

**MINUTES
OF
REGULAR BOARD MEETING**

**BOARD OF DIRECTORS
CAPITOL AREA DEVELOPMENT AUTHORITY**

MAY 20, 2011

ITEM 1 – ROLL CALL

Chair Bailey called the regular meeting of the CADA Board of Directors to order at 9:03 a.m. at 1522 14th Street, Sacramento, CA 95814.

Present: Alvarado, Lagomarsino, Robbins, Bailey
Absent: Otto

Otto arrived at 9:07 a.m.

ITEM 2 – APPROVAL OF MINUTES (SPECIAL AND REGULAR MEETINGS): April 22, 2011

Member Alvarado asked to note corrections to the regular meeting minutes as follows:

- 1) Page 1, Item 4, second bullet to include "On April 11, Chair Bailey, Board Member Alvarado and staff met with the Director of Department of General Services (DGS)."
- 2) Page 2, Item 6, third paragraph from the bottom should read; "Mr. Leon stated that if the owner does not voluntarily clean up the site, CADA could remediate the site upfront and sue the responsible party for reimbursement or try to encourage the Water Resources Board to take action."

Member Alvarado moved approval of the special minutes of April 22, 2011 and the amended regular minutes of April 22, 2011. Member Lagomarsino seconded the motion.

AYES: Alvarado, Lagomarsino, Robbins, Bailey
NOES: None
Absent: Otto

ITEM 3 – CHAIR'S REPORT

No report.

ITEM 4 – EXECUTIVE DIRECTOR'S REPORT

Paul Schmidt reported the following:

- The Downtown Sacramento Revitalization Corporation, of which CADA holds a Board position is setup to handle some of the disposition of the redevelopment agencies' projects and properties in the downtown area. The corporation is considering buying the 7th and K American Savings Building to rehab and purchase the blocks proposed for David Taylor and D&S/CFY Development.
- The Governor's May Budget Revise proposes the sale of the CADA managed properties. Staff has notified Council Members and will be meeting with the Department of General Services. This announcement has been discussed with staff. Several calls have been received by staff inquiring as to what this announcement means to CADA.

Chair Bailey recessed meeting at 9:07 a.m. for a Closed Session, Special Meeting.

Chair Bailey reconvened meeting at 9:59 a.m.

Present: Alvarado, Lagomarsino, Otto, Robbins, Bailey

ITEM 5 – EAST END GATEWAY SITE 4 EDA i6 FEDERAL GRANT APPLICATION (SOUTHEAST CORNER OF 16TH AND O STREETS)

Tom Kigar presented staff's recommendation that the Board comment on the draft application presented at this meeting and adopt a resolution authorizing the Executive Director, with the concurrence of the Board Chair and

CADA Legal Counsel, to submit an application for an Economic Development Administration (EDA) i6 Green Challenge Grant.

Tom Kigar provided an overview on the background of the proposed i6 Federal Grant application process.

Jacqueline Whitelam then reviewed CADA staff comments on the draft i6 Grant application that was prepared and distributed by Sukna's consultant, CONSOL.

Member Robbins reported that the Development and Construction Committee reviewed this item, but did not make a recommendation, because it was a work in progress.

Chair Bailey also reported that the Operations Committee did not make a recommendation for the same reason. Chair Bailey continued, that because the grant application is still in production the Board will not be approving the grant application, but giving the Executive Director the authority to approve and submit the application or not approve it.

There was Board discussion as to the logic behind CADA being the lead agency in the i6 Grant application as opposed to Sacramento State University, what CADA's role would be as the contract administrator and what CONSOL's involvement would be. Tom Kigar reported that as part of this process, Noelle Mussen, CADA Controller advised staff that a separate audit of this program will need to be conducted.

Paul Schmidt asked whether the application requires CADA to certify in any way the technological results before the payments are made. John Leonard from Sukna Global Holdings responded that, "to the best of his knowledge no, CADA's role as administrator is just that" (administrator only). Mr. Leonard continued that Sukna Global Holdings would be obligated as would be their energy consultant, CONSOL to validate the issuance of payments. Mr. Schmidt suggested that CADA may need a side-bar agreement with CONSOL prepared documenting this understanding.

Member Lagomarsino reported that in the Operations Committee Meeting he expressed his concern as to whether CADA was the right party to be playing this role and for CADA to step in and serve an administrator function for an activity that has nothing to do with CADA, seemed questionable to him.

