

**Board of Directors**

Ann Bailey, Chair  
Emily Baime Michaels, Vice-Chair  
Nick Avdis, Member  
Jose Bodipo-Memba, Member  
Bob Lagomarsino, Member  
Tara Gandara, Board Secretary

**CADA/CACDC Administration**

Danielle Foster, Executive Director (CADA)/President (CACDC)  
Marc de la Vergne, Deputy Executive Director (CADA)/Vice President (CACDC)  
Noelle Mussen, Finance Director (CADA)/Chief Financial Officer (CACDC)  
Todd Leon, Development Director (CADA)

**Legal Counsel**

Jeff Mitchell  
Kronick, Moskovitz, Tiedemann & Girard

Phone: (916) 322-2114  
Web: [www.cadanet.org](http://www.cadanet.org)

**AGENDA REGULAR MEETING**  
**THE CAPITOL AREA DEVELOPMENT**  
**AUTHORITY AND THE CAPITOL AREA**  
**COMMUNITY DEVELOPMENT**  
**CORPORATION**  
**BOARD OF DIRECTORS**

**FRIDAY, FEBRUARY 23, 2024**  
**10:00 A.M.**  
**CADA ADMINISTRATIVE OFFICE**  
**1522 14<sup>TH</sup> STREET, SACRAMENTO, CA 95814**

**Members of the Public are invited to participate via ZOOM or in person.**

**To join via Zoom:**

**Go to:** <https://zoom.us/join>  
**Or join by phone:** (669) 900-9128 (Pacific Coast)  
Find your local number: <https://us02web.zoom.us/j/kcoHLfF55h>  
**Meeting ID:** 869 7573 8654  
**Request Password (prior to start of meeting):**  
[tgandara@cadanet.org](mailto:tgandara@cadanet.org)



- 1. Roll Call and Just Cause/Emergency Teleconference Information (if applicable)**
- 2. Approval of Minutes: January 26, 2024 [CADA] and March 30, 2023 [CACDC]**
- 3. Chair’s Oral Report**
- 4. Executive Director/President’s Oral Report**
- 5. [CADA] Strategic Plan Discussion and Adoption**

*Recommended Action:* Adopt a resolution approving the updated CADA Five Year Strategic Plan for implementation.

Contact: Danielle Foster, Executive Director [CADA]  
Kim Tucker, Facilitator/Consultant, Impact Foundry

**6. [CADA] Middle Income Housing Recommendations**

*Recommended Action:* Adopt a resolution authorizing the Executive Director, or her designee, to execute the attached forms of Promissory Note, Deed of Trust, and Regulatory Agreement, substantially consistent with the enclosed drafts to provide: (1) a \$25,000, one-year loan at three percent interest to the limited partnerships for the Studio30, Esperanza, and Grace projects; (2) a 55-year Regulatory Agreement on each property for the provision of 203 low- and moderate- income housing units collectively for households at or below 80% and 120% of the Area Median Income (AMI); and completion of any other related documents necessary to these transactions. Include a condition that these loans shall be provided in sequence once the active project obtains a certificate of occupancy and as the new project gains full financing and starts construction.

Contact: Danielle Foster, Executive Director [CADA]

**7. [CADA/CACDC] 2000 16th Street Limited Partnership Agreement – CACDC and Mutual**

*Recommended Action:* Approve various agreements and allocate funds as necessary to enable, undertake and pay for various predevelopment tasks for a project at 2000 16th Street.

Contact: Todd Leon, Development Director [CADA], Staff [CACDC]  
Danielle Foster, Executive Director [CADA], President [CACDC]

**8. [CADA/CACDC] The Terraces Agreement**

*Recommended Action:* Adopt resolutions authorizing the Executive Director (CADA)/President (CACDC), or her designee, to execute the Administrative Services Agreement for the Terraces.

Contact: Danielle Foster, Executive Director [CADA], President [CACDC]

**9. [CADA] FY Abatement Formal Contract**

*Recommended Action:* Adopt a resolution awarding the FY 2023-2024 Abatement contract to ATI Restoration, LLC in an amount not-to-exceed \$326,522.88, for abatement at various locations with an option to renew for two (2) one-year periods for the same average monthly amount.

Contact: Frank Czajka, Construction Manager [CADA]  
Russ Juneau, Facilities Maintenance Manager [CADA]  
Tara Gandara, Contracts and Office Manager/Board Secretary [CADA]

**CONSENT CALENDAR (ITEMS 10 THROUGH 12)**

Items listed on the Consent Calendar are considered and acted upon by one motion. A member of the Board or staff may request an item be removed for separate consideration.

**10. [CADA] Universal Window Cleaning Change Order**

*Recommended Action:* Adopt a resolution that Authorizes the Executive Director to enter into a change order with Universal Window Cleaning, Inc. in the amount of \$13,000 for FY Window/Awning Cleaning and Pressure Washing

Contact: Frank Czajka, Construction Manager [CADA]  
Russ Juneau, Facilities Maintenance Manager [CADA]  
Tara Gandara, Contracts and Office Manager/Board Secretary [CADA]

**11. [CADA] Dos Amigos Construction Change Order**

*Recommended Action:* Adopt a resolution that authorizing the Executive Director to approve a change order to maintenance contract C24-067 with Dos Amigos Construction in the amount of \$13,056.32 for demolition & site prep for a new commercial tenant.

Contact: Frank Czajka, Construction Manager [CADA]  
Russ Juneau, Facilities Maintenance Manager [CADA]

**12. [CACDC] Approval of Capitol Area Community Development Corporation Officers**

*Recommended Action:* Adopt a resolution indicating acceptance by board members of their appointment, appointing the officers of the CACDC, and establishing the schedule for annual and regular meetings.

Contact: Jill Azevedo, Human Resources Manager [CADA]

**13. Oral Staff Reports/Updates**

- A. Downtown Sacramento Partnership
- B. Downtown Sacramento Revitalization Corporation
- C. Midtown Association
- D. O Street Streetscape (7th – 17th Streets)
- E. Energy Conservation
- F. Other Neighborhood Improvements
- G. 10th Street Commercial
- H. 1322 O Street – Sonrisa
- I. 14th & N – The Cypress
- J. 1717 S Street – ARY Place
- K. 2000 16<sup>th</sup> Street/16<sup>th</sup> & T Streets
- L. 805 R Street
- M. R Street Partnership

**14. Transmittals**

- A. Ombudsman Report: None
- B. Apartment Status Report: January 2024
- C. Affordable Housing Report: January 2024
- D. Commercial Leases/Vacancies: February 2024
- E. CADA Neighborhood Incident Report: January 2024
- F. Contracts Log: December 2023 and January and February 2024
- G. Financial Report: January 2024
- H. City Treasurer Monthly Investment Report: None

**15. Opportunity for the Public to Address the Board Regarding Matters Not on the Agenda**

**16. Adjournment**

**Approved for Transmittal:**



**Danielle Foster, Executive Director/President**

NOTE: THE BOARD MAY TAKE ACTION ON ANY MATTER LISTED ON THE AGENDA. ADDITIONALLY, THE BOARD MAY TAKE ACTION ON ANY MATTER NOT LISTED ON THE AGENDA TO THE EXTENT PERMITTED BY APPLICABLE LAW. PURSUANT TO STATE AND FEDERAL LAW, IF YOU HAVE A REQUEST FOR A DISABILITY-RELATED MODIFICATION OR ACCOMMODATION IN ORDER TO ASSIST YOU IN PARTICIPATING IN THE MEETING, PLEASE CONTACT TARA GANDARA, BOARD SECRETARY AT (916) 322-2114 TO MAKE SUCH A REQUEST. IN ORDER TO ALLOW ADEQUATE TIME TO ACCOMMODATE ANY REQUESTS, CADA ASKS THAT THE REQUEST BE MADE AT LEAST 24 HOURS PRIOR TO THE MEETING.

**MINUTES  
OF  
REGULAR BOARD MEETING**

**BOARD OF DIRECTORS  
CAPITOL AREA DEVELOPMENT AUTHORITY**

**January 26, 2024**

**ITEM 1 – ROLL CALL AND JUST CAUSE/EMERGENCY TELECONFERENCE INFORMATION (if applicable)**

Chair Bailey called the Board Meeting of the CADA Board of Directors to order at 10:01 a.m. at 1522 14<sup>th</sup> Street, Sacramento, CA 95814 and via public video conference.

Present: Avdis, Baime Michaels, Lagomarsino, Bailey

Absent: Bodipo-Memba

**ITEM 2 – APPROVAL OF MINUTES: December 8, 2023**

Member Avdis moved approval of the December 8, 2023 CADA Board Meeting minutes. Member Lagomarsino seconded the motion.

AYES: Avdis, Baime Michaels, Lagomarsino, Bailey

NOES: None

**ITEM 3 – CHAIR’S ORAL REPORT**

Nothing to report.

**ITEM 4 – EXECUTIVE DIRECTOR’S ORAL REPORT/PRESIDENT’S ORAL REPORT**

Danielle Foster reported the following:

- CADA staff was able to get the Tax Credit Allocation Committee’s approval and SHRA's approval and closed escrow on acquisition of the Terraces. We are officially the proud owners as of December 26<sup>th</sup>. The next step will be the loan restructure and interest forgiveness on the SHRA loan. That will go to the Sacramento Housing and Redevelopment Commission on February 21<sup>st</sup>, then to the City Council on March 12<sup>th</sup>. Once they forgive the interest, we will pay off the principal and be debt free on the property.
- The Strategic Plan will be coming next month.
- The State of the Downtown breakfast is March 26<sup>th</sup> at 8:00 AM. If you would like to attend with CADA, please let me know.
- On Thursday, March 28<sup>th</sup>, from 6:00 PM to 9:00 PM at the Sawyer Hotel, ULI will hold their Vision Honors awards. These awards are now given every other year, and Sonrisa is one of the four finalists for the Affordable Housing Project of the Year. If you are interested in joining us for that event, please contact CADA staff.
- CADA and owners hosted the grand opening of Silver Lining and Anchor and Tree Coffee Collective this month. If you want to see a great dueling piano show, we will let you know when the next one is happening at Silver Lining. It is definitely adding new life and vitality over to 16<sup>th</sup> Street, which is really great to see.

**ITEM 5 – AUDITED FINANCIAL REPORTS – FISCAL YEAR 2022/2023**

*Recommended Action:* Adopt resolutions accepting and releasing financial reports audited by CohnReznick LLP.

Contact: Noelle Mussen, Finance Director

Ahamadou Bocar and Rani Pooja from CohnReznick presented information detailing the audit results.

Chair Bailey inquired as to the additional detail of the report. Guest presenter, Ahamadou Bocar, and Noelle Mussen explained. Chair Bailey responded with a question about when additional information will be provided

regarding the pensions after the presentation by GovInvest back in October. Miss Mussen explained that she hopes to include it with the next year budget discussion.

No public comments.

Member Lagomarsino moved approval of Resolutions 24-01, 24-02, 24-03, and 24-04 attached hereto and incorporated herein. Member Avdis seconded the motion.

AYES: Avdis, Baime Michaels, Lagomarsino, Bailey  
NOES: None

#### **ITEM 6 — MID-YEAR CAPITAL IMPROVEMENTS PROGRAM (CIP) UPDATE**

*Recommended Action:* Review and Comment.

Contact: Frank Czajka, Construction Manager

The Board expressed their appreciation of everything the Maintenance Department does in order to keep CADA's buildings running smoothly while keeping up the appearance and maintaining or replacing period pieces that show the buildings' character. In addition to this, appreciation was expressed regarding the attention by Maintenance and Marc de la Vergne to improvements continuously being made to reduce the environmental impact of each building. The number of open projects were discussed in addition to the benefits of the new LVP (Luxury Vinyl Plank) flooring that is now being installed instead of replacing carpets.

No Board action. For information only.

#### **ITEM 7 — WINDOW REPLACEMENT PROJECT FY24 (1201 P, 1521 12TH, 1517 12TH, & 1420 O STREETS)**

*Recommended Action:* Adopt a resolution authorizing the Executive Director to enter into a construction contract for the Window Replacement Project FY24 with August – Jaye Construction for the buildings at 1201 P, 1521 12th, 1517 12th, and 1420 O Street, in the amount of \$165,500.

Contact: Frank Czajka, Construction Manager  
Russ Juneau, Facilities Maintenance Manager

There was discussion among the Board, Frank Czajka, Russ Juneau, and Marc de la Vergne regarding the many benefits of replacing the old single paned windows with modern dual paned windows. These included environmental efficiency, noise reduction, tenant satisfaction, functionality, and necessity in some cases, due to replacement parts no longer being available.

Member Lagomarsino inquired about the 78% difference in the amount of the two responsive bids for the windows. Mr. Juneau explained that he was originally concerned also, but was assured by August-Jaye Construction that they are able to provide the windows at a significantly lower cost due to the vast quantity of windows their company purchases.

No public comments.

Member Avdis moved approval of Resolution 24-06 attached hereto and incorporated herein. Member Baime Michaels seconded the motion.

AYES: Avdis, Baime Michaels, Lagomarsino, Bailey  
NOES: None

#### **ITEM 8 — HVAC UPGRADE PROJECT AT 1317 O STREET**

*Recommended Action:* Adopt a resolution authorizing the Executive Director to enter into a construction contract for the HVAC Upgrade Project at 1317 O Street with Air Cool Heating and Cooling, Inc. in the amount of \$88,940.

Contact: Frank Czajka, Construction Manager  
Russ Juneau, Facilities Maintenance Manager

No Board comments.

No public comments.

Member Avdis moved approval of Resolution 24-07 attached hereto and incorporated herein. Member Baime Michaels seconded the motion.

AYES: Avdis, Baime Michaels, Lagomarsino, Bailey  
NOES: None

**ITEM 9 — 2024 EMPLOYEE HANDBOOK**

*Recommended Action:* Adopt a resolution approving the 2024 Employee Handbook.

Contact: Jill Azevedo, Human Resources Manager

Chair Bailey inquired about any significant changes to the handbook this year. Miss Azevedo explained that the main change was the elimination of CADA’s compensation time policy due to our new BambooHR software being unable to track it, and the lack of employees who take advantage of it.

Chair Bailey

No public comments.

Member Lagomarsino moved approval of Resolution 24-08 attached hereto and incorporated herein. Member Baime Michaels seconded the motion.

AYES: Avdis, Baime Michaels, Lagomarsino, Bailey  
NOES: None

**ITEM 10 - ORAL STAFF REPORTS/UPDATES**

- A. Downtown Sacramento Partnership (DSP): Danielle Foster reported that we continue to work with the partnership to strategize on how we can collaborate on revitalization of the downtown and support each other in our efforts, specifically with residential units and other activations. According to DSP, about 45% of office workers are back downtown from our pre-pandemic numbers. It will be interesting to see how that changes as the state is bringing some people back. DSP connects increases in people coming downtown to the events and destination locations like Golden 1, Old Sacramento, and the Convention Center. DSP is tracking our Strategic Plan and communicating on collaboration.
- B. Downtown Sacramento Revitalization Corporation (DSRC): Danielle Foster reported this with the DSP above.
- C. Midtown Association: Danielle Foster reported that CADA is having similar conversations with Midtown as with DSP and DSRC. CADA is again making plans to do the Second Saturdays this year together in those joint efforts. CADA is also working with both DSP and Midtown on the conversations happening at the city right now with the Mixed Income Housing Ordinance and how we how we find a good balance for development to continue in our in our community and especially in our central city.
- D. O Street Streetscape (7th – 17th Streets): Marc de la Vergne reported that he had an opportunity to hear from the Department of Transportation, CalTrans, regarding their evaluation of our grant application. First of all, the competition was especially intense this year. This is the last year of funding for this particular pot, so everybody came out of the woodwork to apply. Nonetheless, CADA’s O Street application did score 91 points out of 100, but the cutoff for funding was 94 points. There were 35 agencies like CADA that scored between 91 and 94, so it was really a function of the year’s competition. We will keep our eyes peeled for additional funding out there and see what we what we can find. Mr. de la Vergne will be working with the Eames family to conceive the design of the Eames inspired artwork on the 900 block. Mr. de la Vergne would like to get that done, so CADA does not have to come back and revisit it later. CADA does have funding for 14<sup>th</sup> and O Street, and staff has begun working with our consultants to finish the last remaining items that need to be done to get our building permit for the improvements. Again, those are corner bulb outs, re-landscaping, outdoor seating, and improvements to traffic stop signs. We will add two more stop signs, making it a full 4 way stop, which will be an improvement from a safety standpoint. The city has indicated they have no problems with the creative crosswalks with a painted mandala in the middle of the intersection, which would be the first in Sacramento.

- E. Energy Conservation: Marc de la Vergne reported that he has resumed working on CADA's energy and water report to DGS. CADA and the state do these audits every two years. Since 2016, CADA has reduced our electricity consumption by 10%. CADA had a very slight uptick last year in electricity and will attempt to do figure out why. Hopefully CADA will see a more than proportionate decrease in our gas consumption. A report with the findings of the audit will come to the Board once finalized.
- F. Other Neighborhood Improvements: Nothing to report.
- G. 10th Street Commercial: Marc de la Vergne reported that we have gotten some good press recently on LinkedIn for the work CADA did on 10<sup>th</sup> Street commercial. Our architect, AtlasLab, posted on their LinkedIn profile about the work that CADA did and it was followed by a lot of positive feedback.
- H. 1322 O Street – Sonrisa: Todd Leon reported that we are working on getting the permanent loan conversion done; hopefully by March. Turnover on the project has been about normal, with approximately seven to eight turnovers of people who have vacated units.
- I. 14th & N – The Cypress: Todd Leon reported that there is one large concrete pour that is happening this weekend, and that will be the last large pour, then they will start framing the project.
- J. 1717 S Street – ARY Place: Todd Leon reported that the project has received its Certificate of Occupancy. The site is moving towards its permanent loan conversion as well. Tenant improvements for the commercial spaces are well underway.
- K. 2000 16<sup>th</sup> Street/16<sup>th</sup> & T Streets: Todd Leon presented a slide show of pictures to show the project design.
- L. 805 R Street: Todd Leon reported that the CalHFA mixed income program (MIP) application, which is the program CADA and Mutual are going to apply for, is due in February. CalHFA will announce awards in April. If we are successful, we would apply for tax credits in May or June, and then we would hopefully get our award in August. This would mean construction would start roughly about February or March of next year.
- M. R Street Partnership: Nothing to report.

**ITEM 11 – TRANSMITTALS**

Received as transmitted.

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

**ITEM 13 – ADJOURNMENT**

The meeting adjourned at 11:32 a.m.

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Tara Gandara  
Secretary to the Board of Directors

**RESOLUTION NO. 24 - 01**

Adopted by the Capitol Area Development Authority

January 26, 2024

**RESOLUTION ACCEPTING AND AUTHORIZING RELEASE OF  
INDEPENDENT AUDITOR'S REPORTS – FISCAL YEAR 2022-2023**

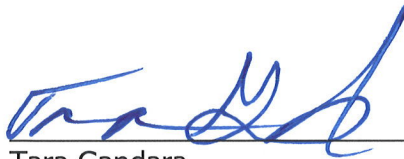
**WHEREAS**, the certified public accounting firm of CohnReznick has audited the Authority's finances and prepared its Authority's Independent Auditor's Reports for Fiscal Year 2022-2023; and

**WHEREAS**, CohnReznick has prepared an unqualified opinion letter that is incorporated into this annual report.

**NOW, THEREFORE, BE IT RESOLVED**, by the Capitol Area Development Authority, that the Authority's Independent Auditor's Reports for Fiscal Year 2022-2023 audited by CohnReznick are hereby accepted and authorized for release.

  
Ann Bailey, Chair

ATTEST:



Tara Gandara  
Secretary to the Board of Directors



**RESOLUTION NO. 24 - 02**

Adopted by the Capitol Area Development Authority

January 26, 2024

**RESOLUTION ACCEPTING AND AUTHORIZING RELEASE OF  
INDEPENDENT AUDITOR'S REPORTS – FISCAL YEAR 2022-2023  
FOR SOMERSET PARKSIDE APARTMENTS**

**WHEREAS**, the certified public accounting firm of CohnReznick has completed its audit of the Authority's Independent Auditor's Reports for Fiscal Year 2022-2023 for Somerset Parkside Apartments; and

**WHEREAS**, CohnReznick has prepared an unqualified opinion letter which is incorporated into this annual report.

**NOW, THEREFORE, BE IT RESOLVED**, by the Capitol Area Development Authority, that the Authority's Independent Auditor's Reports for Fiscal Year 2022-2023 for Somerset Parkside Apartments audited CohnReznick is hereby accepted and authorized for release.

  
Ann Bailey, Chair

ATTEST:

  
Tara Gandara  
Secretary to the Board of Directors

**RESOLUTION NO. 24 - 03**

Adopted by the Capitol Area Development Authority

January 26, 2024

**RESOLUTION ACCEPTING AND AUTHORIZING RELEASE OF  
INDEPENDENT AUDITOR'S REPORTS – FISCAL YEAR 2022-2023  
FOR BIELE PLACE APARTMENTS**


**WHEREAS**, the certified public accounting firm of CohnReznick has completed its audit of the Authority's Independent Auditor's Reports for Fiscal Year 2022-2023 for Biele Place Apartments; and

**WHEREAS** CohnReznick has prepared an unqualified opinion letter which is incorporated into this annual report.

**NOW, THEREFORE, BE IT RESOLVED** by the Capitol Area Development Authority, that the Authority's Independent Auditor's Reports for Fiscal Year 2022-2023 for Biele Place Apartments audited by CohnReznick is hereby accepted and authorized for release.

  
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Ann Bailey, Chair

ATTEST:

  
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Tara Gandara  
Secretary to the Board of Directors

**RESOLUTION NO. 24 - 04**

Adopted by the Capitol Area Development Authority

January 26, 2024

**RESOLUTION ACCEPTING AND AUTHORIZING RELEASE OF  
INDEPENDENT AUDITOR'S REPORTS – FISCAL YEAR 2022-2023  
FOR SEVENTEENTH STREET COMMONS  
(Contract Number 99-024-N)**

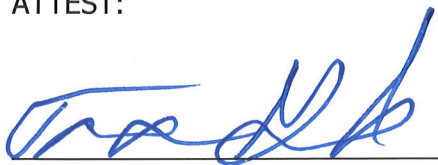
**WHEREAS**, the certified public accounting firm of CohnReznick has completed its audit of the Authority's Independent Auditor's Reports for Fiscal Year 2022-2023 for Seventeenth Street Commons (Contract Number 99-024-N); and

**WHEREAS**, CohnReznick has prepared an unqualified opinion letter which is incorporated into this annual report.

**NOW, THEREFORE, BE IT RESOLVED**, by the Capitol Area Development Authority, that the Authority's Independent Auditor's Reports for Fiscal Year 2022-2023 for Seventeenth Street Commons (Contract Number 99-024-N) audited by CohnReznick is hereby accepted and authorized for release.

  
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Ann Bailey, Chair

ATTEST:

  
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Tara Gandara  
Secretary to the Board of Directors

Attachment 3

**RESOLUTION NO. 24 - 06**

Adopted by the Capitol Area Development Authority

January 26, 2024

**RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO  
ENTER INTO A CONSTRUCTION CONTRACT FOR THE WINDOW REPLACEMENT  
PROJECT FY24 (1201 P, 1521 12<sup>TH</sup>, 1517 12<sup>TH</sup>, & 1420 O STREETS)**

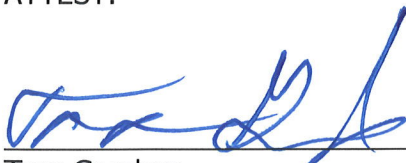
**WHEREAS**, CADA conducted a formal bid process for the Window Replacement Project FY24 for buildings at 1201 P, 1521 12<sup>TH</sup>, 1517 12<sup>TH</sup>, and 1420 O Streets; and

**WHEREAS**, August – Jaye Construction was the lowest responsive, responsible bidder with a bid of \$165,500, and has confirmed with CADA its interest in being awarded the contract and completing the work.

**NOW, THEREFORE, BE IT RESOLVED**, by the Capitol Area Development Authority Board of Directors that the Executive Director is hereby authorized, on behalf of the Authority, to enter into a contract with August – Jaye Construction in the amount of \$165,500.

  
Ann Bailey, Chair

ATTEST:

  
Tara Gandara  
Secretary to the Board of Directors

Attachment 3

**RESOLUTION NO. 24 - 07**

Adopted by the Capitol Area Development Authority

January 26, 2024

**RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR  
TO ENTER INTO A CONSTRUCTION CONTRACT FOR THE HVAC  
UPGRADE PROJECT AT 1317 O STREET**

**WHEREAS**, CADA conducted a formal bid process for the 1317 O St. HVAC Upgrade Project; and

**WHEREAS**, Air Cool Heating & Cooling Inc. was the lowest responsive, responsible bidder with a bid of \$88,940 and has confirmed with CADA of its interest in being awarded the contract and completing the work.

**NOW, THEREFORE, BE IT RESOLVED**, by the Capitol Area Development Authority Board of Directors that the Executive Director is hereby authorized, on behalf of the Authority, to enter into a contract with Air Cool Heating & Cooling Inc. in the amount of \$88,940.

  
Ann Bailey, Chair

ATTEST:



Tara Gandara  
Secretary to the Board of Directors

**RESOLUTION NO. 24 - 08**

Adopted by the Capitol Area Development Authority

January 26, 2024

**RESOLUTION ADOPTING THE 2024 CADA EMPLOYEE HANDBOOK**

**WHEREAS**, at the January 26, 2024 Board Meeting, staff presented the CADA Board of Directors ("Board") with proposed revisions to the CADA Employee Handbook ("the Handbook") for Board approval in order to remain current with employment law and labor practices and in order to address CADA's operational needs; and

**WHEREAS**, the Board has considered staff's recommendation to adopt the revisions to the Handbook; and

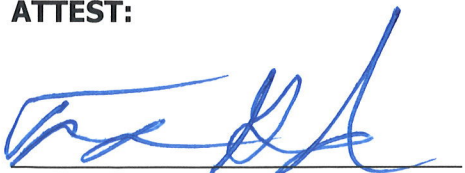
**WHEREAS**, on January 26, 2024, the Board adopted the new Handbook.

**NOW, THEREFORE, BE IT RESOLVED**, by the Capitol Area Development Authority as follows:

1. That the draft Handbook dated January 1, 2024, is hereby adopted as the Employee Handbook.
2. That the draft Handbook dated January 1, 2024, supersedes all previous Handbooks adopted by the Board.
3. That the draft Handbook dated January 1, 2024, shall be effective January 1, 2024.

  
Ann Bailey, Chair

**ATTEST:**

  
Tara Gandara  
Secretary to the Board of Directors

**MINUTES  
OF  
SPECIAL BOARD MEETING**

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

**March 30, 2023**

**ITEM 1 – ROLL CALL AND JUST CAUSE/EMERGENCY TELECONFERENCE INFORMATION (IF APPLICABLE)**

Chair Bailey called the Board Meeting of the CADA Board of Directors and the CACDC to order at 11:02 a.m. at 1522 14<sup>th</sup> Street, Sacramento, CA 95814 and via public video conference.

Present: Baime Michaels, Avdis, Lagomarsino, Bailey

Absent: Bodipo-Memba

**ITEM 2 – APPROVAL OF MINUTES: FEBRUARY 17, 2023 [CACDC] AND MARCH 17, 2023 [CADA]**

Member Avdis moved approval of the February 17, 2023 CACDC Board Meeting minutes and the March 17, 2023 CADA Board Meeting minutes. Member Baime Michaels seconded the motion.

AYES: Baime Michaels, Avdis, Lagomarsino, Bailey

NOES: None

**ITEM 3 – [CADA/CACDC] CLOSED SESSION**

**A. CONFERENCE WITH REAL ESTATE NEGOTIATORS (PURSUANT TO GOVERNMENT CODE SECTION 54956.8)**

APN: 009-0066-012-0000 and 002-0132-009-0000 & 002-0132-010-0000

Price and terms of sale: Purchase of Real Property

Party to the negotiations: Danielle Foster, Todd Leon

Member Baime Michaels left the meeting at 12:30 p.m.

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

**ITEM 4 – ADJOURNMENT**

The meeting adjourned at 12:59 p.m.

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Tara Gandara  
Secretary to the Board of Directors



February 15, 2024

**TO:** CADA Board of Directors

**SUBJECT:** **February 23, 2024, Board Meeting**  
**AGENDA ITEM 5**  
**STRATEGIC PLAN DISCUSSION AND ADOPTION**

**CONTACT:** Danielle Foster, Executive Director  
Kim Tucker, Facilitator/Consultant, Impact Foundry

**RECOMMENDED ACTION:**

Staff is recommending the CADA Board approve the attached resolution (Attachment 1), adopting the updated CADA Five Year Strategic Plan for implementation (Attachment 2).

**STRATEGIC PLAN UPDATE**

Staff has continued work with the plan consultant, Kim Tucker, including holding additional staff leadership team meetings on this topic, as well as Ms. Tucker holding one on one meetings with staff and finishing Board outreach. Staff is also close to completing the tenant survey as an additional source of feedback that will guide tasks and next steps within the framework of the plan. Each of these components, with the attorney’s organizational background memo, community partner conversations (summarized in Attachment 3), the all-staff organizational values vote, and regular Board discussions have informed and strengthened the final plan.

The final plan provides the structure to unify organizational culture and vision, uniting staff under common values and mission, while also providing the accountability necessary to carry out organizational goals with established metrics. This structure is done in a way that allows for staff autonomy and nimbleness to quickly respond to organizational issues and opportunities creatively through the responsible use of resources.

**BACKGROUND: CADA 2023 STRATEGIC PLAN UPDATE PROCESS OVERVIEW AND STEPS TO DATE**

**Overview:** Multi-prong approach that incorporates input from the City and State, CADA Board, CADA Staff, CADA Community Partners, and CADA Commercial and Residential Tenants.

**Goals of Plan Update Process:**

1. A Thoughtful Plan: Ensure key community stakeholder and Board of Directors input into the strategic plan, along with staff.
2. Accountability of the Plan: Align staff work plans and personnel evaluation criteria with key objectives of strategic plan.
3. Build Organizational Culture: Engage staff in establishing organizational values and link these values to staff performance reviews and elements of the business plan.
4. Tell a Compelling Story & Engage Our Community: Update and ensure consistency in use of CADA’s branding assets: logo, mission, vision, values, tag line.



## **Timeline and Process:**

**City and State, CADA Board, and Community Partners:** At the August 18<sup>th</sup> Board Meeting, Board members, representatives of the City and State, and representatives of Community Partners discussed the following questions:

- 1) What do you value most about CADA and its work?
- 2) How can we best partner with you and your organization over the next five years?

The subject areas of these comments are summarized in the attached (Attachment 3) for review and discussion.

Invited Community Partners included:

- State DGS representatives
- City Mayor and D4 representatives, City staff Office of Innovation and Economic Development and Planning Division representatives
- Sacramento Regional Transit representative
- SMUD representative
- Sacramento Downtown Partnership (DSP), Midtown Association, R Street Partnership representatives
- Artist representative
- CFY representative, Anthem Housing representative, Pacific Housing representative, Habitat for Humanity representative, Urban Capital representative
- Step Up representative
- Former Executive Directors

Written comments were also requested from Atlas Lab, Friends of Fremont Park, Fulcrum Properties, Miridae, Mogavero Architects, Ravel Rasmussen Properties, SKK, Tricorp, Urban Elements, Vrilakas Groen architects, and others.

**CADA Staff:** All CADA staff received a Values Survey to vote on CADA's top organizational values in this update. Surveys are continuing to be received and information will be shared at the meeting. Kim Tucker also facilitated a brief conversation with the Leadership Team on August 29<sup>th</sup> and another focused discussion at the September 12<sup>th</sup> Leadership Team meeting. Values statements are in draft form and staff was provided an ice cream party for its survey responsiveness. Kim Tucker conducted one on one conversations with CADA leadership staff and others upon request. Kim is also attended the December 5<sup>th</sup> and February 6<sup>th</sup> Leadership Team meetings for additional conversation and follow-up to the values statements and other aspects of the plan, including the draft plan. The values statements were also circulated to the leadership team in January for additional comments and edits.

**CADA Commercial and Residential Tenants:** Survey questions will be sent to tenants to provide them opportunity to comment on what is working and what they would like CADA to consider as part of our priorities over the next five years. CADA is working with a consultant to complete this survey of CADA tenants.

## **Board of Directors Engagement:**

- Kim Tucker reached out to Board members to invite their reflections on the priorities of CADA.
- September 29<sup>th</sup>, October 27<sup>th</sup>, and December 8<sup>th</sup> were strategy sessions with the Board of Directors.
- The Board received additional background information on CADA's authority and resources.
- The results of Board input will be incorporated into a draft strategic plan to be presented for Board discussion in February 2024.

Follow-up interviews, focus groups, and/or other steps were completed to gain staff input and partner input.

This information was combined and aligned with the current CADA Business Plan, and is drafted to provide an organizational vision for the next five years. This vision will be further incorporated into staff incentives, evaluations, board reports, and other organizational documents.

### **POLICY ISSUES**

CADA works to update its Strategic Plan every five years. Due to COVID and staff retirements, this process has been delayed. This process is critical to prioritizing current goals and future policy and program areas and in continuing to be a good partner, landlord, and community agency.

### **STRATEGIC PLAN**

This item is to work on the update of the existing, expired Strategic Plan, receiving input from partners, tenants, staff, and Board.

### **FINANCIAL IMPACT**

The facilitator contract does not require Board authorization because it is less than \$50,000. The Strategic Plan will guide use of CADA resources.

