

ACTION CALENDAR
July 23, 2024

TO: Honorable Members of the City Council

FROM: Mayor Jesse Arreguín

SUBJECT: Resolution Approving Amended Home Loan Documents in
Consideration for City Manager Dee Williams-Ridley Separation
Agreement

RECOMMENDATION

Adopt a Resolution amending former City Manager Dee Williams-Ridley's Home Loan Agreement with the City.

FISCAL IMPACTS OF RECOMMENDATION

If approved, these documents would result in a reduction in home loan interest from 3% to 0% until July 17, 2027. Additionally, \$200,000 will be deducted from Ms. Williams-Ridley's home loan principal, provided she makes her annual payments of \$100 each.

BACKGROUND

As part of the Separation Agreement with the former City Manager approved by the City Council on May 7, 2024, the City Council is required consider this home loan amendment.

Ms. Williams-Ridley, as part of her 2016 employment agreement, received a loan in 2017 for a home purchase from the City. Under the terms of the loan, Ms. Williams-Ridley must repay a \$660,000 principal and 3% simple interest within twenty-four months of her separation with the City.

1. Updated Terms

As part of the negotiated Separation Agreement, Ms. Williams-Ridley will have released and waived all potential legal claims against the City arising from her employment between May 7, 2024 and July 10, 2024 in exchange for:

- A reduction in home loan interest from 3% to 0% for the period beginning on her Resignation Date of July 10, 2024 to three years from the Second Effective Date; and
- A \$200,000 deduction from her home loan principal amount on the New Maturity Date, reducing the principal from \$660,000 to \$460,000, as long

as Ms. Williams-Ridley makes an annual payment of \$100 for the years 2024, 2025, and 2026 on the anniversary of the Second Effective Date.

- The Amended Home Loan documents would, if approved by Council, supersede the terms of Ms. Williams-Ridley's Original Home Loan documents. The documents are as follows:
 - Amended and Restated Loan Agreement
 - Amended and Restated Promissory Note
 - Authorization for ACH Payments

The Amended Home Loan documents are attached to this report.

Attachments

1. Resolution Approving Home Loan Documents for Former City Manager Dee Williams-Ridley
2. Amended and Restated Loan Agreement
3. Amended and Restated Promissory Note

**ATTACHMENT 1:
RESOLUTION AMENDING THE HOME LOAN AGREEMENT
WITH DEE WILLIAMS-RIDLEY**

RESOLUTION NO. #####-N.S.

AMENDING THE HOME LOAN AGREEMENT WITH DEE WILLIAMS-RIDLEY

WHEREAS, on March 15, 2016 through. Resolution No. 67,399-N.S., City Council unanimously appointed Dee Williams-Ridley as the City Manager and. approved the terms and conditions of the contract entered into between the City and Ms. Williams-Ridley; and

WHEREAS, Section 5 of said contract specified that the City would assist Ms. Williams-Ridley, who resided in Sacramento, with purchase of housing through a low interest loan if her new residence is located with a 1:0 mile radius of Berkeley; and

WHEREAS, Section 5(c) of the employment contract provides that to assist in the purchase of a residence, "the City shall provide loan assistance at an interest rate of 3% for a term of 20 years" and that the "terms of said loan shall be memorialized in separate documents subject to further Council approval"; and

WHEREAS, Ms. Williams-Ridley purchased housing with the City's loan assistance, at a principal of \$660,000 and the annual 3% interest rate for 20 years, with repayment of the loan with interest required within 24 months of separation from the City.

WHEREAS, Ms. Williams-Ridley has resigned from her position as City Manager, with a last day of July 10, 2024.

NOW THEREFORE', BE IT RESOLVED by the Council of the City of Berkeley that the Council:

1. As an element of consideration in Ms. Williams-Ridley's separation agreement, hereby authorizes the deduction of \$200,000 from Ms. Williams-Ridley's home loan principal amount, reducing it from \$660,000 to \$460,000 as long as Ms. Williams-Ridley makes an annual payment of \$100 for the years 2024, 2025, and 2026 on the anniversary of the Second Effective Date; and
2. As an element of consideration in Ms. Williams-Ridley's separation agreement, hereby authorizes a reduction in home loan interest from 3% to 0% for the period beginning on her Resignation Date of July 10, 2024 to three years from the Second Effective Date.

