

## PROJECT AGREEMENT

The Project Agreement (the "Agreement") dated October \_\_, 2017, is by and between the County of Contra Costa, California (the "County"), and TREG Antioch I Prop Co LP, a Delaware limited partnership ("TREG").

### RECITALS:

WHEREAS, TREG is purchasing the property and improvements thereon currently known as Cypress Meadows Assisted Living Facility (the "Project"); and

WHEREAS, in connection with the issuance in 1998 of its Residential Rental Facility Revenue Bonds (Cypress Meadows Project) 1998 Series E and its Taxable Residential Rental Facility Revenue Bonds (Cypress Meadows Project) 1998 Series F (collectively, the "Bonds"), the County, the trustee for the Bonds, and Skyline Crest Enterprises, LLC, a prior owner of the Project, entered into an Amended and Restated Regulatory Agreement and Declaration of Restrictive Covenants, dated as of September 1, 1998 (as amended by the First Amendment to Amended and Restated Regulatory Agreement and Declaration of Restrictive Covenants, dated as of November 1, 2004, the "Regulatory Agreement"), which Regulatory Agreement imposed certain restrictions on the operation of the Project; and

WHEREAS, the Bonds have been paid in full and the Qualified Project Period, as defined in the Regulatory Agreement, has ended, but certain provisions of the Regulatory Agreement have not yet been fully satisfied; and

WHEREAS, Cypress Meadows Antioch, LLC, the current owner of the Project, and TREG have requested that the County terminate the Regulatory Agreement, and the County is willing to do so contingent upon the execution of this Agreement by TREG with respect to certain matters related to the operation and rehabilitation of the Project referred to herein, and payment of amounts owing to the County under the Regulatory Agreement.

### AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing and for other consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

Section 1. Restrictions on Operation of the Project. Notwithstanding any termination of the Regulatory Agreement, TREG agrees, consistent with the provisions of Section 6(f) of the Regulatory Agreement, that except in the event of foreclosure, deed in lieu of foreclosure, eminent domain, or action of a federal agency preventing enforcement, the twenty percent or more of the dwelling units in the Project that were required by the Regulatory Agreement to be reserved for occupancy by individuals whose income is fifty percent or less of area median income shall remain available to any eligible household occupying a reserved unit as of August 31, 2015, being the date of expiration of the Qualified Project Period (an "Eligible Unit"), at a rent (excluding any supplemental rental assistance from the state, the federal government, or any other public agency to those occupants or on behalf of the units) not greater than thirty percent of fifty percent of area median income, until the earliest of any of the following occur:

(a) The household's income exceeds 140 percent of fifty percent of area median income.

(b) The household voluntarily moves or is evicted for "good cause." "Good cause" for the purposes of this section means the nonpayment of rent or allegation of facts necessary to prove major, or repeated minor, violations of material provisions of the occupancy agreement which detrimentally affect the health, safety, occupancy or quiet enjoyment of other persons or the structure, the fiscal integrity of the Project or the purposes or special programs of the Project.

(c) Thirty years after November 30, 1999 (being the date of the commencement of the Qualified Project Period).

(d) TREG pays the relocation assistance and benefits to tenants as provided in subdivision (b) of Section 7264 of the California Government Code.

Section 2. Compliance With Government Code Provisions. TREG agrees to comply with the provisions of Sections 65863.10 and 65863.11 of the California Government Code as applicable to the Project.

Section 3. Rehabilitation Expenditures. TREG agrees to use commercially reasonable efforts to expend, during the 36 month period beginning with its obtaining title to the Project, at least \$1,500,000 on facility upgrades to the Project, which upgrades shall be determined by TREG in its reasonable business judgement, and which may include the following:

- Upgrade of life safety components
- Repair and replacement of the roof
- New common area fixtures, furniture and equipment
- Update and upgrade the dining room
- Upgrade the existing courtyard to useable space
- Paint the inside and outside of the Project
- Install all new kitchen equipment

From time to time, but no sooner than 18 months after TREG acquires title to the Project and no more often than every 9 months thereafter, upon the County's written request, TREG shall provide the County with a written summary of the amount that TREG has theretofore expended towards upgrades to the Project, and a description of such upgrades, in furtherance of its obligations under the preceding paragraph.

