

**MINUTES
OF
REGULAR BOARD MEETING**

**BOARD OF DIRECTORS
CAPITOL AREA DEVELOPMENT AUTHORITY**

August 26, 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

ITEM 2 – APPROVAL OF MINUTES: June 24, 2011

Member Lagomarsino moved approval of the June 24, 2011, minutes. Member Alvarado seconded the motion.

AYES: Alvarado, Lagomarsino, Robbins, Bailey

NOES: None

ABSENT: Otto

ITEM 3 – CHAIR'S REPORT

Chair Bailey reported that she, along with Member Alvarado and Paul Schmidt met with the Secretary of Consumer Affairs to discuss the direction that CADA should be moving with regard to the evaluation of CADA managed properties. Chair Bailey stated that it was a very productive meeting.

Chair Bailey then presented a resolution honoring Tina Curtis, CADA Rental Agent for her past seven years of service and wished her the best in her new endeavors.

ITEM 4 – EXECUTIVE DIRECTOR'S REPORT

Paul Schmidt reported the following:

- Met with the Department of General Services' (DGS) senior staff and introduced Rob Kerth of the Midtown Business Association to discuss the renewal of the Business Improvement District, DGS's participation and potential event planning for the joint use of the open space in the East End Project. At this meeting, Mr. Kerth expressed his appreciation to DGS for the use of the garage in the East End Project which has helped the local restaurants in the area by customers being able to use the parking garage in the evenings.
- Attended the Mayor's Economic Summit on August 8th. The topic of discussion was jobs and business formation, and the Mayor's pledge to facilitate business growth. Klicknation, a former CADA tenant, was highlighted as one of the up and coming new businesses. Mr. Schmidt stated that CADA should do all it can with the retail and commercial space in the area to promote entrepreneurship.
- Todd Leon, CADA's R Street Development Manager who is participating in the Metro Chamber of Commerce's Leadership Institute has been awarded a full scholarship to attend the study mission to New Orleans in the fall. Expenses will be paid by the Metropolitan Chamber of Commerce.
- CADA donated its surplus electric truck from CADA's maintenance operation to the Department of General Services which will be used on the Capitol Park Grounds.
- CADA has been asked to support an application the City of Sacramento has submitted for federal funds for streamlining zoning approval. It will be tied into the Sustainable Transit Oriented Development Program that SACOG is working on with the City. Mr. Schmidt stated that if there are no objections from the Board, staff will craft a letter of support for the City to apply for federal funding.

ITEM 5 – SACRAMENTO STREET CAR PRESENTATION PRESENTED BY: BOB GRANDY OF FEHR & PEERS

Paul Schmidt introduced Bob Grandy of Fehr & Peers who provided a Powerpoint presentation on the Sacramento Streetcar Planning Study.

Bob Grandy reported that the primary goals of the study include:

- Looking at a variety of different options for streetcar lines and routes in the City of Sacramento and to establish a network. Through this process identify a preferred starter line and develop a funding plan for that starter line so it can proceed as the initial element of the network.
- Improve the connectivity of some of the major activity centers and corridors in the central city and in doing so, both enhance the mobility and economic development in the area.

Bob Grandy then reviewed the potential route options and reported that the proposed starter line and network recommendations will be presented to the stakeholders at both the Business Advisory Meeting and the Regional Transit Meeting on September 19th.

Topics of discussion between Bob Grandy and Board Members were:

- The constraints of the North/South Union Pacific main line that runs between 19th Street and 21st Street and the challenge of getting an at-grade streetcar crossing at that line.
- The connection from 15th and R Street back over to the inner modal not being attractive from a ridership standpoint because there is a lightrail station at 16th Street and it essentially makes the same trip over to the inner-modal, but that there may be potential for development on R Street in the future.
- The implementation of streetcars used as a joint economic development tool stimulating economic development largely because of the sense of permanence of the investment and the fact that streetcars carry more and a greater variety of riders than a typical bus would.
- Future streetcar development that may be considered in corridors where bus lines offer the same exact service will generate significant discussions as to whether the bus line will remain or not to avoid redundancy.
- The primary goal is to design a network that serves areas that are not well served in the central city by the bus system and will complement the existing regional transit system.

Bob Grandy then provided a brief overview on the status of the Sacramento River Crossings Alternative Study which has identified eight specific proposed river crossing locations. The results from this study recognized the importance of the crossings being able to serve all modes of transportation connecting West Sacramento and the City of Sacramento. The Sacramento River Crossings Alternative Study will be going back to the Sacramento City Council on October 18th and the West Sacramento City Council on October 19th. The study was approved, but staff were asked to come back to discuss how the bridges will be defined in the context of being neighborhood friendly type bridges and to address the issue of neighborhood traffic.

