

**AMENDMENT NO. 1 TO LOAN AGREEMENT AND PROMISSORY NOTE  
WITH THE SAN LEANDRO IMPROVEMENT ASSOCIATION**

This Amendment No. 1 to Loan Agreement and Promissory Note (this “Amendment”) is entered into as of \_\_\_\_\_ for reference purposes only, by and between the San Leandro Improvement Association, a California non-profit (“Borrower”) and the City of San Leandro, a California charter city (the “City”) with reference to the following facts:

A. Borrower requested, and Lender agreed to provide, a loan of monies (the “**Loan**”) through a negotiated agreement pursuant to certain terms and conditions for the purpose of providing Borrower funding for Downtown San Leandro capital improvements (the “**Loan Agreement**”). Lender was amenable to such a loan, subject to specific provisions that provide Lender assurance that the Loan will be paid before all of Borrower’s other debts and obligations from assessments due and owing to Borrower established under the California Property and Business Improvement District Law of 1994 (“**PBID Law**”) (California Streets & Highways Code section 36600 *et seq.*). The Loan Agreement was approved by the City Council for the City of San Leandro on December 19, 2016; and

B. The Loan Agreement is also evidenced by that certain Secured Promissory Note approved December 19, 2016, labeled as Exhibit A (the “**Note**”). This Amendment No. 1, the Loan Agreement, and the Note are collectively referred to herein as the “**Loan Documents**.”

C. Borrower and City now wish to amend the Loan Agreement to defer principal payments until 2022, and to establish the schedule, through a new Exhibit B to the Loan Agreement, by which payments defined in the Loan Agreement shall be made.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises of the parties hereto and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties mutually agree to amend the Loan Documents as follows:

1. Incorporation of Recitals. The Recitals set forth above are each incorporated into the body of this Amendment as if set forth in full.
2. Section 1.2 of the Loan Agreement is amended in its entirety to read as follows:

INTEREST RATE; PAYMENT DATES; MATURITY DATE. Interest shall accrue on the outstanding principal balance of the Loan at a rate of three percent (3.0%) simple interest per annum. Payments shall be due and payable in accordance with the schedule set forth in Exhibit B, which is attached hereto and made a part hereof. The entire outstanding principal balance of the Loan together with accrued interest and all other sums due under the Loan Documents shall be payable in full on July 31, 2027, all in accordance with Exhibit B (the “**Maturity Date**”). Notwithstanding the foregoing, the Lender shall have the right to accelerate the Maturity Date and declare all sums payable under the Note immediately due and payable upon Lender’s

declaration of an Event of Default.

3. Section 2 of the Note is amended to read as follows:

Borrower shall make annual payments of combined principal and interest until the entire indebtedness evidenced hereby is fully paid, except that all remaining indebtedness, if not sooner paid, shall be due and payable upon the Maturity Date (defined below), in accordance with the schedule in Exhibit B, attached hereto and made a part hereof. Borrower understands that Lender will effectuate the annual payments by deducting the amount due pursuant to this Section from the annual disbursements of property tax assessments made pursuant to a Management and Disbursement Agreement between the San Leandro Improvement Association and the City of San Leandro executed on November 18, 2013 unless Borrower has made payment directly prior to December 1 of any calendar year. The entire outstanding principal balance of this Note, together with accrued interest and all other sums accrued hereunder shall be payable in full on July 31, 2027 (the “**Maturity Date**”). Payments shall be credited first to any unpaid late charges and other costs and fees then due, then to accrued interest, and then to principal. In no event shall any amount due under this Note become subject to any rights, offset, deduction or counterclaim on the part of Borrower.

4. Counterparts. This Amendment may be signed in counterparts with the same effect as if the signatures to each counterpart were upon a single instrument. All counterparts shall be deemed an original of this Amendment.

5. Additional Documents. The Borrower and the City agree to execute or provide such documents and instruments, as may be necessary to effectuate the intent of this Amendment.

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

7. Severability. If any term of this Amendment is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall continue in full force and effect unless the rights and obligations of City or Borrower are materially altered or abridged by such invalidation, voiding or unenforceability.

8. Ratification. Except as otherwise expressly set forth herein, all other terms and conditions of the Loan Agreement, Promissory Note, and Loan Documents remain unchanged and in full force and effect.

[Remainder of Page Left Intentionally Blank.]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first written above.

**BORROWER:**

**SAN LEANDRO IMPROVEMENT ASSOCIATION,**  
a California non-profit corporation

By: \_\_\_\_\_  
Gordon Galvan, President

**CITY:**

City of San Leandro,  
a California charter city

By: \_\_\_\_\_  
Jeff Kay, City Manager

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Richard D. Pio Roda, City Attorney  
3085066.1