Section 4. Certain Tenant Assistance. If any resident occupying a unit as of the date TREG acquires title to the Project expresses to TREG such resident's intent to move out of the Project, TREG shall provide the resident with two written handouts, one of which shall be a list of alternate facilities which may fit the needs of the resident (and which list shall include any facilities that the County advises TREG in writing to include on the list), and the other of which shall provide the resident with current contact information for the County's Area Agency on Aging (whose current website is located at <http://ehsd.org/elderly-disabled/area-agency-on-aging/>).

Section 5. Indemnification. TREG hereby covenants and agrees that it shall hold harmless, defend and indemnify the County its Supervisors, officers and employees (individually and collectively, the "Indemnatee") from and against all claims, liabilities, obligations, damages, penalties, litigation, costs, charges and expenses (including without limitation reasonable attorneys), imposed on, incurred by or asserted against an Indemnatee and arising from, resulting

from, or in any way connected with or related to a breach by TREG of its obligations under Sections 1, 2, 3 or 4 of this Agreement; provided, however, that this provision shall not require TREG to indemnify any Indemnatee from any claims, costs, fees, expenses or liabilities arising solely from the willful misconduct of the Indemnatee or arising from, or resulting from, or in any way connected with or related to, any action or any inaction by any prior owner of the Project or the termination of the Regulatory Agreement.

In the event that any action or proceeding is brought against the County or any of its Supervisors, officers or employees with respect to which indemnity is sought hereunder, TREG, upon written notice from the Indemnatee, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnatee and the payment of all expenses related thereto. The Indemnatee shall have the right to employ separate defense counsel at the sole cost and expense TREG, upon the Indemnatee's reasonable determination that such separate counsel is necessary to provide the Indemnatee with an adequate defense to any such action or proceeding.

Section 6. Termination of Agreement. This Agreement shall terminate on the latest to occur of: (a) the fulfillment of any of the conditions set forth in Section 1(a)-(d) as to each Eligible Unit, (b) the date that TREG certifies in writing to the County that it has fully complied with Sections 65863.10 and 65863.11 of the California Government Code with respect to the Project, or (c) the satisfaction of TREG's obligation to expend the funds described in Section 3; provided, however, at the time of termination there are no pending matters for which any Indemnatee has sought indemnity under Section 5 by written notice theretofore given to TREG. The County agrees to execute any commercially reasonable documents requested in writing by TREG to effectuate or acknowledge such termination.

Section 7. Representations. Each party to this Agreement, by its execution hereof, represents and warrants to each other party hereto that this Agreement has been executed by its duly authorized officer and that this Agreement is a legal, valid and binding obligation of it, enforceable against it in accordance with the terms hereof.

Section 8. Execution in Counterparts. This Agreement may be simultaneously executed in any number of counterparts, each of which when so executed shall be deemed to be an original, but all together shall constitute but one and the same Agreement.

Section 9. Entire Agreement; Assignment. It is understood that there are no oral agreements between the parties hereto affecting this Agreement, and this Agreement supersedes and cancels any and all previous negotiations and understandings, if any, among the parties hereto and none will be used to interpret or construe this Agreement. TREG may assign its obligations under this Agreement to any subsequent owner of the Project, upon written notice to the County of any such assignment and execution by the subsequent owner of a written acceptance of such assignment (a copy of which shall be provided to the County).

IN WITNESS WHEREOF, the County and TREG have executed this Agreement, in each case as of the date indicated below the signatures of their respective representative below.

TREG ANTIOCH I PROP CO LP, a  
Delaware limited partnership

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date of Execution: \_\_\_\_\_

COUNTY OF CONTRA COSTA,  
CALIFORNIA

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date of Execution: \_\_\_\_\_