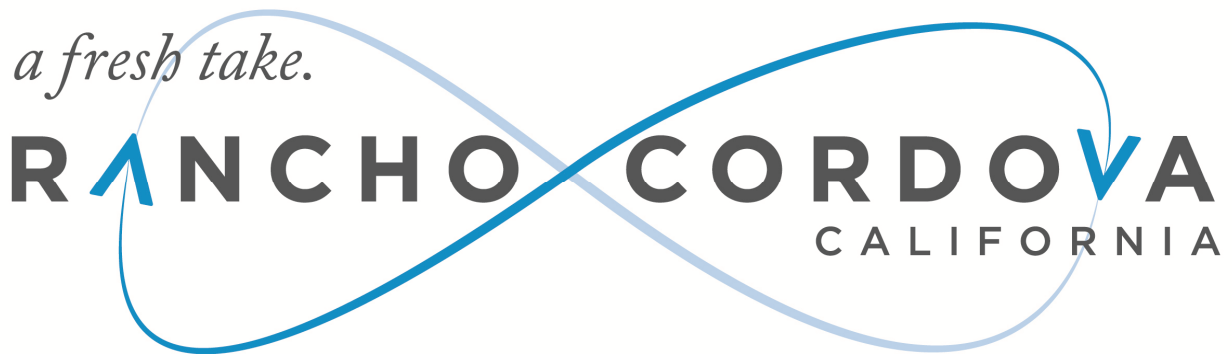


CITY OF RANCHO CORDOVA



CONCURRENT MEETING CITY COUNCIL/SUCCESSOR AGENCY TO THE CRA/RCFC

Monday, April 06, 2015

5:30 PM – Regular Meeting

AGENDA

Robert J. McGarvey, Mayor

David Sander, Vice Mayor

Donald Terry, Council Member

Linda Budge, Council Member

Dan Skoglund, Council Member

CITY OF RANCHO CORDOVA



CONCURRENT MEETING CITY COUNCIL/SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY (CRA)/RANCHO CORDOVA FINANCING CORPORATION (RCFC)

City Hall
2729 Prospect Park Drive, Rancho Cordova

Monday, April 06, 2015

5:30 PM – Regular Meeting
David B. Roberts Council Chambers

AGENDA

1. REGULAR MEETING - CALL TO ORDER / ROLL CALL

Council Members Budge, Sander, Skoglund, Terry and Mayor McGarvey.

2. METRO CABLE TV TELEVISION ANNOUNCEMENT

The Clerk will announce the meetings video recording and playback schedules.

3. PLEDGE OF ALLEGIANCE

The Mayor will call on Cub Scout Pack 28 to lead the Pledge.

4. INVOCATION

Aaron Brackney from First Covenant Church will give the invocation.

5. PRESENTATIONS

- 5.1 Presentation of Proclamation for the 25th Annual Creek Week in Sacramento County Given to Cub Scout Pack 28.
- 5.2 Certificate of Recognition from the Mayor to the New Army Enlistees of Rancho Cordova.

- 5.3 Introduction of New City Employee, Steve Harriman, Public Works Division Manager - Maintenance and Operations, Given by Cyrus Abhar, Public Works Director.

6. PUBLIC COMMENT

Citizens wishing to address the Council for any matter on the Consent Calendar or not on the agenda may do so at this time by completing and submitting a Speaker Card to the City Clerk. For items on the agenda, speakers will be called up to the podium by the Mayor at the point on the agenda when the item will be heard. Speakers are encouraged to keep comments to three minutes or less and to state name and community of residence.

Under the provisions of the California Government Code, the City Council is prohibited from discussing or taking immediate action on any unagendized item unless it can be demonstrated to be of an emergency nature or the need to take immediate action arose after the posting of the agenda.

7. COUNCIL REPORTS

8. CONSENT CALENDAR ITEMS - ROLL CALL VOTE

- 8.1 **Subject:** Meeting Minutes of February 25, 2015 Special City Council Meeting/Town Hall Meeting, March 12, 2015 Special City Council Meeting/Closed Session, March 16, 2015 Regular City Council Meeting, March 17, 2015 Special City Council Meeting/Town Hall Meeting, March 25, 2015 Special City Council Meeting/Town Hall Meeting, March 27, 2015 Special City Council Meeting/Town Hall Meeting and March 30, 2015 Special City Council Meeting/Town Hall Meeting.
Recommendation: Adopt minutes.
- 8.2 **Subject:** Second Reading of Ordinance No. 5-2015, Adopting a First Amendment to the Development Agreement for the Capital Village Special Planning Area.
Recommendation: Waive the second reading and adopt Ordinance No. 5-2015.
Result of Recommended Action: Adopting this Ordinance will extend the current timing requirement for the Capital Village Special Planning Area Development Agreement (DA) by an additional 10 year term. While a majority of the special planning area is developed, this time extension is needed to ensure consistent financial mechanisms are in place to complete the remaining development.
Staff Report: Matthew Diaz, Associate Planner.
Advances Goal: 2.
- 8.3 **Subject:** Resolution Authorizing the City Manager to Execute a Contract Amendment No. 29-2013-3 for On-Call Professional Services with Mark Thomas & Company Inc., to Increase the Contract Amount from \$500,000 to \$600,000 to Accommodate the Engineering Design Services for the Folsom Boulevard Streetscape Enhancement Project Phase IV.
Recommendation: Adopt Resolution No. 42-2015.
Result of Recommended Action: Adoption of this resolution will authorize the City Manager to execute contract amendment no. 29-2013-3 for on-call professional services with Mark Thomas & Company Inc., which will increase the contract amount from \$500,000 to \$600,000 to accommodate the engineering design services for the Folsom Boulevard Streetscape Enhancement Project Phase IV.

Staff Report: Cyrus Abhar, Public Works Director and Kathy Garcia, Senior Civil Engineer.

Advances Goals: 1, 2, 5.

8.4 **Subject:** 2014 General Plan Annual Report.

Recommendation: Receive the 2014 General Plan Annual Report as required by State law.

Result of Recommended Action: By receiving this report, the City Council is satisfying its statutory obligation under State law. No further action is required on the part of the City Council. The purpose of the report is to provide an annual accounting of implementation of the General Plan.

Staff Report: Matthew Diaz, Associate Planner.

8.5 **Subject:** Resolution Authorizing the City Manager to Execute Amendment No. 66-2012-3 to the Memorandum of Understanding for Probation Services Between the City and the County of Sacramento in the Amount of \$156,507 Annually.

Recommendation: Adopt Resolution No. 38-2015.

Result of Recommended Action: Adoption of this resolution will allow the City to extend for one year the contract with the Sacramento County Probation Department to provide the services of two Probation Officers (POs) to the City of Rancho Cordova to act as liaisons between these agencies and to coordinate with other agencies and community-based organizations as part of the Rancho Cordova Community Alliance project.

Staff Report: Kerry Simpson, Neighborhood Services Division.

Advances Goals: 1, 2, 3, 5.

8.6 **Subject:** Resolution Authorizing the City Manager to Execute Contract Amendment No. 66-2014-1 with Interwest Consulting Group to Provide Additional On-Call GIS Services for the Public Works Department.

Recommendation: Adopt Resolution No. 39-2015.

Result of Recommended Action: Adoption of this resolution will authorize the City Manager to execute contract amendment no. 66-2014-1 for on-call professional services with Interwest Consulting Group that will increase the multi-year contract amount from \$300,000 to \$425,000 to accommodate additional GIS services needed for administration of the Stormwater Quality Program.

Staff Report: Cyrus Abhar, Public Works Director and Britton Snipes, Senior Civil Engineer.

Advances Goal: 5.

8.7 **Subject:** A Resolution of the City Council of the City of Rancho Cordova Making Certain Findings and Determinations Related to, and Accepting, the FY 2013-14 Development Impact Fee Report for the AB1600 Development Fees.

Recommendation: Adopt Resolution No. 33-2015.

Result of Recommended Action: Adoption of this resolution approves the annual Development Impact Fee Report prepared in accordance with California Government Code Section 66000, et seq. and ensures the City remains in compliance with AB1600 reporting requirements. Ongoing compliance means that the City can continue to collect fees from developers to ensure that new development is providing new infrastructure or funds to ensure that their impact upon the existing city is funded by the development, not by existing residents.

Staff Report: Michelle Mingay, Sr. Finance Analyst.

Advances Goal: 6.

- 8.8 **Subject:** Resolution Authorizing the City Manager to Execute Contract Change Order No. 1 for the Amount of \$90, 135 with Tennyson Electric Inc., for Coloma Road Traffic Signal Interconnect and Aramon Drive/Stударus Drive and Coloma Road. Traffic Signal Improvement Project and Authorizing the City Manager to Approve Potential Future Change Orders up to a Maximum of \$95,000.

Recommendation: Adopt Resolution No. 40-2015.

Result of Recommended Action: Adoption of this resolution will authorize the City Manager to execute Contract Change Order (CCO's) No. 1 with Tennyson Electric Inc., to increase the current contract amount from \$845,835 to \$935,970 for the construction of the Coloma Road Traffic Signal Interconnect and Aramon Drive/Stударus Drive and Coloma Road Traffic Signal Improvement Project.

This resolution will also authorize the City Manager to approve potential future CCO's up to a maximum of \$95,000.

Staff Report: Cyrus Abhar, Public Works Director and Chris Boyer, Associate Civil Engineer.

Advances Goal: 5.

- 8.9 **Subject:** Resolution No. 43-2015 Approving Subdivision No. RC-04-123.4, Final Map of Capital Village Phase IV and Execute Subdivision Improvement Agreement.

Recommendation: Adopt Resolution No. 43-2015.

Result of Recommended Action: Approval of this recommended action will result in the city entering into a Subdivision Improvement Agreement (Exhibit A), guaranteeing the construction of public roads and utilities with Beazer Homes Holdings., a Delaware Corporation and the recording of the final subdivision map creating 122 new residentially zoned lots.

Staff Report: Cyrus Abhar, Public Works Director.

Advances Goals: 1, 2.

- 8.10 **Subject:** Inter-fund Loan Agreement Between the General Fund and the Local Housing Trust Fund.

Recommendation: Adopt Resolution No. 46-2015 that approves an inter-fund loan agreement between the General Fund and the Local Housing Trust Fund.

Result of Recommended Action: Approval of the Inter-fund Loan Agreement will create a binding commitment on the future revenues of the Local Housing Trust Fund to repay funds fronted by the General Fund that will be used in the development of the Mather Veterans Village and Horizons @ New Rancho affordable housing developments. It will also set a limit on the amount to be loaned to the Local Housing Trust Fund, and will dedicate any revenues to that fund to be used exclusively for the repayment of the loan.

Staff Report: Donna Silva, Chief Financial Officer and Jessica Hayes, Housing and Neighborhood Development Analyst.

Advances Goals: 1,2,5.

9. CONSENT PUBLIC HEARING ITEMS - ROLL CALL VOTE

- 9.1 **Subject:** Resolutions Amending and Declaring Election Results for Sunridge North Douglas Community Facilities District No. 2005-1.

Recommendation:

Staff recommends Council adopt the following resolutions:

1. Resolution of Amendment of Authorized Bonded Indebtedness, Appropriations Limits, Special Tax Formula and Authorized Facilities for Sunridge North Douglas

Community Facilities District No. 2005-1, and Authorizing the Submitting of Amendments to Qualified Electors. (Resolution No. 34-2015)

2. Resolution Declaring Results of Election for Amendment of Authorized Bonded Indebtedness, Appropriations Limits, Special Tax Formula, Determining Validity of Prior Proceedings, and Directing Recording of Amended Special Tax Lien for Sunridge North Douglas Community Facilities District No. 2005-1. (Resolution No. 35-2015).

3. Waive first reading and introduce Ordinance No. 6-2015 Levying Special Taxes within Sunridge North Douglas Community Facilities District No. 2005-1 and Rescinding Ordinance No. 26-2005.

4. Resolution approving the First Amendment to the Funding, Construction and Acquisition Agreement in connection with Sunridge North Douglas Community Facilities District No. 2005-1. (Resolution No. 36-2015)

Result of Recommended Action: Adoption of these Resolutions will complete the amendment process for the Sunridge North Douglas Community Facilities District No. 2005-1 (the "CFD") and authorize a landowner vote which, if successfully passed, approves the Thirty Five Million Dollars (\$35,000,000) Authorized Bonded Indebtedness, Appropriations Limit and the Amended and Restated Rate and Method of Apportionment. The Bond proceeds will be used to finance the acquisition and construction of public facilities and/or the payment of certain fees for development of Sunridge North Douglas, a 663 single family residential community.

Staff Report: Michelle Mingay, Sr. Finance Analyst.

Advances Goal: 5.

- 9.2 **Subject:** Bradshaw Business Park Tentative Parcel Map; Project No. DD8558 – Located at 9778, 9792, 9800, 9816 Business Park Drive.

Recommendation: Adopt the Resolution No. 44-2015.

Result of Recommended Action: Adoption of Resolution No. 44-2015 would approve the applicant's request for a commercial subdivision to divide one existing parcel totaling 5.65 acres into four new parcels with sizes ranging from 1.08 acres to 1.74 acres. Each new parcel would contain one commercial building per parcel and will continue to have cross access, shared parking, and joint landscaped areas.

Staff Report: Matthew Diaz, Associate Planner.

Advances Goals: 1, 2, 6.

10. PUBLIC HEARING ITEMS

- 10.1 **Subject:** Clear Channel Outdoor Digital Freeway Sign Conditional Use Permit and Operating Agreement; Project No. DD8480 – Located at 12137 Folsom Boulevard. Item continued from February 17, 2015 City Council Meeting.

Recommendation: The following recommendations provide the City Council with alternative approaches to address the proposed Digital Freeway Sign application:

1. Consistent with Council direction received on December 15, 2014, adopt Resolution 3-2015 denying the Clear Channel Outdoor Conditional Use Permit and Operating Agreement; OR

2. Consider additional information included within the staff report and the public testimony and provide staff with alternative direction as desired.

Result of Recommended Action: Adoption of the Resolution would deny the Clear Channel Outdoor project. Alternatively, the City Council can provide other direction regarding preparation of alternate Resolutions or conducting additional research to be brought back for consideration in the future.

Staff Report: Jessica Jordan, Principal Planner.

Advances Goals: 1, 6.

- 10.2 **Subject:** Sierra Outdoor/CBS Outdoor Digital Freeway Sign Conditional Use Permit and Operating Agreement; Project No. DD8490 – Located at 12125 Folsom Boulevard. Item continued from February 17, 2015 City Council Meeting.

Recommendation: The following recommendations provide the City Council with alternative approaches to address the proposed Digital Freeway Sign application:

1. Consistent with Council direction received on December 15, 2014, adopt Resolution 4-2015 approving the Sierra Outdoor/Outfront Media Conditional Use Permit and Operating Agreement; OR

2. Consider additional information included within the staff report and the public testimony and provide staff with alternative direction as desired.

Result of Recommended Action: Adoption of the Resolution would allow for Sierra Outdoor/Outfront Media to move forward with project construction. Alternatively, the City Council can provide other direction regarding preparation of alternate resolutions or conducting additional research to be brought back for consideration in the future.

Staff Report: Jessica Jordan, Principal Planner.

Advances Goals: 1, 6.

- 10.3 **Subject:** Douglas 103 Rezone, Large Lot Tentative Subdivision Map, Small Lot Tentative Subdivision Map, Development Agreement Amendment; Project No. DD8502 – Located at the Southeast Corner of Rancho Cordova Parkway and the Future Extension of Americanos Boulevard.

Recommendation: Introduce and waive the first reading of Ordinance No. 7-2015 and adopt Resolution No. 45-2015.

Result of Recommended Action: Approval of the project would allow reconfiguration of the residential subdivision and overall reduction in units from 301 single family lots to 198 single family lots. Additionally, approval of the project would allow for amendments to the previously adopted Development Agreement that updates and clarifies the project's parks and infrastructure requirements. These modifications reflect the recent updates to the City's open space/park standards and Public Works improvement timing and standards.

Staff Report: Matthew Diaz, Associate Planner.

Advances Goals: 1, 2, 6.

11. REGULAR CALENDAR ITEMS

- 11.1 **Subject:** Disposition, Development and Loan Agreement with Veterans Housing Development Corporation for Approval of Permanent Loan Funds and Site Control for Phase 2 of the Mather Veterans' Village Affordable Housing Development for Homeless and Disabled Veterans.

Recommendation: Adopt Resolution No. 37-2015, authorizing the City Manager to execute the Disposition, Development and Loan Agreement (DDLA) and related instruments including permanent and predevelopment loans and site control with Vietnam Veterans of California, Inc., a California nonprofit public benefit corporation dba Veterans Resource Centers of America (VRCA).

Result of Recommended Action: Adoption of this resolution will provide the City Manager authorization to execute the DDLA and related instruments with the Developer of the Mather Veterans Resource Center (Phase 2) component of Mather Veterans' Village. This phase is an affordable, transitional housing development for homeless and disabled veterans. The action will also authorize the commitment of

funds in the form of a permanent, deferred loan for development costs and provides site control necessary for VRCA to apply for Veterans Housing and Homeless Prevention (VHHP) and other related funding.

Staff Report: Reed Flory, Housing Services Administrator, Jessica Hayes, Housing and Neighborhood Development Analyst, and Renee Funston, Housing Intern.

Advances Goals: 1, 2, 3, 5, 6.

11.2 **Subject:** Accounting for Measure H Activity.

Recommendation: Provide direction to staff on the type of fund to create to account for Measure H activities. While either option is feasible, staff recommends Option One. Both options create the transparency and accountability desired by the Council and the Community, but Option One best retains the Council's discretion over the use of Measure H funds.

Result of Recommended Action: Staff will proceed with creating the desired fund type to account for Measure H activities and move any activity previously recorded into the appropriate fund. If Option Two is chosen, staff will return with an ordinance for council consideration.

Staff Report: Donna Silva, Chief Financial Officer.

Advances Goal: 1, 3, 5, and 6.

12. COUNCIL REQUESTS FOR FUTURE AGENDA ITEMS

13. CITY MANAGER'S REPORT

14. ADJOURNMENT

ADDITIONAL INFORMATION

UNLESS THE COUNCIL ADOPTS A MOTION TO EXTEND THE MEETING, ANY ITEM THAT IS NOT INITIATED BEFORE 11:00 PM WILL BE CONTINUED TO THE NEXT DAY AT 5:30 PM OR SCHEDULED ON THE NEXT REGULAR MEETING AGENDA OF THE COUNCIL.

Public documents related to items on the open session portion of this agenda, which are distributed to the City Council less than 72 hours prior to the meeting, shall be available for public inspection at the time the documents are distributed to the Council. Documents are available for inspection at the City Clerk's office located in Rancho Cordova City Hall.

The agenda items are accessible on the City's website at www.cityofranchocordova.org on Thursdays or Fridays prior to the Regular City Council Meeting.

CITYWIDE GOALS - (Adopted March 27, 2012)	
1.	Promote the Positive Image of Rancho Cordova
2.	Ensure a Safe, Inviting and Livable Community
3.	Empower Responsible Citizenship
4.	Establish Logical City Boundaries that Provide Regional Leadership and Address Financial Challenges
5.	Ensure the Availability of the Best Public Services in the Region while Practicing Sound Fiscal Management
6.	Drive Diverse Economic Opportunities

UPCOMING MEETINGS	
<i>Wednesday, April 8, 2015</i>	<i>Town Hall Meetings at City Hall – Community Organizations (10:00 – 11:30 AM) and (6:00 – 7:30 PM)</i>
<i>Tuesday, April 14, 2015</i>	<i>City Council Special Meeting/Work Session (5:30 PM)</i>
<i>Monday, April 20, 2015</i>	<i>CANCELLED: City Council Regular Meeting (5:30 PM)</i>
<i>Monday April 20, 2015</i>	<i>Town Hall Meetings at City Hall – Application Workshops (10:00 AM – 1:30 AM) and (6:00 Pm – 7:30 PM)</i>
<i>Tuesday, April 28, 2015</i>	<i>City Council Special Meeting/Work Session (5:30 PM)</i>
<i>Monday, May 4, 2015</i>	<i>City Council Special Meeting/Study Session (4:00 PM) and Regular Meeting (5:30 PM)</i>

If you have any technical questions related to the agenda items, please contact the appropriate department as follows:

DEPARTMENTAL GENERAL TELEPHONE NUMBERS	
Building and Safety Division	(916) 851-8760
City Attorney's Office	(916) 556-1531
City Clerk's Department	(916) 851-8720
City Manager's Office	(916) 851-8800
Communications Department	(916) 851-8791
Economic Development Department	(916) 851-8780
Finance Department	(916) 851-8730
Housing Division	(916) 851-8784
Human Resources Department	(916) 851-8740
IT Department	(916) 851-8700
Neighborhood Services – Animal Services	(916) 851-8770
Parks & Recreation (Cordova Recreation & Park District)	(916) 362-1841
Planning Department	(916) 851-8750
Public Works Department	(916) 851-8710
Rancho Cordova Police Department	(916) 875-9600
Redevelopment Department	(916) 851-8780
Sac Metro Fire District	(916) 859-4300

The Rancho Cordova City Council/Successor Agency to the CRA/RCFC will be videotaped in its entirety and will be cablecast without interruption on Metro Cable 14, the Government Affairs Channel on the Comcast and SureWest Cable Systems. Closed Captioning will be available on the playback cablecast. Tune to Metro Cable Channel 14, for playback times. A VHS copy is available for check out from any library branch, a DVD copy is available from the City Clerk's Department, and a webcast of this meeting will be available for viewing via video streaming from the City's website within 48 hours of adjournment of this meeting. The City does not control scheduling of this telecast and persons interested in watching the televised meeting should confirm this schedule with Metro Cable TV, Channel 14.

In compliance with the Americans with Disabilities Act, if you need a disability-related modification or accommodation, including auxiliary aids or services, to participate in this meeting, please contact the City Clerk's Office at (916) 851-8720 at least 48 hours prior to the meeting.

CERTIFICATION OF POSTING OF AGENDA

I, Mindy Cuppy, MMC, City Clerk for the City of Rancho Cordova, declare that the foregoing agenda for the Monday, April 06, 2015 Regular Meeting of the Rancho Cordova City Council/Successor Agency to the CRA/RCFC was posted and available for review on Thursday, April 2, 2015 at City Hall of the City of Rancho Cordova, 2729 Prospect Park Drive, Rancho Cordova, California, 95670. The agenda is also available on the city website at www.cityofranhocordova.org.

Signed Thursday, April 2, 2015 at Rancho Cordova, California.


Mindy Cuppy, MMC, City Clerk

CREEK WEEK 2015 (April 10th-18th)

*Every Drop Counts –
Creeks Need Water Too*



CITY OF RANCHO CORDOVA

a fresh take.

RANCHO CORDOVA
CALIFORNIA

RANCHO CORDOVA CITY COUNCIL TOWN HALL MEETING

Wednesday, February 25, 2015

6:00-7:30 PM – Special Meeting
Cordova Villa Elementary
10359 South White Rock Road, Rancho Cordova, CA

DRAFT MINUTES

1. TOWN HALL MEETING - CALL TO ORDER/ROLL CALL

Mayor McGarvey called the special meeting to order at 6:10 PM.

Council Members Present: McGarvey, Sander, Skoglund

Council Members Absent: Terry, Budge

Staff Members Present: Nakamura, Hobday, Cuppy, Abhar, Chinn, Lopez, Haven, Simpson, Ulm, Ibrahim, Behrends, Lindgren, Hadley, Busch, Goold, Silva, Holt, Alexandrova, Ramos, Simpson, Horn, David

2. PUBLIC COMMENT

The format of the meeting is open discussion and participants were encouraged to make comments throughout the meeting.

3. SPECIAL MEETING ITEM

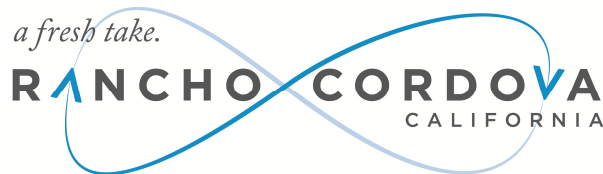
- 3.1 **Town Hall Meeting:** Community Input on How to Make Our Community a Better Place to Live, Work, Educate and Recreate.

ACTION: Discussion item only; no action taken.

4. ADJOURNMENT

Mayor McGarvey adjourned the meeting at 7:29 PM.

Mindy Cuppy, MMC, City Clerk



**CONCURRENT MEETING
CITY COUNCIL/SUCCESSOR AGENCY COMMUNITY REDEVELOPMENT AGENCY
(CRA)/RANCHO CORDOVA FINANCING CORPORATION (RCFC)**

City Hall
2729 Prospect Park Drive, Rancho Cordova

Thursday, March 12, 2015

2:00 PM – Special Meeting
Community Board Room

DRAFT MINUTES

1. CLOSED SESSION - CALL TO ORDER/ROLL CALL

Council Members Present: McGarvey, Sander, Skoglund

Council Members Absent: Terry, Budge

Staff Members Present: Nakamura, Lindgren, Hobday

Mayor McGarvey called the special meeting to order in the Community Board Room at 2:10 PM.

2. PUBLIC COMMENT

Mayor McGarvey opened the public comment period. There were no speakers. Mayor Skoglund closed the public comment period.

3. CLOSED SESSION

City Manager Evaluation of Performance (Government Code §54957).

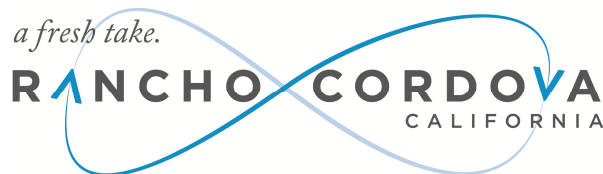
4. OPEN SESSION - REPORT FROM CLOSED SESSION

City Attorney Adam Lindgren reported that as per originally agreed upon by the City Council and City Manager upon hiring that quarterly evaluations would occur to insure alignment by and between the policy makers and its chief administrative officer. Based upon mutual agreement this alignment is occurring and is encouraged to continue.

5. ADJOURNMENT

Mayor McGarvey adjourned the meeting at 3:45 PM.

Mindy Cuppy, MMC, City Clerk



**CONCURRENT MEETING
CITY COUNCIL/SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT
AGENCY (CRA)/RANCHO CORDOVA FINANCING CORPORATION (RCFC)**

**City Hall
2729 Prospect Park Drive, Rancho Cordova**

Monday, March 16, 2015

**4:30 PM – Closed Session
Community Board Meeting**

**5:30 PM – Regular Meeting
David B. Roberts Council Chambers**

DRAFT MINUTES

1. CLOSED SESSION - CALL TO ORDER/ROLL CALL

Mayor McGarvey called the closed session to order in the Community Board Room at 4:41 PM.

Council Members Present: McGarvey, Sander, Terry, Budge, Skoglund

Council Members Absent: None

Staff Members Present: Nakamura, Lindgren, Abhar, Chinn, Haven, Thomas

2. CLOSED SESSION

2.1 CONFERENCE WITH LEGAL COUNSEL--ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9: (Number of potential cases: 1).

3. ADJOURNMENT

Mayor McGarvey adjourned the meeting at 5:23 PM.

4. REGULAR MEETING - CALL TO ORDER / ROLL CALL

Mayor McGarvey called the regular meeting to order in the David B. Roberts Council Chambers at 5:35 PM.

Council Members Present: McGarvey, Sander, Terry, Budge, Skoglund

Council Members Absent: None

Staff Members Present: Nakamura, Lindgren, Cuppy, , Abhar, Chinn, Goold, Haven, Diaz, Downton, Thomas, Delaney, Adams, George, Delaney

5. METRO CABLE TV TELEVISION ANNOUNCEMENT

The City Clerk read the meetings recordings and playback schedules.

6. PLEDGE OF ALLEGIANCE

Cliff Barnes led the pledge.

7. INVOCATION

Wayne Langford from the Church of Jesus Christ of Latter Day Saints will give the invocation.

8. OPEN SESSION - REPORT FROM CLOSED SESSION

City Attorney, Adam Lindgren, reported that there was no reportable action taken in closed session.

9. PRESENTATIONS

- 9.1 Proclamation of Recognition to Maria Benesh, a 5th Grader at Cordova Meadows and Amanda Brown, a 6th Grader at Cordova Gardens for Being a 2015 California Central Valley Spelling Bee Finalist.
- 9.2 Presentation of Proclamation for Vietnam Veterans Day.
- 9.3 Presentation on Youth Services, Generation Rx, Presented by Roberto Hernandez, Jose Hernandez, Maria Hernandez, Anthony L'Cayo, Sergey Kalashyan, and Jamie Gomez from Folsom Cordova Community Partnership.

10. PUBLIC COMMENT

Mayor McGarvey opened the public comment period. The following individuals addressed the Council:

- James Feci, regarding California government pensions and sting ray devices.

Mayor McGarvey closed the public comment period.

11. COUNCIL REPORTS

Council reported on events since the last meeting.

12. CONSENT CALENDAR ITEMS - ROLL CALL VOTE

ACTION: Motion to approve by Terry second by Budge;
Carried by a 5:0 roll call vote.

- 12.1 **Subject:** Meeting Minutes of March 2, 2015 Special and Regular City Council Meeting.
Recommendation: Adopt minutes.
- 12.2 **Subject:** Second Reading of Ordinance No. 2-2015, Approving a Rezone and Development Agreement Amendment for Grant Line 208 - Project No. DD8437.
Recommendation: Waive the second reading and adopt Ordinance No. 2-2015.
Result of Recommended Action: Approval of the project would allow reconfiguration of the residential subdivision and overall reduction in units from 724 single family lots to 502 single family lots. Additionally, approval of the project would allow for amendments to the previously adopted Development Agreement to clarify the project's parks and infrastructure requirements. These modifications reflect the recent updates to the City's open space/park standards and Public Works improvement timing and standards.
Staff Report: Jessica Jordan, Principal Planner.
Advances Goals: 1, 2, 6.
- 12.3 **Subject:** Second Reading of Ordinance No. 3-2015, Amending Section 16.84 of the City Municipal Code Extending the Temporary Deferral for Payments of Transportation Development Impact Fees for a Period of Three Years.
Recommendation: Waive the second reading and adopt Ordinance No. 3-2015.
Result of Recommended Action: Adoption of this ordinance will allow the payment of the Transportation Development Impact Fee to be deferred to a later date in accordance with the City's current Temporary Fee Deferral Program which will also expire on June 30, 2016.
Staff Report: Michelle Mingay, Sr. Finance Analyst.
Advances Goal: 5.
- 12.4 **Subject:** Resolution Awarding the Concrete Maintenance Services Agreement to California Pavement Maintenance Company Inc., in the Amount not to Exceed \$350,750.
Recommendation: Adopt Resolution No. 23-2015.
Result of Recommended Action: Adoption of the resolution will allow the City to award a three year concrete maintenance services agreement to the lowest responsive bidder California Pavement Maintenance Company Inc., in an amount not to exceed \$350,750.
Staff Report: Cyrus Abhar, Director, Public Works Department.
Advances Goals: 2, 5.
- 12.5 **Subject:** Annexation of Rivergate Shopping Center Project to the City of Rancho Cordova Community Facilities District No. 2008-1 (Street Lighting and Road Maintenance).
Recommendation: Adopt Resolution No. 27-2015.
Result of Recommended Action: Adoption of Resolution No. 27-2015 approves Annexation Map. No. 16 for the Rivergate Shopping Center Project to Community Facilities District No. 2008-1 (Street Lighting and Road Maintenance) (hereinafter "CFD No. 2008-1"). There is no financial impact to existing residents.
Staff Report: Elizabeth Sparkman, Senior Engineer.

Advances Goal: 5.

- 12.6 **Subject:** Approval of a Template Credit/Reimbursement Agreement for Privately Constructed Public Facilities Funded by Supplemental Transportation Fees.

Recommendation:

Adopt Resolution No. 30-2015 Approving a Template Credit/Reimbursement Agreement.

Adopt Resolution No. 31-2015 Approving a Credit Agreement with MS Rialto North Douglas.

Result of Recommended Action: Adoption of Resolution No. 30-2015 will allow the City Manager, or designee, to execute agreements of a similar form and scope with Developers, constructing improvements in lieu of the payment of the Supplemental Transportation Fee. Adoption of Resolution No. 31-2015 approves a credit agreement with MS Rialto North Douglas CA, LLC using the approved template agreement.

Staff Report: Cyrus Abhar, Public Works Director.

Advances Goal: 5.

- 12.7 **Subject:** Resolution Authorizing the City Manager to Execute Contract Change Orders No. 1 with All-American Construction, Inc. for Construction of the Sunrise Blvd Sidewalk Improvements Project.

Recommendation: Adopt Resolution No. 32-2015.

Result of Recommended Action: Adoption of this resolution will authorize the City Manager to execute Contract Change Order No. 1 with All-American Construction Inc., to increase the current contract amount from \$101,834.50 to \$114,878.99 for the construction of the Sunrise Boulevard Sidewalk Improvements Project.

Staff Report: Cyrus Abhar, Public Works Department.

Advances Goals: 1, 2, 5.

13. CONSENT PUBLIC HEARING ITEMS - ROLL CALL VOTE

Mayor McGarvey opened the public comment period. The following individuals addressed the Council:

- Mike O'Rourke, in opposition of item 13.1.

Mayor McGarvey closed the public comment period.

ACTION: Motion to approve by Terry second by Budge;
Carried by a 5:0 roll call vote.

- 13.1 **Subject:** Capital Village Development Agreement Amendment; Project No. DD8568 – Located at the Southeast Corner of Zinfandel Drive and Data Drive, to the Northwest Corner of Prospect Park Drive and the Northern Boundary of the Villages of Zinfandel Planning Special Plan Located South of International Drive.

Recommendation: Introduce and waive the first reading of Ordinance No. 5-2015.

Result of Recommended Action: Adopting this Ordinance will extend the current timing requirement for the Capital Village Special Planning Area Development Agreement (DA) by an additional 10 year term. While a majority of the special planning area is developed, this time extension is needed to ensure consistent financial mechanisms are in place to complete the remaining development.

Staff Report: Matthew Diaz, Associate Planner.

Advances Goal: 2.

14. PUBLIC HEARING ITEMS

14.1 **Subject:** Rancho Cordova Parkway Interchange Project.

Recommendation:

Staff recommends that the City Council take the following action:

Adopt Resolution 28-2015 Certifying the Rancho Cordova Parkway Interchange Project Final EIR/EA consisting of: the Draft EIR, the Final EIR (including response to comments received on the Draft EIR), making certain findings regarding the environmental effects of the project, adopting a Statement of Overriding Considerations, and adopting the Mitigation Monitoring and Reporting Program.

Adopt Resolution 29-2015 Approving the Rancho Cordova Parkway Interchange Project and Alternative 3 as the preferred design alternative.

Result of Recommended Action:

Approval of the project would allow for the construction of a new interchange at U.S. Highway 50 (US 50) between Sunrise Boulevard and Hazel Avenue. The project will build auxiliary lanes in both directions on US 50 from Sunrise Boulevard to Hazel Avenue and will build Rancho Cordova Parkway as a 4 lane arterial road from US 50 south to White Rock Road.

This project reflects planned transportation improvements in the City's General Plan and the project addresses existing operational deficiencies on US 50 and on area arterial roadways. The project will also provide future transportation capacity that will serve growth throughout eastern Sacramento County.

Staff Report: Cyrus Abhar, Public Works Department Director.

Advances Goals: 1, 2, 5.

Mayor McGarvey opened the public comment period. The following individuals addressed the Council:

- Ross King, in support of item 14.1.
- Roberta MacGlashan, regarding item 14.1
- Curt Haven, in support of item 14.1.
- Diann Rogers, in support of item 14.1.
- Roy Brewer, in support of item 14.1.
- Michael Yearwood, in support of item 14.1.
- Roy Cornell, in opposition of item 14.1.
- Manode Kodsuntie, in opposition of item 14.1.
- Kristy Chew, in opposition of item 14.1.
- Paul Disario, in opposition of item 14.1.
- Lonn Maier, in opposition of item 14.1.
- James Morris, in opposition of item 14.1.
- Donald Hess, in opposition of item 14.1.
- Eric Bridge, in support of item 14.1.
- Jan Lant, in opposition of item 14.1.
- Ron Ganzfried, in opposition of item 14.1.
- Steve Pas, in support of item 14.1.
- Bruce Oulrey, in support of item 14.1.
- Craig Osborn, in support of item 14.1.
- Derald Langwell, in support of item 14.1.
- Onkar Bindra, in opposition of item 14.1.

- Kirk Lockhart, in support of item 14.1.
- Kristi Beckley, in opposition of item 14.1.
- George Usi, in opposition of item 14.1.

Mayor McGarvey closed the public comment period.

AT THIS POINT: Council took a recess at 8:15 PM. Council resumed at 8:37 PM.

ACTION: Motion to approve by Budge second by Terry;
Carried by a 5:0 roll call vote.

15. REGULAR CALENDAR ITEMS

NONE.

16. COUNCIL REQUESTS FOR FUTURE AGENDA ITEMS

17. CITY MANAGER'S REPORT

18. ADJOURNMENT

Mayor McGarvey adjourned the meeting in honor of Marie Carmela Culcasi and William Grady Holliman, Jr. at 9:05 PM.

Mindy Cuppy, MMC, City Clerk

CITY OF RANCHO CORDOVA

a fresh take.

RANCHO CORDOVA
CALIFORNIA

RANCHO CORDOVA CITY COUNCIL TOWN HALL MEETING

Tuesday, March 17, 2015

6:00-7:30 PM – Special Meeting
Peter J. Shields Elementary
10434 Georgetown Drive, Rancho Cordova, CA

DRAFT MINUTES

1. TOWN HALL MEETING - CALL TO ORDER/ROLL CALL

Mayor McGarvey called the special meeting to order at 6:05 PM.

Council Members Present: McGarvey, Skoglund, Budge, Terry

Council Members Absent: Sander

Staff Members Present: Nakamura, Cuppy, Chinn, Behrends, Hadley, Holt, Goold, Ulm, Simpson, Abhar, Alexandrova, Esquivel, Thomas

2. PUBLIC COMMENT

The format of the meeting is open discussion and participants were encouraged to make comments throughout the meeting.

3. SPECIAL MEETING ITEM

- 3.1 **Town Hall Meeting:** Community Input on How to Make Our Community a Better Place to Live, Work, Educate and Recreate.

ACTION: Discussion item only; no action taken.

4. ADJOURNMENT

Mayor McGarvey adjourned the meeting at 7:31 PM.

Mindy Cuppy, MMC, City Clerk

CITY OF RANCHO CORDOVA

a fresh take.

RANCHO CORDOVA
CALIFORNIA

RANCHO CORDOVA CITY COUNCIL TOWN HALL MEETING

Wednesday, March 25, 2015

6:00-7:30 PM – Special Meeting
Williamson Elementary
2275 Benita Drive, Rancho Cordova, CA

DRAFT MINUTES

1. TOWN HALL MEETING - CALL TO ORDER/ROLL CALL

Mayor McGarvey called the special meeting to order at 6:05 PM.

Council Members Present: McGarvey, Skoglund, Budge, Sander

Council Members Absent: Terry

Staff Members Present: Nakamura, Cuppy, Hobday, Chinn, Goold, Ulm, Haven, Silva, Downton, Lopez, McCoy, Simpson, Busch, Abhar, Walker

2. PUBLIC COMMENT

The format of the meeting is open discussion and participants were encouraged to make comments throughout the meeting.

3. SPECIAL MEETING ITEM

- 3.1 **Town Hall Meeting:** Community Input on How to Make Our Community a Better Place to Live, Work, Educate and Recreate.

ACTION: Discussion item only; no action taken.

4. ADJOURNMENT

Mayor McGarvey adjourned the meeting at 7:32 PM.

Mindy Cuppy, MMC, City Clerk

CITY OF RANCHO CORDOVA

a fresh take.

RANCHO CORDOVA
CALIFORNIA

RANCHO CORDOVA CITY COUNCIL TOWN HALL MEETING

Friday, March 27, 2015

6:00-7:30 PM – Special Meeting
Navigator Elementary
10679 Bear Hollow Drive, Rancho Cordova, CA

DRAFT MINUTES

1. TOWN HALL MEETING - CALL TO ORDER/ROLL CALL

Mayor McGarvey called the special meeting to order at 6:05 PM.

Council Members Present: McGarvey, Skoglund, Budge (until 6:15 PM)

Council Members Absent: Terry, Sander

Staff Members Present: Nakamura, Cuppy, Behrends, Leitner, Silva, Hadley, Horn, Ulm, Abhar, Downton, Goold, Haven

2. PUBLIC COMMENT

The format of the meeting is open discussion and participants were encouraged to make comments throughout the meeting.

3. SPECIAL MEETING ITEM

- 3.1 **Town Hall Meeting:** Community Input on How to Make Our Community a Better Place to Live, Work, Educate and Recreate.

ACTION: Discussion item only; no action taken.

4. ADJOURNMENT

Mayor McGarvey adjourned the meeting at 6:15 PM. The community discussion continued until 7:27 PM

Mindy Cuppy, MMC, City Clerk

CITY OF RANCHO CORDOVA

a fresh take.

RANCHO CORDOVA
CALIFORNIA

RANCHO CORDOVA CITY COUNCIL TOWN HALL MEETING

Monday, March 30, 2015

6:00-7:30 PM – Special Meeting
Sunrise Elementary
11821 Cobble Brook Drive, Rancho Cordova, CA

DRAFT MINUTES

1. TOWN HALL MEETING - CALL TO ORDER/ROLL CALL

Mayor McGarvey called the special meeting to order at 6:05 PM.

Council Members Present: McGarvey, Budge, Terry (until 7:10 PM)

Council Members Absent: Skoglund, Sander

Staff Members Present: Nakamura, Cuppy, Hobday, Hadley, Lentz, Haven, Ulm, Busch, Holt, Goold, Stricker, Simpson

2. PUBLIC COMMENT

The format of the meeting is open discussion and participants were encouraged to make comments throughout the meeting.

3. SPECIAL MEETING ITEM

- 3.1 **Town Hall Meeting:** Community Input on How to Make Our Community a Better Place to Live, Work, Educate and Recreate.

ACTION: Discussion item only; no action taken.

4. ADJOURNMENT

Mayor McGarvey adjourned the meeting at 7:10 PM. The community discussion continued until 7:28 PM

Mindy Cuppy, MMC, City Clerk

CITY OF RANCHO CORDOVA

ORDINANCE NO. 5-2015

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA
ADOPTING A FIRST AMENDMENT TO THE DEVELOPMENT AGREEMENT FOR THE
CAPITAL VILLAGE SPECIAL PLANNING AREA**

THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA DOES ORDAIN AS FOLLOWS:

Section 1. Recitals.

A. In order to strengthen the public planning process, encourage private participation in comprehensive planning and reduce the economic risk of development, the Legislature of the State of California adopted Section 65864, *et seq.*, of the Government Code (the "Development Agreement Statute"), authorizing the City, and any person having a legal or equitable interest in the real property, to enter into a development agreement and establish certain development rights in the property, which is the subject of the development project application. Pursuant to Government Code section 65868, Development Agreements may be amended by mutual assent of the parties.

B. On March 21, 2005, the City of Rancho Cordova ("City") and Beazer Homes Holding Corporation entered into a Development Agreement for the Capital Village Special Planning Area Project (referred to as Capital Village), consisting of 117 acres of mixed use development. (Ordinance Number 07-2005). The Capital Village Project is located at the southeast corner of Zinfandel Drive and Data Drive, to the northwest corner of Prospect Park Drive and the northern boundary of the Villages of Zinfandel Planning Special Plan located south of International Drive. The Capital Village Project is mostly developed; however the multifamily "loft" designation has not been developed while the Phases 3 and 4 residential units are under construction. This approval included a rezone, special plan standards, and certified a Mitigated Negative Declarations ("MND") that concluded that the Project would not have a significant impact on the environment due to the mitigation measures adopted. All recitals and findings of determination in Ordinance 21-2006, which adopted the Development Agreement, are still accurate and relevant to the Amendment.

E. Pursuant to Government Code section 65868, City and Landowner desire to modify the Development Agreement to extend the agreement's timing by an additional ten years to secure the financial obligations, as more fully set forth in the attached First Amendment to the Development Agreement ("First Amendment.")

F. On March 16, 2015, the City Council, as the legislative body for purposes of Development Agreement approval, held a properly noticed public hearing pursuant to Government Code section 65867 and considered all comments received in writing and all testimony received at the public hearing. Following the public hearing, the Applicant is required pay all costs associated with processing of the First Amendment and to maintain a minimum \$5,000 deposit with the City for DA compliance review as the project builds out.

Section 2: Findings.

Therefore, on the basis of: (a) the foregoing recitals, which are hereby incorporated herein; (b) the City of Rancho Cordova's General Plan and General Plan EIR; (c) and the Capital Village MND, the City Council finds and determines that:

A. The First Amendment to the Development Agreement is consistent with the objectives, policies, general land uses and programs specified and contained in the City's General Plan in that: (a) The Project remains predominantly residential uses and is consistent with the General Plan and Special Planning Area requirements; (b) the Project is consistent with the fiscal policies of the General Plan with respect to provisions of infrastructure and public services; and, (c) the First Amendment to the Amended Development Agreement will extend the term limits of the agreement in order to secure the financial provisions relating to financing public services, construction and maintenance of public facilities, park development fees.

B. The First Amendment and Amended Development Agreement are compatible with the uses authorized in, and the regulations prescribed for, the land use area in which the real property is located.

C. The First Amendment to the Development Agreement is in conformity with public convenience, general welfare and good land use policies in that the First Amendment and Amended Development Agreement will continue to implement land use guidelines set forth in the General Plan and help fund infrastructure and parks needed to serve new development.

D. The First Amendment will not be detrimental to the health, safety and general welfare in that the Project will proceed in accordance with the programs and policies of the General Plan.

E. The First Amendment will not adversely affect the orderly development of property, or the preservation of property values, in that the amendment is consistent with the General Plan.

F. The First Amendment is consistent with and includes the substantive elements of Government Code sections 65864 through 65869.5, and has been processed consistent with all the procedural requirements thereof.

Section 3: Approval of First Amendment to Development Agreement.

The City Council hereby approves the First Amendment to the Development Agreement, attached to this Ordinance and incorporated herein by reference as **Exhibit A**, and authorizes the City Manager to sign the amended Development Agreement after the effective date of this Ordinance.

Section 4: Recordation

Within ten (10) days after the First Amendment to the Development Agreement is executed by the City Manager, the City Clerk shall submit the amendment to the County Recorder for recordation.

Section 5: Severability.

If any section, subsection, clause or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by the decision of a court of competent jurisdiction, it shall not affect the

remaining portions of this Ordinance that can be given effect without the invalid provision and, to this end, the provisions of this Ordinance are severable. This City Council hereby declares that it would have adopted this Ordinance irrespective of the invalidity of any particular portion thereof and intends that the invalid portions should be severed and the balance of the Ordinance be enforced.

Section 6: Publication and Effective Date.

Within fifteen (15) days after adoption, a summary of this Ordinance shall be published once in the Grapevine Independent or the Sacramento Bee, a newspaper of general circulation printed and published in Sacramento County and circulated in the City of Rancho Cordova, in accordance with Government Code section 36933. This Ordinance shall take effect and be enforced thirty (30) days after its adoption.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova this ____ day of _____, 2015, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Robert McGarvey, Mayor

ATTEST:

Mindy Cuppy, MMC, City Clerk

EXHIBIT A

OFFICIAL BUSINESS
Document entitled to free recording
Government Code Section 6103

RECORDING REQUESTED BY AND
WHEN RECORDED, MAIL TO:

City of Rancho Cordova
2729 Prospect Park Drive
Rancho Cordova, CA 95670
Attention: City Clerk

(SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE)

**FIRST AMENDMENT TO DEVELOPMENT AGREEMENT
BY AND BETWEEN THE CITY OF RANCHO CORDOVA,
BEAZER HOME HOLDINGS CORP. AND
HEARTHSTONE MULTI-ASSET ENTITY B, L.P.**

RELATIVE TO CAPITAL VILLAGE

This First Amendment ("**First Amendment**") to Development Agreement is entered into this ___ day of _____, 2015, by and between the CITY OF RANCHO CORDOVA, a California municipal corporation ("**City**"), BEAZER HOMES HOLDING CORP., a Delaware Corporation, and HEARTHSTONE MULTI-ASSET ENTITY B, L.P., a California limited partnership (collectively, "**Landowner**"). City and Landowner are hereinafter collectively referred to as the "Parties," and singularly as a "Party."

RECITALS

A. On _____, 2005, the City of Rancho Cordova and Landowner entered into that certain agreement entitled Development Agreement by and between the City of Rancho Cordova and Beazer Homes Holding Corp. and Hearthstone Multi-Asset Entity B, L.P. (the "**Development Agreement**"). Pursuant to the Development Agreement, Landowner agreed to develop certain property, more particularly described in the Development Agreement, subject to certain conditions and obligations as set forth in the Development Agreement. The Development Agreement was recorded against the Subject Property in the Official Records of Sacramento County on April 6, 2006, in Book 20060406, Page 1536.

B. The Development Agreement is set to expire on _____, 2015. Pursuant to the Landowner's request, and pursuant to Government Code section 65868, this First Amendment will amend the Development Agreement extending the term an additional ten (10) years as it relates to the Subject Property.

C. All environmental impacts have been reviewed and addressed at the time the project was approved. All recitals and findings of determination in Ordinance ____-2005, which adopted the Development Agreement on _____, are still accurate and relevant to this First Amendment.

EXHIBIT A

D. On March 21, 2005, the City Council certified as adequate and complete the Mitigated Negative Declaration (“**MND**”) for the project. Mitigation measures were required in the MND and incorporated into the terms and conditions of the Development Agreement.

E. This First Amendment to the Development Agreement is consistent with the objectives, policies, general land uses and programs specified and contained in the City’s General Plan.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, the Parties hereby agree to amend the Agreement as follows:

AGREEMENT

1. **Incorporation of Recitals.** Recitals A through E are hereby incorporated herein, including the documents referenced in the Recitals.

2. **Amendment of Section 6 of the Recitals Concerning “Project Approvals.”** Section 6 of the Recitals of the Development Agreement is hereby amended by deleting subsection 6.4 and replacing it with the following:

“6.4 The Development Agreement adopted on _____, by City Ordinance No. _____ as amended on _____, 2015 by City Ordinance No. __-2015 adopting the First Amendment.”

3. **Restatement of Section 5.2 concerning the “Term.”** City and Landowner agree that Section 5.2 of the Agreement is hereby deleted and replaced with the following:

“**5.2 Term.** Upon the execution of the First Amendment, the term of this Agreement shall commence on the Effective Date and extend to _____, 2025, which date is a period of ten (10) years from the date that City Ordinance No. __-2015 approving the First Amendment takes effect, unless said term is terminated, modified or extended by circumstances set forth in this Agreement. Following expiration of the term, this Agreement shall not affect any right or duty created by City approvals for the Property adopted prior to, concurrently with, or subsequent to the approval of this Agreement.”

4. **Definition of Terms.** All capitalized terms used in this First Amendment shall have the same definition as provided in the Agreement, except where a different definition has been supplied in this First Amendment.

5. **All Other Terms in Force.** Except as amended by this First Amendment, all terms and conditions of the Agreement remain in full force and effect.

6. **Recording.** Within ten (10) days after the Effective Date, City shall record this First Amendment with the Sacramento County Recorder’s Office.

7. **Counterparts.** The Parties may execute this First Amendment in counterparts, each of which will be considered an original, but all of which will constitute the same instrument.

EXHIBIT A

8. Entire Agreement. This First Amendment sets forth the Parties' entire understanding regarding the matters set forth above. It supersedes all prior or contemporaneous agreements, representations, and negotiations regarding those matters (whether written, oral, express, or implied) and may be modified only by another written agreement signed by all Parties. This First Amendment will control if any conflict arises between it and the Agreement.

IN WITNESS WHEREOF, the City of Rancho Cordova, a municipal corporation, has authorized the execution of this First Amendment in duplicate by its City Manager and attested to by its City Clerk under the authority of Ordinance No. _____, adopted by the Council of the City on _____ day of _____, 20____, and Landowner has caused this First Amendment to be executed.

"CITY"

CITY OF RANCHO CORDOVA,
a municipal corporation

By: _____

Name: _____

Its: _____

ATTEST:

City Clerk

APPROVED AS TO FORM:

Adam U. Lindgren
City Attorney

"LANDOWNER"

BEAZER HOMES HOLDING CORP.,
a Delaware corporation

By: _____

Name: _____

Its: _____

HEARTHSTONE MULTI-ASSET ENTITY
B, L.P., a California limited partnership

By: HHP GP, LLC, A California limited
liability company, its General Partner

By: HEARTHSTONE, INC.,
a California corporation, its
Manager

By: _____

Name: _____

Its: _____

MEMORANDUM

DATE: April 6, 2015

TO: Honorable Mayor and Council Members

FROM: Cyrus Abhar, Public Works Director
Kathy Garcia, Senior Civil Engineer



SUBJECT: RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A CONTRACT AMENDMENT 29-2013-3 FOR ON-CALL PROFESSIONAL SERVICES WITH MARK THOMAS & COMPANY INC., TO INCREASE THE CONTRACT AMOUNT FROM \$500,000 TO \$600,000.

RECOMMENDATION

Adopt Resolution 42-2015.

RESULT OF RECOMMENDED ACTION

Adoption of this resolution will authorize the City Manager to execute contract amendment 29-2013-3 for on-call professional services with Mark Thomas & Company Inc., which will increase the contract amount from \$500,000 to \$600,000 to accommodate the engineering design services for the Folsom Boulevard Streetscape Enhancement Project Phase IV.

BACKGROUND

The Folsom Boulevard Streetscape Enhancement Project consists of improvements outlined in the Folsom Boulevard and Mather Road Enhancement Master Plan and the Folsom Boulevard Specific Plan. These improvements identified the need for improving pedestrian, bicycle, and motorist safety as well as improving the connectivity along Folsom Boulevard and the beautification of the corridor.

The project has been divided into several phases. The preliminary phase of the project was from Coloma Road to Cordova Lane and construction was completed in 2008. The subsequent two phases of the project constructed in 2012-2013, extended from Rod Beaudry to just east of Sunrise Boulevard.

The next phase of the project, Phase IV, will consist of the construction of sidewalk infill on the north side of Folsom Boulevard, sidewalks and bike lanes on the south side of Folsom Boulevard and landscape medians from Rod Beaudry to Horn Road along with construction of the south side sidewalk from Kilgore Road to Sunrise Boulevard and upgraded pedestrian and bicycle facilities at the intersection of Folsom Boulevard and Sunrise Boulevard. Phase IV is tentatively scheduled to begin construction late 2015.

The City previously entered into on-call consultant services agreement 29-2013 with Mark Thomas & Company, Inc., to provide professional engineering services. This third amendment

will provide compensation to allow Mark Thomas & Company, Inc., to continue with the engineering design for Phase IV of the Folsom Boulevard Streetscape Enhancement Project including right-of-way acquisition documents and additional sidewalk infill.

FISCAL IMPACT

The total project cost for this phase of improvements on Folsom Boulevard is approximately \$6,000,000. Funding for this project consists of \$4,000,000 from the SACOG Community Design Program. The remaining balance will be funded from Measure A revenues.

This project is included in the City's current approved Capital Improvement Plan (CIP) and is included in the 2014/15 budget.

ATTACHMENT

Resolution 42-2015, including Contract 29-2013-3, Exhibit A Scope of Work and Exhibit B Compensation Schedule

CITY OF RANCHO CORDOVA

RESOLUTION NO. 42-2015

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA
AUTHORIZING THE CITY MANAGER TO EXECUTE A CONTRACT AMENDMENT 29-2013-3
FOR ON-CALL PROFESSIONAL SERVICES WITH MARK THOMAS & COMPANY INC., TO
INCREASE THE CONTRACT AMOUNT FROM \$500,000 TO \$600,000.**

WHEREAS, this will execute contract amendment 29-2013-3 for on-call professional services with Mark Thomas & Company Inc., which will increase the contract amount not to exceed \$600,000; and

WHEREAS, the amendment will accommodate the engineering design services for the Folsom Boulevard Streetscape Enhancement Project Phase IV tentatively scheduled to begin construction late 2015; and

WHEREAS, this third amendment will allow Mark Thomas & Company, Inc., to continue with the engineering design for Phase IV of the Folsom Boulevard Streetscape Enhancement Project including right-of-way acquisition documents and additional sidewalk infill; and

WHEREAS, funding for this project consists of \$4,000,000 from the SACOG Community Design Program. The remaining balance will be funded from Measure A revenues.

NOW, THEREFORE, BE IT HEREBY RESOLVED THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the _____ day of _____, 2015 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Robert J. McGarvey, Mayor

ATTEST:

Mindy Cuppy, MMC, City Clerk

**THIRD AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT
BETWEEN THE CITY OF RANCHO CORDOVA AND MARK THOMAS & COMPANY, INC.**

This Third Amendment to the Agreement for Professional Services ("Amendment") is made by and between the City of Rancho Cordova ("City") and Mark Thomas & Company, Inc. ("Professional") as of _____, 2015. City and Professional are hereinafter collectively referred to as the "Parties."

RECITALS

WHEREAS, the Parties entered into a Professional Services Agreement ("PSA") dated April 30, 2013 for the purpose of providing on-call civil engineering and surveying services; and

WHEREAS, this Amendment will increase the contract compensation amount by \$100,000 bringing the total contract amount to \$600,000; and

WHEREAS, the Parties agree that changes to the term and services provided for in the PSA are necessary in order for the City to continue receiving services by Professional.

NOW, THEREFORE, the Parties hereto agree as follows:

AGREEMENT

1. Section 2 of the PSA, "Compensation," provides for the City to pay Professional a sum not to exceed \$500,000. The Parties agree to amend Section 2 of the PSA in order to increase the compensation amount to pay Professional for additional services. The first sentence of Section 2 of the PSA is amended to read as follows:

"City hereby agrees to pay Professional a sum not to exceed Six Hundred Thousand Dollars (\$600,000), notwithstanding any contrary indication that may be contained in Professional's proposal, for services to be performed and reimbursable costs incurred under this Agreement."

2. The document entitled "Scope of Work," attached hereto as **Exhibit A**, shall replace and supersede the PSA's **Exhibit A**.
3. The document entitled "Compensation Schedule," attached hereto as **Exhibit B**, shall replace and supersede the PSA's **Exhibit B**.
4. All other terms and conditions in the PSA shall remain in full force and effect to the extent they are not in conflict with this Amendment.
5. The signatures of the Parties to this Amendment may be executed and acknowledged on separate pages or in counterparts which, when attached to this Amendment, shall constitute one complete Amendment.

CONTRACT NO. 29-2013-3

6. **Contract Administration.** This Agreement shall be administered by Kathy Garcia ("Contract Administrator"). All correspondence shall be directed to or through the Contract Administrator or his or her designee.

Notices. Any written notice to Professional shall be sent to:

Mark Thomas & Company
Attn: Matt Brogan
7300 Folsom Blvd, Suite 203
Sacramento, CA 95826

Email Address (for Insurance Update Requests):

Any written notice to City shall be sent to:

City of Rancho Cordova
Attn: Kathy Garcia
2729 Prospect Park Drive
Rancho Cordova, CA 95670

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

CITY OF RANCHO CORDOVA

PROFESSIONAL

Brian Nakamura, City Manager

Robert Himes, President

Date:_____

Date:_____

Attest:

Mindy Cuppy, MMC, City Clerk

Date:_____

Approved as to Form:

Adam Lindgren, City Attorney

Date:_____

SCOPE OF SERVICES

Task 2 - Survey and Base Mapping

2.3 Supplement Topo - RT Driveways & Los Rios Sidewalk: MTCO proposes to provide topographic base mapping with field surveys, which includes survey points and planimetrics, at the following nine (9) locations:

1. Southwest corner of Folsom Blvd. & Routier Rd. (STA: ~349+00 FB-LINE)
2. Southeast side of Folsom Blvd., south of La Loma Dr. (STA: ~368+00 FB-LINE)
3. Northwest side of Folsom Blvd., south of Paseo Dr. (STA: ~375+00 to ~381+00 FB-LINE)
4. Southeast side of Folsom Blvd., north of Mather Field Rd. (STA: ~383+00 FB-LINE)
5. Southeast side of Folsom Blvd., south of Coloma Rd. (STA: ~392+00 FB-LINE)
6. Southeast side of Folsom Blvd., north of Mills Park Dr. (STA: ~426+00 FB-LINE)
7. Southeast side of Folsom Blvd., north of Zinfandel Dr. (STA: ~453+00 FB-LINE)
8. Southeast side of Folsom Blvd., north of Zinfandel Dr. (STA: ~459+00 FB-LINE)
9. Southeast side of Folsom Blvd., north of Olson Dr. (STA: ~476+00 FB-LINE)

MTCO will spend one (1) day in the field setting project control and work point control, then spend three (3) additional days collecting supplemental "blanket" topo of all nine locations described above. This includes all grade breaks, visible surface evidence of underground utilities, invert elevations of accessible underground utilities, driveways, trees over six inch D.B.H. (diameter at breast height), and other utility features from edge of traveled way to 5 feet behind back of sidewalk along the location corridor.

MTCO surveyors will deliver a single Autocad Civil 3D file of all locations and any invert elevation dip sheets with accompanying photos. A Digital Terrain Model and contours will not be provided with this deliverable.

It is assumed traffic control and access permits will not be required for this effort.

Task 3 - Right of Way Engineering

3.3 Acquisition Documents Amendment: MTCO will prepare two (2) legal descriptions and plats and TCE exhibit for each of four (4) parcels along the north side of Folsom Blvd. It is anticipated project will require fee acquisition, utility easement and temporary construction easement from each of these parcels. In addition, it is assumed that three additional TCE's will be acquired from three additional parcels. This fee estimate includes a total of four (4) fee acquisition legal descriptions and plats; four (4) utility easement legal descriptions and plats; and seven (7) temporary construction easement exhibits. Areas of each acquisition will be calculated as well as the areas of existing encumbrances that reside within the right of way acquisition to aid the city in appraisals and negotiations. A draft of each legal description and plat drawing will be submitted to the City for review and comments. The legal description and exhibit plat will be stamped and signed only after City approval.

To facilitate appraisal and acquisition, MTCO will prepare key maps similar to exhibits prepared for Phase 2a of the Folsom Blvd. widening project. These maps will show existing rights along with proposed acquisition and total areas of acquisition.

Task 6 - Design

6.6 RT Driveway Modifications & Los Rios Sidewalk Replacement: Per field meeting with the City and RT on November 6, 2014, MTCO will make design modifications to nine (9) of RT's driveways that we installed in the Phase 3 widening project. MTCO will add construction details for all driveway locations to the project plans and coordinate the construction details with RT for concurrence.

MTCO will also put together construction details for replacing sidewalk next to the Los Rios College development on the northwest corner of Folsom Blvd and Paseo Dr. MTCO will coordinate with the developer to get design plans and specifications for the decorative sidewalk. MTCO will create a construction detail that will install decorative sidewalk matching the development from the pedestrian crossing, west of Paseo Drive along Folsom Blvd, to the limits of the Los Rios College development (approximately 200 feet).

Mark Thomas & Company Inc. - Folsom Blvd Streetscape Project Phase 4 - Fee Amendment

PROJECT TASK	MARK THOMAS & COMPANY INC.														Y&C	HLA	BTL	TOTAL	
	Engineering Manager IV	Engineer VII	Engineer IX	Engineer V	Engineer III	Engineer I	Engineer/Survey Technician Assistant	Land Surveyor II	Project Surveyor I	Survey Technician	2-Man Survey Crew	1-Man Survey Crew	Clerical/Typist I	MTCO HOURS	MTCO FEE	Y&C FEE	HLA FEE	Best Test Labs Fee	TOTAL FEE
	\$260	\$159	\$175	\$133	\$109	\$91	\$80	\$165	\$121	\$93	\$226	\$108	\$62						
Task 2: Survey and Base Mapping															\$0				
2.3 Supplement Topo - RT Driveways & Los Rios Sidewalk								2	8	24	32			66	\$10,762				
Subtotal Task 2:	0	0	0	0	0	0	0	2	8	24	32	0	0	66	\$10,762	\$0	\$0	\$0	\$10,762
Task 3: Right of Way Engineering																			
3.3 Acquisition Documents Amendment			4	8				16	36	110				174	\$18,990				
Subtotal Task 3:	0	0	4	8	0	0	0	16	36	110	0	0	0	174	\$18,990	\$0	\$0	\$0	\$18,990
Task 6: Design																			
6.6 RT Driveway Modifications & Los Rios Sidewalk Replacement			2	16	48		48							114	\$10,590				
Subtotal Task 6	0	0	2	16	48	0	48	0	0	0	0	0	0	114	\$10,590	\$0	\$0	\$0	\$10,590
Subconsultant Markup (5%)															\$0				\$0
Reimbursables																			\$0
CONTRACT SERVICES TOTAL	0	0	6	24	48	0	48	18	44	134	32	0	0	354	\$40,342	\$0	\$0	\$0	\$40,342

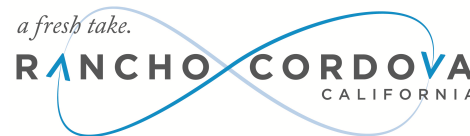
MEMORANDUM

DATE: April 6, 2015

TO: Honorable Mayor and Council Members

FROM: Matthew Diaz, Associate Planner

SUBJECT: 2014 GENERAL PLAN ANNUAL REPORT



RECOMMENDATION

Receive the 2014 General Plan Annual Report as required by State law.

RESULT OF RECOMMENDED ACTION

By receiving this report, the City Council is satisfying its statutory obligation under State law. No further action is required on the part of the City Council. The purpose of the report is to provide an annual accounting of implementation of the General Plan.

BACKGROUND

State law requires that the City complete an annual review of the General Plan by April 1 of each year, covering the previous calendar year. The purpose of the review is to:

- Identify compliance with the State General Plan Guidelines;
- Identify status of the General Plan and the process towards its implementation;
- Describe the City's progress in meeting its Regional Housing Needs Allocation; and
- Describe progress in addressing/removing governmental constraints to the maintenance, improvement, and development of housing.

Further, State law requires that the City submit the report to the Office of Planning and Research (OPR) and the department of Housing and Community Development (HCD). Completion of the report may make the City eligible for various State grants and other programs.

The 2014 annual report covers the calendar year (Planning Year) 2014 (January 1 to December 31). As in previous reports, staff has included a summary outlining the major accomplishments of the City in 2014 related to General Plan implementation. The Report also includes information on the status of residential construction compared to the City's obligation under the current Regional Housing Needs Plan/Regional Housing Needs Assessment. The tables used to collect and report this data are required by HCD.

The annual report can be used as a guide for development of the 2015-2016 fiscal budget for the City, helping departments plan their budgets with General Plan implementation in mind.

FISCAL IMPACTS

The City anticipates that this annual update will result in a minimal fiscal impact as the accomplishments are a balance of quality of living improvements, internal infrastructure improvements, staff training, and revenue generating projects.

ANALYSIS

As indicated in previous reports, staff identified a concern that the actions of the General Plan may not be accurately programmed. In an effort to keep the General Plan current and ensure it remains a useful document that sets the policy direction for the City, staff had previously recommended that a more detailed analysis of the General Plan actions be undertaken. This analysis would re-program, as appropriate, some of the General Plan action items to (1) departments that are more appropriate for leading the work effort and (2) realign the timing of the actions in keeping with Council-identified priorities. This effort could also serve as an opportunity to drop actions that are no longer necessary/appropriate for Rancho Cordova and create new ones that are. Completion of this task would result in a General Plan amendment to the Implementation Element. This effort was not programmed into previous year's work plans for budget reasons. Following completion of the 2014 review, staff is again recommending that this effort be undertaken.

ATTACHMENT

2014 General Plan Annual Report.



GENERAL PLAN

R A N C H O C O R D O V A G E N E R A L P L A N



2014 GENERAL PLAN ANNUAL REPORT
COMPLETED APRIL 2015

BUILDING OUR CITY
GUIDING OUR FUTURE

2014 GENERAL PLAN ANNUAL REPORT

CITY OF RANCHO CORDOVA 2014 GENERAL PLAN ANNUAL REPORT

PREPARED BY THE PLANNING DEPARTMENT
COMPLETED APRIL 2015

CITY COUNCIL

Robert McGarvey, Mayor
David Sander, Vice-Mayor
Linda Budge, Council Member
Donald Terry, Council Member
Dan Skoglund, Council Member

CITY STAFF

Brian Nakamura, City Manager
Joe Chinn, Assistant City Manager
Adam Lindgren, City Attorney
Michael Goold, Chief of Police
Aaron Busch, Community Development Director
Cyrus Abhar, Public Works Director
Curt Haven, Economic Development Director
Donna Silva, Finance Director
Troy Holt, Public Information and Legislative Affairs Manager
Mindy Cuppy, City Clerk
Kerry Simpson, Neighborhood Services Supervisor
Reed Flory, Housing Services Administrator

2014 GENERAL PLAN ANNUAL REPORT

TABLE OF CONTENTS

Introduction.....3

 Purpose of the Annual Report.....3

 Recommendations.....3

Administration and Status of the General Plan5

 Departmental Responsibilities5

 Amendments to the General Plan6

General Plan Elements and Implementation Progress.....7

 Element Summary.....7

 Status of Implementation Actions of the General Plan.....10

 Analysis of General Plan Efficiency.....10

Regional Housing Needs and Removal of Governmental Constraints
to Housing.....15

 2014-2022 Regional Housing Needs Plan.....15

 Removal of Governmental Constraints to Housing20

2014 GENERAL PLAN ANNUAL REPORT

INTRODUCTION

PURPOSE OF THE ANNUAL REPORT

California law requires each city to adopt a comprehensive, long-term General Plan to guide the physical development of the incorporated city and land outside city boundaries that bears a relationship to its planning activities. The General Plan serves as a blueprint for future growth and development; the blueprint to “Build a City.” As such, the plan contains policies and programs designed to provide decision makers with a solid foundation for land use and development decisions.

State law further requires the City to complete an Annual Report by April of each calendar year and submit the report to the Office of Planning and Research and the Department of Housing and Community Development. This report must:

- Identify compliance with the State General Plan Guidelines;
- Identify status of the General Plan and the process towards its implementation;
- Describe the City’s progress in meeting its Regional Housings Needs Allocation; and
- Describe progress in addressing/removing governmental constraints to the maintenance, improvement, and development of housing.

State law requires that the General Plan Annual Report be complete and submitted to the State by April of each year. The report covers the previous calendar year for which it is being completed. This Annual Report looks at the City’s progress towards implementing its General Plan during the 2014 planning period.

RECOMMENDATIONS

It is recommended that the City update the Implementation Matrix in the General Plan by adjusting timing, responsible parties, and establishing new action items, as appropriate, during the 2015 Planning Year. This action will require amendment of the General Plan and will help ensure that the goals and policies of the Plan are being achieved by keeping the Plan current. Funding for this task should be included in the 2015-2016 fiscal year budget for all departments.

Tracking the implementation of the General Plan is paramount in achieving the vision of the City that the General Plan establishes, and providing this information in a transparent report holds the City accountable to the public for the promises and goals it has set.

This document will provide a status update for major City accomplishments and housing element action items for the 2014 Calendar year. This document will be reviewed for adoption by the City of Rancho Cordova City Council on April 6, 2015 to adhere to the state required due date of April 1, 2015 (Government Code Section 65400(a)(2)).

2014 GENERAL PLAN ANNUAL REPORT

A copy of the current Implementation Element has been included with this report to indicate the status of all General Plan policies.

2014 GENERAL PLAN ANNUAL REPORT

ADMINISTRATION AND STATUS OF THE GENERAL PLAN

Upon incorporation in July 2003, the City adopted the Sacramento County General Plan. Soon thereafter, the City embarked on an intensive process of crafting the first General Plan for the City. The resulting plan was adopted on June 26, 2006. More than 50 workshops, stakeholder meetings, study sessions, and public hearings were held to understand the vision and desires for Rancho Cordova and to develop the blueprint to build the future City.

The General Plan for Rancho Cordova includes not only the seven mandated elements of a General Plan as required by State law (land use, circulation, housing, noise, safety, conservation, and open space) but additional topics of special and unique concern to the community, including urban design, economic development, air quality, historic and cultural resources, and infrastructure, services, and finance. As the basis for local government decision-making, the plan includes goals and policies by which projects are analyzed against and actions to be taken by the City necessary to achieving the overall vision for the community.

The City completed a total of our general plan amendments (GPA's) to the Rancho Cordova General Plan during 2014, one of these being adoption of an updated Housing Element. With the exception of the Housing Element update, these amendments were relatively narrow in scope.

DEPARTMENTAL RESPONSIBILITIES

Implementation of the General Plan is the responsibility of the numerous departments and teams in the City. Each action item identified in the General Plan has been tasked to one or more City departments. The General Plan includes an Implementation Matrix that lists each of the action items in the plan and identifies the responsible agency, timing, and funding source for each action. City departments responsible for implementation of the General Plan include the:

- City Manager's Office;
- Planning Department;
- Building Department;
- Public Works Department;
- Finance Department;
- Economic Development Department;
- Redevelopment Agency;
- Housing and Neighborhood Services Department;
- City Public Information Officer; and
- Police Department.

There are several other governmental agencies that provide services within the City's corporate boundary. While these agencies are not part of the City's operational structure and not directly responsible for implementation of the General Plan, the City does coordinate its activities with these other agencies and relies

2014 GENERAL PLAN ANNUAL REPORT

upon their assistance for full implementation of the General Plan. These additional agencies include, but are not limited to, the:

Sacramento Metropolitan Fire District;
Cordova Recreation and Parks District;
Folsom-Cordova Unified School District; and
Elk Grove Unified School District.’

AMENDMENTS TO THE GENERAL PLAN

State law allows the City to amend its General Plan no more than four times per year. Amendments may be proposed and acted upon at any time during the year and one action may include multiple amendments. Any changes to the General Plan require public hearings by the City Council and evaluation of the environmental impacts as required by the California Environmental Quality Act.

As of March 2015, there are no pending amendments to the General Plan. The Housing Element was updated adopted by the City of Rancho Cordova City Council at the end of 2013 and certified by the State of California Department of Housing and Community Development (HCD) in the beginning of 2014. This 2014 update so to satisfy the legally mandated update to reflect the 2014-2022 Regional Housing Needs Allocation.

Since the housing element was recently updated at the end of the 2013 calendar year, much of the 2014 annual housing report is already included within the 2014-2022 housing element (i.e. housing projections, building permit data). The goals, policies, and action items used within the last annual housing report have mostly been altered to adhere to new state law or are no longer applicable due to their completion.

This annual report focuses on the new housing element action items and City accomplishment.

2014 GENERAL PLAN ANNUAL REPORT

GENERAL PLAN ELEMENTS AND IMPLEMENTATION PROGRESS

ELEMENT SUMMARY

The General Plan for Rancho Cordova includes twelve elements that cover a variety of topics as provided for in State law. Table 1 lists these elements and shows how they relate to the State requirements (State General Plan Guidelines). The contents of these elements are summarized below. The contents of the General Plan are consistent with the latest edition of the State General Plan Guidelines (2003) for content and scope.

TABLE 1
ELEMENTS OF THE GENERAL PLAN AND RELATIONSHIP TO STATE LAW

Elements of the Rancho Cordova General Plan	Topics Required by State Law								Optional Topic
	Land Use	Circulation	Housing	Conservation	Open Space	Noise	Safety		
	Land Use	X			O	O			
	Urban Design	O						X	
	Economic Development	O						X	
	Housing		X						
	Circulation		X						
	Open Space, Parks, and Trails		O			X			
	Infrastructure, Services, and Finance		O					X	
	Natural Resources	O			X				
	Cultural and Historic Resources	O						X	
	Safety	O					X		
	Air Quality	O	O					X	
Noise	O	O				X			

Notes:

X - Indicates that this element directly addresses the State required topic

O - Indicates that information in this element is related to the State required topic

2014 GENERAL PLAN ANNUAL REPORT

Land Use Element

The Land Use Element provides the central framework for the General Plan and serves as a compass to guide planners, the general public, and decision makers on the desired pattern of development in Rancho Cordova. It describes both existing and future land use activity, the latter of which was designed to achieve the City's long-range goals for physical development. This Element also identifies the distribution, location, and intensity of all land uses types throughout the City. Text, maps, and diagrams establish the blueprint for future land uses within the City and describe how these uses are integrated with the other General Plan elements and policies.

Urban Design Element

The Urban Design Element provides policies and design concepts relating to the form and character of new private development and public improvements, along with focused plans for areas of the City in need of special design attention. The Element also includes policies and implementation programs aimed at creating Rancho Cordova as a unique place with a strong, memorable character.

Economic Development Element

The Economic Development Element attempts to identify the City's strengths and weaknesses as it seeks to provide a full range of employment, housing, retail/service, and entertainment option to residents. The Element establishes goals, policies, and actions to improve the City's prosperity, maintain regional competitiveness, ensure accessibility to assets, market the City, and, perhaps most importantly, set fair and equitable rules for development. This Element is also intended to create wealth for the citizens of Rancho Cordova by providing opportunities to increase property values, fully utilize their properties, offer continuing education opportunities, and support entrepreneurship.

Housing Element

The purpose of the Housing Element is to identify housing solutions that solve local housing problems and to meet or exceed the regional housing needs allocation. The City recognizes that housing is a need that is met through many resources and interest groups. This Element establishes the local goals, policies, and actions (programs) the City will implement and/or facilitate to solve our identified housing issues.

Circulation Element

The Circulation Element describes existing and future transportation conditions and systems. The Element establishes goals, policies, and actions that will guide the City's circulation system, including the roadway network, transit facilities and services, and bicycle and pedestrian facilities. The text, maps, and diagrams are a basis for the development of the City's transportation network.

2014 GENERAL PLAN ANNUAL REPORT

Open Space, Parks, and Trails Element

The Open Space, Parks, and Trails Element identifies the need to maintain existing open space and natural recreational areas, as well as to create additional areas for the enjoyment of residents and the protection of the environment. The goals, policies, and actions provided are intended to achieve the City's vision of open spaces that are accessible to all members of the community. This Element establishes a policy framework and action program for the improvement, expansion, and maintenance of the City's open space.

Infrastructure, Services, and Finance Element

This Element seeks to identify the ideal level and type of infrastructure and service provision necessary to achieving the goal of becoming a first-rate city. It also explores possible mechanisms to finance infrastructure and service improvements. The goals, policies, and actions contained in the Element set forth methods for ensuring that Rancho Cordova provide the highest service levels possible.

Natural Resources Element

The Natural Resources Element identifies the ways in which Rancho Cordova will protect, maintain, and enhance its natural resources for the betterment of current residents and future generations. It also attempts to balance the present needs of resource users with the need for resource conservation for the common good. The goals, policies, and actions in this Element will foster the preservation of Rancho Cordova's many valuable natural resources, including wildlife, habitat, water resources, soils, and mineral resources.

Cultural and Historic Resources Element

The Cultural and Historic Resources Element seeks to identify and protect locally important sites, buildings, and memorabilia that reflect the history of the community. It also seeks to honor the people of Rancho Cordova by promoting the inclusion of cultural arts into the fabric of the community as a component that contributes to the overall quality of life for residents, workers, and visitors. The Element provides goals, policies, and actions designed recognize and preserve the history of the area and celebrate the diversity of the City's population.

Safety Element

The Safety Element seeks to recognize and remedy both present and anticipated concerns about the on-going well being of City residents, employees, and visitors. The goals, policies, and actions identify viable solutions to minimize the potential risk of death, injuries, property damage, and economic hardship and social displacement resulting from fires, floods, earthquakes, landslides, and other hazards. Additionally, this Element addresses safety and hazards related to airport land use, groundwater contamination, traffic and pedestrian accidents at interfaces with rail lines, the potential release of hazardous materials into the community, and general issues related to police and fire protection services.

2014 GENERAL PLAN ANNUAL REPORT

Air Quality Element

The Air Quality Element establishes a framework for how the City will improve air quality in the Planning Area and work with other communities in the region and the Sacramento Metropolitan Air Quality Management District (SMAQMD) to improve air quality in the Sacramento Valley Air Basin. This Element also underscores the effects that land use patterns and the resulting transportation behavior have on air quality. The goals, policies, and actions outlined in this Element focus on improving air quality through embracing regional coordination, “smart growth” land use concepts, transportation demand management, energy conservation, cleaner industries and vehicles, and public education.

Noise Element

The goal of the Noise Element is to identify the major sources of noise within the City and discuss the City’s role in ensuring comfortable and safe noise levels throughout the community. The goals, policies, and actions provided will, when implemented, improve the noise environment in the Planning Area.

STATUS OF IMPLEMENTATION ACTIONS OF THE GENERAL PLAN

Major Milestones, Projects, and Accomplished Programs

The City undertook and/or completed numerous major milestones and projects during the 2014 planning year. These milestones are intended to carry out the vision of the City’s General Plan. Below is a summary of accomplished milestones per each City department. These accomplishments are based on the annual budget updates provided by each department.

- Hired a new City Manager.
- Voters approved a Measure H Tax Increase for civic improvements.
- Reelected Two Councilmembers.
- Broke ground on the Mather Veterans Village housing project and the Los Rios Community College.
- Further development of the Sunridge Specific Plan.
- The Admin Support Team worked with Los Rios Community College to start an internship program with the City of Rancho Cordova.
- Secured leadership positions within the International Association of Administrative Professionals at the State and local level.
- Wrote and published two articles in two different professional publications related to the profession of administrative professionals.
- Hired a new Community Development Director.
- Kept track of County projects and ensure that the City’s interest continues to be protected. The County proposed Lopez Ag Services and GreenCycle adjacent to the City but following City opposition both projects failed to move forward.
- The City developed packets called Welcome Wagon Packets (GSN effort) for new residents to Rancho Cordova.

2014 GENERAL PLAN ANNUAL REPORT

- The 2nd Annual Fall Rebuilding Day (with Rebuilding Together Sacramento) was successful. Staff worked with RTS to identify 6-8 homes for light indoor and outdoor repair. The City coordinates the volunteers, lunch and assists with sponsors while RTS coordinates the labor, tools, contractors, and scope of work.
- Created an electronic system to ensure current certificates of insurance are maintained for all active records. Currently working with the vendor to create a report.
- The City Clerk helped Finance to put journal entries and other documents into SIRE as well as train them on the system.
- Assist other departments in utilizing EDMS.
- The City Clerk's Office coordinated the November 2014 election.
- Biennial Resident Satisfaction Survey was completed.
- Implemented a renewed three-year grant agreement with the Cordova Community Council for FY 2013/14 through 2016/17.
- Worked with Folsom Cordova School District as they initiated the Community Readers Program in five Title I elementary schools. The Interim City Manager and six other City employees participated in the inaugural launch of the Community Readers Program. City staff mentored students at Cordova Villa, White Rock, Rancho Cordova, and Williamson Elementary schools.
- Evaluate the potential for an EDC/CDC/EDO. Will go to Council June 16, 2014
- The Economic Profile for Rancho Cordova was completed.
- The Business Retention Program was successful and included a Business Walk and multiple site visits.
- Facilities replaced the back-up generator at the Police Station located at 2897 Kilgore Road.
- The Police Station also replaced eaves and dry rot under soffit along with the replacement of soffit can lights with LED bulbs.
- Completely upgraded Rancho Cordova City Hall's parking lot lighting with efficient inductive lights.
- Irrigation Clock Upgraded for 2729 Prospect Park Drive at 2701 Prospect Park Drive.
- All ADA Improvements at City Hall were completed. These improvements were completed in combination with the Seal Coat Project completed in June 2014.
- Implemented Subrogation Program to receive reimbursements for maintenance and repair costs caused from vehicle accidents and graffiti incidents.
- Served on League of California Cities Internal Audit Committee
- Examined programs to capture use tax on out-of-state purchases and on large construction projects where the sales tax proceeds would otherwise go to the state and county pools for sharing amongst all the taxing entities.
- Retain a new Independent Auditing firm to conduct our annual financial statement audit
- Explored opportunities for sales tax measure on 2014 ballot. This included conducting a survey and obtaining authorization to conduct and implement community outreach. This resulted in voter approval of Measure H, a 1.2 cent local sales tax that will generate approximately \$7 million per year to address community priorities.
- Implemented use of the property tax assessment process to collect delinquent code enforcement fines
- Implemented electronic filing of current accounts payable invoices.

2014 GENERAL PLAN ANNUAL REPORT

- Implemented the Franchise Tax Board (“FTB”) City Business Tax Program to identify those businesses in Rancho Cordova that are not currently licensed.
- Implemented Land Equalization Program to ensure equity amongst developers for the contribution of land for public amenities.
- Conducted research on options for a new project accounting system. The best available system was determined. Due to key staff turnover, the cost benefit analysis has yet to be conducted.
- Housing completed pre-development activities for the Mather Veterans Village project and submitted a tax credit application. 56 units are under construction as of January 1, 2015.
- Conducted the Best Companies survey which evaluated employee feedback. Strategies were determined to address any concerns.
- Develop a Human Resources survey and issue to City Staff.
- Our New City Manager, Brian Nakamura, was recruited to our city family.
- Human Resources conducted their Annual Market Study
- Staff health benefits were evaluated with comparison to industry trends and CalPERS trends for premium increases to recommend an appropriate benefit structure and increase while remaining competitive.
- Conducted a benefit survey and prepared an Employee Benefit Update
- Develop a Community Development Director position and recruit for that position. This development involved a salary survey to recommend salary, the establishment of a contract Executive Recruiter, as well as the facilitation of that recruitment.
- Completed Hansen 8 Upgrade (ISF) which created process efficiencies across multiple departments within City Hall. Hansen7 was then converted and upgraded to Infor 8.3.
- Core network switches were replaced and configured for the Organization.
- Funds were contributed to regional 6” aerial photography effort for better accuracy and efficiency for our GIS program.
- IT built public portal into the current records system to allow Building counter customers access to public documents. Portal was implemented with permit scheduling and information capabilities.
- A new web filter was purchased, installed, and configured for the City Of Rancho Cordova network.
- Existing Animal Services and Code Enforcements vehicles received upgraded printers and any new code vehicles were customized with new equipment and printers.
- City Hall security DVR system and cameras were replaced and reconfigured for optimal use.
- New LCD displays were purchased and installed for select conference rooms to enhance communication between staff and clients.
- 10 spare laptops were replaced for City Staff.
- City Hall received a new and reconfigured CORC Center Server for a better network connection.
- A new Batter Back Up was purchased and installed for the Police Station.
- Purchased and installed new PC and cashier system for Hansen 8
- Purchased and installed wireless access point for Police Station.
- Hosted a free rabies clinic for “World Rabies Day on September 28, 2014. 131 vaccines and 99 microchips and 85 new licenses were distributed.
- Neighborhood Services participated in a rental housing training program. This training program encouraged property owners to establish guidelines for renting to people with pets.

2014 GENERAL PLAN ANNUAL REPORT

- Proactively contacted large complex owners with spay/neuter and licensing information. Animal Services staff highlighted the benefits of ensuring residents vaccinate and alter their pets. Six large complexes were completed (Arbors, Sycamore square, Babu, Bella Pointe, Park Knoll and Gold Run).
- Neighborhood Services participated in at least 20 community outreach meetings and events in Rancho Cordova
- There was a concentration on problem properties which were identified on the Focus on 50 list. November 2014 focused on Knoll Apartments, February 2014 focused on Babu & Rancho Villa Apartments and June 2014 focused on Sycamore Square Apartments. Throughout the rest of 2014 neighborhood services worked with multiple properties:
- As part of the Rental Housing Inspection Program over 2,200 rental units were inspected.
- Utilize the services of at least 10 volunteers throughout the year as part of the overall volunteer program
- Won CACEO award for most innovative program as well as made a presentation at the CACEO conference ~ Probation Partnership
- Implemented Hen Ordinance
- Won John Lowell Award for excellence in Code Enforcement for 2014
- Implemented first criminal citations using the Sacramento Community Prosecutor.
- Implemented Nuisance Code
- Completed construction of the North Mather Boulevard connection to Mather Road.
- Completed street improvements on the north side of Old Placerville Road between Granby Drive and Bradview Drive.
- Completed signal modification and pedestrian improvements at Mills Middle School (CP13-2120).
- Scanning of select project records with state/federal funding. International project files were scanned but Public Works has determined project records will not be scanned and hard copies will be kept. Albert Stricker is working to determine storage needs.
- Replaced the emergency generator at Rancho Cordova Police Station.

2014 GENERAL PLAN ANNUAL REPORT

ANALYSIS OF GENERAL PLAN EFFICIENCY

The General Plan includes several actions related to annual review of the efficiency and effectiveness of the Plan, principally the Land Use Map and the mix of uses around the City. These include:

- Action LU.1.1.1: Regularly evaluate the mix of land uses as the City grows to analyze build out conditions, market conditions, etc.
- Action LU.1.1.2: Utilize the PLACE3S land use model to track General Plan implementation with respect to Land Use and analyze the impact of new development on existing uses and the City roadway network. Update the model on a quarterly basis with newly constructed development projects to maintain accuracy of the model.
- Action LU.1.2.1: Designate adequate commercial, office, and industrial land uses throughout the City during project review and as part of annual review of the General Plan.
- Action H.1.5.2: The City will annually monitor and revise as necessary, the Affordable Housing Plan negotiation and development process to ensure that the planning process does not pose a constraint on the development of housing.
- Action H.2.3.1: Continue implementing the Housing Stock Conservation Fee which is an annual fee collected on business licenses for multi-family properties. This program supports general code enforcement aimed at ensuring code compliance and general housing habitability. Additional code enforcement activities include targeted inspections by the Neighborhood Services Division to enforce higher standards for building maintenance, parking requirements, and landscaping

Action H.3.1.2: The City has identified sites B-1, B-2, L-1, L-2, and L-3, in the Land Inventory (see Tables A-18, A-19, and A-20 in the Appendix) as appropriate to meet a portion of the City's RHNA. These sites are mixed use sites and require a Conditional Use Permit to allow for residential development. The CUP requirement ensures that the commercial uses are compatible with residential development. The sites already meet the location and environmental requirements of the CUP and therefore applications on these sites will be expedited. The City will monitor the development of these sites and upon consultation with developers should the CUP process pose a constraint to the development of Housing, the City will either change the CUP requirement to a Limited Use permit or find alternative sites

- Action ISF.1.1.3: Periodically evaluate the City's office and retail demand based on changing demographics and market conditions to ensure an adequate supply of land for non-residential use.

2014 Update to the Folsom Boulevard Specific Plan that rezoned properties and included new development standards to be more development friendly while still implementing General Plan policies for the Folsom boulevard corridor.

2014 GENERAL PLAN ANNUAL REPORT

REGIONAL HOUSING NEEDS AND REMOVAL OF GOVERNMENTAL CONSTRAINTS TO HOUSING

In an effort to address state-wide housing needs, the State of California requires regions to address housing issues and needs based on future growth projections for the area. The Department of Housing and Community Development (HCD) allocates regional housing needs numbers to regional councils of governments throughout the state. The Regional Housing Needs Plan (RHNP) for the Sacramento area is developed by the Sacramento Area Council of Governments (SACOG), and allocates to cities and the unincorporated counties their “fair share” of the region’s projected housing needs, or the Regional Housing Needs Allocation (RHNA). The needs plan allocation is based on household income groupings over the planning period.

The intent of the RHNP is to ensure that local jurisdictions address not only the needs of their immediate areas but also fill the housing needs for the entire region. Additionally, a major goal of the RHNP is to assure that every community provides an opportunity for a mix of affordable housing to all economic segments of its population. State law requires that the City identify its progress in meeting its share of the regional housing needs allocation and identify local efforts to remove governmental constraints to housing. The City’s General Plan Housing Element identifies solutions to meeting these objectives and reflects the 2014-2022 Regional Needs Plan and Regional Housing Needs Allocation for the Sacramento region.

2014-2022 REGIONAL HOUSING NEEDS PLAN

The Sacramento Area Council of Governments (SACOG), along with the City and the other jurisdictions in the region, has prepared a new Regional Housing Needs Plan (RHNP) for the 2014-2022 planning period. The 2014-2022 RHNP for the Sacramento region identified a total of dwelling units as the City’s “fair share” of the regional needs total. Table 2 identifies the breakdown of this number for each of the four income categories covered by the RNHP for the City.

2014 GENERAL PLAN ANNUAL REPORT

TABLE 2
CITY OF RANCHO CORDOVA
SHARE OF THE REGIONAL NEEDS ALLOCATION
FOR 2014-2022

Income Group	2014-2021 RHNA
Extremely Low	770 units
Very Low	770 units
Low	1,079 units
Moderate	1,303 units
Above Moderate	3,087 units
Total	7,008 units

Source: SACOG, Regional Housing Needs Plan for Sacramento County; City of Rancho Cordova.

The RHNP and RHNA only require the City to provide a suitable amount of land needed to build the number of units allocated to the City under the RHNA. The Housing Element was updated and certified by HCD at the beginning of 2015 to reflect the 2014-2022 RHNA.

Table 3 summarizes the number of units permitted in the City in 2014 by income category and dwelling type. Table 4 summarizes the cumulative total number of units permitted in the City during the current RHNP planning period. All numbers are based on issuance of building permits from January 1 to December 31 of the given year.

2014 GENERAL PLAN ANNUAL REPORT

TABLE 3
ANNUAL BUILDING ACTIVITY REPORT SUMMARY
NEW CONSTRUCTION
VERY LOW-, LOW-, AND MIXED-INCOME MULTIFAMILY
PROJECTS

Housing Development Information										Housing without Financial Assistance or Deed Restrictions
Project Identifier	Unit Category	Tenure R=Renter O=Owner	Affordability by Household Incomes				Total Units per Project	Est. # Infill Units*	Assistance Programs for Each Development	Deed Restricted Units
			Very Low-Income	Low-Income	Moderate - Income	Above Moderate - Income				
				56		254				
Total of Moderate and Above Moderate from Table 5						254				
Total by income						310				
Total Extremely Low-Income Units										

*Building permits issued from January 1, 2014 to December 31, 2014. New permits include 329 single family detached, 1 new duplex, 1 new R2 unit for the Summerset assisted Living complex, and 1 rehabilitation unit.

2014 GENERAL PLAN ANNUAL REPORT

TABLE 4
ANNUAL BUILDING ACTIVITY REPORT SUMMARY - UNITS
REHABILITATED, PRESERVED AND ACQUIRED PURSUANT TO GC
§65583.1(c)(1)

Activity Type	Affordability by Household Incomes			Total Units	Description of Activity Including Housing Element Program Reference
	Extremely Low Income	Very Low Income	Low Income		
Rehabilitation Activity	0	0	0	56	
Preservation of Units At-Risk	0	0	0	0	
Acquisition	0	0	0	0	
Total Units by Income	0	0	0	0	

2014 GENERAL PLAN ANNUAL REPORT

TABLE 5
ANNUAL BUILDING ACTIVITY REPORT SUMMARY FOR ABOVE
MODERATE-INCOME UNITS (NOT INCLUDING THOSE REPORTED
IN TABLE 3)

	Single Family	2-4 Units	5+ Units	Second Unit	Mobile Homes	Total	Number of Infill Units
No. of Units Permitted for Moderate		0	0	0	0		0
No. of Units Permitted for Above Moderate	254	0	0	0	0	254	0

2014 GENERAL PLAN ANNUAL REPORT

TABLE 6
REGIONAL HOUSING NEEDS ALLOCATION PROGRESS

Income Level		RHNA Allocation by Income Level	2014 Year 1	2014 Year 2	2015 Year 3	2016 Year 4	2017 Year 5	2018 Year 6	2019 Year 7	2020 Year 8	2021 Year 9	Total Units to Date (All Years)	Total Remaining RHNA by Income Level
Very Low	Deed Restricted Non-Deed Restricted	1,540											1,540
Low	Deed Restricted Non-Deed Restricted	1,079											1,079
Moderate	Deed Restricted Non-Deed Restricted	1,303											1,303
Above Moderate		3,087	331										2,756
Total RHNA by COG		7,008	7,008										2,756
Total Units			331										
Remaining Need for RHNA Period													6,677

REMOVAL OF GOVERNMENTAL CONSTRAINTS TO HOUSING

The Housing Needs Assessment of the General Plan states that the development standards for residential development in the City do not constrain the development of new housing or affordable housing. It identifies significant constraints as generally being non-governmental, including high land and construction costs, lack of gap funding for affordable projects, and a variety of other market factors. The Citywide Zoning Code includes land use districts, regulations, and standards that allow for alternative housing products at higher densities and facilitate the provision of live-work units and mixed use developments. Further, the Citywide Design Guidelines, adopted in 2005, do not pose a constraint on the development of housing, as they represent the City's guiding policies and expectations for quality development.

Table 7 identifies all of the General Plan Housing Element programs (or Actions) and the City's progress in implementing them.

2014 GENERAL PLAN ANNUAL REPORT

TABLE 7
HOUSING PROGRAM IMPLEMENTATION STATUS

Item	Description	Funding Source:	Responsible Agency:	Time Frame:	Status/Steps Taken
Action H.1.1.1	The City will work with the Economic Development Department to inquire with larger employers in the community to determine salary information and employee preference regarding housing type.	General Fund	Economic Development Department	Inquire with employers once every two years.	The City plans to make the bi-annual inquiry during the next fiscal year.
Action H.1.2.1	Residential development projects of 100 gross acres or more shall include a minimum of 5 percent of the total project residential developable acreage (net) for residential uses of 30 units per acre or higher. This minimum high density acreage requirement is calculated to satisfy projected RHNA to the City. Additionally the City will require a minimum of 5 percent for residential uses of 10 units per acre or higher. Development projects with a requirement of less than 5 acres in either or both categories may opt to designate land off-site, if deemed appropriate for the project. If projects propose densities higher than the identified density, the required acreage shall be decreased accordingly. For example, if a project is required to provide 15 acres at 30 units per acre, that project could alternatively provide 11.25 acres at 40 units per acre. Similarly, if the project's	General Fund, Local Housing Trust Fund	Planning Department, Housing Services Division	Ongoing, as residential applications are received.	The City has met the high density set-asides in all of the new Development Entitlements that have been recently approved or are currently under review. As part of the development review process all new housing projects are reviewed for their compliance to these housing standards

2014 GENERAL PLAN ANNUAL REPORT

Item	Description	Funding Source:	Responsible Agency:	Time Frame:	Status/Steps Taken
	requirement for land with density of 10 units per acre was 6 acres, the project could alternatively provide 4 acres at 15 units per acre. For the purpose of satisfying the 5 percent for land uses at or above 30 units per acre, sites must meet the following requirements: Sites must be zoned exclusively residential. Acres used to satisfy RHNA requirements will be required to maintain set minimum densities. Sites must be of sufficient size to accommodate a minimum of 16 units per site. Sites must be proximate to public transportation routes which provide ready access to fixed rail.				
Action H.1.3.1	The City's Zoning Code accommodates and facilitates the development of executive housing options in Specific Plans and large subdivisions (500+ units) in the Rural Residential (RR) and the Estate Residential (ER) zones.	General Fund	Planning Department	Ongoing, as projects are possessed through the Planning Department.	The city is currently in the process of reviewing the Suncrest and Rio Del Oro Specific Plan, both of which maintain a variety of housing types and densities ranging from 6.1 d.u./acre to 40 d.u./acre. As addressed in the 2014-2021 housing element land use and sites inventory, the City's current zoning standards, accompanied with vacant land, has the capacity to meet the City's fair share of the housing needs within the current planning cycle.
Action H.1.4.1	As part of an ongoing effort to promote transit oriented development the City will coordinate with regional partners to incentivize the production of	General Fund	Public Works, Housing Services Division, Planning, and Economic	The City will coordinate efforts to apply for funding for transit-oriented developments as	The City is maintaining a commitment to TOD high-density residential in review of all projects to be located adjacent to RT access points. However, no new projects have been submitted since the Housing

2014 GENERAL PLAN ANNUAL REPORT

Item	Description	Funding Source:	Responsible Agency:	Time Frame:	Status/Steps Taken
	housing for persons living and working in same community. o SACOG – The City will continue to work with SACOG to identify and apply for grant opportunities aimed at planning and promoting TOD development along the Regional Transit Light Rail lines. o Regional Transit – The City will continue to cooperate with Regional Transit in identifying transit needs in the community and working to provide viable solutions. These may include negotiating new bus routes, partnering to provide special or commuter routes, creating and maintaining a discount RT pass program for low-and very low-income residents living in the City’s affordable housing, and leveraging new infill development projects around existing mass transit infrastructure (Transit Oriented Development). o Local and Regional Complete Streets Advocate groups – The City will continue to work with local and regional Complete Streets Advocate groups to improve transportation options in the City, including bicycle lanes, improved pedestrian access, and better connectivity between existing alternative transportation options and local mass transit (such as dedicated pedestrian pathways), particularly in development projects located immediately adjacent to transit		Development departments	Notices of Funding Available (NOFAs) are released and will create project requirements and incentives to encourage reduced auto use in transit nodes.	Element Update completion at the end of 2014. All new master plans and specific plans currently under review, contain a variety of multimodal transportation options that focus on linkages (i.e. bike to bus, bus to light rail) to improve connectivity and usage of existing transit systems

2014 GENERAL PLAN ANNUAL REPORT

Item	Description	Funding Source:	Responsible Agency:	Time Frame:	Status/Steps Taken
	services.				
Action H.1.5.1	The City has established the following guidelines to provide direction for the review of Affordable Housing Plans associated with individual development projects and to provide direction for the preparation of an Affordable Housing Ordinance if one is to be developed. The Affordable Housing Plan shall be approved in conjunction with the earliest stage of project entitlement, typically with the City Council approval of the Specific Plan, Development Agreement, or other primary land use entitlement. The Affordable Housing Plan shall specify and include the following: 1) A projection of the number of dwelling units that will be developed as affordable to extremely low-, very low-, low , moderate-, and above moderate-income households 2) The number of affordable ownership and rental units to be produced. Such split shall be approved by the City Council based on housing needs, market conditions, and other relevant factors. The split of ownership and rental units shall be addressed within the Plan of each individual project. 3) Program options within project-specific Affordable Housing Plans	General Fund	Housing Services Division, Planning, and Economic Development Departments	The Affordable Housing Plan obligations will be implemented as projects are received by the Planning Department.	The City has negotiated one Affordable Housing Plan (AHP) with the developers of the SunCreek Specific Planning Area. The City is currently negotiating the AHP for the Rio del Oro Specific Planning Area, as per Housing Element standards. These projects are still under review.

2014 GENERAL PLAN ANNUAL REPORT

Item	Description	Funding Source:	Responsible Agency:	Time Frame:	Status/Steps Taken
	may include but are not limited to the following: The timing for completion of affordable housing obligations includes the following considerations: For projects proposing to construct affordable housing units or to renovate existing dwellings, the City generally supports construction/renovation of affordable dwellings concurrent with the construction of market-rate housing when feasible. - For projects providing alternative contributions (land dedication, funds, etc.), timing of such contributions shall be identified in the project specific Affordable Housing Plan, with the expectation that the City will pursue construction of affordable units generally concurrent with construction of project market-rate housing. 4) At the City Council's discretion, land or other contributions provided by developers as specified within project-specific Affordable Housing Plans may be utilized to augment City efforts and the efforts of its nonprofit partners to provide affordable housing opportunities to all income levels throughout the community. The City will pursue supplemental funding to allow affordability to households earning less than 50 percent of area median				

2014 GENERAL PLAN ANNUAL REPORT

Item	Description	Funding Source:	Responsible Agency:	Time Frame:	Status/Steps Taken
	income. 5) In order to ensure the production and preservation of housing affordable to the City's workforce, no productive, reasonable program or incentive option will be excluded from consideration within project-specific Affordable Housing Plans. Possible incentives may include, but are not limited to: Density bonuses Fee waivers or deferrals (as reasonably available) Expedited processing/priority processing Reduced parking standards Technical assistance with accessing funding Modifications to development standards (on a case-by-case basis) Other incentives				
Action H.1.5.2	The City will annually monitor and revise as necessary, the Affordable Housing Plan negotiation and development process to ensure that the planning process does not pose a constraint on the development of housing.	General Fund	Housing Services Division	Annually monitor the Affordable Housing Plan.	The City has completed the first monitoring, as part of the Housing Element Update Process. No constraints were identified.
Action H.1.5.3	Together with the developer and nonprofit partners, the City will use maximum efforts to seek available resources to support the construction of affordable housing production, including but not limited to state and federal housing programs and the City programs such as the City's non-residential	State and federal housing programs and the City programs such as the City's non-residential linkage fee (Local Housing Trust Fund)	Housing Services Division, Planning, and Economic Development Departments	Apply for funding as available.	The City is partnered with three non-profit developers for 1 transitional and 2 permanent supportive housing developments.

2014 GENERAL PLAN ANNUAL REPORT

Item	Description	Funding Source:	Responsible Agency:	Time Frame:	Status/Steps Taken
	linkage fee (Local Housing Trust Fund).				
Action H.2.1.1	The City shall continue to apply for federal and state funds to fund the City's housing rehabilitation program to assist in the improvement of owner- and renter-occupied housing units in the City.	Community Development Block Grant (CDBG), or other funds (as funding becomes available to the City)	Housing Services Division, Neighborhood Services Division and Economic Development Department	Apply for funding as Notices of Funding Available (NOFAs) are released.	The City is one year into the CalHOME funded rehabilitation program and has approved 6 loans to low-income homeowners in needs of health and safety repairs. The City will continue to strongly encourage rental housing owners and managers to re-invest and upgrade rental housing stock through the Rental Housing Inspection Program.
Action H.2.1.2	Continue the use of the City's Emergency Repair Program to provide health and safety repairs for households falling in the extremely low-, very low-, and low-income ranges. This is a grant for mobile home owners and single family homeowners to address immediate health and safety problems.	Community Development Block Grant (CDBG), or other funds (as funding becomes available to the City)	Housing Services Division, Neighborhood Services Division and Economic Development Department	The City will provide loans as funding becomes available each year.	The City made 6 Emergency Repair Grants in 2014. The City is considering a proposal for CDBG funding from a non-profit housing rehabilitation program, which is expected to be part of the 2015 Action Plan.
Action H.2.1.3	Support churches and service clubs who organize semi-annual community improvement days by providing information about the event at City Hall and on the City's website. Continue to make information available to the community about other revitalization programs including but not limited to Blight Busters, the Neighborhood Improvement Program, SMUD, and the Sacramento Tree Foundation.	Community Development Block Grant (CDBG), or other funds (as funding becomes available to the City)	Housing Services Division, Neighborhood Services Division and Economic Development Department	Ongoing, as community improvement days occur and new programs become available.	The City's Volunteer Program worked with local businesses and residents to provide residential improvement and revitalization programs to impacted neighborhoods. This includes semi-annual neighborhood clean-ups, ongoing vacant home abatements, and community events that assist neighborhoods and families in struggling socio-economic situations.

2014 GENERAL PLAN ANNUAL REPORT

Item	Description	Funding Source:	Responsible Agency:	Time Frame:	Status/Steps Taken
Action H.2.1.4	Continue to identify the most troubled multi-family projects (in terms of law enforcement, code enforcement, and blight conditions) and aggressively pursue the transformation or conversion of such properties into uses that move the community into a more balanced housing market and that will not result in the loss of existing affordable housing units subsidized with federal, state, or local funds.	HOME Program and CDBG Program	Housing Services Division and Neighborhood Services Division	Ongoing.	The City's Rental Housing Inspection program has continued to strongly encourage rental housing property owners and managers to make necessary health and safety improvements through the Focus on 50 database (properties with the highest calls for service) maintained by City staff. The City has also passed an ordinance for a community prosecutor and other fee based site review to continue to bolster that encouragement.
Action H.2.1.5	Continue to implement the Crime Prevention Through Environmental Design (CPTED) standards through the design review process.	General Fund	Planning and Building Departments	Implemented as part of the project processing and review of individual development applications.	The planning department continues to use CPTED standards as part of the design review process for new entitlements and continues to consult with the City's police department for further CPTED and other safety standards. In 2014 the city applied these safety design standards to numerous use permits and design review applications at both staff level review and projects that went before the City Council for approval. .
Action H.2.2.1	Continue to identify and implement opportunities on Folsom Boulevard for revitalization that will improve the Folsom Boulevard corridor, especially targeting the following Underutilized, blighted, and/or vacant shopping centers on Folsom Boulevard to increase mixed use and reuse in that corridor.	General Fund	Housing Services Division, Neighborhood Services Division, and Economic Development Department	Mixed-use and revitalization opportunities are currently being developed through the Folsom Boulevard Specific Plan.	The City is working with property owners and developers to identify development opportunities along Folsom BLVD. on an ongoing basis, and has encourage private owners to improve frontage and landscaping along the BLVD.

2014 GENERAL PLAN ANNUAL REPORT

Item	Description	Funding Source:	Responsible Agency:	Time Frame:	Status/Steps Taken
Action H.2.3.1	Continue implementing the Housing Stock Conservation Fee which is an annual fee collected on business licenses for multi-family properties. This program supports general code enforcement aimed at ensuring code compliance and general housing habitability. Additional code enforcement activities include targeted inspections by the Neighborhood Services Division to enforce higher standards for building maintenance, parking requirements, and landscaping	CDBG Funds, General Fund	Housing Services Division and Neighborhood Services Division	Annually	The City is continuing to collect the Housing Stock Conservation Fee on business licenses
Action H.2.4.1	The City will continue to undertake the following programs and activities during the planning period of the Housing Element. The Housing Services Division and Neighborhood Services Division will implement these efforts. The efforts listed below represent a varied strategy to mitigate potential loss of “at-risk” units due to conversion to market-rate units. These local efforts utilize existing City and local resources. They include efforts to secure additional resources from the public and private sector should they become available. o Monitor owners of at-risk projects on an ongoing annual basis, in coordination with other public and private entities to determine their interest in selling, prepaying, terminating, or	Local Housing Trust Fund, CDBG	Housing Services Division and Neighborhood Services Division	Annually	The City is participating in regular monitoring to ensure that at-risk affordable units are maintained and preserved as available for occupancy. The City is working to continue to identify and protect or replace subsidized units that are lost or rendered unsafe.

2014 GENERAL PLAN ANNUAL REPORT

Item	Description	Funding Source:	Responsible Agency:	Time Frame:	Status/Steps Taken
	continuing participation in a subsidy program. - o Maintain and annually update the inventory of “at-risk” projects through the use of existing databases (e.g., California Housing Partnership Corporation (CHPC), HUD, State HCD, and California Tax Credit Allocation Committee). - o Take all necessary steps to ensure that a project remains in or is transferred to an organization capable of maintaining affordability restrictions for the life of the project, including proactively ensuring notices to qualified entities, coordinating an action plan with qualified entities upon notice, and assisting with financial resources or supporting funding applications. - o Ensure projects are monitored to see if they are subject to other State or local requirements regarding the provision of assistance to displaced tenants. - o Annually monitor local investment in projects that have been acquired by non-profit or for-profit entities to ensure that properties are well managed and maintained and are being operated in accordance with the City’s property rehabilitation standards.				

2014 GENERAL PLAN ANNUAL REPORT

Item	Description	Funding Source:	Responsible Agency:	Time Frame:	Status/Steps Taken
	- o Work with owners, tenants, and nonprofit organizations to assist in the nonprofit acquisition of at-risk projects to ensure long-term affordability of the development. Annually contact property owners, gauge interest, and identify nonprofit partners and pursue funding and preservation strategy on a project basis. - o Annually meet with stakeholders and housing interests to participate and support, through letters and meetings and technical assistance, local legislators in federal, state, or local initiatives that address affordable housing preservation (e.g., support state or national legislation that addresses at-risk projects, support full funding of programs that provide resources for preservation activities). - o Use available financial resources to restructure federally assisted preservation projects, where feasible, in order to preserve and/or extend affordability. - o Annually identify funding sources for at-risk preservation and acquisition rehabilitation and pursue these funding sources at the federal, state, or local levels to preserve at-risk units on a project-by-project basis.				
Action H.2.4.2	Work with interested individuals, nonprofit housing corporations, and for-profit developers to acquire rental housing projects in need of	General Fund, Local Housing Trust Fund and other subsidies as available	Housing Services Division	Ongoing	The City is currently working with both for-profit and non-profit developers to identify potential rehabilitation projects.

2014 GENERAL PLAN ANNUAL REPORT

Item	Description	Funding Source:	Responsible Agency:	Time Frame:	Status/Steps Taken
	rehabilitation, and transfer ownership, when necessary, to maintain the affordability of the units to low-income households.				
Action H.3.1.1	Continue to review other local jurisdictions' programs that spread a range of housing types throughout the jurisdiction.	General Fund	Housing Services Division	Ongoing	The City is maintaining a matrix of other jurisdictions' programs to encourage best practices.
Action H.3.1.2	The City has identified sites B-1, B-2, L-1, L-2, and L-3, in the Land Inventory (see Tables A-18, A-19, and A-20 in the Appendix) as appropriate to meet a portion of the City's RHNA. These sites are mixed use sites and require a Conditional Use Permit to allow for residential development. The CUP requirement ensures that the commercial uses are compatible with residential development. The sites already meet the location and environmental requirements of the CUP and therefore applications on these sites will be expedited. The City will monitor the development of these sites and upon consultation with developers should the CUP process pose a constraint to the development of Housing, the City will either change the CUP requirement to a Limited Use permit or find alternative sites.	General Fund	Planning Department	Annually monitor the CUP process to ensure it doesn't pose a constraint to any of the sites listed above.	These sites are located in the Villages of Zinfandel and the Mather Special Plan Area. Although discussion with potential applicants regarding the site's development is ongoing, no new entitlement has been proposed for those sites since the 2014-2021 housing element was adopted at the end of 2014.

2014 GENERAL PLAN ANNUAL REPORT

Item	Description	Funding Source:	Responsible Agency:	Time Frame:	Status/Steps Taken
Action H.3.2.1	Research feasibility of converting existing multi-family rental housing to senior housing facilities, such as a congregate care or assisted living facility.	General Fund	Planning Department, Housing Services Division, Building Department, and Sacramento Metro Fire District	Evaluate the feasibility of converting units as sites are identified and funding becomes available.	The City has not had an opportunity to review conversion application during the last year.
Action H.3.3.1	Provide accessibility in housing for persons with physical and developmental disabilities by implementing state and federal requirements by undertaking the following actions: § Review regulations and procedures for City-funded or City-operated housing programs to ensure that housing needs for persons with physical and developmental disabilities are addressed. The City will continue to encourage and support housing for persons with physical and developmental disabilities, which will include assessing the need for elevator access, continued review of zoning standards, and implementation of the City's reasonable accommodation program.	General Fund	Planning Department, Building Department, and Housing Services Division	Ongoing. Provide accessibility in housing for persons with disabilities as projects are processed through the Planning Department.	The City is currently sponsoring two supportive housing projects that are targeting groups that have a high percentage disabled population – seniors and homeless veterans. Both projects should be under construction in the next year

2014 GENERAL PLAN ANNUAL REPORT

Item	Description	Funding Source:	Responsible Agency:	Time Frame:	Status/Steps Taken
Action H.3.3.2	Provide incentives for the development of single-room occupancy (SRO) and supportive housing units for identified special needs groups. Incentives may include fee deferrals, reduced parking requirements, density bonus, priority permit processing, technical assistance in project processing, and accessing funding for the special needs. SROs are allowed with a conditional use permit in the RD-20, RD-25, RD-30, and high density residential (HDR) zones. To ensure development standards do not constrain the development of SROs, the City will evaluate adopting development standards which may include: § 24-hour on-site management § Room limitation to single occupancy, with allowance for overnight guests § Requirements for monthly tenancies § Units must be 250–300 square feet in size and include kitchen or bathroom § Parking ratio of one space per unit or less, and bicycle rack storage of one rack per 5 units The Planning Department and Housing Services Division will review development standards to see if they act as a constraint as SRO applications are submitted.	General Fund, Local Housing Trust Fund, CDBG	Housing Services Division and Planning Department	Implemented as part of project processing and review of individual development applications	The City has not received any SRO applications or inquiries in the last year. .
Action	Participate in regional coordination	General Fund, State	Housing	Participate in regional	The City is currently participating in the

2014 GENERAL PLAN ANNUAL REPORT

Item	Description	Funding Source:	Responsible Agency:	Time Frame:	Status/Steps Taken
H.3.3.3	for homeless services and facilities. The City will continue to support existing facilities and programs (including financial support when appropriate and necessary) and permit homeless facilities in the Office/Industrial/Mixed Use (OIMU) and the Light Industrial Business Park (LIBP) zones. The City will permit and continue to allow transitional and supportive housing in all residential zones subject to the same restrictions that apply to other residential uses of the same type in the same zone. . The City will establish managerial standards for homeless facilities that will include the following: - o Off-street parking based upon demonstrated need; - o Size and location of on-site waiting and intake areas; - o Provision of on-site management; - o Proximity to other shelters; - o Length of stay; - o Lighting; and - o Security during hours when the shelter is open	Emergency Shelter Program, HUD, other specialized funding	Services Division	coordination on an annual basis. Develop managerial standards for homeless facilities within one year of adoption of the Housing Element.	Continuum of Care through Sacramento County. The City is also the physical location of the largest transitional housing facility in the County – the Mather Community Campus. The City is currently working on another transitional living facility for homeless veterans in need of intense programmatic support. Transitional housing facilities receive special consideration during the entitlement process, including parking reductions and density bonuses. All transitional facilities are required to have a management plan..
Action H.3.4.1	The City will continue implementation of its Fair Housing Plan that works to affirmatively further fair housing. The Plan is part of a new fair housing effort that the City began in fiscal year 2012-2014, and includes:	General Fund, CDBG funds	Housing Services Division	Ongoing	The City is continuing to carry out its Fair Housing Plan, and is partnering with other local jurisdictions to attain additional scale and to leverage funding to ensure robust Fair Housing enforcement. This includes Site Testing for discrimination, partnerships with the

2014 GENERAL PLAN ANNUAL REPORT

Item	Description	Funding Source:	Responsible Agency:	Time Frame:	Status/Steps Taken
	- o Production, marketing, and distribution of fair housing materials, and marketing in non-English languages - o Fair housing case intake, and routing of fair housing complaints through the City's Fair Housing Representative - o Routing of potential fair housing cases to the appropriate entities, including Sacramento Self-Help Housing, HUD, California Department of Fair Employment and Housing, Legal Services of Northern California, and the California Department of Consumer Affairs, etc. - o Strategic implementation of activities and programs intended to address the impediments to fair housing identified in the City's Analysis of Impediments to Fair Housing (AI) completed in 2010.				Rental Housing Association, and the SHRA.
Action H.3.4.2	Per Chapter 1.1.0 of the Zoning Code (Entitlements), the City will allow requests for reasonable accommodation in regard to relief from the various land use or zoning rules, policies, practices, and/or procedures that may be necessary to ensure equal access to housing designed for, intended for occupancy by, or with supportive services for individuals with disabilities as required in the Zoning Code.	General Fund	Planning Department	Ongoing	Although there has been some minor discussion regarding reasonable accommodations with certain information requests by the public, there has not been a formal reasonable application submittal in 2014. The City will continue to work to accommodate individuals that require reasonable accommodations consistent with the provision of the zoning code..

2014 GENERAL PLAN ANNUAL REPORT

Item	Description	Funding Source:	Responsible Agency:	Time Frame:	Status/Steps Taken
Action H.4.1.1	Partner with SMUD and PG&E to develop model programs for energy efficiency in new development without increasing costs to the homebuyer, and post and distribute information on currently available weatherization and energy conservation programs to residents and property owners as well as encourage participation in SMUD's photovoltaic (solar), energy efficiency, peak reduction, and other comparable programs. The City will distribute information through the City's newsletter, annual mailings in City utility billings, distribution of program information to community organizations and at municipal offices, and postings on the City's website. To best capture the ethnic diversity of the community, information will be available in the four major languages used in the community and other languages on demand.	General Fund	Planning and Building Departments	Ongoing	This program has not been completed since the 2014-2021 housing element was adopted in late 2014. The planning and building department continue to coordinate efforts to encourage energy efficiency in design however a City wide distribution with the help from SMUD and PG&E has yet to occur.
Action H.5.1.1	Consider creating a local housing foundation/trust that may be funded by for profit and non-profit partners as well as major employers as well as funding from potential in-lieu fees and land grants from new developments.	General Fund	Economic Development Department	Determine viability of creating a local housing trust fund by end of fiscal year 2014.	The City is working on the viability of a local housing trust for long term property and fee management
Action H.5.2.1	Pursue available and appropriate state and federal funding sources to support efforts to meet new construction needs of extremely low-, very low-, low-, and	Economic Development Initiations Grant (EDI) CDBG, HOME, CalHome,	Housing Services Division	Ongoing. The City will apply for all of the above loans and grants as Notices of Funding Available	The City is continuing to apply for any and all available and applicable grants and other funding for affordable housing. These include HOME grant applications, Infill grant applications, UrbanLift

2014 GENERAL PLAN ANNUAL REPORT

Item	Description	Funding Source:	Responsible Agency:	Time Frame:	Status/Steps Taken
	moderate-income households. Appropriate sources of funding will be determined on a case-by-case basis. (See Program Timeframe and Potential Funding below.) The City will collaborate with nonprofit organizations and agencies such as Northern California Construction Training, Community Housing Opportunity Corporation. Potential funding sources for this program will include the CDBG, HOME, CalHome, and BEGIN programs, the state Multi-Family Housing Program, California Housing Finance Agency programs (such as HELP), tax exempt bond financing, low-income housing tax credits, the Federal Home Loan Bank Affordable Housing Program, and various other HUD programs for special needs groups.	BEGIN, Multi-Family Housing program, California Housing Finance Agency, HELP Program, HUD Program Section 221(d), Section 202 (elderly), Section 811 (persons with disabilities), Federal Home Loan Bank, Tax Exempt Bonds, Low-Income Housing Tax Credits (state and federal), and Housing Tax Increment Funds, Workforce Housing Reward Program Funds		(NOFAs) are released from HCD	neighborhood applications, Tax Credits, and other assorted funding opportunities.
Action H.5.2.2	Work with financial institutions serving Rancho Cordova to solicit interest in providing financing for extremely low-, very low-, low-, and moderate-income housing as part of their responsibilities under the Federal Community Reinvestment Act (CRA). The City will seek specific lending commitments to be used in conjunction with state and federal funds. The City will work with interested lending institutions and developers to use existing CRA-funded programs through the Federal Home Loan Bank Board and the Federal Reserve Bank	CDBG, HOME and other funds (as funding becomes available to the City)	Housing Services Division	Meet with financial institutions serving Rancho Cordova regularly to determine what funding is available for lower-income households.	The City is exploring opportunities to work with financial institutions to encourage CRA investment.

2014 GENERAL PLAN ANNUAL REPORT

Item	Description	Funding Source:	Responsible Agency:	Time Frame:	Status/Steps Taken
	Board.				
Action H.5.3.1	To promote the development of affordable housing, the City will market available incentives by advertising on the City's website, publishing brochures and making referrals. The incentives for developers may include: § Financial assistance (based on availability of housing funds) § Expedited development review § Streamlined processing § Density bonuses Given equal quality of design, priority will be given to projects containing units affordable to extremely low and very low-income households.	General Fund	Housing Services Division and Planning Department	Offer incentives as projects are processed through the Planning Department.	The City is working to encourage development of affordable housing project as funds and resources become available. .
Action H.5.4.1	The City will continue to explore the option of updating the existing Housing Trust Development Impact Fee (fee for non-residential development that funds the Local Housing Trust Fund) to better address the needs and desires of City. The update to the fee program shall include the following: § An updated nexus study addressing the extremely low-, very low- and low-income housing needs generated by non-residential development, including the cost to provide a variety of lower-income housing types; § A fee structure based on defined types of non-residential	General Fund	Housing Services Division	Determine the viability of updating the Housing Trust Development Impact Fee by end of fiscal year 2016. Annually review fee to determine if additional updates are necessary to reflect changes in real estate market.	The City is working with the Finance department to assess the opportunity of updating the Housing Trust Development Impact Fee in the next year.

2014 GENERAL PLAN ANNUAL REPORT

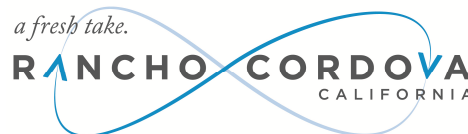
Item	Description	Funding Source:	Responsible Agency:	Time Frame:	Status/Steps Taken
	development that are consistent with uses identified in the Zoning Code; § A fee component to cover administrative costs; § An annual inflationary adjustment; § Exempt uses; and § Allowed uses of the fee, including its use to provide pre-development, construction, and permanent financing for affordable multi-family projects and provide a homebuyer assistance program.				

MEMORANDUM

DATE: April 6, 2015

TO: Honorable Mayor and Council Members

FROM: Kerry Simpson, Neighborhood Services Manager
Jessica Crone, Accounting Technician



SUBJECT: RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE AMENDMENT NO. 66-2012-3 TO THE MEMORANDUM OF UNDERSTANDING FOR PROBATION SERVICES BETWEEN THE CITY AND THE COUNTY OF SACRAMENTO IN THE AMOUNT OF \$156,507 ANNUALLY.

RECOMMENDATION

Adopt Resolution No. 38-2015.

RESULT OF RECOMMENDED ACTION

Adoption of this resolution will allow the City to extend for one year the contract with the Sacramento County Probation Department to provide the services of two Probation Officers (POs) to the City of Rancho Cordova to act as liaisons between these agencies and to coordinate with other agencies and community-based organizations as part of the Rancho Cordova Community Alliance project.

BACKGROUND

The purpose and goal of amending this MOU is to continue providing the services of two Probation Officers (POs) to the City of Rancho Cordova to act as liaisons between these agencies and to coordinate with other agencies and community-based organizations as part of the Rancho Cordova Community Alliance project. Sacramento County continues to charge us for only one probation officer yet provides us with two full time probation officers.

The Rancho Cordova Community Alliance Project strives to accomplish the citywide goals outlined in the "Growing Strong Neighborhoods" project:

- Promote the positive image of Rancho Cordova
- Ensure a safe, inviting and livable community
- Empower responsible citizenship
- Ensure the availability of the best public services in the region while
- practicing sound financial management

ATTACHMENT

Resolution No. 38-2015, including Exhibit A – Contract No. 66-2012-3.

CITY OF RANCHO CORDOVA

RESOLUTION NO. 38-2015

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA
AUTHORIZING THE CITY MANAGER TO EXECUTE AMENDMENT
NO. 66-2012-3 TO THE MEMORANDUM OF UNDERSTANDING FOR PROBATION
SERVICES BETWEEN THE CITY AND THE COUNTY OF SACRAMENTO IN THE
AMOUNT OF 156,507 ANNUALLY**

WHEREAS, on July 1, 2012 the City entered a memorandum of understanding (hereinafter "MOU"), with the Probation Department of the County of Sacramento, California, (hereinafter "PROBATION"); and

WHEREAS, the MOU was entered into to provide the services of two Probation Officers (POs) to the City of Rancho Cordova to act as liaisons between these two agencies and to coordinate with other agencies and community-based organizations as part of the Rancho Cordova Community Alliance project; and

WHEREAS, the City and PROBATION now seek to amend the contract agreement for one year to provide that the rate commencing July 1, 2015 shall be in the amount of \$156,507 annually for PROBATION to continue to provide these services to City.

NOW THEREFORE, the City Council of the City of Rancho Cordova hereby resolves that the City Council authorizes the City Manager to execute Amendment No. 66-2012-3 to the MOU between the City and PROBATION, attached hereto as Exhibit A.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova this ____ day of ____ 2015, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Robert J. McGarvey, Mayor

ATTEST:

Mindy Cuppy, MMC, City Clerk

**MEMORANDUM OF UNDERSTANDING BETWEEN
THE SACRAMENTO COUNTY PROBATION DEPARTMENT
AND THE CITY OF RANCHO CORDOVA
FOR PROBATION SERVICES**

THIS MEMORANDUM OF UNDERSTANDING (hereinafter "MOU") is made and entered into on this 1st day of July, 2015, by the City of Rancho Cordova, California, hereinafter called "RANCHO CORDOVA", and the Probation Department of the County of Sacramento, California, hereinafter called "PROBATION".

I. PURPOSE

The purpose and goal of this MOU is to provide the services of two Probation Officers (POs) to the City of Rancho Cordova to act as liaisons between these agencies and to coordinate with other agencies and community-based organizations as part of the Rancho Cordova Community Alliance project.

The Rancho Cordova Community Alliance Project strives to accomplish the citywide goals outlined in the "Growing Strong Neighborhoods" project:

- Promote the positive image of Rancho Cordova
- Ensure a safe, inviting and livable community
- Empower responsible citizenship
- Ensure the availability of the best public services in the region while practicing sound financial management
- Drive diverse economic opportunities

II. RESPONSIBILITIES

- A. PROBATION shall provide two full time POs (40 hours per week), one Deputy Probation Officer and one Senior Deputy Probation Officer to RANCHO CORDOVA. Duties shall include the following:
1. Conducting presentations to a variety of agencies and community based organizations on a wide range of topics.
 2. Conducting searches, effecting arrests and overseeing tactical operations to ensure compliance of probationers.
 3. Assisting other law enforcement agencies in the investigation and prosecution of offenders in the Rancho Cordova area.
 4. Assisting probationers and citizens to access appropriate community resources.

- B. PROBATION shall provide all necessary equipment required by the POs for provision of the duties described above, including a vehicle.
- C. Day to day activities of the Rancho Cordova Community Alliance Project will be determined via collaboration amongst Rancho Cordova Code Enforcement, the Rancho Cordova Police Department and other city departments. POs will perform the above listed duties as necessary to accomplish the day to day goals of the project.
- D. RANCHO CORDOVA shall provide office space; procure all necessary office materials; and provide appropriate support infrastructure required for the provision of services by the POs.
- E. RANCHO CORDOVA and PROBATION shall meet when needed to address any issues with the day to day operations or other concerns regarding provision of services through this MOU.
- F. PROBATION shall report statistics on a quarterly basis. Types of statistics may include, but not be limited to:
 - 1. Probationers contacted
 - 2. Fresh arrests (arrests based on newly committed crime)
 - 3. Evidence seized
 - 4. Restitution collected
 - 5. Warrant arrests
 - 6. Code Enforcement assists
 - 7. Police Department assists

III. **STATUS**

- A. It is understood and agreed by the parties hereto that PROBATION shall have the sole authority to supervise and direct those activities and functions that are performed by the POs under this MOU. This MOU does not guarantee or represent that any particular level of enforcement or prosecutorial activities will be undertaken during the course of providing services for this project.
- B. Responsibility for the personal and professional conduct of the POs shall remain with PROBATION. RANCHO CORDOVA may request a change in personnel; however, it is understood and agreed upon by both parties that PROBATION retains the sole discretion of whether to grant such request. It is further understood and agreed that PROBATION shall determine the particular individuals for this assignment, and may, at any time and at its sole discretion, reassign individuals from this project and provide an appropriate replacement.

- C. It is further understood and agreed that the DPOs are employees of PROBATION and are not employees of RANCHO CORDOVA. POs are not agents of RANCHO CORDOVA and shall not have any right to act on behalf of RANCHO CORDOVA or bind RANCHO CORDOVA in any manner. PROBATION will be solely responsible for the payment of all salary and benefits to POs, including but not limited to workers compensation and medical, retirement, sick leave, vacation leave and similar employment benefits.

IV. **BENEFITS WAIVER**

PROBATION acknowledges and agrees that POs are not entitled to receive any salary, benefits and/or compensation from RANCHO CORDOVA, including but not limited to: medical, dental, vision and retirement benefits, life and disability insurance, sick leave, vacation, bereavement leave, jury duty leave, parental leave, or any other similar benefits or compensation otherwise provided to RANCHO CORDOVA employees. Should POs seek to obtain any salary, benefits or compensation from RANCHO CORDOVA, PROBATION agrees to indemnify and hold harmless RANCHO CORDOVA from any and all claims that may be made against RANCHO CORDOVA by POs or other employees of PROBATION for salary, benefits or compensation from RANCHO CORDOVA.

V. **TERM**

- A. This MOU shall become effective as of the date written above, and shall terminate on June 30, 2016. The MOU may be terminated prior to June 30, 2016, by either party giving the other party thirty (30) days written notice of termination.
- B. PROBATION and RANCHO CORDOVA shall examine the feasibility and efficacy of the services being provided after twelve (12) months from the effective date of this MOU to determine whether or not services should continue to be provided.
- C. This MOU may be renewed for two additional one-year terms, subject to available funding, in substantially similar form and terms and by mutual written agreement of the parties.

VI. **PAYMENT**

- A. RANCHO CORDOVA shall reimburse PROBATION for the annual cost of one Full-Time Equivalent (FTE) Senior Deputy Probation Officer in the amount of \$156,507. PROBATION shall provide the services of one FTE Deputy Probation Officer at no charge to RANCHO CORDOVA.
- B. PROBATION shall submit a request for payment quarterly within ten days after the last day of each quarter to RANCHO CORDOVA. The request

for payment shall include an invoice with cost backup (i.e. copies of time sheets). PROBATION shall submit the request for payment to:

City of Rancho Cordova
Attn: Accounts Payable
2729 Prospect Park Drive
Rancho Cordova, CA 95670

- C. RANCHO CORDOVA shall remit payment within thirty (30) days of receipt of a true and correct invoice. Payment shall be made via check payable to the County of Sacramento and shall be submitted to:

Sacramento County Probation Department
Attn: Fiscal Services
9750 Business Park Drive, Suite 220
Sacramento, CA 95827

- D. PROBATION shall retain all records relating to direct expenses reimbursed to PROBATION, and to hours of employment on this MOU by any employee of PROBATION for which RANCHO CORDOVA is billed. Such records shall be maintained for a period of three years after final payment or until audited and audit findings have been resolved.

VII. ALTERATION

It is agreed that this MOU may be modified or amended upon the written mutual consent of both RANCHO CORDOVA and PROBATION.

VIII. NOTICE

- A. Notice to PROBATION:

Sacramento County Probation Department
Attn: Lee Seale, Chief Probation Officer
9750 Business Park Drive, Suite 220
Sacramento, CA 95827

- B. Notice to RANCHO CORDOVA:

City of Rancho Cordova
Attn: Dr. Brian Nakamura, City Manager
2729 Prospect Park Drive
Rancho Cordova, CA 95670

IX. NON-DISCRIMINATION IN EMPLOYMENT, SERVICES, BENEFITS AND FACILITIES

- A. RANCHO CORDOVA and PROBATION agree and assure that they shall comply with all applicable federal, state, and local anti-discrimination laws, regulations, and ordinances and to not unlawfully discriminate, harass, or allow harassment against any employee, applicant for employment, employee or agent of RANCHO CORDOVA or PROBATION, or recipient of services contemplated to be provided or provided under this MOU, because of race, ancestry, marital status, color, religious creed, political belief, national origin, ethnic group identification, sex, sexual orientation, age (over 40), medical condition (including HIV and AIDS), or physical or mental disability. RANCHO CORDOVA and PROBATION shall ensure that the evaluation and treatment of its employees and applicants for employment, the treatment of RANCHO CORDOVA or PROBATION employees and agents, and recipients of services are free from such discrimination and harassment.
- B. RANCHO CORDOVA and PROBATION represent they are in compliance with and agrees that it will continue to comply with the Americans with Disabilities Act of 1990 (42 U.S.C. § 12101 et seq.), the Fair Employment and Housing Act (Government Code §§ 12900 et seq.), and regulations and guidelines issued pursuant thereto.
- C. RANCHO CORDOVA and PROBATION agree to compile data, maintain records, and submit reports to permit effective enforcement of all applicable antidiscrimination laws and this provision.

X. INDEMNIFICATION

RANCHO CORDOVA shall defend, indemnify and hold harmless PROBATION, its Board of Supervisors, officers, directors, agents, employees and volunteers from and against all demands, claims, actions, liabilities, losses, damages, and costs, including payment of reasonable attorneys' fees, arising out of or resulting from the performance of the MOU, caused in whole or in part by the negligent or intentional acts or omissions of RANCHO CORDOVA officers, directors, agents, employees or subcontractors.

PROBATION shall defend, indemnify and hold harmless RANCHO CORDOVA, its officers, directors, agents, volunteers, and employees, from and against all demands, claims, actions, liabilities, losses, damages and costs, including payment of reasonable attorneys' fees, arising out of or resulting from the performance of the MOU, caused in whole or in part by the negligent or intentional acts or omissions of PROBATION'S Board of Supervisors, officers, directors, agents, employees, or volunteers.

It is the intention of PROBATION and RANCHO CORDOVA that the provisions of this paragraph be interpreted to impose on each party responsibility to the other for the acts and omissions of their respective officers, directors, agents, employees, volunteers, and PROBATION'S Board of Supervisors. It is also the intention of PROBATION and RANCHO CORDOVA that, where fault is determined to have been contributory, principles of comparative fault will be followed and each party shall bear the proportionate cost of any damage attributable to the fault of that party, its officers, directors, agents, employees, volunteers, or contractors.

XI. INSURANCE

Each party, at its sole cost and expense, shall carry insurance or self-insure its activities in connection with this MOU, and obtain and keep in force insurance or equivalent programs of self-insurance, for general liability, professional liability, workers' compensation, and business automobile liability adequate to cover its potential liabilities hereunder. Each party agrees to provide the other thirty (30) days' advance written notice of any cancellation, termination, or lapse of any of the insurance or self-insurance coverages.

XII. DISPUTES

In the event of any dispute arising out of or relating to this MOU, the parties shall attempt, in good faith, to promptly resolve the dispute mutually between themselves. If the dispute cannot be resolved by mutual agreement, nothing herein shall preclude either party's right to pursue remedy or relief by civil litigation, pursuant to the laws of the State of California.

XIII. OPERATIONAL ISSUES

The POs shall have access to applicable information systems as required to perform their duties under this MOU subject to compliance with all applicable RANCHO CORDOVA policies and procedures regarding the use of such systems. The POs shall also be included in applicable training(s) so long as there is not an additional expense to the RANCHO CORDOVA.

Any other operational issues not specified in this MOU will be resolved by RANCHO CORDOVA and PROBATION at an informal level as they arise.

XIV. OFFICER INVOLVED SHOOTING PROTOCOL

Shooting investigations: In the event of a shooting incident involving a PO, it is agreed that the law enforcement agency in whose jurisdiction the shooting occurred will conduct the primary shooting investigation. The affected agencies may also conduct their own parallel investigations regarding the shooting according to their own policies and guidelines

XV. PERSONNEL COMPLAINT PROCEDURE

In the event a complaint of improper conduct is lodged against the POs, PROBATION will be responsible for investigating such complaint with the cooperation of RANCHO CORDOVA.

In the event that a complaint concerns officers from both RANCHO CORDOVA and PROBATION, agencies agree to cooperate in the administrative investigation.

XVI. ENTIRE MOU

This MOU constitutes the entire MOU between the parties with respect to the subject matter.

(continued on the following page)

IN WITNESS WHEREOF, this MOU has been executed by and on behalf of the parties hereto, the day and year first above written.

SACRAMENTO COUNTY
PROBATION DEPARTMENT
("PROBATION")

CITY OF RANCHO CORDOVA
("RANCHO CORDOVA")

LEE SEALE
Chief Probation Officer

DR. BRIAN NAKAMURA
City Manager

Date

Date

Execution of this MOU Delegated
By Board Resolution Number:

Reviewed by City Clerk:

(Name), City Clerk

Reviewed and Approved by
County Counsel:

Date

Approved as to form by City
Attorney:

Rick Heyer
Deputy County Counsel

(Name)
City Attorney

Date

Date

MEMORANDUM

DATE: April 6, 2015

TO: Honorable Mayor and Council Members

FROM: Cyrus Abhar, Public Works Director
Britton Snipes, Senior Civil Engineer



SUBJECT: RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE CONTRACT AMENDMENT 66-2014-1 WITH INTERWEST CONSULTING GROUP TO PROVIDE ADDITIONAL ON-CALL GIS SERVICES FOR THE PUBLIC WORKS DEPARTMENT

RECOMMENDATION

Adopt Resolution No. 39-2015.

RESULT OF RECOMMENDED ACTION

Adoption of this resolution will authorize the City Manager to execute contract amendment 66-2014-1 for on-call professional services with Interwest Consulting Group that will increase the multi-year contract amount from \$300,000 to \$425,000 to accommodate additional GIS services needed for administration of the Stormwater Quality Program.

BACKGROUND

On July 1, 2014, City Council contracted with Interwest Consulting Group to provide on-call GIS services for the Public Works Department. This multi-year contract expires June 30, 2017 and includes a total not to exceed \$300,000 with no more than \$100,000 to be spent per fiscal year. The agreement has allowed Public Works to effectively manage and maintain its capital assets and engage in long-range capital improvement planning through tracking and project mapping in GIS; a computerized system for storing and managing geographical information.

