



- Developer to deposit \$3,010,000 cash in escrow prior to close;
- Agency to carry remaining \$1,000,000 for 30 months after close of escrow at 5 percent interest with up to 12 months in extensions for payback;
- Note will be paid back via the proceeds from the sale of the condos; and
- The principal of Brandywine Homes, Jim Barisic, has agreed to offer a personal guarantee for the \$1,000,000 promissory note, and has provided the financial documentation required.

State law requires that prior to the disposition of property by a redevelopment agency, the legislative body must first approve the sale by resolution after a Public Hearing. Since this is a significant change to the previously approved Agreement, a Public Hearing is prudent. Notice of the time and place of the Public Hearing must be published in a newspaper of general circulation at least once a week for at least two successive weeks, at least 14 days prior to the Public Hearing. Notice for this Public Hearing was published in the *Garden Grove Journal* newspaper on September 9, 2010, and September 16, 2010.

Because this Amendment did not change the purchase price of the property or increase Agency costs, a revised Summary Report was not prepared. Agency staff has provided a copy of the original Summary Report, dated March 2010, for the Disposition and Development Agreement (Attachment 2) for reference.

#### FINANCIAL IMPACT

Previous Agency revenue estimates of \$150,000 to \$200,000 annually as well as \$4,010,000 in land sale proceeds remains accurate. Additionally, a modest amount of interest income will be realized over the term of the promissory note, and will vary depending on how quickly it is repaid.

#### RECOMMENDATIONS

Staff recommends that the City Council:

- Conduct the joint Public Hearing; and
- Adopt a Resolution consenting to the approval by the Agency of the First Amendment to the Disposition and Development Agreement by and between the Agency and Century Village Group, LLC.

Staff recommends that the Agency:

- Adopt a Resolution approving the attached First Amendment to the Disposition and Development Agreement with Century Village Group, LLC for the development of the 2.67-acre site in the city of Garden Grove within the area known as the "Century Triangle"; and
- Authorize the Director to execute the First Amendment to the Disposition and Development Agreement, and any other pertinent documents required to effectuate the First Amendment to the Disposition and Development Agreement.



Jim DellaLonga  
Project Manager

- Attachment 1: First Amendment to the Disposition and Development Agreement  
Attachment 2: Summary Report for Original Disposition and Development Agreement  
Attachment 3: City Council Resolution  
Attachment 4: Agency Resolution  
Attachment 5: Site Map

(document I.D.)

**Approved for Agenda Listing**



**Matthew Fertal**  
Director

**FIRST AMENDMENT TO DISPOSITION AND DEVELOPMENT AGREEMENT**

This **FIRST AMENDMENT TO DISPOSITION AND DEVELOPMENT AGREEMENT** (the "First Amendment") is dated for reference purposes only as of the \_\_\_\_ day of \_\_\_\_\_, 2010 (the "First Amendment Agreement Date"), and is being entered into by and between the **GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT**, a public body, corporate and politic ("Agency"), and **CENTURY VILLAGE GROUP, LLC**, a California limited liability company ("Developer"). Agency and Developer are sometimes hereinafter individually referred to as a "Party" and collectively as the "Parties."

**RECITALS**

The Parties are entering into this First Amendment on the basis of the following facts, understandings, and intentions:

A. On or about April 13, 2010, Agency and Developer entered into that certain Disposition and Development Agreement (the "Original Agreement") that provides, *inter alia*, for Agency's sale of the "Site" to Developer and Developer's development of the "Project" thereon.

B. Agency and Developer desire to amend certain provisions set forth in the Original Agreement relating to the timing of Developer's payment of the "Purchase Price," as more particularly set forth in this First Amendment.

**COVENANTS**

Based upon the foregoing Recitals, which are incorporated into this First Amendment by this reference, and for good and valuable consideration, the receipt and sufficiency of which is acknowledged by both Parties, Agency and Developer agree as follows:

1. The defined terms used in this First Amendment shall have the same meanings ascribed to those terms in the Original Agreement.

2. The following defined terms are hereby added to the list of definitions set forth in Section 101 of the Original Agreement:

“Guarantor” means James L. Barisic, a married man.

“Guaranty” means the written agreement and undertaking by the Guarantor to personally guarantee payment of the Promissory Note. The form of the Guaranty is set forth in Exhibit K attached hereto and incorporated herein by reference.”

“Promissory Note” means that certain Promissory Note that memorializes Developer's obligation to pay to Agency the One Million Dollar (\$1,000,000) portion of the Purchase Price

that will be paid after the Closing. The form of the Promissory Note is set forth in Exhibit J attached hereto and incorporated herein by reference.”

3. Agency hereby makes all of the same representations, warranties, and covenants set forth in Section 102.1(a), (b), (c), (d), and (e) of the Original Agreement with respect to this First Amendment to the same extent it made such representations, warranties, and covenants with respect to the Original Agreement. Developer hereby makes all of the same representations, warranties, and covenants set forth in Section 102.2(a), (b), (c), (d), and (e) of the Original Agreement with respect to this First Amendment to the same extent it made such representations, warranties, and covenants with respect to the Original Agreement.

4. Section 201 of the Original Agreement is hereby amended by deleting the reference therein to the Purchase Price being “all cash.” Instead, the Parties agree that Three Million Ten Thousand Dollars (\$3,010,000) of the Purchase Price shall be paid in cash at the Closing and the balance of One Million Dollars (\$1,000,000) shall be memorialized in and paid pursuant to the Promissory Note.

5. Section 201.3(a) of the Original Agreement is hereby amended to read in its entirety as follows:

“(a) At least two (2) business days prior to the scheduled Close of Escrow, Developer shall submit to Escrow Agent the following:

(i) two (2) originals of a certificate of acceptance of the Grant Deed duly executed by Developer and acknowledged;

(ii) two (2) originals of the Restrictive Covenants duly executed by Developer and acknowledged;

(iii) any documents to be recorded as part of Developer’s Construction Loan for the Project which Agency has approved in writing pursuant to Section 311;

(iv) the original Promissory Note duly executed by Developer; and

(v) the Guaranty of the Promissory Note duly executed by the Guarantor.”

6. The first sentence in Section 201.3(b) of the Original Agreement is hereby amended to read in its entirety as follows:

“Prior to the scheduled Close of Escrow, Developer shall deposit the cash portion of the Purchase Price into Escrow (i.e., \$3,010,000 less the sum of the Deposit and all accrued interest thereon, as verified by the Escrow Holder) plus Developer’s share of escrow, title, and closing costs.”

7. Sections 201.4(b) of the Original Agreement is hereby amended to read in its entirety as follows:

“Promptly after the Close of Escrow, the Escrow Agent shall deliver or cause to be delivered to Agency the following documents:

- (i) a conformed copy of the recorded Grant Deed;
- (ii) the recorded original of the Restrictive Covenants;
- (iii) the original executed Promissory Note and Guaranty; and
- (iv) a closing statement.”

8. Section 205.1(c) of the Original Agreement is hereby amended to read in its entirety as follows:

“(c) Payment of Funds and Delivery of Documents. Prior to the Close of Escrow, Developer shall have deposited into Escrow the cash portion of the Purchase Price, the Promissory Note, the Guaranty, and all of the Closing Costs that are Developer’s responsibility in accordance with Sections 201.2(c) and 201.3(b) hereof.”

9. The description of “Item of Performance” 4.5 in the Schedule of Performance (Exhibit D to the Original Agreement) is hereby amended to read as follows:

“Developer deposits into Escrow the balance of the cash portion of Purchase Price, the Promissory Note, and the Guaranty, and Developer’s share of escrow, title, and closing costs needed to comply with Developer’s obligations and close the Escrow.”

10. New Exhibits J (the Promissory Note) and K (the Guaranty) are hereby added to the Original Agreement, as amended by this First Amendment.

16. Except as expressly set forth herein, all of the terms and conditions set forth in the Original Agreement shall remain in full force and effect and enforceable in accordance with their terms.

17. This First Amendment may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

[signatures on next page]

IN WITNESS WHEREOF, the Parties hereto have executed this First Amendment as of the First Amendment Agreement Date specified herein.

