

MINUTES

MEETING OF THE DEVELOPMENT AND CONSTRUCTION COMMITTEE OF THE BOARD OF DIRECTORS CAPITOL AREA DEVELOPMENT AUTHORITY

AUGUST 23, 2011

Page Robbins called the meeting to order at 10:39 a.m. at the CADA Administrative Office, 1522 14th Street, Sacramento, CA 95814.

1. Roll Call

Ron Alvarado - Absent (Mr. Alvarado arrived at 10:47 a.m.)
Page Robbins - Present

2. Approval of Minutes of June 24, 2011

The minutes of June 24, 2011 were approved as submitted.

Committee Chair Robbins moved to item 4) A.

4. Staff Reports/Updates/Transmittals

- A. Jefferson School (1619 N Street): Mr. Schmidt reported that the School District has decided make the school available through the surplus property process and that staff has been informed that CADA can re-apply as an eligible public agency. Mr. Schmidt stated that there will be a meeting with their committee on August 29.
- B. Downtown Sacramento Revitalization Corporation: Mr. Schmidt reported on the relocation of the Greyhound Bus Depot and the development opportunity for its former site at 7th and L Streets.
- C. O Street Streetscape; Regional Transit Stations: Mr. de la Vergne reported that Allison Cash completed the bid package for repainting Regional Transit (RT) fixtures on the 1100 block of O Street and that it will be submitted to RT later this week. Mr. de la Vergne stated that that he will be meeting with State tenants next month concerning landscape issues on O Street.
- D. Capitol Lofts (11th/R Streets) and HCD Infill Grant: Mr. de la Vergne reported that staff met with Holliday Development on August 17th. At this meeting, Holliday reported that his development on the B&G building does not appear to be feasible. Holliday will meet with Sares Regis regarding the feasibility of proceeding with an apartment project at 12th and R Street. Mr. de la Vergne will report the outcome of this meeting at the next Development and Construction committee meeting in September.
- E. Mercury Cleaners (Northeast Corner of 16th and O Streets): Mr. de la Vergne reported that the Memorandum of Understanding (MOU) with DGS is in final review. Mr. de la Vergne stated that the results from the environmental testing done on East End Gateway Site 5 revealed that toxins have migrated north of the site behind Simon's. Mr. de la Vergne stated that staff will present a proposal to modify the budget for additional testing on the extent of the contamination at the October Board meeting. Ms. Robbins asked if the toxics were from the dry cleaning, and Mr. de la Vergne confirmed the chemicals found are dry cleaning chemicals so the assumption is that they migrated across the alley.
- F. East End Gateway Site 1 (Northwest Corner of 16th and N Streets): Mr. de la Vergne reported that he will meet with the Developer after this meeting regarding the feasibility of incorporating rental units into the design.
- G. 16th Street Streetscape – Review Schedule and Program: Mr. de la Vergne reported that 30% construction drawings have been completed by the City and it is currently under review by

CADA staff. Mr. de la Vergne would like to begin a community outreach campaign to gather feedback on replacing the old Highway 160 sign over 16th Street.

Roosevelt Park: Mr. de la Vergne reported that he is working with the City Council on the installation of two park benches for Roosevelt Park. Staff is working on a master agreement between CADA and the City addressing various liability issues for both Fremont Park and Roosevelt Park. Ron Alvarado stated that while he is supportive of CADA facilitating this project, a slippery slope could occur if CADA takes on too much responsibility.

- H. Loan and Grant Research: Mr. Schmidt reported that Allison Cash worked diligently in obtaining a grant from SMUD, and will be reporting this at the Board meeting on Friday. Mr. Alvarado inquired about not renewing the contract with Townsend for FY 2011-2012 and extending the contract with consultant Trish Davey. Mr. Kigar stated that CADA is now able to search for funding leads without the assistance of Townsend, but that Ms. Davey has been a significant asset in assisting CADA with the grant applications and environmental work.
- I. East End Gateway Sites 2 and 3 (Northwest and Southwest Corners of 16th and O Streets): This item was reported on in Agenda Item 3 (A).
- J. East End Gateway Site 4 (Southeast Corner of 16th and P Streets): Mr. Kigar reported that the Developer is moving forward with a proforma for 30 rental units and they are revising their schedule of performance. The revised schedule is expected to be presented to the Board in September. Ms. Robbins asked if there is concern with rental projects moving ahead at the same pace. Mr. Schmidt stated that not all projects would be completed at the same time, and it is a possibility that not all rental projects would be completed due to lack of financing. Mr. Schmidt stated that he received notice that Sukna Global Holdings is going to change their name. Mr. Kigar reported that CADA will hear back from the i6 Green Funding program in September.
- K. East End Gateway Site 5 (1614 N Street): Mr. Kigar reported that CADA is waiting to hear back from HUD regarding Section 202 funding in December 2011.
- L. Site 9B (1610 17th Street): Mr. Kigar reported that a proposal from John Leonard was submitted to CADA, proposing the relocation of the four front units of 1517 N Street to Site 9B. However, this proposal cannot proceed at this time due to the delays in the East End Gateway Site 1 project development. Meanwhile Mr. Kigar has also been working with Louis Kaufman, who is proposing to build a single-family home on the site for himself and his family. Mr. Kaufman hopes to present this plan to stakeholders and the Board in September.
- M. Fremont Park Update; Movie in the Park: Todd Leon reported recent successful events at Fremont Park, including the weekly Farmers Market, Cycle Fest and Hot Lunch. Chalk It Up will be during Labor Day weekend, and the Movie in the Park will be on September 23. Mr. Leon reported that CADA is working with Friends of Fremont Park to purchase a portable drinking fountain and replacing the park lighting to LED lights.
- N. R Street PBID: Mr. Leon reported that a full petition drive for the PBID is underway and that there will be a kickoff lunch or breakfast in September for the property owners. Mr. Leon stated that there is some possible clean up in legislation that would allow joint-powers authorities (JPAs) such as CADA to be an approving entity for PBIDs in the area. Discussions will start in December, with the matter coming to the Board in January. Mr. Leon stated that if approved, the PBID would go into effect in 2013. Ms. Robbins asked what is necessary to authorize CADA as an approving entity. Mr. Leon stated that pending State legislation may authorize CADA as an approving Authority.
- O. Phase I – R Street Streetscape Implementation: 10th – 13th Street and 11th Street Sidewalk: Mr. Leon reported that this phase is now 80% complete. Once the sidewalks are complete, construction will start on the archway, art, and bike racks. The official lighting of the archway and celebration of the improvements is planned for the end of October or beginning