Paul Schmidt responded that what CADA is doing is producing a prototype showcase and that is an opportunity for consideration by the Board. Mr. Schmidt stated there is some risk which staff will be evaluating over the next four days, but clearly to push the envelope in our state in terms of energy conservation is a great opportunity for CADA to be a part of.

Member Otto expressed her support and believes the visibility of advanced technology in a project and being a leader says a lot for CADA. Member Otto continued that it is out of CADA's defined role, but CADA's role may be changing and it may be another way to go.

There was further Board, staff and legal counsel discussion regarding the following:

- Reassurance that CADA will not be obligated to certify that funds are properly used.
- What CADA's liability will be until staff sees the conditions of the grant
- If the grant is awarded, the acceptance of the award will need to be approved by the Board
- Would the conditions of the grant be willing to substitute in a partner to act as the administrator on behalf of CADA.

John Leonard of Sukna reassured CADA that its exposure as an administrator to any liability in the project is very minimal.

Member Robbins mentioned that staff needs to be careful of re-characterizing CADA. On the first page of Attachment 2, second paragraph describing CADA, she felt that CADA also needs to say something about the Capitol Area to capture what CADA is about. Member Robbins also noted that there is repetition of information on the "Sacramento State Sustainable Solutions Proof of Concept Center," (Exhibit 3, May 16th Draft, pages 13-15) regarding: California Smart Grid Center and the Office of Water Program & Civil Engineering Department.

No further Board comments.

No further public comments.

Member Otto moved approval of Resolution 11-08, attached hereto and incorporated herein. Member Lagomarsino seconded the motion.

AYES: Alvarado, Lagomarsino, Otto, Robbins, Bailey

NOES: None

**ITEM 6 – EAST END GATEWAY SITE 5 DISPOSITION AND DEVELOPMENT AGREEMENT
(SOUTHEAST CORNER OF 16TH AND N STREETS – 1610 AND 1614 N STREET)**

Tom Kigar presented staff's recommendation that the Board adopt a resolution which:

- 1) Authorizes the Executive Director to enter into a Purchase Agreement with the Department of General Services for the Purchase Price of \$400,000;
- 2) Approves the East End Gateway Site 5 Disposition and Development Agreement (DDA) with BRIDGE Housing Corporation and authorizes the Executive Director to execute said DDA; and
- 3) Approves the Capitol Area Development Authority Loan and Commitment for East End Gateway Site 5 Affordable Housing Development and authorizes the Executive Director to execute said Loan and Commitment.

Mr. Kigar reviewed the following:

- The appraised purchase price of \$310,000 was approved by the Board in accordance with the Appraisal Procedures and Instructions and by DGS based on the site being free and clear of any improvements. Upon review of the completed appraisal, DGS requested to have the appraisal take into consideration the value of the existing improvements. DGS made this request as a result of a change in their interpretation of the instructions. Integra Realty accordingly re-valued the site on the basis of the existing improvements and arrived at a new value of \$400,000 (April 28, 2011 effective date).
- With the site re-valued, the impact to CADA will be \$90,000 less to contribute from its Affordable Housing Set Aside Funds to the proposed Project.
- With regard to HUD 202 financing and site control, HUD will not allow CADA to impose its traditional conditions in the Disposition and Development Agreement (DDA). As a result, the proposed DDA specifies only two requirements BRIDGE Housing must meet in order to close on this site which are: 1) obtain HUD 202 financing; and 2) pay the required purchase price. The other basic standard CADA imposed requirements of evidence of financing and obtaining a building permit are also not included in this DDA.
- The \$400,000 land loan will not be provided to BRIDGE Housing until it has met the other standard requirements that will be included in the loan documents that BRIDGE Housing must approve.
- The Design Concept, Federal Funding impacts on payments due to impacted commercial tenants, the negotiation and cost reimbursement fees, the environmental review process, the acquisition of the Site from DGS, Possessory Interest Tax and Affordable Housing Assistance.

Jeff Mitchell, CADA legal counsel wanted to clarify that the \$800,000 financial commitment from CADA consists of \$400,000 in a land loan and \$400,000 in a grant for development. Tom Kigar stated that the resolution approved today will reflect this clarification.

Member Robbins asked if the grant agreement and the loan agreement will have the standard DDA requirements. Tom Kigar responded that it will be a requirement in the Deed of Trust related to the land loan. The loan documents will need Board approval before BRIDGE Housing can execute the documents.