**AGENCY:**

**GARDEN GROVE AGENCY FOR  
COMMUNITY DEVELOPMENT,**  
a public body, corporate and politic

By: Matthew Fernald  
Agency Director

**ATTEST:**

\_\_\_\_\_  
Agency Secretary

**APPROVED AS TO FORM:**

Thomas P. Clark, Jr.  
Stradling Yocca Carlson & Rauth  
Agency General Counsel

**DEVELOPER:**

**CENTURY VILLAGE GROUP, LLC**  
a California limited liability company

By: Brandywine Homes, a California  
Corporation, its Manager

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT J

PROMISSORY NOTE

\$1,000,000.00

\_\_\_\_\_, 2010 (the "Note Date")

Garden Grove, California

FOR VALUE RECEIVED, CENTURY VILLAGE GROUP, LLC, a California limited liability company ("Borrower"), promises to pay to the GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT, a public body corporate and politic ("Agency"), located at 11222 Acacia Parkway, Garden Grove, CA 92840, or such other place as Agency may designate in writing, the sum of One Million Dollars and 00/100 Cents (\$1,000,000.00) (the "Note Amount") or such other amount which shall from time to time be owing hereunder, plus any accrued and unpaid interest thereon and any additional charges owing hereunder by Borrower to Agency, in currency of the United States of America.

1. **Interest.** Interest on the unpaid principal amount owing hereunder shall commence to accrue on the Note Date and continue until all sums due hereunder are fully paid at an interest rate equal to five percent (5%) per annum.

2. **DDA; Installment Payments and Outside Maturity Date.** This Promissory Note sets forth Borrower's obligation to pay a portion of the Purchase Price for certain real property being conveyed by Agency to Borrower (the "Site") on the Note Date pursuant to that certain unrecorded Disposition and Development Agreement entered into by and between Agency and Borrower and dated as of April 13, 2010, as amended by that certain First Amendment to Disposition and Development Agreement entered into by and between Agency and Borrower and dated as of \_\_\_\_\_, 2010 (collectively, the "DDA"). The DDA is a public record available for inspection and copying during normal business hours in the office of the City Clerk of the City of Garden Grove, located at 11222 Acacia Parkway, Garden Grove, CA 92840. All defined terms in this Promissory Note that are not defined herein have the same meanings as are ascribed to said terms in Section 101 of the DDA.

Pursuant to the DDA, Borrower is obtaining certain loans (collectively and as the same may be supplemented, modified, and extended from time to time, the "Construction Loan") from Housing Capital Company or affiliate (the "Construction Lender") to assist Borrower to acquire the Site and develop the "Project" thereon. The Construction Lender has a right under the Construction Loan to receive certain release payments from the transfer of lots and, ultimately, from the net sale proceeds of completed dwelling units within the Project.

Subject and subordinate to the Construction Lender's rights under the Construction Loan, after any and all payments due by Borrower to or for the benefit of Construction Lender pursuant to the Construction Loan have been made, Borrower agrees to pay to Agency one hundred percent (100%) of the net proceeds otherwise payable to or for the benefit of Borrower from the



sales of completed dwelling units within the Project until the unpaid principal balance of this Promissory Note and any accrued and unpaid interest and any additional charges owing by Borrower to Agency hereunder have been paid in full. In the event that Borrower has not paid in full all such sums owing to Agency within thirty (30) months after the Note Date, all remaining unpaid sums owing by Borrower to Agency hereunder shall be paid at that time; provided, however, that if Borrower has not sold all of the completed dwelling units within the Project within thirty (30) months after the Note Date Borrower's deadline for payment of any outstanding balance owing on this Promissory Note shall be extended until the earlier of (i) the date on which Borrower closes escrow for the sale of the last completed dwelling unit within the Project or (ii) the date that is forty-two (42) months after the Note Date.

**3. Prepayment.** Borrower at its option shall be entitled to prepay all or a portion of the outstanding Note Amount at any time prior to the maturity of this Note.

**4. Acceleration.** In the event that Borrower defaults in its obligation to timely make any payment due under this Promissory Note and said default continues for a period of ten (10) business days after Borrower's receipt of written demand for payment (with Saturdays, Sundays, and legal holidays excluded from the calculation of "business days" for purposes of this Promissory Note), at Agency's discretion and delivery of written demand to Borrower the entire outstanding principal balance and accrued and unpaid interest owing under this Promissory Note shall become immediately due and payable. Upon default, Agency shall have such rights and remedies as may be provided in law or equity.

**5. Additional Terms.**

a. All payments shall be first credited to accrued interest, if any, next to costs, charges, and fees which may be owing from time to time, and then to principal. All payments shall be made in lawful money of the United States. Payments shall be made to Agency at the address set forth in paragraph 7 herein or at such other address as Agency or the holder of this Note may direct pursuant to notice delivered to Borrower in accordance with paragraph 7.

b. Borrower agrees to pay the following costs, expenses, and reasonable attorney's fees paid or incurred by Agency, or adjudged by the court, in the collection of amounts in default or other costs incurred as a result of a default by Borrower under this Promissory Note: (i) costs of collection, costs and expenses and attorney's fees paid or incurred in connection with the collection or enforcement of this Promissory Note, whether or not suit is filed, and (ii) costs of suit and such sums as the court may adjudge as attorney's fees in any action to enforce payment of this Promissory Note or any part of it if Agency prevails in such suit.

**6. Assignability.** Borrower shall have the right to assign the obligations set forth in this Promissory Note to any successor or assign to Borrower's fee interest in and to the Site or applicable portion thereof from time to time and any such successor or assign shall have the right to assume Borrower's obligations; provided, however, that prior to Agency's issuance of the Release of Construction Covenants with respect to a separate legal parcel within the Site, as provided in Section 310 and Exhibit G of the DDA, such rights of assignment and assumption

shall be limited to successors and assigns of Borrower authorized or permitted as set forth in the DDA. Upon Borrower's assignment of its obligations set forth in this Promissory Note and the successor's or assign's execution of an assumption agreement in a form reasonably satisfactory to Agency's attorney, Borrower shall be released from its obligations hereunder.

7. **Notices.** Any notices required by law or this Promissory Note shall be given either by (i) personal service, (ii) delivery by reputable document delivery service such as Federal Express that provides a receipt showing date and time of delivery, or (iii) mailing in the United States mail, certified mail, postage prepaid, return receipt requested.

Notices to Borrower shall be addressed to:

Century Village Group, LLC  
c/o Brandywine Homes  
16580 Aston  
Irvine, CA 92606  
Attn: James L. Barisic

With a copy to:

Rutan & Tucker, LLP  
611 Anton Boulevard, 14<sup>th</sup> Floor  
Costa Mesa, CA 92626  
Attn: Jeffrey M. Oderman, Esq.

Notices to Agency shall be addressed to:

Garden Grove Agency for Community Development  
11222 Acacia Parkway  
Garden Grove, CA 92840  
Attention: Agency Director

Notices personally delivered or delivered by document delivery service shall be deemed effective upon receipt. Notices mailed shall be deemed effective on the third business day following deposit in the United States mail. Either party may designate that notices be sent to other or additional addresses by complying with the requirements of this section.

8. **Litigation.** This Promissory Note shall be governed by and construed in accordance with the internal laws of the State of California without regard to conflict of law principles. The parties agree that in any litigation between the parties arising out of this Promissory Note, the Superior Court of the State of California in and for the County of Orange shall have exclusive jurisdiction. The prevailing party in any litigation between the parties arising out of or connected to this Promissory Note, in addition to whatever other relief to which the prevailing party is entitled, shall also be entitled to reasonable attorney's fees, including fees and costs for discovery, expert witness fees, and any fees and costs for appeal. In the event of such legal action, service of process on Agency shall be made in such manner as provided by law

for service on a California public entity; service of process on Borrower shall be made in such manner as may be provided for by law.