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The foregoing Resolution was adopted by the Berkeley City Council on July 23, 2024 by the following vote:

Ayes:

Noes:

Absent:

Jesse Arreguín, Mayor

Attest: _____
Mark Numainville, City Clerk

**ATTACHMENT 2:
AMENDED AND RESTATED LOAN AGREEMENT**

AMENDED AND RESTATED LOAN AGREEMENT

This Amended and Restated Loan Agreement (“**Restated Loan Agreement**”) is entered into effective as of July __, 2024 (“**Restatement Date**”) by and between the City of Berkeley, a municipal corporation organized and existing under the laws of the State of California (the “**City**”) and Dee Williams-Ridley (“**Borrower**”). The City and the Borrower are collectively referred to herein as the “**Parties**.”

RECITALS

1. Borrower has served as the City Manager of City since 2016. In City’s employment contract with Borrower, City agreed to provide a housing assistance loan to Borrower to enable Borrower to purchase a home within a ten-mile radius of City.
2. Shortly after Borrower began actively searching for a new residence, the Parties entered into that certain Loan Agreement dated May 5, 2017, by and between City and Borrower (“**Original Loan Agreement**”).
3. Pursuant to the Original Loan Agreement, City made a loan to Borrower (“**Original Loan**”) in the principal amount of Six Hundred Sixty Thousand and No/100 Dollars (\$660,000.00) to be applied by Borrower toward the purchase price of a new residence. City disbursed the Loan proceeds to the escrow agent that facilitated Borrower’s purchase of the property located at 5323 Country View Drive, Richmond, California 94803 (the “**Property**”).
4. The Original Loan Agreement required Borrower to make monthly payments of interest at the rate of three percent (3%) per year, and to repay the principal amount of the loan in full upon the earliest to occur of: May 5, 2037, Borrower’s sale of the Property, or two (2) years after Borrower’s separation of employment with the City.
5. The Original Loan was evidenced by a Promissory Note dated May 5, 2017, executed by Borrower in favor of City (“**Original Note**”), and the Original Note was secured by that certain Deed of Trust dated May 8, 2017, recorded as Instrument No. 20179008649100005 in the Official Records of the County of Contra Costa (“**Deed of Trust**”).
6. The Original Deed of Trust is subordinate to the first position purchase money loan in the original principal amount of \$169,000.00 in favor of Woodland Hills Mortgage Corporation secured by that certain Adjustable Rate Deed of Trust and Assignment of Leases and Rents dated May 9, 2017, recorded as Instrument No. 20179008649000014 in the Official Records of the County of Alameda (the “**First Position Deed of Trust**”).
7. Borrower has made no monthly interest payments under the Original Note. The amount of accrued and unpaid interest on the Original Loan, including the payment due on July 1, 2024, is \$142,964.00 (“**Unpaid Interest**”). The balance of the Original Loan as of July 1, 2024 is therefore of Eight Hundred Two Thousand Nine Hundred Sixty-Four and No/100 Dollars (\$802,964.00) (“**Loan Balance**”).
8. The Parties have negotiated the terms of Borrower’s employment separation, including relieving Borrower of some of her obligations under the Original Loan Agreement and

Original Note, as set forth in that certain Separation Agreement and Release of All Claims by and between City and Borrower (“**Separation Agreement**”).

9. As contemplated by the Separation Agreement, the Parties now desire to amend and restate the Original Loan Agreement to (i) allow Borrower additional time to repay the 2017 loan, (ii) forgive a portion of the principal amount of the Original Loan such that the principal balance will be Four Hundred Sixty Thousand and No/100 Dollars (\$460,000.00), upon satisfaction of the Condition Precedent defined below (iii) consolidate the Unpaid Interest with the reduced principal balance, and (iv) replace the Original Note with the Restated Note.

10. Concurrently herewith, Borrower has executed that certain Amended and Restated Promissory Note of even date herewith, in the amount of Eight Hundred Two Thousand Nine Hundred Sixty-Four and No/100 Dollars (\$802,964.00) (together with all modifications, amendments, renewals, extensions, restatements, and replacements thereof, the “**Restated Note**”).

NOW, THEREFORE, in consideration of the mutual covenants contained herein and good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

AGREEMENT

1. **Recitals.** The foregoing recitals are true and correct and are incorporated herein by this reference.

