



St. Paul's  
Episcopal  
Church

**Vestry Meeting Minutes**  
May 17, 2021 6:30 pm - via Zoom

**Present:** Vestry Members: Reverend Krista Fregoso, Lisa Bell Stewart, Jessica Beerbaum, Susan Burpee, Tom Chaffee, Melanie Corry, Marianne Johnson, Ned Soares, Jim Ward, Jerry Williams and Mary-Jane Wood. Also present were Jennifer Machado, CFO; and Ronnie Marty, Vestry Clerk.

Guests: Jim Bell; Jan Crompton, Seminarian; Eileen Mitchell, Chief of Staff; Reverend Laurie Moyer, Interim Associate Rector.

Excused:

TOPIC	DISCUSSION	OUTCOME
Meeting	Senior Warden Lisa Bell Stewart, opened the meeting at 6:30 pm.	Informational
	Melanie Corry led with a Parish prayer from The Book of Common Prayer.	
Quorum	Yes	
Old Business	<p>Lisa Bell Stewart reported:</p> <p>1.) According to our by-laws, in April we normally set up a "Nominating Committee" for our Deanery and Convention Delegate's and Vestry members. Usually, the committee is chaired by an outgoing Vestry member, and she has volunteered for this year. The committee does not report until in the fall. Anyone interested in being on the committee should call her.</p> <p>2.) Update on the search for an Associate Rector - There are six applicates, one was submitted just under the deadline. Five of the six she has pre-reviewed and they will be interviewed by Reverend Krista next week with the sixth to follow. The search committee from last year, Marianne Johnson, Sherry Mattern, Laura Desautels and herself will officially kick-off Thursday night, May 20<sup>th</sup> with interviews, with an application offer to follow soon after. The goal is to have a special Vestry meeting after the first of June for presentation.</p>	Informational

TOPIC	DISCUSSION	OUTCOME
<p>Real Estate Committee / The Vestry's Fiduciary Duties</p>	<p>Tom Chaffee reported that he was asked by Reverend Krista and the Wardens to summarize the <u>Vestry's Fiduciary Duties</u>. He stated because St. Paul's is a corporation in good standing with the State of California, the Vestry is the Corporation's Board of Directors. As a member of the Board of Directors, each Vestry member owes the Corporation a fiduciary duty. This duty includes a duty of care and a duty of loyalty. The duty of loyalty would only really arise if a member of the Vestry had a conflict of interest. The duty of care requires each member of the Vestry to act in good faith in the best interest of the corporation as a whole. It is often described as the same duty that the trustee owes to the beneficiaries of a trust. This means that each member of the Vestry must make decisions in manner that he or she believes is in the entire Parish's best interest as opposed to any particular constituency within the Parish. It also means that each member of the Vestry has the obligation to attend and participate in the meetings. Under the Canons and St. Paul's Bylaws, the Vestry is responsible for the temporal matters of the Parish, the Vestry should be particularly concerned with the management of the Parish's financial and property sources.</p>	<p>Informational</p>
TOPIC	ROUND ROBIN REPORTS	OUTCOME
<p>Real Estate Committee / Tax Credit Allocation Committee Agreement</p>	<p>Tom Chaffee made a motion to approve the Tax Credit Allocation Committee Agreement (TCAC), "This is an agreement with the State's Tax Credit Allocation Committee. The credits are a way that the State finances low- income housing. The State distributes the tax credits to developers who then sells them to finance the low- income housing. The purpose of the agreement is to ensure the project is going to be managed as affordable housing. The agreement provides rights to the TCAC in the event something happens to Resources for Community Development (RCD)." Tom further stated the agreement was negotiated between RCD and TCAC. Our attorney has reviewed the agreement. She</p>	<p>Moved: Tom Chaffee Seconded: Marianne Johnson Motion: Approved</p>

TOPIC	ROUND ROBIN REPORTS	OUTCOME
Real Estate cont.	<p>told the Committee that it is acceptable to sign. Under the agreement, St Paul's makes representations to TCAC that RCD is not in breach under the Ground Lease.</p> <p>Theoretically, if RCD were to breach this agreement or become bankrupt, TCAC could become St Paul's tenant under the Ground Lease and our landlord under the First Floor Sublease.</p>	
Common Area Management (CAM)	<p>Following a March 31, 2021 site inspection, RCD revised the landscape allocation, RCD had previously allocated as much as 60% of the landscaping costs to St. Paul's. RCD has now revised the landscaping allocation to 22.8%. The Real Estate Committee believes that this is a fair allocation. The agreement states that St. Paul's shall reimburse RCD 9% of RCD's insurance costs. The Real Estate Committee recommends that the Vestry approve the agreement subject to an important caveat and clarification. The agreement states that St. Paul's shall reimburse RCD 9% of RCD's insurance costs. Under the terms of the First Floor Sublease, St. Paul's is only obligated to reimburse 9% of the cost of the property/building insurance. We have an email to RCD to clarify this provision. Assuming that the Vestry approves, the agreement will not be executed until the provision is clarified. If there is any issue, the Real Estate Committee will bring the issue back to the Vestry. It is important that we reach an agreement with RCD regarding the CAM charges given that Trinity Center's fiscal year closes on June 30. Also, RCD is sitting on all of the bills since May 2020. Once the agreement is in place, we will be transitioning to bi-monthly billing. A motion was made to approve the Memorandum Agreement with RCD regarding the CAM charges subject to the clarification regarding the insurance charges. It was noted that the first Water bill is expected to be very large.</p>	<p>Moved: Tom Chaffee                      Seconded: Susan Burpee                      Motion: Approved</p>
My Spanish Village Rent (MSV)	Tom reported: St. Paul's has a ten-year lease with MSV that will expire in	