of November. Mr. Leon is working to obtain permits for the dock extension and anticipates demolition of the existing dock will occur in September.

- P. Phase II – Streetscape Implementation Market Plaza: Mr. Leon reported that Fulcrum is in strong support of a design which proposes more on-street parking. The City came back with a design that implemented both Fulcrum's and CADA's 60% design to reach a compromise, and Fulcrum approved. However, as a result of the delay, the City and CADA will not be able to apply for funding until the next round in two years. Mr. Leon stated that this could be beneficial because he could combine any future phases to present one large project for funding. Mr. Leon stated that Fulcrum discussed with the City and they strongly indicated that they would not fund any of the costs incurred for the re-design work. Staff is waiting to hear back from the City if the \$400,000 previously approved by the Board will be enough to cover the re-design.
- Q. R Street Affordable Housing: Mr. Leon reported that he is trying to work with the owners in regards to remediating the site on 1717 S Street. A more detailed report will be presented to the committee this fall.
- R. Sustainable Communities Regional Planning Grant Program – R Street Corridor Transit Priority Area: Mr. Leon reported that SACOG selected the R Street Corridor as a transit priority area for their Sustainable Communities Regional Program. This allows a study to be done regarding densities for certain properties in R Street. Mr. Leon reported that only 60 dwellings per acre can be built, which is much lower than the average general plan density of 150 dwellings per acre.
- S. 19th/Q Street City Park: Mr. Leon reported that the City is finalizing the remediation plan which will be completed this fall.
- T. Development Schedule: Received as transmitted.

3. Items scheduled for the August 26, 2011 Board Meeting

- A. East End Gateway Site 2 and 3 Fourth Amendment to the Disposition and Development Agreement (Northwest and Southwest Corners of 16th and O Streets):

Tom Kigar stated that staff recommends that the Board authorize the Executive Director to:

- Commit additional financial assistance to the East End Gateway 2 and 3 project 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,
- 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,
- Revise the Schedule of Performance in the Third Amendment to the DDA,
- Take any and all actions necessary to close the transaction transferring the Site to the Developer and transferring the funds authorized under the DDA to the Developer, and
- Enter into a Fourth Amendment to the East End Gateway 2 and 3 DDA that incorporates the above recommended items.

Mr. Kigar reported that there are a few updates to the staff report. Last Friday the Developer requested that CADA return the refundable negotiation fees (which came to \$117,000) that were paid prior to September 2009 at the same time that CADA's financial assistance is provided. In a standard DDA, CADA refunds the negotiation fees after the statement of

construction costs and a certificate of completion has been issued. The amended DDA proposed for adoption at this meeting grants this request (after developer's equity contribution and upon evidence of payment and performance bonds).

Mr. Kigar provided an overview of the revised amended DDA, revised Board resolution and extension of the Schedule of Performance. Mr. Kigar stated that if the Union Bank loan falls through, CADA and the Developer are back to square one. Mr. Kigar is working with Legal Counsel on subordination and cooperative agreements in order for the Union Bank loan to close. Staff recommends the Board approve the DDA so the bank can approve these documents and the loan can close.

Mr. Alvarado noted that while the staff report recommends that the rebate be terminated if the Developer's return on equity exceeds 10%, the Developer has requested to help achieve a desired 8% return on equity. Mr. Alvarado suggested keeping at 8%. Mr. Kigar stated 10% was chosen as a rounding up number, but agrees to keep at 8%. The committee and Staff both agree on 8% return on equity instead of 10%. Mr. Schmidt recommended the resolution be revised to address this change.

Committee's Recommendation: The committee supported staff's recommendation based on the information provided, barring any substantial changes.

6. Opportunity for the Public to Address the Committee Regarding Matters not on the Agenda
None

7. Adjournment
The committee adjourned the meeting at 11:45 a.m.



Rachel Mercurio
Development Assistant