2. **Restated Loan; Restated Note; Security.** The Original Note is hereby cancelled and replaced with the Restated Note. The City shall promptly mark the Original Note “cancelled and replaced” and return it to Borrower. From and after the Restatement Date, all references in the Original Deed of Trust will be deemed to refer to the Restated Note. Borrower’s obligations under this Restated Loan Agreement and the Restated Note shall continue to be secured by the Deed of Trust. The Original Loan as amended and restated in this Agreement is the “**Restated Loan.**”

3. **Interest Rate.** Except as otherwise provided below, beginning upon the Restatement Date and continuing until the New Maturity Date, the Reduced Loan Balance (defined below) shall bear simple interest at the rate of zero percent (0%) per annum. Upon the occurrence of a Default by Borrower, the Reduced Loan Balance shall bear interest from and after the date of such Default at the rate of ten percent (10%) per annum, compounded annually, or the highest rate permitted by applicable law, whichever is lower (“**Default Interest Rate**”).

4. **Reduced Loan.** Provided the Condition Precedent is met, the principal amount of the Original Loan will be reduced to Four Hundred Sixty Thousand and No/100 Dollars (\$460,000.00.00) and consolidated with the Unpaid Interest, resulting in a balance of Six Hundred Two Thousand Nine Hundred Sixty-Four and No/100 Dollars (\$602,964.00) (“**Reduced Loan Balance**”).

4.1 **Condition Precedent.** If Borrower pays City the sum of One Hundred and No/100 Dollars (\$100.00) per year on each anniversary of the Restatement Date (the “**Annual**”).

Fee”) until the New Maturity Date, Borrower shall only be obligated to pay the Reduced Loan Balance; provided, however, that if Borrower opts to prepay the Home Loan in full, only the Reduced Loan Balance and any Annual Fee that has come due at the time of such prepayment shall be due and the Annual Fee shall be waived for any year(s) following such prepayment. Borrower must provide City reasonable advance prior written notice of her intent to prepay the Reduced Loan Balance. The obligations set forth in this paragraph are the “**Condition Precedent.**”

4.2 Future Restated Note. If the Condition Precedent is met, Borrower may request that City prepare for Borrower’s execution and delivery to City a Second Amended and Restated Promissory Note in substantially the same form as the Restated Note, evidencing the Reduced Loan Balance (“**Future Restated Note**”). If Borrower requests such a Future Restated Note, the City shall prepare the Future Restated Note, mark the Restated Note “cancelled and replaced” and thereafter return it to Borrower, and deliver the Future Restated Note to Borrower.

5. Term of Loan; New Maturity Date. The Term of the Restated Loan shall be three (3) years. The Reduced Loan Balance or the Loan Balance, as applicable, shall be due and payable in full on July ___, 2027, the third (3rd) anniversary of the Restatement Date (the “**New Maturity Date**”) or upon the earlier acceleration of the Reduced Loan Balance or the Loan Balance, as applicable, pursuant to Section 11.

6. Repayment.

6.1 Payment of Restated Loan. Borrower shall repay the entire amount of the Reduced Loan Balance or the Loan Balance, as applicable, to City on or before the New Maturity Date.

6.2 No Prepayment Penalty. Should Borrower elect to make a payment prior to the New Maturity Date, Borrower shall not incur any prepayment penalty.

6.3 Manner of Payment. Payment shall be made in currency of the United States of America, which at the time of payment is lawful for the payment of public and private debts.

7. Income Tax Acknowledgements and Waivers. Borrower acknowledges that the Internal Revenue Service and/or California Franchise Tax Board may consider the transaction or aspects of the transaction contemplated by this Restated Loan Agreement to be a cancellation of indebtedness resulting in taxable income to Borrower. City makes no representations to Borrower regarding the amount of any tax liability that may be imposed by the Internal Revenue Service and/or California Franchise Tax Board. Borrower acknowledges that she is not relying on City for any tax advice related to the cancellation of indebtedness. Borrower waives and releases City from any and all claims arising from the tax consequences of this transaction. Borrower acknowledges that she has been given an opportunity to consult, and represents that she has consulted, with tax consultants she deems advisable in connection with this Restated Loan Agreement.

8. Payment of Taxes and Assessments. Borrower shall pay before delinquency all taxes and assessments affecting the Property. Borrower’s interest in the Property shall not be

increased as a result of such payment of taxes nor shall she be entitled to reimbursement at any time therefor from City.