TOPIC	ROUND ROBIN REPORTS	OUTCOME
Real Estate My Spanish Village cont.	June 2022. However, the rent is negotiated every three years. The current rental agreement expires on June 30 of this year. MSV has requested that St. Paul's not increase MSV's rent for next year. The Real Estate Committee recommends that the Vestry keep the rent at the same rate. When the lease with MSV is renegotiated next year, there will need to be significant revisions. The Real Estate Committee believes that it is better to include an increase in the rent at that time. Tom made a motion to approve the Real Estate Committee's recommendation.	Moved: Tom Chaffee Seconded: Jessica Beerbaum Motion: Approved
Diocesan Lien on the Pimlico Condo	Tom reported - Years ago, the Diocese made a loan to St. Paul's that was secured by a lien against the Pimlico condo property. St. Paul's has long since paid off the lien. For years now, St. Paul's has attempted to get the Diocese to remove the lien. Jennifer has submitted all of the required documentation to the Diocese' chancellor, but he has not removed the lien. It is a simple document that needs to be recorded with the County. Reverend Krista's emails to him have been ignored. In February, the chancellor said he was waiting for documentation from the County. It was unclear to Tom what that would be. The Real Estate Committee recommends that we ask our attorney to contact him. Tom made a motion that we allow Denae Buddie, St. Paul's attorney to represent St. Paul's regarding the lien on the Pimlico Condo, for a cost of approximately \$315 an hour.	Moved: Tom Chaffee Seconded: Rev. Krista Fregoso Motion: Approved
Parking Lot, Fire Damage repair work of meeting rooms at Trinity Center	Tom went on to report: No new parking lot problems this past month. The repair work to the meeting rooms, due to the fire at Trinity Center has been delayed because our insurance company has not approved the bid from the construction company. The construction when it starts should take two to five months.	Informational
Ventilation Problem - Trinity	The Committee put RCD on notice of our belief that the ventilation in the shower area is not appropriate. RCD apparently discussed this issue with the design team	Informational

TOPIC	DECISIONS	OUTCOME
Real Estate cont.	<p>who said that the design is appropriate. RCD gave us a list of suggestions to improve the humidity in the shower room. We will be setting a meeting with Trinity Center to discuss these suggestions and the strategy for addressing the issue. We are still concerned that the ventilation is not appropriate.</p>	Informational
Good News for Sharing / Trinity Center	<p>One of the children had to grow lima beans for a school project. With permission, he used one of the balconies, for his makeshift out door garden. It was such a success that balcony gardening has now caught on. The community plans to turn the balcony into a community garden of sorts. These are the stories of St. Paul's Commons that we feel need to be shared with parish. It is not just Trinity Center, but the community that St. Paul's has given a home to that is spreading light in the world.</p>	
<p>Rector's Report  <u>Quick Overview</u></p> <p><u>Church Relations</u>      1.</p>	<p>Reverend Krista - Liturgy Life during COVID, has been Sunday Church services and Memorial's. The Church in the past two months has suffered many losses adding to the already full calendar of regrouping for in person services. The Pastoral Care team is now starting to give Communion to 10 to 15 households with shut-in's and the "Back yard Services" are continuing through May. The search for an Associate Rector is in its final stages of interviews.</p> <p>Pod groups are creating sub-groups with new leadership, there is a pattern that goes with new leadership, they want to set new goals, new norms. Then the realization hits of the implication of these norms and that is called "storming," then comes performing. In clergy language, the first year "you can do no wrong," the second year "you can do no right," and the third year "all right." Because of COVID we are in the second year and because of COVID we are anxious, we are still "storming" and have been since February. This past months there were</p>	Informational



TOPIC	ROUND ROBIN REPORTS	OUTCOME
Audio/Visual - Live Streaming (AV)	expansion of the AV system for all areas of the campus. They will obtain pricing, which will include a maintenance budget, and present the information at a future Vestry meeting.	Informational
Warm Winter Nights	Susan reported that Warm Winter Nights went very well, it ended today. Using the kitchen at Trinity center was successful. She asked for the Vestry's approval for next year's Warm Winter Nights, which will be February 28 <sup>th</sup> through March 14 <sup>th</sup> 2022. Details on providing showers, laundry service and our cost to be determined.	Moved: Susan Burpee Seconded: Mary-Jane Wood Motion: Approved
Financial Reports (Note: See the attached financial report)	Jennifer Machado advised that for complete transparency, she will be sending appropriate copies of bills to the Pod members. It was noted that the PG&E bill was extremely high, due to running the fans after the Trinity fire. Tom asked for copies of all fire related bills as RCD might reimburse us for excess costs. She presented the financial reports for April 2021. A motion was made to approve the report as submitted.	Moved: Ned Soares Seconded: Tom Chaffee Motion: Approved
Vestry Meeting Minutes	A motion was made to approve the April 19, 2021 minutes as submitted.	Moved: Susan Burpee Seconded: Jessica Beerbaum Motion: Approved
Due to the hour a seven-minute break was taken		
Senior Warden	Lisa Bell Stewart presented a power point " <u>Ministry Inventory - Journey Line</u> " of Pod Ministries: "Inventory Ministries;" "Identify Characteristics of a Ministry;" "Information Gathering/Charter;" "Review Charters Against Vision;" "Define Most Critical Activities;" Set Goals with Each Ministry, Assign Budget/Vestry to Projects/Partnerships;" and "Execute." Identifying characteristics of a Ministry, what they are, and are we still on track to our agreed goals for 2021/2022? She said that we are still in the "Information Gathering/Charter" part of the journey. The time line is not as important as the outcome. We need to make sure we produce the results we are all looking for by having	Informational

TOPIC	ROUND ROBIN REPORTS	OUTCOME
Senior Warden cont.	<p>discussions with our parishioners, to explore all the possibilities, does it fit our vision for St. Paul's?</p> <p>There are Charters still missing, we need to complete our inventory of Pods for June Vestry meeting. Charters received to date are:</p> <p>Alter Guild, Apartment Furniture, Concert Series, Contra Costa Interfaith Coalition, St. Paul's Contra Costa Interfaith Steering Committee, Facilitator Guide, Food Boxes, Food Pantry Project, Good Sam's, History Committee, Honduras Ministry, Prison Ministry, Property Committee, Readers, Real Estate Committee, School Partnership, Property Committee/Landscape Team, Ushers/Greeters, Valentine Tea Team, Vergers, and Warm Winter Nights Family Shelter</p>	
*	<ol style="list-style-type: none"> <li>1. We do not need a charter for anything that is not a ministry.</li> <li>2. If it doesn't hit the characteristics of a ministry, what is it?</li> <li>3. What can be combined?</li> </ol>	
Guest Comments	None	
Closing Prayer	Reverend Krista	
Closing	The meeting was adjourned at 9:16 pm	