In July 2014, the City assumed management and maintenance of drainage infrastructure from Sacramento County. Additional GIS services are being requested through this contract amendment to meet the needs of the City's Stormwater Quality Program. The proposed contract amendment 66-2014-1 with Interwest Consulting Group would increase the multi-year contract total from \$300,000 to \$425,000. The \$125,000 increase would allow Public Works to fund the following Stormwater GIS services provided by Interwest Consulting Group.

1. Update existing drainage data in GIS: Upon the service transition in July 2014, Sacramento County provided the City with drainage GIS data that requires updating and editing on an ongoing basis to allow for comprehensive asset management in the Stormwater Quality Program.
2. Input new drainage data into GIS: Drainage assets (storm inlets, manholes, main and lateral pipes) constructed in newly developing areas of the City will need to be captured in GIS. This

process includes management of an asset assignment numbering system in GIS, a service the County no longer provides.

3. GIS Coordination with Work Order System: GIS data must be exported regularly into Infor, an existing program that generates work orders for contractors to perform needed maintenance of drainage infrastructure, including creeks, canals, and detention basins. Ongoing communication between GIS and Infor is needed for this task.

4. Stormwater Utility Fee Boundary Management: Existing Stormwater Utility Fee revenues, primarily paid by residents and businesses in the developed areas of Rancho Cordova, and the recently established Stormwater Utility Fee area revenues; that are primarily paid by customers in newly developing areas moving forward, must be spent within the service area in which they were collected. For revenue separation and maintenance tracking purposes, GIS assignment and tracking of drainage assets into their appropriate fee service boundary area is needed.

5. Management and storage of television inspection videos: Newly built mainline and lateral drainage pipes require television inspection videos that serve as verification that these assets were constructed to required standards. A new process needs to be established that will allow GIS to track and store both existing and new inspection data.

6. Map Creation and Generation of Statistics: GIS-generated maps are needed on an ongoing basis to assist drainage maintenance contractors in the field, and to serve as exhibits for Stormwater capital improvement projects. GIS is also called upon to provide statistics needed for the annual Stormwater reporting requirements set forth by the City's National Pollutant Discharge Elimination System (NPDES) permit.

FISCAL IMPACT

Funding for the additional services called for in this contract amendment will be paid out of the Stormwater Utility Fee revenues collected from residential and commercial customers in Rancho Cordova on their bi-monthly utility billing statements.

ATTACHMENT

Resolution No. 39-2015 including Exhibit 1 Contract No. 66-2014-1.

CITY OF RANCHO CORDOVA

RESOLUTION NO. 39-2015

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA
AUTHORIZING THE CITY MANAGER TO SIGN A CONTRACT AMENDMENT WITH
INTERWEST CONSULTING GROUP FOR CONSULTING SERVICES FOR FISCAL YEARS
2014-15, 2015-16, AND 2015-17**

WHEREAS, the City of Rancho Cordova wishes to enter into a contract amendment with Interwest Consulting Group to provide additional consulting services for fiscal years 2014-15, 2015-16, and 2016-17; and

WHEREAS, those services will exceed the maximum amount the City manager has authorization to approve; and

WHEREAS, there are sufficient funds budgeted to cover the costs of the contract.

NOW, THEREFORE, BE IT HEREBY RESOLVED THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA does authorize the City Manager to execute a contract attached as **Exhibit 1** with Interwest Consulting Group.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the ____ day of ____, 2015 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Robert J. McGarvey, Mayor

ATTEST:

Mindy Cuppy, MMC, City Clerk

**FIRST AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT
BETWEEN THE CITY OF RANCHO CORDOVA AND INTERWEST
CONSULTING GROUP**

This First Amendment to the Agreement for Professional Services ("Amendment") is made by and between the City of Rancho Cordova ("City") and Interwest Consulting Group ("Professional") as of _____. City and Professional are hereinafter collectively referred to as the "Parties."

RECITALS

WHEREAS, the Parties entered into a Professional Services Agreement ("PSA") dated July 1, 2014, for the purpose of providing on-call GIS services for the Public Works Department; and

WHEREAS, this Amendment will increase the contract total amount by \$125,000 bringing the total contract amount to \$425,000; and

WHEREAS, this Amendment will allow Professional to provide additional on-call GIS services for the City's Stormwater Quality Program; and

WHEREAS, the Parties agree that changes to the term and services provided for in the PSA are necessary in order for the City to continue receiving services by Professional.

NOW, THEREFORE, the Parties hereto agree as follows:

AGREEMENT

1. Section 2 of the PSA, "Compensation," provides for the City to pay Professional a sum not to exceed \$300,000. The Parties agree to amend Section 2 of the PSA in order to increase the compensation amount to pay Professional for additional services. The first sentence of Section 2 of the PSA is amended to read as follows:

"City hereby agrees to pay Professional a sum not to exceed Four Hundred Twenty-Five Thousand Dollars (\$425,000), notwithstanding any contrary indication that may be contained in Professional's proposal, for services to be performed and reimbursable costs incurred under this Agreement."

2. All other terms and conditions in the PSA shall remain in full force and effect to the extent they are not in conflict with this Amendment.

3. The signatures of the Parties to this Amendment may be executed and acknowledged on separate pages or in counterparts which, when attached to this Amendment, shall constitute one complete Amendment.
4. **Contract Administration.** This Agreement shall be administered by Mark Thomas ("Contract Administrator"). All correspondence shall be directed to or through the Contract Administrator or his or her designee.

Notices. Any written notice to Professional shall be sent to:
Interwest Consulting Group
Attn: Mike Kashiwagi
9300 West Stockton Blvd., Ste. 105
Elk Grove, CA 95758
Email Address (for Insurance Update Requests): Sarah Ryan,
sryan@interwestgrp.com

Any written notice to City shall be sent to:
Mark Thomas, Senior Engineer
City of Rancho Cordova
2729 Prospect Park Drive
Rancho Cordova, CA 95670

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

CITY OF RANCHO CORDOVA

PROFESSIONAL

Brian Nakamura, City Manager
Manager

Mike Kashiwagi, Interwest

Date:_____

Date:_____

Attest:

Mindy Cuppy, City Clerk

Date:_____

Approved as to Form:

Adam Lindgren, City Attorney

Date:_____

MEMORANDUM

DATE: April 6, 2015

TO: Honorable Mayor and Council Members

FROM: Michelle Mingay, Sr. Finance Analyst



SUBJECT: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA MAKING CERTAIN FINDINGS AND DETERMINATIONS RELATED TO, AND ACCEPTING, THE FY 2013-14 DEVELOPMENT IMPACT FEE REPORT FOR THE AB1600 DEVELOPMENT FEES

RECOMMENDATION

Adopt Resolution 33-2015.

RESULT OF RECOMMENDED ACTION

Adoption of this resolution approves the annual Development Impact Fee Report prepared in accordance with California Government Code Section 66000, et seq. and ensures the City remains in compliance with AB1600 reporting requirements. Ongoing compliance means that the City can continue to collect fees from developers to ensure that new development is providing new infrastructure or funds to ensure that their impact upon the existing city is funded by the development, not by existing residents.

BACKGROUND

State law (California Government Code Section 66006) requires each local agency that imposes AB1600 development impact fees to prepare an annual report providing specific information about those fees. The AB1600 legal requirements stipulate that the fees imposed on new development have the proper nexus to any project on which they are imposed. In addition, AB1600 imposes certain accounting and reporting requirements with respect to the fees collected. The fees, for accounting purposes, must be segregated from the general fund or the City and from other funds or accounts containing fees collected for other improvements. Interest on each development fee fund or account must be credited to that fund or account and used only for the purposes for which the fees were collected.

California Government Code Section 66006(b) requires that for each separate account or fund, the local agency shall, within 180 days after the last day of the fiscal year, make available to the public the following information for the fiscal year:

- A brief description of the type of fee in the account or fund
- The amount of the fee
- The beginning and ending balance of the account or fund

- The amount of the fees collected and interest earned
- An identification of each public improvement on which fees were expended and the amount of expenditures on each improvement including the total percentage of the cost of the public improvement that was funded with fees
- An identification of an approximate date by which the construction of the public improvement will commence if the local agency determines that sufficient funds have been collected to complete financing on an incomplete public improvement
- A description of each interfund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned fees will be expended, and, in the case of an interfund loan, the date on which the loan will be repaid and the rate of interest that the account or fund will receive on the loan
- The amount of refunds made due to sufficient funds being collected to complete financing on incomplete public improvements, and the amount of reallocation of funds made due to administrative costs of refunding unexpended revenues exceeding the amount to be refunded

California Government Code Section 66001(d) requires the local agency make all of following findings every fifth year with respect to that portion of the account remaining unexpended, whether committed or uncommitted:

- Identify the purpose to which the fee is to be put
- Demonstrate a reasonable relationship between the fee and purpose for which it is charged
- Identify all sources and amounts of funding anticipated to complete financing in incomplete improvements
- Designate the approximate dates on which the funding is expected to be deposited into the appropriate account or fund
- In any action imposing a fee as a condition of approval of a development project by a local agency, the local agency shall determine how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed

If the agency no longer needs the funds for the purposes collected, or if the agency fails to make required finding, or perform certain administrative tasks prescribed by AB1600, the agency may be required to refund, on a prorated basis to owners of the properties upon which the fees for the improvement were imposed, the monies collected for that project and any interest earned on those funds.

The FY 2013-14 Development Impact Fee Report (the "Report") has been prepared to meet the annual reporting requirements only since the required five year findings were made in 2014, with the adoption of Resolution 4-2014, and therefore will not be required to be made again until 2019. It should also be noted that the Report includes fees that were in place on June 30, 2014 and does not necessarily represent current fee levels since any fee adjustments after June 30th will be captured in the FY 2014-15 Development Impact Fee Report.

The report must be reviewed by the City Council at a regularly scheduled public meeting, not less than 15 days after the information is made available to the public. In addition, notice of the time and place of the meeting shall be mailed at least 15 days prior to the meeting to any interested party who files a written request with the local agency for such a mailed notice, of which the City has none. The report was posted to the City's website and available for public review on March 6, 2015.

ATTACHMENT

Resolution 33-2015 including Attachment A (FY 2013-14 Development Impact Fee Report).

CITY OF RANCHO CORDOVA

RESOLUTION NO. 33-2015

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA
MAKING CERTAIN FINDINGS AND DETERMINATIONS RELATED TO, AND
ACCEPTING, THE FY 2013-14 PUBLIC FACILITIES FEE REPORT FOR
THE AB 1600 DEVELOPMENT FEES**

WHEREAS, the City of Rancho Cordova imposes fees to mitigate the impacts of development, pursuant to Government Code section 66000 *et seq.*; and

WHEREAS, in accordance with California Government Code section 66006(a), the City has established and maintained separate funds for each development impact fee in a manner to avoid any commingling of the fees with other revenues and funds of the City, except for temporary investments, and has expended those fees solely for the purpose for which the fees were collected; and

WHEREAS, California Government Code section 66006(b)(1) requires cities to prepare and make available to the public a report describing each development impact fee and providing details related to its use within one hundred eighty (180) days after the last day of each fiscal year; and

WHEREAS, the Development Impact Fee Report, for the Fiscal Year Ending June 30, 2014, (the "Report"), attached hereto as **Exhibit "A"**, provides a description of each fee, its amount, and various information required by Government Code section 66006(b)(1) to be reported on an annual basis; and

WHEREAS, the Report provides information required by Government Code sections 66001 and 66006 for the following approved development impact fees:

- § **Housing Trust Development Impact Fee:** On December 1, 2003, the City Council approved Ordinance No. 26-2003 continuing the Housing Trust Development Impact Fee in effect when the City incorporated, which is to be used to finance municipal public facilities to reduce the impacts caused by future developments in the Rancho Cordova area on the housing stock, including but not limited to very low income housing facilities; and
- § **Villages of Zinfandel Public Facilities Financing Plan Development Fees:** On December 15, 2003, the City Council approved Resolution No. 80-2003 establishing the Villages of Zinfandel Public Facilities Financing Plan Development Fees to finance development within the Villages of Zinfandel Special Plan Area; and
- § **Sunrise Douglas Community Plan Development Impact Fees:** On June 21, 2004, the City Council approved Resolution No. 79-2004 establishing the Sunrise Douglas Community Plan Development Impact Fee Program to finance the required roadways, transit shuttle, supplemental offsite water, interim sewer, park and library facilities necessary to service development in the Sunridge Specific Plan, as well as defray the cost of periodic updated to and routine administration of the Sunrise Douglas Community Plan Development Fee Program; and

- § **Community Facilities Fee Program:** On April 1, 2013, the City Council approved Resolution No. 38-2013 updating the Community Facilities Fee Program, which was originally established in 2004 and updated in 2005, to fund a portion of the future municipal facilities required to serve an increased City population due to anticipated future development; and
- § **Transportation Development Impact Fee Program:** On December 19, 2005, the City Council approved Ordinance 33-2005 establishing a Transportation Development Impact Fee (TDIF) Program to finance transportation improvements necessary to offset the impacts to the City's transportation system of new development in the City, to ensure that adequate funding is provided for improvements required to meet the demands of such new development, and to fund administration of the Fee Program. An update to the TDIF was approved by the City Council on December 16, 2013 with the approval of Resolution 138-2013.

WHEREAS, California Government Code Section 66006(b)(2) requires that the governing body of the City review the information made available to the public at a regularly scheduled public meeting not less than 15 days after the information is made available to the public; and

WHEREAS, the Report was made available to the public on the City's website on March 6, 2015; and

WHEREAS, on April 6, 2015, the City Council reviewed the report and approved it pursuant to Government Code sections 66001 and 66006.

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA as follows:

Section 1. The City Council does hereby find and determine that the foregoing recitals and determinations are true and correct.

Section 2. The City Council has reviewed the Report and finds that it complies with California Government Code section 66006(b), setting the requirements for fiscal year reporting for development impact fees. The City Council finds that the Report provides the following required information:

- A. A brief description of the type of fee in the account or fund (Report pg. 4-6);
- B. The amount of the fee (Report pg. 7-8);
- C. The beginning and ending balance of the account or fund (Report pg. 9-12);
- D. The amount of the fees collected and interest earned (Report pg. 13-25);
- E. An identification of each public improvement on which fees were expended and the amount of expenditures on each improvement including the total percentage of the cost of the public improvement that was funded with fees (Report pg. 30-32);
- F. An identification of an approximate date by which the construction of the public improvement will commence if the local agency determines that sufficient funds have been collected to complete financing on an incomplete public improvement (Report pg. 30-32);

- G. A description of each interfund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned fees will be expended, and, in the case of an interfund loan, the date on which the loan will be repaid and the rate of interest that the account or fund will receive on the loan (Report pg. 26-28); and
- H. The amount of refunds made due to sufficient funds being collected to complete financing on incomplete public improvements, and the amount of reallocation of funds made due to administrative costs of refunding unexpended revenues exceeding the amount to be refunded (Report pg. 28).

Section 3. The City Council hereby finds that all reportable fees, collections and expenditures have been received, deposited, invested and expended in compliance with the relevant sections of the California Government Code and all other applicable laws for the fiscal year 2013-14.

Section 4. The City Council hereby finds that no refunds and allocations of reportable fees, as required by California Government Code section 66001, are deemed payable at this time.

Section 5. The City Council hereby finds the City is in compliance with California Government Code section 66000, *et seq.*, relative to receipt, deposit, investment, expenditure or refund of reportable fees received and expended relative to the individual impact fee programs in place for new development in fiscal year 2013-14.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the _____ day of _____, 2015 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Robert J. McGarvey, Mayor

ATTEST:

Mindy Cuppy, MMC, City Clerk

2203215.1



City of Rancho Cordova

Development Impact Fee Report

Fiscal Year Ending
June 30, 2014

City of Rancho Cordova

Development Impact Fee Report

Table of Contents

Legal Requirement	1
Description of Development Impact Fee(s).....	4
Current Fee Schedule	7
Development Impact Fee Reports	
Financial Summary Report - Current Year Activity	9
Statement of Revenue, Expenditures and Change in Fund Balance	
Community Facility Fee (CFF) Impact Fee Program	
Community Facilities	13
Library	14
Housing Trust Development Impact Fee Program	15
Sunrise Douglas (SD) Impact Fee Program	
Fee Program Update	16
Interim Sewer	17
Park.....	18
Supplemental Offsite Water.....	19
Roadway	20
Transit Shuttle	21
Program Administration	22
Traffic Mitigation Impact Fee Program	23
Village of Zinfandel (VOZ) Impact Fee Program	
Roadway	24
Program Administration	25
Notes to the Annual Development Impact Fee Report	26
Development Fee Project Identification	30
Resolution No. XX-2015	33

City of Rancho Cordova

Development Impact Fee Report

Legal Requirements

A. REQUIREMENTS FOR DEVELOPMENT IMPACT FEES

State law (California Government Code Section 66006) requires each local agency that imposes AB 1600 development impact fees to prepare an annual report providing specific information about those fees. Within the AB1600 legal requirements, it stipulates that fees imposed on new development have the proper nexus to any project on which they are imposed. In addition, AB1600 imposes certain accounting and reporting requirements with respect to the fees collected. The fees, for accounting purposes, must be segregated from the general funds of the City and from other funds or accounts containing fees collected for other improvements. Interest on each development fee fund or account must be credited to that fund or account and used only for the purposes for which the fees were collected.

Current California Government Code Section 66006(b) requires that for each separate fund the local agency shall, within 180 days after the last day of each fiscal year, make available to the public the following information for the fiscal year:

- A brief description of the type of fee in the account or fund.
- The amount of the fee.
- The beginning and ending balance of the account or fund.
- The amount of the fees collected and interest earned.
- An identification of each public improvement on which fees were expended and the amount of expenditures on each improvement including the total percentage of the cost of the public improvement that was funded with fees.
- An identification of an approximate date by which the construction of the public improvement will commence if the local agency determines that sufficient funds have been collected to complete financing on an incomplete public improvement.
- A description of each interfund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned fees will be expended, and, in the case of an interfund loan, the date on which the loan will be repaid and the rate of interest that the account or fund will receive on the loan.
- The amount of refunds made due to sufficient funds being collected to complete financing on incomplete public improvements, and the amount of reallocation of funds made due to administrative costs of refunding unexpended revenues exceeding the amount to be refunded.

California Government Code Section 66001(d) requires the local agency make all of following findings every fifth year with respect to that portion of the account remaining unexpended, whether committed or uncommitted:

- Identify the purpose to which the fee is to be put.
- Demonstrate a reasonable relationship between the fee and purpose for which it is charged.
- Identify all sources and amounts of funding anticipated to complete financing in incomplete improvements.

City of Rancho Cordova

Development Impact Fee Report

- Designate the approximate dates on which the funding is expected to be deposited into the appropriate account or fund.
- In any action imposing a fee as a condition of approval of a development project by a local agency, the local agency shall determine how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed.

B. ADDITIONAL NOTES

The State of California Government Code Section 66002 requires local agencies that have developed a fee program to adopt a Capital Improvement Plan (CIP) indicating the approximate location, size and timing of projects, plus an estimate for the cost of all facilities or improvements to be financed by fees. A formal CIP is recommended, at a minimum, as a five-year plan. The City annually produces a five-year CIP which provides program summary information for the City's various capital improvement funding programs, as well as project summary information (revenue, expenditures and project schedule) for the specific projects selected for implementation during the CIP period. The CIP describes the five-year plan for allocating funds from the Impact Fee Programs, Measure A Transportation Sales Tax, State and Federal Grants, Gas Tax, Roadway Funds, Supplemental Transportation Fees, Storm Water Utility Tax and Transit Related Service Area Tax. A copy of the City's most recent CIP can be found under the Public Works Department page on the City's website at www.cityofranhocordova.org.

The CIP relates the City's annual capital expenditures to a long-range plan for public improvements. By relating the plan for public improvements to the City's capacity for funding, and scheduling expenditures over a period of years, the CIP helps maximize the funds available. This type of fiscal management is important during periods where budgetary demands exceeding financial resources.

C. ESTABLISHING A REASONABLE RELATIONSHIP BETWEEN THE FEE AND THE PURPOSE FOR WHICH IT IS CHARGED

The Development Impact Fee Program has been in effect in Rancho Cordova since incorporation in fiscal year 2003/04. The Development Impact Fee Program consists of multiple components which were individually adopted by the City Council. The program sets forth the relationship between contemplated future development, facilities needed to serve future development and the estimated costs of those improvements based on the current General Plan for build-out.

The City's Capital Improvement Plan (CIP) projects are financed, in part, by the development impact fees outlined in the description of the development impact fees on the following pages. The City's CIP provide infrastructure to the residents and businesses in Rancho Cordova in order to keep pace with ongoing development in, and adjacent to, the community. Estimated project costs, and the summary of fee apportionment to each

City of Rancho Cordova

Development Impact Fee Report

development fee type, are detailed within the adopted Nexus Studies establishing the individual Development Impact Fee program(s) and are on file with the City Clerk's Office.

Information on projects in the Development Impact Fee Program(s) can be found on pages 30-32. The information in these tables include: Current Projects, Project Phase, Construction Estimated Start Date, Construction Estimated Completion Date, Estimated Project Cost and Development Fee information including Funding to Date, Budget to Date and % of Total Project Cost.

D. FUNDING OF INFRASTRUCTURE

The 2013/14 - 2017/18 Capital Improvement Plan (CIP) identifies all funding sources and amounts for individual projects through 2017/18. The CIP is updated annually to reflect the current infrastructure needs of the City. As a CIP project is identified, the project is evaluated to determine the portion of the project that will service existing residents and businesses versus new development.

Once the determination of use is made, the percentage of use attributable to new development is then funded by the appropriate development fee, based on the type of project. The percentage of use associated with existing residents or businesses are funded from other appropriate sources as identified on each individual project sheet in the CIP. All future planned infrastructure needs are outlined in the Development Impact Fee Program(s). The funding and commencement dates for projects are adjusted, as needed, to reflect the needs of the community.

E. CURRENT PROJECTS

Construction is currently underway on the following projects:

- CP06-2021 – Femoyer Street (Mather Boulevard to International Drive)
- CP06-2022 – Chrysanthy Boulevard (Sunrise Boulevard to Rancho Cordova Parkway)
- CP06-2024 – Douglas Road (Rancho Cordova Parkway to Borderlands Drive)
- CP06-2027 – N. Mather Boulevard (Mather Blvd Connection to Zinfandel Drive)
- CP07-2033 – Folsom Boulevard and Mather Field Road Enhancement II
- CP07-2055 – White Rock Road Improvement, Phase I
- CP10-2083 – Douglas Road (Rancho Cordova Parkway to Americanos)
- CP10-2084 – Mather Field Road - Pedestrian, ADA and Safety Improvements
- CP11-2100 – Sunrise Blvd Widening & Intersection Improvements
- CP12-2108 – Bicycle Traffic Signal Detection Project
- CP12-2115 – Zinfandel Drive and Folsom Boulevard Intersection Improvements
- CP13-2124 – Mather Field Road Pedestrian Safety Improvements
- CP13-2128 – Douglas Road and Grantline Road Traffic Signal
- CP14-2141 – International Drive and Femoyer Road Traffic Signal

City of Rancho Cordova

Development Impact Fee Report

Description of Development Impact Fee(s)

Community Facilities Fee (CFF) Program - This program was established by the City to cover the costs of municipal facilities required to serve an increased population as a result of new development. The city has identified these facilities to include a city hall, a police station, a community center, a city corporation yard, a city museum, a parking structure, library facilities and ongoing administration of the CFF program. The fee program was updated in April 2013 and combined fee components from the City's 2004 and 2005 Fee Studies into a single fee category while continuing to report the library fee separately since the City is holding these funds on behalf of the Sacramento Public Library Authority.

Community Facilities Impact Fee - To provide for new development's share of the cost of municipal facilities, furnishing and equipment required to service the City.

Library Impact Fee - To provide for new development's share of the cost of a library building, furnishings, equipment, books, financing and the purchase of land.

Housing Trust Development Impact Fee - A non-residential impact fee used to offset some of the increased burden of need for very low income housing, created by the construction of non-residential uses, which employ a significant number of low wage earners.

Sunrise Douglas (SD) Impact Fee Program - These specific plan development impact fees are imposed on development in the Sunridge Specific Plan (SRSP), which is part of the Sunrise Douglas Community Plan (SDCP) development area. It includes additional fees for fee program updates, interim sewer facilities, park development improvements, supplemental offsite water facilities, roadways improvements, transit shuttles, and administration of the fee program. These funds can only be spent on facilities in the SDCP Capital Improvement Plan (CIP) to mitigate impact as a result of development in the SDCP area.

SD Fee Program Update Impact Fee - To provide funding for program updates to the Sunrise Douglas Impact Fee Program.

SD Interim Sewer Impact Fee - To provide funding for the construction of interim sewer facilities to serve the SRSP area. Upon application by the property owner or his authorized agent, the City may authorize the construction of any interim sewer facilities, or portions thereof, as designated in the SDCP Impact Fee Program in lieu of all, or a portion of, the required interim sewer development fee.

SD Park Impact Fee - To provide funding for the construction of park and recreation facilities necessary for development within the SRSP area. Upon application by the property owner or his authorized agent, Cordova Recreation and Park District may authorize the construction of any park and recreation facilities, or portions thereof, as designated in the SDCP Impact Fee Program. The developer will then either be reimbursed for these cost from fees collected from other developers in the SDCP area, only to the extent the funds are available, or a credit for such in lieu construction will be provide to the property owner to be used within the SDCP area.

City of Rancho Cordova

Development Impact Fee Report

SD Supplemental Offsite Water Impact Fee - To provide funding for the construction of offsite water improvements to serve the SRSP area. Upon application by the property owner or his authorized agent, the City may authorize the construction of any offsite water facilities, or portions thereof, as designated in the SDCP Impact Fee Program in lieu of all, or a portion of, the supplemental offsite water development fee.

SD Roadway Impact Fee - To provide funding to construct roads, intersections, and other roadway improvements in the SDCP CIP needed to mitigate the impacts of new development within the SRSP area. Upon application by the property owner or his authorized agent, the City may authorize the construction of any roadway facilities, or portions thereof, in order of priority as designated on the priority list in the SD Impact Fee Program. The developer will then either be reimbursed for these cost from fees collected from other developers in the SDCP area, only to the extent the funds are available, or a credit for such in lieu construction will be provide to the property owner to be used within the SDCP area.

SD Transit Shuttle Impact Fee - To provide funding for the development and operation of a transit shuttle within the Sunrise Douglas Community Plan area.

SD Administration Impact Fee - To provide funding for the administrative duties associated with the SD Impact Fee program.

Traffic Mitigation Impact Fee - This development impact fee is a citywide fee imposed on new development in the City to cover the fair share cost of traffic impacts resulting from new development, including program administration. The funds collected will be used for construction of the transportation improvements listed in the Transportation Capital Improvement Plan (CIP) Development Impact Fee Program.

Upon application by the property owner or his authorized agent, the City may authorize the construction of any transportation facilities, or portions thereof, in order of priority as designated on the priority list for the transportation impact fee program. The developer will then either be reimbursed for these cost from fees collected from other developers, only to the extent the funds are available, or a credit in lieu of all, or a portion of the required transportation impact fee.

Villages of Zinfandel (VOZ) Impact Fee Program - These specific plan fees are imposed on new development in the Villages of Zinfandel special planning area. It includes fees for offsite roadway improvement and the administration of the fee program. These funds can only be spent on facilities identified in the VOZ Development Impact Fee Program to mitigate impact as a result of development in the VOZ special planning area.

VOZ Roadway Impact Fee - To provide funding for the cost of constructing offsite roadway mitigation facilities required to serve residents within the Villages of Zinfandel Public Facilities Financing Plan area. Upon application by the property owner or his authorized agent, the City may authorize the construction of any offsite roadway

*City of Rancho Cordova**Development Impact Fee Report*

mitigation facilities, or portions thereof, as designated in the Public Facilities Financing Plan – Offsite Roadway Mitigation Fee Program. The developer will then either be reimbursed for these cost from impact fees collected within the VOZ Public Facilities Financing Plan area, only to the extent the funds are available, or a credit for such in lieu construction will be provide to the property owner to be used within the VOZ Public Facilities Financing Plan area.

VOZ Administration Impact Fee - To provide funding for the administrative duties associated with the VOZ Impact Fee program.

City of Rancho Cordova

Development Impact Fee Report

Current Fee Schedule

The Development Fee program is reviewed periodically to ensure the Development Impact Fee Program is accounting for all planned future development. The updated Development Impact Fee Program information is then used to determine the amount of fees available for the funding of the proposed capital improvement projects identified in the development of the five-year Capital Improvement Plan (CIP).

DEVELOPMENT IMPACT FEES					
at June 30, 2014					
Fee Category	Residential		Non-Residential		
	Single Family	Multi-Family	Office	Commercial	Industrial
	Per Unit	Per Unit	Per Sq. Ft	Per Sq. Ft	Per Sq. Ft
Community Facility Impact Fees:					
Community Facilities	2,916.31	2,278.69	0.73	0.44	0.19
Library	597.32	467.11	n/a	n/a	n/a
Total Fees	\$3,513.63	\$2,745.80	\$0.73	\$0.44	\$0.19

DEVELOPMENT IMPACT FEES						
at June 30, 2014						
Fee Category	Residential	Non-Residential				
		Office	Hotel	Research & Development	Commercial	Warehouse
		Per Sq. Ft	Per Sq. Ft	Per Sq. Ft	Per Sq. Ft	Per Sq. Ft
Very Low Income Housing Impact Fee						
Impact Fee	n/a	0.97	0.92	0.82	0.77	0.61
Program Admin	n/a	Between \$30 and \$100 as determined by Plan Review				

DEVELOPMENT IMPACT FEES							
at June 30, 2014							
Fee Category	Residential				Non-Residential		
	Detached > 1,200 SF	Detached ≤ 1,200 SF	Attached	Multi-Family	Commercial	Office	Industrial/Manufacturing
	Per Unit	Per Unit	Per Unit	Per Unit	Per Sq. Ft	Per Sq. Ft	Per Sq. Ft
Traffic Mitigation Impact Fees:							
Area 1 - Infill	\$9,077.00	\$6,060.00	\$6,060.00	\$5,909.00	\$8.53	\$8.26	\$4.30
Area 2 - New Development	\$14,996.00	\$13,196.00	\$13,196.00	\$10,497.00	\$11.00	\$8.45	\$4.30

City of Rancho Cordova

Development Impact Fee Report

DEVELOPMENT IMPACT FEES

at June 30, 2014

Fee Category	Residential		Non-Residential	
	Single Family	Multi-Family	Office	Commercial
	Per Unit	Per Unit	Per Sq. Ft	Per Sq. Ft
Sunrise Douglas (SD) Impact Fees:				
Fee Program Update	77.02	22.52	0.02	0.03
Interim Sewer	898.03	673.52	0.19	0.09
Park*	8,784.00	6,919.00	n/a	n/a
Supp. Offsite Water	1,302.38	977.07	0.41	0.48
Traffic Mitigation	13,386.90	8,811.97	11.76	14.70
Transit Shuttle	73.47	183.66	0.24	0.41
Program Admin	590.17	400.08	0.47	0.59
Total Fees	\$25,111.97	\$17,987.82	\$13.09	\$16.30

* Park Development Fees vary by Development Agreement, amount included in fee schedule represents Fee set up Park Nexus Study

DEVELOPMENT IMPACT FEES

at June 30, 2014

Fee Category	Residential			Non-Residential		
	Single Family	Cluster	Medium	Office	Commercial	Industrial
	Low Density	Low Density	Density	Per Sq. Ft	Per Sq. Ft	Per Sq. Ft
Villages of Zinfandel (VOZ) Impact Fees:						
Traffic Mitigation	279.39	248.34	214.30	0.35	0.42	0.36
Program Admin	8.38	7.45	6.52	0.01	0.01	0.01
Total Fees	\$287.77	\$255.79	\$220.82	\$0.36	\$0.43	\$0.37

City of Rancho Cordova

Financial Summary Report

Statement of Revenues, Expenditures and Changes in Fund Balance
For Year Ending June 30, 2014

Description	Community Facilities Fee Program		Very Low Income Housing
	Community Facilities ⁽¹⁾	Library ⁽²⁾	
REVENUES			
Fees	724,056	143,529	24,694
Interest	8,365	19,228	207
Other Revenues	1,050	-	-
Total Revenues	<u>\$ 733,471</u>	<u>\$ 162,757</u>	<u>\$ 24,901</u>
EXPENDITURES			
Expenditures	1,027,081	519	219,428
Transfer Out	1,006,659	5,382	-
Total Expenditures	<u>\$ 2,033,740</u>	<u>\$ 5,901</u>	<u>\$ 219,428</u>
REVENUE OVER/(UNDER) EXPENDITURES	\$ (1,300,269)	\$ 156,855	\$ (194,527)
Fund Balance, Beginning of Year	1,542,448	2,786,674	\$ 97,130
Fund Balance, End of Year	\$ 242,180	\$ 2,943,529	\$ (97,397)

Notes:

- (1) An Updated Nexus Study was adopted in April 2013 which combined facility fees which had been reported as separate line items in the prior nexus study into a single fee component called Community Facilities. For reporting purposes all activity reported in individual funds prior to the implementation of the combined fee have been consolidated for reporting purposes.
- (2) Council approved consolidation of the SD Library Fee, the Villages of Zinfandel Library Fee into the Community Facility Fee - Library Fee. For reporting purposes all activity reported in the individual library funds prior to the implementation of the consolidated library fee have all been reported in CFF - Library Fee

City of Rancho Cordova

Financial Summary Report

Statement of Revenues, Expenditures and Changes in Fund Balance
For Year Ending June 30, 2014

Description	Sunrise Douglas Fee Program			
	Fee Program Update	Interim Sewer	Park	Suppl Offsite Water
REVENUES				
Fees	18,021	109,746	1,184,660	589,856
Interest	699	96,860	49,011	1,942
Other Revenues	-	1,813	-	-
Total Revenues	<u>\$ 18,720</u>	<u>\$ 208,420</u>	<u>\$ 1,233,671</u>	<u>\$ 591,798</u>
EXPENDITURES				
Expenditures	-	96,860	92,082	539,786
Transfer Out	-	-	-	-
Total Expenditures	<u>\$ -</u>	<u>\$ 96,860</u>	<u>\$ 92,082</u>	<u>\$ 539,786</u>
REVENUE OVER/(UNDER) EXPENDITURES	\$ 18,720	\$ 111,560	\$ 1,141,589	\$ 52,012
Fund Balance, Beginning of Year	\$ 102,512	\$ 235,990	\$ 7,214,797	252,834
Fund Balance, End of Year	\$ 121,232	\$ 347,550	\$ 8,356,386	\$ 304,846

Notes:

City of Rancho Cordova

Financial Summary Report

Statement of Revenues, Expenditures and Changes in Fund Balance
For Year Ending June 30, 2014

Description	Sunrise Douglas Fee Program (cont.)		
	Roadway	Transit	Program Admin
REVENUES			
Fees	2,514,167	12,317	98,948
Interest	96,441	2,997	5,325
Other Revenues	-	-	-
Total Revenues	<u>\$ 2,610,609</u>	<u>\$ 15,315</u>	<u>\$ 104,273</u>
EXPENDITURES			
Expenditures	1,984,196	-	80,669
Transfer Out	90,084	-	-
Total Expenditures	<u>\$ 2,074,280</u>	<u>\$ -</u>	<u>\$ 80,669</u>
REVENUE OVER/(UNDER) EXPENDITURES	\$ 536,329	\$ 15,315	\$ 23,604
Fund Balance, Beginning of Year	\$ 14,009,100	\$ 439,908	\$ 769,469
Fund Balance, End of Year	\$ 14,545,429	\$ 455,222	\$ 793,073

Notes:

City of Rancho Cordova

Financial Summary Report

Statement of Revenues, Expenditures and Changes in Fund Balance
For Year Ending June 30, 2014

Description	Traffic Mitigation Impact Fee ⁽³⁾	Village of Zinfandel Fee Program	
		Roadway	Program Admin
REVENUES			
Fees	1,028,811	19,908	627
Interest	130,903	2,174	45
Other Revenues	15,000	3,085	-
Total Revenues	<u>\$ 1,174,715</u>	<u>\$ 25,168</u>	<u>\$ 672</u>
EXPENDITURES			
Expenditures	408,139	-	-
Transfer Out	1,086,341	-	-
Total Expenditures	<u>\$ 1,494,480</u>	<u>\$ -</u>	<u>\$ -</u>
REVENUE OVER/(UNDER) EXPENDITURES	\$ (319,765)	\$ 25,168	\$ 672
Fund Balance, Beginning of Year	19,250,840	\$ 314,448	\$ 6,336
Fund Balance, End of Year	\$ 18,931,074	\$ 339,616	\$ 7,008

Notes:

(3) An Updated Nexus Study was adopted in January 2013 which combined facility fees which had been reported as separate line items in the prior nexus study into a single fee component. For reporting purposes all activity reported in individual funds prior to the implementation of the combined fee have been consolidated for reporting purposes.

City of Rancho Cordova

Capital Facility Fees (CFF) - Community Facilities

Statement of Revenues, Expenditures and Changes in Fund Balance For Last Five Fiscal Years

Description	2009-10	2010-11	Fiscal Year 2011-12	2012-13	2013-14
REVENUES					
Fees	-	-	-	257,416	724,056
Interest	-	-	-	226	8,365
Other Revenues	-	-	-	1,304,995	1,050
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,562,636</u>	<u>733,471</u>
EXPENDITURES					
Expenditures	-	-	-	8,587	1,027,081
Transfer Out	-	-	-	11,601	1,006,659
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,188</u>	<u>2,033,740</u>
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	1,542,448	(1,300,269)
Fund Balance, Beginning of Year	-	-	-	-	1,542,448
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,542,448</u>	<u>\$ 242,180</u>

Five Year Revenue Test Using First In First Out Method

Available Revenue	2009-10	2010-11	2011-12	2012-13	2013-14
Current Year	-	-	-	1,542,448	242,180
Prior Year (2-yr Old Funds)	-	-	-	-	-
Prior Year (3-yr Old Funds)	-	-	-	-	-
Prior Year (4-yr Old Funds)	-	-	-	-	-
Prior Year (5-yr Old Funds)	-	-	-	-	-
Greater than Five Prior Fiscal Years	-	-	-	-	-
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,542,448</u>	<u>\$ 242,180</u>

Result: Five Year Revenue Test met in accordance with Government Code 66001

City of Rancho Cordova

Capital Facility Fees (CFF) - Library

Statement of Revenues, Expenditures and Changes in Fund Balance
For Last Five Fiscal Years

Description	2009-10	2010-11	Fiscal Year 2011-12	2012-13	2013-14
REVENUES					
Fees	32,154	3,645	9,844	51,403	143,529
Interest	7,659	9,353	4,791	3,733	19,228
Other Revenues	-	-	-	2,130,718	-
Total Revenues	39,813	12,998	14,635	2,185,853	162,757
EXPENDITURES					
Expenditures	-	-	-	848	519
Transfer Out	-	-	-	1,107	5,382
Total Expenditures	-	-	-	1,955	5,901
REVENUES OVER (UNDER) EXPENDITURES	39,813	12,998	14,635	2,183,898	156,855
Fund Balance, Beginning of Year	535,330	575,143	588,141	602,776	2,786,674
Fund Balance, End of Year	\$ 575,143	\$ 588,141	\$ 602,776	\$ 2,786,674	\$ 2,943,529

Five Year Revenue Test Using First In First Out Method

Available Revenue	2009-10	2010-11	2011-12	2012-13	2013-14
Current Year	39,813	12,998	14,635	2,185,853	162,757
Prior Year (2-yr Old Funds)	111,010	39,813	12,998	14,635	2,185,853
Prior Year (3-yr Old Funds)	68,788	111,010	39,813	12,998	14,635
Prior Year (4-yr Old Funds)	148,810	68,788	111,010	39,813	12,998
Prior Year (5-yr Old Funds)	40,666 ⁽¹⁾	148,810 ⁽¹⁾	68,788 ⁽¹⁾	111,010 ⁽¹⁾	39,813 ⁽¹⁾
Greater than Five Prior Fiscal Years	166,056 ⁽¹⁾	206,722 ⁽¹⁾	355,532 ⁽¹⁾	422,365 ⁽¹⁾	527,473 ⁽¹⁾
Total Revenues	\$ 575,143	\$ 588,141	\$ 602,776	\$ 2,786,674	\$ 2,943,529

(1) The Community Facility Fees - Library Fund reports funds being held beyond the five-years as described by AB1600. These funds are being collected for a future construction of Library Branch(es) and therefore must be retained until enough fees have been collected to start construction of the project.

Result: Five Year Findings required in accordance with Government Code 66001 adopted in 2014 with Resolution 4-2014 ⁽¹⁾

City of Rancho Cordova

Very Low Income Housing

Statement of Revenues, Expenditures and Changes in Fund Balance
For Last Five Fiscal Years

Description	2009-10	2010-11	Fiscal Year 2011-12	2012-13	2013-14
REVENUES					
Fees	15,863	16,240	104,688	24,694	42,156
Interest	10,961	5,960	1,413	207	-
Other Revenues	-	77,453	-	-	-
Total Revenues	26,824	99,653	106,101	24,901	42,156
EXPENDITURES					
Expenditures	47,054	56,111	35,308	219,428	581,332
Transfer Out	768,319	-	75,482	-	-
Total Expenditures	815,373	56,111	110,790	219,428	581,332
REVENUES OVER (UNDER) EXPENDITURES	(788,549)	43,542	(4,689)	(194,527)	(539,175)
Fund Balance, Beginning of Year	846,826	58,277	101,819	97,130	(97,397)
Fund Balance, End of Year	\$ 58,277	\$ 101,819	\$ 97,130	\$ (97,397)	\$ (636,572)

Five Year Revenue Test Using First In First Out Method

Available Revenue	2009-10	2010-11	2011-12	2012-13	2013-14
Current Year	26,824	99,653	97,130	-	-
Prior Year (2-yr Old Funds)	31,453	2,166	-	-	-
Prior Year (3-yr Old Funds)	-	-	-	-	-
Prior Year (4-yr Old Funds)	-	-	-	-	-
Prior Year (5-yr Old Funds)	-	-	-	-	-
Greater than Five Prior Fiscal Years	-	-	-	-	-
Total Revenues	\$ 58,277	\$ 101,819	\$ 97,130	\$ -	\$ -

Result: Five Year Revenue Test met in accordance with Government Code 66001

City of Rancho Cordova

Sunrise Douglas (SD) - Program Update(s)

Statement of Revenues, Expenditures and Changes in Fund Balance
For Last Five Fiscal Years

Description	2009-10	2010-11	Fiscal Year 2011-12	2012-13	2013-14
REVENUES					
Fees	12,607	10,617	12,014	18,021	12,913
Interest	996	1,299	775	699	866
Other Revenues	-	-	-	-	-
Total Revenues	13,603	11,916	12,789	18,720	13,779
EXPENDITURES					
Expenditures	-	-	-	-	-
Transfer Out	-	-	-	-	-
Total Expenditures	-	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	13,603	11,916	12,789	18,720	13,779
Fund Balance, Beginning of Year	64,204	77,807	89,723	102,512	121,232
Fund Balance, End of Year	\$ 77,807	\$ 89,723	\$ 102,512	\$ 121,232	\$ 135,011

Five Year Revenue Test Using First In First Out Method

Available Revenue	2009-10	2010-11	2011-12	2012-13	2013-14
Current Year	13,603	11,916	12,789	18,720	13,779
Prior Year (2-yr Old Funds)	10,215	13,603	11,916	12,789	18,720
Prior Year (3-yr Old Funds)	13,504	10,215	13,603	11,916	12,789
Prior Year (4-yr Old Funds)	38,710	13,504	10,215	13,603	11,916
Prior Year (5-yr Old Funds)	1,775 ⁽¹⁾	38,710 ⁽¹⁾	13,504 ⁽¹⁾	10,215 ⁽¹⁾	13,603 ⁽¹⁾
Greater than Five Prior Fiscal Years	-	1,775 ⁽¹⁾	40,485 ⁽¹⁾	53,989 ⁽¹⁾	64,204 ⁽¹⁾
Total Revenues	\$ 77,807	\$ 89,723	\$ 102,512	\$ 121,232	\$ 135,011

(1) The Sunrise Douglas Program Update Fund reports funds being held beyond the five-years as described by AB1600. These funds are being collected for future program reviews and updates and therefor must be retained for future costs.

Result: Five Year Findings required in accordance with Government Code 66001 adopted in 2014 with Resolution 4-2014 ⁽¹⁾

City of Rancho Cordova

Sunrise Douglas (SD) - Interm Sewer

Statement of Revenues, Expenditures and Changes in Fund Balance
For Last Five Fiscal Years

Description	2009-10	2010-11	Fiscal Year 2011-12	2012-13	2013-14
REVENUES					
Fees	158,384	122,863	136,627	109,746	154,901
Interest	2,674	4,135	1,437	96,860	2,525
Other Revenues	-	-	-	1,813	-
Total Revenues	161,058	126,998	138,064	208,420	157,426
EXPENDITURES					
Expenditures	413,663	61,468	20,754	96,860	111,562
Transfer Out	-	-	-	-	-
Total Expenditures	413,663	61,468	20,754	96,860	111,562
REVENUES OVER (UNDER) EXPENDITURES	(252,605)	65,530	117,310	111,560	45,864
Fund Balance, Beginning of Year	305,755	53,150	118,680	235,990	347,550
Fund Balance, End of Year	\$ 53,150	\$ 118,680	\$ 235,990	\$ 347,550	\$ 393,413

Five Year Revenue Test Using First In First Out Method

Available Revenue	2009-10	2010-11	2011-12	2012-13	2013-14
Current Year	53,150	118,680	235,990	347,550	393,413
Prior Year (2-yr Old Funds)	(53,150)	(118,680)	(235,990)	235,990	347,550
Prior Year (3-yr Old Funds)	-	-	-	(583,540)	(740,963)
Prior Year (4-yr Old Funds)	-	-	-	-	-
Prior Year (5-yr Old Funds)	-	-	-	-	-
Greater than Five Prior Fiscal Years	-	-	-	-	-
Total Revenues	\$ -	\$ -	\$ -	\$ -	\$ -

Result: Five Year Revenue Test met in accordance with Government Code 66001

City of Rancho Cordova

Sunrise Douglas (SD) - Park

Statement of Revenues, Expenditures and Changes in Fund Balance
For Last Five Fiscal Years

Description	2009-10	2010-11	Fiscal Year 2011-12	2012-13	2013-14
REVENUES					
Fees	809,552	739,233	933,483	1,184,660	1,065,035
Interest	90,341	70,277	54,724	49,011	51,542
Other Revenues	-	40,743	-	-	-
Total Revenues	899,893	850,253	988,207	1,233,671	1,116,577
EXPENDITURES					
Expenditures	190,365	1,349,408	131,171	92,082	1,970,981
Transfer Out	-	-	-	-	-
Total Expenditures	190,365	1,349,408	131,171	92,082	1,970,981
REVENUES OVER (UNDER) EXPENDITURES	709,528	(499,155)	857,036	1,141,589	(854,404)
Fund Balance, Beginning of Year	6,147,388	6,856,916	6,357,761	7,214,797	8,356,386
Fund Balance, End of Year	\$ 6,856,916	\$ 6,357,761	\$ 7,214,797	\$ 8,356,386	\$ 7,501,981

Five Year Revenue Test Using First In First Out Method

Available Revenue	2009-10	2010-11	2011-12	2012-13	2013-14
Current Year	899,893	850,253	988,207	1,233,671	1,116,577
Prior Year (2-yr Old Funds)	430,900	899,893	850,253	988,207	1,233,671
Prior Year (3-yr Old Funds)	1,934,329	430,900	899,893	850,253	988,207
Prior Year (4-yr Old Funds)	2,768,418	1,934,329	430,900	899,893	850,253
Prior Year (5-yr Old Funds)	823,376 ⁽¹⁾	2,242,386 ⁽¹⁾	1,934,329 ⁽¹⁾	430,900 ⁽¹⁾	899,893 ⁽¹⁾
Greater than Five Prior Fiscal Years	-	-	2,111,215 ⁽¹⁾	3,953,462 ⁽¹⁾	2,413,381 ⁽¹⁾
Total Revenues	\$ 6,856,916	\$ 6,357,761	\$ 7,214,797	\$ 8,356,386	\$ 7,501,981

(1) The Sunrise Douglas Park Fund reports funds being held beyond the five-years as described by AB1600. These funds are being collected for the future construction of park and recreation facilities necessary to serve the growing population within the Sunrise Douglas Community Plan Area and therefore must be retained until enough fees have been collected to start construction of the project(s).

Result: Five Year Findings required in accordance with Government Code 66001 adopted in 2014 with Resolution 4-2014 ⁽¹⁾

City of Rancho Cordova

Sunrise Douglas (SD) - Water

Statement of Revenues, Expenditures and Changes in Fund Balance
For Last Five Fiscal Years

Description	2009-10	2010-11	Fiscal Year 2011-12	2012-13	2013-14
REVENUES					
Fees	222,067	186,963	189,365	279,838	589,856
Interest	4,333	4,216	609	1,045	1,942
Other Revenues	-	-	-	-	-
Total Revenues	<u>226,400</u>	<u>191,179</u>	<u>189,974</u>	<u>280,883</u>	<u>591,798</u>
EXPENDITURES					
Expenditures	659,235	220,497	131,548	135,638	539,786
Transfer Out	-	-	-	-	-
Total Expenditures	<u>659,235</u>	<u>220,497</u>	<u>131,548</u>	<u>135,638</u>	<u>539,786</u>
REVENUES OVER (UNDER) EXPENDITURES	(432,835)	(29,318)	58,426	145,245	52,012
Fund Balance, Beginning of Year	511,316	78,481	49,163	107,589	252,834
Fund Balance, End of Year	<u>\$ 78,481</u>	<u>\$ 49,163</u>	<u>\$ 107,589</u>	<u>\$ 252,834</u>	<u>\$ 304,846</u>

Five Year Revenue Test Using First In First Out Method

Available Revenue	2009-10	2010-11	2011-12	2012-13	2013-14
Current Year	78,481	49,163	107,589	252,834	304,846
Prior Year (2-yr Old Funds)	-	-	-	-	-
Prior Year (3-yr Old Funds)	-	-	-	-	-
Prior Year (4-yr Old Funds)	-	-	-	-	-
Prior Year (5-yr Old Funds)	-	-	-	-	-
Greater than Five Prior Fiscal Years	-	-	-	-	-
Total Revenues	<u>\$ 78,481</u>	<u>\$ 49,163</u>	<u>\$ 107,589</u>	<u>\$ 252,834</u>	<u>\$ 304,846</u>

Result: Five Year Revenue Test met in accordance with Government Code 66001

City of Rancho Cordova

Sunrise Douglas (SD) - Roadways

Statement of Revenues, Expenditures and Changes in Fund Balance
For Last Five Fiscal Years

Description	2009-10	2010-11	Fiscal Year 2011-12	2012-13	2013-14
REVENUES					
Fees	2,370,301	1,944,354	2,004,310	3,116,386	2,514,167
Interest	159,231	180,014	90,206	92,598	96,441
Other Revenues	-	-	2,509,190	-	-
Total Revenues	2,529,532	2,124,368	4,603,706	3,208,984	2,610,609
EXPENDITURES					
Expenditures	15,017	10,467	6,626	10,000	1,984,196
Transfer Out	3,077,612	2,557,704	799,307	2,983,792	90,084
Total Expenditures	3,092,629	2,568,171	805,933	2,993,792	2,074,280
REVENUES OVER (UNDER) EXPENDITURES	(563,097)	(443,803)	3,797,773	215,192	536,329
Fund Balance, Beginning of Year	11,003,035	10,439,938	9,996,135	13,793,908	14,009,100
Fund Balance, End of Year	\$ 10,439,938	\$ 9,996,135	\$ 13,793,908	\$ 14,009,100	\$ 14,545,429

Five Year Revenue Test Using First In First Out Method

Available Revenue	2009-10	2010-11	2011-12	2012-13	2013-14
Current Year	2,529,532	2,124,368	4,603,706	3,208,984	2,610,609
Prior Year (2-yr Old Funds)	4,199,835	2,529,532	2,124,368	2,124,368	4,603,706
Prior Year (3-yr Old Funds)	3,160,540	4,199,835	2,529,532	2,529,532	2,124,368
Prior Year (4-yr Old Funds)	550,031	1,142,400	4,199,835	4,199,835	2,529,532
Prior Year (5-yr Old Funds)	-	-	336,467 ⁽¹⁾	1,946,381 ⁽¹⁾	2,677,214 ⁽¹⁾
Greater than Five Prior Fiscal Years	-	-	-	-	-
Total Revenues	\$ 10,439,938	\$ 9,996,135	\$ 13,793,908	\$ 14,009,100	\$ 14,545,429

(1) The Sunrise Douglas Park Fund reports funds being held beyond the five-years as described by AB1600. These funds are being collected for the future roadway improvements necessary to serve the growing population within the Sunrise Douglas Community Plan Area and therefor must be retained until enough fees have been collected to start construction of the various roadway projects.

Result: Five Year Findings required in accordance with Government Code 66001 adopted in 2014 with Resolution 4-2014 ⁽¹⁾

City of Rancho Cordova

Sunrise Douglas (SD) - Transit Shuttle

Statement of Revenues, Expenditures and Changes in Fund Balance
For Last Five Fiscal Years

Description	2009-10	2010-11	Fiscal Year 2011-12	2012-13	2013-14
REVENUES					
Fees	12,036	10,127	11,459	17,190	12,317
Interest	5,271	6,558	3,316	2,733	2,997
Other Revenues	-	-	-	-	-
Total Revenues	17,307	16,685	14,775	19,923	15,315
EXPENDITURES					
Expenditures	-	-	-	-	-
Transfer Out	-	-	-	-	-
Total Expenditures	-	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	17,307	16,685	14,775	19,923	15,315
Fund Balance, Beginning of Year	371,218	388,525	405,210	419,985	439,908
Fund Balance, End of Year	\$ 388,525	\$ 405,210	\$ 419,985	\$ 439,908	\$ 455,222

Five Year Revenue Test Using First In First Out Method

Available Revenue	2009-10	2010-11	2011-12	2012-13	2013-14
Current Year	17,307	16,685	14,775	19,923	15,315
Prior Year (2-yr Old Funds)	22,552	17,307	16,685	16,685	14,775
Prior Year (3-yr Old Funds)	26,570	22,552	17,307	17,307	16,685
Prior Year (4-yr Old Funds)	206,835	26,570	22,552	22,552	17,307
Prior Year (5-yr Old Funds)	67,351 ⁽¹⁾	206,835 ⁽¹⁾	26,570 ⁽¹⁾	26,570 ⁽¹⁾	22,552 ⁽¹⁾
Greater than Five Prior Fiscal Years	47,908 ⁽¹⁾	115,261 ⁽¹⁾	322,096 ⁽¹⁾	336,871 ⁽¹⁾	368,589 ⁽¹⁾
Total Revenues	\$ 388,523	\$ 405,210	\$ 419,985	\$ 439,908	\$ 455,222

(1) The Sunrise Douglas Park Fund reports funds being held beyond the five-years as described by AB1600. These funds are being collected for the future development and operation of a transit shuttle to service the growing population within the Sunrise Douglas Community Plan Area and therefor must be retained until the population is large enough to support this service.

Result: Five Year Findings required in accordance with Government Code 66001 adopted in 2014 with Resolution 4-2014 ⁽¹⁾

City of Rancho Cordova

Sunrise Douglas (SD) - Program Administration

Statement of Revenues, Expenditures and Changes in Fund Balance
For Last Five Fiscal Years

Description	2009-10	2010-11	Fiscal Year 2011-12	2012-13	2013-14
REVENUES					
Fees	96,660	81,328	91,574	138,579	98,948
Interest	13,171	15,494	6,338	4,949	5,325
Other Revenues	-	-	-	-	-
Total Revenues	109,831	96,822	97,912	143,529	104,273
EXPENDITURES					
Expenditures	203,884	172,421	114,667	161,076	80,669
Transfer Out	-	-	-	-	-
Total Expenditures	203,884	172,421	114,667	161,076	80,669
REVENUES OVER (UNDER) EXPENDITURES	(94,053)	(75,599)	(16,755)	(17,548)	23,604
Fund Balance, Beginning of Year	973,424	879,371	803,772	787,017	769,469
Fund Balance, End of Year	\$ 879,371	\$ 803,772	\$ 787,017	\$ 769,469	\$ 793,073

Five Year Revenue Test Using First In First Out Method

Available Revenue	2009-10	2010-11	2011-12	2012-13	2013-14
Current Year	109,831	96,822	97,912	143,529	104,273
Prior Year (2-yr Old Funds)	101,935	109,831	96,822	96,822	97,912
Prior Year (3-yr Old Funds)	133,464	101,935	109,831	109,831	96,822
Prior Year (4-yr Old Funds)	263,391	133,464	101,935	101,935	109,831
Prior Year (5-yr Old Funds)	270,748 ⁽¹⁾	263,391 ⁽¹⁾	133,464 ⁽¹⁾	133,464 ⁽¹⁾	101,935 ⁽¹⁾
Greater than Five Prior Fiscal Years	-	98,329 ⁽¹⁾	247,053 ⁽¹⁾	183,889 ⁽¹⁾	282,300 ⁽¹⁾
Total Revenues	\$ 879,369	\$ 803,772	\$ 787,017	\$ 769,469	\$ 793,073

(1) The Sunrise Douglas Program Admin Fund reports funds being held beyond the five-years as described by AB1600. These funds are being collected for the ongoing administrative cost and therefor must be retained for future cost.

Result: Five Year Findings required in accordance with Government Code 66001 adopted in 2014 with Resolution 4-2014 ⁽¹⁾

City of Rancho Cordova

Traffic Mitigation

Statement of Revenues, Expenditures and Changes in Fund Balance
For Last Five Fiscal Years

Description	2009-10	2010-11	Fiscal Year 2011-12	2012-13	2013-14
REVENUES					
Fees	1,553,876	724,474	2,082,034	1,643,890	1,028,811
Interest	289,143	350,975	164,685	135,577	130,903
Other Revenues	-	629,685	1,151,109	-	15,000
Total Revenues	<u>1,843,019</u>	<u>1,705,134</u>	<u>3,397,828</u>	<u>1,779,467</u>	<u>1,174,715</u>
EXPENDITURES					
Expenditures	51,505	550,549	173,130	212,633	408,139
Transfer Out	2,333,017	1,422,657	1,765,730	3,055,968	1,086,341
Total Expenditures	<u>2,384,522</u>	<u>1,973,206</u>	<u>1,938,860</u>	<u>3,268,601</u>	<u>1,494,480</u>
REVENUES OVER (UNDER) EXPENDITURES	(541,503)	(268,072)	1,458,968	(1,489,133)	(319,765)
Fund Balance, Beginning of Year	20,090,580	19,549,077	19,281,005	20,739,973	19,250,840
Fund Balance, End of Year	<u>\$ 19,549,077</u>	<u>\$ 19,281,005</u>	<u>\$ 20,739,973</u>	<u>\$ 19,250,840</u>	<u>\$ 18,931,074</u>

Five Year Revenue Test Using First In First Out Method

Available Revenue	2009-10	2010-11	2011-12	2012-13	2013-14
Current Year	1,843,019	1,705,134	3,397,828	1,779,467	1,174,715
Prior Year (2-yr Old Funds)	2,741,220	1,843,019	1,705,134	1,705,134	3,397,828
Prior Year (3-yr Old Funds)	5,785,133	2,741,220	1,843,019	1,843,019	1,705,134
Prior Year (4-yr Old Funds)	9,179,703	5,785,133	2,741,220	2,741,220	1,843,019
Prior Year (5-yr Old Funds)	2	7,206,499 ⁽¹⁾	5,785,133 ⁽¹⁾	5,785,133 ⁽¹⁾	2,741,220 ⁽¹⁾
Greater than Five Prior Fiscal Years	-	-	5,267,639 ⁽¹⁾	5,396,866 ⁽¹⁾	8,069,159 ⁽¹⁾
Total Revenues	<u>\$ 19,549,077</u>	<u>\$ 19,281,005</u>	<u>\$ 20,739,973</u>	<u>\$ 19,250,840</u>	<u>\$ 18,931,074</u>

(1) The Traffic Mitigation Fund reports funds being held beyond the five-years as described by AB1600. While projects are being completed on an annual basis, this fund is accumulation funds for the development and construction of a new interchange, a multi-million dollar project which is not expected to start construction in the next five year CIP funding cycle, therefor the funds must be retained until a funding level that allows construction to start has been reached.

Result: Five Year Findings required in accordance with Government Code 66001 adopted in 2014 with Resolution 4-2014 ⁽¹⁾

City of Rancho Cordova

Villages of Zinfandel (VOZ) - Roadway

Statement of Revenues, Expenditures and Changes in Fund Balance
For Last Five Fiscal Years

Description	2009-10	2010-11	Fiscal Year 2011-12	2012-13	2013-14
REVENUES					
Fees	4,035	4,843	37,358	10,223	19,908
Interest	3,780	4,782	2,460	1,956	2,174
Other Revenues	-	-	-	-	3,085
Total Revenues	7,815	9,625	39,818	12,179	25,168
EXPENDITURES					
Expenditures	-	-	-	-	-
Transfer Out	873	10,036	8,076	760	-
Total Expenditures	873	10,036	8,076	760	-
REVENUES OVER (UNDER) EXPENDITURES	6,942	(411)	31,742	11,419	25,168
Fund Balance, Beginning of Year	264,756	271,698	271,287	303,029	314,448
Fund Balance, End of Year	\$ 271,698	\$ 271,287	\$ 303,029	\$ 314,448	\$ 339,616

Five Year Revenue Test Using First In First Out Method

Available Revenue	2009-10	2010-11	2011-12	2012-13	2013-14
Current Year	7,815	9,625	39,818	12,179	25,168
Prior Year (2-yr Old Funds)	6,514	7,815	9,625	9,625	39,818
Prior Year (3-yr Old Funds)	29,186	6,514	7,815	7,815	9,625
Prior Year (4-yr Old Funds)	228,183	29,186	6,514	6,514	7,815
Prior Year (5-yr Old Funds)	-	218,147 ⁽¹⁾	29,186 ⁽¹⁾	29,186 ⁽¹⁾	6,514 ⁽¹⁾
Greater than Five Prior Fiscal Years	-	-	210,071 ⁽¹⁾	249,129 ⁽¹⁾	250,676 ⁽¹⁾
Total Revenues	\$ 271,698	\$ 271,287	\$ 303,029	\$ 314,448	\$ 339,616

(1) The Villages of Zinfandel Roadway Fund reports funds being held beyond the five-years as described by AB1600. These funds are being collected for a future construction of offsite roadway mitigation facilities to service residents within the Villages of Zinfandel Public Facilities Financing Plan and therefore must be retained until enough fees have been collected to fund a construction project.

Result: Five Year Findings required in accordance with Government Code 66001 adopted in 2014 with Resolution 4-2014 ⁽¹⁾

City of Rancho Cordova

Villages of Zinfandel (VOZ) - Program Admin

Statement of Revenues, Expenditures and Changes in Fund Balance
For Last Five Fiscal Years

Description	2009-10	2010-11	Fiscal Year 2011-12	2012-13	2013-14
REVENUES					
Fees	575	100	1,163	826	627
Interest	71	92	54	43	45
Other Revenues	-	-	-	-	-
Total Revenues	646	192	1,217	869	672
EXPENDITURES					
Expenditures	-	38	90	1,326	-
Transfer Out	-	-	-	-	-
Total Expenditures	-	38	90	1,326	-
REVENUES OVER (UNDER) EXPENDITURES	646	154	1,127	(457)	672
Fund Balance, Beginning of Year	4,866	5,512	5,666	6,793	6,336
Fund Balance, End of Year	\$ 5,512	\$ 5,666	\$ 6,793	\$ 6,336	\$ 7,008

Five Year Revenue Test Using First In First Out Method

Available Revenue	2009-10	2010-11	2011-12	2012-13	2013-14
Current Year	646	192	1,217	869	672
Prior Year (2-yr Old Funds)	276	646	192	192	1,217
Prior Year (3-yr Old Funds)	1,279	276	646	646	192
Prior Year (4-yr Old Funds)	437	1,279	276	276	646
Prior Year (5-yr Old Funds)	2,203 ⁽¹⁾	437 ⁽¹⁾	1,279 ⁽¹⁾	1,279 ⁽¹⁾	276 ⁽¹⁾
Greater than Five Prior Fiscal Years	668 ⁽¹⁾	2,836 ⁽¹⁾	3,183 ⁽¹⁾	3,074 ⁽¹⁾	4,005 ⁽¹⁾
Total Revenues	\$ 5,509	\$ 5,666	\$ 6,793	\$ 6,336	\$ 7,008

(1) The Villages of Zinfandel Admin Fund reports funds being held beyond the five-years as described by AB1600. These funds are being collected for the ongoing administrative cost, including a complete review of the program, and therefore must be retained to cover future cost.

Result: Five Year Findings required in accordance with Government Code 66001 adopted in 2014 with Resolution 4-2014 ⁽¹⁾

City of Rancho Cordova

Development Impact Fee Report

Notes to the Annual Development Impact Fee Report

The Notes address two items required by California Government Code Section 66006(b). Notes 1-3 provides information on any interfund transfer or loans made from a development fee account or fund, including the public improvement on which the transferred or loaned fee will be expended. In the case of an interfund loan, the date on which the loan will be repaid and the rate of interest the account or fund will receive on the loan is also provided. Note 4 provides information on the amount of refunds made due to sufficient funds being collected to complete financing on incomplete public improvements, and the amount of reallocation of funds made due to administrative costs of refunding unexpended revenues exceeding the amount to be refunded.

NOTE #1 - 2005 SERIES A & B CERTIFICATES OF PARTICIPATION

On August 1, 2005, \$3,695,000 and \$3,010,000 in Certificated of Participate (COP's) were issued by the Rancho Cordova Finance Corporation (the "Corporation") to finance the acquisition and improvement of the new city operations facilities. Principal payments of \$75,000 to \$370,000 are due annually on September 1 through September 1, 2035. Interest rates range from 3.00% to 5.00%. Concurrently, the City entered into a facilities lease agreement with the Corporation for the use and occupancy of the facilities. The lease agreement requires the City to make rental payments to the Corporation equal to the Certificates of Participation's principal and interest payments.

The CFF - Community Facilities Fee is responsible for 62.5% of the principal and interest attributable to the 2005 COP - Series A. As of June 30, 2014, the CFF - Community Facilities Fee gross repayment obligation, including interest, totaled \$3,149,282. During FY 2013-14 the CFF - Community Facilities Fee made payments totaling \$145,809, including bank fees.

Future payments on these COP's are as follows:

Long Term Debt Obligation			
at June 30, 2014			
For the Year Ending June 30	2005 Series A		
	CFF - Community Facilities Obligation		
	Principal	Interest	Total
2015	56,250	86,607	142,857
2016	59,375	86,607	145,982
2017	62,500	84,423	146,923
2018	62,500	82,030	144,530
2019	65,625	79,530	145,155
2020-2024	375,000	339,466	714,466
2025-2029	468,750	246,656	715,406
2030-2034	584,375	128,602	712,977
2035-2036	268,750	12,234	280,984
Total Payments Due	2,003,125	1,146,157	3,149,282

City of Rancho Cordova

Development Impact Fee Report

NOTE #2 - 2007 SERIES A & B CERTIFICATES OF PARTICIPATION

On January 24, 2007, \$12,100,000 and \$8,300,000 in Certificated of Participate were issued by the Rancho Cordova Finance Corporation (the "Corporation") with interest rates ranging from 4.43% to 5.65%. The debt was issued to advance refund the 2005 Certificates of Participations, which were issued for City Hall Facility Acquisition, as tax-exempt and taxable Certificates to allow for leasing space to non-government users. Principal payments of \$65,000 to \$1,275,000 are due annually on August 1 through August 1, 2035. Concurrently, the City entered into a facilities lease agreement with the Corporation for the use and occupancy of the facilities. The lease agreement requires the City to make rental payments to the Corporation equal to the Certificates of Participation's principal and interest payments.

The CFF - Community Facilities Fee is responsible for 62.5% of the principal and interest attributable to these COP's. As of June 30, 2014, the CFF - Community Facilities Fee gross repayment obligation, including interest, totaled \$17,464,330. During FY 2013-14 the CFF - Community Facilities Fee made payments totaling \$833,697, including bank fees.

Future payments on these COP's are as follows:

Long Term Debt Obligation			
at June 30, 2014			
For the Year Ending June 30	2007 A & B CFF - Community Facilities Obligation		
	Principal	Interest	Total
2015	303,125	528,584	831,709
2016	321,875	512,064	833,939
2017	334,375	494,522	828,897
2018	356,250	475,630	831,880
2019	378,125	455,502	833,627
2020-2024	2,225,000	1,933,388	4,158,388
2025-2029	2,818,750	1,340,406	4,159,156
2030-2034	3,490,625	663,375	4,154,000
2035-2036	796,875	35,859	832,734
Total Payments Due	11,025,000	6,439,330	17,464,330

City of Rancho Cordova

Development Impact Fee Report

NOTE #3 – DEFERRED IMPACT FEES

In May 2008, the City enacted a Temporary Fee Deferral Program for certain development impact fees. This program allows residential and non-residential developers to defer eligible impact fees normally paid at the time of building permit issuance to the earlier of final inspection, issuance of temporary or final certificate of occupancy, or one-year from the date the fee deferral application was approved. Although originally set to expire after one year, through various Council actions, the program has been extended to June 30, 2016.

Developer impact fees deferred at June 30, 2014 are as follows:

DEVELOPMENT IMPACT FEE DEFERRALS			
at June 30, 2014			
Fee Program	Residential		Non-Residential
	Single Family	Multi-Family	All Types
Community Facility Fee - Library	578.00	-	-
Transportation Impact Fee	8,803.10	-	-
Villages of Zinfandel - Traffic Mitigation	269.03	-	-
Total Fees Deferred	\$ 9,650.13	\$ -	\$ -

NOTE #4 – REFUNDS PAYABLE *As defined by California Government Code Section 66006 (b)*

When the City no longer needs the funds for the purposes collected, or if the City fails to make required findings or perform certain administrative tasks prescribed by AB1600, the City may be required to refund, on a prorated basis, to property owners of the properties upon which the fees for the improvement were imposed, the monies collected for that project and any interest earned on those funds. At this time, all fees being collected pursuant to the Development Impact Fee Program(s) have been earmarked for current or future capital projects necessary to maintain the current levels of service within existing services area to serve new development.

City of Rancho Cordova

Development Impact Fee Report

Development Fee Project Identification - California Government Code Section

66006 and 66001 require the City to make certain findings and meet reporting requirements on the use of development fees.

The following table, on pages 30-32, illustrates several of the reporting requirements defined in the Legal Requirement section on pages 1-3.

- An identification of each public improvement on which fees were expended and the amount of expenditures on each improvement, including the total percentage of the cost of the public improvement that was funded with fees.
- An identification of an approximate date by which the construction of the public improvement will commence if the local agency determines that sufficient funds have been collected to complete financing on an incomplete public improvement.
- Identify the purpose to which the fee is to be put.
- Designate the approximate dates on which the funding is expected to be deposited into the appropriate account or fund.

Most of the current projects including all funding sources and approximate dates on funding can be found in the 2013/14 – 2017/18 Capital Improvement Program (CIP). Some projects identified as “Future” in the Project Phase column will not be identified in the CIP but will be found in the corresponding Development Fee Program instead.

Information regarding completed projects which received full or partial funding from development impact fees can be obtained by contacting the Finance Department.

Development Fee Program Identification - Active & Future Projects

Project Number	Project Description	Project Phase ⁽¹⁾	Estimated Start Date	Estimated Completion Date	Estimated Project Cost	Budget to Date ⁽²⁾	Funding to Date ⁽²⁾	Est. % Attrib. to New Dev
Community Facility Fee - Community Facilities								
Administrative Duties associated with CFF Program (including updates)								
	Animal Control Vehicles	Admin	2004	Post 2017-18	n/a	681,487	681,487	100%
	City Hall Cost	Future	Post 2017-18	Post 2017-18	106,000	-	-	63%
	Community Center	Future	Post 2017-18	Post 2017-18	54,856,000	-	-	63%
	Corporation Yard	Future	Post 2017-18	Post 2017-18	46,834,000	-	-	63%
	Debt Service Payment(s) - COPS 2005 A	Future	Post 2017-18	Post 2017-18	26,291,000	-	1,027,081	63%
	Debt Service Payment(s) - COPS 2007 A&B	Debt Service	2005	2035	6,808,976	5,342,225	2,347,249	63%
	Hansen Computer System	Debt Service	2005	2035	37,259,947	25,803,240	8,338,823	63%
	Museum	Future	Post 2017-18	Post 2017-18	1,310,000	-	-	63%
	Parking Structure	Future	Post 2017-18	Post 2017-18	19,993,000	-	-	63%
	Police Facilities	Future	Post 2017-18	Post 2017-18	16,571,000	-	-	63%
	Police Vehicles & Equipment	Future	Post 2017-18	Post 2017-18	56,085,000	-	-	63%
		Future	Post 2017-18	Post 2017-18	4,172,000	-	-	63%
Total Community Facility Fee - Community Facilities					\$ 270,286,923	\$ 31,826,951	\$ 12,394,641	
Community Facility Fee - Library								
	Administrative Duties	Admin	2004	Post 2017-18	n/a	7,857	7,857	100%
	Regional Library Facility	Future	Post 2017-18	Post 2017-18	43,858,000	-	-	79%
Total Community Facility Fee - Library					\$ 43,858,000	\$ 7,857	\$ 7,857	
Housing Trust Development Impact Fee								
	Administrative Duties associated with Housing Program	Admin	2007	Post 2017-18	n/a	812,601	812,601	100%
CP10-2094	Senior's Crossing at New Rancho	Preliminary	2010	Post 2017-18	2,798,100	1,540,574	883,940	55%
CP14-2150	Mather Veteran's Village	Preliminary	2014	Post 2017-18	2,648,000	50,994	50,994	2%
Total Housing Trust Development Impact Fee					\$ 5,446,100	\$ 2,404,169	\$ 1,747,535	
Sunrise Douglas - Fee Program Update								
	Administrative Duties associated with SD Fee Program (including program updates)	Admin	2004	Post 2017-18	n/a	118,165	118,165	100%
Sunrise Douglas - Interim Sewer								
	Chrysanthy Blvd Lift Station	Future	Post 2017-18	Post 2017-18	1,466,569	-	-	16%
	Chrysanthy Blvd Trunk Sewer	Future	Post 2017-18	Post 2017-18	1,506,556	-	-	28%
	Douglas Blvd Lift Station	Future	Post 2017-18	Post 2017-18	1,188,000	-	-	100%
	Folsom South Canal Crossing: Sewer Costs	Future	Post 2017-18	Post 2017-18	1,545,991	-	-	19%
	Kiefer Lift Station	Reimb/Credit	2003	2006	1,431,280	1,431,280	1,428,040	100%
	Sewer Foremain: Chrysanthy Blvd Lift Station to Mayhew Road Outfall	Future	Post 2017-18	Post 2017-18	5,802,192	-	-	17%
	Sewer Foremain: Douglas Lift station to Chrysanthy Blvd	Reimb/Credit	2003	2007	660,607	660,607	-	100%
	Sewer Foremain: Kiefer Blvd lift station to Chrysanthy Blvd	Reimb/Credit	2003	2006	1,766,886	1,766,886	856,822	100%
	Sewer Studies	Future	Post 2017-18	Post 2017-18	30,000	-	-	100%
Total Sunrise Douglas - Interim Sewer					\$ 15,398,081	\$ 3,858,773	\$ 2,284,862	
Sunrise Douglas - Park								
	Administrative Duties associated with Sunrise Douglas Park Fee Program	Admin	2005	Post 2017-18	n/a	675,343	675,343	100%
	Anatolia Bike Trail	Reimb/Credit	2004	2007	1,300,542	930,146	517,704	100%
	Developer Fee Credits	Reimb/Credit	2005	Post 2017-18	n/a	1,082,165	1,082,165	100%
	Park A - Community Park	Preliminary	2004	2007	7,411,814	7,411,814	2,533,581	100%
Total Sunrise Douglas - Park					\$ 8,712,356	\$ 10,099,468	\$ 4,808,794	

City of Rancho Cordova

Development Fee Program Identification - Active & Future Projects

Project Number	Project Description	Project Phase (1)	Estimated Start Date	Estimated Completion Date	Estimated Project Cost	Budget to Date (2)	Funding to Date (2)	Est. % Attrib. to New Dev
Sunrise Douglas - Suppl Offsite Water								
	Anatolia GTWP, Excelsior Raw Water Line, Vineyard Wells 1-3	Reimb/Credit	2003	2007	29,771,437	7,015,347	3,328,454	24%
	Folsom South Canal Crossing: Water Costs	Future	Post 2017-18	Post 2017-18	1,566,583	-	-	18%
	North Douglas Tank Site Land	Reimb/Credit	2003	2007	1,386,000	969,000	175,000	100%
	Vineyard Wells 4-7	Future	Post 2017-18	Post 2017-18	3,520,000	-	-	10%
Total Sunrise Douglas - Suppl Offsite Water						\$ 36,244,020	\$ 7,984,347	\$ 3,503,454
Sunrise Douglas - Roadway (Fund 2246)								
CP08-206	Americanos Blvd, Douglas Rd to Chrysanthy Blvd	Preliminary	2008	Post 2017-18	2,925,000	521,000	192,503	100%
	Americanos Blvd Phase II, Chrysanthy Blvd to Kiefer Blvd	Future	Post 2017-18	Post 2017-18	3,142,000	-	-	100%
CP06-202	Chrysanthy Blvd, Sunrise Blvd to Rancho Cordova Pkwy	Construction	2006	2015	3,447,000	3,091,000	1,485,126	90%
	Chrysanthy Blvd Phase II, Rancho Cordova Pkwy to Grant Line Rd	Future	Post 2017-18	Post 2017-18	9,463,000	-	-	100%
CP13-2124	Douglas Road & Grantline Rd Traffic Signal	Preliminary	2013	2014	1,041,000	338,000	174,958	32%
CP09-207	Douglas Road Bike and Pedestrian Safety Improvement	Construction	2009	2013	231,000	40,000	41,320	17%
CP06-202	Douglas Road Phase I, Rancho Cordova Pkwy to Borderlands Dr	Construction	2006	2013	2,146,000	2,146,000	372,594	100%
CP07-203	Douglas Road, Americanos Blvd to Grant Line Rd	Preliminary	2007	Post 2017-18	6,488,000	12,000	2,562	71%
CP10-2083	Douglas Road, Rancho Cordova Pkwy to Americanos Blvd	Construction	2010	2016	2,600,000	2,600,000	629	100%
CP09-207	Kiefer Blvd Phase II, Sunrise Blvd to Grant Line Rd	Preliminary	2009	Post 2017-18	8,210,000	4,010,000	78	100%
CP07-203	Kiefer Blvd, Sunrise Blvd to Jaeger Road	Reimb/Credit	2007	Post 2017-18	7,510,626	3,970,434	3,970,434	86%
PM12-7122	Project Development	Planning	2012	2013	70,869	5,908	5,908	8%
PM14-7146	PW Project Impact Fee Tracking	Planning	2014	Post 2017-18	1,573,184	200,000	1,052	13%
CP05-200	Rancho Cordova Parkway Interchange	Preliminary	2005	2017	101,720,000	1,720,000	985,865	2%
CP07-203	Rancho Cordova Parkway, Douglas Rd to Kiefer Blvd	Reimb/Credit	2007	Post 2017-18	6,490,000	2,707,000	945	100%
CP06-204	Right of Way (ROW) Program/Contingency	Ongoing	2006	Post 2017-18	3,373,000	339,000	-	10%
CP11-2100	Sunrise Blvd Widening and Intersection Improvements, Keifer Blvd to State Rte. 16	Preliminary	2011	2017	12,000,000	1,231,000	22,050	10%
CP06-202	Sunrise Blvd, Douglas Rd to Kiefer Blvd	Reimb/Credit	2006	Post 2017-18	16,334,786	15,501,863	15,501,863	92%
PM14-7149	FY 13-14 Transportation Master Plan and Development Program	Planning	2014	2014	110,000	30,000	10,000	27%
PM14-7152	FY 13-14 Project Development	Planning	2014	2014	60,200	15,200	194	25%
Total Sunrise Douglas - Roadway						\$ 186,010,665	\$ 37,957,405	\$ 22,768,087
Sunrise Douglas - Transit								
	Acquisition of 20 transit shuttles	Future	2004	Post 2017-18	1,100,000	1,100,000	-	100%
Sunrise Douglas - Admin								
	Administrative Duties associated with the Sunrise Douglas Fee Program	Admin	2004	Post 2017-18	n/a	1,059,669	1,059,669	100%
Traffic Mitigation - Impact Fee (Fund 2250)								
CP06-2021	Air Park Drive - Femoyer Road	Construction	2006	2013	1,112,000	1,104,000	794,230	99%
	Americanos Blvd Phase III, International Dr to Douglas Rd	Future	Post 2017-18	Post 2017-18	7,204,000	-	-	100%
CP12-2108	Bicycle Traffic Signal Detection Project	Construction	2011	2013	237,000	237,000	217,856	100%
	Centennial Drive, International Drive to Grant Line Road	Future	Post 2017-18	Post 2017-18	7,770,000	-	-	100%
Cf 207	Douglas Road Bike and Pedestrian Safety Improvement	Construction	2009	2013	231,000	144,000	143,498	62%
Cf 203	Douglas Road, Americanos Blvd to Grant Line Rd	Preliminary	2007	Post 2017-18	6,488,000	-	-	29%
Cf 111	Douglas Road - Sunrise to Wst City Boundary	Preliminary	2013	Post 2017-18	13,000,000	50,000	27,010	1%
Cf 093	Easton Valley Parkway (6th Ave), Sunrise Blvd to City Limits	Future	2015	2017-18	9,758,000	9,758,000	-	100%
Cf 203	Folsom Boulevard Enhancements Phase II	Construction	2007	2013	14,449,000	1,025,000	676,738	7%
Cf 206	International Drive, Sunrise Blvd to Rancho Cordova Pkwy Loop	Preliminary	2009	Post 2017-18	57,688,000	1,000	-	100%
Cf 141	International Drive & Femoyer Rd Traffic Signal	Preliminary	2014	Post 2017-18	50,000	50,000	8,614	100%

AGENDA ITEM

City of Rancho Cordova

Development Fee Program Identification - Active & Future Projects

Project Number	Project Description	Project Phase (1)	Estimated Start Date	Estimated Completion Date	Estimated Project Cost	Budget to Date (2)	Funding to Date (2)	Est. % Attrib. to New Dev
CP07-2036	Kiefer Blvd, Sunrise Blvd to Jaeger Road	Reimb./Credit	2007	Post 2017-18	7,510,626	2,479,813	2,479,813	86%
CP13-2128	Mather Field Rd - Pedestrian Safety Impr	Preliminary	2013	2014	310,000	110,000	66,972	35%
CP10-2084	Mather Field Rd - Pedestrian, ADA & Safety Improvements	Preliminary	2010	2015	877,000	183,000	3,140	21%
CP06-2027	North Mather Blvd, Mather Blvd Connection to Villages of Zinfandel	Construction	2006	2013	508,000	383,000	336,275	75%
CP13-2117	Old Placerville Complete Street (2012)	Construction	2013	2013	161,000	20,000	20,000	12%
PM12-7122	Project Development	Planning	2012	2013	70,869	29,858	24,653	42%
PM08-7071	PW General Engineering - Consultants	Planning	2008	Post 2017-18	686,500	686,500	367,313	100%
PM08-7072	PW Traffic Engineering - Consultants	Planning	2008	Post 2017-18	212,700	212,700	72,423	100%
CP05-2003	Rancho Cordova Parkway Interchange	Preliminary	2005	Post 2017-18	101,720,000	5,545,000	2,519,447	5%
	Rancho Cordova Parkway South, Kiefer Blvd to Grant Line Rd	Future	Post 2017-18	Post 2017-18	2,971,000	-	-	100%
CP06-2054	Rancho Cordova Parkway, Douglas Rd to White Rock Rd	Preliminary	2006	Post 2017-18	19,875,000	3,000	1,280	100%
CP09-2076	Rio Del Oro Parkway, Sunrise Blvd to White Rock Rd	Future	2009	Post 2017-18	12,795,000	-	-	100%
CP11-2100	Sunrise Blvd Widening and Intersection Improvements, Keifer Blvd to State Rte. 16	Preliminary	2011	2017	12,000,000	47,000	42,175	1%
	Villaggio, Douglas Rd to White Rock Rd	Future	Post 2017-18	Post 2017-18	2,616,000	-	-	100%
CP07-2055	White Rock Road Improvements Phase I, Sunrise to Rancho Cordova Pkwy	Construction	2007	2015	10,156,000	4,225,000	1,036,126	42%
	White Rock Road Improvements Phase II, International Drive to City Limits	Future	2016	Post 2017-18	8,210,000	250,000	-	3%
CP14-2132	Zinfandel Complex Phase I Feasibility Study	Preliminary	2014	2015	150,000	150,000	5,418	100%
CP12-2115	Zinfandel Dr. and Folsom Blvd. Intersection Improvements	Construction	2012	2013	343,000	183,000	172,933	53%
PM14-7146	PW Project Impact Fee Tracking	Planning	2014	Post 2017-18	1,573,184	475,000	21,789	30%
PM14-7149	FY 13-14 Transportation Master Plan and Development Program	Planning	2014	2014	110,000	40,000	58,164	36%
PM14-7151	FY 13-14 Bikeway Master Plan Implementation	Planning	2014	2014	110,000	10,000	432	9%
PM14-7152	FY 13-14 Project Development	Planning	2014	2014	60,200	30,000	14,481	50%
Total Traffic Mitigation - Impact Fee					\$ 300,732,879	\$ 27,391,871	\$ 9,110,782	

Traffic Mitigation - Admin

Administrative Duties associated with Traffic Mitigation Fee Program (including updates)

CP09-2061 Villages of Zinfandel Traffic Signals

Total Traffic Mitigation - Admin

Villages of Zinfandel (VOZ) - Roadway

CP06-2021 Air Park Drive - Femoryer Road

CP06-2027 North Mather Blvd, Mather Blvd Connection to Villages of Zinfandel

CP06-2041 Right of Way (ROW) Program/Contingency

Total Villages of Zinfandel - Roadway

Villages of Zinfandel (VOZ) - Program Admin

Admin. Duties associated with the (VOZ) Fee Program (including updates)

2005

7,196

100%

MEMORANDUM

DATE: April 6, 2015

TO: Mayor and Council Members

FROM: Cyrus Abhar, Public Works Director
Chris Boyer, Associate Civil Engineer



SUBJECT: RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE CONTRACT CHANGE ORDER NO. 1 FOR THE AMOUNT OF \$90,135 WITH TENNYSON ELECTRIC, INC. FOR THE COLOMA ROAD TRAFFIC SIGNAL INTERCONNECT AND ARAMON DRIVE/STUDARUS DRIVE AND COLOMA ROAD TRAFFIC SIGNAL IMPROVEMENT PROJECT AND AUTHORIZING THE CITY MANAGER TO APPROVE POTENTIAL FUTURE CHANGE ORDERS UP TO A MAXIMUM OF \$95,000.

RECOMMENDATION

Adopt Resolution No. 40-2015.

RESULT OF RECOMMENDED ACTION

Adoption of this resolution will authorize the City Manager to execute Contract Change Order (CCO's) No. 1 with Tennyson Electric Inc., to increase the current contract amount from \$845,835 to \$935,970 for the construction of the Coloma Road Traffic Signal Interconnect and Aramon Drive/Studarus Drive and Coloma Road Traffic Signal Improvement Project.

This resolution will also authorize the City Manager to approve potential future CCO's up to a maximum of \$95,000.

BACKGROUND

The City Council approved the execution of Contract No. 112-2014 on November 17, 2014 for the Coloma Road Traffic Signal Interconnect and Aramon Drive/Studarus Drive and Coloma Road Traffic Signal Improvement Project which will install new signal interconnect along Coloma Road from Malaga Way to Sunrise Boulevard and a new vehicle and pedestrian traffic signal improvements and LED street lights at the intersection of Coloma Road and Aramon Drive / Studarus Drive.

Additional funds have become available due to lower than expected bids allowing the City to extend the signal interconnect from Malaga Way to Folsom Boulevard. Contract Change Order No. 1 covers the cost associated with this extension in the amount of \$90,135.

Additional approval authority is requested for the City Manager up to a total amount of \$95,000 for potential future CCO's.

Construction began on January 20, 2015 and is expected to be completed on July 10, 2015.

FISCAL IMPACT

The project budget has sufficient contingency from the Federally Funded Highway Safety Improvement Program Grant to cover the cost of the requested change order. This project is included in the current CIP and 2014/15 budget.

ATTACHMENT

Resolution No. 40-2015 including EXHIBIT A, Engineer's estimate-change order.

CITY OF RANCHO CORDOVA

RESOLUTION NO. 40-2015

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA
AUTHORIZING THE CITY MANAGER TO EXECUTE CONTRACT CHANGE ORDER NO. 1
FOR THE AMOUNT OF \$90,135 WITH TENNYSON ELECTRIC, INC. FOR THE COLOMA
ROAD TRAFFIC SIGNAL INTERCONNECT AND ARAMON DRIVE/STUDARUS DRIVE AND
COLOMA ROAD TRAFFIC SIGNAL IMPROVEMENT PROJECT AND AUTHORIZING THE
CITY MANAGER TO APPROVE POTENTIAL FUTURE CHANGE ORDERS UP TO A
MAXIMUM OF \$95,000**

WHEREAS, the City awarded the Coloma Rd Traffic Signal Interconnect and Aramon Drive/Stударus Drive and Coloma Road Traffic Signal Improvement Project to Tennyson Electric Inc., in the amount of \$845,835.00 (Contract 112-2014); and

WHEREAS, additional funds have become available due to lower than expected bids allowing the City to extend the signal interconnect from Malaga Way to Folsom Boulevard; and

WHEREAS, the City recommends that the City Council authorizes the City Manager to execute contract change order item one in the total amount of \$90,135; and

WHEREAS, the total amount of the change orders exceeds the amount the City Manager is currently authorized to approve; and

WHEREAS, the City recommends that the City Council grant the City Manager the authority to approve future potential CCO's up to a maximum of \$95,000; and

WHEREAS, the project budget has sufficient contingency to cover the cost of the requested change orders.

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE CITY COUNCIL OF RANCHO CORDOVA that the City Council authorizes the City Manager or his designee to execute contract change order item one with Tennyson Electric Inc., up to the total amount of \$90,135 (**Exhibit A**) and to approve future potential CCO's up to a maximum of \$95,000.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the ____ day of _____ 2015 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Robert J. McGarvey, Mayor

ATTEST:

Mindy Cuppy, MMC, City Clerk

**ENGINEER'S COST ESTIMATE
2007/2008 RANCHO CORDOVA
PAVEMENT REHABILITATION PROJECT, PHASE 2**

EXHIBIT A

134

The following quantities are approximate only and are given for the purpose of comparing proposals. The City does not expressly or by implication agree that the actual amount of work will correspond with quantities given herein, but reserves the right to increase or decrease the amount of any class or portion of the work as may be deemed necessary or advisable by the Director of Public Works. Payment will be based upon the actual quantities installed or constructed, unless otherwise specified.

ITEM NO.	DESCRIPTION	ESTIMATED QUANTITY	UNIT	UNIT COST	ITEM TOTAL
1	Traffic Control Plan	1	LS	<u>\$ 50,000.00</u>	<u>\$ 50,000</u>
2	Storm Water Pollution Control Plan	1	LS	<u>\$ 20,000.00</u>	<u>\$ 20,000</u>
3	Portable Changeable Message Sign(s)	1	LS	<u>\$ 50,000.00</u>	<u>\$ 50,000</u>
4	Clearing and Grubbing	1	LS	<u>\$ 25,000.00</u>	<u>\$ 25,000</u>
5	Roadway Excavation (Contingency only)	250	CY	<u>\$ 50.00</u>	<u>\$ 12,500</u>
6	Unsuitable Material, Excavation & Backfill (Contingency only)	250	CY	<u>\$ 50.00</u>	<u>\$ 12,500</u>
7	Class 2 Aggregate Base (Contingency only)	250	TONS	<u>\$ 75.00</u>	<u>\$ 18,750</u>
8	Type A Asphalt Concrete	450	TONS	<u>\$ 150.00</u>	<u>\$ 67,500</u>
9	Minor Pavement Reconstruction (Contingency only)	250	CY	<u>\$ 50.00</u>	<u>\$ 12,500</u>
10	Pavement Planing (Wedge Grinding)	209,100	SF	<u>\$ 0.50</u>	<u>\$ 104,550</u>
11	Replace Existing Inductive Loop Detectors	74	EA	<u>\$ 500.00</u>	<u>\$ 37,000</u>
12	Install Type B Detector Hand Holes at Existing Signalized Intersections	22	EA	<u>\$ 1,500.00</u>	<u>\$ 33,000</u>
13	ARHM-GG Pavement Overlay	7,270	TONS	<u>\$ 150.00</u>	<u>\$ 1,090,500</u>
14	Slurry Seal - McGregor Drive, Vehicle Drive & Benita Drive	3,140	SQ. YD.	<u>\$ 2.50</u>	<u>\$ 7,850</u>
15	Remove and Replace Type 1A/Type 2 PCC Curb and Gutter	1,670	LF	<u>\$ 80.00</u>	<u>\$ 133,600</u>
16	Type 4A Curb	2,800	LF	<u>\$ 15.00</u>	<u>\$ 42,000</u>
17	Remove Existing Sidewalk & Construct PCC Sidewalks & Sidewalk Ramps (Includes driveway replacement)	8,200	SF	<u>\$ 20.00</u>	<u>\$ 164,000</u>

**ENGINEER'S COST ESTIMATE
2007/2008 RANCHO CORDOVA
PAVEMENT REHABILITATION PROJECT, PHASE 2**

EXHIBIT A

135

ITEM NO.	DESCRIPTION	ESTIMATED QUANTITY	UNIT	UNIT COST	ITEM TOTAL
18	Detectable Warning Surface	41	EA	\$ 675.00	\$ 27,675
19	Stamped PCC Concrete	1,800	SF	\$ 30.00	\$ 54,000
20	Adjust Manhole Frame & Cover to Grade	47	EA	\$ 1,500.00	\$ 70,500
21	Remove Storm Drain Inlet	8	EA	\$ 500.00	\$ 4,000
22	Type B Storm Drain Inlet	8	EA	\$ 3,000.00	\$ 24,000
23	Storm Drain Manhole	1	EA	\$ 5,000.00	\$ 5,000
24	Abandon Existing Storm Drain Inlet Lateral	8	EA	\$ 500.00	\$ 4,000
25	Lower Manhole Frame and Cover	17	EA	\$ 500.00	\$ 8,500
26	12" RCP CL 3 Storm Drain Inlet Lateral	340	LF	\$ 150.00	\$ 51,000
27	Repair Existing Storm Drain Manhole	3	EA	\$ 4,000.00	\$ 12,000
28	Adjust Water Valve Box to Grade	44	EA	\$ 300.00	\$ 13,200
29	Construct Survey Monuments to Grade	14	EA	\$ 300.00	\$ 4,200
30	Type 1 Striping	1,830	LF	\$ 1.00	\$ 1,830
31	Type 9 Striping	13,800	LF	\$ 1.00	\$ 13,800
32	Type 22 Striping	580	LF	\$ 1.00	\$ 580
33	Type 27B Striping	1,060	LF	\$ 1.00	\$ 1,060
34	Type 32 Striping	10,730	LF	\$ 2.50	\$ 26,825
35	Type 38 Striping	2,050	LF	\$ 1.00	\$ 2,050
36	Type 39 Striping	15,420	LF	\$ 1.00	\$ 15,420
37	Type 39A Striping	2,550	LF	\$ 1.00	\$ 2,550
38	Limit Line and Crosswalk Striping	2,850	LF	\$ 1.00	\$ 2,850
39	Pavement Markers	140	EA	\$ 5.00	\$ 700
40	Pavement Marking	1	LS	\$ 6,000.00	\$ 6,000
41	Signal Modification at McGregor Dr. and Coloma Rd.	1	LS	\$ 75,000.00	\$ 75,000

**ENGINEER'S COST ESTIMATE
2007/2008 RANCHO CORDOVA
PAVEMENT REHABILITATION PROJECT, PHASE 2**

EXHIBIT A

136

ITEM NO.	DESCRIPTION	ESTIMATED QUANTITY	UNIT	UNIT COST	ITEM TOTAL
42	Signal Improvements at Coloma Road and Elmanto Dr.	1	LS	<u>\$ 25,000.00</u>	<u>\$ 25,000</u>
43	Signal Improvements at Coloma Road and Bridlewood Dr.	1	LS	<u>\$ 25,000.00</u>	<u>\$ 25,000</u>
44	Signal Improvements at Coloma Road and Trinity River.	1	LS	<u>\$ 25,000.00</u>	<u>\$ 25,000</u>
45	Signal Improvements at Coloma Road and Sunrise Blvd.	1	LS	<u>\$ 25,000.00</u>	<u>\$ 25,000</u>
46	Abandon and Remove Signal Improvements at Pedestrian Crosswalk	1	LS	<u>\$ 25,000.00</u>	<u>\$ 25,000</u>
47	Signal Improvements at Coloma Road and Benita Drive	1	LS	<u>\$ 250,000.00</u>	<u>\$ 250,000</u>
48	Signal Improvements at Coloma Road and Vehicle Drive	1	LS	<u>\$ 225,000.00</u>	<u>\$ 225,000</u>
49	Traffic Signal Interconnect Improvements	7,200	LF	<u>\$ 25.00</u>	<u>\$ 180,000</u>
50	Federally Required Training Program	1	LS	<u></u>	<u>\$ -</u>
SUB-TOTAL					<u>\$ 3,087,990</u>
10% CONTINGENCY					<u>\$ 308,799</u>
TOTAL ESTIMATE					<u>\$ 3,396,789</u>

April 6, 2015

ENGINEER'S ESTIMATE OF CONSTRUCTION COSTS**TRAFFIC SIGNAL IMPROVEMENTS, COLOMA ROAD AND ARAMON DRIVE/STUDARUS DRIVE
CITY OF RANCHO CORDOVA, CA**

ITEM NO.	DESCRIPTION	UNIT COST	UNIT	ESTIMATED QUANTITY	ESTIMATED ITEM TOTAL
1	Traffic Control Plan/Plan Additions/Modifications	\$ 825	LS	1	\$ 825
2	Class 2 Aggregate Base	\$ 90	TONS	20	\$ 1,800
3	Asphalt Concrete, Type A	\$ 110	TONS	6	\$ 660
4	Remove and Replace Type 2 Curb and Gutter	\$ 40	LF	10	\$ 400
5	Remove and Replace PCC Sidewalk	\$ 15.00	SF	25	\$ 375
6	3" Conduit and SIC - Trench Installation	\$ 29	LF	50	\$ 1,450
7	3" Conduit and SIC - HDD Installation	\$ 28	LF	1050	\$ 29,400
8	Install Fiber Optic SIC in Existing Conduit	\$ 2.5	LF	210	\$ 525
9	#6 E Traffic Rated Pull Box	\$ 1,200	EA	1	\$ 1,200
10	#6 E Pull Box	\$ 900	EA	1	\$ 900
11	Inductive Loop Detector Replacement	\$ 8,800	LS	1	\$ 8,800
12	Type B Detector Handhole Replacement	\$ 3,250.00	LS	1	\$ 3,250
13	Install CCTV Cable in Existing Conduit	\$ 5.00	LF	100	\$ 500
14	Install CCTV Camera	\$ 11,000.00	LF	1	\$ 11,000
15	Install 4" Rigid Steel Conduit and SIC at Master Building	\$ 6,500.00	LS	1	\$ 6,500
16	Install Wall Mountable Connector Housing, Closet Connector Housing Panels and ISC at Interconnect Master Building; Furnish Extra 100 Foot of SIC Coil	\$ 4,500.00	LS	1	\$ 4,500
17	Signal Interconnect and CCTV Camera Startup and Testing	\$ 8,800.00	LS	1	\$ 8,800
18	Install Signal Cabinets on Existing Foundations	\$ 4,250.00	EA	1	\$ 4,250
18	Storm Water Erosion Control	\$ 5,000.00	LS	1	\$ 5,000
TOTAL					\$ 90,135

MEMORANDUM

DATE: April 6, 2015

TO: Honorable Mayor and Council Members

FROM: Cyrus Abhar, Public Works Director

SUBJECT: RESOLUTION NO. 43-2015 APPROVING SUBDIVISION NO. RC-04-123.4, FINAL MAP OF CAPITAL VILLAGE PHASE IV AND EXECUTE SUBDIVISION IMPROVEMENT AGREEMENT



RECOMMENDATION

Adopt Resolution No. 43-2015.

RESULT OF RECOMMENDED ACTION

Approval of this recommended action will result in the city entering into a Subdivision Improvement Agreement (Exhibit A) guaranteeing the construction of public roads and utilities with Beazer Homes Holdings, a Delaware Corporation and the recording of the final subdivision map creating 122 new residentially zoned lots.

BACKGROUND

The map has been examined and checked for compliance with Title 22 of the City code and the California State map Act. The City Council approved the Tentative Map on March 21, 2005. A copy of the final map (Attachment 2) and copy of the vicinity map (Attachment 3) are included with this letter.

Roads are offered for dedication. Beazer Homes Holdings has provided a performance and labor and material bond guaranteeing the construction of the public improvements. The final monumentation for the subdivision has been secured with the performance bond. The soil report requirement has been satisfied by Wallace-Kuhl & Associates dated May 22, 2014.

There are no delinquent taxes against the property and the Tax Collector has so certified. The 2014/2015 estimated taxes have been secured with the Sacramento County Tax Collector.

FISCAL IMPACT

There is no fiscal impact to the City.

ATTACHMENTS

1. Resolution No. 43-2015 including "Exhibit A" Subdivision Improvement Agreement.
2. 8 ½ " X 11" Copy of Final Map.
3. Vicinity Map.

Attachment 1

CITY OF RANCHO CORDOVA

RESOLUTION NO. 40-2015

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA
APPROVING THE SUBDIVISION MAP OF SUBDIVISION NO. RC-04-123.4 FINAL MAP OF
CAPITAL VILLAGE PHASE IV**

NOW, THEREFORE, BE IT HEREBY RESOLVED THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA that the City Council resolves to execute a Subdivision Improvement Agreement (Exhibit A) on behalf of the City in connection with **Beazer Homes Holdings Corp., a Delaware Corporation** and the subdivision designated as **Subdivision No. RC-04-123.4 Final Map of Capital Village Phase IV** in the form hereto attached, and for all matters incidental thereto, and to do and perform everything necessary to carry out the purpose of this resolution.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the _____ day of _____, 2015 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Robert J. McGarvey, Mayor

ATTEST:

Mindy Cuppy, MMC, City Clerk

SUBDIVISION IMPROVEMENT AGREEMENT

THIS AGREEMENT entered into this _____ day of _____, 2____, by and between the City of Rancho Cordova, (hereinafter "City"), and Beazer Homes Holdings Corporation, a Delaware Corporation (hereinafter "Principal").

RECITALS

WHEREAS, Section 66462 of the Government Code provides that if the work of improvement required therein is not completed prior to the acceptance of a final subdivision map, the owner of the subdivision may enter into an agreement with the City to perform the work of improvement as required by said sections in consideration of the acceptance of said final subdivision map by the City; and

WHEREAS, Section 66499 of the Government Code requires that said Agreement be secured by a surety bond or by an instrument of credit issued by a financial institution subject to regulation by the State or federal governments or by a cash deposit; and

WHEREAS, Section 66499.3 establishes the types and amount of security to guarantee the performance of any such improvement agreement; and

WHEREAS, City and Principal desire to enter into an improvement agreement as authorized by the Subdivision Map Act under the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual promises, conditions and covenants hereinafter set forth, City and Principal agree as follows:

1. **Incorporation of Recitals.** The foregoing recitals are hereby incorporated by reference.

2. **Findings and Conditions of Subdivision Map.** Principal recognizes that approval of his subdivision was subject to the findings and conditions attached to such approval and hereby acknowledges and agrees to be bound by such findings and

6/27/14

conditions.

3. **City Approval of Subdivision Map.** City agrees to approve the final map of the subdivision presented to it by Principal and designated **Capital Village Phase IV**, and to accept on behalf of the public all lands, rights of way and easements therein offered in dedication, in accordance with the conditions hereinafter set forth.

4. **Completion of Improvements.** In consideration of such approval, Principal agrees to complete the work of improvement required for said subdivision in accordance with the requirements of the Rancho Cordova City Code and such standard specifications created by applicable City ordinances or resolutions which are in effect at the time of the installation of said improvements. The work required may lie within or outside the subdivision and must be completed within **24** months of the date of this agreement.

5. **Payment For Services.** Principal further agrees to promptly pay, when due, all costs for plan checking, inspection services and material testing performed by City pursuant to the requirements of Sections 12.03.210 et. seq. of the Rancho Cordova City Code.

6. **Park Renovation Fee.** Principal acknowledges that the City has adopted a fee for the purpose of renovating existing parks in the amount designated in the development agreement and amendments thereto per single family lot within the Final Map ("Park Renovation Fee"). Principal acknowledges and agrees that such fee will be paid prior to the issuance of a building permit for the respective lot.

7. **Acceptance of Improvements.** Upon satisfactory completion of all public improvements in accordance with standard specifications created by City ordinances or resolutions which are in effect at the time of the installation of said improvements, City agrees to accept for maintenance the work of improvement within the dedicated parcels shown on said final subdivision map, and any off site easements granted, subject to the provisions of paragraph 9 hereof. Acceptance will be postponed until such time the City determines a public purpose

6/27/14

exists. Public Purpose is defined as existence of habitable structures within the subdivision.

8. **Notice of Commencement of Work.** Principal shall notify the City Engineer in writing of the commencement of the work of improvements.

9. **Correction of Defects.** Principal agrees to remedy any defects in the improvement arising from faulty or defective construction of said improvements occurring within twelve months after acceptance thereof by City.

10. **Indemnity.** Principal shall indemnify and hold harmless City from any and all loss, damage or liability arising out of or resulting from Principal's performance or non-performance of his duties and obligations under this Agreement, or from the negligent act or omission of himself, his agents, servants and employees. Principal shall, at his own cost and expense, defend any and all actions, suits, or legal proceedings arising out of or resulting from the performance or nonperformance of this Agreement, that may be brought or instituted against the City, its officers and employees, on any such claim or demand, and pay or satisfy any judgment that may be rendered against the City in any such action, suit or legal proceedings, or result thereof, regardless whether caused in part by a party indemnified hereunder.

11. **Extension of Completion Date.** If the construction of the work or improvement should be delayed without fault of Principal, the time for completion thereof may be extended by City for such period of time as City may deem reasonable.

12. **Improvement Security.** (a) Principal shall obtain and furnish to City an improvement security consisting of a surety bond in favor of City, issued by a corporate surety authorized to do business in the State of California, and in form approved by City, securing the faithful performance by Principal of the work of improvement required, and also securing the payment of the costs and interest, if any, due under Sections 12.030.210 et seq. of the Rancho Cordova City Code, as provided in Paragraph 5 herein and an additional bond issued by a corporate surety

6/27/14

authorized to do business in the State of California, in the amount of not less than 50 percent of the total estimated cost of the improvement, securing payment to contractor, his subcontractors, and to persons renting equipment or furnishing labor or materials for the improvement.

(b) In lieu of said corporate surety bonds, Principal may furnish an improvement security consisting of a letter of credit, certificate of deposit, or similar instrument of credit, in form satisfactory to City, issued by a financial institution subject to regulation by the State or Federal government, pledging that the funds necessary to meet the performance required herein are on deposit, and guaranteed for payment on demand. Said letter of credit, certificate of deposit, or similar instrument of credit shall provide that the funds designated therein shall become trust funds for the purposes set forth in said instrument.

(c) The failure of Principal to commence the required work of improvements, or to complete the same within the time required after commencement thereof, shall entitle City to the full payment of the security, or so much thereof as may be necessary to complete the required work of improvement. The amount of the surety bond for faithful performance shall be in the sum of **\$1,852,300.00**. The amount of the surety bond for the payment of the claims of the contractor, his subcontractors, and to persons renting equipment or furnishing labor or materials for the improvement shall be at least 50 percent of the above amount. The letter of credit, certificate of deposit or similar instrument of credit, or cash deposit for faithful performance, shall be in the above amount plus an additional 50 percent for the purposes set forth herein.

13. Improvement Security As Condition Precedent. The furnishing of the improvement security by Principal as required by paragraph 11 hereof shall be a condition precedent to acceptance by City of the above described real property and the performance by the City of the covenants herein on its part to be performed.

14. Inspection of Work In Progress. (a) Principal may

6/27/14

request The City Engineer to inspect the work as it progresses. If the work performed is found to be in accordance with the requirements of City, it may be accepted as it progresses and a partial refund of the cash deposit, or a release pro tanto of the faithful performance bond, letter of credit, certificate of deposit or similar instrument of credit shall be made in a sum in the same ratio to the total deposit as the work accepted bears to the total work to be done. No refund in excess of 85 percent of the total amount of the improvement security for faithful performance shall be made until all the work has been completed and accepted.

(b) The determination of the Administrator of Public Works of City as to the amount of work done, and the amount of refund or partial release pro tanto, shall be final and conclusive. When the work of improvement is accepted, 10 percent of the improvement security shall be retained to guarantee faithful performance of the provisions of paragraph 8 of this Agreement.

(c) Improvement security given to secure payment to contractor, his subcontractors and to persons renting equipment or furnishing labor or materials for the work of improvement may, six months after completion and acceptance of the work, be reduced to an amount not less than the total of all claims on which an action has been filed, and notice thereof given in writing to City, and if there are no actions filed, such improvement security may be released in full.

15. Execution By Real Party In Interest. Where title to the subdivision property is held by the record owner thereof under a holding Agreement, this Agreement and the bond given pursuant thereto must be executed by the real party or parties in interest.

16. Waiver of Civil Code Section 2819. Any extension of time hereunder shall not operate to release the surety on the bond filed pursuant to this Agreement. In this connection the surety waives the provisions of Section 2819 of the Civil Code of the State of California.

17. City Construction of Improvements. In the event that

6/27/14

all or any portion of the works of improvement contemplated herein are proposed to be constructed by street improvement proceedings under the control of City, the undertaking of such proceedings shall in no way relieve Principal of any duties under this Agreement, except where all of the works of improvement that are required under this Agreement have in fact been constructed and accepted by City.

18. **Interest.** Interest shall accrue at the highest rate permitted by law on all sums from the date payment is due under the terms of this agreement and the sum due is certain or reasonably capable of being made certain.

19. **Attorneys' Fees.** In the event that it is necessary for the City to enforce the obligations secured by the improvement security furnished pursuant to Paragraph 11 hereof, the City shall be entitled to recover its costs and reasonable expenses and fees, including reasonable attorneys' fees, as provided for in Government Code Section 66499.4.

20. **Amendments.** This Agreement may be modified or amended, or any of its provisions waived, only by a subsequent written agreement executed by the parties hereto.

21. **Entire Agreement.** This Agreement and any attachments hereto constitute the sole, final, complete, exclusive and integrated expression and statement of the terms and conditions of this Agreement among the parties hereto concerning the subject matter addressed herein, and supercedes all prior negotiations, representations or agreements, oral or written, that may be related to the subject matter of this Agreement.

22. **Construction and Interpretation.** It is agreed and acknowledged by the Principal that the provisions of this Agreement have been arrived at through negotiation, and that the Principal has had a full and fair opportunity to revise the provisions of this Agreement and to have such provisions reviewed by legal counsel. Therefore, the normal rule of construction that any ambiguities are to be resolved against the drafting party shall not apply in construing or interpreting this Agreement.

6/27/14

23. Successors and Assigns. This Agreement shall bind and inure to the benefit of the respective successors and assigns of the parties hereto.

24. Time. Time is of the essence in the performance of each and every term of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

CITY OF RANCHO CORDOVA

By _____
MAYOR

CITY (SEAL)

ATTEST: _____
Clerk of the City Council

PRINCIPAL



Robert T. Shiota

6/27/14

FINAL MAP OF
CAPITAL VILLAGE PHASE IV

SUBDIVISION NO. RC-04-123.4

ALL OF PARCEL 70 AND A PORTION OF PARCEL 71 AS
SHOWN ON PARCEL MAP ENTITLED "CAPITAL CENTER II"
FILED APRIL 10, 1986 IN BOOK 93 OF PARCEL MAPS, PAGE 7,
SACRAMENTO COUNTY RECORDS

CITY OF RANCHO CORDOVA, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA

OCTOBER, 2014

MORTON & PITALO, INC.

SHEET 1 OF 7 SHEETS

OWNER'S STATEMENT

THE UNDERSIGNED HEREBY CONSENTS TO THE PREPARATION AND RECORDATION OF THIS FINAL MAP OF CAPITAL VILLAGE PHASE IV. THE REAL PROPERTY DESCRIBED BELOW IS DEDICATED AS AN EASEMENT FOR PUBLIC PURPOSES. THE UNDERSIGNED OFFERS FOR DEDICATION AND DOES HEREBY DEDICATE TO ANY AND ALL PUBLIC USES THE PUBLIC WAYS, DRIVE AND ALLEYS SHOWN HEREON AS CORRELL WAY, HAVISHAM WAY, NATHROP WAY, FOXTON WAY, MERRICK WAY, ARRINGTON DRIVE, ALLEY 17 AND ALLEY 18, AND ALSO OFFERS FOR DEDICATION AND DOES HEREBY DEDICATE TO SPECIFIC PURPOSES THE FOLLOWING:

1. EASEMENT FOR PLANTING AND MAINTAINING TREES, ELECTROLIERS, TRAFFIC CONTROL DEVICES, WATER AND GAS PIPES, AND FOR OVERHEAD AND UNDERGROUND WIRES AND CONDUITS FOR ELECTRIC, TELEVISION AND TELEPHONE SERVICES, TOGETHER WITH ANY AND ALL APPURTENANCES PERTAINING THERETO, ON, OVER, UNDER AND ACROSS STRIPS OF LAND 22.00 FEET IN WIDTH, 10.00 FEET IN WIDTH AND VARYING FEET IN WIDTH LYING CONTIGUOUS TO THE PUBLIC WAYS AND DRIVES SHOWN HEREON AND DESIGNATED "PUBLIC UTILITY EASEMENT" (P.U.E.).
2. EASEMENT FOR PLANTING AND MAINTAINING TREES, ELECTROLIERS, TRAFFIC CONTROL DEVICES, WATER AND GAS PIPES, AND FOR OVERHEAD AND UNDERGROUND WIRES AND CONDUITS FOR ELECTRIC, TELEVISION AND TELEPHONE SERVICES, TOGETHER WITH ANY AND ALL APPURTENANCES PERTAINING THERETO, ON, OVER UNDER AND ACROSS STRIPS OF LAND 4.00 FEET IN WIDTH LYING CONTIGUOUS TO ALLYES AND AISLES SHOWN HEREON AND DESIGNATED "PUBLIC UTILITY EASEMENT" (P.U.E.).
3. EASEMENT FOR CONSTRUCTING AND MAINTAINING CENTRALIZED MAIL DELIVERY BOXES, PEDESTALS, AND SLABS, TOGETHER WITH ANY AND ALL APPURTENANCES PERTAINING THERETO INCLUDING PEDESTRIAN ACCESS FOR DELIVERY AND RECEIPT OF MAIL ON, OVER UNDER AND ACROSS STRIPS OF LAND 5.00 FEET IN WIDTH LYING CONTIGUOUS TO THE PUBLIC WAYS AND DRIVE SHOWN HEREON.
4. EASEMENT FOR LANDSCAPING AND ALL APPURTENANCES PERTAINING THERETO LYING ON, OVER AND ACROSS STRIPS OF LAND SHOWN HEREON AND DESIGNATED "LANDSCAPING EASEMENT" (L.E.). SAID STRIPS TO BE KEPT OPEN AND FREE FROM BUILDINGS. THE MAINTENANCE AND REPAIR OF THE SIDEWALK SHALL BE THE RESPONSIBILITY OF THE PROPERTY OWNER.
5. RIGHTS OF WAY AND EASEMENTS FOR THE INSTALLATION AND MAINTENANCE OF A PEDESTRIAN WALKWAY, TOGETHER WITH ANY AND ALL APPURTENANCES PERTAINING THERETO ON, OVER, UNDER AND ACROSS THOSE STRIPS OF LAND SHOWN HEREON AND DESIGNATED "PEDESTRIAN EASEMENT" (P.E.). THE MAINTENANCE AND REPAIR OF THE SIDEWALK SHALL BE THE RESPONSIBILITY OF THE PROPERTY OWNER.
6. RIGHTS OF WAY AND EASEMENTS FOR THE INSTALLATION AND MAINTENANCE OF WATER, GAS, AND DRAINAGE PIPES, AND FOR POLES AND OVERHEAD AND UNDERGROUND WIRES AND CONDUITS FOR ELECTRICAL, TELEVISION AND TELEPHONE SERVICES, TOGETHER WITH ANY AND ALL APPURTENANCES PERTAINING THERETO ON, OVER, UNDER AND ACROSS LOTS Bbb, Ss AND Xx AS SHOWN HEREON AND DESIGNATED "PUBLIC UTILITY EASEMENT" (P.U.E.).

BEAZER HOMES HOLDING CORP., A DELAWARE CORPORATION

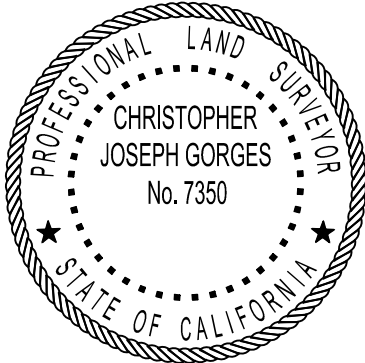
BY: _____ BY: _____

SURVEYOR'S STATEMENT

THIS MAP WAS PREPARED BY ME OR UNDER MY DIRECTION AND IS BASED UPON A FIELD SURVEY IN CONFORMANCE WITH THE REQUIREMENTS OF THE SUBDIVISION MAP ACT AND LOCAL ORDINANCE AT THE REQUEST OF BEAZER HOMES HOLDING CORP, A DELAWARE CORPORATION, IN MAY OF 2013. I HEREBY STATE THAT THIS FINAL MAP SUBSTANTIALLY CONFORMS TO THE CONDITIONALLY APPROVED TENTATIVE MAP, THAT THE MONUMENTS WILL BE OF THE CHARACTER AND WILL OCCUPY THE POSITIONS INDICATED AND WILL BE SET BY AUGUST 31, 2015, AND THAT SAID MONUMENTS WILL BE SUFFICIENT TO ENABLE THE SURVEY TO BE RETRACED.

DATED _____

CHRISTOPHER J. GORGES
P.L.S. 7350



CITY ENGINEER'S STATEMENT

I HEREBY STATE THAT I HAVE EXAMINED THIS FINAL MAP OF CAPITAL VILLAGE PHASE IV AND FIND IT TO BE SUBSTANTIALLY THE SAME AS THE TENTATIVE MAP APPROVED BY THE CITY OF RANCHO CORDOVA, AND ANY APPROVED ALTERATIONS THEREOF; THAT ALL PROVISIONS OF THE SUBDIVISION MAP ACT AND ALL APPLICABLE CITY ORDINANCES HAVE BEEN COMPLIED WITH AND THAT I AM SATISFIED THAT SAID MAP IS TECHNICALLY CORRECT.

CYRUS E. ABHAR, L.S. 7723/R.C.E. 45424
CITY ENGINEER

DATED _____

CITY CLERK'S STATEMENT

I HEREBY STATE THAT THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA HAS APPROVED THIS FINAL MAP AND HAS ACCEPTED ON BEHALF OF THE PUBLIC ALL LANDS, EASEMENTS AND RIGHT-OF-WAYS SHOWN HEREON AS THE PUBLIC WAYS, DRIVE AND ALLEYS TOGETHER WITH ANY AND ALL APPURTENANCES PERTAINING THERETO, SUBJECT TO THE IMPROVEMENT THEREOF.

BY: _____
CITY CLERK
CITY OF RANCHO CORDOVA

DATED _____

RECORDER'S STATEMENT

FILED THIS _____ DAY OF _____, 2014, AT _____ .M., IN BOOK _____ OF MAPS, AT PAGE _____, AT THE REQUEST OF MORTON & PITALO, INC., TITLE TO THE LAND INCLUDED IN THIS FINAL MAP BEING VESTED AS PER CERTIFICATE NO. _____ ON FILE IN THIS OFFICE.

DOCUMENT NO. _____ FEE \$ _____

COUNTY RECORDER
COUNTY OF SACRAMENTO

BY: _____
DEPUTY COUNTY RECORDER

FINAL MAP OF
CAPITAL VILLAGE PHASE IV
SUBDIVISION NO. RC-04-123.4
ALL OF PARCEL 70 AND A PORTION OF PARCEL 71 AS
SHOWN ON PARCEL MAP ENTITLED "CAPITAL CENTER II"
FILED APRIL 10, 1986 IN BOOK 93 OF PARCEL MAPS, PAGE 7,
SACRAMENTO COUNTY RECORDS
CITY OF RANCHO CORDOVA, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA
OCTOBER, 2014
MORTON & PITALO, INC.
SHEET 2 OF 7 SHEETS

TRUSTEE'S STATEMENT

CHICAGO TITLE INSURANCE COMPANY, AS TRUSTEE UNDER DEED OF TRUST RECORDED OCTOBER 16, 2009 IN BOOK 20091016, PAGE 982, SACRAMENTO COUNTY OFFICIAL RECORDS, DOES HEREBY CONSENT TO THE FILING OF THIS FINAL MAP.

BY: _____

PRINT NAME: _____

PRINT TITLE: _____

NOTARY ACKNOWLEDGMENT

STATE OF _____

COUNTY OF _____

ON _____, 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

SIGNATURE _____

NAME _____

MY PRINCIPAL PLACE OF BUSINESS IS _____ COUNTY

MY COMMISSION NO. _____

MY COMMISSION EXPIRES _____

TRUSTEE'S STATEMENT

FIRST AMERICAN TITLE INSURANCE COMPANY, A CALIFORNIA CORPORATION, AS TRUSTEE UNDER DEED OF TRUST RECORDED FEBRUARY 8, 2013 IN BOOK 20130208, PAGE 1136, SACRAMENTO COUNTY OFFICIAL RECORDS, DOES HEREBY CONSENT TO THE FILING OF THIS FINAL MAP.

BY: _____

PRINT NAME: _____

PRINT TITLE: _____

NOTARY ACKNOWLEDGMENT

STATE OF _____

COUNTY OF _____

ON _____, 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

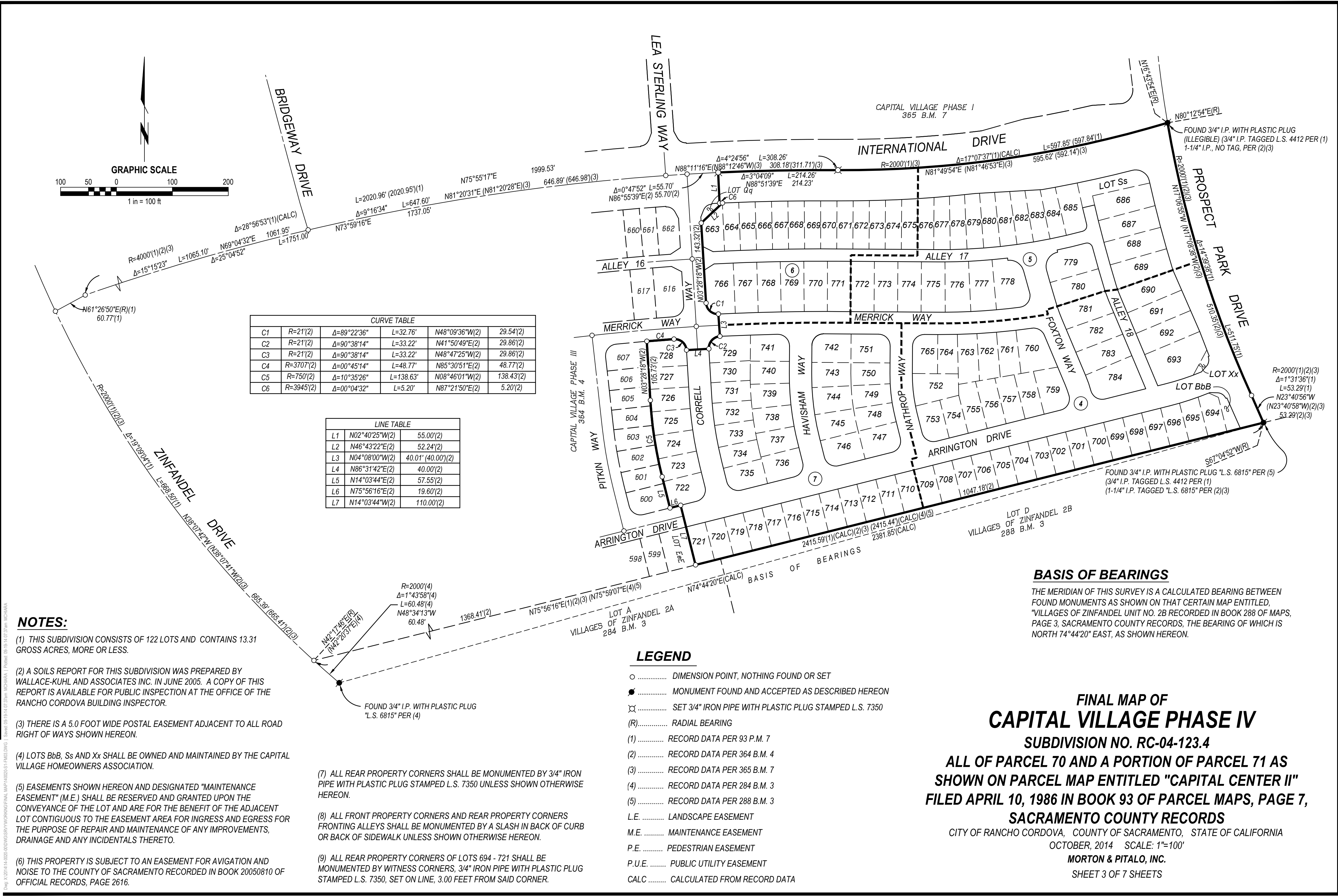
SIGNATURE _____

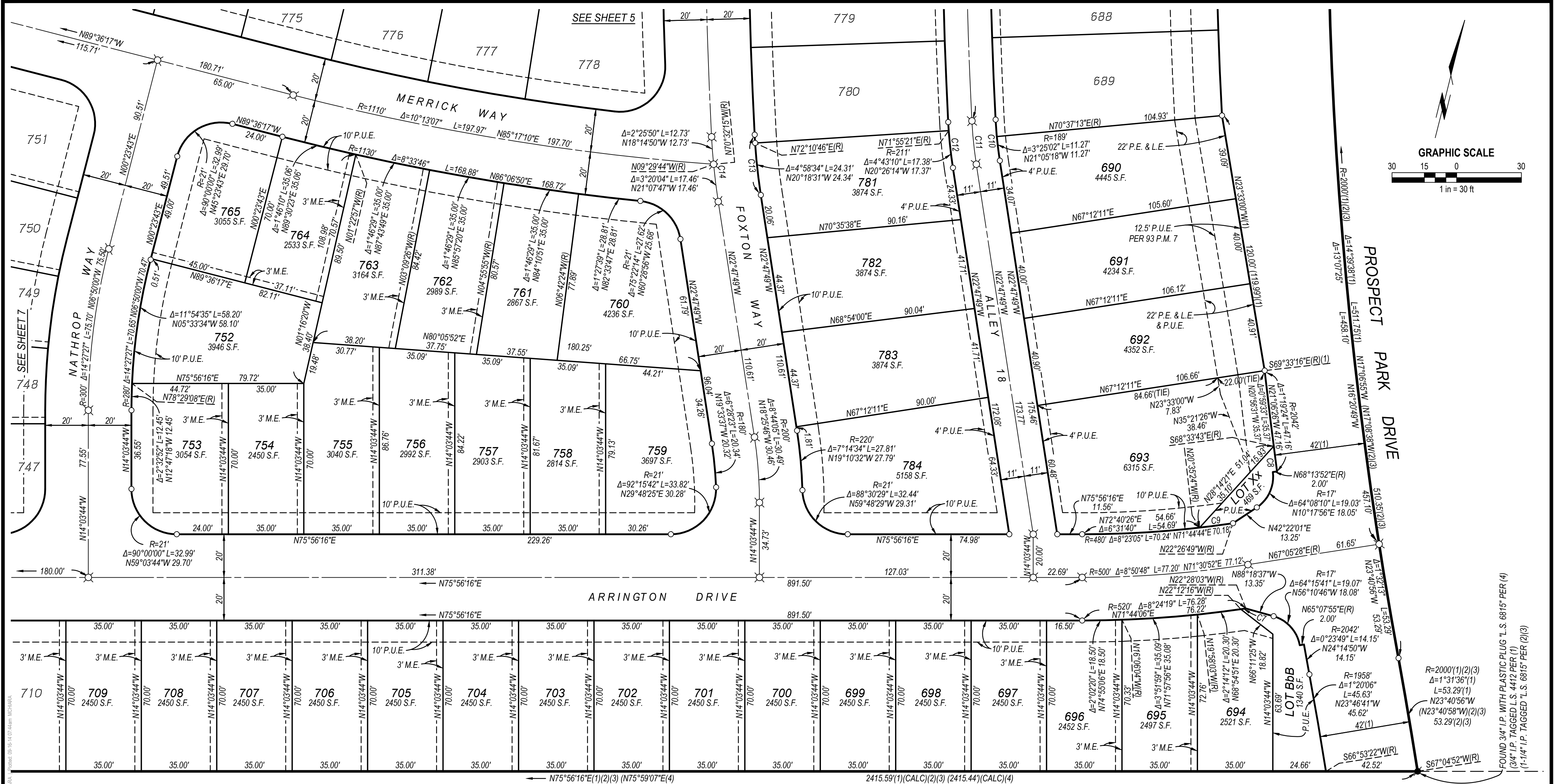
NAME _____

MY PRINCIPAL PLACE OF BUSINESS IS _____ COUNTY

MY COMMISSION NO. _____

MY COMMISSION EXPIRES _____

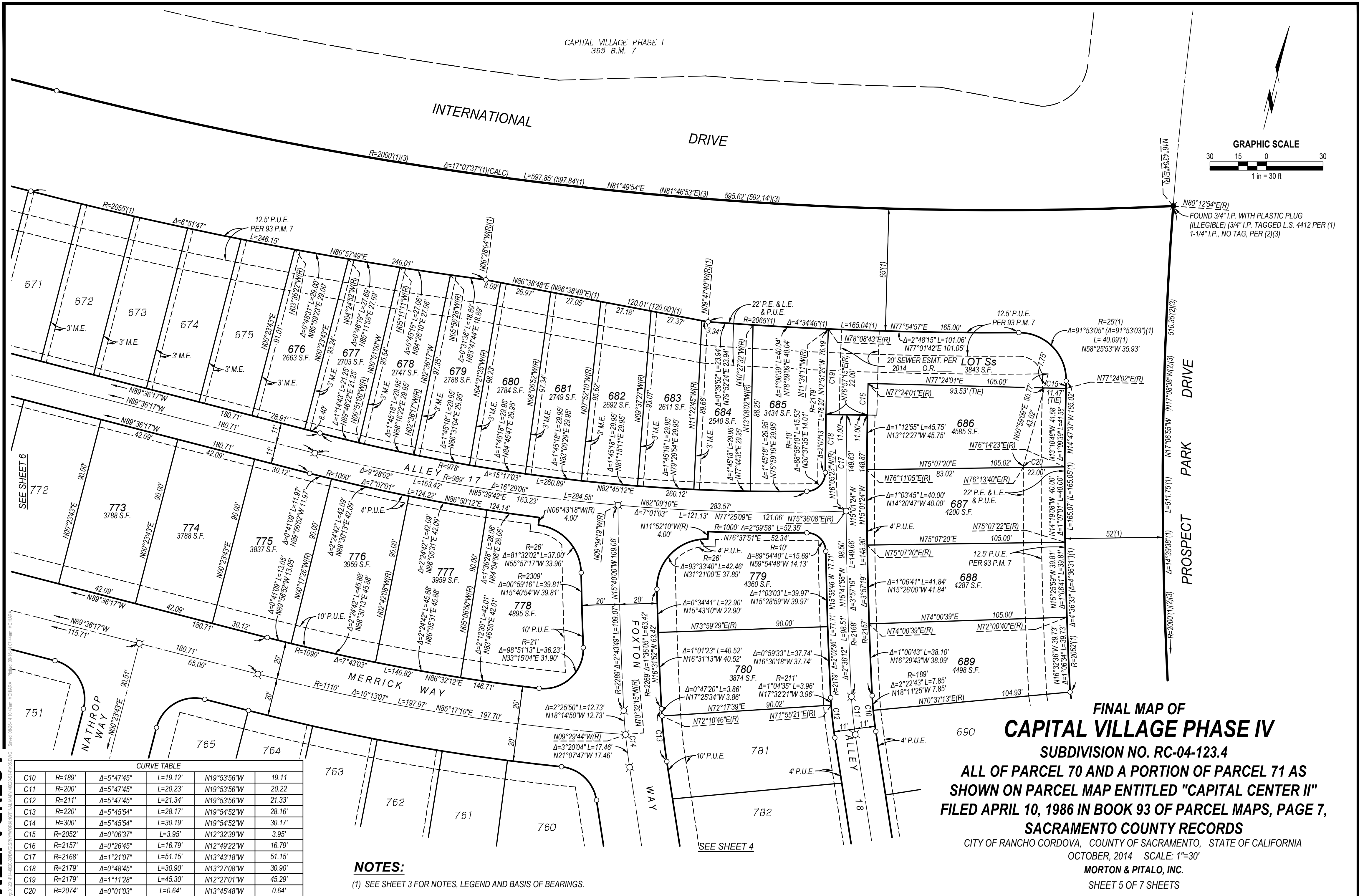




CURVE TABLE					
C7	R=520'	Δ=0°15'48"	L=2.39'	N67°39'51"E	2.39'
C8	R=2042'	Δ=0°19'51"	L=11.79'	N21°36'13"W	11.79'
C9	R=480'	Δ=1°51'25"	L=15.56'	N68°28'54"E	15.56'
C10	R=189'	Δ=5°47'45"	L=19.12'	N19°53'56"W	19.11'
C11	R=200'	Δ=5°47'45"	L=20.23'	N19°53'56"W	20.22'
C12	R=211'	Δ=5°47'45"	L=21.34'	N19°53'56"W	21.33'
C13	R=220'	Δ=5°45'54"	L=28.17'	N19°54'52"W	28.16'
C14	R=300'	Δ=5°45'54"	L=30.19'	N19°54'52"W	30.17'

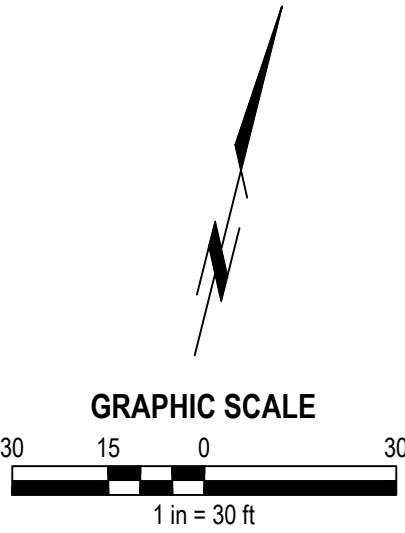
NOTES:
(1) SEE SHEET 3 FOR NOTES, LEGEND AND BASIS OF BEARINGS.

**FINAL MAP OF
CAPITAL VILLAGE PHASE IV
SUBDIVISION NO. RC-04-123.4**
**ALL OF PARCEL 70 AND A PORTION OF PARCEL 71 AS
SHOWN ON PARCEL MAP ENTITLED "CAPITAL CENTER II"
FILED APRIL 10, 1986 IN BOOK 93 OF PARCEL MAPS, PAGE 7,
SACRAMENTO COUNTY RECORDS**
CITY OF RANCHO CORDOVA, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA
OCTOBER, 2014 SCALE: 1"=30'
MORTON & PITALO, INC.
SHEET 4 OF 7 SHEETS

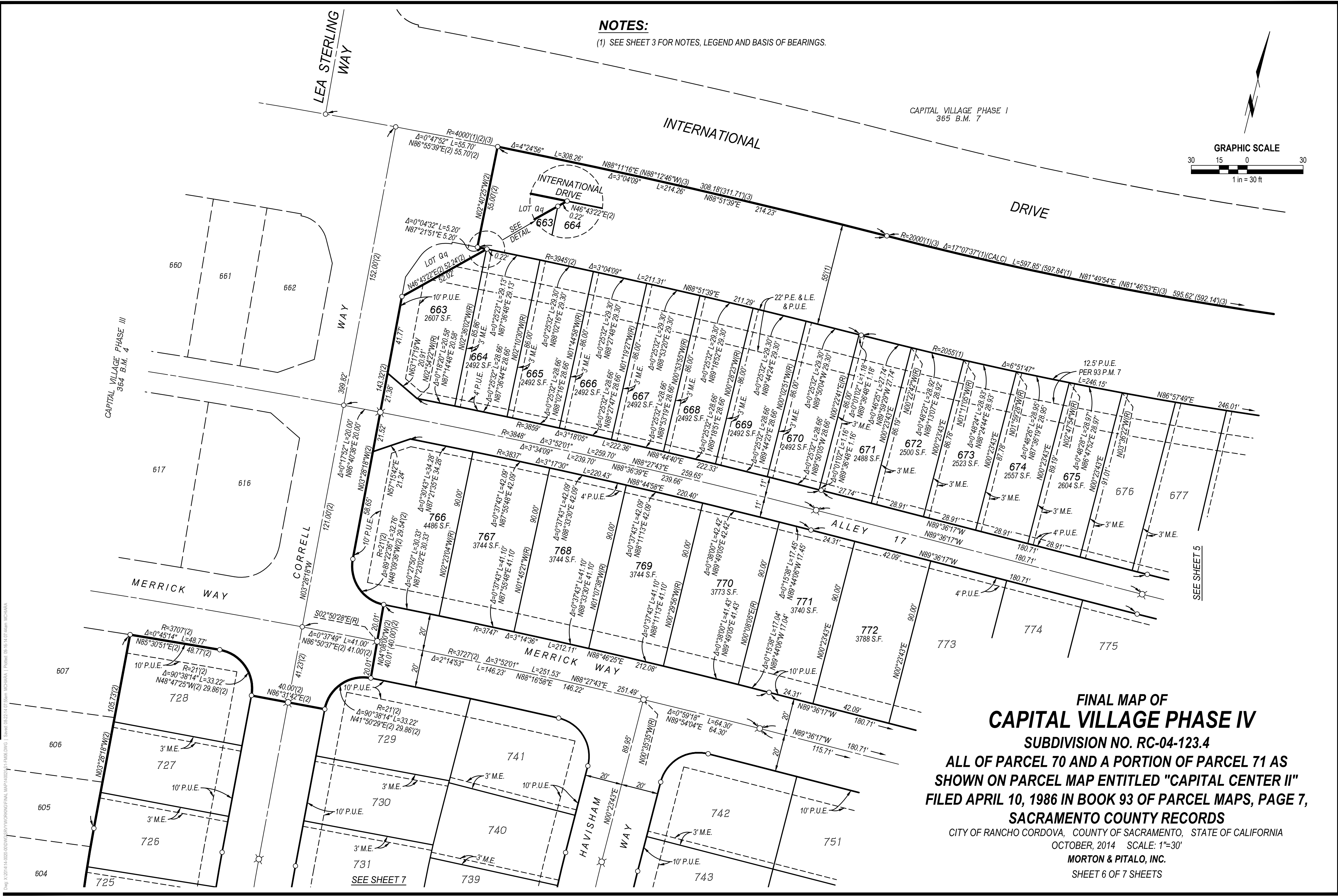


NOTES:

(1) SEE SHEET 3 FOR NOTES, LEGEND AND BASIS OF BEARINGS.



