

**MINUTES
OF
REGULAR BOARD MEETING**

**BOARD OF DIRECTORS
CAPITOL AREA DEVELOPMENT AUTHORITY**

May 15, 2020

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 and via public video conference.

Present: Avdis, Lagomarsino, Maviglio, Winston, Bailey
Absent: None

ITEM 2 – APPROVAL OF MINUTES: April 24, 2020

Member Avdis moved approval of the April 24, 2020 CADA Board Meeting minutes. Member Winston 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/CADA COVID-19 IMPACTS

Wendy Saunders reported the following:

CADA office has been closed since March 18. We are limiting our accessibility to residents to email and phone; conducting all meetings remotely. We keep track of daily schedules and for those who need to come into the office, stagger our schedules.

Our RSR’s have been diligently wiping down all the high-touch surfaces in our buildings, while following all recommended safety and social distancing protocols.

They continue to monitor our residents for any signs of distress among our elderly and disabled folks, or food distress; thankfully, we haven’t had anyone state they require assistance.

Our Maintenance staff is focusing on high-priority repairs to fix damage, leaks and other pressing items.

We have since fully resumed leasing activities conducted by phone and email and in-person only to hand over the keys and take tenants to their new apartments on move-in day.

Our second month of rent collection under Covid has been the same as first – collection of about 90% of revenue, which is the norm for us, with the exception for commercial tenants and still about 25-30 residents asking for some form of rent relief though many are now receiving unemployment

Commercial tenants have been hit very hard and we have notified them that we are waiving June’s rent as well.

With regard to today’s agenda, I sent you a note yesterday that we are pulling Item 5 off the agenda. Unfortunately, the \$10.7 million in supplemental funding for the state garage project that was added to the last state budget for the project was pulled from it yesterday, leaving the project unfunded.

In more bad news, I sent you a revised resolution for Item 8, 1322 O Street. We have been advised by our tax credit attorney, Pat Sabelhaus that the tax credit market has collapsed meaning that our project cannot generate the tax credit funding that we had projected. So while we are asking that you proceed to approve additional funding for the project, which Tom Kigar will explain, we are also recommending that we take a pause and wait for the market to stabilize before submitting a tax credit and bond allocation application. In fact, the tax credit allocation committee and the bond allocation committee are changing their application schedules to delay applications in acknowledgement of this issue. They are meeting this afternoon to adopt a new schedule.

Regarding Midtown Association and Downtown Partnership, focus has been on connecting businesses to support services; clean and safe activities; and helping to prepare plans for restaurant openings under social distancing protocols, which may mean patio areas spilling out into the adjacent street

ITEM 5 — 8R9 Parking Structure Progressive Design-Build Service Agreement — ITEM REMOVED FROM AGENDA DURING MEETING.

Staff Recommendation: Adopt a resolution which:

1. Approves amending the FY 2019/20 budget to reflect an increase of \$1,000,000 (amount subject to change at Board meeting) in contract expenses and reimbursement revenue for the R Street Parking Garage.
2. Authorizes the Executive Director to enter into a progressive design-build agreement with an option for a guaranteed maximum price agreement with McCarthy Building Companies to construct the 8R9 Parking Structure.

Staff Contacts: Todd Leon, Development Director, Wendy S. Saunders, Executive Director

NO ACTION TAKEN.

ITEM 6 — Five-Year Capital Improvement Program (CIP) Report

Staff Recommendation: For review and comment only.

Staff Contacts: Frank Czajka, Construction Manager

Member Lagomarsino asked about the difference between Tables 2 and 3. Mr Czajka explained that this has to do with the addition of CADA's in-house renovation crew now performing work that would normally have been performed by outside contractors.

Member Lagomarsino asked whether CADA takes into consideration the cost vs. benefit of investing money in aging buildings, and also asked for clarification about the uplift sections of the tables. He inquired if the budget will be some combination of those columns. Mr. Czajka explained that the difference in the tables it was due to costs being higher in the future and that Mr. Van Syoc would be asking for specific amounts for the budget of each project closer to the time of performing the work, which would be a combination of the amounts in the report columns.

Mr. de la Vergne also mentioned that CADA has inspected all buildings for areas of deficiency and is preparing to hire a structural engineer consultant to assess the work that we complete on the balconies that we have identified as requiring immediate repair.

Member Lagomarsino asked Mr. de la Vergne if the information on the likely costs of improvements to keep buildings at acceptable levels was used to consider the cost benefit of performing such improvements.

Mr. de la Vergne replied yes, and noted 1420 O St as an example, where staff determined it would be cheaper to make the investments in improvements now than to tear down the building and find financing to rebuild.