Respectfully Submitted,  
 Ronnie Marty  
 Vestry Clerk



## SUMMARY OF FINANCIAL RESULTS

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Through April 2021 – operating fund

\$ 180,417 Inflow (from normal sources)  
196,218 Outflow  
**(15,801) net before loan forgiveness**

\$ 48,200 add PPP loan forgiveness  
**\$ 32,299 NET**

### Results

The bottom line for April's operating activity improved from March, with a strong increase in pledge contributions. Income exceeded expenses by about \$3000 for the month.

Despite strong April contributions, pledge payments in particular and facilities payments were below budget. We had stretched on the pledge budget, as we did not have pledge totals at budget time, and past years have included payments above pledge amounts.

Fortunately, expenses were below budget due to personnel and property costs. We put the costs of the associate rector in the budget starting in April, but that person has not yet been hired. Property costs are more than \$16,000 below budget as we have lower-than-planned maintenance and janitorial costs. Significantly, we have not yet spent the extra money budgeted for supplemental security.

There was minimum expense activity in formation, fellowship, and in most of the restricted funds. CCIC and Homeless Support ministries had both contributions and outflows.

### **FINANCE COMMITTEE MEETING NOTES**

The St. Paul's finance committee met by zoom on 5/10/21. Attendees: Lisa Bell Stewart, Rev. Krista Fregoso, Susan Burpee, Pete Smyth, Pete Banwell, Richard Kemink, Jennifer Machado

Discussed:

- April 2021 financials reviewed. See summary notes. Significant pledge payment made in April and May. Richard sent out pledge statements, but system needs manual intervention to send to those who have pledged but not paid this year. He will also give to rector and wardens a list of regular pledgers who did not pledge this year.
- Pledge card totals for 2021 are \$323,590 as of now.
- Lisa and Jennifer working on new version of QB to incorporate time tracking.
- Discussed cash planning – no big items planned yet. Awaiting an AV team (Susan Burpee, Deborah Webster, Laura Williams) proposal. Recent memorial service highlighted/clarified specific needs. Parking lot will be a 2022 project after related issues are decided.
- Krista working with diocese on lien. Elevating issue.
- Next meeting on June 14. Zoom

Notes submitted by Jennifer Machado

Free recording in accordance with  
California Government Code  
Section 27383

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:

California Tax Credit Allocation Committee  
915 Capitol Mall, Rm 485  
Sacramento, CA 95814

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**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**LEASE RIDER  
AGREEMENT (TAX CREDITS)**

Ground Lease

TCAC NUMBER CA-17-111

St. Paul's Commons

**THIS LEASE RIDER AGREEMENT** (the "Lease Rider Agreement") is dated this \_\_\_\_\_ day of \_\_\_\_\_, and is made and entered into for reference purposes only, by and among SP Commons, L.P. (the "Lessee"), St. Paul's Episcopal Church of Walnut Creek (the "Lessor"), and the California Tax Credit Allocation Committee, a public agency of the State of California established under Section 50199.8 of the Health and Safety Code ("TCAC") in consideration of the following facts and circumstances:

- A. Lessor is the fee simple owner of that certain real property described in Exhibit A attached hereto and incorporated herein (the "Property");
- B. Lessor and Lessee entered into the following ground lease of the Property: that certain ground lease dated March 20, 2018, a memorandum of which was recorded March 28, 2018 in the official records of Contra Costa County, California (the "Official Records") **as Instrument No. 2018-0047982-00** and as amended by that certain First Amendment to Memorandum of Ground Lease dated March 31, 2020 and recorded April 1, 2020 as Instrument No. 2020-0062452-00 (collectively, the "Lease");
- C. Pursuant to the Lease, Lessee has agreed to acquire a leasehold in the Property for a term described below in Paragraph 2.f. which is at least as long as the TCAC Regulatory Agreement and to develop, own, operate and manage a rental housing development on the Property consisting of not less than 45 residential rental units. During the term of the Lease, Lessee is the owner of all of those certain buildings, improvements and fixtures now or hereafter erected on the Property described in the lease, and all appurtenances thereto now or hereafter affixed to, placed upon or used in connection with such real property and owned by Lessee or in which Lessee has an interest, together with all additions to, substitutions for, changes in and replacements of the whole or any part of said articles of property (collectively, the "Improvements"). Collectively, the Lessee's leasehold interest in the Property and its interest in the Improvements constructed pursuant to the Lease are hereinafter sometimes referred to as the Development (the "Development");

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D. TCAC has authorized an allocation of federal low-income housing tax credits by a Reservation Letter dated September 20, 2017 (the "Allocation") to Lessee to finance, in part, the Development, pursuant to the **Low-Income Housing Tax Credit** Program ("**Program**"). The Allocation is subject to numerous terms and conditions, including without limitation, the execution and delivery of this Lease Rider Agreement and the TCAC Regulatory Agreement which sets forth certain use restrictions affecting the Development, which TCAC Regulatory Agreement is to be recorded in Contra Costa County, as required by Section 42 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (collectively, "Section 42");

E. As a further condition of the Allocation and pursuant to the requirements of the Program, Lessee and TCAC will enter into a Regulatory Agreement, including any amendments thereto (the "Regulatory Agreement"), securing performance related to the Allocation, and governing the use, occupancy, operation, management and ownership of the Development. Consistent with the provisions of Section 17 hereof, Lessor and Lessee have agreed to waive any such provisions of the Lease in conflict with or which would frustrate Lessee's compliance with the Regulatory Agreement in favor of the terms of the Regulatory Agreement;

F. In order to induce TCAC to make the Allocation, Lessor and Lessee have agreed to enter into and record this Lease Rider Agreement for the benefit of TCAC, its successors, and assigns; and

G. It is the intent of TCAC that, except in unique circumstances, it will exercise its rights and remedies under this Lease Rider Agreement only after written notice of any Lease defaults have been provided to Lessor, any Senior Lender, the Tax Credit Partner, and any other party known by TCAC to have either an ownership or other equitable interest in the Development. In addition, it is the intent of TCAC that the exercise of its rights and remedies under this Lease Rider Agreement generally shall be undertaken as part of a judicial action in a court of competent jurisdiction unless Lessor and any Senior Lenders otherwise agree.