9. Maintenance. Borrower shall be solely responsible for maintaining all of the Property in good condition and repair. Borrower's maintenance duties hereunder shall include both ordinary and unusual repair. Borrower shall complete or restore promptly and in good workmanlike manner, any building which may be constructed, damaged or destroyed on the Property and shall pay when due, all lawful claims for the labor performed and materials furnished therefor.

10. Insurance. Borrower shall at all times maintain, at her sole expense, an insurance policy or policies which cover all of the following:

10.1 All-risk. Fire, water damage and any and all other perils included either within a standard homeowner's policy or within a special cause of loss ("all risks") policy, insuring Borrower and naming the City as mortgagee under a standard mortgagee's clause, in an amount sufficient to cover one hundred percent (100%) of the current costs of full replacement of the Property, and all improvements thereon, exclusive of the personal property of Borrower.

10.2 General liability. Comprehensive personal liability insurance with respect to the Property insuring Borrower and naming the City, its officers, employees and agents, as additional insureds, against personal injury or death and property damage in amounts of at least Three Hundred Thousand and No/100 Dollars (\$300,000.00) per occurrence.

11. Default.

11.1 Definition of Default. It shall be a "**Default**" if any of the following occur:

- a. If Borrower fails to pay the Reduced Loan Balance or the Loan Balance, as applicable, on or before the New Maturity Date.
- b. If Borrower abandons, vacates or surrenders the Property for any reason for a continuous period in excess of 30 days, unless to facilitate construction, or maintenance of the Property, or unless for a bona fide vacation.
- c. If Borrower enters into a lease without City's prior written consent.
- d. If any part of the interest of Borrower in the Property is sold or transferred, whether voluntarily or involuntarily, or otherwise encumbered by any interest other than the First Position Deed of Trust.
- e. If Borrower fails to perform any other obligations under this Restated Loan Agreement and such failure to perform continues for more than 30 days after notice from City.
- f. If any default occurs under the Restated Note or the Deed of Trust that is not cured within the applicable cure period provided for therein.

11.2 **Remedies.** Upon the occurrence of a Default, the entire unpaid Reduced Loan Balance or the Loan Balance, as applicable, together with all interest thereon and all other sums then due under this Agreement shall at the option of City become immediately due and payable without further notice or demand. City shall have the remedy of foreclosure as set forth in the Deed of Trust in addition to all other remedies available under applicable law or provided for in this Agreement, the Restated Note or the Deed of Trust.

12. **City Cure Rights.** In the event Borrower fails to perform her obligations under this Restated Loan Agreement, City, at its option, may cure such default at Borrower's cost. If City, at any time, by reason of Borrower's failure to perform, pays any sum or does any act that requires the payment of any sum, the sum paid by City shall become due immediately from Borrower to the City. without limiting or impairing the provisions of paragraph 11, above, if Borrower fails to pay all sums due as a result of City's right to cure, such sums shall be deducted from Borrower's share of any proceeds resulting from the foreclosure of the Property pursuant to the provisions of this Restated Loan Agreement or the Deed of Trust. City's right to cure herein and City's right to compel the sale of the property under the Deed of Trust are not exclusive. All rights and remedies of the City under this Restated Loan Agreement, the Restated Note, and the Deed of Trust are cumulative and are in addition to any rights and remedies now and or later provided by law.

13. **Indemnity.** Borrower shall indemnify and hold City harmless against all liability, claims, demands, actions, causes of action, damages and costs, and attorneys' fees arising out of or in any way related to this Restated Loan Agreement, including but not limited to any action to enforce the provisions of this Restated Loan Agreement or any work performed by Borrower's agents or representatives, unless the same is caused by the sole negligence or willful misconduct of City.

14. **Lease and Assignment.** Borrower shall not lease or otherwise transfer any part of her interest in the Property, or any right or privilege appurtenant thereto, without the prior written consent of the City Council. The Parties acknowledge and agree that Borrower has previously encumbered the Property with, and City has consented to, the First Position Deed of Trust. A consent to one lease or other transfer shall not be deemed to be a consent to any subsequent lease or other transfer. Any transfer without the City Council's prior written consent shall be void.**Binding on Successors.** Notwithstanding the provisions of Section 14, this Restated Loan Agreement shall be binding upon and shall inure to the benefit of not only the parties hereto, but also their respective heirs, personal representatives, successors and assigns.

16. **City Representative.** Unless otherwise specifically designated by City Council or provided for in this Restated Loan Agreement, the Mayor shall be authorized to give consent on behalf of the City and in the manner provided for in this Restated Loan Agreement.