AGENDA ITEM 8.9



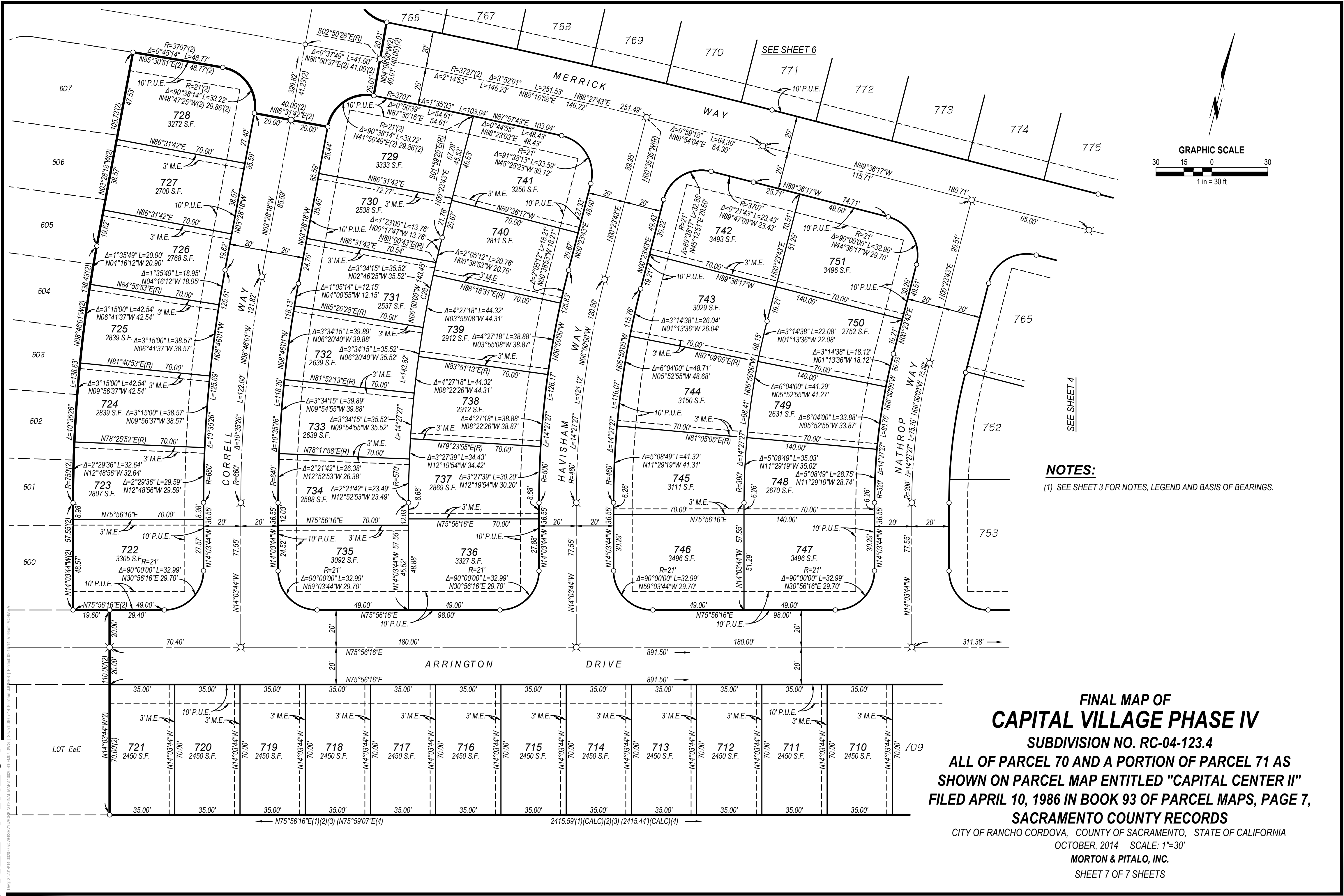
FINAL MAP OF
CAPITAL VILLAGE PHASE IV

SUBDIVISION NO. RC-04-123.4

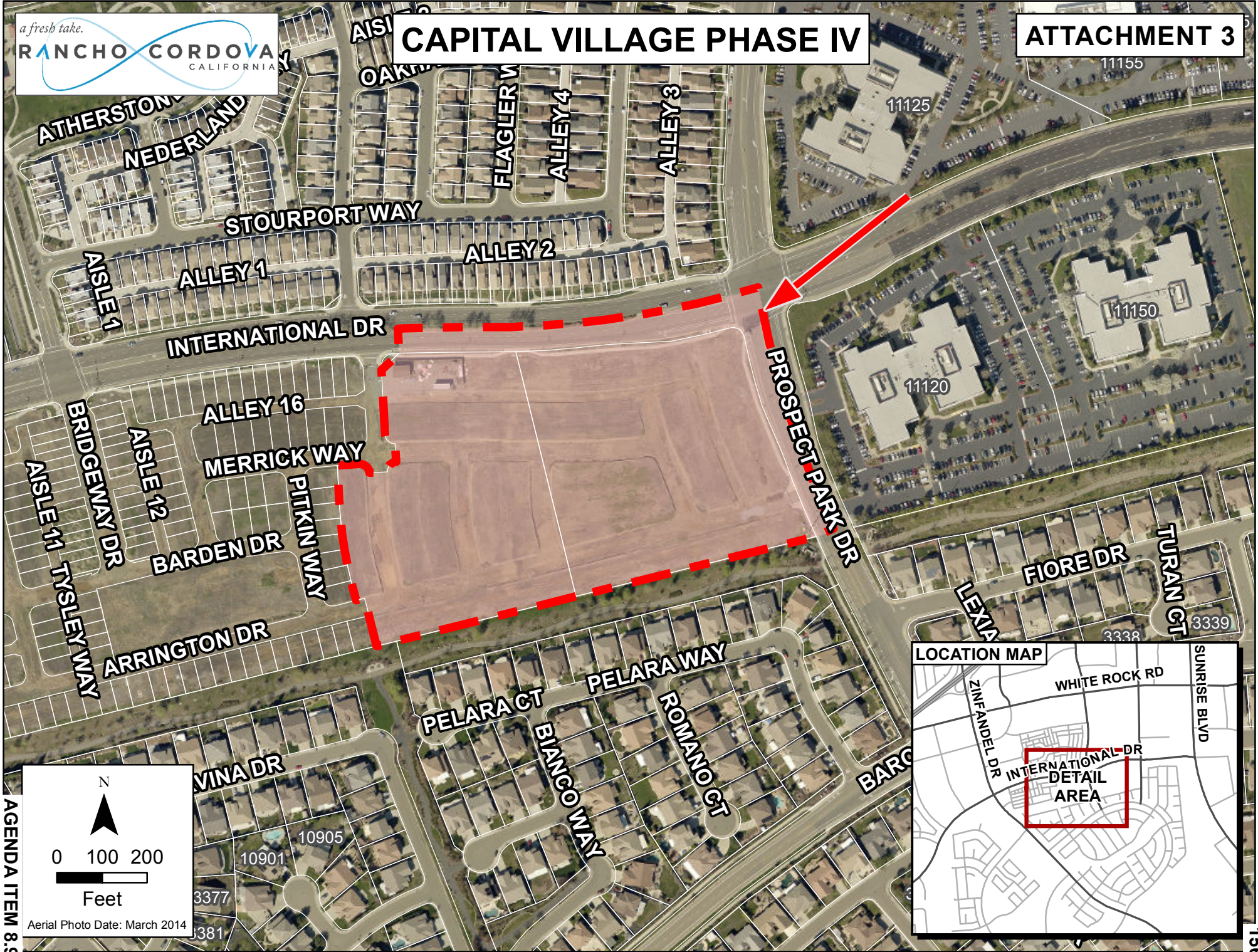
ALL OF PARCEL 70 AND A PORTION OF PARCEL 71 AS
SHOWN ON PARCEL MAP ENTITLED "CAPITAL CENTER II"
FILED APRIL 10, 1986 IN BOOK 93 OF PARCEL MAPS, PAGE 7,
SACRAMENTO COUNTY RECORDS

CITY OF RANCHO CORDOVA, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA
OCTOBER, 2014 SCALE: 1"=30'

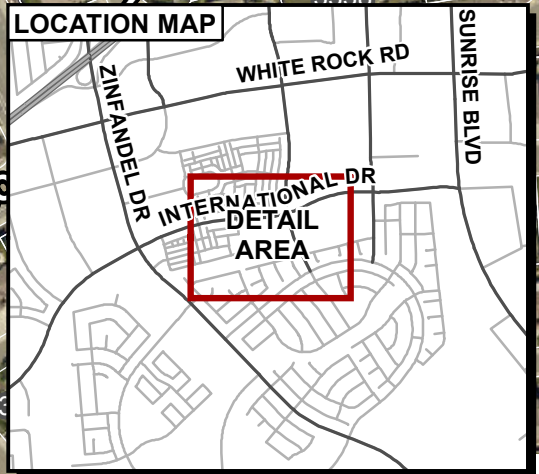
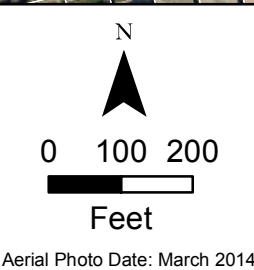
MORTON & PITALO, INC.
SHEET 6 OF 7 SHEETS



CAPITAL VILLAGE PHASE IV



AGENDA ITEM 8.9



MEMORANDUM

DATE: April 6, 2015

TO: Honorable Mayor and Council Members

FROM: Donna Silva, Chief Financial Officer
Jessica Hayes, Housing and Neighborhood Development Analyst

SUBJECT: INTER-FUND LOAN AGREEMENT BETWEEN THE GENERAL FUND AND THE LOCAL HOUSING TRUST FUND



RECOMMENDATION

Adopt Resolution no. 46-2015 that approves an inter-fund loan agreement between the General Fund and the Local Housing Trust Fund.

RESULT OF RECOMMENDED ACTION

Approval of the Inter-fund Loan Agreement will create a binding commitment on the future revenues of the Local Housing Trust Fund to repay funds fronted by the General Fund that will be used in the development of the Mather Veterans Village and Horizons @ New Rancho affordable housing developments. It will also set a limit on the amount to be loaned to the Local Housing Trust Fund, and will dedicate any revenues to that fund to be used exclusively for the repayment of the loan.

BACKGROUND

The City created the Local Housing Trust Fund in 2012 to collect the Housing Trust Development Impact Fee (HTDIF) and to act as matching revenues for a \$2 million award from the State Housing and Community Development (HCD) Local Housing Trust Fund Program (LHTFP). These funds were to be used as predevelopment and construction financing for two affordable housing projects, the Horizons @ New Rancho senior housing project and the Mather Veterans Village project for disabled and homeless veterans.

The HTDIF (originally called the Very-Low Income Housing Trust Fee) is an impact fee that is charged to non-residential development on a use-based scale and that is intended to help offset the impacts that new jobs have on the affordable and low-income stock. It is a fee that was adopted shortly after incorporation from the County of Sacramento, and is based on a nexus study that the County prepared in support of their version of the fee. While the County has updated their fee and their nexus study several times in the last fifteen years, the City has not, and the fee is currently the same as it was at incorporation.

During the building boom of the mid 2000's the HTDIF collected considerable funds that were used, in part, for the acquisition and demolition of the Stagger Inn, and the acquisition of the properties that became the Crossings @ New Rancho affordable housing project. Fee collection slowed during the recession, and the current annual fee revenue projections are between \$40,000 and \$60,000 a year.

HCD agreed to allow the City to use a general commitment to front any missing match funds as sufficient proof of match at the time of the original LHTFP application. As there was a positive balance in the City's Local Housing Trust Fund at that time, it was determined that no official loan agreement was necessary. However, through the pre-development of the Horizons and Mather projects, the existing balance has been used, and additional funds to make our match commitments became necessary.

City staff have performed a thorough overview of the two projects' pre-development expenses and have made forecasts of expected additional expenses. With these numbers now available, staff decided that it would be a fiscally sound decision to memorialize these costs, and any funds fronted to pay these costs, in a loan agreement that includes repayment terms, interest rates, and finite loan amounts. This Inter-Fund Loan Agreement clarifies what funds will be used for what projects, how the General Fund will cover the current and future costs, and how the HTDIF will repay the General Fund, plus LAIF interest, over an extended period by collecting dedicated non-residential development fees and any other revenues as may be collected as cost recovery from the Mather and Horizons projects.

FISCAL IMPACT

Phases I and II of the Mather Veterans Village project require a loan of \$1,270,900 and the Horizons project requires a loan of \$2,162,200, for a combined loan of \$3,433,100 from the General Fund available fund balance to the Local Housing Trust Fund. This will leave an available fund balance in the General Fund of approximately \$5,075,000.

ATTACHMENTS

1. Resolution
2. Loan Agreement

ATTACHMENT 1

CITY OF RANCHO CORDOVA

RESOLUTION NO. 46-2015

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA
APPROVING AN INTER-FUND LOAN AGREEMENT BETWEEN THE GENERAL FUND AND
THE LOCAL HOUSING TRUST FUND**

WHEREAS, in fiscal year ending June 30, 2012, the City created the Local Housing Trust Fund to collect the Housing Trust Development Impact Fee and to act as matching revenues for the award of grants that are restricted for housing programs under California Health and Safety Code section 50843.5; and

WHEREAS, the Housing Trust Development Impact Fee (the "Impact Fee") is specifically assessed by the Local Housing Trust Fund from non-residential development to offset a portion of the cost of the increased burden of providing housing for very low income households; and

WHEREAS, there are two proposed affordable housing developments in the City that are in the process of securing financing from various sources including state housing grants and federal tax credit allocations. The funding sources require that the financing for these developments include matching funds from City or other local resources; and

WHEREAS, the two proposed affordable housing developments in the City are the Mather Veterans Village Phase I (the "MVV Project") and the Horizons at New Rancho Senior Housing (the "Horizons Project"); and

WHEREAS, the MVV Project will provide fifty (50) permanent supportive housing units and a community space for homeless and disabled veterans and the Horizons Project will provide forty-eight (48) affordable housing units for seniors; and

WHEREAS, to date, the Local Housing Trust Fund has not collected enough Impact Fees to provide the required matching funds for MVV and Horizons, and the lack of matching funds may jeopardize the ability of these developments to obtain other financial assistance; and

WHEREAS, the City finds that these developments are important in providing affordable housing for City residents, and wishes to facilitate their financing by loaning monies to the Local Housing Trust Fund to provide matching funds for the MVV and Horizons development projects; and

WHEREAS, the maximum amount of the matching funds needed for the MVV Project is One Million, Two Hundred Seventy Nine Hundred Dollars (\$1,270,900)(the "MVV Loan"); and

WHEREAS, the maximum amount of the matching funds needed for the Horizons Project is Two Million One Hundred Sixty-Two Thousand Two Hundred Dollars (\$2,162,200) (the "Horizons Loan," and together with the MVV Loan the "Loans"); and

WHEREAS, the Local Housing Trust Fund will repay the Loans from the receipt of Impact Fees, and other revenues sources, when collected; and

ATTACHMENT 1

WHEREAS, The City has determined that providing the Loans to the Local Housing Trust Fund will benefit the health, safety and welfare of the residents of the City by increasing the City's supply of affordable housing stock.

NOW, THEREFORE, BE IT HEREBY RESOLVED THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA that \$3,433,100 of General Fund Balance is assigned for a loan to the Local Housing Trust Fund and the City Manager and Chief Financial Officer are hereby authorized to execute a loan agreement, in a form approved by the City Attorney, between the General Fund and the Local Housing Trust Fund, in an amount not to exceed \$3,433,100.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the ____ day of ____, 2015 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Robert J. McGarvey, Mayor

ATTEST:

Mindy Cuppy, MMC, City Clerk

ATTACHMENT 2

**LOAN AGREEMENT BY AND BETWEEN
THE CITY OF RANCHO CORDOVA GENERAL FUND
AND THE LOCAL HOUSING TRUST FUND**

This Loan Agreement (this “**Agreement**”) is entered into as of April __, 2015 (“**Effective Date**”), by and between the General Fund of the City of Rancho Cordova, a municipal corporation (the “**City**”) and the Local Housing Trust Fund, a Special Revenue Fund of the City of Rancho Cordova. The Local Housing Trust Fund and the City are hereinafter collectively referred to as the “**Parties**.”

RECITALS

WHEREAS, in fiscal year ending June 30, 2012, the City created the Local Housing Trust Fund to collect the Housing Trust Development Impact Fee and to act as matching revenues for the award of grants that are restricted for housing programs under California Health and Safety Code section 50843.5; and

WHEREAS, the Housing Trust Development Impact Fee (the “**Impact Fee**”) is specifically assessed by the Local Housing Trust Fund from non-residential development to offset a portion of the cost of the increased burden of providing housing for very low income households; and

WHEREAS, there are two proposed affordable housing developments in the City that are in the process of securing financing from various sources including state housing grants and federal tax credit allocations. The funding sources require that the financing for these developments include matching funds from City or other local resources; and

WHEREAS, the two proposed affordable housing developments in the City are the Mather Veterans Village Phase I (the “**MVV Project**”) and the Horizons at New Rancho Senior Housing (the “**Horizons Project**”); and

WHEREAS, the MVV Project will provide fifty (50) permanent supportive housing units and a community space for homeless and disabled veterans and the Horizons Project will provide forty-eight (48) affordable housing units for seniors; and

WHEREAS, to date, the Local Housing Trust Fund has not collected enough Impact Fees to provide the required matching funds for MVV and Horizons, and the lack of matching funds may jeopardize the ability of these developments to obtain other financial assistance; and

WHEREAS, the City finds that these developments are important in providing affordable housing for City residents, and wishes to facilitate their financing by loaning

monies to the Local Housing Trust Fund to provide matching funds for the MVV and Horizons development projects; and

WHEREAS, the maximum amount of the matching funds needed for the MVV Project is One Million, Two Hundred Seventy Nine Hundred Dollars (\$1,270,900)(the “**MVV Loan**”); and

WHEREAS, the maximum amount of the matching funds needed for the Horizons Project is Two Million One Hundred Sixty-Two Thousand Two Hundred Dollars (\$2,162,200) (the “**Horizons Loan**,” and together with the MVV Loan the “**Loans**”); and

WHEREAS, the Local Housing Trust Fund will repay the Loans from the receipt of Impact Fees, and other revenues sources, when collected; and

WHEREAS, The City has determined that providing the Loans to the Local Housing Trust Fund will benefit the health, safety and welfare of the residents of the City by increasing the City’s supply of affordable housing stock.

NOW THEREFORE, for good and valuable consideration and in consideration of the mutual covenants herein contained, the receipt and sufficiency of which are hereby acknowledged, the Local Housing Trust Fund and the City hereby agree as follows.

ARTICLE 1 LOAN TERMS

1.1 Loans.

- (a) MVV Loan Amount. City agrees to lend to Local Housing Trust Fund, and Local Housing Trust Fund agrees to borrow from and repay to City, a Loan in the amount not to exceed One Million, Two Hundred Seventy Thousand Nine Hundred Dollars (\$1,270,900 (the “**MVV Loan Proceeds**”).
- (b) Horizons Loan Amount. City agrees to lend to Local Housing Trust Fund, and Local Housing Trust Fund agrees to borrow from and repay to City, a Loan in the amount not to exceed Two Million One Hundred Sixty-Two Thousand Two Hundred Dollars (\$2,162,200) (the “**Horizons Loan Proceeds**”).
- (c) Loan Repayment. The total outstanding Loan principal together with accrued interest thereon, will be repaid annually from all revenues earned in the Local Housing Trust Fund.
- (d) Interest. Commencing on the date of execution of this Agreement and subsequent disbursement of the remainder of loan proceeds and continuing through the date that all indebtedness and other amounts payable under this

Agreement are paid in full, interest on the Loans will accrue on the outstanding principal balance, at the rate equal to the "Apportionment Rate" earned by the California Local Agency Investment Fund ("**LAIF**") maintained by the California Treasurer's Office (Government Code 16429.1) for each fiscal quarter. Interest will be calculated on the basis of a year of 365 days and charged for the actual number of days that principal is outstanding.

1.2 Prepayment. Housing Trust may prepay the Loans, including any outstanding accrued and unpaid interest, in whole or in part, at any time, without penalty or other charge. Any partial prepayment shall be applied first to accrued and unpaid interest that is due, then to the outstanding principle balance of the Loans.

1.3 Payment. The outstanding principal of the Loans, together with any outstanding accrued and unpaid interest, is due and payable annually up to the amount of revenues received each fiscal year in the Local Housing Trust Fund. Local Housing Trust Fund revenues will first be applied to accrued and unpaid interest. Any remaining revenues will be applied against the existing outstanding principal balance.

1.4 Security for the Loan. As security for the repayment of principal and interest on the Loan, the Local Housing Trust Fund hereby pledges certain Unrestricted Revenues (defined below) (the "**Pledged Revenues**") which are received, accrued or held by the Local Housing Trust Fund. The principal of the Loans and the interest accrued thereon constitute a first lien and charge on the Pledged Revenues, and are payable from the first moneys received by the Local Housing Trust Fund from the Pledged Revenues, and, to the extent not paid from Pledged Revenues, will be paid from any other, income, revenue, cash receipts and any other moneys of the Local Housing Trust Fund lawfully available for repayment of the Loans.

The term "**Unrestricted Revenues**" means the Impact Fees and any other unrestricted monies available to the Local Housing Trust Fund from grants, bequests, donations or other monies received by the Housing Trust.

ARTICLE 2 DISBURSEMENT AND ACCOUNTING; USE OF FUNDS

2.1 Disbursement. Upon execution of this Agreement, the General Fund will transfer an amount sufficient to bring the total loan balance to \$3,433,100.

2.2 Use of Loan Proceeds. The Local Housing Trust Fund may use the MVV Loan Proceeds solely for costs associated with the MVV Project, and for no other purpose. The Local Housing Trust Fund may use the Horizons Loan Proceeds solely for costs associated with the Horizons Project, and for no other purpose.

ARTICLE 3 MISCELLANEOUS

3.1 Severability. If one or more provisions of this Agreement are found invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, the remaining provisions shall not in any way be affected, prejudiced, disturbed or impaired thereby, and all other provisions of this Agreement shall remain in full force and effect.

3.2 Time. Time is of the essence in the performance of the terms and conditions of this Agreement.

3.3 Governing Law. The laws of the State of California govern this Agreement.

3.4 Duration/Survival. This Agreement continues in full force and effect until the Loan is repaid in full.

3.5 Headings. The headings within this Agreement are for the purpose of reference only and do not limit or otherwise affect any of the terms of this Agreement.

3.6 Counterparts, Facsimile Copies. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together constitute one and the same agreement. This Agreement is effective upon transmission by any party to the other parties of a fully signed facsimile copy of the Agreement after the formal approval by the Housing Trust Board of Directors and the City Council. In case of any conflict, the counterpart maintained by the City Council will be deemed to be determinative.

3.7 Incorporation of Recitals. The Recitals are hereby incorporated into this Agreement as if set forth herein in full.

IN WITNESS WHEREOF, the Local Housing Trust Fund and the City have executed this Agreement as of the date first written above.

LOCAL HOUSING TRUST FUND

CITY OF RANCHO CORDOVA

By: _____
Chief Financial Officer

By: _____
City Manager

By: _____
Housing Services Administrator

ATTEST:

ATTEST:

City Clerk

City Clerk

APPROVED AS TO FORM:

City Attorney

MEMORANDUM

DATE: April 6, 2015

TO: Honorable Mayor and Council Members

FROM: Michelle Mingay, Sr. Finance Analyst



SUBJECT: RESOLUTIONS AMENDING AND DECLARING ELECTION RESULTS FOR SUNRIDGE NORTH DOUGLAS COMMUNITY FACILITIES DISTRICT NO. 2005-1

RECOMMENDATION

Staff recommends Council adopt the following resolutions:

1. Resolution of Amendment of Authorized Bonded Indebtedness, Appropriations Limits, Special Tax Formula and Authorized Facilities for Sunridge North Douglas Community Facilities District No. 2005-1, and Authorizing the Submitting of Amendments to Qualified Electors. (Resolution No. 34-2015)
2. Resolution Declaring Results of Election for Amendment of Authorized Bonded Indebtedness, Appropriations Limits, Special Tax Formula, Determining Validity of Prior Proceedings, and Directing Recording of Amended Special Tax Lien for Sunridge North Douglas Community Facilities District No. 2005-1. (Resolution No. 35-2015).
3. Waive first reading and introduce Ordinance No. 6-2015 Levying Special Taxes within Sunridge North Douglas Community Facilities District No. 2005-1 and Rescinding Ordinance No. 26-2005.
4. Resolution approving the First Amendment to the Funding, Construction and Acquisition Agreement in connection with Sunridge North Douglas Community Facilities District No. 2005-1. (Resolution No. 36-2015)

RESULT OF RECOMMENDED ACTION

Adoption of these Resolutions will complete the amendment process for the Sunridge North Douglas Community Facilities District No. 2005-1 (the "CFD") and authorize a landowner vote which, if successfully passed, approves the Thirty Five Million Dollars (\$35,000,000) Authorized Bonded Indebtedness, Appropriations Limit and the Amended and Restated Rate and Method of Apportionment. The Bond proceeds will be used to finance the acquisition and construction of public facilities and/or the payment of certain fees for development of Sunridge North Douglas, a 663 single family residential community.

BACKGROUND

At the meeting on March 2, 2015, the City initiated the process of increasing both the annual Appropriations Limit and Authorized Bonded Indebtedness to a principal amount not to exceed Thirty Five Million Dollars (\$35,000,000), amending the Rate and Method of Apportionment and setting April 6, 2015 at 5:30 pm, or as soon thereafter as the matter may be heard, for the hearing on the actual amendment of the District.

The documents attached to this report will complete this process. The following descriptions correspond to the Item numbers in the "Attachments" listing below:

1. **Resolution No. 34-2015 – A Resolution of Amendment of Community Facilities District.** This officially amends the Authorized Bonded Indebtedness, Appropriations Limits (under Article XIIIB of the Constitution), Special Tax Formula and List of Authorized Facilities for Sunridge North Douglas Community Facilities District No. 2005-1 and Authorizes the Submitting of Amendments to Qualified Electors. This action will approve the Thirty Five Million Dollars (\$35,000,000) Authorized Bonded Indebtedness and Appropriations Limit, the addition of Impact Fees eligible to be funded from Bond Proceeds and extends the expiration of the CFD from 2040-2041 to 2055-56 to allow for one or more series of 30 year bonds to be issued for the North Douglas project.
2. **Resolution No. 35-2015 – A Resolution Declaring Results of Special Election and Directing Recording of Notice of Special Tax Lien.** This is for adoption by the Council after the vote is announced by the City Clerk. It confirms the outcome of the property owner election for the CFD. Attached to it is a copy of the official Canvass and Statement of Result of Election to be completed by the Clerk after the vote is announced. This resolution also directs the filing of the Amended Notice of Special Tax Lien against the lands in the CFD to allow collection of the special tax on each property.
3. **Ordinance No. 6-2015 - An Ordinance Levying Special Taxes within Sunridge North Douglas Community Facilities District No. 2005-1 and rescinding Ordinance No. 26-2005.** Under the law, the Council must levy the special taxes by ordinance. Under the ordinance, the levy is made once by the adoption of this ordinance, and, in each year hereafter, the process of determining the special taxes and processing the collection is done administratively by the Director of Finance (or a consultant) and no further Council action is needed. Ordinance No 26-2005, approving the original levy of Special Taxes for CFD 2005-1, is also being repealed with this action since it will be replaced by Ordinance No. 6-2015.
4. **Resolution No. 36-2015 – A Resolution Approving the First Amendment to the Funding, Construction and Acquisition Agreement in Connection with Sunridge North Douglas Community Facilities District No. 2005-1.** This amendment updates the document to reflect the increased Authorized Bonded Indebtedness to a principal amount not to exceed Thirty Five Million Dollars (\$35,000,000), adds clarifying language to Section 12(b) regarding the payment of Gap Shortfalls and updates the List of Authorized Facilities to include additional impact fees, to the extent the fees will be used public capital improvements, which may be funded through bond proceeds.
- 5a. **Order of Proceedings.** This is a guide for the Mayor to use to facilitate the required public hearing and landowner vote process. The document outlines the agenda to be followed to conduct the public hearing and adoption of the items needed to complete the formation of the CFD, to hold the special election and to take the final actions for the special tax and bonds authorization.
- 5b. **Certificate of City Clerk Regarding Waiver (of Certain Election Requirements) and Consent.** This is to be completed by the City Clerk for the City's record in connection with the ballot/election procedure and acknowledges receipt of waivers from the property owners.

- 5c. Certificate of City Clerk Regarding Election Results.** This is to be completed by the City Clerk for the City's record in connection with the opening of ballots and announcement of results.
- 5d. Amended Notice of Special Tax Lien.** This is the document to be completed by the Clerk and recorded with the County Recorder subsequent to the meeting. It establishes a lien in favor of the City to allow for the collection and enforcement of the special taxes.

Taking the above actions will conclude the amendment process for the CFD. The approval of bond documentation, which provides for the issuance of the anticipated CFD bonds, will be the subject of a future meeting.

FISCAL IMPACT

None. The debt of the CFD's special tax bonds are not an obligation of the City. The Special Taxes levied on taxable properties within the CFD's boundaries, and collected via the property tax bill, is the dedicated source of revenue to pay the annual debt service and administrative cost related to the CFD.

The cost of legal, special tax consultant and staff time associated with this amendment to the RMA will be paid from a deposit provided by the property owners prior to the CFD being formed. The costs of consulting services associated with future bonds are contingent upon the issuance of bonds and will be paid directly from bond proceeds.

ATTACHMENTS

1. Resolution No. 34-2015 – Amending the Authorized Bonded Indebtedness, Appropriations Limits, Special Tax Formula and Authorized Facilities for Sunridge North Douglas Community Facilities District No. 2005-1, and Authorizing the Submitting of Amendments to Qualified Electors.
2. Resolution No. 35-2015 – Declaring Results of Election for Amendment of Authorized Bonded Indebtedness, Appropriations Limits, Special Tax Formula, Determining Validity of Prior Proceedings, and Directing Recording of Amended Special Tax Lien for Sunridge North Douglas Community Facilities District No. 2005-1.
3. Ordinance No. 6-2015 - Levying Special Taxes within Sunridge North Douglas Community Facilities District No. 2005-1 and Rescinding Ordinance No. 26-2005.
4. Resolution No. 41-2015 – Approving the First Amendment to the Funding, Construction and Acquisition Agreement in connection with Sunridge North Douglas Community Facilities District No. 2005-1.
5. Supporting Documentation
 - a. Order of proceedings
 - b. Certificate of the City Clerk – Regarding the Waiver
 - c. Certificate of the City Clerk – Regarding the Election Results
 - d. Amended Notice of Special Tax Lien

ATTACHMENT 1**CITY OF RANCHO CORDOVA****RESOLUTION NO. 34-2015**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA OF
AMENDMENT OF AUTHORIZED BONDED INDEBTEDNESS, APPROPRIATIONS LIMITS,
SPECIAL TAX FORMULA AND AUTHORIZED FACILITIES FOR SUNRIDGE NORTH
DOUGLAS COMMUNITY FACILITIES DISTRICT NO. 2005-1 AND AUTHORIZING THE
SUBMITTING OF AMENDMENTS TO QUALIFIED ELECTORS**

WHEREAS, this Council on March 2, 2015, adopted Resolution 18-2015 (the "Resolution of Consideration") stating its intention to change the authorized indebtedness limit, appropriations limit and rate and method of apportionment of the special taxes to be levied within the City's Sunridge North Douglas Community Facilities District No. 2005-1 (the "CFD"), pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the "Act");

WHEREAS, a copy of the Resolution of Consideration, incorporating a description of the proposed alteration to the authorized indebtedness limit, appropriations limit and rate and method of apportionment of the special taxes to be levied within the CFD, is on file with the City Clerk and the provisions thereof are fully incorporated herein by this reference as if fully set forth herein;

WHEREAS, subsequent to the adoption of the Resolution of Consideration, the owners of all the land in the CFD requested that the Council also consider and approve an amendment to the list of authorized facilities for the CFD;

WHEREAS, the City Council has determined it is in the best interest of the CFD to provide for the amendments set forth in the Resolution of Consideration and the amendment to the list of authorized facilities for the CFD as requested;

WHEREAS, on the date hereof, this Council held a noticed public hearing as required by the Act and the Resolution of Consideration relative to the proposed changes to the authorized facilities and special tax formula of the CFD;

WHEREAS, at said hearing all interested persons desiring to be heard on all matters pertaining to the changes to (i) the authorized bonded indebtedness, (ii) annual appropriation limit, (iii) rate and method of apportionment and (iv) the list of authorized facilities of the CFD and the levy of said special taxes within the CFD in accordance with the changes were heard and a full and fair hearing was held;

WHEREAS, prior to the time fixed for said hearing, written protests against the proposals described in the Resolution of Consideration had not been filed by (i) 50% or more of the registered voters, or six registered voters, whichever is more, residing in the CFD, or (ii) owners of one-half or more of the area of land in the CFD; and

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE CITY COUNCIL OF RANCHO CORDOVA that:

Section 1. All prior proceedings taken by this Council with respect to the CFD and the proposed change to the authorized indebtedness limit, appropriations limit and rate and method of apportionment the CFD have been duly considered and are hereby determined to be

ATTACHMENT 1

valid and in conformity with the Act, and the CFD has been validly established pursuant to the Act.

Section 2. The provisions of the Resolution of Consideration as heretofore adopted by this Council are by this reference incorporated herein, as if fully set forth herein, and the Council hereby expands the items considered in such resolution to include an amendment to the list of authorized facilities for the CFD, as requested by the owners of all the land in the CFD.

Section 3. The proposed Amended and Restated Rate and Method of Apportionment of Special Tax, as amended and attached hereto as **Exhibit A** and on file with the Clerk is hereby finally approved and incorporated herein by reference, however the proposed amended Rate and Method of Apportionment of Special Tax is further subject to voter approval as hereinafter provided.

Section 4. The proposed amendment of the authorized indebtedness limit of the CFD to \$35,000,000, as described in said Resolution of Consideration, is hereby finally approved and incorporated herein by reference, however the amended authorized indebtedness limit is further subject to voter approval as hereinafter provided.

Section 5. The proposed amendment of the appropriations limit of the CFD to \$35,000,000, as described in said Resolution of Consideration, is hereby finally approved and incorporated herein by reference, however the amended appropriations limit is further subject to voter approval as hereinafter provided.

Section 6. The proposed amended List of Authorized Facilities, as amended and attached hereto as **Exhibit B**, is hereby finally approved and incorporated herein by reference, however the proposed amended list of authorized facilities is further subject to voter approval as hereinafter provided.

Section 7. Pursuant to the provisions of the Act, the propositions of (i) the increase in the authorized bonded indebtedness and annual appropriation limit to \$35,000,000 and (ii) to amend the levy of the special tax according to the Amended and Restated Rate and Method of Apportionment of Special Tax, for the purposes of paying for the authorized facilities and services and (iii) to amend the list of authorized facilities for the CFD, shall be submitted to the voters of the CFD, who for this purpose are the landowners in the CFD, at an election called therefor as hereinafter provided.

Section 8. This Council hereby finds that fewer than 12 persons have been registered to vote within the territory of the CFD for each of the 90 days preceding the close of the hearing heretofore conducted and concluded by this Council for the purposes of these amendment proceedings. Accordingly, and pursuant to Section 53326 of the Act, this Council finds that for purposes of these proceedings the qualified electors are the landowners within the territory of the CFD and that the vote shall be by said landowners, each having one vote for each acre or portion thereof such landowner owns in the territory of the CFD.

Section 9. Pursuant to Section 53326 of the Act, the election shall be conducted by mail ballot under Section 4000 of the California Elections Code. This Council hereby determines that paragraphs (a), (b), (c)(1), and (c)(3) of said Section 4000 are applicable to this election.

ATTACHMENT 1

Section 10. The Council acknowledges receipt of special election waivers from all the landowners in the CFD. This Council hereby further finds that regarding the provision of Section 53326 of the Act requiring a minimum of 90 days to elapse before said election is for the protection of voters, that the voters have waived such requirement and the date for the election hereinabove specified is established accordingly.

Section 11. The Council hereby calls a special election to consider the changes to the CFD as a measure described in the ballot referred to in paragraph 12 below, which election shall be held on April 6, 2015 in the regular meeting place, and at the regular meeting time, of this Council, City Council Chambers, 2729 Prospect Park Drive, Rancho Cordova, CA 95670.

Section 12. The City Clerk is hereby appointed as the election official to conduct the election and cause to be provided to each landowner(s) in the CFD, a ballot in the form of **Exhibit C** hereto, which form is hereby approved.

Section 13. The City Clerk shall accept the ballots of the qualified electors received prior to 6:00 o'clock p.m. on April 6, 2015, whether received by mail or by personal delivery.

NOW, THEREFORE, BE IT HEREBY RESOLVED THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA the Sunridge Douglas Community Facilities District amendment of authorized indebtedness, appropriations limits, special tax formula and authorized facilities is approved and such amendments shall be submitted to qualified electors for approval.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the ____ day of ____, 2015 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Robert J. McGarvey, Mayor

ATTEST:

Mindy Cuppy, MMC, City Clerk

EXHIBIT A

North Douglas Community Facilities District No. 2005-1 Amended Rate and Method of Apportionment of Special Tax

CITY OF RANCHO CORDOVA
SUNRIDGE NORTH DOUGLAS
COMMUNITY FACILITIES DISTRICT No. 2005-1

AMENDED AND RESTATED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX (ADOPTED MARCH 2015)

This Amended and Restated Rate and Method of Apportionment for the City of Rancho Cordova Sunridge North Douglas Community Facilities District No. 2005-1 amends and restates in full the Rate and Method of Apportionment dated August 30, 2005 and a subsequent amendment thereto dated April 23, 2007.

Special Taxes applicable to each Assessor's Parcel in the City of Rancho Cordova Sunridge North Douglas Community Facilities District No. 2005-1 (herein "CFD No. 2005-1") shall be levied and collected according to the tax liability determined by the City Council through the application of the appropriate amount or rate for Taxable Property, as described below. All of the property in CFD No. 2005-1, unless exempted by law or by the provisions of Section G below, shall be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed to the CFD unless a separate Rate and Method of Apportionment is adopted for the annexation area.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre or Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Map or other parcel map recorded at the County Recorder's Office.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, (commencing with Section 53311), Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means any or all of the following: the fees and expenses of any fiscal agent or trustee (including any fees or expenses of its counsel) employed in connection with any Bonds, and the expenses of the City in carrying out its duties with respect to CFD No. 2005-1 and the Bonds, including, but not limited to, the levy and collection of the Special Taxes, the fees and expenses of its counsel, charges levied by the County in connection with the levy and collection of Special Taxes, costs related to property owner inquiries regarding the Special Taxes, amounts needed to pay rebate to the federal government with respect to Bonds, costs associated with complying with continuing disclosure requirements under the California Government Code with respect to the Bonds and the Special Taxes, and all other costs and expenses of the City and County in any way related to the establishment or administration of CFD No. 2005-1.

"Administrator" shall mean the person or firm designated by the City to administer the Special Taxes according to this RMA.

ATTACHMENT 1

“Assessor’s Parcel” or “Parcel” means a lot or parcel shown on an Assessor’s Parcel Map with an assigned Assessor’s Parcel number.

“Assessor’s Parcel Map” means an official map of the County Assessor designating Parcels by Assessor’s Parcel Number.

“Authorized Facilities” means those facilities that are authorized to be funded by CFD No. 2005-1.

“Authorized Services” means those services that are authorized to be funded by CFD No. 2005-1.

“Available Special Tax Revenues after Debt Service” means, after September 1st of each Fiscal Year, any Facilities Special Tax revenues that were levied and collected in the prior Fiscal Year and were not needed to (i) pay debt service on the Bonds that was due in the calendar year in which the Available Special Tax Revenues after Debt Service are being calculated, (ii) replenish Bond reserves, (iii) pay Administrative Expenses that have been incurred, or are expected to be incurred, by the City prior to receipt of additional Facilities Special Tax proceeds, or (iv) cover projected delinquencies in the current Fiscal Year.

“Bonds” means bonds or other debt (as defined in the Act), whether in one or more series, issued, insured or assumed by CFD No. 2005-1 related to public infrastructure and/or improvements that will serve property included within CFD No. 2005-1.

“Capitalized Interest” means funds in any capitalized interest account available to pay debt service on Bonds.

“CFD Update” means the date on which the Resolution Declaring Completion of Change Proceedings was adopted by the City Council as part of the 2015 change proceedings.

“City” means the City of Rancho Cordova.

“City Council” means the City Council of the City of Rancho Cordova.

“County” means the County of Sacramento.

“Designated Developed Property” means, in any Fiscal Year, any Parcel of Final Map Property for which the City has, by June 1 of the prior Fiscal Year, approved a written request submitted by the owner of such Parcel for the Parcel to be taxed as Developed Property in Step 1 of Section E below, instead of being taxed as Final Map Property pursuant to Step 2 in Section E. Once a Parcel has been categorized as Designated Developed Property, it shall continue to be taxed as Developed Property in all future Fiscal Years.

“Developed Property” means, in any Fiscal Year, all Parcels of Taxable Property for which a building permit for new construction was issued prior to June 1 of the preceding Fiscal Year, and all Parcels of Designated Developed Property.

ATTACHMENT 1

“Expected Land Uses” means the total number of Residential Units expected within the CFD at the time of the CFD Update, as identified in Attachment 1 of this RMA. Pursuant to Section D of this RMA, the Administrator shall update Attachment 1 each time there is a Land Use Change.

“Expected Maximum Facilities Special Tax Revenues” means the amount of annual revenue that would be available within the CFD if the Maximum Facilities Special Tax was levied on the Expected Land Uses after assuming the loss of five additional RD-5 units. The Expected Maximum Facilities Special Tax Revenues are shown in Attachment 1 of this RMA and may be reduced due to prepayments in future Fiscal Years or Land Use Changes as set forth in Section D below.

“Facilities Special Tax” means a special tax levied in any Fiscal Year to pay the Facilities Special Tax Requirement.

“Facilities Special Tax Requirement” means the amount necessary in any Fiscal Year (i) to pay principal and interest on Bonds which are due in the calendar year which begins in such Fiscal Year, (ii) to create or replenish reserve funds to the extent such replenishment was not included in the computation of Facilities Special Tax Requirement in a previous Fiscal Year, (iii) to cure any delinquencies in the payment of principal or interest on Bonds which have occurred in the prior Fiscal Year, (iv) to pay Administrative Expenses that have not been included in the Services Special Tax Requirement, and (v) to pay a portion of the costs, as determined by the City, of Authorized Facilities. The Facilities Special Tax Requirement may be reduced in any Fiscal Year by (i) interest earnings on, or surplus balances in, funds and accounts for the Bonds to the extent that such earnings or balances are available to apply against debt service pursuant to the Indenture, Bond resolution, or other legal document that set forth these terms, (ii) Capitalized Interest, (iii) proceeds from the collection of penalties associated with delinquent Special Taxes, and (iv) any other revenues available to pay debt service on the Bonds as determined by the Administrator.

“Final Map” means a final map, or portion thereof, approved by the City or County pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq*) that creates SFD Lots. The term “Final Map” shall not include any large-lot subdivision map, Assessor’s Parcel Map, or subdivision map or portion thereof, that does not create SFD Lots, including Assessor’s Parcels that are designated as remainder parcels.

“Final Map Property” means, in any Fiscal Year, all Parcels of Single Family Detached Property for which a Final Map had recorded prior to June 30 of the preceding Fiscal Year and which have not yet become Developed Property.

“Fiscal Year” means the period starting July 1 and ending on the following June 30.

“Improvement Fund” means the account (regardless of its name) identified in the Indenture to hold funds that are available for expenditure to acquire or construct Authorized Facilities.

“Indenture” means the bond indenture, fiscal agent agreement, trust agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended, and/or supplemented from time to time, and any instrument replacing or supplementing the same.

ATTACHMENT 1

“Land Use Change” means a proposed or approved change to the Expected Land Uses after the CFD Update.

“Maximum Facilities Special Tax” means the greatest amount of Facilities Special Tax that can be levied on an Assessor’s Parcel in any Fiscal Year determined in accordance with Sections C and D below.

“Maximum Services Special Tax” means the greatest amount of Services Special Tax that can be levied on an Assessor’s Parcel in any Fiscal Year determined in accordance with Section C below.

“Non-Residential Property” means all Taxable Property in CFD No. 2005-1 that is designated with a commercial or industrial Zoning Designation, as determined by the City.

“Other Taxable Residential Property” means all residential Taxable Property in CFD No. 2005-1 that is designated with a Zoning Designation other than LDR/RD-5, LDR/RD-7, or LDR/RD-10.

“Proportionately” means, for Developed Property, that the ratio of the actual Special Taxes levied in any Fiscal Year to the Maximum Special Taxes authorized to be levied in that Fiscal Year is equal for all Assessor’s Parcels of Developed Property. For Final Map Property, “Proportionately” means that the ratio of the actual Special Taxes levied to the Maximum Special Taxes is equal for all Assessor’s Parcels of Final Map Property. For Undeveloped Property, “Proportionately” means that the ratio of the actual Special Taxes levied to the Maximum Special Taxes is equal for all Assessor’s Parcels of Undeveloped Property.

“Public Property” means any property within the boundaries of CFD No. 2005-1 that is owned by the City, federal government, State of California or other public agency.

“Required Coverage” means the amount by which the Expected Maximum Facilities Special Tax Revenues must exceed the Bond debt service and required Administrative Expenses, as set forth in the Indenture, Certificate of Special Tax Consultant, or other formation or bond document that sets forth the minimum required debt service coverage.

“Residential Unit” means a single family detached unit or an individual unit within a duplex, triplex, halfplex, fourplex, condominium, townhome, live/work, or apartment structure. A second unit (granny flat) that shares a Parcel with a single family detached unit shall not be considered a Residential Unit for purposes of levying the Special Taxes.

“RMA” means this Amended and Restated Rate and Method of Apportionment of Special Tax.

“Services Special Tax” means a Special Tax levied in any Fiscal Year to pay for Authorized Services.

“Services Special Tax Requirement” means that amount necessary in any Fiscal Year to (i) pay for Authorized Services, (ii) pay Administrative Expenses that have not been included in the Facilities Special Tax Requirement for the Fiscal Year, and (iii) cure any delinquencies in the payment of Services Special Taxes levied in the prior Fiscal Year.

ATTACHMENT 1

"SFD Lot" means an individual residential lot, identified and numbered on a recorded Final Map, on which a building permit has been or is permitted to be issued for construction of a single family detached unit without further subdivision of the lot and for which no further subdivision of the lot is anticipated pursuant to an approved tentative map.

"Single Family Detached Property" means all Parcels within CFD No. 2005-1 that are developed or expected to be developed with single family detached homes.

"Special Tax" or "Special Taxes" means, collectively, the Facilities Special Tax and the Services Special Tax.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of CFD No. 2005-1 that are not exempt from the Special Tax pursuant to law or Section G below.

"Undeveloped Property" means, in any Fiscal Year, all Parcels of Taxable Property that are not Final Map Property or Developed Property, as defined herein.

"Zoning Designation" means the City of Rancho Cordova zoning designation that applies to a particular area within the CFD.

B. DATA FOR ADMINISTRATION OF SPECIAL TAX

On or about July 1 of each Fiscal Year, the Administrator shall identify the current Assessor's Parcel numbers for all Parcels of Taxable Property. The Administrator shall also determine: (i) whether each Assessor's Parcel of Taxable Property is Developed Property, Final Map Property, or Undeveloped Property, (ii) the Zoning Designation for each Parcel of Final Map Property and Developed Property, and (iii) the Facilities Special Tax Requirement and Services Special Tax Requirement.

In addition, the Administrator shall, *on an ongoing basis*, monitor whether Land Use Changes have been proposed that will affect the Expected Maximum Facilities Special Tax Revenues. If the Expected Maximum Facilities Special Tax Revenues will be reduced pursuant to a proposed Land Use Change, the Administrator shall apply the steps set forth in Section D below.

In any Fiscal Year, if it is determined that (i) a parcel map for a portion of property in CFD No. 2005-1 was recorded after January 1 of the prior Fiscal Year (or any other date after which the Assessor will not incorporate the newly-created Parcels into the then current tax roll), (ii) because of the date the parcel map was recorded, the Assessor does not yet recognize the new Parcels created by the parcel map, and (iii) one or more of the newly-created Parcels meets the definition of Developed Property, the Administrator shall calculate the Special Taxes for the property affected by recordation of the parcel map by determining the Special Taxes that applies separately to each newly-created Parcel, then applying the sum of the individual Special Taxes to the Parcel that was subdivided by recordation of the parcel map.

ATTACHMENT 1**C. MAXIMUM SPECIAL TAX****1. *Developed Property and Final Map Property, Facilities Special Tax***

Following are the Maximum Facilities Special Tax rates for Parcels of Developed Property and Final Map Property in the CFD:

Land Use	Zoning Designation	Maximum Facilities Special Tax Fiscal Year 2014-15 *
Single Family Detached Property	LDR/RD-5	\$1,804.59 per SFD Lot
Single Family Detached Property	LDR/RD-7	\$1,649.23 per SFD Lot
Single Family Detached Property	LDR/RD-10	\$1,087.53 per SFD Lot
Other Taxable Residential Property	Any Designation Other than RD-5, RD-7 or RD-10	\$11,592.40 per Acre
Non-Residential Property	All Commercial and Industrial Designations	\$11,592.40 per Acre

** On July 1, 2015 and each July 1 thereafter, the Maximum Facilities Special Taxes shown above shall be increased by two percent (2%) of the amount in effect in the previous Fiscal Year.*

2. *Undeveloped Property, Facilities Special Tax*

The Maximum Facilities Special Tax for Undeveloped Property for Fiscal Year 2014-15 is \$11,592.40 per Acre. On July 1, 2015 and each July 1 thereafter, the Maximum Facilities Special Taxes for Undeveloped Property shall be increased by two percent (2%) of the amount in effect in the previous Fiscal Year.

3. *Developed Property, Services Special Tax*

The Maximum Services Special Tax for Developed Property in Fiscal Year 2014-15 is \$317.13 per Residential Unit and, for Non-Residential Property, \$0.01902 per square foot of gross Parcel area, which amounts shall on each July 1, commencing on July 1, 2015, be escalated by the increase, if any, in the United States Department of Labor Consumer Price Index (CPI) for the San Francisco-Oakland-San Jose Area for All Urban Consumers. The CPI used shall be as determined by the Bureau of Labor Statistics from April to April beginning with the period from April 2014 to April 2015.

D. CHANGES TO LAND USES WITHIN CFD NO. 2005-1

The Expected Maximum Facilities Special Tax Revenues were calculated based on the Expected Land Uses at the time of the CFD Update. The Administrator shall review Final Maps, tentative map revisions, and other approvals and Land Use Changes and compare the revised land uses to the Expected Land Uses to evaluate the impact on the Expected Maximum Facilities Special Tax Revenues.

ATTACHMENT 1

If, prior to the Final Bond Sale, a Land Use Change is proposed that will result in a reduction in the Expected Maximum Facilities Special Tax Revenues, no action will be needed pursuant to this Section D as long as the reduction does not reduce debt service coverage on outstanding Bonds below the Required Coverage. Upon approval of the Land Use Change, the Administrator shall update Attachment 1 to show the reduced Expected Maximum Facilities Special Tax Revenues, which amount shall be used to size the Final Bond Sale.

If the proposed Land Use Change would reduce debt service coverage on outstanding Bonds below the Required Coverage, either (i) a prepayment must be made by the landowner requesting the Land Use Change to retire Bonds in an amount sufficient to maintain Required Coverage, or (ii) Steps 1 through 3 set forth below must be applied to reallocate the Expected Maximum Special Tax Revenue among the new land uses within the area affected by the Land Use Change.

If a Land Use Change is proposed after the Final Bond Sale, the following steps shall be applied:

- Step 1:* By reference to Attachment 1 (which shall be updated by the Administrator for each Land Use Change), the Administrator shall identify the Expected Maximum Facilities Special Tax Revenues for the area affected by the Land Use Change.
- Step 2:* The Administrator shall calculate the Expected Maximum Facilities Special Tax Revenues that could be collected from Taxable Property within the area affected by the Land Use Change if such change is approved.
- Step 3:* If the amount calculated in Step 2 is higher than that determined in Step 1, no further action is needed. If the revenues calculated in Step 2 are less than those calculated in Step 1, and if the landowner requesting the Land Use Change does not prepay a portion of Expected Maximum Facilities Special Tax Revenue in an amount sufficient to maintain Required Coverage, then the Maximum Facilities Special Tax for each Parcel of Taxable Property in the area affected by the Land Use Change shall be increased proportionately until the Expected Maximum Facilities Special Tax Revenues for the area affected by the Land Use Change is the same as it was prior to the Land Use Change.

If multiple Land Use Changes are proposed simultaneously by a single landowner (which may include approval of multiple Final Maps at one time), and the landowner requests that the impact of two or more of the Land Use Changes be considered together, the Administrator shall consider the combined effect of the Land Use Changes to determine if there is a reduction in Expected Maximum Facilities Special Tax Revenues. If there is a reduction, then the Maximum Facilities Special Tax for each Parcel of Taxable Property in the area affected by the Land Use Change shall be increased proportionately until the aggregate amount that can be levied within the area affected by the Land Use Change is equal to the amount that could have been levied prior to the proposed Land Use Change. If Land Use Changes are proposed simultaneously by multiple landowners, or if an individual landowner proposing multiple Land Use Changes does not request that such Land Use Changes be considered together, the Administrator shall consider the proposed Land Use Changes individually.

ATTACHMENT 1

Notwithstanding the foregoing, once a certificate of occupancy has been issued for a Parcel of Single Family Detached Property or Single Family Attached Property, the Maximum Facilities Special Tax for the Parcel cannot be increased because of future Land Use Changes that may occur within the area in which the Parcel is located.

The duties imposed on the Administrator pursuant to this Section D to review Land Use Changes, and to review Final Maps and make certain calculations, are intended only to facilitate the administration of the Facilities Special Tax and to better assure the sufficiency of tax capacity to pay debt service on Bonds. Such duties are not intended to give any developer, subdivider, or owner of property the right to receive notice of the potential impact of Land Use Changes on the Facilities Special Tax applicable to a Parcel; and each developer, subdivider, or owner of property whose property is the subject of a Land Use Change shall be responsible for understanding the impact thereof on the Facilities Special Tax applicable to such property.

E. METHOD OF LEVY OF THE SPECIAL TAXES

1. Facilities Special Tax

Each Fiscal Year, the Administrator shall determine the Facilities Special Tax Requirement to be collected in that Fiscal Year. A Special Tax shall then be levied according to the following steps:

- Step 1:** If, in any Fiscal Year, the City determines that there are Authorized Facilities that have not yet been funded, the Maximum Facilities Special Tax may be levied on all Parcels of Developed Property. If all Authorized Facilities have been funded, the Special Tax shall be levied Proportionately on each Parcel of Developed Property up to 100% of the Maximum Facilities Special Tax for each Parcel.
- Step 2:** If additional revenue is needed after Step 1 in order to meet the Facilities Special Tax Requirement after Capitalized Interest has been applied to reduce the Facilities Special Tax Requirement, the Facilities Special Tax shall be levied Proportionately on each Parcel of Final Map Property up to 100% of the Maximum Facilities Special Tax for each Parcel.
- Step 3:** If additional revenue is needed after Step 2 in order to meet the Facilities Special Tax Requirement after Capitalized Interest has been applied to reduce the Facilities Special Tax Requirement, the Facilities Special Tax shall be levied Proportionately on each Parcel of Undeveloped Property up to 100% of the Maximum Facilities Special Tax for each Parcel.
- Step 4:** If additional revenue is needed after Step 3, the Facilities Special Tax shall be levied Proportionately on each Parcel of Public Property, exclusive of property exempt from the Special Tax pursuant to Section G below, up to 100% of the Maximum Facilities Special Tax for each.

ATTACHMENT 1**2. Services Special Tax**

The Maximum Services Special Tax in CFD No. 2005-1 shall be levied each Fiscal Year unless and until the City makes a determination in any Fiscal Year that the revenues generated from levy of the Maximum Services Special Tax exceed the Services Special Tax Requirement for that Fiscal Year. If such a determination is made, the Services Special Tax shall be levied Proportionately on each Parcel of Developed Property in CFD No. 2005-1 up to 100% of the Maximum Services Special Tax for Developed Property determined pursuant to Section C.3 above until the amount levied is equal to the Services Special Tax Requirement.

No Services Special Tax shall be levied in any Fiscal Year on Final Map Property or Undeveloped Property.

F. MANNER OF COLLECTION OF SPECIAL TAXES

The Special Taxes for CFD No. 2005-1 shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that prepayments are permitted as set forth in Section H below and provided further that the City may directly bill the Special Taxes, may collect Special Taxes at a different time or in a different manner, and may collect delinquent Special Taxes through foreclosure or other available methods.

The Facilities Special Tax shall be levied and collected until principal and interest on Bonds have been repaid and Authorized Facilities to be constructed directly from Special Taxes proceeds have been completed. However, in no event shall Facilities Special Taxes be levied after Fiscal Year 2055-56. Under no circumstances may the Facilities Special Tax on a Parcel in residential use be increased in any Fiscal Year as a consequence of delinquency or default in payment of the Facilities Special Tax levied on another Parcel or Parcels by more than ten percent (10%) above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults. The Services Special Tax will continue to be levied and collected unless and until the City determines that the Services Special Tax no longer needs to be levied to pay for Authorized Services.

G. EXEMPTIONS

Notwithstanding any other provision of this RMA, no Special Taxes shall be levied in any Fiscal Year on the following:

- (1) Public Property, except as otherwise authorized by Sections 53317.3 and 53317.5 of the Act.
- (2) Parcels that are owned by a public utility for an unmanned facility
- (3) Parcels that are subject to an easement that precludes any other use on the Parcel.

ATTACHMENT 1

In addition, no Facilities Special Tax shall be levied on Parcels that have fully prepaid the Special Tax obligation assigned to the Parcel pursuant to the formula set forth in Section H below, and no Services Special Tax shall be levied on Final Map Property or Undeveloped Property.

H. PREPAYMENT OF FACILITIES SPECIAL TAX

The following definitions apply to this Section H:

“Outstanding Bonds” means all Previously Issued Bonds which remain outstanding, with the following exception: if a Facilities Special Tax has been levied against, or already paid by, an Assessor’s Parcel making a prepayment, and a portion of the Facilities Special Tax will be used to pay a portion of the next principal payment on the Bonds that remain outstanding (as determined by the Administrator), that next principal payment shall be subtracted from the total Bond principal that remains outstanding, and the difference shall be used as the amount of Outstanding Bonds for purposes of this prepayment formula.

“Previously Issued Bonds” means all Bonds that have been issued prior to the date of prepayment.

“Public Facilities Requirements” means either \$12,900,000 in 2015 dollars, which shall increase on January 1, 2016, and on each January 1 thereafter by the percentage increase, if any, in the construction cost index for the San Francisco region for the prior twelve (12) month period as published in the Engineering News Record or other comparable source if the Engineering News Record is discontinued or otherwise not available, or such lower number as shall be determined by the City as sufficient to fund improvements that are authorized to be funded by CFD No. 2005-1. The Public Facilities Requirements shown above may be adjusted or a separate Public Facilities Requirements identified each time property annexes into CFD No. 2005-1; at no time shall the added Public Facilities Requirement for that annexation area exceed the amount of public improvement costs that are expected to be supportable by the Maximum Facilities Special Tax revenues generated within that annexation area.

“Remaining Facilities Costs” means the Public Facilities Requirement minus public facility costs funded by Previously Issued Bonds, Available Special Tax Revenues after Debt Service, developer equity and/or any other source of funding.

The Facilities Special Tax obligation applicable to an Assessor’s Parcel in CFD No. 2005-1 may be prepaid and the obligation of the Assessor’s Parcel to pay the Facilities Special Tax permanently satisfied as described herein, provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor’s Parcel at the time of prepayment. The Services Special Tax obligation may not be prepaid. An owner of an Assessor’s Parcel intending to prepay the Facilities Special Tax obligation shall provide the City with written notice of intent to prepay. Within 30 days of receipt of such written notice, the City or its designee shall notify such owner of the prepayment amount for such Assessor’s Parcel. Prepayment must be made not less than 75 days prior to any redemption date for Bonds to be redeemed with the proceeds of such

ATTACHMENT 1

prepaid Facilities Special Taxes. The Prepayment Amount shall be calculated as follows: (capitalized terms as defined below):

	Bond Redemption Amount
plus	Remaining Facilities Amount
plus	Redemption Premium
plus	Defeasance Requirement
plus	Administrative Fees and Expenses
less	<u>Reserve Fund Credit</u>
equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount shall be determined by application of the following steps:

- Step 1. Compute the total Maximum Facilities Special Tax that could be collected from the Assessor's Parcel prepaying the Facilities Special Tax in the Fiscal Year in which prepayment would be received by the City. If this Section H is being applied to calculate a prepayment pursuant to Section D above, use, for purposes of this Step 1, the amount by which the Expected Maximum Facilities Special Tax Revenues have been reduced due to the Land Use Change that necessitated the prepayment.
- Step 2. Divide the Maximum Facilities Special Tax computed pursuant to Step 1 for such Assessor's Parcel by the total Expected Maximum Facilities Special Tax Revenues for all property in the CFD, as shown in Attachment 1 of this RMA or as adjusted by the Administrator after prepayments or Land Use Changes.
- Step 3. Multiply the quotient computed pursuant to Step 2 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (*the "Bond Redemption Amount"*).
- Step 4. Compute the current Remaining Facilities Costs (if any).
- Step 5. Multiply the quotient computed pursuant to Step 2 by the amount determined pursuant to Step 4 to compute the amount of Remaining Facilities Costs to be prepaid (*the "Remaining Facilities Amount"*).
- Step 6. Multiply the Bond Redemption Amount computed pursuant to Step 3 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (*the "Redemption Premium"*).
- Step 7. Compute the amount needed to pay interest on the Bond Redemption Amount starting with the first Bond interest payment date after which the prepayment will be received until the earliest redemption date for the Outstanding Bonds. However, if Bonds are callable at the first interest

ATTACHMENT 1

payment date after the prepayment has been received, Steps 7, 8 and 9 of this prepayment formula will not apply.

- Step 8:** Compute the amount of interest the City reasonably expects to derive from reinvestment of the Bond Redemption Amount plus the Redemption Premium from the first Bond interest payment date after which the prepayment has been received until the redemption date for the Outstanding Bonds.
- Step 9:** Subtract the amount computed pursuant to Step 8 from the amount computed pursuant to Step 7 (the "*Defeasance Requirement*").
- Step 10.** The administrative fees and expenses associated with the prepayment will be determined by the Administrator and include the costs of computing the prepayment, redeeming Bonds and recording any notices to evidence the prepayment and the redemption (the "*Administrative Fees and Expenses*").
- Step 11.** If and to the extent so provided in the Bond indenture, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the "*Reserve Fund Credit*").
- Step 12.** The Facilities Special Tax prepayment is equal to the sum of the amounts computed pursuant to Steps 3, 5, 6, 9, and 10, less the amount computed pursuant to Step 11 (the "*Prepayment Amount*").
- Step 13.** From the Prepayment Amount, the amounts computed pursuant to Steps 3, 6, and 9 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make debt service payments. The amount computed pursuant to Step 5 shall be deposited into the Improvement Fund. The amount computed pursuant to Step 10 shall be retained in the account or fund that is established to pay Administrative Expenses.

Once a full prepayment of a Parcel's Facilities Special Tax obligation has been received, a Notice of Cancellation of Special Tax Lien shall be recorded against the Parcel to reflect the discharge of the Parcel's obligation to pay the Facilities Special Tax. However, a Notice of Cancellation of Special Tax Lien shall not be recorded until all Facilities Special Taxes levied on the Parcel in the current or prior Fiscal Years have been collected. The prepayment of a Facilities Special Tax shall not affect the perpetual obligation to pay the Services Special Tax.

2. *Partial Prepayment*

A partial prepayment may be made in an amount equal to any percentage of full prepayment desired by the party making a partial prepayment, except that the full amount of Administrative Fees and Expenses determined in Step 10 shall be included in the partial prepayment. The Maximum

ATTACHMENT 1

Facilities Special Tax that can be levied on a Parcel after a partial prepayment is made shall be determined as follows:

- Step 1. Calculate the full prepayment (not including the amount collected for Administrative Fees and Expenses) that would be due from the Parcel if the entire Special Tax obligation were being prepaid pursuant to Section H.1 above.
- Step 2. Divide the partial prepayment amount for the Parcel (not including the amount collected for Administrative Fees and Expenses) by the amount computed in Step 1 to determine a percentage.
- Step 3. Subtract the percentage computed in Step 2 from 100% to determine the "Remaining Percentage."
- Step 4. Multiply the Remaining Percentage from Step 3 by the Maximum Facilities Special Tax for the Parcel to determine the new Maximum Facilities Special Tax that will be in effect for the Parcel after the partial prepayment is applied.

I. INTERPRETATION OF SPECIAL TAX FORMULA

Interpretations may be made by Resolution of the Council to interpret, clarify, and/or revise this RMA to correct any inconsistency, vagueness, or ambiguity as it relates to the Special Taxes, method of apportionment, classification of properties, or any definition applicable to the CFD, as long as such correction does not materially affect the levy and collection of Special Taxes. The City, upon the request of an owner of land within the CFD which is not Developed Property, may also amend this RMA in any manner acceptable to the City, by resolution or ordinance following a public hearing, upon the affirmative vote of such owner to such amendment and without the vote of owners of any other land within the CFD, provided such amendment only affects such owner's land.

ATTACHMENT 1**ATTACHMENT 1**

**CITY OF RANCHO CORDOVA
SUNRIDGE NORTH DOUGLAS
COMMUNITY FACILITIES DISTRICT No. 2005-1**

**EXPECTED LAND USES AND
EXPECTED MAXIMUM FACILITIES SPECIAL TAX REVENUES**

ATTACHMENT 1

ATTACHMENT 1

Sunridge North Douglas Community Facilities District No. 2005-1
Expected Land Uses and Expected Maximum Facilities Special Tax Revenues

Village Designations Shown on Tentative Map	Zoning Designation	Expected # of Single Family Units	Maximum Facilities Special Tax per Buildable Lot [1]	Expected Maximum Facilities Special Tax Revenues [1]
Village 1	LDR/RD-5	88 units	\$1,804.59	\$158,804
Village 2	LDR/RD-5	79 units	\$1,804.59	\$142,563
Village 3	LDR/RD-5	72 units	\$1,804.59	\$129,930
Village 4	LDR/RD-5	82 units	\$1,804.59	\$147,976
Village 5	LDR/RD-5	77 units	\$1,804.59	\$138,953
Village 6	LDR/RD-7	75 units	\$1,649.23	123,692
Village 7	LDR/RD-7	128 units	\$1,649.23	\$211,101
Village 8	LDR/RD-10	62 units	\$1,087.53	\$67,427
Maximum Facilities Special Tax Revenues Based on Estimated Units at CFD Update				\$1,120,446
CFD Buffer (Assumes loss of five RD-5 Units)				(\$9,023)
Expected Maximum Facilities Special Tax Revenues, Fiscal Year 2014-15				\$1,111,423

- On July 1, 2015 and each July 1 thereafter, the Maximum Facilities Special Tax, CFD Buffer, and Expected Maximum Facilities Special Tax Revenues shall be increased by two percent (2%) of the amount in effect in the previous Fiscal Year.

EXHIBIT B

North Douglas Community Facilities District No. 2005-1 Amended List of Authorized Facilities and Services

LIST OF FACILITIES TO BE FINANCED BY THE CFD

ROADWAYS, LOCAL DRAINAGE, LANDSCAPING AND SOUNDWALLS

- R-1 Douglas Road – Jaeger Road to Americanos Road: Widening 2 center lanes to 4 plus median
- R-2 Douglas Road at Jaeger Road: 6x4 lane 3-way intersection widening & signalization
- R-3 Jaeger Rd. – Douglas Rd. to Chrysanthy (formerly Pyramid) Blvd: 2 center lanes plus median
- R-4 Alta Sunrise Reliever from Douglas Road to US 50: Initial planning & environmental work
- R-5 Zinfandel Drive Extension from Douglas Road to International Drive
- R-6 Grant Line Road at White Rock Road: Add additional exclusive left turn lane and signalization
- R-7 Americanos Road – North Douglas Frontage: Easterly frontage, including landscaping & soundwall
- R-8 Chrysanthy (formerly Pyramid) Blvd. – Anatolia I to Jaeger Rd: 2 center lanes plus median
- R-9 Chrysanthy (formerly Pyramid) Blvd. at Jaeger Rd: 4x4 lane 4-way intersection widening & signalization
- R-10 Douglas Road at Zinfandel Drive: Add through lanes to north and southbound approaches
- R-11 Sunrise Boulevard from Kiefer Boulevard to SR 16: Widening 2 center lanes to 4 plus median
- R-12 Sunrise Boulevard at Kiefer Boulevard: 6x4 lane 4-way intersection widening & signalization
- R-13 Sunrise Boulevard at SR 16: 6x6 lane 4-way intersection widening & signalization
- R-14 Sunrise Boulevard at Grant Line Road: 6x6 lane 3-way intersection widening & signalization
- R-15 Grant Line Road at SR 16: 6x4 lane 4-way intersection widening & signalization
- R-16 SR 16 at Bradshaw Road: 6x4 lane 4-way intersection widening & signalization
- R-17 SR 16 at Eagle's Nest Road: 6x4 lane 4-way intersection widening & signalization
- R-18 SR 16 at Excelsior: 6x4 lane 4-way intersection widening & signalization
- R-19 SR 16 from Sunrise Boulevard to Grant Line Road: Widening 2 center lanes to 4 plus median
- R-20 Douglas Road at Americanos Road: 6x4 lane 4-way intersection widening & signalization
- R-21 Americanos Road from Douglas Road north to SRSP Boundary: 2 center lanes plus median
- R-22 Douglas Road from Sunrise Boulevard to Jaeger Road: 2 center lanes plus median
- R-23 Douglas Road from Americanos Boulevard to Grant Line Road: 2 center lanes plus median

JOINT TRENCH UTILITIES

- JT-1 Douglas Road at Americanos
- JT-2 Americanos Blvd. – from Douglas Road north to SRSP Boundary
- JT-3 North Douglas – Collector Streets
- JT-4 North Douglas – Park frontage improvements

SANITARY SEWER FACILITIES

- S-1 Any and all major Sewer facilities necessary to provide sewer service to North Douglas

WATER FACILITIES

- W-1 Any and all major Water facilities necessary to provide water service to North Douglas
- W-2 North Douglas Water Storage Tanks and Booster Pump Station

DRAINAGE FACILITIES

- D-1 Any and all major Drainage facilities necessary to provide drainage conveyance, detention or water quality treatment for North Douglas

PARK IMPROVEMENTS

- P-1 Park A – 7.9 Acres
- P-2 Park Frontage Improvements

ATTACHMENT 1**SUNRIDGE SPECIFIC PLAN FEES**

- F-1 Sunridge Specific Plan Supplemental Offsite Water Fees for North Douglas
- F-2 Sunridge Specific Plan Interim Sewer Fees for North Douglas
- F-3 Sunridge Specific Plan Roadway Fees for North Douglas
- F-4 Sunridge Specific Plan Park Development Fees for North Douglas

ENGINEERING STUDIES, PERMITTING, PUBLIC FACILITIES REPORTS, FINANCING PLAN

- E-1 Consultant fees, application fees, processing fees, and document production costs associated with the CFD preparation and processing of Public Facilities Reports, Engineering Studies, CFD Reports, Financing Plans, Environmental Permitting, and Environmental Studies, as well as other costs associated with the District Formation and Bond Sale process

IMPACT FEES FOR CAPITAL FACILITIES (TO THE EXTENT USED FOR PUBLIC CAPITAL IMPROVEMENTS)

- I-1 Community Facility Fees (Community Facilities and Library)
- I-2 Park Renovation Fees
- I-3 Transportation/Supplemental Transportation Impact Fees

OTHER

- O-1 Any other facilities serving substantially the same purpose as the above described facilities
- O-2 Any other facilities permitted under the Mello-Roos Community Facilities Act of 1982, including the facilities described in Section 53313.5 of the California Government Code, as amended from time to time, provided that such facilities satisfy at least one of the following criteria: 1) augment, improve or expand existing District facilities that are primarily for the benefit of the District; or 2) repair or rehabilitate existing District facilities

LIST OF SERVICES TO BE FINANCED BY THE CFD**SERVICES**

- Services-1 Police Services

Includes (i) obtaining, furnishing, operating and maintaining police protection equipment or apparatus, (ii) paying the salaries and benefits of police protection personnel, and (iii) other such police protection service expenses as deemed necessary for the benefit of residents in the CFD.

EXHIBIT C

**City of Rancho Cordova
Sunridge North Douglas Community Facilities District No. 2005-1**

**OFFICIAL BALLOT
SPECIAL TAX AMENDMENT ELECTION**

This ballot is for the special landowner election. You must return this ballot in the enclosed postage paid envelope to the office of the City Clerk of the City of Rancho Cordova no later than 6:00 o'clock p.m. on April 6, 2015, either by mail or in person. The City Clerk's office is located at 2729 Prospect Park Drive, Rancho Cordova, California.

To Vote, mark a cross (X) in the voting square after the word "YES" or after the word "NO." All marks otherwise made are forbidden. All distinguishing marks are forbidden and make the ballot void.

If you wrongly mark, tear, or deface this ballot, return it to the City Clerk of the City of Rancho Cordova and obtain another.

BALLOT MEASURE: Shall the City of Rancho Cordova, by and for its Sunridge North Douglas Community Facilities District No. 2005-1 (the "CFD"), be authorized to increase the indebtedness limitation and appropriations limit to \$35,000,000 each, and to amend the special tax formula for determining the levy of special taxes within the CFD and list of authorized facilities, as described in the Resolution of the City of Rancho Cordova calling this election, adopted by its Council on April 6, 2015?	YES: _____ NO: _____
--	------------------------------------

By execution in the space provided below, you also confirm your waiver of the time limit pertaining to the conduct of the election and any requirement for notice of election and analysis and arguments with respect to the ballot measure, as such waivers are described and permitted by Section 53326(a) and 5327(b) of the California Government Code.

Number of Votes: _____

Property Owner:

Name: _____

Address: _____

By: _____

Title: _____

ATTACHMENT 2

CITY OF RANCHO CORDOVA

RESOLUTION NO. 35-2015

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA
DECLARING RESULTS OF ELECTION FOR AMENDMENT OF AUTHORIZED
BONDED INDEBTEDNESS, APPROPRIATIONS LIMITS, SPECIAL TAX FORMULA
AND AUTHORIZED FACILITIES, DETERMINING VALIDITY OF PRIOR
PROCEEDINGS, AND DIRECTING RECORDING OF AMENDED NOTICE OF
SPECIAL TAX LIEN SUNRIDGE NORTH DOUGLAS COMMUNITY FACILITIES
DISTRICT 2005-1**

WHEREAS, in proceedings heretofore conducted by the Council pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), this Council has heretofore adopted a resolution calling a special election of the qualified landowner electors in the City's Sunridge North Douglas Community Facilities District No. 2005-1 (the "CFD") on a proposal to change the Authorized Indebtedness limit, Appropriations limit, Rate and Method of Apportionment of the special taxes to be levied within the CFD and Authorized Facilities eligible to be financed by the CFD; and

WHEREAS, pursuant to the terms of the resolution which is hereby incorporated herein by this reference, the special election has been held and the City Clerk has filed a Canvass of Votes Cast in Special Election, a copy of which is attached hereto as Exhibit A; and,

WHEREAS, this Council has reviewed the Canvass and hereby approves it.

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE CITY COUNCIL OF RANCHO CORDOVA that:

Section 1. The issues presented at the special election were the alteration of the Authorized Indebtedness limit to \$35,000,000, alteration of the Appropriations limit to \$35,000,000, amendment and restatement of the Rate and Method of Apportionment of the special taxes within the CFD and Authorized Facilities eligible to be finance by the CFD, all as heretofore approved by this Council as described in Resolution No. 34-2015, "A Resolution of the City Council of the City of Rancho Cordova of Amendment of Authorized Indebtedness, Appropriations Limits, Special Tax Formula and Authorized Facilities for Sunridge North Douglas Community Facilities District No 2005-1 and Authorizing the Submitting of Amendments to Qualified Electors", adopted April 6, 2015.

Section 2. Pursuant to the Canvass on file with the City Clerk, the issues presented at the special election were approved by the landowners of the territory of the CFD by more than two-thirds of such landowners voting at the special election.

Section 3. Pursuant to the voter approval, said Authorized Indebtedness, Appropriations limit, Rate and Method of Apportionment of Special Tax, and Authorized Facilities for the CFD are hereby declared to be amended, which amendments are now applicable to the CFD and the calculation of the special taxes for the CFD, and this Council may levy special taxes therein as therein provided as a result of these proceedings.

ATTACHMENT 2

Section 4. It is hereby found that all prior proceedings and actions taken by this Council pursuant to the CFD and the amendment of the Indebtedness limitation, Appropriations limit and the Rate and Method of Apportionment of Special Tax for the CFD were valid and in conformity with the Act.

Section 5. Within 15 days of the date hereof, the City Clerk shall execute and cause to be recorded in the office of the County Recorder of the County of Sacramento, an Amended Notice of Special Tax Lien as required by Section 3117.5 of the California Streets and Highways Code.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the _____ day of _____, 2015 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Robert J. McGarvey, Mayor

ATTEST:

Mindy Cuppy, MMC, City Clerk

ATTACHMENT 2

EXHIBIT A

CITY OF RANCHO CORDOVA
Sunridge North Douglas Community Facilities District No. 2005-1

CANVASS AND STATEMENT OF RESULT OF ELECTION

I hereby certify that on this date, I canvassed the returns of the election held on this date, in the territory affected by increased special taxes arising out of the proposed amendment of the list of authorized facilities and of the special tax formula of Sunridge North Douglas Community Facilities District No. 2005-1 of the City of Rancho Cordova which election is designated as the CFD Amendment Election, and the total number of ballots cast in the territory affected by increased special taxes arising out of the proposed amendment of the special tax formula of the CFD and the total number of votes cast for and against the measure are as follows and the totals as shown for and against the measure are full, true and correct:

	Qualified Landowner Votes	Votes Cast	YES	NO
City of Rancho Cordova Sunridge North Douglas CFD No. 2005-1 2015 Amendment CFD Amendment Election, April 6, 2015.	<u>121</u>	_____	_____	_____

BALLOT MEASURE: Shall the City of Rancho Cordova, by and for its Sunridge North Douglas Community Facilities District No. 2005-1 (the "CFD"), be authorized to increase the indebtedness limitation and appropriations limit to \$35,000,000 each, and to amend the special tax formula for determining the levy of special taxes within the CFD and list of authorized facilities, as described in the Resolution of the City of Rancho Cordova calling this election, adopted by its Council on April 6, 2015?

IN WITNESS WHEREOF, I HAVE HEREUNTO SET MY HAND this ____ day of _____, 2015.

CITY OF RANCHO CORDOVA

By: _____
Mindy Cuppy, MMC, City Clerk

ATTACHMENT 3**CITY OF RANCHO CORDOVA****ORDINANCE NO. 6-2015****AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA LEVYING SPECIAL TAXES WITHIN CITY OF RANCHO CORDOVA SUNRIDGE NORTH DOUGLAS COMMUNITY FACILITIES DISTRICT NO. 2005-1 AND RESCINDING ORDINANCE NO. 26-2005****THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA DOES ORDAIN AS FOLLOWS:**

WHEREAS, the City Council of the City of Rancho Cordova (the "City") has conducted proceedings under and pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of Division 2 of Title 5 (commencing with Section 53311) of the California Government Code (the "Act"), to form City of Rancho Cordova Sunridge North Douglas Community Facilities District No. 2005-1 (the "CFD"), to authorize the levy of a special tax (the "Special Tax") upon the land within the CFD, and to issue bonds secured by the Special Tax, the proceeds of which are to be used to finance certain public improvements and services, all as described in those proceedings (the "Facilities" and "Services"); and

WHEREAS, the Rate and Method of Apportionment of Special Tax for the CFD (the "Rate and Method"), attached as Exhibit B to the City Council's Resolution No. 131-2005 adopted by the City Council on October 17, 2005 (the "Resolution of Formation"), authorizes the levy of a Special Tax in the CFD in any fiscal year to pay the Facilities Special Tax Requirement and the Services Special Tax Requirement, subject to certain maximums; and

WHEREAS, the City has been asked by the owners of the property in the CFD to (i) amend and restate the Rate and Method in order to extend the life of the CFD to 2055-56, (ii) increase the maximum principal amount of authorized bonded indebtedness for the CFD to \$35,000,000, (iii) increase the annual appropriations limit to \$35,000,000 and (iv) amend the facilities authorized to be financed by the CFD; and

WHEREAS, on March 2, 2015, the City Council adopted a resolution (the "Resolution of Consideration") stating its intention to change the Authorized Indebtedness limit, Appropriations Limit and Rate and Method of Apportionment of the special taxes to be levied within the CFD, pursuant to which the City Council (i) approved the proposed amended and restated Rate and Method (the "Amended and Restated Rate and Method") in the form attached as Exhibit A to the Resolution of Consideration, (ii) declared the intention of the City Council, acting as the legislative body for the CFD, to cause bonds of the City to be issued for the CFD pursuant to the Act to finance in whole or in part the construction and/or acquisition of the Facilities in the aggregate principal in an amount not to exceed \$35,000,000, (iii) approved an increased annual appropriations limit of \$35,000,000 and (iv) set a public hearing for April 6, 2015; and

WHEREAS, following a public hearing held on April 6, 2015, the City Council, acting as the legislative body of the CFD, adopted "A Resolution of the City Council of the City of Rancho Cordova of Amendment of Authorized Indebtedness, Appropriations Limits, Special Tax Formula and Authorized Facilities for Sunridge North Douglas Community Facilities District No. 2005-1, and Authorizing the Submitting of Amendments to Qualified Electors" calling for a special landowner election of the qualified electors within the CFD to be held on April 6, 2015; and

ATTACHMENT 3

WHEREAS, the special election was held on April 6, 2015, and the ballots were submitted to the City Clerk as the official conducting the election; and

WHEREAS, also on April 6, 2015, the City Council adopted "A Resolution of the City Council of the City of Rancho Cordova Declaring Results of Election for Amendment of Authorized Indebtedness, Appropriations Limits, Special Tax Formula and Authorized Facilities, Determining Validity of Prior Proceedings, and Directing Recording of Amended Notice of Special Tax Lien for Sunridge North Douglas Community Facilities District No. 2005-1", in which it found that two-thirds of the votes cast at the election were in favor of the ballot measure, and declared that, pursuant to the voter approval, the authorized indebtedness, appropriations limit, Rate and Method of Apportionment of Special Tax, and authorized facilities for the CFD were amended, which amendments are now applicable to the CFD by its approval of the various changes, including the Amended and Restated Rate and Method.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA, as follows:

Section 1. By the passage of this Ordinance this City Council hereby authorizes and levies special taxes within the CFD pursuant to the Act, at the rate and in accordance with the Amended and Restated Rate and Method, which Amended and Restated Rate and Method is by this reference incorporated herein. The special taxes are hereby levied commencing in fiscal year 2015-16 and in each fiscal year thereafter until payment in full of any bonds issued by the City for the CFD (the "Bonds") or such longer period provided in the Amended and Restated Rate and Method, as contemplated by the Resolution of Formation, the Resolution Determining Necessity to Incur Bonded Indebtedness and the Resolution of Amendment adopted by the City Council with respect to the CFD, and all costs of administering the CFD.

Section 2. The Chief Financial Officer or other authorized official of the City is hereby authorized and directed each fiscal year to determine the specific special tax rate and amount to be levied for the next ensuing fiscal year for each parcel of real property within the CFD, in the manner and as provided in the Resolution of Formation.

Section 3. Properties or entities of the State, Federal or Local governments shall be exempt from any levy of the special taxes. In no event shall the special taxes be levied on any parcel within the CFD in excess of the Maximum Special Tax specified in the Amended and Restated Rate and Method.

Section 4. All of the collections of the special tax shall be used as provided for in the Act and in the Resolution of Formation including, but not limited to, the payment of principal and interest on the Bonds, the replenishment of the reserve fund for the Bonds, the payment of the costs of the Facilities and Services, the payment of the costs of the City in administering the CFD, and the costs of collecting and administering the special tax.

Section 5. The special taxes shall be collected in the same manner as ordinary ad valorem taxes are collected and shall have the same lien priority, and be subject to the same penalties and the same procedure and sale in cases of delinquency as provided for ad valorem taxes; provided, however, that this City Council may provide for other appropriate methods of collection by resolutions of this City Council. In addition, the provisions of Section 53356.1 of the Act shall apply to delinquent special tax payments. The Chief Financial Officer of the City is hereby authorized and directed to provide all necessary information to the auditor/tax collector of the County of Sacramento in order to effect proper billing and collection of the special tax, so that the special tax shall be included on the secured property tax roll of the County of

ATTACHMENT 3

Sacramento for fiscal year 2015-16 and for each fiscal year thereafter until the Bonds are paid in full or such longer period of time provided in the Amended and Restated Rate and Method.

Section 6. This Ordinance rescinds in its entirety Ordinance No. 26-2005, adopted by the City Council on November 7, 2005.

Section 7. If for any reason any portion of this Ordinance is found to be invalid, or if the special tax is found inapplicable to any particular parcel within the CFD, by a court of competent jurisdiction, the balance of this Ordinance and the application of the special tax to the remaining parcels within the CFD shall not be affected.

Section 8. Within fifteen (15) days after adoption, a Summary of this Ordinance shall be published once in the Grapevine Independent, or the Sacramento Bee, a newspaper of general circulation printed and published in Sacramento County and circulated in the City of Rancho Cordova, in accordance with Government Code Section 36933. This Ordinance shall take effect and be enforced thirty (30) days after its inception.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the ____ day of ____, 2015 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Robert J. McGarvey, Mayor

ATTEST:

Mindy Cuppy, MMC, City Clerk

ATTACHMENT 4

CITY OF RANCHO CORDOVA

RESOLUTION NO. 41-2015

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA
APPROVING THE FIRST AMENDMENT TO A FUNDING, CONSTRUCTION AND
ACQUISITION AGREEMENT IN CONNECTION WITH SUNRIDGE NORTH DOUGLAS
COMMUNITY FACILITIES DISTRICT NO. 2005-1**

WHEREAS, the City Council has conducted proceedings under and pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), to form the Sunridge North Douglas Community Facilities District No. 2005-1 (the "District"), to authorize the levy of special taxes upon the land within the District, and authorized issuance of bonds for the District secured by said special taxes for the purpose of providing moneys for the construction and acquisition of certain improvements within the District as set forth in a list of authorized facilities; and

WHEREAS, pursuant to a previous approval by the City Council, the City has entered into a Funding, Construction and Acquisition Agreement dated as of July 21, 2014 by and between the City and MS Rialto North Douglas CA, LLC (City Contract No. 90-2014) (the "Prior Agreement") providing for the acquisition of certain improvements within the District as set forth in a list of authorized facilities from the proceeds of bonds to be issued for the District; and

WHEREAS, the City desires to amend the Prior Agreement pursuant to the terms of the First Amendment to Funding, Construction and Acquisition Agreement approved herein;

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE CITY COUNCIL OF RANCHO CORDOVA that:

Section 1. As a part of the proceedings in the District, this City Council hereby approves the First Amendment to the Funding, Construction and Acquisition Agreement (the "First Amendment") by and between the City of Rancho Cordova and MS Rialto North Douglas Ca, LLC, in the form presented to the City Council at this meeting and on file with the City Clerk, which, upon execution, shall amend and supplement the Prior Agreement.

Section 2. The Mayor, the Chief Financial Officer, the City Manager or such other person or persons as any one of them may designate (collectively, the "Authorized Officers"), are each hereby authorized and directed to execute the First Amendment and the City Clerk is hereby authorized to attest its execution, for and in the name and on behalf of the City and the District, in such form, together with any additions thereto or changes therein deemed necessary or advisable by the Authorized Officer, upon consultation with the City's legal counsel.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the ____ day of _____, 2015 by the following vote:

ATTACHMENT 4**AYES:****NOES:****ABSENT:****ABSTAIN:**

Robert J. McGarvey, Mayor

ATTEST:

Mindy Cuppy, MMC, City Clerk

**FIRST AMENDMENT TO
FUNDING, CONSTRUCTION AND ACQUISITION AGREEMENT**

THIS First Amendment to Funding, Construction and Acquisition Agreement is entered into as of the ____ day of _____, 2015 by and between the CITY OF RANCHO CORDOVA, a California municipal corporation (the "City"), and MS RIALTO NORTH DOUGLAS CA, LLC, a Delaware limited liability company ("Developer").

WHEREAS, The City has entered into a Funding, Construction and Acquisition Agreement dated as of July 21, 2014 by and between the City and MS Rialto North Douglas CA, LLC (City Contract No. 90-2014) (the "Prior Agreement") providing for the acquisition of certain improvements within the District as set forth in a list of authorized facilities from the proceeds of bonds to be issued for the District; and

WHEREAS, The City desires to amend and supplement the Prior Agreement pursuant to the terms of this First Amendment to Funding, Construction and Acquisition Agreement.

NOW, THEREFORE, in consideration of the preceding recitals and the mutual covenants hereinafter contained, the parties agree as follows:

1. The not to exceed bond amount in Section 2 of the Prior Agreement is amended from \$20,000,000 to \$35,000,000.

2. The following sentence in Section 12 (b) of the Prior Agreement is amended as follows:

(b) Reimbursement of Gap Shortfall to Developer. To cover the Gap Shortfall, Developer agrees with the City to defer payment of the Gap Shortfall until and to the extent the District can impose and collect annual special taxes in excess of the amounts required annually to pay required debt service, replenish the debt service reserve fund, cure bond delinquencies and pay City administration costs associated therewith ("**Available Special Tax Revenues**"). In consideration of such deferral of payment of the Gap Shortfall, City covenants and agrees ~~that upon the Developer's request, either prior to or at any time after the sale and issuance of the Bonds, but in no event commencing earlier than the 2015-16 fiscal year, the City~~ it shall levy and collect the special taxes against all properties within the District at the maximum rate permitted under the District and annually pay, after September 1st of each year, to Developer from Available Special Tax Revenues, payments towards such deferred Gap Shortfall, for a period of ten (10) years (unless the Gap Shortfall is sooner paid in full) beginning with Available Special Tax Revenues ~~in~~ from the first year the special tax is levied in the District (the "**Gap Shortfall Period**"). After the expiration of the Gap Shortfall Period, City may use

Available Special Tax Revenues for any other purpose authorized for the District, as determined by the City in its sole discretion. The method described herein of funding Authorized Facilities from accumulated Available Special Tax Revenues is known as the "Pay-As-You-Go" method of funding.

The Developer may elect to begin the 10 year period referred to in the previous paragraph prior to the issuance of Bonds by giving a written request to the City; the levy shall thereafter be as defined in, permitted by and in accordance with Section E(1) of the Amended and Restated Rate and Method of Apportionment.

3. The List of Facilities set forth as Exhibit A in the Prior Agreement is amended to be the List of Facilities attached hereto as **Exhibit A**.

IN WITNESS WHEREOF, the parties have caused this First Amendment to Funding, Construction and Acquisition Agreement to be signed as of the date first above written.

**CITY OF RANCHO CORDOVA,
a municipal corporation**

By:

Name:

Title:

**MS RIALTO NORTH DOUGLAS CA,
LLC
a Delaware limited liability company**

By: MS RIALTO RESIDENTIAL
HOLDINGS,
LLC, a Delaware limited liability
company, its member

By: MSR HOLDING COMPANY,
LLC,
A Delaware limited liability
company, its member

By: LENNAR HOMES OF
CALIFORNIA, a California
Corporation, its California
manager

By:

Name:

Its: _____

EXHIBIT "A"

City of Rancho Cordova
Sunridge North Douglas Community Facilities District No. 2005-1
AMENDED LIST OF FACILITIES AUTHORIZED TO BE FUNDED BY CFD No. 2005-1

Roadways, Local Drainage, Landscaping and Soundwalls

- R-1 Douglas Road - Jaeger Road to Americanos Road: Widening 2 center lanes to 4 plus median
- R-2 Douglas Road at Jaeger Road: 6x4 lane 3-way intersection widening & signalization
- R-3 Jaeger Rd. - Douglas Rd. to Chrysanthy (formerly Pyramid) Blvd: 2 center lanes plus median
- R-4 Alta Sunrise Reliever from Douglas Road to US 50: Initial planning & environmental work
- R-5 Zinfandel Drive Extension from Douglas Road to International Drive
- R-6 Grant Line Road at White Rock Road: Add additional exclusive left turn lane and signalization
- R-7 Americanos Road – North Douglas Frontage: Easterly frontage, including landscaping & soundwall
- R-8 Chrysanthy (formerly Pyramid) Blvd. - Anatolia I to Jaeger Rd: 2 center lanes plus median
- R-9 Chrysanthy (formerly Pyramid) Blvd. at Jaeger Rd: 4x4 lane 4-way intersection widening & signalization
- R-10 Douglas Road at Zinfandel Drive: Add through lanes to north and southbound approaches
- R-11 Sunrise Boulevard from Kiefer Boulevard to SR 16: Widening 2 center lanes to 4 plus median
- R-12 Sunrise Boulevard at Kiefer Boulevard: 6x4 lane 4-way intersection widening & signalization
- R-13 Sunrise Boulevard at SR 16: 6x6 lane 4-way intersection widening & signalization
- R-14 Sunrise Boulevard at Grant Line Road: 6x6 lane 3-way intersection widening & signalization
- R-15 Grant Line Road at SR 16: 6x4 lane 4-way intersection widening & signalization
- R-16 SR 16 at Bradshaw Road: 6x4 lane 4-way intersection widening & signalization
- R-17 SR 16 at Eagle's Nest Road: 6x4 lane 4-way intersection widening & signalization
- R-18 SR 16 at Excelsior: 6x4 lane 4-way intersection widening & signalization
- R-19 SR 16 from Sunrise Boulevard to Grant Line Road: Widening 2 center lanes to 4 plus median
- R-20 Douglas Road at Americanos Road: 6x4 lane 4-way intersection widening & signalization
- R-21 Americanos Road from Douglas Road north to SRSP Boundary: 2 center lanes plus median
- R-22 Douglas Road from Sunrise Boulevard to Jaeger Road: 2 center lanes plus median
- R-23 Douglas Road from Americanos Boulevard to Grantline Road: 2 center lanes plus median

Joint Trench Utilities

- JT-1 Douglas Road at Americanos
- JT-2 Americanos Blvd. - from Douglas Road north to SRSP Boundary
- JT-3 North Douglas – Collector Streets
- JT-4 North Douglas –Park frontage improvements

EXHIBIT "A"**City of Rancho Cordova****Sunridge North Douglas Community Facilities District No. 2005-1****Sanitary Sewer Facilities**

S-1 Any and all major Sewer facilities necessary to provide sewer service to North Douglas

Water Facilities

W-1 Any and all major Water facilities necessary to provide water service to North Douglas.

W-2 North Douglas Water Storage Tanks and Booster Pump Station.

Drainage Facilities

D-1 Any and all major Drainage facilities necessary to provide drainage conveyance, detention or water quality treatment for North Douglas.

Park Improvements

P-1 Park A – 7.9 Acres

P-2 Park Frontage Improvements

Sunridge Specific Plan Fees

F-1 Sunridge Specific Plan Supplemental Offsite Water Fees for North Douglas

F-2 Sunridge Specific Plan Interim Sewer Fees for North Douglas

F-3 Sunridge Specific Plan Roadway Fees for North Douglas

F-4 Sunridge Specific Plan Park Development Fees for North Douglas

Engineering Studies, Permitting, Public Facilities Report, Financing Plan

E-1 Consultant fees, application fees, processing fees, and document production costs associated with the CFD preparation and processing of Public Facilities Reports, Engineering Studies, CFD Reports, Financing Plans, Environmental Permitting, and Environmental Studies, as well as other costs associated with the District Formation and Bond Sale process.

Impact Fees for Capital Facilities (To the extent used for Public Capital Improvements)

I-1 Community Facility Fees (Community Facilities and Library)

I-2 Park Renovation Fees

I-3 Transportation/Supplemental Transportation Impact Fees

Other

O-1 Any other facilities serving substantially the same purpose as the above described facilities.

O-2 Any other facilities permitted under the Mello-Roos Community Facilities Act of 1982, including the facilities described in Section 53313.5 of the California Government Code, as amended from time to time, provided that such facilities satisfy at least one of the following criteria: 1) augment, improve or expand existing District facilities that are primarily for the benefit of the District; or 2) repair or rehabilitate existing District facilities.

EXHIBIT "A"**City of Rancho Cordova
Sunridge North Douglas Community Facilities District No. 2005-1****LIST OF SERVICES TO BE FUNDED BY CFD No. 2005-1****SERVICES****Services-1 Police Services**

Includes (i) obtaining, furnishing, operating and maintaining police protection equipment or apparatus, (ii) paying the salaries and benefits of police protection personnel, and (iii) other such police protection service expenses as deemed necessary for the benefit of residents in the CFD.

**City of Rancho Cordova
Community Facilities District No. 2005-1**

ORDER OF PROCEEDINGS FOR HEARINGS AND ACTIONS

1. The Mayor makes opening remarks to the following effect:

“This is the time and place for the public hearings in this Council's proceedings for Sunridge North Douglas Community Facilities District No. 2005-1. The hearings are to inquire into the amendment of the Authorized Bonded Indebtedness, Appropriations Limits, Special Tax Formula and change in Authorized Facilities for the District.

“Before I formally open the hearings, are there any property owners or registered voters in the District who wish to file written protests? If so, they must be filed with the City Clerk now.

[Pause to see if there are any protests.]

“The hearings are now officially opened, Madam City Clerk do you have any speaker cards for this item? When all comments have been received the hearings will be closed.”

2. *The City Council may then ask questions and discuss the District.*
3. *When discussion is through, the City Council considers and adopts:*
 - (a) Resolution of Amendment of Community Facilities District;
4. *The Mayor then announces:*

“At this time, I ask the City Clerk to open the ballot(s) and announce the results of the election.”

[Pause for opening of ballot(s).]

5. *The City Clerk opens the ballot(s) and announces the results of the election. The City Clerk then completes one copy of the Certificate of City Clerk Re: Election Results*

6. *The Mayor then announces:*

“The results of the election being unanimously in favor of the levy of the special taxes, the establishment of the appropriations limit and the incurring of bonded indebtedness and amendment of the list of authorized facilities, we may now proceed with the final actions for the District.”

7. *The City Council considers and takes the following actions:*
 - (a) **ADOPTION OF:** Resolution Declaring Results of Special Election and Directing Recording of Amended Notice of Special Tax Lien

- (b) *WAIVE FIRST READING AND INTRODUCE:* Ordinance No. 6-2015
Levying Special Taxes within Sunridge North Douglas Community
Facilities District No. 2005-1 and Rescinding Ordinance No. 26-2005
- (b) *ADOPTION OF:* Resolution Approving the First Amendment to the
Funding, Construction and Acquisition Agreement in connection with
Sunridge North Douglas Community Facilities District No. 2005-1

END OF ITEM

ATTACHMENT 5B

**CERTIFICATE OF CITY CLERK
RE: WAIVER (OF CERTAIN ELECTION REQUIREMENTS) AND CONSENT**

**SUNRIDGE NORTH DOUGLAS
COMMUNITY FACILITIES DISTRICT NO. 2005-1
CITY OF RANCHO CORDOVA
SACRAMENTO COUNTY, CALIFORNIA**

I, Mindy Cuppy, City Clerk of the City of Rancho Cordova, hereby certify:

I have received, and now have in my possession as a permanent part of the City's record of this election, Election Waivers executed by the authorized representative of each landowner to be included in Sunridge North Douglas Community Facilities District No. 2005-1, City of Rancho Cordova, Sacramento County, California (the "District"), as provided by the owners of all the property in the District.

I make this Certification as of April 6, 2015.

Mindy Cuppy, MMC, City Clerk

ATTACHMENT 5C

**CERTIFICATE OF CITY CLERK
RE: ELECTION RESULTS**

**SUNRIDGE NORTH DOUGLAS
COMMUNITY FACILITIES DISTRICT NO. 2005-1
CITY OF RANCHO CORDOVA
SACRAMENTO COUNTY, CALIFORNIA**

I, the undersigned City Clerk of the City of Rancho Cordova (the "City") hereby certify:

I have personally received and assembled all ballots eligible to be cast in the special mailed-ballot, landowner election called by the City Council in its "RESOLUTION OF AMENDMENT OF AUTHORIZED BONDED INDEBTEDNESS, APPROPRIATIONS LIMITS AND SPECIAL TAX FORMULA FOR SUNRIDGE NORTH DOUGLAS COMMUNITY FACILITIES DISTRICT NO. 2005-1" adopted March 2, 2015, and in accordance with my instructions contained in that Resolution, I hereby declare the election closed.

I personally, in the presence of the City Council, and members of the public and City staff, counted the ballots and certify the result of that count to be as follows:

TOTAL VOTES THAT COULD BE CAST _____

TOTAL VOTES CAST "YES" _____

TOTAL VOTES CAST "NO" _____

TOTAL VOTES CAST _____

THE VOTES CAST "YES" EQUAL _____% OF THE TOTAL VOTES CAST.

I make this Certification on April 6, 2015.

Mindy Cuppy, MMC, City Clerk

ATTACHMENT 5D**RECORDING REQUESTED BY AND
WHEN RECORDED PLEASE RETURN TO:**

City Clerk
 City of Rancho Cordova
 2729 Prospect Park Drive
 Rancho Cordova, CA 95670
 Telephone: (916) 851-8700

SPACE ABOVE THIS LINE FOR RECORDER'S USE

AMENDED NOTICE OF SPECIAL TAX LIEN

SUNRIDGE NORTH DOUGLAS
 COMMUNITY FACILITIES DISTRICT NO. 2005-1
 CITY OF RANCHO CORDOVA
 COUNTY OF SACRAMENTO, STATE OF CALIFORNIA

Pursuant to the requirements of Section 3114.5 of the Streets and Highways Code and Section 53324 of the Government Code, the undersigned, City Clerk of the City of Rancho Cordova, hereby gives notice that a lien to secure payment of a special tax which the City Council of the City of Rancho Cordova, County of Sacramento, State of California is authorized to levy is hereby imposed. The special tax secured by this lien is authorized to be levied for the purpose of: paying for the facilities or services described in **Exhibit A** attached hereto including paying principal and interest on bonds, the proceeds of which are being used to finance those facilities, and including incidental expenses incurred and to be incurred in connection with the City of Rancho Cordova Sunridge North Douglas Community Facilities District No. 2005-1 and the issuance of bonds.

The special tax is authorized to be levied within the City of Rancho Cordova Sunridge North Douglas Community Facilities District No. 2005-1, which has now been officially formed and the lien of the special tax is a continuing lien which shall secure each annual levy of the special tax and which shall continue in force and effect until the special tax obligation is prepaid, permanently satisfied, and canceled in accordance with law, or until the special tax ceases to be levied and a notice of cessation of special tax is recorded in accordance with Section 53330.5 of the Government Code.

The amended and restated Rate and Method of Apportionment, and manner of collection of the authorized special tax is shown on **Exhibit B** attached hereto. Conditions under which the obligation to pay the special tax may be prepaid and permanently satisfied and the lien of the special tax canceled are as set forth in Section H of Exhibit B attached hereto.

Notice is further given that upon the recording of this amended notice in the office of the county recorder, the obligation to pay the special tax levy shall become a lien upon all nonexempt real property within Sunridge North Douglas Community Facilities District No. 2005-1, City of Rancho Cordova, in accordance with Section 3115.5 of the Streets and Highways Code.

The name of the owners and the assessor's tax parcel numbers of the real property included within this community facilities district and not exempt from the special tax is set forth on **Exhibit C** hereto. Due to recent transfers, the ownership of such property as of the date of recording this notice may be different than what appears on the latest secured assessment roll as of such date. Exhibit C sets forth the ownership information as of the date of recording this notice. In connection with the recent changes in ownership, the property has been remapped and new Assessor's Parcel numbers will be assigned in the future and were not available as of the date of recording this notice. The listing in Exhibit C reflects Assessor's parcel numbers which existed as of the date of recording of this notice.

Reference is made to the Boundary Map of the community facilities district recorded on October 14, 2005 in the Office of the County Recorder of the County of Sacramento in Book 101, at Page 13 (20051014-1505) of the Maps of Assessment and Community Facilities District, which map is now the final boundary map of the community facilities district.

For further information concerning the current and estimated future tax liability of owners or purchasers of real property subject to this special tax lien, interested persons should contact the Chief Financial Officer, City of Rancho Cordova, 2729 Prospect Park Drive, Rancho Cordova, CA 95670.

Dated: April 6, 2015

Mindy Cuppy, CMC, City Clerk

EXHIBIT A – CFD Improvements

EXHIBIT B – Amended and Restated Rate and Method of Apportionment

EXHIBIT C – Property Owners and Parcel Numbers

EXHIBIT A

City of Rancho Cordova
Sunridge North Douglas Community Facilities District No. 2005-1

AMENDED LIST OF FACILITIES AUTHORIZED TO BE FUNDED BY CFD No. 2005-1**ROADWAYS, LOCAL DRAINAGE, LANDSCAPING AND SOUNDWALLS**

- R-1 Douglas Road – Jaeger Road to Americanos Road: Widening 2 center lanes to 4 plus median
- R-2 Douglas Road at Jaeger Road: 6x4 lane 3-way intersection widening & signalization
- R-3 Jaeger Rd. – Douglas Rd. to Chrysanthy (formerly Pyramid) Blvd: 2 center lanes plus median
- R-4 Alta Sunrise Reliever from Douglas Road to US 50: Initial planning & environmental work
- R-5 Zinfandel Drive Extension from Douglas Road to International Drive
- R-6 Grant Line Road at White Rock Road: Add additional exclusive left turn lane and signalization
- R-7 Americanos Road – North Douglas Frontage: Easterly frontage, including landscaping & soundwall
- R-8 Chrysanthy (formerly Pyramid) Blvd. – Anatolia I to Jaeger Rd: 2 center lanes plus median
- R-9 Chrysanthy (formerly Pyramid) Blvd. at Jaeger Rd: 4x4 lane 4-way intersection widening & signalization
- R-10 Douglas Road at Zinfandel Drive: Add through lanes to north and southbound approaches
- R-11 Sunrise Boulevard from Kiefer Boulevard to SR 16: Widening 2 center lanes to 4 plus median
- R-12 Sunrise Boulevard at Kiefer Boulevard: 6x4 lane 4-way intersection widening & signalization
- R-13 Sunrise Boulevard at SR 16: 6x6 lane 4-way intersection widening & signalization
- R-14 Sunrise Boulevard at Grant Line Road: 6x6 lane 3-way intersection widening & signalization
- R-15 Grant Line Road at SR 16: 6x4 lane 4-way intersection widening & signalization
- R-16 SR 16 at Bradshaw Road: 6x4 lane 4-way intersection widening & signalization
- R-17 SR 16 at Eagle's Nest Road: 6x4 lane 4-way intersection widening & signalization
- R-18 SR 16 at Excelsior: 6x4 lane 4-way intersection widening & signalization
- R-19 SR 16 from Sunrise Boulevard to Grant Line Road: Widening 2 center lanes to 4 plus median
- R-20 Douglas Road at Americanos Road: 6x4 lane 4-way intersection widening & signalization
- R-21 Americanos Road from Douglas Road north to SRSP Boundary: 2 center lanes plus median
- R-22 Douglas Road from Sunrise Boulevard to Jaeger Road: 2 center lanes plus median
- R-23 Douglas Road from Americanos Boulevard to Grant Line Road: 2 center lanes plus median

JOINT TRENCH UTILITIES

- JT-1 Douglas Road at Americanos
- JT-2 Americanos Blvd. – from Douglas Road north to SRSP Boundary
- JT-3 North Douglas – Collector Streets
- JT-4 North Douglas – Park frontage improvements

EXHIBIT A

City of Rancho Cordova Sunridge North Douglas Community Facilities District No. 2005-1

SANITARY SEWER FACILITIES

S-1 Any and all major Sewer facilities necessary to provide sewer service to North Douglas

WATER FACILITIES

W-1 Any and all major Water facilities necessary to provide water service to North Douglas

W-2 North Douglas Water Storage Tanks and Booster Pump Station

DRAINAGE FACILITIES

D-1 Any and all major Drainage facilities necessary to provide drainage conveyance, detention or water quality treatment for North Douglas

PARK IMPROVEMENTS

P-1 Park A – 7.9 Acres

P-2 Park Frontage Improvements

SUNRIDGE SPECIFIC PLAN FEES

F-1 Sunridge Specific Plan Supplemental Water Fees for North Douglas

F-2 Sunridge Specific Plan Interim Sewer Fees for North Douglas

F-3 Sunridge Specific Plan Road Fees for North Douglas

F-4 Sunridge Specific Plan Park Development Fees for North Douglas

ENGINEERING STUDIES, PERMITTING, PUBLIC FACILITIES REPORTS, FINANCING PLAN

E-1 Consultant fees, application fees, processing fees, and document production costs associated with the CFD preparation and processing of Public Facilities Reports, Engineering Studies, CFD Reports, Financing Plans, Environmental Permitting, and Environmental Studies, as well as other costs associated with the District Formation and Bond Sale process

IMPACT FEES FOR CAPITAL FACILITIES (TO THE EXTENT USED FOR PUBLIC CAPITAL IMPROVEMENTS)

I-1 Community Facility Fees (Community Facility/Library)

I-2 Park Renovation Fee

I-3 Transportation/Supplemental Transportation Impact Fees

OTHER

O-1 Any other facilities serving substantially the same purpose as the above described facilities

O-2 Any other facilities permitted under the Mello-Roos Community Facilities Act of 1982, including the facilities described in Section 53313.5 of the California Government Code, as amended from time to time, provided that such facilities satisfy at least one of the following criteria: 1) augment, improve or expand existing District facilities that are primarily for the benefit of the District; or 2) repair or rehabilitate existing District facilities

EXHIBIT A

City of Rancho Cordova
Sunridge North Douglas Community Facilities District No. 2005-1

LIST OF SERVICES TO BE FUNDED BY CFD No. 2005-1**SERVICES****Services-1 Police Services**

Includes (i) obtaining, furnishing, operating and maintaining police protection equipment or apparatus, (ii) paying the salaries and benefits of police protection personnel, and (iii) other such police protection service expenses as deemed necessary for the benefit of residents in the CFD.

INCIDENTAL EXPENSES AND BOND ISSUANCE COSTS TO BE FUNDED BY CFD No. 2005-1

Incidental expenses may be incurred in connection with the CFD and repaid from Special Tax levies, including but are not limited to the following:

- Engineering services
- Special tax consultant services
- City review and administration
- Bond counsel services
- Bond counsel out of pocket expenses
- Independent financial advisor services
- Appraiser services
- Initial bond transfer agent, fiscal agent, registrar and paying agent fees
- Rebate calculation service set up charge
- Bond printing
- Offering memorandum printing and mailing costs
- Publishing, mailing and posting of notices
- Underwriter's discount
- Bond reserve fund
- Capitalized interest
- Bond syndication costs
- Governmental notification and filing costs
- Credit enhancement costs
- Real estate acquisition costs
- Special disclosure counsel
- Rating agency fees

In addition to annual allocations of the above costs, certain annual costs related to administration of the District and bonds issued for the District may be included in each annual special tax levy. These include:

- Annual bond transfer agent, fiscal agent, registrar and paying agent fees
- Annual rebate calculation costs
- Special tax consultant costs
- Other necessary consultant costs
- Costs of posting and collecting the special taxes
- Personnel costs of the City
- Arbitrage rebate
- Rating agency fees

EXHIBIT B

City of Rancho Cordova
Sunridge North Douglas Community Facilities District No. 2005-1

CITY OF RANCHO CORDOVA
SUNRIDGE NORTH DOUGLAS
COMMUNITY FACILITIES DISTRICT NO. 2005-1

**AMENDED AND RESTATED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX
(ADOPTED MARCH 2015)**

This Amended and Restated Rate and Method of Apportionment for the City of Rancho Cordova Sunridge North Douglas Community Facilities District No. 2005-1 amends and restates in full the Rate and Method of Apportionment dated August 30, 2005 and a subsequent amendment thereto dated April 23, 2007.

Special Taxes applicable to each Assessor's Parcel in the City of Rancho Cordova Sunridge North Douglas Community Facilities District No. 2005-1 (herein "CFD No. 2005-1") shall be levied and collected according to the tax liability determined by the City Council through the application of the appropriate amount or rate for Taxable Property, as described below. All of the property in CFD No. 2005-1, unless exempted by law or by the provisions of Section G below, shall be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed to the CFD unless a separate Rate and Method of Apportionment is adopted for the annexation area.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre or Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Map or other parcel map recorded at the County Recorder's Office.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, (commencing with Section 53311), Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means any or all of the following: the fees and expenses of any fiscal agent or trustee (including any fees or expenses of its counsel) employed in connection with any Bonds, and the expenses of the City in carrying out its duties with respect to CFD No. 2005-1 and the Bonds, including, but not limited to, the levy and collection of the Special Taxes, the fees and expenses of its counsel, charges levied by the County in connection with the levy and collection of Special Taxes, costs related to property owner inquiries regarding the Special Taxes, amounts needed to pay rebate to the federal government with respect to Bonds, costs associated with complying with continuing disclosure requirements under the California Government Code with respect to the Bonds and the Special Taxes, and all other costs and expenses of the City and County in any way related to the establishment or administration of CFD No. 2005-1.

"Administrator" shall mean the person or firm designated by the City to administer the Special Taxes according to this RMA.

EXHIBIT B

City of Rancho Cordova Sunridge North Douglas Community Facilities District No. 2005-1

“Assessor’s Parcel” or “Parcel” means a lot or parcel shown on an Assessor’s Parcel Map with an assigned Assessor’s Parcel number.

“Assessor’s Parcel Map” means an official map of the County Assessor designating Parcels by Assessor’s Parcel Number.

“Authorized Facilities” means those facilities that are authorized to be funded by CFD No. 2005-1.

“Authorized Services” means those services that are authorized to be funded by CFD No. 2005-1.

“Available Special Tax Revenues after Debt Service” means, after September 1st of each Fiscal Year, any Facilities Special Tax revenues that were levied and collected in the prior Fiscal Year and were not needed to (i) pay debt service on the Bonds that was due in the calendar year in which the Available Special Tax Revenues after Debt Service are being calculated, (ii) replenish Bond reserves, (iii) pay Administrative Expenses that have been incurred, or are expected to be incurred, by the City prior to receipt of additional Facilities Special Tax proceeds, or (iv) cover projected delinquencies in the current Fiscal Year.

“Bonds” means bonds or other debt (as defined in the Act), whether in one or more series, issued, insured or assumed by CFD No. 2005-1 related to public infrastructure and/or improvements that will serve property included within CFD No. 2005-1.

“Capitalized Interest” means funds in any capitalized interest account available to pay debt service on Bonds.

“CFD Update” means the date on which the Resolution Declaring Completion of Change Proceedings was adopted by the City Council as part of the 2015 change proceedings.

“City” means the City of Rancho Cordova.

“City Council” means the City Council of the City of Rancho Cordova.

“County” means the County of Sacramento.

“Designated Developed Property” means, in any Fiscal Year, any Parcel of Final Map Property for which the City has, by June 1 of the prior Fiscal Year, approved a written request submitted by the owner of such Parcel for the Parcel to be taxed as Developed Property in Step 1 of Section E below, instead of being taxed as Final Map Property pursuant to Step 2 in Section E. Once a Parcel has been categorized as Designated Developed Property, it shall continue to be taxed as Developed Property in all future Fiscal Years.

“Developed Property” means, in any Fiscal Year, all Parcels of Taxable Property for which a building permit for new construction was issued prior to June 1 of the preceding Fiscal Year, and all Parcels of Designated Developed Property.

EXHIBIT B

City of Rancho Cordova
Sunridge North Douglas Community Facilities District No. 2005-1

“Expected Land Uses” means the total number of Residential Units expected within the CFD at the time of the CFD Update, as identified in Attachment 1 of this RMA. Pursuant to Section D of this RMA, the Administrator shall update Attachment 1 each time there is a Land Use Change.

“Expected Maximum Facilities Special Tax Revenues” means the amount of annual revenue that would be available within the CFD if the Maximum Facilities Special Tax was levied on the Expected Land Uses after assuming the loss of five additional RD-5 units. The Expected Maximum Facilities Special Tax Revenues are shown in Attachment 1 of this RMA and may be reduced due to prepayments in future Fiscal Years or Land Use Changes as set forth in Section D below.

“Facilities Special Tax” means a special tax levied in any Fiscal Year to pay the Facilities Special Tax Requirement.

“Facilities Special Tax Requirement” means the amount necessary in any Fiscal Year (i) to pay principal and interest on Bonds which are due in the calendar year which begins in such Fiscal Year, (ii) to create or replenish reserve funds to the extent such replenishment was not included in the computation of Facilities Special Tax Requirement in a previous Fiscal Year, (iii) to cure any delinquencies in the payment of principal or interest on Bonds which have occurred in the prior Fiscal Year, (iv) to pay Administrative Expenses that have not been included in the Services Special Tax Requirement, and (v) to pay a portion of the costs, as determined by the City, of Authorized Facilities. The Facilities Special Tax Requirement may be reduced in any Fiscal Year by (i) interest earnings on, or surplus balances in, funds and accounts for the Bonds to the extent that such earnings or balances are available to apply against debt service pursuant to the Indenture, Bond resolution, or other legal document that set forth these terms, (ii) Capitalized Interest, (iii) proceeds from the collection of penalties associated with delinquent Special Taxes, and (iv) any other revenues available to pay debt service on the Bonds as determined by the Administrator.

“Final Map” means a final map, or portion thereof, approved by the City or County pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq*) that creates SFD Lots. The term “Final Map” shall not include any large-lot subdivision map, Assessor’s Parcel Map, or subdivision map or portion thereof, that does not create SFD Lots, including Assessor’s Parcels that are designated as remainder parcels.

“Final Map Property” means, in any Fiscal Year, all Parcels of Single Family Detached Property for which a Final Map had recorded prior to June 30 of the preceding Fiscal Year and which have not yet become Developed Property.

“Fiscal Year” means the period starting July 1 and ending on the following June 30.

“Improvement Fund” means the account (regardless of its name) identified in the Indenture to hold funds that are available for expenditure to acquire or construct Authorized Facilities.

“Indenture” means the bond indenture, fiscal agent agreement, trust agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended, and/or supplemented from time to time, and any instrument replacing or supplementing the same.

EXHIBIT B

City of Rancho Cordova Sunridge North Douglas Community Facilities District No. 2005-1

“Land Use Change” means a proposed or approved change to the Expected Land Uses after the CFD Update.

“Maximum Facilities Special Tax” means the greatest amount of Facilities Special Tax that can be levied on an Assessor’s Parcel in any Fiscal Year determined in accordance with Sections C and D below.

“Maximum Services Special Tax” means the greatest amount of Services Special Tax that can be levied on an Assessor’s Parcel in any Fiscal Year determined in accordance with Section C below.

“Non-Residential Property” means all Taxable Property in CFD No. 2005-1 that is designated with a commercial or industrial Zoning Designation, as determined by the City.

“Other Taxable Residential Property” means all residential Taxable Property in CFD No. 2005-1 that is designated with a Zoning Designation other than LDR/RD-5, LDR/RD-7, or LDR/RD-10.

“Proportionately” means, for Developed Property, that the ratio of the actual Special Taxes levied in any Fiscal Year to the Maximum Special Taxes authorized to be levied in that Fiscal Year is equal for all Assessor’s Parcels of Developed Property. For Final Map Property, “Proportionately” means that the ratio of the actual Special Taxes levied to the Maximum Special Taxes is equal for all Assessor’s Parcels of Final Map Property. For Undeveloped Property, “Proportionately” means that the ratio of the actual Special Taxes levied to the Maximum Special Taxes is equal for all Assessor’s Parcels of Undeveloped Property.

“Public Property” means any property within the boundaries of CFD No. 2005-1 that is owned by the City, federal government, State of California or other public agency.

“Required Coverage” means the amount by which the Expected Maximum Facilities Special Tax Revenues must exceed the Bond debt service and required Administrative Expenses, as set forth in the Indenture, Certificate of Special Tax Consultant, or other formation or bond document that sets forth the minimum required debt service coverage.

“Residential Unit” means a single family detached unit or an individual unit within a duplex, triplex, halfplex, fourplex, condominium, townhome, live/work, or apartment structure. A second unit (granny flat) that shares a Parcel with a single family detached unit shall not be considered a Residential Unit for purposes of levying the Special Taxes.

“RMA” means this Amended and Restated Rate and Method of Apportionment of Special Tax.

“Services Special Tax” means a Special Tax levied in any Fiscal Year to pay for Authorized Services.

“Services Special Tax Requirement” means that amount necessary in any Fiscal Year to (i) pay for Authorized Services, (ii) pay Administrative Expenses that have not been included in the Facilities Special Tax Requirement for the Fiscal Year, and (iii) cure any delinquencies in the payment of Services Special Taxes levied in the prior Fiscal Year.

EXHIBIT B

City of Rancho Cordova Sunridge North Douglas Community Facilities District No. 2005-1

“SFD Lot” means an individual residential lot, identified and numbered on a recorded Final Map, on which a building permit has been or is permitted to be issued for construction of a single family detached unit without further subdivision of the lot and for which no further subdivision of the lot is anticipated pursuant to an approved tentative map.

“Single Family Detached Property” means all Parcels within CFD No. 2005-1 that are developed or expected to be developed with single family detached homes.

“Special Tax” or “Special Taxes” means, collectively, the Facilities Special Tax and the Services Special Tax.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD No. 2005-1 that are not exempt from the Special Tax pursuant to law or Section G below.

“Undeveloped Property” means, in any Fiscal Year, all Parcels of Taxable Property that are not Final Map Property or Developed Property, as defined herein.

“Zoning Designation” means the City of Rancho Cordova zoning designation that applies to a particular area within the CFD.

B. DATA FOR ADMINISTRATION OF SPECIAL TAX

On or about July 1 of each Fiscal Year, the Administrator shall identify the current Assessor’s Parcel numbers for all Parcels of Taxable Property. The Administrator shall also determine: (i) whether each Assessor’s Parcel of Taxable Property is Developed Property, Final Map Property, or Undeveloped Property, (ii) the Zoning Designation for each Parcel of Final Map Property and Developed Property, and (iii) the Facilities Special Tax Requirement and Services Special Tax Requirement.

In addition, the Administrator shall, *on an ongoing basis*, monitor whether Land Use Changes have been proposed that will affect the Expected Maximum Facilities Special Tax Revenues. If the Expected Maximum Facilities Special Tax Revenues will be reduced pursuant to a proposed Land Use Change, the Administrator shall apply the steps set forth in Section D below.

In any Fiscal Year, if it is determined that (i) a parcel map for a portion of property in CFD No. 2005-1 was recorded after January 1 of the prior Fiscal Year (or any other date after which the Assessor will not incorporate the newly-created Parcels into the then current tax roll), (ii) because of the date the parcel map was recorded, the Assessor does not yet recognize the new Parcels created by the parcel map, and (iii) one or more of the newly-created Parcels meets the definition of Developed Property, the Administrator shall calculate the Special Taxes for the property affected by recordation of the parcel map by determining the Special Taxes that applies separately to each newly-created Parcel, then applying the sum of the individual Special Taxes to the Parcel that was subdivided by recordation of the parcel map.

EXHIBIT B

City of Rancho Cordova
Sunridge North Douglas Community Facilities District No. 2005-1

C. MAXIMUM SPECIAL TAX**1. *Developed Property and Final Map Property, Facilities Special Tax***

Following are the Maximum Facilities Special Tax rates for Parcels of Developed Property and Final Map Property in the CFD:

Land Use	Zoning Designation	Maximum Facilities Special Tax Fiscal Year 2014-15 *
Single Family Detached Property	LDR/RD-5	\$1,804.59 per SFD Lot
Single Family Detached Property	LDR/RD-7	\$1,649.23 per SFD Lot
Single Family Detached Property	LDR/RD-10	\$1,087.53 per SFD Lot
Other Taxable Residential Property	Any Designation Other than RD-5, RD-7 or RD-10	\$11,592.40 per Acre
Non-Residential Property	All Commercial and Industrial Designations	\$11,592.40 per Acre

** On July 1, 2015 and each July 1 thereafter, the Maximum Facilities Special Taxes shown above shall be increased by two percent (2%) of the amount in effect in the previous Fiscal Year.*

2. *Undeveloped Property, Facilities Special Tax*

The Maximum Facilities Special Tax for Undeveloped Property for Fiscal Year 2014-15 is \$11,592.40 per Acre. On July 1, 2015 and each July 1 thereafter, the Maximum Facilities Special Taxes for Undeveloped Property shall be increased by two percent (2%) of the amount in effect in the previous Fiscal Year.

3. *Developed Property, Services Special Tax*

The Maximum Services Special Tax for Developed Property in Fiscal Year 2014-15 is \$317.13 per Residential Unit and, for Non-Residential Property, \$0.01902 per square foot of gross Parcel area, which amounts shall on each July 1, commencing on July 1, 2015, be escalated by the increase, if any, in the United States Department of Labor Consumer Price Index (CPI) for the San Francisco-Oakland-San Jose Area for All Urban Consumers. The CPI used shall be as determined by the Bureau of Labor Statistics from April to April beginning with the period from April 2014 to April 2015.

D. CHANGES TO LAND USES WITHIN CFD NO. 2005-1

The Expected Maximum Facilities Special Tax Revenues were calculated based on the Expected Land Uses at the time of the CFD Update. The Administrator shall review Final Maps, tentative map revisions, and other approvals and Land Use Changes and compare the revised land uses to the Expected Land Uses to evaluate the impact on the Expected Maximum Facilities Special Tax Revenues.

EXHIBIT B

City of Rancho Cordova Sunridge North Douglas Community Facilities District No. 2005-1

If, prior to the Final Bond Sale, a Land Use Change is proposed that will result in a reduction in the Expected Maximum Facilities Special Tax Revenues, no action will be needed pursuant to this Section D as long as the reduction does not reduce debt service coverage on outstanding Bonds below the Required Coverage. Upon approval of the Land Use Change, the Administrator shall update Attachment 1 to show the reduced Expected Maximum Facilities Special Tax Revenues, which amount shall be used to size the Final Bond Sale.

If the proposed Land Use Change would reduce debt service coverage on outstanding Bonds below the Required Coverage, either (i) a prepayment must be made by the landowner requesting the Land Use Change to retire Bonds in an amount sufficient to maintain Required Coverage, or (ii) Steps 1 through 3 set forth below must be applied to reallocate the Expected Maximum Special Tax Revenue among the new land uses within the area affected by the Land Use Change.

If a Land Use Change is proposed after the Final Bond Sale, the following steps shall be applied:

- Step 1:* By reference to Attachment 1 (which shall be updated by the Administrator for each Land Use Change), the Administrator shall identify the Expected Maximum Facilities Special Tax Revenues for the area affected by the Land Use Change.
- Step 2:* The Administrator shall calculate the Expected Maximum Facilities Special Tax Revenues that could be collected from Taxable Property within the area affected by the Land Use Change if such change is approved.
- Step 3:* If the amount calculated in Step 2 is higher than that determined in Step 1, no further action is needed. If the revenues calculated in Step 2 are less than those calculated in Step 1, and if the landowner requesting the Land Use Change does not prepay a portion of Expected Maximum Facilities Special Tax Revenue in an amount sufficient to maintain Required Coverage, then the Maximum Facilities Special Tax for each Parcel of Taxable Property in the area affected by the Land Use Change shall be increased proportionately until the Expected Maximum Facilities Special Tax Revenues for the area affected by the Land Use Change is the same as it was prior to the Land Use Change.

If multiple Land Use Changes are proposed simultaneously by a single landowner (which may include approval of multiple Final Maps at one time), and the landowner requests that the impact of two or more of the Land Use Changes be considered together, the Administrator shall consider the combined effect of the Land Use Changes to determine if there is a reduction in Expected Maximum Facilities Special Tax Revenues. If there is a reduction, then the Maximum Facilities Special Tax for each Parcel of Taxable Property in the area affected by the Land Use Change shall be increased proportionately until the aggregate amount that can be levied within the area affected by the Land Use Change is equal to the amount that could have been levied prior to the proposed Land Use Change. If Land Use Changes are proposed simultaneously by multiple landowners, or if an individual landowner proposing multiple Land Use Changes does not request that such Land Use Changes be considered together, the Administrator shall consider the proposed Land Use Changes individually.

EXHIBIT B

City of Rancho Cordova Sunridge North Douglas Community Facilities District No. 2005-1

Notwithstanding the foregoing, once a certificate of occupancy has been issued for a Parcel of Single Family Detached Property or Single Family Attached Property, the Maximum Facilities Special Tax for the Parcel cannot be increased because of future Land Use Changes that may occur within the area in which the Parcel is located.

The duties imposed on the Administrator pursuant to this Section D to review Land Use Changes, and to review Final Maps and make certain calculations, are intended only to facilitate the administration of the Facilities Special Tax and to better assure the sufficiency of tax capacity to pay debt service on Bonds. Such duties are not intended to give any developer, subdivider, or owner of property the right to receive notice of the potential impact of Land Use Changes on the Facilities Special Tax applicable to a Parcel; and each developer, subdivider, or owner of property whose property is the subject of a Land Use Change shall be responsible for understanding the impact thereof on the Facilities Special Tax applicable to such property.

E. METHOD OF LEVY OF THE SPECIAL TAXES

1. Facilities Special Tax

Each Fiscal Year, the Administrator shall determine the Facilities Special Tax Requirement to be collected in that Fiscal Year. A Special Tax shall then be levied according to the following steps:

- Step 1:** If, in any Fiscal Year, the City determines that there are Authorized Facilities that have not yet been funded, the Maximum Facilities Special Tax may be levied on all Parcels of Developed Property. If all Authorized Facilities have been funded, the Special Tax shall be levied Proportionately on each Parcel of Developed Property up to 100% of the Maximum Facilities Special Tax for each Parcel.
- Step 2:** If additional revenue is needed after Step 1 in order to meet the Facilities Special Tax Requirement after Capitalized Interest has been applied to reduce the Facilities Special Tax Requirement, the Facilities Special Tax shall be levied Proportionately on each Parcel of Final Map Property up to 100% of the Maximum Facilities Special Tax for each Parcel.
- Step 3:** If additional revenue is needed after Step 2 in order to meet the Facilities Special Tax Requirement after Capitalized Interest has been applied to reduce the Facilities Special Tax Requirement, the Facilities Special Tax shall be levied Proportionately on each Parcel of Undeveloped Property up to 100% of the Maximum Facilities Special Tax for each Parcel.
- Step 4:** If additional revenue is needed after Step 3, the Facilities Special Tax shall be levied Proportionately on each Parcel of Public Property, exclusive of property exempt from the Special Tax pursuant to Section G below, up to 100% of the Maximum Facilities Special Tax for each.

EXHIBIT B

City of Rancho Cordova
Sunridge North Douglas Community Facilities District No. 2005-1

2. *Services Special Tax*

The Maximum Services Special Tax in CFD No. 2005-1 shall be levied each Fiscal Year unless and until the City makes a determination in any Fiscal Year that the revenues generated from levy of the Maximum Services Special Tax exceed the Services Special Tax Requirement for that Fiscal Year. If such a determination is made, the Services Special Tax shall be levied Proportionately on each Parcel of Developed Property in CFD No. 2005-1 up to 100% of the Maximum Services Special Tax for Developed Property determined pursuant to Section C.3 above until the amount levied is equal to the Services Special Tax Requirement.

No Services Special Tax shall be levied in any Fiscal Year on Final Map Property or Undeveloped Property.

F. MANNER OF COLLECTION OF SPECIAL TAXES

The Special Taxes for CFD No. 2005-1 shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that prepayments are permitted as set forth in Section H below and provided further that the City may directly bill the Special Taxes, may collect Special Taxes at a different time or in a different manner, and may collect delinquent Special Taxes through foreclosure or other available methods.

The Facilities Special Tax shall be levied and collected until principal and interest on Bonds have been repaid and Authorized Facilities to be constructed directly from Special Taxes proceeds have been completed. However, in no event shall Facilities Special Taxes be levied after Fiscal Year 2055-56. Under no circumstances may the Facilities Special Tax on a Parcel in residential use be increased in any Fiscal Year as a consequence of delinquency or default in payment of the Facilities Special Tax levied on another Parcel or Parcels by more than ten percent (10%) above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults. The Services Special Tax will continue to be levied and collected unless and until the City determines that the Services Special Tax no longer needs to be levied to pay for Authorized Services.

G. EXEMPTIONS

Notwithstanding any other provision of this RMA, no Special Taxes shall be levied in any Fiscal Year on the following:

- (1) Public Property, except as otherwise authorized by Sections 53317.3 and 53317.5 of the Act.
- (2) Parcels that are owned by a public utility for an unmanned facility
- (3) Parcels that are subject to an easement that precludes any other use on the Parcel.

EXHIBIT B

City of Rancho Cordova Sunridge North Douglas Community Facilities District No. 2005-1

In addition, no Facilities Special Tax shall be levied on Parcels that have fully prepaid the Special Tax obligation assigned to the Parcel pursuant to the formula set forth in Section H below, and no Services Special Tax shall be levied on Final Map Property or Undeveloped Property.

H. PREPAYMENT OF FACILITIES SPECIAL TAX

The following definitions apply to this Section H:

“Outstanding Bonds” means all Previously Issued Bonds which remain outstanding, with the following exception: if a Facilities Special Tax has been levied against, or already paid by, an Assessor’s Parcel making a prepayment, and a portion of the Facilities Special Tax will be used to pay a portion of the next principal payment on the Bonds that remain outstanding (as determined by the Administrator), that next principal payment shall be subtracted from the total Bond principal that remains outstanding, and the difference shall be used as the amount of Outstanding Bonds for purposes of this prepayment formula.

“Previously Issued Bonds” means all Bonds that have been issued prior to the date of prepayment.

“Public Facilities Requirements” means either \$12,900,000 in 2015 dollars, which shall increase on January 1, 2016, and on each January 1 thereafter by the percentage increase, if any, in the construction cost index for the San Francisco region for the prior twelve (12) month period as published in the Engineering News Record or other comparable source if the Engineering News Record is discontinued or otherwise not available, or such lower number as shall be determined by the City as sufficient to fund improvements that are authorized to be funded by CFD No. 2005-1. The Public Facilities Requirements shown above may be adjusted or a separate Public Facilities Requirements identified each time property annexes into CFD No. 2005-1; at no time shall the added Public Facilities Requirement for that annexation area exceed the amount of public improvement costs that are expected to be supportable by the Maximum Facilities Special Tax revenues generated within that annexation area.

“Remaining Facilities Costs” means the Public Facilities Requirement minus public facility costs funded by Previously Issued Bonds, Available Special Tax Revenues after Debt Service, developer equity and/or any other source of funding.

The Facilities Special Tax obligation applicable to an Assessor’s Parcel in CFD No. 2005-1 may be prepaid and the obligation of the Assessor’s Parcel to pay the Facilities Special Tax permanently satisfied as described herein, provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor’s Parcel at the time of prepayment. The Services Special Tax obligation may not be prepaid. An owner of an Assessor’s Parcel intending to prepay the Facilities Special Tax obligation shall provide the City with written notice of intent to prepay. Within 30 days of receipt of such written notice, the City or its designee shall notify such owner of the prepayment amount for such Assessor’s Parcel. Prepayment must be made not less than 75 days prior to any redemption date for Bonds to be redeemed with the proceeds of such

EXHIBIT B

City of Rancho Cordova Sunridge North Douglas Community Facilities District No. 2005-1

prepaid Facilities Special Taxes. The Prepayment Amount shall be calculated as follows: (capitalized terms as defined below):

	Bond Redemption Amount
plus	Remaining Facilities Amount
plus	Redemption Premium
plus	Defeasance Requirement
plus	Administrative Fees and Expenses
less	<u>Reserve Fund Credit</u>
equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount shall be determined by application of the following steps:

- Step 1. Compute the total Maximum Facilities Special Tax that could be collected from the Assessor's Parcel prepaying the Facilities Special Tax in the Fiscal Year in which prepayment would be received by the City. If this Section H is being applied to calculate a prepayment pursuant to Section D above, use, for purposes of this Step 1, the amount by which the Expected Maximum Facilities Special Tax Revenues have been reduced due to the Land Use Change that necessitated the prepayment.
- Step 2. Divide the Maximum Facilities Special Tax computed pursuant to Step 1 for such Assessor's Parcel by the total Expected Maximum Facilities Special Tax Revenues for all property in the CFD, as shown in Attachment 1 of this RMA or as adjusted by the Administrator after prepayments or Land Use Changes.
- Step 3. Multiply the quotient computed pursuant to Step 2 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (*the "Bond Redemption Amount"*).
- Step 4. Compute the current Remaining Facilities Costs (if any).
- Step 5. Multiply the quotient computed pursuant to Step 2 by the amount determined pursuant to Step 4 to compute the amount of Remaining Facilities Costs to be prepaid (*the "Remaining Facilities Amount"*).
- Step 6. Multiply the Bond Redemption Amount computed pursuant to Step 3 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (*the "Redemption Premium"*).
- Step 7. Compute the amount needed to pay interest on the Bond Redemption Amount starting with the first Bond interest payment date after which the prepayment will be received until the earliest redemption date for the Outstanding Bonds. However, if Bonds are callable at the first interest

EXHIBIT B

City of Rancho Cordova Sunridge North Douglas Community Facilities District No. 2005-1

payment date after the prepayment has been received, Steps 7, 8 and 9 of this prepayment formula will not apply.

- Step 8:** Compute the amount of interest the City reasonably expects to derive from reinvestment of the Bond Redemption Amount plus the Redemption Premium from the first Bond interest payment date after which the prepayment has been received until the redemption date for the Outstanding Bonds.
- Step 9:** Subtract the amount computed pursuant to Step 8 from the amount computed pursuant to Step 7 (the *"Defeasance Requirement"*).
- Step 10.** The administrative fees and expenses associated with the prepayment will be determined by the Administrator and include the costs of computing the prepayment, redeeming Bonds and recording any notices to evidence the prepayment and the redemption (the *"Administrative Fees and Expenses"*).
- Step 11.** If and to the extent so provided in the Bond indenture, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the *"Reserve Fund Credit"*).
- Step 12.** The Facilities Special Tax prepayment is equal to the sum of the amounts computed pursuant to Steps 3, 5, 6, 9, and 10, less the amount computed pursuant to Step 11 (the *"Prepayment Amount"*).
- Step 13.** From the Prepayment Amount, the amounts computed pursuant to Steps 3, 6, and 9 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make debt service payments. The amount computed pursuant to Step 5 shall be deposited into the Improvement Fund. The amount computed pursuant to Step 10 shall be retained in the account or fund that is established to pay Administrative Expenses.

Once a full prepayment of a Parcel's Facilities Special Tax obligation has been received, a Notice of Cancellation of Special Tax Lien shall be recorded against the Parcel to reflect the discharge of the Parcel's obligation to pay the Facilities Special Tax. However, a Notice of Cancellation of Special Tax Lien shall not be recorded until all Facilities Special Taxes levied on the Parcel in the current or prior Fiscal Years have been collected. The prepayment of a Facilities Special Tax shall not affect the perpetual obligation to pay the Services Special Tax.

2. *Partial Prepayment*

A partial prepayment may be made in an amount equal to any percentage of full prepayment desired by the party making a partial prepayment, except that the full amount of Administrative Fees and Expenses determined in Step 10 shall be included in the partial prepayment. The Maximum

EXHIBIT B

City of Rancho Cordova Sunridge North Douglas Community Facilities District No. 2005-1

Facilities Special Tax that can be levied on a Parcel after a partial prepayment is made shall be determined as follows:

- Step 1.** Calculate the full prepayment (not including the amount collected for Administrative Fees and Expenses) that would be due from the Parcel if the entire Special Tax obligation were being prepaid pursuant to Section H.1 above.
- Step 2.** Divide the partial prepayment amount for the Parcel (not including the amount collected for Administrative Fees and Expenses) by the amount computed in Step 1 to determine a percentage.
- Step 3.** Subtract the percentage computed in Step 2 from 100% to determine the "Remaining Percentage."
- Step 4.** Multiply the Remaining Percentage from Step 3 by the Maximum Facilities Special Tax for the Parcel to determine the new Maximum Facilities Special Tax that will be in effect for the Parcel after the partial prepayment is applied.

I. INTERPRETATION OF SPECIAL TAX FORMULA

Interpretations may be made by Resolution of the Council to interpret, clarify, and/or revise this RMA to correct any inconsistency, vagueness, or ambiguity as it relates to the Special Taxes, method of apportionment, classification of properties, or any definition applicable to the CFD, as long as such correction does not materially affect the levy and collection of Special Taxes. The City, upon the request of an owner of land within the CFD which is not Developed Property, may also amend this RMA in any manner acceptable to the City, by resolution or ordinance following a public hearing, upon the affirmative vote of such owner to such amendment and without the vote of owners of any other land within the CFD, provided such amendment only affects such owner's land.

