

**MINUTES  
OF  
SPECIAL BOARD MEETING**

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

**JULY 16, 2020**

**ITEM 1 – ROLL CALL**

Chair Bailey called the Board Meeting of the CADA Board of Directors to order at 8:48 a.m. at 1522 14<sup>th</sup> Street, Sacramento, CA 95814 and via public video conference.

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

**ITEM 2 – APPROVAL OF MINUTES: June 19, 2020 [CADA/CACDC]**

Member Avdis moved approval of the June 19, 2020 CADA Board Meeting minutes. Member Lagomarsino 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**

No Report.

**ITEM 5 — [CADA] NOTICE OF INTENT TO PURCHASE THE SITE 21 PROPERTY (SOUTHWEST CORNER OF 14<sup>TH</sup> AND N STREETS)**

**[CADA] Recommended Action:** Adopt resolutions authorizing:

1. Issuance of a notice of intent to purchase the Site 21 property, an expenditure of \$2 million for such purchase and any and all actions required to complete the transaction to purchase the property, and
2. Direction to the staff to endeavor to locate a new developer to build the project as planned.
3. Adoption of a resolution that would allow CADA to reimburse the cost for purchase of the Site 21 property upon issuance of debt in the future, should reimbursement be deemed appropriate.

Contacts: Tom Kigar, Special Projects Director [CADA]  
Wendy Saunders, Executive Director [CADA]

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

Member Avdis stated that he had no questions, but strongly supported the resolutions.

Member Lagomarsino asked to clarify that CADA would take possession of the construction site back in 30 days and that, given the overall circumstances, economic and otherwise, that CADA was going to wait until things normalize before proceeding with plans for the site.

Wendy Saunders replied that was an accurate description of current plans as the project is not viable for anyone at this time. She stated, however, that staff is hopeful they can find someone capable of delivering the project as designed and noted that anyone stepping into Cresleigh's shoes has the advantage of being able to get started on the project right way. Ms. Saunders also wanted to note that staff will likely have some conversations with professionals in the field to discuss the best way to identify a capable developer but nothing beyond that and certainly no plans would go forward without the Board's involvement.

Member Lagomarsino remarked that he was sure there would be interest once word gets out about the site.

Ms. Saunders stated that, due to the large and unexpected expenditure of \$2 million, the agency is considering issuing bond debt to find capital for the large and unexpected expenditure of \$2 million, which is made possible by the JPA's extension to 2055. Given this, the reimbursement resolution was added at the last minute in order to manage the agency's cash flow, and is a cautionary measure to protect CADA in the event circumstances change, and CADA decides to shift directions and pursue an affordable housing project and make use of tax-exempt bond funds.

Member Maviglio inquired what the initial response will be when there is news about this, and noted that it needs to be conveyed positively.

Ms. Saunders said that it will be made clear that this is not happening because Cresleigh couldn't get a loan, but is due to the fact that the loan terms are dramatically different now than they were when the project started, and as such, it is not the right time for this project. Ms. Saunders further stated that the agency will wait until the market is less variable and for conclusion of the pandemic before coming to the Board with next steps.

Legal counsel Amara Harrell added that the State would have the option to buy the property once CADA closes on it this winter.

Member Winston inquired whether CADA has heard anything from State.

Ms. Saunders replied that the State has been very involved in the discussions. Angela Verbaere and Jim Martone are attempting to set up a meeting with the DGS Director the Chief Deputy for Real Estate, and staff has asked Members Bailey and Avdis to participate as well.. She further stated that it is her understanding that the State doesn't want to see the site sit vacant for a long time. Further, the plan Cresleigh developed was approved by State Architect, and the State was looking forward to seeing it built; they just don't want the site to be a parking lot. Ms. Saunders stated that she is looking forward to meeting with Dan Kim.

Member Avids moved approval of Resolutions 20-20, 20-21 attached hereto and incorporated herein. Member Winston seconded the motion.

No public comments.

Member Lagomarsino recused himself from the meeting at 9:05 am due to a conflict with Item 6.

## **ITEM 6 — [CACDC] 1322 O Street – INCREASING THE FUNDING AMOUNT TO BE REQUESTED FROM HCD**

*Recommended Action:* Staff recommends the CACDC Board of Directors, in the role of the managing general partner of 1322 O St Investors LP (the "Partnership"), increase the Partnership loan amount being requested from the Department of Housing and Community Development Transit-Oriented Development (TOD) Housing Program from "up to \$7 Million" to "up to \$10 Million," as previously authorized by the Board for the 1322 O Street Affordable Housing Project.