17. **Notice.** All notices required or permitted to be given under this Restated Loan Agreement shall be addressed to: the City Clerk of the City of Berkeley, 2180 Milvia Street, First Floor, Berkeley, California 94704, and to Borrower addressed to the Property, unless Borrower otherwise notifies City in writing. A Party shall give notice to the other at the address above by personal delivery, by mailing such notice via certified mail, return receipt requested, or by express delivery service by a nationally recognized courier. Receipt shall be deemed to have

occurred on the date shown on a written receipt as the date of delivery or refusal of delivery (or attempted delivery if undeliverable).

18. Governing Law. This Restated Loan Agreement shall be subject to, governed by, and construed in accordance with the laws of the State of California without reference to its choice of law principles.

19. Amendment. This Restated Loan Agreement may be amended in whole or in part only by mutual written agreement of both Parties. No amendment of this Restated Loan Agreement shall be effective without the approval of the City Council. If any conflict arises between the provisions of such amendment and any of the provisions of any earlier document or documents, the most recent duly executed amendment shall be controlling.

20. Time is of the Essence. Time is of the essence of each provision of this Restated Loan Agreement.

21. Severability. The unenforceability, invalidity or illegality of any provision of this Restated Loan Agreement shall not render the other provisions of this Restated Loan Agreement unenforceable, invalid or illegal.

22. Entire Agreement. This Restated Loan Agreement, together with the Restated Note and Deed of Trust, contain the entire agreement between the Parties hereto with respect to the Restated Loan and supersede any and all prior understandings, written or oral, between them respecting the same. There are no representations, agreements, arrangements or undertakings, oral or written, between the Parties hereto relating to the subject matter of this Restated Loan Agreement which are not fully expressed herein or in the Restated Note or Deed of Trust.

23. Counterparts. This Restated Loan Agreement may be executed in one or more counterparts, each of which shall be an original and all of which taken together shall constitute one instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto having additional signature pages executed by the other Party. Any executed counterpart of this Restated Loan Agreement may be delivered to the other Party by facsimile or other electronic means and shall be deemed as binding as if an originally signed counterpart was delivered.

IN WITNESS WHEREOF, the Parties hereto and each of them have executed this Restated Loan Agreement on the day and year first set forth above.

BORROWER:

Dee Williams-Ridley

CITY OF BERKELEY

By: _____
Jesse Arreguín, Mayor

Approved as to form:

By: _____
Farimah F. Brown, City Attorney

ATTACHMENT 3:
AMENDED AND RESTATED PROMISSORY NOTE

AMENDED AND RESTATED PROMISSORY NOTE

\$802,694.00

Richmond, California
July __, 2024
 (“**Restatement Date**”)

FOR VALUE RECEIVED, the undersigned Dee Williams-Ridley, an individual (“**Borrower**”), whose address is 5323 Country View Drive, Richmond, CA 94803, hereby promises to pay to the order of the City of Berkeley, a municipal corporation the (“**City**”), whose address is 2180 Milvia Street, Berkeley, California, Eight Hundred Two Thousand Six Hundred Ninety-Four and No/100 Dollars (\$802,694.00).

1. Modification of Borrower's Obligation. City made a subordinate purchase money loan to Borrower in the original principal amount of Six Hundred Sixty Thousand and No/100 Dollars (\$660,000.00) (“**Loan**”) pursuant to a Loan Agreement dated May 5, 2017 by and between City and Borrower (“**Original Loan Agreement**”) as evidenced by a Promissory Note dated May 5, 2017 (the “**Original Note**”). Borrower’s obligations under the Original Loan Agreement and Original Note are secured by a Deed of Trust among Borrower as trustor, City as Beneficiary, and Chicago Title Company as trustee dated May 8, 2017, recorded as Instrument No. 20179008649100005 in the Official Records of Contra Costa County (“**Deed of Trust**”). Concurrently herewith, City and Borrower have entered into an Amended and Restated Loan Agreement (“**Restated Loan Agreement**”) wherein the parties have agreed, among other things, to reduce the principal balance and the interest rate of the loan. Capitalized terms not defined herein shall have the meanings attributed to them in the Restated Loan Agreement. This Amended and Restated Promissory Note (the “**Restated Note**”) replaces and supersedes the Original Note, which as of the date hereof shall be of no further force or effect.