### **ENVIRONMENTAL REVIEW**

Not applicable. This is an administrative action and is not a project subject to the requirements of the California Environmental Quality Act (CEQA).

Attachments:

- 1) Resolution 24-13
- 2) CADA Five Year Strategic Plan
- 3) Strategic Plan Community Listening Session Summary – August 18, 2023, with written comments from community partners (updated October 2023)

**RESOLUTION NO. 24 – 13**

February 23, 2024

Adopted by the Capitol Area Development Authority

**RESOLUTION APPROVING THE CADA FIVE YEAR STRATEGIC PLAN**

**WHEREAS**, staff and its consultant have engaged CADA partners and stakeholders, the Board, and organizational staff in this update to the organization’s strategic plan;

**WHEREAS**, staff is also gathering feedback from CADA residential and commercial tenants in how to carryout the goals and mission of the plan;

**WHEREAS**, having an updated plan will provide unified organizational values, mission and vision that will guide staff and act as a metric for accountability; and

**WHEREAS**, the plan provides a shared understanding of CADA’s goals for the next five-year period.

**NOW, THEREFORE, BE IT RESOLVED**, by the Board of Directors of the Capitol Area Development Authority that the attached CADA Five Year Strategic Plan is approved.

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Ann Bailey, Chair

ATTEST:

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Tara Gandara  
Secretary to the Board of Directors

Attachment:  
CADA Five Year Strategic Plan

**CADA Strategic Plan**

February 23, 2024

**Goals of Plan Update Process:**

1. **A Thoughtful Plan:** Ensure key community stakeholder and Board of Directors input to the strategic business plan along with staff.
2. **Accountability of the Plan:** Align staff work plans, recognition, and personnel evaluation criteria with key objectives of strategic business plan.
3. **Build Organizational Culture:** Engage staff in establishing organizational values and link these values to staff performance reviews and elements of the business plan.
4. **Tell a Compelling Story & Engage Our Community:** Update and ensure consistency in use of CADA's branding assets: logo, mission, vision, values, tag line, and organizational partnerships and work outcomes grounded in these assets.

**Organizational Description:** CADA is a city-state joint powers authority formed in 1978 by the City of Sacramento and the State of California through the Department of General Services (DGS) pursuant to joint powers law, Govt Code section 6500 et seq., and created with the core mission to implement the objectives of the Capitol Area Plan, specifically those objectives related to the upkeep and provision of a variety of housing types and thriving retail.

CADA receives two primary types of revenue: (1) rent proceeds from CADA-managed rental properties, and (2) property tax revenues collected within CADA's neighborhoods.

**Vision Statement:** [The CADA vision is that] Through innovative partnerships and creative community development solutions, businesses and residents thrive.

**Mission Statement:** [Our mission is to] Build and maintain vibrant, sustainable, mixed-use neighborhoods that support California's capital city.

**Tag Line:** CADA Cultivates Community

**Values:** The CADA team focuses on our priorities and on each other in the delivery of our mission.

1. **Accountability:** We live our ethics as innovative community development leaders, transparently working to achieve excellence in construction, property management, placemaking, and sustainability, while responsibly utilizing our resources.
2. **Customer Service:** We are committed to creating and managing quality spaces in which people live, work, and thrive. Our customer service is responsive and reliable for clients, partners, and co-workers.
3. **Teamwork:** We collaborate and demonstrate empathy, utilizing our diversity of talents and perspectives as our strength while supporting each other in our daily tasks and professional growth, making CADA an employer of choice.

## Strategic Plan Strategies & Activities (Informing staff business plan and work plans)

### Objective 1: Fiscal Strength

Description: Maintain a strong financial footing that allows CADA the flexibility to initiate new development projects, increase neighborhood activation, attract and retain a high-quality team, and deliver on our mission imperatives.

#### Strategies and Activities

- A. Implement comprehensive software solutions that streamline work processes and further organizational coordination and efficiency.
    - 1) Increase information sharing and communication between departments.
    - 2) Coordinate staff onboarding and training to ensure full adoption of systems, processes, and values.
    - 3) Implement digital communications and services for tenants.
  
  - B. Maximize existing sources of revenue in balance with CADA's mission and public policy objectives.
    - 1) Create more efficiency in the turnover of vacant units and commercial spaces, including timely and fairly charging back to deposits for CADA expenses.
    - 2) Update policies to streamline contracting and leasing processes.
    - 3) Pursue opportunities for additional revenue within existing resident rental assistance and related programs.
  
  - C. Pursue new forms of revenue to support expansion of CADA's impact.
    - 1) Consider new grant funding opportunities.
    - 2) Seek financial partnerships that further CADA's mission.
- 

### Objective 2: Community Development Leader

Description: Fulfill CADA's mission by being a leader in construction, property management, environmental sustainability, and placemaking.

#### Strategies and Activities

- A. Increase housing availability by reducing vacancies and expanding projects.
  - 1) Reduce average residential unit turnover time by 50% and reduce Maintenance holds on units [current turnover goal is 3 to 15 days, with 30 days most common].
  - 2) Streamline the move-out inspections and referrals to the Maintenance Department to speed up work orders and reduce repeat work in units to ready them for leasing.
  - 3) Job share and cross-training for Maintenance staff to help with needed back-up skills and succession planning.
  - 4) Define an organizational "housing unit standard" amongst Maintenance, Leasing, and Marketing team members to ensure consistency in unit inspections and sign-off for marketing and leasing units.
  - 5) Streamline and plan vendor assignments to reduce wait time for outside contract work orders and materials.
  - 6) Implement a digital materials inventory tracking system.
  - 7) Acquire and renovate a new warehouse building to ensure more materials storage capacity to increase the efficiency of CADA's materials acquisition process by reducing vehicle miles traveled (VMT).

- B. Conduct a Comprehensive Needs Assessment (CNA) of all CADA buildings to inform our long-term planning.
  - 1) Plan and budget for the sequencing of Capital Improvement Program projects that thoughtfully invest in environmental sustainability and resiliency and in the continued ability of our buildings to function well for CADA’s residential and commercial tenants.
  
- C. Develop a variety of housing types.
  - 1) Identify opportunities to bring more housing online that addresses local needs.
    - i. Work with partners to further strategic projects.
    - ii. Engage in a minimum of two active development projects per year.
    - iii. Identify and acquire catalyst sites that support CADA’s mission and can inspire neighborhood or corridor revitalization.
  
  - 2) Preserve and rehabilitate existing housing, corridors, and neighborhoods through thoughtful acquisition and assistance.
    - i. Continue to engage our community partners in identifying development opportunities, while maintaining our existing properties and ensuring innovation in our development efforts.
  
- D. Invest in climate resiliency, water conservation, and carbon footprint strategies that demonstrate our commitment to environmentally-sustainable practices.
  - 1) Set goals for energy usage reduction in existing buildings and a commitment to sustainable development in future projects.
  - 2) Reduce paper usage throughout the organization.
  - 3) Implement water systems that replace the use of bottled water.
  - 4) Install sustainability upgrades in existing CADA residential buildings, such as gutterguards, dual-pane windows, cool roofs, turf replacement, and more efficient HVAC and water heating.
  - 5) Institute Maintenance Department training in new building heating, cooling, power generation, and lighting systems and technologies that support climate resiliency that CADA installs in its buildings.
  - 6) Investigate efficacy of possible CADA vehicle fleet conversion to all-electric.
  - 7) Implement streetscape upgrades that reduce water consumption and maintenance needs.
  
- E. Identify and fund placemaking that activates and strengthens neighborhoods.
  - 1) Seize opportunities to improve public spaces and/or incorporate events, public art, mini museums, and Sacramento’s culture and history into a neighborhood.
  
- F. Influence public policy that advances CADA’s mission.
  - 1) Ensure CADA representation in public discussions of community development policy and practices that relate to or directly impact CADA’s work.
  
- G. Tell an effective story that proves CADA’s community value. Identified audiences include: current residential and commercial tenants, State and City elected and agency leadership, developers, vendors and contractors, business and neighborhood associations, grant funders, CADA staff and prospective staff.  
Our story will:
  - 1) Include our value-add rationale in all external communications; and our business plan will document our resource management strategy and how we evaluate our success.

- 2) Ensure professional and effective external communications through use of an annual content calendar, training, and an internal review process.
- 3) Launch and maintain an internal communications strategy that prepares all staff to speak to who we are and why we're here.

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**Objective 3: Employer of Choice**

Description: Continue to invest in our team members and support a culture of excellence and accountability in all the work we do.

**Strategies and Activities**

- A. Review organizational structure, make upgrades to increase efficiencies and expand teamwork.
  - 1) Ensure CADA's hiring practices, pay levels, and benefits are competitive.
  - 2) Organize teams to streamline management duties.
  - 3) Consider new positions and/or reorganization of existing roles that increase efficiencies.
  
- B. Demonstrate a culture of accountability within CADA at all levels of the organization.
  - 1) Tie values and elements of the strategic plan to periodic and annual performance reviews.
  - 2) Reward demonstrated adaptability and problem-solving that leads to efficiencies.
  - 3) Increase cross-training opportunities and interdepartmental coordination to build team synergy, reduce errors, and a shared understanding of each division's role.
  - 4) Strengthen staff onboarding
  - 5) Increase communications regarding employee benefits to ensure all staff understand available benefits and how to participate in them.
  
- C. Provide opportunities for staff training and growth.
  - 1) Offer continuous training opportunities including, but not limited to, topics of supervisory and management skills, customer service, time management, project management, Fair Housing rules, Brown Act requirements, and Diversity, Equity and Inclusion principles.
  
- D. Support long-term planning and leadership succession at the staff and Board level.
  - 1) Support leadership staff to build "design time" into their schedules to ensure attention to long-term priorities and strategies.
  - 2) Create a leadership pipeline for key positions as a way to prepare for retirements and ensure continuity of CADA priorities and services.
  - 3) Establish regular meetings between Board members and offer outside trainings to support leadership development and succession.
  
- E. Prioritize organizational culture as part of strategic plan adoption.
  - 1) Host employee engagement activities to assess company culture and proactively look for ways to improve our employees' experience.
  - 2) Conduct retention and exit interviews as part of Human Resource's continuous improvement efforts.
  - 3) Commit to efficient internal meetings, establishing meeting agreements and objectives.

**Strategic Plan Community Listening Session Summary- August 18, 2023 (WAL) and Written Comments from Community Partners**

<b>Subject</b>	<b>Comments/Concerns</b>
Support for the selection of Danielle Foster as the ED of CADA (CITY)	<ul style="list-style-type: none"> <li>• "loss for the City but a great visionary for CADA" (CITY)</li> <li>• "no one better for this work" (CITY)</li> </ul>
Support for CADA expanding its role within the CITY, doing creative things to better the community, like CLTRE Club, considering all the aspects of community development and being nimble (CITY)	<ul style="list-style-type: none"> <li>• CADA looks at the neighborhood as a community, not just one use or another, partnerships and events (R Street PBID)</li> <li>• Agreement for CADA to consider expanding its boundaries and finding opportunity parcels- (DSP)</li> <li>• Look at expanding across downtown (CITY)</li> <li>• Supportive of concept with a desire to consider CADA's overall role as a housing organization across the region compared with other organizations (BOARD)</li> <li>• Don't let expansion distract from the community development components- grocery store, child care, etc., supportive of downtown focus (CITY)</li> <li>• Supports expansion so long as it is balanced with hitting existing objectives (R Street PBID)</li> <li>• Wouldn't want expansion to impact ability to be nimble, resourced (Board Member)</li> <li>• "a bigger geographic area is a good idea" (SacRT)</li> <li>• Supportive of expanded boundaries (Urban Capital)</li> <li>• Don't dilute a great thing (Local Artist)</li> <li>• Supportive of keeping a sense of place in CADA's work (BOARD)</li> </ul>
CADA has been instrumental in how the downtown city looks today (STATE)	<ul style="list-style-type: none"> <li>• Agreement from Urban Capital- "great buildings from CADA"</li> <li>• Agreement from SacRT- "enjoyed the transformation of the City under CADA"</li> <li>• Agreement from R Street PBID- "the impact of CADA has been great"</li> <li>• Agreement from DSP- "appreciates CADA's looking forward focus"</li> <li>• Agreement from CITY- "and how do we partner in the downtown and make up for the loss of state workers?"</li> <li>• Agreement from CFY- "CADA has been CFY's favorite development partner"</li> </ul>
CADA ensures wrap around services to CADA tenants who need it in order to ensure their successful integration into the community (SERVICE PROVIDER- Step Up)	<ul style="list-style-type: none"> <li>• Continue to grow supportive services to ensure adequate resources for tenants (Step Up)</li> <li>• Continue using partnerships to provide services</li> </ul>



Subject	Comments/Concerns
Support for CADA prioritizing the Middle-Income Housing Program (DEVELOPER-Urban Capital, CITY, DEVELOPER-CFY)	<ul style="list-style-type: none"> <li>• Need for middle-income housing is quite apparent in the affordable housing application process, most recently at ARY Place (CFY)</li> <li>• Supportive of CADA “scaling up more housing solutions”- (Urban Capital)</li> <li>• The City is interested in providing “seed money” to match CADA on the Middle-Income Housing Program (CITY)</li> <li>• Supportive of CADA providing other models to ensure downtown occupancy and culture (DSP)</li> </ul>
CADA prioritizes public art and esthetic, a sense of place and supports local artists, compensating them appropriately (LOCAL ARTIST)	<ul style="list-style-type: none"> <li>• CADA provides access to opportunity (LOCAL ARTIST/TENANT)</li> <li>• Supportive of maintaining this value (BOARD)</li> </ul>
Support for CADA prioritizing homeownership in urban neighborhoods. (DSP)	<ul style="list-style-type: none"> <li>• Supportive of homeownership options downtown, has been looking at lease to own models (Urban Capital)</li> <li>• Supportive of CADA providing other models to ensure downtown occupancy and culture (DSP)</li> </ul>
Support for CADA partnering on technical assistance and legislative work on reforming Condominium Defect Liability (CDL) legislation. (DSP)	<ul style="list-style-type: none"> <li>• Supportive of reform and options for ownership housing (Urban Capital)</li> <li>• Supportive of looking at other models that work (DSP)</li> </ul>
Support for CADA prioritizing sustainability, all-electric, green features, etc. (SMUD)	<ul style="list-style-type: none"> <li>• Supportive of advanced warning for development of new construction projects (SMUD)</li> <li>• Supportive of housing and transit connection and CADA’s work as a streetscape partner (SacRT)</li> </ul>
Support for evaluating opportunity to update the Capitol Area Plan (BOARD)	<ul style="list-style-type: none"> <li>• “serves as our North Star.” (BOARD)</li> <li>• “encouraged by these ideas” (STATE)</li> </ul>

Written comments:

Former Director-

- strengths- fiscal stability, skilled in affordable housing production, good community relations, non-profit arm, respected Board
- weaknesses- length of land leases, age of building stock, lack of media presence/recognition for successes
- opportunities- development sites, transit-oriented sites that could allow for development in Sacramento and Yolo and the metropolitan area, non-profit arm for affordable housing and workforce housing- can establish CADA as a leader for Sacramento and the capitol area and surrounds, media partnerships to expand CADA reputation, assist with State reuse work, pursue available affordable housing funding, a vision for success and means to accomplish it
- threats- state budget deficit

Metro Chamber-

- value your commitment to finding creative solutions to housing challenges, which is going to continue to be key
- CADA is moving quickly on both small, hyper-local projects that building community and on large scale projects that build housing, and community
- Chamber is happy to support CADA’s work and partner on creative solutions

### Urban Elements-

- Need ED furthers innovation and builds consensus around the mission
- Continue to be focused and clear on your role and responsibilities, work with partners who understand what they contribute and why
- We are committed to explore creative ways to partner in housing innovation
- Let's continue to innovate and create strategic partnerships
- Be willing to make mistakes in the process of innovating and getting things right

### SKK Development-

- CADA is a great asset/tool for the City of Sacramento
- CADA has played and will continue to play a vital role in the physical development of the Capitol area
- Response to the City and local neighborhood
- CADA's willingness to pursue innovation solutions working with the private sector to provide workforce housing is something we encourage.
- SKK is interested in partnering with CADA on development of new mixed-use projects, particularly new ownership housing which has not occurred since our development project more than 20 years ago.
- SKK would also like to work with CADA to acquire recently constructed apartments for long-term operation as affordable workforce housing, both within and outside the Capitol Area.



February 15, 2024

**TO:** CADA Board of Directors

**SUBJECT:** **February 23, 2024 Board Meeting**  
**AGENDA ITEM 6**

**MIDDLE INCOME HOUSING PROGRAM – NOTICE OF FUNDING  
AVAILABILITY (NOFA) RECOMMENDATIONS**

**CONTACT:** Danielle Foster, Executive Director  
Marc de la Vergne, Deputy Director  
Todd Leon, Development Director

**RECOMMENDED ACTION:**

Staff is recommending the Board adopt the attached resolution (Attachment 1), authorizing the Executive Director, or her designee, to execute the attached forms of Promissory Note, Deed of Trust, and Regulatory Agreement, substantially consistent with the enclosed drafts to provide: (1) a \$25,000, one-year loan at three percent interest to the three limited partnerships for the Studio30, Esperanza, and Grace projects; (2) a 55-year Regulatory Agreement on each property for the provision of 203 low- and moderate- income housing units collectively for households at or below 80% and 120% of the Area Median Income (AMI); and completion of any other related documents necessary to these transactions. These loans shall be provided in sequence once each active project obtains a certificate of occupancy and as each new project gains full financing and starts construction.

**BACKGROUND**

In June 2023, CADA created the Middle-Income Housing Program and adopted program guidelines and a budget after initiating its first project agreement for 1901 8<sup>th</sup> Street that resulted in 65 units at 80% of Area Median Income (AMI) and below and 7 units at 120% of Area Median Income (AMI) and below. Subsequent to this initial project approval, CADA decided to open up dialogue and an opportunity for developers to hear more about this new program and have an equal opportunity to access the remaining \$150,000 budgeted for the program through a Notice of Funding Availability (NOFA) before offering the funds through “over the counter” applications as potential projects apply.

At the end of September 2023, CADA issued a NOFA that had a submittal deadline of October 30, 2023. The NOFA information was distributed broadly amongst the development community, partners, and posted on CADA’s BID and RFP Opportunities website. As a result of this NOFA process, CADA received the following program applications:

1. Studio30 – 30 Units at 16<sup>th</sup> and E Streets (Urban Capital)
2. Esperanza – 132 Units at 12<sup>th</sup> and E Streets (Urban Capital)
3. Grace – 41 Units at 15<sup>th</sup> and G Streets (Urban Capital)

Details of each application are provided in the Analysis section below. Each project is requesting the following terms:

- A loan in the amount of \$25,000 (per project) with a one-year term at 3% interest
- A 55-Year Regulatory Agreement, maintaining affordability over that term (subject to continued welfare tax exemption laws)

Projects would provide units from 80% AMI (low-income) to 120% AMI (moderate-income), with the moderate-income units being leased at a rent affordable to the tenant, based on their income and at a minimum affordability amount affordable to an 80% AMI household. Urban Capital is currently working with Pacific Housing as its non-profit partner on these project partnerships and is exploring opportunities to work with other non-profit partners, as may be beneficial to the tenants, the projects, and other non-profit agencies. The final Managing General Partner for each of the three projects would be subject to CADA staff approval.

## **ANALYSIS**

Staff is excited to support the continued offering of this housing affordability level that is not currently being served by typical affordable housing development nor by conventional market rate development. While the recommended projects are outside the CADA Capitol Area Plan Area and the R Street Project Area, development of these units will greatly benefit CADA’s project areas and the downtown community overall while not relying heavily on assistance from CADA. Specifically, providing CADA R Street Area funds to these projects through three one-year loans will provide a half unit credit back to CADA for each apartment unit assisted. So, for 203 units, CADA will receive a 101-unit credit for the R Street Project Area. Each loan will have a term of one year. Following repayment, the loan funds will be available to fund additional projects.

**Studio 30 (16<sup>th</sup> and E Streets):** The “Studio30” project includes 30 housing units located at 500 16<sup>th</sup> Street, on the vibrant and recently-revitalized 16<sup>th</sup> Street corridor. This multifamily project will include twenty 324 square foot studios and ten 450 square foot one-bedroom lofts. Units will feature full size kitchen appliances, an in-unit washer and dryer, and access to 15 long-term bike stalls. The building will be fully electric and enrolled in SMUD’s Solar Shares Program.

Proposed affordability (a minimum of):

<b>Affordability Levels</b>	<b>Unit Sizes</b>
Up to 80% AMI (low income)	15 Studios
Up to 120% AMI (moderate income)	5 Studios and 10 One-Bedroom Loft Units

The project developers believe this mix of units will allow them to adapt to the clientele that apply at the project. They have indicated that they will provide additional 80% units if that’s where the greatest resident demand is identified. The welfare tax exemption will be prorated based on the number of qualifying 80% AMI households and rents. The project will be owned and operated through a partnership of Pacific Housing and Urban Capital. Pacific Housing is a qualified non-profit with over two decades of affordable housing experience and a 100% success rate complying with welfare tax exemption requirements on 287 properties statewide.

The project was financed by the following entities:

- Equity -- \$2.87 million
  - Provided by Urban Capital and DJM Capital Partners
- Debt -- \$4.4 million (12-month construction loan with 6-month extension option)
  - Mission National Bank
  - Personal guarantees by developer
  - Refinance to permanent financing to occur with a 1.25 debt service coverage ratio.

This project is currently under construction with an estimated completion of Fall 2024.

**Grace (15<sup>th</sup> and G Streets):** The “Grace” project includes 41 housing units located at 620-628 15<sup>th</sup> Street, on the vibrant 15<sup>th</sup> Street corridor. This multifamily project will include eleven 324 square foot studios and thirty-two 450 square foot one-bedroom lofts. Units will feature full size kitchen appliances, an in-unit washer and dryer, and a ground floor restaurant. The residential units will be fully electric and enrolled in SMUD’s Solar Shares Program.

Proposed affordability (a minimum of):

Affordability Levels	Unit Sizes
Up to 80% AMI (low income)	10 Studios
Up to 120% AMI (moderate income)	1 Studio and 30 One-Bedroom Loft Units

Actual affordability will be subject to requirements of additional funding sources and will be decided following finalizing the sources in the project proforma. The project developers believe this mix of units will allow them to adapt to the clientele that apply at the project. They have indicated that they will provide additional 80% units if that’s where the greatest resident demand is identified. The welfare tax exemption will be prorated based on the number of qualifying 80% AMI households and rents. The project will be owned and operated through a partnership of Pacific Housing and Urban Capital, unless another non-profit partner offers a better fit for the project and is approved by CADA staff.

This project is pending full capitalization with the following sources to date and planned sources and uses:

- Equity Raised to Date -- \$1.23 million (\$4.387 million goal)
  - Provided by Urban Capital Qualified Opportunity Fund
  - \$3.15 million pending, out to market with JLL
- Debt -- \$6.91 million
  - Debt Term Sheets Received - \$6.5 - \$7.1 million
  - Archway Capital and Genesis Capital
  - Developer has worked with Genesis Capital four times prior

Sequencing between Grace and the next project, Esperanza, will be based on financing.

**Esperanza (12<sup>th</sup> and E Streets):** The “Esperanza” project includes 132 housing units located at 424 12<sup>th</sup> Street on the vibrant and revitalizing 12<sup>th</sup> Street corridor. This multifamily project will include eighty-six 324 square foot studios and forty-six 450 square foot one-bedroom lofts. Units will feature full size kitchen appliances, an in-unit washer and dryer, and access to over 60 long-

term bicycle parking stalls. The building will be fully electric and enrolled in SMUD’s Solar Shares Program.

Proposed affordability (a minimum of):

<b>Affordability Levels</b>	<b>Unit Sizes</b>
Up to 80% AMI (low income)	32 Studios
Up to 120% AMI (moderate income)	54 Studio and 46 One-Bedroom Loft Units

Actual affordability will be subject to requirements of additional funding sources and following finalizing the sources for the project proforma. The project developers believe this mix of units will allow them to adapt to the clientele that apply at the project. They have indicated that they will provide additional 80% units if that’s where the greatest resident demand is identified. The welfare tax exemption will be prorated based on the number of qualifying 80% AMI households and rents. The project will be owned and operated through a partnership of Pacific Housing and Urban Capital and will be professionally managed through FPI Property Management, unless otherwise approved by CADA.

Urban Capital and Ibex Ventures are aiming to fully capitalize the project by May 2024. JLL took the project to market on November 1, 2023.

- Equity (pending) -- \$12.07 million
- Debt (pending) -- \$16.55 million

The project developers can provide a verbal update on this project’s financing at the board meeting discussion.

Staff reviewed these projects and found them to be good opportunities to further CADA’s middle-income program, with minimal risk, a low cost per unit, and timely turnover of the funds. The projects comply with program guidelines and will fulfill underwriting criteria once fully-financed. Staff is recommending including a condition that these loans be provided in sequence once the active project under construction obtains a certificate of occupancy and as the next new project gains full financing and starts construction. Managing the timing of the project assistance will help further reduce any risk to CADA funds and allow for market absorption of the housing between projects.

While staff recognizes that these projects were submitted by the same developer, there have been several additional developers who have met with CADA staff to learn more about this incentive program opportunity to provide 80% units. Additional projects are currently in predevelopment stages and staff anticipates future applications for this program. Even with these three projects, there will still be \$75,000 in funding available for more requests. These three projects fill a gap in local housing options and do so through an innovative public-private-non-profit partnership that can be replicated efficiently.

## **FINANCIAL IMPACT**

CADA will provide three one-year three-percent \$25,000 loans to the proposed projects, which is \$75,000 of the remaining program budget of \$150,000 funded from the R Street Affordable Housing Development Reserve for the Middle-Income Housing Program. The loans will assist in covering the project partnership formation costs. The partnership is necessary to bind the non-profit and for-profit partners together on the project, as required to comply with state code. These loans will be repaid within one year, with interest, and returned to the Middle-Income Housing

Program fund where it can be used for a subsequent middle-income project or projects through CADA's over-the-counter application process that will now be first-come, first served and reviewed for funding.

### **POLICY**

Provision of these loans and regulatory agreements to the proposed projects supports CADA's work in building and serving a vibrant Capitol Area Neighborhood, R Street Corridor, and downtown and leading the way in community development innovation. Having a variety of housing types and affordability levels within the Central City benefits the commercial and residential stability of downtown, including existing CADA project areas, and furthers the community health by broadening the available range of household types and income levels that the housing is able to serve.

### **STRATEGIC PLAN**

These projects fulfill the following components of the CADA Strategic Plan: fiscal responsibility, collaboration, urban development leadership, creativity and community stewardship in the provision of mixed-income housing. Utilizing partnerships in the completion of our mission has been and continues to be a hallmark of CADA's work. The strategic plan called for studying the downtown market to identify CADA's niche, and this income band at 80% AMI is currently an underserved demographic. This proposal also further combines environmental sustainability with housing development by weaving together local workforce needs and housing options, and it supports new innovation and infill.

### **ENVIRONMENTAL IMPACT**

This action is exempt under the California Environmental Quality Act (CEQA) as it involves only the provision of funding for a project that has already undergone CEQA review. CEQA reviews of these project developments were completed by the City of Sacramento through the planning entitlement review process.

### **CONTRACT AWARD CONSIDERATIONS**

Not applicable.

Attachments:

1. Resolution 24-09
2. Form of Promissory Note
3. Form of Deed of Trust
4. Form of Regulatory Agreement

**RESOLUTION NO. 24 - 09**

February 23, 2024

Adopted by the Capitol Area Development Authority

**RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE THREE \$25,000 CADA LOANS TO THE STUDIO30, ESPERANZA, AND GRACE PROJECTS PURSUANT TO A PROMISSORY NOTE SECURED BY A DEED OF TRUST AND TO EXECUTE AND RECORD THE NECESSARY ACCOMPANYING REGULATORY AGREEMENT FOR THE PROVISION OF A COMBINED 203 LOW- AND MODERATE-INCOME HOUSING UNITS FOR 55 YEARS**

**WHEREAS**, the Studio30, Esperanza, and Grace developments (“the Developments”) qualify under CADA’s middle-income housing model that relies upon the welfare tax exemption and cost-efficient housing design to provide housing affordability;

**WHEREAS**, Urban Capital and their partners will utilize these loans and regulatory agreements to provide 203 units affordable to low-income and moderate-income households at 80% and 120% of the Area Median Income within the downtown;

**WHEREAS**, provision of this middle-income housing addresses a significant community need, supports community diversity and provides a stable workforce downtown that will support the economic vitality of the Capitol Area and the City; and

**WHEREAS**, providing a \$25,000 CADA loan to each of these three Developments and encumbering the Developments with Regulatory Agreements ensures the ongoing affordability of the housing and its provision of middle-income housing for fifty-five years.

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

1. The Executive Director, or her designee, is authorized to execute the necessary documents for each project, including a Promissory Note, Deed of Trust, and Regulatory Agreement, substantially consistent with the enclosed drafts to provide: (1) a \$25,000, one-year loan at three percent interest to the limited partnerships for the Studio30, Esperanza, and Grace projects; (2) a 55-year Regulatory Agreement on each property for the provision of 203 low- and moderate- income housing units collectively for households at or below 80% and 120% of the Area Median Income (AMI); and completion of any other related documents necessary to these transactions.
2. These loans shall be provided in sequence once each active project obtains a certificate of occupancy and as each new project gains full financing and starts construction.

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Ann Bailey, Chair

ATTEST:

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Tara Gandara  
Secretary to the Board of Directors



**PROMISSORY NOTE**

\$100,000.00

\_\_\_\_\_, 2023  
Sacramento, California

1. Obligation. FOR VALUE RECEIVED, the **1901 8<sup>th</sup> Street Investors Limited Partnership**, a California limited partnership ("Borrower"), hereby unconditionally promises to pay to the **Capitol Area Development Authority**, a California joint powers agency ("Lender"), at **1522 14<sup>th</sup> Street, Sacramento, CA 95814**, or at such other place as Lender may from time to time designate in writing to Borrower, the principal sum of One Hundred Thousand Dollars (\$100,000.00), together with interest thereon, to be paid in lawful money of the United States of America according to the terms set forth below (the "Note").

2. Interest Rate. The interest rate per annum to be applied to the unpaid principal balance of this Note will be a fixed rate of three percent (3.00%) simple interest. Under no circumstances shall the interest rate on this Note be more than the maximum rate allowed by applicable law.

3. Payment of Principal. No principal payments shall be due or payable until the Maturity Date, at which time, the entire outstanding principal balance, and all accrued, but unpaid principal, accrued interest and other amounts outstanding on this Note shall be due and payable. Each payment made hereunder, including prepayments allowed under Section 6, shall be credited first on interest then due and the remainder on principal.

4. Maturity Date. This Note shall become due in full, including any outstanding principal and interest, 60 months from date of this Note.

5. Collateral. This Note is secured by a Deed of Trust of even date herewith by Borrower, as trustor, for the benefit of Lender, as beneficiary, covering certain real property owned by Borrower located at 1901 8<sup>th</sup> Street, in Sacramento, California, as more specifically described therein (the "Property"). This Note is also guaranteed by \_\_\_\_\_, the Administrative General Partner(s) for the Borrower, pursuant to that certain Guaranty dated the same date herewith.

6. Prepayment. Borrower shall have the right to prepay all or any part of the principal sum hereof or interest due hereunder at any time, without penalty or premium.

7. Notices. Notices provided for herein may be given by delivery personally or by sending them by registered or by certified mail, with postage charged prepaid, to the parties' mailing addresses, or to any other mailing address of which written notice is given, and notices shall be deemed given upon actual receipt thereof:

If to Borrower: 1901 8<sup>th</sup> Street Investors Limited Partnership

\_\_\_\_\_  
\_\_\_\_\_

If to Lender: Capitol Area Development Authority  
1522 14<sup>th</sup> Street  
Sacramento, CA 95814

Borrower shall promptly notify Lender of any change of address.

8. Assignment. Borrower may not assign any of its rights, interests, duties, or obligations under this Note without Lender's prior written consent, which consent may be given or withheld in Lender's sole discretion. Any attempted or purported assignment by Borrower in violation of this Section shall be void. Lender may, in Lender's sole discretion, assign any or all of Lender's rights, interests, duties, or obligations hereunder to any person or entity without the prior written consent of Borrower.

9. Default; Acceleration. In the event of (i) any default by Borrower in the payment of this Note when due hereunder or in the performance of Borrower's obligations under this Note or any instrument securing repayment of this Note, (ii) the breach of any representation or warranty contained in this Note or any instrument securing repayment of this Note, (iii) the filing of any petition by or against Borrower in any court, whether or not pursuant to any statute of the United States or of any state, in any bankruptcy, reorganization, composition, extension, arrangement or insolvency proceedings, and Borrower shall thereafter be adjudicated bankrupt, or such petition be approved by the court, or the court assumes jurisdiction of the subject matter, and such proceedings not be dismissed within 90 days after the institution of the same, (iv) the appointment of a receiver or trustee in any proceeding for all or any portion of property owned by Borrower and such receivership or trusteeship not be vacated within 90 days after the appointment of the same, (v) an assignment by Borrower for the benefit of its creditors, (vi) the foreclosure upon all or any portion of property owned by Borrower or the condemnation, seizure, attachment or appropriation thereof, or (vii) the sale, conveyance, assignment or transfer of greater than 50% of Borrower's stock, then in such event the entire indebtedness hereunder shall be immediately due and payable at the option of Lender.