Chair Bailey asked whether in addition to having two major crossings whether there was any consideration of having another crossing that was specifically for just a bike-pedestrian bridge. Bob Grandy responded that in the screening process there was a whole range of bridges that could be bike and pedestrian only. The opportunity is there, but the differential in cost to construct a bike-pedestrian bridge versus an all mode bridge, is not that much more, so the sense of the committee was to build a two way bridge for all modes of transportation.

Paul Schmidt asked whether there was any possibility of hanging a bike-pedestrian bridge off of the Pioneer Bridge. Bob Grange responded that, that had not been looked at, but the issue may be whether or not it would meet ADA requirements given the height of the bridge.

Bob Grandy reported that a preference expressed by the neighborhoods is to have a low level bridge rather than a high level bridge. The higher level bridge brings a higher volume of traffic and higher speeds which the neighborhoods do not want.

ITEM 6 –ANNUAL AFFIRMATION OF DELEGATION OF INVESTMENT AUTHORITY TO THE CITY TREASURER

Noelle Mussen presented staff's recommendation that the Board adopt a resolution designating the annual affirmation of the delegation of investment authority to the City of Sacramento with the City Treasurer acting as CADA's treasurer.

Ms. Mussen reported there have been no changes to CADA's current approved investment policy and that the City Treasurer has informed staff that there have been no deviations from the government code or the investments.

Noelle Mussen then introduced Robert Tokunaga, Senior Investment Officer of the City of Sacramento who provided a Powerpoint presentation and overview of the City's investment practices and update on CADA investments.

No Board comments

No public comments.

Member Robbins moved approval of Resolution 11-29, attached hereto and incorporated herein. Member Lagomarsino seconded the motion.

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

ITEM 7 – CADA FLEX PLAN AND CALPERS HEALTH EMPLOYER CONTRIBUTIONS

Jill Azevedo presented staff's recommendation that the Board adopt two resolutions that:

- 1) Sets the CADA Flex Plan Employer Contribution for the 2012 Plan Year (January 1 through December 31, 2012) and;
- 2) Sets CADA's Medical Contribution to CalPERS for the 2012 Plan Year (January 1 through December 31, 2012).

Jill Azevedo reported that the first resolution proposed for adoption establishes the Flexible Benefits Plan rates for current employees in the 2012 calendar year. In addition to setting its flexible benefits rates, CADA must notify CalPERS of the portion of these fixed dollar amounts that are allocated to medical benefits. This is accomplished through the Board's adoption of the second resolution.

Ms. Azevedo stated that increases to the 2012 CalPERS health premiums range from 2% to 7% which will affect out-of-pocket premium costs for employees. Ms. Azevedo reported that changes to the Flex Benefit Plan rates are not recommended for the upcoming year.

No Board comments.

No public comments.

Member Alvarado moved approval of Resolutions 11-30 and 11-31, attached hereto and incorporated herein.

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

Member Lagomarsino recused himself from Agenda Item 8 and Item 9.

ITEM 8 – EAST END GATEWAY SITES 2 AND 3 FOURTH AMENDMENT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT (NORTHWEST AND SOUTHWEST CORNERS OF 16TH AND O STREETS)

Tom Kigar presented staff's recommendation that the Board adopt a resolution that authorizes the Executive Director to:

- 1) Commit additional financial assistance by providing an annual tax increment rebate for a period of ten years that is calculated on what the project generates in tax increment less CADA's expenses related to the site;
- 2) Modify the Disposition and Development Agreement (DDA) to re-allocate previous cash contributions for soil remediation and undergrounding of overhead utilities to general project costs and; to make CADA's financial contribution after the Developer's equity contribution and before the construction loan disbursement;
- 3) Revise the Schedule of Performance;
- 4) Take any and all actions necessary to close the sales transaction between CADA and the Developer, and to transfer the funds authorized under the DDA to the Developer; and
- 5) Enter into a Fourth Amendment to the DDA that would memorialize and include these recommendations.

Tom Kigar provided an update on the status of the Developer's budget and construction loan. Mr. Kigar reported that Scott Rasmussen and his development team advised CADA staff that they anticipate their construction loan to close November 1, 2011, and that they will begin construction within 60 days from the loan closing.

Tom Kigar then reviewed the Developer's request for modifications to the Disposition and Development Agreement and CADA's response to the Developer's request.

Member Robbins reported that at their meeting earlier in the week the Development and Construction Committee supported staff's recommendation pending resolution of some issues which have since been resolved. Member Alvarado concurred.

Scott Rasmussen stated that they are excited and encouraged about their success in securing financing even though he is concerned over the \$900,000 shortfall they received in their appraisal of the project. Mr. Rasmussen requested that CADA simplify the language in the Disposition and Development Agreement. Mr. Rasmussen specifically requested that the last three sentences under 2.4.5 of the first paragraph of the Fourth Amendment to the DDA be deleted.