Mr. de la Vergne also mentioned another building on 12th Street that has a central steam system where staff is looking at the cost benefits of switching to a mini split system, however, staff have not yet finished the analysis. Mr. de la Vergne state that staff is also trying to identify energy-efficiency grants to offset any costs for such a projects including for those buildings the WegoWise program has shown are inefficient in use of gas.

The Operations Committee did not meet.

No public comments.

Chair Bailey asked to revisit Item 4 to give more time for any questions about COVID impacts on the agency or the 8R9 Garage item that was pulled from the agenda. There were no comments or questions.

ITEM 7 — Fiscal Year 2020 - 2021 Market Rate Apartment Rent Schedule; Rent Increase/Lease Methodology; and CADA Rental Assistance Program Change

Staff Recommendation: Adopt a resolution approving FY 2020-2021 not-to-exceed Market Rate Apartment Rent Schedule, and Rent Increase/Lease Methodology.

Staff Contact: Diana Rutley, Property Manager

Member Lagomarsino commented that the report only mentions the number of people on month-to-month or 6 month lease and that it was a pretty low percentage; only 30 out of 580 residents.

Member Winston asked for CADA's current vacancy rate.

Ms. Rutley responded that it is only 3% and that CADA is 97% occupied, which she stated is the "sweet spot" is for CADA due to the types of housing offered through the agency and the age of the buildings. Ms. Rutley further stated that this level is where CADA has typically been, and noted that if occupancy goes up to 98% or 99%, that would be a sign that CADA's rents are too low. She also stated that CADA's rents typically run about a year behind the market, but that the agency is in a strong position going into an uncertain time.

Member Maviglio commented that he thinks having no rent increase for current tenants is great. He mentioned the rent control amounts that apply to new leases and stated that he thinks it's important that CADA have this increase in case there is another rent control initiative that may affect CADA. Ms. Rutley agreed and said she has consulted with CADA's attorneys to make sure we are increasing and applying the controls appropriately.

The Operations Committee did not meet.

No public comments.

Member Lagomarsino moved approval of Resolution 20-06, attached hereto and incorporated herein. Member Avdis seconded the motion.

AYES: Avdis, Lagomarsino, Maviglio, Winston, Bailey

NOES: None

Member Lagomarsino recused himself at 10:40 am due to a conflict.

ITEM 8 — Amendment of Permanent Loan for 1322 O Affordable Housing Project

Staff Recommendation: Adopt a resolution authorizing an increase of the permanent loan commitment for the 1322 O Street affordable housing project from \$2.5 million to \$4.5 million.

Staff Contacts: Tom Kigar, Special Projects Director, Wendy S. Saunders, Executive Director

The Development & Construction Committee recommended approval.

No public comments.

Member Avdis moved approval of Resolution 20-08, attached hereto and incorporated herein. Member Winston seconded the motion.

AYES: Avdis, Maviglio, Winston, Bailey

NOES: None

Member Lagomarsino rejoined the meeting at 10:42 am

ITEM 9 – 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 4.
- D. Roosevelt Park (1619 9th Street): No report.
- E. O Street Streetscape (7th – 17th Streets): Mr. de la Vergne state that the project is very close to removing artwork at 9th and O. The Plan calls for a redesign of the plaza which calls for new art and a shade structure. In regard to creative crosswalks, the City suggested that CADA undertake a study on actual experience with these in other California cities. Renee Funston has prepared an excellent draft, which CADA will send to the City Public Works department. Megan, a staff member at Public Works, is working with Caltrans on their technical advisory committee for street safety, and feels this study will be helpful to the committee. Staff will likely send this report out next week.
- F. Other Neighborhood Improvements: Renee Funston reported that CADA issued RFP's several weeks ago and that today is deadline. Staff has received 2 proposals so far and will review them all on June 8th. Mr. de la Vergne reported on the parkway strips in alley between O and P by Karma Brew/University of Beer. Some significant root issues were discovered that were not apparent before digging. Staff will propose a solution to the City today or early next week. If accepted, this project will be back on track with construction.
- G. The Vantage (Site 21 - 14th and N Streets): Tom Kigar stated that staff reported at last month's board meeting that Cresleigh had requested a delay to the June 30th construction date, but they have now advised that they will start by November 30th. Cresleigh has informed CADA staff that the COVID health orders have caused a delay with their architect completing the project drawings. CADA staff is working on an amendment for June board meeting, which will recommend an extension including 4 incremental milestone dates that must be done before start of construction. These milestones will help CADA hold Cresleigh accountable for starting construction by November 30th.

Member Maviglio inquired about the "change of heart" since the last letter from Cresleigh? He stated that other projects are still going forward; what is their reason for the delay?