10. Waiver. No waiver of any default or failure or delay to exercise any right or remedy by Lender shall operate as a waiver of any other default or of the same default in the future or as a waiver of any right or remedy with respect to the same or any other occurrence. Presentment, notice of dishonor or demand, protest and diligence in collection and bringing suit, including the pleading of any statute of limitations as a defense to any demand against Borrower, are hereby waived by Borrower, who consents that the time for payment of this Note may be extended from time to time without notice by Lender.

11. Default Interest Rate. From and after the Maturity Date of this Note, all sums due and owing hereunder shall earn interest at the maximum rate permitted to be charged under any applicable laws, rules and regulations limiting interest rates.

12. Attorneys' Fees and Costs. Borrower shall pay such fees, costs and expenses as may be incurred by Lender in connection with the exercise, preservation or enforcement of its rights, powers and remedies under the terms of this Note, including, without limitation, actual collection agency fees, costs and expenses, reasonable attorneys' fees and actual costs of suit and appeal incurred in any judicial action or proceeding and reasonable attorneys' fees and actual costs incurred in any collection attempts or non-judicial action or proceeding.

13. Binding on Heirs, Successors and Assigns. Subject to the restrictions on assignment and transfer contained in Sections 8 and 9, this Note shall be binding on and inure to the benefit of the legal representatives, heirs, successors and assigns of Lender and Borrower.

14. Governing Law; Venue. This Note shall be interpreted under and governed by the laws of the State of California, except for those provisions preempted by federal law. This Note is entered into and is to be performed in Sacramento County, California, and accordingly all actions or

proceedings arising in connection with this Note shall be tried and litigated in the Superior Court of California with venue in the County of Sacramento.

15. Amendments. Neither this Note nor any provision hereof may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

16. Severability. If any provision of this Note, in whole or in part, or the application of any provision, in whole or in part, is determined to be illegal, invalid or unenforceable by a court of competent jurisdiction and such provision can be severed without substantially changing the bargain reached by the parties, such provision or part of such provision shall be severed from this Note, and such severance shall have no effect upon the enforceability, performance or obligations of the remainder of this Note, including the remainder of such provision not determined to be illegal, invalid or unenforceable.

17. Due on Sale. The obligations of the undersigned under this Note are subject to the terms of the Deed of Trust of even date herewith. The Deed of Trust contains the following due on sale provision:

**DUE ON SALE - CONSENT BY LENDER.** If Trustor shall sell, convey, or alienate the Property, or any part thereof, or any interest therein, or shall be divested of his title or any interest therein in any manner or way, whether voluntarily or involuntarily, without the prior written consent of Beneficiary, Beneficiary shall have the right, at its option, except as prohibited by law, to declare any indebtedness or obligations secured hereby, irrespective of the maturity date specified in any note evidencing same, immediately due and payable. To “sell, convey or alienate” means the conveyance of the Property or any right, title or interest in the Property; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, or by any other method of conveyance of an interest in the Property.

**IN WITNESS WHEREOF**, Borrower has executed this Note as of the date first above written.

Borrower:

**1901 8<sup>th</sup> Street Investors Limited Partnership,**  
a California limited partnership

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**No recording fee required pursuant to  
Government Code Section 27383**

**Recording Requested by and  
When Recorded Return to:**

Capitol Area Development Authority  
1522 14<sup>th</sup> Street  
Sacramento, CA 95814  
Attn: Executive Director

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SPACE ABOVE THIS LINE FOR RECORDER'S USE

**DEED OF TRUST  
ASSIGNMENT OF RENTS, SECURITY AGREEMENT  
AND FIXTURE FILING**

**(1901 8th Street)**

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING ("Deed of Trust"), made \_\_\_\_\_, 2023, between **1901 8th Street Investors Limited Partnership**, a California limited partnership ("Trustor"), \_\_\_\_\_ ("Trustee"), and **Capitol Area Development Authority**, a California joint powers authority ("Beneficiary").

Trustor is the fee interest owner of that certain real property located in the County of Sacramento, State of California, described in Exhibit A attached hereto ("Property"), containing a development of seventy-two (72) units of rental housing, all of which are rent restricted as described in that certain Regulatory Agreement dated the same date herewith (collectively, "Improvements").

Trustor intends to grant Beneficiary this Deed of Trust encumbering its fee interest in the Property as security for a loan made by Beneficiary to Trustor to be used for the development of the Property.

Trustor, in consideration of the indebtedness referred to below, irrevocably grants, transfers, conveys, and assigns to Trustee, in trust for the benefit of Beneficiary, with power of sale, the Property.

TOGETHER WITH:

(a) all right, title and interest (including any claim or demand in law or equity) which Trustor now has or may hereafter acquire in or to such property; all development rights or credits and air rights; all water and water rights (whether or not appurtenant to such property) and shares of stock pertaining to such water or water rights, ownership of which affects such property; Trustor's interest in all minerals, oil, gas, and other hydrocarbon substances and rights thereto in, on, under, or upon such property and all royalties and profits from any such rights or shares of stock; and all adjacent lands within enclosures or occupied by buildings partly situated on such property;

(b) all buildings, structures, improvements, fixtures and appurtenances now and hereafter placed on such property, including, without limitation, all apparatus and equipment, whether or not physically affixed to the land or any building, used to provide or supply air-cooling, air conditioning, heat, gas, water, light, power, refrigeration, ventilation, laundry, drying, dish washing, garbage disposal or other services; and all elevators, escalators and related machinery and equipment, fire prevention and extinguishing apparatus, security and access control apparatus, partitions, ducts, compressors, plumbing, ovens, refrigerators, dishwashers, disposals, washers, dryers, awnings, storm windows, storm doors, screens, blinds, shades, curtains and curtain rods, mirrors, cabinets, paneling, rugs, attached floor coverings, furniture, pictures, antennas, pools and spas and pool and spa operation and maintenance equipment and apparatus, trees and plants located on such property, all of which, including replacements and additions thereto, shall conclusively be deemed to be affixed to and be part of the real property conveyed to Trustee hereunder.

(c) all intangible property and rights related to the aforesaid property or the operation thereof or used in connection therewith including, without limitation, permits, licenses, plans, specifications, construction contracts, subcontracts, bids, deposits for utility services installations, refunds due Trustor, trade names, trademarks and service marks.

(d) all rents, issues, profits and other income from the property, including, but not limited to, all proceeds of sale or lease of the property.

(e) the personal property collateral described in Exhibit B.

Trustor agrees to execute and deliver, from time to time, such further instruments, including but not limited to, Security Agreements, Assignments, and UCC Financing Statements, as may be requested by Beneficiary to confirm the lien of this Deed of Trust on any of the aforementioned property.

All Property, both real and personal, conveyed to Trustee hereunder shall be referred to herein as the "Property".

This Deed of Trust secures the following obligations:

1.1 (a) Promissory Note entered into by Trustor, of even date herewith (and any and all renewals or extensions thereof) in the amount of ONE HUNDRED THOUSAND DOLLARS (\$100,000.00), with interest thereon according to the terms of said note ("Note"), which Trustor covenants and agrees to pay.

(b) Payment and Performance of every obligation, covenant, promise and/or agreement contained in this Deed of Trust.

(c) Payment and Performance of every obligation, covenant, promise and/or agreement contained in the Regulatory Agreement entered into by Trustor of even date herewith.

(d) Payment and performance of every obligation, covenant, promise and agreement contained in any other written instrument executed by Trustor in favor of Beneficiary if, but only if, the written instrument expressly states that the instrument is secured by this Deed of Trust.

(e) For the purposes of this Deed of Trust, any reference to a Note contained herein shall be deemed to refer to each and every note secured by this Deed of Trust, and any default under any note secured by this Deed of Trust shall constitute a default under every other note so secured, and shall additionally constitute a default under this Deed of Trust.

For the purpose of protecting and preserving the security of this Deed of Trust, Trustor promises and agrees:

2. Obligations of Trustor. Trustor shall promptly pay when due, all installments, payments, charges or other obligations due under the Note; and all other monetary obligations secured by this Deed of Trust.

3. Repair and Maintenance of the Property. Trustor will: (a) keep the Property in good condition and repair; (b) not substantially alter, remove or demolish the Property or any building or other improvements thereon, except (i) when approved in writing by Beneficiary; or (ii) when incident to the replacement of fixtures, equipment, machinery or appliances with items of like kind; (c) restore and repair to the equivalent of its original condition, all or any part of the Property which may be damaged or destroyed, including, but not limited to, damage from termites and dry rot, soil subsidence and construction defects, whether or not insurance proceeds are available to cover any part of the cost of such restoration and repair; (d) pay when due all claims for labor performed and materials furnished in connection with the Property and not permit any mechanic's or materialman's lien to arise against the Property or furnish loss or liability under such mechanic's lien claims; (e) comply with all laws affecting the Property or requiring that any alterations, repairs, replacements, or improvements be made thereon; (f) not commit or permit waste on or to the Property, or commit, suffer or permit any act or violation of law to occur upon the Property; (g) not abandon the Property; (h) cultivate, irrigate, fertilize, fumigate and prune; (i) if required by Beneficiary, provide for the management satisfactory to Beneficiary under a management contract approved by Beneficiary; (j) notify the Beneficiary in writing of any condition at or on the Property which may have a significant and measurable effect on its market value; and (k) if the Property is rental Property, generally operate and maintain the Property in such manner as to realize the maximum rental potential thereof and do all other things which the character or use of the Property may reasonably render necessary to maintain the Property in the same condition (reasonable wear and tear expected) as it was at the date of this Deed of Trust.

4. Insurance.

4.1 Property Insurance. Trustor shall provide and maintain insurance as required below covering all buildings, structures and improvements now situated or which hereafter may be erected or placed upon said Property, against loss or damage by fire and other casualties (special broad-form perils) with the valuation clause reflecting replacement costs basis and to carry such and, in the event said Property or any part thereof now lies or hereafter lies in an area designated by the Federal Emergency Management Agency as located within a flood insurance rate map or flood hazard boundary map, or which is designated by the Department of Housing and Urban Development as a flood zone, to carry flood insurance; all as required below or as the Beneficiary may from time to time require. All such insurance shall be in forms, and with companies and in sums (not less than sufficient to avoid any claim on the part of the insurers for co-insurance or other penalties for insufficient limits) satisfactory to the Beneficiary. All insurance policies shall be held by and be for the benefit of Beneficiary, and shall name Beneficiary as loss payee. Beneficiary shall accept as satisfying the requirements of this Section 3.1 any insurance policy in the amount of the replacement cost of buildings, structures,

and improvements located on said Property. At least fifteen (15) days before the expiration of each such policy, Trustor shall deliver to the Beneficiary a new and sufficient policy to take the place of the one so expiring. In the event of a loss, the amount collected, under any policy of insurance on said Property may, at the sole option of the Beneficiary (1) except to the extent expressly limited or prohibited by statutory or case law in effect as of the date of this Deed of Trust, be applied by Beneficiary upon any indebtedness and/or obligation secured hereby whether the same be then matured or unmatured, and in such order as Beneficiary may determine; (2) be used in replacing or restoring the improvements partially or totally destroyed to a condition satisfactory to said Beneficiary; (3) be used by the Beneficiary to fulfill any of the covenants contained herein as the Beneficiary may determine; or (4) be released to the Trustor. In any of the foregoing events neither the Trustee nor the Beneficiary shall be obligated to see to the prior application thereof, nor shall the amount so released or used under clauses (2), (3), or (4) above be deemed a payment on any indebtedness secured hereby. Such application, use, and/or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. The Trustor hereby irrevocably appoints the Beneficiary as its attorney in fact to assign each such policy in the event of the foreclosure of this Deed of Trust or other transfer of the title to the granted Property in extinguishment, in whole or in part, of the debt secured hereby. No insurance shall be required hereunder in excess of that allowed by Civil Code Section 2955.5.

4.2 General Liability Insurance. Trustor shall purchase and continuously maintain comprehensive general liability with terms and conditions that are at least as broad as the Insurance Service Office (ISO) Form 00 01 and with limits not less than \$5,000,000 each occurrence. Such insurance shall include the Beneficiary as an additional insured arising out of the named insured's ongoing and completed operations. Such insurance shall have an endorsement stating that for any claims related to this Property, the Trustor's insurance shall be primary insurance as respects the Beneficiary to the extent the Beneficiary is an additional insured. Such insurance shall also state that any insurance or self-insurance maintained by the Beneficiary shall be in excess of the Trustor's insurance and shall not contribute with it. The Trustor's insurance shall also provide that the Beneficiary shall receive at least thirty (30) days' written notice prior to cancellation, non-renewal, or modification thereof during this Deed of Trust term. Such insurance policies as are required by this Section 4.2 shall be approved and held by Beneficiary.

5. Defense of Deed of Trust; Litigation. Trustor will give Beneficiary immediate written notice of any action or judicial proceeding (including, with limitation, any judicial or non-judicial proceeding to foreclose the lien of a junior or senior mortgage or deed of trust) affecting or purporting to affect the Property, this Deed of Trust, Beneficiary's security for the performance of Trustor's obligations under the Note, or the rights or powers of Beneficiary or Trustee under the Note or this Deed of Trust. Notwithstanding any other provision of this Deed of Trust, Trustor hereby agrees that Beneficiary or Trustee may (but neither is obligated to) commence, appear in, prosecute, defend, compromise and settle, in Beneficiary's or Trustor's name, and as attorney-in-fact for Trustor, any action or proceeding, whether judicial or non-judicial, reasonably necessary to preserve or protect, or affecting or purporting to affect, the Property, this Deed of Trust, Beneficiary's security for the performance of Trustor's obligations under the Note, or this Deed of Trust. If neither Beneficiary nor Trustee elects to do so, Trustor will commence, appear in, prosecute and defend any such action or proceeding. Beneficiary may incur necessary costs and expenses including attorneys' fees, in any such action. Trustor will pay all costs and expenses of Beneficiary and Trustee, including costs of evidence of title and reasonable attorneys' fees, in any such action or proceeding in which Beneficiary or Trustee may appear or for which legal counsel is sought, whether by virtue of being made a party defendant or

otherwise; and whether or not the interest of Beneficiary or Trustee in the Property is directly questioned in such action or proceeding, including, without limitation, any action of the condemnation or partition of all or any portion of the Property and any action brought by Beneficiary to foreclose this Deed of Trust or to enforce any of its terms or provisions.

6. Use of Property. Unless otherwise required by applicable law or unless Beneficiary otherwise consents in writing, Trustor will not allow changes in the use of the Property from that which is contemplated by Trustor and Beneficiary at the time of execution of this Deed of Trust, as specified in the documents executed by Trustor in connection with obtaining the loan secured hereby, including the Regulatory Agreement ("Loan Documents"). Trustor will not initiate or acquiesce in a change in the zoning classification of the Property without Beneficiary's prior written consent.

7. Taxes and Assessments. Trustor agrees (a) to pay all taxes and assessments affecting the Property, including assessments on appurtenant water stock, and any accrued interest, cost and/or penalty thereon and submit receipts therefor to the Beneficiary, at least ten (10) days before default or delinquency; (b) to pay when due all encumbrances (including any debt secured by deed of trust), ground rents, liens, and/or charges, with interest, on said Property or any part thereof which appear to be prior or superior hereto, and to pay immediately and in full all such encumbrances, liens and/or charges, if any, which may now be due or payable; (c) to pay when due all costs, fees and expenses of these trusts, including cost of evidence of title and Trustee's fees in connection with sale, whether completed or not, which amounts shall become due upon delivery to Trustee of a declaration of default.

8. Assessment Bonds. Trustor agrees to pay any and all assessments against said Property at least ten (10) days before any bond or bonds could or would be issued in connection therewith, unless Beneficiary determines in its sole discretion that its security would not be impaired if the assessments were not paid in full.

9. Assessments on Water Bonds. Trustor agrees to pay before delinquency all assessments upon the stock of any water company which stock may be used in connection with said Property, and all rents, assessments or charges for water appurtenant to or used in connection with said Property and/or for the flumes, ditches, pipes or aqueducts in which such water may be furnished or delivered; and all such stock is hereby expressly made a part of the security hereof.

10. Reimbursement of Lender's Expenses. Trustor agrees to pay immediately upon demand after expenditure, all sums expended or expense incurred by Trustee and/or Beneficiary, including reasonable attorney's fees, under any of the terms of this Deed of Trust, with interest from date of demand at the rate of ten per cent (10%) per annum. Without in any way limiting the foregoing, Trustor shall pay to or reimburse Beneficiary for any costs, fees and expenses (including without limitation reasonable attorneys' fees and any administrative fees or overhead or other indirect costs and expenses) incurred or charged by Beneficiary in protecting its security hereunder or the Property or Beneficiary's interest under this instrument, or in responding, processing, reviewing or reviewing or otherwise dealing with the demands or claims or requests of Trustor or third parties who claim an interest in the Property or an interest adverse to Beneficiary's interests under this instrument.

11. Beneficiary Statement. Trustor agrees to pay to the Beneficiary any reasonable amount charged by the Beneficiary, not to exceed the maximum allowed by law, for any statement regarding the obligation secured hereby furnished by the Beneficiary upon demand by the



Trustor, the charge for each such statement to be payable immediately upon furnishing of the statement.

12. Assignment of Rents and Leases.

12.1 Trustor does hereby immediately and absolutely assign, transfer and set over to the Beneficiary all the rents, issues, proceeds and profits which may be or may become due or to which the Trustor may now or hereafter become entitled, arising or issuing out of, under or by virtue of any and all leases and/or rental agreements, and any and all extensions or renewals thereof, now or hereafter entered into for the parking structure located on the Property or any part thereof, or for any improvements located thereon, and all other rents, issues, proceeds and profits due or accruing from the Property or any part thereof or the improvements located thereon. Trustor hereby gives to and confers upon Beneficiary the right, power and authority to collect such rents, issues, proceeds and profits. The assignment herein contained and all rights provided to Beneficiary by this Section are granted without regard to the adequacy of the Property as security for payment of the indebtedness secured by this Deed of Trust. This assignment is delivered as a present, immediate and absolute assignment of the rights contained herein; provided, however, that so long as no default shall exist under this Deed of Trust or the indebtedness secured hereby, the Trustor shall have the right to manage and operate the Property and all improvements thereon, and to collect, receive and apply for its own account all rents, issues and proceeds accruing by virtue of any lease or rental agreement and to execute and deliver proper receipts thereof. Immediately upon the occurrence of any default under this Deed of Trust or the indebtedness secured hereby, and until such default shall have been cured, the right of the Trustor to manage and operate the Property and to collect and receive rents shall cease and terminate and in such event the Beneficiary is hereby expressly and irrevocably authorized to enter into and take possession of the Property and the improvements located thereon by actual physical possession, or by appointment of a receiver or by a competent court or by written notice served personally upon or sent by registered mail to the Trustor, as the Beneficiary may elect, or by any other legal means, and to exclude the Trustor and all other persons therefrom. Following such entry and taking of possession the Beneficiary may operate and manage the Property and rent and lease the same and collect any and all rents, issues, income and profits therefrom, and from time to time apply same or accumulate same for application, in such order and manner as Beneficiary, in its sole discretion shall consider advisable. Beneficiary may apply such amounts to (i) the necessary and proper costs of upkeep, maintenance, repair and/or operation of the Property; (ii) the repayment of any sums theretofore or thereafter advanced pursuant to the terms of this Deed of Trust; (iii) the interest then due or next to become due upon said indebtedness; (iv) the taxes and assessments upon the Property then due or next to become due; (v) the unpaid principal of said indebtedness; and (vi) any other obligations secured by this Deed of Trust. The collection and/or receipt of rents, issues, income and/or profits from the Property by Beneficiary after declaration of default and election to cause the Property to be sold pursuant to the terms of this Deed of Trust shall not affect or impair such default or declaration of default or election to cause the Property to be sold or any sale proceeding predicated thereon, but such proceedings may be conducted and sale effected notwithstanding the receipt and/or collection of any such rents, issues, income and/or profits. Any such rents, issues, income and/or profits in the possession of said Beneficiary at the time of sale and not theretofore applied as herein provided, shall be applied in the same manner and for the same purposes as the proceeds of the sale. In addition to Beneficiary's rights under this Section, Beneficiary shall have all of the rights and remedies to which Beneficiary is entitled under California Civil Code Section 2938, and nothing contained in this Section 12 shall be construed as a limitation or waiver of any such rights or remedies.

12.2 Trustor agrees to assign to the Beneficiary, upon request, as security for the indebtedness secured hereby, the Trustor's interests in any or all leases, and the Trustor's interests in all agreements, contracts, licenses and permits affecting said property, such assignments to be made by instruments in form reasonably satisfactory to the Beneficiary; but no such assignment shall be construed as a consent by the Beneficiary to any lease, agreement, contract, license or permit so assigned, or to impose upon the Beneficiary any obligations with respect thereto.

13. Modification and Termination of Leases and Rent Pre-payment. Except in the ordinary course of business, Trustor agrees not to cancel any of the leases assigned or subject to assignment to Beneficiary pursuant to Section 11.2 hereof, nor terminate or accept a surrender thereof (except in accordance with the terms of the assignment) or reduce the payment of the rent thereunder or modify any of said leases (except in accordance with the terms of the assignment) or accept any prepayment of rent therein without first obtaining, on each occasion, the written approval of the Beneficiary.

14. Performance of Leases. Trustor agrees to faithfully keep and perform all of the obligations of the landlord under all of the leases assigned or subject to assignment to the Beneficiary pursuant to Section 11 above and not to permit to accrue to any tenant under any such lease any right to prepaid rent pursuant to the terms of any lease other than the usual prepayment of rent as would result from the acceptance by the landlord on the first day of each month for the rent for the ensuing month, according to the terms of the various leases.

15. Rent Roll. Trustor agrees to deliver to Beneficiary within ninety days after the expiration of each calendar year, a rent roll of the Property showing the name and street address of all tenants in occupancy, the rent currently owed, the respective lease commencement and expiration dates, the amount of common area or expense contribution, if any, for each tenant, as well as whether there are any concessions, free rent periods or rebates.

16. Use. Trustor agrees to operate such Property at all times in the manner permitted by the Regulatory Agreement.

17. Due on Sale – Consent by Lender. If Trustor shall sell, convey, or alienate the Property, or any part thereof, or any interest therein, or shall be divested of his title or any interest therein in any manner or way, whether voluntarily or involuntarily, without the prior written consent of Beneficiary, Beneficiary shall have the right, at its option, except as prohibited by law, to declare any indebtedness or obligations secured hereby, irrespective of the maturity date specified in any note evidencing same, immediately due and payable. To "sell, convey or alienate" means the conveyance of the Property or any right, title or interest in the Property; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, or by any other method of conveyance of an interest in the Property.

18. Licenses. As of the date of this Deed of Trust and at all times thereafter during the term of the loan Trustor shall have and maintain in full force and effect such certificates, consents, licenses, approvals and permits from the proper authorities as are required to operate the Property for the purpose(s) set forth in Section 15 above. A failure on the part of the Trustor or any subsequent owner to maintain any such required certificate, consent, license, approval, or permit in effect or a failure to obtain renewal thereof prior to expiration, shall constitute a default under the terms of this Deed of Trust for which the Beneficiary shall have the right, as its option,

upon the expiration of any cure periods, to declare the entire indebtedness evidenced by said Note and hereby secured to be immediately due and payable.

19. Security Interest in Personal Property. Trustor hereby grants to Beneficiary a security interest in and to all personal Property described as the Collateral in Exhibit B. This Deed of Trust constitutes a security agreement with respect to all of the Collateral, and Beneficiary shall have all of the rights and remedies of a secured party under the California Uniform Commercial Code as well as all other rights and remedies available at law or in equity. Trustor hereby agrees to execute, acknowledge and deliver on demand, and hereby irrevocably appoints Beneficiary as its attorney-in-fact, with full power of substitution, to execute, acknowledge, deliver and, if appropriate file with the appropriate filing officer or office, such security agreements, financing statements, continuation statements or other instruments as Beneficiary may reasonably require in order to impose, perfect or continue the perfection of, the lien or security interest created hereby. The above power of attorney is coupled with an interest and shall survive the death or incapacity of Trustor. Trustor shall pay all costs and expenses in connection with any such documents or of any record searches for financing statements that Beneficiary may require.

20. Fixture Filing. This Deed of Trust constitutes a financing statement filed as a fixture filing in the real estate records of the county in which the Real Property is located with respect to any and all fixtures now or hereafter owned by Trustor and used in connection with the operation, occupancy and maintenance of the Property described in this Deed of Trust and with respect to any goods or other personal property owned by Trustor that may now be or hereafter become such fixtures.

21. Foreclosure on Collateral. Without limiting any other rights or remedies which Beneficiary or Trustee may have hereunder or under applicable law, including the right to conduct a unified foreclosure sale of real and personal Property, upon any default not cured within applicable cure periods Beneficiary or Trustee may conduct a public or private sale of the Collateral under the California Uniform Commercial Code pursuant to this Deed of Trust, and Trustor, upon demand by Beneficiary, shall assemble the Collateral and make it available to Beneficiary at the Property, a place which is hereby deemed to be reasonably convenient to Beneficiary and Trustor. Beneficiary shall give Trustor at least twenty (20) days prior written notice of the time and place of any public sale or other disposition of the Collateral, or of the time of or after which any private sale or other disposition of the Collateral is to be made; if such notice is sent to Trustor in accordance with the procedures for the mailing of notices set forth in the last Section of this instrument, it is hereby deemed that such notice shall be and is reasonable notice to Trustor.

22. Maintenance of Fixtures and Collateral. At all times during the term hereof Trustor shall maintain a sufficient level of fixtures and Collateral to properly operate the said Property, which shall in any event not be materially less than that existing on the date hereof. Notwithstanding anything to the contrary in this Deed of Trust, during any time when not in default hereunder, Trustor shall have the right, subject to the prior concurrent satisfaction of the conditions set forth in the next sentence, to substitute and replace Collateral and fixtures in the ordinary course of business. To the extent the replacement Collateral and fixtures are of the same general type and are of at least the same value and upon acquisition of the substitute Collateral and fixtures by Trustor and placement thereof on the said real Property, the replaced Collateral and fixtures shall be deemed released from the lien hereof.

23. Maps and Restrictions. Trustor agrees that it will not without the consent of Beneficiary after the date hereof file or cause to be filed any subdivision or condominium map or plan, or any deed, plan or agreement for cooperative ownership of the Property, or any other covenants or restrictions affecting the Property.

24. Environmental Covenants. Trustor will at all times comply with the following requirements:

24.1 No Use, Disposal or Storage. Trustor shall not cause, permit or suffer any Hazardous Material (as defined in Section 25.3 to be brought upon, treated, kept, stored, disposed of, discharged, released, produced, manufactured, generated, refined or used upon, about or beneath the Property or any portion thereof by Trustor, its agents, employees, contractors, invitees, tenants, or any other person, except to the extent commonly used in the day to day operation of the Property and then only so long as in compliance with all Environmental Requirements (as defined in Section 25.2).

24.2 Compliance with Environmental Requirements. Trustor shall not cause, permit or suffer the existence or the commission by Trustor, its agents, employees, or contractors of a violation of any Environmental Requirements upon, about or beneath the Property or any portion thereof and Trustor shall use its best efforts to prevent any such violation of any Environmental Requirements by any invitees, tenants or any other person. Trustor shall notify Beneficiary in writing of any release of Hazardous Materials at, on, under or within the Property in violation of any Environmental Requirements, or of the presence of Hazardous Materials at the Property in violation of any Environmental Requirements, promptly upon discovery of such release or presence.

24.3 Environmental Liens. Trustor shall not create or suffer to exist with respect to the Property, or permit any of its agents to create or suffer to exist any lien, security interest or other charge or encumbrance of any kind, including without limitation, any lien imposed pursuant to Section 107(f) of the Superfund Amendments and Reauthorization Act of 1986 (42 U.S.C. Section 9607(1)) or any similar state statute, and Trustor shall use its best efforts to prevent the creation of any such lien, security interest, charge or encumbrance by any of its tenants and shall not permit any of such tenants to suffer to exist any of such items.

24.4 Mitigation. Notwithstanding the obligation of Trustor to indemnify pursuant to Section 25 Trustor shall, at its sole cost and expense, promptly take all actions required by any federal, state or local governmental agency or political subdivision or which are otherwise reasonably necessary in the sole reasonable discretion of Beneficiary to mitigate Environmental Damages (as defined in Section 25.1) arising from the presence upon, about or beneath the Property of a Hazardous Material, or from a violation of Environmental Requirements. Such actions shall include, but not be limited to, the investigation of the environmental condition of the Property, the preparation of any feasibility studies, reports or remedial plans, and the performance of any cleanup, remediation, containment, operation, maintenance, monitoring or restoration work, whether on or off of the Property. Trustor shall take all actions necessary to restore the Property to the condition existing prior to the introduction of Hazardous Material upon, about or beneath the Property, notwithstanding any lesser standard of remediation allowable under applicable law or governmental policies. Trustor shall proceed continuously and diligently with such investigatory and remedial actions, provided that in all cases such actions shall be in accordance with all applicable requirements of governmental entities. Any such actions shall be performed in a good, safe and workmanlike manner and shall minimize any impact on the business conducted at the Property. Trustor shall pay all costs in connection

with such investigatory and remedial activities, including but not limited to all power and utility costs, and any and all taxes or fees that may be applicable to such activities. Trustor shall promptly provide to Beneficiary copies of testing results and reports that are generated in connection with the above activities. Promptly upon completion of such investigation and remediation, Trustor shall permanently seal or cap all monitoring wells and test holes to industrial standards in compliance with applicable federal, state and local laws and regulations, remove all associated equipment, and restore the Property to the maximum extent possible, which shall include, without limitation, the repair of any surface damage, including paving, caused by such investigation or remediation hereunder.

24.5 Notice of Environmental Risks. If Trustor shall become aware of or receive notice or other communication concerning any actual, alleged, suspected or threatened violation of Environmental Requirements, or liability of Trustor for Environmental Damages in connection with the Property or past or present activities of any person thereon, including but not limited to notice or other communication concerning any actual or threatened investigation, inquiry, lawsuit, claim, citation, directive, summons, proceeding, complaint, notice, order, writ, or injunction, relating to same, and including without limitation any notice or other communication from any tenant, then Trustor shall deliver to Beneficiary, within ten (10) days of the receipt of such notice of communication by Trustor, a written description of said violation, liability, correcting information or actual or threatened event or condition, together with copies of any documents evidencing same. Receipt of such notice shall not be deemed to create any obligation on the part of beneficiary to defend or otherwise respond to any such notification.

24.6 Notice of Test Results. Trustor shall promptly provide to Beneficiary the results of any tests and copies of all registration permits regarding any underground storage tanks located on the Property and Trustor shall comply with the same.

24.7 Right to Enter and Inspect. In the event Beneficiary reasonably believes that there has been a release or threatened release of a Hazardous Material on the Property or a breach of an Environmental Requirement or in the event of any default under this Deed of Trust or under the Note, Beneficiary shall have the right in its sole and absolute discretion, but not the duty, to enter upon the Property at any reasonable time, at the expense of Trustor, to conduct an inspection of the Property, including invasive tests, to determine compliance with all Environmental Requirements and the existence of any Environmental Damages as a result of the condition of the Property or any surrounding properties and activities thereon. Trustor hereby grants to Beneficiary, and the agents, employees, consultants and contractors of Beneficiary, the right to enter upon the Property and to perform such tests on the Property as are necessary to conduct such reviews and investigations in accordance with the preceding sentence. Beneficiary shall use its best efforts to minimize interference with the business of Trustor and to restore the condition of the Property, but Beneficiary shall not be liable for any interference caused thereby or failure to restore if Beneficiary determines in its sole discretion that it is not economically practicable. Beneficiary shall reimburse Trustor for the cost of repair of any physical injury to the Property caused by the entry and inspection to the extent required by Civil Code Section 2929.5(c).

24.8 Reimbursement of Lender. In the event of any default under this Deed of Trust or under the Note, Trustor shall promptly reimburse Beneficiary for any environmental studies or tests which Beneficiary deems necessary to ascertain the presence and/or level of any Hazardous Materials on the Property.

25. Definitions of Environmental Terms. For the purposes of this Deed of Trust, the following terms shall have the following meanings:

25.1 “Environmental Damages” means all claims, judgments, damages (including without limitation, punitive damages), losses, penalties, fines, liabilities (including strict liability), encumbrances, liens, costs and expenses of investigation and defense of any claim, whether or not such is ultimately defeated, and of any settlement or judgment, of whatever kind or nature, contingent or otherwise, matured or unmatured, foreseeable or unforeseeable, including without limitation reasonable attorneys’ fees and disbursements and consultants’ fees, any of which are incurred at any time as a result of the existence of Hazardous Material upon, about, beneath the Property or migrating or threatening to migrate to or from the Property, or the existence of a violation of Environmental Requirements pertaining to the Property regardless of whether the existence of such Hazardous Material or the violation of Environmental Requirements arose prior to the present ownership or operation of the Property, and including, without limitation:

25.1.1 damages for personal injury, or injury to Property or natural resources occurring upon or off the Property, foreseeable or unforeseeable, including, without limitation, lost profits, consequential damages, the cost of demolition and rebuilding of any improvements on real property, interest and penalties including but not limited to claims brought by or on behalf of employees of Trustor, with respect to which Trustor waives, for the benefit of Beneficiary only, any immunity to which it may be entitled under any industrial or worker’s compensation laws;

25.1.2 fees incurred for the services of attorneys, consultants, contractors, experts, laboratories and all other costs incurred in connection with the investigation, cleanup or remediation of such Hazardous Materials or violation of Environmental Requirements including but not limited to, the preparation of any feasibility studies or reports or the performance of any cleanup, remedial, removal, abatement, containment, closure, restoration or monitoring work required by any federal state or local governmental agency or political subdivision, or reasonably necessary to make full economic use of the Property or any other Property or otherwise expended in connection with such conditions, and including without limitation any attorneys’ fees, costs and expenses incurred in enforcing this Deed of Trust or collecting any sums due hereunder; and

25.1.3 liability to any person or entity to indemnify such person or entity for costs expended in connection with the items referenced in sub-Section 24 hereof.

