreclosure of such deeds of trust.

The County has requested that Goldfarb & Lipman represent the County in all aspects of its role in the Development including the drafting and negotiating the documents evidencing the County Loan.

III. Potential Conflict of Interest.

To date the City has not requested that we represent it in the Development. Nevertheless, our representation of the County could potentially create a conflict of interest for Goldfarb & Lipman related to, among other matters, our duty of loyalty to existing clients. The interests of the County and the City in the Development are potentially adverse because each party has different objectives and goals in the Development. In addition, it is conceivable that that we may have obtained confidential information from the City that may in the future be material to our representation of the County in the Development.

IV. Rules of Professional Conduct

At this time, we feel that we can competently represent the County in the Development and still maintain our duty of loyalty to the City in the unrelated matters in which we represent them. In addition, we do not feel we have obtained any confidential information from the City which is material to our representation of the County in the Development. However, if an actual conflict should arise related to the Development in which (i) we could not maintain our duty of loyalty to the City in the unrelated matters, (ii) the issue of dispute is substantially related to the same issue in which we represented the City, or (iii) we have obtained any confidential information from the City which is material to our representation of the County as it relates to the Development, we would require the additional written consent of the County and the City before we could continue to represent the County in the Development. In the unlikely event of litigation between the City and the County on this matter, we would not represent either party in the litigation.

As attorneys we are governed by specific rules relating to our representation of clients where we have a relationship with both parties and therefore a potential conflict of interest. Rules 3-310(A), (B), (C), and (E) of the Rules of the Professional Conduct of the State Bar of California govern conflicts of interest. Accordingly, we must obtain the informed written consent of the County and the City before proceeding with our representation of the County in connection with the Development.

V. Consents

If, after considering the foregoing, the County and the City are so inclined, please sign and return to us a copy of this letter (i) acknowledging that we have informed you of our existing and continuous relationship with the County and the City in matters unrelated to this Development, (ii) acknowledging that the County and the City have been advised of Rules 3-310(A), (B), (C), and (E) and the potential conflict of interest associated with our representing the County in connection with the Development, and (iii) indicating that the City and the County, as applicable, nevertheless consents to our representation of the County in connection with the Development.

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If you have any questions regarding this letter or our representation of the County please call us before signing and returning a copy of this letter.

Sincerely,



ISABEL BROWN



KAREN TIEDEMANN

CONSENT

Goldfarb & Lipman LLP ("Goldfarb & Lipman") has explained to each of the undersigned the potential conflicts of interest that could arise from Goldfarb & Lipman's representation of the County in connection with the Development. We acknowledge the disclosure of: (i) Goldfarb and Lipman's past and continuing representations of the County and the City in matters unrelated to the Development, (ii) the potential conflicts arising from such representation, and (iii) the consequences of any actual conflicts that may arise. The undersigned nevertheless consent to Goldfarb & Lipman's representation of the County in connection with the Development.

We understand that we have the right to seek independent counsel before signing this consent or at any future time.

Dated: _____

COUNTY OF CONTRA COSTA

By: _____
Sharon Anderson, County Counsel

Dated: _____

CITY OF ANTIOCH

By: _____
Derek Cole, Interim City Attorney