EXHIBIT B

City of Rancho Cordova
Sunridge North Douglas Community Facilities District No. 2005-1

ATTACHMENT 1

**CITY OF RANCHO CORDOVA
SUNRIDGE NORTH DOUGLAS
COMMUNITY FACILITIES DISTRICT NO. 2005-1**

**EXPECTED LAND USES AND
EXPECTED MAXIMUM FACILITIES SPECIAL TAX REVENUES**

EXHIBIT B

City of Rancho Cordova
Sunridge North Douglas Community Facilities District No. 2005-1

ATTACHMENT 1

**Sunridge North Douglas Community Facilities District No. 2005-1
Expected Land Uses and Expected Maximum Facilities Special Tax Revenues**

Village Designations Shown on Tentative Map	Zoning Designation	Expected # of Single Family Units	Maximum Facilities Special Tax per Buildable Lot [1]	Expected Maximum Facilities Special Tax Revenues [1]
Village 1	LDR/RD-5	88 units	\$1,804.59	\$158,804
Village 2	LDR/RD-5	79 units	\$1,804.59	\$142,563
Village 3	LDR/RD-5	72 units	\$1,804.59	\$129,930
Village 4	LDR/RD-5	82 units	\$1,804.59	\$147,976
Village 5	LDR/RD-5	77 units	\$1,804.59	\$138,953
Village 6	LDR/RD-7	75 units	\$1,649.23	123,692
Village 7	LDR/RD-7	128 units	\$1,649.23	\$211,101
Village 8	LDR/RD-10	62 units	\$1,087.53	\$67,427
Maximum Facilities Special Tax Revenues Based on Estimated Units at CFD Update				\$1,120,446
CFD Buffer (Assumes loss of five RD-5 Units)				<u>(\$9,023)</u>
Expected Maximum Facilities Special Tax Revenues, Fiscal Year 2014-15				\$1,111,423

1. On July 1, 2015 and each July 1 thereafter, the Maximum Facilities Special Tax, CFD Buffer, and Expected Maximum Facilities Special Tax Revenues shall be increased by two percent (2%) of the amount in effect in the previous Fiscal Year.

EXHIBIT C

City of Rancho Cordova
Sunridge North Douglas Community Facilities District No. 2005-1

Property Owners and Assessor Parcel NumbersLENNAR HOMES OF CALIFORNIA, INC.

APN	APN	APN	APN
072-2890-001	072-2890-065	072-2940-032	072-2940-045
072-2890-002	072-2890-066	072-2940-033	072-2940-046
072-2890-003	072-2890-067	072-2940-034	072-2940-047
072-2890-004	072-2890-068	072-2940-035	072-2940-048
072-2890-005	072-2890-069	072-2940-036	072-2940-050
072-2890-006	072-2890-070	072-2940-037	072-2940-051
072-2890-007	072-2890-072	072-2940-038	072-2940-052
072-2890-008	072-2890-073	072-2940-039	072-2940-053
072-2890-060	072-2890-074	072-2940-040	
072-2890-061	072-2920-012	072-2940-041	
072-2890-062	072-2920-013	072-2940-042	
072-2890-063	072-2920-014	072-2940-043	
072-2890-064	072-2950-007	072-2940-044	

WOODSIDE 05N, LP

APN	APN	APN	APN
072-2900-001	072-2900-022	072-2900-043	072-2900-064
072-2900-002	072-2900-023	072-2900-044	072-2900-065
072-2900-003	072-2900-024	072-2900-045	072-2900-066
072-2900-004	072-2900-025	072-2900-046	072-2900-067
072-2900-005	072-2900-026	072-2900-047	072-2900-068
072-2900-006	072-2900-027	072-2900-048	072-2900-069
072-2900-007	072-2900-028	072-2900-049	072-2900-070
072-2900-008	072-2900-029	072-2900-050	072-2900-071
072-2900-009	072-2900-030	072-2900-051	072-2900-072
072-2900-010	072-2900-031	072-2900-052	072-2900-073
072-2900-011	072-2900-032	072-2900-053	072-2900-074
072-2900-012	072-2900-033	072-2900-054	072-2900-075
072-2900-013	072-2900-034	072-2900-055	072-2900-076
072-2900-014	072-2900-035	072-2900-056	072-2900-077
072-2900-015	072-2900-036	072-2900-057	072-2900-077
072-2900-016	072-2900-037	072-2900-058	072-2900-079
072-2900-017	072-2900-038	072-2900-059	072-2910-053
072-2900-018	072-2900-039	072-2900-060	072-2910-054
072-2900-019	072-2900-040	072-2900-061	072-2910-055
072-2900-020	072-2900-041	072-2900-062	072-2910-056
072-2900-021	072-2900-042	072-2900-063	

EXHIBIT C

City of Rancho Cordova
Sunridge North Douglas Community Facilities District No. 2005-1

MS RIALTO NORTH DOUGLAS CA, LLC

APN	APN	APN	APN
072-2890-009	072-2890-051	072-2870-018	072-2870-060
072-2890-010	072-2890-052	072-2870-019	072-2870-061
072-2890-011	072-2890-053	072-2870-020	072-2870-062
072-2890-012	072-2890-054	072-2870-021	072-2870-063
072-2890-013	072-2890-055	072-2870-022	072-2870-064
072-2890-014	072-2890-056	072-2870-023	072-2870-065
072-2890-015	072-2890-057	072-2870-024	072-2870-066
072-2890-016	072-2890-058	072-2870-025	072-2870-067
072-2890-017	072-2890-059	072-2870-026	072-2870-068
072-2890-018	072-2890-071	072-2870-027	072-2870-069
072-2890-019	072-2890-075	072-2870-028	072-2870-070
072-2890-020	072-2890-076	072-2870-029	072-2870-071
072-2890-021	072-2890-077	072-2870-030	072-2870-072
072-2890-022	072-2890-078	072-2870-031	072-2880-001
072-2890-023	072-2890-079	072-2870-032	072-2880-002
072-2890-024	072-2890-080	072-2870-033	072-2880-003
072-2890-025	072-2890-081	072-2870-034	072-2880-004
072-2890-026	072-2890-082	072-2870-035	072-2880-005
072-2890-027	072-2890-083	072-2870-036	072-2880-006
072-2890-028	072-2890-084	072-2870-037	072-2880-007
072-2890-029	072-2890-085	072-2870-038	072-2880-008
072-2890-030	072-2890-086	072-2870-039	072-2880-009
072-2890-031	072-2890-087	072-2870-040	072-2880-010
072-2890-032	072-2890-088	072-2870-041	072-2880-011
072-2890-033	072-2900-080	072-2870-042	072-2880-012
072-2890-034	072-2870-001	072-2870-043	072-2880-013
072-2890-035	072-2870-002	072-2870-044	072-2880-014
072-2890-036	072-2870-003	072-2870-045	072-2880-015
072-2890-037	072-2870-004	072-2870-046	072-2880-016
072-2890-038	072-2870-005	072-2870-047	072-2880-017
072-2890-039	072-2870-006	072-2870-048	072-2880-018
072-2890-040	072-2870-007	072-2870-049	072-2880-019
072-2890-041	072-2870-008	072-2870-050	072-2880-020
072-2890-042	072-2870-009	072-2870-051	072-2880-021
072-2890-043	072-2870-010	072-2870-052	072-2880-022
072-2890-044	072-2870-011	072-2870-053	072-2880-023
072-2890-045	072-2870-012	072-2870-054	072-2880-024
072-2890-046	072-2870-013	072-2870-055	072-2880-025
072-2890-047	072-2870-014	072-2870-056	072-2880-026
072-2890-048	072-2870-015	072-2870-057	072-2880-027
072-2890-049	072-2870-016	072-2870-058	072-2880-028
072-2890-050	072-2870-017	072-2870-059	072-2880-029

EXHIBIT C

City of Rancho Cordova
Sunridge North Douglas Community Facilities District No. 2005-1

MS RIALTO NORTH DOUGLAS CA, LLC (Continued)

APN	APN	APN	APN
072-2880-030	072-2880-072	072-2910-032	072-2920-051
072-2880-031	072-2880-073	072-2910-033	072-2920-050
072-2880-032	072-2880-074	072-2910-034	072-2920-049
072-2880-033	072-2880-075	072-2910-035	072-2920-048
072-2880-034	072-2880-076	072-2910-036	072-2920-047
072-2880-035	072-2880-077	072-2910-037	072-2920-046
072-2880-036	072-2880-078	072-2910-038	072-2920-045
072-2880-037	072-2880-079	072-2910-039	072-2920-044
072-2880-038	072-2880-080	072-2910-040	072-2920-043
072-2880-039	072-2880-081	072-2910-041	072-2920-042
072-2880-040	072-2880-082	072-2910-042	072-2920-041
072-2880-041	072-2910-001	072-2910-043	072-2920-040
072-2880-042	072-2910-002	072-2910-044	072-2920-069
072-2880-043	072-2910-003	072-2910-045	072-2920-068
072-2880-044	072-2910-004	072-2910-046	072-2920-067
072-2880-045	072-2910-005	072-2910-047	072-2920-066
072-2880-046	072-2910-006	072-2910-048	072-2920-065
072-2880-047	072-2910-007	072-2910-049	072-2920-064
072-2880-048	072-2910-008	072-2910-050	072-2920-063
072-2880-049	072-2910-009	072-2910-051	072-2920-062
072-2880-050	072-2910-010	072-2910-052	072-2920-061
072-2880-051	072-2910-011	072-2910-057	072-2920-060
072-2880-052	072-2910-012	072-2910-058	072-2920-059
072-2880-053	072-2910-013	072-2910-059	072-2920-058
072-2880-054	072-2910-014	072-2910-060	072-2920-057
072-2880-055	072-2910-015	072-2910-061	072-2920-056
072-2880-056	072-2910-016	072-2910-062	072-2920-055
072-2880-057	072-2910-017	072-2920-001	072-2920-016
072-2880-058	072-2910-018	072-2920-002	072-2920-017
072-2880-059	072-2910-019	072-2920-003	072-2920-018
072-2880-060	072-2910-020	072-2920-004	072-2920-019
072-2880-061	072-2910-021	072-2920-005	072-2920-020
072-2880-062	072-2910-022	072-2920-006	072-2920-021
072-2880-063	072-2910-023	072-2920-007	072-2920-022
072-2880-064	072-2910-024	072-2920-008	072-2920-023
072-2880-065	072-2910-025	072-2920-009	072-2920-024
072-2880-066	072-2910-026	072-2920-010	072-2920-025
072-2880-067	072-2910-027	072-2920-011	072-2920-026
072-2880-068	072-2910-028	072-2920-015	072-2920-027
072-2880-069	072-2910-029	072-2920-054	072-2920-028
072-2880-070	072-2910-030	072-2920-053	072-2920-029
072-2880-071	072-2910-031	072-2920-052	072-2920-030

EXHIBIT C

City of Rancho Cordova
Sunridge North Douglas Community Facilities District No. 2005-1

MS RIALTO NORTH DOUGLAS CA, LLC (Continued)

APN	APN	APN	APN
072-2920-031	072-2950-014	072-2940-015	072-2950-053
072-2920-032	072-2950-015	072-2940-016	072-2950-054
072-2920-033	072-2950-016	072-2940-017	072-2950-055
072-2920-034	072-2950-017	072-2940-018	072-2950-056
072-2920-035	072-2950-018	072-2940-019	072-2950-057
072-2920-036	072-2950-019	072-2940-020	072-2950-058
072-2920-037	072-2950-020	072-2940-021	072-2950-059
072-2920-038	072-2950-021	072-2940-022	072-2950-060
072-2920-039	072-2950-022	072-2940-023	072-2950-061
072-2910-063	072-2950-023	072-2940-024	072-2950-062
072-2910-064	072-2950-024	072-2940-025	072-2950-063
072-2910-065	072-2950-025	072-2940-026	072-2960-001
072-2910-066	072-2950-026	072-2940-027	072-2960-002
072-2910-067	072-2950-027	072-2940-028	072-2960-003
072-2910-068	072-2950-028	072-2940-029	072-2960-004
072-2910-069	072-2950-029	072-2940-030	072-2960-005
072-2910-070	072-2950-030	072-2940-031	072-2960-006
072-2910-071	072-2950-031	072-2940-049	072-2960-007
072-2910-072	072-2950-032	072-2940-054	072-2960-008
072-2910-073	072-2950-033	072-2940-055	072-2960-009
072-2910-074	072-2950-034	072-2940-056	072-2960-010
072-2910-075	072-2950-035	072-2940-057	072-2960-011
072-2910-076	072-2950-036	072-2940-058	072-2960-012
072-2910-077	072-2950-037	072-2940-059	072-2960-013
072-2910-078	072-2950-038	072-2940-060	072-2960-014
072-2910-079	072-2950-039	072-2940-061	072-2960-015
072-2910-080	072-2950-040	072-2940-062	072-2960-016
072-2910-081	072-2950-041	072-2940-063	072-2960-017
072-2910-082	072-2940-001	072-2940-064	072-2960-018
072-2910-083	072-2940-002	072-2940-065	072-2960-019
072-2950-001	072-2940-003	072-2940-066	072-2960-020
072-2950-002	072-2940-004	072-2950-042	072-2960-021
072-2950-003	072-2940-005	072-2950-043	072-2960-022
072-2950-004	072-2940-006	072-2950-044	072-2960-023
072-2950-005	072-2940-007	072-2950-045	072-2960-024
072-2950-006	072-2940-008	072-2950-046	072-2960-025
072-2950-008	072-2940-009	072-2950-047	072-2960-026
072-2950-009	072-2940-010	072-2950-048	072-2960-027
072-2950-010	072-2940-011	072-2950-049	072-2960-028
072-2950-011	072-2940-012	072-2950-050	072-2960-029
072-2950-012	072-2940-013	072-2950-051	072-2960-030
072-2950-013	072-2940-014	072-2950-052	072-2960-031

EXHIBIT C

City of Rancho Cordova
 Sunridge North Douglas Community Facilities District No. 2005-1

MS RIALTO NORTH DOUGLAS CA, LLC (Continued)

APN	APN	APN	APN
072-2960-032	072-2960-041	072-2960-050	072-2960-059
072-2960-033	072-2960-042	072-2960-051	072-2960-060
072-2960-034	072-2960-043	072-2960-052	072-2960-061
072-2960-035	072-2960-044	072-2960-053	072-2960-062
072-2960-036	072-2960-045	072-2960-054	072-2960-063
072-2960-037	072-2960-046	072-2960-055	072-2960-064
072-2960-038	072-2960-047	072-2960-056	072-2960-065
072-2960-039	072-2960-048	072-2960-057	
072-2960-040	072-2960-049	072-2960-058	

MEMORANDUM

DATE: April 6, 2015

TO: Honorable Mayor and Council Members

FROM: Matthew Diaz, Associate Planner



SUBJECT: BRADSHAW BUSINESS PARK TENTATIVE PARCEL MAP; PROJECT NO. DD8558 – LOCATED AT 9778, 9792, 9800, 9816 BUSINESS PARK DRIVE.

PROPERTY OWNER: NCWP-Bradshaw Business Park, LLC Mrs. Michelle Brockmann 810 NW Marshall Street, Suite 300 Portland, OR 97209	APPLICANT/DEVELOPER: Leonard Development Company Mr. John Leonard 2020 Capital Avenue, Suite 1 Sacramento, CA 95811
PROJECT: Bradshaw Business Park Tentative Parcel Map FILE: DD8558 LOCATION: 9778, 9792, 9800, 9816 Business Park Drive APN: 068-0160-115-0000 PLANNER: Matthew Diaz, Associate Planner	

RECOMMENDATION

Adopt the Resolution No. 44-2015.

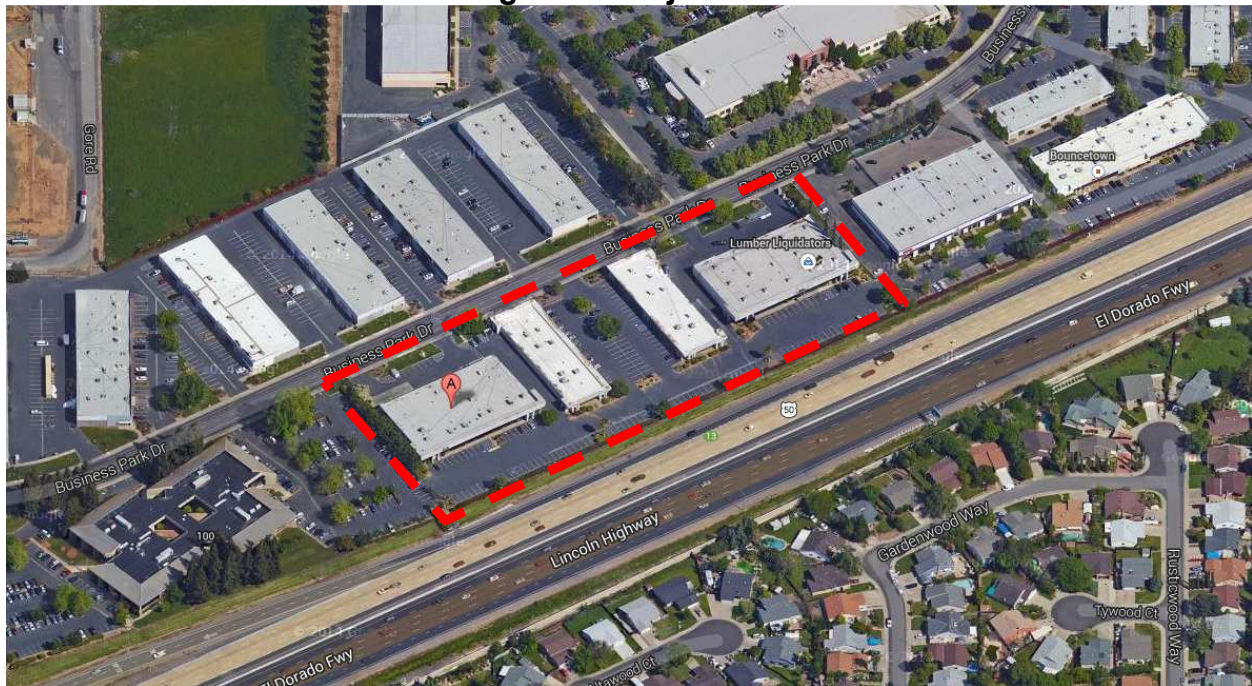
RESULT OF RECOMMENDED ACTION

Adoption of Resolution 44-2015 would approve the applicant's request for a commercial subdivision to divide one existing parcel totaling 5.65 acres into four new parcels with sizes ranging from 1.08 acres to 1.74 acres. Each new parcel would contain an existing commercial building and will continue to have cross access, shared parking, and joint landscaped areas.

BACKGROUND

The project site is a developed business center consisting of four existing commercial warehouse buildings, paved parking area with landscaping, on a parcel located on the north side of Highway 50. The overall center was constructed around the early 1980's with approximately 73,338 square feet of existing building area for the four buildings onsite. The project site is zoned FB-OIMU (Office Industrial Mixed Use in the Folsom Boulevard Specific Plan). On October 20, 2014, the Rancho Cordova City Council approved a design review permit to improve the outdated façade. As a result, the site is currently under construction to effectuate the improvements approved by the City Council.

Figure 1: Project Site



The City of Rancho Cordova received an application on January 21, 2015 requesting a Tentative Parcel Map to divide the existing parcel into four (4) new parcels. The new parcels will include;

- § Parcel 1: A new 1.74 acre (75,894 square feet) parcel with an existing 23,976 square foot (0.31 floor area ratio) one-story commercial/light industrial building along Business Park Drive with paved parking area and landscape;
- § Parcel 2: A new 1.08 acre (47,250 square feet) parcel with an existing 12,124 square foot (0.25 floor area ratio) one-story commercial/light industrial building along Business Park Drive with paved parking area and landscape;
- § Parcel 3: A new 1.08 acre (47,250 square feet) parcel with an existing 12,124 square foot (0.25 floor area ratio) one-story commercial/light industrial building along Business Park Drive with paved parking area and landscape;
- § Parcel 4: A new 1.74 acre (74,894 square feet) parcel with an existing 23,924 square foot (0.31 floor area ratio) one-story commercial/light industrial building along Business Park Drive with paved parking area and landscape;

The application was routed to the City's commenting agencies and reviewed for environmental concerns.

Figure 2: Existing Parcel Conditions

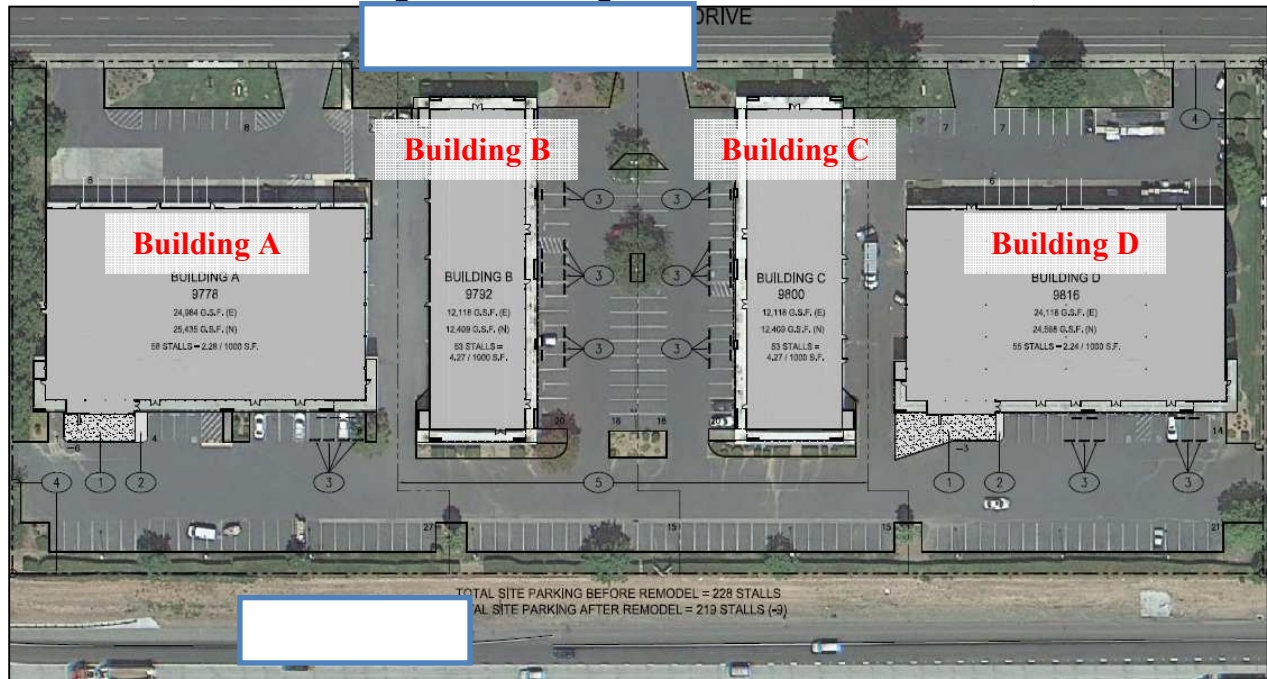
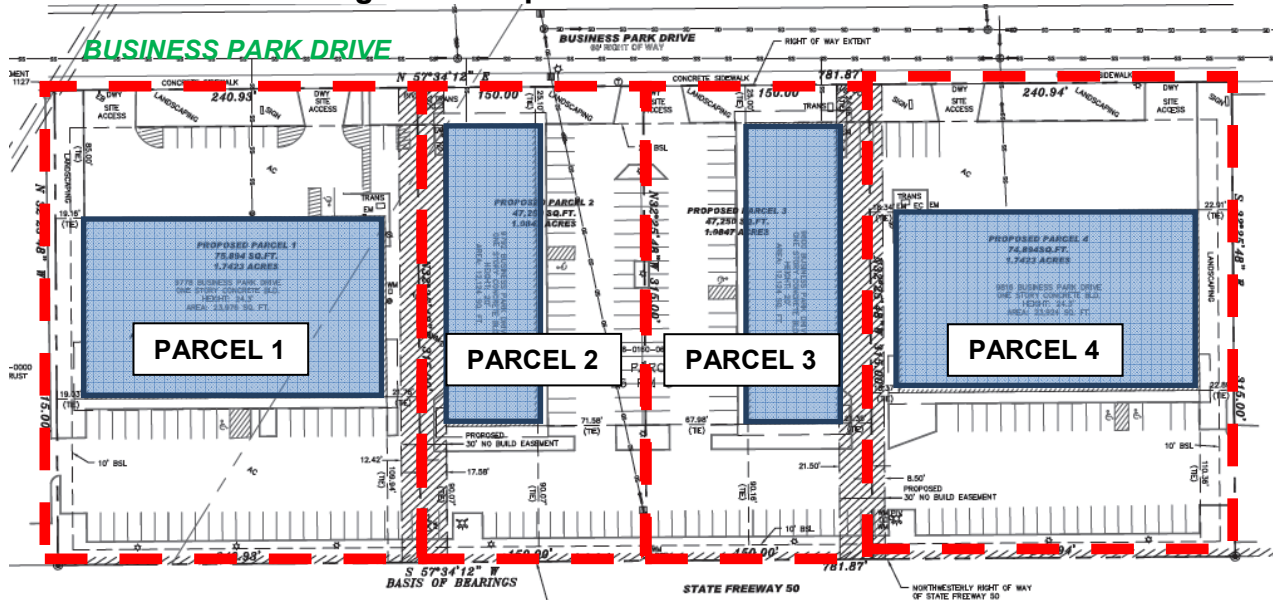


Figure 3: Proposed 4 Parcel Subdivision



REQUIRED PERMITS AND REGULATORY BASIS

According to the State Subdivision Map Act and Municipal Code, a commercial parcel may be split up into separate lots with a Subdivision Map, guided by the following provisions:

1. Subdivision Map Act for and the provisions to approve the subdivision of land into four or more lots.
2. RCMC Title 22, Land Development, provides the local authority under the Subdivision Map Act to subdivide land.
3. Folsom Boulevard Specific Plan provides specific standards for development to regulate the use and size and is the primary regulatory tool for the site.
4. RCMC Title 23 Zoning Code provides the local authority for all development standards to regulate parking, landscaping, and other onsite improvements.

ANALYSIS

The applicant is requesting approval of a Tentative Parcel Map to divide a developed parcel totaling 5.65 acres into four (4) parcels and does not propose any physical improvements or changes in use at this time.

General Plan: The project site is located in the Folsom Boulevard Planning Area (FBPA) of the City's General Plan. The Folsom Boulevard Planning Area is a high-intensity development corridor with many sites that are visible from Highway 50.

Figure 4: Photo looking south from Business Park Drive at the main entrance between the proposed Parcel Three and Parcel Four.



Figure 5: Existing Façade from Highway 50



Table 1: Surrounding Designations and Existing Uses

Location	Existing Use	General Plan Designation	Zoning Designation
9778, 9792, 9800, and 9816 Business Park Drive (Project Site)	Existing Commercial Warehouses (former lumber liquidators, simple FLOORS, Marsh Carpet)	FBPA (Folsom Boulevard Planning Area)	FB-OIMU (Office Industrial Mixed Use within the Folsom Boulevard Specific Plan)
North	Existing Commercial Warehouses (granite and marble natural store, zuprinco printing, corn sonic)	FBPA (Folsom Boulevard Planning Area)	FB-OIMU (Office Industrial Mixed Use within the Folsom Boulevard Specific Plan)
East	Existing Commercial Warehouses (Flooring America)	FBPA (Folsom Boulevard Planning Area)	FB-OIMU (Office Industrial Mixed Use within the Folsom Boulevard Specific Plan)
South	Highway 50/ Single Family Housing	CS/LCPA (Countryside/Lincoln Village Planning Area)	RD-5 (Residential)
West	Existing Commercial Warehouses (Sacramento County Probation)	FBPA (Folsom Boulevard Planning Area)	FB-OIMU (Office Industrial Mixed Use within the Folsom Boulevard Specific Plan)

Zoning Code: The project site is zoned FB-OIMU (Office Industrial Mixed Use within the Folsom Boulevard Specific Plan) which allows for a wide range of commercial, office, and light industrial uses mixed-use development. While a predominantly office and light industrial district, the FB-OIMU category is designed to provide for the integration of office, light industrial and commercial uses. The Specific Plan does not require a minimum lot size for new parcels in the OIMU Zone; therefore the lot sizes proposed have been designed to give each lot the necessary setbacks and floor area ratios (FAR) to be code compliant. The plan currently exceeds the minimum FAR of 0.20 (0.25 and 0.31 proposed) as well as the 10-foot structural setback from interior side yard (between 15-19 feet are proposed). The parcel split does not propose any new exterior construction and will not change any of the site features of the lot.

All new parcels will maintain shared access and the subdivision map will not decrease the amount of overall shared parking spaces. Condition of approval #7 has been added that requires all parcels within the subdivision will be the subject of a reciprocal access and shared parking agreement. This will ensure that minimum parking standards are met and allow for efficient vehicle access throughout the business center. Additionally, this agreement will ensure access and parking should the new parcels be sold to other owners.

Title 22 - Land Development: Title 22 of the City of Rancho Cordova Municipal Code regulates land division and is intended to supplement and implement the Subdivision Map Act. The proposed project, as conditioned, is consistent with requirements and procedures of a tentative subdivision map application.

FISCAL IMPACT

The City anticipates that this project will result in additional revenues created from the potential sale of the new parcels and through taxes collected for each new parcel.

ENVIRONMENTAL

The project is exempt from the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations, Chapter 3, Division 6 (State CEQA Guidelines) Section 15315 (Minor Land Division). A description of the evidence for the exemption is found in the findings included in **Attachment 1**.

RECOMMENDED MOTIONS

Staff recommends that the City Council find the project to be in compliance with the California Environmental Quality Act (CEQA) as a Class 5 exemption per section 15315 "Minor Land Division" and adopt Resolution Number 44-2015 the Tentative Parcel Map for 9778, 9792, 9800, 9816 Business Park Drive DD8558, subject to the findings, Project Plans (**Exhibit A**) and Conditions of Approval (**Exhibit B**)."

ATTACHMENTS

1. Resolution 44-2015, including Tentative Parcel Map (**Exhibit A**) and subject to the Conditions of Approval (**Exhibit B**).
2. 500' Radius Map and Labels.

ATTACHMENT 1

CITY OF RANCHO CORDOVA

RESOLUTION NO. 44-2015

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA
APPROVING THE BRADSHAW BUSINESS PARK
TENTATIVE PARCEL MAP, PROJECT NO. DD8558**

WHEREAS, John Leonard of the Leonard Development Company (hereinafter referred to as Applicant) filed an application with the City of Rancho Cordova for a four lot Tentative Parcel Map for the Bradshaw Business Park, located at 9778, 9792, 9800, 9816 Business Park Drive (Assessor's Parcel Number: 068-0160-115); and

WHEREAS, the City Council is the appropriate authority to hear and take action on this project; and

WHEREAS, the City Council of the City of Rancho Cordova has conducted a properly noticed public hearing pursuant to Government Code Section 65090 and has duly considered all written and verbal testimony presented during the hearing.

NOW, THEREFORE, BE IT HEREBY RESOLVED THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA does authorize that the Council approves the Bradshaw Business Park Tentative Parcel Map (**Exhibit A**), subject to the following findings and attached Conditions of Approval (**Exhibit B**):

- A. Finds the project site was adequately analyzed according to the California Environmental Quality Act (CEQA) Guidelines and is Exempt under Section 15315, Minor Land Division, as supported by the following:

The property is in an urbanized area zoned for commercial and light industrial uses. The division of one lot into four parcels is in conformance with the General Plan and Specific Plan standards as no variances or exceptions are required. All services and access to the proposed parcels to local standards are available and the parcel does not have an average slope greater than 20 percent.

- B. Section 66474 of the California Subdivision Map Act requires a City to deny approval of a tentative map, if any of the findings are found to be true. In the case of the proposed map, none of the required findings were found to be true. The following evidence supports the map request:

1. Finding: That the proposed map is not consistent with applicable general and specific plans as specified in Section 65451.

Evidence: The proposed project is consistent with the General Plan and the land use designation specified for this parcel. The current uses and buildings are consistent with the existing development standards of the General Plan planning area and the Zoning Code designation of Office Industrial Mixed Use within the Folsom Boulevard Specific Plan (FB-OIMU). No changes to the existing uses are proposed, only the splitting of the one parcel into four parcels.

ATTACHMENT 1

2. Finding: That the design or improvement of the proposed subdivision is not consistent with applicable general and specific plans.

Evidence: The current uses and buildings are consistent with the existing development standards of the General Plan designation of Folsom Boulevard Planning Area (FBPA) and the Zoning Code designation of Office Industrial Mixed Use within the Folsom Boulevard Specific Plan (FB-OIMU). The subject property is compliant to the adopted Folsom Boulevard Specific Plan standards as no physical improvements are proposed with the Tentative Parcel Map.

3. Finding: That the site is not physically suitable for the type of development.

Evidence: The site is physically suitable to subdivide. The existing parcel will be split into four parcels. Buildings will be located within the individual parcels and all parcel lines will be placed in compliance with setback requirements. Each new parcel will be supported by on-site parking, cross access, and landscaping per the requirements of the City of Rancho Cordova Folsom Boulevard Specific Plan and Zoning Code.

4. Finding: That the site is not physically suitable for the proposed density of development.

Evidence: The site is physically suitable for the proposed density of development. The proposed Tentative Parcel Map will divide the existing parcel into four commercial lots. No additions or physical improvements are proposed at this time. The existing parking and vehicular access drives will be reciprocally joined for common use and maintenance as a condition of the map.

5. Finding: That the design of the subdivision or the proposed improvements are likely to cause substantial environmental damage or substantially and avoidably injure fish or wildlife or their habitat.

Evidence: The proposed project does not involve any physical improvements or changes in use at this time. The site is currently developed with paved parking, landscaped areas, and four existing commercial buildings without any undeveloped areas that could contain sensitive plant and/or wildlife. The proposed project can be found exempt from environmental review pursuant to Section 15315 of the California Environmental Quality Act.

6. Finding: That the design of the subdivision or the type of improvements is likely to cause serious public health problems.

Evidence: The subdivision of one parcel into four new parcels would allow the existing and future buildings to be placed on individual lots. The subject property is already developed with a commercial-office center. The proposed Tentative Parcel Map does not include any physical change and will not disturb any previously undisturbed area. No public health problems will result from approval of the subdivision map.

7. Finding: That the design of the subdivision or the type of improvements will conflict with easements, acquired by the public at large, for access through or

ATTACHMENT 1

use of property within the proposed subdivision. In this connection, the legislative body may approve a map if it finds that alternate easements, for access or for use, will be provided, and that these will be substantially equivalent to ones previously acquired by the public.

Evidence: There are existing easements within the proposed subdivision for access through the property. No change is proposed with this subdivision and a condition has been placed on the project to ensure the access and shared parking remains for all businesses prior to sale of the new parcels.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the ____ day of _____, 2015 by the following vote:

AYES:

NOES:

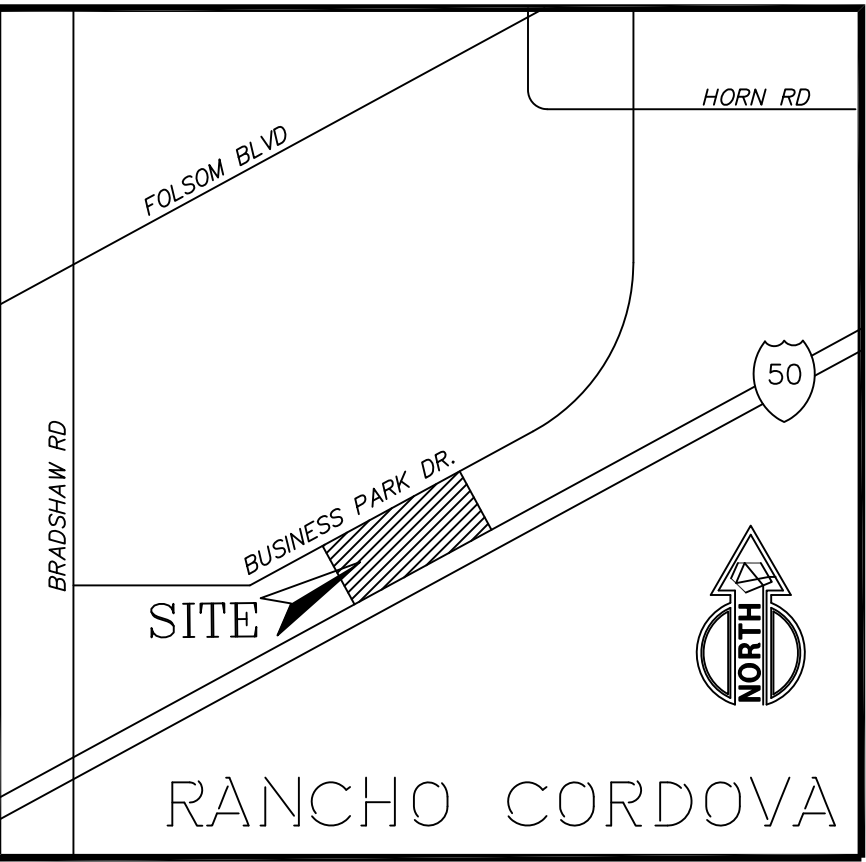
ABSENT:

ABSTAIN:

Robert J. McGarvey, Mayor

ATTEST:

Mindy Cuppy, MMC, City Clerk



VICINITY MAP
NOT TO SCALE

LEGEND OF SYMBOLS:

- AC ASPHALT
- APN ASSESSOR PARCEL NUMBER
- BFP BACK FLOW PREVENTOR
- BLDG BUILDING
- BSL BUILDING SETBACK LINE
- CB CATCH BASIN
- DWY DRIVEWAY
- EB ELECTRICAL BOX
- EC ELECTRICAL CABINET
- EV ELECTRICAL VAULT
- FDC FIRE DEPARTMENT CONNECTION
- FH FIRE HYDRANT
- GM GAS METER
- PIV POST INDICATOR VALVE
- SQ. FT. SQUARE FEET
- SDMH STORM DRAIN MANHOLE
- SSCO SANITARY SEWER CLEANOUT
- SSMH SANITARY SEWER MANHOLE
- TEL TELEPHONE MANHOLE
- TRANS TRANSFORMER
- UB UTILITY BOX
- WM WATER METER
- WV WATER VALVE
- YL YARD LIGHT
- FOUND 3/4" REBAR
- SS SANITARY SEWER LINE
- SD STORM DRAIN LINE

UTILITY COMPANIES:

- GAS - PG&E
5555 FLORIN-PERKINS ROAD
SACRAMENTO, CA 95826
- ELECTRIC - SHUD
6201 S STREET
SACRAMENTO, CA 95836
- WATER - CALIFORNIA AMERICAN WATER COMPANY
4701 BELOIT DRIVE
SACRAMENTO, CA 95838
- SEWER - SACRAMENTO AREA SEWER DISTRICT
10060 GOETHE ROAD
SACRAMENTO, CA 95827
- STORM - CITY OF RANCHO CORDOVA
2729 PROSPECT PARK DRIVE
RANCHO CORDOVA, CA 95670

UTILITIES ARE SHOWN HEREON ARE BASED ON OBSERVED EVIDENCE ALONG WITH PLANS PROVIDED BY THE ABOVE MENTIONED UTILITY COMPANIES. THE EXACT LOCATION OF THE UNDERGROUND LINES ARE UNKNOWN.

LEGAL DESCRIPTION:

COMMENCING AT THE MOST SOUTHWESTERLY CORNER OF SAID PARCEL C; THENCE NORTH 0°02'43" EAST ALONG THE WEST LINE OF SAID PARCEL C, 356.16 FEET TO THE POINT OF BEGINNING; THENCE NORTH 57°34'12" EAST 781.87 FEET; THENCE SOUTH 32°25'48" EAST 315.00 FEET TO A POINT ON THE SOUTH LINE OF PARCEL C; THENCE SOUTH 57°34'12" WEST 781.87 FEET; THENCE NORTH 32°25'48" WEST 315.00 FEET TO THE POINT OF BEGINNING.

TENTATIVE PARCEL MAP

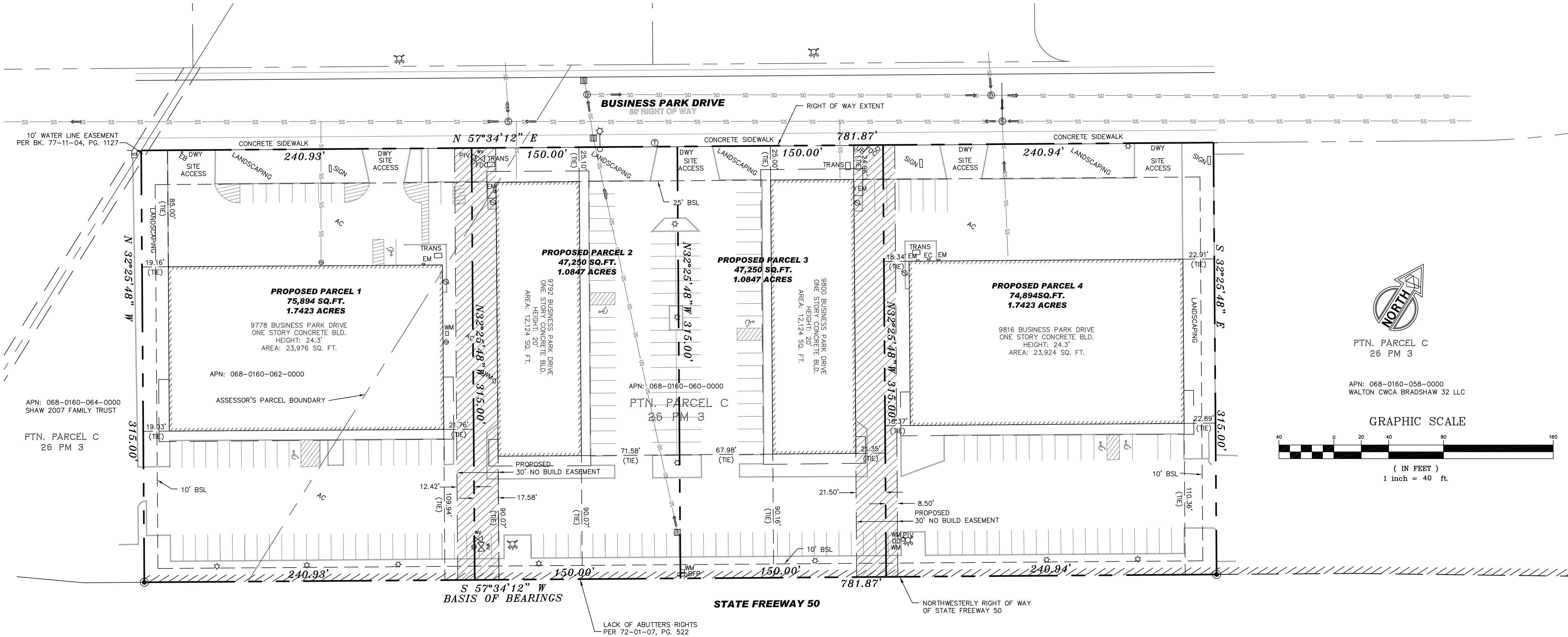
A PORTION OF PARCEL C., AS SHOWN ON THE PARCEL MAP ENTITLED 'FOLSOM INDUSTRIAL PARK BEING A PORTION OF RANCHO RIO DE LOS AMERICANOS IN PROJECTED T. 8N., R. 6E., M.D.M., RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF SACRAMENTO COUNTY, ON APRIL 29, 1976, IN BOOK 26 OF PARCEL MAPS, AT PAGE 3

BUSINESS PARK DRIVE
SACRAMENTO, COUNTY OF SACRAMENTO CALIFORNIA

SCALE 1" = 40'
DATE: DECEMBER, 2014

TOTAL LAND AREA:

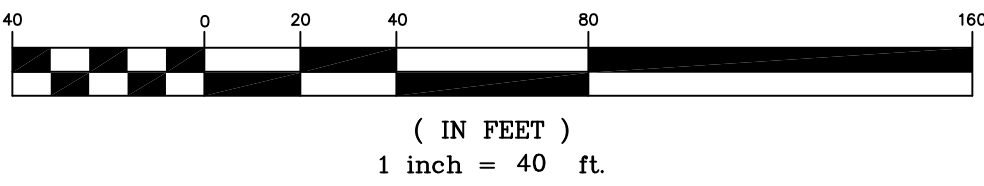
246,287 SQ. FT.
5.6540 ACRES

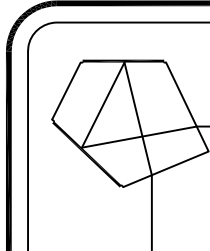


PTN. PARCEL C
26 PM 3

APN: 068-0160-058-0000
WALTON CWCA BRADSHAW 32 LLC

GRAPHIC SCALE





SLOOTEN CONSULTING INC.
SURVEYING & ENGINEERING
E-MAIL: OFFICE@SLOOTEN.COM
4740 NORTHGATE BLVD., SUITE 115
SACRAMENTO, CA 95834

(916)641-7570
(FAX)641-7572
JOB NO. 9364-01

Conditions of Approval

EXHIBIT B

		<u>Category</u>	<u>Timing/ Implementation</u>	<u>Enforcement/ Monitoring</u>	<u>Verification</u> (date & Signature)
General Conditions					
1.	The approved entitlement is for a Tentative Parcel Map, to subdivide one (1) parcel (APN 058-0261-027-0000) into four (4) parcels, as described in the City Council staff report dated April 6, 2015 and Tentative Subdivision Map (Exhibit A) dated stamped January 21, 2015 with the conditions herein, for project number DD8558.	Project Description	On-Going	Planning	
2.	The Applicant shall hold harmless the City, its Council Members, officers, agents, employees, and representatives from liability for any award, damages, costs and fees incurred by the City and/or awarded to any plaintiff in an action challenging the validity of this permit or any environmental or other documentation related to approval of this permit. Applicant further agrees to provide a defense for the City in any such action.	General	On-Going	Planning	
3.	Any future alteration to the buildings, change in use, intensification of the site, or modification to the parking and landscaped area must be reviewed by the City to ensure compliance with all local, state, and federal regulations. Minor modifications that are found to be in substantial conformance with the approved plans such as colors, plant materials, or minor lot line adjustments, may be approved administratively. Major modifications shall be approved by the applicable decision making body.	General	On-Going	Planning/ Building /Public Works	
4.	Applicant/Developer shall not carry a negative account balance with the City for the processing of the project. If a negative account balance occurs, it will be the developer's responsibility to pay the balance due, in order to avoid delays in the processing of future permits or recordation of maps. Please email the Finance Department at billings@cityofranchocordova.org for the status of your account with the City.	General	On-Going	Finance	

Conditions of Approval

EXHIBIT B

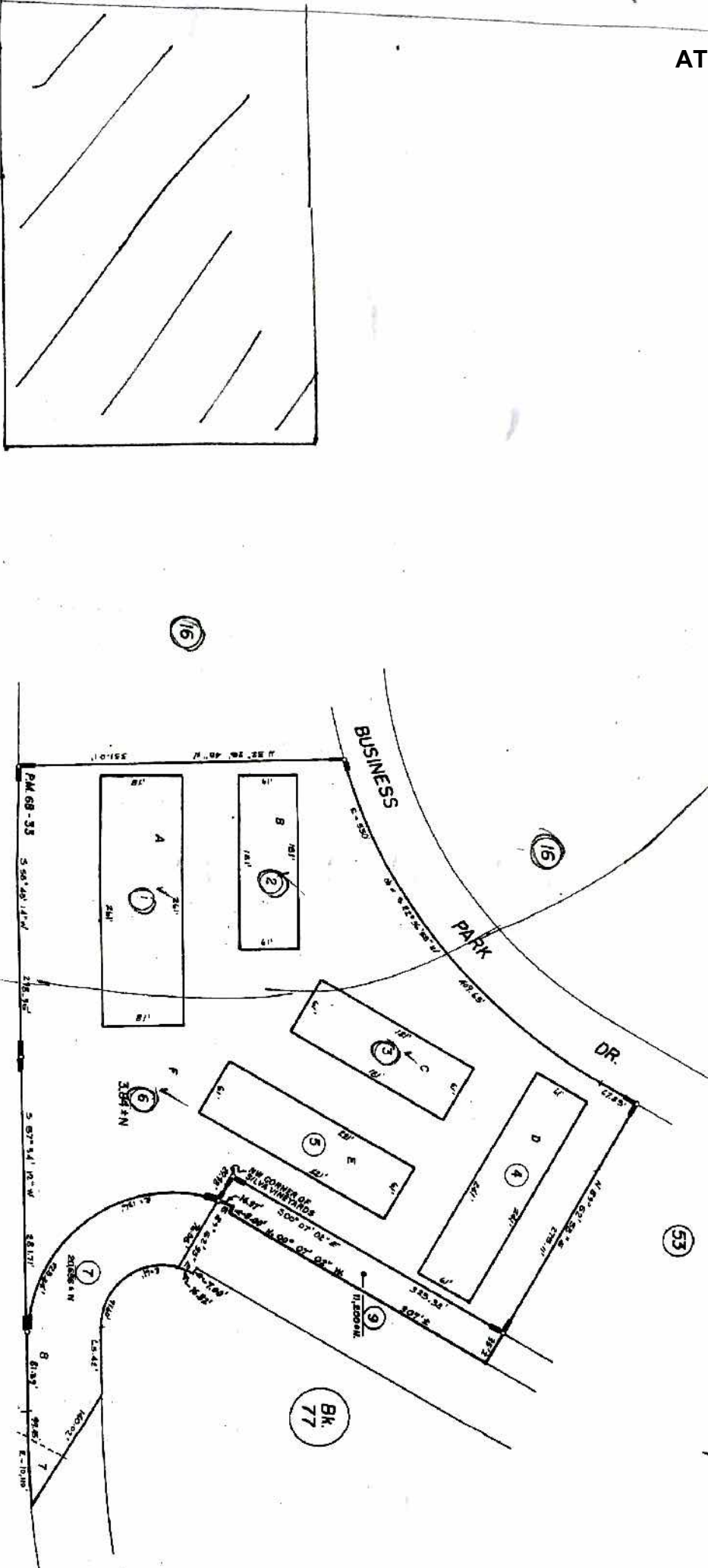
		<u>Category</u>	<u>Timing/ Implementation</u>	<u>Enforcement/ Monitoring</u>	<u>Verification</u> (date & Signature)
Prior to Recordation of the Subdivision Map					
5.	The Tentative Parcel Map approval is valid for three years from the date of City Council approval, unless an extension of time is subsequently approved per Government Code Section 66452.6(e), unless extended by the terms of a Development Agreement.	Subdivision	Three years, commencing with the date of approval.	Planning/Public Works	
6.	Applicant shall apply for an encroachment permit from the Public Works Department for the replacement of damaged sidewalk along property frontage to the satisfaction of The Public Works Department. Please contact the Public Works Department at (916) 851-8713 to arrange for a site meeting and markout of damaged sidewalk. Sidewalk panels shall be replaced to the nearest joint prior to occupancy.	Encroachment Permit	Prior to Recordation of the Subdivision Map	Public Works	
7.	A note shall be placed on the final map stating that "Reciprocal access and parking between parcels shown hereon shall be granted/reserved prior to the sale and/or reconveyance of said parcels	Access and Parking	Prior to Recordation of the Subdivision Map	Public Works	
8.	Dedicate a standard 12.5-foot Public Utility Easement for the installation and maintenance of water, gas, sewer and drainage pipes, traffic control devices and for poles and overhead and underground wires and conduits for electrical, television and telephone services and appurtenances adjacent to all public drive.	Utilities	Prior to Recordation of the Subdivision Map	Public Works	



6 OCT 01 2007

POR. T. 8N., R. 6E., M.D.B. 8M.
(PROJ. INTO RANCHO RIO DE LOS AMERICANOS)

68-54

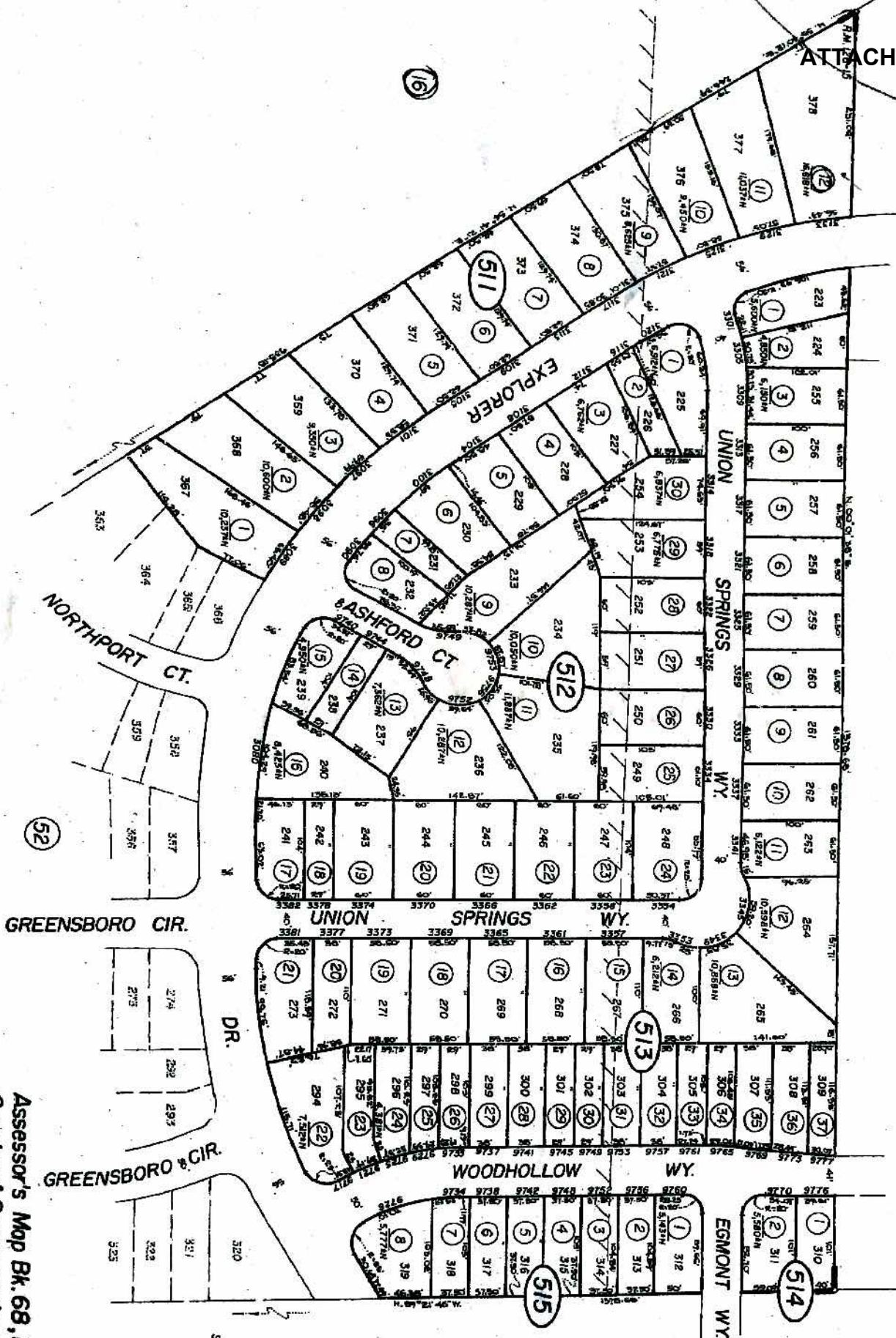


Silva Vineyards, R.M. Bk. 19, Pg. 29
Capital Commerce Office Park, P.M. Bk. 68, Pg. 33 (1-6-82)

NOV 12 2007
Assessor's Map Bk. 68 Pg. 54
County of Sacramento, Calif.

POR. T.8N., R.6E., M.D.B.M.
(PROD. INTO RANCHO RIO DE LOS AMERICANOS)

68-51



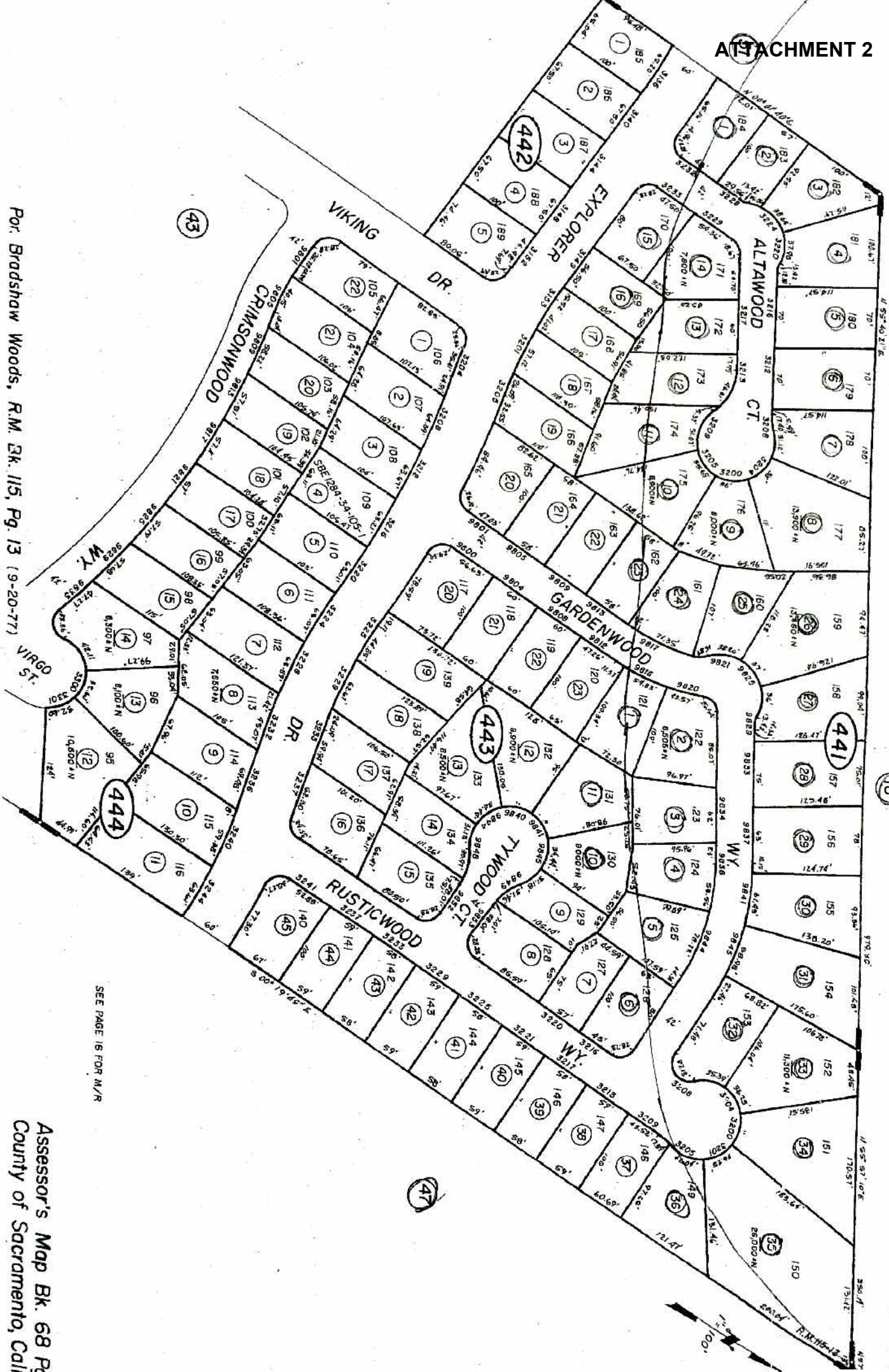
Por Bradshaw Woods Unit No. 3, R.M. Bk. 126, Pg. 15 (11-1-78)

Assessor's Map Bk. 68, Pg. 51
County of Sacramento, Calif.

POR. T. 8N., R. 6E., M. D.B. & M.
(PROD. INTO RANCHO RIO DE LOS AMERICANOS)

68-44

AGENDA ITEM 9.2



SEE PAGE 16 FOR M/R

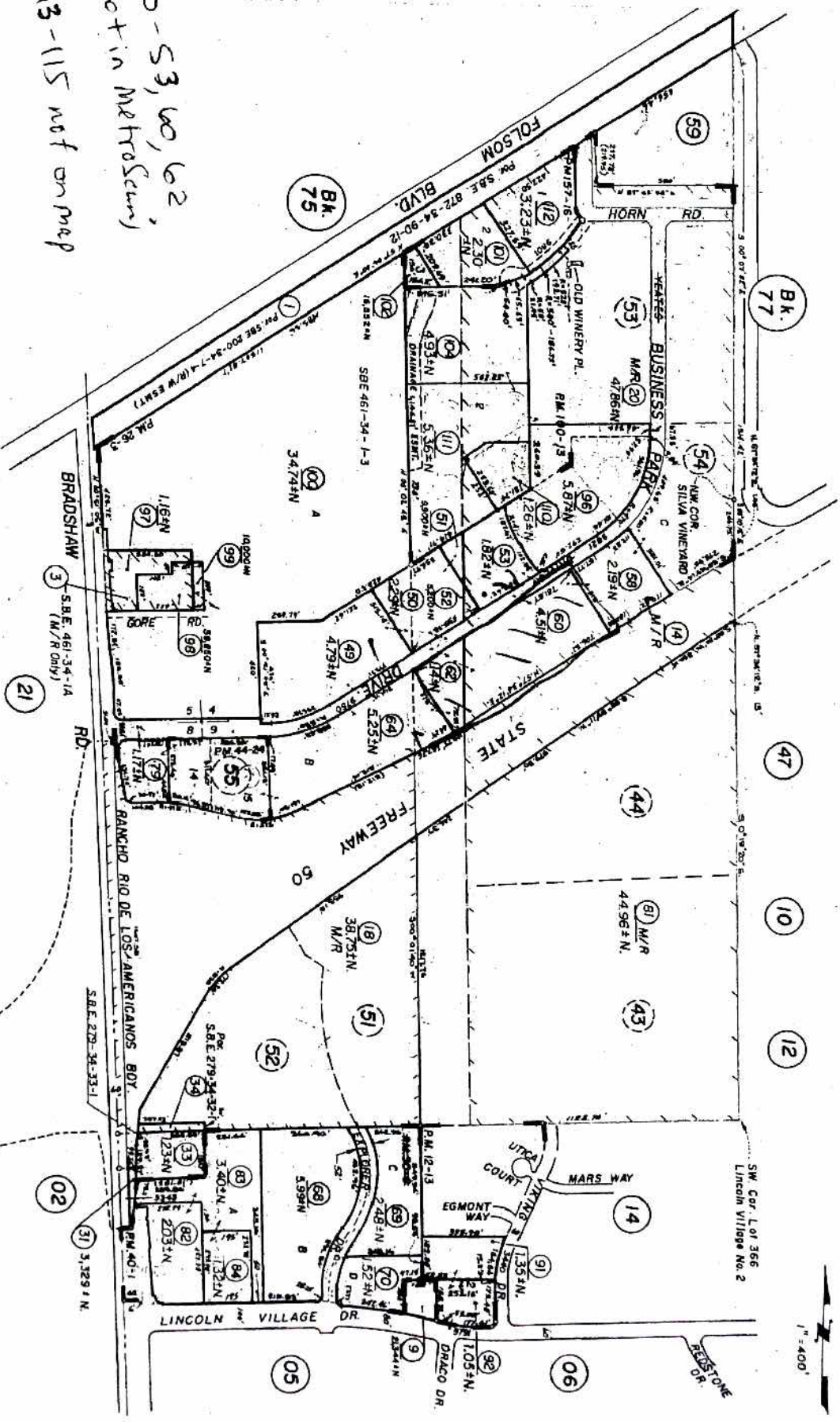
For: Bradshaw Woods, R.M. 8K. 115, Pg. 13 (9-20-77)

Assessor's Map Bk. 68 Pg. 44
County of Sacramento, Calif.

POR. T. 8 N., R. 6 E., M. D. B. & M.
(PROJ. INTO RANCHO RIO DE LOS AMERICANOS)

68-16

1" = 400'



Assessor's Map Bk. 68 Pg. 16
County of Sacramento, Calif.

Por. Old Mills Winery Business Park, P.M. Bk. 100, Pg. 13 (6-25-87)

60462 combine into 115??

50-53, 60, 62
not in MetroSecur;
113-115 not on map

113: 9777 Business Park
114: 9795 "
115: 9792 "
"

49: 9767 Business Park ✓
53: 9622 ✓
54: 9750 ✓



068 0160 049 0000
Ncwp Bradshaw Bsns Pk LLC
810 NW Marshall St #300
Portland, OR 97209

068 0160 058 0000
Walton Cwca Bradshaw 32 LLC(Bre & Entrpr
Po Box 460169
Houston, TX 77056

068 0160 064 0000
Shaw
9857 Horn Rd
Sacramento, CA 95827

068 0160 096 0000
Bruce & Arlyne Fite D
9857 Horn Rd
Sacramento, CA 95827

068 0160 100 0000
Santa Fe Pac Pipelines Inc(Kinder Morgan
1100 Town/country Rd
Orange, CA 92868

068 0160 110 0000
Bruce & Arlyne Fite D
9857 Horn Rd
Sacramento, CA 95827

068 0160 111 0000
Bruce & Arlyne Fite D
9857 Horn Rd
Sacramento, CA 95827

068 0160 113 0000
Ncwp Bradshaw Bsns Pk LLC
810 NW Marshall St #300
Portland, OR 97209

068 0160 114 0000
Ncwp Bradshaw Bsns Pk LLC
810 NW Marshall St #300
Portland, OR 97209

068 0160 115 0000
Ncwp Bradshaw Bsns Pk LLC
810 NW Marshall St #300
Portland, OR 97209

068 0441 001 0000
McCoy
3232 Altawood Ct
Sacramento, CA 95827

068 0441 002 0000
Anita & Raymond Martinez
3228 Altawood Ct
Sacramento, CA 95827

068 0441 003 0000
Dani Binegar
3224 Altawood Ct
Sacramento, CA 95827

068 0441 004 0000
Roger & Joannie Fisher
3220 Altawood Ct
Sacramento, CA 95827

068 0441 005 0000
Richard & Jamey Pudge
9072 Brevard Dr
Sacramento, CA 95829

068 0441 006 0000
Nhan Bui
3212 Altawood Ct
Sacramento, CA 95827

068 0441 007 0000
Juliet Meighan
3208 Altawood Ct
Sacramento, CA 95827

068 0441 008 0000
Joe & Marion Contreras
5541 Salmon Falls Rd
Pilot Hill, CA 95664

068 0441 009 0000
Jose Herrera
645 Spruce St
Dixon, CA 95620

068 0441 010 0000
Raquel Sanchez
3205 Altawood Ct
Sacramento, CA 95827

068 0441 011 0000
Thomas Lee Binns
3209 Altawood Ct
Sacramento, CA 95827

068 0441 012 0000
Barbara Hazewood
3213 Altawood Ct
Sacramento, CA 95827

068 0441 013 0000
Michael Aaron Farrell
9599 Mira Del Rio Dr
Sacramento, CA 95827

068 0441 014 0000
Diana Khrestsov
3229 Altawood Ct
Sacramento, CA 95827

068 0441 015 0000
Kimba Green
3233 Altawood Ct
Sacramento, CA 95827

068 0441 023 0000
Rex Ikegami
9813 Gardenwood Way
Sacramento, CA 95827

068 0441 024 0000
T Le Lam Huyen
4142 W Corona Dr
Chandler, AZ 85226

068 0441 025 0000
Wda59 LLC & Phil Adams
11707 Fair Oaks Blvd #300
Fair Oaks, CA 95628

068 0441 026 0000
Olga Trukhan
9825 Gardenwood Way
Sacramento, CA 95827

068 0441 027 0000
Lori Sawyer
9829 Gardenwood Way
Sacramento, CA 95827

ATTACHMENT 2

068 0441 028 0000
 Vanston Sigrah
 9833 Gardenwood Way
 Sacramento, CA 95827

068 0441 029 0000
 Campbell
 6531 Moraga Dr
 Carmichael, CA 95608

068 0441 030 0000
 Tyrone Jones
 9841 Gardenwood Way
 Sacramento, CA 95827

068 0441 031 0000
 Brian Gerwer
 9845 Gardenwood Way
 Sacramento, CA 95827

068 0441 032 0000
 Paul & Donna Miller
 3208 Rusticwood Way
 Sacramento, CA 95827

068 0441 033 0000
 Sheri Ervin
 3204 Rusticwood Way
 Sacramento, CA 95827

068 0441 034 0000
 Phong Lam
 3200 Rusticwood Way
 Sacramento, CA 95827

068 0441 035 0000
 Cynthia Dollison
 11087 Buffalo River Ct
 Rancho Cordova, CA 95670

068 0441 036 0000
 Heather Honey
 3205 Rusticwood Way
 Sacramento, CA 95827

068 0443 001 0000
 Thr California LP
 21001 N Ttm Bl 1630 630
 Phoenix, AZ 85050

068 0443 002 0000
 Dale & Grace Schick
 9820 Gardenwood Way
 Sacramento, CA 95827

068 0443 003 0000
 Kathleen Benner
 9834 Gardenwood Way
 Sacramento, CA 95827

068 0443 004 0000
 John Kiley
 9838 Gardenwood Way
 Sacramento, CA 95827

068 0443 005 0000
 Roger Winzer
 9844 Gardenwood Way
 Sacramento, CA 95827

068 0443 006 0000
 Michael Decker & Christina Craig
 3216 Rusticwood Way
 Sacramento, CA 95827

068 0443 010 0000
 Roniello Torres
 9845 Tywood Ct
 Sacramento, CA 95827

068 0443 011 0000
 Moon Do Kim
 720 Zwissig Way
 Union City, CA 94587

068 0474 006 0000
 Jeffrey Law
 9853 Bexley Dr
 Sacramento, CA 95827

068 0474 007 0000
 James Orey II
 9849 Bexley Dr
 Sacramento, CA 95827

068 0474 008 0000
 Doug & Meriane Chisholm
 Po Box 33
 Carmichael, CA 95609

068 0511 012 0000
 Peter & Pamela Kecskes
 3133 Explorer Dr
 Sacramento, CA 95827

068 0540 001 0000
 Ncwp Bradshaw Bsns Pk LLC
 810 NW Marshall St #300
 Portland, OR 97209

068 0540 002 0000
 Bayfarm Properties LLC
 9840 Business Park Dr
 Sacramento, CA 95827

068 0540 003 0000
 Ncwp Bradshaw Bsns Pk LLC
 810 NW Marshall St #300
 Portland, OR 97209

068 0540 006 0000
 Ncwp Bradshaw Bsns Pk LLC
 810 NW Marshall St #300
 Portland, OR 97209

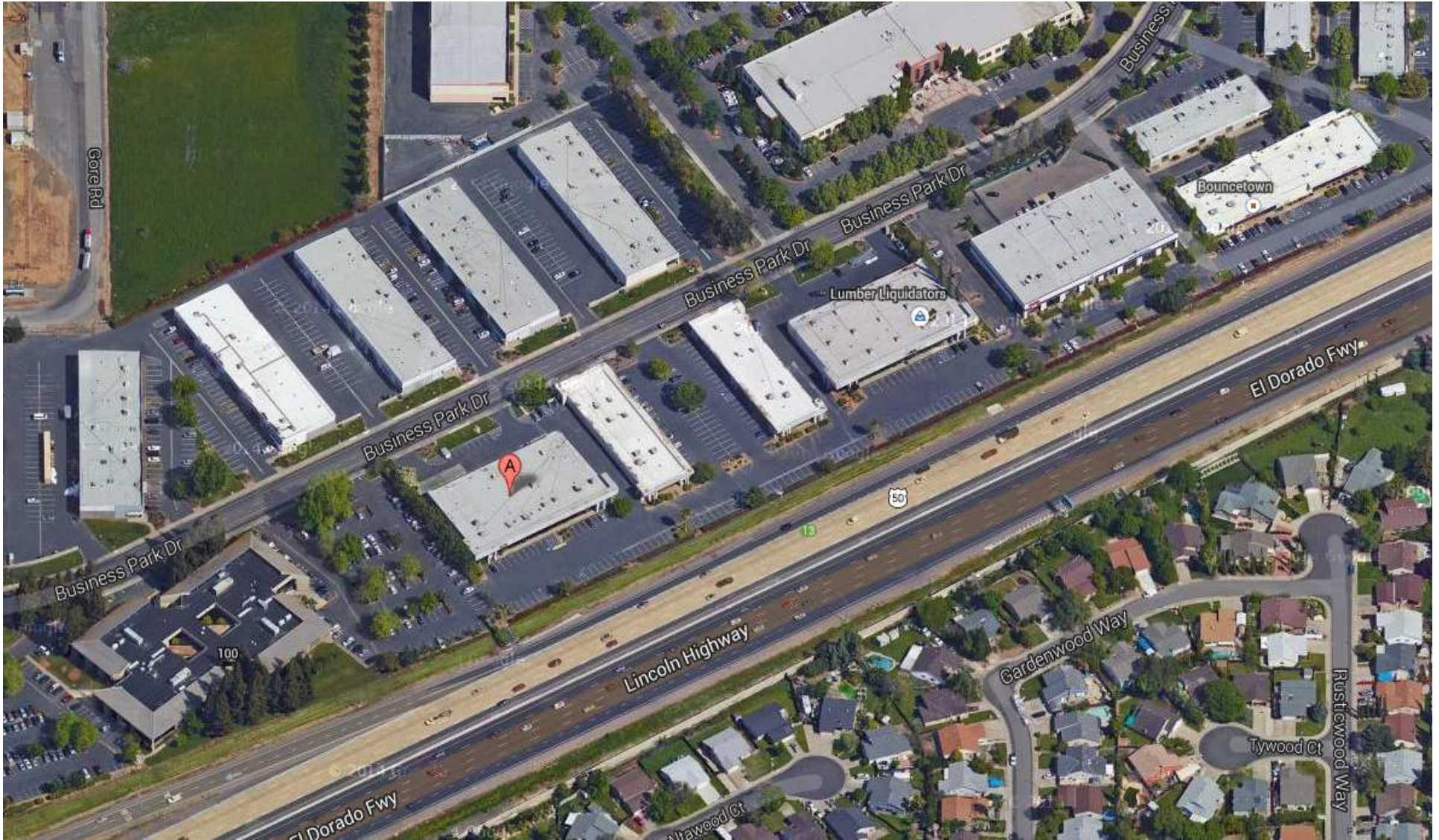
Bradshaw Business Park Tentative Parcel Map DD8558

**Rancho Cordova City Council
Matthew Diaz, Project Planner
April 6, 2015**

Project Request

- Parcel 1 and 4: A new 1.74 acre (75,894 square feet) parcel with an existing 23,976 square foot (0.31 floor area ratio)
- Parcel 2 and 3: A new 1.08 acre (47,250 square feet) parcel with an existing 12,124 square foot (0.25 floor area ratio)

Site Location



[illegible]

Environmental Review

- This project is Categorically Exempt under Section 15315, Minor Land Division, of the California Environmental Quality Act (CEQA) Guidelines.

Recommended Motions

- “I move that City Council determine the project Categorically Exempt under Section 15315, Minor Land Division, of the California Environmental Quality Act (CEQA) Guidelines and approve the Tentative Parcel Map for Bradshaw Business Park Project No. (DD8558), Subject to the proposed map (Exhibit A), Conditions of Approval (Exhibit B), and Findings contained in the Resolution.”

MEMORANDUM

DATE: April 6, 2015

TO: Honorable Mayor and Council Members

FROM: Jessica Jordan, Principal Planner



SUBJECT: CLEAR CHANNEL OUTDOOR DIGITAL FREEWAY SIGN CONDITIONAL USE PERMIT AND OPERATING AGREEMENT; PROJECT NO. DD8480 – LOCATED AT 12137 FOLSOM BOULEVARD.

PROPERTY OWNERS: John & Susan Hansen Mr. John Hansen 2201 Francisco Drive El Dorado Hills, CA 95762	APPLICANT/DEVELOPERS: Clear Channel Outdoor Mr. John Thompson 401 Slobe Avenue Sacramento, CA 95815
--	--

PROJECT: FILE: LOCATION: APN: PLANNER:	The applicant requests a Conditional Use Permit and Operating Agreement for the installation of a digital freeway sign at 12137 Folsom Boulevard (APN 069-0160-004-0000). The proposed digital freeway sign would be 60 feet in height and would have two digital display areas measuring 14 feet by 48 feet, for a sign area of 672 square feet on each side. Decorative pole cladding would surround the center-mounted pole base. The ten existing redwood trees along Highway 50 in this location will be removed and replaced by a substantial hedgerow. The project also includes the removal of two existing traditional billboards located at 2300 Mine Shaft Lane and 2286 Sunrise Boulevard. DD8480 12137 Folsom Boulevard 069-0160-004-0000 Jessica Jordan
---	---

RECOMMENDATION

Staff recommends the City Council take one of the following actions:

1. Consistent with Council direction received on December 15, 2014, adopt Resolution 3-2015 denying the Clear Channel Outdoor Conditional Use Permit and Operating Agreement; OR
2. Continue the item to the May 4, 2015 City Council meeting at the request of Vice Mayor Sander; OR
3. Consider the additional information included within the staff report and provide staff with alternative direction as desired.

RESULT OF RECOMMENDED ACTION

Granting of the continuance would reschedule this item to the May 4, 2015 City Council meeting. Adoption of the Resolution would deny the Clear Channel Outdoor project. Alternatively, the City Council can provide other direction regarding preparation of alternate Resolutions or conducting additional research to be brought back for consideration in the future.

BACKGROUND

This item as well as Agenda Item 14.2 from Sierra Outdoor/Outfront Media were first presented to the City Council on November 17, 2014. Since that date, both proposals were presented to the Council on multiple occasions with the recommendations for denial of the Clear Channel proposal and approval of the Sierra Outdoor/Outfront Media proposal. For details concerning prior milestones of the subject application, please refer to the attached February 17, 2015 Council staff report included in **Attachment 1**.

At the February 17, 2015 Council meeting, the Council received testimony from both applicants and multiple concerned residents about the proposed billboard applications. Following receipt of the testimony, the Councilmembers discussed the project along with Agenda Item 14.2. Council raised questions regarding the technological capabilities of digital freeway signs as well as a desire to better understand the costs to advertise on these sign types in more detail. In order to obtain this information, the City Council voted to continue the item to the April 6, 2015 City Council meeting.

ADDITIONAL INFORMATION

During the February 17, 2015 City Council meeting, the City Council identified two items that needed further investigation including: the technological capabilities of digital freeway signs and potential regulation thereof; and, the costs of leasing space on digital freeway signs and whether or not it would be an attainable method of advertising for small businesses in the area.

Technological Capabilities:

As discussed at the previous public hearing, digital freeway signs can be equipped with technologies that “interact” with vehicles passing by at various levels. The least invasive technological ability of this sign type would be a device within the sign structure that is capable of communicating with a vehicle’s key fob. This allows the sign to read the radio frequency from within the vehicle and gain information about the vehicle owner’s buying preferences, etc. A driver would be completely unaware of this exchange. The most invasive technological ability of this sign type would be a device within the sign structure that could tailor a message directly to a specific person driving by. This would be highly limited and unlikely on signs within the City limits given the restriction on messaging timing to changing only every 8 seconds and the prohibition on flashing messages. Current CalTrans regulations do not include any provisions that address either of these technologies. The applicant has committed that their proposed sign would not be equipped with any devices of these types. If approved, a provision memorializing this commitment would be added to the Operating Agreement.

Leasing Costs:

No information regarding pricing has been received to date. The applicant has indicated additional information relative to pricing will be provided prior to the May 4, 2015 City Council meeting.

RECOMMENDATION

Staff recommends the City Council consider the request for continuance to May 4, 2015 or adopt Resolution 3-2015 denying the Clear Channel Outdoor Conditional Use Permit and Operating Agreement or direct staff to prepare an alternate Resolution or conduct further research as desired.

ATTACHMENT

February 17, 2015 Staff Report package with Attachments

MEMORANDUM

DATE: February 17, 2015

TO: Honorable Mayor and Council Members

FROM: Jessica Jordan, Principal Planner



SUBJECT: CLEAR CHANNEL OUTDOOR DIGITAL FREEWAY SIGN CONDITIONAL USE PERMIT AND OPERATING AGREEMENT; PROJECT NO. DD8480 – LOCATED AT 12137 FOLSOM BOULEVARD.

PROPERTY OWNERS: John & Susan Hansen Mr. John Hansen 2201 Francisco Drive El Dorado Hills, CA 95762	APPLICANT/DEVELOPERS: Clear Channel Outdoor Mr. John Thompson 401 Slobe Avenue Sacramento, CA 95815
--	--

PROJECT: FILE: LOCATION: APN: PLANNER:	The applicant requests a Conditional Use Permit and Operating Agreement for the installation of a digital freeway sign at 12137 Folsom Boulevard (APN 069-0160-004-0000). The proposed digital freeway sign would be 60 feet in height and would have two digital display areas measuring 14 feet by 48 feet, for a sign area of 672 square feet on each side. Decorative pole cladding would surround the center-mounted pole base. The ten existing redwood trees along Highway 50 in this location will be removed and replaced by a substantial hedgerow. The project also includes the removal of two existing traditional billboards located at 2300 Mine Shaft Lane and 2286 Sunrise Boulevard. DD8480 12137 Folsom Boulevard 069-0160-004-0000 Jessica Jordan
---	---

RECOMMENDATION

The following recommendations provide the City Council with alternative approaches to address the proposed Digital Freeway Sign application:

1. Consistent with Council direction received on December 15, 2014, adopt Resolution 3-2015 denying the Clear Channel Outdoor Conditional Use Permit and Operating Agreement; OR
2. Consider additional information included within the staff report and the public testimony and provide staff with alternative direction as desired.

RESULT OF RECOMMENDED ACTION

Adoption of the Resolution would deny the Clear Channel Outdoor project. Alternatively, the City Council can provide other direction regarding preparation of alternate Resolutions or conducting additional research to be brought back for consideration in the future.

BACKGROUND

This item as well as Agenda Item 14.2 from Sierra Outdoor/Outfront Media were first presented to the City Council on November 17, 2014. A second public hearing was held on December 15, 2014. During the public hearing, staff presented further details of the project and answered questions. The applicants provided information to the City Council as well. At the conclusion of the discussion, the City Council directed staff to prepare documents denying the Clear Channel Outdoor project as proposed and return the item to the City Council at their January 20, 2015 meeting. The Resolution for denial is provided herein as **Attachment 1**. The City Council also continued the Sierra Outdoor/Outfront Media item and directed staff to prepare documents for approval of that request.

At the January 20, 2015 City Council meeting, the City Council expressed a desire to hear additional testimony before taking action. Since the prior public hearing was previously closed, the City Council directed staff to re-notice the public hearing for this item for February 17, 2015 to allow for consideration of new information. The City Council opened the hearing and briefly discussed the item. The City Council specifically requested that staff provide an ownership map/inventory of all existing billboards within the City limits. Said map is provided herein as **Attachment 2**. Additionally, the past Council actions on the digital freeway signs Code amendments in 2012 were discussed. Councilmember Terry requested any minutes or materials from 2012, specifically from the Council ad-hoc committee, be provided within this staff report. In turn, Councilmember Budge provided a summary of the ad-hoc committee's actions from 2012. Staff has reviewed the 2012 materials and meeting videos and has found no record beyond Councilmember Budge's summary of the ad-hoc committee's work therefore, no attachments responding to this request are provided. In addition to the Council's direction to re-notice this item, the City Council advised members of the public who were interested in the two different proposals to submit any information on these items to staff ten days prior to the new Council meeting date.

Following the meeting, staff requested that the applicant, citizens, or other interested parties submit materials or additional information by February 9, 2015 for analysis prior to the public hearing. The items that were received are attached and summarized below.

ADDITIONAL INFORMATION

Staff received the following new information regarding the project: 1) letter from Clear Channel Outdoor; 2) letters from Clear Channel Outdoor subject property owner; and 3) letters from neighborhood associations. Provided below is a brief overview of these submittals.

Clear Channel Outdoor letter

The following table provides a summary of the project as proposed by the applicant today. In short, since the January 2015 meeting, Clear Channel Outdoor has committed to not removing any trees within their project site. Clear Channel does not have any additional signs within the City limits to propose for removal. Further details are provided in **Attachment 3**.

Clear Channel Proposal

Installation	12137 Folsom Boulevard
Removals	2300 Mine Shaft Lane 2286 Sunrise Boulevard
Conditional Signing Bonus	\$75,000
Additional Monies	\$25,000
Annual Payments	Years 1-5: \$60,000 Years 6-10: \$80,000 Years 11-25: \$100,000

Petition from Bluff City, Inc. Homeowners Association, et al

Prior to the January 20, 2015 City Council meeting, the City received a petition from the Bluff City, Inc. Homeowners Association, Lake Natoma Heights Neighborhood Association, Rollingwood Unit #6 Homeowners Association, Save the American River Association, and The Classics at Gold River requesting the City Council reject the Mitigated Negative Declaration prepared for this project on the grounds that adequate notice did not occur. Staff has reviewed this petition and found that the noticing was legally adequate. The petition is provided as **Attachment 4**.

Clear Channel Outdoor Subject Property Owner Letters

Mr. John Hansen provided several letters prior to this staff report and the January 20th City Council hearing, included as **Attachment 5**. These letters contain numerous questions, of which staff can only respond to a limited few. In short, Mr. Hansen is requesting that the City Council reconsider the Clear Channel proposal and reverse the decision to deny the application. Mr. Hansen's letter makes inquiries regarding the application process, location of sign removals, safety concerns voiced by the City Council, and landscape modifications at the Naturewood site. Both this application and the proposal by Sierra Outdoor/Outfront Media have been handled in the typical, legally mandated fashion. The City Council has provided many comments on the record regarding the proposed projects, expressing their opinion, and directing staff to prepare resolutions in a clear manner. The various signs proposed for removal by both applicants are located within the city limits. Safety concerns associated with digital freeway signs were discussed during the prior Council meeting and included distance between digital signs and freeway directional signs and the possible driver confusion that may result. Sierra Outdoor/Outfront Media has responded to Mr. Hansen's concern regarding onsite trees within their letter (**See Agenda Item 14.2 Attachment 3**). Staff has reviewed this information and while the tree removal at Naturwood does not appear to be associated with the digital freeway sign project, it would have likely required Minor Design Review. There are no records that this review was conducted in the past. It would be quite difficult to conduct such a review at this point in time but, could be pursued if Council so desired.

Memorandum from Bluff City, Inc. Homeowners Association

The Bluff City, Inc. Homeowners Association, Lake Natoma Heights Neighborhood Association, Rollingwood Unit #6 Homeowners Association, and Save the American River Association, prepared a document entitled "Why the City of Rancho Cordova Should Not Approve Digital Billboards at This Time – A Proposal for Planning", included as **Attachment 6**. The Memorandum was prepared by the neighborhood associations with the assistance of Mr. Jerry Wachtel. The memorandum and reference documents contain extensive information regarding digital freeway sign operation and safety. The group requests that the City Council pause and conduct more comprehensive research into various aspects of digital freeway signs prior to taking action on either the Clear Channel Outdoor or Sierra Outdoor/Outfront Media projects.

The memorandum cites several deficiencies within the Mitigated Negative Declaration prepared for the project including how it has or has not addressed sign brightness and message dwell time, future capabilities of this sign type and adverse impacts on traffic safety, and misstatements within the document itself. Staff believes the originally prepared Mitigated Negative Declaration adequately addresses the anticipated impacts of the proposed project and is consistent with the City's Code standards. However, should the Council so desire, additional study of the issues raised in **Attachment 6** could be conducted.

RECOMMENDATION

Staff recommends the City Council adopt Resolution 3-2015 denying the Clear Channel Outdoor Conditional Use Permit and Operating Agreement or direct staff to prepare an alternate Resolution or conduct further research as desired.

ATTACHMENT(S)

Please note, with the exception of Attachments 1 and 3, attachments provided herein are duplicate of the Sierra Outdoor/Outfront Media staff report package.

1. Resolution 3-2015
2. City map of existing traditional and digital billboards and ownership
3. Letter from Clear Channel Outdoor dated February 3, 2015
4. Petition to Reject the August 2014 Mitigated Negative Declaration from Bluff City, Inc. Homeowners Association, et al dated January 19, 2015
5. Letters from Mr. John Hansen dated January 6, 2015, January 19, 2015, and February 6, 2015
6. Memorandum from Residents of Rancho Cordova, Bluff City Inc. Homeowners Association, Lake Natoma Heights Neighborhood Association, Rollingwood Unit #6 Homeowners Association, Save the American River Association, and other good neighbors dated February 6, 2015

ATTACHMENT 1

CITY OF RANCHO CORDOVA

RESOLUTION NO. 3-2015

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA DENYING
THE CLEAR CHANNEL OUTDOOR DIGITAL FREEWAY SIGN CONDITIONAL USE PERMIT
AND OPERATING AGREEMENT – DD8480**

WHEREAS, the applicant for the Clear Channel Outdoor Digital Freeway Sign project (“Project”) has applied to the City of Rancho Cordova (“City”) for a Conditional Use Permit and Operating Agreement for the installation of a Digital Freeway Sign, located at 12137 Folsom Boulevard; and

WHEREAS, the City’s Zoning Code allows for the installation of Digital Freeway Signs in certain specified locations and subject to specific development standards; and

WHEREAS, the proposed project has been analyzed and complies with all applicable development standards identified in the City’s Zoning Code; and

WHEREAS, the City determined that the project was subject to the California Environmental Quality Act (CEQA) and prepared an Initial Study pursuant to CEQA evaluating the potential environmental effects of the project; and

WHEREAS, the City determined the project would not result in any environmental impacts as identified in the Mitigated Negative Declaration/Initial Study; and

WHEREAS, the City distributed the Notice of Intent to Adopt the Mitigated Negative Declaration on August 15, 2014 and the Notice was published in the *Grapevine Independent*, posted at the Sacramento County Clerk’s Office, distributed through the State Clearinghouse, and posted at the City offices, pursuant to CEQA Guidelines, Section 15072. A 30-day review and comment period for the Mitigated Negative Declaration opened on August 15, 2014 and closed September 15, 2014. The Mitigated Negative Declaration was made available to the public during this review period; and

WHEREAS, the City received two written comment letters within the 30-day public review period and responded to the comment in the project staff report; and

WHEREAS, the City has considered the comments received during the public review period and it does not alter the conclusions in the Initial Study and Mitigated Negative Declaration; and

WHEREAS, the City Council has reviewed the Initial Study, and the Mitigated Negative Declaration and find that these documents reflect its independent judgment; and

WHEREAS, on November 17, 2014 and December 15, 2014, the City Council held a properly noticed public hearing at which it received a report from City staff, oral and written testimony from the public, and deliberated on the item.

NOW, THEREFORE, BE IT HEREBY RESOLVED THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA does resolve:

ATTACHMENT 1

Section 1. Recitals. The foregoing recitals are true and correct and made a part of this Resolution.

Section 2. Findings. The City Council hereby finds that:

- A. **CEQA Compliance.** The Mitigated Negative Declaration prepared for the project will not be adopted because the project is denied. The document may be used for technical data in the future as appropriate.
- B. **Conditional Use Permit.** In order for a CUP to be granted for the Digital Freeway Sign, the project must meet the required findings documented in Code Section 23.134.030. The following are each of the required findings and the evidence to support them:
- a. **Finding:** The site size, dimensions, location, topography, and access are adequate for the needs of the proposed use, considering the proposed building mass, parking, traffic, noise, vibration, exhaust/emissions, light, glare, erosion, odor, dust, visibility, safety, and aesthetic considerations.

Evidence: The subject property is located adjacent to the Hazel Avenue off-ramp on State Route 50, between two freeway directional signs. A digital freeway sign in this location may potentially cause a distraction or safety hazard to drivers making lane choices in close proximity to the freeway exit. Additionally, landscape modifications to the existing stand of redwood trees along the northern property boundary would be required to accommodate the visibility needs of the proposed sign. Both of these circumstances of the proposed project are undesirable because they oversaturate the particular area with signs and would substantially modify and/or eliminate the area's natural landscaping. The project would also remove a one-sided traditional billboard within the State Route 50 corridor and install a double-sided digital freeway sign, resulting in a net increase of sign faces in this area. As such, the subject property and overall project proposal is not appropriate or desirable and the finding cannot be demonstrated in the affirmative.

- b. **Finding:** The negative impacts of the proposed use on adjacent properties and on the public can be mitigated through application of other Code standards or other reasonable conditions of approval.

Evidence: The location of the proposed sign between two freeway directional signs for the Hazel Avenue off-ramp may negatively impact a driver's decision-making process when exiting State Route 50 in this location. Additionally, the proposed modification to the landscaping and elimination of trees along the subject property boundary would alter the viewshed from State Route 50. There are no additional conditions of approval that could be applied to the project that would mitigate these concerns. Therefore, the site is not appropriate for this project and the finding cannot be demonstrated in the affirmative.

ATTACHMENT 1

- c. Finding: All required public facilities have adequate capacity to serve the proposal.

Evidence: The site is currently served with electricity, which would be extended to provide support to the proposed Digital Freeway Sign. No additional public facilities are required by the project.

- d. Finding: The project meets the requirements of the Zoning Code including development standards, design guidelines, and special use provisions.

Evidence: The proposed project has been analyzed and is consistent with all applicable Code standards. The Applicant's proposed Operating Agreement would cause the Digital Freeway Sign to comply with the applicable standards. The project would result in the removal of two traditional billboards within the City limits: one within the State Route 50 corridor and one within the City proper. The Operating Agreement establishes a schedule and duty to provide the City with additional community benefits, mainly monetary contributions, to be used throughout the community to offset the aesthetic impacts of the project.

- e. Finding: If structures and site plans are considered nonconforming, the elements of a project that are nonconforming have been brought into compliance with the Zoning Code.

Evidence: The project is not considered nonconforming.

- C. **Operating Agreement.** The Applicant voluntarily proposed to enter into an Operating Agreement with the City to memorialize the proposed sign and regulate usage of the sign. The Applicant's proposed Operating Agreement will not be adopted because the project is denied.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the _____ day of _____ 2015 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Robert J. McGarvey, Mayor

ATTEST:

Mindy Cuppy, MMC, City Clerk

Legend



Existing Digital Billboards



Proposed Digital Billboards

Existing Traditional Billboards



Clear Channel Outdoor



Outfront Media

* - Sub-leased



February 2015

February 3, 2015

City of Rancho Cordova
Mayor McGarvey and City Council Members
2729 Prospect Park Dr.
Rancho Cordova, Ca. 95670

RE: Request for Clear Channel Outdoor Application to be reconsidered

Dear Mayor and Members of City Council:

I am writing this letter on behalf of Clear Channel Outdoor (CCO) to request the application for a digital billboard at 12137 Folsom Boulevard in Rancho Cordova be reconsidered and removed as an item on council agenda recommended for denial. I want to clearly state the following details regarding revisions in CCO's original application:

NO TREE REMOVAL submitted December 15, 2014 (Presentation):

Council was advised on December 15, 2014 during Michael Wagener's presentation that the original proposal to remove 10 redwood trees would be rescinded and NO trees would be removed.

REVISED FEES submitted December 12, 2014:

Annual Fee increases were revised pursuant to the attached EXHIBIT. The Conditional Signing Bonus in the amount of \$75,000.00 will remain the same, and in addition to the increased Operating Fees, we fully support the City of Rancho Cordova's efforts to beautify the Folsom corridor and are willing to make a one-time contribution of \$25,000.00 to those improvements or other projects.

In a letter dated December 16, 2014, to Brian Nakamura, I referenced details concerning CCO's digital sign application, whereby council directed staff to deny said application stating it preferred the Sierra Outdoor/CBS Naturwood site at 12125 Folsom Blvd. I want to reiterate; the Naturwood site was proposed to the City of Rancho Cordova by Clear Channel Outdoor in 2012 as part of an application for two digital billboard locations. However, Clear Channel Outdoor was directed by a Council ad hoc committee (Linda Budge and Robert McGarvey) to abandon the Naturwood site because it was too highly visible from the Bluffs neighborhoods and a more industrial site with less public access would be preferable. At the direction of the hoc committee Clear Channel Outdoor approached John & Susan Hansen about their business site at 12137 Folsom Boulevard.

Page Two
February 3, 2015

Clear Channel Outdoor proposed a digital sign at Naturwood in 2012. Your council did not like this location and asked us to find an alternate site. That was accomplished and now we are told Naturwood is the preferred site; the financial proposals no longer matter, even though the Clear Channel Outdoor offer is far superior to that of Sierra Outdoor/CBS. Councilmembers stated billboard removals should be the main focus; our proposal removes **ALL** Clear Channel billboards owned within Rancho Cordova's jurisdiction and Sierra Outdoor/CBS has a large inventory remaining.

We look forward to a continued long term relationship with the City of Rancho Cordova and again, ask that our digital billboard application for 12137 Folsom Boulevard in Rancho Cordova be reconsidered.

Sincerely,

A handwritten signature in cursive script, appearing to read "Susan Holshouser".

Susan Holshouser
President-Sacramento/Reno/Tahoe

25 Yr Term	Clear Channel Outdoor Original Proposed Annual OA Fee	Clear Channel Outdoor New Proposed Annual OA Fee		Sierra Outdoor/CBS Original Proposed Annual OA Fee	Sierra Outdoor/CBS New Proposed Annual OA Fee
1	\$ 50,000.00	\$ 60,000.00		\$ 50,000.00	\$ 130,000.00
2	\$ 50,000.00	\$ 60,000.00		\$ 50,000.00	\$ 50,000.00
3	\$ 50,000.00	\$ 60,000.00		\$ 50,000.00	\$ 50,000.00
4	\$ 50,000.00	\$ 60,000.00		\$ 50,000.00	\$ 50,000.00
5	\$ 50,000.00	\$ 60,000.00		\$ 50,000.00	\$ 50,000.00
6	\$ 50,000.00	\$ 80,000.00		\$ 50,000.00	\$ 50,000.00
7	\$ 50,000.00	\$ 80,000.00		\$ 50,000.00	\$ 50,000.00
8	\$ 50,000.00	\$ 80,000.00		\$ 50,000.00	\$ 50,000.00
9	\$ 50,000.00	\$ 80,000.00		\$ 50,000.00	\$ 50,000.00
10	\$ 50,000.00	\$ 80,000.00		\$ 50,000.00	\$ 50,000.00
11	\$ 50,000.00	\$ 100,000.00		\$ 50,000.00	\$ 50,000.00
12	\$ 50,000.00	\$ 100,000.00		\$ 50,000.00	\$ 50,000.00
13	\$ 50,000.00	\$ 100,000.00		\$ 50,000.00	\$ 50,000.00
14	\$ 50,000.00	\$ 100,000.00		\$ 50,000.00	\$ 50,000.00
15	\$ 50,000.00	\$ 100,000.00		\$ 50,000.00	\$ 50,000.00
16	\$ 50,000.00	\$ 100,000.00		\$ 50,000.00	\$ 50,000.00
17	\$ 50,000.00	\$ 100,000.00		\$ 50,000.00	\$ 50,000.00
18	\$ 50,000.00	\$ 100,000.00		\$ 50,000.00	\$ 50,000.00
19	\$ 50,000.00	\$ 100,000.00		\$ 50,000.00	\$ 50,000.00
20	\$ 50,000.00	\$ 100,000.00		\$ 50,000.00	\$ 50,000.00
21	\$ 50,000.00	\$ 100,000.00		\$ 50,000.00	\$ 50,000.00
22	\$ 50,000.00	\$ 100,000.00		\$ 50,000.00	\$ 50,000.00
23	\$ 50,000.00	\$ 100,000.00		\$ 50,000.00	\$ 50,000.00
24	\$ 50,000.00	\$ 100,000.00		\$ 50,000.00	\$ 50,000.00
25	\$ 50,000.00	\$ 100,000.00		\$ 50,000.00	\$ 50,000.00
	\$ 1,250,000.00	\$ 2,200,000.00		\$ 1,250,000.00	\$ 1,330,000.00
	\$ 75,000.00	\$ 75,000.00		\$ 75,000.00	\$ 100,000.00
	\$ 25,000.00	\$ 25,000.00		None	None
	\$ 1,350,000.00	\$ 2,300,000.00		\$ 1,325,000.00	\$ 1,430,000.00
	Signing Bonus	Signing Bonus		Signing Bonus	Signing Bonus
	Landscaping	Landscaping		Landscaping	Landscaping
	8 Second Slot / Space Available	8 Second Slot / Space Available			Designated 8 Second Slot

MEMORANDUM

TO: Rancho Cordova City Council

CC: Adam Lindgren, City Attorney
Paul Junker, Planning Director

FROM: Bluff City, Inc. Homeowners Association, Lake Natoma Heights Neighborhood Association, Rollingwood Unit #6 Homeowners Association, Save the American River Association, The Classics at Gold River

RE: Petition to Reject the August 2014 Mitigated Negative Declarations for Sierra/CBS Outdoor at Naturwood Digital Sign and Clear Channel Outdoor Digital Freeway Sign due to Violation of CEQA Guidelines §15072 – Insufficient Public Notification

DATE: JANUARY 19, 2015

The California Environmental Quality Act (CEQA) (Public Resources Code §21000, et seq.) includes many procedural requirements including those for public notice and review.

The goal of fully informing the public of the effects of development is at the heart of CEQA. Public involvement in the CEQA process aims to ensure that the public has a voice in the decision-making process - specifically, that public concerns about environmental issues and the potential effect of development on the physical environment are addressed prior to project approval.¹

Pursuant to CEQA Guidelines Section 15072, Notice of Intent to Adopt a Negative Declaration or Mitigated Negative Declaration, specific minimum requirements to ensure public notification are outlined, as follows:

(b) The lead agency shall mail a notice of intent to adopt a negative declaration or mitigated negative declaration to the last known name and address of all organizations and individuals who have previously requested such notice in writing and shall also give notice of intent to adopt a negative declaration or mitigated negative declaration by at least one of the following procedures to allow the public the review period provided under Section 15105:

(1) Publication at least one time by the lead agency in a newspaper of general circulation in the area affected by the proposed project. *If more than one area is*

¹ UC CEQA Handbook: Chapter 4.1 - Formal Requirements

affected, the notice shall be published in the newspaper of largest circulation from among the newspapers of general circulation in those areas. (Emphasis added.)

(2) Posting of notice by the lead agency on and off site in the area where the project is to be located.

(3) Direct mailing to the owners and occupants of property contiguous to the project. Owners of such property shall be identified as shown on the latest equalized assessment roll.

The abovementioned Mitigated Negative Declarations (MNDs) were noticed *only* in the Rancho Cordova *Grapevine* and on the City's website.² Sections 15072(b)(2) and (b)(3) were not utilized as a means of notification, thus Section 15072(b)(1) stands as the procedure chosen by the city of Rancho Cordova to allow the public the review period provided under Section 15105.

The undersigned respectfully submit that the City of Rancho Cordova was aware that homeowners on the bluffs would be affected by the construction of a large digital sign(s) located directly within the line of sight of homes on the bluffs. If the City did not know, they should have known. That impression was amplified by a member of the Rancho Cordova Council during the City Council meeting on December 15, 2014 when he stated that the concerns expressed by a speaker that evening were similar to those expressed by homeowners on the bluffs during hearings for the construction of the Mormon Temple. Further, the City of Rancho Cordova was a partner with many of the abovementioned homeowner associations and with SARA in 2011 when a concerted effort was made to oppose the construction of a Joint Operations Center near the fish hatchery just below Nimbus Dam. Several of the most significant concerns were the impacts on traffic safety, scenic views and light pollution. It is therefore logical to suggest that the City of Rancho Cordova should have known that interest in the digital sign proposals would extend beyond the city limits of Rancho Cordova. Traffic safety and congestion are continuing concerns at the Highway 50 & Hazel interchange. Residents of many communities who drive this route frequently understand how challenging these problems are. The addition of a large digital billboard at this already-chaotic interchange will affect thousands of people outside of the City of Rancho Cordova. Further, The MNDs address several critical environmental questions about scenic vistas, light and glare. Specifically, the environmental documents ask if the project(s) will "Have a substantial adverse effect on a scenic vista?" and will the project(s) "Create a new source of substantial light or glare that would adversely affect day or nighttime views in the area?" Citizens outside of Rancho Cordova were not notified to provide comment on the above-referenced MNDs. Yet, the impacts would directly affect them. Adverse impacts on scenic vistas, a new source of substantial light and glare, and traffic safety are substantive and have such standing that residents of Fair Oaks, Gold River, Orangevale and Folsom, at a minimum, should have been noticed.

² Per telephone conversation with member of Rancho Cordova City Planning Department, January 9, 2015.

We submit that the notification procedure for the Mitigated Negative Declarations for the abovementioned projects was insufficient and does not meet the minimum standards required by CEQA. The legislature has spoken on the issue of noncompliance in Public Resources Code, Division 13, Chapter 1, Section 21005(a): "The Legislature finds and declares that it is the policy of the state that noncompliance with the information disclosure provisions of this division which precludes relevant information from being presented to the public agency, or noncompliance with substantive requirements of this division, may constitute a prejudicial abuse of discretion within the meaning of Sections 21168 and 21168.5, regardless of whether a different outcome would have resulted if the public agency had complied with those provisions."

Thank you for your consideration of our concerns. We appreciate the city's recent efforts to reduce signage along Folsom Boulevard and laud the direction it has taken to improve its commercial development, such as the Zinfandel and White Rock Road area. It is with this kind of foresight that we urge this City Council to consider its legacy and begin creating a truly scenic section of Highway 50 along the Sunrise Boulevard to Hazel Avenue corridor—in part by keeping it billboard free.

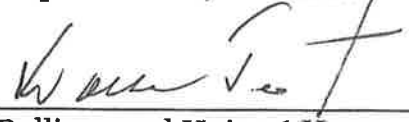
Respectfully Submitted,



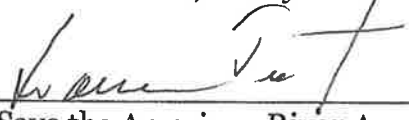
Bluff City, Inc. Homeowners Association
James Kangas, President



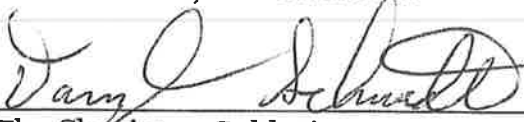
Lake Natoma Heights Neighborhood Association
Stephen Green, Immediate Past President



Rollingwood Unit #6 Homeowners Association
Warren Truitt, Safety Coordinator



Save the American River Association
Warren Truitt, Vice President



The Classics at Gold River
Darryl Schmidt, Volunteer Coordinator, Neighborhood Safety

Digital freeway sign conditional use permit**01-06-2015**

Dear Mayor McGarvey, Vice Mayor Sander, City Council Members Budge, Terry, Skoglund, City Attorney Lingren, and City Manager Nakamura.

I would like to thank all of you for your service, dedication and loyalty to the city of Rancho Cordova. It was an honor to witness the recent swearing in ceremony of Mayor McGarvey, and Vice Mayor Sander. I can appreciate and fully understand what it takes to serve the public. I have been a Police Officer for over 15 years. I understand that you have to first and foremost be unbiased, possess qualities such as integrity, empathy, morals, values, honesty, and most importantly to do the right thing. I began a career in Law enforcement to help people, to give back to the community. I learned most of these values right here in Rancho Cordova. In the late 1970's my grandfather and Grandmother purchased the property located at 12137 Folsom Blvd. There were huge mountains of dredger tailings, rock, sand and gravel on the property. My father just got out of the military after serving eight years in the US Air Force during the Viet Nam War. His degree at American River College was in Business Management. My father and mother partnered with his parents and Started Nimbus Landscaping Materials. They imported decorative bulk landscaping and building supplies from all over the area. We and Rudy's Hideaway were the first business in the area, even before Naturewood. With a lot of hard, back breaking work we became a destination location for surrounding residents, businesses and municipalities to acquire bulk landscaping and building materials to construct their projects. I started helping my family at a young age with the business. I began bagging coal to heat resident's homes in the early 1980's, bagging sand to help with winter flooding. I was 12 years old. My father and grandfather taught me strong work ethics, and values. My grandfather would always tell me at a young age, treat people with respect, do unto to others as you would have them do unto you, don't be lazy, put in an honest day's work and help people. The list goes on. I learned so much at a young age from my grandfather and father. Fast forward, working full time at Nimbus, and going to college part time I earned a BS in Criminal Justice from CSUS. I then went on to enter my career in Law Enforcement, to achieve my dream, to help people in need, to protect and serve, to give back to the community. The reason I give you this small Bio of myself and family is because I want you to understand that we are real, honest, hardworking, genuine people who have owned and operated three businesses in the Rancho Cordova area for a very long time. We have provided numerous jobs for residents in the Rancho Cordova area over the years. We have contributed thousands of dollars in tax revenue in the City of Rancho Cordova. We have partnered with the city and residents in Rancho Cordova for over 30 years helping to beautify the community. My brother, Mark with Nimbus Pond Inc. built the water feature at Hagen Community Center on Chase Dr. Most recently Nimbus stayed open late and partnered with City employees to provide sand bags to the public during the recent storm. We have been doing things such as this for over 30 years.

My family and I feel that we were completely taken advantage of by CBS. As you know CBS entered in contract with us almost two years ago (1-24-2013) to place a sign on our property. They kept us in contract for almost a year and a half (5-28-2014), meeting with us, phone conversations, Emails, stating that the project was on its way. They continued to say they were just waiting on the City of Rancho Cordova to finalize a few things before they broke ground with construction. They, Kevin Johnson (CBS) kept promising us, next month, next month, the revenue will be coming in. This was obviously during the time of the recession, decline in the housing and building market. Our businesses took a huge hit as they were all tied to the building and construction industry. Building almost came to a stop. We, like many others took a huge financial hit with the economy. My parents actually lost their house and home equity of 40 years trying to stay afloat. They were barely able to retain the property, 12137 Folsom Blvd. We had no idea CBS was working with Naturewood behind our backs. We asked CBS if there was anything we could do, perhaps talk to the City, and write a letter. They told us no, that they had it handled, not to make contact with the City. My father still wrote the City a letter, and on his own met with Planner Jessica Jordan. It finally became apparent when CBS stopped staying in touch as often as they use to. When we tried to make contact with CBS's representative Kevin Johnson, he was always out of town, on vacation, numerous excuses, all while telling us things were still in motion, it would be soon, It became evident this was far from the truth. We knew something just wasn't right. We put our trust in Kevin Johnson and CBS. After spending thousands of dollars for legal advice, reviewing, establishing lease agreements, addendums and hundreds of hours of personal time, we finally realized CBS was leading us on. They had no plans on breaking ground or starting the project. We emailed them and requested a letter, allowing us to opt out of their contract, which was binding us from virtually doing anything with our property, tying it up for over 17 months. We were completely taken advantage of, and mislead by CBS and Kevin Johnson. They continually lied to us and led us on; keeping us from doing business with another company, all the while they were secretly working on a deal next door with Naturewood. This business practice was completely unethical and wrong in every way. Makes me sick to my stomach when I think of what they put my elderly parents through in times such as this. I ask myself, why in the world would the City of Rancho Cordova want to do business, potentially enter a 25 year Partnership with a company like this?

Finally after 16 months 05-28-2014, we received a contract release letter from CBS Outdoor. We talked to Clear Channel about a digital sign and entered into contract with them (6-27-2014). We were advised that Clear Channel was trying to put a sign up at the Naturewood property a couple years prior but Rancho Cordova City Counsel told them that they would not approve a sign at that location, that Clear Channel had to find a more industrial location. Well, our property is 2 acres, rectangular, approx. 400' of Freeway frontage and 200' wide and zoned light industrial. It is a clear open slate for a project such as this.

Realistically the sign could go anywhere on our property and it would not affect business, the building, or Folsom Blvd. It would not obscure anything. The sign would not stretch from Folsom Blvd. to Hwy 50 like it would on Naturewood's triangular shaped property.

Between 8-13-2013 and 2-21-2014, as per Google Earth pictures, Naturewood or someone removed two old growth, 100 year plus, Black Walnut trees at the western tip of their property, plus numerous trees in their western parking lot planter barriers near where they would like to put the sign. Did they have City approval; was it CBS that advised them to do this? Drive by; look at the area on the west end of their property, clearly exposed stumps and empty planters. Did Michael Wagner bring this up, No, he remained completely professional. Our Coastal Redwoods are not indigenous to the area as the Walnut trees were; they thrive in the coastal regions, consuming hundreds of gallons of water each day. Both of my grandfathers and grandmother are World War two Veterans. My father is a Vietnam era Veteran serving 8 years in the Air Force. I put the uniform on every day, sacrificing my safety for the good of the public. For over 25 years we raised and lowered an American flag every day adjacent to highway 50 on our property; allowing it to soar above the freeway, paying respect to Americans and America. We are a very proud, patriotic family. Two of the Redwoods have overgrown and blocked the flag pole. It would be a blessing to re-plant more indigenous trees and let the American flag soar again, bringing back my late grandfathers tradition. There are over 1000 Redwoods from Bradshaw to Hazel along the freeway corridor, many trimmed high from the ground, such as the Redwoods around 2729 Prospect Drive (City Hall). There are no redwood trees along the City of Folsom and El Dorado Hills Highway 50 corridor east of Hazel Ave. as they are not indigenous to the area. To five or all of the Redwood trees on our property would be less than 1/2 of 1% of the Redwoods along the Highway 50 corridor through Rancho Cordova. This would clearly having a minimal impact on the Coastal Redwood population in Rancho Cordova. Neither Clear Channel nor do we want to eradicate the landscaping or trees on our property. It is the complete opposite. We want to beautify the 400' of freeway frontage, encompassing the City of Rancho Cordova's vision. This is an opportunity to plant indigenous trees, shrubs, and plants, beautifying this highly traveled corridor. It is our goal, that if any trees are removed, to replace them two fold with indigenous trees, plants and shrubs. Clear Channel will pay for whatever landscape design and installation the City wants. I believe this area is in great need of updating and beautifying. A few hundred thousand vehicles drive by this location daily.

Something else that struck me odd with CBS is that they hired an attorney to represent them. An attorney that stated negative things about the Hansen family, negative things about our location, negative things about Clear Channel and the rumor the of threatening legal actions against the City of Rancho Cordova. Why is this? Kevin Johnson surely didn't represent and present their proposition, because he is as unethical as they come. Clear Channel had humble, respectful,

Michael Wagner, a sales representative, that spoke nothing but positively about the City of Rancho Cordova and Clear Channels proposal. He didn't speak negatively about the Key's family, Naturewood, or CBS for that matter. Clear Channel has proven themselves throughout their prior and current relationship with the City of Rancho Cordova. They voluntarily removed profitable signs in effort to assist the City in beautifying the City. They donated benches, bus stops, City advertising. They didn't place an unrealistic value on any advertising they were offering the City. It was a gift, for the betterment of the community. As Michael Wagner stated, Clear Channel is all in, they would provide the City whatever they needed, whatever was fair, whatever it takes to continue the mutual, positive Partnership. If the City needs advertisement space, a designated click, for an emergency, a city function, or event, it wouldn't be a problem; Clear Channel would accommodate the City. An unrealistic value wouldn't be placed on the donated advertisement space. Clear Channel is a true proven Partner to the City of Rancho Cordova. They would proudly continue to remove signs along Highway 50 in the city of Rancho Cordova if they had them.

It is so ironic that CBS was claiming Monopoly, speaking of fair competition. It is they who are a Monopoly. They have 6 double sided signs from Sunrise to Hazel along the south side of highway 50, far exceeding Clear Channel's 2 1/2. Did CBS offer to remove one, or all of their signs along Highway 50? No, they offered to remove one sign and another sign not even in the city limits. If you take a drive, CBS\Outdoor owns 95%, or more, of the signs in the city of Folsom, El Dorado Hills along Highway 50, all the way to South Lake Tahoe along Highway 50. They own 99% of all signs along Highway 50 to Interstate 80 towards San Francisco. All you see is there newly attached large "OUTFRONT" placards pasted on the signs. It is completely ridiculous that this attorney would even bring this up; it is they who are monopolizing on the region. Again, what a terribly unethical tactic. Clear Channel also has a sign in the County of Sacramento, North of highway 50 that they could remove if that is what the City is allowing, and asking for? Is it policy that a company can remove signs outside of City jurisdiction and still be counted as inside?

I also did some research on CBS/OUTFRONT. They are now the world's largest outdoor media company in the world, having signs throughout the US, Canada, Mexico, South America and Europe. CBS Outdoor or OUTFRONT is a sister company to CBS corporation, a multi-billion dollar organization, far from the minority anywhere in the world. "OUTFRONT Media Inc. (NYSE: OUT) is the US leader in out-of-home advertising. From Sunset Boulevard to Times Square, our diverse portfolio includes more than 400,000 digital and static displays in the most iconic and high-traffic locations in the top 25 markets across the U.S." CBS owns or acquired the following Outdoor Media companies, 3M National, Whiteco, Gannett Outdoor, Outdoor Systems, Infinity Outdoor, Viacom Outdoor, and CBS Outdoor. CBS Outdoor, now "OUTFRONT" recently purchased Van Wagner Communications for \$690 million. I noticed Wells Fargo has partnered with

CBS/OUTFRONT and is their committed fiancée and support for the acquisition. OUTFRONT MEDIA shares began trading on the New York Stock Exchange on March 28, 2014; the CEO of CBS Corporation was present. Wells Fargo Bank will also serve as the company's election and disbursing agent. CBS/OUTFRONT has partnered with Wells Fargo. I truly hope there is no conflict of interest.

CBS Outdoor changed their name to OUTFRONT because of their new vision. It seems they are trying to take over the industry and get OUTFRONT of their competition. Which again, with this in mind I can't believe their attorney has the audacity to claim Clear Channel was forming a monopoly, they are clearly trying to take over using unethical tactics and politics. The ploys and strategies of CBS are clearly under the belt and I hope they don't go unnoticed. CBS clearly has more signs along the highway 50 corridor in Rancho Cordova, the entire region for that matter.

In regards to the comment about the Hazel off ramp sign having anything to do with the placement of a sign, I believe the argument is inaccurate and made up. Being an expert in traffic, and thinking logically, if the billboard was before the Hazel off ramp sign it would tend to pull people's attention to the billboard, causing them to not focus on the off ramp sign, possibly missing the exit, or causing them to make a last second lane change to not miss the exit. This could quite possibly be more dangerous. However if the Hazel off ramp sign was before the billboard this would not occur, people would see the off ramp sign prior to the billboard, and make their appropriate lane change. There are actually two exit signs. With both locations being so close to one another, I don't even think this an arguable issue. There are Cal Trans directional signs in the middle of the freeway, on both sides of the freeway, ground mounted, pole mounted, L shape mounts above traffic, attached to center medians, billboards within 1000' from one another. I truly don't think there is any proof that any of the signs are the cause of accidents. I have not been able to find any research supporting that theory. There are also two Cal Trans exit signs just prior to Naturewood. The Hazel off ramp sign that was spoken of is right in the middle of Naturewood's building. If you are traveling W/B Highway 50 just prior to the Folsom Blvd. exit, there is a Folsom exit off ramp sign, then a large OUTFRONT sign as you exit. They are in very close proximity.

If the city is now going to allow CBS to place a sign on Naturewood's property when Clear Channel was told the City will not approve a sign at that location, that equates to millions of dollars of lost revenue by Clear Channel based on the City's decision. It also doesn't go well with the dedication, loyalty, respect, and commitment Clear Channel has given the city of Rancho Cordova over the past years. Clear Channel took the City's advice and found what they asked for, an industrial piece of property. We have worked with both companies and for obvious reasons I mentioned above we believe that Clear Channel is a far better choice to continue partnering with. What CBS did to us was just not right. What

CBS did to the City of Rancho Cordova was not right, bad business and politics.

The City stated it wasn't about the money, the "Chump Change." However I disagree. The 2.2 Million dollars Clear Channel offered equates to a lot of jobs within the city. This is far more than CBS offered. Clear Channel also wanted to donate money towards the Folsom Blvd. revitalization project. Did CBS, do they care about Rancho Cordova and the community, the vision? Clear Channel offered to pay for Landscaping and modernizing over 400' of Freeway frontage that thousands of people see every day. Did CBS offer to do any landscaping or beautifications of the Folsom Blvd. or Highway 50 corridor, the trees that were illegally removed at Naturewood? If the City mainly wants signs removed and it's not about the money or anything else, I think they should allow Clear Channel the opportunity to remove signs in the County, on the other side of the Freeway and assist with beautifying the Rancho Cordova corridor's. The Naturewood location shouldn't even be on the table, it was already decided against years ago. Also even in light of all the unethical treatment we received from CBS, tying our hands, We and Clear Channel were still able to get our completed application into the City first. I think the City should go with who they know, what they know, proven past practice, go with who they trust, who has been loyal to the City, and go with the ones who share the same vision as Rancho Cordova. Don't go with some unethical, giant company that just care about getting their large OUTFRONT placards all over the place at any means possible without due regard for others.

We ask one thing, that you go to your hearts, that you do the right thing, and that you don't let this company bully you into a decision by fear of legal action. We ask that you continue to work with Clear Channel and the Hansen family, we truly believe in the same vision, "to update, and beautify the City, something we have been greatly involved with for the past 30 plus years.

Respectfully,
Steven Hansen

A handwritten signature in cursive script that reads "Steven Hansen". The signature is written in dark ink and is positioned below the typed name.

1/19/2015

RE: Project# DD8490

12125 FOLSOM BLVD RANCHO CORDOVA

SIGN PROJECT

Dear; Mayor, City Council, City Manager, and City Attorney & Public;

There are several issues that have risen since the onset of this project. We believe the city and the public have been misled regarding City of Rancho Cordova resolution No. 4-2015 section 2 B. b. Evidence; which states "no vegetation shall be removed from the property to accommodate the sign." We have compiled this small 2 page visual to illustrate the complete removal of mature trees. As you can see there are several trees that mysteriously have been removed according to Google Earth around the time of the impending Naturewood sign application.

The Illustrations below are actual pictures taken from Google Earth of the NATUREWOOD LOT located at 12125 Folsom Blvd Rancho Cordova, CA 95670.

TREE AND VEGETATION PICTURES

The following illustrations we will identify a photo progression of no less than 9 large mature trees were removed from the west end of the Naturewood parking lot. These trees were eradicated which violates the City of Rancho Cordova resolution No. 4-2015 section 2 B. b. Evidence.



HWY 50 & FOLWSOM BLVD OVERVIEW INTO NATUREWOOD PARKING LOT WEST END MAY 31, 2007



HWY 50 & FOLWSOM BLVD OVERVIEW INTO NATUREWOOD PARKING LOT WEST END APRIL 18, 2014

Digital freeway sign conditional use permit DD8480**02-06-2015****Rancho Cordova City Council and Attorney**

We request that you **reverse** the denial for the Clear Channel Digital Billboard Application No. DD8480 and **reverse** the approval of CBS\Outfronts Application No. DD8490.

- As you all know, recently Clear Channel was proposing Naturewoods parking lot as a location for a digital billboard when few of your City Council Members told Clear Channel to find a different location because the Council would not approve this location. Council Member Budge even stated they were against this location during the first City Council meeting. Why is Council considering Naturewoods location for CBS\Outfront? What changed between the first Council meeting and now? Did CBS threaten legal action?
- CBS\Outfront offered to remove only one sign in Rancho's city limits and another possibly outside the city boundaries. Pryor to the meeting, when and where was it stated that either company could take down square footage outside the city limits? CBS\Outfront hired an attorney and spokesman to present their case and accused Clear Channel of advertising monopoly. They are the monopoly with signs in the area.
- Council Member Mr. Terry mentioned the Hazel off ramp sign was a negative issue against the Clear Channel location, what evidence supports this? There is no documentation supporting that digital billboards cause accidents. There are no California vehicle codes stating such.
- It is the goal of Clear Channel to beautify and landscape the 400' of freeway frontage, working toward the Cities vision to beautify the corridor.

- **CONCURRENT MEETING
CITY COUNCIL/SUCCESSOR AGENCY TO THE CRA/RCFC**

Tuesday, January 20, 2015

5:30 PM – Regular Meeting

Recommendation: Adopt Resolution No. 4-2015, Proposal DD8490

Result of Recommended Action: Adoption of Resolution No. 4-2015 would allow for the construction of a new digital Freeway Sign located at 12125 Folsom Boulevard. The sign would be located within an existing landscape planter in the existing Naturewood Home Furnishings parking lot. No vegetation would be removed to accommodate the new sign. Two existing traditional billboards located at 11373 Folsom Boulevard and near 9847 Folsom Boulevard would be removed as part of the project. Additionally, the Applicant will enter into an Operating Agreement with the City, requiring additional community benefits of the project.

Note:

1. At the West end of Naturewoods property, the parking lot and CBS's proposed sign location; numerous trees were removed in preparation of a digital sign installation. Two, approximately 50 foot tall, 125 plus year old black Walnut Trees were cut to the ground. Stumps are still there as evidence. Numerous other large trees were **recently** removed in the parking lot adjacent to the parking spaces in the proposed sign location. See previously submitted Google Earth photos. Planning can research the approximate removal times. Did CBS or Naturewood get approval from the City Council for eradication? The above Adopt Resolution No.4-2015 clearly states, (No vegetation would be removed to accommodate the new sign). No problem now. CBS\Outfront offered to remove only one sign in Rancho's city limits and another just outside the city boundaries. Pryor to the meeting, when and where was it stated that either company could take down signs outside the city limits? Did CBS offer to landscape or beautify either a Folsom Blvd. streetscape or footage along the H-50 corridor? I recommend that, for the above reasons, the City Council's recommendation to adopt Resolution No. 4-2015, Proposal DD8490 be **reversed** and changed to **deny** Resolution No 4-2015, Proposal DD8490.

CITY COUNCIL/SUCCESSOR AGENCY TO THE CRA/RCFC

Tuesday, January 20, 2015

5:30 PM – Regular Meeting

A. Evidence for denial of sign Proposal DD8480: The subject property is located adjacent to the Hazel Avenue off-ramp on State Route 50, between two freeway directional signs. A digital freeway sign in this location may potentially cause a distraction or safety hazard to drivers making lane choices in close proximity to the freeway exit. Additionally, landscape modifications to the existing stand of redwood trees along the northern property boundary would be required to accommodate the visibility needs of the proposed sign. Both of these circumstances of the proposed project are undesirable because they oversaturate the particular area with signs and would substantially modify and/or eliminate the area's natural landscaping. The project would also remove a one-sided traditional billboard within the State Route 50 corridor and install a double-sided digital freeway sign, resulting in a net increase of sign faces in this area. As such, the subject property and overall project proposal is not appropriate or desirable and the finding cannot be demonstrated in the affirmative.

Please reconsider the above denial of Proposal DD8480.

1. Council Member Mr. Terry mentioned the Hazel off ramp sign was a negative issue against our location. What evidence supports this? Both sign proposals are in such close proximity they would have the same effect. There is no legal documentation supporting that signs cause a distraction or safety hazard to drivers making lane choices in close proximity to the freeway exit. The articles below state the opposite. This should not be an issue.
 2. The issue of oversaturating the area with signs. There's only one other sign in the area and it's the one Clear Channel is proposing to remove. Signs are not considered single sided or double sided, they are just signs. It's inevitable that these signs are going to come up in the surrounding areas. They are going to have the same visual effect on Rancho Cordova whether they are across the freeway on the Gold River side in Sacramento County, or a short distance down the freeway in Folsom. What happens when Sac. County allows a digital just across the freeway? Rancho Cordova will lose out on income revenue, landscape beautification and advertising possibilities.
 3. The issue of modifying and/or eliminate the area's natural landscaping. The trees in question are Coastal Redwoods and are not indigenous or natural to this area. There are thousands in Rancho Cordova and along Highway 50. Indigenous plants and trees of the City Councils recommendation would beautify the property's freeway frontage.
 4. The issue of sign removal. Clear Channel has already removed almost all of their signs in Rancho Cordova area and would remove the two stated for this proposal. Rancho Cordova would be compensated for signs three and four not being removed. Clear Channel would enter into an Operating Agreement with the City, requiring additional community and monetary benefits. If CBS\Outfronts digital were to be approved it would just **add** another sign along the Highway 50 corridor.
- Clear Channels sign application was submitted first, does this hold any merit?
 - Shouldn't the City benefit from a sign so close? The addition of revenue to the general fund, added city advertisement, added landscaping and the beautification of the Folsom Blvd. and Highway 50 corridors.
 - Council Members, Clear Channel has been a dedicated longtime community partner for years. What has CBS\Outfront done for the city except allegedly threaten legal action and demand an even larger piece of the advertising market? We believe the Clear Channel proposal meets all of the City Councils criteria of being more industrial, less visible and with more signage removed within Rancho Cordova City limits.
 - In closing, I would like to request that Clear Channels Application No. DD8480 **not be denied**. It seems that a lot of facts still need to be discussed. I request a motion to **reverse** the motion for denial of Application No. DD8480 due to lack of Just Cause.

Sincerely,

John Hansen
Property owner
12137 Folsom Blvd, Rancho Cordova, Ca.

<http://www.calsign.org/2014/07/federal-highway-administration-confirms-emc-digital-sign-safety/>

Federal Highway Study Confirms Digital Billboard Safety

The U.S. Department of Transportation Federal Highway Administration has released a landmark study declaring that digital billboards do not pose a safety risk to passing motorists. Within the sign industry, the results of this study come as no surprise. Numerous traffic studies and analyses performed in the last couple of decades have reached similar conclusions.

Certainly, real-world experience from around the country reveals that digital billboard displays simply do not cause accidents, to wit:

“[IN] MY CONVERSATIONS WITH THE DEPUTY CHIEF IN CHARGE OF OUR TRAFFIC UNITS, CERTAINLY OVER THE LAST FIVE YEARS THAT WE’VE DONE RESEARCH, WE HAVE FOUND NO INSTANCES OF TRAFFIC COLLISIONS BEING CAUSED AS A RESULT OF INATTENTIVENESS FOR BILLBOARDS. THE ELECTRONIC BILLBOARDS HAVE GONE UP ON CITY STREETS, EIGHT OF THEM, AND SINCE THEY’VE BEEN UP OVER THE LAST SEVERAL MONTHS, WE HAVE HAD NO INSTANCES THAT THEY HAVE CONTRIBUTED TO ANY DRIVER INATTENTION THAT HAS RESULTED IN A COLLISION. SO I DON’T BELIEVE THAT THAT’S AN ISSUE.” – RICHARD WILES, CHIEF OF POLICE, EL PASO, TX, TESTIMONY BEFORE THE TEXAS TRANSPORTATION COMMISSION, 12/6/07.

This new peer-reviewed FHWA study should help put to rest concerns that digital billboards, and other outdoor digital signs, pose a hazard to passing motorists. The study will also help pave the way for communities to bring this powerful outdoor advertising medium to their communities, benefiting not just local operators and advertisers but the entire local economy as well. The report, actually divided into two studies, is officially titled "Driver Visual Behavior In The Presence of Commercial Electronic Variable Message Signs." For the purposes of the studies, the FHWA refers to digital billboards as Commercial Electronic Variable Message Signs. The studies sought to address three specific questions:

1. Do CEVMS attract drivers' attention away from the forward roadway and other driving-relevant stimuli?
2. Do glances to CEVMS occur that would suggest a decrease in safety?
3. Do drivers look at CEVMS more than at standard billboards?

To conduct the study, the FHWA tracked participant's eye movements with an eye-tracking camera device mounted in the vehicle. This device was able to track the driver's eyeball movement and determine if the driver was looking ahead at the roadway or off to the side of the roadway at a static billboard or CEVMS.

Drivers in Richmond, Va., and Reading, Pa., participated in the study, and the research concluded that drivers do indeed look at digital billboards longer than they do at static billboards. Glance duration toward digital billboards averaged 0.379 seconds, while glances at static billboards were at 0.335 seconds at both test sites. Both of these measurements fall far below the two-second benchmark, which would constitute a hazard, according to the National Highway Traffic Safety Administration.

The results showed that drivers did look at CEVMS a greater percentage of time than at standard billboards; however, the time spent looking at off-premise advertising was less than 5 percent when the signs were visible to the participants across the two experiments. Long glances at off-premises advertising were not evident. The longest glance at a CEVMS was less than 1.3 seconds and glances greater than 1 second were rare events. The percentage of time that drivers dedicated to the road ahead was not significantly affected by the presence of CEVMS or standard billboards. Rather, the overall clutter and complexity of the visual scene appeared to be the principal driver of glance time away from the road ahead. This was the case regardless of the presence or absence of off-premise advertising. The results suggest that overall visual complexity of the highway environment needs to be taken into account when considering driver glance behavior.

In conclusion, the study states, "The results did not provide evidence indicating that CEVMS, as deployed and tested in the two selected cities, were associated with unacceptably long glances away from the road. When dwell times longer than the currently accepted threshold of 2,000 ms

[milliseconds] occurred, the road ahead was still in the driver's field of view. This was the case for both CEVMS and standard billboards."

Photo credit: "Digital billboard" by Dwight Burdette - Own work. Licensed under Creative Commons

Article in "THE HILL"

Behind the signs of the times

By Jonathan Easley - 11/19/13 06:00 AM EST

Nancy Fletcher arrived in Washington in 1990 to work for the Outdoor Advertising Association of America, the country's largest billboard trade group, at the most critical juncture for the industry in decades.

At the time, Congress was considering a highway bill that would effectively ban billboards nationwide. The measure had 10 Senate co-sponsors, more than two-dozen House co-sponsors and was riding a wave of support from advocates pushing to eliminate "visual pollution" along the nation's highways.

Fletcher, a Minnesota native with a law degree who happened into the outdoor advertising industry in 1978, led the fight against the measure but couldn't have done it without a little help from two freshman senators who formed an unlikely alliance.

Sens. Harry Reid (D-Nev.) and Trent Lott (R-Miss.) joined forces to have the measure struck from the final bill in 1991.

That victory has allowed Fletcher to focus her pursuant 20-plus years as the president and CEO of the OAAA on less existential matters, like shepherding the industry into the digital age.

"It's amazing," she told The Hill in a recent interview. "These last 21 years, we have a whole generation now who sees it in a different way. They never saw the tobacco ads, never saw the fights in '70s or '80s. They actually think [billboards are] trendy."

In 1990, the idea of a shape-shifting digital advertisement seemed like something out of a hardly imaginable futuristic metropolis. In 2013, the medium is quickly becoming the standard.

The OAAA is presently focused on converting static billboards to digital ones that change every eight seconds.

There are currently about 4,400 nationwide.

"These are not just billboards," Fletcher explains. "Now they're on buses, the Metro, airports, Times Square – the medium is 'out of home' really. It's not just something that's outdoors that defines a billboard."

Of course, if it was just the cigarette ads Fletcher mentioned, it's unlikely the medium would have seen its trend quotient spike.

The outdoor advertising industry has blossomed into a multi-billion dollar revenue generator. When Fletcher entered the industry in the late 1970s, the industry generated \$700 million in revenue. That ran up to \$2.6 billion by the time she became president of the OAAA in the early 1990s. Today, the industry generates \$6.7 billion.

Fletcher pointed out that part of billboards' appeal has come from her commitment to using them for the betterment of society.

"We provide millions of free advertising for public services, and we've been doing it since war bonds were for sale in the early 1900s," she said.

The most high profile example of this came on 9/11, when more than 1,000 OAAA members had gathered at the Marriot Marquis ballroom in Times Square for the group's annual convention, when terrorists struck the World Trade Center a few miles south.

In addition to vacating the hall to make way for a makeshift residency for those affected by the lethal attacks, many members donated blood, and the group had its "United We Stand" campaign erected on billboards within hours.

The OAAA now has partnerships with the FBI, the Federal Emergency Management Agency, and the Department of Justice's Amber Alert system, which has been triggered more than 850 times since 2008.

These broadcasts override paid advertisements on digital billboards in an emergency, as they did during the Boston Marathon bombing, when they warned citizens what high-risk neighborhoods to avoid during the manhunt.

Fletcher says the FBI has caught 51 fugitives because their faces were plastered on billboards across the country.

One of these, a rapist who had been on the run for years, was finally brought to justice after his picture went up on 150 billboards along the East Coast.

"One fugitive turned himself in because his mother didn't want to see him on the sign anymore," Fletcher said.

"The immediacy of the digital basis is really changing the industry."

It's almost comical, she said, to think back on the changes the industry has undergone since the OAAA formed in 1891.

"Think about what a billboard is – it's a bill of advertisement placed on a wooden board," Fletcher said. "It started with circus posters; then went up on the early stage coaches, then the railroads; then in the early 1900s, the auto industry caused a need to standardize, to have rules and regulations on where they can go."

The regulations at first came at the local level, but the feds finally got involved in 1958. By 1965, President Lyndon B. Johnson had signed into law the Highway Beautification Act, championed by his wife Lady Bird Johnson, which mandated that ads could only go in spots where business takes place, not in residential, scenic or agricultural areas.

In 2013, only four states – Maine, Alaska, Hawaii and Vermont – have outlawed billboards, but those states have digital ads up in bus shelters and in other formats. Many municipalities, most notably Chicago under the direction of Mayor Rahm Emanuel, are forming partnerships with the industry to convert old billboards to digital through revenue-sharing deals.

While Fletcher is quick to talk about the progress her industry has made, there's one area of progress she sought to downplay.

After arriving in Washington in 1990 to join the OAAA, she became president and CEO in 1992. That makes her one of the earliest women to lead a Washington trade group.

Fletcher says there was nothing special about her career arc, arguing instead that it was more a product of having the right experience and being at the right place at the right time.

"If you follow my career, it wouldn't be dissimilar to what happened on the Hill, in Congress or academia," she said.

"The numbers certainly haven't changed enough to the point where I'd like to see them today, but my industry has followed a lot of those same trends."

Fletcher points to Clear Channel President and COO Suzanne Grimes as evidence women are gaining traction in Washington trade group management. Clear Channel is one of the big three companies, along with Lamar and CBS, on the OAAA board.

Still, being one of the earliest women to head a Washington trade group will lead to another impressive accomplishment. Fletcher just signed an extension with the OAAA through 2017.

At that point, she'll have led the group for 25 years, making her one of the longest serving female heads of a Washington trade association.

MEMORANDUM

TO: Rancho Cordova City Council

CC: Brian Nakamura, City Manager; Adam Lindgren, City Attorney; Aaron Busch, Community Development Director

FROM: Residents of Rancho Cordova, Bluff City, Inc. Homeowners Association, Lake Natoma Heights Neighborhood Association, Rollingwood Unit #6 Homeowners Association, Save the American River Association and other good neighbors

RE: Why the City of Rancho Cordova Should Not Approve Digital Billboards at This Time – A Proposal for Planning

DATE: FEBRUARY 6, 2015

The City of Rancho Cordova is a young and vibrant city. It is a city which deservedly has a reputation for caring about its image, following its vision, doing the right thing and making thoughtful decisions, based upon best practices and which serve the public's best interest. Wise and prudent long-term decisions will continue to guide Rancho Cordova into the future as a progressive family-friendly, safe, beautiful, eco-friendly and financially sustainable city.

As city residents and good neighbors of Rancho Cordova, we have volunteered our time and finances to research issues of public interest as they relate to digital billboards. Based upon our research and the discovery of new information, we urge the council to pause and take the requisite time to conduct a more comprehensive and educated look at all of the issues related to digital billboards: safety, changing technologies, uncertain legal outcomes and long-term financial impacts. Attached is our Proposal for Planning for your review.

Also, on January 30th, we asked Jerry Wachtel, an established expert in the field of traffic and highway safety for more than 40 years, if he would have time to provide us with an overview of significant issues relating to digital billboards. We further sought his opinion on the proposals before the Council. Mr. Wachtel's letter to us and his Curriculum Vitae are attached.

Thank you for the opportunity to present this information to you for your consideration.

11137 Nile River Court - Rancho Cordova, CA 95760

**Why the City of Rancho Cordova Should Not Approve Digital Billboards
A Proposal for Planning
February 6, 2015**

Background

Before September 2007, the Federal Highway Administration (FHWA) rules barred intermittently changing commercial billboards. In 2007, FHWA reversed the ban. This decision opened the door for a proliferation of digital billboards. In 2008 there were an estimated 800 digital billboards in the United States; by 2012 that number increased to about 3600.

The result is a nationwide concern that our country's thoroughfares are becoming steadily less attractive and more dangerous. A number of studies worldwide show that digital billboards, *designed* to be distracting, are actually causing more traffic accidents. Because of these concerns, a number of U.S. cities have banned digital signs. In turn, billboard companies have sued, claiming they have a right to put up digital signs. Another group is suing the FHWA for improperly changing their policy in 2007.

The current environment is one of uncertainty and lack of clarity.