**9. No Waiver.** No waiver of any breach, default, or failure of condition under the terms of this Promissory Note, or the obligations secured hereby, shall be implied from any failure of Agency to take, or any delay by Agency in taking, action with respect to such breach, default, or failure from any previous waiver or any similar or unrelated breach, default, or failure; and a waiver of any term of this Promissory Note must be made in writing and shall be limited to the express written terms of such waiver.

**10. Waivers by Borrower.** Borrower waives: presentment; demand; notice of dishonor; notice of default or delinquency; notice of acceleration; notice of protest and nonpayment; notice of costs, expenses or losses and interest thereon; and diligence in taking any action to collect any sums arising under this Note.

**11. Time of Essence.** Time is of the essence with respect to all matters of performance under this Promissory Note.

**12. Severability.** In the event that any term or provision of this Promissory Note is held to be unenforceable, the remainder of this Promissory Note shall remain in full force and effect to the fullest extent without inclusion of the unenforceable term or provision.

**13. Interpretation.** In the event of any conflict between this Promissory Note and the DDA, this Promissory Note shall govern. The terms of this Promissory Note shall be construed in accordance with the meaning of the language used, and shall not be construed for or against either party by reason of the authorship of this Promissory Note or any other rule of construction which might otherwise apply. The paragraph headings are for purposes of convenience only, and shall not be construed to limit or extend the meaning of this Promissory Note.

**14. Unsecured Personal Obligation of Borrower Only Except as Provided in Guaranty.** This Promissory Note is unsecured. Notwithstanding any other provision set forth in this Promissory Note or the DDA to the contrary and except as expressly set forth in the Guaranty, Borrower's obligations under this Promissory Note shall be a personal liability of Borrower only and shall not be a liability of or binding upon any of the members, officers, principals, partners, employees, or agents of Borrower or any of their respective successors or assigns.

IN WITNESS WHEREOF, Developer has executed this Promissory Note as of the date first above written.

**DEVELOPER:**

**CENTURY VILLAGE GROUP, LLC**  
a California limited liability company

By: Brandywine Homes, a California  
Corporation, its Manager

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## EXHIBIT K

### GUARANTY

This GUARANTY ("Guaranty") is executed as of \_\_\_\_\_, 2010, by James L. Barisic, a married man ("Guarantor"), for the benefit of Garden Grove Agency for Community Development, a public body, corporate and politic ("Agency"), with reference to the following facts:

### RECITALS

A. On or about April 13, 2010, Agency and Century Village Group, LLC, a California limited liability company ("Developer"), entered into that certain Disposition and Development Agreement which provides, *inter alia*, for Agency's conveyance to Developer of approximately 2.67 acres of land area owned by Agency within the City of Garden Grove, County of Orange, State of California (the "Site"), which agreement was amended by that certain First Amendment to Disposition and Development Agreement dated as of \_\_\_\_\_, 2010 (with the original Disposition and Development Agreement as so amended and as the same may be subsequently amended from time to time being referred to herein as the "DDA"). Capitalized terms used herein and not otherwise defined herein shall have the definitions ascribed to said terms in the DDA.

B. Pursuant to the DDA, Developer's payment of One Million Dollars (\$1,000,000) of the Purchase Price for the Site was memorialized in an unsecured Promissory Note delivered by Developer to Agency on or about the date of this Guaranty.

C. Pursuant to the DDA, Developer is required to furnish to Agency this Guaranty to provide security for Developer's payment of the Promissory Note.

D. Guarantor is a principal in Developer and is benefited by Agency's entering into and performing its obligations under the DDA, including without limitation Agency's acceptance of the Promissory Note.

### AGREEMENT

Based on the foregoing Recitals, which are incorporated into this Guaranty by this reference, and for good and valuable consideration, the receipt and sufficiency of which is acknowledged by Guarantor, Guarantor hereby certifies, represents, and warrants to Agency and agrees as follows:

## ARTICLE 1

### REPRESENTATIONS AND WARRANTIES

Guarantor makes the following representations and warranties which shall be continuing representations and warranties until this Guaranty expires in accordance with the provisions contained herein:

1.1 No Conflict. The execution and delivery of this Guaranty are not, and the performance of this Guaranty will not be, in contravention of, or in conflict with, any agreement to which Guarantor is a party or by which it or any of his property is or may be bound or affected and do not and will not cause any security interest, lien, or other encumbrance to be created or imposed upon any such property.

1.2 Solvency. The execution and delivery of this Guaranty will not (i) render Guarantor insolvent under generally accepted accounting principles nor render Guarantor Insolvent (as defined below), (ii) leave Guarantor with remaining assets which constitute unreasonably small capital given the nature of Guarantor's business, or (iii) result in the incurrence of Debts (as defined below) beyond Guarantor's ability to pay them when and as they mature. For the purposes of this Section 1.2, "Insolvent" means that the present fair salable value of assets plus monetary assets available without sale are collectively less than the amount that will be required to pay the probable liability on existing Debts as they become absolute and matured. For the purposes of this Section 1.2, "Debts" includes any legal liability for indebtedness, whether matured or unmatured, liquidated or unliquidated, absolute, fixed or contingent.

1.3 Financial or other Benefit or Advantage. Guarantor hereby acknowledges and warrants that Guarantor is affiliated with Developer and that Guarantor has derived or expects to derive a financial or other benefit or advantage from the consummation of the transactions contemplated by the DDA.

## ARTICLE 2

### GUARANTEED OBLIGATIONS

2.1 Guaranty. For the "Term" of this Guaranty (as defined in Section 3.5), Guarantor hereby absolutely, unconditionally and irrevocably guarantees Developer's obligation to pay the Promissory Note strictly in accordance with the terms thereof (the "Guaranteed Obligation").

2.2 Obligations Absolute. The obligations of Guarantor hereunder shall remain in full force and effect during the Term of this Guaranty without regard to, and shall not be affected or impaired by the following, any of which may be taken without the consent of, or notice to, Guarantor:

2.2.1 Any express or implied amendment, modification, renewal, addition, supplement, extension, acceleration or assignment of or to the Guaranteed Obligation;

2.2.2 Any exercise or non-exercise by the Agency of any right or privilege under this Guaranty or the documents evidencing the Guaranteed Obligation;

2.2.3 Any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to Guarantor, Developer, or any other guarantor (which term shall, for the purposes of this Guaranty, include any other party at any time directly or contingently liable for the Guaranteed Obligation under the DDA or the Promissory Note, or any other documents relating thereto) or any affiliate of Developer, or any action taken with respect to this Guaranty by any trustee or receiver, or by any court, in any such proceeding, whether or not Guarantor shall have had notice or knowledge of any of the foregoing;

2.2.4 Any assignment or other transfer of this Guaranty in whole or in part except as agreed in writing by Agency; and/or

2.3 Waivers. Guarantor unconditionally waives any defense to the enforcement of this Guaranty, including, without limitation:

2.3.1 Any right to require Agency to proceed against Developer or any other guarantor at any time or to proceed against or exhaust any security held by Agency at any time or to pursue any other remedy whatsoever at any time;

2.3.2 Any defense arising by reason of any disability of Developer or any guarantor, or of any manner in which Agency has exercised its rights and remedies in respect of the Guaranteed Obligation;

2.3.3 Any defense based upon an election of remedies by Agency;

2.3.4 Any duty of Agency to advise Guarantor of any information known to Agency regarding the financial condition of Developer and all other circumstances affecting Developer's ability to perform its obligations to Agency, it being agreed that Guarantor assumes the responsibility for being and keeping informed regarding such condition or any such circumstances;

2.3.5 Any rights of subrogation, reimbursement, exoneration, contribution and indemnity, and any rights or claims of any kind or nature against Developer which arise out of or are caused by this Guaranty, and any rights to enforce any remedy which Agency now has or may hereafter have against Developer and any benefit of, and any right to participate in, any security now or hereafter held by Agency, until the Guaranteed Obligation has been fully paid and performed; and

2.3.6 Any right to assert against the Agency as a defense, counterclaim, set-off or cross-claim any defense (legal or equitable), set-off, counterclaim, and/or claim which Guarantor may now or at any time hereafter have against Developer so long as the Guaranteed Obligations are outstanding.

