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James T. Diamond, Jr. Dear Ms. Anderson and Mr. Cole:

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Caroline Nasella

Eric S. Phillips

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Daniel S. Maroon

Justin D. Bigelow

Re: Joint Representation and Potential Conflict of Interest – Tabora Gardens

City of Antioch

Derek Cole, Interim City Attorney

Cota & Cole

2261 Lava Ridge Court

Roseville, CA 95661

We are writing this letter in response to your request that Goldfarb & Lipman LLP ("Goldfarb & Lipman") jointly represent the County of Contra Costa (the "County") and the City of Antioch (the "City") in connection with City and County financing to be provided 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 County and the City previously executed a "Consent to Potential Conflict of Interest" letter dated January 19, 2016 (the "Original Letter") in which the City and County agreed to Goldfarb & Lipman's representation of the County in the transaction. The City has now requested that Goldfarb & Lipman represent it in the transaction.

The primary purpose of this letter is to request your acknowledgment of and consent to the potential conflict of interest that arises from Goldfarb & Lipman's joint representation of the County and the City in this transaction. Isabel Brown is the attorney working with the County, and Karen Tiedemann is the attorney working with the City. Although different Goldfarb & Lipman attorneys represent the County and the City in the transaction, such representation is still considered joint representation.

The following is a summary of the transaction and the factors to be considered as previously summarized in the Original Letter.

I. Background

San Francisco Satellite Affordable Housing Associates Property Management ("Current Owner")
owns the real property located at 3557 Tabora Drive, Antioch, California (the
415 788-6336 "Property"). The Current Owner intends to transfer the Property to a limited
Los Angeles partnership in which the general partner will be controlled by SAHA (the
213 627-6336 "Partnership"). The Partnership intends to construct an 85-unit senior affordable
San Diego housing development on the Property (the "Improvements") (collectively, with the
619 239-6336 Property, the "Development"). The County HOME, HOPWA, NSP1, and Summer Lake

Goldfarb & Lipman LLP

Trust funds will be used to fund predevelopment activities of the Partnership and the construction of the Development by 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 (if any) from the Development. The Development is proposed to be restricted to persons earning at or below fifty percent (50%) of Area Median Income. Cash flow from developments of this income level tends to be minimal as most income generated is used for operating expenses including debt service on commercial bank financing.

To effect the sharing of Development cash flow, the City and the County will enter into an Intercreditor Agreement that documents the repayment of the City Loan and the County Loan, in proportion to the amount of the City Loan and the County Loan. Those repayment provisions will also be set out in the County Loan Agreement. 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 Intercreditor Agreement proposed to be used is a standard form that the County has used on multiple other transactions when County and other public agency funds are part of the project financing and is generally not a heavily negotiated document. This is the only document in the transaction where both the County and the City are parties.

Goldfarb & Lipman is currently representing the County in the transaction. The City has requested that Goldfarb & Lipman represent the City in all aspects of its role in the Development

including the drafting and negotiating of the documents evidencing the City Loan. The Contra Costa County Counsel's office will review all documents and will be involved in any negotiations of the Intercreditor Agreement.

II. Rules of Professional Conduct

As attorneys, we are governed by specific rules relating to joint representation of clients when we are representing more than one party in a transaction. According to the Rules 3-310(A), (B), (C), and (E) of the Rules of Professional Conduct of the State Bar of California, we must disclose certain information, and obtain the written consent of the County and the City in order to represent both clients.

III. Joint Representation

As discussed above, the County's and the City's consents are being requested because of the potential conflict of interest which may arise due to Goldfarb & Lipman's existing relationships with the County and the City, and the joint representation of each of you in the Development.

A. 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 redevelopment and affordable housing matters.

The existing relationships that Goldfarb & Lipman have with each of you could create a potential conflict of interest as discussed below.

B. Consequences of Joint Representation

As you are aware, the interests and objectives of each of you on certain issues related to the Development are, or may become inconsistent with one another. Therefore, it is important that you thoroughly understand the consequences of joint representation.

In representing both of you in this Development, Goldfarb & Lipman will strive to provide legal services which are equally beneficial to both the County and the City. In other words, rather than vigorously asserting each of your respective interest in the Development, we will strive to reach agreements on matters that are mutually beneficial to both clients.

At this point, we feel that we can competently represent both the County and the City. There are, however, some consequences of joint representation that the County and the City should consider, and for which the advice of independent legal counsel should be sought.

1. No Secrets. First, Goldfarb & Lipman cannot maintain any secrets between the County and the City in connection with the Development. In other words, anything

disclosed by the County and the City to Goldfarb & Lipman that is relevant to the representation must be disclosed to the other party. Therefore, if one party does not wish something relevant disclosed to the other party, then that party should not disclose it to us.

Additionally, in fulfilling our obligations to provide competent legal services, we may have to disclose to each party any information that we have obtained from any party in this transaction or any other transactions which may be relevant or material to this joint representation. Notwithstanding the foregoing, we would be required to obtain your prior written consent before we could make any such disclosures. At this point, we are unaware of any information that would require such disclosure.

2. Adverse Interest. Second, if any actual adverse interest develops between the County and the City, then we will have to determine whether we can continue our representation. If we decide that the interests are too divergent and that we can no longer provide competent legal representation to both of the respective interests, then we will have to withdraw from representing either party in connection with the Development.

3. Attorney-Client Privilege. Finally, with joint representation, the County and the City waive the attorney-client privilege between themselves in connection with this Development. This means that in the event of litigation between the County and the City in connection with the Development, Goldfarb & Lipman could be compelled to testify against a party. Both parties would, however, maintain the attorney-client privilege against third parties who might sue them.

IV. Consents

You should thoroughly review and consider the matters discussed in this letter, and perhaps seek independent counsel before providing your consent. If, after such review, each of you consents to Goldfarb & Lipman representing the County and the City in the manner outlined above, please sign and return the attached consent form acknowledging that you have been advised of (i) Goldfarb & Lipman's past and continuing relationships with the County and the City, (ii) the potential conflict of interest that Goldfarb & Lipman may have in its joint representation of the County and the City in connection with the Development, and (iii) the consequences of such joint representation; and that you nevertheless, want to consent to our joint representation of the County and the City in connection with the Development.

If you have any questions regarding this letter, please call before signing and returning the enclosed copy of this letter.

Sincerely,



ISABEL BROWN



KAREN M. TIEDEMANN

CONSENT

Goldfarb & Lipman LLP ("Goldfarb & Lipman") has apprised the County and the City of: (i) Goldfarb & Lipman's past and continuing relationships with the County and the City; (ii) the potential conflict of interest that Goldfarb & Lipman may have in its joint representation of the County and the City in connection with the Development; and (iii) the consequences of such joint representation. The undersigned nevertheless consent to Goldfarb & Lipman's joint representation of the County and the City in the Development.

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

Dated: _____

CONTRA COSTA COUNTY, a political
subdivision of the State of California

By: _____
Sharon Anderson, County Counsel

Dated: _____

CITY OF ANTIOCH, a municipal corporation

By: _____
Derek Cole, Interim City Attorney