Jeff Mitchell concluded that the third section of the resolution that is to be revised should read, "Approves the Capitol Area Development Authority Loan and Commitment for East End Gateway Site 5 Affordable Housing Development in the amount of \$800,000, including a long term loan of \$400,000 for land acquisition and a grant of \$400,000 from tax exempt bond proceeds; and authorizes the Executive Director to execute said Loan and Commitment in substantially the same form as attached to the staff report related to this resolution."

Kevin Griffith from BRIDGE Housing expressed his appreciation to CADA staff and legal counsel for working with them on some of the issues to ensure the documents that are being approved today conform to HUD requirements.

No further Board comments.

No further public comments.

Member Robbins moved approval of Resolution 11-09 as amended, attached hereto and incorporated herein. Member Alvarado seconded the motion.

AYES: Alvarado, Lagomarsino, Otto, Robbins, Bailey

NOES: None

ITEM 7 – R STREET STREETScape ENHANCEMENTS (10TH – 13TH STREETS)

Todd Leon presented staff's recommendation that the Board adopt resolutions authorizing the Executive Director to:

- 1) Amend the Memorandum of Understandings(s) or other written agreements with the City of Sacramento pertaining to the transfer and use of City funds to procure, permit and install public art and thematic bike racks between 10th and 13th Streets as part of the R Street Phase I Streetscape Improvements Project;
- 2) Enter into a consultant contract with artist, Dick Ratcliff for the design, fabrication and installation of a public art piece to be located at the corner of 10th and R Streets.

Todd Leon briefly reviewed the following:

- Background history on the project up to the current status of streetscape improvements that are being proposed between 10th and 13th Streets on the R Street Corridor.
- The unused SACOG Community Design Grant funds for use on the proposed enhancements of the R Street Corridor which include public art, thematic bike racks, historic signage, fencing, banners and an the extension of the construction project through the 10th Street intersection.

Member Robbins reported that the Development and Construction Committee recommended approval.

Chair Bailey also reported that the Neighborhood Development Committee recommended approval.

No further Board comments.

No public comments.

Member Otto moved approval of Resolutions 11-10 and 11-11, attached hereto and incorporated herein. Member Lagomarsino seconded the motion.

AYES: Alvarado, Lagomarsino, Otto, Robbins, Bailey

NOES: None

ITEM 8 – 2011-2012 MARKET RATE RENT SCHEDULE AND RENT INCREASE/LEASE METHODOLOGY

Diana Rutley presented staff's recommendation, by resolution, approve the not-to-exceed market-rate apartment rent schedule and the rent increase/lease methodology to be used for continuing market-rate residents in Fiscal Year 2011-2012.

Chair Bailey reported that the Neighborhood Development Committee recommended approval.

No further Board comments.

No public comments.

Member Alvarado moved approval of Resolution 11-12, attached hereto and incorporated herein. Member Lagomarsino seconded the motion.

AYES: Alvarado, Lagomarsino, Otto, Robbins, Bailey
NOES: None

ITEM 9 – SALARY AND BENEFITS STRUCTURE REVIEW

Jill Azevedo reported that this item is for information only, no Board action is required. Ms. Azevedo stated that the independent consultant reviewed this item with the Operations Committee earlier this week.

Jill Azevedo explained that CADA conducts an independent review of CADA's salary structure every five years. This year the scope was expanded to include a review of CADA's benefits and how the percentage of CADA's operating budget that is devoted to salaries and benefits compare to other organizations. Jill Azevedo then provided an overview on the survey findings.

Jill Azevedo reported that the consultant recommended the following: No adjustments to 10 salary ranges; salary adjustments of up to 5% in five (5) salary ranges and adjustments of 5.04% to 10.29% in four (4) salary ranges. The adjustments in salary ranges sets the minimum and maximum employees are to be paid. Individual employee salaries are determined upon fund availability and employees' performance.

Jill Azevedo explained that in salary range schedule and the budget adopted by the Board in June sets the limits within which the Executive Director can make individual salary increases. The current salaries of employees for the most part are within the recommended salary ranges. The annual fiscal impact of bringing two employees whose current salaries are slightly below the recommended salary ranges for their positions would be \$912.

Chair Bailey reported that this item was discussed in some length at the Operations Committee Meeting and expressed that the salary study does not entirely reflect both the chaos of what is going on particularly with regard to benefits and contracts that are beginning in July 2011.

Member Lagomarsino suggested that in the consultant's report on Page 5, citation regarding CADA policy, "It is the policy of the Authority to place its salary range assignments at 97% of the prevailing rates" rather than stating "salary range" it should be referred to as a "compensation package."