25.2 “Environmental Requirements” means all applicable present and future statutes, regulations, rules, ordinances, codes, licenses, permits, orders, approvals, plans, authorizations, concessions, franchises and similar items, of all governmental agencies, departments, commissions, boards, bureaus or instrumentalities of the United States, states and political subdivisions thereof and all applicable judicial and administrative and regulatory decrees, judgments and orders relating to the protection of human health or the environment, including, without limitation:

25.2.1 all requirements, including but not limited to those pertaining to reporting, licensing, permitting, investigation and remediation of emissions, discharges, releases or threatened releases of Hazardous Materials, chemical substances, pollutants, contaminants or hazardous or toxic substances, materials or wastes whether solid, liquid or gaseous in nature, into the air, surface water, groundwater or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials,

pollutants, contaminants or hazardous or toxic substances, materials, or wastes, whether solid, liquid or gaseous in nature; and

25.2.2 all requirements pertaining to the protection of the health and safety of employees or the public.

25.3 "Hazardous Materials" means any substance:

25.3.1 the presence of which requires investigation or remediation under any federal, state or local statute, regulation, rule, ordinance, order, action or policy; or

25.3.2 which is or becomes defined as a "hazardous waste" or "hazardous substance" or "pollutant" or "contaminant" under any federal, state or local statute, regulation, rule, or ordinance or amendments thereto including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. section 9601 et seq.) or the Resource Conservation and Recovery Act (42 U.S.C. section 6901 et seq.); or

25.3.3 which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic, or otherwise hazardous and is or becomes regulated by any governmental authority, agency, department, commission, board, agency or instrumentality of the United States, any State of the United States, or any political subdivision thereof; or

25.3.4 the presence of which on the Property causes or threatens to cause a nuisance upon the Property or to adjacent properties or poses or threatens to pose a hazard to the Property or to the health or safety of persons on or about the Property; or

25.3.5 which contains volatile organic compounds such as gasoline, diesel fuel or other petroleum hydrocarbons; or

25.3.6 which contains polychlorinated biphenyls (PCBs) or asbestos or asbestos-containing materials or urea formaldehyde foam insulation; or

25.3.7 radon gas.

26. Environmental Indemnity. Trustor agrees to indemnify, reimburse, defend, exonerate, pay and hold harmless (a) Beneficiary, its affiliates and their respective successors and assigns who acquire all or any portion of the loan secured by this Deed of Trust or the Property in any manner, including but not limited to, purchase at a foreclosure sale, acceptance of a deed in lieu thereof or otherwise through the exercise of the rights and remedies of Beneficiary under this Deed of trust and (b) the directors, officers, shareholders, employees, successors, assigns, agents, contractors, subcontractors, experts, licensees, affiliates, lessees, mortgagees, trustees, and invitees of Beneficiary and such other persons or entities, from and against any and all Environmental Damages arising from the presence of Hazardous Materials upon, about or beneath the Property or migrating to or from the Property, or arising in any manner whatsoever out of the violation of any Environmental Requirements pertaining to the Property and the activities thereon, or the breach of any warranty or covenant or the inaccuracy of any representation of Trustor contained in this Deed of Trust unless and to the extent such Environmental Damages exist solely as a result of the gross negligence or willful misconduct of Beneficiary. This obligation shall include, but not be limited to, the burden and expense of defending all claims, suits and administrative proceedings (with counsel chosen by Trustor and reasonably approved by the indemnified parties), even if such claims, suits or proceedings are

groundless, false or fraudulent, and conducting all negotiations of any description, and paying and discharging, when and as the same become due, any and all judgments, penalties or other sums due against such indemnified persons. Trustor's obligations hereunder shall not apply with respect to Environmental Damages caused after Beneficiary has purchased the Property at a foreclosure sale unless caused by Trustor, either solely or jointly with others, including Beneficiary.

27. Environmental Remedies. Notwithstanding anything to the contrary in this Deed of Trust, the rights of Beneficiary and the obligations of Trustor created under the foregoing Sections 23, 25, and 26 shall be in addition to those other rights and obligations, respectively, created or imposed by statutory, common or case law.

28. Provisional Remedies on Default. Should Trustor fail or refuse to make any payment or do any act which it is obligated hereunder to make or do, at the time and in the manner herein provided, or if any representation of Trustor in this Deed of Trust, or other document referred to herein is incorrect, then Trustee and/or Beneficiary, each in its sole discretion, may, without notice to or demand upon Trustor, and without releasing Trustor from any obligation hereof:

28.1 Make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, either Trustee or Beneficiary being authorized to enter upon and take possession of said Property for such purposes;

28.2 Commence, appear in and/or defend any action or proceedings purporting to affect the security hereof, and/or any additional or other security therefor, the interest, rights, powers and/or duties of Trustee and/or Beneficiary hereunder, whether brought by or against Trustor, Trustee or Beneficiary;

28.3 Pay, purchase, contest or compromise any claim, debt, lien, charge or encumbrance which in the judgment of either may affect or appear to affect the security of this Deed of Trust, the interest of Beneficiary or the rights, powers and/or duties of Trustee and/or Beneficiary hereunder;

28.4 Enter into and upon and take and hold possession of any or all Property covered hereby and exclude the Trustor and all other persons therefrom;

28.5 Operate, and manage the said Property and rent and lease the same and collect any and all rents, issues, income and profits therefrom, the same being hereby assigned and transferred to Beneficiary, and from time to time apply same and/or accumulate same for application, in such order and manner as Beneficiary in its sole discretion shall consider advisable, to or upon the following: The necessary and proper costs of upkeep, maintenance, repair, and/or operation of said Property, the repayment of any sums theretofore or thereafter advanced pursuant to the terms of this Deed of Trust, the interest then due or next to become due upon said indebtedness, the taxes and assessments upon said Property then due or next to become due, the unpaid principal of said indebtedness, or any other obligation secured by this Deed of Trust.

28.5.1 The collection and/or receipt of rents, issues, income and/or profits from said Property by Beneficiary after declaration of default and election to cause said Property to be sold under and pursuant to the terms of this Deed of Trust shall not affect or impair such default or declaration of default or election to cause said Property to be sold or any sale proceedings predicated thereon, but such proceedings may be conducted and sale effected



notwithstanding the receipt and/or collection of any such rents, issues, income and/or profits. Any such rents, issues, income and/or profits in the possession of said Beneficiary at the time of sale and not theretofore applied as herein provided, shall be applied in the same manner and for the same purposes as the proceeds of the sale.

28.5.2 Neither Trustee nor Beneficiary shall be under any obligation to make any of the payments or do any of the acts above mentioned, but, upon election of either or both so to do, employment of an attorney is authorized and payment of such reasonable attorneys' fees and of all other necessary expenditures is hereby secured.

29. Condemnation. All moneys and awards payable as damages and/or compensation for the taking of title to or possession of, or for damage to, any portion of the Property subject to this Deed of Trust by reason of any condemnation, eminent domain or other similar proceeding shall be paid to Beneficiary, and such moneys and awards are hereby assigned to Beneficiary, and judgment therefor shall be entered in favor of Beneficiary, and when paid, may, at the option of the Beneficiary, (a) be applied, in whole or in part, by Beneficiary upon any indebtedness or obligation secured hereby, whether the same be matured or unmatured, and in such order as Beneficiary may determine, (b) be used in whole or in part to replace or restore the Property to a condition satisfactory to the Beneficiary, (c) be used in whole or in part to fulfill any of the covenants contained herein as the Beneficiary may determine, or (d) be released to the Trustor; and the Trustor hereby covenants and agrees, upon request by the Beneficiary, to make, execute and deliver any and all assignments and other instruments sufficient for the purpose of assigning the aforesaid moneys and awards to the Beneficiary free, clear and discharged of any and all encumbrances of any kind or nature whatsoever.

Notwithstanding the foregoing, in the event of any fire or other casualty to the Property or eminent domain proceedings resulting in condemnation of the Property or any part thereof, Trustor shall have the right to rebuild the Property, and to use all available insurance or condemnation proceeds therefor, provided that (a) such proceeds are sufficient to keep the Loan in balance and rebuild the Property in a manner that provides adequate security to Beneficiary for repayment of the Loan or if such proceeds are insufficient then Trustor shall have funded any deficiency, (b) Beneficiary shall have the right to approve plans and specifications for any major rebuilding and the right to approve disbursements of insurance or condemnation proceeds for rebuilding under a construction escrow or similar arrangement, and (c) no material default then exists under the Loan Documents. If the casualty or condemnation affects only part of the Property and total rebuilding is infeasible, then proceeds may be used for partial rebuilding and partial repayment of the Loan in a manner that provides adequate security to Beneficiary for repayment of the remaining balance of the Loan.

30. Acceptance of Late Payments. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its rights either to require prompt payment when due of all other sums so secured or to declare default as herein provided for failure so to pay.

31. Waivers and Authorizations. At any time, or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and the Note or Notes secured hereby for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby or the effect of this Deed of Trust upon the remainder of said Property, Trustee may reconvey any part of said Property; consent in writing to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof. Trustor, for itself and its successors and assigns (including without limitation any

subsequent or other junior creditor of any part or all of the Property), waives any right to object to such reconveyance, mapping, easement or agreement with respect to such Property and waives any right to require that the value of such Property be applied upon the debt secured hereby (other than the amount, if any, actually received by Beneficiary in connection with any such transaction).

32. Release, Modification and Reconveyance, Waiver of Marshalling. Without affecting the liability of any other person liable for the payment of any obligation herein mentioned, and without affecting the lien or charge of this Deed of Trust upon any property not then or theretofore released as security, for the full amount of all unpaid obligations, Beneficiary may from time to time, and without notice release any person so liable, extend the maturity or alter any of the terms of any such obligation, or grant other indulgences, release or reconvey, or cause to be released or reconveyed at any time at Beneficiary's option any parcel or portion or all of the Real Property described herein, take or release any other or additional security for any obligation herein mentioned, and/or make composition or other arrangements with debtors in relation thereto. Trustor waives any right to object to the release or reconveyance of such Property and waives any right to require that the value of any Property so released or reconveyed be applied upon the debt secured hereby (other than the amount, if any, actually received by Beneficiary in connection with any such release). Trustor agrees that if the Beneficiary at any time holds any additional security for any obligations secured hereby, it may enforce the sale thereof or otherwise realize upon the same at its option, either before or concurrently therewith or after a sale is made hereunder.

33. Substitution of Trustee. Beneficiary hereunder may, from time to time, appoint another trustee or trustees to execute the trusts hereby created; and upon the recordation of such appointment in the Office of the County Recorder of the County where such Property is situated, the new trustee or trustees shall be vested with all the title, interest, powers, duties, and trusts in the premises hereby vested in the Trustee first above named.

34. Reconveyance by Trustee. Upon written request of Beneficiary stating that all sums secured hereby have been paid and upon surrender to Trustee of this Deed of Trust and the Note or Notes secured hereby for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the Property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled hereto."

35. Right of Entry. The Beneficiary is authorized by itself, its agents or workmen, to enter at any time upon any part of said Property and the improvements thereon situated for the purpose of inspecting the same, and for the purpose of performing any of the acts it is authorized to perform under the terms of this Deed of Trust. Beneficiary shall reimburse Trustor for the cost of repair of any physical injury to the Property caused by Beneficiary's gross negligence or willful misconduct during the entry, inspection, and acting on the Property pursuant to this Section.

36. Default, Acceleration and Private Sale.

36.1 Notice of Default. Should breach or default be made by Trustor in payment of any indebtedness secured hereby or in performance of any obligations, covenant, promise or agreement hereunder which breach or default is not cured within and applicable cure periods set forth below, or any representation of Trustor in this Deed of Trust, or other document

referred to herein is incorrect, Beneficiary may declare all sums secured hereby immediately due and payable, and in such case, shall execute and deliver to Trustee a written declaration of default and demand for sale and written notice of default and election to cause to be sold said Property, and shall surrender to Trustee this Deed of Trust, the Note or Notes secured hereby and all documents evidencing any expenditures hereunder. Thereafter such notice of default and election to cause said Property to be sold to satisfy the obligations hereof shall be duly filed for recordation. The applicable cure periods for breach or default shall be as follows: (i) if a breach or default results from Trustor's non-payment of any sums due to Beneficiary, Trustor shall cure the breach or default within ten (10) days following receipt of notice of default from Beneficiary, and (ii) for any other default, Trustor shall cure the default within thirty (30) days following receipt of notice of default from Beneficiary; provided, that if the default cannot reasonably be cured within said thirty (30) day period, Trustor shall commence curing the default within said period and complete curing the default within the time period reasonably necessary to cure said default, not to exceed ninety (90) days, unless extended by Beneficiary in its sole discretion.

If a monetary event of default occurs under the terms of any of the Loan Documents, prior to exercising any remedies thereunder Lender shall give Trustor and each of the general and limited partners of the Trustor simultaneous written notice of such default at the addresses set forth below in the Request for Notice of Default section. Trustor shall have a period of ten (10) days after such notice is given within which to cure the default prior to exercise of remedies by Beneficiary under the Loan Documents.

If a non-monetary event of default occurs under the terms of any of the Loan Documents, prior to exercising any remedies thereunder Beneficiary shall give Trustor and each of the general and limited partners of the Trustor simultaneous written notice of such default at the addresses set forth below in the Request for Notice of Default section. If the default is reasonably capable of being cured within thirty (30) days, Trustor shall have such period to effect a cure prior to exercise of remedies by Beneficiary under the Loan Documents. If the default is such that it is not reasonably capable of being cured within thirty (30) days, and if Trustor (a) initiates corrective action within said period, and (b) diligently, continually, and in good faith works to effect a cure as soon as possible, then Trustor shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by Beneficiary. In no event shall Beneficiary be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within one hundred eighty (180) days after the first notice of default is given.

Beneficiary hereby agrees that any cure made or tendered by any of Trustor's limited partners shall be deemed a cure by Trustor, and shall be accepted or rejected on the same basis as if made or tendered by Trustor.

36.2 Right to Rescind. Beneficiary, from time to time before Trustee's sale, may rescind any such notice of breach or default and of election to cause to be sold said Property by executing and delivering to Trustee a written notice of such rescission, which notice, when recorded, shall also constitute a cancellation of any prior declaration of default and demand for sale. The exercise by Beneficiary of such right of rescission shall not constitute a waiver of any breach or default then existing or subsequently occurring, or impair the right of Beneficiary to execute and deliver to Trustee, as above provided, other declarations of default and demand for sale, and notices of breach or default, and of election to cause to be sold said Property to satisfy the obligations hereof, nor otherwise affect any provision, covenant or condition of said Note or

Notes and/or of this Deed of Trust or any of the rights, obligations, or remedies of the parties thereunder.

36.3 Private Sale. At least three (3) months having elapsed after recordation of notice of default, without demand on Trustor, said Trustee, having first given notice of sale as then required by law, shall sell said Property at the time and place of sale fixed by it in the notice of sale at public auction to the highest bidder for cash, payable at time of sale. The whole of the trust estate shall be sold in a single lot or parcel and as an entirety unless the Beneficiary shall, in writing, direct the Trustee to sell said trust estate in separate parcels and shall direct the Trustee as to the parcels into which the trust estate shall be divided for purposes of sale and the order in which said parcels shall be offered for sale. Trustor, for itself and its successors and assigns (including without limitation any subsequent or other junior creditor of any part or all of the Property), waives any right to marshalling of assets or any right to require any part of the Property to be sold prior to any other part of the Property or any right to require the Property to be sold in parcels rather than as a whole. Trustee may postpone sale of all or any portion of said Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Without further notice Trustee may make such sale at the time to which same shall be so postponed. Trustee shall deliver to such purchaser its deed conveying the Property so sold, but without any covenant or warranty, express or implied, and the recitals in such deed or deeds of any matters or facts affecting the regularity or validity of said sale shall be conclusive (except as against the parties hereto) proof of the truthfulness thereof; also such deed or deeds shall be conclusive (except as against the parties hereto) against all persons as to all matters or facts therein recited. Any person, including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at such sale.

36.4 Application of Sale Proceeds. Trustee shall apply the proceeds of any such sale to payment of:

36.4.1 All costs, fees, charges and expenses of Trustee and of these trusts, reasonable fees of any attorneys employed by Trustee and/or Beneficiary pursuant to the provisions hereof, Trustee's fees in connection with sale, and all expenses of sale, including cost of procuring guarantee or evidence of title in connection with the sale proceedings and other costs associated with the Trustee's Deed;

36.4.2 All other sums then secured hereby, including indebtedness described herein, all sums advanced or expended under the terms hereof and not then repaid, the interest on each of the foregoing items, all in such manner and order of priority or preference as the Beneficiary may in its sole and absolute discretion determine;

36.4.3 The remainder, if any, to the person or persons legally entitled thereto, upon proof satisfactory to the Trustee of such right.

37. Successors and Assigns. This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term "Beneficiary" shall mean the owner and holder, including Pledgees, of the Note secured hereby, whether or not named as Beneficiary herein.

38. Severability. If any provision hereof should be held unenforceable or void, then such provision shall be deemed separable from the remaining provisions and shall in no way affect the validity of this Deed of Trust.

39. Acceptance by Trustee. Trustee accepts these trusts when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law.

40. No Notice by Trustee. Trustee shall be under no obligation to notify any party hereto of any action or proceeding of any kind in which Trustor, Beneficiary and/or Trustee shall be a party, unless brought by Trustee, or of any pending sale under any other Deed of Trust.

41. Number and Gender. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

42. Waiver of Statute of Limitations. The right to plead any and all statutes of limitations as a defense to any demand secured by this Deed of Trust is hereby waived to the full extent permissible by law.

43. Trust Irrevocable. The Trust created hereby is irrevocable by the Trustor.

44. Interpretation. The term "and/or" as used herein means one or the other or both, or any one or all, of the things or persons in connection with which the words are used. Section headings are for reference only and shall not be considered in the interpretation of this Deed of Trust.

45. Maximum Interest Rate. Notwithstanding any provision herein or in said Note, the total liability for payments in the nature of interest shall not exceed the limits now imposed by the usury laws of the State of California.

46. Request for Notice of Default. The undersigned Trustor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to Trustor at the following address:

1901 8<sup>th</sup> Street Investors Limited Partnership

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attention: \_\_\_\_\_

with a copy to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attn: \_\_\_\_\_

47. Materiality. Each and every provision, covenant, term and condition, representation and warranty herein contained is agreed to be a material provision hereof, and any breach thereof shall constitute a sufficient ground for acceleration of the due date of the indebtedness secured hereby and a sufficient ground for foreclosure in the event of failure of Trustor either to cure said breach within the time periods, if any, herein provided or to pay in full the indebtedness hereby secured.

48. Subordination to Extended Use Agreement. Notwithstanding anything to the contrary contained in this Deed of Trust or in the Loan Documents, the lien of this Deed of Trust shall at all times be subordinate to any “extended low-income housing commitment” (as such term is defined in Section 42(h)(6)(B) of the Internal Revenue Code) recorded against the Property in accordance with Section 42(h)(6)(E) of the Internal Revenue Code.

49. Lender Forbearance. Notwithstanding anything contained herein or in the Loan Documents to the contrary, until the later to occur of (a) the end of the Compliance Period (as defined in the Partnership Agreement) and (b) the date that the Investor Limited Partner (as defined in the Partnership Agreement) or its affiliate is no longer a partner of Trustor (the later of (a) and (b) being referred to as the “Standstill Period”), Lender will not declare a default or event of default, or commence default proceedings under any of the Loan Documents, including but not limited to accelerating the loan, collecting rents, appointing or seeking appointment of a receiver or exercising any other rights or remedies hereunder or under the Loan Documents; provided, however, that if any other Project lender declares a default and/or commences default proceedings against Borrower under its loan documents, then the Standstill Period described herein shall not apply to Lender if Borrower is also in default under the terms of this Note, and Lender shall have the right to declare a default and/or commence default proceedings under this Note (subject to any applicable subordination agreement). Lender waives no rights or remedies it may have hereunder or under the Loan Documents, but, except as allowed above, merely agrees not to enforce those rights or remedies until the end of the Standstill Period.

**IN WITNESS WHEREOF**, Trustor has executed this Deed of Trust as of the date first above written.

**TRUSTOR:**

**1901 8<sup>th</sup> Street Investors Limited Partnership,**  
a California limited partnership

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: General Partner

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A**

**Legal Description of the Property**



**EXHIBIT B****PERSONAL PROPERTY COLLATERAL****PAGE 1 OF 2**

The Property which is covered by this Deed of Trust specified in Exhibit "A" and the Collateral are together sometimes referred to in this instrument as the "Property".

The Collateral shall consist of:

1. All Trustor's interest in and to all existing and future goods located on or about the real property described above in Exhibit "A" (the "Real Property") which are used in the operation or occupancy of the Real Property or in any development of or construction on the Real Property, including but not limited to all apparatus, fixtures and articles of personal property now or any time hereafter attached to, placed in or upon or used in any way in connection with the Real Property, and including but not limited to all furniture, refrigerators, freezers, stoves, ovens, ranges, hoods, vents and fans, disposals, dishwashers, washing machines, dryers, air conditioners, cabinets, carpeting, drapes, screens, awnings, storm windows and doors, window shades, blinds, floor coverings, boilers, tanks, furnaces, radiators, fire alarm and other security systems, music systems, machinery, motors, compressors, and all heating lighting, plumbing, gas electric, ventilating refrigerating, air-conditioning, sprinkler and incinerating equipment, transformers, water wells, storage tanks, landscaping, pool equipment and furniture, dumpsters (or, to the extent leased, Trustor's leasehold interest therein) and parking lot and other common area sweeping and cleaning equipment, and equipment and furnishings in or for the recreation room, halls, entry rooms and all other common areas; and including inventory, construction tools and equipment, appliances, furniture and furnishings, building service equipment, and building materials, supplies and equipment of any kind.
2. All general intangibles, chattel paper, instruments, documents and accounts owned by Trustor and relating to the development, use or occupancy of or construction on the Real Property, including but not limited to all governmental licenses, map rights, approvals and permits, all materials prepared for filing or filed with any public or quasi-public governmental entities or any public utilities and all of Trustor's rights under any contract whether or not otherwise specifically assigned to Beneficiary.
3. All of the right, title and interest of Trustor in and to (i) all sales contracts applicable to any portion of the Real Property, together with any and all modifications thereof, and also together with all deposits or other payments made in connection therewith; (ii) all refundable or returnable fees, bonds, securities or other Property held by any public or quasi-public governmental entities, utility companies or others; (iii) all leases of any part or all of the Real Property now or hereafter entered into and all right, title and interest of Trustor thereunder, including (to the extent permitted by law) but not limited to cash or securities deposited thereunder to secure performance by the lessees of their obligations thereunder, whether said cash or securities are to be held until the expiration of the terms of said leases or applied to one or more of the installments of rent coming due immediately prior to the expiration of said terms; (iv) all advance payments of insurance premiums made by Trustor with respect to any part of the

**EXHIBIT B**

**PAGE 2 OF 2**

Real Property and claims or demands relating to insurance; (v) all advance payments by Trustor of any kind for the benefit of the Real Property including but not limited to those under maintenance or service contracts, property taxes, advertising expenses and commissions; (vi) all funds deposited by Trustor with Beneficiary under this Note; and (vii) all take out or similar agreements or commitments in connection with the loan to Trustor or the Real Property.

4. All rights of Trustor in and to all furniture, furnishings, fixtures and equipment now or hereafter located upon or used in connection with the above-described Real Property.

5. All refunds, proceeds of financing and other payments, and all rights thereto, received by Trustor or to which it is entitled as a result of any assessment bonds issued in connection with the secured Property or property adjacent thereto.

6. The products and proceeds of all of the above.

## ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached and not the truthfulness, accuracy, or validity of that document.

State of California  
County of \_\_\_\_\_

On \_\_\_\_\_, before me, \_\_\_\_\_, (here insert name and title of the officer), personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_

(Seal)

## ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached and not the truthfulness, accuracy, or validity of that document.

State of California  
County of \_\_\_\_\_

On \_\_\_\_\_, before me, \_\_\_\_\_, (here insert name and title of the officer), personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_

(Seal)

**[THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO § 27383 OF THE CALIFORNIA GOVERNMENT CODE]**

RECORDING REQUESTED BY  
AND WHEN RECORDED, MAIL TO:

Capitol Area Development Authority  
c/o Executive Director  
1522 14<sup>th</sup> Street  
Sacramento, CA 95814

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**REGULATORY AGREEMENT**  
(Project Name - Address)

This Regulatory Agreement ("Agreement") is made \_\_\_\_\_, 2024 (the "Effective Date"), by and among between \_\_\_\_\_, LP, a California limited partnership ("Owner"), and **Capitol Area Development Authority**, a California joint powers agency ("Authority") (collectively, the "Parties").

**RECITALS**

A. Owner is development a \_\_\_\_\_-unit multifamily rental housing development (the "Project") located at \_\_\_\_\_, Sacramento, California, as legally described in Exhibit A (the "Property"), of which \_\_\_\_\_units shall be rented at rents affordable to Qualified Households according to the schedule contained in Exhibit B (the "Regulated Units").

B. The Authority is providing a permanent loan to Owner for acquisition and operation of the Project pursuant to the terms of a Promissory Note secured by a Deed of Trust Assignment of Rents, Security Agreement and Fixture Filing dated the same date herewith (the "Authority Loan").

C. As further consideration for the Authority's funding and to further the public interests of Authority in seeing the Project maintained as affordable housing, Owner has agreed to enter into and record this Agreement. The purpose of this Agreement is to regulate and restrict the occupancy, rents, operation, ownership, and management of the Project for the benefit of Project occupants and the surrounding neighborhood. The covenants in this Agreement are intended to run with the land and be binding on Owner and Owner's successors-in-interest to the land for the full term of this Agreement.

**NOW, THEREFORE**, Owner and Authority hereby agree as follows:

1. **DEFINITIONS**

The following terms have the meanings set forth in this section wherever used in this Agreement or attached exhibits.

1.1 **"AFFORDABLE RENTS"** shall mean the following:

1.1.1 For all \_\_\_\_\_ of the units, the monthly charge for occupancy and use of a Regulated Unit shall not exceed the product of thirty percent (30%) times eighty percent (80%) of the Area Median Income or thirty percent (30%) times one-hundred twenty percent (120%) of the Area Median Income, adjusted for family size appropriate for the Unit, as shown in Exhibit B.

1.1.1.1 If Owner requires occupants of Regulated Units to reimburse Owner for utilities pursuant to this Agreement, the tenants of those units shall receive a utility allowance based on the then-current allowance established by a Utility Letter as defined within. If a Utility Letter is not available, the utility allowance shall be based on the Sacramento Housing Authority (or its successor) for units of a comparable size and type.

1.1.1.2 For purposes of this definition, “adjusted for family size appropriate for the Unit” shall mean the adjustments required in order to comply with state and federal laws and regulations governing projects receiving low income housing tax credits (which at the time of execution of this Agreement presume a household size of number of bedrooms plus one. This would mean one person for a studio, two for a one-bedroom, three for a two-bedroom, etc.)

1.2 **“AUTHORITY”** means the Capitol Area Development Authority, a California joint powers agency.

1.3 **“AREA MEDIAN INCOME”** (“AMI”) means the median income for the Metropolitan Statistical Area which includes the City of Sacramento (“MSA”), with adjustments for household size, as determined from time to time by the U.S. Department of Housing and Urban Development (“HUD”) pursuant to Section 8(f)(3) of the United States Housing Act of 1937 as amended, and the California Department of Housing and Community Development (“HCD”), or such other method of median income calculation applicable to the City of Sacramento that HUD or HCD may hereafter adopt in connection with said Act. If HUD should cease making such determination, Authority may designate another fair method of calculation of AMI used by any federal or state agency and applicable to the City of Sacramento.

1.4 **“DEED OF TRUST”** means the Deed of Trust, Assignment of Rents, Security Agreement, and Fixture Filing placed on the Property as security for the Loans with Owner as Trustor and Authority as Beneficiary, as well as any amendments to, modifications of, and restatements of said deed of trust.

1.5 **“LIMITED PARTNERSHIP AGREEMENT”** means that certain Partnership Agreement of Owner dated \_\_\_\_\_, 2024.

1.6 **“LOAN”** means the loan of funds provided by Authority to Owner pursuant to the Note and Deed of Trust.

1.7 **“LOAN DOCUMENTS”** means collectively this Agreement, the Note, and Deed of Trust for the Project, as they may be amended, modified, or restated from time to time, along with all exhibits and attachments to these documents.

1.8 **“NOTE”** means the Promissory Note in the amount of \$25,000, executed by Owner in favor of Authority evidencing the Loan for acquisition and construction of the Project, as well as any amendments to, modifications of, or restatements of said Note. The Note is on file with Authority.

1.9 “OWNER” means \_\_\_\_\_, LP, a California limited partnership, and all assigns, successors-in-interest, and transferees.

1.10 “PROJECT” means the development and operation of the Property for residential use according to the terms of the Limited Partnership Agreement and this Agreement.

1.11 “PROPERTY” means the real property described in the attached Exhibit A, which is hereby incorporated into this Agreement by this reference, and any buildings or improvements now or hereafter situated on such real property.

1.12 “QUALIFIED HOUSEHOLD” means a household in which household income does not exceed the percentage of AMI prescribed for the applicable housing unit by Exhibit B to this Agreement.

1.13 “REGULATED UNITS” means the \_\_\_\_\_ rental dwelling units constructed for the Project, having the composition and affordability breakdown shown in Exhibit B.

1.14 “SENIOR DEED OF TRUST” means the first position Deed of Trust, Assignment of Leases and Rents, Assignment of Contracts, Security Agreement, and Fixture Filing, for the benefit of [insert senior lender].

1.15 “SENIOR LENDER” means [insert senior lender], a \_\_\_\_\_.

1.16 “SUBORDINATION AGREEMENT” means that certain Subordination Agreement by and between Owner, Authority, and [insert senior lender], dated the same date herewith.

1.17 “UTILITY ALLOWANCE” means the local Utility Allowance for this type of housing, adjusted for unit size, as released regularly by the local Housing Authority, or a similar Authority-approved, third-party method for determining the appropriate utility allowance so that the combination of rent and utility allowance costs do not exceed thirty percent of the target household income.

## 2. OWNER’S GENERAL OBLIGATIONS

2.1 **COMPLIANCE WITH LOAN DOCUMENTS.** Owner’s actions with respect to the Property and the use of Loan funds shall at all times be in full conformity with the requirements of the Loan Documents.

2.2 **TERM OF AGREEMENT.** This Agreement shall commence upon execution and shall remain in full force and effect for fifty-five (55) years. The obligations in this Agreement shall remain effective and fully binding on Owner for this full term regardless of any expiration of the term of any Loan, any payment or prepayment of any loan, any assignment of a Note, any reconveyance of a Deed of Trust, or any sale, assignment, transfer, or conveyance of the Property, unless terminated earlier by Authority in a recorded writing or extended by mutual consent of the Parties or unless terminated due to foreclosure as provided in the Subordination Agreement; provided however, that the obligations in this Agreement are and shall be subordinate in all respects to the liens, terms, covenants, and conditions of the Senior Deeds of Trust, as more fully set forth to the extent and in the manner provided in the Subordination Agreement. If, due to changes in State law, the Welfare Tax Exemption from the State of

California is no longer available or the Project no longer qualifies for the Welfare Tax Exemption, and there is no similar successor program or replacement State tax subsidy, then Authority agrees to remove the Regulatory Agreement from title upon Owner's full repayment of the Authority Loan.

### 3. **PROJECT OCCUPANCY AND RENTS**

3.1 **OCCUPANCY OF REGULATED UNITS.** Regulated Units shall be made available to and occupied by Qualified Households at Affordable Rents according to the schedule contained in Exhibit B herein and the following requirements:

3.1.1 Initial Occupancy of Regulated Units. The income levels and other qualifications of applicants required by this Agreement shall be confirmed by Owner or its manager prior to such person's initial occupancy in conformance with Owner's management procedures manual, the Authority's rules and Tax Credit Allocation Committee (TCAC) rules governing income certification, as these rules may be amended from time to time, unless otherwise approved by Authority.

3.1.2 Transition of Units from Market to Affordable Regulated Units. The Authority acknowledges that at the time of execution of this Agreement some of the Regulated Units may be pre-leased to households not qualifying for incomes identified for the Regulated Units. By no later than the end of the first year of occupancy, upon the conclusion of the initial 1-year lease terms, Owner shall ensure all non-qualifying units convert to income-qualified households and corresponding rents for Regulated Units. Owner will certify to Authority the actual number of compliant Regulated Units upon initial acquisition of Property and will ensure full conversion and compliance to Regulated Units requirements no later than September 1, 2024. Prior to transition to a Regulated Unit, the monthly charge for occupancy and use of non-qualifying units occupied by households with incomes over 80% of Area Median Income or 120% of Area Median Income, respectively, may be limited to thirty percent (30%) of the gross household income.