**NOW THEREFORE**, in consideration of the foregoing recitals and the mutual covenants hereinafter contained, TCAC, Lessee and Lessor hereby agree as follows:

1. Definitions and Lease Rider Term.

a. As used herein, "Leasehold" means all of Lessee's leasehold interest in the Property described in Exhibit A, in the Development, in the Improvements now or hereafter located on the Property, all options contained in the Lease or granted in connection with the Lease, all other rights of Lessee under the Lease, and all subleases entered into in connection with the Lease (the "Subleases").

b. For the purposes of this Lease Rider Agreement, if Lessor is a corporate or governmental entity, the obligation to assert facts related to the "Lessor's knowledge" shall include a duty for the executive director of the corporation to perform or otherwise be responsible for pursuit of reasonably diligent efforts to ascertain the existence or nonexistence of the facts asserted, contemporaneous to the assertion. This duty may be fulfilled by use of an estoppel agreement executed by the Lessee.

c. For the purposes of this Lease Rider Agreement, the holders of all mortgage liens set forth in the Report and any other lenders approved by TCAC and all successors and assigns thereof including the holders of any mortgage lien against the Improvements or Lessee's interest in the Leasehold are collectively referred to as "Senior Lenders."

d. Lease Rider Agreement Term. This Lease Rider Agreement becomes effective on the date the TCAC Regulatory Agreement is recorded and remains in effect for at least the term of the Regulatory Agreement. Upon the expiration or sooner termination of the TCAC Regulatory Agreement, this Lease Rider Agreement shall terminate and be of no further force or effect.

2. Representations and Warranties of Lessor and Lessee. Lessor and Lessee hereby represent and warrant to TCAC as of the date of this Lease Rider Agreement as follows:

a. Title. (1) By Lessor: Lessor warrants and represents to TCAC that, to the best of Lessor's knowledge, Lessor's fee interest in the Property is free and clear of all liens, encumbrances, covenants, easements, licenses, judgments, or other matters of record except those shown as affecting the fee interest of the Property in that Preliminary Report regarding the Property issued on January 25, 2021 by North American Title Insurance Company, Order # 54606-21-00641 (the "Report"). Lessor has not required or permitted, and has no knowledge of any other matters of record to be recorded that are not contained in the Report.

(2) By Lessee:

Lessee has entered into one or more loan agreements ("the Agreement(s)") which will be secured as more fully described in the Agreement(s). Lessee warrants and represents that it has provided a true and correct copy of said Agreement(s) to TCAC as part of TCAC's placed in service review, for which the issuance of the IRS Form 8609 shall constitute approval.

b. Priority. Lessor warrants and represents to TCAC that except as otherwise referenced in the Report the Lease is superior to any and all mortgage liens on the Property and nothing encumbers fee title of the Property which would interfere with Lessee's ability to construct and operate the Development on the Property.

c. Transfers by Lessor. Lessor warrants and represents to the best of Lessor's knowledge that it has not assigned, mortgaged, or otherwise hypothecated or transferred, or agreed to assign, mortgage or otherwise hypothecate or transfer, its interest in the Property in whole or in part, except as referenced in the Report and except as security for any loans or any other liens, conditions, covenants, or restrictions on the Property identified in the Report and approved in writing by TCAC.

d. Status of Lease. Lessor warrants and represents that:

(1) Lessor is the current Lessor under the Lease. To the best of Lessor's knowledge, the Lease is in full force, the Lease is not void, voidable or terminable as of the date hereof without an uncured default by Lessee except pursuant to Section 5 at the option of any party thereto or of any other person or entity claiming an interest in or to such Lease or the Development, and to the best of Lessor's knowledge, there has been no default thereunder on the part of Lessee nor has any event occurred which, with the giving of notice or the passage of time, or both, would be an event of default thereunder. Lessor has not given notice of any violation under the Lease to Lessee. Lessor has not been informed of and has not otherwise received notice from Lessee or from any other person or entity concerning any alleged default on the part of Lessor under the Lease. To the best of Lessor's knowledge, there exist no defenses or offsets to enforcement of the Lease by Lessee.

(2) Any consent or approval of any third party (including any lender or government agency) that is required in order for Lessor to deliver this Lease Rider Agreement has been obtained.

(3) To the best of Lessor's knowledge, no alterations, improvements or additions now exist on the Property that have not been approved by the Lessor.

e. Other Agreements. All terms and conditions of the Lessee's tenancy under the Lease are set forth in the Lease and Lessor and Lessee each certify to the best of its knowledge that there have been no other agreements and no further or other supplements, amendments, modifications or extensions thereof except those submitted to and approved by TCAC.

f. Lease Term. The date of the commencement of the Lease term is March 20, 2018 and will end on March 20, 2095 unless terminated sooner pursuant to its terms and consistent with this Lease Rider Agreement. All conditions precedent to the effectiveness of the Lease or the exercise of any of Lessee's rights thereunder at the effective date of the Lease have been fully satisfied.

g. Development. To the best of Lessor's knowledge, the Improvements constructed, or to be constructed, by Lessee on the Property satisfy or are expected to satisfy all requirements affecting the design, use or characteristics of such Improvements imposed by Lessor under the Lease or otherwise, including a requirement by Lessor for Lessee to comply with any and all applicable provisions of federal, state and local laws, and all agreements with any public entities concerning the Development, as amended from time to time.

h. Insurance. All notices, certificates, binders, endorsements, copies of policies, and receipts required under the Lease have been delivered to and approved by Lessor.