New Information Exists Not Referenced In Proposals

The City's documents for the two new digital billboard proposals in the Highway 50 corridor approaching the Hazel Avenue off-ramp reference a single traffic study, a 2009 Federal Highway Administration study (FHWA). Of interest, the Minimum Negative Declarations for both proposed projects, dated August 2014, are virtually identical to the Minimum Negative Declaration, dated December 2012, for a digital billboard approved by the City near Highway 50 and Sunrise. Almost 18 months separate those documents, yet they continue to reference only the 2009 FHWA report.

Since the 2009 FHWA report, important new information, in the form of studies, reports and newspaper articles, has been published. The following examples are a sample of what we have learned:

- 1) A Peer-Reviewed Critique of the Federal Highway Administration Report Titled: "Driver Visual Behavior in the Presence of Commercial Electronic Variable Message Signs (CEVMS),"¹ The Veridian Group, Wachtel, 2015. This critique is a comprehensive review of an FHWA study, which was published in December 2013.² This critique was independently reviewed by 14 international

¹ <https://www.enotrans.org/eno-brief/fhwas-2013-research-report-on-digital-billboards-cevms-seriously-flawed>

² http://www.fhwa.dot.gov/real_estate/oac/visual_behavior_report/final/cevmsfinal.pdf

professionals (13 of whom hold doctorates) who are experts in human factors and traffic safety. The report concludes that the FHWA study's conclusions are seriously flawed and recommends that, "State and local governments ... adopt a cautious and conservative approach to digital billboard control and regulation until such time as a definitive study is available."

- 2) Effects of Electronic Billboards on Driver Distraction, Swedish National Road and Transport Research Institute; Light Technology Institute, Karlsruhe Institute of Technology; Duckic, Ahlstrom, Patten, Kettwich, Kircher, July 8, 2012. This study, published in the peer-reviewed journal *Traffic Injury Prevention*, concludes that digital billboards attract and hold the gazes of drivers for far longer than a threshold that previous studies have shown to be dangerous. The Swedish government nonetheless ordered the removal of all digital billboards based upon the results of this and related studies.³
- 3) Impact of Roadside Advertising on Road Safety, Austroads, Roberts, et. al., January 2013. This review is focused on distraction from an external source, specifically advertising billboards. "The fundamental logic of roadside advertising is to attract attention to something that is not part of the driving task."⁴
- 4) Roadside Advertising Affects Driver Attention and Road Safety, Herrstedt, Greibe, Andersson, September 2013. This highly-regarded Danish study concluded that, "The overall results of the empirical studies show that advertising signs do affect driver attention to the extent that road safety is compromised."⁵
- 5) Roadside Advertising and Driver Distraction – Recent Research, presented to American Association of State Highway and Transportation Officials/Subcommittee on Traffic Engineering, The Veridian Group, Inc., Wachtel, June 25, 2013, "Every study in the past 5 years has produced consistent findings – that roadside billboards, especially digital and video, cause significant levels of driver distraction."⁶
- 6) Safety Impacts of the Emerging Digital Display Technology for Outdoor Advertising Signs, Research for AASHTO Standing Committee on Highways Project 20-7 (256), Wachtel, National Cooperative Highway Research Program, Washington, DC, 2009. "The newest digital billboards are also increasingly capable of 'interacting' with approaching drivers. In some cases, the Radio Frequency Identification Device (RFID) embedded in a vehicle's key or on-board computer system, can trigger a personalized message on a digital billboard; in other cases, the billboard can display a message tailored to the radio frequency of

³ <http://www.scenic.org/storage/PDFs/eebdd.pdf>

⁴ <http://scenic.org/storage/PDFs/austroads%20research%20report%20on%20impact%20of%20roadside%20advertising%20on%20road%20safety.pdf>; pg. 10.

⁵ http://www.researchgate.net/publication/259592621_Roadside_Advertising_Affects_Driver_Attention_and_Road_Safety

⁶ <http://scote.transportation.org/Documents/Issues%20Related%20to%20Digital%20Sign%20Usage.pdf>

passing vehicles. Still other billboards encourage drivers to interact with the sign by 'texting' a message or calling a number displayed on the billboard."⁷

- 7) In Cities across Texas, Activists Battle Billboard Companies, NPR, Burnett, September 6, 2014. "More and more cities consider billboards as visual blight. In Texas 388 cities, including most large and medium-sized ones, have ordinances prohibiting new billboards and the list keeps growing."⁸ Following are several cities which have banned digital billboards, universally citing such concerns as blight, light pollution and roadway safety:

- Denver, Colorado⁹
- Ann Arbor¹¹
- Austin, Texas¹³
- Knoxville, Tennessee¹⁵
- St. Paul, Minnesota¹⁷
- Los Angeles, California¹⁰
- Anaheim, California¹²
- Walker, Michigan¹⁴
- Franklin Township, New Jersey¹⁶
- And Others ...

- 8) Veridian Comment Letter in response to City of Vista, California. Minimum Negative Declaration, The Veridian Group, Inc., Wachtel, July 2, 2013. "Digital billboards, even when dimmed for nighttime use, are visible for distances of six miles or more ... appear as the brightest objects in the environment."¹⁸

- 9) Digital LED Billboard Luminance Recommendations - How Bright Is Bright Enough? Draft, November 9, 2010. This draft document discusses the difference between the Outdoor Advertising of America's proposed luminance levels and the recommendations of the Illuminating Engineering Society of America, stating that "The OAAA proposed luminance levels are too high, about ten or more times as bright as recommended in most IESNA recommended practices, and three or more times as bright as current accepted practice reflected in billboard floodlighting. This is unnecessary for advertising effectiveness and unnecessarily risks roadway safety."¹⁹

⁷ Wachtel, J 2009, Research for AASHTO Standing Committee on Highways task 256: safety impacts of the emerging digital display technology for outdoor advertising signs, National Cooperative Highway Research Program, Washington, DC, USA. [http://rightofway.transportation.org/Documents/NCHRP%20Reports/20-7\(256\)%20digital%20outdoor%20advertising_aashto.pdf](http://rightofway.transportation.org/Documents/NCHRP%20Reports/20-7(256)%20digital%20outdoor%20advertising_aashto.pdf)

⁸ <http://www.npr.org/2014/09/06/346153394/in-cities-across-texas-activists-battle-billboard-companies>

⁹ http://www.denverpost.com/headlines/ci_14638259

¹⁰ <http://www.latimes.com/local/california/la-me-1023-billboard-20141023-story.html>

¹¹ <http://www.scenic.org/blog/177-city-of-ann-arbor-passes-ban-on-digital-billboards>

¹² <http://www.ocregister.com/articles/city-640752-digital-anaheim.html>

¹³ <http://www.npr.org/2014/09/06/346153394/in-cities-across-texas-activists-battle-billboard-companies>

¹⁴ http://www.mlive.com/business/west-michigan/index.ssf/2011/07/judge_sides_with_walker_in_lam.html

¹⁵ http://www.knoxnews.com/news/local-news/judge-rules-against-digital-billboards-in-knoxville_60592419

¹⁶ http://www.nj.com/somerset/index.ssf/2014/10/court_nj_towns_can_ban_electroinc_billboards.html

¹⁷ http://www.twincities.com/localnews/ci_25321032/minnesotas-4-3m-billboard-settlement-criticized-by-group

¹⁸ <http://www.scenic.org/storage/PDFs/mnd%20comment%20jerry%20wachtel%20veridian%20group.pdf>

¹⁹ Luginbuhl, CB, Israel, H., Scowen, P., Polakis, J., & Polakis, T. (2010). Digital LED Billboard Luminance Recommendations: How Bright is Bright Enough? Unpublished Draft Report. Flagstaff, AZ: U.S. Naval Observatory Flagstaff Station.

Financial Sustainability

City of Rancho Cordova Ballot Measure H, November 4, 2014. Passed by Rancho Cordova electorate 61% - 38%. This additional ½ cent sales tax will provide from \$5 million to \$7-1/2 million annually to the city's coffers. These funds, which will help provide financial sustainability for Rancho Cordova, will be used for a variety of purposes, including the removal of blight, enhancing safety and beautifying the city.²⁰

Legal Uncertainties

Scenic America v. FHWA Department of Transportation and Outdoor Advertising Association of America²¹

September 25, 2007. The Federal Highway Administration (FHWA) issued a memorandum, entitled "Guidance On Off-Premise Changeable Message Signs,"²² which reversed the agency's long-held position that barred intermittently changing commercial billboards.

January 23, 2013, Scenic America filed suit with the U.S. District Court for the District of Columbia seeking to overturn the Federal Highway Administration's September 2007 ruling which suddenly allowed formerly-banned intermittently changing commercial billboards. Scenic America argued that it violated the lighting standards established in the 1965 Highway Beautification Act and that the FHWA did not follow the federal government's rulemaking procedures.²³ In March 2013, the Outdoor Advertising Association of America, Inc. (OAAA) joined the lawsuit as an Intervenor-Defendant.²⁴ On June 20, 2014, the District Court Judge dismissed Scenic America's lawsuit, stating that FHWA's Guidance might not have offered the best reading of lighting standards by stating that digital billboards are not "flashing, intermittent, or moving" lights, but it did constitute an interpretation rather than a substantive change.²⁵

²⁰ [http://ballotpedia.org/City_of_Rancho_Cordova_General_Sales_Tax_Measure_H_\(November_2014\)](http://ballotpedia.org/City_of_Rancho_Cordova_General_Sales_Tax_Measure_H_(November_2014))

²¹ Longest, R., Wangu, L., Duke School of Law, Scenic America Lawsuit Seeks to Overturn FHWA Ruling on Digital Billboards. <http://www.scenic.org/storage/PDFs/scenic%20america%20lawsuit%20summary.pdf>. The Legal Uncertainties section liberally references from this paper.

²² <http://www.scenic.org/storage/PDFs/FHWA/fhwa%20guidance%20memorandum%20cvems%209-25-07%20final.pdf>

²³ Complaint against Federal Highway Administration, Ray Lahood, Victor Mendez, United States Department of Transportation, Scenic America Inc. v. Dept. of Transportation et al, No. 1:13-cv-00093 (D.D.C. Jan 23, 2013). <http://www.scenic.org/storage/PDFs/FHWA/scenic%20america%20complaint.pdf>

²⁴ Memorandum in Opposition by Outdoor Advertising Association on America, Inc., and Memorandum in opposition by Federal Highway Administration, United States Department of Transportation, entered on Mar. 21, 2014, Scenic America Inc. v. Dept. of Transportation et al, Docket No. 1:13-cv-00093, 2013 BL 293609.

²⁵ See Memorandum Opinion filed by United States District Court for the District of Columbia on June 20, 2014, Scenic America Inc. v. Dept. of Transportation et al, No. 1:13-cv-00093 (D.D.C. Jan 23, 2013). <http://www.scenic.org/storage/PDFs/memorandum%20opinion-6-20-14.pdf>

December 22, 2014. Scenic America filed an appeal in the United States Court of Appeals for the District of Columbia Circuit.²⁶ The American Planning Association and others filed an amicus curiae brief in support of Scenic America's position on December 30, 2014.²⁷

Scenic America and Neighborhood Coalition of Greater Phoenix v. City of Phoenix Board of Adjustment and Outdoor Advertising Association of America

November 17, 2011. In a separate case in Arizona, an Arizona appellate court unanimously agreed with the Scenic America position that a dwell time (the length of time that a given message is displayed on a digital billboard before changing to the next message) of eight seconds constitutes intermittent light, and found that this is something expressly prohibited by the Arizona Highway Beautification Act.²⁸

Minnesota Billboard Settlement

January 11, 2014, Twin Cities.com, Minnesota's \$4.3M billboard settlement criticized by group. The first-ever case of a state exercising eminent domain to remove digital billboards for freeway widening project. Following three years of "legal haggling", the Minnesota Department of Transportation wound up paying \$4.3 million for one digital billboard.²⁹

Conclusion

Rancho Cordova's decision about these digital billboard proposals will have long-term consequences on the overall image and feel of the city. We, therefore, recommend the City take the time to comprehensively research the issues noted above, and conduct a more thorough and educated look at all of the issues related to digital billboards, including safety, changing technologies, uncertain legal outcomes and long-term financial impacts.

We thank you for your consideration of our proposal and respectfully ask that you not consider the digital billboard proposals currently before you.

²⁶ Scenic America, Inc. v. United States Dept. of Transportation, et. al., and Outdoor Advertising Association of America, Inc., United States Court of Appeals for the District of Columbia Circuit, December 22, 2014. <http://scenic.org/storage/PDFs/sa%20versus%20fhwa%20appeal.pdf>

²⁷ Corrected Brief of Amici Curiae The American Planning Assn., The Garden Club of America, The Sierra Club, Inc., and The International Dark-Sky Assn., Inc. in Support of Petitioner and Reversal of Judgment. United States Court of Appeals for the District of Columbia Circuit, December 30, 2014.

²⁸ Scenic America and Neighborhood Coalition of Greater Phoenix v. City of Phoenix Board of Adjustment and Outdoor Advertising Association of America, Arizona Court of Appeals Division One, November 11, 2011, Cause No. LC2008-000497-001 DT

²⁹ http://www.twincities.com/localnews/ci_25321032/minnesotas-4-3m-billboard-settlement-criticized-by-group



DATE: February 6, 2015

TO: Residents of Rancho Cordova, Bluff City, Inc. Homeowners Association, Lake Natoma Heights Neighborhood Association, Rollingwood Unit #6 Homeowners Association, Save the American River Association, and other good neighbors.

Thank you for inviting me to provide some context and background from the human factors, environmental psychology, and traffic safety perspectives concerning digital billboards. Two such signs, known as **Commercial Electronic Variable Message Signs or CEVMS** by the Federal Highway Administration (FHWA) are discussed in recently issued Initial Study/Mitigated Negative Declarations (MND) by the City of Rancho Cordova. One MND addresses a proposed Clear Channel CEVMS, and the other concerns a proposed CEVMS from Outfront Media. Because of the similarity of the two MNDs and their citations of the same references, I have concentrated my remarks in this letter on the Clear Channel proposal. I will, however, note where specific concerns are relevant to the Outfront Media MND as well.

Before offering my comments on this topic, please allow me to provide some background about my consulting firm, The Veridian Group, Inc. and myself.

I am an Engineering and Environmental Psychologist, and have worked in the field of traffic and highway safety for more than 40 years. While serving as Director of the Highway Aesthetics Laboratory at the Federal Highway Administration (FHWA) in Washington, D.C., I was the senior author of a report about the safety and environmental impacts of CEVMS. This report, published in 1980, was the first comprehensive review of this new technology, and it was awarded the "Outstanding Technical Achievement of the Year" at FHWA. Soon after its publication, the report was used as evidence by the U.S. Department of Justice in an Amicus brief in a U.S. Supreme Court case concerning digital billboards (*Metromedia v. City of San Diego*).

Since the publication of that report, my services as a consultant, researcher, and expert witness have been retained in jurisdictions throughout the U.S. I have worked on behalf of the three largest outdoor advertising companies in the country (currently known as Clear Channel, Lamar, and Outfront) and many smaller companies, as well as the industry trade groups representing both the on- and off-premise advertising industries. I have also worked on behalf of state and local government agencies in developing or modernizing their sign codes and ordinances. And, I have been hired by private roadway and tollway operating authorities to help them determine where such advertising signs might be appropriately placed and operated.

Finally, I have served as an expert witness in numerous legal cases, and have never been denied acceptance as an expert in human factors and traffic safety. Although some billboard companies and organizations try to paint me as "anti-billboard," that is simply not the case. As my record shows, I have *never* been an opponent of digital billboards; rather I have tried to argue in favor of taking into account the time, place, and manner of their operation such that they will have the

567 PANORAMIC WAY • EAST COTTAGE • BERKELEY, CALIFORNIA 94704
TEL.: +1-510-848-0250 • FAX: +1-510-848-0303 • EMAIL: jerry@veridiangroup.com

– 2 –

February 6, 2015

least adverse effect on traffic safety and environmental considerations. I am a Fellow of the Human Factors and Ergonomics Society, a Certified Professional Ergonomist, and the Chair of the Digital Billboards Subcommittee of the Transportation Research Board of the National Academy of Sciences.

My review of the City of Rancho Cordova's MND leads to several areas of concern. I have divided my major concerns into three basic areas. These are:

- The document does not adequately address the two CEVMS characteristics that cause the greatest concern and the strongest opposition from road users and nearby residents alike – sign brightness (properly called “luminance”) and message dwell time (also known as the message change interval).
- The document does not look ahead to the likely useful life of the proposed CEVMS and, as a result, fails to take advantage of the opportunity to address, via regulation, the capabilities inherent in such signs which, when implemented, could serve as powerful new sources of driver distraction.
- The document contains a series of misleading and inaccurate statements and representations, which lead to concerns about the depth to which the authors investigated the relevant issues before preparing the MND.

Permit me to address these issues in turn.

1A. CEVMS BRIGHTNESS. Sign luminance, which the human eye and brain interpret as “brightness,” is an issue of both traffic safety and quality of life.

For drivers, signs that are too bright, particularly at night, can cause temporary, but nonetheless impactful, *discomfort or disability glare*. The former causes the driver to turn his or her eyes away from the light source (in this case, the billboard). When such a billboard is positioned close to the roadway edge, as is the case with the sign addressed in the MND, the driver can fail to observe time-critical traffic information (e.g. sudden braking or lane-changing vehicles). The latter actually causes the driver to be temporarily blinded, unable to see potentially important visual cues ahead (such as brake lights).

Outdoor advertising companies generally want their signs to be as bright as they can be, on the mistaken basis that a brighter sign is easier to read. Extensive traffic safety research, conducted over many decades, has clearly demonstrated that optimum sign luminance levels are far lower than those sought by the industry. This research has resulted in standards and requirements for official traffic signs (warning, regulatory, and other) that are far lower than billboards that may be quite near to them. In fact, similar research has been conducted on behalf of outdoor advertising groups, and the recommendations have been the same – specifically, that far lower lighting levels (further discussed below) are not only appropriate, but superior for sign readability, than the levels promulgated by billboard companies and their national trade organizations. In short, the billboard industry has ignored the extensive research suggesting reduced luminance levels of their signs – even when such research has been conducted on behalf of sign companies themselves.

- 3 -

February 6, 2015

In addition to adverse effects on drivers, residents who can see digital billboards from their windows are particularly affected by CEVMS that are excessively bright. This annoyance, over which such residents have no control, is exacerbated by signs that change their message (with an accompanying change in color and brightness) every few seconds. Complaints about loss of sleep, interruption of circadian rhythms, and other quality of life issues generally have been met by the refusal of billboard owners/operators to adequately address this issue. The most recent example is a case in Pennsylvania that has received considerable attention in the press. It concerns an elderly couple who have lived in their home for 37 years and came home one evening to find that a digital billboard had been erected nearby, flooding their bedroom with bright light and preventing them from sleeping. Multiple lawsuits are now pending in this matter. It is my understanding that a number of individuals live in homes on a bluff near Rancho Cordova and will be directly and adversely impacted by the brightness of the proposed sign. I have measured sign luminance in many locations around the country, and it is my experience that, even when digital billboards conform to the OAAA's guidelines, they can present excessive levels of brightness. I have personally measured one particular CEVMS that can be seen from a distance of six (6) miles and, even at that distance, appears to be the brightest object in the field of view (See Figure 1).

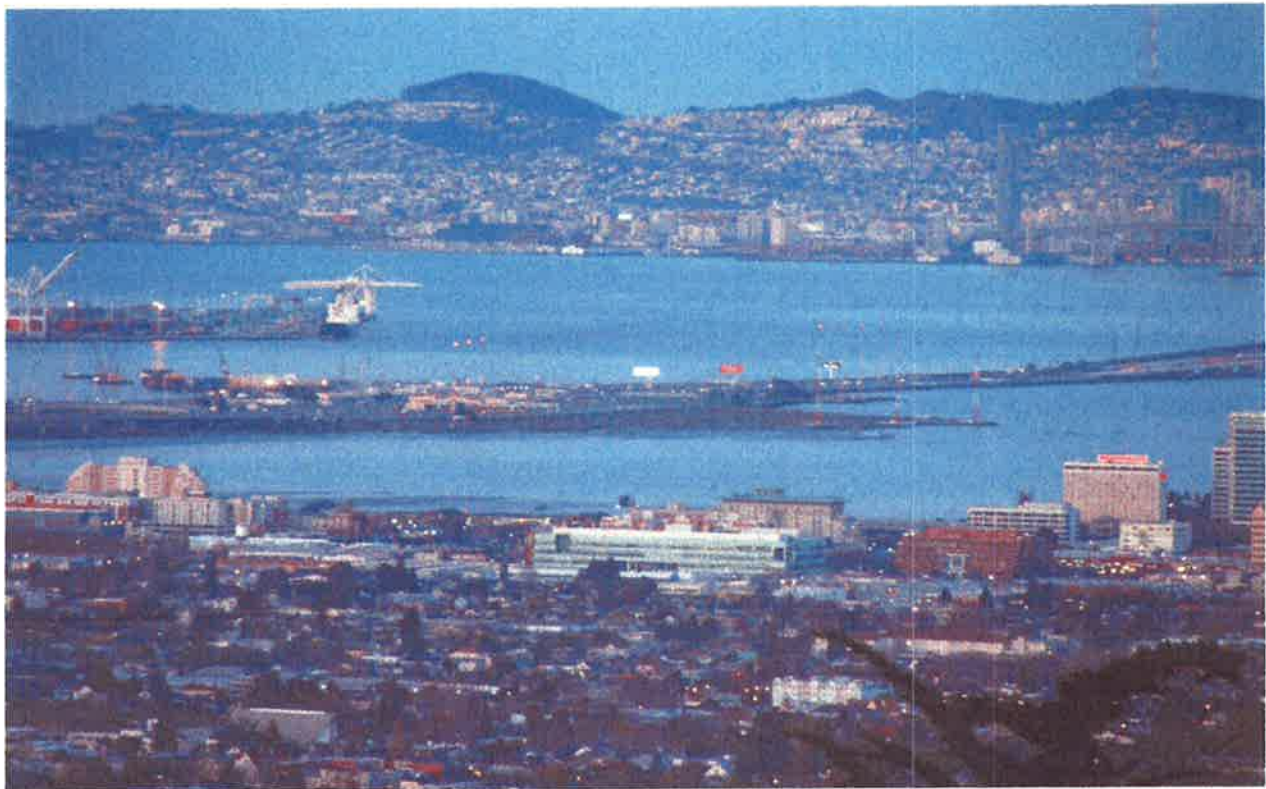


Figure 1. One of three digital billboards at the eastern end of the Oakland Bay Bridge viewed from a distance of six miles.

The billboard industry retained the services of a lighting expert, Dr. Ian Lewin, to develop a set of "guidelines" that the industry trade group (the OAAA) has adopted and promotes to government regulatory agencies nationwide. Independent lighting experts not employed by the billboard

– 4 –

February 6, 2015

industry disagree both with the brightness levels allowed by these guidelines, and by the measurement methods proposed to achieve them. I have written extensively about these issues, and I recommend that the City of Rancho Cordova, which has adopted the industry-recommended guidelines in its *Digital Freeway Signs Overlay* to the City's Zoning Code (Overlay), review the relevant technical literature (which I would be pleased to provide) and consider revising its guidelines to reduce the excessive lighting levels now permitted and the inappropriate and incomplete measurement methods required in the Overlay (further discussed below).

1B. DWELL TIME. Dwell time is the industry term used to measure the length of time that a message remains displayed prior to changing to the next message. Members of the outdoor advertising community claim that a driver needs approximately 5-6 seconds to observe and "take in" a message, and so they typically request a 6-second dwell time. CEVMS operators will often, however, accept a dwell time of 8-seconds or longer if the local government demands this. The mathematics are quite clear. The shorter the dwell time, the more advertising messages can be displayed within a given time interval (e.g. one minute or one hour) and the greater the revenue that accrues to the billboard owner. But thousands of driver comments and interviews, in the U.S. and abroad, demonstrate that the "flashing effect" of these shorter dwell times are highly distracting, causing these drivers to (involuntarily) continue looking at the sign because of these visual characteristics. In addition, drivers report that they are tempted to continue looking at the billboard if the message changes frequently, in order to see "what comes next." In a report that I wrote for the American Association of State Highway and Transportation Officials (AASHTO) in 2009, I presented a formula that I believed would satisfy both the desires of the billboard owners and the safety obligations of the road authorities, by tying the required minimum dwell time of a CEVMS to the prevailing roadway speed, combined with the sight distance to the sign. I believe that the City would do well to consider such an approach to setting dwell time for the proposed billboard.

2. FUTURE TECHNOLOGY. Digital billboards are, for all practical purposes, large, high-definition, flat screen televisions. The technology used for these signs is the same as that used in major sports arenas, and in entertainment districts such as Times Square, Las Vegas and Hollywood. CEVMS have far greater display and communication capabilities built-in than what they currently employ in roadside settings; their current limitations are those enforced by legislation, not technology.

I wrote extensively about several of these technologies in my 2009 AASHTO report. Since that time, these technologies have become more widespread and more sophisticated. I believe that any sign code should be proactive in addressing them given the anticipated life of the sign. I note with concern that the Overlay contains a "Development Standard" (1.xii) titled "Future Technologies," that addresses only "technologies available in the future to illuminate Digital Freeway Signs," while it ignores those technologies, several of which are already in use, that can enable such signs to be far more distracting to drivers than is currently the case.

These technologies all have essentially the same purpose – that is, to more deeply and completely engage the viewer (the driver) in an effort to increase brand recognition, product awareness, and sales. These technologies may use one or a combination of methods to accomplish these goals, and we can group them into a small number of categories.

– 5 –

February 6, 2015

a. *Message sequencing.* Message sequencing has been used in advertising for decades. On U.S. roadways, from the 1920's through the 1960's, the ads for a company called "Burma Shave" set the standard with a series of hand-painted signs, each displaying only a small part of the message, installed every few hundred feet along the roadside. To read the complete message, which always ended with the company's logo on the final sign, the driver had to read each part of the message as he or she drove past it. The same technique is used today in ads in magazines, where the reader must turn the page to see the second part of the message, and on late-night television, with the announcer proclaiming – "But wait, there's more."

Message sequencing is based on a concept discovered in the 1920s by the Russian psychologist Bluma Zeigarnik, which is now known as the Zeigarnik Effect. It demonstrates that human observers experience stress and discomfort when performing a task when that task cannot be completed for some reason. In other words, we are "wired" to seek closure, and so we will keep attending to unfolding messages until we can get to the end of the sequence. Advertising experts have written extensively about their use of this technique, and digital billboards make it easier than ever to apply it to the roadside environment, where drivers are a captive audience. By displaying only part of a message on the sign at a time, the advertiser can keep the driver's gaze directed at the sign long enough for successive parts of the message to be displayed (See Figure 2).



Figure 2. A single "frame" from a longer sequenced message. The intent is to keep the driver looking at the sign, anticipating the next frame display.

(Although not specifically relevant to the present case, which involves only a single CEVMS, there may, in the future, be locations where two digital billboards are located in sequence, or opposite one another on a highway. In that case, a message can be "sequenced" with part displayed on the one sign, and part on the other [See Figure 3]).

- 6 -

February 6, 2015



Figure 3. A pair of digital billboards spanning a 4-lane highway in London. The signs are used together to display parts of a message that encourage the driver to look at both signs sequentially.

b. Asking the driver to call, scan, or text the billboard for more information. Increasingly, digital billboards are displaying phone numbers, text message addresses and QR codes, and suggesting or directly requesting drivers to contact the displayed service to obtain additional information (See Figures 4 and 5).



Figure 4. A billboard suggesting that the driver send a text message to obtain the latest information on waiting time at the local hospital emergency room.

- 7 -

February 6, 2015



Figure 5. A billboard implicitly suggesting that the driver scan the QR code for more information.

C. RECOGNITION/IDENTIFICATION OF THE DRIVER AND/OR VEHICLE TO PROVIDE PERSONALIZED MESSAGES. Advertisers generally want to know the demographic of the audience to which they are advertising, so that they can tailor the message to those most likely to be receptive. There are, to our knowledge, four current technologies available, some of which are already in use by advertisers, to personalize billboard messages to intended drivers.

1. RFID tags. RFID stands for Radio Frequency Identification. It is the technology widely in use for keyless entry systems and keyless starting ability for many current vehicles. The “receiver,” located in the vehicle, reads the specific frequency being broadcast by the key, to open the door or start the car. Advertisers, including the manufacturer of the Mini Cooper automobile, have extended this technology to roadside billboards, so that when the billboard reads the RFID being broadcast from an approaching Mini Cooper automobile, the sign can send a unique, personalized message to the driver of that vehicle. (See Figure 6).

- 8 -

February 6, 2015



Figure 6. When a Mini Cooper drives by with an RFID tag that can be “read” by the roadside billboard, the billboard posts a personalized message to the driver.

2. Automated License Plate Readers (ALPR). ALPR technology has been, until recently, available only to law enforcement personnel. These specialized computers can quickly (hundreds of plates per minute) scan license plates of vehicles being passed by the police car in which they are mounted, compare those license plate numbers against a data base of stolen vehicles, or vehicles wanted in relation to a crime, and alert the officer to the vehicle bearing the identified plate. But recently the technology has become available on the commercial market, and outdoor advertisers have been among the first to use it.

A California company has publicized plans to mount ALPR devices onto buildings or billboards adjacent to freeways, scan the license plates of passing vehicles, and use their proprietary technology to personalize ads on the billboards or to send personalized messages to the vehicles directly. (See Figure 7). In England, a newspaper headline reading “UK Billboards Equipped with License Plate Spy Cameras” reported on the use of this technology on billboards as early as 2009.

- 9 -

February 6, 2015

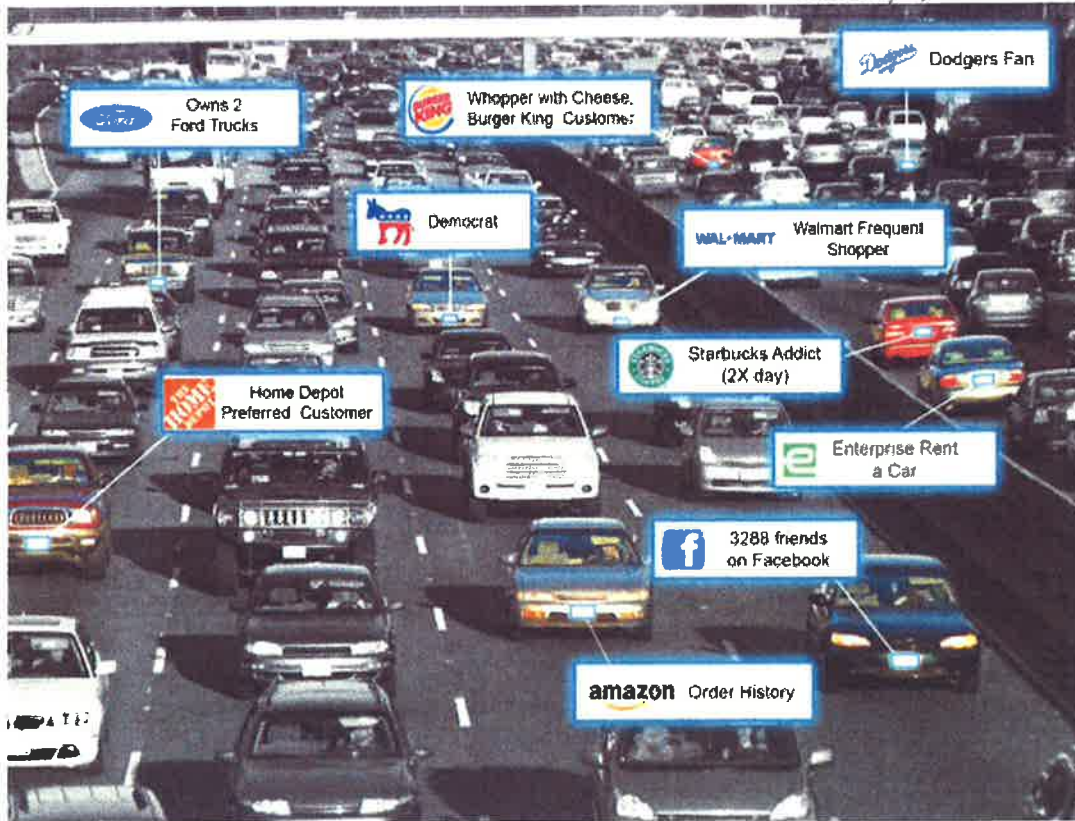


Figure 7. A depiction, from a company website, of the application of its ALPR technology for sending personalized messages to approaching drivers.

3. *Billboards that read "local oscillator" signals from radios in passing vehicles.* A company named "Smart Sign Media" has developed a technology that uses billboard mounted sensors to capture specific, real-time demographic information about motorists approaching the sign, which then can display advertising messages targeted to that demographic. An exemplar of this technology has been installed along Highway 99 in Turlock, California (See Figure 8).

- 10 -

February 6, 2015



Figure 8. A “smart sign” on Highway 99 in Turlock, California

4. *Billboard mounted face- and eye-recognition cameras.* Most digital billboards have video cameras mounted on their structures. These cameras serve primarily to view the sign itself to send a message back to the remote control centers about its functioning; they also can serve to monitor the ambient lighting conditions to trigger adjustments of the sign’s luminance levels. But some digital billboards have begun to sprout second cameras – aimed at approaching traffic. One supplier of such cameras has stated that the purpose of the cameras is to record the faces of approaching drivers to learn what percentage of them are looking at the billboard, and for how long. With the rapid improvement of camera speed and resolution, it is quite likely that this technology will soon be used (if it is not already) to identify driver demographics (age, gender, and more) and respond with real-time targeted ads. (See Figure 9).

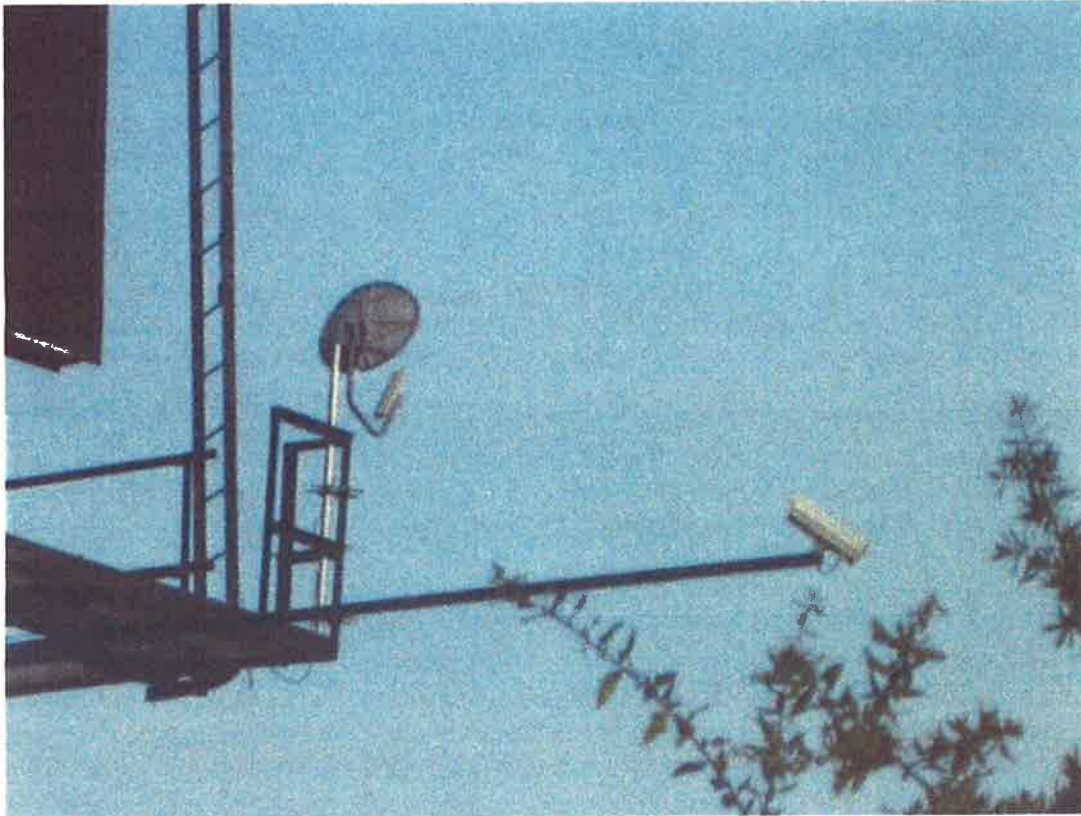


Figure 9. A typical billboard-mounted camera.

4. GENERAL CONCERNS WITH THE MND AND SPECIFIC STATEMENTS MADE WITHIN THE DOCUMENT.

4a. CEVMS relationship to official traffic control signs. The sign as proposed will be larger, taller, and brighter than any of the four official traffic control signs in the immediate area. These signs are: (a) the advance exit sign for Hazel Avenue, (b) a warning sign reading "Thru Traffic Merge Left," (c) the regulatory sign reading "Right Lane Must Exit," and (d) the actual Hazel Avenue exit sign. Because the "simulated view" of the proposed sign, shown in Figure 4 of the MND, was presented from Lane 3 and not Lane 4, there is no way to know whether the view of one or more of these official signs from the viewpoint of an approaching driver traveling in Lane 4 would be obstructed.

In addition, the proposed sign is to be located immediately adjacent to the Hazel Avenue interchange (see Section 4b below), where two of the required warning and regulatory signs address unsafe and improper lane changing. This raises the question, for which there seems to

– 12 –

February 6, 2015

have been no analysis performed, of whether the sign will “obstruct or physically interfere with the vision of drivers in approaching, merging, or intersecting traffic,” which is prohibited under the California’s Federal-State Agreement (FSA) with FHWA.

4b. CEVMS location in relation to the Hazel Avenue exit. Although the application states that the sign will be located “approximately 1,500 feet west of the Hazel Avenue/US-50 eastbound off-ramp,” this is misleading, and is in conflict with the FHWA definition of an interchange (of which the off-ramp is a part). In actuality, Figure 4 of the MND shows that the sign is located immediately adjacent to the point where the roadway begins to widen, i.e. “the point of beginning ... of pavement widening at the exit from the main-traveled way.” Therefore, the proposed sign is, according to FHWA, *at* the Hazel Avenue interchange.

4c. Consideration of the “Transportation/Traffic” environmental factor. In the section of the MND titled: “Environmental Factors Potentially Affected,” under the “Transportation/Traffic” section, the report states, in part: “The project would not adversely impact traffic” Given the preponderance of evidence from research studies in the past five years that demonstrate that the presence of roadside digital billboards adversely affects driver performance, including factors such as lane placement, speed maintenance, following behavior and anticipation of and response to hazards, and given that the proposed sign is to be located immediately adjacent to the official start of an interchange and within the immediate vicinity of four official traffic signs, it seems unreasonable that this statement can be made, especially given the authors’ apparent failure to examine any of the recent research in this field.

Sections 4d through 4g, below (with the exception of 4f2 and 4h), are applicable to both the Clear Channel and Outfront Media proposals.

4d. MND discussion of the FHWA 2009 report. Later in the discussion in this same section, the authors discuss, in some detail, a 2009 FHWA report titled: “The Effects of Commercial Electronic Variable Message Signs (CEVMS) on Driver Attention and Distraction: An Update.” As one of the authors of that report, I can note that the authors of the MND misunderstood or misinterpreted what that FHWA report accomplished. Further, the citation to the FHWA report provided in the MND’s “References” section is incorrect. The correct link is: http://www.fhwa.dot.gov/real_estate/oac/possible_effects/

4e. MND discussion of the feasibility of conducting a study of driver attention to a CEVMS. I also disagree with the authors’ statement about the impossibility of “conducting a study of an individual digital billboard to measure and analyze the effects of driver attention to the sign.” Indeed, such studies have been done, and should have been cited by the authors of the MND. In addition, I have designed such a study myself, but its conduct would require the support of a dedicated organization.

4f. MND discussion of actions to reduce safety concerns regarding CEVMS. The authors state: “Regulations on sign brightness, message duration, ... *and continuation of vehicle maneuver requirements at interchanges* (italics added) serve to reduce safety concerns to the fullest known extent.” I am concerned about this claim for several reasons:

– 13 –

February 6, 2015

1. The discussion of sign brightness in this MND is technically incorrect and quite incomplete,
2. The italicized statement concerning vehicle maneuver requirements at interchanges makes no sense as written, and, as discussed above, I believe that there is a high likelihood that the erection of a digital billboard at the exact beginning of this freeway exit will have a direct, and causal effect on an increase in unsafe vehicle maneuvers at this interchange, and
3. There is no disagreement in the driver behavior research literature that the presence of a CEVMS leads to longer and more frequent driver eye glances off the road than matched roadway sections in which a CEVMS is not present. Therefore, it is unreasonable for the authors to state that allowing this sign in this location is consonant with reducing safety concerns “to the fullest known extent.”

4g. Description of brightness and brightness measurement in the MND. As discussed in Section 1a of this letter, I believe that both the allowable brightness of the proposed sign is excessive, and the method required to calculate such brightness (described in the Overlay) is inappropriate and incomplete. For example, there is no requirement in the Overlay that a CEVMS default to a dark screen in the event of a failure anywhere within the sign’s system that controls sign brightness – this is a basic requirement that I have observed in the vast majority of controlling regulations for digital billboards nationwide.

In addition, however, whereas the Overlay establishes an upper limit for sign brightness at “0.3 foot candles above ambient light” at 250 ft from the sign, the MND erroneously deletes the crucial term “ambient light,” rendering the MND statement meaningless.

Finally, as stated above, brightness levels of 0.3 foot candles above ambient can be easily seen by residents of dwellings thousands of feet from the sign. When combined with the frequent, rhythmic changing of brightness and color, the adverse effect on the quality of life for these residents can be quite dramatic.

4h. Removal of ten mature redwood trees. The MND states, “Ten mature redwood trees located at the installation site are proposed for removal. The statement goes on to say that because the trees and the site are not located in a scenic highway corridor, “changes in views due to the removal of trees in this area would result in no impact on scenic resources or scenic highways.” While this statement may be technically correct with regard to CEQA requirements, it begs the larger question. That is, the Rancho Cordova “Digital Freeway Signs Overlay,” expressly prohibits “the substantial trimming or reduction of existing vegetation and landscaping.” Given that the Overlay was written to apply specifically to this very location (and one other), it is of concern that the MND now proposes to violate this requirement of the city’s zoning code.

4i. Distance between signs. Although the two MNDs were silent on this issue, it is clear from the Overlay that “No Digital Freeway Sign shall be located within 2,500 feet of any other Digital Freeway Sign within the City limits.” Since the Overlay employs the word *shall* (italics added) in its statement, it is clear that the intent of this provision is to specifically prohibit CEVMS placement closer than this minimum distance. Using the data provided in the two MNDs, I have calculated

– 14 –

February 6, 2015

that the two proposed CEVMS would be approximately 1,100 feet apart – less than half the minimum distance between signs that is permitted in the Overlay.

In summary, I have reviewed several documents, including: the negative declarations, the City's general plan, its Digital Freeway Signs Overlay of the Zoning Code, and the FHWA-California Federal-State Agreement. In addition, I am familiar with all of the research in this field and have extensive experience with digital billboard technology and applications. As a result, I recommend that the City not approve these two proposed CEVMS until a more comprehensive review and analysis is conducted to ensure that the needs of all stakeholders are addressed, that more reasonable and appropriate measures are applied to the establishment of luminance and dwell time standards, that such signs be brought into compliance with the City's Zoning Code, and that the Code itself be revised as necessary to reflect new technologies and the potential for CEVMS malfunction.

I appreciate the opportunity to have reviewed this MND and presented my opinions and conclusions to you. I am happy to provide any of the references mentioned in this letter, and to discuss my opinions in more detail with you and with city officials and other stakeholders in this matter.

Sincerely yours,



Jerry Wachtel,
President

JERRY A. WACHTEL, C.P.E.
 President, The Veridian Group, Inc.
 567 Panoramic Way • East Cottage • Berkeley, California 94704
 Tel: (510) 848-0250 • Fax: (510) 848-0303 • Email: jerry@veridiangroup.com

Curriculum Vitae

BACKGROUND AND EXPERTISE

The Veridian Group was established in 1982 to provide consulting services to Government, non-profit and corporate clients in areas of human factors and ergonomics, including: human performance; visibility and conspicuity; hazards and warnings; slips and falls; simulation; training and assessment; expectancy and situation awareness, distraction and attention; roadway design and traffic control devices; sign codes and ordinances, hindsight bias and positive guidance. Mr. Wachtel has more than 40 years of experience in research, project management, and regulation at all levels of Government and in private industry.

EXPERT WITNESS QUALIFICATION.

Mr. Wachtel has never been denied qualification as an expert witness in human factors, ergonomics, or engineering psychology. He has served as an expert in Alaska, Arkansas, California, Mississippi, Montana, New Jersey, New York, Oregon, Pennsylvania, Virginia, Washington and Washington, DC.

PARTIAL CLIENT LIST.

In addition to providing services to numerous law firms, our clients have included:

Government: U.S. Department of Transportation; U.S. Nuclear Regulatory Commission; County of Fairfax, VA; Cities of New York, San Francisco, Baltimore, Seattle, Portland, Berkeley, and others; LA Department of Highways; MD State Highway Administration; NJ Department of Law and Public Safety; PA Department of Transportation; Port Authority of NY and NJ (PANY); Atlantic City Expressway Authority; League of Minnesota Cities; Association of Bay Area Governments (ABAG); California Department of Transportation (CALTRANS); California Commission on Peace Officer Standards and Training (POST).

Corporate: Ackerley (Clear Channel) Communications, Inc.; AMFS, Inc.; Arco Chemical Co.; Atari Games Corp.; DriveSafety, Inc.; Drive Square, LLC; Electronic Learning Facilitators, Inc.; Fuel Outdoor; Hyperion Technologies, Inc.; Infinity (CBS) Outdoor; I-Sim Corp.; Lamar Outdoor, Inc.; Medved Autoplex; MORR Transportation Consulting; OTR Media; Parallax, Inc.; PB World; Positive Guidance Applications, Inc.; SAIC; Scientex Corp.; Strategic Media (Toronto); Systems Technology, Inc.; Talisman-International, LLC; Time-Warner Interactive; TransAnalytics, LLC; Vega Vista, Inc.

Educational and Non-Profit: Fondation MAIF, France; International Atomic Energy Agency (IAEA); National Safety Council; Sister Kenney Institute; Stein Gerontological Institute; University of California, Berkeley; University of Iowa; University of Miami Center on Human Factors and Aging; University of Minnesota; Washington University, St. Louis; American Association of State Highway and Transportation Officials (AASHTO); Sharp Memorial Hospital Rehabilitation Center; Outdoor Advertising Association of America (OAAA); International Sign Association (ISA); National Cooperative Highway Research Program (NCHRP).

EMPLOYMENT HISTORY:**DRIVING LAB, LLC**

Co-Founder and Partner, 2007-Present

Driving Lab is a start-up company formed to address the growing need for a practical and valid assessment of driving impairments due to age, injury, or illness. The company is developing a line of standardized, state-of-the-art, affordable driving simulators, complete with proven assessment and training scenarios and protocols, for use in clinical, research, and DMV applications.

U.S. NUCLEAR REGULATORY COMMISSION, Washington, D.C.

Senior Engineering Psychologist, Training & Assessment Specialist, 1982-2000

Author of Federal regulations for fidelity and testing requirements for training simulators. Designed, developed and implemented agency-wide program in workplace ergonomics, and wrote policy paper on "Safety Conscious Work Environment." Managed multi-million dollar research programs in areas related to nuclear power plant simulation, training, procedures, and human factors engineering for advanced control rooms. Initiated, developed and defended research areas; developed contract documents and negotiated with offerors; managed all technical and financial aspects of research and technology transfer; explained and defended programs through the public hearing process; and published results. Developed and performed training and procedures reviews, control room design reviews, examination audits, incident response site-visits, simulator certification audits, and power plant staff interviews. Developed and maintained cooperative working relationship with industry.

Published and presented technical papers, chaired professional conferences, and served as invited keynote speaker. Appointed Chair, U.S. Technical Advisory Committee to International Standards Organization (ISO) Committee 159, SC6/WG8, Ergonomics of Control Centres. Served as NRC representative to American Nuclear Society committee writing the ANSI standard for nuclear power plant simulators. Conducted classes and workshops on human factors in the nuclear industry for international organizations in England, Norway, Sweden and Slovenia.

U.S. DEPARTMENT OF TRANSPORTATION, Washington, D.C.

Research Psychologist, 1973-82.

Developed and staffed a research laboratory using simulators and psycho-physiological recorders to conduct and manage highway safety research related to: accidents under reduced visibility conditions; driver task demands in the presence of roadside distractors; safety and traffic flow at bridge and tunnel entrances; real-time motorist guidance and information systems; adequacy of traffic control devices. Named Laboratory Director in 1980. My research results have been implemented throughout the US and Europe, and have been used as evidence in court cases, including the U.S. Supreme Court. Wrote and presented papers at conferences. Served on international committees concerned with highway safety. Appointed by the Secretary of Transportation to tasks force on Occupational Safety and Health and Transportation System Environmental Design. Chaired the simulation committee of the National Academy of Sciences' Transportation Research Board, and served as Chair of the Board's Human Factors Workshop in Transportation. Served the Human Factors and Ergonomics Society as Alternate Member of the National Committee on Uniform Traffic Control Devices.

Curriculum Vitae of Jerry Wachtel, C.P.E.

GRUMMAN AEROSPACE CORPORATION, Bethpage, New York

Human Factors Psychologist, 1969-73.

Served as NASA-Apollo Lunar Module (LM) Team Leader for simulation and real-time mission support. Developed and implemented man-in-the-loop simulation tests in support of flight crew training, procedures development, verification and validation, display/control design, and on-board maintenance activities. Supervised all corporate life sciences NASA support functions for Apollo flights including direction of a round-the-clock emergency response team of scientists and engineers, and conduct of post-mission astronaut debriefings. Wrote the human factors sections of corporate post-flight reports to NASA for Apollo missions. Researched the LM crew/computer interface, the results of which led to a reduction of in-flight errors during periods of high task demands. Discovered the problem and evaluated the effects of distance perception illusions experienced by astronauts on the lunar surface, which led to new equipment and procedures to reduce these effects. Wrote technical papers, and served as Grumman's representative to NASA lunar surface operations planning meetings. Consulted on other corporate projects, and contributed to the design of Grumman health care delivery systems and emergency medical treatment devices.

PROFESSIONAL APPOINTMENTS AND AFFILIATIONS

Fellow, Human Factors and Ergonomics Society

Member, Technical Groups on Forensics, Surface Transportation, Product Design,
Visual Performance, Computer Systems, Health Care

Member Emeritus, National Academy of Sciences, Transportation Research Board

Chair, Subcommittee on Roadside Digital Signage

Member, TRB Leadership Group

Past Chair, Committee on Simulation and Measurement of Vehicle and Operator Performance

Member, Committee on User Information Systems

Member, Committee on Vehicle User Characteristics

Member, Committee on Eminent Domain and Land Use

Chair, Fifteenth and Thirtieth Annual Workshop on Human Factors in Transportation

Member, Human Factors Workshop Planning Committee

Member or past member of the following Scientific and Technical Committees:

Human Factors Resource, An Advisory Body to the National Committee on Uniform
Traffic Control Devices, Authors of the MUTCD.

Intelligent Transportation System (ITS) America, Committee on Safety and Human Factors.

Society of Automotive Engineers (SAE), Committee on Safety and Human Factors.

Advisory Board, Center on Human Factors and Aging Research – University of Miami School
of Medicine.

U.S. Technical Advisory Group to International Standards Organization (ISO) TC159

Ergonomics, and its Subcommittee 4, Ergonomics of Human-System Interaction.

Chair, U.S. Technical Advisory Group to ISO TC159/SC6, Ergonomics of Control Centres.

Guest Lecturer. Graduate Class in Ergonomics and Engineering Psychology, San Jose State University.

Curriculum Vitae of Jerry Wachtel, C.P.E.

CERTIFICATIONS, HONORS AND AWARDS

Certified Professional Ergonomist (CPE), Board of Certification in Professional Ergonomics

Fellow, Human Factors and Ergonomics Society

Member Emeritus, Transportation Research Board, National Academy of Sciences

High Quality Performance Awards, U.S. Nuclear Regulatory Commission.

NASA Apollo Achievement Award for outstanding contributions to manned space flight.

Outstanding Technical Achievement by the Federal Highway Administration for report titled: "Safety and Environmental Design Considerations in the Use of Commercial Electronic Variable Message Signage." (This publication was used as evidence by the Attorney General of the United States in a case heard before the U.S. Supreme Court).

Member of Psi Chi, the National Honor Society in Psychology.

EDUCATION.

Brooklyn College, Brooklyn, NY, B.A., Psychology, 1965

The City University of New York, New York, NY, M.B.A., Engineering/Industrial Psychology, 1969

The Stevens Institute of Technology, Hoboken, NJ, Advanced Graduate Studies in Engineering and Environmental Psychology

The Catholic University of America, Washington, DC, Advanced Graduate Studies in Human Factors and Engineering Psychology

COMMUNITY SERVICE.

Past-President, Member of the Executive Board, Panoramic Hill Association, a 501-C-4 organization in Berkeley, California.

Member of the Board, Friends of the Havens House, Berkeley, California

Past Director and Public Safety Chair, Berkeley Path Wanderers Association

Past President and Chairman, Federal Hill Neighborhood Association, Inc., a 501-C-3 organization representing a community of 3000 listed on the National Register of Historic Places.

Appointed by several Mayors of Baltimore City to membership on planning committees and tasks force, including: City Master Plan for the Year 2000 and Beyond; Downtown Stadium Committee; Key Highway Waterfront Advisory Committee.

SELECTED PUBLICATIONS, PRESENTATIONS, AND PROFESSIONAL ACTIVITIES.

Reviewer: *Simulation: Transactions of the Society for Modeling and Simulation*. 2014 - Present.

“FHWA’s 2013 Research Report on Digital Billboards (CEVMS) – Seriously Flawed.” *Eno Brief Newsletter*. Washington, DC: The Eno Center for Transportation. 1/13/2015.

“A Peer-Reviewed Critique of the Federal Highway Administration (FHWA) Report Titled: ‘Driver Visual Behavior in the Presence of Commercial Electronic Variable Message Signs,’” January 2015.

“Code 3: The Impact of In-Vehicle Technologies on Performance and Distraction of First Responders. With Andrew Kun, University of New Hampshire. Invited Human Factors Workshop to be conducted at the 94th Annual Meeting of the Transportation Research Board of The National Academies. Washington, DC, January 2015.

“Shedding Light on Billboard ‘Brightness.’” Invited Presentation to the Scenic America Annual Symposium. San Francisco: May 2013.

“The United States Version of the Stroke Drivers’ Screening Assessment: A Pilot Study.” With Abiodun Akinwuntan, Nadina Lincoln, Diana Gantt, Gina Gibson, Kurt Kimmons, and Valerie Ross. *Topics in Stroke Rehabilitation*. 2013; 20(1), 87-92.

Member, Scientific Review Committee. International Driving Symposium on Human Factors in Driving Assessment, Training and Vehicle Design, 2011-Present.

“Ironies of Automation.” With Judith Burki-Cohen. Invited Human Factors Workshop conducted at the 92nd Annual Meeting of the Transportation Research Board of The National Academies. Washington, DC, January 2013.

“Human, Organizational, and Cultural Factors in Accidents.” Convener and Chair of Special Symposium held at the 92nd Annual Meeting of the Transportation Research Board of The National Academies. Washington, DC, January 2013.

Reviewer, *Journal of Traffic Injury Prevention*, 2012 - present.

“Visual Clutter and Roadside Distractions: The Challenge to Good Traffic Engineering and Human Factors Practice.” Invited Presentation to the 5th International Conference on Traffic and Transport Psychology, Groningen, The Netherlands, August 2012.

“Stroke Driver Screening Assessment predicts driving in individuals with Relapsing-Remitting Multiple Sclerosis.” With A. Akinwuntan, T. O’Connor, K. Turchi, E. McGonegal, and S. Smith. *International Journal of MS Care*, Paper #2012-010R, accepted for publication. March 2012.

“Whodunit? – Human Factors in the Courtroom.” With Alison Smiley. Human Factors Workshop conducted at the 91st Annual Meeting of the Transportation Research Board of The National Academies. Washington, DC, January 2012.

Curriculum Vitae of Jerry Wachtel, C.P.E.

“Driver Fitness in Patients with Cognitive Impairment and Glaucoma.” With Peter Rosen, Abiodun Akinwuntan, Erwin Boer, Robert Weinreb, and Felipe Medeiros. *Proceedings of the 6th International Driving Symposium on Human Factors in Driver Assessment, Training, and Vehicle Design*. June 2011.

“The United States Version of the Stroke Drivers’ Screening Assessment Battery: A Report of Preliminary Findings.” With Abiodun Akinwuntan, Diana Gantt, Gina Gibson, Kurt Kimmons, Valerie Ross, and Peter Rosen. *Proceedings of the 6th International Driving Symposium on Human Factors in Driver Assessment, Training, and Vehicle Design*. June 2011.

Member, Scientific Review Committee, 3rd International Conference of Road Safety and Simulation, 2011.

“Driving Simulation for Evaluation and Rehabilitation of Driving After Stroke.” (2011) With Abiodun Emmanuel Akinwuntan and Peter Newman Rosen. *Journal of Stroke and Cerebrovascular Diseases*.

“Digital Billboards, Distracted Drivers.” *Planning: The Magazine of the American Planning Association*, 25-27. March 2011.

Reviewer: Grant Proposals Submitted to National Institutes of Health – National Institute of Child Health and Human Development: “Experimental Research on the Effects of Teenage Passengers on Driving Performance Among Teenagers.” March 2010.

Consultant: National Institutes of Health STTR Grant: “Driving Simulation for Assessment and Training After Stroke.”

“The State of the Art and the State of the Knowledge About Digital Billboards and Traffic Safety.” Invited Webinar Presented to the Motorist Information and Services Association, March 18, 2010.

“Safety Impacts of Emerging Digital Display Technology.” Invited Presentation to the American Planning Association, Pennsylvania Chapter, Southeast Section, December 4, 2009.

“The Relationship Between New Roadside Advertising Technologies and Driver Distraction: an International Assessment.” Proceedings of the First International Conference on Driver Distraction and Inattention. Gothenburg, Sweden, September 28-29, 2009.

“Safety Impacts of the Emerging Digital Display Technology for Outdoor Advertising Signs.” Report No. 20-7 (256). Washington, DC: National Cooperative Highway Research Program, April 2009.

“The Effect of Commercial Electronic Variable Message Signs (CEVMS) on Driver Attention and Distraction: An Update.” With J.A. Molino, J.E. Farbry, M.B. Hermosillo, and T.M. Granda. Report No. FHWA-HRT-09-018. Washington, DC: US Department of Transportation, Federal Highway Administration. February 2009.

“Digital Billboards: The Hype, The Facts, The Solutions.” Invited Presentation to the Annual Meeting of the Intelligent Transportation Society of California. Sacramento: December 2008.

Curriculum Vitae of Jerry Wachtel, C.P.E.

“Safety Impacts of Emerging Digital Display Technology for Outdoor Advertising Signs: An Overview of NCHRP Project 20-7 (256).” Paper presented at the 11th Annual NAHBA Conference. Kalispell, Montana, August 11, 2008.

“Review of Two Billboard Industry Reports.” Paper presented at the 11th Annual NAHBA Conference. Kalispell, Montana, August 12, 2008.

“Digital Billboards on the Highway – Who’s Watching?” Human Factors Workshop conducted at the 87th Annual Meeting of the Transportation Research Board of The National Academies. Washington, DC, January 2008.

“Programs and Practices to Reduce Simulator Sickness: Lessons Learned from the Field.” *Proceedings of the International Conference on Road Safety and Simulation, 2007*. Rome, Italy: University of Roma Tre.

Reviewer: “Changeable Message Sign Displays During Non-Incident, Non-Roadwork Periods.” National Cooperative Highway Research Program (NCHRP), Project 20-5, Topic 38-11, July 2007.

Principal Developer – International Standards Organization (ISO) Warning Symbol No. 21482, a symbol to warn the public of radiation dangers, February 2007.
(<http://www.iaea.org/NewsCenter/News/2007/radiationsymbol.html>)

Reviewer: *Preventing Teen Motor Crashes: Contributions from the Behavioral and Social Sciences: Workshop Report*. Washington, DC: The National Academies, January 2007.

“A Protocol for Avoiding Simulator Sickness.” With E. Stern, V. Barth, W. Durfee, M. Rosen, T. Rosenthal, E. Schold-Davis, C. Schaffer, M. Watson, & J. Zola. Paper presented at the Conference on New Approaches to Simulation and the Older Operator, MIT AgeLab & New England University Transportation Center, October 27, 2006.

“Survey of Standards and Practices toward the Reduction of Simulator Sickness.” Paper presented at the Conference on New Approaches to Simulation and the Older Operator, MIT AgeLab & New England University Transportation Center, October 27, 2006.

Invited Participant. U.S. Institute for Environmental Conflict Resolution: National Outdoor Advertising Control Program Assessment. Sacramento, California, August 2006. U.S. Department of Transportation, Federal Highway Administration.

Invited Presenter, “Hindsight Bias in Attribution of Crash Causes,” Workshop on *Why Crashes Happen: Factors Associated with Crash Causation - Human Factors Insights from In-Depth Investigations*, 85th Annual Meeting of the Transportation Research Board, Washington, DC, January 2006.

“The Use of a Driving Simulator to Assess Senior Driver Performance: Increasing Situational Awareness Through Post-Drive One-on-One Advisement,” with M. Romoser, D.L Fisher, R. Mourant, & K. Sizov. *Proceedings of the 3rd International Driving Symposium on Human Factors in Driver Assessment, Training, and Vehicle Design*. Rockport, Maine: June 27-30, 2005.

Curriculum Vitae of Jerry Wachtel, C.P.E.

Invited Moderator, Human Factors Issues. *The Crossing Zone – A Decade of Progress: Western Regional Safety Grade-Crossing Training Conference*. Organized by Federal Railroad Administration and University of California, Berkeley. May 2005.

“The Potential to Enhance Older Drivers’ Critical Driving Skills Through Simulator-Based Advice,” with M. Romoser, D.L. Fisher, K.A. Sizov, & R.R. Mourant. In *Driver Behaviour and Training: Vol. II*, L. Dorn, Ed. pp. 105-120. Hampshire, England: Ashgate.

“Safety Challenges Facing Tomorrow’s Commercial Drivers and the Role of New Simulation Technology to Meet Them.” Proceedings of the *Conference on Future Truck and Bus Safety Research Opportunities*. Washington, DC: Transportation Research Board of the National Academy of Sciences, March 2005.

“Use of a Driving Simulator to Assess Older Adults’ Critical Driving Skills,” with M. Romoser, D.L. Fisher, R. Mourant, K. Sizov, S. Kennedy, & M. Andra. Paper presented at the 84th Annual Meeting of the Transportation Research Board, Washington, DC, January 2005.

“Making Vehicles and Roads Safer for Older Drivers: A Human Factors Approach.” Paper presented at the Symposium on Safe Mobility for the Aging, Sacramento, California, November 2004.

“Discriminating Between Brain Injured and Non-Disabled Persons: a PC-Based Interactive Driving Simulator Pilot Project,” with E.B. Stern, E. Schold Davis, W.K. Durfee, and T.J. Rosenthal. *Advances in Transportation Studies: An International Journal*, 2004 Special Issue, pp. 67-78

“Driving Simulation in the Clinical Setting: Utility for Testing and Treatment,” with P.N. Rosen. *Advances in Transportation Studies: An International Journal*, 2004 Special Issue, pp. 91-96

Invited Panelist, The Santa Monica Crash: Strategies to Reduce Future Occurrences. Joint Conference of the American Society on Aging and the National Council on Aging, April 2004.

Invited Participant, “International Consensus Conference: How to Assess Road Driving Skills and Abilities,” Sponsored by U.S. Public Health Service, Centers for Disease Control, December 2003.

“Assessment of Cognitively Impaired Persons Who Wish to Resume Driving.” The First STISIM Drive Users Group Meeting, Cranfield University, United Kingdom, September 2003.

“Driver Education for Pre-Teens: A New Approach Toward Reducing Crashes Among Young Novice Drivers.” In *Contemporary Ergonomics 2003*, P.T. McCabe (Ed.). London: Taylor & Francis.

“Pilot Study of Driving Simulation with Persons with Brain Injury and Cognitive Deficit,” with E.B. Stern, W.K. Durfee, T.J. Rosenthal, and E. Schold Davis. Presented at *World Federation of Occupational Therapy (13th World Congress of Occupational Therapists)*, Stockholm, Sweden, 2002.

“Program for Development of a New Warning Sign for Hazardous Radioactive Materials,” Consultant’s Report Prepared for the International Atomic Energy Agency (IAEA), March 2002.

Curriculum Vitae of Jerry Wachtel, C.P.E.

“Drivers’ Responses to Changeable Message Signs of Differing Message Length, and Traffic Conditions,” with J.H. Guerrier and D.L. Budenz. In *Contemporary Ergonomics 2002*, P.T. McCabe (Ed.). London: Taylor & Francis, pp 223-228.

“Low Cost Simulation as a Tool to Assess the Driving Ability of Persons with Cognitive Impairments from Brain Injury,” with E.B. Stern, W.K. Durfee, T.J. Rosenthal, and E. Schold Davis. In *Contemporary Ergonomics 2002*, P.T. McCabe (Ed.). London: Taylor & Francis, pp. 229-234.

Ergonomics and the Prevention and Reduction of Injuries in the Workplace – Office Ergonomics 101-103. U.S. Nuclear Regulatory Commission BR-0269, 0270, 0271, February 2002.

“Evaluation of a Low-Cost, PC-Based Driving Simulator to Assess Persons with Cognitive Impairments Due to Brain Injury,” with W.K. Durfee, T.J. Rosenthal, E. Schold-Davis and E.B. Stern. *Proceedings of the International Driving Symposium on Human Factors in Driver Assessment, Training and Vehicle Design*, Aspen, Colorado, August 2001, 293-294.

“A Simulator Study of Driver Responses to Changeable Message Signs of Differing Message Length and Format,” with J. Guerrier. *Proceedings of the International Driving Symposium on Human Factors in Driver Assessment, Training and Vehicle Design*, Aspen, Colorado, August 2001, 164-165.

Invited Participant, *Federal Motor Carrier Safety Administration Meeting on Research and Technology*. Washington, DC, U.S. Department of Transportation, January 2001.

Invited Participant, “Conference on Partnering for Safety-Human Centered Systems – Operator Fatigue Management.” Tysons Corner, Virginia, U.S. Department of Transportation, August 2000.

“Human Factors Guidance for Control Room Evaluation,” with J. O’Hara, W. Brown, W. Stubler, J. Higgins and J.J. Persensky. In *Proceedings of the IEA 2000/HFES 2000 Congress*, San Diego, California, August 2000, 3-519 – 3-522.

Chair, Technical Session on “Human Factors Engineering Methods in Power Systems.” *IEA 2000/HFES 2000 Congress*, San Diego, California, August 2000.

Single Point Urban Diamond Intersections in Maryland: A Review and Human Factors Analysis. Maryland State Highway Administration, Office of Traffic Safety, June 2000.

Invited Participant, *Specialists’ Meeting on “Integrated Information Presentation in Control Rooms and Technical Offices at Nuclear Power Plants.”* Stockholm, Sweden, International Atomic Energy Agency (IAEA), May 2000.

Co-Chair, Workshop on “Signs that Confuse, Signs that Distract – The Impact of Official and Commercial Signs on Driver Behavior and Performance,” with M. Pietrucha. *33rd Annual Human Factors in Transportation Workshop*. Washington, DC, Transportation Research Board of the National Research Council, January 2000.

Curriculum Vitae of Jerry Wachtel, C.P.E.

"Interactive Driving Simulation as a Tool for Insight Development and Motivation in a Rehabilitation Setting," with Elin Schold-Davis. Paper presented at *The 8th Annual Medicine Meets Virtual Reality Conference*, Newport Beach, California, January 2000.

The Towson Roundabout: Human Factors Considerations. Maryland State Highway Administration, Office of Traffic Safety, August 1999.

Chair, Workshop on "Approaches for the Integration of Human Factors into the Upgrading and Refurbishment of Control Rooms." Organization for Economic Cooperation and Development of Europe (OECD). Halden, Norway, August 1999.

Chair, Workshop on "Safety Assessment of Plant Modifications with Special Emphasis on I&C Modernization and HMI Issues." International Atomic Energy Agency (IAEA). Ljubljana, Slovenia, May 1999.

Invited Presenter. *Corporate Traffic Safety Symposium*. Ft. Lauderdale, Florida: National Safety Council, South Florida Chapter, September 1997.

"Innovations in Low-Cost Simulation Technology for the Training and Testing of 'High Risk' Drivers," in *Global Perspectives of Human Factors in Power Generation: Proceedings of the 1977 IEEE Sixth Conference on Human Factors and Power Plants*. New York: Institute of Electrical and Electronic Engineers, June 1997.

Member, Expert Peer Review Panel. *Validation of Truck Driver Simulator for Driver Training, Testing and Licensing*. U.S. Department of Transportation, Office of Motor Carriers, June 1997.

"Applications of Appropriate Simulator Technology for Driver Training, Licensing and Assessment." In *Vision in Vehicles - V*, A.G. Gale, et al, Eds. Amsterdam: Elsevier, pp. 3-10, 1996.

"A Comprehensive Evaluation of a Low Cost Driving Simulator for Use in the Training of Police Officers," with J. Berner. Presented at the *International Conference on Traffic and Transport Psychology*, Valencia, Spain, May 1996.

"An Enhanced Commentary Driving Technique for Real-Time Data Collection with Untrained Subjects," with J.H. Guerrier and P. Manivannan. Paper presented at the *International Conference on Traffic and Transport Psychology*, Valencia, Spain, May 1996.

"Human Factors Study of Traffic Control in Construction and Maintenance Zones," Three Working Papers Submitted to the Federal Highway Administration, U.S. Department of Transportation, under Contract No. DTFH61-95-C-00064, 1996.

"Human-System Interface Design Review Guideline, Final Report." *NUREG-0700, Rev. 1*. Washington, DC: U.S. Nuclear Regulatory Commission, June 1996.

"Technology and the Older Traveler." *Second National Forum for Advanced Public Transportation (APTS): New Thinking in Transit Management Concepts*, 8-11. Knoxville: The University of Tennessee Transportation Center, 1996.

Curriculum Vitae of Jerry Wachtel, C.P.E.

"A Brief History of Driving Simulators." *TR News*, Number 179, July-August, pp. 26-27,45, 1995.

"Human Factors in Process Control: Developing Criteria for the Review of Advanced Human-System Interface Designs." *CSERIAC Gateway VI*(4), pp. 10-12, 1995.

"Methodological Issues in the Validation of Complex Human-Machine Systems," with J. O'Hara and W. Stubler. *Proceedings of the Topical Meeting on Computer-Based Human Support Systems: Technology, Methods, Future*. Philadelphia, PA, June 26-29, 1995, pp. 339-344.

Positive Guidance in Maryland: Guidelines and Case Studies. Contributing Author and Task Force Leader. Hanover, Maryland: Maryland State Highway Administration, 1995.

"The Importance of Simulation Facilities for the Development of Review Criteria for Advanced Human System Interfaces," with J.M. O'Hara. *Proceedings of the 1994 Simulation Multiconference*, J. Olmos and A. Sharon, Eds., pp. 200-205. San Diego: The Society for Computer Simulation, 1994.

"Development of Comprehensive Human Factors Engineering Guidelines for the Evaluation of Human Systems Interfaces," with J. O'Hara and W. Brown. *Proceedings of the 12th Triennial Congress of the International Ergonomics Association, Volume 5: Ergonomics of the Workplace*, Ontario, Canada: Human Factors Association of Canada, 1994, pp. 407-409.

"Driving Simulators - Serious Tools or Frivolous Toys? - Overview of a Symposium and Panel Discussion." *Proceedings of the Human Factors and Ergonomics Society 37th Annual Meeting*, Seattle: 1993, pp. 600-601, 622-624.

"The State of Practice of Computerized Operating Procedures in the Commercial Nuclear Power Industry," with A.J. Spurgin and P. Moieni. *Proceedings of the Human Factors and Ergonomics Society 37th Annual Meeting*, Seattle: 1993, pp. 1014-1018.

"The Role of New Simulation Technology in a Systematic Approach to Novice Driver Education." Paper presented at the *Working Conference on Novice Driver Education*, Edmonton, Alberta, Canada: April 1993.

"New Technology for an Old Problem: A Report of a Prospective Study to Evaluate a Simulator-Based Approach to Driver Licensing," with R.C. Peck. Paper presented at the 1993 Annual Meeting of the Transportation Research Board, Washington, DC: January 1993.

"An Introduction to Fitness for Duty." Invited paper presented at the 1993 Annual Meeting of the Transportation Research Board, Washington, DC: January 1993.

"Team Skills Training in Nuclear Power Plant Operations," with C.D. Gaddy, pp. 379-396, in Swezey, R.W. and Salas, E. (eds.) - *Teams: Their Training and Performance*. Norwood, N.J., ALEX Publishing Co., 1992.

"A 'Blue Sky' Approach to the Future of Driver Qualification," with P.W. Nunnenkamp. Invited presentation to the 1992 Driver Licensing and Control Workshop. New Orleans: American Association of Motor Vehicle Administrators, November 1992.

Curriculum Vitae of Jerry Wachtel, C.P.E.

"The Role of Simulators in the Operator Training Environment of the Future." Paper presented at the 2nd International Conference on Training for Operation and Maintenance in the Nuclear Industry, September 23, 1992. Cambridge, England: The Institution of Nuclear Engineers.

Advanced Control Room Design Review Guidelines: Merging Old and New, with R. J. Carter. Proceedings of the Human Factors Society 36th Annual Meeting, 1992.

Invited Participant: Workshop on Human Factors Research in Highway Safety, April 1-3, 1992. Washington, DC: National Academy of Sciences, Transportation Research Board.

"Guide Sign Effectiveness Review: An Assessment for the State of Maryland." March 1992.

"Simulator Technology: Analysis of Applicability to Motor Vehicle Travel." Collaborative author and Editor. *Transportation Research Circular Number 388*. Washington, DC: National Research Council/TRB, February 1992.

"Guidelines for the Review of Advanced Controls and Displays," with J.M. O'Hara. In *Transactions of the Nineteenth Water Reactor Safety Meeting*, - NUREG/CP-0118, October 1991, pp. 11-9, 11-10.

Invited Participant: Workshop on Driver Vision Standards and Testing, October 4-5, 1991. Toronto, Ontario: Canada. Canadian Council of Motor Transport Administrators.

"Are We Training Operators Upside Down?" In *Proceedings of the Ninth Symposium on the Training of Nuclear Facility Personnel*, Denver, Colorado, April 14-18, 1991. Oak Ridge, Tennessee: Oak Ridge National Laboratory Report Number 9104135, pp. IV-B.1.1 - IV-B.1.12.

"The Development of Human Factors Review Criteria for Future Nuclear Power Plant Control Rooms," with J. O'Hara and J. Persensky. *Conference Record 1990 IEEE Nuclear Science Symposium*. Arlington, Virginia, 1990, pp. 909-913.

"Man-in-the-Loop Simulation in the Nuclear Industry: How Did We Get Here - Where Are We Headed?" Invited Keynote Address to The Society for Computer Simulation, Eastern Simulation Conference, Orlando, Florida, 1988.

"Operational Assessment of Simulator Fidelity in the Nuclear Industry," with C. Plott and K.R. Laughery. *Proceedings of the 32nd Meeting of the Human Factors Society*, Los Angeles, 1988.

"Evaluation Procedure for Simulation Facilities Certified Under 10 CFR 55," with C. Plott, K. Laughery and B. Gore. Washington, DC: U.S. Nuclear Regulatory Commission, NUREG-1258, 1987.

"Answers to Questions at Public Meetings Regarding Implementation of Title 10, Code of Federal Regulations, Part 55 on Operators' Licenses." Washington, DC: U.S. Nuclear Regulatory Commission, NUREG-1262, 1987.

"Using Simulators as Examination Tools." Paper presented at the Third IEEE Conference on Human Factors and Power Plants, Monterey, California, 1985.

Curriculum Vitae of Jerry Wachtel, C.P.E.

"Adverse Highway Safety Consequences of New Technology," in *Ergonomics International* 1985, Edited by I.D. Brown, et. al. London: Taylor & Francis, 1985, 517-519.

"Federal Railroad Administration Experience and Rulemaking Activities with Regard to Fitness for Duty." Report to the Chairman and the Commissioners, U.S. Nuclear Regulatory Commission, 1985.

"The Future of Nuclear Power Plant Simulation in the United States," pp. 338-349, in Walton, D.G., *Simulation for Nuclear Reactor Technology*. Cambridge: Cambridge University Press, 1984.

Chair, "Transportation Safety," 27th Meeting of the Human Factors Society, Norfolk, Virginia, 1983.

"The Use of New Technologies for Visual Simulation." Invited Workshop. Washington, DC: Transportation Research Board, 1983.

"Electronic Advertising Near Highways: The Concern for Traffic Safety." *Public Roads*, 45(1), 1981.

Chair, "Performance and Vision." 24th Meeting of the Human Factors Society, Los Angeles, 1980.

"The Use and Abuse of Simulators in Environmental and Highway Design." Paper presented at the 24th Annual Meeting of the Human Factors Society, Los Angeles, 1980.

"The Highway Environmental Simulator, A White Paper." U.S. Department of Transportation, Federal Highway Administration, Highway Aesthetics Laboratory, 1980.

Safety and Environmental Design Considerations in the Use of Commercial Electronic Variable Message Signage: Final Report, with R.D. Netherton. Report No. FHWA/RD-80/051. Washington, DC: U.S. Department of Transportation, 1980.

"Functions and Program of the FHWA Highway Aesthetics Laboratory." U.S. Department of Transportation, Federal Highway Administration, Washington, DC, 1980.

"Effects of Environmental Transitions on Highway Tunnel Operations and Safety." Paper presented at the U.S. Department of Transportation Conference on Research and Development in Underground Construction and Tunneling, Reston, Virginia, 1980.

"Reduced Visibility on the Highway: A Pervasive Problem Receiving International Attention." *Transportation Research Circular* 193, 1978.

"The Escalating War on Reduced Visibility." *Public Roads*, 41(3), 1977.

"The Computer Generation: Options, At What Cost?" in R.E. Granda and J.M. Finkelman, eds., *The Role of Human Factors in Computers*. Proceedings of a Symposium Co-Sponsored by the Metropolitan Chapter of the Human Factors Society and Baruch College, 1976.

"Unobtrusive Measurement in Highway and Pedestrian Safety Research." Paper presented at the annual meeting of the American Psychological Association, Sponsored by Division 21, 1976.

Curriculum Vitae of Jerry Wachtel, C.P.E.

"Remedial Aids to Deal with Driving in Reduced Visibility Caused by Adverse Weather," in *Adverse Weather, Reduced Visibility, and Road Safety*. Paris: Organization for Economic Co-Operation and Development (OECD), 1976.

"Contribution of Edge Striping to Accident Reduction," with J. True. U.S. Department of Transportation, Federal Highway Administration, 1973.

"Crew Systems Input - Apollo-16 Post-Flight Eval.," Grumman Aerospace Corp. LMO-480-888, 1972.

"Displays and Controls Subsystem, Space Shuttle Program," Grumman Aerospace Corp., 1972.

"Apollo 13 Debriefing Summary," with B. Kram, Grumman Aerospace Corp. LMO-480-563, 1970.

"Use of Crosspointers and Attitude Error Needles for Nulling of Horizontal Velocities at LM Touchdown," Grumman Aerospace Corp. LMO-480-810, 1970.

"Summary Recommendations of Evaluation of Rangefinder Device Proposed for Use on the Lunar Surface," with V. Gallagher, Grumman Aerospace Corp. LMO-480-736, 1970.

MEMORANDUM

DATE: April 6, 2015

TO: Honorable Mayor and Council Members

FROM: Jessica Jordan, Principal Planner



**SUBJECT: SIERRA OUTDOOR/CBS OUTDOOR DIGITAL FREEWAY SIGN
CONDITIONAL USE PERMIT AND OPERATING AGREEMENT; PROJECT
NO. DD8490 – LOCATED AT 12125 FOLSOM BOULEVARD.**

PROPERTY OWNER: 1988 Keyes Family Limited Partnership Ms. Lisa Keyes 12125 Folsom Boulevard Rancho Cordova, 95742	APPLICANTS: Sierra Outdoor, LLC Mr. Patrick Gardner 3445 American River Drive, Suite A Sacramento, CA 95864 CBS Outdoor Mr. Kevin Johnson 2050 W. Fremont Street Stockton, CA 95203
PROJECT:	The applicant is requesting a Conditional Use Permit and Operating Agreement for a digital freeway sign in the parking lot of the Naturwood Home Furnishing store, located at 12125 Folsom Boulevard (APN 069-0160-021-0000). The proposed digital freeway sign would be 60 feet in height and would have two digital display areas measuring 14 feet by 48 feet, for a sign area of 672 square feet on each side. Decorative pole cladding will surround the pole base. In addition to the new digital freeway sign, two traditional billboards will be removed at 11373 Folsom Boulevard and near 9847 Folsom Boulevard at the City's western city limits respectively.
FILE:	DD8490
LOCATION:	12125 Folsom Boulevard
APN:	069-0160-021-0000
PLANNER:	Jessica Jordan

RECOMMENDATION

Staff recommends the City Council take one of the following actions:

1. Consistent with Council direction received on December 15, 2014, adopt Resolution 4-2015 approving the Sierra Outdoor/Outfront Media Conditional Use Permit and Operating Agreement; OR
2. Continue the item to the May 4, 2015 City Council meeting at the request of Vice Mayor Sander; OR

3. Consider the additional information included within the staff report and provide staff with alternative direction as desired.

RESULT OF RECOMMENDED ACTION

Granting of the continuance would reschedule this item to the May 4, 2015 City Council meeting. Adoption of the Resolution would allow for Sierra Outdoor/Outfront Media to move forward with project construction. Alternatively, the City Council can provide other direction regarding preparation of alternate Resolutions or conducting additional research to be brought back for consideration in the future.

BACKGROUND

This item as well as Agenda Item 14.1 from Clear Channel Outdoor were first presented to the City Council on November 17, 2014. Since that date, both proposals were presented to the Council on multiple occasions with the recommendations for denial of the Clear Channel proposal and approval of the Sierra Outdoor/Outfront Media proposal. For details concerning prior milestones of the subject application, please refer to the attached February 17, 2015 Council staff report included in **Attachment 1**.

At the February 17, 2015 Council meeting, the Council received testimony from both applicants and multiple concerned residents about the proposed billboard applications. Following receipt of the testimony, the Councilmembers discussed the project along with Agenda Item 14.1. Council raised questions regarding the technological capabilities of digital freeway signs as well as a desire to better understand the costs to advertise on these sign types in more detail. In order to obtain this information, the City Council voted to continue the item to the April 6, 2015 City Council meeting.

ADDITIONAL INFORMATION

During the February 17, 2015 City Council meeting, the City Council identified two items that needed further investigation including: the technological capabilities of digital freeway signs and potential regulation thereof; and, the costs of leasing space on digital freeway signs and whether or not it would be an attainable method of advertising for small businesses in the area.

Technological Capabilities:

As discussed at the previous public hearing, digital freeway signs can be equipped with technologies that “interact” with vehicles passing by at various levels. The least invasive technological ability of this sign type would be a device within the sign structure that is capable of communicating with a vehicle’s key fob. This allows the sign to read the radio frequency from within the vehicle and gain information about the vehicle owner’s buying preferences, etc. A driver would be completely unaware of this exchange. The most invasive technological ability of this sign type would be a device within the sign structure that could tailor a message directly to a specific person driving by. This would be highly limited and unlikely on signs within the City limits given the restriction on messaging timing to changing only every 8 seconds and the prohibition on flashing messages. Current CalTrans regulations do not include any provisions that address either of these technologies. The applicant has committed that their proposed sign would not be equipped with any devices of these types. If approved, a provision memorializing this commitment would be added to the Operating Agreement.

Leasing Costs:

No information regarding pricing has been received to date. The applicant has indicated additional information relative to pricing will be provided prior to the May 4, 2015 City Council meeting.

RECOMMENDATION

Staff recommends the City Council consider the request for continuance to May 4, 2015 or adopt Resolution 4-2015 adopting the Mitigated Negative Declaration and approving the Sierra Outdoor/Outfront Media Conditional Use Permit and Operating Agreement – DD8490, subject to the attached Conditions of Approval, Project Plans and Operating Agreement or direct staff to prepare an alternate Resolution or conduct further research as desired.

ATTACHMENT

February 17, 2015 Staff Report package with Attachments

MEMORANDUM

DATE: February 17, 2015

TO: Honorable Mayor and Council Members

FROM: Jessica Jordan, Principal Planner



**SUBJECT: SIERRA OUTDOOR/CBS OUTDOOR DIGITAL FREEWAY SIGN
CONDITIONAL USE PERMIT AND OPERATING AGREEMENT; PROJECT
NO. DD8490 – LOCATED AT 12125 FOLSOM BOULEVARD.**

PROPERTY OWNER: 1988 Keyes Family Limited Partnership Ms. Lisa Keyes 12125 Folsom Boulevard Rancho Cordova, 95742	APPLICANTS: Sierra Outdoor, LLC Mr. Patrick Gardner 3445 American River Drive, Suite A Sacramento, CA 95864 CBS Outdoor Mr. Kevin Johnson 2050 W. Fremont Street Stockton, CA 95203
PROJECT: FILE: LOCATION: APN: PLANNER:	The applicant is requesting a Conditional Use Permit and Operating Agreement for a digital freeway sign in the parking lot of the Naturwood Home Furnishing store, located at 12125 Folsom Boulevard (APN 069-0160-021-0000). The proposed digital freeway sign would be 60 feet in height and would have two digital display areas measuring 14 feet by 48 feet, for a sign area of 672 square feet on each side. Decorative pole cladding will surround the pole base. In addition to the new digital freeway sign, two traditional billboards will be removed at 11373 Folsom Boulevard and near 9847 Folsom Boulevard at the City's western city limits respectively. DD8490 12125 Folsom Boulevard 069-0160-021-0000 Jessica Jordan

RECOMMENDATION

The following recommendations provide the City Council with alternative approaches to address the proposed Digital Freeway Sign application:

1. Consistent with Council direction received on December 15, 2014, adopt Resolution 4-2015 approving the Sierra Outdoor/Outfront Media Conditional Use Permit and Operating Agreement; OR

2. Consider additional information included within the staff report and the public testimony and provide staff with alternative direction as desired.

RESULT OF RECOMMENDED ACTION

Adoption of the Resolution would allow for Sierra Outdoor/Outfront Media to move forward with project construction. Alternatively, the City Council can provide other direction regarding preparation of alternate Resolutions or conducting additional research to be brought back for consideration in the future.

BACKGROUND

This item as well as Agenda Item 14.1 from Clear Channel Outdoor were first presented to the City Council on November 17, 2014. A second public hearing was held on December 15, 2014. During the public hearing, staff presented further details of the project and answered questions. The applicants provided information to the City Council as well. At the conclusion of the discussion, the City Council directed staff to prepare documents approving the Sierra Outdoor/Outfront Media project as proposed and return the item to the City Council at their January 20, 2015 meeting. The Resolution for approval is provided herein as **Attachment 1**. The City Council also continued the Clear Channel Outdoor item and directed staff to prepare documents for denial of that request.

At the January 20, 2015 City Council meeting, the City Council expressed a desire to hear additional testimony before taking action. Since the prior public hearing was previously closed, the City Council directed staff to re-notice the public hearing for this item for February 17, 2015 to allow for consideration of new information. The City Council opened the hearing and briefly discussed the item. The City Council specifically requested that staff provide an ownership map/inventory of all existing billboards within the City limits. Said map is provided herein as **Attachment 2**. Additionally, the past Council actions on the digital freeway signs Code amendments in 2012 were discussed. Councilmember Terry requested any minutes or materials from 2012, specifically from the Council ad-hoc committee, be provided within this staff report. In turn, Councilmember Budge provided a summary of the ad-hoc committee's actions from 2012. Staff has reviewed the 2012 materials and meeting videos and has found no record beyond Councilmember Budge's summary of the ad-hoc committee's work therefore, no attachments responding to this request are provided. In addition to the Council's direction to re-notice this item, the City Council advised members of the public who were interested in the two different proposals to submit any information on these items to staff ten days prior to the new Council meeting date.

Following the meeting, staff requested that the applicant, citizens, or other interested parties submit materials or additional information by February 9, 2015 for analysis prior to the public hearing. The items that were received are attached and summarized below.

ADDITIONAL INFORMATION

Staff received the following new information regarding the two different proposals: 1) letters from Sierra Outdoor/Outfront Media; 2) letters from Clear Channel Outdoor subject property owner; and 3) letters from neighborhood associations. Provided below is a brief overview of these submittals.

Sierra Outdoor/Outfront Media letters

The following table provides a summary of the project as proposed by the applicant today. In short, since the January 2015 meeting, Sierra Outdoor has added an additional sign removal to their proposal and slightly modified the financial terms of their proposal. Sierra Outdoor/Outfront Media are also alternatively willing to conform to their December 15, 2014 project. Should the City Council wish to accept this alternative proposal, Council should direct staff to modify the approving documents accordingly. Modifications would be limited to minor edits within the Conditions of Approval and Operating Agreement and could be accomplished prior to signature of the Operating Agreement. Further details are provided in **Attachment 3**.

Sierra Outdoor/Outfront Media Proposal

Installation	12125 Folsom Boulevard
Removals	11373 Folsom Boulevard 9847 Folsom Boulevard 10833 Folsom Boulevard (*new)
Conditional Signing Bonus	None
Additional Monies	\$50,000 (*new)
Annual Payments	Year 1: \$65,000 Years 2-25: \$25,000
Other	Dedicated "click" to City

Petition from Bluff City, Inc. Homeowners Association, et al

Prior to the January 20, 2015 City Council meeting, the City received a petition from the Bluff City, Inc. Homeowners Association, Lake Natoma Heights Neighborhood Association, Rollingwood Unit #6 Homeowners Association, Save the American River Association, and The Classics at Gold River requesting the City Council reject the Mitigated Negative Declaration prepared for this project on the grounds that adequate notice did not occur. Staff has reviewed this petition and found that the noticing was legally adequate. The petition is provided as **Attachment 4**.

Clear Channel Outdoor Subject Property Owner Letters

Mr. John Hansen provided several letters prior to this staff report and the January 20th City Council hearing, included as **Attachment 5**. These letters contain numerous questions, of which staff can only respond to a limited few. In short, Mr. Hansen is requesting that the City Council reconsider the Clear Channel proposal and reverse the decision to deny the application. Mr. Hansen's letter makes inquiries regarding the application process, location of sign removals, safety concerns voiced by the City Council, and landscape modifications at the Naturewood site. Both this application and the proposal by Clear Channel Outdoor have been handled in the typical, legally mandated fashion. The City Council has provided many comments on the record regarding the proposed projects, expressing their opinion, and directing staff to prepare resolutions in a clear manner. The various signs proposed for removal by both applicants are located within the city limits. Safety concerns associated with digital freeway signs were discussed during the prior Council meeting and included distance between digital signs and freeway directional signs and the possible driver confusion that may result. The applicant has responded to Mr. Hansen's concerns regarding onsite trees within their letter (**Attachment 3**). Staff has reviewed this information and while the tree removal at Naturwood does not appear to be associated with the digital freeway sign project, it would have likely required Minor Design Review. There are no records that this review was conducted in the past. It would be quite difficult to conduct such a review at this point in time but, could be pursued if Council so desired.

Memorandum from Bluff City, Inc. Homeowners Association

The Bluff City, Inc. Homeowners Association, Lake Natoma Heights Neighborhood Association, Rollingwood Unit #6 Homeowners Association, and Save the American River Association, prepared a document entitled “Why the City of Rancho Cordova Should Not Approve Digital Billboards at This Time – A Proposal for Planning”, included as **Attachment 6**. The Memorandum was prepared by the neighborhood associations with the assistance of Mr. Jerry Wachtel. The memorandum and reference documents contain extensive information regarding digital freeway sign operation and safety. The group requests that the City Council pause and conduct more comprehensive research into various aspects of digital freeway signs prior to taking action on either the Clear Channel Outdoor or Sierra Outdoor/Outfront Media projects. The memorandum cites several deficiencies within the Mitigated Negative Declaration prepared for the project including how it has or has not addressed sign brightness and message dwell time, future capabilities of this sign type and adverse impacts on traffic safety, and misstatements within the document itself. Staff believes the originally prepared Mitigated Negative Declaration adequately addresses the anticipated impacts of the proposed project and is consistent with the City’s Code standards. However, should the Council so desire, additional study of the issues raised in **Attachment 6** could be conducted.

RECOMMENDATION

Staff recommends the City Council adopt Resolution 4-2015 adopting the Mitigated Negative Declaration and approving the Sierra Outdoor/Outfront Media Conditional Use Permit and Operating Agreement – DD8490, subject to the attached Conditions of Approval, Project Plans and Operating Agreement or direct staff to prepare an alternate Resolution or conduct further research as desired.

ATTACHMENT(S)

Please note, with the exception of Attachments 1 and 3, attachments provided herein are duplicate of the Clear Channel Outdoor staff report package.

1. Resolution 4-2015, including the Mitigated Negative Declaration (**Exhibit A**), Conditions of Approval (**Exhibit B**), Project Plans (**Exhibit C**), and Operating Agreement (**Exhibit D**)
2. City map of existing traditional and digital billboards and ownership
3. Sierra Outdoor/Outfront Media Letters submitted February 9, 2015
4. Petition to Reject the August 2014 Mitigated Negative Declaration from Bluff City, Inc. Homeowners Association, et al dated January 19, 2015
5. Letters from Mr. John Hansen dated January 6, 2015, January 19, 2015, and February 6, 2015
6. Memorandum from Residents of Rancho Cordova, Bluff City, Inc. Homeowners Association, et al dated February 6, 2015

CITY OF RANCHO CORDOVA

RESOLUTION NO. 4-2015

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA
ADOPTING THE MITIGATED NEGATIVE DECLARATION AND APPROVING THE SIERRA
OUTDOOR/OUTFRONT MEDIA LLC DIGITAL FREEWAY SIGN CONDITIONAL USE
PERMIT AND OPERATING AGREEMENT – DD8490**

WHEREAS, the applicant for the Sierra Outdoor/Outfront Media LLC Digital Freeway Sign project (“Project”) has applied to the City of Rancho Cordova (“City”) for a Conditional Use Permit and Operating Agreement for the installation of a Digital Freeway Sign, located at 12125 Folsom Boulevard; and

WHEREAS, the City’s Zoning Code allows for the installation of Digital Freeway Signs in certain specified locations and subject to specific development standards; and

WHEREAS, the proposed project has been analyzed and complies with all applicable development standards identified in the City’s Zoning Code; and

WHEREAS, the City determined that the project was subject to the California Environmental Quality Act (CEQA) and prepared an Initial Study pursuant to CEQA, attached hereto as **Exhibit A** and incorporated herein by reference, evaluating the potential environmental effects of the project; and

WHEREAS, the City determined the project would not result in any environmental impacts as identified in the Mitigated Negative Declaration/Initial Study; and

WHEREAS, the City distributed the Notice of Intent to Adopt the Mitigated Negative Declaration on August 15, 2014 and the Notice was published in the *Grapevine Independent*, posted at the Sacramento County Clerk’s Office, distributed through the State Clearinghouse, and posted at the City offices, pursuant to CEQA Guidelines, Section 15072. A 30-day review and comment period for the Mitigated Negative Declaration opened on August 15, 2014 and closed September 15, 2014. The Mitigated Negative Declaration was made available to the public during this review period; and

WHEREAS, the City received two written comment letters within the 30-day public review period and responded to the comment in the project staff report; and

WHEREAS, the City has considered the comments received during the public review period and it does not alter the conclusions in the Initial Study and Mitigated Negative Declaration; and

WHEREAS, the City Council has reviewed the Initial Study, and the Mitigated Negative Declaration and find that these documents reflect its independent judgment; and

WHEREAS, on November 17, 2014 and December 15, 2014, the City Council held a properly noticed public hearing at which it received a report from City staff, oral and written testimony from the public, and deliberated on the item.

NOW, THEREFORE, BE IT HEREBY RESOLVED THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA does resolve:

Section 1. Recitals. The foregoing recitals are true and correct and made a part of this Resolution.

Section 2. Findings. The City Council hereby finds that:

- A. **CEQA Compliance.** The City has reviewed and considered the proposed project and has determined that the project will not have a significant effect on the environment, with substantial supporting evidence provided in the Initial Study. The City prepared and hereby adopts the attached Mitigated Negative Declaration, as **Exhibit A** for this project, and will file a Notice of Determination with the appropriate County agency.
- B. **Conditional Use Permit.** In order for a CUP to be granted for the Digital Freeway Sign, the project must meet the required findings documented in Code Section 23.134.030. The following are each of the required findings and the evidence to support them:

- a. Finding: The site size, dimensions, location, topography, and access are adequate for the needs of the proposed use, considering the proposed building mass, parking, traffic, noise, vibration, exhaust/emissions, light, glare, erosion, odor, dust, visibility, safety, and aesthetic considerations.

Evidence: The project site is currently developed with a parking lot and retail furniture store. The site is flat and visible from State Route 50. Access, topography, and location are optimal for the proposed Digital Freeway Sign. The subject property is sufficiently spaced from the freeway directional signs so as to not cause concern about driver decision-making and safety hazards in this location. The sign would be equipped with an automatic light sensor and brightness control that would eliminate excessive brightness and glare during night hours. Noise, erosion, odor, and dust are not concerns associated with a project of this type. Aesthetic considerations have been analyzed and are appropriately addressed by project components.

- b. Finding: The negative impacts of the proposed use on adjacent properties and on the public can be mitigated through application of other Code standards or other reasonable conditions of approval.

Evidence: No substantial negative impacts to adjacent properties are anticipated as a result of this project. The aesthetics of the area will remain mainly the same, with the proposed Digital Freeway Sign being located within an existing parking lot island. No vegetation will be removed from the property to accommodate the sign. Standards regarding sign illumination and messaging standards will ensure that no negative or visually confusing effects are caused by the proposed sign.

- c. Finding: All required public facilities have adequate capacity to serve the proposal.

Evidence: The site is currently served with electricity, which will be extended to provide support to the proposed Digital Freeway Sign. No additional public facilities are required by the project.

- d. Finding: The project meets the requirements of the Zoning Code including development standards, design guidelines, and special use provisions.

Evidence: The proposed project has been analyzed and is consistent with all applicable Code standards as demonstrated in **Exhibits B and C**. The Applicant's proposed Operating Agreement, attached as **Exhibit D** and incorporated herein, will cause the Digital Freeway Sign to comply with the applicable standards. The project would result in the removal of two traditional billboards within the City limits: one within the State Route 50 corridor and one within the City proper. The Operating Agreement establishes a schedule and duty to provide the City with additional community benefits, mainly monetary contributions, to be used throughout the community to offset the aesthetic impacts of the project.

- e. Finding: If structures and site plans are considered nonconforming, the elements of a project that are nonconforming have been brought into compliance with the Zoning Code.

Evidence: The project is not considered nonconforming.

- C. **Operating Agreement.** The Applicant has voluntarily proposed to enter into an Operating Agreement with the City to memorialize the proposed sign and regulate usage of the sign. The Applicant's proposed Operating Agreement, attached as **Exhibit D**, will memorialize the agreements made to support approval of the project.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the _____ day of _____ 2015 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Robert J. McGarvey, Mayor

ATTEST:

Mindy Cuppy, MMC, City Clerk

SIERRA OUTDOOR DIGITAL SIGN AT NATURWOOD CONDITIONAL USE PERMIT AND OPERATING AGREEMENT PROJECT

Initial Study/Mitigated Negative Declaration



2729 Prospect Park Drive
Rancho Cordova, CA 95670

August 2014

INITIAL STUDY/MITIGATED NEGATIVE
DECLARATION
FOR
SIERRA OUTDOOR SIGN AT NATURWOOD
CONDITIONAL USE PERMIT AND OPERATING
AGREEMENT PROJECT
CITY OF RANCHO CORDOVA, CALIFORNIA

Prepared by:

THE CITY OF RANCHO CORDOVA
2729 Prospect Park Drive
Rancho Cordova, CA 95670
Phone: (916) 851-8700
Fax: (916) 851-8787

AUGUST 2014

ATTACHMENT A TABLE OF CONTENTS

1.0 INTRODUCTION

1.1	Introduction and Regulatory Guidance.....	1.0-1
1.2	Lead Agency	1.0-4
1.3	Purpose and Organization of the Document.....	1.0-4
1.4	Regulatory Framework and Assumptions.....	1.0-4

2.0 PROJECT DESCRIPTION

2.1	Project Location	2.0-1
2.2	Project Characteristics	2.0-1
2.3	Required Project Approvals.....	2.0-2

3.0 ENVIRONMENTAL SETTING, IMPACTS, AND MITIGATION MEASURES

I.	Aesthetics	3.0-5
II.	Agriculture and Forest Resources	3.0-8
III.	Air Quality	3.0-9
IV.	Biological Resources:	3.0-12
V.	Cultural Resources	3.0-16
VI.	Geology and Soils	3.0-18
VII.	Greenhouse Gas Emissions	3.0-21
VIII.	Hazards and Hazardous Materials	3.0-23
IX.	Hydrology and Water Quality	3.0-26
X.	Land Use and Planning	3.0-28
XI.	Mineral Resources	3.0-29
XII.	Noise	3.0-30
XIII.	Population and Housing	3.0-31
XIV.	Public Services	3.0-32
XV.	Recreation	3.0-34
XVI.	Transportation/Traffic	3.0-35
XVII.	Utilities and Service Systems.....	3.0-39
XVIII.	Mandatory Findings of Significance.....	3.0-40

4.0 CUMULATIVE IMPACTS

4.1	Introduction.....	4.0-1
4.2	Cumulative Setting.....	4.0-1
4.3	Previous Cumulative Analysis within the Cumulative Setting	4.0-1
4.4	Cumulative Impact Analysis.....	4.0-2

5.0 DETERMINATION

5.0	Determination	5.0-1
-----	---------------------	-------

TABLE OF CONTENTS

6.0 REPORT PREPARATION AND CONSULTATIONS

6.1 Report Preparation and Consultations..... 6.0-1

7.0 REFERENCES

7.1 References 7.0-1

FIGURES

Figure 1 Regional Vicinity Map 2.0-3

Figure 2 Installation Site Location Map 2.0-5

Figure 3 Proposed Sign Design 2.0-7

Figure 4 Simulated View of Proposed Sign 2.0-9

INTRODUCTION

1.1 INTRODUCTION AND REGULATORY GUIDANCE

This document is an Initial Study and Mitigated Negative Declaration (IS/MND) prepared pursuant to the California Environmental Quality Act (CEQA) for the proposed Sierra Outdoor Digital Sign at Naturwood Conditional Use Permit and Operating Agreement project (hereafter referred to as the proposed project). This IS/MND has been prepared in accordance with CEQA, Public Resources Code Section 21000 et seq., and the State CEQA Guidelines.

An initial study is conducted by a lead agency to determine whether a project may have a significant effect on the environment. In accordance with the CEQA Guidelines Section 15064, an environmental impact report (EIR) must be prepared if the initial study indicates that the project under review may have a potentially significant impact on the environment. A negative declaration may be prepared instead, if the lead agency prepares a written statement describing the reasons why a proposed project would not have a significant effect on the environment and therefore why it does not require the preparation of an EIR (CEQA Guidelines Section 15371). According to CEQA Guidelines Section 15070, a negative declaration shall be prepared for a project subject to CEQA when either:

- a) *The Initial Study shows there is no substantial evidence, in light of the whole record before the agency, that the proposed project may have a significant effect on the environment, or*
- b) *The Initial Study identified potentially significant effects, but:*
 - 1) *Revisions in the project plans or proposals made by or agreed to by the applicant before the proposed negative declaration is released for public review would avoid the effects or mitigate the effects to a point where clearly no significant effects would occur, and*
 - 2) *There is no substantial evidence, in light of the whole record before the agency, that the proposed project as revised may have a significant effect on the environment.*

In this case, the Initial Study shows that there is no substantial evidence, in the light of the whole record, that the proposed project may have a significant effect on the environment. Therefore, a Mitigated Negative Declaration has been prepared.

The Rancho Cordova City Council certified the Rancho Cordova General Plan EIR (GP EIR) on June 26, 2006 (State Clearinghouse Number 2005022137). The GP EIR was prepared as a program EIR pursuant to CEQA Guidelines Section 15168.

The proposed project is within the scope of activities and land uses studied in the GP EIR. However, specific information about the proposed project was not known at the time of the preparation of the GP EIR, and the project-specific impacts resulting from implementation of the proposed project were not fully identified in the GP EIR. Therefore, additional analysis and potential mitigation of the environmental effects of the proposed project are required. CEQA Guidelines Section 15183 provides guidance as to the scope of this subsequent analysis. CEQA Guidelines Section 15183 states:

- a) *CEQA mandates that projects which are consistent with the development density established by existing zoning, community plan, or general plan policies for which an EIR was certified shall not require additional environmental review, except as might*

1.0 INTRODUCTION

be necessary to examine whether there are project-specific significant effects which are peculiar to the project or its site. This streamlines the review of such projects and reduces the need to prepare repetitive environmental studies.

- b) In approving a project meeting the requirements of this section, a public agency shall limit its examination of environmental effects to those, which the agency determines, in an Initial Study or other analysis:*
- 1) Are peculiar to the project or the parcel on which the project would be located.*
 - 2) Were not analyzed as significant effects in a prior EIR on the zoning action, general plan, or community plan, with which the project is consistent.*
 - 3) Are potentially significant off-site impacts and cumulative impacts which were not discussed in the prior EIR prepared for the general plan, community plan or zoning action, or*
 - 4) Are previously identified significant effects which, as a result of substantial new information which was not known at the time the EIR was certified, are determined to have a more severe adverse impact than discussed in the prior EIR.*

This IS/MND addresses project-specific impacts that were not fully addressed in the GP EIR. Additionally, this IS/MND summarizes the City's findings relating to the GP EIR and how the criteria set forth in CEQA Guidelines Section 15183 have been met.

The GP EIR analyzed the environmental effects of the implementation of the twelve policy elements of the General Plan. The twelve policy elements concentrated on providing policy guidance in the following areas:

- Land Use
- Urban Design
- Economic Development
- Housing
- Circulation
- Open Space, Parks, and Trails
- Infrastructure, Services, and Finance
- Natural Resources
- Cultural and Historic Resources
- Safety
- Air Quality
- Noise

In adopting the General Plan and certifying the GP EIR as complete and adequate, the City Council adopted findings of fact and a statement of overriding considerations for those impacts that could not be mitigated to less than significant levels.

Impacts deemed in the GP EIR to be significant and unavoidable included the following:

- Conflicts with applicable land use plans
- Various impacts on agricultural land
- Conflicts with Williamson Act contracts
- Substantial population, housing, and employment growth
- Deficient traffic level of service by 2030
- Worsening of already unacceptable operations on US-50

- Conflicts with the Regional Ozone Attainment Plan
- Significant construction-based pollutant emissions
- Significant operational pollutant emissions
- Significant emissions of toxic air contaminants
- Creation of construction, traffic, and operational noise above standards
- Creation of new noise-sensitive land uses within airport noise areas
- Loss of availability of aggregate resources
- Impacts on water supply (both availability of water and infrastructure required)
- Impacts to habitat and individuals of special-status species
- Impacts to raptors, migratory birds, and other wildlife
- Impacts to jurisdictional waters of the United States
- Impacts to animal movement corridors
- Loss of native and landmark trees
- Disturbance of cultural resources and human remains
- Environmental impacts resulting from the need for more wastewater infrastructure
- Degradation of the existing visual character of the area

The GP EIR also identified several cumulative impacts that would be cumulatively considerable and significant and unavoidable, including the following:

- Conflicts with area land use plans
- Conversion of farmland to other uses and agricultural/urban interface conflicts
- Substantial population, housing, and employment growth
- Significant impacts to area traffic level of service
- Increases in regional ozone and particulate matter emissions
- Increases in regional traffic and operational noise
- Cumulative loss of mineral resources
- Increased regional demand for water supply and need for water infrastructure
- Cumulative loss of biological resources
- Cumulative loss of cultural resources
- Increases in wastewater treatment capacity and infrastructure
- Changes in area visual character and landscape

Detailed information regarding both the project impacts and cumulative impacts identified above is included in the GP EIR. The GP EIR is available online at <http://gp.cityofranhocordova.org> and on request at the City at the following address:

City of Rancho Cordova
 Planning Department
 2729 Prospect Park Drive
 Rancho Cordova, CA 95670

In accordance with CEQA Guidelines Section 15183, a discussion of each of the impacts found to be significant in the GP EIR and the relative impact of the proposed project in each of those categories is provided in this IS/MND. This IS/MND incorporates the GP EIR by reference.

1.0 INTRODUCTION

1.2 LEAD AGENCY

The lead agency is the public agency with primary responsibility over a proposed project.

Because the proposed project is to be carried out by a private development company and because the City of Rancho Cordova has general governmental powers over the proposed project, the lead agency for the proposed project is the City of Rancho Cordova.

1.3 PURPOSE AND ORGANIZATION OF THE DOCUMENT

The purpose of this IS/MND is to evaluate the potential environmental impacts of the proposed project.

This document is divided into the following sections:

1.0 Introduction – Provides an introduction and describes the purpose and organization of this document.

2.0 Project Description – Provides a detailed description of the proposed project.

3.0 Environmental Setting, Impacts, and Mitigation Measures – Describes the environmental setting for each of the environmental subject areas (as described in Appendix G of the CEQA Guidelines), evaluates a range of impacts classified as “no impact,” “less than significant impact,” or “less than significant impact with mitigation incorporated” in response to the environmental checklist, and provides mitigation measures, where appropriate, to mitigate potentially significant impacts to a less than significant level.

4.0 Cumulative Impacts – Provides a discussion of cumulative impacts of the proposed project.

5.0 Determination – Provides the environmental determination for the proposed project.

6.0 Report Preparation and Consultations – Identifies staff and consultants responsible for preparation of this document.

7.0 References – Provides a list of references used to prepare the IS/MND.

1.4 REGULATORY FRAMEWORK AND ASSUMPTIONS

The proposed project is subject to the policies and designations of the City of Rancho Cordova General Plan (hereafter referred to as the General Plan). For the purposes of this document, GP EIR refers to the entirety of the General Plan EIR, GP FEIR refers to the Final EIR for the General Plan, and GP DEIR refers to the Draft EIR for the General Plan. The proposed project is also subject to the applicable provisions of the City’s Municipal Code, the California Building Code, and other local, state, and federal regulations related to digital freeway signs.

PROJECT DESCRIPTION

2.1 PROJECT LOCATION

The proposed project includes the development of an outdoor digital freeway sign to be located on the site of an existing furniture store (Naturwood Home Furnishings) at 12125 Folsom Boulevard (APN 069-0160-021) (hereafter installation site). The proposed digital freeway sign would be installed within an existing parking lot island in the site's southwestern end, adjacent to US Highway 50 (US-50). The sign would be visible to both eastbound and westbound travelers on US-50 and would be located approximately 2,200 feet west of the Hazel Avenue/US-50 off-ramp in northeastern Rancho Cordova (see **Figure 1** and **Figure 2**).

The proposed project also includes removal of two existing traditional billboards. One is located at 11373 Folsom Boulevard, adjacent to the south side of Folsom Boulevard and US-50, in the Folsom RV parking lot. The other billboard to be removed is located at 9847 Folsom Boulevard, on the north side of the roadway, near a drainage ditch and an electrical substation.

2.2 PROJECT CHARACTERISTICS

The proposed project includes a Conditional Use Permit and Operating Agreement for construction of a digital freeway sign on the site of the existing Naturwood Home Furnishings (APN 069-0160-021). The installation site is located in the City's Digital Freeway Signs Overlay area, as identified in Figure 23.743-8 of the Rancho Cordova Zoning Code. The installation site and the surrounding areas are zoned Light Industrial (M-1). The site is fully developed with a large structure, a parking lot, and landscaping.

The proposed digital freeway sign would be 60 feet in height and would have two digital display areas, measuring 14 feet by 46 feet for a sign area of 644 square feet on each side. Decorative pole cladding would surround the center-mounted pole base (see **Figure 3**). The sign faces would be oriented for optimal viewing by travelers in both directions along US-50 and Folsom Boulevard. Each sign would provide digital messaging, at a change frequency of no less than 8 seconds per message, primarily for commercial enterprise. The sign would also provide emergency responders and the City with access to the message board for emergency messaging (such as Amber Alerts) and other community messaging.

The highest level of illumination, approximately 10 foot-candles, occurs immediately perpendicular to and at the sign face. Foot-candles taper off with distance from the sign face; at 250 feet, illumination would be no more than 0.3 foot-candles, basically equal to ambient light levels. Illumination would be directed such that minimal light spill would occur on either side or the top or bottom of the sign face. The project applicant indicates that the digital freeway sign would be provided 100 amp (amperage) service from the electricity provider. This is approximately one-half of the amperage provided to most residential homes (200 amperage). The sign is estimated to utilize, based on the current technology, approximately 120,000 kilowatt-hours (kWh) per year of electricity, based on a monthly average of 10,000 kWh. The average annual electricity consumption for a residential utility customer in 2012 in the United States was 10,837 kWh, an average of 903 kWh per month (EIA 2014).

Overall construction of the proposed digital freeway sign is anticipated to begin in fall 2014 and would take approximately two weeks to complete. No grading or paving would be required. Construction equipment required would include a bore/drill rig and crane.

As required by the Zoning Code standards regulating digital freeway signs, the project would also include removal of two traditional billboards. The proposed removal of the traditional billboards would include removal of the footing below grade, some filling of the area where the

2.0 PROJECT DESCRIPTION

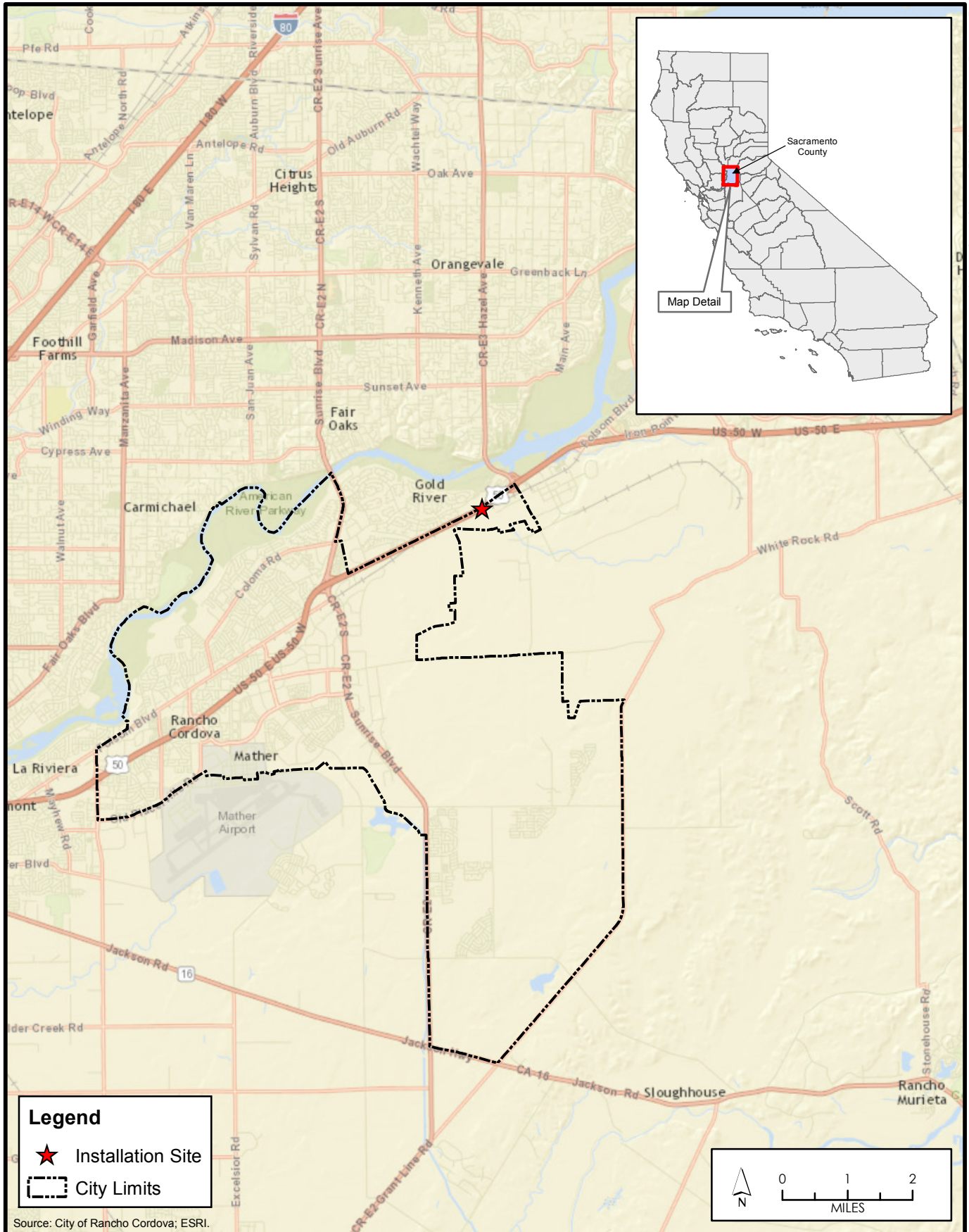
poles are removed, and a return of the surface to that of the surrounding area. The 11373 Folsom Boulevard site is in a paved lot, so minor repaving would be necessary in the surrounding parking lot. The 9847 Folsom Boulevard site is located at the edge of an undeveloped parcel that has recently been disked. It is located west of a fence that separates that parcel from a concrete-lined drainage ditch. Scrub oaks are located on the other side of the fence. The project does not propose removal of any oaks. The project applicant would also enter into an operating agreement with the City consistent with Zoning Code standards.

2.3 REQUIRED PROJECT APPROVALS

The proposed project consists of the following application requests:

- Conditional Use Permit
- Operating Agreement

Following issuance of the City's Conditional Use Permit approval and building permit for the proposed digital freeway sign, the project applicant would apply for and be issued a permit from the California Department of Transportation (Caltrans) prior to sign installation.



City of Rancho Cordova
Planning Department

2.0 PROJECT DESCRIPTION

THIS PAGE INTENTIONALLY LEFT BLANK

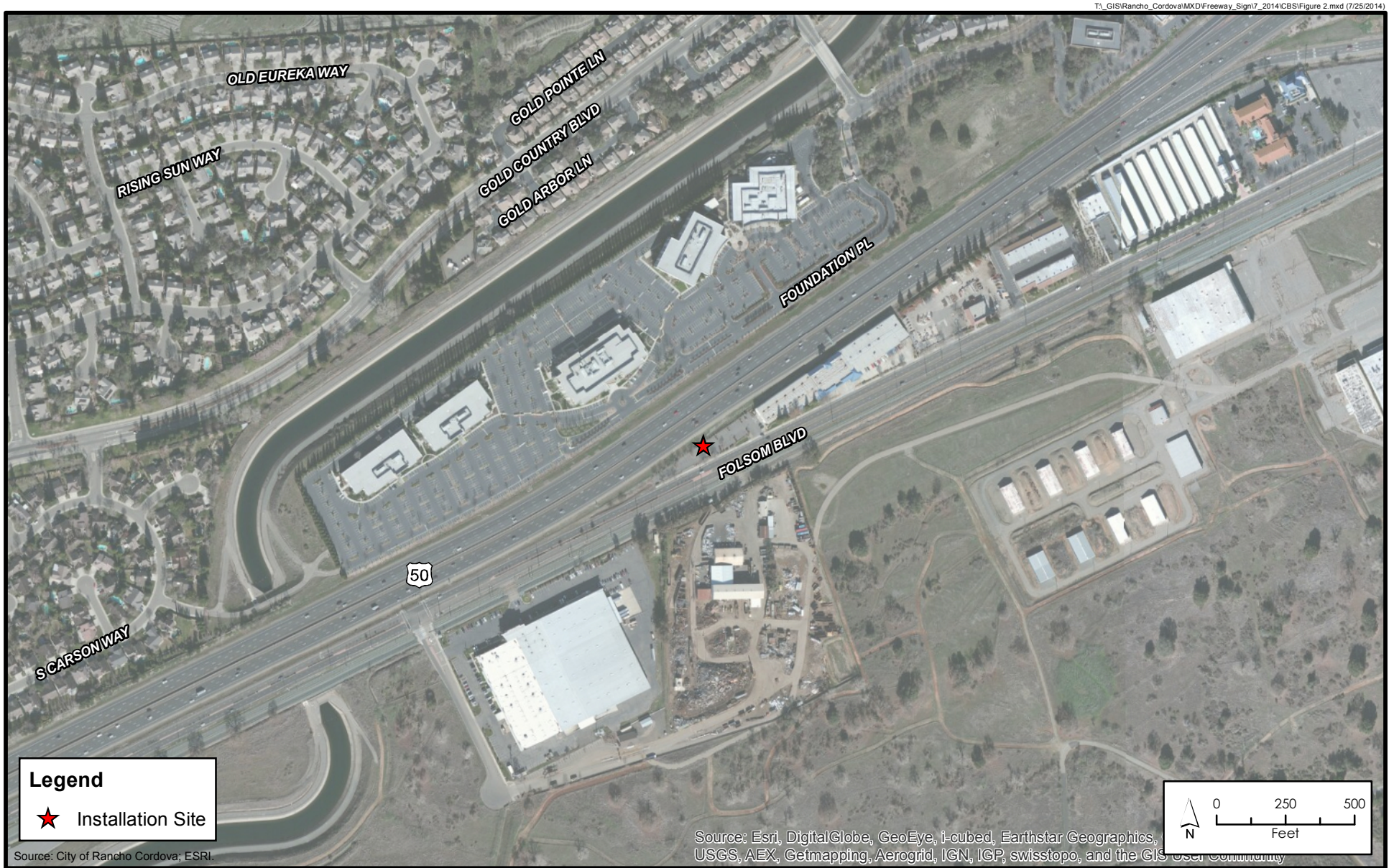
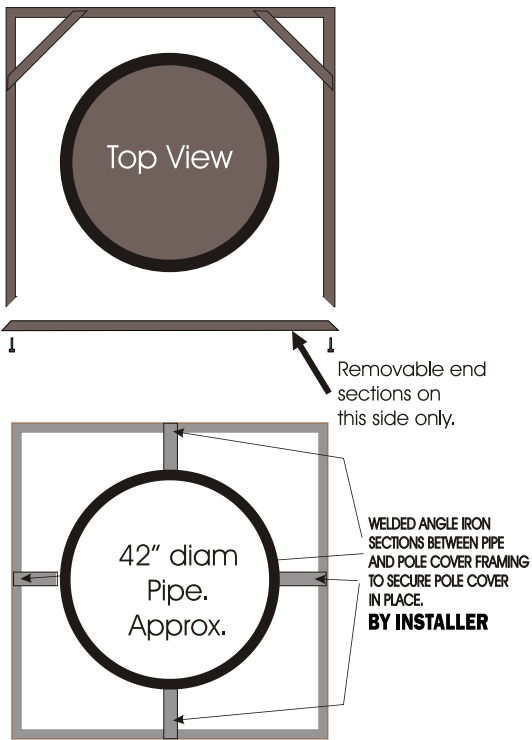


Figure 2
Installation Site Location

2.0 PROJECT DESCRIPTION

THIS PAGE INTENTIONALLY LEFT BLANK

T:\CS\Work\Bancroft Cordova City of Clear Channel Electronic Sign\Figures

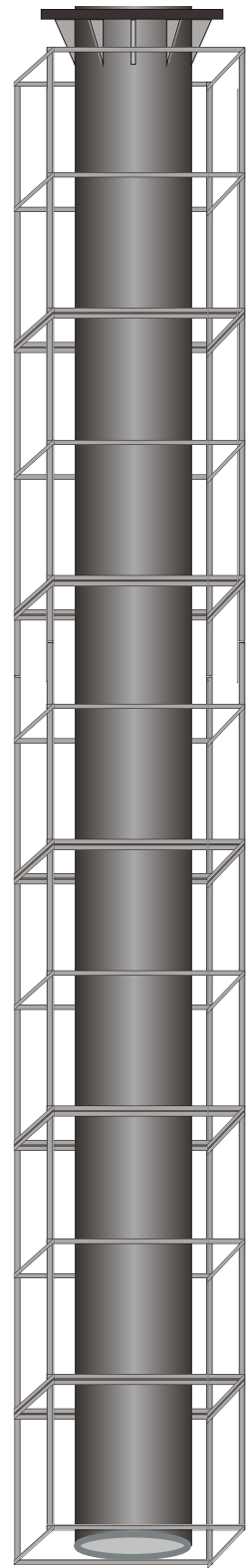


Fabricate and install one 5' x 5' x 38' tall pole cover for new billboard.
Internal angle to be 1-1/2" x 1/1/2" x 3/16".

Outer skin to be .090 aluminum,
Painted Mathews "Brushed Aluminum". Satin finish.
1/2" tall inset reveals painted same color as pole cover.

CBS copy on both sides to be routed out of aluminum and backed with blue acrylic. 4" deep light box pan with white LED's mounted behind routed opening. 20" x 44" overall.

Pole cover to be welded to pipe as noted in diagram.



FRONT VIEW SHOWING
EXAMPLE OF APPROX. PLACEMENT
OF INTERNAL
ANGLE IRON FRAMING



Source: Equity Sign Group

Figure 3
Proposed Sign Design



THIS PAGE INTENTIONALLY LEFT BLANK

T:\CS\Work\Bancro Cordova City of Clear Channel Electronic Sign\Figures



Westbound



Eastbound

Source: Clear Channel

Figure 4
Simulated View of Proposed Sign



THIS PAGE INTENTIONALLY LEFT BLANK

ENVIRONMENTAL SETTINGS, IMPACTS, AND MITIGATION MEASURES

3.0 ENVIRONMENTAL SETTING, IMPACTS, AND MITIGATION MEASURES

3.1 INTRODUCTION

This section provides an evaluation of the potential environmental impacts of the proposed project, including the CEQA Mandatory Findings of Significance. There are 17 specific environmental issues evaluated in this chapter. Cumulative impacts to these issues are evaluated in Section 4.0. The environmental issues evaluated in this chapter include:

- Aesthetics
- Agriculture and Forest Resources
- Air Quality
- Biological Resources
- Cultural Resources
- Geology and Soils
- Greenhouse Gas Emissions
- Hazards and Hazardous Materials
- Hydrology and Water Quality
- Land Use and Planning
- Mineral Resources
- Noise
- Population and Housing
- Public Services
- Recreation
- Transportation/Traffic
- Utilities and Service Systems

For each issue area, one or two of five conclusions is made, as appropriate:

- **No Impact:** No project-related impact to the environment would occur with project development.
- **Less Than Significant Impact:** The proposed project would not result in a substantial and adverse change in the environment. This impact level does not require mitigation measures.
- **Less Than Significant Impact With Mitigation Incorporated:** The proposed project would result in an environmental impact or effect that is potentially significant, but the incorporation of mitigation measure(s) would reduce the project-related impact to a less than significant level.
- **Potentially Significant Impact:** The proposed project would result in an environmental impact or effect that is potentially significant. If there are one or more "Potentially Significant Impact" entries when the determination is made, an EIR is required.
- **Reviewed Under Previous Document:** The impact has been adequately addressed in previous environmental documents, and further analysis is not required. The discussion will include reference to the previous documents.

3.0 ENVIRONMENTAL SETTING, IMPACTS, AND MITIGATION MEASURES

3.2 INITIAL ENVIRONMENTAL STUDY

1. **Project Title:** Sierra Outdoor Digital Sign at Naturwood Conditional Use Permit and Operating Agreement
2. **Lead Agency Name and Address:** City of Rancho Cordova
2729 Prospect Park Place
Rancho Cordova, CA 95670
3. **Contact Person and Phone Number:** Jessica Jordan; (916) 851-8756
4. **Project Location:** The project (installation) site is located at 12125 Folsom Boulevard, adjacent to eastbound US Highway 50, west of Hazel Avenue, in Rancho Cordova. Existing billboards would be removed at 11373 Folsom Boulevard and 9847 Folsom Boulevard.
5. **Project Sponsor's Name and Address:** Sierra Outdoor, LLC
Vinton Hawkins
3445 American River Drive, Suite A
Sacramento, CA 95864
(916) 974-3355
6. **Current Zoning:** Light Industrial (M-1)
Digital Freeway Signs Overlay
7. **General Plan Designation:** Folsom Boulevard Planning Area
8. **APN Number(s):** 069-0160-021
9. **Description of the Project:** See Section 2.2 of this IS/ND.
10. **Surrounding Land Uses and Setting:** See Section 2.2 of this IS/ND.
11. **Other public agencies whose approval may be required:** (e.g., permits, financing approval, or participation agreement)
 - California Department of Transportation (Caltrans)

3.0 ENVIRONMENTAL SETTING, IMPACTS, AND MITIGATION MEASURES**ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED**

The environmental factors checked below would be potentially affected by the proposed project, involving at least one impact that is a “Less Than Significant Impact With Mitigation Incorporated” or “Potentially Significant/Reviewed Under Previous Document” as indicated by the checklist on the following pages.

- | | | |
|---|--|---|
| ☐ Aesthetics | ☐ Greenhouse Gas Emissions | ☐ Population and Housing |
| ☐ Agriculture and Forest Resources | ☐ Hazards and Hazardous Materials | ☐ Public Services |
| ☐ Air Quality | ☐ Hydrology and Water Quality | ☐ Recreation |
| ☒ Biological Resources | ☐ Land Use and Planning | ☐ Transportation/Traffic |
| ☐ Cultural Resources | ☐ Mineral Resources | ☐ Utilities and Service Systems |
| ☐ Geology and Soils | ☐ Noise | ☐ Mandatory Findings of Significance |

EVALUATION OF ENVIRONMENTAL IMPACTS

- 1) A brief explanation is required for all answers except “No Impact” answers that are adequately supported by the information sources cited. A “No Impact” answer is adequately supported if the referenced information sources show that the impact simply does not apply to a project like the one involved (e.g., the project falls outside a fault rupture zone). A “No Impact” answer should be explained where it is based on project-specific factors as well as general standards.
- 2) All answers must take account of the whole action involved, including off-site as well as on-site, cumulative as well as project-level, indirect, and construction as well as operational impacts.
- 3) A “Less Than Significant Impact” applies when the proposed project would not result in a substantial and adverse change in the environment. This impact level does not require mitigation measures.
- 4) “Potentially Significant Impact” is appropriate if there is substantial evidence that an effect is significant. If there are one or more “Potentially Significant Impact” entries when the determination is made, an EIR is required.
- 5) “Less Than Significant Impact With Mitigation Incorporated” applies where the incorporation of mitigation measures has reduced an effect from a “Potentially Significant Impact” to a “Less Than Significant Impact.” The initial study must describe the mitigation measures and briefly explain how they reduce the effect to a less than significant level.
- 6) “Reviewed Under Previous Document” applies where the impact has been evaluated and discussed in a previous document. Discussion will include reference to the previous documents. If an impact is reviewed under a previous document, an impact of “Potentially Significant” does not necessarily require an EIR. If the program EIR identified a significant and unavoidable impact and the proposed project was adequately described in the program EIR, an impact of “Potentially Significant/Reviewed Under

3.0 ENVIRONMENTAL SETTING, IMPACTS, AND MITIGATION MEASURES

Previous Document” does not require an EIR, pursuant to Public Resources Code Section 21083.3.

- 7) Earlier analyses may be used where, pursuant to the tiering, program environmental impact report, or other CEQA process, an impact has been adequately analyzed in an earlier EIR or negative declaration.

3.0 ENVIRONMENTAL SETTING, IMPACTS, AND MITIGATION MEASURES

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact	Reviewed Under Previous Document
I. AESTHETICS. Would the project:					
a) Have a substantial adverse effect on a scenic vista?	☐	☐	☐	☒	☒
b) Substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?	☐	☐	☐	☒	☒
c) Substantially degrade the existing visual character or quality of the site and its surroundings?	☐	☐	☒	☐	☒
d) Create a new source of substantial light or glare that would adversely affect day or nighttime views in the area?	☐	☐	☒	☐	☒

EXISTING SETTING

The installation and removal sites are located in the Folsom Boulevard Planning Area and is zoned for and predominated by light industrial/commercial development. This area is surrounded by additional industrial and commercial lands. The installation site itself is developed as a Naturwood Home Furnishings store and associated parking lot and landscaping. The 11373 Folsom Boulevard site is in a paved lot and would involve minor repaving in the surrounding parking lot. The 9847 Folsom Boulevard site is located at the edge of an undeveloped parcel that has recently been disked. It is located west of a fence that separates that parcel from a nearby drainage ditch. Scrub oaks are located on the other side of the fence. The project does not propose removal of any oaks.

DISCUSSION OF IMPACTS

- a) *No Impact/Reviewed Under Previous Document.* The Rancho Cordova General Plan Environmental Impact Report (GP EIR) identified that impacts to scenic vistas in the city would be less than significant (GP DEIR, p. 4.13-6). The primary scenic vistas identified in the city occur along the American River in the vicinity of the American River Parkway Plan (GP DEIR, p. 4.13-6). The American River Parkway Plan is currently under the jurisdiction of the Sacramento County Municipal Services Agency Department of Regional Parks, Recreation, and Open Space. Because the American River Parkway Plan is not under the jurisdiction of the City of Rancho Cordova, the American River Parkway cannot be modified by development projects in the city.

The proposed project includes installation of a digital freeway sign along the US-50 corridor and removal of two existing traditional billboards along Folsom Boulevard. The installation site is not visible from the American River Parkway; therefore, no impact to scenic vistas would occur.

3.0 ENVIRONMENTAL SETTING, IMPACTS, AND MITIGATION MEASURES

- b) *No Impact/Reviewed Under Previous Document.* The GP EIR found that no highways in the Planning Area were designated by state or local agencies as scenic highways (GP DEIR, p. 4.13-6).

See Response I(a). The installation site is not located in a scenic highway corridor. Therefore, there would be no impact.

- c) *Less Than Significant Impact/Reviewed Under Previous Document.* Impacts relating to the alteration of visual character in the city were identified in the GP EIR and were predominantly associated with the urbanization of the rural and undeveloped portions of the city and areas east of the incorporated boundaries (GP DEIR, pp. 4.13-8 through -10). Impacts of the General Plan to visual resources were found to be significant and unavoidable (GP DEIR, p. 4.13-10).

The proposed project includes installation of a digital freeway sign along the heavily urbanized US-50 corridor and removal of two existing traditional billboards along Folsom Boulevard. The project is anticipated to change the visual nature and character of the surroundings in a manner anticipated by and consistent with urbanization considered in the General Plan.

The proposed sign would introduce illumination, changing messages, and a 60-foot-tall structure to the installation site, which currently does not contain any signage, illumination, or tall structures. However, the US-50 corridor is heavily urbanized and the installation site is surrounded by commercial and industrial uses, utility lines, and street lighting. In addition, the project includes removal of two existing traditional billboards. The anticipated visual changes would be in character with the area and therefore would not be considered to substantially degrade surrounding views.

The City's standards for digital freeway signs ensure that these signs do not cause substantial visual impacts by limiting their size, height, and sign face area, requiring that the illumination be limited to 0.3 foot-candles at 250 feet and that the light levels be responsive to the changes in ambient light that naturally occur in a 24-hour period (i.e., self-dimming). Adherence to these standards would be ensured through the Conditional Use Permit and building permit processes; therefore, visual impacts to the site surroundings would be less than significant.

- d) *Less Than Significant Impact/Reviewed Under Previous Document.* Impacts relating to light and glare were identified in the GP EIR and were related to reflective glare from new structures built under the General Plan and the introduction of new sources of light associated with development and redevelopment of the city (GP DEIR, p. 4.13-13). Areas of the city and the City's Planning Area that are currently undeveloped would see the majority of the impact due to the current lack of reflective surfaces and light sources in undeveloped areas (GP DEIR, p. 4.13-14). Due to design guidelines adopted by the City and with adherence to City Policy UD.4.2, impacts of the General Plan due to light and glare were found to be less than significant.

The proposed installation of a digital freeway sign would introduce new and/or increased sources of light and glare to the surrounding area. Digital billboards utilize light-emitting diode (LED) technology to display messages on a display screen. The proposed sign would include two sign faces, oriented in opposite directions, to be viewed by east- and westbound traffic on US-50 and Folsom Boulevard. As required by the City's Zoning Code, light levels of the digital billboard would not exceed 0.3 foot-candles over ambient light

3.0 ENVIRONMENTAL SETTING, IMPACTS, AND MITIGATION MEASURES

levels at 250 feet from the sign face. Existing and future residential uses are more than 1,000 feet away from the installation site and across US-50, which is well beyond 250 feet from the proposed digital freeway sign. There are no other light-sensitive uses near the installation site. In order to ensure a consistent illumination not to exceed 0.3 foot-candles, the digital freeway sign would be equipped with light sensors to adjust light conditions to respond to the changing ambient light levels in a 24-hour period. The digital display may, in certain conditions, be brighter in the daytime than in darkness. The signs would also be required to comply with Caltrans standards for digital billboards, which include restrictions on lighting such that it not be directed at motorists at an intensity or brightness that is blinding or confusing.

Given the requirements for light level control and the responsiveness of the digital freeway sign to ambient light levels, as well as the removal of light sources from the two existing traditional billboards in the city limits, impacts related to new sources of light and glare would be less than significant.

3.0 ENVIRONMENTAL SETTING, IMPACTS, AND MITIGATION MEASURES

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact	Reviewed Under Previous Document
II. AGRICULTURE AND FOREST RESOURCES. In determining whether impacts to agricultural resources are significant environmental effects, lead agencies may refer to the California Agricultural Land Evaluation and Site Assessment Model (1997), prepared by the California Department of Conservation as an optional model to use in assessing impacts on agriculture and farmland. Would the project:					
a) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to nonagricultural use?	☐	☐	☐	☒	☐
b) Conflict with existing zoning for agricultural use, or a Williamson Act contract?	☐	☐	☐	☒	☐
c) Conflict with existing zoning for, or cause rezoning of, forestland (as defined in Public Resources Code Section 12220(g)), timberland (as defined by Public Resources Code Section 4526), or timberland zoned Timberland Production (as defined by Government Code Section 51104(g))?	☐	☐	☐	☒	☐
d) Result in the loss of forestland or conversion of forestland to non-forest use?	☐	☐	☐	☒	☐
e) Involve other changes in the existing environment, which due to their location or nature, could result in conversion of Farmland to nonagricultural use?	☐	☐	☐	☒	☐

DISCUSSION OF IMPACTS

- a-e) *No Impact.* Both the installation and removal sites are located on a parcel that is zoned for industrial uses and is developed with an existing, actively used commercial/light industrial use. Surrounding uses consist primarily of additional commercial and industrial facilities. The sites are located in an urban area of the city and are not adjacent to any identified farmland. Additionally, the sites are not considered forestland, are not zoned for forestry use, and are not actively utilized as a forestry operation. Therefore, the proposed project would not involve any changes in the existing environment that could result in the conversion of farmland to nonagricultural use, result in a conflict with a Williamson Act contract or any existing agricultural use, or adversely impact designated forestland. There would be no impact.

3.0 ENVIRONMENTAL SETTING, IMPACTS, AND MITIGATION MEASURES

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact	Reviewed Under Previous Document
III. AIR QUALITY Where available, the significance criteria established by the applicable air quality management or air pollution control district may be relied upon to make the following determinations. Would the project:					
a) Conflict with or obstruct implementation of the applicable air quality plan?	☐	☐	☒	☐	☒
b) Violate any air quality standard or contribute substantially to an existing or projected air quality violation?	☐	☐	☒	☐	☒
c) Result in a cumulatively considerable net increase of any criteria pollutant for which the project is nonattainment under applicable federal or state ambient air quality standards?	☐	☐	☒	☐	☒
d) Expose sensitive receptors to substantial pollutant concentrations?	☐	☐	☒	☐	☒
e) Create objectionable odors affecting a substantial number of people?	☐	☐	☐	☒	☐

DISCUSSION OF IMPACTS

- a) *Less Than Significant Impact/Reviewed Under Previous Document.* The Sacramento area is currently out of compliance with federal requirements for 8-hour ozone air quality standards and 1-hour ozone air quality standards. The region is in compliance with all other emissions standards. The Sacramento Metropolitan Air Quality Management District (SMAQMD) released the final Sacramento Regional Nonattainment Area 8-Hour Ozone Rate-of-Progress Plan (Ozone Plan) in February 2006. According to the GP EIR, projected buildout of the Rancho Cordova General Plan Planning Area would be consistent with the assumptions used during preparation of the Ozone Plan (GP FEIR, pp. 4.0-5 through -6). However, because no feasible methods currently exist to completely offset air pollutant emission increases from land uses under the General Plan, the impact of the General Plan was considered to be significant and unavoidable (GP FEIR, p. 4.0-6).

