

**MINUTES
OF
REGULAR BOARD MEETING**

**BOARD OF DIRECTORS
CAPITOL AREA DEVELOPMENT AUTHORITY**

March 22, 2019

ITEM 1 – ROLL CALL

Chair Bailey called the Board Meeting of the CADA Board of Directors to order at 10:02 a.m. at 1522 14th Street, Sacramento, CA 95814.

Present: Avdis, Lagomarsino, Maviglio, Winston, Bailey

Absent: None

ITEM 2 – APPROVAL OF MINUTES: FEBRUARY 22, 2019

Member Lagomarsino moved approval of the February 22, 2019 CADA Board Meeting minutes. Member Avdis seconded the motion.

AYES: Avdis, Lagomarsino, Maviglio, Winston, Bailey

NOES: None

ITEM 3 – CHAIR'S ORAL REPORT

No report.

ITEM 4 – EXECUTIVE DIRECTOR'S ORAL REPORT

Wendy Saunders reported the following:

- She just returned from a trip to Washington DC with the Asian Chamber in lieu of Cap to Cap. She participated in meetings regarding affordable housing matters and homelessness. Even though the federal budget severely cut funding for affordable housing, capitol staff emphasized that Congress approves the budget, not the President, and are very supportive of the programs we care about such as CDBG and HOME.
- 1717 S Street: Project architects are now in the process of completing the construction documents and will have a building permit package completed at the end of this month. There are concerns regarding costs and potential financing since costs have risen since the last estimate. Staff met with CalHFA yesterday and received good news that CADA may be able to apply for additional state tax credits that the Governor has appropriated for affordable housing and is hopeful that will satisfy any shortfall.
- Staff hopes to be getting closer to being able to plan for a development site at CADA Sites 5 and 6, which is at the corner of 16th and N Streets. Staff has been trying to relocate the commercial tenants (Enterprise Rental Car, Hand in Hand Daycare, Simons Café). Staff has identified a potential relocation site for Hand in Hand Daycare which would be vacating two apartments to convert to a daycare facility. Staff investigated a former sports bar owned by the State, relocating Simon's Café, but the State decided to convert it back into office space. Staff is working with Simon and his broker. Councilmember Hansen has been exploring placing Enterprise in various garages.
- Staff had a good meeting with DGS staff and its building team on potential management of future state retail spaces to be constructed in the new state office buildings at 7th and P streets and 12th and O Street.
- Downtown Sacramento Partnership: She was in DC when the Downtown Sacramento Partnership met but Marc de la Vergne attended on her behalf. There was discussion about investment opportunities in opportunity zones that could potentially assist with financing residential development projects.

- Midtown Association: Emily Baime Michaels is here today to present the Midtown Association's annual report.
- Downtown Sacramento Revitalization Corporation: No update.

ITEM 5 — R STREET PROPERTY AND BUSINESS IMPROVEMENT DISTRICT ANNUAL REPORT PRESENTED BY MICHELLE SMIRA BRATTMILLER, PRESIDENT, MMS STRATEGIES (Continued from the February 22, 2019 Board Meeting)

Michelle Smira presented the PBID Annual Report.

ITEM 6 — MIDTOWN ASSOCIATION ANNUAL REPORT PRESENTED BY EMILY BAIME MICHAELS, EXECUTIVE DIRECTOR, MIDTOWN ASSOCIATION

Emily Baime Michaels presented the Midtown Association annual report.

Member Lagomarsino recused himself at 10:25 a.m. from participating in Agenda Item 7.

ITEM 7 — FREMONT MEWS – DEFERRAL OF CADA NOTE WITH FREMONT MEWS, LLC. (BLOCK BOUNDED BY 14TH, 15TH, P AND Q STREETS)

Staff Recommendation: Staff recommends that the Board adopt a resolution deferring the due date of the CADA Note with Fremont Mews, LLC for the Fremont Mews project from March 30, 2019 to May 31, 2019 to provide time for the Developer and staff to finalize details of the restructuring of the Note and return to the Board for review and approval.