3. Cancellation, Transfer of Interest.

a. Subject to matters of record referenced in the Report, the rights of Senior Lenders and the Tax Credit Partner and the matters of record on the Lessee's Leasehold interest and only to the extent necessary or appropriate pursuant to such matters of record Lessor and Lessee agree that so long as TCAC, its successor or assigns holds the Regulatory Agreement encumbering the Development, no termination of the Lease or efforts by Lessor to terminate the Lease except a termination consistent with Section 5, and no subordination, cancellation, surrender, amendment or modification of the Lease shall be effective without the prior written consent of TCAC, which consent shall be in TCAC's reasonable discretion and may be conditioned upon the satisfaction of such terms and conditions as TCAC may reasonably prescribe. TCAC shall have 30 days after its receipt of such a notice and any clarifications thereof requested by TCAC to consent to or deny any such variation from those obligations. Failure by TCAC to act within such a 30-day period shall constitute consent to such a variation. Any attempt by Lessor to take such action shall be void without TCAC's prior written consent or implied consent as provided for in this Section 3.a.

b. Subject to matters of record referenced in the Report, the rights of Senior Lenders and the Tax Credit Partner, and the matters of record on the Lessee's Leasehold interest and only to the extent necessary or appropriate pursuant to such matters of record Lessor agrees that it shall not transfer, convey, sell, hypothecate, assign, encumber or permit any liens against its interest, or any portion thereof, in the Property or the Development unless Lessor requires, and any purchaser, assignee, or transferee agrees, that the purchaser, assignee, or transferee will expressly assume all obligations of Lessor under the Lease and this Lease Rider Agreement by a written instrument recordable in the Official Records. Any variation from those obligations shall require prior written approval of TCAC, which consent shall be in TCAC's reasonable discretion, and may be conditioned upon the satisfaction of such terms and conditions as TCAC may reasonably prescribe. If Lessor or Lessor's successor is seeking a variation from these obligations, Lessor or Lessor's successors and assigns shall provide TCAC with copies of all documents related to the transfer, conveyance, sale, hypothecation, assignment, encumbrance or lien at least 30 days prior to the effective date of that transaction and TCAC shall have 30 days after its receipt to reasonably consent or deny any such variation from those obligations. Failure by TCAC to act within such a 30-day period shall constitute consent to such a variation.

c. Foreclosure. Nothing contained in this Lease Rider Agreement shall prevent a Senior Lender from foreclosing on its security interest or accepting a conveyance in lieu of foreclosure.

d. No Merger. There shall be no merger of the Lease or any interest in the Lease, nor of the Leasehold interest, with the fee estate in the Property if the Lease or such interest therein, or such Leasehold interest may be directly or indirectly held by or for the account of any person who shall

hold the fee estate in the Property, or any interest in such fee estate, nor shall there be such a merger by reason of the fact that all or any part of the Leasehold interest created thereby may be conveyed or mortgaged in a leasehold mortgage, deed of trust, or other security instrument to a leasehold mortgagee that shall hold the fee estate in the Property or any interest of the Lessor under the Lease.

4. Consent to Assignment, Payment of Rent.

a. Subject to any matters of record as referenced in the Report, the rights of Senior Lenders, and the matters of record on the Lessee's Leasehold interest and only to the extent necessary or appropriate pursuant to such matters of record, Lessor hereby consents to and approves the following to the extent such consents or approvals are required under the Lease:

(1) Lessee's encumbering the Lease, the Leasehold and the Development by the Regulatory Agreement; possession of the Leasehold and any Development thereon by TCAC or by a receiver under the Regulatory Agreement; and sale of the Leasehold and the Development pursuant to a court order or other agreement enforcing the Regulatory Agreement;

(2) Assignments to TCAC or its designee of any subleases and any and all rents from such subleases; and

(3) Sale or assignment of all or any part of any interest in the Leasehold to any purchaser or transferee pursuant to a court order or other agreement enforcing the Regulatory Agreement (such purchaser or transferee, including TCAC, is collectively referred to as the "Transferee"), and to any subsequent transfers (all such assignments, transfers, and subsequent transfers referred to in this Lease Rider Agreement as the "Transfer").

b. Nothing in this Lease Rider Agreement, in the Regulatory Agreement or in the Lease shall impose on TCAC the obligations of Lessee under the Lease or require TCAC to assume the Lease unless TCAC takes possession or ownership of the Development pursuant to a court order or other agreement under the Regulatory Agreement, or becomes the lessee under the Lease or a New Lease (defined in Section 6, below).

5. Notice of Defaults; Termination Notice.

a. Notice and Cure. Lessor shall provide concurrently to TCAC a written copy of all notices and demands, including, without limitation, notices of default or breach which Lessor gives, delivers, or sends to Lessee under the Lease. No notice or demand under the Lease shall be effective as to TCAC unless and until a copy of such notice is provided to TCAC as provided herein. Any notice of default under the Lease or this Lease Rider Agreement shall describe the default(s) with reasonable detail. TCAC shall have the right, but not the obligation, to cure any breach or default within the time period given in the Lease; provided that, if such notice to TCAC is not given or is delayed for any reason, the period of time within which TCAC may cure any such breach or default shall commence upon receipt by TCAC of such notice. Lessor and Lessee authorize TCAC to enter the Property and Improvements after reasonable prior written notice or pursuant to a court order for the purpose of mitigating defaults or exercising its right to cure and any other powers given TCAC under the Regulatory Agreement, this Lease Rider Agreement or the Lease.

b. Termination Notice. After the expiration of the grace period given Lessee under the Lease to cure a default, Lessor shall not terminate the Lease on account of such default but shall give TCAC a written notice (the "Termination Notice") that Lessee has failed to cure the default within the grace period and that, on account thereof, Lessor intends to terminate the Lease, which notice

shall set a termination date not earlier than ninety (90) days after TCAC's receipt of the Termination Notice, provided that Lessor agrees to extend such termination date for a reasonable period if TCAC reasonably requires additional time to accommodate TCAC's taking possession of the Development where possession is necessary to cure Lessee's default, all of which is subject to any Senior Lender's security instruments. In the event the default results in the existence of an immediate or imminent serious health and safety threat to the residents or the public, Lessor may request TCAC to approve a shorter termination date which shall not be unreasonably denied. In addition, TCAC may waive its right to the 90-day period to cure under the Termination Notice after its receipt of the Termination Notice if TCAC determines that it will not take action to effect a cure for the default. No Termination Notice shall become effective to terminate the Lease if:

(1) Except as provided in Section 5.c., within ninety (90) days after receipt of the Termination Notice, TCAC cures all defaults which can be cured by payment or expenditure of money or without possession of the Development; or provides reasonable assurance and undertakings for the cure of such default. To effect a cure of Lessee's default, TCAC may, subject to the rights of all Senior Lenders, make any repair of improvement, do any other act or thing required of Lessee under the Lease, or do any act or thing which may be necessary or proper to prevent termination of the Lease. TCAC and its agents and contractors, subject to the rights of all Senior Lenders, shall have full access to the Property and Improvements for purposes of accomplishing the curing of defaults under the Lease. Any of the foregoing done by TCAC shall be as effective to prevent a termination of the Lease as the same would have been if done by Lessee; or

(2) TCAC commences and diligently pursues judicial and/or administrative proceedings commenced under the Regulatory Agreement to cure a default.

(3) If TCAC has not cured a default upon the expiration of such Termination Notice pursuant to Subsection (1) above or fails to commence and diligently pursue a cure pursuant to Subsection (2) above, and subject to compliance with other provisions of this Section 5.b. and any limitations on termination in the Lease, Lessor may terminate the Lease and pursue such other remedies as are available under the terms of the Lease.

c. Defaults Not Susceptible to TCAC Cure. TCAC shall not be required to perform any act which is not susceptible to performance by TCAC, such as to cure a filing or condition of bankruptcy or insolvency or to cure or commence the cure of any default which is Lessee's failure to pay or comply with any lien, charge or encumbrance which is junior in priority to the Regulatory Agreement, or to pay any amount owed under an indemnity of Lessor by Lessee based on an event occurring prior to TCAC's possession of the Development. If any such act not susceptible to performance by TCAC constitutes a breach under the Lease, Lessor may resort to any and all of its remedies for such breach under the Lease.

d. Reimbursement of Lessor's Payment of Arrears. Lessor agrees that if Lessor cures Lessee's failure to make any payment due under the Lease or any loan identified in Section 2.a., it shall seek reimbursement of amounts so paid solely from Lessee and TCAC shall have no obligation to pay such amounts to Lessor.

e. Waiver of Breach or Default. Subject to the rights of Senior Lenders, on transfer of the Leasehold interest pursuant to a court order or other agreement enforcing the Regulatory Agreement, all violations, defaults and breaches by Lessee under the Lease occurring prior to such transfer, including, without limitation, nonpayment of rent or other amounts payable under the Lease, shall be deemed personal obligations of Lessee, and TCAC or other Transferee shall be entitled to the New Lease as described in Section 6 below without incurring or assuming any liability or obligation of, or claim against, Lessee under the Lease. However, upon transfer of the

Leasehold interest, TCAC or the Transferee, as applicable, shall be responsible for correcting all defaults in existence at the time of the transfer; Lessor may exercise its rights under Section 5.b. if TCAC or the Transferee fails to correct any such default within a reasonable time. Nothing in this section shall be deemed a waiver of any claim by Lessor, TCAC, or other Transferee against Lessee under the Lease.

f. Enforcement Not a Breach. Any action taken by TCAC to enforce its rights under this Lease Rider Agreement with respect to Lessee with respect to any of the documents governing the Allocation including, without limitation, any actions taken to collect any amounts due and owing to TCAC or any action to appoint a receiver for the Development or to otherwise ensure compliance with the Regulatory Agreement, shall not constitute or result in a breach or violation of the Lease.

g. Status Quo Ante. Any default by Lessee shall not prejudice TCAC if TCAC chooses to cure such default within the applicable grace period specified by this Lease Rider Agreement or the Lease, and Lessor acknowledges and agrees that upon TCAC's cure of any such default, the Lease shall be restored status quo ante.

6. New Lease.

a. Conditions. Section 5 hereof notwithstanding, and subject to the rights of Senior Lenders as provided in their security instruments, Lessor agrees to comply with the requirements of Section 6.b. if the following conditions specified in this Section 6.a. apply:

(1) The Lessee's Lease or a Transferee's New Lease is terminated for any reason whatsoever and TCAC or a subsequent Transferee acquires possession or ownership of the Development as a result of TCAC enforcing its remedies authorized by the Regulatory Agreement; and

(2) TCAC or other Transferee, whether or not such party has assumed the Lease, requests Lessor in writing pursuant to Section 6.b. to enter into a new lease (the "New Lease") of the Property within ninety (90) days after TCAC or the Transferee takes possession or ownership of the Development either as a result of a court order or other agreement under the Regulatory Agreement. The New Lease shall be at the rent of, and consistent with, the terms, provisions, covenants, options and agreements contained in the terminated Lease, as amended, or granted by the Lessor in connection with the Lease, all as modified or supplemented by this Lease Rider Agreement unless Lessor agrees to lower rent or less restrictive terms and conditions.

b. Obligations. If the conditions specified in Section 6.a. have been satisfied, and subject to the provisions of matters of record as referenced in the Report and the rights of Senior Lenders in their security instruments, Lessor shall:

(1) upon receipt of the request for New Lease described in Section 6.a.(2) above, enter into a New Lease of the Property with TCAC, its nominee, or its successor-in-interest or other Transferee, for the remainder of the term of the Lease, effective as of the date of the termination of the Leasehold or conveyance of the Development pursuant to a court order or other agreement under the Regulatory Agreement;

(2) convey to TCAC, its nominee or its successor-in-interest or other Transferee, all title and interest of the Lessee to the Improvements and Leasehold encumbered by the Regulatory Agreement, if any, which may become or have become vested in Lessor as a result of any termination of the Lease or conveyance by court order or other agreement under the Regulatory Agreement, so long as the New Lease contains provisions that require TCAC, its nominee, or its successor-in-interest or other