2.3.7 All presentments, demands for payment and/or payment, notices of non-payment, protests, notices of protest, notices of dishonor, notices of default, notice of acceptance of this Guaranty, diligence in collection, and all other notices or formalities to which Guarantor may be entitled.

2.3.8 Without limiting the generality of any of the foregoing waivers or any other provision of this Guaranty, Guarantor further waives any waiver by Developer of any of Developer's rights under California Civil Code Section 2822. Guarantor further waives any rights, defenses and benefits which might otherwise be available to Guarantor under California Civil Code Sections 2787 to 2855, inclusive (including, without limitation, California Civil Code Sections 2809, 2810, 2819, 2839, 2845, 2848, 2849 and 2850), 2899 and 3433, and any successor sections. Guarantor acknowledges and agrees that all waivers of defenses arising from any impairment of Guarantor's rights of subrogation, reimbursement, contribution and indemnification and waivers of any other rights, privileges, defenses or protections available to Guarantor by reason of Sections 2787 to 2855, inclusive, of the California Civil Code are intended by Guarantor to be effective to the maximum extent permitted by applicable law.

2.4 Subrogation. Guarantor understands that the exercise by Agency of certain rights and remedies may affect or eliminate Guarantor's right of subrogation against Developer or any other guarantor and that Guarantor may therefore incur partially or totally non-reimbursable liability hereunder. Nevertheless, Guarantor hereby authorizes and empowers Agency, its successors, endorsees and/or assigns, to exercise in its or their sole discretion, any rights and remedies, or any combination thereof, which may then be available, it being the purpose and intent of Guarantor that the obligations hereunder shall be absolute, continuing, independent, and unconditional under any and all circumstances, subject to the terms hereof.

2.5 Independent and Separate Obligations. The obligations of Guarantor hereunder are independent of the obligations of Developer in respect of the Guaranteed Obligation and, in the event of any default hereunder, a separate action or actions may be brought and prosecuted against Guarantor whether or not Guarantor is the alter ego of Developer and whether or not Developer is joined therein or a separate action or actions are brought against Developer. Agency's rights hereunder shall not be exhausted until the Guaranteed Obligation has been fully paid or performed as applicable.

2.6 Bankruptcy No Discharge: Repayments. So long as any portion of the Guaranteed Obligation hereunder shall be owing to Agency, Guarantor shall not, without the prior written consent of Agency, commence or join with any other party in commencing any bankruptcy, reorganization, or insolvency proceedings of or against Developer. Guarantor understands and acknowledges that by virtue of this Guaranty, it has specifically assumed any



and all risks of a bankruptcy or reorganization case or proceeding with respect to Developer. As an example and not in any way of limitation, a subsequent modification or assignment of the Guaranteed Obligation in any reorganization case concerning Developer shall not affect the obligation of Guarantor to pay and perform the Guaranteed Obligation in accordance with its respective original terms.

2.7 Payments and Performance. Guarantor agrees that whenever Guarantor shall make any payment to Agency or otherwise perform the Guaranteed Obligation hereunder on account of the liability hereunder, Guarantor will deliver such payment or tender such performance to Agency at the address provided in Section 3.6 below or at such other address as may be required by Agency and notify Agency in writing that such payment is made or performance tendered under this Guaranty for such purpose. It is understood that Agency, without impairing this Guaranty, may apply payments from Developer to the Guaranteed Obligation or to such other obligations owed by Developer to Agency in such amounts and in such order as Agency in its complete discretion determines. No payment made hereunder by Guarantor to Agency shall constitute Guarantor as a creditor of Agency.

### ARTICLE 3

#### MISCELLANEOUS

3.1 Exercise of Remedies; Successors; Etc. No delay or failure by Agency to exercise any remedy against Developer or Guarantor will be construed as a waiver of that right or remedy. All remedies of Agency are cumulative. When the context in which the words are used in this Guaranty indicates that such is the intent, words in the singular number shall include the plural and vice-versa. If anyone or more of the provisions of this Guaranty should be determined to be illegal or unenforceable, all other provisions shall remain effective. Guarantor shall not have the right to assign any of its rights or obligations under this Guaranty.

3.2 Governing Law. This Guaranty shall be governed by and construed in accordance with the laws of the State of California.

3.3 Assignability by Agency. Agency shall not assign, conditionally or otherwise, the rights of Agency, in respect of the Guaranteed Obligation under this Guaranty, without the prior written approval of Guarantor, which may be given or withheld in Guarantor's sole and absolute discretion.

3.4 Demands. Each demand by Agency for performance or payment hereunder shall be in writing and shall be made in the manner set forth in Section 3.6 below.

3.5 Term. The obligations of Guarantor under this Guaranty shall terminate upon the date Developer fully pays and performs its obligations set forth in the Promissory Note. In this regard, Upon termination of this Guaranty, Agency, upon receipt of a written request therefor from Guarantor, shall promptly provide the Guarantor with written confirmation of the termination of this Guaranty.

3.6 Notices. Formal notices, demands, and communications between County and Guarantor shall be given either by (i) personal service, (ii) delivery by reputable document delivery service such as Federal Express that provides a receipt showing date and time of delivery, or (iii) or by mailing in the United States mail, certified mail, postage prepaid, return receipt requested. Notices to Guarantor shall be addressed to James L. Barisic, c/o Brandywine Homes, 16580 Aston, Irvine, CA 92606, with copies to Rutan & Tucker, LLP, 611 Anton Boulevard, 14<sup>th</sup> Floor, Costa Mesa, California 92626, Attention: Jeffrey M. Oderman, Esq., or such other address(es) as Guarantor may designate in writing to Agency. Notices to Agency shall be addressed in the manner provided in the DDA, as the same may be revised by Agency as provided in the DDA.

Notices personally delivered or delivered by document delivery service shall be deemed effective upon receipt. Notices mailed in the manner provided above shall be deemed effective on the second business day following deposit in the United States mail. Such written notices, demands, and communications shall be sent in the same manner to such other addresses as either party may from time to time designate by mail.

3.7 Complete Agreement. This Guaranty supersedes any prior negotiations, discussions, or communications among Guarantor and Agency and constitutes the entire agreement between Agency and Guarantor with respect to the Guaranteed Obligation.

3.8 Counterparts. This Guaranty may be executed in any number of counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the undersigned has executed this Guaranty as of the date first above written.

GUARANTOR:

James L. Barisic, a married man

---

## CONSENT OF SPOUSE

The undersigned acknowledges that the undersigned has read the **FIRST AMENDMENT TO DISPOSITION AND DEVELOPMENT AGREEMENT** by and between the **GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT**, a public body, corporate and politic (the "Agency"), and **CENTURY VILLAGE GROUP, LLC**, a California limited liability company (the "Developer") dated \_\_\_\_\_, 2010 (the "Agreement"), and the Guaranty entered into concurrently therewith by and between **JAMES L. BARISIC**, as Guarantor, and the Agency guarantying the Guaranteed Obligations as defined in the Guaranty. Capitalized terms used and not otherwise defined in this Consent of Spouse have the respective meanings given to them in the Guaranty and the Agreement.

The undersigned, intending to be legally bound:

1. represents and warrants that the undersigned is the spouse of James L. Barisic;
2. consents to and approves the execution, delivery and performance by the undersigned's spouse of, and agrees to be bound by the Guaranty with respect to the Guaranteed Obligations;
3. consents to and approves the consummation of the transactions contemplated by the Agreement;
4. agrees to execute and deliver any document, and to take any other action, that the Agreement, the Guaranty, the Developer and/or the Guarantor may reasonably request for the purpose of facilitating, consummating or evidencing any of the transactions contemplated by the Guaranty and/or the Agreement;
5. irrevocably appoints James L. Barisic (with full power of substitution) as the undersigned's agent and attorney-in-fact for the purpose of executing and delivering (on behalf of the undersigned) any contract, consent or other document, and for the purpose of taking any other action, relating directly or indirectly to the Agreement and/or the Guaranty; and
6. represents and warrants that the undersigned has had the opportunity to obtain legal advice, from counsel of the undersigned's own choosing and independent of the undersigned's spouse as to the undersigned's legal rights and as to the legal effect of this Consent of Spouse.