3.1.3 Households That Exceed Income Qualification after Initial Occupancy. Households that initially qualify as Qualified Households for Regulated Units and whose incomes exceed the qualifying income after initial occupancy will have one year to transition to other housing and may be charged at market rate rents for occupancy and use of the unit until their transition to other housing.

3.2 **RENTS FOR REGULATED UNITS.** Rents for Regulated Units shall not exceed Affordable Rents.

3.3 **CONVERSION OF PROJECT FROM RENTAL TO CONDOMINIUM.** Owner shall not convert Regulated Units to condominium or cooperative ownership or sell condominium or cooperative conversion rights to the Regulated Units during the term of this Agreement without the prior written consent of Authority, which consent may be withheld for any reason.

3.4 **NONDISCRIMINATION.** Owner shall not discriminate or segregate in the use, enjoyment, occupancy, conveyance, lease, sublease, or rental of Project units on the basis of race, color, ancestry, national origin, religion, sex, sexual preference, age (except to the extent necessary to qualify the tenant as a senior citizen), marital status, family status, source of income, physical or mental disability, Acquired Immune Deficiency Syndrome (AIDS) or AIDS-



related conditions (ARC), or any other arbitrary basis. Owner shall include a statement in all advertisements, notices, and signs for the availability of Project units for rent to the effect that Owner is an Equal Housing Opportunity Provider.

**3.5 MANAGEMENT RESPONSIBILITIES.** Owner is specifically responsible, subject to its obligations herein, for all management functions with respect to the Property, including without limitation the selection of tenants, certification and recertification of household size and income, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. Authority shall have no responsibility over management of the Property.

**3.6 MANAGEMENT ENTITY.** Authority shall have the right to review and approve the management entity chosen by Owner for the Property and subject to the rights of the Senior Lenders and the equity investors, the right to require a change in the management agent for reasonable cause at any time during the term of this Agreement. Any contracting of management services by Owner shall not relieve Owner of its primary responsibilities for proper performance of management duties.

**3.7 FINAL MANAGEMENT PLAN.** Within thirty (30) business days of filing this Agreement, Owner shall submit final management plan ("Final Management Plan") and marketing plans (collectively "Final Plans" or "Plans") to Authority for its review and approval, which shall not be unreasonably withheld. The Plans shall include but are not limited to provisions as set forth directly below:

3.7.1 Annual inspections of individual units to ensure continued compliance with state and local housing codes. Results of the inspections, including corrective actions, must be documented in a report, and copies may be requested by the Authority. The Authority may also independently schedule during a calendar year, one or more property inspections;

3.7.2 Audited annual financial statements prepared by a certified public accountant, approved in advance, in writing, by Lender, which reflect the status of the reserve fund for maintenance and replacement activities. Copies of audited annual financial statements must be provided to the Authority within ninety (90) days of the fiscal year-end date;

3.7.3 A maintenance and replacement schedule for the common areas and housing units;

3.7.4 A marketing strategy to outline methods to be used to achieve full and continuing lease up of the housing units on the Property and conformance with any applicable state and federal affirmative fair housing marketing guidelines;

3.7.5 A plan for certifying the eligibility of the households, including annual verification of tenant income and measures to take in the event a tenant exceeds the maximum income;

3.7.6 A tenant selection process that includes but is not limited to the following:

3.7.6.1 Review of the following criteria in tenant selection:

3.7.6.1.1 history of habitual rent delinquencies or evictions;

3.7.6.1.2 history of drug or alcohol abuse;

3.7.6.1.3 history of criminal or drug-related offenses, including but not limited to assault, battery, abuse, destructive or violent behavior;

3.7.6.2 Prospective tenants will be required to fill out an application form, verify income/employment, attend a private interview with the property management firm, consent to a credit check and agree to abide by property management rules for Property;

3.7.6.3 Selected tenants will be given a set of “rules and regulations” for the Property, and

3.7.6.4 Leases with tenants will provide that non-compliance with building rules shall be an Event of Default on the lease and grounds for eviction;

3.7.7 On-site management of the Project;

3.7.8 The duties of the manager regarding operation of the Project;

3.7.9 Tenant occupancy rules and regulations; and

3.7.10 A sample lease form.

3.7.11 Authority shall have the right to review and approve any changes to the management company, any new management contracts, and any substantive changes in the Final Management Plan during the term of this Agreement. Authority may also require the Owner to update the Final Management Plan not more than once every three (3) years. If Authority has not responded to any submission of the Final Management Plan or management contract (including amendments) by Owner within thirty (30) days of receipt of such Plan or contract by Authority, the Plan or contract (including amendments) shall be deemed approved by Authority.

#### 4. **PROJECT OPERATIONS**

##### 4.1 **MAINTENANCE AND SECURITY.**

4.1.1 Owner shall at its own expense maintain the Property in good condition, in good repair, and in decent, safe, sanitary, habitable, and tenantable living condition for the benefit of Project occupants. Owner shall not commit or permit any waste on or to the Property, and shall prevent and/or rectify any physical deterioration of the Property. Owner shall provide adequate ongoing security equipment and services for Project occupants. Owner shall maintain the Property in conformance with all applicable state, federal, and local laws, ordinances, codes, and regulations and the Final Management Plan; but Owner’s maintenance obligations shall not be limited only to the standards contained in these laws or the Plan.

4.1.2 In the event Owner fails to maintain the Property in accordance with these standards and after thirty (30) days’ prior written notice to Owner, and subject to the rights of the Senior Lenders and equity partners, Authority or its agent may, but shall be under no obligation to, enter upon the Property, make such repairs or replacements as are deemed necessary in Authority’s reasonable discretion, and provide for payment thereof. Any amount advanced by Authority to make such repairs, together with interest thereon from the date of such advance at

the same rate of interest as specified in the Note for the Project (unless payment of such an interest rate would be contrary to applicable law, in which case interest shall accrue at the rate then allowed by applicable law), shall become an additional obligation of Owner to Authority and shall be secured by the Deed of Trust.

**4.2 UNIT VACANCIES.** Owner shall use its best efforts to fill vacancies in the Regulated Units as quickly as possible.

**4.3 INSPECTION AND RECORDS.** Owner shall maintain records which clearly document Owner's performance of its obligations to operate the Property under the terms of this Agreement. Owner shall submit any records to Authority within twenty (20) business days of Authority's request. Owner shall permit Authority to enter and inspect the Property for compliance with obligations under this Agreement upon seven (7) days' prior written notice of such visit by Authority to Owner or Owner's management agent and to tenants of any inspected Project units, subject to the provisions of the lease regarding inspection and entry rights.

**4.4 ANNUAL REPORT.**

**4.4.1** Owner shall submit an annual report to Authority, which shall include at a minimum for each Regulated Unit the initial and current rental rates and the income and household size of the occupants at the time such occupants initially take occupancy. The income information required under this report shall be supplied by the tenant in a certified statement on a form provided by Authority. Owner shall complete any additional monitoring or other form provided by Authority, and shall provide Authority a copy of the annual reports submitted to the County Assessor's office.

**4.4.2** Owner shall pay to Authority an annual monitoring fee of thirty-five dollars per unit, or \$\_\_\_\_\_ (the "Monitoring Fee"), which amount shall be due and payable in advance commencing on the Effective Date and on each **[ May 1 ]** thereafter. This fee will be escalated by 3% annually.

**4.5 FEES, TAXES, AND OTHER LEVIES.** Without limiting its right to require the same to be reimbursed by tenants (but subject to Owner's obligation to provide tenants of Regulated Units the utility allowance referred to in Section 1.1.1.1 Owner requires reimbursement by tenants), Owner shall be responsible for payment of all fees, assessments, taxes, charges, and levies imposed by any public authority or utility company with respect to the Property, and shall pay such charges prior to delinquency. However, Owner shall not be required to pay any such charge so long as (a) the legality thereof is being contested in good faith and by appropriate proceedings, and (b) Owner maintains reserves adequate to pay any contested liabilities.

**4.6 INSURANCE COVERAGE.** Owner shall cause to have in full force and effect during the term of this Agreement insurance coverage as required in the Deed of Trust.

**4.7 PROPERTY DAMAGE OR DESTRUCTION.** Subject to the terms and conditions of the Senior Deed of Trust, and subject to the availability of insurance proceeds, if any building or improvements erected by Owner on the Property is damaged or destroyed, Owner shall, at its own cost and expense, repair or restore the Property consistent with the original Plans and Specifications for the Project. Also, subject to the terms and conditions of the Senior Deed of Trust, such work shall commence within thirty (30) days, or up to one hundred eighty (180) days with written approval of Authority, after the damage or loss occurs and shall be completed within

a timely manner thereafter, as agreed to with the Authority. All insurance proceeds collected for such damage or destruction shall be applied to the cost of such repairs or restoration.

## 5. **GENERAL PROVISIONS**

### 5.1 **RESTRICTIONS ON TRANSFER.**

5.1.1 **Transfer of Property.** Prior to completion of the Project by Owner, Owner shall not, either voluntarily or by operation of law, sell, assign or otherwise transfer the Property, or any interest therein, without the express written consent of Authority. Any attempted sale, assignment or other transfer in violation of this Section shall constitute a material default of the terms of this Agreement. Notwithstanding, the foregoing, neither the withdrawal, removal, replacement, and/or addition of a general partner of the Owner pursuant to the terms of the Limited Partnership Agreement, nor the withdrawal, replacement, and/or addition of any of its limited partners or its limited partner's general partners or members, shall constitute a default under this Agreement, provided that any required substitute general partner is reasonably acceptable to the Authority and is selected with reasonable promptness.

5.1.2 **Authority Approval.** Any approvals or consents of Authority provided for herein are subject to the sole discretion of Authority, and must be in writing, and approved by the Board of Authority in the manner provided for by law, as required.

5.1.3 **Request for Consent.** In evaluating any request for consent or approval as contemplated herein, Authority may consider, among other factors it deems relevant, the operational and financial qualifications of any proposed assignee or transferee. If Authority approves a request for consent or approval, it may impose such conditions as it deems reasonably necessary to protect Authority's interest and the Project.

5.1.4 **Assumption by Transferee.** Upon any assignment or transfer approved by Authority, such approved assignee or transferee shall be required to expressly assume in writing the provisions of this Agreement in a form acceptable to Authority and its counsel.

5.2 **DEFAULT AND REMEDIES.** In the event of any breach or violation of any agreement, obligation, or warranty under this Agreement, Authority shall give written notice to Owner by specifying: (a) the nature of the breach or violation; (b) the action required to cure the breach or violation, if an action to cure is possible; and (c) a date, which shall not be less than ninety (90) calendar days from the mailing of the notice, by which such action to cure must be taken, if an action to cure is possible. Prior to exercising any remedies hereunder, Authority shall give Senior Lenders and equity investors of Owner simultaneous written notice of such default and they shall have the same cure rights as the Owner. If Owner fails to cure the breach or violation within the time frame specified in the notice, or if a cure is not possible, Authority may proceed with any of the following remedies:

5.2.1 Bring an action for equitable relief seeking the specific performance by Owner of the terms and conditions of this Agreement, and/or enjoining, abating, or preventing any violation of said terms and conditions, and/or seeking declaratory relief;

5.2.2 Enter upon, take possession of, and manage the Property, either in person, by agent, or by a receiver appointed by a court, and collect any rents, income, deposits, or reserves and apply them to operate the Property, and continue in possession until such time

as Authority determines that Owner is in a position to operate the Property in compliance with this Agreement;

5.2.3 After notice provided for herein, make such repairs or replacements to the Property as are necessary and provide for payment thereof; or

5.2.4 For violations of Owner's obligations with respect to occupancy restrictions, Project maintenance, impose as liquidated damages a charge upon Owner in an amount of five hundred dollars (\$500) per day for each Project unit that is not operated in compliance with this Agreement; or

5.2.5 For violations of Owner's obligations with respect to Project rents, impose as liquidated damages a charge upon Owner in an amount equal to three times the actual amount Owner has collected from any Qualified Household in excess of the Affordable Rent; or

5.2.6 Pursue any other remedy allowed at law or in equity.

The Parties agree that the sums and formulas designated herein as liquidated damages represent a reasonable approximation of the damages Authority is likely to suffer from violations of the respective terms. Owner agrees to pay in full any accrued liquidated damages to Authority within thirty (30) business days of a written demand by Authority for such payment.

5.3 **NON-LIABILITY OF OFFICIALS, EMPLOYEES, AND AGENTS.** No member, official, director, employee, or agent of Authority shall be personally liable to Owner or third-party beneficiaries for any obligation created under the terms of this Agreement.

5.4 **INDEMNITY.** Notwithstanding the insurance coverage required herein, Owner shall indemnify and hold Authority, its members, officials, directors, employees, and agents harmless against any losses, damages, liabilities, claims, demands, judgments, actions, court costs, and legal or other expenses (including attorneys' fees) which Authority may incur as a result of (a) Owner's failure to reasonably perform any material obligations as required by this Agreement; (b) a failure of any of Owner's representations or warranties under this Agreement to be true and complete in any material respect; or (c) any material breach, act or omission by Owner, management agent, Owner's contractors, subcontractors, or suppliers with respect to the Project or the Property, except if the loss is caused by the sole negligence or willful misconduct of Authority. Owner shall pay immediately upon Authority's demand any amounts owing under this indemnity. The duty of the Owner to indemnify includes the duty to defend Authority in any court action, administrative action, or other proceeding brought by any third party arising from the Project or the Property. Owner's duty to indemnify Authority shall survive the term of this Agreement.

5.5 **GOVERNING LAW.** This Agreement shall be interpreted under and governed by the laws of the State of California, except for those provisions preempted by federal law. However, the laws of the State of California shall not be applied to the extent that they would require or allow the court to use the laws of another state or jurisdiction. Owner agrees that all actions or proceedings arising in connection with this Agreement shall be tried and litigated only in the state and federal courts located in the State of California, except that Lender, in its sole discretion, may elect that all such actions or proceedings be tried and litigated in the County of Sacramento or the United States District Court for the Eastern District of California.

5.6 **ATTORNEYS' FEES AND COSTS.** In the event that a legal or administrative action is brought to interpret or enforce the terms of this Agreement, the prevailing party shall be entitled to recover all reasonable attorneys' fees and costs incurred in such action.

5.7 **TIME.** Time is of the essence in this Agreement.

5.8 **CONSENTS AND APPROVALS.** Unless otherwise stated to the contrary herein, any consent or approval required under this Agreement shall not be unreasonably withheld.

5.9 **NOTICES, DEMANDS, AND COMMUNICATIONS.** Formal notices, demands, and communications between Owner and Authority shall be given by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, to the principal offices of Owner and Authority as follows, or if any such office is relocated, to the new address specified by the relocated party:

Owner: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

With a copy to:

Urban Capital LLC  
1017 L St. #738  
Sacramento, CA 95816  
Attn: John Vignocchi  
John@UrbanCapitalCA.com  
(415) 735-6228

Authority: Capitol Area Development Authority  
1522 14<sup>th</sup> Street  
Sacramento, CA 95818  
Attn: Executive Director

5.10 **BINDING UPON SUCCESSORS.** Except as set forth in the Subordination Agreement, all provisions of this Agreement shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors-in-interest, transferees, and assigns of Owner and Authority, and shall run with the land for the full term of this Agreement, regardless of any assignment, payment, prepayment, expiration, extinguishment of the Loan or Note, any reconveyance of the Deed of Trust, or any conveyance or transfer of the Property. Any successor-in-interest to Owner and any purchaser or transferee of the Property shall be subject to all the duties and obligations imposed on Owner under this Agreement for the full term of this Agreement.

5.11 **RELATIONSHIP OF PARTIES.** The relationship of Owner and Authority for this Project during the term of this Agreement shall not be construed as a joint venture, equity venture, or partnership. Authority neither undertakes nor assumes any responsibility or duty to Owner or to any third party with respect to the operation of the Property or the actions of Owner.

Except as Authority may specify in writing, Owner shall have no authority to act as an agent of Authority or to bind Authority to any obligation.

5.12 **WAIVER.** Any waiver by Authority of any obligation in this Agreement must be in writing. No waiver will be implied from any delay or failure by Authority to act on any breach or default of Owner or to pursue any remedy allowed under this Agreement or applicable law. Any extension of time granted to Owner to perform any obligation under this Agreement shall not operate as a waiver or release from any of its obligations under this Agreement. Consent by Authority to any act or omission by Owner shall not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for Authority's written consent to future waivers.

5.13 **OTHER AGREEMENTS.** Owner represents that it has not entered into any agreements that would restrict or compromise its ability to comply with the terms of this Agreement. Owner shall not enter into any agreements that are inconsistent with the terms of this Agreement without a written waiver by Authority, which shall not be unreasonably withheld.

5.14 **AMENDMENTS AND MODIFICATIONS.** Any amendments or modifications to this Agreement must be in writing, and shall be effective only if executed by both Owner and Authority.

5.15 **SEVERABILITY.** Every provision of this Agreement is intended to be severable. If any provision of this Agreement is held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not be affected or impaired.

**IN WITNESS WHEREOF,** the Parties hereto have executed this Agreement as of the date first above written.

**OWNER:**

\_\_\_\_\_, LP,  
a California limited partnership

By: \_\_\_\_\_, LLC,  
a California limited liability company  
its Administrative General Partner

By: \_\_\_\_\_  
(name, title)

By: **Pacific Housing, Inc.**,  
a California non-profit public benefit corporation,  
its Managing General Partner

By: \_\_\_\_\_  
Mark Wiese, Chairman



A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

ACKNOWLEDGEMENT

STATE OF CALIFORNIA           )  
  )ss  
COUNTY OF SACRAMENTO       )

On \_\_\_\_\_, 202\_, before me, \_\_\_\_\_, a Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument, the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument. I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

ACKNOWLEDGEMENT

STATE OF CALIFORNIA            )  
  )ss  
COUNTY OF SACRAMENTO        )

On \_\_\_\_\_, 202\_, before me, \_\_\_\_\_, a Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument, the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

**AUTHORITY:**

**Capitol Area Development Authority,**  
a California joint powers agency

By: \_\_\_\_\_  
Danielle Foster, Executive Director

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Jeffrey Mitchell, legal counsel

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

ACKNOWLEDGEMENT

STATE OF CALIFORNIA            )  
  )ss  
COUNTY OF SACRAMENTO        )

On \_\_\_\_\_, 202\_, before me, \_\_\_\_\_, a Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument, the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

**EXHIBIT A  
TO THE REGULATORY AGREEMENT**

**LEGAL DESCRIPTION**

The land herein in the City of Sacramento, County of Sacramento, State of California, described as follows:

**EXHIBIT B  
TO REGULATORY AGREEMENT**

**OCCUPANCY AND RENT RESTRICTIONS  
\_\_\_\_\_ Apartments**

Unit Mix and Affordability				
	Studio	1-Bedroom	2-Bedroom	Total Units
Less than 80% AMI				
Less than 120% AMI				
<b>Total</b>				

\*Rather than having a manager's unit, one unit's resident will receive a stipend for after-hours management company response.



February 15, 2024

**TO:** Capitol Area Development Authority (CADA) Board of Directors  
Capitol Area Community Development Corporation (CACDC) Board of Directors

**SUBJECT:** **February 23, 2024 Board Meeting**  
**AGENDA ITEM 7**  
**2000 16<sup>TH</sup> STREET (16<sup>TH</sup> AND T)– PARTNERSHIP, AGREEMENTS AND FINANCING**

**CONTACTS:** Todd Leon, Development Director (CADA), Staff (CACDC)  
Danielle Foster, Executive Director (CADA), President (CACDC)

### **RECOMMENDED ACTIONS:**

Staff recommends the CADA Board of Directors and the CACDC Board of Directors adopt the attachment resolutions (Attachment 1 and 2) to approve various agreements and allocate funds as necessary to enable, undertake and pay for various predevelopment tasks for an affordable housing project at 2000 16<sup>th</sup> Street.

#### CADA

1. Approve a 2<sup>nd</sup> Amendment to the previously approved Memorandum of Understanding (MOU) between CADA, CACDC and Mutual Housing to provide Mutual Housing land purchase rights should CADA and/or CACDC decide to leave the project and decide to sell the property, project costs reimbursement should Mutual decide to leave the project, and first right of refusal by Mutual to purchase the site should CADA/CACDC decide to leave the project. (Attachment 3)
2. Approve a Land Option Agreement with the CACDC and Mutual Housing for their eventual purchase of the 16<sup>th</sup> and T property from CADA for an affordable housing project. (Attachment 4)
3. Approve a letter of commitment for a loan from CADA to the project developer in an amount not to exceed \$4,000,000 for the purposes of providing evidence of project gap financing required by prospective project funders. (Attachment 5)

#### CACDC

4. Approve a 2<sup>nd</sup> Amendment to the previously approved MOU between CADA, CACDC and Mutual Housing to provide Mutual Housing land purchase rights should CADA and/or CACDC decide to leave the project and decide to sell the property, project costs reimbursement should Mutual decide to leave the project, and first right of refusal by Mutual to purchase the site should CADA/CACDC decide to leave the project. (Attachment 3)

### **BACKGROUND**

In July 2021, staff began searching for available sites for multifamily affordable housing projects. Staff chose 2000 16<sup>th</sup> Street because of its large size, proximity to the R Street Corridor, and

prominent location at the intersection of a major arterial. In conformance with the acquisition policy adopted by the Board in August 2021, staff submitted a Letter of Intent/Offer to the owners of the property. CADA finalized the purchase of 2000 16<sup>th</sup> Street on July 15, 2022.

In August 2022 the CADA and CACDC Boards approved a Memorandum of Understanding with Mutual Housing California to establish a partnership and begin work on an affordable housing project at 16<sup>th</sup> and T Streets. CADA currently owns the property and per the terms in the MOU, CACDC is leading predevelopment efforts in partnership with Mutual Housing.

On October 14, 2022, the CADA and CACDC Boards approved a 1<sup>st</sup> Amendment to the MOU with Mutual Housing that addressed project guarantees and the collection of developer and asset management fees. The two Boards also provided the CADA Executive Director and CACDC President authority to take any and all actions necessary or advisable to order to complete funding requests to fund construction of the 16<sup>th</sup> and T project.

On January 19, 2024 the California Department of Housing and Community Development (HCD) and the Strategic Growth Council (SGC) released a Notice of Funding Availability (NOFA) for the 8<sup>th</sup> Round of Affordable Housing and Sustainable Communities (AHSC) Program Funds. The AHSC program provides loans and grants to localities, developers, public housing authorities, transit agencies, transit operators, tribal entities and other qualified entities to projects that reduce greenhouse gas emissions, strengthen the state economy, and improve public health and environment – particularly in disadvantaged communities. The CACDC and Mutual Housing partnership (Partnership) have identified the AHSC program as a source of potential funding for their planned affordable housing project at 16<sup>th</sup> and T Streets.

## **SUMMARY**

### MOU Amendment

Staff recommends the CACDC Board and CADA Board to approve a second amendment to the MOU with Mutual Housing that includes details regarding a desire by Mutual housing to have first rights to purchase the property should the CACDC and/or CADA decide to exit the project and/or sell the property. Under the amendment if any party decides not to proceed with the project and CADA decides to sell or receives an offer from a third party to purchase the property, Mutual will have the first right to purchase or make an offer on the property. The amendment also provides for project cost reimbursement to Mutual should it decide to leave the project, and first right of refusal by Mutual to purchase the site should CADA/CACDC decide to leave the project. Under this amendment Mutual will have purchase rights for 5 years after the current MOU term ends on September 1, 2024. The draft 2<sup>nd</sup> Amendment to the MOU is included as **Attachment 3** to this staff report.

### Land Option Agreement

Staff recommends that the CADA Board approve a land option agreement granting the 16T Partnership an exclusive option to purchase the 16<sup>th</sup> and T property for an affordable housing project. This partnership consists of 2000 16<sup>th</sup> St. Mutual Housing Association, LLC and CACDC. As previously mentioned, the Partnership will be applying for AHSC program funding to finance development of a 134-unit affordable housing apartment building. The AHSC application requires developers to provide evidence of site control of their proposed development site. The current MOU between CADA and the Partnership does not offer the necessary documentation to satisfy AHSC requirements for land control. The proposed land option agreement solidifies CADA's commitment to the Partnership's project.

The term of the Land Option Agreement is tied to the Partnership's ability to successfully obtain project financing in 2024. However, if financing is not obtained this year, the Partnership can



extend the agreement another year and pursue financing in 2025. Before exercising the option, both parties must agree to terms of a Purchase and Sale Agreement (PSA) and provide an Exercise Notice to CADA.

In addition to the terms above, the option agreement includes: a small option payment, right of entry and site investigation requirements, and other general agreement provisions. The draft agreement is included as **Attachment 4** of this staff report.

#### Funding Commitment Letter

Staff recommends the CADA Board approve a letter of commitment for a project gap loan to the Partnership in an amount not to exceed \$4,000,000. Staff has determined that \$4,000,000 would be an appropriate funding subsidy based on availability of CADA funds and likely size of the project. CADA has communicated this proposed funding availability, conditioned upon Board approval, to the Partnership and this proposed loan amount is assumed in the project's financial model. Since CADA's funding is assumed in the project budget and pro forma, the ASHC funding application will require a CADA funding letter of commitment to the Partnership.

A funding commitment letter demonstrates that CADA is willing to participate financially in the project. CADA's financial commitment also allows the project team to leverage CADA's pledged funds into possibly securing additional funds from AHSC and other affordable housing funding programs, such as tax credit financing from the California Tax Credit Allocation Committee and tax-exempt bonds from the California Debt Limit Allocation Committee.

A draft letter of commitment to provide a project gap loan is included as **Attachment 5**.

#### **FINANCIAL IMPACT**

As stated in the Summary of requested actions, CACDC and Mutual Housing, as the project developer, are requesting a loan commitment for purposes of developing the 16<sup>th</sup> and T Street project in an amount not to exceed \$4,000,000. The requested funds will provide evidence of local funding needed in order to leverage additional affordable housing program resources and address the project's entire financing gap. Staff proposes to utilize CADA 2020 Bond proceeds to eventually fund a 16<sup>th</sup> and T Street project loan. When the Partnership is ready to close the project financing, the gap loan documents will be presented to the CADA Board for approval.

#### **ENVIRONMENTAL CONSIDERATIONS**

The Partnership submitted for project land use entitlements which are under review and scheduled for approval on March 7, 2024. The City of Sacramento is the lead agency for environmental review on this project. The City staff has reviewed the project for compliance with the California Environmental Quality Act (CEQA) and have indicated the project will qualify for a statutory exemption pursuant to Public Resources Code (PRC) section 21155.4 and CEQA Guidelines section 15182(b). No environmental review or action is required by the Board.

Attachment 1 – CADA Resolution 24-10  
Attachment 2 – CACDC Resolution 24-01  
Attachment 3 – 2<sup>nd</sup> Amendment to MOU  
Attachment 4 – 16<sup>th</sup> and T Option Agreement  
Attachment 5 – Draft CADA Funding Commitment Letter

**RESOLUTION NO. 24 – 10**

Adopted by the Capitol Area Development Authority

February 23, 2024

**RESOLUTION AUTHORIZING THE CADA EXECUTIVE DIRECTOR TO ENTER INTO AN AMENDMENT TO MEMORANDUM OF UNDERSTANDING BETWEEN CADA, CACDC, AND MUTUAL HOUSING CALIFORNIA; EXECUTE A LAND OPTION AGREEMENT; AND APPROVE A LETTER OF COMMITMENT FOR A LOAN UP TO \$4,000,000 TO THE PROJECT DEVELOPER OF 2000 16<sup>th</sup> STREET**

**WHEREAS**, On August 21, 2021 the Capitol Area Development Authority (CADA) submitted a Letter of Offer to purchase a property at 2000 16<sup>th</sup> Street and the owners the property (Seller) accepted the offer on August 27, 2021;

**WHEREAS**, On November 16, 2021, a Purchase and Sale Agreement (PSA) that outlined the terms of the land sale was signed by CADA and the Seller;

**WHEREAS**, On February 23, 2022, the CADA Board authorized staff to close escrow and purchase the 2000 16<sup>th</sup> Street property;

**WHEREAS**, On July 15, 2022, CADA completed the purchase of the 2000 16<sup>th</sup> Street property;

**WHEREAS**, CADA intends to develop all or a portion of the Property as an affordable residential project, potentially including a retail and/or commercial component, consistent with permissible uses under the City of Sacramento land use regulations governing the Property;

**WHEREAS**, On August 19, 2022, the CADA Board approved a Memorandum of Understanding among CADA, CACDC and Mutual Housing regarding the roles and responsibilities of the parties in undertaking a project at 2000 16<sup>th</sup> Street;

**WHEREAS**, On October 14, 2022, the CADA Board approved an Amendment to the CADA, CACDC and Mutual Housing Memorandum of Understanding to address project guarantees and the collection of developer and asset management fees;

**WHEREAS**, CADA, the Capitol Area Community Development Corporation (CACDC), and Mutual Housing California (Mutual) are currently working together on an affordable residential project to be located at 2000 16<sup>th</sup> Street, Sacramento and have discussed their mutual desire to collectively pursue the development of a mixed-use project on the Property and explore joint development and ownership of the Project through a partnership;

**WHEREAS**, The Mutual and CACDC partnership desires to acquire the exclusive right to purchase the Property for the purpose of development of the Project under the specific terms the parties have negotiated and included in a draft Option Agreement;

**WHEREAS**, Mutual and CACDC desire to clarify the parties' rights should either decide to exit the Project; and

**WHEREAS**, Mutual and CACDC have requested evidence of a CADA loan commitment to the project in an amount not to exceed \$4,000,000 to further their project funding efforts by meeting funders' requirements.

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

1. Approves the attached 2nd Amendment to the previously approved Memorandum of Understanding (MOU) between CADA, CACDC and Mutual Housing to provide Mutual Housing land purchase rights should CADA and/or CACDC decide to leave the project and decide to sell the property, provide Mutual reimbursement of project development costs should it exit the project; and provide Mutual with a first right of refusal to purchase the site should CADA/CACDC decide to exit the project.
2. Approve the attached Land Option Agreement with the CACDC and Mutual Housing for their eventual purchase of the 16<sup>th</sup> and T property for an affordable housing project.
3. Approve the attached letter of commitment for a loan from CADA to the project developer in an amount not to exceed \$4,000,000 for the purposes of providing project gap funding.

---

Ann Bailey, Chair

ATTEST:

---

Tara Gandara  
Secretary to the Board of Directors



**RESOLUTION NO. 24 – 01**

Adopted by the Capitol Area Community Development Corporation

February 23, 2024

**RESOLUTION AUTHORIZING THE CACDC PRESIDENT TO ENTER INTO A SECOND AMENDMENT TO THE MEMORANDUM OF UNDERSTANDING BETWEEN CACDC, CADA, AND MUTUAL HOUSING CALIFORNIA**

**WHEREAS**, On August 21, 2021 the Capitol Area Development Authority (CADA) submitted a Letter of Offer to purchase a property at 2000 16<sup>th</sup> Street and the owners the property (Seller) accepted the offer on August 27, 2021;

**WHEREAS**, On November 16, 2021, a Purchase and Sale Agreement (PSA) that outlined the terms of the land sale was signed by CADA and the Seller;

**WHEREAS**, On February 23, 2022, the CADA Board authorized staff to close escrow and purchase the 2000 16<sup>th</sup> Street property;

**WHEREAS**, On July 15, 2022, CADA completed the purchase of the 2000 16<sup>th</sup> Street property;

**WHEREAS**, CADA intends to develop all or a portion of the Property as an affordable residential project, potentially including a retail and/or commercial component, consistent with permissible uses under the City of Sacramento land use regulations governing the Property;

**WHEREAS**, On August 19, 2022, the CACDC Board approved a Memorandum of Understanding among CADA, CACDC and Mutual Housing regarding the roles and responsibilities of the parties in undertaking a project at 2000 16<sup>th</sup> Street;

**WHEREAS**, On October 14, 2022, the CACDC Board approved a 1st Amendment to the CADA, CACDC and Mutual Housing Memorandum of Understanding to address project guarantees and the collection of developer and asset management fees;

**WHEREAS**, CADA, the Capitol Area Community Development Corporation (CACDC), and Mutual Housing California (Mutual) are currently working together on an affordable residential project to be located at 2000 16<sup>th</sup> Street, Sacramento and have discussed their mutual desire to collectively pursue the development of a mixed use project on the Property and explore joint development and ownership of the Project through a partnership; and

**WHEREAS**, Mutual and CACDC desire to clarify the parties' rights should either decide to exit the project.

**NOW, THEREFORE, BE IT RESOLVED**, that the Capitol Area Community Development Corporation Board of Directors hereby:

1. Approve the attached 2nd Amendment to the previously-approved MOU between CADA, CACDC and Mutual Housing to provide Mutual Housing land purchase rights should CADA and/or CACDC decide to leave the project and decide to sell the property, provide Mutual reimbursement of project development costs should it exit the project; and provide Mutual with a first right of refusal to purchase the site should CADA/CACDC decide to exit the project.

ATTEST:

\_\_\_\_\_  
Ann Bailey, Chair

\_\_\_\_\_  
Tara Gandara, Secretary

**Second Amendment to Memorandum Of Understanding  
Between  
The Capitol Area Development Authority, the Capitol Area Community Development  
Corporation, and Mutual Housing California**

This Second Amendment to Memorandum of Understanding (the "Amendment") is entered into on February 26, 2024 ("Effective Date"), by and between the **Capitol Area Development Authority**, a joint powers agency ("CADA"), the **Capitol Area Community Development Corporation**, a non-profit public benefit corporation ("CACDC"), and **Mutual Housing California**, a California non-profit corporation ("Mutual"). CADA, the CACDC, and Mutual are sometimes referred to individually as a "Party," and collectively, as the "Parties."