2. Reduction of Loan Balance.

2.1 Loan Balance. As of July 1, 2024, the outstanding principal balance and accrued and unpaid interest on the Loan is Eight Hundred Two Thousand Six Hundred Ninety-Four and No/100 Dollars (\$802,694.00) (“**Loan Balance**”). The Loan Balance reflects the principal balance on the Loan, consolidated with the accrued and unpaid interest thereon.

2.2 Evidence of Obligation. This Restated Note evidences Borrower's obligation to pay City the Loan Balance.

3. New Maturity Date. Subject to acceleration in the event of a Default by Borrower, the Loan Balance shall be due and payable in full by Borrower to City on July __, 2027, the third (3rd) anniversary of the Restatement Date (“**New Maturity Date**”).

4. Interest. Except as otherwise provided below, beginning upon the Restatement Date and continuing until the New Maturity Date, the Loan Balance shall bear simple interest at the rate of zero percent (0%) per annum. If the Loan Balance is not repaid in full on or before the New Maturity Date or upon the occurrence of an earlier Default by Borrower, the Reduced

Loan Balance shall bear interest from and after the date of such Default at the rate of ten percent (10%) per annum, compounded annually, or the highest rate permitted by applicable law, whichever is lower (the “**Default Interest Rate**”).

5. No Assumption. This Restated Note shall not be assumable by any successor or assign of Borrower without the prior written consent of City.

6. Security.

6.1 Deed of Trust. This Restated Note is secured by the Deed of Trust.

6.2 Non-Recourse Loan. The Loan and this Restated Note shall be nonrecourse to Borrower.

7. Default.

7.1 Default. A “**Default**” shall mean any failure in the performance by Borrower of any term, condition, provision or covenant set forth in this Restated Note, the Restated Loan Agreement, or the Deed of Trust (each, a “**Loan Document**” and collectively “**Loan Documents**”), subject to any notice and cure period set forth in the applicable Loan Document.

7.2 Remedies. Upon the occurrence of a Default, the entire unpaid principal balance, together with all interest thereon and all other sums then due under the Loan Documents shall at the option of City become immediately due and payable without further notice or demand. City shall have the remedy of foreclosure as set forth in the Deed of Trust in addition to all other remedies available under applicable law or provided for in the Loan Documents.

7.3 No Waiver.

a. City’s failure to exercise any remedy set forth in Section 7.2 above or any other remedy provided by law upon the occurrence of a Default shall not constitute a waiver of the right to exercise any remedy at any subsequent time in respect of the same or any other Default. The acceptance by City of any payment which is less than the total of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise any of the foregoing remedies or options at that time or at any subsequent time, or nullify any prior exercise of any such remedy or option, without the express consent of City, except as and to the extent otherwise provided by law.

b. No extension of time for payment of the Loan Balance by agreement of City with any person now or hereafter liable for payment of this Restated Note shall operate to release, discharge, modify, change or affect the original liability of Borrower under this Restated Note, either in whole or in part.

8. Borrower Waivers. Borrower hereby waives diligence, presentment, protest and demand, and notice of protest, notice of demand, notice of dishonor and notice of non-payment of this Restated Note. Borrower expressly agrees that this Restated Note or any payment hereunder may be extended from time to time, and that City may accept further security or

release any security for this Restated Note, all without in any way affecting the liability of Borrower.

9. No Right to Offset. The obligations of Borrower under this Restated Note shall be absolute and Borrower waives any and all rights to offset, deduct or withhold any payments or charges due under this Restated Note for any reason whatsoever.

10. Miscellaneous.

10.1 Notices. All notices to City or Borrower shall be given in the manner and at the addresses set forth in the Restated Loan Agreement or to such addresses as City and Borrower may hereinafter designate.

10.2 Collection Costs. Borrower shall pay, immediately upon demand, all costs and expenses, including reasonable attorney's fees, incurred by City in the enforcement of the provision of this Restated Note, regardless of whether suit is filed to seek enforcement.

10.3 Modification. This Restated Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

10.4 Governing Law. This Restated Note shall be governed by and construed in accordance with the laws of the State of California without reference to its choice of law principles.

10.5 Time of the Essence. The times for the performance of any obligations hereunder shall be strictly construed, time being of the essence.

10.6 Entire Agreement. This Restated Note, together with the other Loan Documents, contains the entire agreement between the parties as to this loan.

10.7 Severability. If any provision of this Restated Note shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

BORROWER:

Dee Williams-Ridley