The representations, warranties, covenants, obligations and other provisions set forth in this Consent of Spouse shall survive the Closings, notwithstanding any investigation conducted with respect thereto or any knowledge of any other person.

Dated: \_\_\_\_\_, 2010

\_\_\_\_\_  
Linda L. Barisic

EXHIBIT I-1

**GARDEN GROVE REDEVELOPMENT PROJECT**

**GARDEN GROVE, CALIFORNIA**

**SUMMARY REPORT PERTAINING TO THE PROPOSED SALE  
OF CERTAIN PROPERTY WITHIN THE  
GARDEN GROVE COMMUNITY  
PROJECT AREA**

**California Community Redevelopment Law  
Section 33433**

**PURSUANT TO PROPOSED DISPOSITION AND  
DEVELOPMENT AGREEMENT  
BETWEEN  
GARDEN GROVE AGENCY FOR  
COMMUNITY DEVELOPMENT  
AND  
CENTURY VILLAGE GROUP, LLC**

**Garden Grove Agency for Community Development  
Garden Grove, California**

**March 2010**

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## **I. INTRODUCTION**

### **A. Purpose of Report**

This Summary Report was prepared in accordance with Section 33433 of the California Community Redevelopment Law in order to inform the Garden Grove Agency for Community Development (Agency) and the public about the proposed transaction between the Agency and Century Village Group, LLC (Developer). The Report describes and specifies:

1. The costs to be incurred by the Agency under the Disposition and Development Agreement (DDA);
2. Estimated value of the interest to be conveyed at the highest and best use permitted under the Redevelopment Plan;
3. The estimated value of the interest to be conveyed at the proposed use and with the conditions, covenants, and development costs required by the sale of the Property;
4. The compensation to be paid to the Agency pursuant to the proposed transaction;
5. An explanation of the difference, if any, between the compensation to be paid to the Agency under the proposed transaction, and the fair market value at the highest and best use consistent with the Redevelopment Plan; and
6. An explanation of why the sale of the Property will assist with the elimination of blight.

### **B. Description of Area and Proposed Project**

The site to be developed is a 2.67-acre site (Property) located within the Garden Grove Community Project Area (Project Area). The Property is situated at the northwesterly corner of Century Boulevard and Taft Avenue, including a portion of the vacated Walnut Street. The Property is flat and trapezoidal in shape and currently improved with an older commercial retail building and other on-site improvements such as remnant paving and perimeter fencing.

#### *Proposed Development*

Table 1 describes the physical characteristics of the proposed development. The Developer intends to build 53 market-rate townhome units (Project) comprising two, three, four, and five bedroom units, as shown below.

|                      | <u>Number<br/>of Units</u> | <u>Average<br/>Unit Size</u> |
|----------------------|----------------------------|------------------------------|
| <b>Two Bedroom</b>   | 6 Units                    | 1,394 SF                     |
| <b>Three Bedroom</b> | 14 Units                   | 1,700 SF                     |
| <b>Four Bedroom</b>  | 32 Units                   | 1,945 SF                     |
| <b>Five Bedroom</b>  | <u>1</u> Unit              | <u>2,247</u> SF              |
| <b>Total/Average</b> | 53 Units                   | 1,824 SF                     |

The townhome units will each have a private 2-car garage, totaling 106 parking spaces. There will be an additional 24 surface spaces provided for guest and resident parking.

**C. Proposed Transaction Terms**

This section summarizes the salient aspects contained in the Disposition and Development Agreement (DDA) between the Agency and Developer.

- The Agency will convey the Property to the Developer for \$4,010,000 (Purchase Price).
- The Developer will accept the Property in an “as is” condition.
- The Developer will acquire the necessary land use approvals for construction and operation of the Project.
- The Developer will construct 53 market-rate townhome units on the Property.

## II. COSTS OF THE DDA TO THE AGENCY

The estimated costs of the DDA to the Agency total \$2,665,000, and include the following items:

| <b>Agency Costs (1)</b>                 | <b>Amount</b>      |
|---|--------------------|
| Site Acquisition                        | \$2,509,000        |
| Acquisition Related Costs (2)           | \$131,000          |
| Other Agency Third Party Soft Costs (3) | <u>\$25,000</u>    |
| <b>Total Agency Costs</b>               | <b>\$2,665,000</b> |

(1) Per Agency.

(2) Reflects costs such as remediation, environmental, and relocation.

(3) Reflects legal and economic consultants.



### III. ESTIMATED VALUE OF THE INTEREST TO BE CONVEYED AT THE HIGHEST AND BEST USE PERMITTED UNDER THE REDEVELOPMENT PLAN

This section presents an analysis of the fair market value of the Property at its highest and best use.

In appraisal terminology, the highest and best use is that use of the Property that generates the highest property value and is physically possible, financially feasible, and legally permitted. Therefore, value at highest and best use is based solely on the value created and not on whether or not that use carries out the redevelopment goals and policies for the City of Garden Grove. By definition, the highest and best use is that use which is physically possible, financially feasible, and legally permitted. The Property is located within Land Use District 43 (community commercial) of the Community Center Specific Plan (CCSP) of the City of Garden Grove. The CCSP allows for commercial retail and office uses.

KMA undertook a review of available appraisals and comparable land sales in order to determine the fair market value of the Property. KMA first reviewed the appraisal done for the Agency and conducted by Lidgard and Associates, Inc. (Lidgard) with a date of value of January 8, 2010. The appraisal states the Property's optimal utility is for a commercial development. Lidgard relied on the comparable sales approach to value, with a conclusion of value for the Property of \$3,800,000, or \$33 per SF of land.

In addition, KMA undertook its own review of selected land sales in the City of Garden Grove and surrounding communities. Table 2 summarizes the KMA review of land sales. The KMA survey focused on sales of sites for the time period from January 2008 to the present. As shown in the table, sales prices ranged from \$18 to \$57 per SF of land. The median and average sales prices were \$37 and \$36 per SF of land, respectively. The appraised value determined by Lidgard falls slightly below the median and average sales prices of the comparables. In general, KMA finds the comparable sales to be superior to the Property in terms of location and timing of sale. On this basis, then, KMA concurs with the Lidgard appraisal finding of value for the Property.

KMA concludes that the fair market value of the Property at its highest and best use is \$3,800,000, or \$33 per SF of land.

#### IV. ESTIMATED VALUE OF THE INTEREST TO BE CONVEYED AT THE USE AND WITH THE CONDITIONS, COVENANTS, AND DEVELOPMENT COSTS REQUIRED BY THE SALE OF THE PROPERTY

Re-use value is defined as the highest price in terms of cash or its equivalent, which a property or development right is expected to bring for a specified use in a competitive open market, subject to the conditions, covenants, and development costs imposed by the DDA.

KMA analyzed the financial pro forma submitted by the Developer for the Project. The Developer intends to construct 53 townhome units with two-car attached garages.

Tables 3 to 5 present KMA's residual value analysis for the Project.

##### Development Costs

Table 3 summarizes the estimate of development costs for the Project. The Developer provided cost estimates for the construction of the Project. KMA reviewed these estimates in light of KMA's experience with comparable projects in Southern California. KMA has determined the cost estimates, as described below, to be reflective of today's marketplace. Total development costs, excluding acquisition are estimated to be \$14,484,000, or \$150 per SF of gross building area (GBA). These include the following:

- Direct construction costs, such as site preparation, shell construction, and contingency, are estimated to be \$9,815,000, or \$102 per SF GBA.
- Indirect costs, such as architecture and engineering, permits and fees, legal and accounting, taxes and insurance, developer fee, marketing and sales, and contingency, are projected to be \$3,628,000, or 37.0% of direct costs.
- Financing costs, consisting of loan fees, interest during construction, interest during sales, and homeowner association dues on unsold units, are estimated to be \$1,041,000, or 10.6% of direct costs.