In order to assist local agencies and municipalities with analyzing project-specific impacts to air quality and compliance with local air district attainment plans, the SMAQMD (2009) published the Guide to Air Quality Assessment in Sacramento County. This guide includes information on significance and mitigation for common air emissions issues. Additionally, the SMAQMD will review all development projects, including the proposed project, to ensure their compliance with local, state, and federal plans. The SMAQMD does include a specific screening standard for this type of project. However, considering the proposed project is not a trip-generating land use, other than 6–8 maintenance trips to the digital sign per year, the proposed project's operational air quality emissions would not exceed any SMAQMD threshold. In addition to these limited maintenance trips, it is important to note that the removal of two existing billboards included in the project would result in reduced maintenance trips for those signs, resulting in no net increase of trips related to signs in the area.

3.0 ENVIRONMENTAL SETTING, IMPACTS, AND MITIGATION MEASURES

In the short term, construction activities to install the proposed digital freeway sign and to remove the existing traditional billboards would include minimal land disturbance, which may generate some dust or PM₁₀ (particulate matter of 10 microns in size or less) pollutants. Construction would utilize minimal equipment (bore/drill rig and crane) for approximately two weeks. Considering these very limited construction activities, the proposed project's construction-related air quality emissions would not exceed SMAQMD thresholds of significance. Therefore, construction and operation of the proposed digital freeway sign would not interfere with the SMAQMD Ozone Plan, and impacts would be less than significant.

- b) *Less Than Significant Impact/Reviewed Under Previous Document.* The GP EIR identified potential air quality impacts from both construction and operation of new development in the city (GP DEIR, pp. 4.6-17 through -26). While policies, actions, and mitigation were included in the GP EIR, development in the Planning Area would still be intensified from current conditions. Therefore, significant and unavoidable impacts were expected as a result of the General Plan (GP DEIR, pp. 4.6-20 and -26).

See Response III(a). Sacramento County is a known area of nonattainment for state and federal standards for carbon monoxide (CO), ozone, and PM₁₀. Construction of the proposed project would result in temporary generation of emissions of reactive organic gases (ROG), nitrogen oxide (NO_x), and PM₁₀. Construction-related emissions would be produced from construction equipment exhaust and minor ground disturbance. Construction emissions from the proposed project would fall well below the SMAQMD thresholds for NO_x and PM₁₀. According to the standards set forth in the SMAQMD Guide to Air Quality Assessment, a site over 5.1 acres would generate PM₁₀ that would require mitigation. The proposed project does not require grading and in turn would not exceed threshold PM₁₀ levels from soil erosion and dust generation. This impact would be less than significant.

- c) *Less Than Significant Impact/Reviewed Under Previous Document.* The GP EIR identified that increases in ozone precursors (NO_x and ROG) would result in significant and unavoidable impacts on the region's status of nonattainment (GP DEIR, pp. 4.6-17 through -26). See Responses III(a) and III(b) for more information on the GP EIR findings related to ozone precursors.

See Responses III(a) and III(b) for project-specific discussion. This impact would be less than significant.

- d) *Less Than Significant Impact/Reviewed Under Previous Document.* Sensitive receptors are those parts of the population that can be severely impacted by air pollution. Sensitive receptors include children, the elderly, and the infirm. The GP EIR identified potential impacts to sensitive receptors due to both mobile and stationary sources of toxic air contaminants (TACs) and odors. Impacts of the General Plan from TACs were reduced by City policies and action items, but the impact remained significant and unavoidable (GP DEIR, p. 4.6-31). Impacts to sensitive receptors from exposure to odors were reduced by City policies and action items to a less than significant level (GP DEIR, p. 4.6-33).

See Responses III(a) and III(b) for project-specific discussion. Project construction would include minimal emissions from construction equipment. The proposed digital freeway sign would be located in an area occupied by industrial and commercial development, not in proximity to any sensitive receptors. This impact would be less than significant.

3.0 ENVIRONMENTAL SETTING, IMPACTS, AND MITIGATION MEASURES

- e) *No Impact.* The proposed digital freeway sign does not include any element that would produce odor. There would be no impact.

3.0 ENVIRONMENTAL SETTING, IMPACTS, AND MITIGATION MEASURES

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact	Reviewed Under Previous Document
IV. BIOLOGICAL RESOURCES. Would the project:					
a) Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special-status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Wildlife or US Fish and Wildlife Service?	☐	☒	☐	☐	☒
b) Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, or regulations, or by the California Department of Fish and Wildlife or US Fish and Wildlife Service?	☐	☐	☐	☒	☒
c) Have a substantial adverse effect on federally protected wetlands, as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal wetlands, etc.), through direct removal, filling, hydrological interruption, or other means?	☐	☐	☐	☒	☒
d) Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?	☐	☐	☐	☒	☒
e) Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?	☐	☐	☐	☒	☒
f) Conflict with the provisions of an adopted habitat conservation plan, natural community conservation plan, or other approved local, regional, or state habitat conservation plan?	☐	☐	☐	☒	☒

EXISTING SETTING

The installation site is developed as a furniture store and associated parking lot and landscaping. On-site landscaping generally includes ornamental trees, shrubs, and turf in parking lot islands. The 11373 Folsom Boulevard site is in a paved lot with no plants or other habitat present. The 9847 Folsom Boulevard site is located at the edge of an undeveloped parcel that has recently been graded. Scrub oaks are located near this billboard. The project does not propose removal of any oaks.

3.0 ENVIRONMENTAL SETTING, IMPACTS, AND MITIGATION MEASURES

DISCUSSION OF IMPACTS

- a) *Less Than Significant Impact With Mitigation Incorporated/Reviewed Under Previous Document.* The GP EIR identified potential direct and indirect impacts to special-status species as a result of the implementation of the General Plan (GP DEIR, pp. 4.10-34 through -48). While City policies and action items would mitigate much of the impact of the General Plan, widespread development of undeveloped portions of the General Plan Planning Area, as well as construction of the Circulation Plan, would result in a net loss of biological resources. Therefore, the General Plan was found to result in significant and unavoidable impacts to special-status species (GP DEIR, pp. 4.10-43 and -48).

The Folsom Boulevard Planning Area is almost entirely urbanized, containing light industrial, retail, office, and residential uses. The installation site has been developed with a commercial use and is primarily surrounded by other existing commercial and industrial uses, resulting in the elimination of the majority of biological resources in the area. However, the installation site contains landscaping including trees, one of which would be removed as part of the proposed project. The project would also include removal of two traditional billboards: one is located in an asphalt parking lot, and the other is located near trees and a concrete-lined drainage ditch. The tree to be removed on the installation site could provide nesting sites for raptors and/or migratory birds. The two billboards that would be removed could also have areas that are suitable for nesting sites, as could the scrub oaks near the billboard at 9847 Folsom Boulevard. It is not anticipated that tree or billboard removal would occur during the nesting season, but if it were to occur during that time, it could affect occupied nests. This would be a significant impact. Implementation of mitigation measure **MM BIO-1** would mitigate this impact to a less than significant level by requiring preconstruction nesting bird surveys and appropriate measures to ensure the protection of any such birds and their nests, if present. Therefore, this impact would be less than significant with mitigation incorporated. The removal site at 11373 Folsom Boulevard is a paved parking lot and does not contain any biological resources.

Mitigation Measures

- MM BIO-1** If tree removal and/or construction activities are proposed at the installation site or billboard removal at the 9847 Folsom Boulevard removal site during the nesting season for local avian species (typically March 1 through August 31), the project applicant shall retain a qualified biologist to conduct a focused survey for active nests of migratory birds and raptors in the tree proposed for removal, in the billboards, and in the oaks adjacent to the 9847 Folsom Boulevard billboard within 14 days prior to construction initiation. If no active nests are found, no further mitigation is required. Surveys shall be repeated if construction activities are delayed or postponed for more than 30 days. If an active nest is located in the tree proposed for removal or in the trees adjacent to the billboard at 9847 Folsom Boulevard, no trees or other vegetation shall be removed and construction activities shall not commence until the nest(s) is abandoned by the birds (normally after September 1). If nests are found in the billboard, billboard removal shall not commence until the nest(s) is abandoned by the birds (normally after September 1).

Timing/Implementation: Within 14 days of construction initiation

Enforcement/Monitoring: City of Rancho Cordova Planning Department

3.0 ENVIRONMENTAL SETTING, IMPACTS, AND MITIGATION MEASURES

- b) *No Impact/Reviewed Under Previous Document.* See Response IV(a) for information on identified impacts of the General Plan on special-status species. The GP EIR combined discussion of special-status species impacts to include impacts to habitat as well as to individuals of special-status species. Impacts to habitat from the implementation of the General Plan occurred for the same reasons and in the same intensity as impacts to individuals of any special-status species (GP DEIR, pp. 4.10-34 through -48).

See Response IV(a) for project-specific discussion. The sites are developed with urban uses and does not contain any riparian habitat or other sensitive natural communities. There would be no impact.

- c) *No Impact/Reviewed Under Previous Document.* The GP EIR addressed potential direct and indirect impacts to jurisdictional waters of the United States (jurisdictional waters) as a result of widespread development of the General Plan Planning Area (GP DEIR, pp. 4.10-52 through -56). Policies and action items included in the General Plan would reduce impacts to jurisdictional waters, especially Policy NR.2.1, which requires no net loss of wetlands (GP DEIR, p. 4.10-56). While no net loss of wetlands will occur regionally, some loss of jurisdictional waters will occur in the General Plan Planning Area (GP DEIR, p. 4.10-56). Because of this local loss of jurisdictional waters, the impact of the General Plan was found to be significant and unavoidable (GP DEIR, p. 4.10-56).

See Response IV(a) for project-specific discussion. The installation site and one of the removal sites are located in paved parking areas; the removal site other is located near a man-made concrete-lined drainage ditch that does not contain wetlands. Billboard removal at this site would be separated from the ditch by an existing fence and would not affect the ditch. The sites are developed with urban uses and do not contain any wetlands. There would be no impact.

- d) *No Impact/Reviewed Under Previous Document.* Impacts to habitat for raptors and other nesting birds were addressed in the GP EIR (GP DEIR, pp. 4.10-48 through -52). Raptors are protected by the California Department of Fish and Wildlife and are considered a special-status species under CEQA. Just as with impacts to habitat for other special-status species, widespread development of the city and the General Plan Planning Area would result in a net loss of raptor and nesting habitat, and a significant and unavoidable impact was expected (GP DEIR, p. 4.10-52). Discussion of impacts to movement corridors was also included in the GP EIR (GP DEIR, pp. 4.10-56 through -61). Development of greenfield areas of the General Plan Planning Area would change the biological condition and characteristics of the area, resulting in changes in animal movement throughout the area (GP DEIR, p. 4.10-56). While City policies and action items would reduce this impact, loss and/or modification of movement corridors would still occur and the impact of the General Plan would be significant and unavoidable (GP DEIR, p. 4.10-61).

See Response IV(a) for project-specific discussion. The installation and removal sites are developed with and/or surrounded by urban uses and do not provide any migratory wildlife corridors or native wildlife nursery sites. There would be no impact.

- e) *No Impact/Reviewed Under Previous Document.* The GP EIR identified potential impacts to trees from implementation of the General Plan (GP DEIR, pp. 4.10-61 and -62). Development of greenfield areas of the city and the General Plan Planning Area could potentially result in the removal of special-status, landmark, and other trees (GP DEIR, p. 4.10-61). Landmark and oak trees, as well as large wooded areas and urban trees, would be adequately protected by City policies and action items. However, some loss of native trees would occur, and the

3.0 ENVIRONMENTAL SETTING, IMPACTS, AND MITIGATION MEASURES

overall impact to trees from implementation of the General Plan would be significant and unavoidable (GP DEIR, p. 4.10-62).

There are no native or landmark trees on the installation site. The non-native ornamental tree proposed for removal as part of the project is not protected by any local policies or ordinances. The native scrub oaks near the removal site at 9847 Folsom Boulevard would not be removed as part of the project. There would be no impact.

- f) *No Impact/Reviewed Under Previous Document.* The GP EIR addressed potential impacts related to conflicts between the General Plan and any adopted habitat conservation plan or natural community conservation plan (GP DEIR, pp. 4.10-62 and -63). While the South Sacramento Habitat Conservation Plan (SSHCP) and the Vernal Pool Recovery Plan are currently being prepared by Sacramento County and the US Fish and Wildlife Service respectively, no such plans have been adopted (GP DEIR, p. 4.10-63). Therefore, no impact was expected as a result of the General Plan.

Currently, there is not an adopted habitat conservation plan (HCP) for the City of Rancho Cordova or Sacramento County; therefore, the project would not conflict with such a plan. There would be no impact.

3.0 ENVIRONMENTAL SETTING, IMPACTS, AND MITIGATION MEASURES

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact	Reviewed Under Previous Document
V. CULTURAL RESOURCES. Would the project:					
a) Cause a substantial adverse change in the significance of a historical resource as defined in Public Resources Code Section 21084.1 and CEQA Guidelines Section 15064.5, respectively?	☐	☐	☒	☐	☒
b) Cause a substantial adverse change in the significance of an archaeological resource as defined in Public Resources Code Sections 21083.2 and 21084.1, and CEQA Guidelines Section 15064.5, respectively?	☐	☐	☒	☐	☒
c) Directly or indirectly destroy a unique paleontological resource or site or unique geological feature?	☐	☐	☒	☐	☒
d) Disturb any human remains, including those interred outside of formal cemeteries?	☐	☐	☒	☐	☒

DISCUSSION OF IMPACTS

- a) *Less Than Significant Impact/Reviewed Under Previous Document.* The GP EIR identified that known and unknown historic resources in the Rancho Cordova Planning Area could potentially be impacted by implementation of the General Plan (GP DEIR, pp. 4.11-9 through -14). These impacts were primarily associated with development in undeveloped areas and impacts to unknown resources in portions of the Planning Area that have not been studied. Rancho Cordova policies mitigated some of the potential impacts to historical resources. However, many previously unknown resources could be located in the Planning Area. Therefore, accidental impacts may still occur, and the impact of the General Plan was considered significant and unavoidable (GP DEIR, pp. 4.11-14).

Ground disturbance for the installation of the digital sign would involve a drill rig to install the pole and removal of that soil. Other construction would involve aboveground assembly. Removal of the billboards would involve disassembly of the billboard and removal of the posts. Therefore, due to the minimal ground disturbance and the urbanized nature of the areas, the project is not anticipated to impact cultural resources. However, if for any reason cultural resources are discovered during construction of the digital freeway sign, the project applicant would be required to implement any mitigation necessary for the protection of such resources. In addition, pursuant to California Public Resources Code Section 5097.98 and Health and Safety Code Section 7050.5, in the event of the discovery of human remains, all work is to stop and the county coroner shall be immediately notified. If the remains are determined to be Native American, guidelines of the Native American Heritage Commission shall be adhered to in the treatment and disposition of the remains. Adherence to General Plan policies and state requirements would ensure a less than significant impact.

3.0 ENVIRONMENTAL SETTING, IMPACTS, AND MITIGATION MEASURES

- b) *Less Than Significant Impact/Reviewed Under Previous Document.* See Response V(a) for project-specific discussion. This impact would be less than significant.
- c) *Less Than Significant Impact/Reviewed Under Previous Document.* The GP EIR identified possible impacts to paleontological resources as a result of implementation of the General Plan (GP DEIR, p. 4.11-14). However, no such paleontological resources were identified in the Rancho Cordova Planning Area, and City policy would protect unknown resources. For these reasons, the impact of the General Plan was found to be less than significant (GP DEIR, p. 4.11-15).

See Response V(a) for project-specific discussion. This impact would be less than significant.

- d) *Less Than Significant Impact/Reviewed Under Previous Document.* The discussion in the GP EIR concerning historic resources impacts included discussion of potential impacts to human remains [see Response V(a)]. Impacts were the same in that known resources were adequately protected, but unknown human remains outside established cemeteries could potentially be affected. Therefore, significant and unavoidable impacts as a result of the General Plan were expected (GP DEIR, p. 4.11-14).

There are no known cemeteries on the installation or removal sites. See Response V(a) for specific discussion. This impact would be less than significant.

3.0 ENVIRONMENTAL SETTING, IMPACTS, AND MITIGATION MEASURES

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact	Reviewed Under Previous Document
VI. GEOLOGY AND SOILS Would the project:					
a) Expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death, involving:					
i) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42.	☐	☐	☒	☐	☒
ii) Strong seismic ground shaking?	☐	☐	☒	☐	☒
iii) Seismic-related ground failure, including liquefaction?	☐	☐	☒	☐	☒
iv) Landslides?	☐	☐	☐	☒	☐
b) Result in substantial soil erosion or the loss of topsoil?	☐	☐	☒	☐	☒
c) Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the projects, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction, or collapse?	☐	☐	☒	☐	☒
d) Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial risks to life or property?	☐	☐	☒	☐	☒
e) Have soils incapable of adequately supporting the use of septic tanks or alternative wastewater disposal systems where sewers are not available for the disposal of wastewater?	☐	☐	☐	☒	☐

DISCUSSION OF IMPACTS

a)

- i) *Less Than Significant Impact/Reviewed Under Previous Document.* The GP EIR stated that significant seismic shaking was not a concern in the Rancho Cordova Planning Area, as there are no active faults in Sacramento County and because the city is not located in an Alquist-Priolo earthquake hazard zone (GP DEIR, p. 4.8-19). However, some minor seismic shaking is a possibility, as the city is located in Seismic Zone 3, which is

3.0 ENVIRONMENTAL SETTING, IMPACTS, AND MITIGATION MEASURES

considered an area of relatively low ground shaking potential (GP DEIR, p. 4.8-20). Adherence to City policies, as well as to the California Building Code (CBC) which was adopted by the City of Rancho Cordova (Rancho Cordova Municipal Code Section 16.02.030), would ensure less than significant impacts as a result of implementation of the General Plan (GP DEIR, p. 4.8-21).

The potential for impacts to public safety resulting from surface fault rupture, ground shaking, liquefaction, or other seismic hazards is not considered to be an issue of significant environmental concern due to the infrequent seismic history of the area. Therefore, this impact would be less than significant.

- ii) *Less Than Significant Impact/Reviewed Under Previous Document.* See Response VI(1)(i). The potential for strong seismic ground shaking is not a significant environmental concern due to the infrequent seismic activity of the area; however, the new digital freeway sign would be required to comply with all applicable seismic standards enforced by the City. The impact would be less than significant.
- iii) *Less Than Significant Impact/Reviewed Under Previous Document.* The GP EIR identified that seismic shaking was not a concern in the city [see Response V(i)(i)]. Liquefaction is the process in which water is combined with unconsolidated soils as a result of seismic activities involving ground motions and pressure. Without strong ground motion, liquefaction is unlikely. Additionally, the water table is generally too low in the city to provide enough moisture for liquefaction to occur (GP DEIR, p. 4.8-20). Therefore, the impact of the General Plan was found to be less than significant.

See Response VI(1)(i). This impact would be less than significant.

- iv) *No Impact.* The installation and removal sites and surrounding area have relatively flat topography; therefore, there is no potential risk of landslide. There would be no impact.
- b) *Less Than Significant Impact/Reviewed Under Previous Document.* The GP EIR identified potential impacts related to soil erosion from implementation of the General Plan (GP DEIR, pp. 4.8-21 through -23). These erosion impacts were generally associated with construction of new roadways and other capital infrastructure and development of undeveloped portions of the city and the Planning Area. Additional impacts were from increases in runoff due to a net increase in impervious surfaces in the city. However, compliance with the City's Erosion Control Ordinance and the current National Pollutant Discharge Elimination System (NPDES) permit conditions for Rancho Cordova would ensure that impacts resulting from implementation of the General Plan would be less than significant (GP DEIR, p. 4.8-23).

Installation of the proposed digital freeway sign and removal of the two existing traditional billboards would not require any grading and would involve limited surface disturbance to accommodate the sign footing. Because of the limited earthwork involved in the project, no soil erosion would be anticipated to occur and this impact would be less than significant.

- c) *Less Than Significant Impact/Reviewed Under Previous Document.* The GP EIR stated that impacts relating to soil stability as a result of implementation of the General Plan would be minor (GP DEIR, p. 4.8-23). Primary concerns with soil stability in the city are associated with shrink-swell potential (the potential of soils to expand during wet seasons and shrink during dry seasons). Impacts due to soil stability would be mitigated through consistency with the Uniform Building Code and the CBC (GP DEIR, p. 4.8-24). Therefore, the impact of the General Plan was found to be less than significant.

3.0 ENVIRONMENTAL SETTING, IMPACTS, AND MITIGATION MEASURES

The soils underlying the installation site do not present a geologic hazard due to very low shrink-swell potential. Construction of the sign would occur in compliance with the California Building Code, ensuring any possible geologic issue would be fully addressed; therefore, this impact would be less than significant.

- d) *Less Than Significant Impact/Reviewed Under Previous Document.* See Response VI(c). This impact would be less than significant.
- e) *No Impact.* The proposed project would not require connection to any wastewater disposal system. There would be no impact.

3.0 ENVIRONMENTAL SETTING, IMPACTS, AND MITIGATION MEASURES

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact	Reviewed Under Previous Document
VII. GREENHOUSE GAS EMISSIONS. Would the project:					
a) Generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment?	☐	☐	☒	☐	☐
b) Conflict with any applicable plan, policy or regulation of an agency adopted for the purpose of reducing the emissions of greenhouse gases?	☐	☐	☒	☐	☐

SETTING

Since the early 1990s, scientific consensus holds that the world's population is releasing greenhouse gases (GHG) faster than the earth's natural systems can absorb them. These gases are released as byproducts of fossil fuel combustion, waste disposal, energy use, land-use changes, and other human activities. This release of gases, such as carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O), creates a blanket around the earth that allows light to pass through but traps heat at the surface, preventing its escape into space. While this is a naturally occurring process known as the greenhouse effect, human activities have accelerated the generation of GHGs beyond natural levels. The overabundance of GHGs in the atmosphere has led to an unexpected warming of the earth and has the potential to severely impact the earth's climate system.

Thresholds of significance illustrate the extent of an impact and are a basis from which to apply mitigation measures. Significance thresholds for GHG emissions resulting from land use development projects have not been established in Sacramento County (the SMAQMD has not yet established significance thresholds for GHG emissions from project operations). Instead, the SMAQMD recommends that lead agencies identify thresholds of significance applicable to the proposed project. SMAQMD guidance (2011) further states that when adopting thresholds of significance, a lead agency may consider thresholds of significance adopted or recommended by other lead agencies, or adopt its own thresholds, provided the decision is supported by substantial evidence.

DISCUSSION OF IMPACTS

- a) *Less Than Significant Impact.* GHG emissions contribute, on a cumulative basis, to the significant adverse environmental impacts of global climate change. No single project could generate enough GHG emissions to noticeably change the global average temperature. The combination of GHG emissions from past, present, and future projects contributes substantially to the phenomenon of global climate change and its associated environmental impacts and as such is addressed only as a cumulative impact. Implementation of the proposed project would not substantially contribute to increases of GHG emissions that are associated with global climate change. Estimated greenhouse gas emissions attributable to the proposed project are minimal and would be primarily associated with increases of carbon dioxide (CO₂) from mobile sources associated with project construction and minimal,

3.0 ENVIRONMENTAL SETTING, IMPACTS, AND MITIGATION MEASURES

periodic maintenance. No permanent sources of GHG emissions are involved with the proposed project.

Emissions of CO₂ typically constitute a majority of total mobile-source GHGs commonly associated with development projects. To a lesser extent, other GHG pollutants, such as methane, largely generated by natural-gas combustion, and nitrous oxide, would typically have a minor contribution to overall GHG emissions. These pollutants are not associated with this type of development. As indicated above, the SMAQMD does not have an adopted threshold of significance for construction- or operational-related GHG emissions. However, as described in subsection III, Air Quality, the proposed project is well below the SMAQMD's screening thresholds for projects that would emit significant emissions, including CO₂.

Digital billboards are powered by electricity, the production of which may generate emissions of carbon dioxide, a greenhouse gas that has been linked to global climate change. The project applicant estimates the electricity usage of a sample two-sided digital billboard utilizing current technology at approximately 120,000 kilowatt-hours (kWh) per year of electricity, based on a monthly average of 10,000 kWh. The Sacramento Municipal Utility District (SMUD), the electricity provider to the project, provides electricity to its customers from nonrenewable and renewable sources through its voluntary Greenergy program. The proposed project will participate in the Greenergy program. Additionally, the applicant has indicated that the sign would be installed utilizing the best possible technology available today. However, as technology is refined, the sign may be updated with more efficient technology, and a reduction in overall electricity usage would be likely to occur. In addition, because the existing billboards have lighting, there would be a reduction in electric use for the two billboards that would be removed, which would reduce greenhouse gas emissions.

While project approval may alter the electrical usage and result in additional carbon emissions temporarily from construction vehicles and the generation of power needed for the sign, the installation of the proposed digital sign would not have a significant environmental effect related to greenhouse gas emissions or climate change. Given the small size of the proposed project, GHG emissions associated with the project would be negligible and would not exceed any threshold. Since there are no established thresholds of significance against which to measure the impacts, the assumption is that the proposed project's contribution to the overall issue of global warming is highly limited and considered negligible. The project also includes light sensor controls and the ability to immediately respond to technology improvements, which are beneficial. Therefore, this impact would be less than significant.

- b) *Less Than Significant Impact.* The City of Rancho Cordova does not have local policies or ordinances with the purpose of reducing greenhouse gas emissions. However, the City is subject to compliance with the Global Warming Solutions Act (AB 32). Therefore, compliance with AB 32 would ensure a less than significant impact.

3.0 ENVIRONMENTAL SETTING, IMPACTS, AND MITIGATION MEASURES

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact	Reviewed Under Previous Document
VIII. HAZARDS AND HAZARDOUS MATERIALS Would the project:					
a) Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?	☐	☐	☐	☒	☒
b) Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?	☐	☐	☐	☒	☒
c) Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances or waste within one-quarter mile of an existing or proposed school?	☐	☐	☐	☒	☒
d) Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?	☐	☐	☐	☒	☒
e) For a project located within an airport land use plan area or, where such a plan has not been adopted, within 2 miles of a public airport or a public use airport, would the project result in a safety hazard for people residing or working in the project area?	☐	☐	☐	☒	☒
f) For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area?	☐	☐	☐	☒	☐
g) Impair implementation of, or physically interfere with, an adopted emergency response plan or emergency evacuation plan?	☐	☐	☐	☒	☒
h) Expose people or structures to a significant risk of loss, injury, or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands?	☐	☐	☐	☒	☒

DISCUSSION OF IMPACTS

- a) *No Impact/Reviewed Under Previous Document.* The GP EIR identified potential impacts to the public or the environment through the routine transport, use, or disposal of hazardous materials (GP DEIR, pp. 4.4-23 and -24). Impacts concerned transportation of hazardous

3.0 ENVIRONMENTAL SETTING, IMPACTS, AND MITIGATION MEASURES

materials on the roadway network in the city and the routine use, storage, and disposal of hazardous materials related to construction during development and redevelopment in the city. Adherence to General Plan policies and federal, state, and local regulations regarding hazardous materials were found to reduce potential impacts of the General Plan to a less than significant level (GP DEIR, pp. 4.4-24 and -28).

The project proposes installation of a digital freeway sign and would not involve the routine transport, use, or disposal of hazardous materials. Construction activities would require the use of a limited quantity of common hazardous materials, including fuels (gasoline and diesel), paints, oils, and lubricants. While these products may contain known hazardous materials, the limited volume of material would not be adequate to create a significant hazard to the public. Operation of the proposed digital freeway sign would not involve the routine transport, use, or disposal of any hazardous materials. There would be no impact.

- b) *No Impact/Reviewed Under Previous Document.* The GP EIR described potential impacts related to the accidental release of hazardous materials (GP DEIR, pp. 4.4-24 through -28). Primary sources of potential accidental release concerned transformers containing polychlorinated biphenyls (PCB), groundwater pollution, and underground storage tanks. Consistency with City policies and action items, as well as with all applicable federal, state, and local regulations, would result in a less than significant impact from the General Plan (GP DEIR, p. 4.4-28).

See Response VIII(a) for project-specific discussion related to hazardous materials usage. Hazardous materials used during project construction would be of limited quantity and for limited duration and would not create a risk to the public or the environment. There would be no impact.

- c) *No Impact/Reviewed Under Previous Document.* The GP EIR discussed the siting of public schools as being subject to the siting requirements of the California Department of Education (GP DEIR, p. 4.4-25). In addition to CEQA review, potential school sites would be reviewed by various agencies to ensure the new school site is safe from toxic hazards (GP DEIR, p. 4.4-25). General Plan policies and actions would reduce the potential impacts of the General Plan from hazardous materials transport, use, and storage from surrounding uses, including school sites, to a less than significant level (GP DEIR, p. 4.4-28).

See Response VIII(a) for project-specific discussion related to hazardous materials usage. There are no schools within a quarter-mile radius of the installation or removal sites. There would be no impact.

- d) *No Impact/Reviewed Under Previous Document.* The GP EIR included information regarding federal and state listed hazardous materials sites as well as a map of such sites (GP DEIR, pp. 4.4-2 through -10). These sites included leaking underground storage tanks, groundwater contamination plumes, PCB-contaminated sites related to prior rocket engine testing (Aerojet/Gencorp), and other smaller sites (GP DEIR, pp. 4.4-5 and -6). Impact discussions were included in discussions of accidental release of hazardous materials [see Response VII(b)] and were found to be less than significant due to compliance with federal, state, and local laws and regulations (GP DEIR, p. 4.4-28).

Neither the installation site nor the removal sites are located on a known hazardous materials sites list (DTSC 2014; SWRCB 2014). There would be no impact.

3.0 ENVIRONMENTAL SETTING, IMPACTS, AND MITIGATION MEASURES

- e) *No Impact/Reviewed Under Previous Document.* The GP EIR identified potential impacts of development in an airport land use plan (GP DEIR, p. 4.4-28). The Mather Airport Comprehensive Land Use Plan (CLUP) Safety Restriction Area overlies several portions of the city, restricting development in those areas to uses allowed in the CLUP. Adherence to General Plan policies, federal regulations, the CLUP, and Mather Airport Planning Area provisions would reduce the potential for safety hazards. Therefore, the General Plan was found to have a less than significant impact (GP FEIR, p. 4.0-29).

The installation and removal sites are not located in the CLUP area of the Sacramento Mather Airport and is not within 2 miles of the airport. Implementation of the proposed project would not adversely affect operations of this facility, and it is not anticipated to result in safety-related hazards or adverse impacts to people working on the site. Therefore, there would be no impact.

- f) *No Impact.* The installation and removal sites are not located within 2 miles of any private airstrip. There would be no impact.
- g) *No Impact/Reviewed Under Previous Document.* The GP EIR analyzed potential impacts that could impair implementation or physically interfere with the Sacramento County Multi-Hazard Disaster Plan (GP DEIR, p. 4.4-29). The GP EIR found that implementation of the proposed roadway system in the General Plan would improve city roadway connectivity, allowing better emergency access to residences as well as evacuation routes and resulting in a net positive effect on the implementation success of the Sacramento County Multi-Hazard Disaster Plan. Therefore, the General Plan was found to have a less than significant impact (GP DEIR, p. 4.4-29).

The proposed project would not conflict with the Sacramento County Multi-Hazard Disaster Plan, the Sacramento County Area Plan, or any other adopted emergency response or evacuation plan. There would be no impact.

- h) *No Impact/Reviewed Under Previous Document.* The GP EIR identified potential impacts of safety hazards associated with wildland fires due to the construction of residential areas adjacent to open space and natural areas (GP DEIR, p. 4.12-9). Adoption of General Plan policies and action items, as well as required project review by the Sacramento Metropolitan Fire District (SMFD), would ensure minimal impacts to residential areas from wildland fires, resulting in a less than significant impact from implementation of the General Plan (GP DEIR, p. 4.12-10).

The installation and removal sites are located in an urbanized area of the city and are not contiguous to a designated high fire area associated with any designated wildland area. Development of the proposed project would not expose people or structures to an increased risk of wildland fires. Therefore, there is no impact.

3.0 ENVIRONMENTAL SETTING, IMPACTS, AND MITIGATION MEASURES

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact	Reviewed Under Previous Document
IX. HYDROLOGY AND WATER QUALITY. Would the project:					
a) Violate any water quality standards or waste discharge requirements?	☐	☐	☒	☐	☒
b) Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?	☐	☐	☒	☐	☒
c) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner, which would result in substantial erosion or siltation on- or off-site?	☐	☐	☒	☐	☒
d) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner that would result in flooding on- or off-site?	☐	☐	☒	☐	☒
e) Create or contribute runoff water which would exceed the capacity of existing or planned storm water drainage systems or provide substantial additional sources of polluted runoff?	☐	☐	☒	☐	☒
f) Otherwise substantially degrade water quality?	☐	☐	☒	☐	☐
g) Place housing within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?	☐	☐	☒	☐	☐
h) Place within a 100-year flood hazard area structures that would impede or redirect flood flows?	☐	☐	☒	☐	☐
i) Expose people or structures to a significant risk of loss, injury, or death involving flooding, including flooding as a result of a failure of a levee or dam?	☐	☐	☒	☐	☐
j) Inundation by seiche, tsunami, or mudflow?	☐	☐	☐	☒	☐

3.0 ENVIRONMENTAL SETTING, IMPACTS, AND MITIGATION MEASURES

DISCUSSION OF IMPACTS

- a-i) *Less Than Significant Impact/Reviewed Under Previous Document.* The GP EIR identified potential surface water and groundwater quality impacts that would occur as a result of implementation of the General Plan (GP DEIR, pp. 4.9-34 through -40). Both impacts of the General Plan were found to be less than significant with implementation of City policies and action items as well as compliance with the City's National Pollutant Discharge Elimination System (NPDES) permit conditions.

Construction and operation of the digital freeway sign would not result in any violation of water quality standards or waste discharge requirements. The installation site is located in a developed industrial and commercial area with appropriate storm drain facilities to manage site runoff. One removal site is located near a drainage ditch, but the project would be required to comply with all applicable provisions of the City's stormwater pollution prevention program, best management practices (BMPs), and applicable local ordinances and state requirements, which would ensure that the construction activities would have a less than significant impact on water quality.

The project does not require connection to any groundwater supply, nor does it involve a substantial increase in impervious surfaces that would impact groundwater recharge. Extensive grading and other earthwork are not required. Project implementation would not substantially alter the existing drainage pattern of the site. The site is not located in designated 100-year flood zones and does not include any residential structures that could impede any flood flows, were any to occur in the area. Therefore, these impacts would be less than significant.

- j) *No Impact.* The installation and removal sites are not located near the Pacific Ocean or near a large water body that would be capable of creating seiche or tsunami waves. The sites are characterized by generally flat terrain, as is the surrounding area. Therefore, there would be no potential risk of mudflows on or near the site. There would be no impact.

3.0 ENVIRONMENTAL SETTING, IMPACTS, AND MITIGATION MEASURES

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact	Reviewed Under Previous Document
X. LAND USE AND PLANNING. Would the project:					
a) Physically divide an existing community?	☐	☐	☐	☒	☐
b) Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to, the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?	☐	☐	☒	☐	☐
c) Conflict with any applicable habitat conservation plan or natural community conservation plan?	☐	☐	☐	☒	☐

DISCUSSION OF IMPACTS

- a) *No Impact.* The proposed project involves installation of a digital freeway sign and removal of two existing traditional billboards in an area that has been developed with commercial and industrial uses. The proposed digital freeway sign would not alter or interfere with the ongoing use of the installation site or adjacent business operations. There would be no impact.
- b) *Less Than Significant Impact.* The installation site is zoned M-1 (Light Industrial) with a Digital Freeway Overlay. As proposed, the digital freeway sign would be consistent with all applicable development regulations. The City's Zoning Code standards regulating digital freeway signs require the removal of four existing signs or the payment on an in-lieu fee to offset the installation of the new sign. Per these standards, the project also proposes to contribute funding to Phase 4 of the City's Folsom Boulevard Improvements Project to improve the visual character of the adjacent segment of Folsom Boulevard.
- c) *No Impact.* Currently, no adopted habitat conservation plan or natural community conservation plan has been adopted in Sacramento County. Therefore, there would be no impact.

3.0 ENVIRONMENTAL SETTING, IMPACTS, AND MITIGATION MEASURES

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact	Reviewed Under Previous Document
XI. MINERAL RESOURCES. Would the project:					
a) Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?	☐	☐	☐	☒	☒
b) Result in the loss of availability of a locally important mineral resource recovery site delineated on a local general plan, specific plan, or other land use plan?	☐	☐	☐	☒	☒

DISCUSSION OF IMPACTS

a-b) *No Impact/Reviewed Under Previous Document.* The GP EIR identified potential impacts resulting from the loss of availability of mineral resources in the General Plan Planning Area (GP DEIR, pp. 4.8-26 through -27). Only those areas already identified as either MRZ-2 or as containing existing mining operations were expected to be impacted by development of the General Plan Planning Area (GP DEIR, p. 4.8-26). Even with adoption of City policies and action items regarding mineral resources and mining, the General Plan would still have a significant and unavoidable impact (GP DEIR, p. 4.8-27).

The proposed project involves installation of a digital freeway sign in an existing developed site and removal of two billboards—one in a parking area in a commercial lot and the other near a commercial/residential area where no mining occurs. No mineral resources or resource recovery sites would be lost as a result of project implementation. There would be no impact.

3.0 ENVIRONMENTAL SETTING, IMPACTS, AND MITIGATION MEASURES

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact	Reviewed Under Previous Document
XII. NOISE. Would the project result in:					
a) Exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance or of applicable standards of other agencies?	☐	☐	☐	☒	☒
b) Exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels?	☐	☐	☐	☒	☒
c) A substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?	☐	☐	☐	☒	☒
d) A substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?	☐	☐	☐	☒	☒
e) For a project located within an airport land use plan area or, where such a plan has not been adopted, within 2 miles of a public airport or a public use airport, would the project expose people residing or working in the project area to excessive noise levels?	☐	☐	☐	☒	☒
f) For a project within the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels?	☐	☐	☐	☒	☐

DISCUSSION OF IMPACTS

- a-f) *No Impact/Reviewed Under Previous Document.* The GP EIR addressed increases in noise levels as a result of buildout of the General Plan (GP DEIR, pp. 4.7-20 through -30). Significant and unavoidable impacts were expected due to construction noise, increased traffic noise, and the potential construction of noise-generating land uses (GP DEIR, pp. 4.7-22, -27, and -30). Policies and action items included in the General Plan would reduce these impacts; however, various factors exist throughout the Planning Area that would make total mitigation impossible. Therefore, the impact of the General Plan remained significant and unavoidable.

The proposed project involves installation of a digital freeway sign and removal of two existing traditional billboards in an urbanized area. The proposed digital sign would not generate ongoing noise, and there are no sensitive receptors in proximity to the installation site. Construction noise would occur in the immediate vicinity of the sites; however, given the lack of sensitive receptors and the proximity of US-50, temporary construction noise would not be expected to cause adverse impacts. The project sites are not located in the Comprehensive Land Use Plan Area (CLUP) of the Sacramento Mather Airport, nor is it within 2 miles of any airport or airstrip. There would be no impact associated with construction or operation of the proposed digital freeway sign.

3.0 ENVIRONMENTAL SETTING, IMPACTS, AND MITIGATION MEASURES

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact	Reviewed Under Previous Document
XIII. POPULATION AND HOUSING. Would the project:					
a) Induce substantial population growth in an area, either directly (e.g., by proposing new homes and businesses) or indirectly (e.g., through extension of roads or other infrastructure)?	☐	☐	☐	☒	☐
b) Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere?	☐	☐	☐	☒	☐
c) Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?	☐	☐	☐	☒	☐

DISCUSSION OF IMPACTS

- a-c) *No Impact.* The proposed project involves installation of a digital freeway sign and removal of two existing traditional billboards. Neither of these actions would result in substantial direct or indirect population growth or the displacement of any people or housing. Therefore, there would be no impact.

3.0 ENVIRONMENTAL SETTING, IMPACTS, AND MITIGATION MEASURES

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact	Reviewed Under Previous Document
XIV. PUBLIC SERVICES. Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, the need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the following public services:					
a) Fire protection?	☐	☐	☐	☒	☐
b) Police protection?	☐	☐	☐	☒	☐
c) Schools?	☐	☐	☐	☒	☐
d) Parks?	☐	☐	☐	☒	☐
e) Other public facilities?	☐	☐	☒	☐	☐

EXISTING SETTING

The proposed installation site is located in the following public service districts:

- Fire Protection: Sacramento Metropolitan Fire District (SMFD)
- Police Protection: Rancho Cordova Police Department (RCPD)
- School District: Folsom Cordova Unified School District (FCUSD)
- Park District: Cordova Recreation and Park District (CRPD)
- Electrical Service: Sacramento Municipal Utility District (SMUD)

DISCUSSION OF IMPACTS

- a) *No Impact.* The proposed project involves the installation of a digital freeway sign and the removal of two existing traditional billboards. Implementation of the proposed project would not result in an increased demand for any public services and would not require the construction of new or the alteration of existing public facilities. No impact would occur.
- b) *No Impact.* See Response XIV(a). There would be no impact. Furthermore, the proposed digital freeway sign would provide support to various law enforcement agencies by providing real-time use of the digital messaging technology for Amber Alerts and other public safety messages.
- c) *No Impact.* See Response XIV(a). There would be no impact.
- d) *No Impact.* See Response XIV(a). There would be no impact.
- e) *Less Than Significant Impact.* The proposed digital freeway sign would require electricity to operate, which would be provided by SMUD. SMUD generates, transmits, and distributes electricity to a 900-square-mile territory of Sacramento County and a small portion of Placer County. SMUD provides electricity from a number of sources, including the traditional power grid, as well as from the renewable energy sources of solar, wind, and hydroelectric. As indicated previously, the proposed digital freeway sign is estimated to require approximately 120,000 kWh of electricity per year with the most energy-efficient technology available at this

3.0 ENVIRONMENTAL SETTING, IMPACTS, AND MITIGATION MEASURES

time. The sign would be provided with 100 amp service, approximately one-half of typical residential service. The anticipated annual power usage for the sign is equivalent to approximately 11 average American households (EIA 2014). The estimated electricity usage of the proposed digital freeway sign is not a substantial use of electricity, is well within SMUD's ability to provide power, and would not require any changes to SMUD's infrastructure. This impact would be less than significant.

3.0 ENVIRONMENTAL SETTING, IMPACTS, AND MITIGATION MEASURES

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporation	Less Than Significant Impact	No Impact	Reviewed Under Previous Document
XV. RECREATION					
a) Would the project increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?	☐	☐	☐	☒	☐
b) Does the project include recreational facilities, or require the construction or expansion of recreational facilities, which might have an adverse physical effect on the environment?	☐	☐	☐	☒	☐

DISCUSSION OF IMPACTS

a-b) *No Impact*. See Response XIV(a). There would be no impact.

3.0 ENVIRONMENTAL SETTING, IMPACTS, AND MITIGATION MEASURES

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact	Reviewed Under Previous Document
XVI. TRANSPORTATION/TRAFFIC. Would the project:					
a) Conflict with an applicable plan, ordinance, or policy establishing measures of effectiveness for the performance of the circulation system, taking into account all modes of transportation including mass transit and non-motorized travel and relevant components of the circulation system, including but not limited to intersections, streets, highways and freeways, pedestrian and bicycle paths, and mass transit?	☐	☐	☐	☒	☒
b) Conflict with an applicable congestion management program, including, but not limited to level of service standards and travel demand measures, or other standards established by the county congestion management agency for designated roads or highways, either individually or cumulatively, a level of service standard established by the county congestion management agency for designated roads or highways?	☐	☐	☐	☒	☒
c) Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?	☐	☐	☐	☒	☒
d) Substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?	☐	☐	☒	☐	☒
e) Result in inadequate emergency access?	☐	☐	☐	☒	☒
f) Conflict with adopted policies, plans, or programs regarding public transit, bicycle, or pedestrian facilities, or otherwise decrease the performance or safety of such facilities?	☐	☐	☐	☒	☒

DISCUSSION OF IMPACTS

- a) *No Impact/Reviewed Under Previous Document.* The GP EIR analyzed traffic impacts to the existing roadway network in the General Plan Planning Area as a result of the population, dwelling unit, and employee increases expected to occur with implementation of the General Plan (GP DEIR, pp. 4.5-27 through -45). Several new roadways and improvement of existing roadways were described in the General Plan in order to address the additional expected traffic load. However, even with these improvements and adherence to City policies and action items, the impact of the General Plan would remain significant and unavoidable (GP DEIR, p. 4.5-42).

3.0 ENVIRONMENTAL SETTING, IMPACTS, AND MITIGATION MEASURES

The project involves installation of a digital freeway sign and removal of two existing traditional billboards in an urbanized area. The proposed digital freeway sign would not interfere with or disrupt the continued functionality of the installation site's parking lot or access drives. Traffic entering the public roadway would continue to do so in its current manner, undisturbed by the proposed project. The construction and operation of the proposed digital freeway sign would not result in an appreciable increase in vehicle trips. Other than trips generated by construction and periodic maintenance of the sign, no other vehicle trips would be made as a result of the project. There would also be a reduction in trips associated with maintenance of the signs that would be removed as part of the project. The proposed project would not result in level of service impacts beyond those projected in the General Plan. The project would not adversely impact traffic or conflict with the City's Circulation Plan. Therefore, there would be no impact.

- b) *No Impact/Reviewed Under Previous Document.* See Response XVI(a). There would be no impact.
- c) *No Impact/Reviewed Under Previous Document.* The GP EIR analyzed safety and hazards impacts related to the provision of land uses in the Mather Airport Comprehensive Land Use Plan (CLUP) and their impact on safety related to air traffic in and out of the airport (GP DEIR, pp. 4.4-28 and -29). The General Plan established the Mather Planning Area corresponding to the Master Plan boundaries of the Sacramento Mather Airport. Policies included in the General Plan were more stringent than the safety restrictions of the Mather CLUP (GP DEIR, p. 4.4-28). Consistency with City policies and action items, as well as with the requirements of the Mather CLUP, would ensure less than significant impacts from implementation of the General Plan (GP DEIR, p. 4.4-29).

The proposed project does not involve any aviation-related uses and is not located within 2 miles of the Sacramento Mather Airport. The installation and removal sites are not located in the airport safety zones or in the approach and departure paths for aircraft using the airport. There would be no impact.

- d) *Less Than Significant Impact/Reviewed Under Previous Document.* The GP EIR analyzed potential impacts related to roadway safety as a result of implementation of the General Plan (GP DEIR, p. 4.5-48). The City's design standards for roadways, as well as land use planning and other City policies, would ensure that impacts of the General Plan related to roadway safety are less than significant (GP DEIR, p. 4.5-48).

The project involves installation of a digital freeway sign and removal of two existing traditional billboards in an urbanized area along US-50 in the city limits. The sign employs digital technology to allow periodic changes in the sign display, which has generally raised concerns regarding the impact this signage type may have on traffic safety by distracting driver attention and vision. While the signs do not involve a hazardous design feature, the concerns related to these types of signs could be considered a hazard to motorists on US-50.

The Federal Highway Administration (FHWA), in agreement with the California Department of Transportation (Caltrans), has addressed various issues related to signage along highway corridors to ensure continued driver safety. Signage along the highway corridor is reviewed by Caltrans for consistency with FHWA standards as well as consistency with the California Outdoor Advertising Act. These standards include ensuring signs do not imitate or resemble official traffic signs or interfere with the function of official traffic signage. With regard to digital freeway signs specifically, Caltrans requires, at minimum, consistency with the FHWA agreement and that digital freeway signs meet lighting, message timing, and separation

3.0 ENVIRONMENTAL SETTING, IMPACTS, AND MITIGATION MEASURES

standards. The 2011 update of the Outdoor Advertising Act provides the framework for review and permitting of the sign by Caltrans.

Section 23.743.150, Digital Freeway Signs Overlay, of the City's Zoning Code establishes development standards for the proposed digital freeway sign that exceed the requirements enforced by Caltrans. The City's code standards include:

- 8-second minimum message display timing
- 2,500-foot minimum spacing between digital signs along the US-50 corridor
- 0.3 foot-candle lighting minimum, including technology that adjusts the light level of the sign as it relates to the changing ambient light level surrounding the sign
- Prohibition against flashing, animation, or simulated movement in individual messages to be displayed on the sign

Both the minimum message timing and the distance between signs are double that enforced by Caltrans. Because the City's code exceeds the minimum standards associated with digital signs along state highways established by the FHWA and Caltrans, and the sign must meet the City's code, the proposed digital freeway sign would not be located or operated in such a manner as to create hazards along the US-50 corridor.

The FHWA has closely monitored the issue of driver inattention as it relates to digital freeway signs. In 2009, the FHWA issued an update on their position on these signs in a report entitled "The Effect of Commercial Electronic Variable Message Signs (CEVMS) on Driver Attention and Distraction: An Update." The report addresses the basic question of whether a digital billboard along the freeway is associated with a reduction in driver safety. The report researched crash rates in the vicinity of a digital sign, rates of near-crashes (i.e., sudden braking, swerving) in the vicinity of a digital sign, and rate of eye glances away from the roadway in the vicinity of digital signs. Based on the available data, the report suggests a study approach and confirms there is no definitive conclusion about the presence or severity of adverse safety impacts that may result from installation of a digital freeway sign in a given location. In light of the report, the FHWA continues to recommend the signs be regulated within the existing framework as a means of protecting the public interest.

Conducting a study of an individual digital billboard to measure and analyze the effects of driver attention to the sign is difficult. Roadway conditions are unique in the proposed sign location; however, a substantial variety of other factors could also contribute to driver inattention such as other roadway signs, tuning the radio, talking on the phone, eating, talking to other passengers, and possibly many others, making isolating the potential effects of a digital freeway sign impossible. Regulations on sign brightness, message duration, prohibition of message animation, and continuation of vehicle maneuver requirements at interchanges serve to reduce safety concerns to the fullest known extent.

The proposed project would be required to obtain a Conditional Use Permit and a building permit from the City. Following issuance of these permits and upon its own review of the proposed sign, Caltrans would issue a ministerial permit for the sign. Based on the requisite review and adherence to the standards identified above, the impacts regarding potential hazards along the roadway would be less than significant.

3.0 ENVIRONMENTAL SETTING, IMPACTS, AND MITIGATION MEASURES

- e) *No Impact/Reviewed Under Previous Document.* The GP EIR identified impacts related to emergency access in the General Plan Planning Area (GP DEIR, p. 4.5-48). Because the roadway network in the city was to be improved and additional routes were to be added by the General Plan, impacts were found to be less than significant (GP DEIR, p. 4.5-48).

The proposed project involves installation of a digital freeway sign in an existing developed industrial site. The city's existing roadway network would not be altered by the proposed project, nor would any future roadway plans be affected. There would be no impact.

- f) *No Impact/Reviewed Under Previous Document.* The GP EIR analyzed potential impacts to transit, pedestrians, and bicycles in the city (GP DEIR, pp. 4.5-49 through -53). Development of the City's Transit Master Plan and the City's Pedestrian and Bicycle Master Plan would ensure that impacts of the General Plan to these provisions would be less than significant (GP DEIR, pp. 4.5-49 and -50).

The proposed project involves installation of a digital freeway sign and removal of two existing traditional billboards in an urbanized area. The City's Transit Master Plan and Pedestrian and Bicycle Master Plan would not be altered by the project. There would be no impact.

3.0 ENVIRONMENTAL SETTING, IMPACTS, AND MITIGATION MEASURES

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact	Reviewed Under Previous Document
XVII. UTILITIES AND SERVICE SYSTEMS. Would the project:					
a) Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?	☐	☐	☐	☒	☐
b) Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?	☐	☐	☐	☒	☐
c) Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?	☐	☐	☐	☒	☐
d) Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?	☐	☐	☐	☒	☐
e) Result in a determination by the wastewater treatment provider that serves or may serve the project that it has adequate capacity to serve the project's projected demand, in addition to the provider's existing commitments?	☐	☐	☐	☒	☐
f) Be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs?	☐	☐	☐	☒	☐
g) Comply with federal, state, and local statutes and regulations related to solid waste?	☐	☐	☐	☒	☐

DISCUSSION OF IMPACTS

- a-g) *No Impact.* The proposed project involves installation of a digital freeway sign and removal of two existing traditional billboards in an urbanized area. Connections to the public water, wastewater, and storm drain systems are not required by the project. The proposed project would not generate solid waste.

3.0 ENVIRONMENTAL SETTING, IMPACTS, AND MITIGATION MEASURES

	Potentially Significant Impact	Less Than Significant Impact With Mitigation Incorporated	Less Than Significant Impact	No Impact	Reviewed Under Previous Document
XVIII. MANDATORY FINDINGS OF SIGNIFICANCE					
a) Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, substantially reduce the number or restrict the range of rare or endangered plants or animals, or eliminate important examples of the major periods of California history or prehistory?	☐	☒	☐	☐	☒
b) Does the project have the potential to achieve short-term environmental goals to the disadvantage of long-term environmental goals?	☐	☐	☒	☐	☒
c) Does the project have impacts that are individually limited, but cumulatively considerable? "Cumulatively considerable" means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects.	☐	☐	☒	☐	☒
d) Does the project have environmental effects that will cause substantial adverse effects on human beings, either directly or indirectly?	☐	☐	☒	☐	☒

DISCUSSION OF IMPACTS

- a) *Less Than Significant Impact With Mitigation Incorporated/Reviewed Under Previous Document.* As demonstrated in subsections I through XVII above, with implementation of mitigation measure **MM BIO-1**, the proposed project would not have the potential to result in impacts on biological resources or historical resources.
- b) *Less Than Significant Impact/Reviewed Under Previous Document.* The proposed project would be required to adhere to all Rancho Cordova General Plan policies, ensuring that the City's long-term environmental goals are implemented, as applicable. Therefore, the proposed project would have a less than significant impact.
- c) *Less Than Significant Impact/Reviewed Under Previous Document.* Section 4.0 of this IS/MND addresses the proposed project's contribution to impacts in the cumulative setting. There are no other past, current, or future projects associated with this project that would contribute to a substantial cumulative impact. Therefore, this impact would be less than significant.
- d) *Less Than Significant Impact/Reviewed Under Previous Document.* See Response XVIII(a). The proposed project includes installation of a digital freeway sign and removal of two existing traditional billboards in an urbanized area of the city. There are no substantial adverse effects on human beings anticipated by construction or operation of the sign. Therefore, this impact would be less than significant.

CUMULATIVE IMPACTS

4.1 INTRODUCTION

This section addresses the proposed project's potential to contribute to cumulative impacts in the region. California Environmental Quality Act (CEQA) Guidelines Section 15355 defines cumulative impacts as "two or more individual effects that, when considered together, are considerable or which compound or increase other environmental impacts." A project's incremental effects are considered significant if they are "cumulatively considerable" (CEQA Guidelines Sections 15065[a][3] and 15130[a]). "Cumulatively considerable" means the incremental effects of the project are considerable when viewed in connection with the effects of past, current, and future projects (see also CEQA Guidelines Appendix G, Section XVII).

4.2 CUMULATIVE SETTING

The cumulative setting establishes the area of effect in which the cumulative impact has been identified and inside which it would occur. Different cumulative settings can be established for each individual impact or impact area (checklist area). Because the proposed project is a subsequent project within the scope of activities and land uses studied in the General Plan, and because this Initial Study/Mitigated Negative Declaration (IS/MND) is tiered from the Rancho Cordova General Plan EIR (GP EIR), the cumulative setting for the proposed project is identical to the cumulative settings identified in the GP EIR.

4.3 PREVIOUS CUMULATIVE ANALYSIS IN THE CUMULATIVE SETTING

The GP EIR identified several cumulative impacts where expected development and establishment of the roadway network in the city, when combined with other planned, proposed, and approved development and roadway infrastructure projects in the area, would have a significant impact on the environment. The following impact areas were found in the GP EIR to have cumulative impacts that would be cumulatively considerable:

- Aesthetics
- Agricultural Resources
- Air Quality
- Biological Resources
- Cultural Resources
- Hydrology and Water Quality (water supply)
- Land Use and Planning
- Mineral Resources
- Noise (both traffic-related and stationary)
- Population and Housing
- Utilities and Service Systems (water treatment and wastewater infrastructure)
- Transportation/Traffic (traffic congestion)

Areas in which cumulative impacts were found in the GP EIR to be less than cumulatively considerable were:

- Geology and Soils
- Hazards and Hazardous Materials
- Public Services
- Recreation

4.0 CUMULATIVE IMPACTS

4.4 CUMULATIVE IMPACT ANALYSIS

The proposed project is a subsequent project within the scope of activities and land uses studied in the GP EIR. The proposed project is substantially consistent with the General Plan in use, design, and density. Cumulative impacts identified in the GP EIR as being cumulatively considerable are largely due to increases in dwelling units, residents, and employees. As the proposed project would not contribute to increases in dwelling units, residents, or employees in the city, the proposed project's incremental contribution to the cumulatively considerable impacts listed in Subsection 4.3 would not be cumulatively considerable.

Consistency with City policies, action items, ordinances, and other requirements would reduce the proposed project's incremental contribution to the above cumulative impacts. Rancho Cordova Municipal Code Section 23.743.150(C)(1)(d) states that no digital freeway sign shall be located within 2,500 feet of any other digital freeway sign in the city limits. The City is currently considering another proposal for a digital sign approximately 1,000 feet east of the proposed installation site. Even if both signs were to be approved, compliance with design standards contained in the Municipal Code would ensure that these projects would not combine to result in a negative aesthetic effect. In addition, the two projects would also result in the removal of three other billboards, two of which are located along US-50. The proposed project's incremental contribution to the above cumulative impacts would therefore not be cumulatively considerable. Furthermore, since the project's incremental contribution is not significant, no mitigation measures are required and no design elements or project characteristics need to be addressed.

Development of the installation site would not result in any project-specific contribution to cumulative impacts that were not identified in the program EIR. Because the GP EIR found that cumulative impacts in the above areas were cumulatively considerable and because the proposed project is substantially consistent with land uses assumed for the installation site in the program EIR, no further environmental analysis is required pursuant to Public Resources Code Section 21083.3.

The GP EIR did not consider climate change impacts, which are only relevant in the cumulative condition. An analysis of the proposed project's potential greenhouse gas (GHG) emissions/impacts is included in Section 3.0 of this IS/MND. No potentially significant project-specific or cumulative impacts to GHG emissions were identified, and no mitigation measures are required. No further environmental analysis with respect to GHG emissions is required pursuant to Public Resources Code Section 21083.3.

DETERMINATION

5.0 DETERMINATION

On the basis of this initial evaluation:

- ☐ I find that the proposed project **COULD NOT** have a significant effect on the environment, and a **NEGATIVE DECLARATION** will be prepared.
- ☒ I find that, although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because the mitigation measures described in Section 3.0 of this document have been added to the project. A **MITIGATED NEGATIVE DECLARATION** will be prepared.
- ☐ I find that the proposed project **MAY** have a significant effect on the environment, and an **ENVIRONMENTAL IMPACT REPORT** is required.
- ☐ I find that the proposed project **MAY** have a significant effect(s) on the environment, but one or more of such significant effects: (1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and (2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets. An **ENVIRONMENTAL IMPACT REPORT** is required, but it must analyze only the effects that remain to be addressed.
- ☐ I find that although the proposed project could have a significant effect on the environment, all potentially significant effects: (a) have been analyzed and adequately addressed in an earlier EIR pursuant to applicable standards, or (b) have been avoided or mitigated pursuant to that earlier EIR, previous Mitigated Negative Declaration, or this Subsequent Mitigated Negative Declaration, including revisions or mitigation measures that are imposed upon the proposed project.

Signature:  _____

Date: August 11, 2014

Printed name: Jessica Jordan

For: City of Rancho Cordova

REPORT PREPARATION AND CONSULTATIONS

6.0 REPORT PREPARATION AND CONSULTATIONS

6.1 REPORT PREPARATION AND CONSULTATIONS

CITY OF RANCHO CORDOVA – LEAD AGENCY

Paul Junker	Planning Director
Jessica Jordan	Senior Planner
Bret Sampson	Environmental Coordinator
Kristin Faoro	Environmental Planner

REFERENCES

7.1 REFERENCES

- Caltrans (California Department of Transportation). 2011. *Outdoor Advertising Act and Regulations, 2011 Edition*.
- City of Rancho Cordova. 2006a. *Rancho Cordova General Plan Draft Environmental Impact Report*.
- . 2006b. *Rancho Cordova General Plan Final Environmental Impact Report*.
- . 2006c. *Rancho Cordova General Plan: Final Adopted Version*.
- DTSC (California Department of Toxic Substances Control). 2014. *EnviroStor*. Accessed July 23. <http://www.envirostor.dtsc.ca.gov/public/>.
- EIA (US Energy Information Administration). 2014. *How much electricity does an American home use?* Accessed July 24. <http://www.eia.gov/tools/faqs/faq.cfm?id=97&t=3>.
- FHWA (Federal Highway Administration). 2009. *The Effects of Commercial Electronic Variable Message Signs (CEVMS) on Driver Attention and Distraction: An Update*. Publication No. FHWA-HRT-09-018. <http://www.fhwa.dot.gov/realestate/cevms.pdf>.
- SMAQMD (Sacramento Metropolitan Air Quality Management District). 1994. *Air Quality Thresholds of Significance*.
- . 2009. *Guide to Air Quality Assessment in Sacramento County*.
- . 2011. *Guide to Air Quality Assessment in Sacramento County*. Updated 2011.
- SWRCB (California State Water Resources Control Board). 2014. *GeoTracker*. Accessed July 23. <http://geotracker.waterboards.ca.gov/default.asp>.

Central Valley Regional Water Quality Control Board

9 September 2014

Jessica Jordan
City of Rancho Cordova
2729 Prospect Park Drive
Rancho Cordova, CA 95670

CERTIFIED MAIL
7014 1200 0000 7154 2543

COMMENTS TO REQUEST FOR REVIEW FOR THE MITIGATED NEGATIVE DECLARATION, CLEAR CHANNEL OUTDOOR DIGITAL SIGN CONDITIONAL USE PERMIT AND OPERATING AGREEMENT PROJECT, SCH NO. 2014082044, SACRAMENTO COUNTY

Pursuant to the State Clearinghouse's 15 August 2014 request, the Central Valley Regional Water Quality Control Board (Central Valley Water Board) has reviewed the *Request for Review for the Mitigated Negative Declaration* for the Clear Channel Outdoor Digital Sign Conditional Use Permit and Operating Agreement Project, located in Sacramento County.

Our agency is delegated with the responsibility of protecting the quality of surface and groundwaters of the state; therefore our comments will address concerns surrounding those issues.

Construction Storm Water General Permit

Dischargers whose project disturb one or more acres of soil or where projects disturb less than one acre but are part of a larger common plan of development that in total disturbs one or more acres, are required to obtain coverage under the General Permit for Storm Water Discharges Associated with Construction Activities (Construction General Permit), Construction General Permit Order No. 2009-009-DWQ. Construction activity subject to this permit includes clearing, grading, grubbing, disturbances to the ground, such as stockpiling, or excavation, but does not include regular maintenance activities performed to restore the original line, grade, or capacity of the facility. The Construction General Permit requires the development and implementation of a Storm Water Pollution Prevention Plan (SWPPP).

For more information on the Construction General Permit, visit the State Water Resources Control Board website at:

http://www.waterboards.ca.gov/water_issues/programs/stormwater/constpermits.shtml.

Phase I and II Municipal Separate Storm Sewer System (MS4) Permits¹

The Phase I and II MS4 permits require the Permittees reduce pollutants and runoff flows from new development and redevelopment using Best Management Practices (BMPs) to the maximum extent practicable (MEP). MS4 Permittees have their own development standards, also known as Low Impact Development (LID)/post-construction standards that include a hydromodification component. The MS4 permits also require specific design concepts for LID/post-construction BMPs in the early stages of a project during the entitlement and CEQA process and the development plan review process.

For more information on which Phase I MS4 Permit this project applies to, visit the Central Valley Water Board website at:

http://www.waterboards.ca.gov/centralvalley/water_issues/storm_water/municipal_permits/.

For more information on the Phase II MS4 permit and who it applies to, visit the State Water Resources Control Board at:

http://www.waterboards.ca.gov/water_issues/programs/stormwater/phase_ii_municipal.shtml

Industrial Storm Water General Permit

Storm water discharges associated with industrial sites must comply with the regulations contained in the Industrial Storm Water General Permit Order No. 97-03-DWQ.

For more information on the Industrial Storm Water General Permit, visit the Central Valley Water Board website at:

http://www.waterboards.ca.gov/centralvalley/water_issues/storm_water/industrial_general_permits/index.shtml.

Clean Water Act Section 404 Permit

If the project will involve the discharge of dredged or fill material in navigable waters or wetlands, a permit pursuant to Section 404 of the Clean Water Act may be needed from the United States Army Corps of Engineers (USACOE). If a Section 404 permit is required by the USACOE, the Central Valley Water Board will review the permit application to ensure that discharge will not violate water quality standards. If the project requires surface water drainage realignment, the applicant is advised to contact the Department of Fish and Game for information on Streambed Alteration Permit requirements.

If you have any questions regarding the Clean Water Act Section 404 permits, please contact the Regulatory Division of the Sacramento District of USACOE at (916) 557-5250.

¹ Municipal Permits = The Phase I Municipal Separate Storm Water System (MS4) Permit covers medium sized Municipalities (serving between 100,000 and 250,000 people) and large sized municipalities (serving over 250,000 people). The Phase II MS4 provides coverage for small municipalities, including non-traditional Small MS4s, which include military bases, public campuses, prisons and hospitals.

Clean Water Act Section 401 Permit – Water Quality Certification

If an USACOE permit, or any other federal permit, is required for this project due to the disturbance of waters of the United States (such as streams and wetlands), then a Water Quality Certification must be obtained from the Central Valley Water Board prior to initiation of project activities. There are no waivers for 401 Water Quality Certifications.

Waste Discharge Requirements

If USACOE determines that only non-jurisdictional waters of the State (i.e., “non-federal” waters of the State) are present in the proposed project area, the proposed project will require a Waste Discharge Requirement (WDR) permit to be issued by Central Valley Water Board. Under the California Porter-Cologne Water Quality Control Act, discharges to all waters of the State, including all wetlands and other waters of the State including, but not limited to, isolated wetlands, are subject to State regulation.

For more information on the Water Quality Certification and WDR processes, visit the Central Valley Water Board website at:

http://www.waterboards.ca.gov/centralvalley/help/business_help/permit2.shtml.

Low or Limited Threat General NPDES Permit

If the proposed project includes construction dewatering and it is necessary to discharge the groundwater to waters of the United States, the proposed project will require coverage under a National Pollutant Discharge Elimination System (NPDES) permit. Dewatering discharges are typically considered a low or limited threat to water quality and may be covered under the General Order for *Dewatering and Other Low Threat Discharges to Surface Waters* (Low Threat General Order) or the General Order for *Limited Threat Discharges of Treated/Untreated Groundwater from Cleanup Sites, Wastewater from Superchlorination Projects, and Other Limited Threat Wastewaters to Surface Water* (Limited Threat General Order). A complete application must be submitted to the Central Valley Water Board to obtain coverage under these General NPDES permits.

For more information regarding the Low Threat General Order and the application process, visit the Central Valley Water Board website at:

http://www.waterboards.ca.gov/centralvalley/board_decisions/adopted_orders/general_orders/r5-2013-0074.pdf

For more information regarding the Limited Threat General Order and the application process, visit the Central Valley Water Board website at:

http://www.waterboards.ca.gov/centralvalley/board_decisions/adopted_orders/general_orders/r5-2013-0073.pdf

9 September 2014

If you have questions regarding these comments, please contact me at (916) 464-4684 or tcleak@waterboards.ca.gov.



Trevor Cleak
Environmental Scientist

cc: State Clearinghouse Unit, Governor's Office of Planning and Research, Sacramento

Kelly Kennedy

From: Brohman, Larry B@DOT <larry.brohman@dot.ca.gov>
Sent: Tuesday, August 26, 2014 6:15 AM
To: Jessica Jordan
Cc: Fredericks, Eric B@DOT; Kress, Joshua T@DOT
Subject: SCH #2014082043 Sierra Outdoor Digital Sign at Naturwood Conditional Use Permit and Operating Agreement

Dear Ms. Jordan:

Thank you for including the California Department of Transportation (Caltrans) in the review and comment process for the Sierra Outdoor Digital Sign at Naturwood Conditional Use Permit and Operating Agreement. As you know, an application for both a permit and license for the proposed sign will be needed. See Caltrans' Outdoor Advertising's website for information and forms (<http://www.dot.ca.gov/oda/>). Of course Caltrans Outdoor Advertising cannot make any determination without the application. The only deviation for this procedure would be an on-premise sign which only advertises the company that shares the property. At that point, Caltrans would have no jurisdiction. However, if the owner were to advertise any commercial activity other than that which is occupying the property, then a permit and license would be required.

Please provide our office with copies of any further actions regarding this project. We would appreciate the opportunity to review and comment on any changes related to this project.

If you have any questions or require additional information, please contact at (916) 274-0627 or by email at: larry.brohman@dot.ca.gov



Larry Brohman
Office of Transportation Planning
2379 Gateway Oaks Drive, Suite 150
Sacramento, CA 95833
(916) 274-0627



Edmund G. Brown Jr.
Governor

STATE OF CALIFORNIA
Governor's Office of Planning and Research
State Clearinghouse and Planning Unit



Ken Alex
Director

September 16, 2014



Jessica Jordan
City of Rancho Cordova
2729 Prospect Park Drive
Rancho Cordova, CA 95670

Subject: Clear Channel Outdoor Digital Sign Conditional Use Permit and Operating Agreement
SCH#: 2014082044

Dear Jessica Jordan:

The State Clearinghouse submitted the above named Mitigated Negative Declaration to selected state agencies for review. On the enclosed Document Details Report please note that the Clearinghouse has listed the state agencies that reviewed your document. The review period closed on September 15, 2014, and the comments from the responding agency (ies) is (are) enclosed. If this comment package is not in order, please notify the State Clearinghouse immediately. Please refer to the project's ten-digit State Clearinghouse number in future correspondence so that we may respond promptly.

Please note that Section 21104(c) of the California Public Resources Code states that:

"A responsible or other public agency shall only make substantive comments regarding those activities involved in a project which are within an area of expertise of the agency or which are required to be carried out or approved by the agency. Those comments shall be supported by specific documentation."

These comments are forwarded for use in preparing your final environmental document. Should you need more information or clarification of the enclosed comments, we recommend that you contact the commenting agency directly.

This letter acknowledges that you have complied with the State Clearinghouse review requirements for draft environmental documents, pursuant to the California Environmental Quality Act. Please contact the State Clearinghouse at (916) 445-0613 if you have any questions regarding the environmental review process.

Sincerely,

Scott Morgan
Director, State Clearinghouse

Enclosures
cc: Resources Agency

1400 TENTH STREET P.O. BOX 3044 SACRAMENTO, CALIFORNIA 95812-3044
TEL (916) 445-0613 FAX (916) 323-3018 www.opr.ca.gov

SCH# 2014082044
Project Title Clear Channel Outdoor Digital Sign Conditional Use Permit and Operating Agreement
Lead Agency Rancho Cordova, City of

Type **MND** Mitigated Negative Declaration
Description Installation of a digital freeway sign on the site of an existing landscape material supply company located at 12137 Folsom Boulevard. The project also includes removal of one existing traditional billboard located at 2300 Mien Shaft Lane, adjacent to the south side of Folsom Boulevard. The proposed digital freeway sign would be 60 feet in height and would have two digital display areas measuring 14 feet by 46 feet, for a sign area of 644 sf on each side. Decorative pole cladding would surround the center-mounted pole base.

Lead Agency Contact

Name Jessica Jordan
Agency City of Rancho Cordova
Phone 916 851 8756 **Fax**
email
Address 2729 Prospect Park Drive
City Rancho Cordova **State** CA **Zip** 95670

Project Location

County Sacramento
City Rancho Cordova
Region
Lat / Long 38° 37' 37.3" N / 121° 13' 24.7" W
Cross Streets Folsom Blvd west of Hazel Avenue
Parcel No. 069-0160-004, 072-0231-014
Township **Range** **Section** **Base**

Proximity to:

Highways Hwy 50
Airports
Railways SPRR
Waterways American River
Schools Gold River ES
Land Use Landscape Materials business / Light Industrial / Folsom Blvd Planning Area

Project Issues Aesthetic/Visual; Agricultural Land; Air Quality; Archaeologic-Historic; Biological Resources; Drainage/Absorption; Flood Plain/Flooding; Forest Land/Fire Hazard; Geologic/Seismic; Minerals; Noise; Population/Housing Balance; Public Services; Recreation/Parks; Schools/Universities; Septic System; Sewer Capacity; Soil Erosion/Compaction/Grading; Solid Waste; Toxic/Hazardous; Traffic/Circulation; Vegetation; Water Quality; Water Supply; Wetland/Riparian; Growth Inducing; Landuse; Cumulative Effects

Reviewing Agencies Resources Agency; Department of Fish and Wildlife, Region 2; Department of Parks and Recreation; Department of Water Resources; Office of Emergency Services, California; California Highway Patrol; Caltrans, District 3 S; Air Resources Board; Native American Heritage Commission; Public Utilities Commission; Regional Water Quality Control Bd., Region 5 (Sacramento)

Date Received 08/15/2014 **Start of Review** 08/15/2014 **End of Review** 09/15/2014

Conditions of Approval

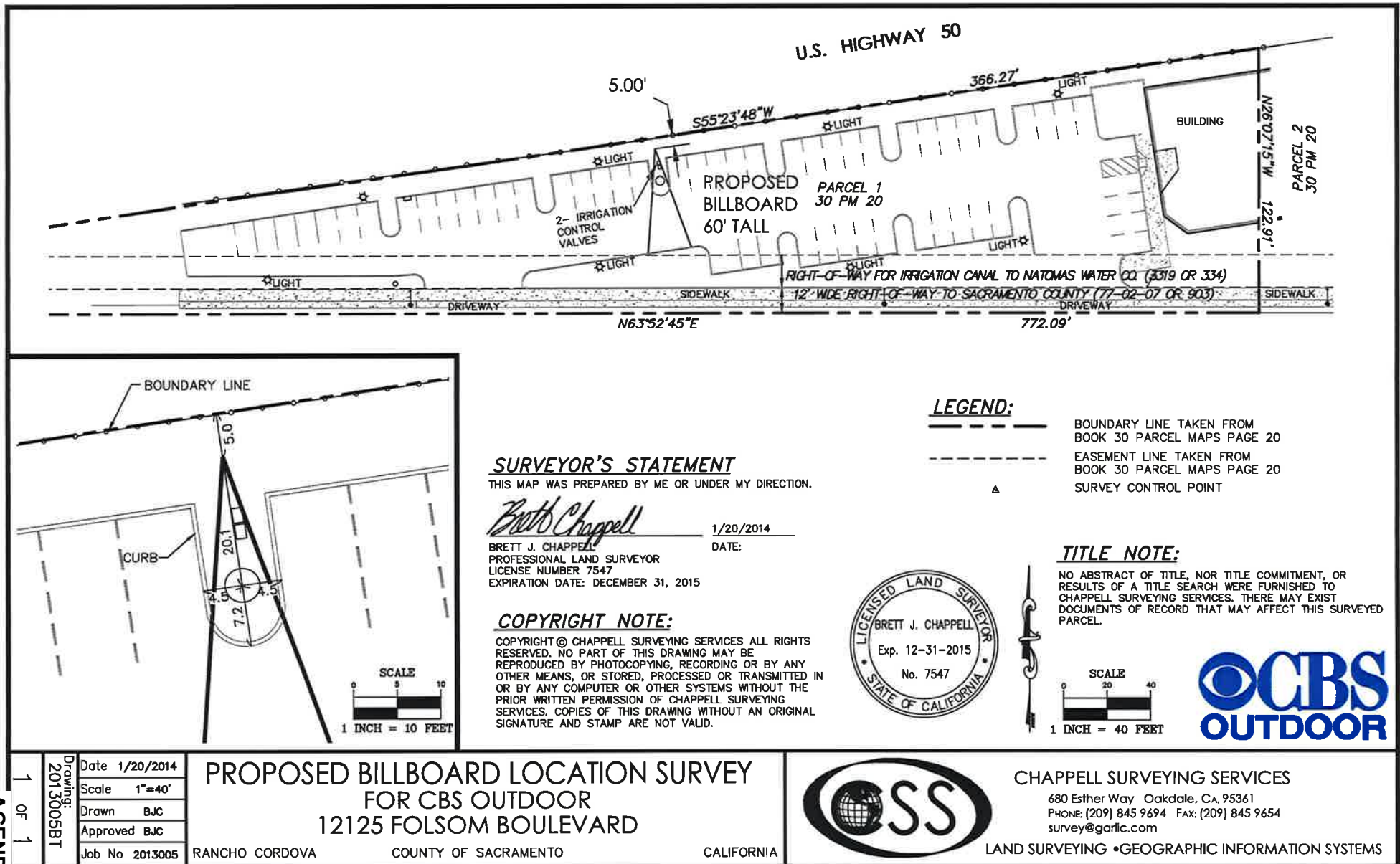
ATTACHMENT 1 EXHIBIT B

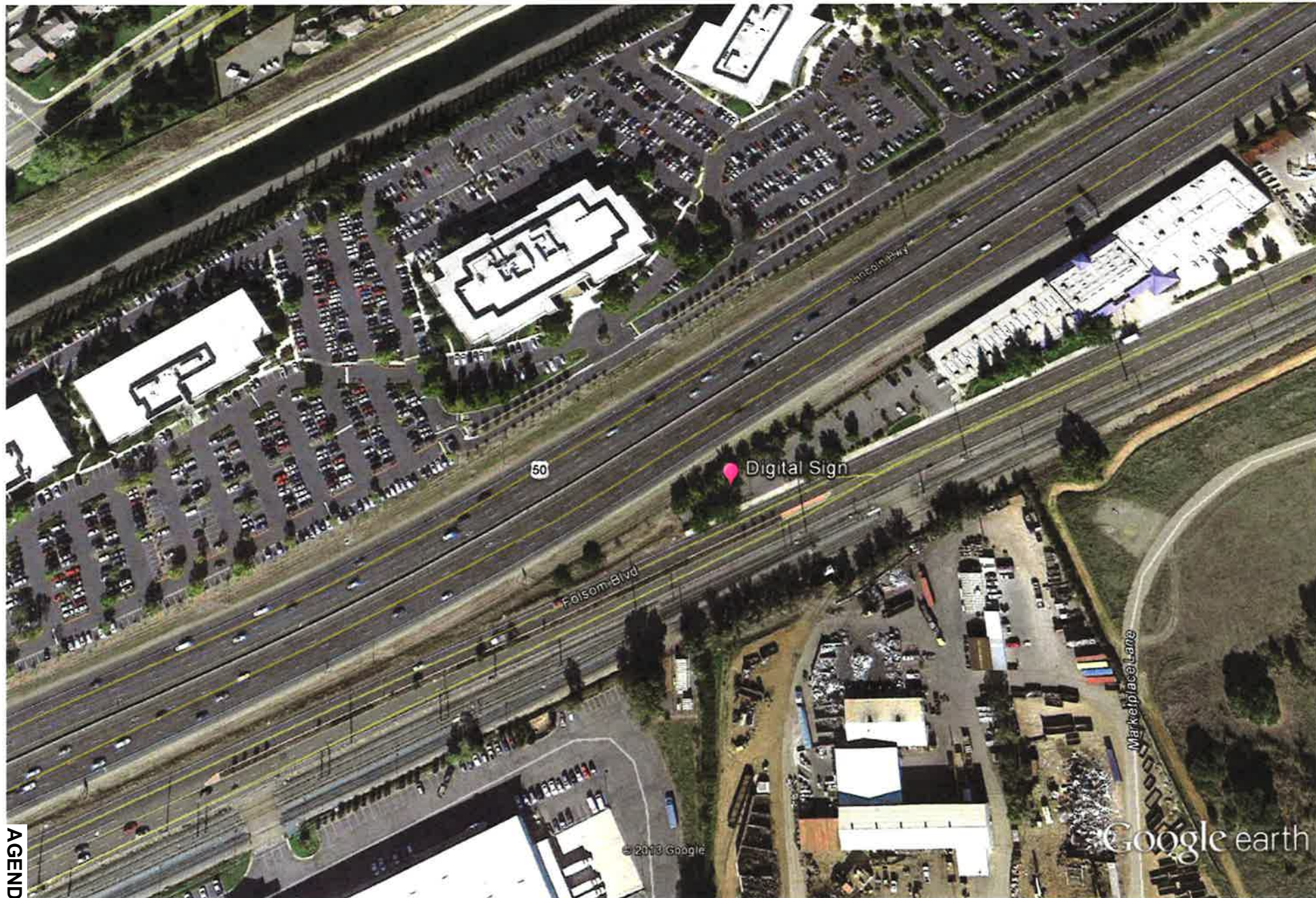
		<u>Timing/ Implementation</u>	<u>Enforcement/ Monitoring</u>	<u>Verification (date & Signature)</u>
1.	The action approves the Conditional Use Permit and Operating Agreement for the Sierra Outdoor/Outfront Media Digital Freeway Sign, to be located at 12125 Folsom Boulevard (APN 069-0160-021-0000), as described in the November 17, 2014 and December 15, 2014 staff reports and associated attachments. The project includes removal of two existing Traditional Billboards at 11373 Folsom Boulevard and near 9847 Folsom Boulevard at the City's western city limits. Any significant modification to the project shall require amendment to the Conditional Use Permit and Operating Agreement.	ON-GOING	PLANNING	
2.	In the event of a legal challenge, this permit shall be withheld pending the outcome of the legal process.	ON-GOING	PLANNING	
3.	This action does not relieve the applicant of the obligation to comply with all ordinances, statutes, regulations, and procedures.	ON-GOING	PLANNING	
4.	The Applicant shall hold harmless the City, its Council Members, officers, agents, employees, and representatives from liability for any award, damages, costs and fees incurred by the City and/or awarded to any plaintiff in an action challenging the validity of this permit or any environmental or other documentation related to approval of this permit. Applicant further agrees to provide a defense for the City in any such action.	ON-GOING	PLANNING	
5.	The Applicant shall not carry a negative account balance with the City for the processing of the project. If a negative account balance occurs, it will be the developer's responsibility to pay the balance due, in order to avoid	ON-GOING	FINANCE	

Conditions of Approval

ATTACHMENT 1 EXHIBIT B

	delays in the processing of future permits or recordation of maps. Please email the Finance Department at billings@cityofranchocordova.org for the status of your account with the City.			
6.	The project shall comply with all applicable development standards of Section 23.743.150 of the City's Zoning Code.	ON-GOING	PLANNING	
7.	The project and the applicant shall comply with all terms of the Project Operating Agreement for the full duration of sign operation.	ON-GOING	PLANNING	

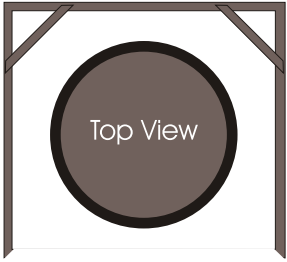




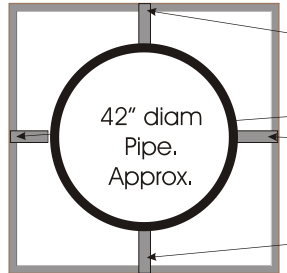








Top View



42" diam
Pipe,
Approx.

Removable end
sections on
this side only.

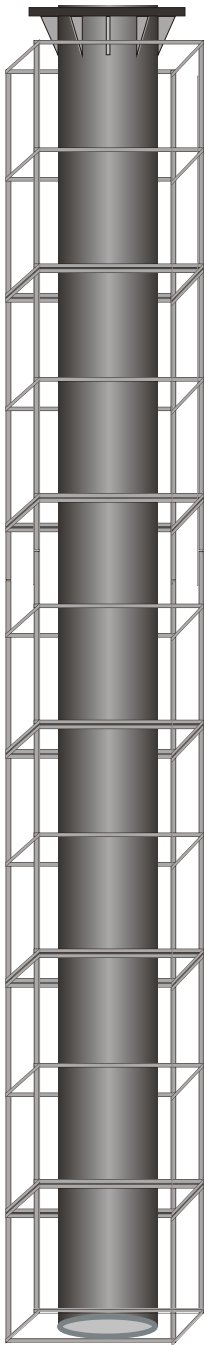
WELDED ANGLE IRON
SECTIONS BETWEEN PIPE
AND POLE COVER FRAMING
TO SECURE POLE COVER
IN PLACE.
BY INSTALLER

Fabricate and install one 5' x 5' x 38' tall pole cover
for new billboard.
Internal angle to be 1-1/2" x 1/1/2" x 3/16".

Outer skin to be .090 aluminum,
Painted Mathews "Brushed Aluminum". Satin finish.
1/2" tall inset reveals painted same color as pole cover.

CBS copy on both sides to be routed out of aluminum and backed
with blue acrylic. 4" deep light box pan with white LED's mounted
behind routed opening. 20" x 44" overall.

Pole cover to be welded to pipe as noted in diagram.



FRONT VIEW SHOWING
EXAMPLE OF APPROX. PLACEMENT
OF INTERNAL
ANGLE IRON FRAMING



60'
overall
height

46'
Pole Cover
Height

EQUITY
SIGN GROUP

FULL SERVICE - DESIGN, MANUFACTURE, INSTALL

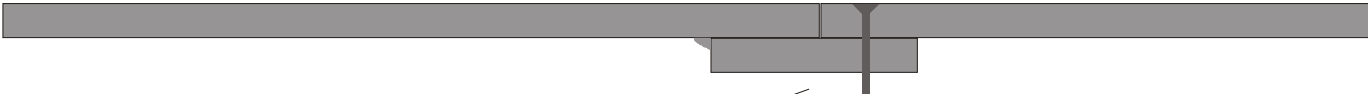
ADDRESS Naturewood, Rancho Cordova

DATE 6-23-13

DRAWING NUMBER Rancho 6-23-14

Top and bottom accent bars to be 1/8" thick plate aluminum.
9" tall x 49'-6" long.
Continuous aluminum back channel bracing with vertical aluminum bracing to be bolted to existing horizontal stringers.

All to be painted Matthews "Brushed Aluminum". Satin finish.



Sections join together with overlap/backup strip.
Welded to one end and screwed together with countersunk flat-head screws at the joint.

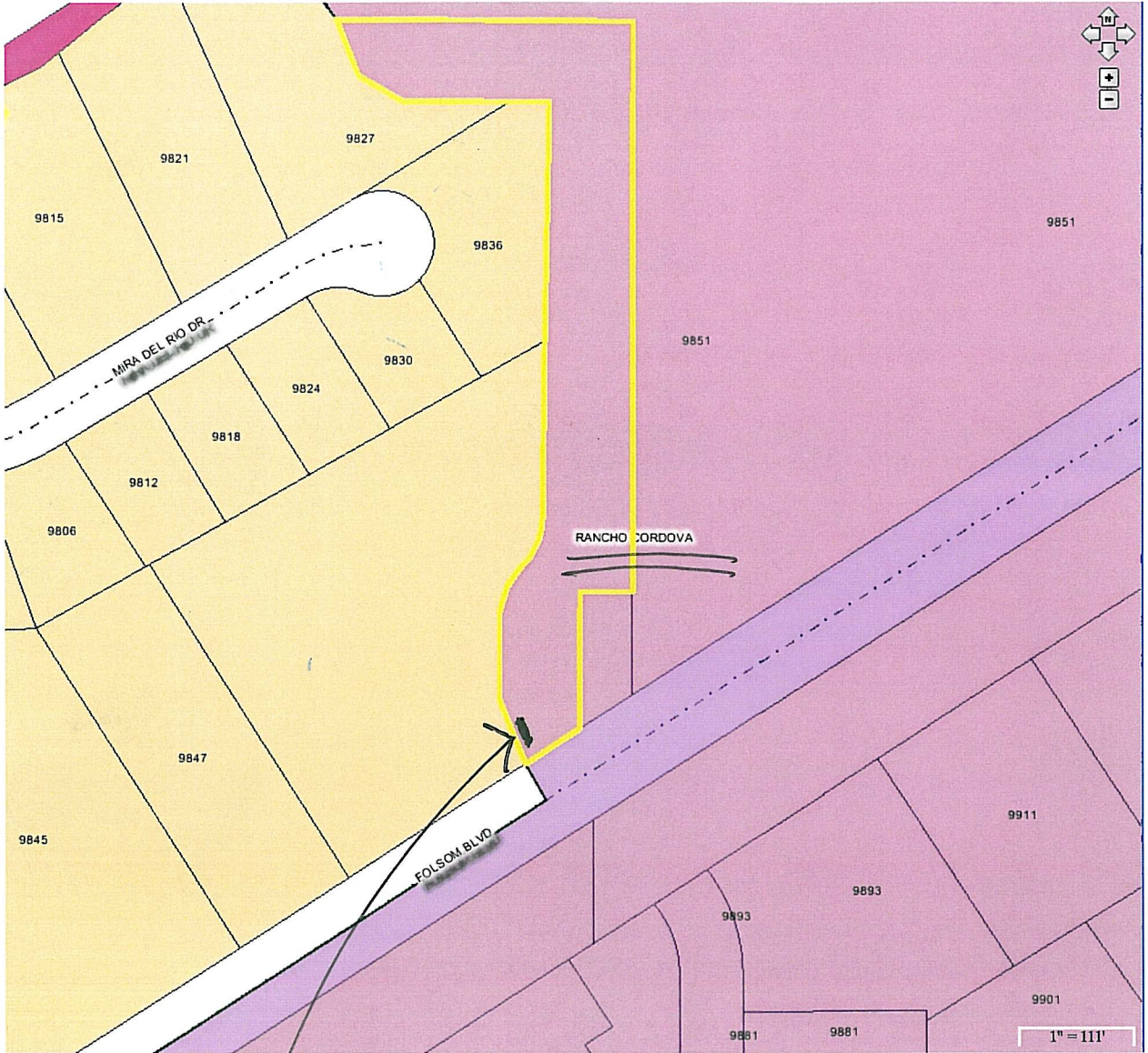
Approx 6' long

Simulated view
from back angle



Assessor Parcel Viewer

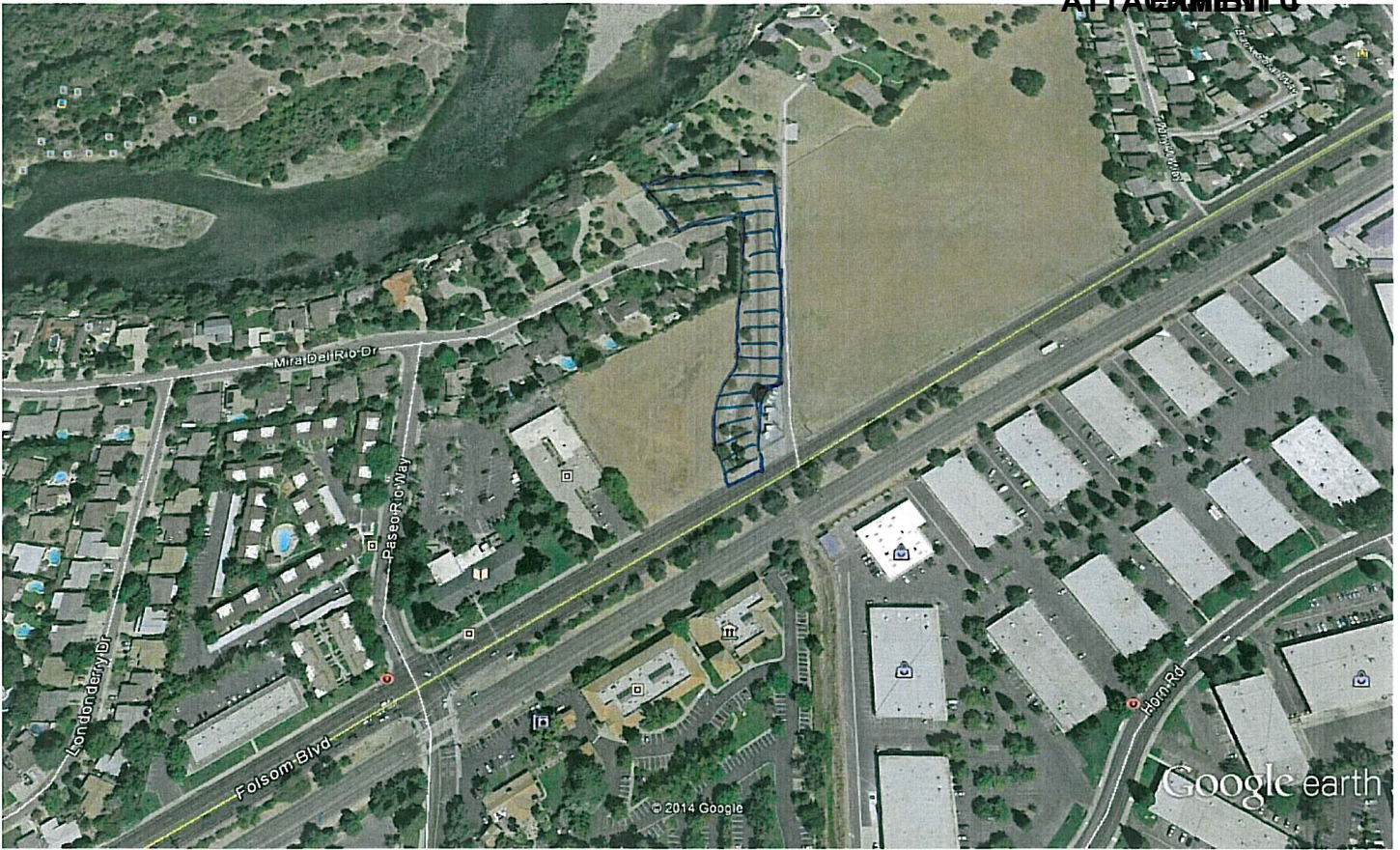
Overview | Navigate | Select | Comments



0440-008-0000
 ATE HWY 50
 CHO CORDOVA
 Act 5
 n...
 \$0
 \$0
 \$0
 \$0
 \$0
 \$0
 \$0
 2014, please see
 C4
 AC0A
 7 sq ft
 in Government Code
 ation is not available on-
 16) 875-0700, or by
 01 Power Inn Road,
 ION
 0 sq ft
 0

CBS Sign is in Rancho Cordova

Sign Location



Google earth





Google earth



CBS S:6N 40638A



Google earth

feet
meters20
6

LBS SIGN FACE 040638

**DIGITAL FREEWAY SIGN OPERATING AGREEMENT BY AND BETWEEN
CITY OF RANCHO CORDOVA AND OUTFRONT MEDIA LLC**

PARTIES

This Operating Agreement for a Digital Freeway Sign (hereinafter "Agreement"), dated _____, 2015 by and between the **City of Rancho Cordova** (the "City"), a California municipal corporation and **Outfront Media LLC** ("Outfront Media"), a Delaware corporation.

RECITALS

1. **Background.** Rancho Cordova Municipal Code Section 23.743.150 , after all required notices and public hearing, allows for the City to enter into an Operating Agreement to allow for a Digital Freeway Sign under certain circumstances; including the permanent removal of pre-existing billboards from within the City. Outfront Media has applied for approval to install one (1) Digital Freeway Sign on the real property subleased by Outfront Media from Sierra Outdoor LLC and located at 12125 Folsom Boulevard in the City of Rancho Cordova, State of California (the "Property").

2. **Applicant.** Outfront Media is an outdoor-advertising company that has extensive experience in successfully installing, operating, and maintaining traditional and digital billboards throughout the United States. Outfront Media has contracted with the tenant on the Property for the purpose of installing, operating, and maintaining its Digital Freeway Sign, and it has the requisite resources and expertise to do so successfully.

3. **Legal Framework.** For the reasons recited herein, the City has determined that the construction and operation of Outfront Media's proposed outdoor advertising display on the Property is a development for which this Agreement is appropriate and is specifically permitted and encouraged by §§ 5412 and 5443.5 of the California Outdoor Advertising Act (Bus. and Prof. Code § 5200 et seq. and Rancho Cordova Municipal Code section 23.743.150).

4. **Public Benefit.** City finds that a substantial public benefit will accrue to City by reason of the advertising revenue that will be generated by Outfront Media's outdoor advertising display and shared with City, which adds value to the community by enabling City to undertake projects, programs and other activities for the benefit of City and its businesses and residents. In addition the City finds that an additional substantial public benefit will accrue to the City by reason of Outfront Media removing presently existing billboards as a material condition of this Agreement for a Digital Freeway Sign. In exchange for providing these public benefits, Outfront Media receives assurance that it may proceed with the construction and operation of Outfront Media's outdoor advertising display and the project in accordance with ordinances, resolutions and regulations existing as of the date of this Agreement, subject only to the terms and conditions contained herein and contained in any permits issued pursuant to this project.

NOW, THEREFORE, in consideration of mutual promises, conditions, and covenants hereinafter set forth, the Parties agree as follows:

AGREEMENT

1. Incorporation of Recitals. The Preamble, the Recitals, and all defined terms set forth in both, are hereby incorporated into this Agreement as if set forth herein in full.

2. Definitions. This section defines the terms: "Agreement Year," "Business Day," "Caltrans," "Caltrans Permits," "City Permits," "Commencement Date," "Digital Freeway Sign," "Digital Display Area," "Effective Date," "Include," "Operational," "Obstruction," "Site," "Sign Structure," and "Term." Other terms are defined elsewhere in this Agreement.

- (a) "Agreement Year" means one of the consecutive 12-month periods during the Term. The first Agreement Year begins on the Effective Date.
- (b) "Business Day" means any day the City's main offices located at 2729 Prospect Park Drive, , Rancho Cordova, California, are open to the public.
- (c) "Caltrans" means the California Department of Transportation.
- (d) "Caltrans Permits" means all permits and approvals that Outfront Media must obtain from Caltrans to install, operate, and maintain the Digital Freeway Sign in accordance with this Agreement.
- (e) "City Permits" means all building permits, conditional use permits, zoning amendments, operating agreements, and other permits, entitlements, and agreements that the City, acting in its governmental capacity, must issue or approve for Outfront Media to install, operate, and maintain the Digital Freeway Sign in accordance with this Agreement.
- (f) "Commencement Date" means the date as of which both of the following have occurred: (1) the City has finally approved the Plans (defined in Section 6(a)); and, (2) Outfront Media has received all necessary governmental permits and approvals for the Digital Freeway Sign, including the Caltrans Permits and the City Permits.
- (g) "Digital Freeway Sign" means an off-site outdoor advertising sign, including all above-ground supporting structures, with one or more digital display areas. A Digital Freeway Sign may be internally or externally illuminated. Digital Freeway Signs are always considered off-site signs and are regulated as such. Outfront Media will install and operate the Digital Freeway Sign on the Site in accordance with the criteria set forth in Exhibit A to this Agreement.

- (h) “Digital Display Area” means the portion of the Digital Freeway Sign that consists of the digital display areas used for general commercial advertising. The Digital Display Area is more particularly described in Exhibit B.
- (i) “Effective Date” means the date as of which both the City and Outfront Media have signed this Agreement, as indicated by the dates in the signature blocks below.
- (j) “Include” and its variants are not restrictive. For example, “includes” means “includes but not limited to,” and “including” means “including but not limited to.”
- (k) “Operational” means the Digital Freeway Sign is capable, legally and functionally, of displaying digital advertising on the Digital Display Area.
- (l) “Obstruction” means any structure, sound wall, communications antennae, tree, or vegetation on City owned or controlled property within 1,000 feet of the Digital Freeway Sign and obstructs the view of the Digital Display Areas from the viewing public on Highway 50.
- (m) “Site” means the portion of the Property located in the City that may be suitable for installation of a Digital Freeway Sign. The Site is more particularly described in Schedule 2 and Exhibit B.
- (n) “Sign Structure” means the portion of the Digital Freeway Sign other than the Digital Display Area, including but not limited to supporting pole(s), display frame and all ancillary equipment and utilities installed on the sign Site. The Sign Structure as improved with Digital Display Area is more particularly described in Exhibit B. If the site currently does not have a Sign Structure, the term “Sign Structure” shall mean all supporting pole(s), display frame and ancillary equipment and above-ground utilities installed on the Site.
- (o) “Term” means the entire time this Agreement is in effect, as specified in Section 3.

3. Term of Agreement.

- (a) *Term.* The “Term” of this Agreement consists of two phases:
 - (1) The “Development Phase,” which begins on the Effective Date and ends when the Digital Freeway Sign becomes Operational.
 - (2) The “Operations Phase,” with regard to the Digital Freeway Sign begins at the end of the Development Phase and ends when such Digital Freeway Sign is removed or after a twenty five (25) year period following the conclusion of the Development Phase, whichever occurs first. The Agreement is automatically renewed for an additional 25 year Term unless written notice is given by either party to the other

party 60 days prior to expiration of the initial Term expressing the party's intent to terminate this Agreement.

4. **Consideration.** As consideration for the rights and benefits it enjoys under this Agreement, including the contemplated use during the Term, Outfront Media shall do all of the following:
- (a) *Conditional Signing Bonus.* Outfront Media shall pay the City a one-time "Conditional Signing Bonus" of One Hundred Thousand Dollars (\$100,000.00) for the Digital Freeway Sign within ten Business Days after the Effective Date. The City shall refund the Conditional Signing Bonus within thirty (30) days after Outfront Media notifies the City that Outfront Media is not able to obtain the Caltrans Permits and the City Permits for the Digital Freeway Sign contemplated.
 - (b) *Monthly Fee.* Each month during the Operations Phase, Outfront Media shall pay the City the "Monthly Fee" set forth in Schedule 1. If the Operations Phase does not begin within twenty-four (24) months of the Effective Date, Outfront Media shall commence paying the City the Monthly Fee set forth in Schedule 1 beginning on the first day of the twenty-fifth (25th) month after the Effective Date and continuing through the end of the Operations Phase or until this Agreement is terminated.
 - (1) Monthly Fee is due and payable on the first day of each calendar month at the address set forth for the City in Section 9(c). Any installment of the Monthly Fee that is not paid within fifteen (15) days after it is due and payable will increase by (5%).
 - (2) If the Operations Phase begins on a day other than the first day of a month, then the first and last months' installments of Monthly Fee will be prorated.
 - (3) Outfront Media may abate the Monthly Fee if Outfront Media is unable by reason of law or regulation, permit revocation or issuance, to continue operation of the Digital Freeway Sign for any period of time during the Term of this Agreement in which event the Monthly Fee shall be waived in full for any such period of time. In addition, if Outfront Media removes both of the Digital Display Areas on its Sign Structure and places traditional outdoor advertising on its Sign Structure, the Monthly Fee shall no longer be payable with respect to that Digital Freeway Sign. The only circumstance under which placement of traditional outdoor advertising display faces shall be permitted is set forth in Section 6(i) of this Agreement.
 - (4) Outfront Media may offset the Monthly Fee if Outfront Media has provided notice of an Obstruction under Section 5(b) and the City has not removed the Obstruction as provided therein. In such event, the Monthly Fee shall be offset in full until such Obstruction is removed as required in Section 5(b).

- (c) *Removal of Existing Outfront Media Signs.* At no cost to the City, Outfront Media shall remove the “Existing Signs” identified in Schedule 2, attached to this Agreement and incorporated by reference herein according to the schedule set forth in Schedule 2, subject to the following:
- (1) Outfront Media hereby waives any rights it may have to compensation for the Existing Signs under federal, state, or local law, including the Highway Beautification Act of 1965 (23 United States Code section 131) and the Outdoor Advertising Act (California Business and Professions Code section 5200 and following) for removal of the Existing Signs in accordance with this Agreement.
 - (2) Outfront Media’s commitment to remove the Existing Signs according to the schedule set forth in Schedule 2 is a material provision of this Agreement. Outfront Media is not entitled to replace the Existing Signs once they are removed.
- (d) *Dedicated “Click”.* During the Term of this Agreement, to the extent permissible under applicable laws, rules and regulations, OUTFRONT Media shall display advertisements promoting the City and local community events sponsored by and/or partnered with the City (the “City Copy”) on one digital display spot on the Digital Freeway Sign after each 8-spot digital loop (the “Display Time”) provided that: (i) all proposed City Copy is submitted to OUTFRONT Media not less than five (5) business days prior to the date on which the City Copy is proposed to be displayed on the Digital Freeway Sign (the “Copy Submission Deadline”); (ii) all digital artwork is consistent with the quality of material to be posted on the Digital Freeway Sign; and (iii) City pays for all digital production costs associated with the City Copy. In no event shall City be permitted to give, sell, trade, barter or exchange the Display Time to any third party. Such act shall be deemed a material breach of this Agreement and City shall automatically forfeit its right to any further Display Time on the Digital Freeway Sign. City represents and warrants that all copy, content and materials supplied by City to OUTFRONT Media for display under this Agreement (i) are owned or duly licensed by City and do not infringe or misappropriate the rights of any other person or entity, (ii) comply with all applicable federal, state, and local laws, rules and regulations and any industry codes or rules by which City and/or OUTFRONT Media may be bound and do not contain any obscene, libelous, slanderous or otherwise defamatory materials or refer in an offensive manner to the gender, race or ethnicity of any individual or group; (iii) are accurate and that all claims contained therein have been substantiated; and (iv) do not infringe upon any copyright, trademark or other intellectual property or privacy right of any third party. The advertisement to be shown during this “click” is separate from the amber alert and emergency public service notifications required by 6(j) of this agreement.

5. Use of Site.

- (a) *Exclusive Uses.* Except as otherwise provided in Section 6(i), Outfront Media has the exclusive right to display outdoor advertising on the Site, in digital formats. In addition, the City shall not authorize any off-site outdoor advertising on any City-owned or City-

controlled property if the outdoor advertising would be within 1,000 feet of the Digital Freeway Sign. Outfront Media's exclusive right to conduct outdoor advertising on the Site includes the following:

- (1) Installing, erecting, maintaining, operating, improving, supplementing, posting, painting, illuminating, repairing, repositioning, adding, changing and maintaining equipment required to maintain communications with the Digital Freeway Sign repositioning (with the City's consent) during the term of this Agreement.
 - (2) Removing the Digital Display Area and all associated equipment on or from the site when this Agreement terminates, as provided in Section 6(m).
 - (3) Licensing the use of the Digital Freeway Sign, or any portion of it, for any lawful purpose related to outdoor advertising.
 - (4) All rights to operate the sign faces as Digital Display Areas.
- (b) *Unobstructed Use.*
- (1) The City shall not allow the following (an "Obstruction"):
 - (A) On any City-owned or City-controlled real property within 1,000 feet of the Digital Freeway Sign any structure, sound wall, communications antennae, tree, or vegetation that obstructs the view of the Digital Display Areas from the viewing public on Highway 50.
 - (2) If Outfront Media notifies the City in writing that an Obstruction exists, and if the City authorized or actively caused the Obstruction, then the City shall remove or remedy the Obstruction at its own cost within 30 days after receiving the notice. If the City fails to remove the Obstruction within 30 days after receiving the notice, then Outfront Media may remove the Obstruction at the City's expense after coordinating with the City's Public Works Department, which coordination shall include, at a minimum, review and approval of Outfront Media's plans to remove the Obstruction prior to Outfront Media commencing work.
 - (3) If Outfront Media notifies the City in writing that an Obstruction exists, and if the City did not authorize or actively cause the Obstruction, then the City may remove or remedy the Obstruction at its own cost within 30 days after receiving the notice. If the City does not remove or remedy the Obstruction within the 30 days, then, at no cost to the City, and after coordinating with the City's Public Works Department, which coordination shall include, at a minimum, review and approval of Outfront Media's plans to remove the Obstruction prior to Outfront Media commencing work.

- (4) The City is not obligated to remove or seek removal of visual obstructions on private property. Furthermore, this Agreement does not, and cannot authorize Outfront Media to remove visual obstructions from private property.
- (5) Outfront Media's exercise of its rights under this Section 5(b) are in addition to any other remedies it may have under this Agreement.

6. Installation and Operation of a Digital Freeway Sign.

Outfront Media shall install and operate the Digital Display Area on the Sign Structure in accordance with this Section 6 and consistent with Section 5, all at no cost to the City.

- (a) *Plans and Specifications.* At no cost to the City, Outfront Media shall prepare complete plans and specifications for the Digital Freeway Sign, working closely with the City to develop plans and specifications that are mutually acceptable (the "Plans"). Outfront Media shall submit the Plans to the City for final approval, which the City shall not unreasonably withhold.
- (b) *Caltrans Permits.* As soon as practicable after the Effective Date, Outfront Media shall apply to Caltrans for all Caltrans Permits, and the City shall cooperate with Outfront Media in that effort, including the completion of any Caltrans forms. All Caltrans Permits are to be obtained and secured for Outfront Media's sole benefit and are to be issued in Outfront Media's name. Outfront Media shall perform all obligations under the Caltrans Permits at no cost to the City.
- (c) *City Permits.* The City shall diligently process Outfront Media's applications for all City Permits. This Agreement does not commit the City in advance to approve the City Permits; and this Agreement does not constrain the City's discretion, acting as a government, with respect to the City Permits specifically or to the Digital Freeway Sign generally.
- (d) *Installation.* Outfront Media shall begin installing the Digital Display Area as soon as practicable after the Commencement Date and shall diligently pursue installation to completion without unnecessary interruption. Outfront Media will be excused, however, for any delays in beginning or completing installation that are caused by a Force Majeure Event, as defined in Section 9(d)(1). Outfront Media shall use reasonable diligence to avoid such delays and to resume work as promptly as possible after such a delay.
- (e) *Ownership.* Outfront Media will be the owner of the Digital Freeway Sign and all permits and authorizations that relate to it, including the City Permits and the Caltrans Permits.
- (f) *Maintenance.* At no cost to the City, Outfront Media shall maintain the Sign Structure and shall maintain and repair the Digital Freeway Sign in accordance with the standards of the outdoor-advertising industry. Outfront Media's maintenance obligation under this

Section 6(f) includes the obligation to remove any graffiti from the Sign Structure and the Digital Freeway Sign within three (3) business days of being notified of the graffiti by the City. The City is not obligated to maintain the Sign Structure or to maintain or repair the Digital Freeway Sign.

- (g) *Damage or Destruction.* This Agreement will continue in full effect if any of the Digital Freeway Sign is damaged and such damage amounts to less than material damage, as defined in Section 6(h) below. Outfront Media shall promptly repair the Digital Freeway Sign, and Outfront Media shall promptly apply for, and diligently pursue the issuance of, any permits or approvals it needs to repair or replace the Digital Freeway Sign. Within 30 days after obtaining the City Permits, all other necessary permits and approvals, and all parts and components, Outfront Media shall begin work to repair or replace the Digital Freeway Sign. Outfront Media shall complete the work within 180 days after the work begins. If Outfront Media elects, under this Section 6(g), not to repair or replace the Digital Freeway Sign then Outfront Media shall notify the City in writing of its election and shall remove the Digital Freeway Sign and restore the Site in accordance with Section 6(m).
- (h) Notwithstanding Section 6(g), in the event that Outfront Media's Digital Freeway Sign is materially damaged, Outfront Media shall be permitted to abate the Monthly Fee, for a period not to exceed sixty (60) days, until such time as the Digital Freeway Sign becomes Operational again. Materially damaged shall mean at least one-half of the Digital Display Area is completely inoperable due to such damage, which was not caused by Outfront Media or its agents.
- (i) *Utilities.* At no cost to the City, Outfront Media shall provide and pay for all utility connections, utility equipment, and utility service required to install, operate, maintain, repair, improve, or reposition the Digital Freeway Sign. Outfront Media shall participate in the Sacramento Municipal Utility District's Greenergy Program for electricity service to the Digital Freeway Sign. In the event electrical power becomes unavailable, for whatever reason, Outfront Media may remove the Digital Display Area and operate its Sign Structure with traditional faces. In the event that Outfront Media removes its Digital Display Area and operates its Sign Structure with traditional faces, due to the unavailability of electricity, Outfront Media shall be permitted to abate the Monthly Fee until such time as the electricity is restored and the Digital Freeway Sign becomes Operational again, if Outfront Media provides the City with written documentation from the Sacramento Municipal Utility District or other electricity provider confirming the electrical outage and dates thereof.
- (j) *Amber Alerts and Public-Service Messages.* During all periods when Digital Display Areas are Operational on the Digital Freeway Sign, Outfront Media shall make the Digital Display Area available to the appropriate governmental agencies for the purpose of displaying "Amber Alert" messages in accordance with the Amber Alert Guidelines set forth in Exhibit C to this Agreement. In addition, Outfront Media shall allow the Digital Display Area to be

available to the City, and to other government agencies without cost, on a space-available basis determined by Outfront Media, for the purpose of displaying public-service messages (e.g., evacuation routes, drunk-driving-awareness messages, emergency-disaster communications). The City's messages must meet Outfront Media's graphics-arts standards so that the messages are "camera ready," at no cost to Outfront Media. All copy will be subject to Outfront Media's standard advertising copy rejection and removal policies which allow Outfront Media the right in Outfront Media's sole discretion to approve or disapprove a copy and remove a copy once posted or displayed.

- (k) *Future technologies.* The technology currently being deployed for the Digital Freeway Sign is LED (light emitting diode), but there may be alternate, preferred or superior technology available in the future. Outfront Media is authorized to change the Digital Freeway Sign to any other technology that operates under the maximum brightness standards set forth in Section 6(l) of this Agreement. The City shall expedite any required approvals for technology that is superior in energy efficiency over previous generations or types.
- (l) *Illumination Standards.* Digital Freeway Sign illumination is expressly permitted when in compliance with all applicable rules and regulations (see Section 5(n) below) and when operated within these standards, Digital Freeway Signs:
 - (1) shall not operate at brightness levels of more than 0.3 foot candles above ambient light, as measured using a foot candle meter at a pre-set distance.
 - (2) Distance to measure the foot candles impact shall be measured from a distance of 250 ft. for a sign with a nominal face size of 14' x 48'.
 - (3) Each Digital Display Area must have a light sensing device that will adjust the brightness as ambient light conditions change.
- (m) *Removal of Digital Freeway Sign.* When the Term ends, whether it expires as scheduled or is terminated early, Outfront Media shall promptly apply for, and diligently pursue the issuance of, at no cost to the City, any permits or approvals it needs to remove the Digital Freeway Sign, including the Digital Display Area and all above-ground sign structures and supports. Within 120 days after obtaining the necessary permits and approvals, Outfront Media shall remove the Digital Freeway Sign and all above-ground sign structures and supports and restore the site to the pre-Agreement condition, all at no cost to the City. Outfront Media shall not be required to remove the below-grade portions of the Sign Structure. Following termination of this Agreement but prior to removal of the Digital Freeway Sign, Outfront Media shall not display digital advertising on the Digital Display Area.
- (n) *Compliance with Laws; Waiver of Compensation.* During the Term and while removing the Digital Freeway Sign after the Term in accordance with Section 6(m), Outfront Media shall do the following at no cost to the City: comply with all valid and applicable statutes,

ordinances, regulations, rules, and orders that concern the Digital Freeway Sign and are enacted or issued by any federal, state, or local governmental entity with jurisdiction over the Digital Freeway Sign (including the City) whether enacted or issued before, on, or after the Effective Date including but not limited to sections 5403, 5402, 5405, 5408 and 5408.1 of the California Outdoor Advertising Act. Notwithstanding the foregoing, nothing herein shall be deemed to negate, void, or diminish (i) any claim Outfront Media may have for just compensation as a result of any governmental action that results in the taking of its property or (ii) the right of Outfront Media to avail itself of all remedies available to Outfront Media under state or federal law to maintain its Digital Freeway Sign.

7. Early Termination.

- (a) *City's Termination Rights.* Without prejudice to its other remedies at law or in equity, the City may terminate this Agreement, at any time and in its sole discretion, effective 30 days after the City gives Outfront Media written notice of termination, if any of the following circumstances occurs:
 - (1) Outfront Media breaches its obligation to pay the Monthly Fee when due and does not cure the breach within 30 days after the City serves Outfront Media with a written notice of breach.
 - (2) Outfront Media breaches its obligation to perform in accordance with any material provision of this Agreement other than the obligation to pay Monthly Fee and: (A) does not cure the breach within 30 days after the City serves it with a written notice of breach or, if the breach cannot reasonably be cured within 30 days; (B), does not begin work on a cure within 30 days after the City serves it with a written notice of breach and diligently pursue the cure to completion within ninety (90) days after work begins. The parties can agree to extend the time period to cure the breach by mutual written agreement. The express designation in this Agreement of a provision as "material" does not imply that other provisions are not material.
 - (3) Outfront Media ceases to pay the Monthly Fee pursuant to Section 4(b)(3) of this Agreement, and no other provision permitting the nonpayment of the Monthly Fee is applicable.
 - (4) Outfront Media initiates legal challenge to the validity of this Agreement or its authorizing ordinance provided that this subsection shall not prevent Outfront Media from enforcing this Agreement and the parties' obligations hereunder.
- (b) *Outfront Media's Termination Rights.* Without prejudice to its other remedies at law or in equity, including the right to seek just compensation under the laws of eminent domain as described in Section 9, Outfront Media may terminate this Agreement, at any time and in its sole discretion, effective 30 days after Outfront Media gives the City written notice of termination, if any of the following circumstances occurs:

- (1) The view of the Digital Display Area from the adjacent portion of Highway 50 is obstructed by an Obstruction on City-owned or City-controlled real property, and Outfront Media did not cause the Obstruction and the City has failed to adhere to its obligations under Section 5(b) following proper notice by Outfront Media. Materially obstructed shall mean at least one-half of the displayed area is obstructed.
 - (2) Outfront Media cannot safely use the Site to install, operate, maintain, repair, or improve the Digital Freeway Sign because of a non-remediable or costly condition, and Outfront Media did not cause the condition.
 - (3) There is a material diversion of traffic from, or a material reduction or change in the directional flow of traffic on, the portion of Highway 50 adjacent to the Site, and the diversion or disruption continues uninterrupted for at least 30 consecutive days
 - (4) Outfront Media cannot obtain or maintain any governmental permits, licenses or approvals required to install, operate, maintain, repair, or improve the Digital Freeway Sign, including but not limited to the Caltrans Permits and the City Permits.
 - (5) Use of the Digital Freeway Sign for its intended purpose is prevented or limited by law, or Outfront Media is required by any court or other governmental entity, for reasons other than eminent domain, to remove the Digital Freeway Sign from the Site.
 - (6) The Digital Freeway Sign is materially damaged or destroyed and Outfront Media elects not to repair or replace the Digital Display Area. Materially damaged or destroyed shall mean at least one-half of the Digital Display Area is damaged or destroyed such that at least one-half of it is fully inoperable.
- (c) *City's and Outfront Media's Additional Termination Rights.* Without prejudice to their other remedies at law or in equity, either party may terminate this Agreement if the other party (and/or, for Outfront Media, its parent company).
- (1) Has an order for relief entered with respect to it, commences a voluntary case, or has an involuntary case filed against it under any applicable bankruptcy, insolvency, or other similar law then in effect, and the order or case is not stayed, withdrawn, or settled within 60 days after it is entered, commenced, or filed (11 U.S.C. § 365(e)(2)(A), as amended, or any successor statute); or
 - (2) Files for reorganization, becomes insolvent, or has a receiver or other officer with similar powers appointed for its affairs in any court with jurisdiction, whether or not with its consent (unless dismissed, bonded, or discharged within 60 days after appointment).

8. Indemnification.

(a) *Definitions.* The following definitions apply to this Section 8:

- (1) “Person” is to be interpreted broadly. It includes not just third persons but also Outfront Media and Outfront Media’s directors, officers, employees, contractors, and agents; and the City and the City’s elected officials, officers, employees, contractors, and agents.
- (2) “Liabilities” means all liabilities, claims, demands, damages, and costs (including reasonable attorneys’ fees and litigation costs through final resolution on appeal) that arise directly or indirectly from Outfront Media’s possession or use of the Site.
- (3) “Occurrence” means: (A) the death of, or injury to, any Person; and (B) damage to, or destruction of, any real property, personal property.

(b) *General Indemnity.* Outfront Media shall indemnify, defend (with attorneys reasonably acceptable to the City), protect, and hold the City harmless from and against all Liabilities that arise directly or indirectly from Outfront Media’s possession or use of the Site. Outfront Media is obligated under this Section 8(b) even if the City or the City’s elected officials, officers, employees, contractors, or agents reviewed, accepted, or approved the work, materials, or activities from which the Liabilities arise. But Outfront Media is not obligated under this Section 8(b) to the extent the Liabilities are caused by the active negligence or willful misconduct of the City or the City’s elected officials, officers, employees, contractors, or agents. Outfront Media’s obligation under this Section 8 (b) includes Liabilities arising from any of the following:

- (1) Any Occurrence on the Site, but only to the extent caused by Outfront Media’s acts or omissions.
- (2) Any Occurrence that is in any way connected with any of Outfront Media’s personal property on the Site.
- (3) Any Occurrence caused or allegedly caused by (A) any condition of the Site created by Outfront Media or by any Person on the Site with Outfront Media’s permission; or (B) some act or omission on the Site by Outfront Media or by any Person on the Site with Outfront Media’s permission.
- (4) Any Occurrence caused by, or related in any way to, work or activities performed on the Site or materials furnished to the Site at the request of Outfront Media or any Person or entity acting for Outfront Media or with Outfront Media’s permission.
- (5) Any Occurrence that is caused by, or related in any way to, a verbal or non-verbal display on the Digital Display Area.

- (6) Outfront Media's failure to perform any provision of this Agreement, to comply with any requirement of law applicable to Outfront Media, or to fulfill any requirement imposed by any governmental entity (including the City when acting as a government) on Outfront Media or Outfront Media's use of the Site.
- (c) *Legal Challenges.* Outfront Media shall indemnify, defend with attorneys selected by the City, protect, and hold harmless the City and the City's elected officials, officers, and employees ("Agents") in any litigation to attack, set aside, void or annul an approval by the City or its Agents concerning the Digital Freeway Sign (collectively, a "Claim" including litigation based on the California Environmental Quality Act) brought to challenge the validity of this Agreement, the validity of the City Permits or the Caltrans Permits, or the validity of the City ordinances that authorize the installation and Operation of the Digital Freeway Sign on the site. Outfront Media's obligation to indemnify under this Section 7(c) includes liability for attorneys' fees awarded to a party who successfully challenges the validity of this Agreement, of the City Permits, or the Caltrans Permits, or of any authorizing ordinance. If such a Claim is brought, the parties shall promptly notify the other party of such Claim and each party shall cooperate with the efforts of the Outfront Media to defend such Claim. The City will not voluntarily assist the opposing party in any such Claim or take any position adverse to Outfront Media in connection with such Claim. Nothing in this paragraph shall obligate the City to defend any Claim and the City shall not be required to pay or perform any settlement arising from any such Claim, unless the settlement is approved in writing by the City.
- (d) *Survival.* Outfront Media's obligations under this Section 8 will survive this Agreement.

9. Miscellaneous.

- (a) *Assignments and SubAgreements.* A party may not assign or otherwise transfer this Agreement or any interest in it, and this Agreement is not assignable by operation of law, without the other party's prior written consent, which the other party shall not withhold, delay, or condition unreasonably. This Agreement remains in effect, and an assignment or transfer of this Agreement does not occur, for purposes of this Section 9(a), if Outfront Media merges with another company, reorganizes its stock, or undergoes a similar corporate restructuring, or if Outfront Media sells any of its assets or stock. An assignment or transfer made contrary to this Section 9(a) is void.
- (b) *Successors and Assigns.* This Agreement binds and inures to the benefit of the successors and permitted assigns of the parties. This Section 9(b) does not constitute the City's consent to any assignment of this Agreement or any interest in the Agreement.
- (c) *Notices.* Any notice or other communication under this Agreement must be in writing and will be considered properly given and effective only when mailed or delivered in the manner provided by this Section 9(c) to the persons identified below. A mailed notice or

other communication will be effective or will be considered to have been given on the third day after it is deposited in the United States Mail (certified mail and return receipt requested), addressed as set forth below, with postage prepaid. A notice or other communication sent in any other manner will be effective or will be considered properly given when actually delivered. A party may change its address for these purposes by giving written notice of the change to the other party in the manner provided in this Section 9(c).

If to the City:

City of Rancho Cordova
Planning Department
2729 Prospect Park Drive
Rancho Cordova, California 95670
Attention:
Aaron Busch, Community Development
Director

If to Outfront Media:

Outfront Media LLC
1731 Workman St. S,
Los Angeles, CA 90031
Attention: VP Real Estate

With a copy to:

Outfront Media LLC
405 Lexington Avenue
New York, NY 10174
Attn: General Counsel

(d) *Force Majeure.*

- (1) "Force Majeure Event" means a cause of delay that is not the fault of the party who is required to perform under this Agreement and is beyond that party's reasonable control, including the elements (such as floods, earthquakes, windstorms, and unusually severe weather), fire, energy shortages or rationing, riots, acts of terrorism, war or war-defense conditions, acts of any public enemy, epidemics, the actions or inactions of any governmental entity (excluding the City) or that entity's agents, litigation, labor shortages (including shortages caused by strikes or walkouts), and materials shortages.
- (2) Except as otherwise expressly provided in this Agreement, if the performance of any act required by this Agreement to be performed by either the City or Outfront Media is prevented or delayed because of a Force Majeure Event, then the time for performance will be extended for a period equivalent to the period of delay, and performance of the act during the period of delay will be excused.

(e) *Waiver of Breach.* A party's failure to insist on strict performance of this Agreement or to exercise any right or remedy upon the other party's breach of this Agreement will not constitute a waiver of the performance, right, or remedy. A party's waiver of the other

party's breach of any provision in this Agreement will not constitute a continuing waiver or a waiver of any subsequent breach of the same or any other provision. A waiver is binding only if set forth in writing and signed by the waiving party.

- (f) *Relationship of the Parties.* This Agreement does not create any relationship or association between the City and Outfront Media. For example, and without limiting the previous sentence, this Agreement does not create between the City and Outfront Media the relationship of principal and agent, nor does it create a partnership or joint venture.
- (g) *Attorneys' Fees.* The party prevailing in any litigation concerning this Agreement, the Site, or any improvements to the Site (including the Digital Freeway Sign) will be entitled to an award by the court of reasonable attorneys' fees and litigation costs through final resolution on appeal in addition to any other relief that may be granted in the litigation. If the City is the prevailing party, then this Section 9(g) will apply whether the City is represented in the litigation by the Office of the City Attorney or by outside counsel.
- (h) *Severability.* If a court with jurisdiction holds any nonmaterial provision of this Agreement to be invalid, void, or unenforceable, then the remaining provisions will remain in full force.
- (i) *Counterparts.* The parties may execute this Agreement in counterparts, each of which will be considered an original, but all of which will constitute the same Agreement.
- (j) *Further Assurances.* Each party shall execute all additional documents or instruments and take all necessary action that either party reasonably considers necessary to carry out the proper purposes of this Agreement.
- (k) *Time of Essence.* Time is of the essence of this Agreement.
- (l) *Interpretation.* This Agreement is to be interpreted and applied in accordance with California law without regard to conflict-of-laws principles, except that the rule of interpretation in California Civil Code section 1654 will not apply. Schedules 1 and 2 and Exhibits A, B, and C are part of this Agreement.
- (m) *Integration and Modification.* This Agreement sets forth the parties' entire understanding regarding the matters addressed. It supersedes all prior or contemporaneous agreements, representations, and negotiations (written, oral, express, or implied) and may be modified only by another written agreement signed by both parties.

(Signature Page Follows)

City of Rancho Cordova

Outfront Media LLC

By: _____
Brian Nakamura
City Manager
Dated: _____, 2015

By: _____
Raymond Nowak
EVP, CAO and US CFO
Dated: _____, 2015

Approved as to Form
Rancho Cordova City Attorney

By: _____
Adam Lindgren
City Attorney

**Agreement for Digital Billboard
City of Rancho Cordova and Outfront Media**

Schedule 1

Monthly Fee

1. For the Site developed under this Agreement, the Monthly Fee due on the first day of the month is as follows:

Contract Year	Monthly Fee
Year 1	\$10,833
Year 2 -25	\$4,166

Agreement for Digital Freeway Sign
City of Rancho Cordova and Outfront Media
Schedule 2

Existing Billboards to be Removed

New Billboard	Existing Billboards
Naturewood Site Address: 12125 Folsom Boulevard APN 069-0160-021	Outfront Media shall obtain the necessary permits to remove these Existing Signs <i>before</i> the Commencement Date for the new Digital Freeway Sign; and will actually complete removal within 12 months from said date: Locations: 11373 Folsom Boulevard (APN 069-0130-003) – Two sided traditional billboard with approximately 600 square feet of sign area Near 9847 Folsom Boulevard (APN 075-0440-008) – Two sided traditional billboard with approximately 600 square feet of sign area

Agreement for Digital Freeway Sign
City of Rancho Cordova and Outfront Media
Exhibit A

Digital Freeway Sign Operational Requirements

- a. **Operational Limitations.** Digital Freeway Sign shall display static messages only, and shall not have animation, movement, or the appearance or optical illusion of movement in or on any part of the Sign Structure, design, or pictorial segment of the sign. Each static message shall not include flashing, scintillating lighting or varying light intensity.
- b. **Minimum display time.** Each message on the sign must be displayed for a minimum of eight (8) seconds.
- c. **Each display must have a light sensing device that will adjust the brightness as ambient light conditions change.**
- d. **The Digital Freeway Sign shall be operated with systems and monitoring in place to either turn the display off or show a “full black” image on the display in the event of a malfunction that affects at least fifty percent of the display area.**
- e. **The Digital Freeway Sign shall not be deemed prohibited under Section 23.743.050 and is not governed by any of the prohibitions set forth in Subsections B, Q, S or U thereof as the operation thereof is specifically authorized by Section 23.743.150 of the Code.**
- f. **Section 23.743.090 of the Code shall not apply to Digital Freeway Sign. Illumination for the Digital Freeway Sign shall comply with the terms of this Agreement and is otherwise specifically permitted by Section 23.743.150 of the Code.**
- g. **Digital Freeway Sign is not considered to be a pole sign under Section 23.743.120. E of the Code.**
- h. **Digital Freeway Sign shall not be included within any definition of Flashing set forth in the Code.**

**Agreement for Digital Freeway Sign
City of Rancho Cordova and Outfront Media
Exhibit B**

Digital Freeway Sign Description

Insert Final Exhibit

Agreement for Digital Freeway Sign
City of Rancho Cordova and Outfront Media

Exhibit C

Amber Alert Guidelines

AMBER alerts are issued by the National Center for Missing and Exploited Children in Washington, DC. For those alerts, Outfront Media and the outdoor advertising industry adhere to these guidelines:

Digital Freeway Sign advertising will be completely interrupted upon receipt of an AMBER Alert within the affected geographical boundary.

The appropriate AMBER Alert will run uninterrupted for a minimum of one hour preempting all other advertising.

Thereafter, during the two hours immediately following the aforementioned one-hour display of the AMBER Alert, the same alert will be displayed in rotation along with other paid advertisers unless cancelled earlier. After the initial 3 hour display period, any additional posting of the alert shall be based on the situation and availability.

Legend

-  Existing Digital Billboards
-  Proposed Digital Billboards

Existing Traditional Billboards

-  Clear Channel Outdoor
-  Outfront Media
-  Sub-leased





February 6, 2015

Mayor McGarvey and Members of the City Council
2729 Prospect Park Dr.
Rancho Cordova, CA 95670

Re: Proposed Digital Sign at Naturwood

Dear Mayor McGarvey and Members of the City Council:

On February 17, 2015, the City Council will consider for a fourth time the digital sign applications submitted by Sierra Outdoor, LLC/Outfront Media and Clear Channel Outdoor. Consistent with Council's direction at the December 15 hearing on these items, city staff has recommended approval of Sierra Outdoor, LLC/Outfront Media's application, and denial of Clear Channel's.

On January 6, 2015, the property owner of the Clear Channel Outdoor site, Steven Hansen, submitted to you a six-page letter. Mr. Hansen's letter contains numerous factual inaccuracies and incorrect assumptions, and omits important facts. Sierra Outdoor, LLC categorically refutes the erroneous accusations contained therein. Given the extent of the aforementioned inaccuracies and omissions, it is not practical to offer a point-by-point rebuttal here. However, should you have any questions, or if you would like a response on any particular topic, please do not hesitate to contact us.

Very truly yours,

SIERRA OUTDOOR, LLC

By

A handwritten signature in black ink, appearing to read 'Patrick M. Gardner', is written over a horizontal line.

Patrick M. Gardner, Managing Member



LAW OFFICES
ESTABLISHED 1896

TIMOTHY D. TARON
DIRECT: (916) 567-7329
EMAIL: TTARON@HSMILAW.COM

February 9, 2015

2150 RIVER PLAZA DRIVE
SUITE 450
SACRAMENTO, CA
95833-4136
TEL: (916) 925-6620
FAX: (916) 925-1127

Mayor McGarvey and Members of the City Council
2729 Prospect Park Dr.
Rancho Cordova, CA 95670

RE: Proposed Digital Sign at Naturwood

Dear Mayor McGarvey and Members of the City Council:

On January 19, 2015, the City Council received a letter from Steven Hansen, owner of the property on which Clear Channel has proposed to place its second digital sign in the City, alleging as follows: "[w]e believe the city and the public have been misled regarding City of Rancho Cordova resolution No. 4-2015 section 2.B.b. Evidence; which states 'no vegetation shall be removed from the property to accommodate the sign'" ("Hansen letter"). In support of this accusation, the Hansen letter included two satellite images: one dated May 31, 2007, and the other dated April 18, 2014. For the convenience of Council members, the page of the Hansen letter containing these photos is attached hereto as **Exhibit 1**.

As is clear from these images, numerous trees were removed from the Naturwood site between the dates these images were taken. What is also clear from these images is that the parking lot depicted therein was resurfaced during that same timeframe. The reason for both of these observations is simple: Naturwood's trees were destroying their parking lot, causing drainage issues, and threatening public safety. A photo depicting a portion of the damage these trees caused in the parking lot is attached hereto as **Exhibit 2**. Because of the parking lot damage as well as the tripping hazards and accessibility issues caused thereby, Naturwood removed the problem trees and resurfaced its parking lot. Sierra Outdoor has not, nor does it, dispute that the Hansen letter is correct in this regard.

However, the Hansen letter omits numerous critical facts. First and foremost, the proposed digital sign does not require any prospective tree removal, so no vegetation will be removed to accommodate the sign. Whether Naturwood removed trees to prevent further damage in its parking lot in the past is irrelevant. Second, because of their height, none of the trees removed would have affected visibility of the sign from Highway 50. Additionally, as is obvious from the images in Exhibit 1, the height of many of the removed trees is irrelevant, as many were located on the opposite side of the parking lot where, regardless of their height, they would not impair visibility of the proposed digital sign. Finally, the vast majority of the trees

Mayor McGarvey and Members of the City Council
February 9, 2015
Page 2

that provide a visual barrier between Naturwood and Highway 50 remain in place today. A photo of these trees is attached hereto as **Exhibit 3**.

Should you have any questions, please do not hesitate to contact us.