Wendy Saunders replied that Cresleigh's architect, who is located in San Francisco, shut down business when the COVID-19 health orders were issued, which has caused the delay in work. Ms. Saunders stated that staff is frankly pleased to see Cresleigh commit to this extension, which differs from first letter they sent, which initially indicated a delay to the project until the pandemic was over; given the choice, staff is happy with three month delay.

Tom Kigar also pointed out that Cresleigh has spent \$7 million so far and done a great job demolishing the building and did a great job. He stated that staff is disappointed they aren't starting in June but confident they will meet Sept 30th deadline.

H. CADA Courtyard Site (1322 O Street): Reported on in Agenda Item 8

I. R Street PBID: No report

J. R Street Affordable Housing (1717 S Street): No Report.

K. 8R9 Street Parking Structure (8th/9th Streets): Reported on in Agenda Item 5

Chair Bailey inquired whether DGS had reimbursed for CADA's costs related to this project.

Wendy Saunders replied that they have for 3rd party costs. Chair Bailey asked about reimbursement for in-house costs. Ms. Saunders replied they had not reimbursed CADA for in-house costs.

ITEM 10 – TRANSMITTALS

Received as transmitted.

ITEM 11 – OPPORTUNITY FOR THE PUBLIC TO ADDRESS THE BOARD REGARDING MATTERS NOT ON THE AGENDA

None.

ITEM 12 – ADJOURNMENT

The meeting adjourned at 10:51 am

Jill Azevedo
Acting Secretary to the Board of Directors

**MINUTES
OF
SPECIAL BOARD MEETING**

**BOARD OF DIRECTORS
CAPITOL AREA DEVELOPMENT AUTHORITY
CAPITOL AREA COMMUNITY DEVELOPMENT CORPORATION**

November 13, 2019

ITEM 1 – ROLL CALL

Chair Bailey called the meeting of the CADA and CACDC Board of Directors to order at 10:00 a.m. at 1522 14th Street, Sacramento, CA 95814.

Present: Avdis, Maviglio, Winston, Bailey

Absent: Lagomarsino (Recused)

ITEM 2 – APPROVAL OF MINUTES: FEBRUARY 23, 2018 [CACDC]

Member Avdis moved approval of the February 23, 2018 CACDC Board Meeting minutes. Member Winston seconded the motion.

AYES: Avdis, Maviglio, Winston, Bailey

NOES: None

ITEM 3 – [CADA/CACDC] 1322 O STREET DEVELOPMENT

Staff recommends the CADA Board of Directors and the CACDC Board of Directors approve various agreements, take various actions and allocate funds as necessary to enable development of 1322 O Street as a 56-unit affordable project.

[CADA] Staff Recommendations:

1. Approve the design and development of 1322 O Street Affordable Housing Project ("Project").
2. Enter into a Development Ground Lease ("DGL") with the State of California that allows for development of 1322 O Street ("Site") as a 56-unit affordable housing project.
3. Enter into an Assignment and Assumption Agreement ("Assignment") to assign the DGL to 1322 O Street Investors LP ("Developer").
4. Amend the existing Master Lease between CADA and the Department of General Services ("DGS") to remove the Site from the Master Lease.
5. Execute a Predevelopment Loan and Promissory Note ("Predevelopment Loan") between CADA and Developer for \$850,000 to cover all predevelopment costs incurred until close of financing escrow.
6. Approve a loan of \$2.5 million ("Permanent Loan") to Developer as a long term, residual receipt loan for construction of the Project.
7. Approve assignment of consultant contracts to Developer at close of financing escrow.
8. Direct CADA Staff to file a CEQA Notice of Exemption based on State findings that project is exempt from CEQA.

[CACDC] Staff Recommendations:

1. Approval for CACDC to enter into and be the managing general partner of 1322 O Street Investors LP.
2. Direct the President, on behalf of the CACDC, the managing general partner of 1322 O Street Investors, to enter into Predevelopment Loan with CADA.
3. Direct the President, on behalf of the CACDC, the managing general partner of 1322 O Street Investors, to enter into the Assignment with CADA.

Staff Contacts: Wendy S. Saunders, Executive Director [CADA], President [CACDC]
Tom Kigar, Special Projects Director [CADA], Staff [CACDC]

There was Board discussion regarding the Governor's Executive Order and tax credit equity. If CADA does not get tax credit approval this round, staff does have the opportunity to reapply in January 2020 but the competition will increase at that point.

Member Winston asked if there are efforts to reduce the carbon footprint by seeking any certifications. Terry Green with Williams + Paddon responded that the project is still in preliminary stages but they will try to reduce the carbon footprint as much as possible within budget. Member Winston asked about bike storage possibilities in or around building. Mr. Green said that there is bike storage in the plans on the ground floor but it is worthy of further discussion if that will be fully utilized.