RECITALS

A. On or about August 31, 2022, the Parties entered into a Memorandum of Understanding, as amended by that certain Amendment to Memorandum of Understanding dated October 14, 2022 (collectively, "MOU") to collectively pursue the purchase and development of a mixed-use project (the "Project") on the real property located at 2000 16<sup>th</sup> Street (APN No's. 009-0151-006, -007, and -008), in the City of Sacramento, California (collectively, the "Property").

B. Pursuant to the terms of the MOU, the Parties agreed to negotiate in good faith the terms of a mutually beneficial arrangement that provides for development, construction, operation, management, and ownership of the Project.

C. The Parties desire to further amend this MOU in order to add additional provision in connection with rights of first offer and rights of first refusal for the Project.

D. On February 23, 2024, the CADA Board of Directors, and the CACDC Board of Directors approved this Amendment.

**NOW THEREFORE**, in consideration of the mutual agreements herein set forth, and other valuable consideration, receipt of which is hereby acknowledged, the Parties hereby agree to amend the MOU as follows:

AGREEMENT

1. Capitalized Terms. Unless expressly described herein to the contrary, all capitalized terms shall have the meaning ascribed to such term in the MOU.

2. Project Reimbursement Costs. Section 7 of the MOU is deleted and replaced in whole with the following:

7.1 Project Reimbursement Costs. If at the end of the Term, Mutual decides that it does not want to proceed with development of the Project, and CADA/CACDC thereafter desires to proceed with a project on the Property using the same Project design, then CADA/CACDC shall reimburse Mutual for all third-party Project costs expended by Mutual under this MOU, including but not limited to, costs for procuring architectural drawings, applications, studies, reports and other matters generated for the Project, but excluding Mutual's overhead costs incurred.

7.2 Right of First Offer. If at the end of the Term, Mutual or CADA/CACDC decides that it does not want to proceed with development of the Project and CADA thereafter decides to sell the Property, CADA shall first offer to sell the Property to Mutual in accordance with the following provisions of this Agreement:

(a) CADA shall deliver a notice ("Offer Notice") to Mutual stating (i) its intention to sell the Property, and (ii) the price, terms, and conditions on which it proposes to sell the Property.

(b) By written notification given by Mutual ("Acceptance Notice"), within thirty (30) calendar days after the giving of the Offer Notice, Mutual may elect to purchase the Property on the terms and conditions specified in the Offer Notice. If Mutual desires to develop the Project on the Property, Mutual shall reimburse CADA/CACDC for all third-party Project costs expended by them, including but not limited to, costs for procuring architectural drawings, applications, studies, reports and other matters generated for the Project, but excluding their overhead costs incurred.

(c) If the Acceptance Notice is not given, or not given in a timely manner, then CADA may, following the expiration of the period provided in Section 7.1(b) above, offer to sell the Property to any person or persons upon similar price and conditions.

(d) The right of first offer in this section shall not be applicable to sales or transfers of the Property to other CADA/CACDC affiliates, or development partners, or other parties directly or indirectly owned or controlled by or under common control with CADA/CACDC.

(e) The right of first offer set forth in this section may not be assigned or transferred by Mutual.

(f) This Right of First Offer shall terminate five\_ years after expiration of the MOU.

7.3 Right of First Refusal. If at the end of the Term, Mutual or CADA/CACDC decides that it does not want to proceed with development of the Project, and CADA thereafter receives an offer from a third-party to buy the Property, CADA shall comply with the following provisions of this Agreement regarding sale of the Property:

(a) Any such sale shall be pursuant to a written offer ("Offer") from Qualified Purchaser, defined below, setting forth the terms and conditions for such proposed purchase, provided that such terms and conditions must provide for an all-cash purchase price. A Qualified Purchaser shall be an independent third party that is not directly or indirectly owned or controlled by or under common control with Mutual and that intends to purchase the Property for its own account.

(b) If CADA receives an Offer that CADA is willing to accept, CADA shall give Mutual a copy of the Offer and certify to Mutual that the proposed purchaser is a Qualified Purchaser ("Offer Notice").

(c) Mutual shall have thirty (30) days from the delivery of the Offer Notice ("Acceptance Period") within which to notify CADA of its election to purchase the Property under the terms and conditions specified in the Offer, by giving written notice to CADA ("Acceptance Notice") of such election. If Mutual desires to develop the Project on the Property, Mutual shall reimburse CADA/CACDC for all third-party Project costs expended by them, including but not limited to, costs for procuring architectural drawings, applications, studies, reports and other matters generated for the Project, but excluding their overhead costs incurred.

(d) On delivery of the Acceptance Notice, CADA and Mutual shall proceed to consummate the sale and purchase of the Property on the terms and conditions set forth in the Offer.

(e) If the Acceptance Notice is not given in a timely manner, then CADA may thereafter proceed to sell the Property any time, on the terms and conditions set forth in the Offer, free and clear of any rights of Mutual under this Right of First Refusal. CADA may make changes in the terms and conditions of the Offer as long as such changes are not materially more favorable to CADA and are agreed to by Mutual after the Offer has been submitted to Mutual.

(f) The right of first refusal set forth in this section shall not be applicable to sales or transfers of the Property to other CADA/CACDC affiliates, or development partners, or other parties directly or indirectly owned or controlled by or under common control with them, or to sales or transfers for purposes other than development of an affordable housing project.

(g) The right of first refusal set forth in this section may not be assigned or transferred by Mutual.

(h) This Right of First Refusal shall terminate five years after expiration of the MOU

### 3. Miscellaneous.

3.1 No Other Amendments. The Parties agree that there are no other amendments to the MOU other than the First Amendment and those amendments contained in this Second Amendment, and that all other terms and conditions of the MOU are in full force and effect.

3.2 Conflict. In the event of conflict between the terms of the MOU, the First Amendment, and this Second Amendment, the Parties intend that the terms contained in this Second Amendment shall control and prevail.

3.3 Counterparts. This Amendment may be executed in several counterparts, and may be delivered by facsimile or other means of electronic transmission, each of which shall be deemed an original.

***(Signatures on Next Page)***



**IN WITNESS WHEREOF**, the Parties have executed this Amendment on the day and year first above written.

CADA:

**Capitol Area Development Authority,**  
a joint powers agency

By: \_\_\_\_\_  
**Danielle Foster**, Executive Director

APPROVED AS TO FORM:

By: \_\_\_\_\_  
**Jeffery A. Mitchell**, CADA legal counsel

CACDC:

**Capitol Area Community Development Corporation,**  
a non-profit public benefit corporation

By: \_\_\_\_\_  
**Danielle Foster**, President

APPROVED AS TO FORM:

By: \_\_\_\_\_  
**Jeffery A. Mitchell**, CACDC legal counsel

MUTUAL:

**Mutual Housing California,**  
a California non-profit public benefit corporation

By: \_\_\_\_\_  
**Roberto Jimenez**, Chief Executive Officer

## OPTION AGREEMENT

This Option Agreement ("Option" and/or "Agreement") is made March 13, 2024 ("Effective Date"), by and between the **Capitol Area Development Authority**, a joint powers agency ("CADA" and/or "Optionor"), and **2000 16<sup>th</sup> St Associates, LP**, a California limited partnership ("Optionee"). Optionor and Optionee are hereafter referred to individually as a "Party" or collectively as the "Parties."

### RECITALS

A. Optionor is the owner of certain real property located at 2000 16<sup>th</sup> Street, APN No.'s 009-0151-006, -007, and -008, in the City of Sacramento, California, as legally described in **Exhibit A**, attached hereto and incorporated herein (the "Property").

B. Optionee is a partnership consisting of general partners 2000 16<sup>th</sup> St Mutual Housing Association, LLC, a California limited liability company ("Mutual") and CADA's non-profit affiliate, 2000 16<sup>th</sup> St CACDC Association, LLC, a California limited liability company ("CACDC"), and was created for the purpose of developing a 134-unit affordable housing project with 30% to 60% area median income (AMI) limits ("Project") on the Property.

C. Optionor, and affiliates of Mutual and the CACDC, also entered into a Memorandum of Understanding that describes their relationship and their respective roles and responsibilities regarding development of the Project on the Property.

D. Optionee desires to acquire the exclusive right to purchase the Property for the purpose of development of the Project under the specific terms set forth in this Agreement.

**NOW, THEREFORE**, in consideration of the mutual promises contained in this Agreement and of other valuable consideration, the receipt and sufficiency of which the Parties hereto expressly acknowledge, it is agreed as follows:

### AGREEMENT

#### 1. Option to Purchase.

1.1 Option. Optionor grants to Optionee an exclusive option to purchase the Property on the terms and conditions of this Agreement.

1.2 Purchase Agreement Form. Prior to the exercise of the Option, Optionor and Optionee shall agree on the final form, terms and conditions of the purchase and sale agreement for the Property ("Purchase Agreement"), which Purchase Agreement shall incorporate the basic terms set forth on **Exhibit B**, attached hereto and incorporated herein, as well as general customary terms. Upon the mutual agreement of the final form, terms and conditions of the Purchase Agreement, the Parties shall attach the form of the Purchase Agreement to this Agreement as a substitute **Exhibit B**. If Optionor and Optionee do not agree in writing on the form, terms and conditions of the Purchase Agreement prior to the expiration of the Option Term (as hereinafter defined), this Agreement and the Option shall automatically terminate, without the need of any notice or documentation, and neither party shall have any further rights or obligations hereunder.

2. Option Consideration. Optionor grants this Option to Optionee in consideration of the Optionee's payment of One Hundred Dollars (\$100.00), to be paid within three (3) days of the Effective Date, which is not to be credited against the purchase price for the Property ("Option Fee").

3. Term. The term of this Agreement shall begin on the Effective Date and shall expire on December 31, 2026, as may be extended pursuant to the terms herein (the "Option Term"). The Parties acknowledge that the Option termination date is based on Optionee obtaining a loan award from the Affordable Housing Sustainable Communities (AHSC) program, 4% tax credit allocation from the California Tax Credit Allocation Committee (CTCAC), and tax-exempt bond allocation from the California Debt Limit Allocation Committee (CDLAC) to assist in financing the Project. In the event that Optionee does not receive 2024 AHSC, CTCAC, and CDLAC allocations 2024, and Optionee decides to apply to AHSC, CTCAC, and CDLAC in 2025 then upon written notice to Optionor by no later than December 31, 2024, Optionee may in its sole discretion extend the Option Term to December 31, 2026.

4. Title. Optionee has been provided with a preliminary title report dated March 23, 2022 (NEED UPDATED PTR) (the "Preliminary Report") covering the Property issued by Stewart Title. Optionee shall approve or disapprove any exceptions to title shown on the Preliminary Report in writing to Optionor and Escrow Holder within thirty (30) days after the Effective Date. Optionor shall notify Optionee of whether Optionor is willing to remove the items disapproved by Optionee within thirty (30) days after receipt of Optionee's title objections. If Optionor does not agree to remove any one or more of such disapproved exceptions prior to the expiration of said 30-day period, or if any additional items appear which would show as exceptions to title insurance in the title policy, and Optionor fails to agree to remove the same within fifteen (15) days after Optionee's notification to Optionor of the same, Optionee shall have the right to waive the disapproved exceptions and proceed with this Option subject to the disapproved exceptions, or terminate this Option, in which event both Parties shall be relieved of all further obligation and liability to each other under this Option. Optionee must be satisfied with the condition of title before exercising this Option. Optionee's failure to object to any title exception prior to providing an Exercise Notice (as defined in Section 8 below) shall be deemed to be an approval of that exception.

5. Right of Entry and Investigation.

5.1 Property Documents. Within ten (10) days after the Effective Date, Optionor shall provide Optionee copies of all studies, environmental reports, surveys, soils reports, and other reports and studies relating to the Property that are in its possession or under its control.

5.2 Investigation. During the Option Term, Optionee may undertake, at Optionee's expense, inspection and review of the Property, including, but not limited to, reasonable non-destructive inspections, investigations, tests, copies, verifications, assessments, surveys and studies as Optionee considers reasonably necessary or desirable, under the circumstances, regarding the Property and its condition, which may include, without limitation, inspections regarding zoning, building codes and other governmental regulations; imposition of governmental obligations and assessments; architectural inspections; engineering tests; economic feasibility and marketing studies; availability of sewer, water, storm drain and other utilities; availability of roads, access and services; soils, seismic, engineering and geologic reports; non-destructive environmental assessments, studies, tests and reports; structural and mechanical systems inspections; and availability of permits, land use entitlements, development rights and approvals, and other governmental approvals. All inspections shall be made at Optionee's sole cost and expense and shall not unreasonably interfere with the Optionor's use of the Property. Optionee

must be satisfied with the condition of the Property before exercising this Option. If Optionee provides an Exercise Notice to Optionor, such exercise shall be deemed to be an approval of the Property condition.

5.3 Access. Access to the Property from the Effective Date through the Option Term (and through Close of Escrow if the Option is exercised) shall be given to Optionee, its agents, employees, consultants, or contractors during normal business hours, at reasonable times, upon at least one (1) business days' notice to the Optionor, at Optionee's own cost and risk, for the purpose of conducting its investigation of the Property as set forth in Section 5.2. Optionee shall restore the Property as a result of such investigations, and return the affected portion of the Property to its condition immediately prior to such investigation. Optionee shall repair any damage to the Property caused by any of its inspections. Optionee shall indemnify and defend the Optionor against and hold the Optionor harmless from all losses, costs, damages, liabilities, and expenses arising out of negligent or willful acts by Optionee or its agents, employees, consultants, or contractors on the Property in connection with Optionee's entry onto the Property, or any activity thereon, except to the extent any such losses, costs, damages, liabilities, and expenses arise out of any negligent or willful act of the Optionor or the Optionor's agents, employees or contractors; provided however, Optionee's discovery of or impact on an adverse condition or defect on or affecting the Property shall not trigger Optionee's indemnification obligations. Optionee's obligation to indemnify and defend the Optionor shall survive termination of this Agreement.

5.4 Insurance. Prior to its first entry onto the Property and at all times during the Option Term (and through Close of Escrow if the Option is exercised), Optionee shall maintain commercial general liability insurance covering the activities of Optionee on the Property. Such insurance shall have a per occurrence limit of at least One Million Dollars (\$1,000,000.00) and an aggregate limit of at least Two Million Dollars (\$2,000,000.00), shall name the Optionor as additional insured, shall be primary and noncontributing with any other insurance available to Optionee, and shall be issued on an occurrence basis. Prior to any entry onto the Property by Optionee or its agents, employees, consultants, or contractors, Optionee shall furnish the Optionor with a certificate of such insurance in form and substance reasonably acceptable to the Optionor.

6. Exercise of Option. After the parties have agreed to terms of the Purchase Agreement, and have attached it hereto as Exhibit B, and Optionee has otherwise complied with the terms of this Agreement and is not in default of this Agreement, the Option may be exercised by Optionee by delivering to Optionor, before the expiration of the Option Term, written notice of the exercise ("Exercise Notice"), which shall state that the Property is being purchased subject to the terms of the Purchase Agreement and that the Option is exercised without condition or qualification (except to the extent provided in the Purchase Agreement). The Exercise Notice shall be accompanied by two (2) originals of the Purchase Agreement executed by Optionee, dated as of the Exercise Date, with an approved legal description added as an exhibit to the Purchase Agreement.

7. Optionor's Cooperation in Seeking Permits and Approvals. During the Term, Optionee may meet with all city, county, district and other governmental entities to discuss Optionee's proposed development of, and other matters relating to, the development of the Property and may obtain all Project approvals that Optionee may deem necessary or advisable in connection therewith. Provided Optionor does not incur any liabilities or out-of-pocket costs except those authorized by Optionor and without binding the Property prior to the execution and delivery of the Purchase Agreement in any way, Optionor agrees to cooperate with Optionee in any such matters and execute any and all documents or join in any applications that may be required to obtain all such Project approvals in connection with the Development.

8. Use of Property by Optionor During Option Term. During the Option Term, Optionor shall maintain the Property in its current condition. Optionor shall not be responsible for unauthorized third party's actions affecting the Property.

9. Representations and Warranties. Each of the Parties to this Agreement represents and warrants to the other that the persons who have executed this Agreement have been authorized to do so by the Party on whose behalf the person is signing. All documents to be delivered under this Agreement will be executed by an authorized person. Each Party has a good and legal right to enter into this Agreement and to perform all covenants contained in this Agreement.

10. General Provisions.

10.1 Notices. All notices, demands, consents, requests or other communications required to or permitted to be given pursuant to this Agreement shall be in writing and shall be addressed to the Parties in the manner set forth below, and shall be conclusively deemed to have been properly delivered and received by the receiving Party (a) upon receipt when hand delivered, (b) upon receipt when sent by email to the address set forth below (with written confirmation of receipt from the sender), (c) upon the day of delivery if the notice has been deposited in an authorized receptacle of the United States Postal Service as first-class, registered or certified mail, postage prepaid, with a return receipt requested (provided that, the sender has in its possession the return receipt to prove actual delivery), or (d) upon actual delivery if deposited with any commercially-recognized overnight carrier that routinely issues receipts (provided that, the sending Party receives a confirmation of actual delivery from the courier). The addresses of the Parties to receive notices are as follows:

If to Optionor: Capitol Area Development Authority  
1522 14<sup>th</sup> Street  
Sacramento, CA 95814  
Attention: Danielle Foster  
Email: [dfoster@cadanet.org](mailto:dfoster@cadanet.org)

with a copy to: Kronick Moskovitz Tiedemann & Girard  
1331 Garden Hwy, 2<sup>nd</sup> Floor  
Sacramento, CA 95833  
Attn: Jeffrey A. Mitchell  
Email: [jmitchell@kmtg.com](mailto:jmitchell@kmtg.com)

If to Optionee: 2000 16<sup>th</sup> St Associates, LP  
c/o Capitol Area Development Authority  
1522 14<sup>th</sup> Street  
Sacramento, CA 95814  
Attention: Danielle Foster  
Email: [dfoster@cadanet.org](mailto:dfoster@cadanet.org)

with a copy to: 2000 16th St Mutual Housing Association, LLC  
3321 Power Inn Road, Suite 320  
Sacramento, CA 95826  
Attention: Roberto Jimenez  
Email: [roberto@mutualhousing.com](mailto:roberto@mutualhousing.com)

With a copy: 2000 16<sup>th</sup> St CACDC Association, LLC  
c/o Capitol Area Development Authority  
1522 14<sup>th</sup> Street  
Sacramento, CA 95814  
Attention: Danielle Foster  
Email: [dfoster@cadanet.org](mailto:dfoster@cadanet.org)

If any notice is refused, the notice shall be deemed to have been delivered upon such refusal. Any notice delivered after 5:00 p.m. (recipient's time) or on a non-business day shall be deemed delivered on the next business day. A Party may change or supplement the addresses given above, or designate additional addressees, for purposes of this section by delivering to the other Party written notice in the manner set forth above.

10.2 Entire Agreement. This Agreement, including all Exhibits and the Memorandum of Option contain the entire agreement of the Parties hereto with respect to the matters covered hereby, and supersedes all prior arrangements and understandings between the Parties, and no other agreement, statement or promise made by either Party hereto which is not contained therein shall be binding or valid.

10.3 Assignment. No Party may assign this Agreement or any rights created hereunder without the prior written consent of the other Party.

10.4 Severability. If any provision of this Agreement is held invalid or unenforceable by any court of final jurisdiction, it is the intent of the Parties that all the other provisions of this Agreement be construed to remain fully valid, enforceable and binding on the Parties.

10.5 Waivers. A waiver or breach of covenant or provision in this Agreement shall not be deemed a waiver of any other covenant or provision in this Agreement, and no waiver shall be valid unless in writing and executed by the waiving Party. An extension of time for performance of any obligation or act shall not be deemed an extension of the time for performance of any other obligation or act.

10.6 Construction. The section headings and captions of this Agreement are, and the arrangement of this instrument is, for the sole convenience of the Parties to this Agreement. The section headings, captions, and arrangement of this instrument do not in any way affect, limit, amplify, or modify the terms and provisions of this Agreement. The singular form shall include plural, and vice versa.

10.7 Assignment. No Party may assign this Agreement or any rights created hereunder without the prior written consent of the other Party.

10.8 Time of Essence. Time is of the essence for this Option Agreement.

10.9 Amendments. This Agreement may only be amended by written document signed by each of the Parties hereto.

10.10 Third-Party Rights. Nothing in this Agreement, express or implied, is intended to confer on any person, other than the Parties to this Agreement and their respective successors and assigns, any rights or remedies under or by reason of this Agreement.

10.11 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same Agreement.

10.12 Attorneys' Fees. Should any litigation be commenced between the Parties hereto concerning the Property, this Agreement, or the rights and duties of either in relation thereto, the prevailing Party in such litigation shall be entitled, in addition to such other relief as may be granted, to its costs, including attorneys' fees, and costs for such litigation and for executing upon or appealing any judgment.

10.13 Governing Law; Venue. This Agreement shall be construed in accordance with and governed by the laws of the State of California. In the event of litigation arising under this Agreement, venue shall reside exclusively in the Superior Court of the County of Sacramento.

***(Remainder of Page Intentionally Left Blank)***

**IN WITNESS WHEREOF**, the parties have caused this Agreement to be executed on the date first set forth above.

OPTIONOR:

**Capitol Area Development Authority,**  
a joint powers agency

By: \_\_\_\_\_  
**Danielle Foster**, Executive Director

APPROVED AS TO FORM:

\_\_\_\_\_  
Jeffrey A Mitchell, City Attorney

OPTIONEE:

**2000 16<sup>th</sup> St Associates, LP**  
a California limited partnership

By: **2000 16<sup>th</sup> St CACDC Association, LLC,**  
a California limited liability company  
Its: Managing General Partner

By: \_\_\_\_\_  
Danielle Foster, President

By: **2000 16th St Mutual Housing Association, LLC,**  
a California limited liability company  
Its: Administrative General Partner

By: \_\_\_\_\_  
Roberto Jimenez, President



**Exhibit A to Option Agreement**

(Legal Description of Property)

## **Exhibit B to Option Agreement**

### (General Terms of Purchase Agreement)

1. The Purchase Price shall be the market value of the Property contained in an independent, complete and self-contained appraisal report prepared prior to the end of the Option Term by a qualified, independent real estate appraiser having previous experience appraising like-kind properties, selected by Optionor and approved by the Optionee, which approval will not be unreasonably withheld, at Optionor's cost. The appraisal report shall be prepared in accordance with the Uniform Standards of Professional Practice (USPAP) and shall meet the requirements of the Project's funding sources. Optionee shall have the right to utilize the appraisal in connection with its AHSC, CTCAC, CDLAC, and any other financing applications. The Purchase Price shall be paid as a seller purchase money promissory note and secured by a subordinate purchase money deed of trust. The terms of the loan shall be determined prior to the execution of the Purchase Agreement. (FOR THE AHSC, CTCAC, AND CDLAC APPLICATIONS, THE SELLER CARRYBACK LOAN TERMS WILL HAVE TO BE 55 YEAR TERM, AT THE APPLICABLE FEDERAL RATE, PAYABLE FROM THE GENERAL PARTNER'S SHARE OF RESIDUAL RECEIPTS DEBT SERVICE PAYMENTS)

2. The Closing Date shall be on or before the closing of the construction loan for the Project.

3. CADA shall provide purchaser with an owner's policy of title insurance with liability in the amount of the Purchase Price showing title to the Property vested in purchaser free and clear of exceptions and encumbrances except non-delinquent general and special real property taxes and assessments, easements, encumbrances, covenants, conditions, restrictions, rights of way and other matters of record approved by purchaser during the Option Term and the standard preprinted exceptions of exclusions from coverage set forth in the title policy.

4. Title to the Property shall be conveyed to purchaser pursuant to a grant deed in a form and content to be approved by the parties and attached to the Purchase Agreement.

5. All items of income and expense related to the Property, including non-delinquent real property taxes and assessments shall be prorated to the closing date.

6. CADA shall pay one-half (1/2) of the escrow fee, all documentary transfer taxes and all title insurance premiums for that portion of the Owner's title policy which would be incurred for a standard CLTA form of owner's title insurance policy. Purchaser shall pay one-half (1/2) of the escrow fee, all title insurance premiums associated with any title insurance coverage required by any lender, that portion of the owner's title policy premium which is attributable to the additional cost of ALTA extended coverage, if applicable, the cost of any survey of the Property requested by purchaser and the cost of any title endorsements requested by purchaser.

7. The Purchase Agreement shall contain representations and warranties from CADA and purchaser to be agreed to by the parties. Otherwise, the Property acquired by purchaser shall be in its AS-IS, WHERE-IS condition, including all environmental conditions, and the Purchase Agreement shall include the release and waiver by purchaser of California Civil Code section 1542.

a. The Purchase Agreement will include standard seller conditions for close of escrow, including (a) Purchaser has executed and delivered all documents required under the

Purchase Agreement; (b) Purchaser has submitted to CADA required certificates of insurance; and (c) Purchaser is not in material default of any provision of the Purchase Agreement or any other agreement related to development of the Project.



February 23, 2024

Mutual Housing California  
 C/O Roberto Jimenez  
 3321 Power Inn Road, Suite 320  
 Sacramento, CA 95826

RE: Permanent financing support for 2000 16th Street

Dear Mr. Jimenez,

Subject to receipt of all required and requested submittal materials, listed below is a summary of proposed terms for a construction and permanent financing source for the 2000 16<sup>th</sup> Street project that the Capitol Area Development Authority Board of Directors preliminarily approved on February 23, 2024. The terms include a loan not to exceed \$4,000,000 to the Borrower entity for construction of the project and an agreement that the project will provide at least 100% of the units to households making between 30% or less of the Area Median Income (AMI) and 80% or less of the AMI.

### Proposed Loan and Terms

1. **Project Description:** The proposed project currently consists of a 5 story mixed-use, affordable housing building with 134 apartments. The project will have a mix of studio, one and two bedroom units. Proposed project amenities include a multi-purpose community room, courtyard, roof deck, and rooftop solar panels, secure bike storage spaces, visitor bike spaces, and limited vehicle parking spaces.
2. **Assessor's parcel number for property:** APNs 009-0151-006, -007, and -008
3. **Borrower:** A yet to be formed special purpose entity Limited Partnership to be created between Mutual Housing California and Capitol Area Community Development Corporation ("LP").
4. **Documentation:** Upon the request of CADA Borrower and the LP partners shall provide CADA with any documents related to the Project including, but not limited to businesses and financial information and other 3<sup>rd</sup> party reports.
5. **Approvals and Permits:** A condition precedent to approval of the Loan and execution of the Loan documents is the project's land use and building permit approvals by the City of Sacramento.
6. **Disbursement:** Funding shall be dispersed upon the appropriate building permit approval, the closing of all other funding sources, and upon satisfaction of all conditions set forth in the loan documents.
7. **Project Bid:** Prior to disbursement of the loan, CADA shall be given a copy of the chosen contractors' project bids.

8. **Use of Funds:** The loan shall be used for the construction and permanent financing of 2000 16<sup>th</sup> Street, an affordable housing project consisting of at least 134 new affordable apartment units and approximately 2500 square feet of ground floor commercial uses. The project will include income restrictions to 100% of the units with income levels between 30% or less of the AMI and 80% or less of the AMI.

**LOAN TERMS**

9. **Maximum Loan Amount:** \$4,000,000.00
10. **Loan Interest:** To be determined
11. **Term:** 55 years from receipt of Certificate of Occupancy.
12. **Fees:** No fees
13. **Payment:** Annual Payments of principal and interest commencing in the 15th year after the Project receives its Certificate of Occupancy in an amount to be determined based on a percentage of Residual Cash Flow receipts for the preceding calendar year.
14. **Prepayment Penalty:** None

SECURITY: The Loan shall be evidenced by a promissory note secured by a deed of trust with assignment of rents against the Borrower's interest in the Property, which shall be a lien upon the Property subject to liens senior to CADA's lien securing loans for the construction and development of the Project. **This Commitment does not contain all of the terms and provisions that will be included in the final loan documents and the final terms and conditions of this loan, if granted, shall be governed by the executed loan documents.**

Sincerely,

Danielle Foster  
CADA Executive Director

UNDERSTOOD AND AGREED TO:

-----, LP

By: \_\_\_\_\_  
Name:  
Title:  
Dated: \_\_\_\_\_



February 15, 2024

**TO:** Capitol Area Development Authority (CADA) Board of Directors  
Capitol Area Community Development Corporation (CACDC) Board of Directors

**SUBJECT: February 23, 2024 Board Meeting  
AGENDA ITEM 8  
THE TERRACES (1609 O STREET) CAPITOL AREA DEVELOPMENT  
AUTHORITY (CADA) AND CAPITOL AREA COMMUNITY DEVELOPMENT  
CORPORATION (CACDC) ADMINISTRATIVE SERVICES AGREEMENT**

**CONTACT:** Danielle Foster, Executive Director [CADA]/President [CACDC]

**RECOMMENDED ACTIONS:**

CADA Staff is recommending the CADA Board approve the attached resolution (Attachment 1), authorizing the Executive Director, or her designee, to execute the Administrative Services Agreement for the Terraces (Attachment 3).

CACDC Staff is recommending the CACDC Board approve the attached resolution (Attachment 2), authorizing the President, or her designee, to execute the Administrative Services Agreement for the Terraces (Attachment 3).

**BACKGROUND**

For the last few years, CADA has been working with the 16<sup>th</sup> and O Street Limited Partners to identify options for the sale and/or debt structuring of the Terraces at Capitol Park. Through those conversations, CADA completed its due diligence to determine that acquisition of the property improvements and lease for the Terraces aligns with the needs and objectives of all parties, including the Sacramento Housing and Redevelopment Agency (SHRA) and Tax Credit Allocation Committee (TCAC), as the partnering public agencies who wanted to ensure diligent maintenance and operations of this 60-unit affordable housing development. Subsequent to Board action in October 2023, CADA closed escrow on purchase of the Terraces at Capitol Park and became the owner December 26, 2023. The project was originally built in 1992 and primarily serves senior residents at 55 years or older. This site provides 296 square-foot studio units at very-low income (40% of Area Median Income) rents within CADA’s Capitol Project Area.

Remaining debt on the property is comprised of a SHRA loan of approximately \$1,351,071 in principle with over \$1,200,000 of interest accrued. The loan came due in June and CADA staff has been working with SHRA on the process for assuming the loan and requesting loan restructuring to gain interest forgiveness from the City Council once the property transfer occurs. While CADA intends to fully repay the principle of this loan, SHRA is currently processing forgiveness of the interest through the necessary approval bodies, including the Sacramento Housing and Redevelopment Commission at their February 21, 2024 meeting and the City Council, acting as the Housing Authority Board at their March 12, 2024 meeting.

The property under The Terraces is owned by the State of California and leased to CADA at no cost. The site is zoned R-5 (multi-family residential) and is approximately 25,600 square feet. Overall that property displays normal wear and tear and has been kept up well. There was dry rot on the facade of the improvements that was repaired by the owners over the summer and is no longer of issue in the transaction.

## **ANALYSIS**

As part of the transaction on this property, TCAC had to review the purchase and approve CADA as the acquiring party. TCAC originally provided tax credits to this project and while the initial 15-year tax credit period has expired, the 55-year compliance period for the regulatory agreement is still active. In TCAC's review of this transaction, they wanted to ensure the inclusion of an entity with tax credit experience in the administration of the property and fulfillment of the necessary maintenance and monitoring of the housing units.

The CACDC has experience with tax credit projects through its ownership participation as Managing Partner at Sonrisa and as General Partner at ARY Place, both with CFY and tax credit investors. This experience complies with the requirements of TCAC and ensures ability to comply with their regulatory agreement. In order to access the experience of the CACDC for administrative services to CADA in the maintenance and monitoring of the Terraces, the agreement must be formalized through an Administrative Services Agreement (Attachment 3) that outlines the services and payment terms. The contract does not have an expiration, since CADA will want to partner with the CACDC on this work for the foreseeable future. The contract can be cancelled, if necessary.

## **FINANCIAL IMPACT**

The Administrative Agreement includes an annual payment of \$2,100 from CADA to the CACDC for their services, with a 3% annual escalator. This is consistent with monitoring fees that are typically charged by CADA and other local public agencies.

## **POLICY**

Maintenance of this housing through a direct ownership interest supports CADA's work in building and serving a vibrant Capitol Neighborhood. Having a variety of housing types and affordability levels within the Downtown benefits the commercial and residential stability of downtown and furthers the community health by broadening the available range of household types and income levels that the housing is able to serve.

## **STRATEGIC PLAN**

This project uplifts the following values of the CADA Strategic Plan: accountability, particularly related to our commitment to excellence in property management, and customer service, for both the provision of quality spaces for our residents and being responsive to our public partner's needs, in this case with TCAC.

## **ENVIRONMENTAL IMPACT**

This action is exempt under the California Environmental Quality Act (CEQA) as it does not constitute a project and involves only the execution of an agreement.

## **CONTRACT AWARD CONSIDERATIONS**

Not applicable.