Very truly yours,

HEFNER, STARK & MAROIS, LLP



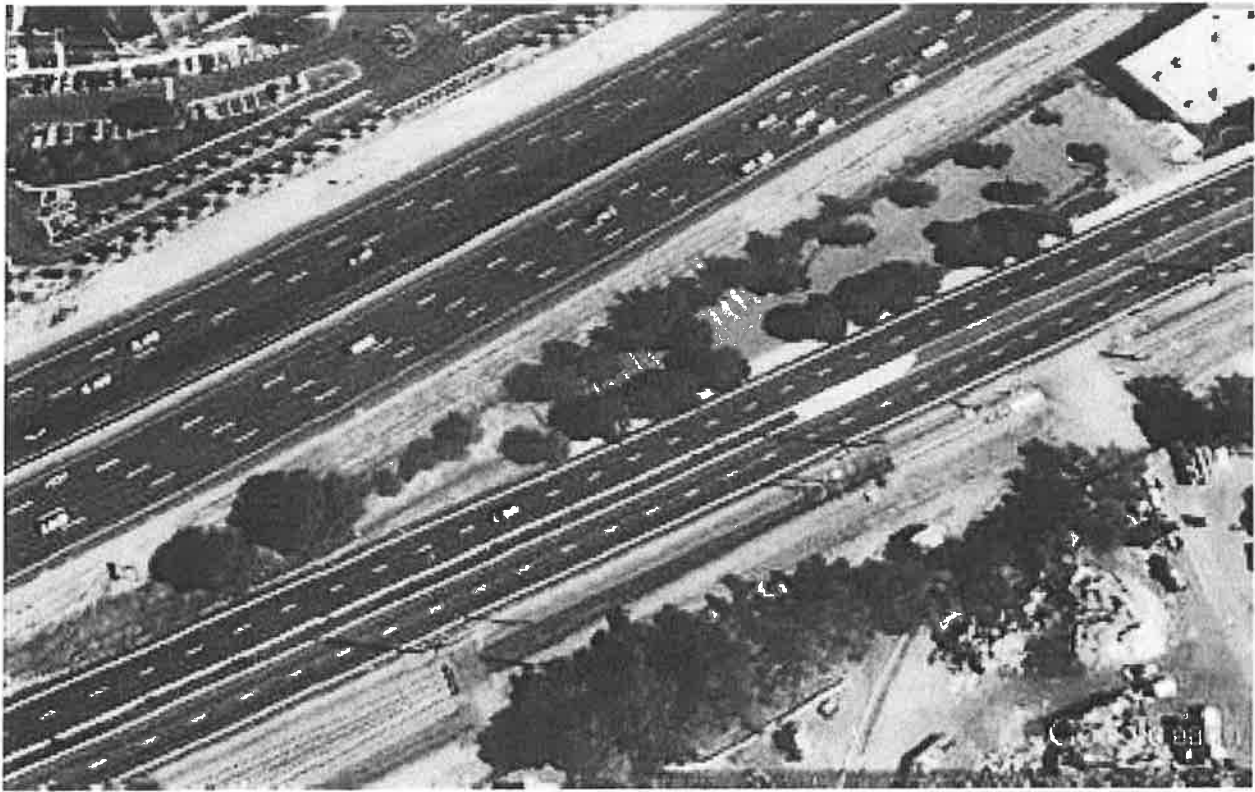
By

Timothy D. Taron

TDT:CER

cc: Mindy Cuppy, City Clerk
Jessica Jordan, Principal Planner
Pat Gardner
Vinton Hawkins
Kevin Johnson

Exhibit 1



HWY 50 & POLWSON BLVD OVERVIEW INTO NATUREWOOD PARKING LOT WEST END MAY 11, 2007



HWY 50 & POLWSON BLVD OVERVIEW INTO NATUREWOOD PARKING LOT WEST END APRIL 18, 2014

Exhibit 2

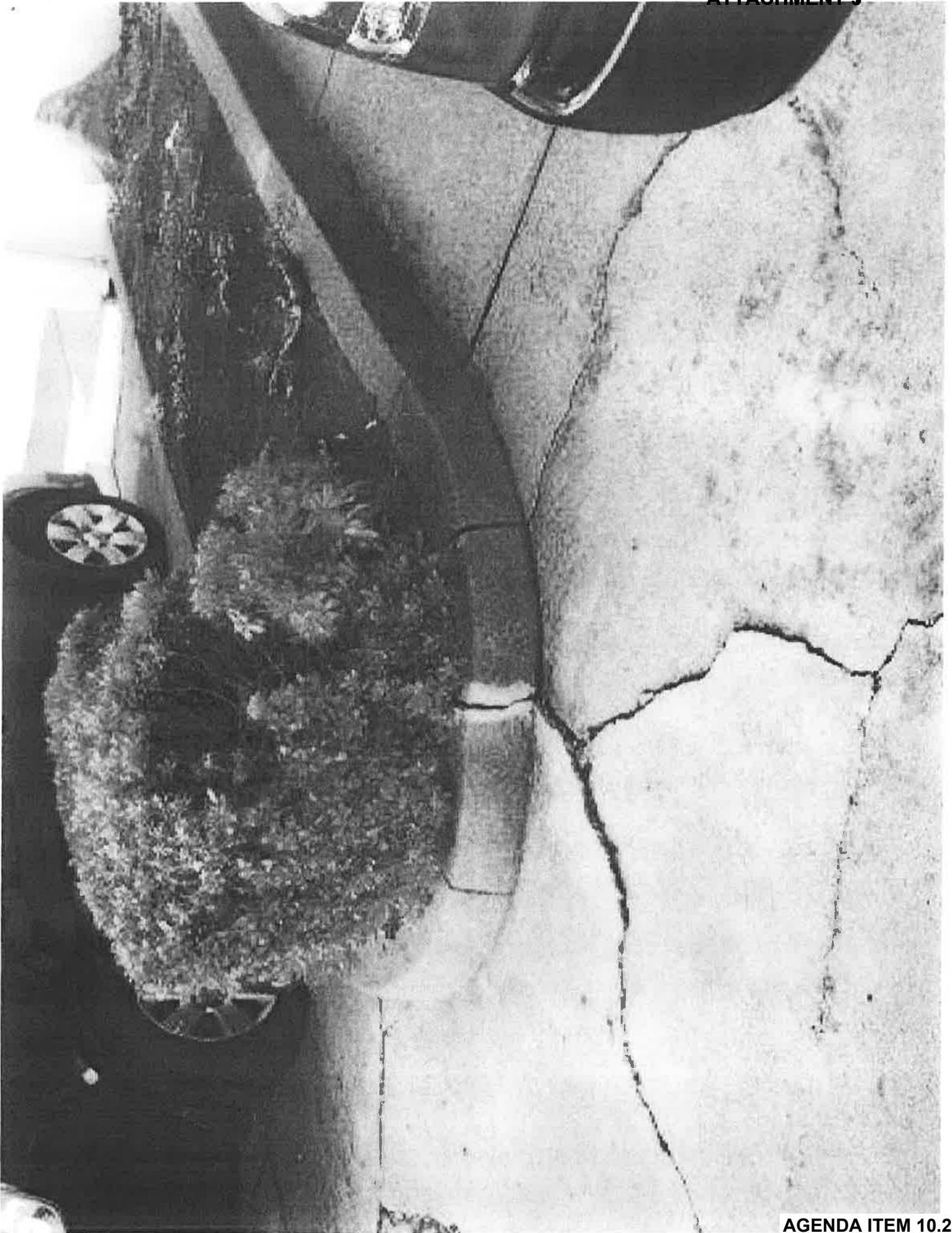
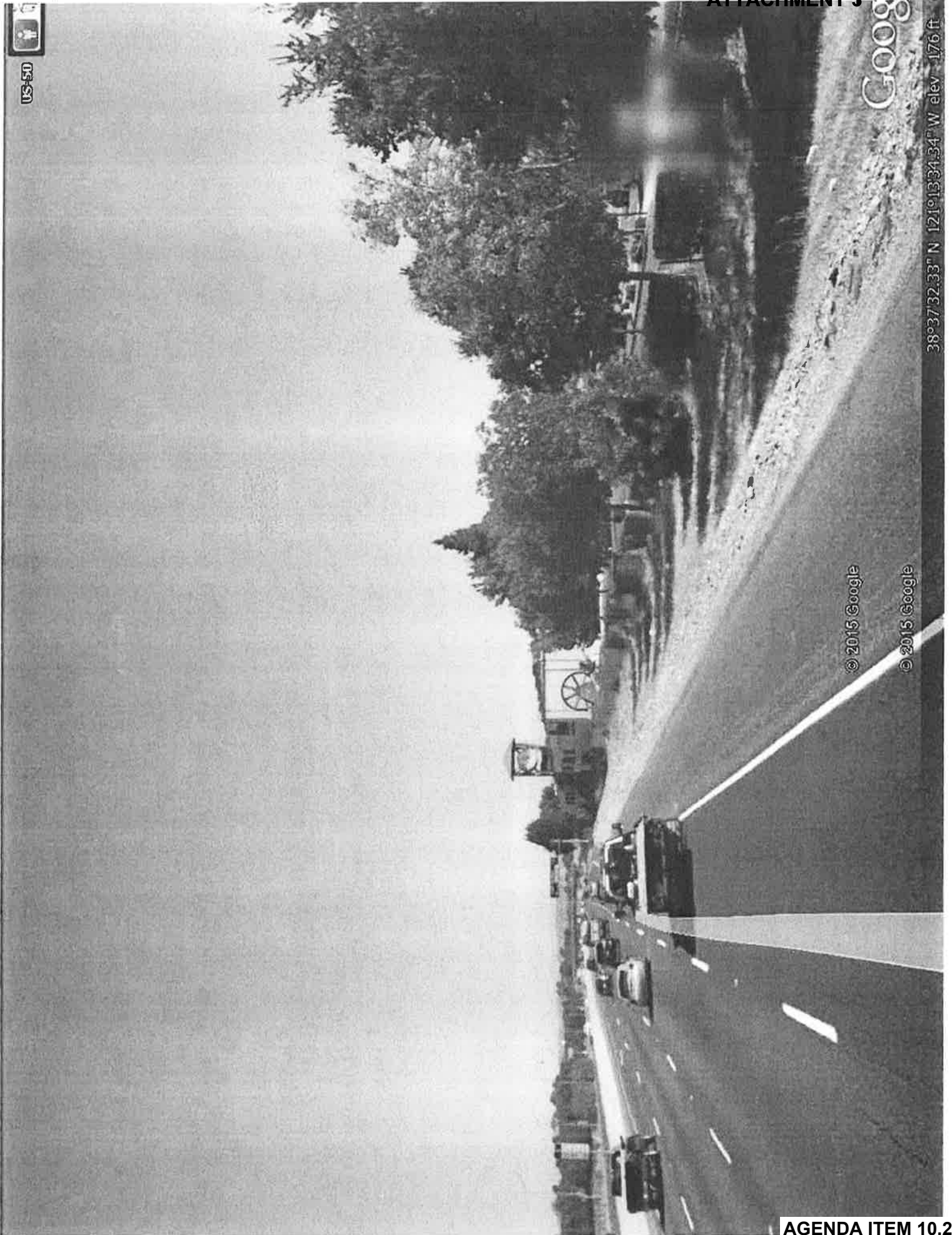


Exhibit 3



US-50

© 2015 Google

© 2015 Google

Google

38°37'32.33" N 121°13'34.34" W elev. 176 ft



LAW OFFICES
ESTABLISHED 1896

TIMOTHY D. TARON
DIRECT: (916) 567-7329
EMAIL: TTARON@HSMILAW.COM

February 9, 2015

2150 RIVER PLAZA DRIVE
SUITE 450
SACRAMENTO, CA
95833-4136
TEL: (916) 925-6620
FAX: (916) 925-1127

Mayor McGarvey and Members of the City Council
2729 Prospect Park Dr.
Rancho Cordova, CA 95670

RE: Proposed Digital Sign at Naturwood

Dear Mayor McGarvey and Members of the City Council:

Rancho Cordova Municipal Code section 23.743.150 established the City's digital freeway signs overlay zone (Ordinance). Pursuant to subsection (C)(1), for every one digital sign installed, an applicant must remove at least four legally existing billboard structures within the City. Alternatively, the City and applicant may enter into an operating agreement to reduce the number of required billboard removals if the City determines that the operating agreement would achieve community benefits that are equivalent to those that would be achieved through strict compliance with the Ordinance. At the December 15, 2014 hearing, Sierra Outdoor, LLC ("Sierra Outdoor") and Outfront Media, LLC, formerly CBS Outdoor ("Outfront Media") (collectively referred to as "Applicants") proposed an Operating Agreement under which (1) two existing billboards would be removed, (2) the City would receive annual payments in lieu of two additional billboard removals, and (3) the City would receive a dedicated "click" for public service announcements.

Consistent with Council's direction at the December 15, 2014 hearing, staff recommended approval of Applicants' application at the next hearing on January 20, 2015. However, the Council voted to continue the public hearing on this item and made its position clear: the City preferred additional billboard removals over annual payments. Accordingly, Applicants have listened and expended tremendous effort to craft a proposal under which the City would not receive annual payments but additional billboard removals would be achieved. Notwithstanding significant financial, logistical, and strategic hurdles, Applicants are now prepared to offer one additional sign removal at 10833 Folsom Boulevard (see Exhibit A), in addition to the originally proposed removals at 11373 Folsom Boulevard and 9847 Folsom Boulevard. Additionally, Applicants are working diligently to secure one additional removal in an effort to comply with the City's Ordinance. However, until and unless this additional removal is secured, Applicants propose a revised Operating Agreement.

Mayor McGarvey and Members of the City Council
February 9, 2015
Page 2

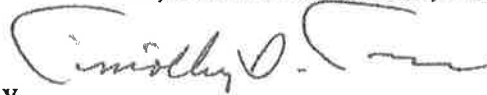
Under the Operating Agreement, Applicants propose, in addition to the three (3) removals, a one-time contribution of \$50,000 to the City for construction of a digital reader board at Coloma Road and Chase Drive, Folsom Boulevard revitalization, or any other project to which the City wishes to dedicate these funds. Applicants also propose a \$65,000 annual payment in year one, and annual payments of \$25,000 thereafter. Finally, Applicants wish to provide the City a dedicated "click" for public service announcements. Over the course of the potential 50-year term, this dedicated "click" would be worth \$3,000,000, and provide the City a significant opportunity to connect with the citizens of Rancho Cordova as well as the greater Sacramento region.

Alternatively, if the Council prefers Applicants' original offer of two sign removals at 11373 Folsom Boulevard and 9847 Folsom Boulevard, a one-time signing bonus of \$100,000, a dedicated click, a \$130,000 annual payment in year one, and annual payments of \$50,000 thereafter, Applicants remain willing to adhere to that proposal.

Should you have any questions regarding any of the topics discussed herein, please do not hesitate to contact me.

Very truly yours,

HEFNER, STARK & MAROIS, LLP



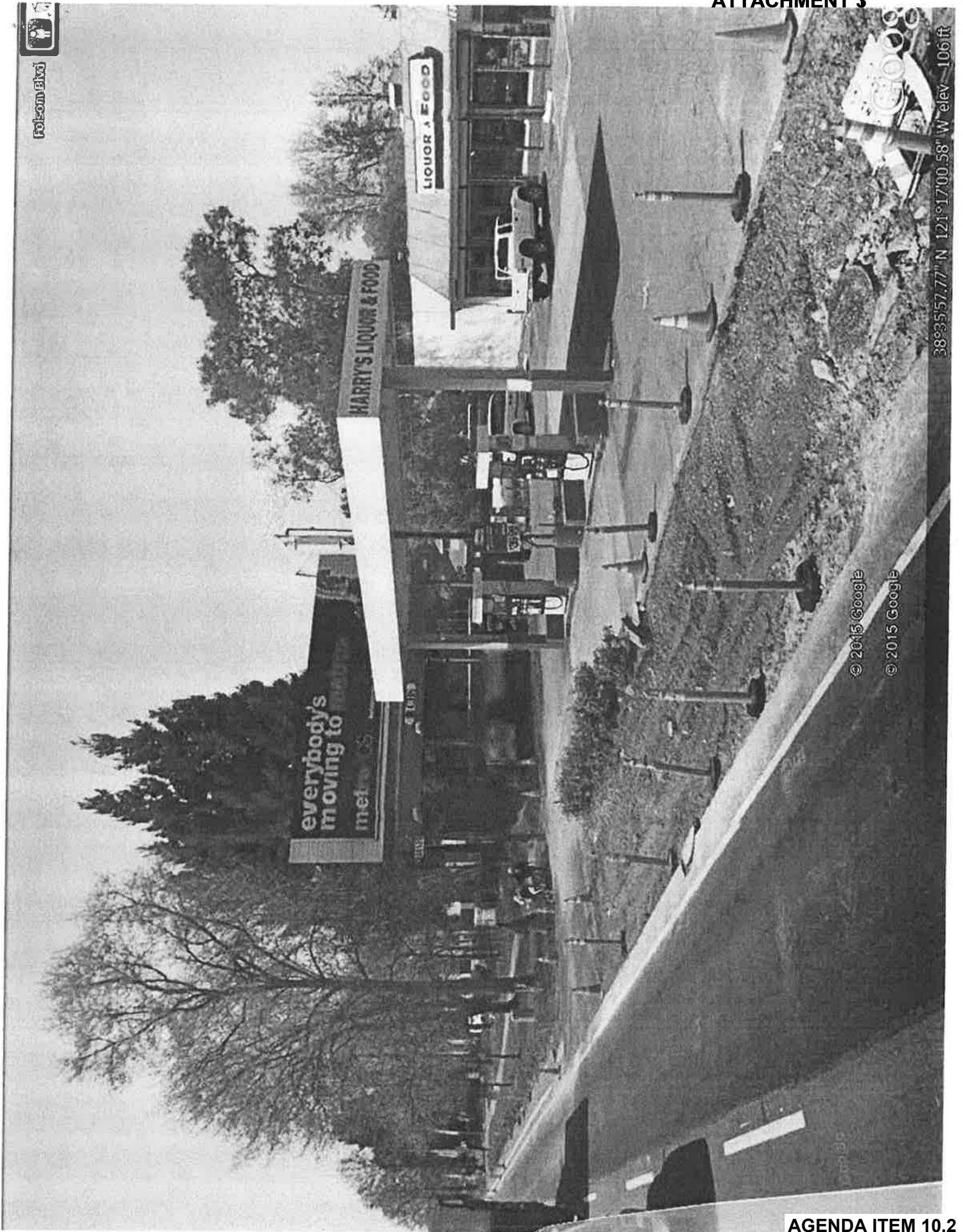
By

Timothy D. Taron

TDT:CER

cc: Mindy Cuppy, City Clerk
Jessica Jordan, Principal Planner
Pat Gardner
Vinton Hawkins
Kevin Johnson

Exhibit A



© 2015 Google

© 2015 Google

38°35'57.77" N 121°17'00.58" W elev. 106 ft



February 9, 2015

Mr. Brian Nakamura
City Manager
City of Rancho Cordova
2729 Prospect Park Drive
Rancho Cordova, CA 95670

Re: Digital Signage Operating Agreement in the City of Rancho Cordova

Dear Mr. Nakamura:

I am writing this letter on behalf of Outfront Media in support of our contemplated operating agreement with the City of Rancho Cordova and to clear up some erroneous information that has been disseminated in connection therewith.

Outfront Media f/k/a CBS Outdoor is a responsible vendor with strong ties to the local community. We currently operate eight sign structures bearing a total of twelve sign faces within the City of Rancho Cordova. A little over 8 months ago, Outfront Media properly submitted its current digital billboard permit application to the City of Rancho Cordova. The City made it clear to Outfront Media that its intent in awarding a digital permit was to reduce the overall number of sign structures within the City of Rancho Cordova. Thus, Outfront Media offered to remove more than a quarter of its existing inventory from within the City of Rancho Cordova in addition to providing a significant revenue stream to the City in exchange for a digital permit. Outfront Media also remains willing to negotiate the removal of additional signage in lieu of the cash compensation portion of our initial offer. Outfront Media has never demanded that it be the only outdoor advertising company to receive a digital permit. However, it appears that it is the only company with sufficient outdoor advertising inventory to remove from within the City of Rancho Cordova to justify such an award.

That being said, Outfront Media is not obtaining an unfair advantage in the marketplace, as has previously been suggested. Rather, we are at a competitive *disadvantage* in the current marketplace. Outfront Media operates merely two 20'x60' digital advertising faces and two 12'x25' digital advertising faces in the greater Sacramento area, each with 8 clicks for a total of 32 clicks. Our competitor, Clear Channel, who is objecting to the award of any digital permits to Outfront Media, operates **eighteen** 14'x48' digital faces in the greater Sacramento area, each with 8 clicks for a total of 144 clicks. Even with the addition of the Rancho Cordova digital sign (which requires removal of a significant portion of our inventory from within the City of Rancho Cordova), Outfront Media would still be operating digital signage that comprises less than 1/3 of the digital inventory operated by Clear Channel in the Sacramento market.

While we can sympathize with Mr. Hansen and his frustration over the lengthy permit application process, Outfront Media diligently and in good faith pursued a permit for the placement of a digital sign on Mr. Hansen's property for over a year, which was complicated by concerns from the City regarding tree removal and issues with Mr. Hansen's then-current tenants. Mr. Hansen notified Outfront Media that he no longer wished to tie up his property with our Lease, which was interfering with his ability to make other uses of his property. At Mr. Hansen's request, Outfront Media agreed to terminate our Lease only to later learn that Mr. Hansen had entered into a similar lease with our competitor, Clear Channel. Outfront Media did not begin pursuing a permit for the placement of a digital sign on the Sierra property until after Mr. Hansen terminated our lease, which can be verified by City records.

While it is unfortunate that a dispute has arisen over a proposed agreement that was properly noticed and subsequently approved by City Council in December, 2014, we remain committed to working with the City to see this through to fruition. Please do not hesitate to contact me with any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Chris Steinbacher".

Chris Steinbacher
VP, Real Estate West Coast

Cc. Jessica Jordan, Principal Planner, City of Rancho Cordova

MEMORANDUM

TO: Rancho Cordova City Council

CC: Adam Lindgren, City Attorney
Paul Junker, Planning Director

FROM: Bluff City, Inc. Homeowners Association, Lake Natoma Heights Neighborhood Association, Rollingwood Unit #6 Homeowners Association, Save the American River Association, The Classics at Gold River

RE: Petition to Reject the August 2014 Mitigated Negative Declarations for Sierra/CBS Outdoor at Naturwood Digital Sign and Clear Channel Outdoor Digital Freeway Sign due to Violation of CEQA Guidelines §15072 – Insufficient Public Notification

DATE: JANUARY 19, 2015

The California Environmental Quality Act (CEQA) (Public Resources Code §21000, et seq.) includes many procedural requirements including those for public notice and review.

The goal of fully informing the public of the effects of development is at the heart of CEQA. Public involvement in the CEQA process aims to ensure that the public has a voice in the decision-making process - specifically, that public concerns about environmental issues and the potential effect of development on the physical environment are addressed prior to project approval.¹

Pursuant to CEQA Guidelines Section 15072, Notice of Intent to Adopt a Negative Declaration or Mitigated Negative Declaration, specific minimum requirements to ensure public notification are outlined, as follows:

(b) The lead agency shall mail a notice of intent to adopt a negative declaration or mitigated negative declaration to the last known name and address of all organizations and individuals who have previously requested such notice in writing and shall also give notice of intent to adopt a negative declaration or mitigated negative declaration by at least one of the following procedures to allow the public the review period provided under Section 15105:

(1) Publication at least one time by the lead agency in a newspaper of general circulation in the area affected by the proposed project. *If more than one area is*

¹ UC CEQA Handbook: Chapter 4.1 - Formal Requirements

affected, the notice shall be published in the newspaper of largest circulation from among the newspapers of general circulation in those areas. (Emphasis added.)

(2) Posting of notice by the lead agency on and off site in the area where the project is to be located.

(3) Direct mailing to the owners and occupants of property contiguous to the project. Owners of such property shall be identified as shown on the latest equalized assessment roll.

The abovementioned Mitigated Negative Declarations (MNDs) were noticed *only* in the Rancho Cordova *Grapevine* and on the City's website.² Sections 15072(b)(2) and (b)(3) were not utilized as a means of notification, thus Section 15072(b)(1) stands as the procedure chosen by the city of Rancho Cordova to allow the public the review period provided under Section 15105.

The undersigned respectfully submit that the City of Rancho Cordova was aware that homeowners on the bluffs would be affected by the construction of a large digital sign(s) located directly within the line of sight of homes on the bluffs. If the City did not know, they should have known. That impression was amplified by a member of the Rancho Cordova Council during the City Council meeting on December 15, 2014 when he stated that the concerns expressed by a speaker that evening were similar to those expressed by homeowners on the bluffs during hearings for the construction of the Mormon Temple. Further, the City of Rancho Cordova was a partner with many of the abovementioned homeowner associations and with SARA in 2011 when a concerted effort was made to oppose the construction of a Joint Operations Center near the fish hatchery just below Nimbus Dam. Several of the most significant concerns were the impacts on traffic safety, scenic views and light pollution. It is therefore logical to suggest that the City of Rancho Cordova should have known that interest in the digital sign proposals would extend beyond the city limits of Rancho Cordova. Traffic safety and congestion are continuing concerns at the Highway 50 & Hazel interchange. Residents of many communities who drive this route frequently understand how challenging these problems are. The addition of a large digital billboard at this already-chaotic interchange will affect thousands of people outside of the City of Rancho Cordova. Further, The MNDs address several critical environmental questions about scenic vistas, light and glare. Specifically, the environmental documents ask if the project(s) will "Have a substantial adverse effect on a scenic vista?" and will the project(s) "Create a new source of substantial light or glare that would adversely affect day or nighttime views in the area?" Citizens outside of Rancho Cordova were not notified to provide comment on the above-referenced MNDs. Yet, the impacts would directly affect them. Adverse impacts on scenic vistas, a new source of substantial light and glare, and traffic safety are substantive and have such standing that residents of Fair Oaks, Gold River, Orangevale and Folsom, at a minimum, should have been noticed.

² Per telephone conversation with member of Rancho Cordova City Planning Department, January 9, 2015.

We submit that the notification procedure for the Mitigated Negative Declarations for the abovementioned projects was insufficient and does not meet the minimum standards required by CEQA. The legislature has spoken on the issue of noncompliance in Public Resources Code, Division 13, Chapter 1, Section 21005(a): "The Legislature finds and declares that it is the policy of the state that noncompliance with the information disclosure provisions of this division which precludes relevant information from being presented to the public agency, or noncompliance with substantive requirements of this division, may constitute a prejudicial abuse of discretion within the meaning of Sections 21168 and 21168.5, regardless of whether a different outcome would have resulted if the public agency had complied with those provisions."

Thank you for your consideration of our concerns. We appreciate the city's recent efforts to reduce signage along Folsom Boulevard and laud the direction it has taken to improve its commercial development, such as the Zinfandel and White Rock Road area. It is with this kind of foresight that we urge this City Council to consider its legacy and begin creating a truly scenic section of Highway 50 along the Sunrise Boulevard to Hazel Avenue corridor—in part by keeping it billboard free.

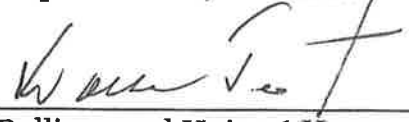
Respectfully Submitted,



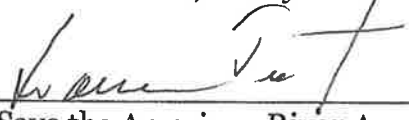
Bluff City, Inc. Homeowners Association
James Kangas, President



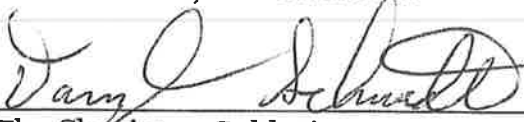
Lake Natoma Heights Neighborhood Association
Stephen Green, Immediate Past President



Rollingwood Unit #6 Homeowners Association
Warren Truitt, Safety Coordinator



Save the American River Association
Warren Truitt, Vice President



The Classics at Gold River
Darryl Schmidt, Volunteer Coordinator, Neighborhood Safety

Digital freeway sign conditional use permit**01-06-2015**

Dear Mayor McGarvey, Vice Mayor Sander, City Council Members Budge, Terry, Skoglund, City Attorney Lingren, and City Manager Nakamura.

I would like to thank all of you for your service, dedication and loyalty to the city of Rancho Cordova. It was an honor to witness the recent swearing in ceremony of Mayor McGarvey, and Vice Mayor Sander. I can appreciate and fully understand what it takes to serve the public. I have been a Police Officer for over 15 years. I understand that you have to first and foremost be unbiased, possess qualities such as integrity, empathy, morals, values, honesty, and most importantly to do the right thing. I began a career in Law enforcement to help people, to give back to the community. I learned most of these values right here in Rancho Cordova. In the late 1970's my grandfather and Grandmother purchased the property located at 12137 Folsom Blvd. There were huge mountains of dredger tailings, rock, sand and gravel on the property. My father just got out of the military after serving eight years in the US Air Force during the Viet Nam War. His degree at American River College was in Business Management. My father and mother partnered with his parents and Started Nimbus Landscaping Materials. They imported decorative bulk landscaping and building supplies from all over the area. We and Rudy's Hideaway were the first business in the area, even before Naturewood. With a lot of hard, back breaking work we became a destination location for surrounding residents, businesses and municipalities to acquire bulk landscaping and building materials to construct their projects. I started helping my family at a young age with the business. I began bagging coal to heat resident's homes in the early 1980's, bagging sand to help with winter flooding. I was 12 years old. My father and grandfather taught me strong work ethics, and values. My grandfather would always tell me at a young age, treat people with respect, do unto to others as you would have them do unto you, don't be lazy, put in an honest day's work and help people. The list goes on. I learned so much at a young age from my grandfather and father. Fast forward, working full time at Nimbus, and going to college part time I earned a BS in Criminal Justice from CSUS. I then went on to enter my career in Law Enforcement, to achieve my dream, to help people in need, to protect and serve, to give back to the community. The reason I give you this small Bio of myself and family is because I want you to understand that we are real, honest, hardworking, genuine people who have owned and operated three businesses in the Rancho Cordova area for a very long time. We have provided numerous jobs for residents in the Rancho Cordova area over the years. We have contributed thousands of dollars in tax revenue in the City of Rancho Cordova. We have partnered with the city and residents in Rancho Cordova for over 30 years helping to beautify the community. My brother, Mark with Nimbus Pond Inc. built the water feature at Hagen Community Center on Chase Dr. Most recently Nimbus stayed open late and partnered with City employees to provide sand bags to the public during the recent storm. We have been doing things such as this for over 30 years.

My family and I feel that we were completely taken advantage of by CBS. As you know CBS entered in contract with us almost two years ago (1-24-2013) to place a sign on our property. They kept us in contract for almost a year and a half (5-28-2014), meeting with us, phone conversations, Emails, stating that the project was on its way. They continued to say they were just waiting on the City of Rancho Cordova to finalize a few things before they broke ground with construction. They, Kevin Johnson (CBS) kept promising us, next month, next month, the revenue will be coming in. This was obviously during the time of the recession, decline in the housing and building market. Our businesses took a huge hit as they were all tied to the building and construction industry. Building almost came to a stop. We, like many others took a huge financial hit with the economy. My parents actually lost their house and home equity of 40 years trying to stay afloat. They were barely able to retain the property, 12137 Folsom Blvd. We had no idea CBS was working with Naturewood behind our backs. We asked CBS if there was anything we could do, perhaps talk to the City, and write a letter. They told us no, that they had it handled, not to make contact with the City. My father still wrote the City a letter, and on his own met with Planner Jessica Jordan. It finally became apparent when CBS stopped staying in touch as often as they use to. When we tried to make contact with CBS's representative Kevin Johnson, he was always out of town, on vacation, numerous excuses, all while telling us things were still in motion, it would be soon, It became evident this was far from the truth. We knew something just wasn't right. We put our trust in Kevin Johnson and CBS. After spending thousands of dollars for legal advice, reviewing, establishing lease agreements, addendums and hundreds of hours of personal time, we finally realized CBS was leading us on. They had no plans on breaking ground or starting the project. We emailed them and requested a letter, allowing us to opt out of their contract, which was binding us from virtually doing anything with our property, tying it up for over 17 months. We were completely taken advantage of, and mislead by CBS and Kevin Johnson. They continually lied to us and led us on; keeping us from doing business with another company, all the while they were secretly working on a deal next door with Naturewood. This business practice was completely unethical and wrong in every way. Makes me sick to my stomach when I think of what they put my elderly parents through in times such as this. I ask myself, why in the world would the City of Rancho Cordova want to do business, potentially enter a 25 year Partnership with a company like this?

Finally after 16 months 05-28-2014, we received a contract release letter from CBS Outdoor. We talked to Clear Channel about a digital sign and entered into contract with them (6-27-2014). We were advised that Clear Channel was trying to put a sign up at the Naturewood property a couple years prior but Rancho Cordova City Counsel told them that they would not approve a sign at that location, that Clear Channel had to find a more industrial location. Well, our property is 2 acres, rectangular, approx. 400' of Freeway frontage and 200' wide and zoned light industrial. It is a clear open slate for a project such as this.

Realistically the sign could go anywhere on our property and it would not affect business, the building, or Folsom Blvd. It would not obscure anything. The sign would not stretch from Folsom Blvd. to Hwy 50 like it would on Naturewood's triangular shaped property.

Between 8-13-2013 and 2-21-2014, as per Google Earth pictures, Naturewood or someone removed two old growth, 100 year plus, Black Walnut trees at the western tip of their property, plus numerous trees in their western parking lot planter barriers near where they would like to put the sign. Did they have City approval; was it CBS that advised them to do this? Drive by; look at the area on the west end of their property, clearly exposed stumps and empty planters. Did Michael Wagner bring this up, No, he remained completely professional. Our Coastal Redwoods are not indigenous to the area as the Walnut trees were; they thrive in the coastal regions, consuming hundreds of gallons of water each day. Both of my grandfathers and grandmother are World War two Veterans. My father is a Vietnam era Veteran serving 8 years in the Air Force. I put the uniform on every day, sacrificing my safety for the good of the public. For over 25 years we raised and lowered an American flag every day adjacent to highway 50 on our property; allowing it to soar above the freeway, paying respect to Americans and America. We are a very proud, patriotic family. Two of the Redwoods have overgrown and blocked the flag pole. It would be a blessing to re-plant more indigenous trees and let the American flag soar again, bringing back my late grandfathers tradition. There are over 1000 Redwoods from Bradshaw to Hazel along the freeway corridor, many trimmed high from the ground, such as the Redwoods around 2729 Prospect Drive (City Hall). There are no redwood trees along the City of Folsom and El Dorado Hills Highway 50 corridor east of Hazel Ave. as they are not indigenous to the area. To five or all of the Redwood trees on our property would be less than 1/2 of 1% of the Redwoods along the Highway 50 corridor through Rancho Cordova. This would clearly having a minimal impact on the Coastal Redwood population in Rancho Cordova. Neither Clear Channel nor do we want to eradicate the landscaping or trees on our property. It is the complete opposite. We want to beautify the 400' of freeway frontage, encompassing the City of Rancho Cordova's vision. This is an opportunity to plant indigenous trees, shrubs, and plants, beautifying this highly traveled corridor. It is our goal, that if any trees are removed, to replace them two fold with indigenous trees, plants and shrubs. Clear Channel will pay for whatever landscape design and installation the City wants. I believe this area is in great need of updating and beautifying. A few hundred thousand vehicles drive by this location daily.

Something else that struck me odd with CBS is that they hired an attorney to represent them. An attorney that stated negative things about the Hansen family, negative things about our location, negative things about Clear Channel and the rumor the of threatening legal actions against the City of Rancho Cordova. Why is this? Kevin Johnson surely didn't represent and present their proposition, because he is as unethical as they come. Clear Channel had humble, respectful,

Michael Wagner, a sales representative, that spoke nothing but positively about the City of Rancho Cordova and Clear Channels proposal. He didn't speak negatively about the Key's family, Naturewood, or CBS for that matter. Clear Channel has proven themselves throughout their prior and current relationship with the City of Rancho Cordova. They voluntarily removed profitable signs in effort to assist the City in beautifying the City. They donated benches, bus stops, City advertising. They didn't place an unrealistic value on any advertising they were offering the City. It was a gift, for the betterment of the community. As Michael Wagner stated, Clear Channel is all in, they would provide the City whatever they needed, whatever was fair, whatever it takes to continue the mutual, positive Partnership. If the City needs advertisement space, a designated click, for an emergency, a city function, or event, it wouldn't be a problem; Clear Channel would accommodate the City. An unrealistic value wouldn't be placed on the donated advertisement space. Clear Channel is a true proven Partner to the City of Rancho Cordova. They would proudly continue to remove signs along Highway 50 in the city of Rancho Cordova if they had them.

It is so ironic that CBS was claiming Monopoly, speaking of fair competition. It is they who are a Monopoly. They have 6 double sided signs from Sunrise to Hazel along the south side of highway 50, far exceeding Clear Channel's 2 1/2. Did CBS offer to remove one, or all of their signs along Highway 50? No, they offered to remove one sign and another sign not even in the city limits. If you take a drive, CBS\Outdoor owns 95%, or more, of the signs in the city of Folsom, El Dorado Hills along Highway 50, all the way to South Lake Tahoe along Highway 50. They own 99% of all signs along Highway 50 to Interstate 80 towards San Francisco. All you see is there newly attached large "OUTFRONT" placards pasted on the signs. It is completely ridiculous that this attorney would even bring this up; it is they who are monopolizing on the region. Again, what a terribly unethical tactic. Clear Channel also has a sign in the County of Sacramento, North of highway 50 that they could remove if that is what the City is allowing, and asking for? Is it policy that a company can remove signs outside of City jurisdiction and still be counted as inside?

I also did some research on CBS/OUTFRONT. They are now the world's largest outdoor media company in the world, having signs throughout the US, Canada, Mexico, South America and Europe. CBS Outdoor or OUTFRONT is a sister company to CBS corporation, a multi-billion dollar organization, far from the minority anywhere in the world. "OUTFRONT Media Inc. (NYSE: OUT) is the US leader in out-of-home advertising. From Sunset Boulevard to Times Square, our diverse portfolio includes more than 400,000 digital and static displays in the most iconic and high-traffic locations in the top 25 markets across the U.S." CBS owns or acquired the following Outdoor Media companies, 3M National, Whiteco, Gannett Outdoor, Outdoor Systems, Infinity Outdoor, Viacom Outdoor, and CBS Outdoor. CBS Outdoor, now "OUTFRONT" recently purchased Van Wagner Communications for \$690 million. I noticed Wells Fargo has partnered with

CBS/OUTFRONT and is their committed fiancée and support for the acquisition. OUTFRONT MEDIA shares began trading on the New York Stock Exchange on March 28, 2014; the CEO of CBS Corporation was present. Wells Fargo Bank will also serve as the company's election and disbursing agent. CBS/OUTFRONT has partnered with Wells Fargo. I truly hope there is no conflict of interest.

CBS Outdoor changed their name to OUTFRONT because of their new vision. It seems they are trying to take over the industry and get OUTFRONT of their competition. Which again, with this in mind I can't believe their attorney has the audacity to claim Clear Channel was forming a monopoly, they are clearly trying to take over using unethical tactics and politics. The ploys and strategies of CBS are clearly under the belt and I hope they don't go unnoticed. CBS clearly has more signs along the highway 50 corridor in Rancho Cordova, the entire region for that matter.

In regards to the comment about the Hazel off ramp sign having anything to do with the placement of a sign, I believe the argument is inaccurate and made up. Being an expert in traffic, and thinking logically, if the billboard was before the Hazel off ramp sign it would tend to pull people's attention to the billboard, causing them to not focus on the off ramp sign, possibly missing the exit, or causing them to make a last second lane change to not miss the exit. This could quite possibly be more dangerous. However if the Hazel off ramp sign was before the billboard this would not occur, people would see the off ramp sign prior to the billboard, and make their appropriate lane change. There are actually two exit signs. With both locations being so close to one another, I don't even think this an arguable issue. There are Cal Trans directional signs in the middle of the freeway, on both sides of the freeway, ground mounted, pole mounted, L shape mounts above traffic, attached to center medians, billboards within 1000' from one another. I truly don't think there is any proof that any of the signs are the cause of accidents. I have not been able to find any research supporting that theory. There are also two Cal Trans exit signs just prior to Naturewood. The Hazel off ramp sign that was spoken of is right in the middle of Naturewood's building. If you are traveling W/B Highway 50 just prior to the Folsom Blvd. exit, there is a Folsom exit off ramp sign, then a large OUTFRONT sign as you exit. They are in very close proximity.

If the city is now going to allow CBS to place a sign on Naturewood's property when Clear Channel was told the City will not approve a sign at that location, that equates to millions of dollars of lost revenue by Clear Channel based on the City's decision. It also doesn't go well with the dedication, loyalty, respect, and commitment Clear Channel has given the city of Rancho Cordova over the past years. Clear Channel took the City's advice and found what they asked for, an industrial piece of property. We have worked with both companies and for obvious reasons I mentioned above we believe that Clear Channel is a far better choice to continue partnering with. What CBS did to us was just not right. What

CBS did to the City of Rancho Cordova was not right, bad business and politics.

The City stated it wasn't about the money, the "Chump Change." However I disagree. The 2.2 Million dollars Clear Channel offered equates to a lot of jobs within the city. This is far more than CBS offered. Clear Channel also wanted to donate money towards the Folsom Blvd. revitalization project. Did CBS, do they care about Rancho Cordova and the community, the vision? Clear Channel offered to pay for Landscaping and modernizing over 400' of Freeway frontage that thousands of people see every day. Did CBS offer to do any landscaping or beautifications of the Folsom Blvd. or Highway 50 corridor, the trees that were illegally removed at Naturewood? If the City mainly wants signs removed and it's not about the money or anything else, I think they should allow Clear Channel the opportunity to remove signs in the County, on the other side of the Freeway and assist with beautifying the Rancho Cordova corridor's. The Naturewood location shouldn't even be on the table, it was already decided against years ago. Also even in light of all the unethical treatment we received from CBS, tying our hands, We and Clear Channel were still able to get our completed application into the City first. I think the City should go with who they know, what they know, proven past practice, go with who they trust, who has been loyal to the City, and go with the ones who share the same vision as Rancho Cordova. Don't go with some unethical, giant company that just care about getting their large OUTFRONT placards all over the place at any means possible without due regard for others.

We ask one thing, that you go to your hearts, that you do the right thing, and that you don't let this company bully you into a decision by fear of legal action. We ask that you continue to work with Clear Channel and the Hansen family, we truly believe in the same vision, "to update, and beautify the City, something we have been greatly involved with for the past 30 plus years.

Respectfully,
Steven Hansen



1/19/2015

RE: Project# DD8490

12125 FOLSOM BLVD RANCHO CORDOVA

SIGN PROJECT

Dear; Mayor, City Council, City Manager, and City Attorney & Public;

There are several issues that have risen since the onset of this project. We believe the city and the public have been misled regarding City of Rancho Cordova resolution No. 4-2015 section 2 B. b. Evidence; which states "no vegetation shall be removed from the property to accommodate the sign." We have compiled this small 2 page visual to illustrate the complete removal of mature trees. As you can see there are several trees that mysteriously have been removed according to Google Earth around the time of the impending Naturewood sign application.

The Illustrations below are actual pictures taken from Google Earth of the NATUREWOOD LOT located at 12125 Folsom Blvd Rancho Cordova, CA 95670.

TREE AND VEGETATION PICTURES

The following illustrations we will identify a photo progression of no less than 9 large mature trees were removed from the west end of the Naturewood parking lot. These trees were eradicated which violates the City of Rancho Cordova resolution No. 4-2015 section 2 B. b. Evidence.



HWY 50 & FOLWSOM BLVD OVERVIEW INTO NATUREWOOD PARKING LOT WEST END MAY 31, 2007



HWY 50 & FOLWSOM BLVD OVERVIEW INTO NATUREWOOD PARKING LOT WEST END APRIL 18, 2014

Digital freeway sign conditional use permit DD8480**02-06-2015****Rancho Cordova City Council and Attorney**

We request that you **reverse** the denial for the Clear Channel Digital Billboard Application No. DD8480 and **reverse** the approval of CBS\Outfronts Application No. DD8490.

- As you all know, recently Clear Channel was proposing Naturewoods parking lot as a location for a digital billboard when few of your City Council Members told Clear Channel to find a different location because the Council would not approve this location. Council Member Budge even stated they were against this location during the first City Council meeting. Why is Council considering Naturewoods location for CBS\Outfront? What changed between the first Council meeting and now? Did CBS threaten legal action?
- CBS\Outfront offered to remove only one sign in Rancho's city limits and another possibly outside the city boundaries. Pryor to the meeting, when and where was it stated that either company could take down square footage outside the city limits? CBS\Outfront hired an attorney and spokesman to present their case and accused Clear Channel of advertising monopoly. They are the monopoly with signs in the area.
- Council Member Mr. Terry mentioned the Hazel off ramp sign was a negative issue against the Clear Channel location, what evidence supports this? There is no documentation supporting that digital billboards cause accidents. There are no California vehicle codes stating such.
- It is the goal of Clear Channel to beautify and landscape the 400' of freeway frontage, working toward the Cities vision to beautify the corridor.

- **CONCURRENT MEETING
CITY COUNCIL/SUCCESSOR AGENCY TO THE CRA/RCFC**

Tuesday, January 20, 2015

5:30 PM – Regular Meeting

Recommendation: Adopt Resolution No. 4-2015, Proposal DD8490

Result of Recommended Action: Adoption of Resolution No. 4-2015 would allow for the construction of a new digital Freeway Sign located at 12125 Folsom Boulevard. The sign would be located within an existing landscape planter in the existing Naturewood Home Furnishings parking lot. No vegetation would be removed to accommodate the new sign. Two existing traditional billboards located at 11373 Folsom Boulevard and near 9847 Folsom Boulevard would be removed as part of the project. Additionally, the Applicant will enter into an Operating Agreement with the City, requiring additional community benefits of the project.

Note:

1. At the West end of Naturewoods property, the parking lot and CBS's proposed sign location; numerous trees were removed in preparation of a digital sign installation. Two, approximately 50 foot tall, 125 plus year old black Walnut Trees were cut to the ground. Stumps are still there as evidence. Numerous other large trees were **recently** removed in the parking lot adjacent to the parking spaces in the proposed sign location. See previously submitted Google Earth photos. Planning can research the approximate removal times. Did CBS or Naturewood get approval from the City Council for eradication? The above Adopt Resolution No.4-2015 clearly states, (No vegetation would be removed to accommodate the new sign). No problem now. CBS\Outfront offered to remove only one sign in Rancho's city limits and another just outside the city boundaries. Pryor to the meeting, when and where was it stated that either company could take down signs outside the city limits? Did CBS offer to landscape or beautify either a Folsom Blvd. streetscape or footage along the H-50 corridor? I recommend that, for the above reasons, the City Council's recommendation to adopt Resolution No. 4-2015, Proposal DD8490 be **reversed** and changed to **deny** Resolution No 4-2015, Proposal DD8490.

CITY COUNCIL/SUCCESSOR AGENCY TO THE CRA/RCFC

Tuesday, January 20, 2015

5:30 PM – Regular Meeting

A. Evidence for denial of sign Proposal DD8480: The subject property is located adjacent to the Hazel Avenue off-ramp on State Route 50, between two freeway directional signs. A digital freeway sign in this location may potentially cause a distraction or safety hazard to drivers making lane choices in close proximity to the freeway exit. Additionally, landscape modifications to the existing stand of redwood trees along the northern property boundary would be required to accommodate the visibility needs of the proposed sign. Both of these circumstances of the proposed project are undesirable because they oversaturate the particular area with signs and would substantially modify and/or eliminate the area's natural landscaping. The project would also remove a one-sided traditional billboard within the State Route 50 corridor and install a double-sided digital freeway sign, resulting in a net increase of sign faces in this area. As such, the subject property and overall project proposal is not appropriate or desirable and the finding cannot be demonstrated in the affirmative.

Please reconsider the above denial of Proposal DD8480.

1. Council Member Mr. Terry mentioned the Hazel off ramp sign was a negative issue against our location. What evidence supports this? Both sign proposals are in such close proximity they would have the same effect. There is no legal documentation supporting that signs cause a distraction or safety hazard to drivers making lane choices in close proximity to the freeway exit. The articles below state the opposite. This should not be an issue.
 2. The issue of oversaturating the area with signs. There's only one other sign in the area and it's the one Clear Channel is proposing to remove. Signs are not considered single sided or double sided, they are just signs. It's inevitable that these signs are going to come up in the surrounding areas. They are going to have the same visual effect on Rancho Cordova whether they are across the freeway on the Gold River side in Sacramento County, or a short distance down the freeway in Folsom. What happens when Sac. County allows a digital just across the freeway? Rancho Cordova will lose out on income revenue, landscape beautification and advertising possibilities.
 3. The issue of modifying and/or eliminate the area's natural landscaping. The trees in question are Coastal Redwoods and are not indigenous or natural to this area. There are thousands in Rancho Cordova and along Highway 50. Indigenous plants and trees of the City Councils recommendation would beautify the property's freeway frontage.
 4. The issue of sign removal. Clear Channel has already removed almost all of their signs in Rancho Cordova area and would remove the two stated for this proposal. Rancho Cordova would be compensated for signs three and four not being removed. Clear Channel would enter into an Operating Agreement with the City, requiring additional community and monetary benefits. If CBS\Outfronts digital were to be approved it would just **add** another sign along the Highway 50 corridor.
- Clear Channels sign application was submitted first, does this hold any merit?
 - Shouldn't the City benefit from a sign so close? The addition of revenue to the general fund, added city advertisement, added landscaping and the beautification of the Folsom Blvd. and Highway 50 corridors.
 - Council Members, Clear Channel has been a dedicated longtime community partner for years. What has CBS\Outfront done for the city except allegedly threaten legal action and demand an even larger piece of the advertising market? We believe the Clear Channel proposal meets all of the City Councils criteria of being more industrial, less visible and with more signage removed within Rancho Cordova City limits.
 - In closing, I would like to request that Clear Channels Application No. DD8480 **not be denied**. It seems that a lot of facts still need to be discussed. I request a motion to **reverse** the motion for denial of Application No. DD8480 due to lack of Just Cause.

Sincerely,

John Hansen
Property owner
12137 Folsom Blvd, Rancho Cordova, Ca.

<http://www.calsign.org/2014/07/federal-highway-administration-confirms-emc-digital-sign-safety/>

Federal Highway Study Confirms Digital Billboard Safety

The U.S. Department of Transportation Federal Highway Administration has released a landmark study declaring that digital billboards do not pose a safety risk to passing motorists. Within the sign industry, the results of this study come as no surprise. Numerous traffic studies and analyses performed in the last couple of decades have reached similar conclusions.

Certainly, real-world experience from around the country reveals that digital billboard displays simply do not cause accidents, to wit:

“[IN] MY CONVERSATIONS WITH THE DEPUTY CHIEF IN CHARGE OF OUR TRAFFIC UNITS, CERTAINLY OVER THE LAST FIVE YEARS THAT WE’VE DONE RESEARCH, WE HAVE FOUND NO INSTANCES OF TRAFFIC COLLISIONS BEING CAUSED AS A RESULT OF INATTENTIVENESS FOR BILLBOARDS. THE ELECTRONIC BILLBOARDS HAVE GONE UP ON CITY STREETS, EIGHT OF THEM, AND SINCE THEY’VE BEEN UP OVER THE LAST SEVERAL MONTHS, WE HAVE HAD NO INSTANCES THAT THEY HAVE CONTRIBUTED TO ANY DRIVER INATTENTION THAT HAS RESULTED IN A COLLISION. SO I DON’T BELIEVE THAT THAT’S AN ISSUE.” – RICHARD WILES, CHIEF OF POLICE, EL PASO, TX, TESTIMONY BEFORE THE TEXAS TRANSPORTATION COMMISSION, 12/6/07.

This new peer-reviewed FHWA study should help put to rest concerns that digital billboards, and other outdoor digital signs, pose a hazard to passing motorists. The study will also help pave the way for communities to bring this powerful outdoor advertising medium to their communities, benefiting not just local operators and advertisers but the entire local economy as well. The report, actually divided into two studies, is officially titled "Driver Visual Behavior In The Presence of Commercial Electronic Variable Message Signs." For the purposes of the studies, the FHWA refers to digital billboards as Commercial Electronic Variable Message Signs. The studies sought to address three specific questions:

1. Do CEVMS attract drivers' attention away from the forward roadway and other driving-relevant stimuli?
2. Do glances to CEVMS occur that would suggest a decrease in safety?
3. Do drivers look at CEVMS more than at standard billboards?

To conduct the study, the FHWA tracked participant's eye movements with an eye-tracking camera device mounted in the vehicle. This device was able to track the driver's eyeball movement and determine if the driver was looking ahead at the roadway or off to the side of the roadway at a static billboard or CEVMS.

Drivers in Richmond, Va., and Reading, Pa., participated in the study, and the research concluded that drivers do indeed look at digital billboards longer than they do at static billboards. Glance duration toward digital billboards averaged 0.379 seconds, while glances at static billboards were at 0.335 seconds at both test sites. Both of these measurements fall far below the two-second benchmark, which would constitute a hazard, according to the National Highway Traffic Safety Administration.

The results showed that drivers did look at CEVMS a greater percentage of time than at standard billboards; however, the time spent looking at off-premise advertising was less than 5 percent when the signs were visible to the participants across the two experiments. Long glances at off-premises advertising were not evident. The longest glance at a CEVMS was less than 1.3 seconds and glances greater than 1 second were rare events. The percentage of time that drivers dedicated to the road ahead was not significantly affected by the presence of CEVMS or standard billboards. Rather, the overall clutter and complexity of the visual scene appeared to be the principal driver of glance time away from the road ahead. This was the case regardless of the presence or absence of off-premise advertising. The results suggest that overall visual complexity of the highway environment needs to be taken into account when considering driver glance behavior.

In conclusion, the study states, "The results did not provide evidence indicating that CEVMS, as deployed and tested in the two selected cities, were associated with unacceptably long glances away from the road. When dwell times longer than the currently accepted threshold of 2,000 ms

[milliseconds] occurred, the road ahead was still in the driver's field of view. This was the case for both CEVMS and standard billboards."

Photo credit: "Digital billboard" by Dwight Burdette - Own work. Licensed under Creative Commons

Article in "THE HILL"

Behind the signs of the times

By Jonathan Easley - 11/19/13 06:00 AM EST

Nancy Fletcher arrived in Washington in 1990 to work for the Outdoor Advertising Association of America, the country's largest billboard trade group, at the most critical juncture for the industry in decades.

At the time, Congress was considering a highway bill that would effectively ban billboards nationwide. The measure had 10 Senate co-sponsors, more than two-dozen House co-sponsors and was riding a wave of support from advocates pushing to eliminate "visual pollution" along the nation's highways.

Fletcher, a Minnesota native with a law degree who happened into the outdoor advertising industry in 1978, led the fight against the measure but couldn't have done it without a little help from two freshman senators who formed an unlikely alliance.

Sens. Harry Reid (D-Nev.) and Trent Lott (R-Miss.) joined forces to have the measure struck from the final bill in 1991.

That victory has allowed Fletcher to focus her pursuant 20-plus years as the president and CEO of the OAAA on less existential matters, like shepherding the industry into the digital age.

"It's amazing," she told The Hill in a recent interview. "These last 21 years, we have a whole generation now who sees it in a different way. They never saw the tobacco ads, never saw the fights in '70s or '80s. They actually think [billboards are] trendy."

In 1990, the idea of a shape-shifting digital advertisement seemed like something out of a hardly imaginable futuristic metropolis. In 2013, the medium is quickly becoming the standard.

The OAAA is presently focused on converting static billboards to digital ones that change every eight seconds.

There are currently about 4,400 nationwide.

"These are not just billboards," Fletcher explains. "Now they're on buses, the Metro, airports, Times Square – the medium is 'out of home' really. It's not just something that's outdoors that defines a billboard."

Of course, if it was just the cigarette ads Fletcher mentioned, it's unlikely the medium would have seen its trend quotient spike.

The outdoor advertising industry has blossomed into a multi-billion dollar revenue generator. When Fletcher entered the industry in the late 1970s, the industry generated \$700 million in revenue. That ran up to \$2.6 billion by the time she became president of the OAAA in the early 1990s. Today, the industry generates \$6.7 billion.

Fletcher pointed out that part of billboards' appeal has come from her commitment to using them for the betterment of society.

"We provide millions of free advertising for public services, and we've been doing it since war bonds were for sale in the early 1900s," she said.

The most high profile example of this came on 9/11, when more than 1,000 OAAA members had gathered at the Marriot Marquis ballroom in Times Square for the group's annual convention, when terrorists struck the World Trade Center a few miles south.

In addition to vacating the hall to make way for a makeshift residency for those affected by the lethal attacks, many members donated blood, and the group had its "United We Stand" campaign erected on billboards within hours.

The OAAA now has partnerships with the FBI, the Federal Emergency Management Agency, and the Department of Justice's Amber Alert system, which has been triggered more than 850 times since 2008.

These broadcasts override paid advertisements on digital billboards in an emergency, as they did during the Boston Marathon bombing, when they warned citizens what high-risk neighborhoods to avoid during the manhunt.

Fletcher says the FBI has caught 51 fugitives because their faces were plastered on billboards across the country.

One of these, a rapist who had been on the run for years, was finally brought to justice after his picture went up on 150 billboards along the East Coast.

"One fugitive turned himself in because his mother didn't want to see him on the sign anymore," Fletcher said.

"The immediacy of the digital basis is really changing the industry."

It's almost comical, she said, to think back on the changes the industry has undergone since the OAAA formed in 1891.

"Think about what a billboard is – it's a bill of advertisement placed on a wooden board," Fletcher said. "It started with circus posters; then went up on the early stage coaches, then the railroads; then in the early 1900s, the auto industry caused a need to standardize, to have rules and regulations on where they can go."

The regulations at first came at the local level, but the feds finally got involved in 1958. By 1965, President Lyndon B. Johnson had signed into law the Highway Beautification Act, championed by his wife Lady Bird Johnson, which mandated that ads could only go in spots where business takes place, not in residential, scenic or agricultural areas.

In 2013, only four states – Maine, Alaska, Hawaii and Vermont – have outlawed billboards, but those states have digital ads up in bus shelters and in other formats. Many municipalities, most notably Chicago under the direction of Mayor Rahm Emanuel, are forming partnerships with the industry to convert old billboards to digital through revenue-sharing deals.

While Fletcher is quick to talk about the progress her industry has made, there's one area of progress she sought to downplay.

After arriving in Washington in 1990 to join the OAAA, she became president and CEO in 1992. That makes her one of the earliest women to lead a Washington trade group.

Fletcher says there was nothing special about her career arc, arguing instead that it was more a product of having the right experience and being at the right place at the right time.

"If you follow my career, it wouldn't be dissimilar to what happened on the Hill, in Congress or academia," she said.

"The numbers certainly haven't changed enough to the point where I'd like to see them today, but my industry has followed a lot of those same trends."

Fletcher points to Clear Channel President and COO Suzanne Grimes as evidence women are gaining traction in Washington trade group management. Clear Channel is one of the big three companies, along with Lamar and CBS, on the OAAA board.

Still, being one of the earliest women to head a Washington trade group will lead to another impressive accomplishment. Fletcher just signed an extension with the OAAA through 2017.

At that point, she'll have led the group for 25 years, making her one of the longest serving female heads of a Washington trade association.

MEMORANDUM

TO: Rancho Cordova City Council

CC: Brian Nakamura, City Manager; Adam Lindgren, City Attorney; Aaron Busch, Community Development Director

FROM: Residents of Rancho Cordova, Bluff City, Inc. Homeowners Association, Lake Natoma Heights Neighborhood Association, Rollingwood Unit #6 Homeowners Association, Save the American River Association and other good neighbors

RE: Why the City of Rancho Cordova Should Not Approve Digital Billboards at This Time – A Proposal for Planning

DATE: FEBRUARY 6, 2015

The City of Rancho Cordova is a young and vibrant city. It is a city which deservedly has a reputation for caring about its image, following its vision, doing the right thing and making thoughtful decisions, based upon best practices and which serve the public's best interest. Wise and prudent long-term decisions will continue to guide Rancho Cordova into the future as a progressive family-friendly, safe, beautiful, eco-friendly and financially sustainable city.

As city residents and good neighbors of Rancho Cordova, we have volunteered our time and finances to research issues of public interest as they relate to digital billboards. Based upon our research and the discovery of new information, we urge the council to pause and take the requisite time to conduct a more comprehensive and educated look at all of the issues related to digital billboards: safety, changing technologies, uncertain legal outcomes and long-term financial impacts. Attached is our Proposal for Planning for your review.

Also, on January 30th, we asked Jerry Wachtel, an established expert in the field of traffic and highway safety for more than 40 years, if he would have time to provide us with an overview of significant issues relating to digital billboards. We further sought his opinion on the proposals before the Council. Mr. Wachtel's letter to us and his Curriculum Vitae are attached.

Thank you for the opportunity to present this information to you for your consideration.

11137 Nile River Court - Rancho Cordova, CA 95760

**Why the City of Rancho Cordova Should Not Approve Digital Billboards
A Proposal for Planning
February 6, 2015**

Background

Before September 2007, the Federal Highway Administration (FHWA) rules barred intermittently changing commercial billboards. In 2007, FHWA reversed the ban. This decision opened the door for a proliferation of digital billboards. In 2008 there were an estimated 800 digital billboards in the United States; by 2012 that number increased to about 3600.

The result is a nationwide concern that our country's thoroughfares are becoming steadily less attractive and more dangerous. A number of studies worldwide show that digital billboards, *designed* to be distracting, are actually causing more traffic accidents. Because of these concerns, a number of U.S. cities have banned digital signs. In turn, billboard companies have sued, claiming they have a right to put up digital signs. Another group is suing the FHWA for improperly changing their policy in 2007.

The current environment is one of uncertainty and lack of clarity.

New Information Exists Not Referenced In Proposals

The City's documents for the two new digital billboard proposals in the Highway 50 corridor approaching the Hazel Avenue off-ramp reference a single traffic study, a 2009 Federal Highway Administration study (FHWA). Of interest, the Minimum Negative Declarations for both proposed projects, dated August 2014, are virtually identical to the Minimum Negative Declaration, dated December 2012, for a digital billboard approved by the City near Highway 50 and Sunrise. Almost 18 months separate those documents, yet they continue to reference only the 2009 FHWA report.

Since the 2009 FHWA report, important new information, in the form of studies, reports and newspaper articles, has been published. The following examples are a sample of what we have learned:

- 1) A Peer-Reviewed Critique of the Federal Highway Administration Report Titled: "Driver Visual Behavior in the Presence of Commercial Electronic Variable Message Signs (CEVMS),"¹ The Veridian Group, Wachtel, 2015. This critique is a comprehensive review of an FHWA study, which was published in December 2013.² This critique was independently reviewed by 14 international

¹ <https://www.enotrans.org/eno-brief/fhwas-2013-research-report-on-digital-billboards-cevms-seriously-flawed>

² http://www.fhwa.dot.gov/real_estate/oac/visual_behavior_report/final/cevmsfinal.pdf

professionals (13 of whom hold doctorates) who are experts in human factors and traffic safety. The report concludes that the FHWA study's conclusions are seriously flawed and recommends that, "State and local governments ... adopt a cautious and conservative approach to digital billboard control and regulation until such time as a definitive study is available."

- 2) Effects of Electronic Billboards on Driver Distraction, Swedish National Road and Transport Research Institute; Light Technology Institute, Karlsruhe Institute of Technology; Duckic, Ahlstrom, Patten, Kettwich, Kircher, July 8, 2012. This study, published in the peer-reviewed journal *Traffic Injury Prevention*, concludes that digital billboards attract and hold the gazes of drivers for far longer than a threshold that previous studies have shown to be dangerous. The Swedish government nonetheless ordered the removal of all digital billboards based upon the results of this and related studies.³
- 3) Impact of Roadside Advertising on Road Safety, Austroads, Roberts, et. al., January 2013. This review is focused on distraction from an external source, specifically advertising billboards. "The fundamental logic of roadside advertising is to attract attention to something that is not part of the driving task."⁴
- 4) Roadside Advertising Affects Driver Attention and Road Safety, Herrstedt, Greibe, Andersson, September 2013. This highly-regarded Danish study concluded that, "The overall results of the empirical studies show that advertising signs do affect driver attention to the extent that road safety is compromised."⁵
- 5) Roadside Advertising and Driver Distraction – Recent Research, presented to American Association of State Highway and Transportation Officials/Subcommittee on Traffic Engineering, The Veridian Group, Inc., Wachtel, June 25, 2013, "Every study in the past 5 years has produced consistent findings – that roadside billboards, especially digital and video, cause significant levels of driver distraction."⁶
- 6) Safety Impacts of the Emerging Digital Display Technology for Outdoor Advertising Signs, Research for AASHTO Standing Committee on Highways Project 20-7 (256), Wachtel, National Cooperative Highway Research Program, Washington, DC, 2009. "The newest digital billboards are also increasingly capable of 'interacting' with approaching drivers. In some cases, the Radio Frequency Identification Device (RFID) embedded in a vehicle's key or on-board computer system, can trigger a personalized message on a digital billboard; in other cases, the billboard can display a message tailored to the radio frequency of

³ <http://www.scenic.org/storage/PDFs/eebdd.pdf>

⁴ <http://scenic.org/storage/PDFs/austroads%20research%20report%20on%20impact%20of%20roadside%20advertising%20on%20road%20safety.pdf>; pg. 10.

⁵ http://www.researchgate.net/publication/259592621_Roadside_Advertising_Affects_Driver_Attention_and_Road_Safety

⁶ <http://scote.transportation.org/Documents/Issues%20Related%20to%20Digital%20Sign%20Usage.pdf>

passing vehicles. Still other billboards encourage drivers to interact with the sign by 'texting' a message or calling a number displayed on the billboard."⁷

- 7) In Cities across Texas, Activists Battle Billboard Companies, NPR, Burnett, September 6, 2014. "More and more cities consider billboards as visual blight. In Texas 388 cities, including most large and medium-sized ones, have ordinances prohibiting new billboards and the list keeps growing."⁸ Following are several cities which have banned digital billboards, universally citing such concerns as blight, light pollution and roadway safety:

- Denver, Colorado⁹
- Ann Arbor¹¹
- Austin, Texas¹³
- Knoxville, Tennessee¹⁵
- St. Paul, Minnesota¹⁷
- Los Angeles, California¹⁰
- Anaheim, California¹²
- Walker, Michigan¹⁴
- Franklin Township, New Jersey¹⁶
- And Others ...

- 8) Veridian Comment Letter in response to City of Vista, California. Minimum Negative Declaration, The Veridian Group, Inc., Wachtel, July 2, 2013. "Digital billboards, even when dimmed for nighttime use, are visible for distances of six miles or more ... appear as the brightest objects in the environment."¹⁸

- 9) Digital LED Billboard Luminance Recommendations - How Bright Is Bright Enough? Draft, November 9, 2010. This draft document discusses the difference between the Outdoor Advertising of America's proposed luminance levels and the recommendations of the Illuminating Engineering Society of America, stating that "The OAAA proposed luminance levels are too high, about ten or more times as bright as recommended in most IESNA recommended practices, and three or more times as bright as current accepted practice reflected in billboard floodlighting. This is unnecessary for advertising effectiveness and unnecessarily risks roadway safety."¹⁹

⁷ Wachtel, J 2009, Research for AASHTO Standing Committee on Highways task 256: safety impacts of the emerging digital display technology for outdoor advertising signs, National Cooperative Highway Research Program, Washington, DC, USA. [http://rightofway.transportation.org/Documents/NCHRP%20Reports/20-7\(256\)%20digital%20outdoor%20advertising_aashto.pdf](http://rightofway.transportation.org/Documents/NCHRP%20Reports/20-7(256)%20digital%20outdoor%20advertising_aashto.pdf)

⁸ <http://www.npr.org/2014/09/06/346153394/in-cities-across-texas-activists-battle-billboard-companies>

⁹ http://www.denverpost.com/headlines/ci_14638259

¹⁰ <http://www.latimes.com/local/california/la-me-1023-billboard-20141023-story.html>

¹¹ <http://www.scenic.org/blog/177-city-of-ann-arbor-passes-ban-on-digital-billboards>

¹² <http://www.ocregister.com/articles/city-640752-digital-anaheim.html>

¹³ <http://www.npr.org/2014/09/06/346153394/in-cities-across-texas-activists-battle-billboard-companies>

¹⁴ http://www.mlive.com/business/west-michigan/index.ssf/2011/07/judge_sides_with_walker_in_lam.html

¹⁵ http://www.knoxnews.com/news/local-news/judge-rules-against-digital-billboards-in-knoxville_60592419

¹⁶ http://www.nj.com/somerset/index.ssf/2014/10/court_nj_towns_can_ban_electroinc_billboards.html

¹⁷ http://www.twincities.com/localnews/ci_25321032/minnesotas-4-3m-billboard-settlement-criticized-by-group

¹⁸ <http://www.scenic.org/storage/PDFs/mnd%20comment%20jerry%20wachtel%20veridian%20group.pdf>

¹⁹ Luginbuhl, CB, Israel, H., Scowen, P., Polakis, J., & Polakis, T. (2010). Digital LED Billboard Luminance Recommendations: How Bright is Bright Enough? Unpublished Draft Report. Flagstaff, AZ: U.S. Naval Observatory Flagstaff Station.

Financial Sustainability

City of Rancho Cordova Ballot Measure H, November 4, 2014. Passed by Rancho Cordova electorate 61% - 38%. This additional ½ cent sales tax will provide from \$5 million to \$7-1/2 million annually to the city's coffers. These funds, which will help provide financial sustainability for Rancho Cordova, will be used for a variety of purposes, including the removal of blight, enhancing safety and beautifying the city.²⁰

Legal Uncertainties

Scenic America v. FHWA Department of Transportation and Outdoor Advertising Association of America²¹

September 25, 2007. The Federal Highway Administration (FHWA) issued a memorandum, entitled "Guidance On Off-Premise Changeable Message Signs,"²² which reversed the agency's long-held position that barred intermittently changing commercial billboards.

January 23, 2013, Scenic America filed suit with the U.S. District Court for the District of Columbia seeking to overturn the Federal Highway Administration's September 2007 ruling which suddenly allowed formerly-banned intermittently changing commercial billboards. Scenic America argued that it violated the lighting standards established in the 1965 Highway Beautification Act and that the FHWA did not follow the federal government's rulemaking procedures.²³ In March 2013, the Outdoor Advertising Association of America, Inc. (OAAA) joined the lawsuit as an Intervenor-Defendant.²⁴ On June 20, 2014, the District Court Judge dismissed Scenic America's lawsuit, stating that FHWA's Guidance might not have offered the best reading of lighting standards by stating that digital billboards are not "flashing, intermittent, or moving" lights, but it did constitute an interpretation rather than a substantive change.²⁵

²⁰ [http://ballotpedia.org/City_of_Rancho_Cordova_General_Sales_Tax_Measure_H_\(November_2014\)](http://ballotpedia.org/City_of_Rancho_Cordova_General_Sales_Tax_Measure_H_(November_2014))

²¹ Longest, R., Wangu, L., Duke School of Law, Scenic America Lawsuit Seeks to Overturn FHWA Ruling on Digital Billboards. <http://www.scenic.org/storage/PDFs/scenic%20america%20lawsuit%20summary.pdf>. The Legal Uncertainties section liberally references from this paper.

²² <http://www.scenic.org/storage/PDFs/FHWA/fhwa%20guidance%20memorandum%20cvems%209-25-07%20final.pdf>

²³ Complaint against Federal Highway Administration, Ray Lahood, Victor Mendez, United States Department of Transportation, Scenic America Inc. v. Dept. of Transportation et al, No. 1:13-cv-00093 (D.D.C. Jan 23, 2013). <http://www.scenic.org/storage/PDFs/FHWA/scenic%20america%20complaint.pdf>

²⁴ Memorandum in Opposition by Outdoor Advertising Association on America, Inc., and Memorandum in opposition by Federal Highway Administration, United States Department of Transportation, entered on Mar. 21, 2014, Scenic America Inc. v. Dept. of Transportation et al, Docket No. 1:13-cv-00093, 2013 BL 293609.

²⁵ See Memorandum Opinion filed by United States District Court for the District of Columbia on June 20, 2014, Scenic America Inc. v. Dept. of Transportation et al, No. 1:13-cv-00093 (D.D.C. Jan 23, 2013). <http://scenic.org/storage/PDFs/memorandum%20opinion-6-20-14.pdf>

December 22, 2014. Scenic America filed an appeal in the United States Court of Appeals for the District of Columbia Circuit.²⁶ The American Planning Association and others filed an amicus curiae brief in support of Scenic America's position on December 30, 2014.²⁷

Scenic America and Neighborhood Coalition of Greater Phoenix v. City of Phoenix Board of Adjustment and Outdoor Advertising Association of America

November 17, 2011. In a separate case in Arizona, an Arizona appellate court unanimously agreed with the Scenic America position that a dwell time (the length of time that a given message is displayed on a digital billboard before changing to the next message) of eight seconds constitutes intermittent light, and found that this is something expressly prohibited by the Arizona Highway Beautification Act.²⁸

Minnesota Billboard Settlement

January 11, 2014, Twin Cities.com, Minnesota's \$4.3M billboard settlement criticized by group. The first-ever case of a state exercising eminent domain to remove digital billboards for freeway widening project. Following three years of "legal haggling", the Minnesota Department of Transportation wound up paying \$4.3 million for one digital billboard.²⁹

Conclusion

Rancho Cordova's decision about these digital billboard proposals will have long-term consequences on the overall image and feel of the city. We, therefore, recommend the City take the time to comprehensively research the issues noted above, and conduct a more thorough and educated look at all of the issues related to digital billboards, including safety, changing technologies, uncertain legal outcomes and long-term financial impacts.

We thank you for your consideration of our proposal and respectfully ask that you not consider the digital billboard proposals currently before you.

²⁶ Scenic America, Inc. v. United States Dept. of Transportation, et. al., and Outdoor Advertising Association of America, Inc., United States Court of Appeals for the District of Columbia Circuit, December 22, 2014. <http://scenic.org/storage/PDFs/sa%20versus%20fhwa%20appeal.pdf>

²⁷ Corrected Brief of Amici Curiae The American Planning Assn., The Garden Club of America, The Sierra Club, Inc., and The International Dark-Sky Assn., Inc. in Support of Petitioner and Reversal of Judgment. United States Court of Appeals for the District of Columbia Circuit, December 30, 2014.

²⁸ Scenic America and Neighborhood Coalition of Greater Phoenix v. City of Phoenix Board of Adjustment and Outdoor Advertising Association of America, Arizona Court of Appeals Division One, November 11, 2011, Cause No. LC2008-000497-001 DT

²⁹ http://www.twincities.com/localnews/ci_25321032/minnesotas-4-3m-billboard-settlement-criticized-by-group



DATE: February 6, 2015

TO: Residents of Rancho Cordova, Bluff City, Inc. Homeowners Association, Lake Natoma Heights Neighborhood Association, Rollingwood Unit #6 Homeowners Association, Save the American River Association, and other good neighbors.

Thank you for inviting me to provide some context and background from the human factors, environmental psychology, and traffic safety perspectives concerning digital billboards. Two such signs, known as **Commercial Electronic Variable Message Signs or CEVMS** by the Federal Highway Administration (FHWA) are discussed in recently issued Initial Study/Mitigated Negative Declarations (MND) by the City of Rancho Cordova. One MND addresses a proposed Clear Channel CEVMS, and the other concerns a proposed CEVMS from Outfront Media. Because of the similarity of the two MNDs and their citations of the same references, I have concentrated my remarks in this letter on the Clear Channel proposal. I will, however, note where specific concerns are relevant to the Outfront Media MND as well.

Before offering my comments on this topic, please allow me to provide some background about my consulting firm, The Veridian Group, Inc. and myself.

I am an Engineering and Environmental Psychologist, and have worked in the field of traffic and highway safety for more than 40 years. While serving as Director of the Highway Aesthetics Laboratory at the Federal Highway Administration (FHWA) in Washington, D.C., I was the senior author of a report about the safety and environmental impacts of CEVMS. This report, published in 1980, was the first comprehensive review of this new technology, and it was awarded the "Outstanding Technical Achievement of the Year" at FHWA. Soon after its publication, the report was used as evidence by the U.S. Department of Justice in an Amicus brief in a U.S. Supreme Court case concerning digital billboards (*Metromedia v. City of San Diego*).

Since the publication of that report, my services as a consultant, researcher, and expert witness have been retained in jurisdictions throughout the U.S. I have worked on behalf of the three largest outdoor advertising companies in the country (currently known as Clear Channel, Lamar, and Outfront) and many smaller companies, as well as the industry trade groups representing both the on- and off-premise advertising industries. I have also worked on behalf of state and local government agencies in developing or modernizing their sign codes and ordinances. And, I have been hired by private roadway and tollway operating authorities to help them determine where such advertising signs might be appropriately placed and operated.

Finally, I have served as an expert witness in numerous legal cases, and have never been denied acceptance as an expert in human factors and traffic safety. Although some billboard companies and organizations try to paint me as "anti-billboard," that is simply not the case. As my record shows, I have *never* been an opponent of digital billboards; rather I have tried to argue in favor of taking into account the time, place, and manner of their operation such that they will have the

567 PANORAMIC WAY • EAST COTTAGE • BERKELEY, CALIFORNIA 94704
TEL.: +1-510-848-0250 • FAX: +1-510-848-0303 • EMAIL: jerry@veridiangroup.com

- 2 -

February 6, 2015

least adverse effect on traffic safety and environmental considerations. I am a Fellow of the Human Factors and Ergonomics Society, a Certified Professional Ergonomist, and the Chair of the Digital Billboards Subcommittee of the Transportation Research Board of the National Academy of Sciences.

My review of the City of Rancho Cordova's MND leads to several areas of concern. I have divided my major concerns into three basic areas. These are:

- The document does not adequately address the two CEVMS characteristics that cause the greatest concern and the strongest opposition from road users and nearby residents alike – sign brightness (properly called “luminance”) and message dwell time (also known as the message change interval).
- The document does not look ahead to the likely useful life of the proposed CEVMS and, as a result, fails to take advantage of the opportunity to address, via regulation, the capabilities inherent in such signs which, when implemented, could serve as powerful new sources of driver distraction.
- The document contains a series of misleading and inaccurate statements and representations, which lead to concerns about the depth to which the authors investigated the relevant issues before preparing the MND.

Permit me to address these issues in turn.

1A. CEVMS BRIGHTNESS. Sign luminance, which the human eye and brain interpret as “brightness,” is an issue of both traffic safety and quality of life.

For drivers, signs that are too bright, particularly at night, can cause temporary, but nonetheless impactful, *discomfort or disability glare*. The former causes the driver to turn his or her eyes away from the light source (in this case, the billboard). When such a billboard is positioned close to the roadway edge, as is the case with the sign addressed in the MND, the driver can fail to observe time-critical traffic information (e.g. sudden braking or lane-changing vehicles). The latter actually causes the driver to be temporarily blinded, unable to see potentially important visual cues ahead (such as brake lights).

Outdoor advertising companies generally want their signs to be as bright as they can be, on the mistaken basis that a brighter sign is easier to read. Extensive traffic safety research, conducted over many decades, has clearly demonstrated that optimum sign luminance levels are far lower than those sought by the industry. This research has resulted in standards and requirements for official traffic signs (warning, regulatory, and other) that are far lower than billboards that may be quite near to them. In fact, similar research has been conducted on behalf of outdoor advertising groups, and the recommendations have been the same – specifically, that far lower lighting levels (further discussed below) are not only appropriate, but superior for sign readability, than the levels promulgated by billboard companies and their national trade organizations. In short, the billboard industry has ignored the extensive research suggesting reduced luminance levels of their signs – even when such research has been conducted on behalf of sign companies themselves.

- 3 -

February 6, 2015

In addition to adverse effects on drivers, residents who can see digital billboards from their windows are particularly affected by CEVMS that are excessively bright. This annoyance, over which such residents have no control, is exacerbated by signs that change their message (with an accompanying change in color and brightness) every few seconds. Complaints about loss of sleep, interruption of circadian rhythms, and other quality of life issues generally have been met by the refusal of billboard owners/operators to adequately address this issue. The most recent example is a case in Pennsylvania that has received considerable attention in the press. It concerns an elderly couple who have lived in their home for 37 years and came home one evening to find that a digital billboard had been erected nearby, flooding their bedroom with bright light and preventing them from sleeping. Multiple lawsuits are now pending in this matter. It is my understanding that a number of individuals live in homes on a bluff near Rancho Cordova and will be directly and adversely impacted by the brightness of the proposed sign. I have measured sign luminance in many locations around the country, and it is my experience that, even when digital billboards conform to the OAAA's guidelines, they can present excessive levels of brightness. I have personally measured one particular CEVMS that can be seen from a distance of six (6) miles and, even at that distance, appears to be the brightest object in the field of view (See Figure 1).

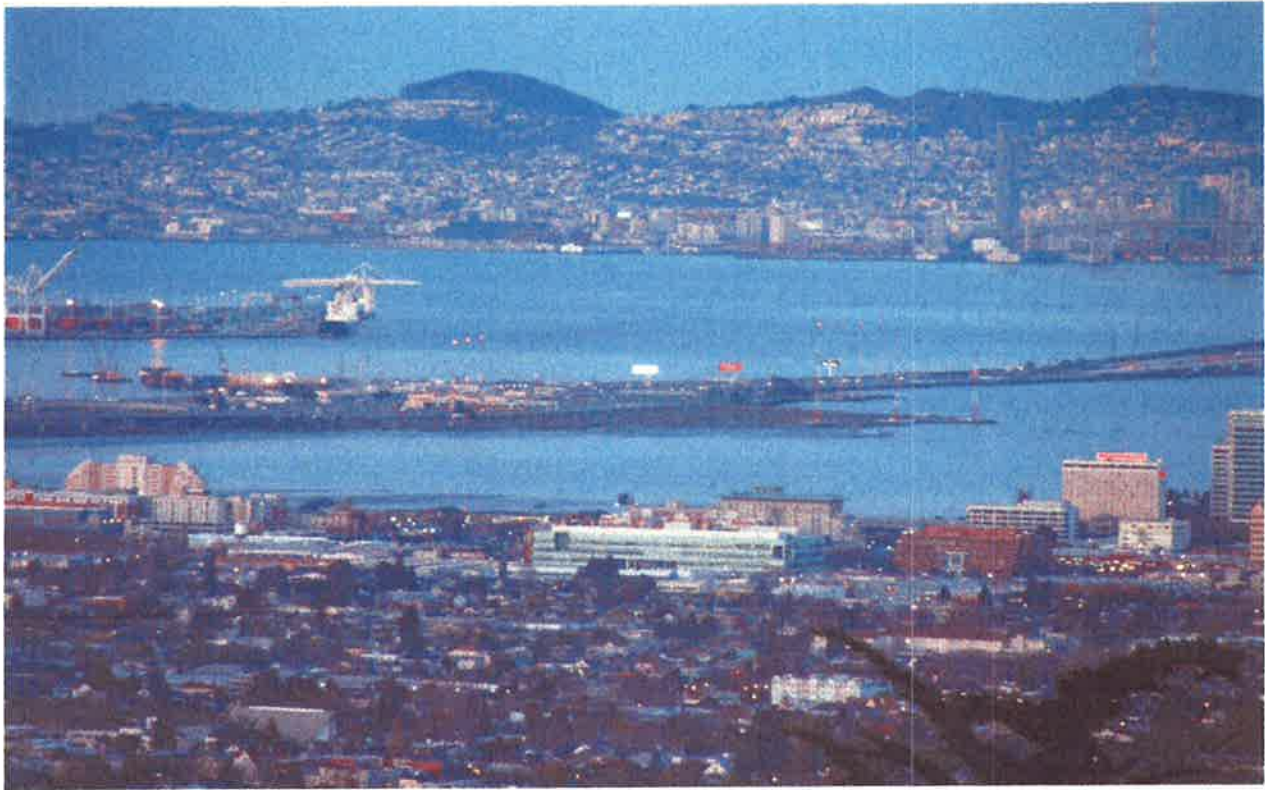


Figure 1. One of three digital billboards at the eastern end of the Oakland Bay Bridge viewed from a distance of six miles.

The billboard industry retained the services of a lighting expert, Dr. Ian Lewin, to develop a set of "guidelines" that the industry trade group (the OAAA) has adopted and promotes to government regulatory agencies nationwide. Independent lighting experts not employed by the billboard

– 4 –

February 6, 2015

industry disagree both with the brightness levels allowed by these guidelines, and by the measurement methods proposed to achieve them. I have written extensively about these issues, and I recommend that the City of Rancho Cordova, which has adopted the industry-recommended guidelines in its *Digital Freeway Signs Overlay* to the City's Zoning Code (Overlay), review the relevant technical literature (which I would be pleased to provide) and consider revising its guidelines to reduce the excessive lighting levels now permitted and the inappropriate and incomplete measurement methods required in the Overlay (further discussed below).

1B. DWELL TIME. Dwell time is the industry term used to measure the length of time that a message remains displayed prior to changing to the next message. Members of the outdoor advertising community claim that a driver needs approximately 5-6 seconds to observe and "take in" a message, and so they typically request a 6-second dwell time. CEVMS operators will often, however, accept a dwell time of 8-seconds or longer if the local government demands this. The mathematics are quite clear. The shorter the dwell time, the more advertising messages can be displayed within a given time interval (e.g. one minute or one hour) and the greater the revenue that accrues to the billboard owner. But thousands of driver comments and interviews, in the U.S. and abroad, demonstrate that the "flashing effect" of these shorter dwell times are highly distracting, causing these drivers to (involuntarily) continue looking at the sign because of these visual characteristics. In addition, drivers report that they are tempted to continue looking at the billboard if the message changes frequently, in order to see "what comes next." In a report that I wrote for the American Association of State Highway and Transportation Officials (AASHTO) in 2009, I presented a formula that I believed would satisfy both the desires of the billboard owners and the safety obligations of the road authorities, by tying the required minimum dwell time of a CEVMS to the prevailing roadway speed, combined with the sight distance to the sign. I believe that the City would do well to consider such an approach to setting dwell time for the proposed billboard.

2. FUTURE TECHNOLOGY. Digital billboards are, for all practical purposes, large, high-definition, flat screen televisions. The technology used for these signs is the same as that used in major sports arenas, and in entertainment districts such as Times Square, Las Vegas and Hollywood. CEVMS have far greater display and communication capabilities built-in than what they currently employ in roadside settings; their current limitations are those enforced by legislation, not technology.

I wrote extensively about several of these technologies in my 2009 AASHTO report. Since that time, these technologies have become more widespread and more sophisticated. I believe that any sign code should be proactive in addressing them given the anticipated life of the sign. I note with concern that the Overlay contains a "Development Standard" (1.xii) titled "Future Technologies," that addresses only "technologies available in the future to illuminate Digital Freeway Signs," while it ignores those technologies, several of which are already in use, that can enable such signs to be far more distracting to drivers than is currently the case.

These technologies all have essentially the same purpose – that is, to more deeply and completely engage the viewer (the driver) in an effort to increase brand recognition, product awareness, and sales. These technologies may use one or a combination of methods to accomplish these goals, and we can group them into a small number of categories.

– 5 –

February 6, 2015

a. Message sequencing. Message sequencing has been used in advertising for decades. On U.S. roadways, from the 1920's through the 1960's, the ads for a company called "Burma Shave" set the standard with a series of hand-painted signs, each displaying only a small part of the message, installed every few hundred feet along the roadside. To read the complete message, which always ended with the company's logo on the final sign, the driver had to read each part of the message as he or she drove past it. The same technique is used today in ads in magazines, where the reader must turn the page to see the second part of the message, and on late-night television, with the announcer proclaiming – "But wait, there's more."

Message sequencing is based on a concept discovered in the 1920s by the Russian psychologist Bluma Zeigarnik, which is now known as the Zeigarnik Effect. It demonstrates that human observers experience stress and discomfort when performing a task when that task cannot be completed for some reason. In other words, we are "wired" to seek closure, and so we will keep attending to unfolding messages until we can get to the end of the sequence. Advertising experts have written extensively about their use of this technique, and digital billboards make it easier than ever to apply it to the roadside environment, where drivers are a captive audience. By displaying only part of a message on the sign at a time, the advertiser can keep the driver's gaze directed at the sign long enough for successive parts of the message to be displayed (See Figure 2).



Figure 2. A single "frame" from a longer sequenced message. The intent is to keep the driver looking at the sign, anticipating the next frame display.

(Although not specifically relevant to the present case, which involves only a single CEVMS, there may, in the future, be locations where two digital billboards are located in sequence, or opposite one another on a highway. In that case, a message can be "sequenced" with part displayed on the one sign, and part on the other [See Figure 3]).

- 6 -

February 6, 2015



Figure 3. A pair of digital billboards spanning a 4-lane highway in London. The signs are used together to display parts of a message that encourage the driver to look at both signs sequentially.

b. Asking the driver to call, scan, or text the billboard for more information. Increasingly, digital billboards are displaying phone numbers, text message addresses and QR codes, and suggesting or directly requesting drivers to contact the displayed service to obtain additional information (See Figures 4 and 5).



Figure 4. A billboard suggesting that the driver send a text message to obtain the latest information on waiting time at the local hospital emergency room.

- 7 -

February 6, 2015



Figure 5. A billboard implicitly suggesting that the driver scan the QR code for more information.

C. RECOGNITION/IDENTIFICATION OF THE DRIVER AND/OR VEHICLE TO PROVIDE PERSONALIZED MESSAGES. Advertisers generally want to know the demographic of the audience to which they are advertising, so that they can tailor the message to those most likely to be receptive. There are, to our knowledge, four current technologies available, some of which are already in use by advertisers, to personalize billboard messages to intended drivers.

1. RFID tags. RFID stands for Radio Frequency Identification. It is the technology widely in use for keyless entry systems and keyless starting ability for many current vehicles. The “receiver,” located in the vehicle, reads the specific frequency being broadcast by the key, to open the door or start the car. Advertisers, including the manufacturer of the Mini Cooper automobile, have extended this technology to roadside billboards, so that when the billboard reads the RFID being broadcast from an approaching Mini Cooper automobile, the sign can send a unique, personalized message to the driver of that vehicle. (See Figure 6).

- 8 -

February 6, 2015



Figure 6. When a Mini Cooper drives by with an RFID tag that can be "read" by the roadside billboard, the billboard posts a personalized message to the driver.

2. Automated License Plate Readers (ALPR). ALPR technology has been, until recently, available only to law enforcement personnel. These specialized computers can quickly (hundreds of plates per minute) scan license plates of vehicles being passed by the police car in which they are mounted, compare those license plate numbers against a data base of stolen vehicles, or vehicles wanted in relation to a crime, and alert the officer to the vehicle bearing the identified plate. But recently the technology has become available on the commercial market, and outdoor advertisers have been among the first to use it.

A California company has publicized plans to mount ALPR devices onto buildings or billboards adjacent to freeways, scan the license plates of passing vehicles, and use their proprietary technology to personalize ads on the billboards or to send personalized messages to the vehicles directly. (See Figure 7). In England, a newspaper headline reading "UK Billboards Equipped with License Plate Spy Cameras" reported on the use of this technology on billboards as early as 2009.

- 9 -

February 6, 2015



Figure 7. A depiction, from a company website, of the application of its ALPR technology for sending personalized messages to approaching drivers.

3. *Billboards that read "local oscillator" signals from radios in passing vehicles.* A company named "Smart Sign Media" has developed a technology that uses billboard mounted sensors to capture specific, real-time demographic information about motorists approaching the sign, which then can display advertising messages targeted to that demographic. An exemplar of this technology has been installed along Highway 99 in Turlock, California (See Figure 8).

- 10 -

February 6, 2015



Figure 8. A “smart sign” on Highway 99 in Turlock, California

4. *Billboard mounted face- and eye-recognition cameras.* Most digital billboards have video cameras mounted on their structures. These cameras serve primarily to view the sign itself to send a message back to the remote control centers about its functioning; they also can serve to monitor the ambient lighting conditions to trigger adjustments of the sign’s luminance levels. But some digital billboards have begun to sprout second cameras – aimed at approaching traffic. One supplier of such cameras has stated that the purpose of the cameras is to record the faces of approaching drivers to learn what percentage of them are looking at the billboard, and for how long. With the rapid improvement of camera speed and resolution, it is quite likely that this technology will soon be used (if it is not already) to identify driver demographics (age, gender, and more) and respond with real-time targeted ads. (See Figure 9).

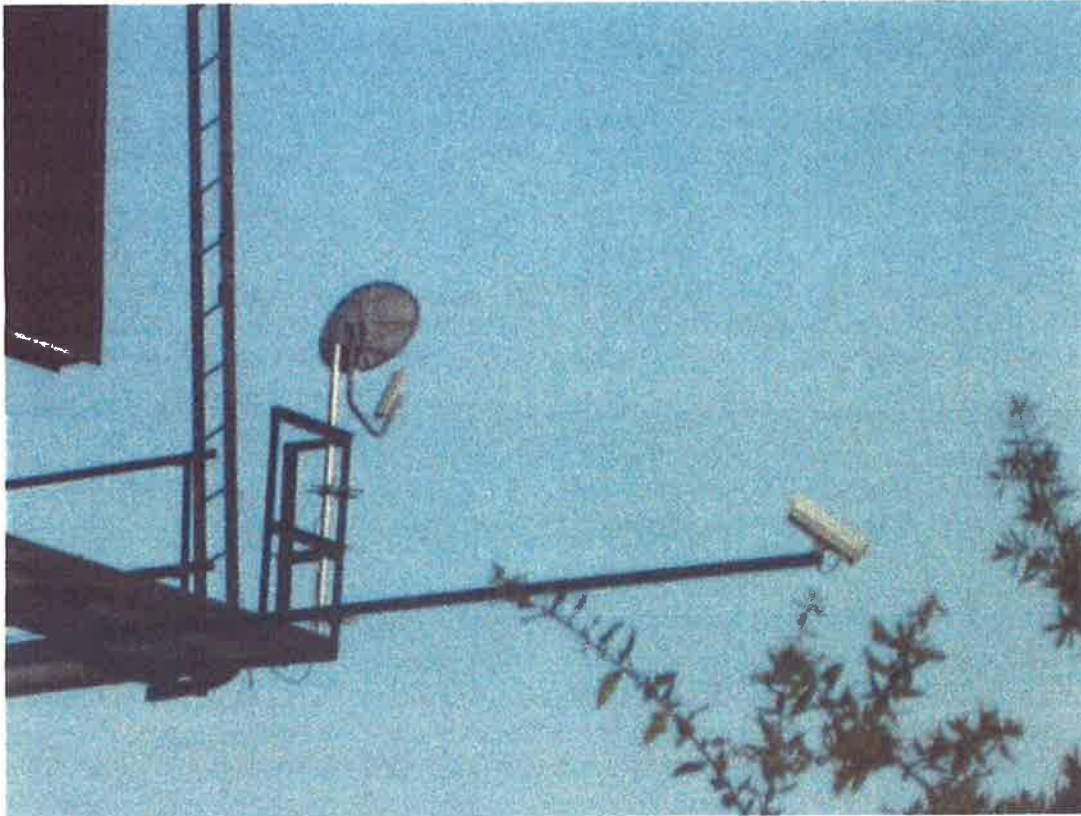


Figure 9. A typical billboard-mounted camera.

4. GENERAL CONCERNS WITH THE MND AND SPECIFIC STATEMENTS MADE WITHIN THE DOCUMENT.

4a. CEVMS relationship to official traffic control signs. The sign as proposed will be larger, taller, and brighter than any of the four official traffic control signs in the immediate area. These signs are: (a) the advance exit sign for Hazel Avenue, (b) a warning sign reading "Thru Traffic Merge Left," (c) the regulatory sign reading "Right Lane Must Exit," and (d) the actual Hazel Avenue exit sign. Because the "simulated view" of the proposed sign, shown in Figure 4 of the MND, was presented from Lane 3 and not Lane 4, there is no way to know whether the view of one or more of these official signs from the viewpoint of an approaching driver traveling in Lane 4 would be obstructed.

In addition, the proposed sign is to be located immediately adjacent to the Hazel Avenue interchange (see Section 4b below), where two of the required warning and regulatory signs address unsafe and improper lane changing. This raises the question, for which there seems to

– 12 –

February 6, 2015

have been no analysis performed, of whether the sign will “obstruct or physically interfere with the vision of drivers in approaching, merging, or intersecting traffic,” which is prohibited under the California’s Federal-State Agreement (FSA) with FHWA.

4b. CEVMS location in relation to the Hazel Avenue exit. Although the application states that the sign will be located “approximately 1,500 feet west of the Hazel Avenue/US-50 eastbound off-ramp,” this is misleading, and is in conflict with the FHWA definition of an interchange (of which the off-ramp is a part). In actuality, Figure 4 of the MND shows that the sign is located immediately adjacent to the point where the roadway begins to widen, i.e. “the point of beginning ... of pavement widening at the exit from the main-traveled way.” Therefore, the proposed sign is, according to FHWA, *at* the Hazel Avenue interchange.

4c. Consideration of the “Transportation/Traffic” environmental factor. In the section of the MND titled: “Environmental Factors Potentially Affected,” under the “Transportation/Traffic” section, the report states, in part: “The project would not adversely impact traffic” Given the preponderance of evidence from research studies in the past five years that demonstrate that the presence of roadside digital billboards adversely affects driver performance, including factors such as lane placement, speed maintenance, following behavior and anticipation of and response to hazards, and given that the proposed sign is to be located immediately adjacent to the official start of an interchange and within the immediate vicinity of four official traffic signs, it seems unreasonable that this statement can be made, especially given the authors’ apparent failure to examine any of the recent research in this field.

Sections 4d through 4g, below (with the exception of 4f2 and 4h), are applicable to both the Clear Channel and Outfront Media proposals.

4d. MND discussion of the FHWA 2009 report. Later in the discussion in this same section, the authors discuss, in some detail, a 2009 FHWA report titled: “The Effects of Commercial Electronic Variable Message Signs (CEVMS) on Driver Attention and Distraction: An Update.” As one of the authors of that report, I can note that the authors of the MND misunderstood or misinterpreted what that FHWA report accomplished. Further, the citation to the FHWA report provided in the MND’s “References” section is incorrect. The correct link is:
http://www.fhwa.dot.gov/real_estate/oac/possible_effects/

4e. MND discussion of the feasibility of conducting a study of driver attention to a CEVMS. I also disagree with the authors’ statement about the impossibility of “conducting a study of an individual digital billboard to measure and analyze the effects of driver attention to the sign.” Indeed, such studies have been done, and should have been cited by the authors of the MND. In addition, I have designed such a study myself, but its conduct would require the support of a dedicated organization.

4f. MND discussion of actions to reduce safety concerns regarding CEVMS. The authors state: “Regulations on sign brightness, message duration, ... *and continuation of vehicle maneuver requirements at interchanges* (italics added) serve to reduce safety concerns to the fullest known extent.” I am concerned about this claim for several reasons:

– 13 –

February 6, 2015

1. The discussion of sign brightness in this MND is technically incorrect and quite incomplete,
2. The italicized statement concerning vehicle maneuver requirements at interchanges makes no sense as written, and, as discussed above, I believe that there is a high likelihood that the erection of a digital billboard at the exact beginning of this freeway exit will have a direct, and causal effect on an increase in unsafe vehicle maneuvers at this interchange, and
3. There is no disagreement in the driver behavior research literature that the presence of a CEVMS leads to longer and more frequent driver eye glances off the road than matched roadway sections in which a CEVMS is not present. Therefore, it is unreasonable for the authors to state that allowing this sign in this location is consonant with reducing safety concerns “to the fullest known extent.”

4g. Description of brightness and brightness measurement in the MND. As discussed in Section 1a of this letter, I believe that both the allowable brightness of the proposed sign is excessive, and the method required to calculate such brightness (described in the Overlay) is inappropriate and incomplete. For example, there is no requirement in the Overlay that a CEVMS default to a dark screen in the event of a failure anywhere within the sign’s system that controls sign brightness – this is a basic requirement that I have observed in the vast majority of controlling regulations for digital billboards nationwide.

In addition, however, whereas the Overlay establishes an upper limit for sign brightness at “0.3 foot candles above ambient light” at 250 ft from the sign, the MND erroneously deletes the crucial term “ambient light,” rendering the MND statement meaningless.

Finally, as stated above, brightness levels of 0.3 foot candles above ambient can be easily seen by residents of dwellings thousands of feet from the sign. When combined with the frequent, rhythmic changing of brightness and color, the adverse effect on the quality of life for these residents can be quite dramatic.

4h. Removal of ten mature redwood trees. The MND states, “Ten mature redwood trees located at the installation site are proposed for removal. The statement goes on to say that because the trees and the site are not located in a scenic highway corridor, “changes in views due to the removal of trees in this area would result in no impact on scenic resources or scenic highways.” While this statement may be technically correct with regard to CEQA requirements, it begs the larger question. That is, the Rancho Cordova “Digital Freeway Signs Overlay,” expressly prohibits “the substantial trimming or reduction of existing vegetation and landscaping.” Given that the Overlay was written to apply specifically to this very location (and one other), it is of concern that the MND now proposes to violate this requirement of the city’s zoning code.

4i. Distance between signs. Although the two MNDs were silent on this issue, it is clear from the Overlay that “No Digital Freeway Sign shall be located within 2,500 feet of any other Digital Freeway Sign within the City limits.” Since the Overlay employs the word *shall* (italics added) in its statement, it is clear that the intent of this provision is to specifically prohibit CEVMS placement closer than this minimum distance. Using the data provided in the two MNDs, I have calculated

– 14 –

February 6, 2015

that the two proposed CEVMS would be approximately 1,100 feet apart – less than half the minimum distance between signs that is permitted in the Overlay.

In summary, I have reviewed several documents, including: the negative declarations, the City's general plan, its Digital Freeway Signs Overlay of the Zoning Code, and the FHWA-California Federal-State Agreement. In addition, I am familiar with all of the research in this field and have extensive experience with digital billboard technology and applications. As a result, I recommend that the City not approve these two proposed CEVMS until a more comprehensive review and analysis is conducted to ensure that the needs of all stakeholders are addressed, that more reasonable and appropriate measures are applied to the establishment of luminance and dwell time standards, that such signs be brought into compliance with the City's Zoning Code, and that the Code itself be revised as necessary to reflect new technologies and the potential for CEVMS malfunction.

I appreciate the opportunity to have reviewed this MND and presented my opinions and conclusions to you. I am happy to provide any of the references mentioned in this letter, and to discuss my opinions in more detail with you and with city officials and other stakeholders in this matter.

Sincerely yours,



Jerry Wachtel,
President

JERRY A. WACHTEL, C.P.E.
 President, The Veridian Group, Inc.
 567 Panoramic Way • East Cottage • Berkeley, California 94704
 Tel: (510) 848-0250 • Fax: (510) 848-0303 • Email: jerry@veridiangroup.com

Curriculum Vitae

BACKGROUND AND EXPERTISE

The Veridian Group was established in 1982 to provide consulting services to Government, non-profit and corporate clients in areas of human factors and ergonomics, including: human performance; visibility and conspicuity; hazards and warnings; slips and falls; simulation; training and assessment; expectancy and situation awareness, distraction and attention; roadway design and traffic control devices; sign codes and ordinances, hindsight bias and positive guidance. Mr. Wachtel has more than 40 years of experience in research, project management, and regulation at all levels of Government and in private industry.

EXPERT WITNESS QUALIFICATION.

Mr. Wachtel has never been denied qualification as an expert witness in human factors, ergonomics, or engineering psychology. He has served as an expert in Alaska, Arkansas, California, Mississippi, Montana, New Jersey, New York, Oregon, Pennsylvania, Virginia, Washington and Washington, DC.

PARTIAL CLIENT LIST.

In addition to providing services to numerous law firms, our clients have included:

Government: U.S. Department of Transportation; U.S. Nuclear Regulatory Commission; County of Fairfax, VA; Cities of New York, San Francisco, Baltimore, Seattle, Portland, Berkeley, and others; LA Department of Highways; MD State Highway Administration; NJ Department of Law and Public Safety; PA Department of Transportation; Port Authority of NY and NJ (PANY); Atlantic City Expressway Authority; League of Minnesota Cities; Association of Bay Area Governments (ABAG); California Department of Transportation (CALTRANS); California Commission on Peace Officer Standards and Training (POST).

Corporate: Ackerley (Clear Channel) Communications, Inc.; AMFS, Inc.; Arco Chemical Co.; Atari Games Corp.; DriveSafety, Inc.; Drive Square, LLC; Electronic Learning Facilitators, Inc.; Fuel Outdoor; Hyperion Technologies, Inc.; Infinity (CBS) Outdoor; I-Sim Corp.; Lamar Outdoor, Inc.; Medved Autoplex; MORR Transportation Consulting; OTR Media; Parallax, Inc.; PB World; Positive Guidance Applications, Inc.; SAIC; Scientex Corp.; Strategic Media (Toronto); Systems Technology, Inc.; Talisman-International, LLC; Time-Warner Interactive; TransAnalytics, LLC; Vega Vista, Inc.

Educational and Non-Profit: Fondation MAIF, France; International Atomic Energy Agency (IAEA); National Safety Council; Sister Kenney Institute; Stein Gerontological Institute; University of California, Berkeley; University of Iowa; University of Miami Center on Human Factors and Aging; University of Minnesota; Washington University, St. Louis; American Association of State Highway and Transportation Officials (AASHTO); Sharp Memorial Hospital Rehabilitation Center; Outdoor Advertising Association of America (OAAA); International Sign Association (ISA); National Cooperative Highway Research Program (NCHRP).

EMPLOYMENT HISTORY:**DRIVING LAB, LLC**

Co-Founder and Partner, 2007-Present

Driving Lab is a start-up company formed to address the growing need for a practical and valid assessment of driving impairments due to age, injury, or illness. The company is developing a line of standardized, state-of-the-art, affordable driving simulators, complete with proven assessment and training scenarios and protocols, for use in clinical, research, and DMV applications.

U.S. NUCLEAR REGULATORY COMMISSION, Washington, D.C.

Senior Engineering Psychologist, Training & Assessment Specialist, 1982-2000

Author of Federal regulations for fidelity and testing requirements for training simulators. Designed, developed and implemented agency-wide program in workplace ergonomics, and wrote policy paper on "Safety Conscious Work Environment." Managed multi-million dollar research programs in areas related to nuclear power plant simulation, training, procedures, and human factors engineering for advanced control rooms. Initiated, developed and defended research areas; developed contract documents and negotiated with offerors; managed all technical and financial aspects of research and technology transfer; explained and defended programs through the public hearing process; and published results. Developed and performed training and procedures reviews, control room design reviews, examination audits, incident response site-visits, simulator certification audits, and power plant staff interviews. Developed and maintained cooperative working relationship with industry.

Published and presented technical papers, chaired professional conferences, and served as invited keynote speaker. Appointed Chair, U.S. Technical Advisory Committee to International Standards Organization (ISO) Committee 159, SC6/WG8, Ergonomics of Control Centres. Served as NRC representative to American Nuclear Society committee writing the ANSI standard for nuclear power plant simulators. Conducted classes and workshops on human factors in the nuclear industry for international organizations in England, Norway, Sweden and Slovenia.

U.S. DEPARTMENT OF TRANSPORTATION, Washington, D.C.

Research Psychologist, 1973-82.

Developed and staffed a research laboratory using simulators and psycho-physiological recorders to conduct and manage highway safety research related to: accidents under reduced visibility conditions; driver task demands in the presence of roadside distractors; safety and traffic flow at bridge and tunnel entrances; real-time motorist guidance and information systems; adequacy of traffic control devices. Named Laboratory Director in 1980. My research results have been implemented throughout the US and Europe, and have been used as evidence in court cases, including the U.S. Supreme Court. Wrote and presented papers at conferences. Served on international committees concerned with highway safety. Appointed by the Secretary of Transportation to tasks force on Occupational Safety and Health and Transportation System Environmental Design. Chaired the simulation committee of the National Academy of Sciences' Transportation Research Board, and served as Chair of the Board's Human Factors Workshop in Transportation. Served the Human Factors and Ergonomics Society as Alternate Member of the National Committee on Uniform Traffic Control Devices.

Curriculum Vitae of Jerry Wachtel, C.P.E.

GRUMMAN AEROSPACE CORPORATION, Bethpage, New York

Human Factors Psychologist, 1969-73.

Served as NASA-Apollo Lunar Module (LM) Team Leader for simulation and real-time mission support. Developed and implemented man-in-the-loop simulation tests in support of flight crew training, procedures development, verification and validation, display/control design, and on-board maintenance activities. Supervised all corporate life sciences NASA support functions for Apollo flights including direction of a round-the-clock emergency response team of scientists and engineers, and conduct of post-mission astronaut debriefings. Wrote the human factors sections of corporate post-flight reports to NASA for Apollo missions. Researched the LM crew/computer interface, the results of which led to a reduction of in-flight errors during periods of high task demands. Discovered the problem and evaluated the effects of distance perception illusions experienced by astronauts on the lunar surface, which led to new equipment and procedures to reduce these effects. Wrote technical papers, and served as Grumman's representative to NASA lunar surface operations planning meetings. Consulted on other corporate projects, and contributed to the design of Grumman health care delivery systems and emergency medical treatment devices.

PROFESSIONAL APPOINTMENTS AND AFFILIATIONS

Fellow, Human Factors and Ergonomics Society

Member, Technical Groups on Forensics, Surface Transportation, Product Design,
Visual Performance, Computer Systems, Health Care

Member Emeritus, National Academy of Sciences, Transportation Research Board

Chair, Subcommittee on Roadside Digital Signage

Member, TRB Leadership Group

Past Chair, Committee on Simulation and Measurement of Vehicle and Operator Performance

Member, Committee on User Information Systems

Member, Committee on Vehicle User Characteristics

Member, Committee on Eminent Domain and Land Use

Chair, Fifteenth and Thirtieth Annual Workshop on Human Factors in Transportation

Member, Human Factors Workshop Planning Committee

Member or past member of the following Scientific and Technical Committees:

Human Factors Resource, An Advisory Body to the National Committee on Uniform
Traffic Control Devices, Authors of the MUTCD.

Intelligent Transportation System (ITS) America, Committee on Safety and Human Factors.

Society of Automotive Engineers (SAE), Committee on Safety and Human Factors.

Advisory Board, Center on Human Factors and Aging Research – University of Miami School
of Medicine.

U.S. Technical Advisory Group to International Standards Organization (ISO) TC159

Ergonomics, and its Subcommittee 4, Ergonomics of Human-System Interaction.

Chair, U.S. Technical Advisory Group to ISO TC159/SC6, Ergonomics of Control Centres.

Guest Lecturer. Graduate Class in Ergonomics and Engineering Psychology, San Jose State University.

Curriculum Vitae of Jerry Wachtel, C.P.E.

CERTIFICATIONS, HONORS AND AWARDS

Certified Professional Ergonomist (CPE), Board of Certification in Professional Ergonomics

Fellow, Human Factors and Ergonomics Society

Member Emeritus, Transportation Research Board, National Academy of Sciences

High Quality Performance Awards, U.S. Nuclear Regulatory Commission.

NASA Apollo Achievement Award for outstanding contributions to manned space flight.

Outstanding Technical Achievement by the Federal Highway Administration for report titled: "Safety and Environmental Design Considerations in the Use of Commercial Electronic Variable Message Signage." (This publication was used as evidence by the Attorney General of the United States in a case heard before the U.S. Supreme Court).

Member of Psi Chi, the National Honor Society in Psychology.

EDUCATION.

Brooklyn College, Brooklyn, NY, B.A., Psychology, 1965

The City University of New York, New York, NY, M.B.A., Engineering/Industrial Psychology, 1969

The Stevens Institute of Technology, Hoboken, NJ, Advanced Graduate Studies in Engineering and Environmental Psychology

The Catholic University of America, Washington, DC, Advanced Graduate Studies in Human Factors and Engineering Psychology

COMMUNITY SERVICE.

Past-President, Member of the Executive Board, Panoramic Hill Association, a 501-C-4 organization in Berkeley, California.

Member of the Board, Friends of the Havens House, Berkeley, California

Past Director and Public Safety Chair, Berkeley Path Wanderers Association

Past President and Chairman, Federal Hill Neighborhood Association, Inc., a 501-C-3 organization representing a community of 3000 listed on the National Register of Historic Places.

Appointed by several Mayors of Baltimore City to membership on planning committees and tasks force, including: City Master Plan for the Year 2000 and Beyond; Downtown Stadium Committee; Key Highway Waterfront Advisory Committee.

SELECTED PUBLICATIONS, PRESENTATIONS, AND PROFESSIONAL ACTIVITIES.

Reviewer: *Simulation: Transactions of the Society for Modeling and Simulation*. 2014 - Present.

“FHWA’s 2013 Research Report on Digital Billboards (CEVMS) – Seriously Flawed.” *Eno Brief Newsletter*. Washington, DC: The Eno Center for Transportation. 1/13/2015.

“A Peer-Reviewed Critique of the Federal Highway Administration (FHWA) Report Titled: ‘Driver Visual Behavior in the Presence of Commercial Electronic Variable Message Signs,’” January 2015.

“Code 3: The Impact of In-Vehicle Technologies on Performance and Distraction of First Responders. With Andrew Kun, University of New Hampshire. Invited Human Factors Workshop to be conducted at the 94th Annual Meeting of the Transportation Research Board of The National Academies. Washington, DC, January 2015.

“Shedding Light on Billboard ‘Brightness.’” Invited Presentation to the Scenic America Annual Symposium. San Francisco: May 2013.

“The United States Version of the Stroke Drivers’ Screening Assessment: A Pilot Study.” With Abiodun Akinwuntan, Nadina Lincoln, Diana Gantt, Gina Gibson, Kurt Kimmons, and Valerie Ross. *Topics in Stroke Rehabilitation*. 2013; 20(1), 87-92.

Member, Scientific Review Committee. International Driving Symposium on Human Factors in Driving Assessment, Training and Vehicle Design, 2011-Present.

“Ironies of Automation.” With Judith Burki-Cohen. Invited Human Factors Workshop conducted at the 92nd Annual Meeting of the Transportation Research Board of The National Academies. Washington, DC, January 2013.

“Human, Organizational, and Cultural Factors in Accidents.” Convener and Chair of Special Symposium held at the 92nd Annual Meeting of the Transportation Research Board of The National Academies. Washington, DC, January 2013.

Reviewer, *Journal of Traffic Injury Prevention*, 2012 - present.

“Visual Clutter and Roadside Distractions: The Challenge to Good Traffic Engineering and Human Factors Practice.” Invited Presentation to the 5th International Conference on Traffic and Transport Psychology, Groningen, The Netherlands, August 2012.

“Stroke Driver Screening Assessment predicts driving in individuals with Relapsing-Remitting Multiple Sclerosis.” With A. Akinwuntan, T. O’Connor, K. Turchi, E. McGonegal, and S. Smith. *International Journal of MS Care*, Paper #2012-010R, accepted for publication. March 2012.

“Whodunit? – Human Factors in the Courtroom.” With Alison Smiley. Human Factors Workshop conducted at the 91st Annual Meeting of the Transportation Research Board of The National Academies. Washington, DC, January 2012.

Curriculum Vitae of Jerry Wachtel, C.P.E.

“Driver Fitness in Patients with Cognitive Impairment and Glaucoma.” With Peter Rosen, Abiodun Akinwuntan, Erwin Boer, Robert Weinreb, and Felipe Medeiros. *Proceedings of the 6th International Driving Symposium on Human Factors in Driver Assessment, Training, and Vehicle Design*. June 2011.

“The United States Version of the Stroke Drivers’ Screening Assessment Battery: A Report of Preliminary Findings.” With Abiodun Akinwuntan, Diana Gantt, Gina Gibson, Kurt Kimmons, Valerie Ross, and Peter Rosen. *Proceedings of the 6th International Driving Symposium on Human Factors in Driver Assessment, Training, and Vehicle Design*. June 2011.

Member, Scientific Review Committee, 3rd International Conference of Road Safety and Simulation, 2011.

“Driving Simulation for Evaluation and Rehabilitation of Driving After Stroke.” (2011) With Abiodun Emmanuel Akinwuntan and Peter Newman Rosen. *Journal of Stroke and Cerebrovascular Diseases*.

“Digital Billboards, Distracted Drivers.” *Planning: The Magazine of the American Planning Association*, 25-27. March 2011.

Reviewer: Grant Proposals Submitted to National Institutes of Health – National Institute of Child Health and Human Development: “Experimental Research on the Effects of Teenage Passengers on Driving Performance Among Teenagers.” March 2010.

Consultant: National Institutes of Health STTR Grant: “Driving Simulation for Assessment and Training After Stroke.”

“The State of the Art and the State of the Knowledge About Digital Billboards and Traffic Safety.” Invited Webinar Presented to the Motorist Information and Services Association, March 18, 2010.

“Safety Impacts of Emerging Digital Display Technology.” Invited Presentation to the American Planning Association, Pennsylvania Chapter, Southeast Section, December 4, 2009.

“The Relationship Between New Roadside Advertising Technologies and Driver Distraction: an International Assessment.” Proceedings of the First International Conference on Driver Distraction and Inattention. Gothenburg, Sweden, September 28-29, 2009.

“Safety Impacts of the Emerging Digital Display Technology for Outdoor Advertising Signs.” Report No. 20-7 (256). Washington, DC: National Cooperative Highway Research Program, April 2009.

“The Effect of Commercial Electronic Variable Message Signs (CEVMS) on Driver Attention and Distraction: An Update.” With J.A. Molino, J.E. Farbry, M.B. Hermosillo, and T.M. Granda. Report No. FHWA-HRT-09-018. Washington, DC: US Department of Transportation, Federal Highway Administration. February 2009.

“Digital Billboards: The Hype, The Facts, The Solutions.” Invited Presentation to the Annual Meeting of the Intelligent Transportation Society of California. Sacramento: December 2008.

Curriculum Vitae of Jerry Wachtel, C.P.E.

“Safety Impacts of Emerging Digital Display Technology for Outdoor Advertising Signs: An Overview of NCHRP Project 20-7 (256).” Paper presented at the 11th Annual NAHBA Conference. Kalispell, Montana, August 11, 2008.

“Review of Two Billboard Industry Reports.” Paper presented at the 11th Annual NAHBA Conference. Kalispell, Montana, August 12, 2008.

“Digital Billboards on the Highway – Who’s Watching?” Human Factors Workshop conducted at the 87th Annual Meeting of the Transportation Research Board of The National Academies. Washington, DC, January 2008.

“Programs and Practices to Reduce Simulator Sickness: Lessons Learned from the Field.” *Proceedings of the International Conference on Road Safety and Simulation, 2007*. Rome, Italy: University of Roma Tre.

Reviewer: “Changeable Message Sign Displays During Non-Incident, Non-Roadwork Periods.” National Cooperative Highway Research Program (NCHRP), Project 20-5, Topic 38-11, July 2007.

Principal Developer – International Standards Organization (ISO) Warning Symbol No. 21482, a symbol to warn the public of radiation dangers, February 2007.
(<http://www.iaea.org/NewsCenter/News/2007/radiationsymbol.html>)

Reviewer: *Preventing Teen Motor Crashes: Contributions from the Behavioral and Social Sciences: Workshop Report*. Washington, DC: The National Academies, January 2007.

“A Protocol for Avoiding Simulator Sickness.” With E. Stern, V. Barth, W. Durfee, M. Rosen, T. Rosenthal, E. Schold-Davis, C. Schaffer, M. Watson, & J. Zola. Paper presented at the Conference on New Approaches to Simulation and the Older Operator, MIT AgeLab & New England University Transportation Center, October 27, 2006.

“Survey of Standards and Practices toward the Reduction of Simulator Sickness.” Paper presented at the Conference on New Approaches to Simulation and the Older Operator, MIT AgeLab & New England University Transportation Center, October 27, 2006.

Invited Participant. U.S. Institute for Environmental Conflict Resolution: National Outdoor Advertising Control Program Assessment. Sacramento, California, August 2006. U.S. Department of Transportation, Federal Highway Administration.

Invited Presenter, “Hindsight Bias in Attribution of Crash Causes,” Workshop on *Why Crashes Happen: Factors Associated with Crash Causation - Human Factors Insights from In-Depth Investigations*, 85th Annual Meeting of the Transportation Research Board, Washington, DC, January 2006.

“The Use of a Driving Simulator to Assess Senior Driver Performance: Increasing Situational Awareness Through Post-Drive One-on-One Advisement,” with M. Romoser, D.L Fisher, R. Mourant, & K. Sizov. *Proceedings of the 3rd International Driving Symposium on Human Factors in Driver Assessment, Training, and Vehicle Design*. Rockport, Maine: June 27-30, 2005.

Curriculum Vitae of Jerry Wachtel, C.P.E.

Invited Moderator, Human Factors Issues. *The Crossing Zone – A Decade of Progress: Western Regional Safety Grade-Crossing Training Conference*. Organized by Federal Railroad Administration and University of California, Berkeley. May 2005.

“The Potential to Enhance Older Drivers’ Critical Driving Skills Through Simulator-Based Advice,” with M. Romoser, D.L. Fisher, K.A. Sizov, & R.R. Maurant. In *Driver Behaviour and Training: Vol. II*, L. Dorn, Ed. pp. 105-120. Hampshire, England: Ashgate.

“Safety Challenges Facing Tomorrow’s Commercial Drivers and the Role of New Simulation Technology to Meet Them.” Proceedings of the *Conference on Future Truck and Bus Safety Research Opportunities*. Washington, DC: Transportation Research Board of the National Academy of Sciences, March 2005.

“Use of a Driving Simulator to Assess Older Adults’ Critical Driving Skills,” with M. Romoser, D.L. Fisher, R. Maurant, K. Sizov, S. Kennedy, & M. Andra. Paper presented at the 84th Annual Meeting of the Transportation Research Board, Washington, DC, January 2005.

“Making Vehicles and Roads Safer for Older Drivers: A Human Factors Approach.” Paper presented at the Symposium on Safe Mobility for the Aging, Sacramento, California, November 2004.

“Discriminating Between Brain Injured and Non-Disabled Persons: a PC-Based Interactive Driving Simulator Pilot Project,” with E.B. Stern, E. Schold Davis, W.K. Durfee, and T.J. Rosenthal. *Advances in Transportation Studies: An International Journal*, 2004 Special Issue, pp. 67-78

“Driving Simulation in the Clinical Setting: Utility for Testing and Treatment,” with P.N. Rosen. *Advances in Transportation Studies: An International Journal*, 2004 Special Issue, pp. 91-96

Invited Panelist, The Santa Monica Crash: Strategies to Reduce Future Occurrences. Joint Conference of the American Society on Aging and the National Council on Aging, April 2004.

Invited Participant, “International Consensus Conference: How to Assess Road Driving Skills and Abilities,” Sponsored by U.S. Public Health Service, Centers for Disease Control, December 2003.

“Assessment of Cognitively Impaired Persons Who Wish to Resume Driving.” The First STISIM Drive Users Group Meeting, Cranfield University, United Kingdom, September 2003.

“Driver Education for Pre-Teens: A New Approach Toward Reducing Crashes Among Young Novice Drivers.” In *Contemporary Ergonomics 2003*, P.T. McCabe (Ed.). London: Taylor & Francis.

“Pilot Study of Driving Simulation with Persons with Brain Injury and Cognitive Deficit,” with E.B. Stern, W.K. Durfee, T.J. Rosenthal, and E. Schold Davis. Presented at *World Federation of Occupational Therapy (13th World Congress of Occupational Therapists)*, Stockholm, Sweden, 2002.

“Program for Development of a New Warning Sign for Hazardous Radioactive Materials,” Consultant’s Report Prepared for the International Atomic Energy Agency (IAEA), March 2002.

Curriculum Vitae of Jerry Wachtel, C.P.E.

“Drivers’ Responses to Changeable Message Signs of Differing Message Length, and Traffic Conditions,” with J.H. Guerrier and D.L. Budenz. In *Contemporary Ergonomics 2002*, P.T. McCabe (Ed.). London: Taylor & Francis, pp 223-228.

“Low Cost Simulation as a Tool to Assess the Driving Ability of Persons with Cognitive Impairments from Brain Injury,” with E.B. Stern, W.K. Durfee, T.J. Rosenthal, and E. Schold Davis. In *Contemporary Ergonomics 2002*, P.T. McCabe (Ed.). London: Taylor & Francis, pp. 229-234.

Ergonomics and the Prevention and Reduction of Injuries in the Workplace – Office Ergonomics 101-103. U.S. Nuclear Regulatory Commission BR-0269, 0270, 0271, February 2002.

“Evaluation of a Low-Cost, PC-Based Driving Simulator to Assess Persons with Cognitive Impairments Due to Brain Injury,” with W.K. Durfee, T.J. Rosenthal, E. Schold-Davis and E.B. Stern. *Proceedings of the International Driving Symposium on Human Factors in Driver Assessment, Training and Vehicle Design*, Aspen, Colorado, August 2001, 293-294.

“A Simulator Study of Driver Responses to Changeable Message Signs of Differing Message Length and Format,” with J. Guerrier. *Proceedings of the International Driving Symposium on Human Factors in Driver Assessment, Training and Vehicle Design*, Aspen, Colorado, August 2001, 164-165.

Invited Participant, *Federal Motor Carrier Safety Administration Meeting on Research and Technology*. Washington, DC, U.S. Department of Transportation, January 2001.

Invited Participant, “Conference on Partnering for Safety-Human Centered Systems – Operator Fatigue Management.” Tysons Corner, Virginia, U.S. Department of Transportation, August 2000.

“Human Factors Guidance for Control Room Evaluation,” with J. O’Hara, W. Brown, W. Stubler, J. Higgins and J.J. Persensky. In *Proceedings of the IEA 2000/HFES 2000 Congress*, San Diego, California, August 2000, 3-519 – 3-522.

Chair, Technical Session on “Human Factors Engineering Methods in Power Systems.” *IEA 2000/HFES 2000 Congress*, San Diego, California, August 2000.

Single Point Urban Diamond Intersections in Maryland: A Review and Human Factors Analysis. Maryland State Highway Administration, Office of Traffic Safety, June 2000.

Invited Participant, *Specialists’ Meeting on “Integrated Information Presentation in Control Rooms and Technical Offices at Nuclear Power Plants.”* Stockholm, Sweden, International Atomic Energy Agency (IAEA), May 2000.

Co-Chair, Workshop on “Signs that Confuse, Signs that Distract – The Impact of Official and Commercial Signs on Driver Behavior and Performance,” with M. Pietrucha. *33rd Annual Human Factors in Transportation Workshop*. Washington, DC, Transportation Research Board of the National Research Council, January 2000.

Curriculum Vitae of Jerry Wachtel, C.P.E.

"Interactive Driving Simulation as a Tool for Insight Development and Motivation in a Rehabilitation Setting," with Elin Schold-Davis. Paper presented at *The 8th Annual Medicine Meets Virtual Reality Conference*, Newport Beach, California, January 2000.

The Towson Roundabout: Human Factors Considerations. Maryland State Highway Administration, Office of Traffic Safety, August 1999.

Chair, Workshop on "Approaches for the Integration of Human Factors into the Upgrading and Refurbishment of Control Rooms." Organization for Economic Cooperation and Development of Europe (OECD). Halden, Norway, August 1999.

Chair, Workshop on "Safety Assessment of Plant Modifications with Special Emphasis on I&C Modernization and HMI Issues." International Atomic Energy Agency (IAEA). Ljubljana, Slovenia, May 1999.

Invited Presenter. *Corporate Traffic Safety Symposium*. Ft. Lauderdale, Florida: National Safety Council, South Florida Chapter, September 1997.

"Innovations in Low-Cost Simulation Technology for the Training and Testing of 'High Risk' Drivers," in *Global Perspectives of Human Factors in Power Generation: Proceedings of the 1977 IEEE Sixth Conference on Human Factors and Power Plants*. New York: Institute of Electrical and Electronic Engineers, June 1997.

Member, Expert Peer Review Panel. *Validation of Truck Driver Simulator for Driver Training, Testing and Licensing*. U.S. Department of Transportation, Office of Motor Carriers, June 1997.

"Applications of Appropriate Simulator Technology for Driver Training, Licensing and Assessment." In *Vision in Vehicles - V*, A.G. Gale, et al, Eds. Amsterdam: Elsevier, pp. 3-10, 1996.

"A Comprehensive Evaluation of a Low Cost Driving Simulator for Use in the Training of Police Officers," with J. Berner. Presented at the *International Conference on Traffic and Transport Psychology*, Valencia, Spain, May 1996.

"An Enhanced Commentary Driving Technique for Real-Time Data Collection with Untrained Subjects," with J.H. Guerrier and P. Manivannan. Paper presented at the *International Conference on Traffic and Transport Psychology*, Valencia, Spain, May 1996.

"Human Factors Study of Traffic Control in Construction and Maintenance Zones," Three Working Papers Submitted to the Federal Highway Administration, U.S. Department of Transportation, under Contract No. DTFH61-95-C-00064, 1996.

"Human-System Interface Design Review Guideline, Final Report." *NUREG-0700, Rev. 1*. Washington, DC: U.S. Nuclear Regulatory Commission, June 1996.

"Technology and the Older Traveler." *Second National Forum for Advanced Public Transportation (APTS): New Thinking in Transit Management Concepts*, 8-11. Knoxville: The University of Tennessee Transportation Center, 1996.

Curriculum Vitae of Jerry Wachtel, C.P.E.

"A Brief History of Driving Simulators." *TR News*, Number 179, July-August, pp. 26-27,45, 1995.

"Human Factors in Process Control: Developing Criteria for the Review of Advanced Human-System Interface Designs." *CSERIAC Gateway VI*(4), pp. 10-12, 1995.

"Methodological Issues in the Validation of Complex Human-Machine Systems," with J. O'Hara and W. Stubler. *Proceedings of the Topical Meeting on Computer-Based Human Support Systems: Technology, Methods, Future*. Philadelphia, PA, June 26-29, 1995, pp. 339-344.

Positive Guidance in Maryland: Guidelines and Case Studies. Contributing Author and Task Force Leader. Hanover, Maryland: Maryland State Highway Administration, 1995.

"The Importance of Simulation Facilities for the Development of Review Criteria for Advanced Human System Interfaces," with J.M. O'Hara. *Proceedings of the 1994 Simulation Multiconference*, J. Olmos and A. Sharon, Eds., pp. 200-205. San Diego: The Society for Computer Simulation, 1994.

"Development of Comprehensive Human Factors Engineering Guidelines for the Evaluation of Human Systems Interfaces," with J. O'Hara and W. Brown. *Proceedings of the 12th Triennial Congress of the International Ergonomics Association, Volume 5: Ergonomics of the Workplace*, Ontario, Canada: Human Factors Association of Canada, 1994, pp. 407-409.

"Driving Simulators - Serious Tools or Frivolous Toys? - Overview of a Symposium and Panel Discussion." *Proceedings of the Human Factors and Ergonomics Society 37th Annual Meeting*, Seattle: 1993, pp. 600-601, 622-624.

"The State of Practice of Computerized Operating Procedures in the Commercial Nuclear Power Industry," with A.J. Spurgin and P. Moieni. *Proceedings of the Human Factors and Ergonomics Society 37th Annual Meeting*, Seattle: 1993, pp. 1014-1018.

"The Role of New Simulation Technology in a Systematic Approach to Novice Driver Education." Paper presented at the *Working Conference on Novice Driver Education*, Edmonton, Alberta, Canada: April 1993.

"New Technology for an Old Problem: A Report of a Prospective Study to Evaluate a Simulator-Based Approach to Driver Licensing," with R.C. Peck. Paper presented at the 1993 Annual Meeting of the Transportation Research Board, Washington, DC: January 1993.

"An Introduction to Fitness for Duty." Invited paper presented at the 1993 Annual Meeting of the Transportation Research Board, Washington, DC: January 1993.

"Team Skills Training in Nuclear Power Plant Operations," with C.D. Gaddy, pp. 379-396, in Swezey, R.W. and Salas, E. (eds.) - *Teams: Their Training and Performance*. Norwood, N.J., ALEX Publishing Co., 1992.

"A 'Blue Sky' Approach to the Future of Driver Qualification," with P.W. Nunnenkamp. Invited presentation to the 1992 Driver Licensing and Control Workshop. New Orleans: American Association of Motor Vehicle Administrators, November 1992.

Curriculum Vitae of Jerry Wachtel, C.P.E.

"The Role of Simulators in the Operator Training Environment of the Future." Paper presented at the 2nd International Conference on Training for Operation and Maintenance in the Nuclear Industry, September 23, 1992. Cambridge, England: The Institution of Nuclear Engineers.

Advanced Control Room Design Review Guidelines: Merging Old and New, with R. J. Carter. Proceedings of the Human Factors Society 36th Annual Meeting, 1992.

Invited Participant: Workshop on Human Factors Research in Highway Safety, April 1-3, 1992. Washington, DC: National Academy of Sciences, Transportation Research Board.

"Guide Sign Effectiveness Review: An Assessment for the State of Maryland." March 1992.

"Simulator Technology: Analysis of Applicability to Motor Vehicle Travel." Collaborative author and Editor. *Transportation Research Circular Number 388*. Washington, DC: National Research Council/TRB, February 1992.

"Guidelines for the Review of Advanced Controls and Displays," with J.M. O'Hara. In *Transactions of the Nineteenth Water Reactor Safety Meeting*, - NUREG/CP-0118, October 1991, pp. 11-9, 11-10.

Invited Participant: Workshop on Driver Vision Standards and Testing, October 4-5, 1991. Toronto, Ontario: Canada. Canadian Council of Motor Transport Administrators.

"Are We Training Operators Upside Down?" In *Proceedings of the Ninth Symposium on the Training of Nuclear Facility Personnel*, Denver, Colorado, April 14-18, 1991. Oak Ridge, Tennessee: Oak Ridge National Laboratory Report Number 9104135, pp. IV-B.1.1 - IV-B.1.12.

"The Development of Human Factors Review Criteria for Future Nuclear Power Plant Control Rooms," with J. O'Hara and J. Persensky. *Conference Record 1990 IEEE Nuclear Science Symposium*. Arlington, Virginia, 1990, pp. 909-913.

"Man-in-the-Loop Simulation in the Nuclear Industry: How Did We Get Here - Where Are We Headed?" Invited Keynote Address to The Society for Computer Simulation, Eastern Simulation Conference, Orlando, Florida, 1988.

"Operational Assessment of Simulator Fidelity in the Nuclear Industry," with C. Plott and K.R. Laughery. *Proceedings of the 32nd Meeting of the Human Factors Society*, Los Angeles, 1988.

"Evaluation Procedure for Simulation Facilities Certified Under 10 CFR 55," with C. Plott, K. Laughery and B. Gore. Washington, DC: U.S. Nuclear Regulatory Commission, NUREG-1258, 1987.

"Answers to Questions at Public Meetings Regarding Implementation of Title 10, Code of Federal Regulations, Part 55 on Operators' Licenses." Washington, DC: U.S. Nuclear Regulatory Commission, NUREG-1262, 1987.

"Using Simulators as Examination Tools." Paper presented at the Third IEEE Conference on Human Factors and Power Plants, Monterey, California, 1985.

Curriculum Vitae of Jerry Wachtel, C.P.E.

"Adverse Highway Safety Consequences of New Technology," in *Ergonomics International* 1985, Edited by I.D. Brown, et. al. London: Taylor & Francis, 1985, 517-519.

"Federal Railroad Administration Experience and Rulemaking Activities with Regard to Fitness for Duty." Report to the Chairman and the Commissioners, U.S. Nuclear Regulatory Commission, 1985.

"The Future of Nuclear Power Plant Simulation in the United States," pp. 338-349, in Walton, D.G., *Simulation for Nuclear Reactor Technology*. Cambridge: Cambridge University Press, 1984.

Chair, "Transportation Safety," 27th Meeting of the Human Factors Society, Norfolk, Virginia, 1983.

"The Use of New Technologies for Visual Simulation." Invited Workshop. Washington, DC: Transportation Research Board, 1983.

"Electronic Advertising Near Highways: The Concern for Traffic Safety." *Public Roads*, 45(1), 1981.

Chair, "Performance and Vision." 24th Meeting of the Human Factors Society, Los Angeles, 1980.

"The Use and Abuse of Simulators in Environmental and Highway Design." Paper presented at the 24th Annual Meeting of the Human Factors Society, Los Angeles, 1980.

"The Highway Environmental Simulator, A White Paper." U.S. Department of Transportation, Federal Highway Administration, Highway Aesthetics Laboratory, 1980.

Safety and Environmental Design Considerations in the Use of Commercial Electronic Variable Message Signage: Final Report, with R.D. Netherton. Report No. FHWA/RD-80/051. Washington, DC: U.S. Department of Transportation, 1980.

"Functions and Program of the FHWA Highway Aesthetics Laboratory." U.S. Department of Transportation, Federal Highway Administration, Washington, DC, 1980.

"Effects of Environmental Transitions on Highway Tunnel Operations and Safety." Paper presented at the U.S. Department of Transportation Conference on Research and Development in Underground Construction and Tunneling, Reston, Virginia, 1980.

"Reduced Visibility on the Highway: A Pervasive Problem Receiving International Attention." *Transportation Research Circular* 193, 1978.

"The Escalating War on Reduced Visibility." *Public Roads*, 41(3), 1977.

"The Computer Generation: Options, At What Cost?" in R.E. Granda and J.M. Finkelman, eds., *The Role of Human Factors in Computers*. Proceedings of a Symposium Co-Sponsored by the Metropolitan Chapter of the Human Factors Society and Baruch College, 1976.

"Unobtrusive Measurement in Highway and Pedestrian Safety Research." Paper presented at the annual meeting of the American Psychological Association, Sponsored by Division 21, 1976.

Curriculum Vitae of Jerry Wachtel, C.P.E.

"Remedial Aids to Deal with Driving in Reduced Visibility Caused by Adverse Weather," in *Adverse Weather, Reduced Visibility, and Road Safety*. Paris: Organization for Economic Co-Operation and Development (OECD), 1976.

"Contribution of Edge Striping to Accident Reduction," with J. True. U.S. Department of Transportation, Federal Highway Administration, 1973.

"Crew Systems Input - Apollo-16 Post-Flight Eval.," Grumman Aerospace Corp. LMO-480-888, 1972.

"Displays and Controls Subsystem, Space Shuttle Program," Grumman Aerospace Corp., 1972.

"Apollo 13 Debriefing Summary," with B. Kram, Grumman Aerospace Corp. LMO-480-563, 1970.

"Use of Crosspointers and Attitude Error Needles for Nulling of Horizontal Velocities at LM Touchdown," Grumman Aerospace Corp. LMO-480-810, 1970.

"Summary Recommendations of Evaluation of Rangefinder Device Proposed for Use on the Lunar Surface," with V. Gallagher, Grumman Aerospace Corp. LMO-480-736, 1970.

MEMORANDUM

DATE: April 6, 2015

TO: Honorable Mayor and Council Members

FROM: Matthew Diaz, Associate Planner



SUBJECT: DOUGLAS 103 REZONE, LARGE LOT TENTATIVE SUBDIVISION MAP, SMALL LOT TENTATIVE SUBDIVISION MAP, AND DEVELOPMENT AGREEMENT AMENDMENT; PROJECT NO. DD8502 – LOCATED AT THE SOUTHEAST CORNER OF RANCHO CORDOVA PARKWAY AND THE FUTURE EXTENSION OF AMERICANOS BOULEVARD

PROPERTY OWNER/APPLICANT: LAL Brothers LLC Mr. Aman Lal 3400 Watermark Place Irvine, CA 92612-5619	REPRESENTATIVE: R.M. Parish and Associates, Inc. Mr. Rob Parish 4070 Bridge Street, Suite 6 Fair Oaks, CA 95628
---	--

PROJECT: FILE: LOCATION: APN: PLANNER:	Douglas 103 Amendment for a previously approved 111.2 acre subdivision within the Sunridge Specific Plan area. DD8502 South of Douglas Road, at the corner of Douglas Road and the future Americanos Boulevard extension; 067-0040-017, 018, and 026 Matthew Diaz, Associate Planner
---	--

RECOMMENDATION

Introduce and waive the first reading of Ordinance 7-2015 and adopt Resolution 44-2015.

RESULT OF RECOMMENDED ACTION

Approval of the project would allow reconfiguration of the residential subdivision and overall reduction in units from 301 single family lots to 198 single family lots. Additionally, approval of the project would allow for amendments to the previously adopted Development Agreement that updates and clarifies the project's parks and infrastructure requirements. These modifications reflect the recent updates to the City's open space/park standards and Public Works improvement timing and standards.

BACKGROUND

The Douglas 103 project is located in the southwestern portion of the SunRidge Specific Plan (SRSP) and is bounded by Douglas Road to the north and is divided by future Americanos Boulevard. The site is currently vacant, undisturbed land. The North Douglas subdivision is

located to the north, the Sunridge Park subdivision to the west, Douglas 98 project to the east, and Grantline 208 project to the south.

FIGURE 1: CONTEXT MAP

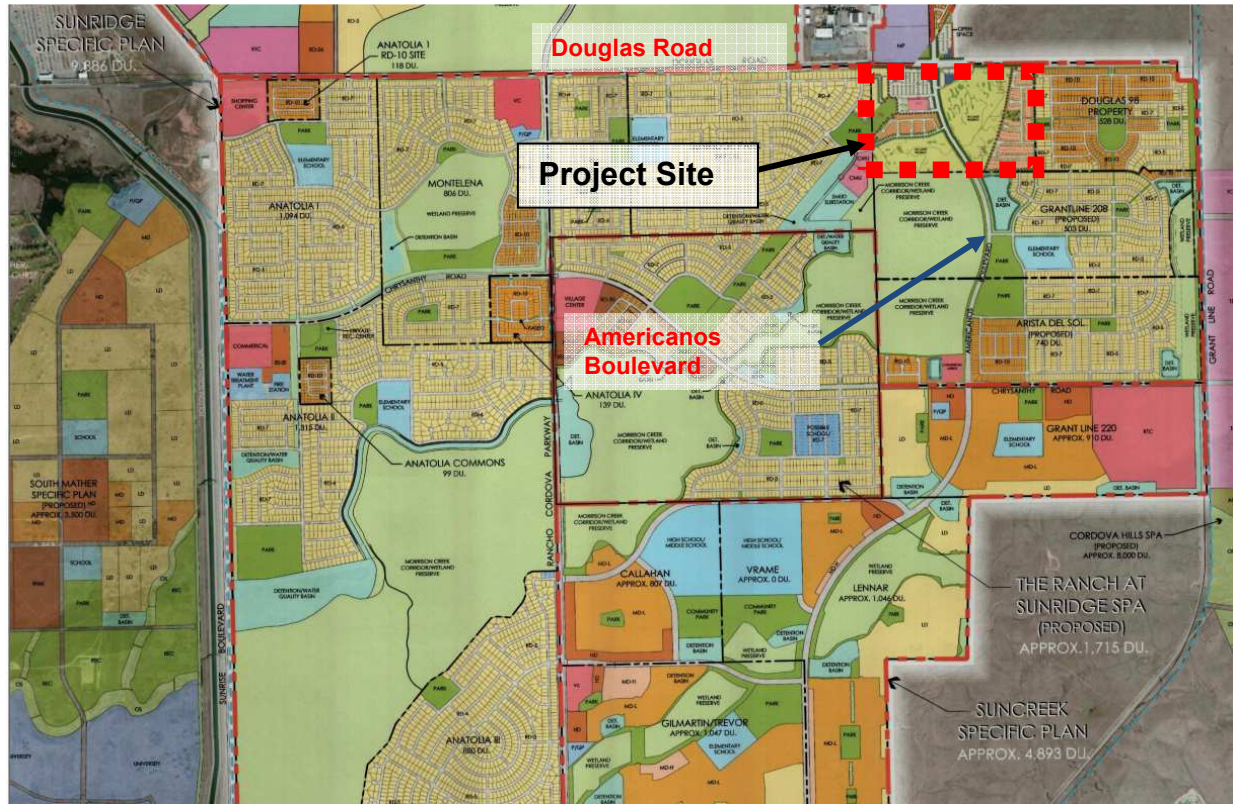
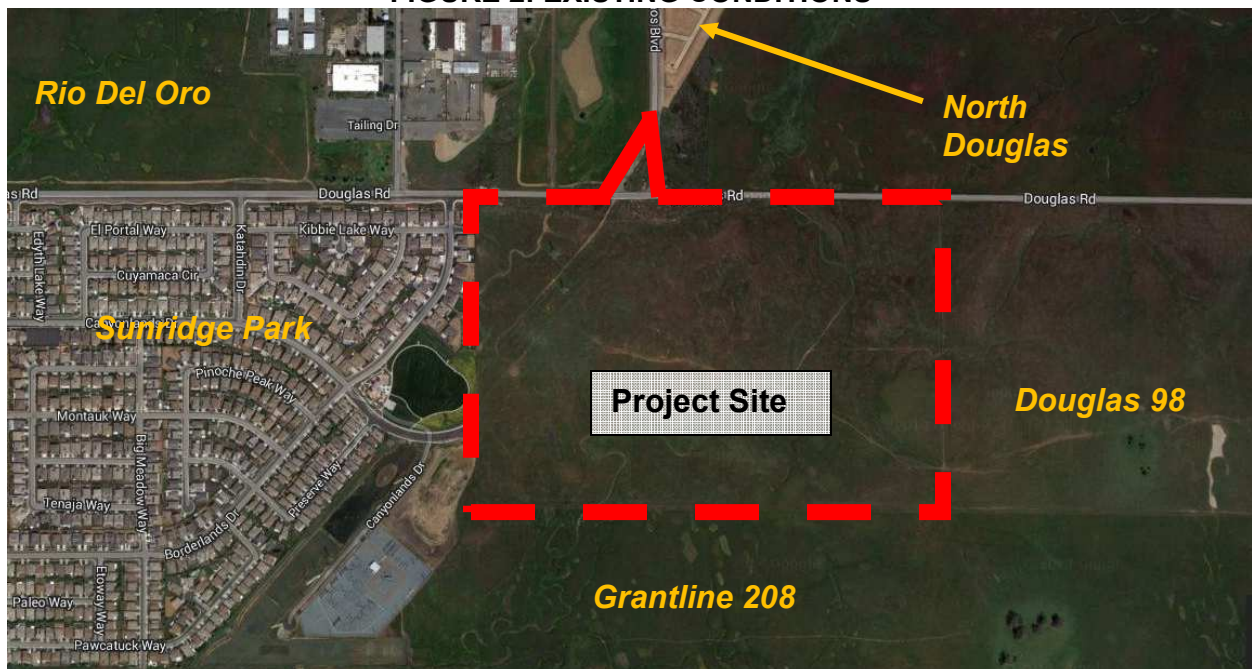


FIGURE 2: EXISTING CONDITIONS



The Douglas 103 project was originally approved in 2006 and included a Specific Plan Amendment/Rezone and a Tentative Subdivision Map (Large and Small) for 301 lots in an RD-15, RD-10, and RD-5 (residential) and O (open space) designations. The project included two park areas totaling 5.2 acres, 43.8 acres of wetland preserve, 0.3 acre of landscape corridor, and three commercial parcels. A Development Agreement was also adopted in 2006, vesting the project's entitlements.