This item was for Board review and discussion. No Board action taken.

Chair Bailey moved to Agenda Item 14.

ITEM 14 – OPPORTUNITY FOR THE PUBLIC TO ADDRESS THE BOARD REGARDING MATTERS NOT ON THE AGENDA

None

Chair Bailey moved to Agenda Item 10.

ITEM 10 – CLOSED SESSION

A. CONFERENCE WITH LABOR NEGOTIATOR (Pursuant to Government Code Section 54957.6 (a))

Unrepresented Employee: All Unrepresented Employees other than the Executive Director
Agency Designated Representative: Paul Schmidt

B. CONFERENCE WITH LABOR NEGOTIATOR (Pursuant to Government Code Section 54957.6 (a))

Unrepresented Employee: Executive Director
Agency Designated Representative: Ann Bailey

ITEM 11 – EXECUTIVE DIRECTOR EVALUATION AND COMPENSATION

Chair Bailey reported that the Board considered Item A and Item B. There was no Board action on Item A and on Item B, the Board agreed that the Executive Director's salary would remain unchanged "though Mr. Schmidt is doing a wonderful job."

Member Alvarado left the meeting at 12:01 p.m.

ITEM 12 – STAFF REPORTS/UPDATES

- A. Jefferson School (1619 N Street): Paul Schmidt reported that staff is still working on the Exclusive Negotiating Agreement.
- B. Downtown Sacramento Revitalization Corporation: This item was reported on in Agenda Item 4.
- C. O Street Streetscape; Artwork and Improvements; Regional Transit Stations: Marc de la Vergne reported that staff is working on creating a bid package to repaint the Regional Transit (RT) fixtures on the 1100 Block of O Street. Staff is encountering some difficulties with RT understanding various items that need to be completed as part of that project. Once RT has a clear understanding, an RFP will be issued.
- D. Capitol Lofts (11th/R Streets) and HCD Infill Grant: Mr. de la Vergne reported the following:
- Staff is reviewing a proposal that will phase the project starting with the B&G Building providing ground floor retail and two floors of commercial above.
 - CADA has been providing commercial tenant leads to Rick Holliday such as Magpie Caterers and Café, a company called FUEL and an environmental consulting firm, Environmental Stewardship and Planning. All have expressed some level of interest in potentially occupying space in this building.
 - Once the Developer has had an opportunity to sit down with potential tenants, he will have a more thorough idea of what his construction costs will be.
 - In the past three weeks, CADA has been working to restore the electrical system in the building and filling in holes in the floors. Next week the floors will be thoroughly cleaned and hopefully by the end of next week the potential tenants can tour the building.
 - Holliday Development has provided a rough development schedule showing this project being completed in early 2012. Staff is considering what amendments to the Disposition and Development Agreement would be needed to allow for a phased project.
 - Staff has asked the developer for a revised design for the B&G Building together with their best guess as to the scope of work for the rest of the project so that staff can start a CEQA analysis in September 2011 or as soon as possible.
 - Staff is hoping to submit a design for the B&G Building to the Board in August.
- E. Mercury Cleaners (Northeast Corner of 16th and O Streets): Marc de la Vergne reported that CADA has completed the draft Memorandum of Understanding and the Option Agreement for the site that includes the Purchase Agreement and Escrow Instructions. Staff hopes to have them sent to DGS by next week.
- F. East End Gateway Site 1 (Northwest Corner of 16th and N Streets): Mr. de la Vergne reported that staff has received a revised development schedule from the developer reflecting the assumption that financing for the project won't be closed until July of 2012. Staff will be preparing a staff report recommending that the Board adopt a resolution amending the Disposition and Development Agreement (DDA) to reflect the assumptions and related date changes in the schedule at the June Board Meeting.
- G. Streetscape Projects; 16th Street and O Street: Mr. de la Vergne reported the following:
- The City survey crews have finished surveying the street to prepare as-built drawings. The data is being used to prepare a base map and should be completed by May. The 16th Street concept elements that the Board accepted at the 2010 June Board Meeting will be incorporated into it. By mid-June the City's Department of Transportation estimates it will have a draft for CADA to look at.
 - At grant pre-proposal for 16th Street is due to the State of California's Strategic Growth Council for funding on June 17th.
- H. Loan and Grant Research: Received as transmitted.
- I. East End Gateway Sites 2 and 3 (Northwest and Southwest Corners of 16th and O Streets): Mr. Kigar reported that staff should be hearing from HUD either this month or next month. HUD has advised CADA that they are sending a HUD staff person to perform a field study to authenticate the appraisal that was completed by the developer.