Attachments:

1. CADA Resolution 24-11
2. CACDC Resolution 24-02
3. The Terraces at Capitol Park CACDC and CADA Administrative Services Agreement



**RESOLUTION NO. 24 – 11**

February 23, 2024

Adopted by the Capitol Area Development Authority

**RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE  
AN ADMINISTRATIVE SERVICES AGREEMENT WITH THE CAPITOL AREA COMMUNITY  
DEVELOPMENT CORPORATION FOR THE 60-UNIT  
TERRACES AT CAPITOL PARK DEVELOPMENT AT 1609 O STREET**

**WHEREAS**, the development at 1609 O Street is comprised of 59 affordable housing units and one manager’s unit that are still subject to a regulatory agreement with the State Tax Credit Allocation Committee (TCAC);

**WHEREAS**, the Capitol Area Community Development Corporation (CACDC) has tax credit program experience with TCAC through its development and ownership participation at Sonrisa Apartments and ARY Place Apartments;

**WHEREAS**, as part of CADA’s acquisition of the Terraces, TCAC reviewed the transaction and added a condition that the CACDC participate in the administration of the project, including compliance with TCAC requirements; and

**WHEREAS**, CADA and the CACDC have negotiated an Administrative Services Agreement to formalize the services to be provided by the CACDC.

**NOW, THEREFORE, BE IT RESOLVED**, by the Board of Directors of the Capitol Area Development Authority that the Executive Director of CADA, or her designee, is authorized to execute the attached Administrative Services Agreement for the Terraces at Capitol Park with the Capitol Area Community Development Corporation.

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Ann Bailey, Chair

ATTEST:

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Tara Gandara  
Secretary to the Board of Directors

Attachments:  
The Terraces CADA and CACDC Administrative Services Agreement



**RESOLUTION NO. 24 – 02**

February 23, 2024

Adopted by the Capitol Area Community Development Corporation

**RESOLUTION AUTHORIZING THE PRESIDENT TO EXECUTE  
AN ADMINISTRATIVE SERVICES AGREEMENT WITH THE CAPITOL AREA DEVELOPMENT  
AUTHORITY FOR THE 60-UNIT  
TERRACES AT CAPITOL PARK DEVELOPMENT AT 1609 O STREET**

**WHEREAS**, the development at 1609 O Street is comprised of 59 affordable housing units and one manager’s unit that are still subject to a regulatory agreement with the State Tax Credit Allocation Committee (TCAC);

**WHEREAS**, the Capitol Area Community Development Corporation (CACDC) has tax credit program experience with TCAC through its development and ownership participation at Sonrisa Apartments and ARY Place Apartments;

**WHEREAS**, as part of CADA’s acquisition of the Terraces, TCAC reviewed the transaction and added a condition that the CACDC participate in the administration of the project, including compliance with TCAC requirements; and

**WHEREAS**, the CADA and the CACDC have negotiated an Administrative Services Agreement to formalize the services to be provided by the CACDC.

**NOW, THEREFORE, BE IT RESOLVED**, by the Board of Directors of the Capitol Area Community Development Corporation that the President of the CACDC, or her designee, is authorized to execute the attached Administrative Services Agreement for the Terraces at Capitol Park with the Capitol Area Development Authority.

\_\_\_\_\_  
Ann Bailey, Chair

ATTEST:

\_\_\_\_\_  
Tara Gandara  
Secretary to the Board of Directors

Attachments:  
The Terraces CADA and CACDC Administrative Services Agreement

**AGREEMENT TO PROVIDE MANAGEMENT AND ADMINISTRATIVE SERVICES  
FOR THE TERRACES AT CAPITOL PARK**

THIS AGREEMENT TO PROVIDE MANAGEMENT AND ADMINISTRATIVE SERVICES (the “**Agreement**”) is entered into as of \_\_\_\_\_, 2024 between Capitol Area Development Authority, a California Joint Powers Authority (“**CADA**”) and the Capitol Area Community Development Corporation, a California non-profit public benefit corporation (“**CACDC**”).

WHEREAS, CADA owns certain real property located at 1609-1623 O Street in the City of Sacramento, California (the "Terraces", or the "Property"), consisting of 60 residential units affordable to and occupied by households of lower incomes;

WHEREAS, CACDC has experience providing management and administrative services for residential projects that have received federal and/or state tax credits and as a result are required to comply with the laws and regulations governing tax credit financed projects; and

WHEREAS, CADA desires to contract with CACDC to provide such services to the Terraces.

NOW THEREFORE the Parties hereby agree as follows:

1. Term of the Agreement. The term of this Agreement commences on the date first written above and will continue until terminated as provided for herein.

2. Services.

(a) During the Term, CACDC shall provide to CADA the services described in Exhibit A. CACDC shall provide the services at the time, place, and in the manner specified in Exhibit A. CACDC shall not be compensated for services outside the scope of Exhibit A (“Additional Services”) unless prior to the commencement of such services: (a) CACDC notifies CADA in writing and CADA agrees that such services are outside the scope of Exhibit A; (b) CACDC estimates the additional compensation required for these additional services; (c) CADA, after receipt of such notice, approves in writing the Additional Services and amount of additional compensation; and (d) this Agreement is amended to include the Additional Services and compensation.

(b) CACDC may, in the proper and reasonable exercise of its management authority, delegate certain of its powers, rights, and obligations to persons under CACDC's supervision, to perform such acts or services for CADA as CACDC may approve, provided, however that such delegation shall not excuse CACDC from overseeing and supervising on an ongoing basis the activities being delegated (the "Delegated Duties").

(c) CACDC shall, at all times, maintain sufficient records to demonstrate to the BOE, other federal, state or local government agencies, and CADA that it is actually supervising the performance of the Services required under this Agreement, including without limitation any Delegated Duties, and upon the request of such agencies, shall promptly deliver copies of all such records requested to the California Board of Equalization ("BOE") and CADA or such other government agencies as the case may be in order to qualify for and maintain the tax exemption.

(d) Except for Delegated Duties, CACDC shall be solely responsible for performing and keeping records as to the performance of the substantial management duties

identified in Exhibit A hereof. If a subsequent Delegation of Duties is made, the parties agree to sign an amendment or a letter agreement in the form approved by the BOE.

3. Payment. CADA shall pay CACDC for services rendered pursuant to this Agreement at the payment rate set forth in Exhibit B, unless pursuant to Paragraph 1, above, CACDC approves compensation for Additional Services. CACDC shall submit an annual invoice to CADA in the manner specified by CADA.

4. Facilities, Supplies and Equipment. If required by Exhibit C, CACDC shall, at its sole cost and expense, furnish all facilities, supplies and equipment, which may be required for furnishing services pursuant to this Agreement.

5. General Provisions. The general provisions set forth in Exhibit D are part of this Agreement. In the event of any conflict between the general provisions and any other terms or conditions of this Agreement, such other terms or conditions shall control over the general provisions.

6. Authority. Each of the signatories to this Agreement represent that they are authorized to sign the Agreement on behalf of such Party, all approvals and consents which must be obtained to bind such Party have been obtained, and no further approvals, acts or consents are required to bind such Party to this Agreement.

7. Exhibits. All exhibits referred to herein are attached hereto and are by this reference incorporated as if set forth fully herein.

8. Governing Law. This Agreement, and the rights of the Parties hereunder, shall be governed by and constructed in accordance with the laws of the State of California.

(Signatures on Next Page)

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

**CAPITAL AREA DEVELOPMENT AUTHORITY,**  
a California Joint Powers Authority

By: \_\_\_\_\_  
Its: President

Approved as to form:

\_\_\_\_\_  
Its: General Counsel

**CAPITOL AREA COMMUNITY DEVELOPMENT CORPORATION,**  
a California non-profit public benefit corporation

By: \_\_\_\_\_  
Its: President

Approved as to form:

\_\_\_\_\_  
Its: General Counsel

## Exhibit A

### CACDC SERVICES

A. CACDC shall perform, supervise, and/or train CADA in the following management duties:

- (i) Maintain and repair the Property, or if such duties are delegated to a property management agent, participate in the hiring and overseeing the work of such agent.
- (ii) Participate in hiring and overseeing the work of all persons necessary to provide services for the management and operation of the Property;
- (iii) Enforce all contracts related to management and operation of the Property;
- (v) Prepare or cause to be prepared all reports to be provided to lenders or governmental entities regarding the operations of the Project;
- (vii) Monitor compliance with all government regulations and files or supervises the filing of all required documents with government agencies; and
- (xii) Ensure that charitable services or benefits, such as transportation, meals, and linkages to health and/or social services are provided or information regarding charitable services or benefits are made available to the tenants of the Property.

B. Annually conduct a physical inspection of the Property to ensure that it is being used as low-income housing and meets all of the requirements set forth in BOE Regulation 140; and

C. Annually submit a certification to the county assessor for the county in which the Property is located that the Property meets all of the requirements set forth in BOE Regulation 140.

## EXHIBIT B

### Payment

Contract Fee*	\$2,100 per year, with 3% increases annually
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\*Additional services will be paid for at an hourly rate, or based on a mutually agreed upon fee by both parties.

**EXHIBIT C**

**FACILITIES, SUPPLIES AND EQUIPMENT**

CACDC will not furnish any facilities, supplies or equipment for this Agreement.



## EXHIBIT D

### GENERAL PROVISIONS

1. **No Joint Venture.** This Agreement does not create a joint venture, partnership, or any other legal relationship of association among the Parties. Each Party is an independent legal entity and is not acting as an agent of the other Party in any respect.
2. **CACDC Authority to Act on Behalf of CADA.** Except as CADA may specify in writing, CACDC and CACDC's personnel shall have no authority, express or implied, to act on behalf of CADA in any capacity whatsoever as an agent.
3. **Independent Contractor.**
  - A. It is understood and agreed that CADA and CACDC are independent contractors and that no relationship of employer-employee exists between the Parties hereto for any purpose whatsoever. CADA is not required to make any deductions or withholdings for employee taxes or benefits from the compensation payable to CACDC under the provisions of this Agreement. As an independent contractor, CACDC hereby agrees to indemnify and hold CADA harmless from any and all claims that may be made against CADA based upon any contention by any of CACDC's employees or by any third party, including but not limited to any state or federal agency, that an employer-employee relationship or a substitute therefore exists between the Parties for any purpose whatsoever by reason of this Agreement or by reason of the nature and/or performance of any services under this Agreement.
  - B. It is further understood and agreed by the Parties hereto that CACDC, in the performance of its obligations hereunder, is subject to the control and direction of CADA as to the designation of tasks to be performed and the results to be accomplished by the services agreed to be rendered and performed under this Agreement, but not as to the means, methods, or sequence used by CACDC for accomplishing such results. To the extent that CACDC obtains permission to, and does, use CADA's facilities, space, equipment or support services in the performance of the services under this Agreement, this use shall be at CACDC's sole discretion based on CACDC's determination that such use will promote CADA's efficiency and effectiveness.
  - C. If, in the performance of this Agreement, any third persons are employed by CACDC, such persons shall be entirely and exclusively under the direction, supervision, and control of CACDC. Except as may be specifically provided elsewhere in this Agreement, all terms of employment, including hours, wages, working conditions, discipline, hiring, and discharging, or any other terms of employment or requirements of law, shall be determined by CACDC. It is further understood and agreed that CACDC shall issue W-2 or 1099 Forms for income and employment tax purposes, for all of CACDC's assigned personnel and subcontractors.
  - D. Nothing in this Agreement shall be construed as to create an exclusive relationship between CACDC and CADA for the services to be provided. CACDC and CADA may each independently represent, perform services for, or be employed by such additional persons or companies as each Party sees fit, provided that there is no conflict with the performance of services or the obligations of the Parties hereunder.

4. **Standard of Performance.** If CACDC assigns employees or contractors to perform services under this Agreement who are not CACDC employees, CACDC shall assign only competent personnel to perform said services pursuant to this Agreement.
5. **Time.** CACDC shall devote such time to the performance of services pursuant to this Agreement as may be reasonably necessary for satisfactory performance of CACDC's obligations under this Agreement. Neither Party shall be considered in default of this Agreement, nor be entitled to additional compensation, to the extent performance is prevented or delayed by any cause, present or future, which is beyond the reasonable control of the party.
6. **Assignment Prohibited.** No Party to this Agreement may assign any right or obligation pursuant to this Agreement except as otherwise expressly provided in this Agreement. Any attempt or purported assignment of any right or obligation pursuant to this Agreement shall be void and of no effect.
7. **Termination.** CADA and CACDC shall have the right to terminate this Agreement at any time by giving not less than Fifteen (15) days' notice of such termination to the other party. If CADA gives such notice of termination, CACDC shall immediately cease rendering services pursuant to this Agreement.
8. **Indemnity.** CACDC shall indemnify, defend and save harmless CADA, the State of California and the City of Sacramento, and their officials, officers and employees, and each and every one of them, from and against all actions, damages, costs, liability, claims, losses, judgments, penalties and expenses of every type and description, including, but not limited to, any fees and/or costs reasonably incurred by CADA's staff attorneys or outside attorneys and any fees and expenses incurred in enforcing this provision (hereafter collectively referred to as "liabilities"), to which any or all of them may be subjected, for death, personal injury or damage to real or personal property resulting from any negligent act or omission or willful misconduct of CACDC, its officers, employees, subcontractors or agents in connection with the performance or nonperformance of services by CACDC employees on behalf of CADA under this Agreement, whether or not CADA, its officers or employees reviewed, accepted or approved any service or work product performed or provided by CACDC employees, and whether or not such liabilities are litigated, settled or reduced to judgment.

CACDC shall, upon CADA's request, defend at CACDC's sole cost any action, claim or suit or portion thereof which asserts or alleges any such liabilities, whether well founded or not and whether or not such action, claim or suit also asserts or alleges negligent or wrongful conduct by CADA, its officers or employees, so long as the action, claim or suit alleges negligence or misconduct by a CACDC officer or employee. If a final decision or judgment allocates liability by determining that any portion of damages awarded is attributable to the CADA's negligence or willful misconduct separate and apart from any act or omission by a CACDC officer or employee, CAS shall pay the portion of damages which is allocated to the CADA's acts, negligence or willful misconduct. As used herein, the phrase "negligence or willful misconduct" shall not include the passive negligence of the CADA, its officers or employees in reviewing, accepting or approving any service or work product performed or provided by CACDC employees.

- 9. Severability.** If any portion of this Agreement or the application thereof to any person or circumstance shall be held invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and shall be enforced to the greatest extent permitted by law.
- 10. Waiver.** No waiver of any provision of this Agreement shall be effective unless it is in writing and signed by a duly authorized representative of the Party against whom enforcement of a waiver is sought. No waiver of any right or remedy in respect of any occurrence or event shall be deemed a waiver of any right or remedy in respect of any other occurrence or event. Failure by either Party to complain of any action or non-action on the part of the other Party or to declare the other in default, irrespective of how long such failure may continue, shall not be deemed to be a waiver of any rights hereunder.
- 11. No Third-Party Beneficiaries.** Nothing contained herein is intended, nor shall this Agreement be construed, as an agreement to benefit any third parties.
- 12. Ambiguities.** This Agreement shall be construed as a whole according to its fair language and common meaning to achieve its objectives and purposes. Captions on sections are provided for convenience only and shall not be deemed to limit, amend or affect the meaning of the provision to which they pertain, and shall be disregarded in the construction and interpretation of this Agreement. The Parties have each carefully reviewed this Agreement and have agreed to each term hereof. No ambiguity shall be presumed to be construed against either Party.
- 13. Entire Agreement.** This document, including all Exhibits, contains the entire agreement between the Parties and supersedes whatever oral or written understanding they may have had prior to the execution of this Agreement. No alteration to the terms of this Agreement shall be valid unless approved in writing by CADA and CACDC.



February 20, 2024

**TO:** CADA Board of Directors

**SUBJECT: February 23, 2023, Board Meeting  
AGENDA ITEM 9  
FY 2023-2024 ABATEMENT CONTRACT**

**CONTACT PERSON:** Russ Juneau, Facilities Maintenance Manager  
Frank Czajka, Construction & Rehabilitation Manager  
Tara Gandara, Contracts & Office Manager/Board Secretary

**RECOMMENDATION:**

Staff recommends the Board adopt a resolution (Attachment 3) authorizing the Executive Director, or her designee, to award the FY 2023-2024 Abatement contract to ATI Restoration, LLC in an amount not-to-exceed \$326,522.88 for toxic abatement at various locations with an option to renew for two (2) one-year periods, for the same average monthly amount of \$27,210.24.

**BACKGROUND**

Over the past several years, the class B and C segment of the multifamily rental market has emphasized upgrades to apartment finishes. This has included a shift to LVP (luxury vinyl plank) flooring and new baseboards throughout the apartment, quartz countertops, and improved cabinets. To remain competitive and to continue to reinvest in the quality of our housing stock, CADA has shifted towards replacing carpet in CADA apartments' bedrooms and VCT (vinyl composite tile)/tile flooring in bathrooms with LVP and upgraded baseboards. At the same time, where necessary and as appropriate, staff is upgrading kitchen cabinets and countertops. These products are longer lasting and will also result in lower costs and less waste over time.

During the course of performing this work, CADA has encountered potential asbestos-containing materials in and below many of the floors that are covered with VCT. This has required testing and abatement where asbestos has been found, often at significant cost and in excess of the budget CADA had set aside at fiscal year start for asbestos abatement. CADA has responded by limiting VCT replacement only to kitchens and bathrooms where the VCT is obviously in need of replacement due to age or where so many layers of VCT have been laid down over the years that laying down another layer is inadvisable. However, this adjustment will not be enough to mitigate an increase in asbestos abatement costs.

Since the shift to these finishes, monthly abatement costs have varied based on the number and age of units being turned and the design and finishes specifications of each unit. With the age of CADA's housing stock and the range of unit layouts and finishes, this cost fluctuates. In some months zero units require abatement, while in other months abatement is required in 9-12 units. When CADA was seeing months with higher costs, staff and the flooring contractor identified ways to avoid abatement when the flooring is low enough to just receive the vinyl plank on top rather than require full removal of the underlying flooring with asbestos. Based on this shift and

abatement experience since the finishes change in September, staff has seen an average of 8 units requiring asbestos abatement each month, with each unit typically requiring one to three workdays, or up to 24 work hours for abatement.

CADA awarded a contract to ATI Restoration, LLC on July 1, 2022 in the amount of \$21,926.80 for FY Toxic Abatement. On July 1, 2023 the contract was increased to \$30,000 by way of the Board's annual contract extension approval. On December 8, 2023 the contract was increased to \$72,000 to fund additional work between then and March 1, 2024 based on the increased need for these services and the pending bid process.

Staff now brings a new formally-bid contract to the Board for approval of a contract to start March 1, 2024. Staff issued a request for bids on February 6, 2024. ATI Restoration, LLC (ATI) was the only responsive bid with a quoted hourly rate of \$141.72 for asbestos abatement. Using the information above, that on average, eight units per month require abatement and that a typical unit requires 24 hours of work time, the estimated monthly cost with ATI's hourly rate is \$27,210.24. Staff is requesting four months of this rate for the remainder of the year, at \$108,840.96 and authority to utilize this bid for an annual contract renewal with ATI Restoration, LLC of \$326,522.88. These are not-to-exceed amounts. Actual charges will be based on staff, the flooring vendor and the asbestos testing vendor all determining the need for abatement prior to ATI Restoration being called in for the work. This will ensure checks and balances on when funds are used.

### **POLICY**

This item comes before the Board because the contract amount will exceed the Executive Director's \$50,000 contract approval authority.

### **STRATEGIC PLAN**

The proposed action addresses the following 2016-2021 CADA Strategic Plan goals: "Provide Superior Property Management."

### **FINANCIAL IMPACTS**

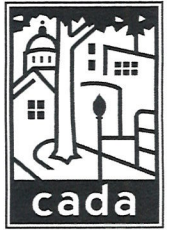
The proposed not-to-exceed contract amount of \$326,522.88 (approximately \$27,210.24 monthly) is projected to cover the regular services requested during the year. While this is the total annual contract amount, the current fiscal impact to CADA for the remaining term of this contract, March 1, 2024 through June 30th, 2024, will be \$108,840.96, based on the monthly rate. The current budget will cover these expenses.

### **ENVIRONMENTAL ISSUES**

This item does not require CEQA review or certification as it is not considered a project under CEQA.

Attachments:

1. Bid Tabulation Form
2. Resolution 24-12: Authorization of Contract with ATI Restoration, LLC



CAPITOL AREA DEVELOPMENT AUTHORITY — Bids Received

Project: FY Abatement – Various Locations, Sacramento – FY 2023-2024

Bid Opening: Tuesday, February @ 10:00 a.m. @ 1522 14<sup>th</sup> Street, Sacramento

	Name of Company	Bid
1.	Cal Inc	\$67,101
2.	Jm Environmental Inc	\$39,600
3.	ATI Restoration LLC	\$22,675.68
4.	West Coast Environmental	\$14,400
5.	PARC Environmental	\$27,200
6.		
7.		
8.		
9.		
10.		

N/R

N/R

~~N/R~~ ~~\$14,400~~  
FD

N/R

N/R

Verified: 2/20/24  
Date

Jack McClencher  
Signature

[Signature]  
Signature

→ N/R = Non-Responsive

**RESOLUTION NO. 24 – 12**

Adopted by the Capitol Area Development Authority

February 23, 2024

**RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO  
ENTER INTO A MAINTENANCE CONTRACT FOR FY ABATEMENT  
WITH ATI RESTORATION, LLC**

**WHEREAS**, in July 2022 the Executive Director entered into a \$21,926.80 contract with ATI Restoration, LLC for FY Toxic Abatement;

**WHEREAS**, in July 2023 the Executive Director entered into an annual extension to the original contract with an increase to \$30,000;

**WHEREAS**, in December 2023 the Board approved the Executive Director to enter into a change order in the amount of \$42,000;

**WHEREAS**, CADA conducted a formal bid process for the new FY Abatement contract for various locations for the remainder of Fiscal Year 2023-2024 through Fiscal Year 2025-2026;

**WHEREAS**, ATI Restoration, LLC was the only responsive, responsible bidder with a quoted hourly rate of \$141.72 for asbestos abatement and has confirmed with CADA its interest in being awarded the contract and completing the work; and

**WHEREAS**, this contract is necessary to carry out the work ATI bid on, as well as to perform additional asbestos remediation that will be required as part of CADA's program to update and make its apartments competitive in the current market.

**NOW, THEREFORE, BE IT RESOLVED**, by the Capitol Area Development Authority Board of Directors that the Executive Director, or her designee, is hereby authorized, on behalf of the Authority, to enter into an annual contract with ATI Restoration, LLC in the amount of \$326,522.88, with an average monthly rate of \$27,210.24.

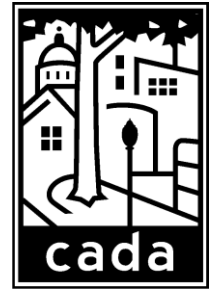
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Ann Bailey, Chair

ATTEST:

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Tara Gandara  
Secretary to the Board of Directors



February 15, 2024

**TO:** CADA Board of Directors

**SUBJECT: February 23, 2024, Board Meeting  
AGENDA ITEM 10  
AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CHANGE  
ORDER FOR THE UNIVERSAL WINDOW CLEANING CONTRACT C23-023**

**CONTACT PERSON:** Russ Juneau, Facilities Maintenance Manager  
Frank Czajka, Construction & Rehabilitation Manager

**RECOMMENDATION:**

Staff recommends the Board adopt a resolution that authorizes the Executive Director to enter into a change order with Universal Window Cleaning, Inc. in the amount of \$13,000 for FY Window/Awning Cleaning and Pressure Washing.

**BACKGROUND**

In June 2022, CADA awarded a maintenance contract to Universal Window Cleaning, Inc. in the amount of \$49,900 for FY Window/Awning Cleaning and Pressure Washing. Universal originally bid \$64,040, however, due to COVID, CADA limited Universal's scope so the budget for this contract was lowered to \$49,500. The contract included one annual extension, to cover services through June 30, 2023. Because the vendor had performed satisfactorily, CADA in July 2023 extended the contract for FY 23-24.

In the current fiscal year, Maintenance has asked Universal to resume full cleaning of CADA's buildings, requiring more work than can be done within a \$49,500 budget. For this reason, a change order in the amount of \$13,000 is needed at this time to cover the additional work and expenses Universal has incurred since its contract was extended in July.

**POLICY**

This item comes before the Board because, with the requested change order, the current contract amounts will either exceed the \$50,000 contract amount or exceed the 10% or \$25,000 change order approval authority of the Executive Director. Staff is requesting that the Board approve a resolution authorizing the Executive Director to enter into the change order.

**STRATEGIC PLAN**

The proposed action addresses the following 2022-2026 CADA Strategic Plan goal: "Provide Superior Property Management."



## **FINANCIAL IMPACTS**

The total contract amount for the contract, including the addition of the requested \$13,000 for additional work, is \$62,900, slightly under the original bid amount of \$64,040 from 2022. There are funds available to cover this adjustment in the FY 2023-24 Maintenance budget.

## **ENVIRONMENTAL ISSUES**

This item does not require CEQA review or certification.

Attachments:

1. Resolution 24-14

**RESOLUTION NO. 24 – 14**

Adopted by the Capitol Area Development Authority

February 23, 2024

**RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO  
ENTER INTO A CHANGE ORDER FOR THE UNIVERSAL WINDOW  
CLEANING CONTRACT C23-023**

**WHEREAS**, in July 2022 CADA entered into a maintenance contract with Universal Window Cleaning, Inc. in the amount of \$49,900 for FY Window/Awning Cleaning and Pressure Washing for FY 2022-2023; and

**WHEREAS**, in July 2023 CADA entered into an annual extension with Universal Window Cleaning, Inc. in the amount of \$49,900 for FY Window/Awning Cleaning and Pressure Washing for FY 2023-2024; and

**WHEREAS**, staff is recommending the Board approve a change order in the amount of \$13,000 to pay for additional costs to cover required additional work associated with CADA’s building and grounds maintenance program.

**NOW, THEREFORE, BE IT RESOLVED**, by the Board of Directors of the Capitol Area Development Authority that the Executive Director is authorized to enter into a change order with Universal Window Cleaning, Inc. in the amount of \$13,000 for FY Window/Awning Cleaning and Pressure Washing.

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Ann Bailey, Chair

ATTEST:

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Tara Gandara  
Secretary to the Board of Directors



February 15, 2024

**TO:** CADA Board of Directors

**SUBJECT: February 23, 2024, Board Meeting  
AGENDA ITEM 11  
RATIFICATION OF CHANGE ORDER ON CONTRACT C24-067 – DOS  
AMIGOS CONSTRUCTION AT 1329 O STREET (SOCIETY BISTRO)**

**CONTACT PERSON:** Russ Juneau, Facilities Maintenance Manager  
Frank Czajka, Construction & Rehabilitation Manager

**RECOMMENDATION:**

Staff recommends the Board adopt a resolution authorizing the Executive Director to approve a change order to maintenance contract C24-067 with Dos Amigos Construction in the amount of \$13,056.32 for demolition & site prep for a new commercial tenant.

**BACKGROUND**

In October 2023, a contract was awarded to Dos Amigo Construction in the amount of \$45,680.00 for demolition & site prep for a new commercial tenant. The work included removal and installation of electrical fixtures and lighting, installation of a roll-up glass door, removal of all existing flooring and necessary prep work for installation of new flooring, and upgrading the current HVAC duct work to provide adequate heating and cooling of the new configuration. As the work progressed, additional work was required to satisfactorily bring the site up to the tenant’s specifications. This work requires additional electrical work, plumbing work, ducting, and installation of high-grade epoxy coating to seal the floors. The additional work was deemed necessary and approved by CADA staff.

**POLICY**

This item comes before the Board because with the requested change order to the current contract amount will exceed the \$50,000 contract approval authority of the Executive Director.

**STRATEGIC PLAN**

The proposed action addresses the following 2016-2021 CADA Strategic Plan goals: “Provide Superior Property Management.”

**FINANCIAL IMPACTS**

The contract, with the addition of the requested \$13,056.32 change order, totals \$58,736.32. Work under this contract will be performed using funds allocated in the Capital Investment Program (CIP) budget. The C23 FY 22/23 Major Construction CIP budget, which was adopted by the Board in June 2022, contains a total budget of \$63,000 and can adequately fund this work.

## **ENVIRONMENTAL ISSUES**

This item does not require CEQA review or certification.

## **CONTRACT AWARD POLICY**

This item comes before the Board because, with the requested change order, the current contract amounts will either exceed the \$50,000 contract amount or exceed the 10% or \$25,000 change order approval authority of the Executive Director. Staff is requesting that the Board approve a resolution authorizing the Executive Director to enter into the change order.

Attachments:

1. Resolution 24-15

**RESOLUTION NO. 24 – 15**

Adopted by the Capitol Area Development Authority

February 23, 2024

**RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER  
INTO A CHANGE ORDER FOR MAINTENANCE CONTRACT C24-067**

**WHEREAS**, the Executive Director entered into construction contract with Dos Amigos Construction in the amount of \$45,680 for Demolition and Site Prep.

**WHEREAS**, staff is recommending the Board approve a change order totaling \$13,056.32 to pay for additional costs to cover unanticipated additional work under this contract.

**NOW, THEREFORE, BE IT RESOLVED**, by the Board of Directors of the Capitol Area Development Authority that the Executive Director is authorized to enter into a change order with Dos Amigos Construction in the amount of \$13,056.32 for completion of the Demolition and Site Prep work within Contract C24-067.

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Ann Bailey, Chair

ATTEST:

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Tara Gandara  
Secretary to the Board of Directors



February 15, 2024

**TO:** Capitol Area Community Development Corporation (CACDC) Board of Directors

**SUBJECT: February 23, 2024, Board Meeting  
AGENDA ITEM 12  
ACCEPTING APPOINTMENT TO THE BOARD OF DIRECTORS AND  
APPROVING OFFICERS**

**CONTACT PERSON:** Jill Azevedo, Human Resources & Risk Manager

**RECOMMENDED ACTION:**

Staff recommends the Capitol Area Community Development Corporation (CACDC) Board of Directors adopt the attached resolution indicating acceptance by board members of their appointment, appointing the officers of the CACDC, and establishing the schedule for annual and regular meetings.

**SUMMARY**

The CACDC bylaws require that the CACDC Board of Directors conduct an annual meeting for the purpose of acceptance of appointment to the board and to elect officers. The CACDC is subject to the Ralph M. Brown Act, which requires that the CACDC establish a schedule for regular meetings. These actions are recommended in this report.

**BACKGROUND**

The CACDC was established in 2014 for the purpose of facilitating implementation of the Transition Plan, then under discussion with the State, which would have allowed the Capitol Area Development Authority (CADA) to transition its organizational form from a joint-powers authority to a non-profit organization. While discussions regarding the Transition Plan have terminated, the CACDC has proven to be a useful legal entity for certain actions that benefit the community, the purpose for which the CACDC was established.

On November 25, 2014, the CACDC received a determination of federal tax-exempt status from the IRS and on December 23, 2014, the CACDC received a finding of state tax-exempt status from the California Franchise Tax Board.

The CACDC bylaws specify that the members of the CADA Board of Directors also serve as board members of the CACDC. The bylaws require that the CACDC board members accept their appointment in an annual meeting of the CACDC, and that the board appoint the officers of the CACDC at the same meeting. The annual meeting of the CACDC Board is typically the third Friday in August, however, this meeting is not always held. Further, due to the appointment of Danielle Foster as CADA's new Executive Director in February 2023, the CACDC board last appointed officers at that time. In order to keep on a consistent annual schedule, staff is bringing this item for approval at the February 2024 joint CADA/CACDC board meeting.

The staff recommends that Ann Bailey be appointed as Chair of the CACDC Board of Directors and that Emily Baime Michaels be appointed as Vice Chair of the Board of Directors. Further, the staff recommends that Danielle Foster be appointed as CACDC President, that Marc de la Vergne be

appointed as Vice President, that Noelle Mussen be appointed as Chief Financial Officer, and that Tara Gandara be appointed as Board Secretary.

**FINANCIAL IMPACT**

Not Applicable.

**ENVIRONMENTAL CONSIDERATIONS**

Not Applicable.

**CONTRACT AWARD CONSIDERATIONS**

The proposed action is not subject to the provisions of the CACDC Contract Policy.

Attachment 1: CACDC Resolution 24-03



**RESOLUTION NO. 24 – 03**

Adopted by the Capitol Area Community Development Corporation

February 23, 2024

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE CAPITOL AREA COMMUNITY DEVELOPMENT CORPORATION ACCEPTING APPOINTMENT TO THE BOARD OF DIRECTORS AND APPOINTING OFFICERS**

**WHEREAS**, Section 6.8 of the Bylaws of the Capitol Area Community Development Corporation (“CACDC”) require that the Board of Directors hold an annual meeting for the purpose of accepting their appointment to the Board of Directors and appointing the Officers of CACDC;

**WHEREAS**, Section 6.7 of the Bylaws requires that CACDC comply with the Ralph M. Brown Act (the “Brown Act”, California Government Code Section 54950 *et seq.*); and

**WHEREAS**, the Brown Act requires that CACDC establish a time for holding regular meetings.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Capitol Area Community Development Corporation as follows:

**Section 1. Appointment of Board.** Each of the CACDC Board members accepts their appointment to the CACDC Board.

**Section 2. Appointment of Officers.** The CACDC Board hereby appoints the following persons to hold the following offices: Danielle Foster as President of CACDC; Marc de la Vergne as Vice President of CACDC; Noelle Mussen as Chief Financial Officer of CACDC; and Tara Gandara as Secretary of CACDC. Each of the aforementioned persons accepts their appointment as an officer of CACDC.

The CACDC Board hereby appoints Ann Bailey as the Chair of the CACDC Board and Emily Baime Michaels as the Vice Chair of the CACDC Board. Each of the aforementioned persons accepts their appointment.