##### Gross Sales Proceeds

Table 4 presents an estimate of the gross sales proceeds for the townhomes. As presented in the table, sales proceeds for the residential units are projected to total \$22,559,000, with an average unit price of \$426,000. Estimates for buyer incentives and warranty reduce the total gross proceeds to \$22,029,000.

### Residual Value

The KMA methodology for estimated residual value is presented in Table 5. As shown, the estimated maximum warranted investment that could be supported by the Project is \$18,284,000. This figure represents the estimated gross sales proceeds from the townhomes, less a cost of sale of 4.5% of value and an allowance for developer profit of 12.5% of value.

The residual value can be estimated as the difference between warranted investment (\$18,284,000) and total development costs (\$14,484,000). This difference is projected to yield a residual value of \$3,800,000, or \$33 per SF land.

On this basis, then, KMA concludes that the fair re-use value of the Property is \$3,800,000, or \$33 per SF land.

**V. THE COMPENSATION WHICH THE DEVELOPER WILL BE REQUIRED TO PAY**

The estimated value of the compensation to be received by the Agency for the Property is \$4,010,000.

**VI. EXPLANATION OF THE DIFFERENCE, IF ANY, BETWEEN THE  
COMPENSATION TO BE PAID TO THE AGENCY BY THE PROPOSED  
TRANSACTION AND THE FAIR MARKET VALUE OF THE INTEREST TO BE  
CONVEYED AT THE HIGHEST AND BEST USE CONSISTENT WITH THE  
REDEVELOPMENT PLAN**

The fair market value of the interest to be conveyed at its highest and best use is estimated by KMA to be \$3,800,000.

The value of the compensation to be received by the Agency is \$4,010,000.

The compensation to be paid to the Agency is greater than the fair market value of the interest to be conveyed at its highest and best use.

## **VII. EXPLANATION OF WHY THE SALE OF THE PROPERTY WILL ASSIST WITH THE ELIMINATION OF BLIGHT**

The Redevelopment Plan (Plan) for the Garden Grove Community Project Area governs the Property. In accordance with Section 33490 of the California Community Redevelopment Law, the Plan contains the goals and objectives and the projects and expenditures proposed to eliminate blight within the Project Area. Implementation of the DDA can be expected to assist in the alleviation of blighting conditions through the following:

- Eliminate blighting influences including deteriorating buildings, uneconomic land uses, obsolete structures, and other environmental, economic and social deficiencies.
- Encourage private sector investment in development in the Project Area.
- Provide housing to satisfy the needs and desires of various age, income and ethnic groups of the community, maximizing the opportunity for individual choice.

## VIII. LIMITING CONDITIONS

1. There are no known soil or subsoil problems, including toxic or hazardous conditions on the Property that need to be remediated in order to develop the Property.
2. The ultimate development will not vary significantly from that assumed in this Report.
3. The title of the property is good and marketable; no title search has been made, nor have we attempted to determine the ownership of the property. The value estimates are given without regard to any questions of title, boundaries, encumbrances, liens or encroachments. It is assumed that all assessments, if any are paid.
4. The Property will be in conformance with the applicable zoning and building ordinances.
5. Information provided by such local sources as governmental agencies, financial institutions, realtors, buyers, sellers, and others was considered in light of its source, and checked by secondary means.
6. If an unforeseen change occurs in the economy, the conclusions herein may no longer be valid.
7. The Project will adhere to the schedule of performance described in the DDA.
8. Both parties are well informed and well advised and each is acting prudently in what he/she considers his/her own best interest.

attachments

TABLE 1

**PROJECT DESCRIPTION  
CENTURY VILLAGE  
CITY OF GARDEN GROVE**

---

|                                 |   |                          |
|---------------------------------|---|--------------------------|
| <b>I. Location</b>              | Triangle bounded by Garden Grove and Century Boulevards and Taft Street |                          |
| <b>II. Site Area</b>            | 2.67 Acres  | 116,305 SF               |
| <b>III. Gross Building Area</b> |   |                          |
| Net Residential Area            | 96,651 SF   | 100%                     |
| Common Areas                    | <u>0</u> SF   | <u>0%</u>                |
| Total Gross Building Area       | 96,651 SF   | 100%                     |
| <b>IV. Unit Mix</b>             |   |                          |
|                                 | <u>Number of Units</u>  | <u>Average Unit Size</u> |
| Two Bedroom                     | 6 Units   | 1,394 SF                 |
| Three Bedroom                   | 14 Units  | 1,700 SF                 |
| Four Bedroom                    | 32 Units  | 1,945 SF                 |
| Five Bedroom                    | <u>1</u> Unit   | <u>2,247</u> SF          |
| Total/Average                   | 53 Units  | 1,824 SF                 |
| <b>V. Number of Stories</b>     | 3 Stories   |                          |
| <b>VI. Construction Type</b>    | Type V (Townhomes)  |                          |
| <b>VII. Density</b>             | 19.9 Units/Acre   |                          |
| <b>VIII. Parking</b>            |   |                          |
| Surface Spaces                  | 24 Spaces   |                          |
| Structured Spaces               | <u>106</u> Spaces (Private Garages)                                     |                          |
| Total Parking Spaces            | 130 Spaces  |                          |
| Parking Ratio                   | 2.45 Spaces/Unit  |                          |



TABLE 2

RESIDENTIAL AND COMMERCIAL LAND SALES COMPARABLES IN CENTRAL ORANGE COUNTY (1)  
 CENTURY VILLAGE  
 CITY OF GARDEN GROVE

| <u>Sale Date</u> | <u>Address</u>               | <u>City</u> | <u>Sale Price</u> | <u>Site Area</u> |              | <u>Land Improvements</u> | <u>Intended Use</u>       |
|------------------|------------------------------|-------------|-------------------|------------------|--------------|--------------------------|---------------------------|
|                  |                              |             |                   | <u>Acres</u>     | <u>\$/SF</u> |                          |                           |
| 01/19/10         | 9491 Edinger Ave.            | Westminster | \$1,200,000       | 0.52             | \$53         | N/A                      | Commercial                |
| 11/04/09         | 320 W. 4th Street            | Santa Ana   | \$150,000         | 0.09             | \$37         | Previously developed     | Retail, Office            |
| 09/10/09         | 1580 E. Warner Ave.          | Santa Ana   | \$2,259,279       | 2.82             | \$18         | Previously developed     | Commercial                |
| 08/26/09         | 9051 Katella Ave.            | Anaheim     | \$2,250,000       | 1.12             | \$46         | Asphalt paved lot        | Auto repair               |
| 05/13/09         | 208 E. Walnut St.            | Santa Ana   | \$350,000         | 0.25             | \$32         | Previously developed     | Hold for development      |
| 02/13/09         | 1680 Lincoln Ave.            | Anaheim     | \$1,185,000       | 0.48             | \$57         | N/A                      | Retail                    |
| 02/11/09         | 1225 W. Center St.           | Anaheim     | \$550,000         | 0.69             | \$18         | N/A                      | N/A                       |
| 12/19/08         | 2629 E. Chapman Ave.         | Orange      | \$3,500,000       | 2.20             | \$37         | Previously developed     | Medical                   |
| 08/28/08         | 322 N. Harbor Blvd.          | Santa Ana   | \$750,000         | 0.34             | \$50         | N/A                      | N/A                       |
| 06/13/08         | Goldenwest St. @ Wyoming St. | Westminster | \$1,550,000       | 1.59             | \$22         | Previously developed     | N/A                       |
| 05/12/08         | 602 N. Harbor Blvd.          | Santa Ana   | \$3,800,000       | 3.10             | \$28         | Previously developed     | Commercial, Single-family |
| 04/03/08         | 901 E. 2nd St.               | Santa Ana   | \$2,337,000       | 1.64             | \$33         | N/A                      | N/A                       |
| 01/08/08         | 1329 W. 1st St.              | Santa Ana   | \$580,000         | 0.33             | \$41         | Rough graded             | Hold for development      |
|                  |                              | Minimum     | \$150,000         | 0.09             | \$18         |                          |                           |
|                  |                              | Maximum     | \$3,800,000       | 3.10             | \$57         |                          |                           |
|                  |                              | Median      | \$1,200,000       | 0.69             | \$37         |                          |                           |
|                  |                              | Average     | \$1,573,945       | 1.17             | \$36         |                          |                           |

(1) Reflects sales from January 2008 to present.