Chair Bailey moved to Agenda Item 9.

ITEM 9 – CLOSED SESSION

A. CONFERENCE WITH REAL ESTATE NEGOTIATOR (Government Code 54956.8)

Negotiators: Tom Kigar, Paul Schmidt

Other Parties: 16th and O Gateway, a California Limited Partnership

Properties: East End Gateway Site 2 and 3 (Northwest and Southwest Corners of 16th and O Streets)

Chair Bailey reported that there was Board discussion and that direction was provided to the real estate negotiators.

Chair Bailey moved back to Agenda Item 8.

ITEM 8 – EAST END GATEWAY SITES 2 AND 3 FOURTH AMENDMENT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT (NORTHWEST AND SOUTHWEST CORNERS OF 16TH AND O STREETS)

In accordance with Board direction, Jeff Mitchell, CADA's legal counsel reported that Page 2 of the Fourth Amendment to the DDA, under 2.4.5 – Authority Property Tax Rebate, the last three sentences of the first paragraph starting with "If one of the two properties is sold" would be deleted and the last paragraph starting with "On May 1 of each year the Developer" be deleted.

Jeff Mitchell continued that on the resolution itself, under "Now Therefore Be It Resolved" where it states "consistent with the draft dated August 26, 2011, presented" "and amended" would be added. Under Item 1 of resolution, the wording "unless Developers' return exceeds 8% return on equity during this period" would be deleted.

No further Board comments.

No further public comments.

Member Robbins moved approval of Resolution 11-31 as amended, attached hereto and incorporated herein. Member Alvarado seconded the motion.

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

Member Lagomarsino returned to the meeting.

ITEM 10 – CLOSED SESSION

A. CONFERENCE WITH REAL ESTATE NEGOTIATOR (Government Code 54956.8)

- Negotiators: Marc de la Vergne, Paul Schmidt
- Other Parties: Capitol Lofts – Sacramento, a Delaware Limited Liability Company

Properties: Capitol Lofts (R Street between 11th and 12th Streets)

Chair Bailey reported that there was Board discussion. No action taken.

ITEM 11 – CLOSED SESSION

A. CONFERENCE WITH REAL ESTATE NEGOTIATOR (Government Code 54956.8)

- Negotiators: Paul Schmidt
- Other Parties: Department of General Services, State of California

Properties: CADA Managed and Leased Properties in the Area Bound by 7th to 17th, L to R Streets, in Sacramento, California

Chair Bailey reported that there was Board discussion. No action taken.

ITEM 12 – STAFF REPORTS/UPDATES

- A. Jefferson School (1619 N Street): No report
- B. Downtown Sacramento Revitalization Corporation: No report.
- C. O Street Streetscape; Artwork and Improvements; Regional Transit Stations: No Report.
- D. Capitol Lofts (11th/R Streets) and HCD Infill Grant: This item was discussed under Agenda Item 10.
- E. Mercury Cleaners (Northeast Corner of 16th and O Streets): No Report.

- F. East End Gateway Site 1 (Northwest Corner of 16th and N Streets): Marc de la Vergne reported that he and Paul Schmidt met with Michael Johnson and Ron Mellon. The Developer is looking at a hybrid option for the project having the BEGIN Program units as "For Sale" with the remaining units as rentals. The Developer will be providing CADA staff with a proforma on September 15th.
- G. Streetscape Projects; 16th Street and O Street: No report.
- 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): This item was reported under Agenda Item 8 and discussed under Agenda Item 9.
- J. East End Gateway Site 4 (Southeast Corner of 16th and P Streets): No Report
- K. East End Gateway Site 5 (1610 - 1614 N Street: No report.
- L. Site 9B (1610 17th Street): No report.
- M. CADA Police Services Contract: Todd Leon and the Board discussed the existing police coverage and what additional police coverage will be provided.

Member Lagomarsino asked staff to provide information on the current levels of police coverage for the area at the next Board Meeting.
- N. Fremont Park Update: No report.
- O. R Street PBID: No report.
- P. Phase I – R Street Streetscape Implementation: 10th – 13th Street: No report.
- Q. Phase II – Streetscape Implementation, Market Plaza: No report.
- R. R Street Affordable Housing: No report.
- S. Sustainable Communities Regional Planning Grant Program: R Street Corridor Transit Priority Area: No report
- T. 19th/Q Street City Park: No report.

ITEM 13 – TRANSMITTALS

Received as transmitted.

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

None

ITEM 15 – ADJOURNMENT

The meeting adjourned at 12:01 p.m.



Sharon M. Bennett
Secretary to the Board of Directors