Member Maviglio asked what demographic staff is envisioning as residents for this project. Todd Leon said it's for everyone being an affordable housing project, but the project design will likely appeal to a younger demographic.

No public comments.

[CADA] Member Avdis moved approval of Resolution 19-45, attached hereto and incorporated herein. Member Winston seconded the motion.

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

[CACDC] Member Winston moved approval of Resolution 19-01, attached hereto and incorporated herein. Member Maviglio seconded the motion.

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

ITEM 4 – OPPORTUNITY FOR THE PUBLIC TO ADDRESS THE BOARD REGARDING MATTERS NOT ON THE AGENDA

None.

ITEM 5 – ADJOURNMENT

The meeting adjourned at 10:56 a.m.

Rachel Mercurio
Secretary to the Board of Directors

RESOLUTION NO. 20 - 08

May 15, 2020

Adopted by the Capitol Area Development Authority

RESOLUTION APPROVING AMENDMENT OF PERMANENT LOAN FOR 1322 O AFFORDABLE HOUSING PROJECT

WHEREAS, on January 15, 2019, Governor Gavin Newsom issued Executive Order N-06-19, which directed the State of California Department of General Services to identify State-owned land for development of affordable housing; and

WHEREAS, on October 1, 2019, Governor Newsome announced that 1322 O Street would be one of the first two state-owned sites to be developed pursuant to the Executive Order; and

WHEREAS, at the November 13, 2019 meeting, the Board authorized execution of a Development Ground Lease with the State of California for 1322 O Street that allowed for development of a 56-unit affordable housing project; approved a predevelopment loan for \$850,000 to cover all predevelopment costs to be repaid at project financing close of escrow; approved a permanent loan of \$2.5 million; and authorized the filing of a CEQA Notice of Exemption; and

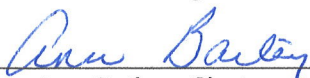
WHEREAS, on November 15, 2019 and January 22, 2020 CADA staff submitted applications for 4% tax credits and tax-exempt bond funds and did not receive awards of funding; and

WHEREAS, State 4% tax credits are no longer available and other gap funding sources such as the anticipated City of Sacramento Measure U bond funding have been diverted to address COVID-19 issues; and

WHEREAS, to be competitive in the next round of funding to be announced on May 15, 2020 or for any future round for 4% tax credits and tax-exempt bond funds CADA must increase its permanent loan amount from \$2.5 million to \$4.5 million.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Capitol Area Development Authority:

1. Authorizes an increase of the permanent loan commitment for the 1322 O Street Affordable Housing Project from \$2.5 million to \$4.5 million, and
2. Authorizes the Executive Director to take any and all actions to execute and deliver any documents necessary or appropriate to prepare and submit an application for the round of funding to be announced on May 15, 2020 or any future round of funding as described above.



Ann Bailey, Chair

ATTEST:

Jill Azevedo
Acting Secretary to the Board of Directors

RESOLUTION NO. 20 - 06

Adopted by the Capitol Area Development Authority

May 15, 2020

**RESOLUTION APPROVING THE NOT-TO-EXCEED
MARKET-RATE APARTMENT RENT SCHEDULE AND RENT INCREASE/LEASE
METHODOLOGY FOR CONTINUING MARKET-RATE RESIDENTS
IN FISCAL YEAR 2020-21**

WHEREAS, Government Code 8193 sets forth requirements with regard to the establishment of market-rate rents for the apartments that are leased by the Authority from the Department of General Services; and

WHEREAS, at the May 15, 2020 meeting of the Board of Directors, staff presented and recommended approval of the not-to-exceed market-rate rents schedule for these apartments to be in effect for Fiscal Year 2020-21; and

WHEREAS, at the May 15, 2020 meeting of the Board of Directors, staff further recommended a continuing market-rate residents' rent increase/lease methodology for Fiscal Year 2020-21; and

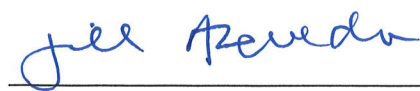
WHEREAS, these staff recommendations are consistent with the requirements of Government Code 8193.

BE IT THEREFORE RESOLVED BY THE BOARD OF DIRECTORS, that the not-to exceed market-rate apartment rent schedule and the continuing market-rate residents rent increase/lease methodology presented in the staff report at the May 15, 2020, meeting are hereby approved.



Ann Bailey, Chair

ATTEST:



Jill Azevedo
Acting Secretary to the Board of Directors