Contacts: Renee Funston, Development Manager [CADA]  
Tom Kigar, Special Projects Director [CADA]  
Wendy Saunders, Executive Director [CADA], President [CACDC]

Member Maviglio moved approval of Resolutions 20-02 attached hereto and incorporated herein. Member Avdis seconded the motion.

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

No public comments.

**ITEM 7 – OPPORTUNITY FOR THE PUBLIC TO ADDRESS THE BOARD REGARDING MATTERS NOT ON THE AGENDA**

None.

**ITEM 8 – ADJOURNMENT**

The meeting adjourned at 9:09 am

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Jill Azevedo  
Acting Secretary to the Board of Directors

**RESOLUTION NO. 20 - 20**

July 16, 2020

Adopted by the Capitol Area Development Authority

**NOTICE OF INTENT TO PURCHASE THE SITE 21 PROPERTY (SOUTHWEST CORNER OF 14<sup>TH</sup> AND N STREETS)**


**WHEREAS**, on September 20, 2019 the Board approved a Second Amendment to the Disposition and Development Agreement (DDA) to allow Cresleigh to operate The Vantage , an 87 unit project on Site 21 as apartments for 10 years,

**WHEREAS**, the Second Amendment included a provision to give CADA the right to purchase the land back if Cresleigh failed to meet certain timelines, including beginning site preparation by June 30, 2020,

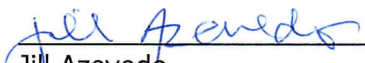
**WHEREAS**, on June 17, 2020 Cresleigh advised they have been unable to secure financing to meet the deadline for beginning site preparation due to the impact of the pandemic and they desire to terminate the DDA thereby giving CADA the right to exercise its option to purchase the property,

**NOW, THEREFORE, BE IT RESOLVED** by the Capitol Area Development Authority that the Board of Directors hereby authorize the following:

1. Issuance of a notice of intent to purchase the Site 21 property, an expenditure of \$2 million for such purchase and any and all actions required to complete the transaction to purchase the property, and
2. Direction to the staff to endeavor to locate a new developer to build the project as planned.

  
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Ann Bailey, Chair

ATTEST:

  
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Jill Azevedo

Acting Secretary to the Board of Directors

**RESOLUTION NO. 20-21**

**[July 16, 2020]**

Adopted by the Capitol Area Development Authority

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
CAPITOL AREA DEVELOPMENT AUTHORITY  
DECLARING ITS OFFICIAL INTENT  
TO REIMBURSE CERTAIN EXPENDITURES  
FROM THE PROCEEDS OF DEBT**

**WHEREAS**, Capitol Area Development Authority (the “Authority”) intends to provide for acquisition of certain real property referred to as Site 21 by the Authority (the “Project”);

**WHEREAS**, the Authority anticipates that, for the purpose of financing the costs of the Project on a long-term basis, it will issue debt obligations;

**WHEREAS**, the maximum principal amount of such debt expected to be issued to finance the Project is \$2,000,000;

**WHEREAS**, the Authority has, heretofore, and expects in the future to pay certain expenditures in connection with the Project prior to the issuance of the debt; and

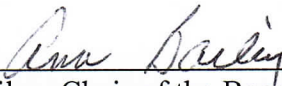
**WHEREAS**, in order to obtain favorable treatment of the expenditures of the proceeds of the debt used to reimburse the Authority’s prior expenditures, Treasury Regulations section 1.150-2 requires the Authority to declare its reasonable official intent to reimburse such prior Project expenditures with the proceeds of debt.

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

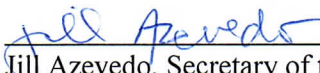
- 1. Findings.** The Board of Directors hereby finds and determines that the foregoing recitals are true and correct.
- 2. Official Intent.** The Authority hereby states that it reasonably expects to reimburse its expenditures on Project costs with proceeds of debt to be incurred by the Authority. The foregoing statement is a declaration of official intent that is made under and only for the purpose of establishing compliance with the requirements of Treasury Regulations section 1.150-2. This resolution does not bind the Authority to make any expenditure on the Project or to incur any debt for the Project.
- 4. Authority to Declare Official Intent.** The Board of Directors designates the Executive Director as the officer of the Authority who is authorized, individually, to declare official intent, on behalf of the Authority, regarding reimbursement of prior expenditures with debt proceeds for purposes of compliance with Treasury Regulations section 1.150-2 and any successor thereto.