- J. East End Gateway Site 4 (Southeast Corner of 16th and P Streets): Tom Kigar reported the following:
- Even with the developer's best case scenario they were unable to present the design program or provide evidence of financing to the Board this month. The design program is currently being presented to the community, the Design Review and Planning Commission and has received a positive response.
 - Staff is planning to come to the Board in June to present the design program and provide evidence of financing.
 - Staff anticipates presenting a DDA for Board approval in August.
- K. East End Gateway Site 5 (1614 N Street): This item was reported on in Agenda Item 6.
- L. Site 9B (1610 17th Street): Tom Kigar reported that staff is still reviewing John Leonard's proposal to move the units from 1517 N Street, EEG Site 1 to Site 9B and hopes to present a report at the next Board Meeting.

Member Lagomarsino asked what the status was on the grant funding for the Fremont Park. Marc de la Vergne responded that Council Member Fong requested an accounting of expenses from the City Parks Department. Half of the costs out of the \$50,000 grant went towards staff time. Council Member Fong's office is now interested in knowing what unfinished items are pending out of the original \$50,000 grant. They have suggested that they may go back to the Parks Department to find the money to complete that work.

Member Lagomarsino asked whether there was an explanation as to who made the decision to direct that funding to staff time. Marc de la Vergne's response was no. What staff was told is that the Parks Department applies overhead to all of the projects that they work on and also includes a portion to support City Council.

- M. Fremont Park Update: Todd Leon reported the following:
- From the list of items the Friends of Fremont Park had requested and have not received are three concrete corners to fill in what is currently dirt, benches and trash receptacles. Staff will be working with the City Council's office and the Parks Department and hopefully have it completed before the end of this year.
 - Costa Apostolos contacted staff to discuss how much money was left that CADA had pledged to make improvements and if that could help. Marc de la Vergne is investigating to see if CADA can do the improvements as opposed to the City so that CADA can cut down on all the overhead. The Council's office seems to be supportive.
 - The Sacramento Mobile Food Festival held on April 23rd was a success.
 - Bike Swap event will be held on Sunday, May 22.
 - The Hot Lunch series starts this Thursday. CADA is one of the sponsors for this event.
- N. R Street PBID: Todd Leon reported the following:
- With regard to the PBID, staff has moved its efforts from 10th to 18th Street to 7th to 13th Street. CIVITAS and M&S Strategies have been meeting with the property owners to discuss their interest and to receive feedback. They will continue to investigate the petition process.
 - Staff is anticipating to have the PBID started by 2013 and is investigating some legislation cleanup for the PBID law that could have some impacts on how CADA forms the PBID. Staff will have more information by the end of the summer on those impacts.
- O. Phase I – R Street Streetscape Implementation: 10th – 13th Street: Todd Leon reported the following:
- The project is slightly ahead of schedule. Teichert Construction has begun construction on the 10th to the 11th Street section which is the most heavily travelled section of this project.
 - Shoki Ramen House has opened which was formerly the Hitomi Restaurant at 12th and R Streets. They opened up in the middle of construction and have not been adversely impacted at all.
- P. Phase II – Streetscape Implementation: Market Plaza: Mr. Leon reported the following:
- The 60% plans were submitted to the City. Staff met earlier this week to discuss the design and found some major issues with traffic going across 16th Street and shifting to the north that hopefully the engineers will be able address.

- Within this last month, Fulcrum Properties has stated that their preference is to change the direction of the traffic entirely. Fulcrum Properties now has two potential tenants they are talking to and have indicated that they need as much affordable parking as possible.
- Staff and the City are at a decision making point as to what direction they will go. If the design is finished out, CADA is burning money for a design that will be more than likely unfavorable to a major property owner in the area.
- Fulcrum Properties has asked City to modify the design. At the 60% design meeting, staff indicated that they do not think it is possible because of the turn radiuses of parking and everything else involved. City staff will need to evaluate the project possibly going back to a traditional street similar to 10th or a modified version with less sidewalk space. Hopefully, by the June meeting staff will have some sort of direction.

Q. R Street Affordable Housing: No update.

ITEM 13 – TRANSMITTALS

Received as transmitted.

Chair Bailey moved to Agenda Item 15.

ITEM 15 – ADJOURNMENT

The meeting adjourned at 12:20 p.m.



Sharon M. Bennett
Secretary to the Board of Directors