Transferee to reconvey all title and interest conveyed by Lessor's grant deed in the Improvements at the termination of the term of the New Lease; and

(3) assign to TCAC, its nominee, or its successor-in-interest or other Transferee, all of Lessor's interest as landlord, if any, in all existing Subleases of all or any part of the Development and all attornments given by the sublessees under such Subleases, provided that TCAC, its nominee, or its successor-in-interest shall reconvey all such title and interest conveyed by Lessor in all existing Subleases in all or any part of the Development at the termination of the New Lease.

c. Priority. The Leasehold interest and any other interest (if any) in the Development granted to TCAC, its nominee or its successor-in-interest or other Transferee under this Section 6 shall be prior to any mortgage or other lien, charge or encumbrance on the Development created by Lessor or Lessee, except for the liens of Senior Lenders or as approved in writing by TCAC or as referenced in the Report.

7. Successors to TCAC. Subject to Section 4 hereof, if the Leasehold is transferred pursuant to a court order or other agreement enforcing the Regulatory Agreement, Lessor shall recognize the Transferee as the tenant under the Lease, subject to the liens of Senior Lenders. Anything in the Lease notwithstanding, the rights and benefits of TCAC under this Lease Rider Agreement shall benefit and may be exercised by any Transferee. The holder of any mortgage or deed of trust which may be given to secure a portion of the purchase price in any sale by TCAC or its successor(s) after TCAC acquires the Leasehold interest or enters into a New Lease under this Lease Rider Agreement shall be entitled to rely on continuation of the same rights and benefits of TCAC under this Lease Rider Agreement.

8. Diligence of TCAC. So long as TCAC is prevented by any process or injunction issued by any court or by any statutory stay, or by reason of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving Lessor or Lessee, from commencing or prosecuting its remedies under the Regulatory Agreement or other appropriate proceedings in the nature thereof, or undertaking or completing any of TCAC's rights or remedies under the Lease or this Lease Rider Agreement, TCAC shall not be deemed for that reason to have failed to commence such proceedings or to have failed to prosecute diligently such proceedings, provided, however, that TCAC shall use reasonable efforts to contest and appeal the issuance or continuance of any such process, stay or injunction.

9. Certificates.

(a) Certificate by Lessor. Within fifteen (15) calendar days after written request made by TCAC, Lessor shall execute and deliver to TCAC, or to any proposed purchaser, transferee, or encumbrancer of Lessee's Leasehold interest, a certificate declaring, to the best of Lessor's knowledge, (i) the existence and validity of the Lease, or New Lease as the case may be, and amendments thereto, if any, and that such Lease or New Lease remains in full force and effect; (ii) that all conditions under the Lease, or New Lease, have been satisfied, and that there are no defaults under the Lease or New Lease, or if there has been a default under the Lease or New Lease, a description of the nature of such default; (iii) any other information relating to the condition of the Property reasonably requested by TCAC; and iv) that Lessor understands the recipient will rely on the certificate and that the Lessor will describe in reasonable detail any exceptions to the foregoing statements.

(b) Certificate by Lessee. Within fifteen (15) calendar days after written request made by TCAC, Lessee shall execute and deliver to TCAC, or to any proposed purchaser, transferee, or encumbrancer of Lessee's Leasehold interest, a certificate declaring to the best of Lessee's knowledge (i) the existence and validity of the Lease, or New Lease as the case may be, and amendments thereto, if any, and that such Lease or New Lease remains in full force and effect; (ii) that all conditions under the Lease, or New Lease, have been satisfied, and that there are no defaults under the Lease or New Lease, or if there has been a default under the Lease or New Lease, a description of the nature of such default; (iii) any other information relating to the condition of the Property, Leasehold or the Development reasonably requested

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by TCAC; and (iv) that Lessee understands the recipient will rely on the certificate and that the Lessee will describe in reasonable detail any exceptions to the foregoing statements.

10. Notices. Notices and other communications required by this Lease Rider Agreement shall be delivered by messenger to the addresses provided below or sent by U.S Postal Service certified mail, return receipt requested, postage prepaid, addressed as follows:

To TCAC: California Tax Credit Allocation Committee  
915 Capitol Mall, Room 485  
Sacramento, CA 95814  
Attn. Executive Director

To Lessor: St. Paul's Episcopal Church of Walnut Creek  
1924 Trinity Ave.  
Walnut Creek, CA 94596  
Attn: Senior Warden

To Lessee: SP Commons, L.P.  
c/o Resources for Community Development  
2220 Oxford St.,  
Berkeley CA 94704

These addresses may be changed by a written notice given by any party hereto to the other parties in the same manner provided in this Section. Notices shall be effective on receipt.

11. TCAC's Rights Against Lessee. Nothing in this Lease Rider Agreement shall limit or restrict TCAC's rights and remedies under the Regulatory Agreement, or any other agreement between TCAC and Lessee.

12. Successors and Assigns. This Lease Rider Agreement shall inure to the benefit of and bind the successors and assigns of TCAC, Lessor and Lessee.

13. Uninsured Hazard. Lessor agrees that neither TCAC nor any person acquiring the Development, or a portion of the Leasehold pursuant to a court order or other agreement enforcing the Regulatory Agreement, nor the lessee under a New Lease pursuant to Section 6 hereof, nor any successive owner of a portion of the Development after such transfer or New Lease shall have any obligation hereunder or under the Lease or New Lease to repair or reconstruct any damage or loss to the Development which occurred prior to such transfer or New Lease and which is due to a hazard not required to be covered by insurance under the Lease or New Lease. However, if the damage or loss is not corrected and constitutes a breach of the Lease or New Lease, Lessor may exercise its rights under Section 5.