5. **Additional Acts.** The officers of the Authority are hereby authorized and directed, individually and collectively, to do any and all things and to execute, deliver and perform any and all agreements and documents that they deem necessary or advisable in order to effectuate the purposes of this resolution. All actions, heretofore, taken by the officers of the Authority that are in conformity with the purposes and intent of this resolution are hereby ratified, confirmed and approved in all respects.

6. **Effective Date.** This resolution shall take effect from and after its adoption.

  
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Ann Bailey, Chair of the Board of Directors  
Capitol Area Development Authority

ATTEST:

  
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Jill Azevedo, Secretary of the Board of Directors  
Capitol Area Development Authority

**RESOLUTION NO. 20-02**

**RESOLUTION OF THE BOARD OF DIRECTORS OF**

**CAPITOL AREA COMMUNITY DEVELOPMENT CORPORATION (CACDC)**

The directors of the Capitol Area Community Development Corporation, a California nonprofit public benefit corporation (the "Corporation"), hereby consent to, adopt and ratify the following resolutions:

**1322 O STREET**

WHEREAS the California Department of Housing and Community Development ("Department") has issued a Notice of Funding Availability ("NOFA") dated April 30, 2020, under the Transit-Oriented Development ("TOD") Housing Program; and

WHEREAS, the Corporation is authorized to do business in the State of California and it is in the best interests of the Corporation for the Corporation to act as the Managing General Partner of 1322 O St Investors LP (the Partnership/Borrower); and

WHEREAS the Corporation is an Eligible Applicant/Sponsor under the TOD Program and wishes to apply for a TOD Program Loan in an amount not to exceed \$10 million ("TOD Loan") under the above described NOFA; and

NOW, THEREFORE, IT IS RESOLVED: That the Corporation is hereby authorized and directed to act on its own behalf and to act as the as the managing general partner of the Partnership/Borrower in connection with the Department's TOD Loan to the Partnership/Borrower pursuant to the above mentioned NOFA.

RESOLVED FURTHER: The Corporation is hereby authorized and directed to act on its own behalf as well as act as the Managing General Partner of the Partnership/Borrower to cause the Partnership/Borrower and itself to incur an obligation for the TOD Loan.

RESOLVED FURTHER: That in connection with the TOD Loan, the Corporation, on its own behalf and as Managing General Partner of the Partnership/Borrower is authorized and directed to enter into, execute, and deliver a State of California Standard Agreement in the amount not to exceed \$10 million and any and all other documents required or deemed necessary or appropriate to carry into effect the full intent and purpose of the above resolution, in order to evidence the TOD Loan, the Partnership/Borrower's obligations related thereto, and the Department's security therefore; including, but not limited to, a promissory note, a deed of trust and security agreement, a regulatory agreement, a development agreement and certain other documents required by the Department as security for, evidence of or pertaining to the TOD Loan, and all amendments thereto (collectively, the "TOD Loan Documents").

RESOLVED FURTHER: The Corporation shall be subject to the terms and conditions as specified in the Standard Agreement(s). Funds are to be used for allowable capital asset project expenditures to be identified in Exhibit A of the Standard Agreement(s). The application in full is incorporated as part of the Standard Agreements(s). Any and all activities funded, information provided, and timelines represented in the application are enforceable through the Standard Agreement(s). The Corporation hereby agrees to use the funds for eligible capital asset(s) in the manner presented in the application as approved by the Department and in accordance with the NOFA, Program Guidelines and application package.

RESOLVED FURTHER: That the President, Wendy S. Saunders or her designees is hereby authorized to execute the TOD Loan Documents, and any amendment or modifications thereto, on behalf of the Corporation for itself and as Managing General Partner of the Partnership/Borrower.

RESOLVED FURTHER: That this resolution shall take effect immediately upon its passage.

Passed and adopted effective as of July 16, 2020, by the consent of the Board of Directors of the Corporation by the following vote:

4 AYES

0 NAYS

1 ABSTAIN

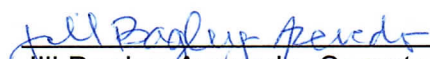
0 ABSENT

  
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Ann Bailey, Chair

#### CERTIFICATE OF THE SECRETARY

The undersigned, Secretary of the Corporation, does hereby attest and certify that the foregoing Resolution is a true, full and correct copy of a resolution duly adopted at a meeting of said corporation which was duly convened and held on the date stated thereon, and that said document has not been amended, modified, repealed or rescinded since its date of adoption and is in full force and effect as of the date hereof.

DATE: 7-16-2020

  
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Jill Bagley-Azevedo, Secretary