TABLE 3

**DEVELOPMENT COSTS  
CENTURY VILLAGE  
CITY OF GARDEN GROVE**

|  | <u>Totals</u>       | <u>Per Unit</u>  | <u>Comments</u>         |
|--|---------------------|------------------|-------------------------|
| <b>I. Direct Costs</b>                                     |                     |                  |                         |
| Off-Site Costs (1)   | \$1,932,000         | \$36,500         | \$17 Per SF Site        |
| Demolition   | \$50,000            | \$900            | \$0 Per SF Site         |
| On-Site Costs  | \$582,000           | \$11,000         | \$5 Per SF Site         |
| Parking  | \$0                 | \$0              | Included below          |
| Shell Construction   | \$6,780,000         | \$127,900        | \$70 Per SF GBA         |
| FF&E/Amenities   | \$0                 | \$0              | Allowance               |
| Contingency  | <u>\$471,000</u>    | <u>\$8,900</u>   | 5.0% of Directs         |
| Total Direct Costs   | \$9,815,000         | \$185,200        | \$102 Per SF GBA        |
| <b>II. Indirect Costs</b>                                  |                     |                  |                         |
| Architecture/Engineering                                   | \$494,000           | \$9,300          | 5.0% of Directs         |
| Permits & Fees (1)   | \$799,000           | \$15,100         | \$8 Per SF GBA          |
| Legal & Accounting   | \$100,000           | \$1,900          | 1.0% of Directs         |
| Taxes & Insurance  | \$661,000           | \$12,500         | 3.0% of Value           |
| Developer Fee  | \$395,000           | \$7,500          | 4.0% of Directs         |
| Marketing/Sales  | \$661,000           | \$12,500         | 3.0% of Value           |
| Model Complex  | \$344,000           | \$6,500          | 1.6% of Value           |
| Contingency  | <u>\$174,000</u>    | <u>\$3,300</u>   | 5.0% of Indirects       |
| Total Indirect Costs                                       | \$3,628,000         | \$68,500         | 37.0% of Directs        |
| <b>III. Financing Costs</b>                                |                     |                  |                         |
| Loan Fees  | \$174,000           | \$3,300          | 1.8% of Directs         |
| Interest During Construction                               | \$678,000           | \$12,800         | 6.9% of Directs         |
| Interest During Sales                                      | \$151,000           | \$2,800          | 1.5% of Directs         |
| HOA Dues on Unsold Units                                   | <u>\$38,000</u>     | <u>\$700</u>     | 0.4% of Directs         |
| Total Financing Costs                                      | \$1,041,000         | \$19,600         | 10.6% of Directs        |
| <b>IV. Total Costs Excluding Land<br/>Or Say (Rounded)</b> | <b>\$14,484,000</b> | <b>\$273,300</b> | <b>\$150 Per SF GBA</b> |

(1) Estimate; not verified by KMA or City.

TABLE 4

**RESIDENTIAL SALES PROCEEDS  
CENTURY VILLAGE  
CITY OF GARDEN GROVE**

|   | <u>Unit Size</u> | <u># of Units</u> | <u>\$/SF</u>   | <u>Purchase Price</u> | <u>Total Sales</u>  |
|---|------------------|-------------------|----------------|-----------------------|---------------------|
| <b>I. Residential Sales Proceeds</b>    |                  |                   |                |                       |                     |
| Two Bedroom                             | 1,394 SF         | 6                 | \$270          | \$376,000             | \$2,256,000         |
| Three Bedroom                           | 1,700 SF         | 14                | \$245          | \$417,000             | \$5,838,000         |
| Four Bedroom                            | 1,945 SF         | 32                | \$225          | \$438,000             | \$14,016,000        |
| Five Bedroom                            | <u>2,247 SF</u>  | <u>1</u>          | <u>\$200</u>   | <u>\$449,000</u>      | <u>\$449,000</u>    |
| Total/Average                           | 1,824 SF         | 53                | \$234          | \$426,000             | \$22,559,000        |
| (Less) Buyer Incentives/Warranty        |                  |                   | \$10,000 /Unit |                       | <u>(\$530,000)</u>  |
| Total/Average                           | 1,824 SF         | 53                | \$228          | \$415,642             | \$22,029,000        |
| <b>Total Residential Sales Proceeds</b> |                  |                   |                |                       | <b>\$22,029,000</b> |

TABLE 5

RESIDUAL LAND VALUE  
CENTURY VILLAGE  
CITY OF GARDEN GROVE

---

|                                 |                |                       |
|---------------------------------|----------------|-----------------------|
| <b>I. Gross Sales Proceeds</b>  |                |                       |
| Residential Sales Proceeds      |                | \$22,029,000          |
| (Less) Cost of Sale             | 4.5% of Value  | (\$991,000)           |
| (Less) Developer Profit         | 12.5% of Value | <u>(\$2,754,000)</u>  |
| Net Sales Proceeds              |                | \$18,284,000          |
| <b>II. Warranted Investment</b> |                |                       |
| Net Sales Proceeds              |                | \$18,284,000          |
| (Less) Development Costs        |                | <u>(\$14,484,000)</u> |
| <b>III. Residual Land Value</b> |                | <b>\$3,800,000</b>    |
| Per Unit                        |                | <b>\$72,000</b>       |
| Per SF Site                     |                | <b>\$33</b>           |

## RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE  
CONSENTING TO AND APPROVING THE FIRST AMENDMENT TO THE  
DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE  
GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT AND CENTURY VILLAGE  
GROUP, LLC

WHEREAS, the Garden Grove Agency for Community Development (Agency) entered into that certain agreement with Century Village Group, LLC (Developer), a limited liability company duly organized under the laws of the State of California, entitled Disposition and Development Agreement, dated as of April 13, 2010 (Original Agreement), a copy of which is on file with the Agency, under which the Developer was to develop certain property located at the northwest corner of Taft Street and Century Boulevard in the City of Garden Grove (Site);

WHEREAS, in connection with arranging for financing to implement its development obligations under the Original Agreement, the Developer has received comments from lenders and potential equity investors and, in connection therewith, has requested that the Agency approve a First Amendment to Disposition and Development Agreement in the form submitted herewith (First Amendment);

WHEREAS, the Original Agreement, as amended by the First Amendment (DDA), will continue to provide for the development of a 53-unit condominium project on approximately 2.67-acres of land, as more fully described in the Original Agreement (Project);

WHEREAS, the Developer has submitted to the Agency and the City Council of the City of Garden Grove (City Council) copies of the First Amendment substantially in the form submitted herewith;

WHEREAS, all actions required by all applicable law with respect to the proposed First Amendment have been taken in an appropriate and timely manner;

WHEREAS, notice of the Public Hearing was published in the Garden Grove Journal, and the proposed First Amendment was available for public inspection prior to the Public Hearing as stated in the published notice of Public Hearing;

WHEREAS, on September 28, 2010, the City Council and Agency held a duly noticed Public Hearing on the proposed First Amendment in accordance with Health and Safety Code Sections 33430 and 33431, at which time the City Council and Agency reviewed and evaluated all of the information, testimony, and evidence presented during the Public Hearing; and

WHEREAS, the City Council has duly considered all the terms and conditions of the proposed First Amendment and believes that the redevelopment of the Site pursuant to the DDA is in the best interests of the City of Garden Grove and the health, safety, and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local laws and requirements.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GARDEN GROVE DOES RESOLVE AS FOLLOWS:

Section 1. The City Council finds and determines that, based upon substantial evidence provided in the record before it, the consideration for the Agency's disposition of the Site, together with other items set forth in the Original Agreement and First Amendment, present not less than the fair market value.

Section 2. The City Council hereby finds and determines that there have been no substantial changes in the Project or the circumstances under which the Project is undertaken, and there is no new information with respect to the Project, which would require any further environmental analysis or approvals pursuant to the California Environmental Quality Act.