14. Duty to Repair. Lessor agrees that if TCAC, its nominee, or its successor-in-interest succeeds to Lessee's Leasehold interest in the Property and if the Development shall have been or becomes materially damaged before or after the date of such acquisition, TCAC's, its nominee's, or its successor-in-interest's obligation, if any, to repair, replace or reconstruct the Development shall in any such event be limited to the greater of: i) the amount of the net insurance proceeds received by TCAC, its nominee, or its successor-in-interest by reason of that damage or ii) the amount TCAC, its nominee, or its successor-in-interest would be entitled to if in compliance with the minimum insurance requirements of Lessee under the Lease. However, if the damage or loss is not corrected and constitutes a breach of the Lease or New Lease, Lessor may exercise its rights under Section 5.

15. Options. Lessor and Lessee agree that TCAC or its successor-in-interest or other Transferee, after its acquisition of the Leasehold, may exercise any option to extend the term of the Lease or New Lease or to purchase any interest in the Property which is granted to Lessee under or in connection with the Lease or the New Lease.

16. Limitation on Liability. If TCAC agrees to be bound by the terms of the Lease, or in the event of any Transfer to a Transferee, then unless so ordered by a court or as agreed to by TCAC, any Transferee, and any secured creditors, neither TCAC nor Transferee shall have any obligation under the Lease or the New Lease with respect to any liabilities, obligations, losses, damages, fines, penalties, claims, demands, suits, actions, causes of actions, charges, judgments, costs, and expenses (including architects' and attorneys' fees and court costs) arising out of or resulting from acts, omissions, circumstances or events occurring before or existing at the time of such Transfer or TCAC's agreement to be bound by the Lease or the New Lease except for matters of record identified in the Report at the time of execution of this Lease Rider Agreement or any breach in existence at the time of acquisition of the Leasehold. Nothing in this Lease Rider Agreement or in the Lease or New Lease shall impose on TCAC any liability to perform the obligations of Lessee under the Lease or New Lease or require TCAC to assume the Lease or New Lease unless and until TCAC acquires the Development pursuant to a court order or other agreement enforcing the Regulatory Agreement. After acquiring the Development in such a manner, TCAC shall be liable to perform Lessee's obligations only until TCAC assigns or transfers the Leasehold. TCAC shall not, however, be required to cure Lessee's defaults occurring before TCAC's acquisition of the Development in such a manner except that TCAC or the Transferee must cure any defaults in existence at the time of transfer within a reasonable period of time.

17. Conflict With Lease. The provisions herein are intended to be supplementary to, and not in derogation of, the parties' rights and obligations contained in the Lease (including all of TCAC's rights under the Lease as a party with a recorded encumbrance). In the event of any conflict or inconsistency between the terms of the Lease and the terms of this Lease Rider Agreement, except for any term expressly excluded or modified by Section 21, the terms of this Lease Rider Agreement shall govern and control, and the Lease shall be deemed to be modified hereby. Notwithstanding the foregoing, nothing contained herein shall affect the rights of Senior Lenders or the Tax Credit Partner, nor shall anything contained herein subordinate the lien of any Senior Lender to any rights of TCAC hereunder.

18. Regulatory Agreement Remedies. Nothing in this Lease Rider Agreement is intended to create enforcement rights under the Regulatory Agreement that do not otherwise exist in the Regulatory Agreement.

19. Enforcement. Notwithstanding anything to the contrary in the Lease and notwithstanding the fact that the Lease Rider Agreement is recorded against the Leasehold interest in the Property, Lessor hereby expressly agrees that during the term of the Regulatory Agreement, any violation of the Lease Rider Agreement, including but not limited to any termination, subordination, cancellation, surrender, amendment or modification of the Lease in violation of Section 3 of this Lease Rider Agreement, shall be deemed ineffective. Lessor further agrees, that during the term of the Regulatory Agreement, TCAC shall have standing to enforce and preserve TCAC's rights under the terms of this Lease Rider Agreement and the Regulatory Agreement.

20. Subordination. Notwithstanding anything to the contrary contained elsewhere herein, the parties hereto hereby agree that this Lease Rider Agreement (and all amendments, modifications and supplements hereto) is hereby irrevocably and unconditionally made subject and subordinate in all respects to (a) all existing and future deeds of trust and mortgages approved by TCAC now or hereafter encumbering all or any part of the Lessee's right, title and interest under the Lease (and to all amendments, modifications and supplements thereto), and (b) all rights granted to any holder of any such deed of trust or mortgage under any term or provision of the Lease. Each existing and future holder of any such deed of trust or mortgage (all of whom shall also constitute "Senior Lenders" for all purposes of this Lease Rider Agreement) is hereby made an express third-party beneficiary of the foregoing sentence. TCAC hereby approves (i) that certain deed of trust dated as of March 20, 2018 and recorded March 28, 2018, as Instrument No. 2018-0047988, made by Lessee for the benefit of the County of Contra Costa, (ii) that certain deed of trust dated as of March 20, 2018 and recorded March 28, 2018, as Instrument No. 2018-0047991, which was re-recorded April 1, 2020, as Instrument No. 2020-0062451, and modified pursuant to a modification agreement recorded July 23, 2020, as Instrument No. 2020-0150830, made by Lessee for the benefit of the City of Walnut Creek, (iii) that

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certain deed of trust dated as of April 18, 2018 and recorded July 24, 2018, as Instrument No. 2018-0118036 made by Lessee for the benefit of Bank of America California, N.A., (iv) that certain deed of trust dated as of November 15, 2019 and recorded November 27, 2019, as Instrument No. 2019-0213441 made by Lessee for the benefit of the County of Contra Costa, (v) that certain deed of trust dated as of September 25, 2020 and recorded September 28, 2020, as Instrument No. 2020-0218780, made by Lessee for the benefit of Bank of America, N.A., as assigned to Transamerica Life Insurance Company pursuant to an assignment agreement recorded September 28, 2020, as Instrument No. 2020-0218782 encumbering the leasehold.

21. Additional Provisions. Intentionally left blank

22. Acknowledgment. Lessor and Lessee acknowledge that TCAC is relying on the foregoing representations, warranties, covenants and agreements of the undersigned in allocating the allocation of low-income housing tax credits to Lessee, and warrants and affirms to and for the benefit of TCAC that each of their respective representations set forth herein is true, correct and complete as of this date.