**Section 3. Effective Date.** This Resolution shall be effective immediately upon its approval and adoption.

The foregoing Resolution was duly passed and adopted at a meeting of the Board of Directors of the Capitol Area Community Development Corporation held on February 23, 2024, by the following vote:

\_\_\_\_\_  
Ann Bailey, Chair

ATTEST:

\_\_\_\_\_  
Tara Gandara, Secretary



<b>APARTMENT STATUS REPORT (Month-ending January 31, 2024)</b>	<b>Current Month-End</b>	<b>Previous Month-End</b>	<b>Previous Year Month-End</b>	<b>Current Year</b>	<b>Previous Year</b>	<b>Previous Year</b>
<b>CURRENT MONTH STATUS - OCCUPIED UNITS</b>	<b>1/26/24</b>	<b>12/29/23</b>	<b>1/27/23</b>	<b>2024 Monthly Average</b>	<b>2023 Monthly Average</b>	<b>2022 Monthly Average</b>
Total Units	779	779	721	779	769	721
Occupied	707	712	659	707	707	668
Percentage Occupied*	91%	91%	91%	91%	92%	93%
Percentage Leased*	97%	95%	97%	97%	96%	96%
* adjusted for Unrentable units						
<b>CURRENT MONTH STATUS - VACANT UNITS</b>	<b>1/26/24</b>	<b>12/29/23</b>	<b>1/27/23</b>	<b>2024 Monthly Average</b>	<b>2023 Monthly Average</b>	<b>2022 Monthly Average</b>
Vacant	72	67	62	72	62	54
Vacant: Pre-leased Units	10	9	17	10	8	10
Vacant: Unrentable Units (repairs, temp tsf's,etc.)	39	22	20	39	21	14
Vacant: Units Available to Rent	23	36	25	23	33	29
<b>CURRENT MONTH STATUS - ON NOTICE UNITS</b>	<b>1/26/24</b>	<b>12/29/23</b>	<b>1/27/23</b>	<b>2024 Monthly Average</b>	<b>2023 Monthly Average</b>	<b>2022 Monthly Average</b>
On-Notice: Units to vacate within 30 days	10	7	5	10	6	10
On-Notice: Pre-leased Units	0	0	0	0	0	0
On-Notice: Unrentable Units (repairs, etc.)	1	0	0	1	0	1
On Notice: Units Available to Rent	9	7	5	9	6	9
Total Units Available to rent (Vacant & On Notice)	32	43	30	32	38	38
<b>CURRENT MONTH ACTIVITY - TOTAL</b>	<b>1/26/24</b>	<b>12/29/23</b>	<b>1/27/23</b>	<b>2024 YTD</b>	<b>2023 YTD</b>	<b>2022 YTD</b>
# of Move-Outs / % of Total Units	15	9	8	2%	16%	16%
# of Move-Ins / % of Total Units	10	9	9	1%	25%	16%
# of New Rentals	19	21	13	19	204	170
# of 30-Day Notices Received / % of Total Units	18	13	4	2%	17%	18%
# of Units brought to market / % of Move-Outs	8	8	17	53%	97%	94%
# of Rentals Canceled or Denied / % of Rentals	9	4	1	47%	17%	38%
# of Notices Canceled / % of Notices Received	0	0	0	0%	3%	5%
<b>CURRENT MONTH ACTIVITY - MOVE OUT REASONS</b>	<b>1/26/24</b>	<b>12/29/23</b>	<b>1/27/23</b>	<b>2024 YTD %</b>	<b>2023 YTD %</b>	<b>2022 YTD %</b>
Asked to move by CADA	3	1	0	20%	4%	9%
Bought a house	0	0	1	0%	5%	6%
Deceased	0	1	0	0%	4%	10%
Dissatisfied (unable to resolve)	0	0	1	0%	3%	1%
Employment/education related	1	0	1	7%	4%	2%
Financial	1	1	0	7%	7%	4%
Illness/ health/ personal	0	0	1	0%	12%	14%
Moving out of the area	3	1	1	20%	11%	18%
Desire larger/smaller apt or house (incl. change in hh size)	2	1	0	13%	10%	8%
Need amenity not offered / not currently available	0	0	0	0%	0%	1%
Moved with no notice/Unknown	2	0	3	13%	16%	14%
Transferred to another CADA apartment	2	4	0	13%	23%	14%
Other / ("Covid-related" as of Aug 2020)	0	0	0	0%	0%	0%
Unaccounted for (Not incl. in occupancy length) - Adj.	1	0	0	7%	1%	0%
<b>TOTAL</b>	<b>15</b>	<b>9</b>	<b>8</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Average length (years) of Occupancy (YTD):</b>				<b>4.4</b>	<b>4.6</b>	<b>5.0</b>

<b>CADA AFFORDABLE HOUSING STATISTICS: January 31, 2024</b>	<b>CADA Rent-Assisted</b>	<b>Other / Additional Assisted Units</b>	<b>Total Assisted Units</b>	<b>Market-Rate Units</b>	<b>Total Units</b>
<b>Scattered Site Units:</b>	<b>32</b>	<b>51</b>	<b>83</b>	<b>500</b>	<b>583</b>
<b>Special Management Units:</b>	<b>156</b>	<b>0</b>	<b>156</b>	<b>40</b>	<b>196</b>
17th Street Commons	12	0	12	17	29
Somerset Parkside	26	0	26	0	26
Biele Place	34	0	34	1	35
Fremont/Wilshire	12	0	12	20	32
1619 Q Rooming House	15	0	15	1	16
Sonrisa/1322 O St Investors LP	57	0	57	1	58
<b>TOTAL CADA-MANAGED UNITS:</b>	<b>188</b>	<b>51</b>	<b>239</b>	<b>540</b>	<b>779</b>
<b>MANAGED AFFORDABLE/MARKET %:</b>			<b>31%</b>		
<b>CADA-DEVELOPED RENT ASSISTED UNITS</b>	<b>Tax Credit</b>	<b>Other</b>	<b>Total Affordable Units</b>	<b>Market Units</b>	<b>Total Units</b>
Stanford Park Townhomes	0	0	0	50	50
1500 Q Street	0	2	2	4	6
17th & O Streets	0	0	0	3	3
The Terraces	0	60	60	0	60
17th and N Streets	0	0	0	18	18
Delta Victorians	0	0	0	8	8
Wiese Townhomes	0	0	0	3	3
Admail Express Building	0	0	0	7	7
Governor's Terrace	0	0	0	44	44
Somerset Parkside Condominiums	0	0	0	75	75
Saratoga Townhomes	0	0	0	36	36
Fremont Building	0	11	11	58	69
Capitol Park Homes	0	9	9	55	64
Fremont Mews	49	0	49	70	119
Legado de Ravel	0	0	0	84	84
Site 9B Duplex	0	0	0	2	2
Warehouse Artist Lofts (WAL)	0	86	86	30	116
16Powerhouse	0	0	0	50	50
The Eviva	0	0	0	118	118
<b>TOTAL CADA-DEVELOPED UNITS:</b>	<b>49</b>	<b>168</b>	<b>217</b>	<b>715</b>	<b>932</b>
<b>DEVELOPED AFFORDABLE/MARKET%</b>			<b>23%</b>	<b>77%</b>	<b>100%</b>
<b>TOTAL CADA-MANAGED &amp; DEVELOPED AFFORDABLE HOUSING UNITS</b>					
<b>CADA-MANAGED UNITS:</b>	<b>188</b>	<b>51</b>	<b>239</b>	<b>540</b>	<b>779</b>
<b>CADA-DEVELOPED UNITS:</b>	<b>49</b>	<b>168</b>	<b>217</b>	<b>715</b>	<b>932</b>
<b>TOTAL CADA UNITS:</b>	<b>237</b>	<b>219</b>	<b>456</b>	<b>1255</b>	<b>1711</b>
<b>TOTAL AFFORDABLE/MARKET%</b>			<b>26.65%</b>	<b>73%</b>	<b>100%</b>

**CAPITOL AREA DEVELOPMENT AUTHORITY**

**Commercial Listings (Current Vacancies)**

**February 2024**

**Address:** **1329-31 O Street**  
 Current Tenant: Society Bistro  
 Square Feet: 1,842

CADA has completed all its planned tenant improvements except final installation of the roll-up door on O Street and installation of the new flooring material. The door itself has been installed and requires only the installation of exterior door trim. Floor surface preparation for application of an epoxy finish is nearly finished. The tenant's tenant improvements are underway. The tenant is securing County health department final review of her proposed tenant improvements.

**Address:** **1413-15 16<sup>th</sup> Street**  
 Current Tenant: Simon's Bar and Grill

Staff continues to explore options for this space. One option still under consideration is to lease the space to a new business that has been incubated by The Alchemist Community Development Corporation and is ready to start operations on its own. Lease discussions are continuing. Staff have installed a plywood barrier in the entrance alcove to provide increased security and prevent unhoused individuals from camping there. Staff is seeking contractor estimates to remove various unneeded items from the interior. Staff is preparing a list of tenant improvements which CADA would undertake in preparation for tenant's own improvements.

**Address:** **1520 16<sup>th</sup> Street, Suite D**  
 Current Tenant: Former University of Beer Business Office

University of Beer's business office ceased operations and vacated its space at the end of November. The space is suitable for use as a small office. Staff have begun showing the space to potential professional office users.

**Capitol Area Development Authority  
CADA Neighborhood Incident Report  
January 2024:**

**Residential break-ins, vandalism, theft, disturbances:**

- **1/3/24:** 1616 O St: Courtesy patrol found an individual loitering on the property. Patrol advised the individual that he needed to leave the property which he did without incident.
- **1/3/24:** 1506 13<sup>th</sup> St: Courtesy patrol found an individual sleeping on the property. Patrol advised the individual to leave the property which he did without incident.
- **1/5/24:** 1421 15<sup>th</sup> St: Courtesy patrol reported break in to mailboxes. New boxes are on order.
- **1/6/24:** 17<sup>th</sup> St Commons: Courtesy patrol received a call regarding a suspicious person on the property. Patrol arrived and searched the property but did not find anyone.
- **1/9/24:** 1421 15<sup>th</sup> St: Courtesy patrol received a call regarding an individual loitering on the property and playing loud music. Patrol arrived and informed the individual they needed to leave the property which he did without incident.
- **1/10/24:** 1512 13<sup>th</sup> St: Courtesy patrol found an individual sleeping on the property. Patrol requested the individual leave the property which she did without incident.
- **1/10/24:** 1517 12<sup>th</sup> St: Courtesy patrol found an individual sleeping in the carport. Patrol requested the individual leave the property which he did without incident.
- **1/12/24:** 1215 P St: Courtesy patrol found an individual sleeping in the carport. Patrol asked the individual to leave the property which he did without incident.
- **1/18/24:** 1201 P St: Courtesy patrol found an individual sleeping in the carport. Patrol requested the individual leave the property which he did after about half an hour.
- **1/22/24:** 1412 & ½ 16<sup>th</sup> St: Courtesy patrol found an individual sleeping in the doorway. Patrol asked the individual to leave the property. After some arguing, the man left the property.
- **1/22/24:** 1619 Q St: Courtesy patrol found a vehicle with the window broken. Resident advised to do an online police report and courtesy patrol to perform additional checks.
- **1/25/24:** 1522 N St: Courtesy patrol found an individual in the trash area. Patrol requested the individual leave the property which he did without incident.
- **1/26/24:** 1400 O St: Courtesy patrol found an individual sleeping in the carport. The individual left the property without incident when patrol requested him to.

**Commercial break in's, vandalism, theft, disturbances:**

**Recap of Phone Calls to Lyons Security Service during the month of Jan., 2024:**

There were 16 calls during the month of January, as follows:

- 5 calls were to report noise.
- 3 calls were to report someone loitering on a property.
- 1 call was to report a suspicious person on a property.
- 4 calls were to report someone sleeping on a property.
- 1 call was to report someone going through a dumpster.
- 1 call was to report a mailbox had been broken into.
- 1 call was to report a vehicle had been vandalized.

CAPITOL AREA DEVELOPMENT AUTHORITY

FY 2023 - 2024

Contract Log as of 2/14/2024

Item 14 (F)



DATE	CONTRACT NUMBER	Type of Service	CONTRACTOR	PROJECT	LOCATION	AMOUNT	ACCOUNT
12/14/2023	C24-077	Major Const	Air Cool Heating & Cooling, Inc.	HVAC	1317 O Street	\$88,940.00	10-C22-5820-C223-12-015.7
12/14/2023	C24-078	Major Const	August-Jaye Construction	Windows	1201 P Street; 1517 12th Street; 1521 12th Street; 1420 O Street	\$165,500.00	10-C22-5820-C222-22-008.5 (\$25,800); 10-C23-5820-C222-24-008.5 (\$31,000); 10-C23-5820-C222-23-008.5 (\$23,100); 10-C24-5820-C226-07-008.5 (\$85,600)
1/23/2024	C24-082	Admin-Misc	Ilena Finocchi	CNRA Mural Concept Sketch	715 P Street	\$500.00	10-D23-4775-D700-00
1/23/2024	C24-083	Maintenance	Clark Roofing, Inc.	Tile Roof Repair	1510 O Street	\$2,000.00	10-C24-5820-C232-18C-007.3
1/24/2024	C24-084	Maintenance	Dos Amigos Construction (Dos Amigos Design Industries/Jacob Senna)	Electrical Work for Building Front Lighting	1412 16th Street	\$980.00	10-003-5287-B333-412
2/8/2024	C24-085	Maintenance	Air Cool Heating & Cooling, Inc.	Electrical Upgrade	1317 O Street	\$13,500.00	10-C22-5820-C223-12-016.00
2/8/2024	C24-086	Maintenance	Irish Iron	Fence/Gate Fabrication/Installation	1500 15th Street	\$13,000.00	10-C24-5820-C226-08-002.10
2/8/2024	C24-087	Admin-Misc	Ilena Finocchi	CNRA Mural and Animation	715 P Street	\$10,500.00	10-D23-4775-D700-00
2/8/2024	C24-088	Maintenance	Dos Amigos Construction (Dos Amigos Design Industries/Jacob Senna)	Awning Removal	1415 16th Street & 1616 N Street	\$4,500.00	10-003-5287-B333-413 & 10-C22-5820-C234-24-010.10
2/9/2024	C24-089	Maintenance	Irish Iron	Fence/Gate Fabrication/Installation	1326 P Street, 1500 N Street, & 1412 16th Street	\$13,000.00	10-C23-5820-C888-88-019.3



February 14, 2024

**TO:** CADA Board of Directors

**SUBJECT:** **February 23, 2024, Board Meeting**  
**AGENDA ITEM 14 - TRANSMITTALS**  
**(G) FINANCIAL REPORT FOR THE PERIOD ENDING JANUARY 31, 2024**

**CONTACT PERSON:** Noelle Mussen, Finance Director

Enclosed, for the seven months ending January 31, 2024, is the General Operations financial report.

**Financial Results**

	<b>Annual Budget</b>	<b>YTD Budget</b>	<b>YTD Actual</b>	<b>Fav(Unfav) Variance</b>
<b>GENERAL OPERATIONS (All Funds)</b>				
Funding Sources	\$ 17,867,850	\$ 5,893,922	\$ 6,677,038	\$ 783,116
Operations Expenses	(16,560,799)	(9,491,932)	(8,905,092)	586,840
Operating results	1,307,051	(3,598,010)	(2,228,054)	1,369,956
Investment in Capital Investment Program	(1,306,122)	-	-	-
Utilization of Financial Resources	-	-	-	-
- Available Fund Balance	-	-	-	-
- Contribution to Available Fund Balance	(929)	-	-	-
Total Utilization of Financial Resources	(929)	-	-	-
<b>Net Results</b>	<b>-</b>	<b>\$ (3,598,010)</b>	<b>\$ (2,228,054)</b>	<b>\$ 1,369,956</b>

**GENERAL OPERATIONS (Attachment A)**

The results of General Operations through January 31, 2024 (Attachment A) show favorable budget variances totaling \$1,369,956, consisting of \$783,116 in favorable variances in funding sources and \$586,840 in favorable variances in Operations expenses.

General Operations Funding Sources reflects a net favorable variance of \$783,116. All Rental Revenue accounts are over budget by \$240,000, the rental concession accounts for Vacancy Loss and Low-Income Subsidy over budget by \$(200,000), offset by Loss to Lease under budget by \$64,000 for a total favorable variance within the rental income accounts of \$104,000. Additionally, the overall favorable variance is increased by favorable variance in Investment Income of \$318,000, and a favorable variance of \$356,000 in Tax Increment following receipt of a supplement payment in August 2023. The remaining accounts offset the variance for net unfavorable variance of \$(53,000).

General Operations Operating Expenses increase the overall favorable variance by \$586,840. All major categories reflect favorable variances, with the exception of Debt Services. The overall favorable variance and individual account variances, including Debt Service is mostly due to the timing of expenses within each category.

Financial Report Enclosures:  
Attachment A

General Operation – all funds

Capitol Area Development Authority (CADA)  
 General Operations - Consolidated  
 From 7/1/2023 Through 1/31/2024

Attachment A

	Budget-Annual	YTD Budget	YTD Year Actual	YTD Variance
<b>FUNDING SOURCES of General Operations</b>				
<b>Rental Income</b>				
Parking	312,700.00	182,406.00	195,189.00	12,783.00
Ground Lease Revenue	156,000.00	91,000.00	149,989.00	58,989.00
Residential Rental Revenue	11,730,500.00	6,842,787.00	6,950,279.00	107,492.00
Commercial Rental Revenue	515,000.00	300,419.00	362,722.00	62,303.00
Coin Op Laundry Revenue	36,300.00	21,175.00	18,882.00	(2,293.00)
Rental Vacancy Loss	(1,135,000.00)	(662,081.00)	(851,085.00)	(189,004.00)
Low Income Subsidy	(789,500.00)	(460,537.00)	(471,478.00)	(10,941.00)
Loss to Lease	(1,606,800.00)	(937,307.00)	(873,108.00)	64,199.00
Forfeited Security Deposits	2,100.00	1,225.00	35.00	(1,190.00)
Bad Debt Recovery	500.00	294.00	-	(294.00)
Misc Current Svcs - Mgmt Fees	115,460.00	67,354.00	84,754.00	17,400.00
Misc Current Svcs - Salaries	157,490.00	91,875.00	130,716.00	38,841.00
Misc Current Svcs - Mait	-	-	2,884.00	2,884.00
<b>Total Rental Income</b>	<b>9,494,750.00</b>	<b>5,538,610.00</b>	<b>5,699,779.00</b>	<b>161,169.00</b>
<b>Tax Increment Revenue</b>				
Tax Increment Revenue	7,670,000.00	-	356,727.00	356,727.00
<b>Total Tax Increment Revenue</b>	<b>7,670,000.00</b>	<b>-</b>	<b>356,727.00</b>	<b>356,727.00</b>
<b>Interest and Other Investment Income</b>				
Interest Income on Investments with City	322,000.00	161,004.00	273,859.00	112,855.00
Interest Income-Reserve Allocation	(2,000.00)	-	-	-
Interest Income - Pool A Tax Exempt	-	-	518.00	518.00
Interest Income - Pool A Taxable Bond	350,000.00	175,002.00	380,231.00	205,229.00
<b>Total Interest and Other Investment Income</b>	<b>670,000.00</b>	<b>336,006.00</b>	<b>654,608.00</b>	<b>318,602.00</b>
<b>Miscellaneous Revenue</b>				
Miscellaneous Income	33,100.00	19,306.00	32,191.00	12,885.00
Allowance for Uncollectibles	-	-	(66,267.00)	(66,267.00)
<b>Total Miscellaneous Revenue</b>	<b>33,100.00</b>	<b>19,306.00</b>	<b>(34,076.00)</b>	<b>(53,382.00)</b>
<b>Total FUNDING SOURCES of General Operations</b>	<b>17,867,850.00</b>	<b>5,893,922.00</b>	<b>6,677,038.00</b>	<b>783,116.00</b>
<b>General Operations EXPENSE</b>				
<b>Employee Services &amp; Benefits</b>				
Special Management Salaries	(184,886.00)	(107,856.00)	(107,856.00)	-
Salaries	(3,157,000.00)	(1,841,581.00)	(1,806,525.00)	35,056.00
Employee Recognition	(37,000.00)	(21,581.00)	(18,038.00)	3,543.00
Social Security/Medicare	(46,900.00)	(27,363.00)	(27,412.00)	(49.00)
Cafeteria Plan	(522,000.00)	(304,507.00)	(287,726.00)	16,781.00
Long Term Disability	(34,000.00)	(19,824.00)	(17,851.00)	1,973.00
State Unemployment	(11,000.00)	(6,412.00)	(6,378.00)	34.00
Workers Compensation	(86,500.00)	(50,456.00)	(43,005.00)	7,451.00
Life & AD&D Insurance	(13,200.00)	(7,707.00)	(7,957.00)	(250.00)
PERS Retirement	(773,000.00)	(617,868.00)	(566,046.00)	51,822.00
Post Retirement Health Benefit Contributions	(210,000.00)	-	-	-
Retiree Health Benefits	(215,000.00)	(125,419.00)	(120,235.00)	5,184.00
Employee Assist Program (EAP)	(2,350.00)	(1,372.00)	(823.00)	549.00
<b>Total Employee Services &amp; Benefits</b>	<b>(5,292,836.00)</b>	<b>(3,131,946.00)</b>	<b>(3,009,852.00)</b>	<b>122,094.00</b>
<b>Outside Services</b>				
Prop Mgmt Marketing - Sp Mgmt Credit	3,928.00	2,296.00	2,296.00	-
Marketing & Media	(25,000.00)	(14,581.00)	(3,577.00)	11,004.00
Property Management Marketing	(16,928.00)	(9,877.00)	-	9,877.00
Printing and Binding	(2,000.00)	(1,169.00)	(191.00)	978.00
Employment Recruitment & Notices	(5,000.00)	(2,919.00)	(2,679.00)	240.00
Legal Services	(184,919.00)	(92,454.00)	(158,408.00)	(65,954.00)
Accounting and Auditing	(55,450.00)	(25,450.00)	(16,500.00)	8,950.00
Community Activities	(80,000.00)	(46,669.00)	(21,137.00)	25,532.00



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Document Storage & Destruction	(2,000.00)	(1,169.00)	(666.00)	503.00
Network Administration Services	(98,000.00)	(57,169.00)	(39,579.00)	17,590.00
Payroll Services	(15,000.00)	(8,750.00)	(8,480.00)	270.00
Banking & Investment Fees	(13,110.00)	(8,110.00)	(4,434.00)	3,676.00
Admin Other Professional Services	(87,500.00)	(59,375.00)	(1,850.00)	57,525.00
Prop Mgmt Other Professional Services	(131,000.00)	(76,419.00)	(102,892.00)	(26,473.00)
Asset Mgmt Other Professional Services	(72,000.00)	(42,007.00)	(10,890.00)	31,117.00
Courtesy Patrol	(142,424.00)	(83,083.00)	(76,650.00)	6,433.00
Courtesy Patrol-Sp Mgmt Credit	17,424.00	10,164.00	2,500.00	(7,664.00)
Insurance - Special Management	(141,500.00)	(141,500.00)	(142,865.00)	(1,365.00)
Insurance	(713,000.00)	(713,000.00)	(649,292.00)	63,708.00
Self-Insured Losses	(75,000.00)	(43,757.00)	(916.00)	42,841.00
Project Banking Fees	(21,000.00)	(12,750.00)	(2,750.00)	10,000.00
Admin Temporary Outside Svcs	(20,000.00)	(11,669.00)	(93,077.00)	(81,408.00)
Temporary Outside Services	(140,000.00)	(140,000.00)	(76,448.00)	63,552.00
Eng/Arch-Miscellaneous	(39,000.00)	(22,750.00)	(9,590.00)	13,160.00
Legal - Dev Project Related	(30,000.00)	(15,000.00)	(12,154.00)	2,846.00
D&A Other Professional Services	(14,000.00)	(8,169.00)	(5,300.00)	2,869.00
<b>Total Outside Services</b>	<b>(2,102,479.00)</b>	<b>(1,625,336.00)</b>	<b>(1,435,529.00)</b>	<b>189,807.00</b>
<b>Maintenance &amp; Repair</b>				
Emerg Relocation-Ops Related	(20,000.00)	(11,669.00)	(13,497.00)	(1,828.00)
Operation Location Improvements	(5,000.00)	(2,916.00)	-	2,916.00
Admin Office - General Maintenance	(34,200.00)	(19,950.00)	(20,229.00)	(279.00)
Maint Office Janitorial	(11,000.00)	(6,419.00)	(7,429.00)	(1,010.00)
Maint Office - General Maintenance	(10,000.00)	(5,831.00)	(6,352.00)	(521.00)
Equipment Rental Expense	(5,000.00)	(2,919.00)	(885.00)	2,034.00
Construction Mitigation Expense	(8,000.00)	(4,669.00)	-	4,669.00
Repair & Maint - Misc	(177,000.00)	(103,243.00)	(79,053.00)	24,190.00
Landscape-Sp Mgmt Credit	20,415.00	11,914.00	11,914.00	-
Travel-Fuel on CADA Vehicles	(19,000.00)	(11,081.00)	(11,072.00)	9.00
Travel-Maint Staff Reimburse	(14,000.00)	(8,169.00)	(5,286.00)	2,883.00
Travel-RSR Reimbursement	(2,000.00)	(1,169.00)	(223.00)	946.00
Elevator/Bldg Phone & Monitor Service	(6,000.00)	(3,500.00)	(2,377.00)	1,123.00
Service Contracts	(444,650.00)	(259,378.00)	(203,636.00)	55,742.00
State Fire Marshal	(50,000.00)	(29,169.00)	-	29,169.00
Flooring	(361,000.00)	(210,588.00)	(250,542.00)	(39,954.00)
Plumbing	(8,800.00)	(5,131.00)	(7,007.00)	(1,876.00)
Countertops/Cabinets	(87,500.00)	(51,044.00)	(92,671.00)	(41,627.00)
Landscaping	(265,825.00)	(155,064.00)	(180,899.00)	(25,835.00)
Pest Services	(45,700.00)	(26,656.00)	(20,728.00)	5,928.00
Permits and Fees	(4,500.00)	(2,625.00)	-	2,625.00
Painting & Decorating	(165,200.00)	(96,360.00)	(106,869.00)	(10,509.00)
Supplies	(21,050.00)	(12,278.00)	(5,634.00)	6,644.00
Vehicle Repair and Maint	(10,000.00)	(5,831.00)	(6,033.00)	(202.00)
Prop Mgmt Furn & Appliances	(116,500.00)	(67,963.00)	(97,949.00)	(29,986.00)
Building Supplies - Misc	(351,500.00)	(205,037.00)	(175,525.00)	29,512.00
Clothing and Uniforms	(5,500.00)	(3,206.00)	(2,973.00)	233.00
Maintenance Mach & Equip	(58,000.00)	(33,831.00)	(15,732.00)	18,099.00
Operating Budget Major Repairs	(15,000.00)	(8,750.00)	-	8,750.00
<b>Total Maintenance &amp; Repair</b>	<b>(2,301,510.00)</b>	<b>(1,342,532.00)</b>	<b>(1,300,687.00)</b>	<b>41,845.00</b>
<b>Utilities</b>				
Admin Office Utilities	(28,000.00)	(16,331.00)	(12,886.00)	3,445.00
Maint Office Utilities	(55,000.00)	(32,081.00)	(20,032.00)	12,049.00
Utilities-Garbage	(153,500.00)	(76,746.00)	(76,604.00)	142.00
Utilities-SMUD/Electricity	(152,000.00)	(76,002.00)	(79,621.00)	(3,619.00)
Utilities-PG&E/Gas	(418,800.00)	(209,394.00)	(117,685.00)	91,709.00
Utilities-Water/Sewer	(588,000.00)	(294,000.00)	(199,209.00)	94,791.00
<b>Total Utilities</b>	<b>(1,395,300.00)</b>	<b>(704,554.00)</b>	<b>(506,037.00)</b>	<b>198,517.00</b>

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Overhead				
Postage and Deliveries	(5,000.00)	(2,919.00)	(315.00)	2,604.00
Telephone and Wireless Svcs	(25,000.00)	(14,581.00)	(8,362.00)	6,219.00
Cellular Phone Service	(45,000.00)	(26,250.00)	(25,317.00)	933.00
Internet Services	(56,000.00)	(32,669.00)	(14,674.00)	17,995.00
Admin Bldg Rent	(107,000.00)	(62,419.00)	(51,420.00)	10,999.00
Maint. Bldg Rent	(42,600.00)	(24,850.00)	-	24,850.00
Leased Facilities Rent	(24,000.00)	(14,000.00)	(30,000.00)	(16,000.00)
Equipment Rental Expense	(2,500.00)	(1,456.00)	(982.00)	474.00
Parking Program	(1,500.00)	(875.00)	(78.00)	797.00
JPA Board Expenses	(37,000.00)	(34,081.00)	(15,821.00)	18,260.00
Professional Organizations	(15,000.00)	(8,750.00)	(2,979.00)	5,771.00
Subscriptions	(2,000.00)	(1,169.00)	-	1,169.00
Education and Training	(24,000.00)	(14,000.00)	(7,702.00)	6,298.00
Management Fee	(115,460.00)	(67,354.00)	(67,354.00)	-
Transportation-Admin Staff	(2,500.00)	(1,456.00)	(1,476.00)	(20.00)
Resident Relations	(10,021.00)	(5,838.00)	(4,289.00)	1,549.00
Sp Mgmt Prop Taxes, Taxes & Assessments	(13,000.00)	(10,118.00)	(4,747.00)	5,371.00
Property Taxes & Assessments	(122,100.00)	(122,100.00)	(89,922.00)	32,178.00
Hospitality	(1,500.00)	(875.00)	-	875.00
Office Supplies - General	(15,000.00)	(8,750.00)	(5,763.00)	2,987.00
Software	(81,500.00)	(47,544.00)	(54,011.00)	(6,467.00)
Computer Hardware	(50,000.00)	(29,169.00)	(27,516.00)	1,653.00
Admin Furn Mach & Equip	(16,000.00)	(9,331.00)	(532.00)	8,799.00
Safety - General Admin	(20,500.00)	(11,956.00)	(2,921.00)	9,035.00
Office Equipment leases	(27,000.00)	(15,750.00)	(15,724.00)	26.00
<b>Total Overhead</b>	<b>(861,181.00)</b>	<b>(568,260.00)</b>	<b>(431,905.00)</b>	<b>136,355.00</b>
Debt Service				
Debt Service Principal Paid	(220,100.00)	(177,563.00)	(191,498.00)	(13,935.00)
Debt Interest Paid	(62,462.00)	(42,576.00)	(38,950.00)	3,626.00
Bond Debt Svc-Principal Pd	(1,340,090.00)	(1,269,190.00)	(1,339,964.00)	(70,774.00)
Bond Interest Paid	(1,245,860.00)	(629,975.00)	(650,670.00)	(20,695.00)
Tax Increment Pledge	(300,000.00)	-	-	-
<b>Total Debt Service</b>	<b>(3,168,512.00)</b>	<b>(2,119,304.00)</b>	<b>(2,221,082.00)</b>	<b>(101,778.00)</b>
Contributions to Reserves				
Development Reserve Contribution	(997,798.00)	-	-	-
Affordable Housing Reserve Contribution	(336,300.00)	-	-	-
Equipment Replace Reserve Contribution	(104,883.00)	-	-	-
<b>Total Contributions to Reserves</b>	<b>(1,438,981.00)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total General Operations EXPENSE</b>	<b>(16,560,799.00)</b>	<b>(9,491,932.00)</b>	<b>(8,905,092.00)</b>	<b>586,840.00</b>
Inter-Fund Operation TRANSFERS				
Inter-Fund Operating TRANSFERS IN				
Operations Transfer from F 50-CAP Tax Incr	1,871,570.00	-	-	-
Operations Transfer from F 51-CAP Set-Aside	496,600.00	-	-	-
Operations Transfer from F60-RSt TI	230,000.00	-	-	-
Operations Transfer from F67 - Bond Interest	350,000.00	-	-	-
<b>Total Inter-Fund Operating TRANSFERS IN</b>	<b>2,948,170.00</b>	<b>-</b>	<b>-</b>	<b>-</b>
Inter-Fund Operating TRANSFERS OUT				
Operations Transfer to F10-General	(2,948,170.00)	-	-	-
<b>Total Inter-Fund Operating TRANSFERS OUT</b>	<b>(2,948,170.00)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Inter-Fund Operation TRANSFERS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>OPERATING RESULTS, before Capital Investment Program</b>	<b>1,307,051.00</b>	<b>(3,598,010.00)</b>	<b>(2,228,054.00)</b>	<b>1,369,956.00</b>

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CAPITAL INVESTMENT PROGRAM				
Investment in MAJOR CONSTRUCTION Program				
CIP Transfer to F10-General	(1,115,620.00)	-	-	-
CIP Transfer to F38 - 17th St. Commons	(11,000.00)	-	-	-
Total Investment in MAJOR CONSTRUCTION Program	(1,126,620.00)	-	-	-
Investment in DEVELOPMENT Program				
Dev Program TF to F 10 - General	(179,502.00)	-	-	-
Total Investment in DEVELOPMENT Program	(179,502.00)	-	-	-
Total CAPITAL INVESTMENT PROGRAM	(1,306,122.00)	-	-	-
UTILIZATION OF FINANCIAL RESOURCES				
Contribution to Available Fund Balance	(929.00)	-	-	-
Total UTILIZATION OF FINANCIAL RESOURCES	(929.00)	-	-	-
NET RESULTS OF GENERAL OPERATIONS	-	(3,489,684.00)	(2,389,283.00)	1,100,401.00