Staff Contact: Tom Kigar, Special Projects Director

Board Comments: Member Winston asked for further explanation on why Fremont Mews LLC has been unable to meet their obligations. Tom Kigar stated that they had to rebuild the decks and they were required to change out air conditioning units to comply with current energy regulations. Member Winston stated that he hopes that as staff continues to negotiate with Fremont Mews LLC, there is discussion of the loan being paid off. Wendy Saunders stated that is a good point because this is the second time they have asked for a deferral. Noelle Mussen stated that CADA will start to accrue interest immediately. Chair Bailey stated that she is not pleased with further negotiations and deferrals.

Public Comments: None.

Member Winston moved approval of Resolution 19-10, attached hereto and incorporated herein. Member Maviglio seconded the motion.

AYES: Avdis, Maviglio, Winston, Bailey
 NOES: None

Member Lagomarsino returned to the meeting at 10:39 a.m.

ITEM 8 — CADA FINANCIAL FORECAST (FY 2019-2020 THROUGH FY 2028-2029)

Staff Recommendation: Review and comment.

Staff Contact: Noelle Mussen, Finance Director

Board Comments: Chair Bailey stated that she is pleased to see that this Forecast looks better than last years. Member Avdis asked if there are reserve funds for emergencies. Noelle Mussen stated that there are 3-year budgets in conjunction with a Needs Assessment. Member Avdis asked if doing projects in house is more cost effective than hiring outside contractors. Noelle Mussen stated that CADA's Facilities Maintenance Manager is a contractor and has knowledge about how to build cost-effectively. Member Winston asked if CADA has sought grants on any of the development projects. Noelle Mussen stated that the projects are still too early in the development process to determine if grant applications or tax credits are feasible.

Public Comments: None.

Chair Bailey moved to Agenda Item 12.

ITEM 12 – OPPORTUNITY FOR THE PUBLIC TO ADDRESS THE BOARD REGARDING MATTERS NOT ON THE AGENDA

None.

Chair Bailey moved to Agenda Item 9.

ITEM 9 – CLOSED SESSION

A. CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION (Pursuant to Government Code 54956.9(a))

- a. Mader v. CADA: Case No. 34-2018-00244133
- b. Cisneros DFEH Complaint: Case No. 20901-04655401

B. CONFERENCE WITH LEGAL COUNSEL- EXISTING LITIGATION (Pursuant to Government Code 54956.9(b))

- a. Significant Exposure to Litigation – One matter

Chair Bailey reported that Member Lagomarsino did not participate in discussions about Agenda Item 9 (B). Chair Bailey reported that there was Board discussion in closed session and that no action was taken.

Member Maviglio left the meeting at 11:51 a.m.

ITEM 10 – ORAL STAFF REPORTS/UPDATES

- A. Downtown Sacramento Partnership: This item was reported on in Agenda Item 4.
- B. Downtown Sacramento Revitalization Corporation: This item was reported on in Agenda Item 4.
- C. Midtown Association: This item was reported on in Agenda Item 6.
- D. Mercury Cleaners (Northeast Corner of 16th and O Streets): Marc de la Vergne reported that DGS's consultant collected vapor samples and will report their findings to the Water Board in a few weeks.
- E. Roosevelt Park Streetlights (1619 9th Street): No update.
- F. O Street Streetscape (7th – 17th Streets): Marc de la Vergne reported that staff received 170 respondents to the online survey regarding the design plan.
- G. Other Neighborhood Improvements: No update.
- H. HCD LPR Application for Biele Place (1421 15th Street): No update.
- I. Site 21 (14th and N Streets): Tom Kigar reported that the staff and the developer are on track for a closing in the middle of August.
- J. R Street PBID: This item was reported on in Agenda Item 5.
- K. R Street Affordable Housing (1717 S Street): This item was reported on in Agenda Item 4.
- L. R Street Parking Structure (8th/9th Streets): Wendy Saunders reported that the State is re-evaluating the project.

Chair Bailey moved to Agenda Item 11.

ITEM 11 – TRANSMITTALS

Received as transmitted.

Chair Bailey moved to Agenda Item 13.

ITEM 13 – ADJOURNMENT

The meeting adjourned at 11:54 a.m.

A handwritten signature in blue ink, appearing to read "Rachel Mercurio". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Rachel Mercurio
Secretary to the Board of Directors