Section 3. The City Council hereby finds and determines that the disposition of the Site by the Agency pursuant to the Original Agreement and First Amendment will eliminate blight within the Project Area by contributing to consolidation of a relatively small parcel with a larger parcel, promoting improvements, and expanding the housing opportunities available within the community, as well as providing for the proper reuse and redevelopment of a portion of the Project Area which was declared blighted.

Section 4. The City Council hereby finds and determines that the Original Agreement and First Amendment are consistent with the provisions and goals of the Implementation Plan.

Section 5. The City Council hereby consents to and approves the First Amendment. The City Council consents to the Director of the Agency (or his/her duly authorized representative) being authorized, on behalf of the Agency, to implement the First Amendment and make revisions to the First Amendment which do not materially or substantially increase the Agency's obligations thereunder or materially or substantially change the uses or development permitted on the Site, to sign all documents, to make all approvals and take all actions necessary or appropriate to carryout and implement the First Amendment and administer the Agency's obligations, responsibilities, and duties to be performed under the First Amendment and related documents.

## GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT

## RESOLUTION NO.

A RESOLUTION OF THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT  
APPROVING THE FIRST AMENDMENT TO THE DISPOSITION AND DEVELOPMENT  
AGREEMENT BETWEEN THE AGENCY AND CENTURY VILLAGE GROUP, LLC AND  
MAKING CERTAIN OTHER FINDINGS IN CONNECTION THEREWITH

WHEREAS, the Garden Grove Agency for Community Development (Agency) entered into that certain Disposition and Development Agreement with Century Village Group, LLC (Developer), dated as of April 13, 2010 (DDA), a copy of which is on file with the Agency, under which the Developer was to develop certain property located at the northwest corner of Taft Street and Century Boulevard in the city of Garden Grove identified therein as the "Site";

WHEREAS, in connection with arranging for financing to implement the development obligations under the Original Agreement, the parties have determined that certain adjustments are required to be made in connection with the terms of payment of the Purchase Price;

WHEREAS, the Agency and Developer have adjusted the method of payment of the Purchase Price as set forth in the proposed First Amendment to Disposition and Development Agreement in the form submitted herewith (First Amendment);

WHEREAS, notice of the Public Hearing was published in the Garden Grove Journal, and the proposed First Amendment was available for public inspection prior to the Public Hearing as stated in the published notice of Public Hearing;

WHEREAS, on September 28, 2010, the City Council and Agency held a duly noticed Public Hearing on the proposed First Amendment in accordance with Health and Safety Code Sections 33430 and 33431, at which time the City Council and Agency reviewed and evaluated all of the information, testimony, and evidence presented during the Public Hearing; and

WHEREAS, the Agency has duly considered all terms and conditions of the proposed First Amendment and believes that the First Amendment is in the best interests of the City of Garden Grove and the health, safety, and welfare of its residents, and in accordance with the public purposes and provisions of applicable State and local laws and requirements.

NOW, THEREFORE, BE IT RESOLVED by the Garden Grove Agency for Community Development as follows:

Section 1. Each of the foregoing recitals is true and correct.

Section 2. The Agency hereby finds and determines that there have been no substantial changes in the Project (as defined in the DDA) or the circumstances under which the Project is undertaken, and there is no new information with respect

to the Project, which would require any further environmental analysis or approvals pursuant to CEQA.

Section 3. The Agency hereby approves the First Amendment between the Agency and Developer, in the form of the First Amendment.

Section 4. The Agency Director and the Agency Secretary are hereby authorized to execute and attest the First Amendment, including any related attachments, on behalf of the Agency. Copies of the final form of the First Amendment, when duly executed and attested, shall be placed on file in the office of the City Clerk.

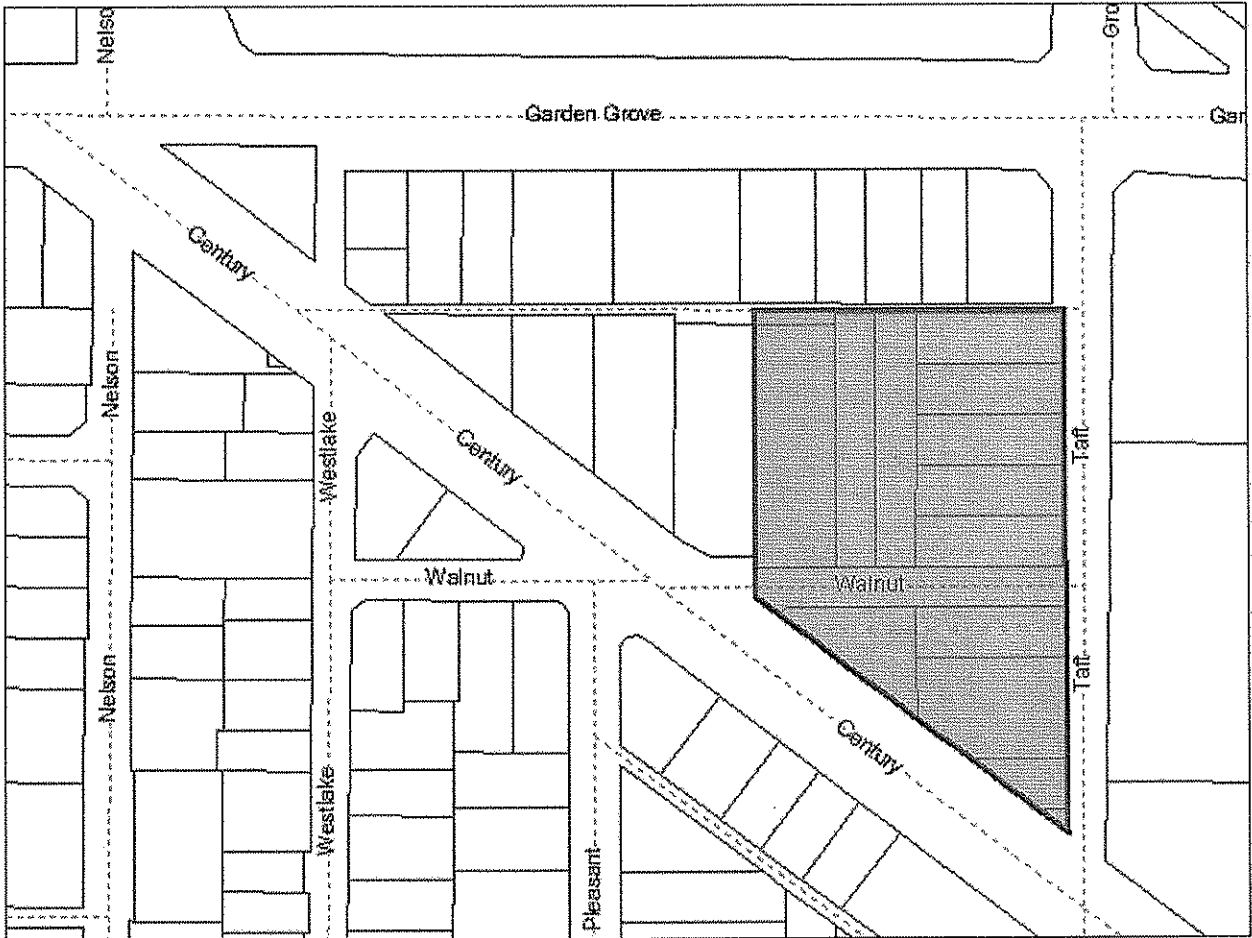
Section 5. The Agency Director (or his/her duly authorized representative) is further authorized to implement the First Amendment and take all further actions and execute all documents referenced therein and/or necessary and appropriate to carry out the First Amendment. The Agency Director (or his/her duly authorized representative) is hereby authorized to the extent necessary during the implementation of the First Amendment to make technical or minor changes thereto after execution, as necessary to properly implement and carry out the First Amendment, provided the changes shall not in any manner materially affect the rights and obligations of the Agency.

Section 6. The Agency Secretary shall certify to the adoption of this Resolution.



Attachment 5

SITE MAP



North