A pre-application submittal was made on August 22, 2014 to discuss revision to the 2006 design. Based on the initial comments from CRPD and City staff, the project was revised and a formal submittal was made on October 20, 2014.

REQUIRED PERMITS AND REGULATORY BASIS

The project will need the following entitlements in order to proceed into the next phase of development:

- A. Rezone – Section 23.146 et.al. of the City's Municipal Code establishes the process for amending the Zoning Map of the City and the supporting evidence supporting the rezone is provided in the ordinance.
- B. Large and Small Lot Tentative Subdivision Maps – The Subdivision Map Act of the State of California and Title 22 of the City's Municipal Code guide the division of land in accordance with the Zoning Code.
- C. Development Agreement Amendment – Section 23.158 et.al. of the City's Municipal Code establishes the process for adopting and amending a Development Agreement between the City and the applicant.

Permits Required after Approval:

The following permits will be required subsequent to the approval of this permit.

- Final Map
- Improvement Plans/Grading Permit
- Major Design Review for new housing.
- Possible Use Permits for Commercial and Office Uses along Douglas Road
- Building Permits

ANALYSIS

While the proposed project maintains a similar land use layout due to the delineated wetland boundaries, the rezone will revise the residential lot size to reflect the changes in housing market demands since 2006. The project has been amended and as such, the project requests include:

Rezone:

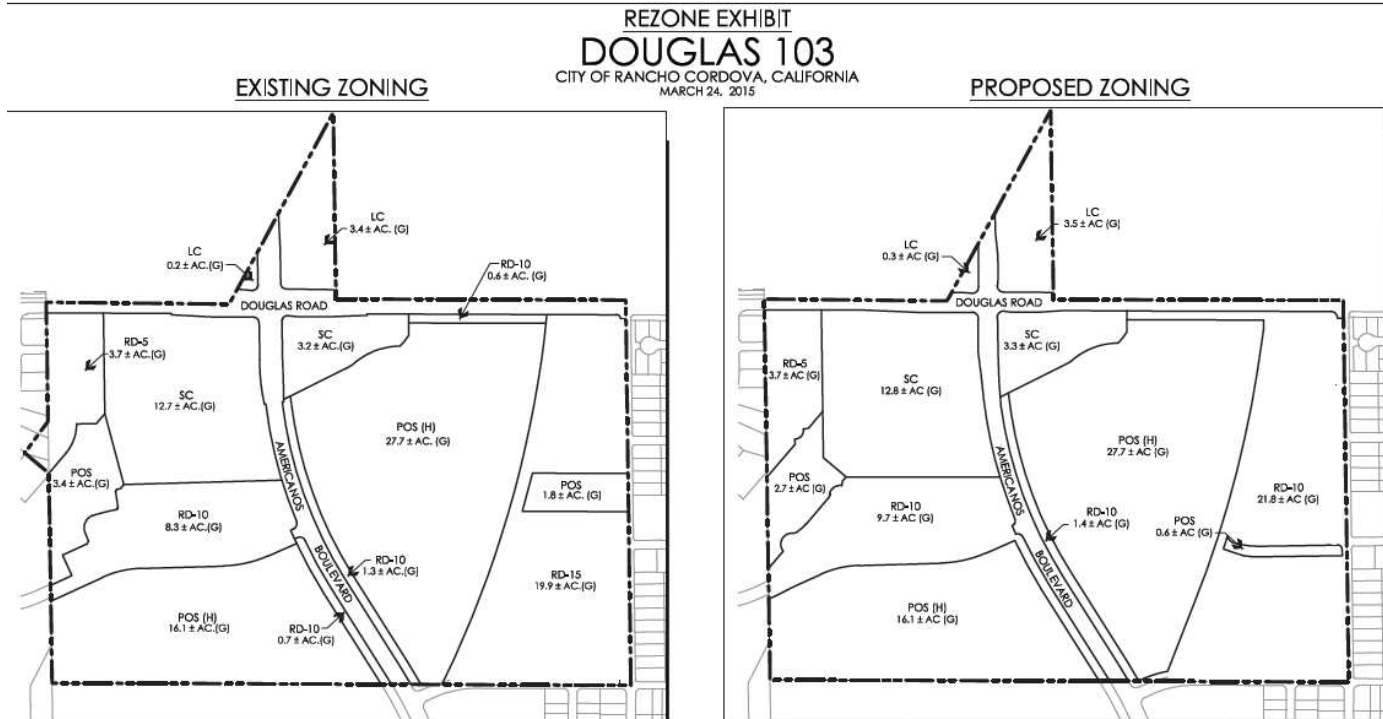
The proposed rezone would reduce the POS (parks and open space) zoning by approximately 1.9 acres. The new POS Lot A and Lot H will be smaller; however they will function in a similar manner to the previous plan as Lot-A will serve as a connecting corridor between the future commercial center and the existing Sunridge Park. The revised POS Lot H adjacent to the Douglas 98 project to the east, will serve as a green pedestrian pathway connecting the Wetland Preserve trails to the green corridor within Douglas 98. The table below provides the breakdown of how zoning designations would be redistributed within the new small lot tentative

subdivision map. The rezone and amended map would reduce the overall unit count for the project from 301 residential lots to 198 residential lots and remove the RD-15 designation altogether. A formal rezone exhibit is included in **Attachment 1, Exhibit 1A** and Figure 3 below.

TABLE 1: REZONE DETAILS

Zoning Designation	Land Use	Existing Acres (N)	Proposed Acres (N)	Difference
RD-5	Single Family Residential	3.7	3.7	0.0
RD-10	Single Family Residential	10.9	32.9	+22.0
RD-15	Single/Multi Family Residential	19.9	0.0	-19.9
LC	Limited Commercial	3.6	3.8	0.2
SC	Shopping Center Commercial	15.9	16.1	0.2
POS	Parks and Open Space	5.2	3.3	-1.9
POS (H)	Parks and Open Space (Habitat)	43.8	43.8	0.0
	Roads (ROW)	8.2	7.6	-0.6
Total		111.2	111.2	0.0

FIGURE 3: REZONE EXHIBIT (GROSS ACREAGE)

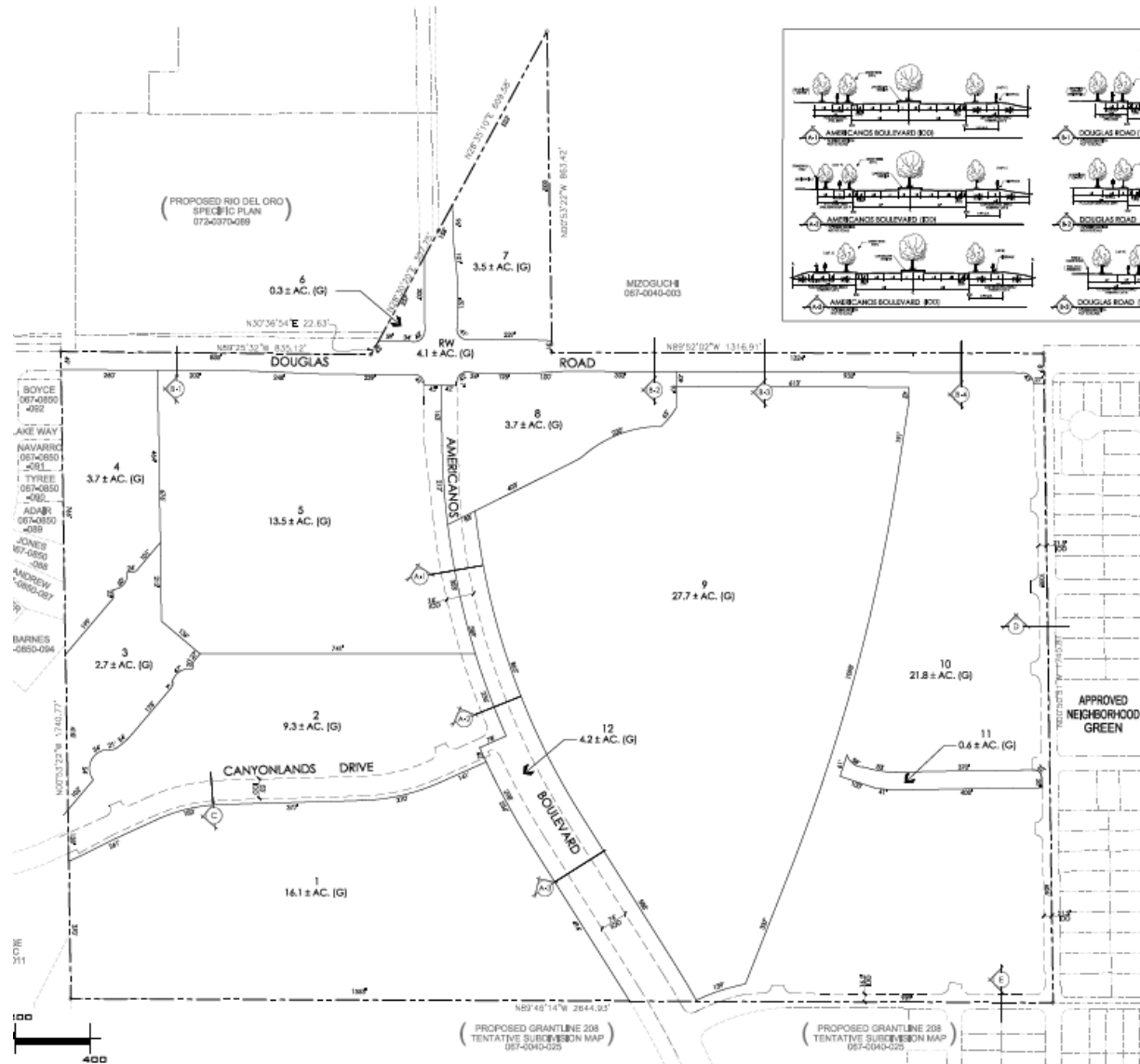


Large Lot Tentative Subdivision Map:

For the purposes of either a future sale or financing, the project includes a Large Lot Tentative Subdivision Map, which would create twelve individual parcels upon recordation of the map. The large lot parcels generally follow the overall phasing plan boundaries for site improvements

and residential development. All of these parcels would be used for residential development, landscape corridors/paseos, and roadways.

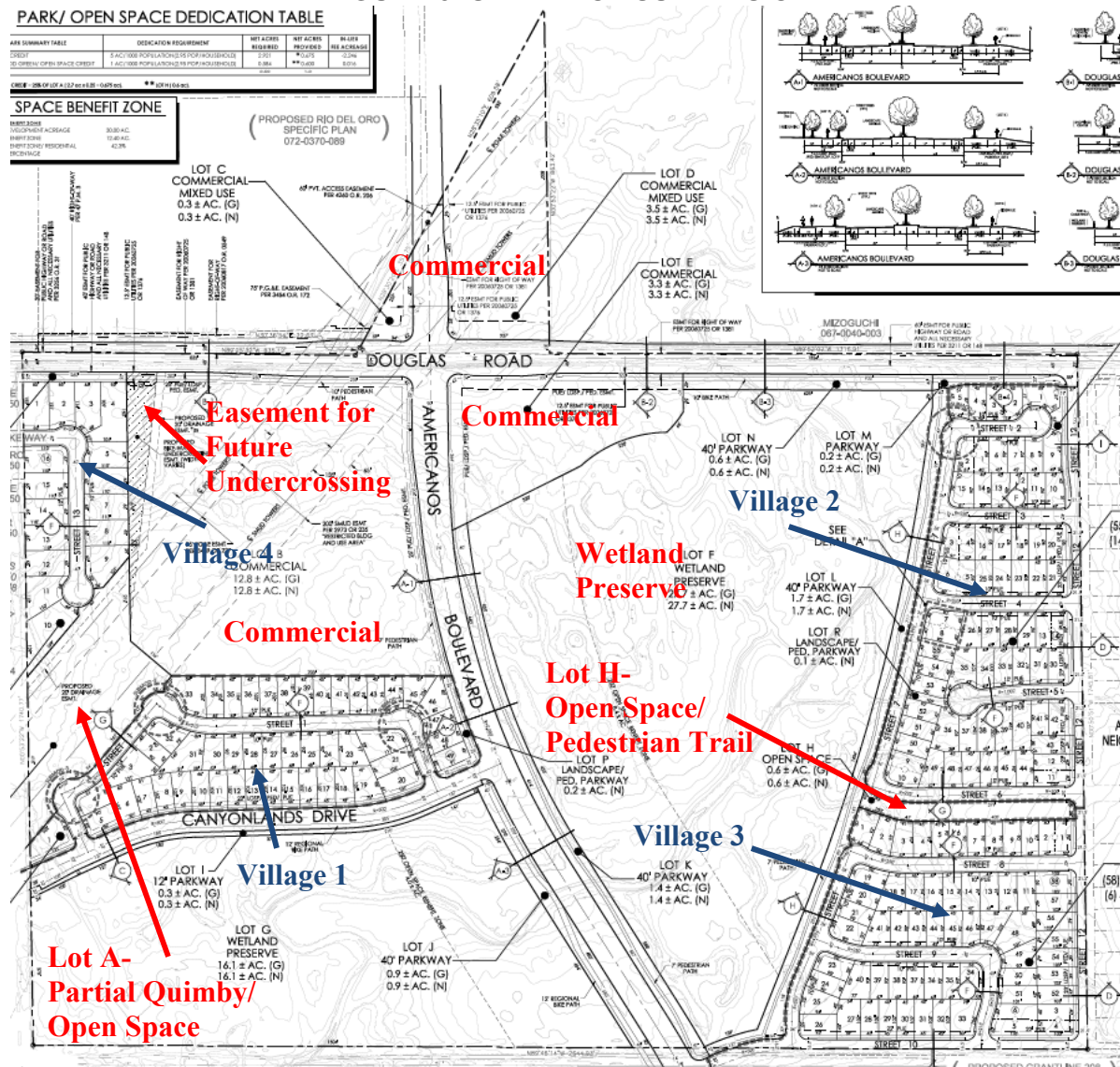
FIGURE 4: LARGE LOT SUBDIVISION



Small Lot Tentative Subdivision Map:

The small lot tentative subdivision map would create 198 single family residential lots (a 103 lot reduction) and additional lots to accommodate a commercial center and other similar commercial uses, open space, landscape corridors, wetland preserve, and other infrastructure supportive of the overall development. Typical lot sizes will consist of 4,050 square foot (45-foot by 90-foot) parcels that would accommodate more traditional detached single family housing types. The revised Village 4 will include larger lots that are approximately 7,150 square feet (65-foot by 110-foot) while Village 2 and 3 will include approximately 20 half-plex parcels that are approximately 3,600 square feet (40-foot by 90-foot) in size. The design and construction of these housing units would be review and approved with a subsequent design review permit.

FIGURE 5: SMALL LOT SUBDIVISION



Parcel and Housing Type:

The development standards for all housing types are outlined in the Sunridge Specific Plan and Sacramento County zoning code. The sites are well within the maximum density as Village 4 will have a density of 4.4 units/acre consistent with the RD-5 zone and Villages 1, 2, and 3 will have densities of 7.0 units/acre consistent with the RD-10 zone. Village 2 and 3 are twenty two-family half-plex lots that are allowed within the Sunridge Specific Plan and are consistent with Sacramento County development standards that are vested with the planning area.

Parks, Open Space and Landscape Corridors:

The plan includes two open space areas totaling 3.3 acres, 43.8 acres of wetland preserve, and 0.5 acres of landscape/pedestrian pathway. While this project would require approximately 2.92 acres of parkland dedication to the Cordova Recreation and Park District (CRPD) to comply with Quimby Act requirements, only partial credit (0.67 acres) can be granted due to development constraints for the Parks and Open Space (POS) Lot-A parcel under the SMUD transmission lines. In-lieu fees will be paid to satisfy the remaining 2.25 acre Quimby requirement. The entire

parcel will be dedicated to the City of Rancho Cordova to comply with the project's 0.58 open space requirement. Improvements to the parcel include a 12-foot Class I bicycle path with a 2-foot wide shoulder. Language has been included within the revised Development Agreement that discusses the option of a collaborative effort between CRPD and the City to design, develop, and maintain Lot A due to the site's partial quimby credit and full open space credit. The other POS designation is Lot H (0.6 acre) open space corridor providing a connection for the Douglas 98 subdivision to the wetland preserve corridor. The full design has not been finalized; the Development Agreement will require a 7-foot sidewalk be installed along with the necessary facilities and landscaping.

Circulation and Landscaping:

The project has been designed to integrate into the developed North Douglas and Sunridge Park subdivision as well as the yet to be constructed Douglas 98 and Grantline 208 projects. All minor residential streets will be consistent with the Sunridge Specific Plan standards and all main street and trail right-of-ways have been designed with detached sidewalks with widths ranging from seven to twelve feet. Consistent with the City's Master Bicycle Plan, a bike easement has been added adjacent to Village 4 for a possible undercrossing connection to the communities north of Douglas Road. Multiple Class-1 and Class-II bike paths have been added as well as pedestrian trails along the wetland preserve boundary.

Phasing Plan:

The phasing plan contains an agreement with the developer to provide phased construction of portions of Americanos Boulevard that would connect the developed North Douglas project with the future Grantline 208 and Arista Del Sol project to the south. This plan includes improvements and expansions to Douglas Road and Canyonlands Drive. The Phasing Plan is contained in **Attachment 2, Exhibit 2D**.

Development Agreement Amendment:

The Development Agreement Amendment would serve several functions. The amended language would address the project's satisfaction of park obligations through the use of partial quimby credit and fees and would establish the requirement to pay a supplemental fee related to traffic impacts, parks and open space maintenance, road improvements, and would update other relevant city items to reflect accurate city standards. As indicated above, the proposed amendments to the previously approved Douglas 103 project are reflective of change in market conditions for this type of development.

Staff is supportive of the proposed changes as they reflect current standards and would maintain connectivity both on- and off-street while providing for well developed neighborhood for future residents in keeping with current residential market preferences. The project revisions have been reviewed by all interested agencies and conditions of approval have been placed on the map to ensure the project continues to comply with City standards over time.

FISCAL ANALYSIS OF PROJECT

The developer and City have agreed to a Development Agreement that will provide additional revenues for police protection, park improvement fees, existing park renovation fees and future street maintenance district. The Development Agreement and the existing Community Facilities District applied to the Specific Plan will offset the costs associated with extending public services to the new development. All open space and landscape corridors will be improved by the developer, and then dedicated and maintained by the City.

ENVIRONMENTAL

The City prepared an Addendum to analyze whether supplemental environmental review to the SDCP/SRSP EIR (State Clearinghouse Number 97022055) was required for the Project under CEQA ("2014 Addendum"). The analysis in the 2014 Addendum shows that none of the standards under CEQA for preparation of subsequent or supplement environmental review (either a Negative Declaration or EIR) have occurred or are met for the Project. The Douglas 103 project will not result in any new or substantially more severe impacts and that prior analysis contained in the originally certified EIR and adopted Sunridge East Mitigated Negative Declaration (MND) adequately address all environmental impacts. Further environmental review is not required because the proposed amendments do not meet the criteria for preparing a subsequent EIR or Negative Declaration under State CEQA Guidelines section 15162.

RECOMMENDED MOTION

Move the City Council introduce and waive the first reading of Ordinance 7-2015 approving a Rezone and Development Agreement Amendment and adopt Resolution 45-2015 approving a Large Lot Tentative Subdivision Map and Small Lot Tentative Subdivision Map for the Douglas 103 project, subject to the Conditions of Approval and attached Exhibits.

ATTACHMENTS

1. Ordinance 7-2015 approving the Rezone (**Exhibit 1A**) and Development Agreement Amendment (**Exhibit 1B**) for the Douglas 103 project
2. Resolution 45-2015 approving the Large Lot (**Exhibit 2A**) and Small Lot Tentative Subdivision Maps (**Exhibit 2B**), Conditions of Approval (**Exhibit 2C**), and Phasing Plan (**Exhibit 2D**) for the Douglas 103 project.
3. Addendum to the Mitigated Negative Declaration
4. Mailing List

ATTACHMENT 1

CITY OF RANCHO CORDOVA

ORDINANCE NO. 7-2015

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA
APPROVING A REZONE AND DEVELOPMENT AGREEMENT AMENDMENT FOR DOUGLAS
103 – PROJECT NO. DD8502**

THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA DOES ORDAIN AS FOLLOWS:**Section 1. Purpose and Declarations.**

WHEREAS, LAL Brothers LLC (hereinafter referred to as “Landowner”) filed an application with the City of Rancho Cordova to modify the Douglas 103 development project (“Project”) located at the south of Douglas Road, at the corner of Douglas Road and the future Americanos Boulevard extension. (Assessor’s Parcel Number 067-0040-017, 018, and 026); and

WHEREAS, in order to strengthen the public planning process, encourage private participation in comprehensive planning and reduce the economic risk of development, the Legislature of the State of California adopted Section 65864, *et seq.*, of the Government Code (the “Development Agreement Statute”), authorizing the City, and any person having a legal or equitable interest in the real property, to enter into a development agreement and establish certain development rights in the property, which is the subject of the development project application. Pursuant to Government Code section 65868, Development Agreements may be amended by mutual assent of the parties; and

WHEREAS, in April 2006, the City and Douglas Grantline 103 LLC entered into a Development Agreement for the Douglas 103 Project, consisting of 111.2 acres of low and medium density residential development (Ordinance Number 07-2006). The Douglas 103 Project remains undeveloped; and

WHEREAS, Douglas 103 Project is within the Sunrise Douglas Community Plan and the SunRidge Specific Plan (“SDCP/SRSP”) area. The SDCP/SRSP was approved by the County of Sacramento (“County”) in July 2002. The County also prepared and certified an Environmental Impact Report (“EIR”) (State Clearinghouse Number 97022055) for the SDCP/SRSP. In July 2003, the City of Rancho Cordova incorporated an area that included the SDCP and SRSP. In response to litigation involving the SDCP/SRSP EIR, the City subsequently rescinded approval of the SDCP/SRSP. On November 7, 2012, the City certified a partially Revised EIR for the SDCP/SRSP, however, at that time the City determined to carry out the projects within the SDCP/SRSP area without re-approving the SDCP/SRSP; and

WHEREAS, in 2005, the City adopted a Mitigated Negative Declaration as the CEQA environmental review for the Sunridge East Projects which included Douglas 103, Douglas 98, Grantline 208, and Arista Del Sol. The Sunridge East MND relied upon, and incorporated by reference, the SDCP/SRSP EIR; and

WHEREAS, in the Sunridge East MND, the City concluded that the Project would not have a significant impact on the environment due to the mitigation measures adopted by the City in the SDCP/SRSP EIR and the MND. All environmental impacts were reviewed and addressed at the time the Project was approved. All recitals and findings of determination,

ATTACHMENT 1

which adopted the Development Agreement, are still accurate and relevant to the Amendment; and

WHEREAS, in 2012 an Assumption Agreement was recorded transferring ownership of the Douglas 103 project from Douglas Grantline 103 LLC to LAL Brothers LLC ("Landowner"); and

WHEREAS, pursuant to Government Code section 65868, City and Landowner now desire to modify the Development Agreement to reflect certain changes and modifications to the obligations of the Landowner to pay certain fees for park renovations to existing City parks and improvements at new City parks, to revise Landowner's park obligations, to update obligations relating to funding of police services and to make other revisions, all as more fully set forth in the attached Development Agreement Amendment; and

WHEREAS, the requested approvals by Landowner to the Douglas 103 Project include the Development Agreement Amendment and amendment to the City's Zoning Map; and

WHEREAS, an Addendum to the previously certified EIR and MND was prepared in accordance with the California Environmental Quality Act ("CEQA"). No significant impacts were identified. On the basis of the Addendum, comments received, and the whole record, there is no substantial evidence that the Project will have a significant adverse impact on the environment. The Addendum reflects the City Council's independent judgment and analysis;

WHEREAS, the City Council is the appropriate authority to hear and take action on this project; and

WHEREAS, the City Council of the City of Rancho Cordova has conducted a properly noticed public hearing pursuant to Government Code Section 65090 and has duly considered all written and verbal testimony presented during the hearing.

Section 2. Findings

The City Council hereby finds that:

A. **CEQA Compliance.** The City prepared an Addendum to analyze whether supplemental environmental review to the SDCP/SRSP EIR (State Clearinghouse Number 97022055) was required for the Project under CEQA ("2014 Addendum"). The analysis in the 2014 Addendum shows that none of the standards under CEQA for preparation of subsequent or supplement environmental review (either a Negative Declaration or EIR) have occurred or are met for the Project. The Douglas 103 Project will not result in any new or substantially more severe impacts and that prior analysis contained in the originally certified EIR and adopted MND adequately address all environmental impacts. Further environmental review is not required because the proposed amendments do not meet the criteria for preparing a subsequent EIR or Negative Declaration under State CEQA Guidelines section 15162.

B. **Required Findings.** The attached Development Agreement Amendment and Zoning Map Amendment are consistent with the following additional required findings:

Finding: The development agreement is consistent with the General Plan objectives, policies, land uses and implementation programs and any other applicable Specific Plans.

ATTACHMENT 1

Evidence: The Douglas 103 Development Agreement Amendment is consistent with the City's and the Cordova Recreation and Park District's current adopted policies relative to parks and open space obligations and Public Work's infrastructure requirements.

Finding: The Development Agreement is in conformance with the public convenience and general welfare of persons residing in the immediate area and will not be detrimental or injurious to property or persons in the general neighborhood or the general welfare of the residents of the city as a whole.

Evidence: The Douglas 103 Development Agreement Amendment will ensure that the future development of the site occurs in a manner consistent with the obligations and expectations of a residential neighborhood. The Project site is located in an undeveloped portion of the City, no persons or property will be adversely impacted by the Project as the Project will improve circulation and provide additional housing options to future residents. The continued development of the City will provide new residents and commercial services not currently available to the general residents of the City as a whole.

Finding: The development agreement will promote orderly development of property or the preservation of property values.

Evidence: The Douglas 103 Development Agreement Amendment will ensure that the future development of the site occurs in an orderly manner, establishing required timing of construction for parks, payments of fees, and public works infrastructure.

Finding: The proposed amendment is consistent with the General Plan.

Evidence: The proposed rezone of the Douglas 103 Project site relies on appropriate zoning designations for the subject property and the future surrounding development areas. All designations are consistent with the corresponding General Plan Land Use Designation and development expectation for the area.

Finding: The proposed amendment would not be detrimental to the public interest, health, safety, convenience, or welfare of the city.

Evidence: Rezone of the Douglas 103 Project will support future development and is in the public interest to continue creating a healthy and varied residential community within the City. There are no anticipated effects of the project that would be detrimental to public health, safety, and welfare.

Finding: The proposed amendment has been reviewed in compliance with the provisions of CEQA.

Evidence: The proposed Douglas 103 Project was reviewed and an Addendum was prepared for the Project. The analysis in the 2014 Addendum shows that none of the standards under CEQA for preparation of subsequent or supplement environmental review (either a Negative Declaration or EIR) have occurred or are met for the Project. The Douglas 103 Project will not result in any new or substantially more severe impacts and that prior analysis contained in the originally certified EIR and adopted MND adequately address all environmental impacts. Further environmental review is not

ATTACHMENT 1

required because the proposed amendments do not meet the criteria for preparing a subsequent EIR or Negative Declaration under State CEQA Guidelines section 15162.

Finding: The site is physically suitable (including absence of physical constraints, access, compatibility with adjoining land uses, and provisions of utilities) for the requested zoning designations and anticipated land uses/development.

Evidence: The Project site is physically suitable for the future development of residential, commercial, open space, parks, and preservation uses. The Project has been planned to be compatible with future surrounding developments. There are no physical constraints limiting the construction to occur consistent with the Douglas 103 Tentative Subdivision Map. The Project has been conditioned to ensure that all necessary utilities and roadways are constructed in a timely manner to best serve the future residents of the Douglas 103 Project.

Section 3. Approval of the Development Agreement Amendment

The City Council hereby approves the Development Agreement Amendment, attached to this Ordinance and incorporated herein by reference as **Exhibit 1B**, and authorizes the City Manager to sign the Development Agreement Amendment after the effective date of this Ordinance.

Section 4. Approval of the Zoning Map Amendment

The City Council hereby adopts the Zoning Map Amendment attached hereto as **Exhibit 1A**.

Section 5. Severability

If any provision of this Ordinance or the application thereof to any person or circumstance, is held invalid, the remainder of the Ordinance, including the application of such part or provision to other persons or circumstances shall not be affected thereby and shall continue in full force and effect. To this end, provisions of this Ordinance are severable. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause or phrase hereof irrespective of the fact that any one or more sections, subsections, subdivisions, paragraphs, sentences, clauses, or phrases be held unconstitutional, invalid or unenforceable.

Section 6. Effective Date

Within fifteen (15) days after adoption, a Summary of this Ordinance shall be published once in the Grapevine Independent, or the Sacramento Bee, a newspaper of general circulation printed and published in Sacramento County and circulated in the City of Rancho Cordova, in accordance with Government Code Section 36933. This Ordinance shall take effect and be enforced thirty (30) days after its inception.

ATTACHMENT 1

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the ____ day of _____, 2015 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Robert McGarvey, Mayor

ATTEST:

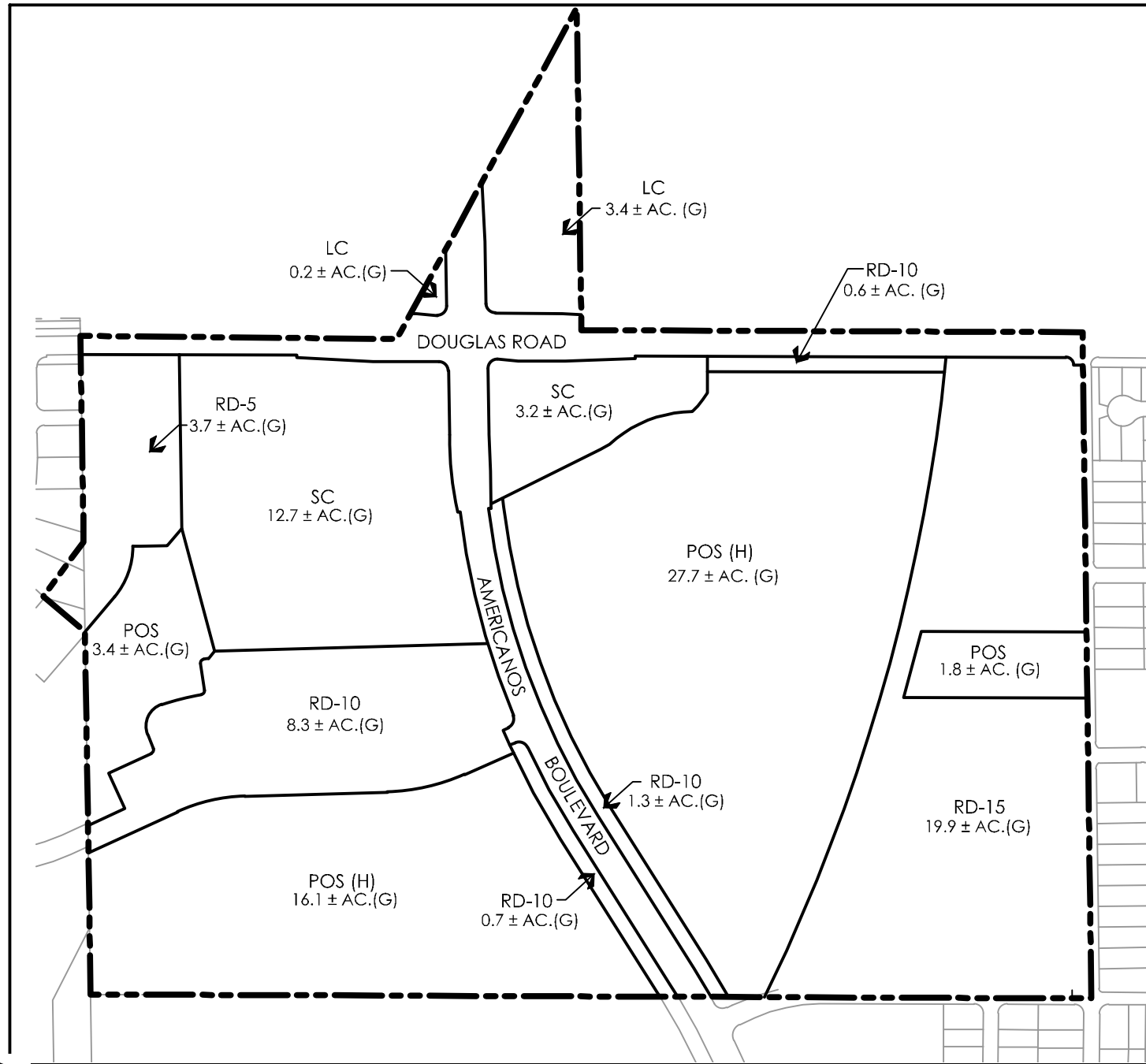
Mindy Cuppy, MMC, City Clerk
2356702.2

REZONE EXHIBIT
DOUGLAS 103

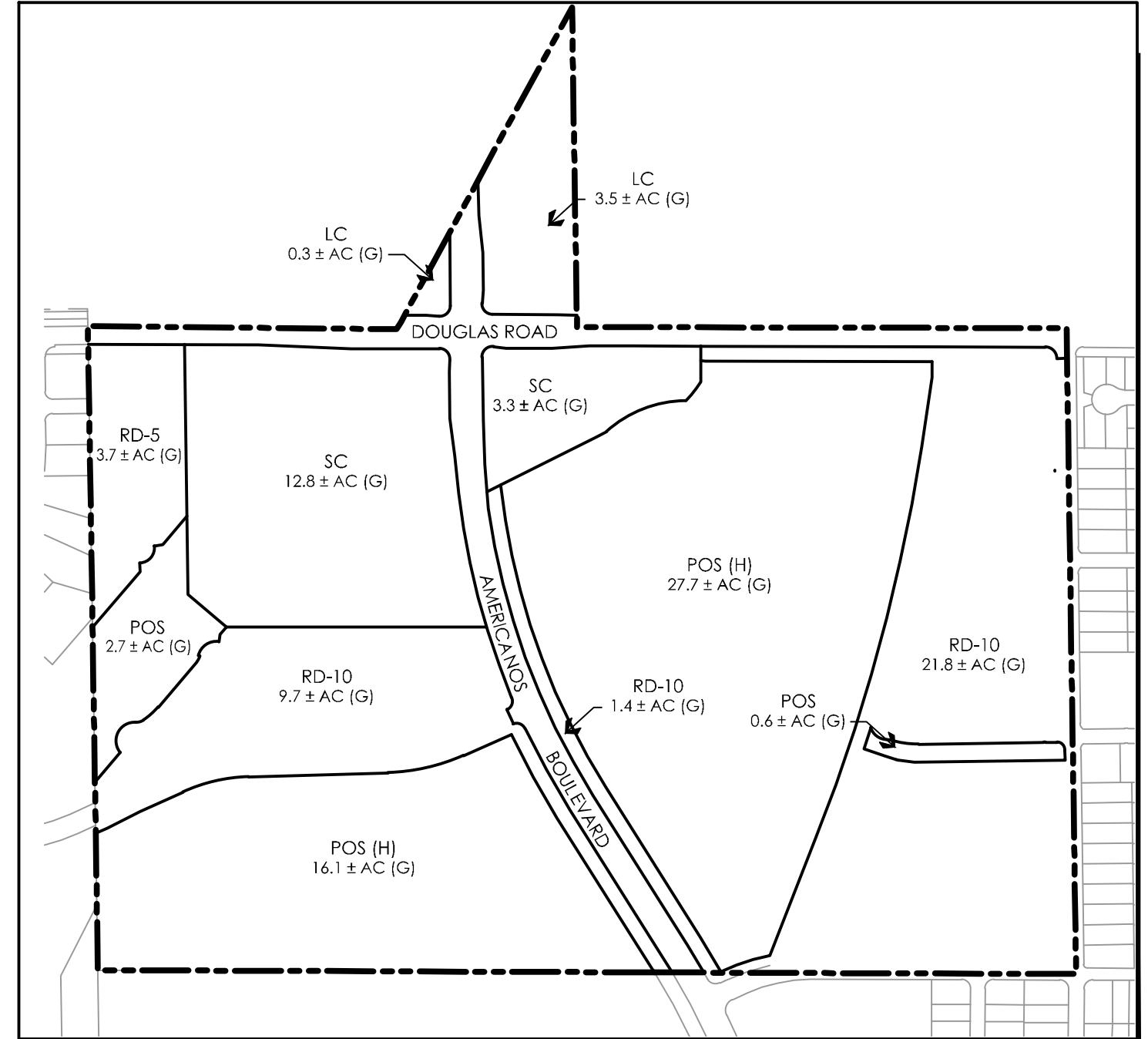
CITY OF RANCHO CORDOVA, CALIFORNIA
MARCH 24, 2015

EXHIBIT 1A

EXISTING ZONING



PROPOSED ZONING



LAND USE SUMMARY

DESIGNATION	LAND USE	EXISTING	PROPOSED	DIFFERENCE
RD-5	SINGLE FAMILY RESIDENTIAL	3.7	3.7	0.0
RD-10	SINGLE FAMILY RESIDENTIAL	10.9	32.9	22.0
RD-15	SINGLE/MULTI FAMILY RESIDENTIAL	19.9	0.0	-19.9
LC	LIMITED COMMERCIAL	3.6	3.8	0.2
SC	COMMERCIAL	15.9	16.1	0.2
POS	PARKS AND OPEN SPACE	5.2	3.3	-1.9
POS (H)	PARKS AND OPEN SPACE (HABITAT)	43.8	43.8	0.0
RW	RIGHT OF WAY	8.2	7.6	-0.6
TOTAL		111.2	111.2	0.0

AGENDA ITEM 10.3

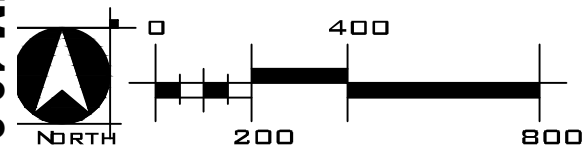


EXHIBIT 1B

OFFICIAL BUSINESS
Document entitled to free recording
Government Code Section 6103

RECORDING REQUESTED BY AND
WHEN RECORDED, MAIL TO:

City of Rancho Cordova
2729 Prospect Park Drive
Rancho Cordova, CA 95670
Attn: City Clerk

(SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE)

**FIRST AMENDMENT TO DEVELOPMENT AGREEMENT
RELATIVE TO DOUGLAS 103
BY AND BETWEEN THE CITY OF RANCHO CORDOVA
AND LAL BROTHERS, LLC**

This First Amendment to Development Agreement (this "**Amendment**") is entered into this ___ day of _____, 2015, by and between the **CITY OF RANCHO CORDOVA**, a municipal corporation (the "**City**"), and **LAL Brothers, LLC**, a California limited liability company ("**Landowner**"). The City and Landowner are hereinafter collectively referred to as the "**Parties**."

RECITALS

A. The City and Douglas Grantline 103, LLC, a California limited liability company, entered into that certain Development Agreement dated March 6, 2006 ("**Agreement**"), recorded on May 2, 2006, in the Office of the Sacramento County Recorder in Book 20060502, Page 2498, Official Records, which established certain development rights in certain real property located in the City of Rancho Cordova, California, as more particularly described in **Exhibit A-1** and **Exhibit A-2** of the Agreement (the "**Property**").

B. The Property has changed ownership since the City and Douglas Grantline 103, LLC, a California limited liability company, entered into the Development Agreement. Comerica Bank acquired the interest in the Property from Douglas Grantline 103, LLC. Landowner currently owns the Property and has assumed all of the interests and obligations of Comerica Bank. Landowner has provided the City with a title report indicating its ownership in fee of the Property.

C. Pursuant to Government Code section 65868, the City and Landowner now desire to modify and amend the Agreement to reflect certain changes to Landowner's obligations to pay certain fees for park renovations at existing City parks and improvements at new City parks, to revise Landowner's park obligations, to modify certain traffic thresholds in exchange for a supplemental fee, to update obligations relating to the funding of police services, and to make other revisions, all as more fully set forth below in this Amendment.

D. This Amendment amends certain provisions of the Agreement applicable to the entire Property, and was adopted by City Ordinance No. ___-2015 on _____, 2015. All capitalized terms used in this Amendment shall have the same meaning as set forth in the Agreement.

EXHIBIT 1B

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, the Parties hereby agree to amend the Agreement as follows:

AGREEMENT

1. **Incorporation of Recitals.** Recitals A through D are hereby incorporated herein, including the documents referenced in the Recitals.

2. **Restatement of Section 6 of the Recitals Concerning "Project Approvals."** Section 6 of the Recitals of the Agreement is hereby deleted and replaced with the following:

"6. Project Approvals. The following land use approvals (together the **"Project Approvals"**) have been granted for the Property, which entitlements are the subject of this Agreement.

6.1 The Sunridge Specific Plan adopted by the County of Sacramento, as adopted by the City on July 1, 2003, by City Resolution No. 06-2003 (the **"Specific Plan"**);

6.2 The Mitigation Measures in both the Environmental Impact Report (**"EIR"**) certified by the County of Sacramento in July 2002 (State Clearinghouse No. 97022055), as revised by the City on November 7, 2011, the Mitigated Negative Declaration adopted on February 21, 2006, as further analyzed in the Addendum dated August 2014;

6.3 The Rezoning of the Property, approved by the City on February 21, 2006, by City Ordinance No. 08-2006 as further amended on _____, 2015 by City Ordinance No. ____-2015;

6.4 The Large Lot Tentative Subdivision Map approved on _____, 2015 by City Resolution No. ____-2015 for one hundred and ninety-eight (198) residential lots (attached hereto as **Exhibit 1**);

6.5 The Small Lot Tentative Subdivision Map approved on _____, 2015 by City Resolution No. ____-2015 (attached hereto as **Exhibit 2**);

6.6 The Development Agreement adopted on March 6, 2006, by City Ordinance No. 07-2006 (the **"Adopting Ordinance"**) as amended on _____, 2015 by City Ordinance No. ____-2015 adopting the First Amendment to the Development Agreement."

3. **Restatement of Section 5.2 concerning the "Term."** The City and Landowner agree that Section 5.2 of the Agreement is hereby deleted and replaced with the following:

"5.2 Term. Upon the execution of the First Amendment, the term of this Agreement shall commence on the Effective Date and extend to _____, 20__, which date is a period of _____ (__) years from the date that City Ordinance No. ____-2015 approving this First Amendment takes effect, unless said term is terminated, modified or extended by circumstances set forth in this Agreement. Following expiration of the term, this Agreement shall not affect any right or duty created by the City approvals for the

EXHIBIT 1B

Property adopted prior to, concurrently with, or subsequent to the approval of this Agreement.”

4. Restatement of Section 6.4.1 Concerning the “New Park Development Obligation.” The City and Landowner agree that Section 6.4.1 of the Agreement is hereby deleted and replaced with the following:

“6.4.1 New Park Development Obligation.

(i) Dedication of Park Land:

Landowner’s obligation to dedicate land to the Cordova Recreation and Park District (the “**Park District**”) pursuant to California Government Code Section 66477 (the “**Quimby Act**”) shall be satisfied by a combination of land dedication and Landowner’s payment of in lieu fees. The Quimby Act park requirement for this project is 2.92 acres. The Landowner will dedicate Lot A to satisfy a portion of the Quimby Act park land requirement. The acreage in Lot A is heavily encumbered with utility easements and will be credited towards the Quimby Act park land requirement at twenty-five percent (25%) or 0.67 acres. The payment of in lieu fees for 2.25 acres shall be paid to the Park District prior to the recordation of the first final subdivision map.

(ii) Dedication of Open Space Land:

Landowner’s obligation to dedicate open space land to the City shall be satisfied by Landowner’s dedication of Lot A to the City, as shown on the Large Lot Tentative Subdivision Map, attached hereto as **Exhibit 1**.

(iii) Open Space Land Improvement

The Landowner agrees it will improve open space lands, Lots A and H, shown in Exhibit  of the First Amendment.

Lot A shall be improved with landscaping, a 12-foot wide class 1 trail with 2-foot wide shoulders, and other associated facilities to the satisfaction of the City and per City specifications. Improvements shall be constructed by the developer, and at developer cost, at the time noted in the phasing plan. The improved lot shall be dedicated to the City. There will be no reimbursement to developer for the improvements.

At subdivision improvement plan submittal, the Park District and the City will meet and confer on any additional improvements to Lot A. The Park District agrees to participate in the development costs of the Lot A open space parcel by contributing in-lieu Quimby Act park fees from this project towards the development up to the amount of in-lieu Quimby Act park fees paid by Landowner for this project. Landowner shall have no responsibility for constructing such additional improvements on Lot A.

Lot H shall be improved with landscaping, a 7-foot wide sidewalk and other associated facilities to the satisfaction of the City and per City specifications. Improvements shall be constructed by the developer, and at developer cost, at

EXHIBIT 1B

the time noted in the phasing plan. The improved lot shall be dedicated to the City. There will be no reimbursement to developer for the improvements.

(iv) **Park Development Impact Fee and In Lieu Fee.**

Landowner shall pay a park development impact fee for each single-family residential parcel or residential parcel equivalent on the Property to mitigate the costs for the Park District and the City to design, construct and install park and open space improvements (the **"Park Development Impact Fee"**). The Park Development Impact Fee will be paid prior to issuance of each residential building permit within the project. The Park Development Impact Fee will be Ten Thousand, One Hundred Thirty Six Dollars and Fifty Two Cents (\$10,136.52) for each single-family residential parcel or residential parcel equivalent. Of the Ten Thousand One Hundred Thirty Six Dollars and Fifty Two Cents (\$10,136.52) Park Development Impact Fee, Eight Thousand Eight Hundred Sixty-Seven Dollars and Fifty Six Cents (\$8,867.56) is for park development and One Thousand Two Hundred Sixty Eight Dollars and Ninety Six Cents (\$1,268.96) to the City is for neighborhood green, trails and open space improvements.

The Park Development Impact Fee shall be adjusted on January 1, 2016 and annually thereafter, no later than January 15th by the method provided in City Ordinance No. 05-2014 as follows:

- (a) A "mean" index will be computed by averaging the index for 20 U.S. cities with the index for San Francisco by resort to the most recent October issue of the Engineering News Record magazine Construction Cost Index.
- (b) An adjustment factor shall be computed by dividing the "mean" index as calculated in subsection (a) of this Section by the "mean" index for the previous October.
- (c) The adjusted Park Development Impact Fee shall be calculated by multiplying the adjustment factor, as calculated in subsection (b) of this Section, by the Park Development Impact Fee in place prior to the annual adjustment.

Additionally, if and when the City adopts the Citywide Park Improvement Fee, or an Area-Wide Park Improvement Fee applicable to the project, the Landowner and the City agree to that the portion of the Park Development Impact Fee used for parks (currently Eight Thousand Eight Hundred Sixty-Seven Dollars and Fifty-Six Cents (\$8,867.56)) will automatically adjust to the City adopted Citywide Park Improvement Fee or the Area-Wide Park Improvement Fee. The portion of the Park Development Impact Fee used for the City's neighborhood green, trails and open space improvements (One Thousand Two Hundred Sixty Eight Dollars and Ninety Six Cents (\$1,268.96)) will continue as required for under the First Amendment. Under no circumstances shall the Landowner be required to pay any new fee for neighborhood green and open space improvements in addition to the portion of the Park Development Impact Fee used for parks as set forth in this First Amendment."

EXHIBIT 1B

5. Restatement of Section 6.4.2 Concerning the “Timing of Dedications and Improvements of Parks.” The City and Landowner agree that Section 6.4.2 of the Agreement is hereby deleted and replaced with the following:

“6.4.2 Timing of Dedications of Parks and City Open Space.

(i) Parks:

Prior to the recordation of any final subdivision map, Landowner shall enter into a park development agreement with the Park District. Park sites will be accepted by the Park District for maintenance pursuant to the terms of the park development agreement. The park development agreement shall address, but not be limited to, the specific facilities to be constructed, deeding of the dedicated Quimby Act park land to the Park District, and payment of in-lieu Quimby Act fees by Landowner to the Park District. The City shall be named a third party beneficiary to the park development agreement. Landowner shall pay all costs incurred by the City and the Park District in preparing the park development agreement. Landowner will be deemed to have satisfied in full its new park development obligation, after fulfilling the requirements described in Section 6.4.1 and 6.4.2.

(ii) Open Space:

Landowner shall irrevocably offer to dedicate the open space site, Lots A and H, shown on **Exhibit 1** to the City prior to the recordation of any final subdivision map.

6. Restatement of Section 6.4.3 Concerning the “In-fill Park and Open Space Renovation and Acquisition Fee.” The City and Landowner agree that Section 6.4.3 of the Agreement is hereby deleted and replaced with the following:

“6.4.3 In-fill Park and Open Space Renovation and Acquisition Fee.

Landowner agrees that development of the Property shall be subject to the park renovation fee (the “**Park Renovation Fee**”). Landowner agrees that it shall pay the City the total sum of One Thousand Fifty Dollars and Fifty-Two Cents (\$1,050.52) for each residential parcel shown on the small lot final maps for the Property. Beginning January 1, 2016, the fee shall be adjusted annually on each January 1 based upon the percentage change in the United States Department of Labor Consumer Price Index for all Urban Consumers for the San Francisco-Oakland-San Jose area between August and August of each year. This fee shall be paid to the City no later than prior to issuance of the building permit for each residential parcel for the Property. It shall be used by the City, at its sole discretion, to acquire, renovate, repair, improve or maintain parks or open space in that portion of the City outlined in Exhibit G to the Amended Development Agreement. This payment is made voluntarily by Landowner. It is in addition to all other existing park fees, and construction and dedication obligations, including without limitation any fees paid pursuant to the Quimby Act. Landowner agrees that it shall not claim credit or right to reimbursement of any other existing park fees, and construction and dedication obligations, including Quimby Act fees, as a result of paying the Park Renovation Fee required under this Section 6.4.3. If and when the City reduces or eliminates the Park Renovation Fee on a Citywide basis (by adoption of a park tax, special sales tax or other measure), then the

EXHIBIT 1B

Park Renovation Fee under this Section 6.4.3 shall be automatically adjusted or eliminated to correspond to the new Citywide funding mechanism, provided that the Landowner does not challenge or oppose the approval or implementation of the new Citywide funding mechanism.”

7. Restatement of Section 6.4.4 Concerning the “Police Tax.” The City and Landowner agree that Section 6.4.4 of the Agreement is hereby deleted and replaced with the following:

“6.4.4 Police Tax. Landowner and the City agree that the Property shall be subject to the Police Tax enacted by City Ordinance No. 33-2006 pertaining to Police Tax Zone 29. Within one hundred eighty (180) days following the date of the City Council’s approval of this First Amendment, the Landowner shall support the annexation of the project into Community Facilities District 2013-2 (Police Services), and cover Landowner’s fair share costs of the CFD annexation not to exceed Seven Thousand Dollars (\$7,000). The City agrees that the new CFD will provide that on lands designated for all residential land use categories, the base year FY 2014/2015 Police Maximum Services Special Tax shall be Four Hundred Eighty-Three Dollars and Thirty-Nine Cents (\$483.39) annually per residential unit or residential unit equivalent. The special tax imposed by the CFD will be payable on a parcel within the Property only after a building permit has been issued by the City for the construction of a building on that particular parcel and there will be no undeveloped land tax imposed by the CFD. The new CFD shall further provide that on each July 1 commencing July 1, 2015, the Police Special Tax shall be escalated by the increase, if any, in the United States Department of Labor Consumer Price Index (“CPI”) for all Urban Consumers for the San Francisco-Oakland-San Jose Area. The CPI shall be used as determined by the United States Department of Labor Bureau of Labor Statistics from April to April as set forth in the Rate and Method of Apportionment for the CFD. However, in no event shall the tax per parcel for any fiscal year be less than the amount established for the prior fiscal year. If the CPI is discontinued, or revised, such other government index or computation with which it is replaced shall be used by the CFD in order to obtain substantially the same result as would be obtained if the CPI had not been discontinued or revised. The CFD shall specify that the Police Special Tax shall commence being payable annually following issuance of a building permit for each parcel subject to the Police Special Tax.

Within sixty (60) days of the annexation of the project into Police Services CFD, the City Council will rescind City Ordinance No. 33-2006 pertaining to Police Tax Zone 29. The Landowner acknowledges that no final small lot subdivision maps shall be approved by the City prior to the annexation of the project into the Police Services CFD.

Landowner agrees that it will not vote to repeal or amend the Police Special Tax being imposed in the amounts set forth above, and that any such vote by Landowner would constitute an event of default under this Agreement. In the event of such a default by Landowner, then in addition to all other remedies available to the City, Landowner shall be obligated to pay under this Agreement the difference between the amount of the Police Special Tax before the

EXHIBIT 1B

Landowner's vote to repeal or amend the tax, and the amount of the proposed Police Special Tax set forth above."

8. Restatement of Section 6.4.5 Concerning the "Road Maintenance Conditions." The City and Landowner agree that Section 6.4.5 of the Agreement is hereby deleted and replaced with the following:

"6.4.5 Streets, Street Lighting and Landscaping Maintenance. Landowner and the City agree that the Landowner shall participate in or provide a funding mechanism for maintenance services for the fair share of existing and all new public improvements associated with the project including, but not limited to, streets, bridges/culverts, traffic signals, traffic signs, striping and legends, ITS operations, street lights and safety lights, and public frontage and median landscape improvements. This may be accomplished through annexation to the City's Communities Facilities District No. 2014-2 (Street, Lighting and Landscaping Maintenance), or other financial mechanism as may be proposed and provided by the Landowner for the same purpose of providing a financial mechanism to fund the operation and maintenance of the project's public improvements. The Landowner shall support the annexation of the project into Community Facilities District 2014-2, and cover Landowner's fair share costs of the CFD annexation not to exceed Seven Thousand Dollars (\$7,000)."

9. Addition of New Section 6.4.6 "Stormwater Utility Fee." The City and Landowner agree to add a new Section 6.4.6 of the Agreement as follows:

"6.4.6 Stormwater Utility Fee. Landowner and the City agree that the Landowner shall participate in or provide a funding mechanism for maintenance services for the project's stormwater drainage and flood protection system. This may be accomplished through annexation to the City's Stormwater Utility Fee District, or other financial mechanism as may be proposed and provided by the Property Owner for the same purpose of providing a financial mechanism to fund the operation and maintenance of the projects stormwater drainage and flood protection system. The Landowner shall support the annexation of the project into the City's Stormwater Utility Fee District, and cover Landowner's fair share costs of the annexation not to exceed Seven Thousand Dollars (\$7,000)."

10. Addition of New Section 6.4.7 "Phasing Plan." The City and Landowner agree to add a new Section 6.4.7 of the Agreement as follows:

"6.4.7 Phasing Plan. Prior to approval of any final map, Developer shall provide a large lot phasing plan addressing sequencing and full build-out of major public infrastructure throughout the project limits. The large lot phasing plan shall show all public facilities including, but not limited to, major roadways, bike trails, sewer, water, drainage, facilities, parks, park road frontage improvements and other utilities, and the large lot phasing plan will be based on the City's Guiding Principles for Phasing of Transportation, Infrastructure and Utility Services, to the satisfaction of the City's Public Works Department. The large lot phasing plan may be revised as needed during the development of the project.

Prior to approval of any small lot final map for an individual phase, the Landowners shall prepare and submit to the City a "small lot phasing plan" that addresses full build-out of all secondary streets and utility infrastructure. The

EXHIBIT 1B

small lot phasing plan will show the blocks of the small lot tentative map to be constructed and all roads, bike trails and other infrastructure required to serve the use of the proposed units within each block to the satisfaction of the City's Public Works Department. The small lot phasing plan will also be defined by the City's Guiding Principles for Phasing.

Prior to issuance of building permits (except permits for model homes) within an individual map phase, all streets and improvements shown on the small lot phasing plan, all streets necessary for access to the proposed homes, associated improvements included in the approved improvement plans, landscaping and other infrastructure as necessary for adequate public access and use shall be fully constructed and accepted to the satisfaction of the City's Public Works Department.

Developer shall have no further responsibility for improvements after meeting the improvement requirements of the applicable phase (or sub-phase). The Phasing Plan may be amended from time-to-time upon approval by the Public Works Director."

The City shall make a good faith effort to update the Sunrise Douglas Community Plan Development Impact Fee Program to include the roadway frontage immediately adjacent to the wetlands preserve within the project boundary, including the wetlands frontage along Americanos Boulevard south of the project.

11. Addition of Section 6.4.8 "New Supplemental Traffic Impact Fee." The City and Landowner agree to add a new Section 6.4.8 to the Agreement as follows:

"6.4.8 New Supplemental Traffic Impact Fee. The City and Landowner agree the Landowner shall pay a new supplemental traffic impact development fee to the City in the amount of Five Thousand Sixty Dollars (\$5,060) for each residential lot shown on the final small lot subdivision maps for the Property (the **"Supplemental Traffic Impact Fee"**). Landowner shall pay the Supplemental Traffic Impact Fee in the following increments: (i) Eight Hundred Sixty-Five Dollars (\$865) for each residential lot at the time of recordation of a final small lot subdivision map for the residential lot; and (ii) Four Thousand One Hundred Ninety-Five Dollars (\$4,195) at the time of issuance of a building permit for a residential lot. By agreeing to pay the Supplemental Traffic Impact Fee, the City agrees that Landowner and the Property will have satisfied its obligation under the Conditions of Approval and Mitigation Monitoring Reporting Program for offsite traffic improvements and shall not be made subject to constructing or funding the construction of offsite roadway improvements. The term "offsite roadway improvements" as used in the preceding sentence shall include Grant Line Road and associated frontage improvements. The City agrees that it will apply the Supplemental Traffic Impact fee to fund the Rancho Cordova Parkway Interchange or the costs of other roadway improvements needed to improve access to U.S. Highway 50 from the project area. Landowner shall be entitled to fee credits against and/or reimbursements from this Supplemental Fee should Landowner construct any improvements otherwise intended to be funded by such Supplemental Fee. The above Supplemental Traffic Impact Fee will not be subject to increase or decrease as a result of changes in any City traffic impact fees."

EXHIBIT 1B

12. Restatement of Section 10.1(i) Concerning “Formation, Consent, Waiver and Special Benefit.” The City and Landowner agree that Section 10.1(i) of the Agreement is hereby deleted and replaced with the following:

“i. Provide the City assured funding for the ongoing maintenance and operation of the City owned neighborhood greens, open spaces, and trails. This may be achieved through the annexation to CFD 2014-2 (Streets, Street Lighting and Landscape Maintenance) or through the formation of a separate funding mechanism.”

13. Restatement of Section 10.1(ii) Concerning “Formation, Consent, Waiver and Special Benefit.” The City and Landowner agree that Section 10.1 of the Agreement is hereby deleted and replaced with the following:

“ii. Provide the Park District assured funding for the ongoing maintenance and operation of District owned neighborhood greens and community parks that will be utilized by residents of the development under this Agreement. This may be achieved through an annexation to CFD 04-01 (Sunridge). The maintenance and operation funding will not duplicate services resulting from the requirements of the replaced section 10.1(i) for the City-owned neighborhood greens, open spaces, landscaped corridors and trails.”

14. Violation of CRPD Park Development Agreement. Landowner agrees that the City will be a third party beneficiary of the Park Development Agreement, but only if the Park District consents to such third party beneficiary status in the Park Development Agreement. Provided that the Park District identifies the City as a third party beneficiary of the Park Development Agreement, Landowner agrees that any violation of the Park Development Agreement may be enforced by the City as a violation of this First Amendment. If for any reason, the City is not identified as a third party beneficiary of the Park Development Agreement, Landowner agrees to amend the project's Development Agreement to include terms detailing Landowner's obligations regarding the design, construction, installation and timing of park improvements.

15. Exhibits. Exhibit B “Douglas 103 Large Lot Tentative Subdivision Map”, **Exhibit C** “Douglas 103 Small Lot Tentative Subdivision Map”, **Exhibit D-1** “Land Use Map for the Property”, **Exhibit D-2** “Land Use Summary”, and **Exhibit E** “Diagram of Park Land Dedication” are all replaced with **Exhibit 1** “Large Lot Tentative Subdivision Map” and **Exhibit 2** “Small Lot Tentative Subdivision Map”. **Exhibits 1** and **2** to this First Amendment include all the categories of information previously provided in the five replaced exhibits in the Agreement.

16. Form of Agreement. The last sentence of Section 29 of the Agreement which described the Agreement and its exhibits as constituting the entire understanding and agreement of the Parties is hereby deleted.

17. Definition of Terms. All capitalized terms used in this First Amendment shall have the same definition as provided in the Agreement, except where a different definition has been supplied in this First Amendment.

18. All Other Terms in Force. Except as amended by this Amendment, all terms and conditions of the Agreement remain in full force and effect.

19. Recording. Within ten (10) days after the Effective Date, the City shall record this First Amendment with the Sacramento County Recorder's Office.

EXHIBIT 1B

20. Counterparts. The Parties may execute this First Amendment in counterparts, each of which will be considered an original, but all of which will constitute the same instrument.

21. Entire Agreement. This First Amendment sets forth the Parties' entire understanding regarding the matters set forth above. It supersedes all prior or contemporaneous agreements, representations, and negotiations regarding those matters (whether written, oral, express, or implied) and may be modified only by another written agreement signed by all Parties. This First Amendment will control if any conflict arises between it and the Agreement.

IN WITNESS WHEREOF, the City of Rancho Cordova, a municipal corporation, has authorized the execution of this Amendment in duplicate by its City Manager and attested to by its City Clerk under the authority of Ordinance No. ____-2015, adopted by the Council of the City on ____ day of _____ 2015, and Landowner has caused this Amendment to be executed.

"CITY"

CITY OF RANCHO CORDOVA,
a municipal corporation

By: _____

Name: _____

Its: _____

"LANDOWNER"

LAL BROTHERS, LLC,
a California limited liability company

By: _____

Name: _____

Its: _____

ATTEST:

City Clerk

APPROVED AS TO FORM:

Adam U. Lindgren
City Attorney

EXHIBIT “1”

Large Lot Tentative Map and Land Use Summary

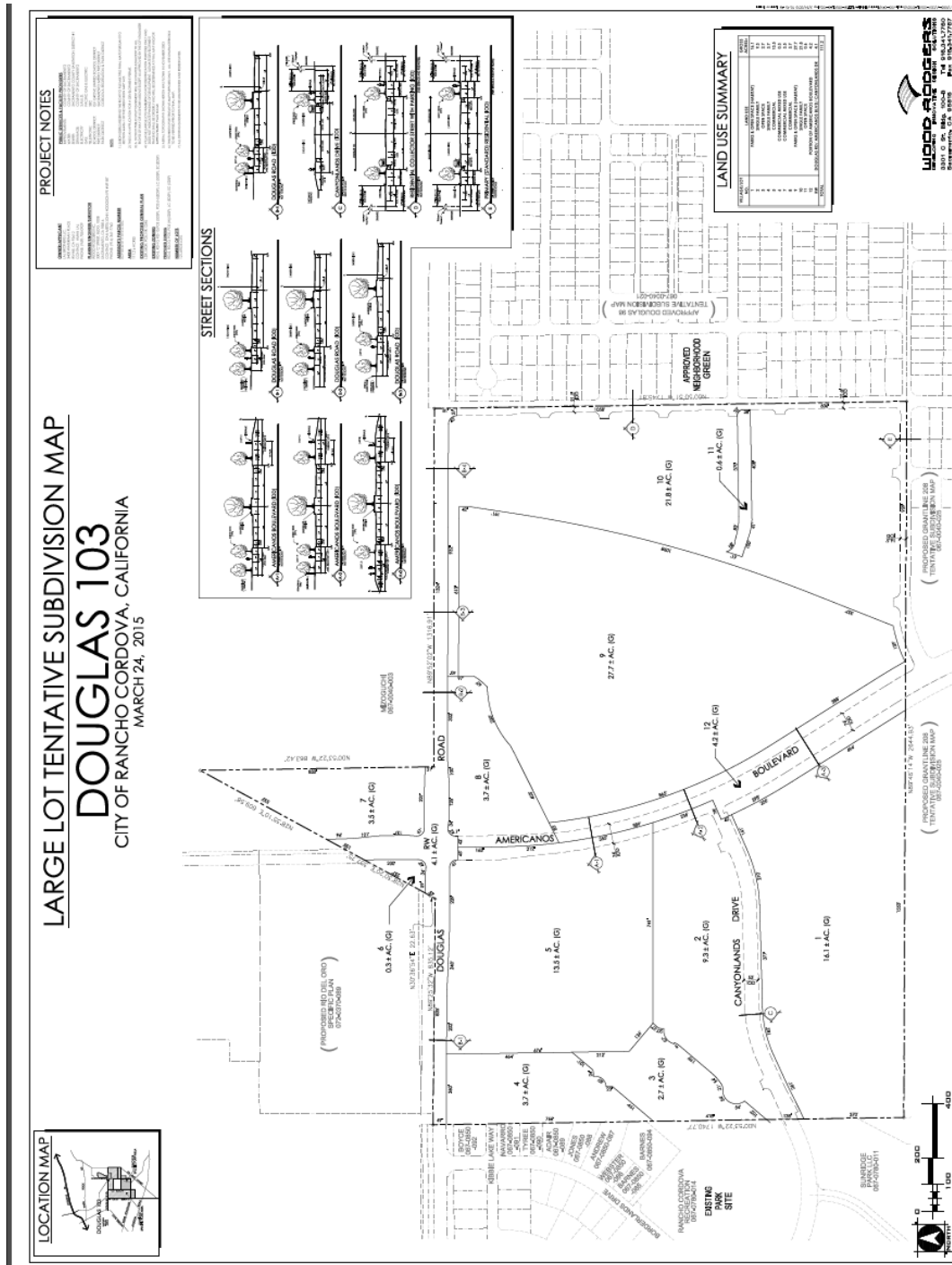
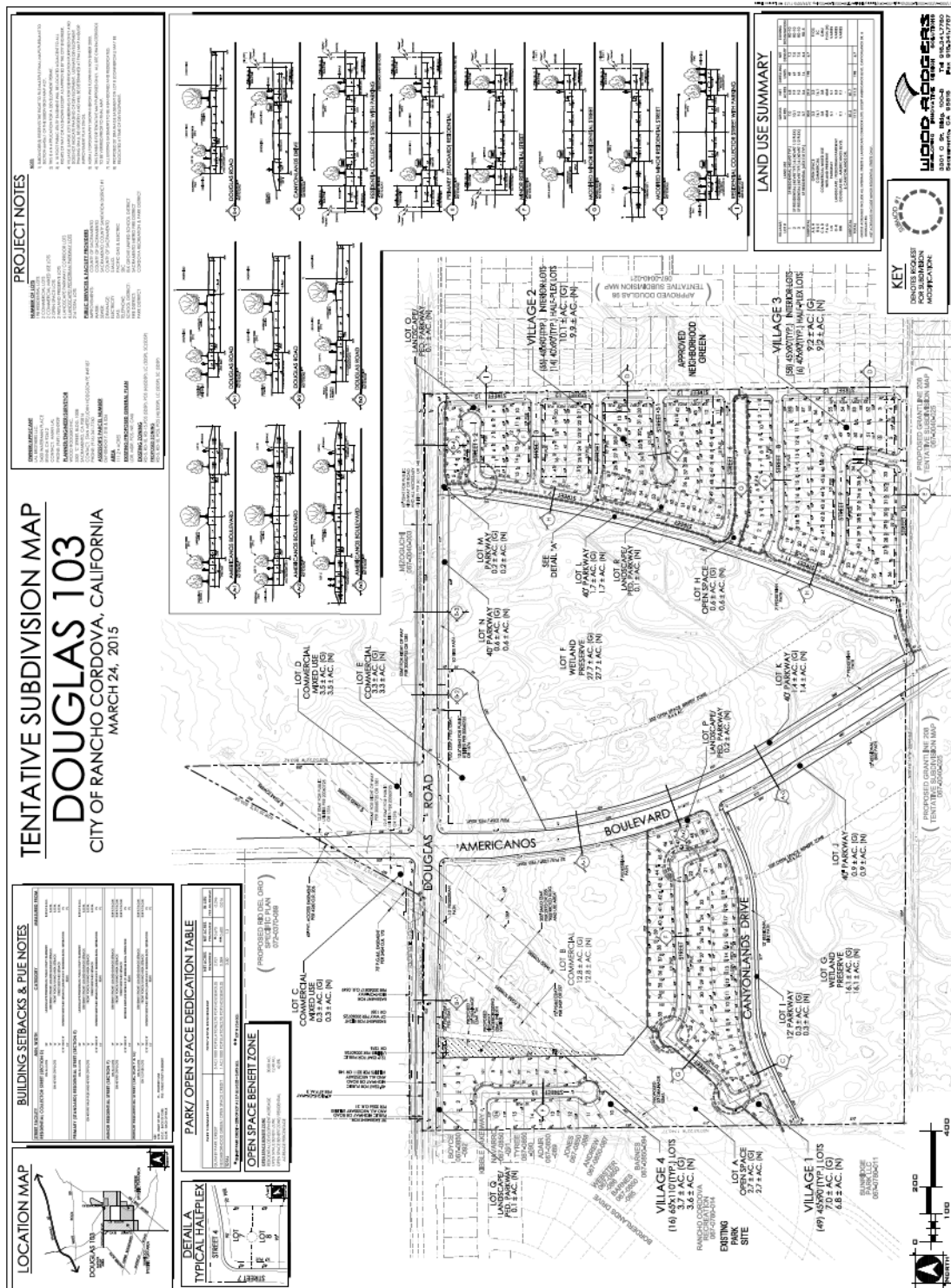


EXHIBIT “2”

Small Lot Tentative Map and Land Use Summary



ATTACHMENT 2

CITY OF RANCHO CORDOVA

RESOLUTION 45-2015

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA
APPROVING A LARGE LOT TENTATIVE SUBDIVISIONS MAP AND A SMALL LOT
TENTATIVE SUBDIVISION MAP FOR DOUGLAS 103 - PROJECT NO. DD8502**

WHEREAS, the Douglas 103 Project is part of the Sunrise Douglas Community Plan ("SDCP") and Sunridge Specific Plan ("SRSP") approved by the County of Sacramento ("County") in July 2002. The County certified an environmental impact report ("EIR") for the SDCP and SRSP in July 2002 (State Clearinghouse Number 97022055) ("SDCP/SRSP EIR") prepared in accordance with the California Environmental Quality Act ("CEQA"). On November 7, 2011, the City certified a Court-Ordered Partially Revised Draft Environmental Impact Report (Revised DEIR) to the SDCP/SRSP EIR addressing long-term water supply plan and other water supply related issues (State Clearinghouse Number 97022055); and

WHEREAS, in 2005, the City Council approved an Mitigated Negative Declaration pursuant to CEQA ("Sunridge East MND") to the SDCP/SRSP EIR that analyzed the impact of revisions to Mitigation Measures in the Master Mitigation Monitoring and Reporting Program for the SDCP/SRSP EIR ("MMRP"); and

WHEREAS, the City Council originally approved a Specific Plan Amendment, Rezone, Development Agreement, and Tentative Subdivision Map for the Douglas 103 Project in 2006. This project was previously included within the adopted Sunridge East Mitigated Negative Declaration as the CEQA environmental review for project within the east side of the Sunridge Specific Plan which relied upon the SDCP/SRSP EIR that was incorporated by reference; and

WHEREAS, the City adopted its General Plan and certified the General Plan EIR in 2006 which included the SRSP and the Existing Project; and

WHEREAS, a pre-application submittal was made on August 22, 2014 to discuss possible amendments to the 2006 approved map; and

WHEREAS, in response to the comments provided by City staff for the pre-application redesign, the applicant submitted a formal submittal on October 20, 2015, LAL Brothers LLC (hereinafter referred to as Applicant) filed an application with the City of Rancho Cordova for a Rezone, Development Agreement Amendment, Large Lot Tentative Subdivision Map, and a Small Lot Tentative Subdivision Map for the existing Douglas 103 project (collectively, "Project"); and

WHEREAS, the City Council is the appropriate authority to hear and take action on this Project; and

WHEREAS, the City prepared an Addendum to analyze whether supplemental environmental review to the SDCP/SRSP EIR, Sunridge East MND, the 2006 Addendum and General Plan EIR were required for the Project under CEQA ("2014 Addendum"). The analysis in the 2014 Addendum shows that none of the standards under CEQA for preparation of subsequent or supplement environmental review (either a Negative

ATTACHMENT 2

Declaration or EIR) have occurred or are met for the Project. The Project impacts are identified in the SDCP/SRSP EIR, Douglas 103 MND and no further environmental review is required under CEQA; and

WHEREAS, the Large Lot Tentative Subdivision Map and Small Lot Tentative Subdivision Map have been reviewed by all interested parties and been conditioned to ensure compliance with all applicable standards; and

WHEREAS, the City Council considered the requests at a duly noticed public hearing on April 6, 2015 and received a staff report and public testimony at the public hearing; and

WHEREAS, the City Council considered the 2014 Addendum and the SDCP/SRSP EIR, Sunridge East MND, and General Plan EIR prior to approving the Project.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA HEREBY RESOLVES AS FOLLOWS:

1. California Environmental Quality Act (CEQA)

Finding: None of the standards under CEQA for preparation of subsequent or supplement environmental review (either a Negative Declaration or EIR) have occurred or are met for the Project. The Project impacts are identified in the SDCP/SRSP EIR, 2005 Sunridge East MND, 2014 Addendum and General Plan EIR and no further environmental review is required under CEQA.

Evidence: These findings constitute a summary of the information contained in the entire record relating to the Project. The detailed facts to support the findings are set forth in the 2014 Addendum, and elsewhere in the record. Other facts and information in the record that support each finding that are not included below are incorporated herein by reference.

- A. The Project involves modifications to the Existing Project analyzed in the SDCP/SRSP EIR, Sunridge East MND, and General Plan EIR, which are collectively referred to herein as "Approved CEQA Documents". Pursuant to CEQA, the City analyzed whether the changes to the Existing Project or other circumstances met the CEQA requirements for preparing supplemental environmental review (Public Resources Code Section 21165 or CEQA Guidelines Sections 15162 or 15163).
- B. The modifications to the Existing Project include rezone of 19.9 acres of RD-15 space to RD-10 residential land for new housing. The plans also include an increase in an overall lot size resulting in a reduction of overall parks and open space obligations consistent with the City's current standards, and reduction in overall residential units from 301 to 198. These proposed modifications to the Existing Project are collectively referred to herein as "Project Modifications".
- C. These Project Modifications do not trigger any of the standards for the preparation of supplemental environmental review under Public Resources Code Section 21165 or CEQA Guidelines Sections 15162 or 15163.

ATTACHMENT 2

- D. The Project Modifications do not constitute substantial changes to the Existing Project that will require major revisions to the approved CEQA documents due to new significant environmental effects or a substantial increase in severity of previously identified significant effects. The Project Modifications do not constitute substantial changes to the Existing Project. The Project Modifications will reduce the overall number of units and reduce the minimal park and open space acres developed within the Douglas 103 project site.
 - E. The Project Modifications will not result in new or substantially more severe significant impacts that were not identified in the Approved CEQA Documents. As set forth in the 2014 Addendum, the Project Modifications would have similar or lesser impacts than those identified in the Approved CEQA Documents. This is primarily due to the fact that the Project will result in overall reduction in traffic generation due to the decreased units and will add acres for wetland preservation that were not identified in the original project.
 - F. The City is not aware of any new information of substantial importance or substantial changes in circumstances that would result in new or substantially more severe impacts or meet any other standards in Sections 21165 or CEQA Guidelines Sections 15162 or 15163. The impacts of development of urban uses within the City limits and Planning Area were analyzed in the General Plan EIR. There have been no major amendments to the City General Plan that significantly change projected development in the City under the City's 2006 General Plan which included the SRSP and the Existing Project. Furthermore, due to the recession, development is proceeding slower than was projected under the Approved CEQA Documents.
2. The Large Lot (**Exhibit 2A**) and Small Lot Tentative Subdivision Maps (**Exhibit 2B**) will modify the original plan adopted in 2006, wherein the new plan includes 198 single family dwelling lots, a reduction of 103 lots less than the original approval of 301, subject to the Conditions of Approval (**Exhibit 2C**) for the Douglas 103 Project.

Finding: Section 66474 of the California Subdivision Map Act requires a City to deny approval of a tentative map, if it makes any of the following findings:

- 1. That the proposed map is not consistent with applicable general and specific plans as specified in Section 65451.
- 2. That the design or improvement of the proposed subdivision is not consistent with applicable general and specific plans.
- 3. That the site is not physically suitable for the type of development.
- 4. That the site is not physically suitable for the proposed density of development.
- 5. That the design of the subdivision or the proposed improvements is likely to cause substantial environmental damage or substantially and avoidably injure fish or wildlife or their habitat.
- 6. That the design of the subdivision or type of improvements is likely to cause serious public health problems.
- 7. That the design of the subdivision or type of improvements will conflict with easements acquired by the public at large, for access through or use of, property within the proposed subdivision.

ATTACHMENT 2

Evidence: The above Findings #1 through #6 do not apply to the proposed Tentative Subdivision Map, for the following reasons:

1. The proposed Map is consistent with the density limits as specified in the vested Land Use Policy Plan of the General Plan. The new plan is less impacting than the original Land Plan, due to the reduction of 103 lots for a new total of 198 lots.
2. The proposed project would provide the 2.92 acre park obligation through a mix of dedication and payment of in-lieu fees consistent with all City and Park's District standards. Approximately 0.67 acres will be credited as part of Lot A while the remaining 2.25 acre will be paid with in-lieu fees for the Quimby parkland requirement. The project will satisfy the Open Space obligation of 0.58 acres by the dedication of Lot A and Lot H to the City.
3. The design or improvements of the proposed subdivision is consistent with the goals of the Rancho Cordova General Plan. The Project is consistent with the adopted design guidelines for subdivision design that promotes internal pedestrian connectivity using greenways and trails, and providing a street system that interconnects with the other projects in the area.
4. The site is physically suitable for the proposed development. The Applicant is proposing to reduce the original project lots from 301 to 198. The Project can be served by all necessary services, and has provided documentation to meet the requirements of Government Code Section 66473.7.
5. The site is physically suitable for the proposed density of development. The Douglas 103 project, as amended, would still provide suitable area for future housing products that was originally conceived in the planning area.
6. The design of the subdivision and improvements are not likely to cause substantial environmental damage, injure fish and wildlife or cause serious health problems. The Addendum analyzed the impacts of the Project. Mitigation Measures are imposed on the Project under the MMRP and the Project is subject to the policies in the City General Plan to reduce and mitigate environmental impacts. Based on the foregoing, the subdivision and improvements are not likely to cause substantial environmental damage, injure fish and wildlife or cause serious health problems.
7. No conflict with easements acquired by the public at large, for access through or use of, property within the proposed subdivision, have been identified.

NOW THEREFORE BE IT FURTHER RESOLVED, that the City Council of the City of Rancho Cordova hereby:

Approves the Large Lot Tentative Subdivision Map and Small Lot Tentative Subdivision Map set forth in **Exhibits 2A and 2B** attached hereto, with Conditions of

ATTACHMENT 2

Approval as set forth in **Exhibit 2C**, and Phasing Plan as set forth in **Exhibit 2D**, attached hereto, for the Douglas 103 Project.

EFFECTIVE DATE: This Resolution shall take effect upon the effective date of Ordinance No. 7-2015 rezoning a portion of the new Douglas 103 Project and amending the original Development Agreement for the Douglas 103 Project.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on this ____ day of _____ 2015.

AYES:

NOES:

ABSENT:

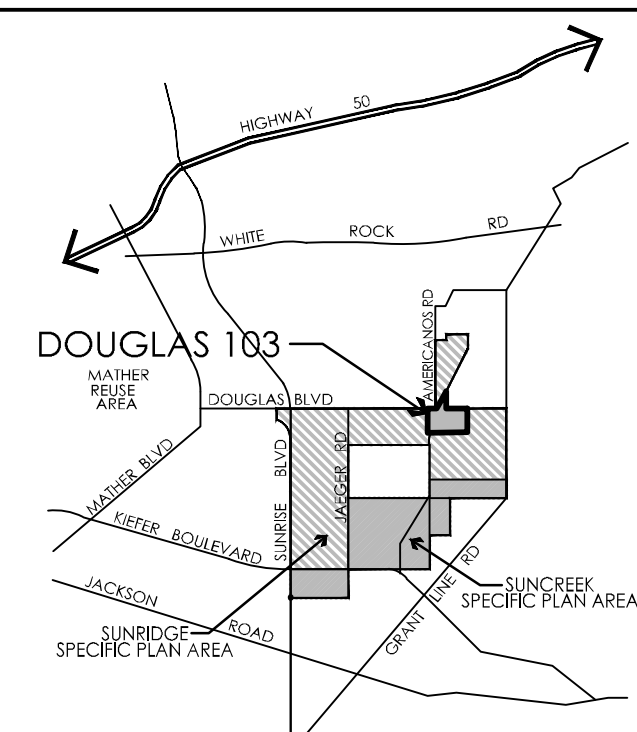
ABSTAIN:

Robert McGarvey, Mayor

ATTEST:

Mindy Cuppy, MMC, City Clerk

LOCATION MAP



LARGE LOT TENTATIVE SUBDIVISION MAP

DOUGLAS 103

CITY OF RANCHO CORDOVA, CALIFORNIA
MARCH 24, 2015

PROJECT NOTES

OWNER/APPLICANT

LAL BROTHERS LLC
3600 WATERMAN PLACE
IRVINE, CA 92612
CONTACT: AMAN LAL
PHONE: (949) 705-0929

PLANNER/ENGINEER/SURVEYOR

WOOD RODGERE INC.
3301 C STREET, BLDG. 100-B
SACRAMENTO, CA 95816
CONTACT: SHAM METTE/JOHN HODGSON PE #49187
PHONE: (916) 341-7740

ASSESSOR'S PARCEL NUMBER

067-0040-017, 018 & 026

AREA

11.2 ± ACRES

EXISTING/PROPOSED GENERAL PLAN

LDR, MDR, POS, NR, CMU

EXISTING ZONING

RD-3, RD-10, RD-13, POS (SDSP), POS (H) (SDSP), LC (SDSP), SC (SDSP)

PROPOSED ZONING

RD-3, RD-10, RD-13, POS (H) (SDSP), LC (SDSP), SC (SDSP)

NUMBER OF LOTS

12 LARGE LOTS

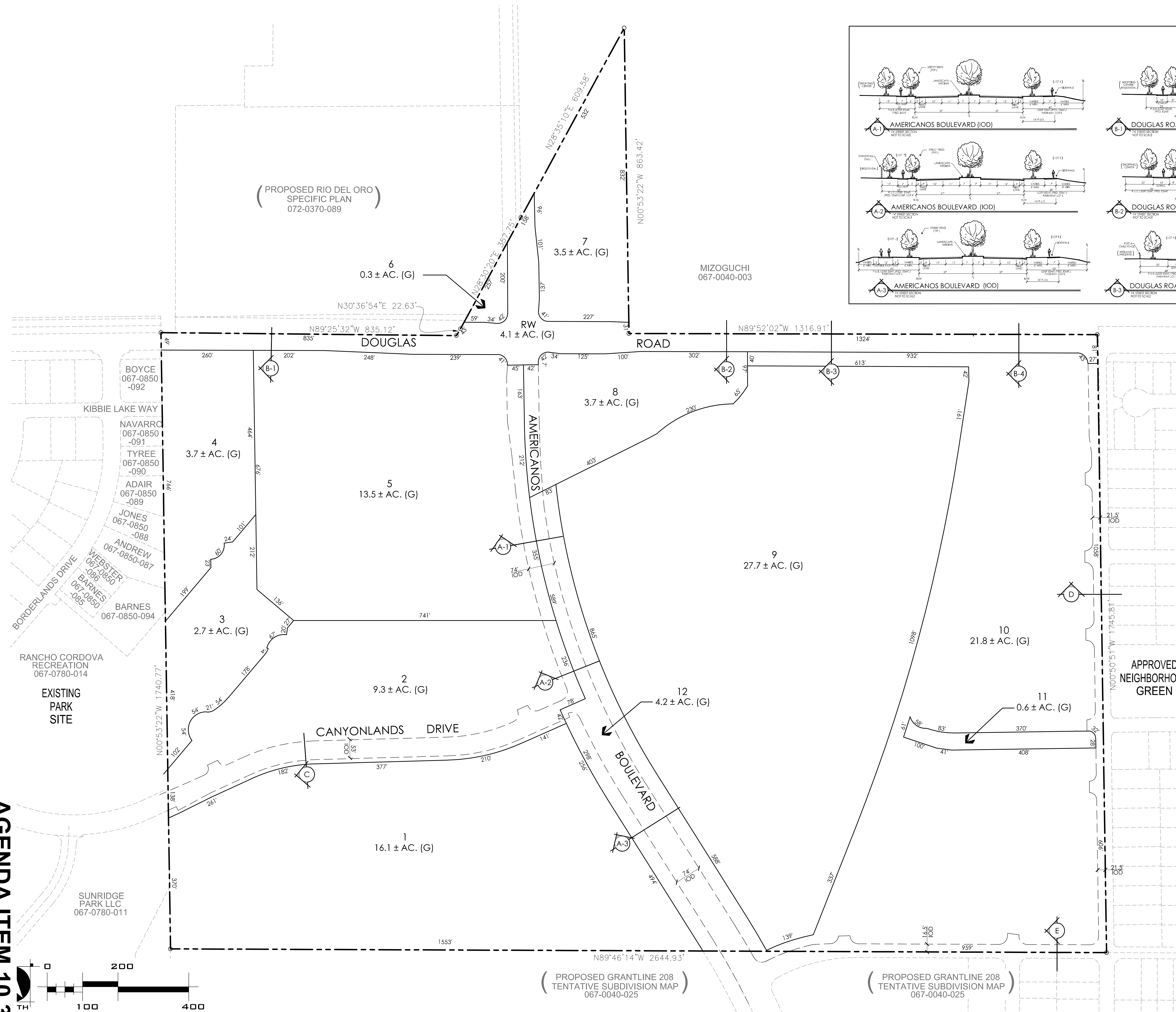
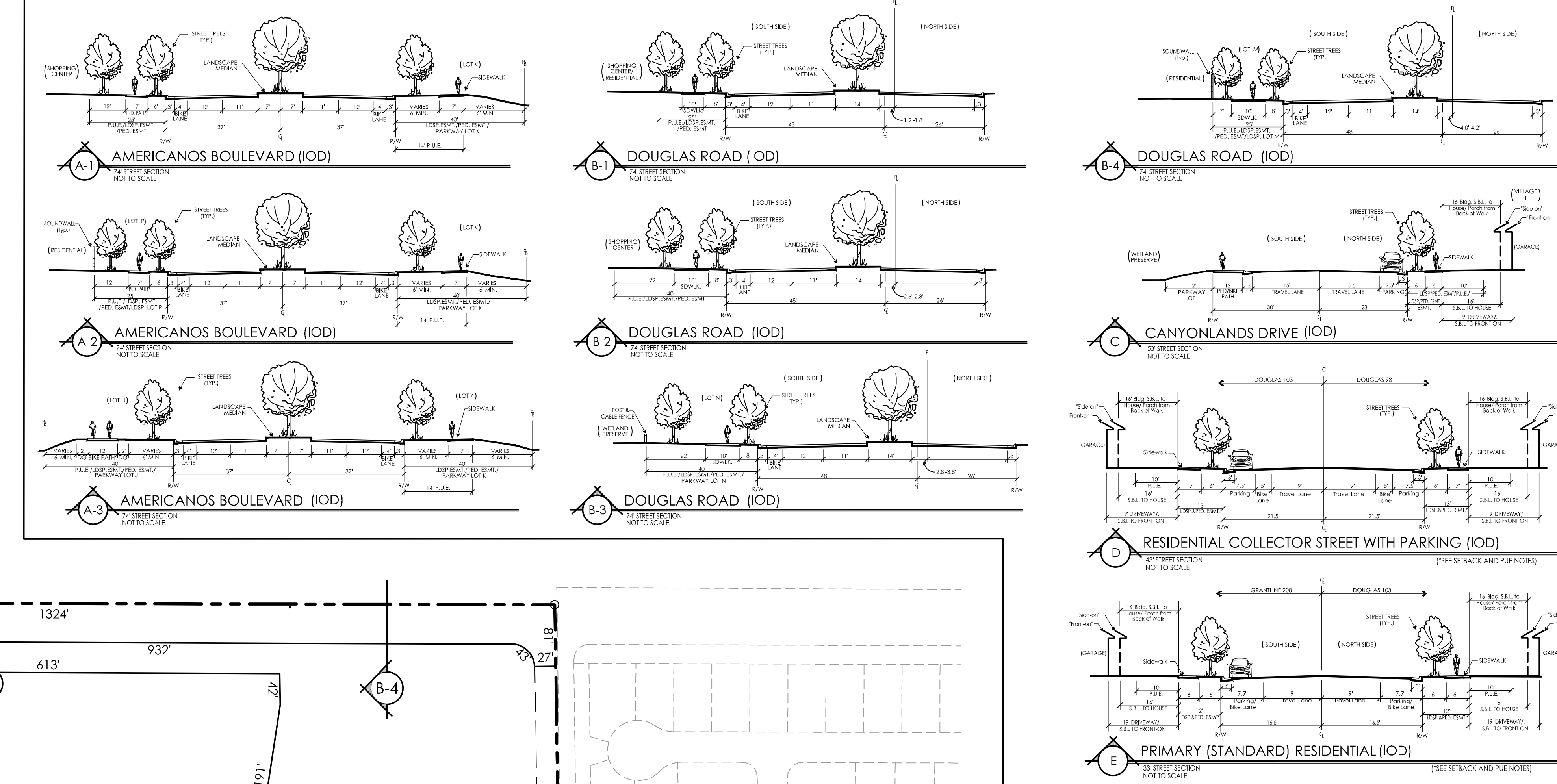
PUBLIC SERVICES & FACILITY PROVIDERS

IMPROVEMENTS: COUNTY OF SACRAMENTO
WATER: COUNTY OF SACRAMENTO
SEWER: SACRAMENTO COUNTY SANITATION DISTRICT #1
DRAINAGE: COUNTY OF SACRAMENTO
ELECTRICITY: SMUD
GAS: PACIFIC GAS & ELECTRIC
TELEPHONE: SBC
SCHOOL DISTRICT: ELK GROVE UNIFIED SCHOOL DISTRICT
FIRE DISTRICT: SACRAMENTO METRO FIRE DISTRICT
PARK DISTRICT: CORDOVA RECREATION & PARK DISTRICT

NOTE:

- 1) SUBDIVIDER(S) RESERVES THE RIGHT TO FILE MULTIPLE FINAL MAPS PURSUANT TO SECTION 64456.1 OF THE SUBDIVISION MAP ACT.
- 2) THIS IS AN APPLICATION FOR A DEVELOPMENT PERMIT.
- 3) A 10 FOOT PUBLIC UTILITY EASEMENT WILL BE LOCATED ADJACENT TO ALL RIGHTS OF WAY OR AS SHOWN ABOVE EXCEPT AS APPROVED BY THE CITY ENGINEER.
- 4) VILLAGE (LARGE LOT) NUMBERING IS FOR IDENTIFICATION PURPOSES ONLY AND DOES NOT INDICATE PHASING OF DEVELOPMENT. ULTIMATE DEVELOPMENT PHASING SHALL BE DETERMINED AND WILL BE DETERMINED AT FINAL MAP AND/OR IMPROVEMENT PLAN STAGE.
- 5) AERIAL TOPOGRAPHY SHOWN HEREON WAS FLOWN IN NOVEMBER 2003.
- 6) THIS EXHIBIT IS FOR TENTATIVE MAP PURPOSES ONLY. ALL SITE CHARACTERISTICS TO BE VERIFIED PRIOR TO FINAL MAP.
- 7) ALL EXISTING EASEMENTS TO BE ABANDONED AND REDEDICATED.

STREET SECTIONS

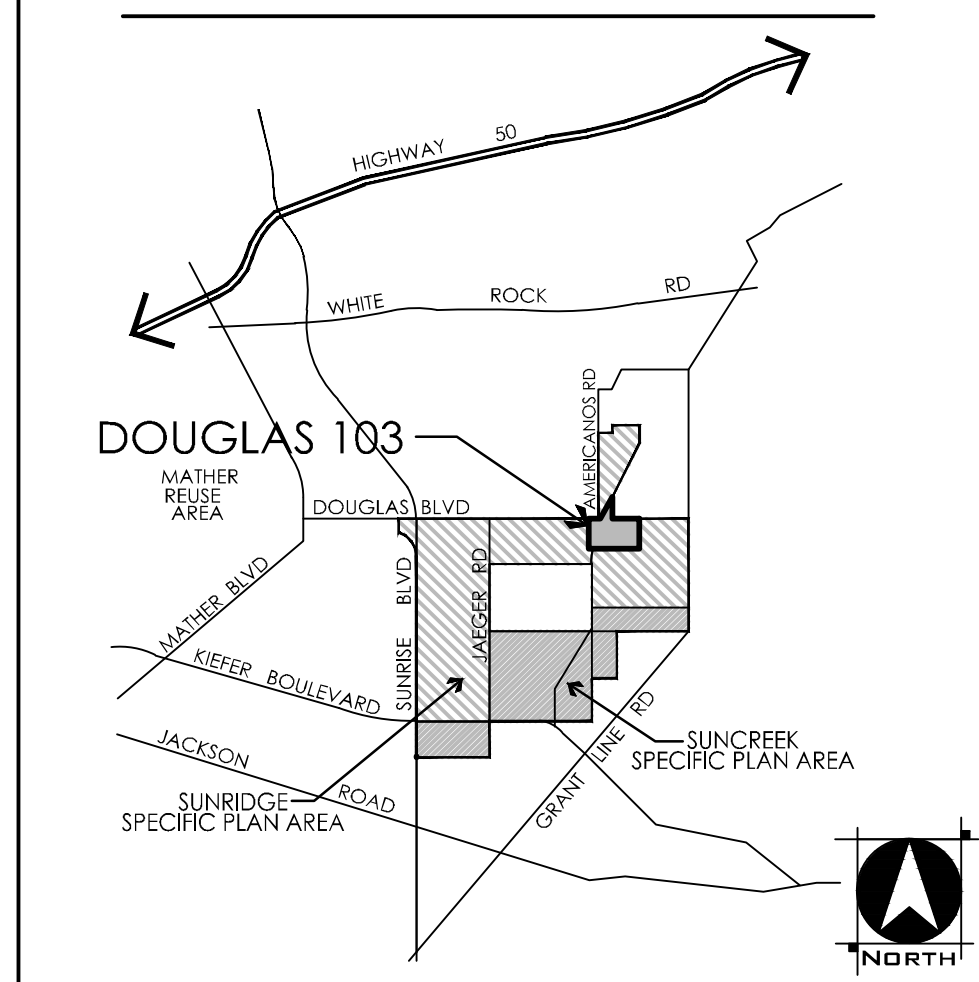


LAND USE SUMMARY

VILLAGE/LOT NO.	LAND USE	GROSS ACRES
1	PARKS & OPEN SPACE (HABITAT)	16.1
2	SINGLE FAMILY	9.3
3	OPEN SPACE	2.7
4	SINGLE FAMILY	3.7
5	COMMERCIAL	13.5
6	COMMERCIAL MIXED USE	0.3
7	COMMERCIAL MIXED USE	3.5
8	COMMERCIAL	3.7
9	PARKS & OPEN SPACE (HABITAT)	27.7
10	SINGLE FAMILY	21.8
11	OPEN SPACE	0.6
12	PORTION OF AMERICANOS BOULEVARD	4.2
RW	DOUGLAS RD/ AMERICANOS BLVD/ CANYONLANDS DR	4.1
TOTAL		111.2

WOOD RODGERE
DEVELOPING INNOVATIVE DESIGN SOLI
3301 C St. Bldg. 100-B Tel 916.341.341
Sacramento, CA 95816 Fax 916.341.341

LOCATION MAP



BUILDING SETBACKS & PUE NOTES

STREET FACILITY	MIN. WIDTH	CATEGORY	MEASURED FROM
RESIDENTIAL COLLECTOR STREET (SECTION D)			
ON ALL LOTS	23'	LANDSCAPE/FEDERAL/ PUBLIC UTILITY EASEMENT	R/W AT R.O.C.
ON 45'X90' (TYP.) LOTS	14'	DRIVEWAY/FRONT-LOADED GARAGE SETBACK	R.O.W.
	14'	FRONT PORCH/LIVING AREA SETBACK	R.O.W.
	14'	STREET SIDEYARD SETBACK	R.O.W.
	3/7' OR 6/5'	INTERIOR SIDEYARD SETBACK (MAINTAIN 5' MINIMUM BLDG. SEPARATION)	PL
PRIMARY (STANDARD) RESIDENTIAL STREET (SECTION E)			
ON ALL LOTS	22'	LANDSCAPE/FEDERAL/ PUBLIC UTILITY EASEMENT	R/W AT R.O.C.
ON 45'X90' HALF-PLEX AND 45'X90' (TYP.) LOTS	14'	DRIVEWAY/FRONT-LOADED GARAGE SETBACK	R.O.W.
	14'	FRONT PORCH/LIVING AREA SETBACK	R.O.W.
	14'	STREET SIDEYARD SETBACK	R.O.W.
	3/7' OR 6/5'	INTERIOR SIDEYARD SETBACK (MAINTAIN 5' MINIMUM BLDG. SEPARATION)	PL
MINOR RESIDENTIAL STREET (SECTION F)			
ON ALL LOTS	14'	DRIVEWAY/FRONT-LOADED GARAGE SETBACK	R/W AT R.O.C.
ON 45'X90' (TYP.) LOTS	14'	FRONT PORCH/LIVING AREA SETBACK	R.O.W.
	14'	STREET SIDEYARD SETBACK	R.O.W.
	3/7' OR 6/5'	INTERIOR SIDEYARD SETBACK (MAINTAIN 5' MINIMUM BLDG. SEPARATION)	PL
MINOR RESIDENTIAL STREET (SECTION F & G)			
ON ALL LOTS	14'	DRIVEWAY/FRONT-LOADED GARAGE SETBACK	R/W AT R.O.C.
ON 15' PER LOTS	14'	FRONT PORCH/LIVING AREA SETBACK	R.O.W.
	14'	STREET SIDEYARD SETBACK	R.O.W.
	3/7' OR 6/5'	INTERIOR SIDEYARD SETBACK (MAINTAIN 5' MINIMUM BLDG. SEPARATION)	PL

R/W: RIGHT OF WAY
R.O.C.: RACK OF CURB
R.O.M.: RACK OF MALE

PL: PROPERTY LINE
PUE: PUBLIC UTILITY EASEMENT

TENTATIVE SUBDIVISION MAP

DOUGLAS 103

CITY OF RANCHO CORDOVA, CALIFORNIA

MARCH 24, 2015

OWNER/APPLICANT

LAL BROTHERS LLC
3400 WATERMAN PLACE
IRVINE, CA 92617
CONTACT: AMAN LAL
PHONE: (949) 705-0929

PLANNER/ENGINEER/SURVEYOR

WOOD RODGER DEVELOPING
3301 'C' STREET BLDG. 1008
SACRAMENTO, CA 95816
CONTACT: STAN METTE JOHN HODGSON PE #49187
PHONE: (916) 341-7160

ASSESSOR'S PARCEL NUMBER

067-0040-017, 018 & 024

AREA

111.2 ± ACRES

EXISTING/PROPOSED GENERAL PLAN

LDR, MDR, POS, NR, CMU

EXISTING ZONING

RD-5, RD-10, RD-15 POS (SDSP), POS (H) (SDSP), LC (SDSP), SC (SDSP)

PROPOSED ZONING

RD-5, RD-10, POS, POS (H) (SDSP), LC (SDSP), SC (SDSP)

PROJECT NOTES

NUMBER OF LOTS

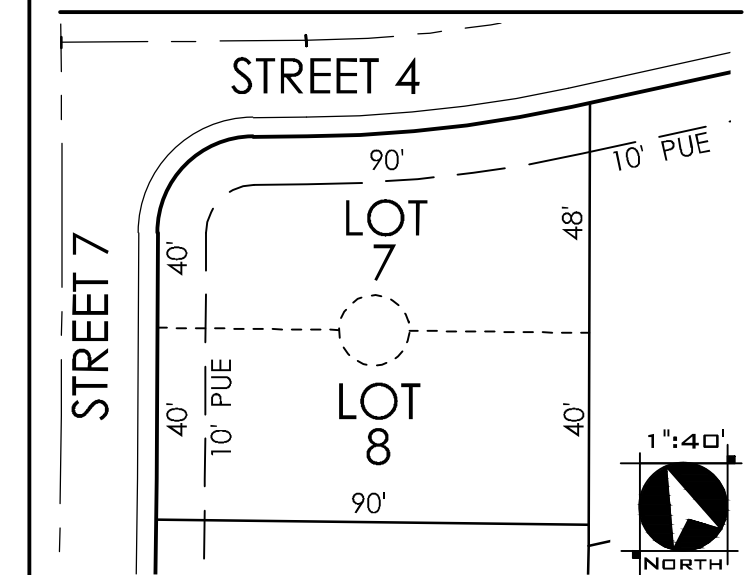
198 RESIDENTIAL LOTS
2 COMMERCIAL LOTS
2 COMMERCIAL MIXED USE LOTS
2 OPEN SPACE LOTS
2 WETLAND PRESERVE LOTS
4 LANDSCAPE PARKWAY/ CORRIDOR LOTS
4 LANDSCAPE/ PEDESTRIAN PARKWAY LOTS
216 TOTAL LOTS

PUBLIC SERVICES & FACILITY PROVIDERS

IMPROVEMENTS: COUNTY OF SACRAMENTO
WATER: COUNTY OF SACRAMENTO
SEWER: SACRAMENTO COUNTY SANITATION DISTRICT #1
DRAINAGE: COUNTY OF SACRAMENTO
ELECTRICITY: S.M.U.D.
GAS: PACIFIC GAS & ELECTRIC
TELEPHONE: SBC
SCHOOL DISTRICT: ELK GROVE UNIFIED SCHOOL DISTRICT
FIRE DISTRICT: SACRAMENTO METRO FIRE DISTRICT
PARK DISTRICT: CORDOVA RECREATION & PARK DISTRICT

NOTE

- 1) SUBDIVIDER(S) RESERVES THE RIGHT TO FILE MULTIPLE FINAL MAPS PURSUANT TO SECTION 6454.1 OF THE SUBDIVISION MAP ACT.
- 2) THIS IS AN APPLICATION FOR A DEVELOPMENT PERMIT.
- 3) A 10 FOOT PUBLIC UTILITY EASEMENT WILL BE LOCATED ADJACENT TO ALL RIGHTS OF WAY OF AS SHOWN EXCEPT AS APPROVED BY THE CITY ENGINEER.
- 4) VILLAGE (LARGE LOT) NUMBERING IS FOR IDENTIFICATION PURPOSES ONLY AND DOES NOT INDICATE PHASING OF DEVELOPMENT. ULTIMATE DEVELOPMENT PHASING SHALL BE ORDERLY AND WILL BE DETERMINED AT FINAL MAP AND/OR IMPROVEMENT PLAN STAGE.
- 5) AERIAL TOPOGRAPHY SHOWN HEREON WAS FLOWN IN NOVEMBER 2003.
- 6) THIS EXHIBIT IS FOR TENTATIVE MAP PURPOSES ONLY. ALL SITE CHARACTERISTICS TO BE VERIFIED PRIOR TO FINAL MAP.
- 7) ALL EXISTING EASEMENTS TO BE AS SHOWN AND REDEVELOPED.
- 8) PROPOSED 20' DRAINAGE EASEMENT ON LOT 8 (COMMERCIAL) MAY BE RELOCATED AT TIME OF DEVELOPMENT.

DETAIL A
TYPICAL HALFPLEX

PARK/ OPEN SPACE DEDICATION TABLE

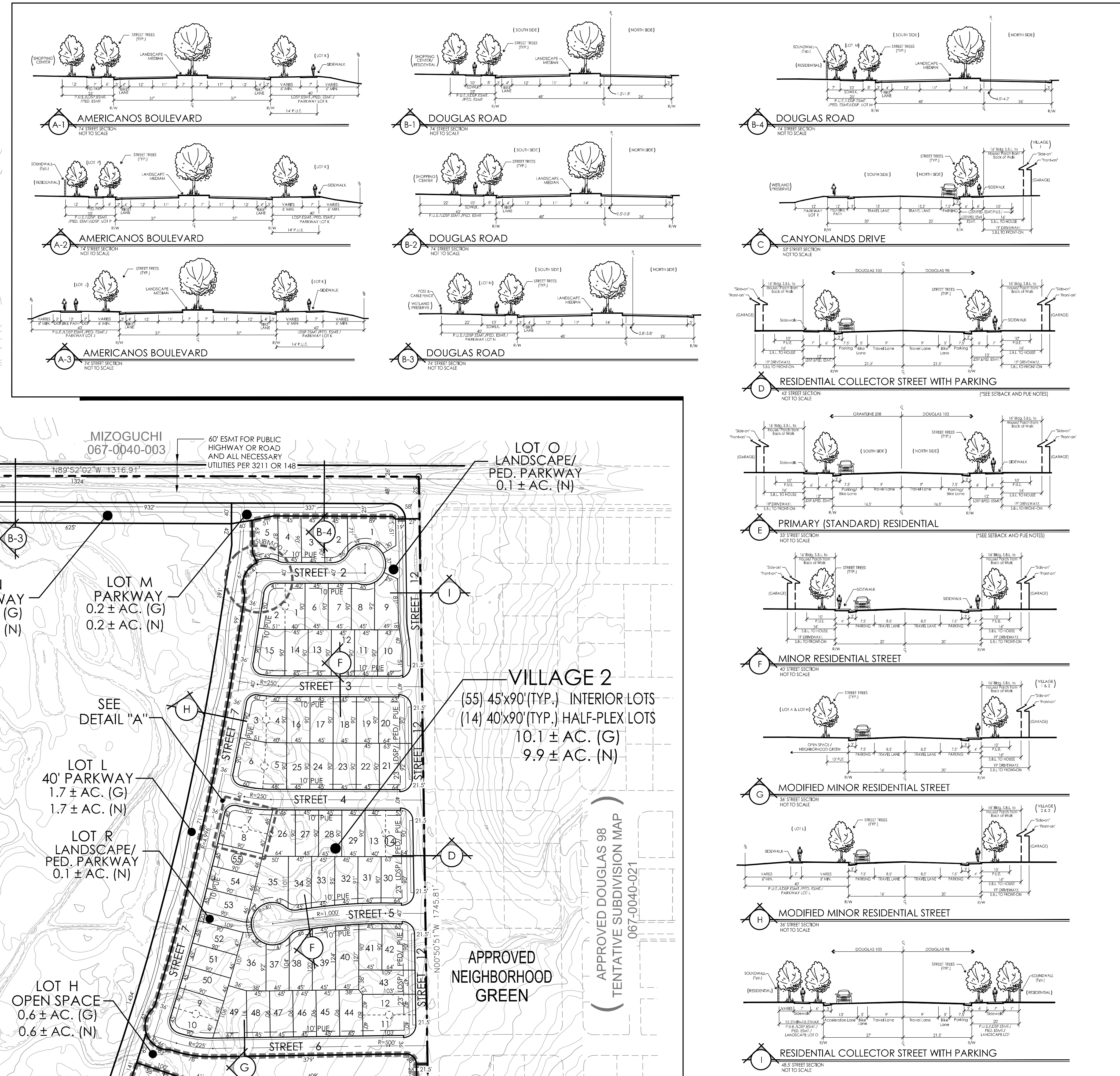
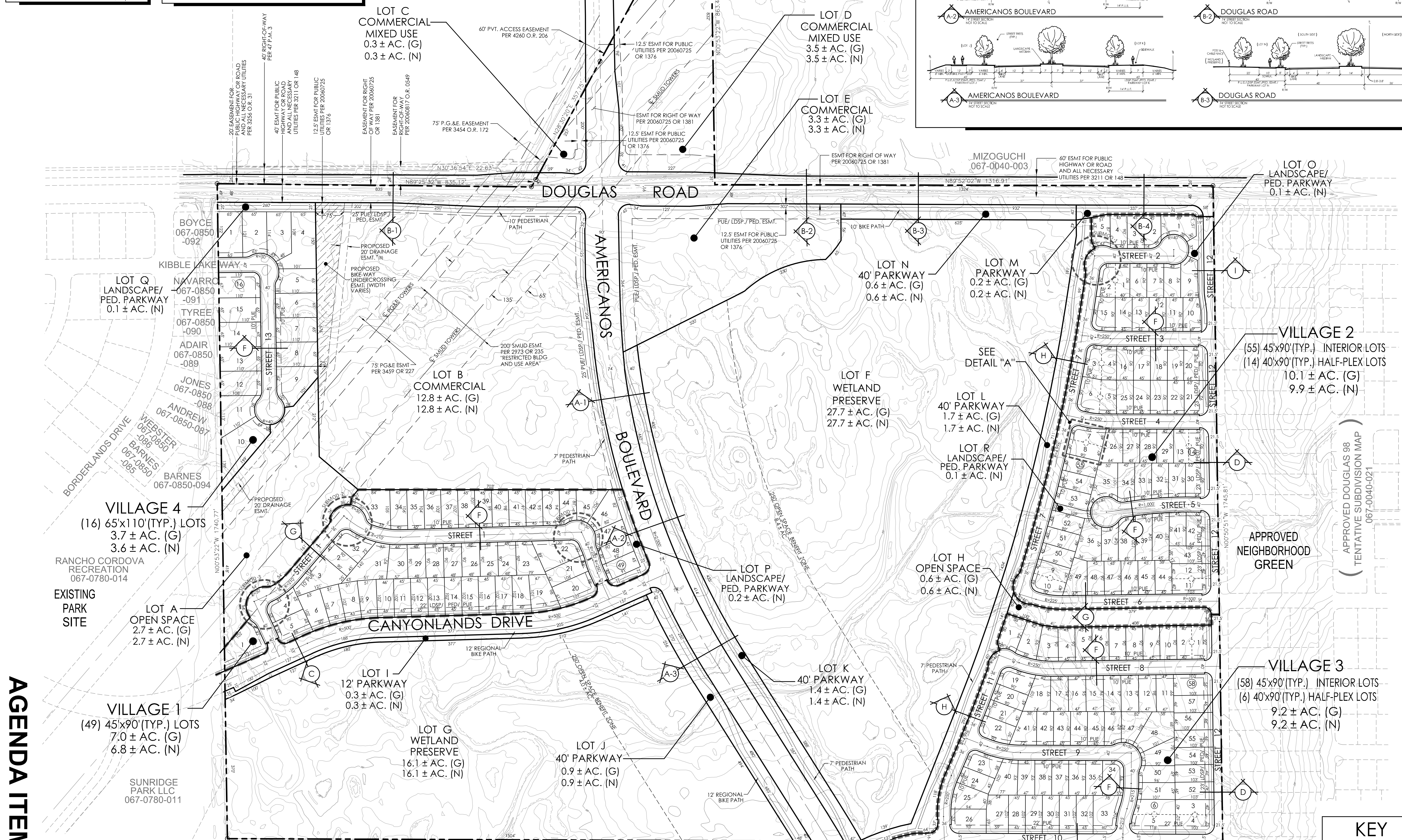
PARK SUMMARY TABLE	DEDICATION REQUIREMENT	NET ACRES REQUIRED	NET ACRES PROVIDED	IN-LIEU FEE ACREAGE
QUIMBY PARK CREDIT	5 AC/1000 POPULATION (2.95 POP/HOUSEHOLD)	2.921	*0.675	-2.246
NEIGHBORHOOD GREEN/ OPEN SPACE CREDIT	1 AC/1000 POPULATION (2.95 POP/HOUSEHOLD)	0.584	**0.600	0.016
TOTAL		3.50	1.3	

* QUIMBY PARK CREDIT = 25% OF LOT 1 (2.7 ac x 0.25 = 0.675 ac) ** LOT 11 (0.6 ac)

OPEN SPACE BENEFIT ZONE

OPEN SPACE BENEFIT ZONE	30.00 AC.
RESIDENTIAL DEVELOPMENT ACREAGE	12.40 AC.
OPEN SPACE BENEFIT ZONE/ RESIDENTIAL ACREAGE PERCENTAGE	42.3%

(PROPOSED RIO DEL ORO
SPECIFIC PLAN
072-0370-089)



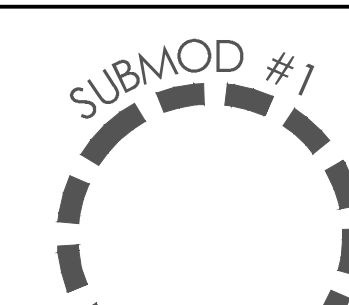
LAND USE SUMMARY

VILLAGE/ LOT #	LAND USE	GROSS ACRES	NET ACRES	DWELLING UNITS	NET DENSITY	ZONING DESIGNATION
1	SF RESIDENTIAL (45'X90' TYP.)	7.0	6.8	49	7.0	RD-10
2	SF RESIDENTIAL (45'X90' TYP.)	10.1	9.9	69	7.0	RD-10
3	SF RESIDENTIAL (45'X90' TYP.)	9.2	9.2	44	7.0	RD-10
4	SF RESIDENTIAL (45'X90' TYP.)	3.7	3.4	16	4.4	RD-5
SUBTOTAL		30.0	29.3	198	6.7	
A-E	OPEN SPACE	3.0	3.0			P/OS
B-E	COMMERCIAL	16.1	16.1			SC
C & D	COMMERCIAL MIXED USE	3.8	3.8			CMU
F & G	WETLAND PRESERVE	43.8	43.8			P/OS (H)
I-N	PARKWAY	5.1	5.1			VARIES
O-R	LANDSCAPE/ PEDESTRIAN PARKWAY	0.5	0.5			VARIES
RW	DOUGLAS RD., AMERICANOS BLVD., & CANYONLANDS DR.	9.1	9.1			
SUBTOTAL		81.2	81.2	198	6.7	
TOTAL		111.2	111.2	198	6.7	

GROSS ACRES INCLUDE ALL INTERNAL STREETS & LANDSCAPE CORRIDOR LOTS, EXCEPT AMERICANOS BLVD., CANYONLANDS DR. & DOUGLAS RD.
NET ACRES INCLUDE MINOR RESIDENTIAL STREETS ONLY.

KEY

DENOTES REQUEST FOR SUBDIVISION MODIFICATION:



WOOD RODGER
DEVELOPING INNOVATIVE DESIGN SOLUTIONS
3301 C St, Bldg. 100-B
Sacramento, CA 95816
Tel 916.341.9134
Fax 916.341.9134

DOUGLAS 103 TENTATIVE SUBDIVISION MAP

Conditions of Approval

EXHIBIT 2C

<u>Action/Task</u>		<u>Category</u>	<u>Timing/ Implementation</u>	<u>Enforcement/ Monitoring</u>	<u>Verification (date and Signature)</u>
1.	The project approval is for a Rezone of the SunRidge Specific Plan and a Tentative Tract Map for 198 residential lots in the RD-5 and RD-10 designations. A total of 2.7 acres of Neighborhood Green, 0.8 Acres of Open Space 16.1 acres of commercial and 3.8 acres of commercial/mixed use are provided, along with a delineated 43.8 acres wetland preserve. A Development Agreement will accompany the project approval. In addition to the conditions within this exhibit, the applicant shall comply with the applicable zoning conditions in SZC 2002-0015 for the SunRidge Specific Plan.	General	On-Going	Planning	
2.	The Applicant shall hold harmless the City, its Council Members, officers, agents, employees, and representatives from liability for any award, damages, costs and fees incurred by the City and/or awarded to any plaintiff in an action challenging the validity of this permit or any environmental or other documentation related to approval of this permit. Applicant further agrees to provide a defense for the City in any such action.	General	On-Going	Planning	
3.	The Tentative Subdivision Map approval is valid for three years from the date of City Council	Subdivision	Three years, commencing	Planning	

Conditions of Approval

EXHIBIT 2C

<u>Action/Task</u>		<u>Category</u>	<u>Timing/ Implementation</u>	<u>Enforcement/ Monitoring</u>	<u>Verification (date and Signature)</u>
	approval, unless an extension of time is subsequently approved per Government Code Section 66452.6(e), unless extended by the terms of a Development Agreement.		with the date of approval.		
4.	The applicant shall comply with all the mitigation measures included in the Sunridge East Mitigated Negative Declaration dated August 2005 and pay the costs of any technical consultant services incurred during implementation of the MMRP. The initial estimate of these costs is \$7,500. If the initial estimate exceeds the actual monitoring costs, the balance shall be refunded to the proponent, and if the actual monitoring costs exceed the initial estimate, the proponent shall be responsible to pay the additional amount.	Environmental	On-Going	Planning	
5.	A \$5,000 balance must be in place to ensure annual review of the Development Agreement required by State Law.	Development Agreement	On-Going	Planning	
6.	As described in Section 6.4.1.i of the Amended Development Agreement, the Landowner's open space land obligation of 0.58 acres calculated by $198 \text{ DUE} \times .00295$ (factor) will be satisfied by the dedication of the improved Open Space Lot A and Lot H. All open space and trails parcels will be dedicated and maintained by the City as both lots will be designed and constructed by the applicant to the satisfaction of the City prior to the dedication.	Open Spaces (Lot A and Lot H)	Prior to approval of final map.	CRPD/Planning/ Public Works	

Conditions of Approval

EXHIBIT 2C

<u>Action/Task</u>		<u>Category</u>	<u>Timing/ Implementation</u>	<u>Enforcement/ Monitoring</u>	<u>Verification</u> (date and Signature)
7.	The Applicant shall submit payment as needed for Development Review, Plan Review/ Plan Check Fees required by the Cordova Recreation and Parks City (CRPD).	Construction	On-Going	CRPD	
8.	Repair all damage to existing road system attributed to the construction of the project, as determined by the Public Works Director.	Construction	On-Going	Public Works	
9.	Applicant/Developer shall not carry a negative account balance with the City for the processing of the project. If a negative account balance occurs, it will be the developer's responsibility to pay the balance due, in order to avoid delays in the processing of future permits or recordation of maps. Please email the Finance Department at billings@cityofranchocordova.org for the status of your account with the City.	Financial	On-Going	Public Works/Building/ Planning	
10.	To ensure adequate access to SMUD equipment, all paved surfaces shall be accessible to a 26,000 pound SMUD service vehicle in all weather. The placement of SMUD equipment shall be no further than 15 feet from a said drivable street surface that has a minimum width of 20 feet.	Utilities	On-Going	SMUD	
Prior to Final Map					
11.	Applicant shall record the Conditions of Approval/Mitigation Monitoring Report Program and pay recordation fees to the County Recorder's Office.	Subdivision	Prior to approval of final map.	Planning/Public Works	

Conditions of Approval

EXHIBIT 2C

<u>Action/Task</u>		<u>Category</u>	<u>Timing/ Implementation</u>	<u>Enforcement/ Monitoring</u>	<u>Verification (date and Signature)</u>
12.	Applicant shall pay any outstanding staff costs associated with the preparation of the tentative map.	Subdivision	Prior to approval of final map.	Planning/Public Works	
13.	Grant Irrevocable Offer of Dedication for all streets to serve the Large Lots, to the satisfaction of the City Engineer.	Subdivision	Prior to recording of the Large Lot Map	Public Works	
14.	Dedicate the right of way for Douglas Road and Americanos Blvd, within the project boundary per the approved tentative map cross section.	Subdivision	Prior to recording of the first Map	Public Works	
15.	The final map shall show easements or other mapped provisions for the placement of centralized mail delivery units.	Subdivision	Prior to recording of the first Map	Public Works	
16.	Applicant agrees to dedicate Lot A and receive Quimby park land credit at 25% (0.67 acres to apply to Quimby park land credit for 2.7 acre parcel). The remaining Quimby park land requirement will be satisfied by submitting payment of In Lieu fee directly to Cordova Recreation and Park District (CRPD) for 2.25 acres to satisfy the project's 2.92 acre Quimby Parkland requirement per RCMC 22.40. CRPD will provide the City with written receipt of the in-lieu fee and confirmation that the applicant has fully satisfied the Quimby requirements prior to the City approving final maps. Amount to be paid shall be a sum calculated per	Parks	Prior to approval of final map.	CRPD/Planning/ Public Works	

Conditions of Approval

EXHIBIT 2C

<u>Action/Task</u>		<u>Category</u>	<u>Timing/ Implementation</u>	<u>Enforcement/ Monitoring</u>	<u>Verification (date and Signature)</u>
	RCMC 22.40.040. The appraisal shall be performed per RCMC 22.40.045. Payment for in-lieu fees shall be received by CRPD prior to City's approval of final map.				
17.	Prior to the recordation of any final subdivision map, Landowner shall enter into a park development agreement with the Park District. Park sites will be accepted by the Park District for maintenance pursuant to the terms of the park development agreement. The park development agreement shall address, but not be limited to, the specific facilities to be constructed, deeding of the dedicated Quimby Act park land to the Park District, and payment of in-lieu Quimby Act fees by Landowner to the Park District. The City shall be named a third party beneficiary to the park development agreement. Landowner shall pay all costs incurred by the City and the Park District in preparing the park development agreement. Landowner will be deemed to have satisfied in full its new park development obligation, after fulfilling the requirements described in Development Agreement Section 6.4.1 and 6.4.2.	Parks	Prior to approval of final map.	Public Works/CRPD	
18.	Wetland Lots F & G shall have a maintenance entity established and a financing plan approved	Environmental	Prior to approval of final map.	Planning/Public Works	

Conditions of Approval

EXHIBIT 2C

	<u>Action/Task</u>	<u>Category</u>	<u>Timing/Implementation</u>	<u>Enforcement/Monitoring</u>	<u>Verification (date and Signature)</u>
	by the Public Works and Community Development Directors.				
19.	Obtain all applicable permits from the California Department and Fish and Wildlife and U.S. Army Corp. of Engineers. The City will not accept any conservation or other conditional easement on the drainage courses to be conveyed to the City.	Environmental	Prior to approval of final map.	Planning/Public Works	
20.	Provide a floodplain easement/IOD pursuant to the City of Rancho Cordova Floodplain Management Ordinance, Sacramento County Water Agency Code, and City of Rancho Cordova Improvement Standards	Environmental	Prior to approval of final map.	Planning/Public Works	
21.	Property Owner/Applicant shall participate in or provide a funding mechanism for maintenance services for the fair share of existing and all new public improvements associated with the project including, but not limited to, streets, bridges/culverts, traffic signals, traffic signs, striping and legends, ITS operations, street lights and safety lights, and public frontage and median landscape improvements. This may be accomplished through annexation to the City of Rancho Cordova's Communities Facilities City No. 2014-2 (Street, Lighting and Landscaping Maintenance), or other financial mechanism as may be proposed and provided by the Property Owner for the same purpose of providing a financial mechanism to fund the operation and maintenance of the project's public	Infrastructure	Prior to final map or issuance of building permit, whichever occurs first.	Public Works	

Conditions of Approval

EXHIBIT 2C

<u>Action/Task</u>		<u>Category</u>	<u>Timing/Implementation</u>	<u>Enforcement/Monitoring</u>	<u>Verification</u> (date and Signature)
	improvements. The property owner shall support the annexation of the project into CFD 2014-2 and cover property owner's fair share costs of the CFD annexation not to exceed \$7,000.				
22.	Install or bond for Douglas Road public street improvements pursuant to City Improvement Standards and the Tentative Map, to the satisfaction of the City Engineer.	Infrastructure	Prior to Recordation of the Subdivision Map	Public Works	
23.	Dedicate the right-of-way on Americanos Blvd. and Douglas Road per the approved tentative map, and install or bond for public street improvements pursuant to City of Rancho Cordova Improvement Standards, to the satisfaction of the City Engineer.	Infrastructure	Prior to Recordation of the Subdivision Map	Public Works	
24.	Dedicate to the City all the right-of-ways as shown on the Tentative Map and install or bond for public street improvements, consistent with the City adopted cross sections to the satisfaction of the City Engineer.	Infrastructure	Prior to Recordation of the Subdivision Map	Public Works	
25.	The proposed public street entrances to Americanos Blvd shall be a minimum of 50 feet in width for a distance of 100 feet pursuant to the City of Rancho Cordova Improvement Standards and to the satisfaction of the City Engineer.	Infrastructure	Prior to Recordation of the Subdivision Map	Public Works	
26.	Property Owner/Applicant shall work with the City of Rancho Cordova to provide a funding mechanism for maintenance of City owned neighborhood greens, open spaces, and	Lot A	Prior to approval of final map.	Public Works	

Conditions of Approval

EXHIBIT 2C

	<u>Action/Task</u>	<u>Category</u>	<u>Timing/Implementation</u>	<u>Enforcement/Monitoring</u>	<u>Verification (date and Signature)</u>
	regional trails associated facilities. All costs associated with the dedication shall be borne by the Property Owner/Applicant.				
27.	Property Owner/Applicant shall work with the Cordova Recreation and Park District to provide a funding mechanism for maintenance of District-owned neighborhood parks and community parks that will be utilized by residents of the development under this Agreement. All costs associated with the dedication shall be borne by the Property Owner/Applicant.	Parks	Prior to approval of final map	CRPD, Public Works	
28.	Applicant/Developer shall deliver to the City a certificate from CRPD stating that the required fees have been paid.	Lot A	Prior to recordation of first Small Lot Final Subdivision Map	CRPD, Public Works	
29.	The Developer shall record a "Notice of Active Recreational Open Space Use" in a form approved by the City of Rancho Cordova, which encumbers all lots within 1000 feet of any active open space site maintained by the City.	Lot A	Prior to approval of final map.	Public Works/Planning	
30.	Property Owner/Applicant shall participate in or provide a funding mechanism for maintenance services for the Project's stormwater drainage and flood protection system. This may be accomplished through annexation to the City's Stormwater Utility User Fee City, or other financial mechanism as may be proposed and	Drainage	Prior to approval of final map.	Public Works	

Conditions of Approval

EXHIBIT 2C

<u>Action/Task</u>		<u>Category</u>	<u>Timing/ Implementation</u>	<u>Enforcement/ Monitoring</u>	<u>Verification (date and Signature)</u>
	provided by the Property Owner for the same purpose of providing a financial mechanism to fund the operation and maintenance of the Projects stormwater drainage and flood protection system. The property owner shall support the annexation of the project into the City's stormwater utility fee and cover the property owner's fair share costs of the annexation not to exceed \$7,000.				
31.	Provide drainage easements and install or bond for facilities pursuant to the Sacramento County Floodplain Management Ordinance, Sacramento County Water Agency Code, and Sacramento County Improvement Standards, including any fee required by the Sacramento County Water Agency Code.	Drainage	Prior to approval of final map.	Public Works	
32.	Potable water supply will be provided by the Sacramento County Water Agency (SCWA). Public water service shall be provided to each parcel and each building. All water lines shall be located within a public right-of-way or within easements dedicated to Sacramento County Water Agency. Easements shall be reviewed and approved by Sacramento County Water Agency prior to Improvement Plan approval or Final Map approval.	Utilities	Prior to approval of final map.	SCWA	
33.	The project has an approved sewer study and proposed variations will require an addendum to the study. SASD shall require an addendum to	Utilities	Prior to Improvement Plans or Final	SASD	

Conditions of Approval

EXHIBIT 2C

	<u>Action/Task</u>	<u>Category</u>	<u>Timing/ Implementation</u>	<u>Enforcement/ Monitoring</u>	<u>Verification (date and Signature)</u>
	approved Subdivision Level (Level 3) sewer study prior to recordation of Final Map or submittal of improvement plans for plan check to SASD, whichever comes first.		Map, whichever comes first.		
34.	In order to obtain sewer service for this project, construction of onsite and offsite sewer infrastructure will be required. Sewer infrastructure shall be constructed as per the approved sewer study.	Utilities	Prior to Improvement Plans or Final Map, whichever comes first.	SASD	
35.	Each parcel with a sewage source shall have a separate connection to the SASD public sewer system. If there is more than one building in any single parcel and the parcel is not proposed for split, then each building on that parcel shall have a separate connection to a private on-site sewer line or SASD public sewer line.	Utilities	Prior to Improvement Plans or Final Map, whichever comes first.	SASD	
36.	Connection to the SASD sewer system shall be required to the satisfaction of SASD. SASD Design Standards apply to any on-site and off-site sewer construction.	Utilities	Prior to Improvement Plans or Final Map, whichever comes first.	SASD	
37.	Developing this property will require payment of sewer impact fees to both SASD and SRCSD, in accordance with each City's Ordinances. Applicant should contact Permit Services Unit at (916) 876-6100 for sewer impact fee information.	Utilities	Prior to Improvement Plans or Final Map, whichever comes first.	SASD	
38.	Dedicate a standard public utility easement as shown on the tentative map, or smaller to the satisfaction of SMUD, for underground facilities	Utilities	Prior to recordation of the subdivision	SMUD/ Public Works	

Conditions of Approval

EXHIBIT 2C

<u>Action/Task</u>		<u>Category</u>	<u>Timing/ Implementation</u>	<u>Enforcement/ Monitoring</u>	<u>Verification (date and Signature)</u>
	and appurtenances adjacent to all public street rights of ways for all units that take front access. Dry utilities shall be located to the satisfaction of SMUD, the other dry utility providers and the City. Developer shall work with all utilities and the City to determine the best locations for all utilities, to the satisfaction of the City Engineer.		map		
39.	In the event they are needed, the developer shall dedicate any private drive, ingress and egress easement, or Irrevocable Offer of Dedication (and 10 feet adjacent thereto) as a public utility easement for overhead and underground facilities and appurtenances.	Utilities	Prior to Recordation of the Subdivision Map	SMUD	
40.	Dedicate the Landscape Corridors, adjacent to Douglas Road and Americanos Blvd., as shown on the map, as public utility easements for overhead and underground facilities and appurtenances.	Landscape	Prior to approval of final map.	Public Works, Planning, SMUD	
Prior to Issuance of Improvement Plans/Grading Permit					
41.	Traffic control devices shall be designed where needed to the satisfaction of the City Engineer. Traffic control locations will be determined at time of improvement plan submittal.	Infrastructure	Prior to issuance of Improvement Plans/Grading Permit	Public Works	
42.	All Open Space (Lot A & Lot H) will be owned and maintained by the City of Rancho Cordova. All open space and landscaped lots shall have improvement plans prepared by a licensed landscape architect mutually acceptable to the City and the developer.	Open Spaces	Prior to issuance of Improvement Plans/Grading Permit	Public Works/Planning	

Conditions of Approval

EXHIBIT 2C

<u>Action/Task</u>		<u>Category</u>	<u>Timing/ Implementation</u>	<u>Enforcement/ Monitoring</u>	<u>Verification (date and Signature)</u>
43.	Developer shall rough grade Parks and Open Space (Lot A and Lot H) pursuant to the capital improvement plans and specifications approved by the City of Rancho Cordova so that there are no excessive amounts of dirt or depressions.	Lot-A	Prior to final inspection of the rough grading plan.	Public Works/Planning/ CRPD	
44.	Developer shall provide adequate drainage facilities to the boundary of the Park and Open Space lots (Lot A and Lot H) at a depth sufficient to accept all drainage requirements for the improved site. The City shall review and approve the public improvement plans for the street frontages and utilities adjacent to a park site prior to installation.	Lot-A	Prior to issuance of Improvement Plans/Grading Permit	Public Works/Planning/ CRPD	
45.	Provide utility stubs into the Park and Open Space (Lot-A and Lot-H) sites for electricity, water, drainage, phone, and sewer on Improvement Plans.	Lot-A	Prior to issuance of Improvement Plans/Grading Permit	Public Works/Planning/ CRPD	
46.	Land to be dedicated to CRPD for parkland shall be rough graded pursuant to the grading plans and specifications approved by the Public Works Department and CRPD. Park site shall be graded to drain. Rough grading to provide for uniformly graded site with no more than 2 foot grade change adjacent to edge of site. At no time subsequent to the rough grading will the developer use the site for a staging area, a disposal site during construction or ANY soil stockpiling without the written approval of CRPD.	Open Space	Prior to issuance of Improvement Plans/Grading Permit	CRPD	

<u>Action/Task</u>		<u>Category</u>	<u>Timing/ Implementation</u>	<u>Enforcement/ Monitoring</u>	<u>Verification</u> (date and Signature)
	All park sites shall be brought to a MINIMUM SOIL CONDITION prior to turnover to CRPD. This includes screening of all cobble, tilling of clay, and removal of all other deleterious material, bringing the site to a minimum acceptable condition prior to the actual soil preparation as follows: 1. The soil depth shall be a minimum 18" inches of fertile, friable topsoil. Topsoil shall be free from foreign materials, including oil, herbicides, or chemical substances. 2. The soil shall contain no more than 10% of cobble 2 inches or greater in diameter. This may be achieved either by screening or by importing of fill. 3. The topsoil shall be uniform in texture and possess the following characteristics: a. Reaction (pH) saturated paste 6.0-7.6 b. Salinity (EC_edS/m) saturation exact <3.0 c. Sodium adsorption ratio (SAR) <6.0 d. Boron in saturation exact, ppm <1.0 <u>TEXTURE</u>				

Conditions of Approval

EXHIBIT 2C

<u>Action/Task</u>		<u>Category</u>	<u>Timing/ Implementation</u>	<u>Enforcement/ Monitoring</u>	<u>Verification (date and Signature)</u>
	Particle Size USDA Sieve Size Objective – % Passing Gravel 2.0 >95% Course sands 0.5 >75% Silt plus clay 0.05* <35% *Use Hydrometer method Verification for conformance with topsoil parameters shall be provided via a fertility, agricultural suitability and partial size soil test. During implementation, CRPD will approve the minimum soil conditions as specified above or as otherwise approved by the District. All applicable costs and fees of grading and soil preparation shall be paid by the landowner as part of the mass grading..				
47.	Provide drainage easements to the City of Rancho Cordova, install facilities pursuant to the Rancho Cordova Floodplain Management Ordinance, Sacramento County Water Agency Code, and City of Rancho Cordova Improvement Standards, and pay any fee required by the Sacramento County Water Agency Code. Final geometry and alignments of drainage facilities	Drainage	Prior to issuance of Improvement Plans/Grading Permit	Public Works	

Conditions of Approval

EXHIBIT 2C

	<u>Action/Task</u>	<u>Category</u>	<u>Timing/Implementation</u>	<u>Enforcement/Monitoring</u>	<u>Verification (date and Signature)</u>
	will be finalized based on subsequent analysis and engineering performed by the applicant to the satisfaction of the City of Rancho Cordova. Any SCWA funding is contingent upon a need by SCWA, pursuant to title 2 of the SCWA Code. All drainage studies are subject to alternative analyses.				
48.	Process a letter of map revision (LOMAR) or physical map revision (PMR) with FEMA for all detention basins, drainage channels and streams within the 100 year floodplain.	Drainage	Prior to acceptance of drainage infrastructure,	Public Works	
49.	Provide a maintenance and operations manual for drainage basins. The manual shall include but not be limited to: • As-built topography of the basin • Cut and Fill quantities • Plat map • Depth volume retting curve • As-built for steel, concrete and other structures • Invers of inlets, outlets, etc. • Updated model based on as-built topography. Document any sensitive resources.	Drainage	Prior to acceptance of the Basin	Public Works	
50.	The Sacramento County Water Agency (SCWA) may only compensate developers for the acquisition of land for regionally beneficial off-line peak flow basins. Contingent upon a need by SCWA, pursuant to title 2 of the SCWA Code.	Drainage	Prior to issuance of Improvement Plans/Grading Permit	Public Works	

Conditions of Approval

EXHIBIT 2C

	<u>Action/Task</u>	<u>Category</u>	<u>Timing/Implementation</u>	<u>Enforcement/Monitoring</u>	<u>Verification (date and Signature)</u>
	All drainage studies are subject to alternative analyses. The land cost for the basins is not eligible for credits or reimbursements under the Zone 11 Drainage Impact Fee Plan.				
51.	Complete and implement a master drainage study for the project, with approval from the City of Rancho Cordova.	Drainage	Prior to issuance of Improvement Plans/Grading Permit	Public Works	
52.	The Stormwater Pollution Prevention Plan in place for the site shall include a contingency plan for the implementation of a process to remove fine clay sediments prior to discharge to The City of Rancho Cordova's storm drain system and/or Waters of the State (e.g., creeks, rivers) to the satisfaction of the Stormwater Quality Division of the City of Rancho Cordova. This could include a chemical treatment system or comparable process.	Drainage	Prior to issuance of Improvement Plans/Grading Permit	Public Works	
53.	A Notice of Intent (NOI) must be filed with the State Water Resources Control Board prior to construction to obtain coverage under the State's General Construction Activity Stormwater Permit. As a condition of the General Permit, a Stormwater Pollution Prevention Plan (SWPPP) must be developed for the project.	Drainage	Prior to issuance of Improvement Plans/Grading Permit	Public Works	
54.	Destroy all abandoned wells on the proposed project site in accordance with the requirements of the Sacramento County Environmental Health Division. Clearly show all abandoned/destroyed	Utilities	Prior to issuance of Improvement Plans/Grading Permit	Environmental Health, SCWA	

Conditions of Approval

EXHIBIT 2C

	<u>Action/Task</u>	<u>Category</u>	<u>Timing/Implementation</u>	<u>Enforcement/Monitoring</u>	<u>Verification (date and Signature)</u>
	wells on the improvement plans for the project. Prior to abandoning any existing agricultural wells, applicant shall use water from agricultural wells for grading and construction.				
55.	Sufficient space shall be provided within the major roadway system to accommodate the future pipelines associated with regional facilities to the satisfaction of the Water Agency and the City of Rancho Cordova.	Utilities	Prior to issuance of Improvement Plans/Grading Permit	SCWA	
56.	Structural setbacks from the public right-of-way of less than 12.5 feet may create clearance issues. The developer shall meet with all utilities to ensure adequate setbacks are maintained.	Utilities	Prior to issuance of Improvement Plans/Grading Permit	SMUD	
57.	All Capital Improvement Plans and Specifications for parks and other areas to be owned and maintained by CRPD must be prepared by a licensed landscape architect with necessary sub-consultants mutually acceptable to CRPD and the Applicant/Developer. The responsible landscape architect in charge will be retained throughout the construction process to review the construction and attend construction meetings on a weekly basis.	Parks	Prior to issuance of Improvement Plans specifically for park site development	CRPD	
58.	Developer shall prepare improvement plans and construct or bond for the dedicated landscape corridors, trails and other open space facilities, according to the approved tentative map, and to the satisfaction of the City Engineer.	Landscaping	Prior to the issuance of improvement plans or final map, whichever comes first.	Planning/Public Works	

Conditions of Approval

EXHIBIT 2C

<u>Action/Task</u>		<u>Category</u>	<u>Timing/Implementation</u>	<u>Enforcement/Monitoring</u>	<u>Verification (date and Signature)</u>
	The following specifications shall be applied to trails in the project: • Trails must be located above the 10-year flood plain. • Except for the lots along the north side of Street 8 in Village 3 adjacent to Lot H, open fencing shall be required along all open space, drainage corridors and parkways, constructed in accordance with plans and specifications approved by the City, unless otherwise specified in these conditions. • Provide a striped pedestrian crossing for the trail system when it crosses a public right of way. • Developer shall install all required signage for the trail.				
59.	All pedestrian and bicycle lanes shall be designed in accordance with the Sunridge Specific Plan and City standards or as shown in the Tentative Subdivision Map. The applicant shall install pedestrian improvements and traffic calming measures (i.e. raised crosswalk, raised intersections, bulbouts, curbs, enhanced stripping, signage, etc.) at the main intersections, to be determined based on further analysis at the time of the improvement plans.	Circulation/Air Quality	Prior to issuance of Improvement Plans/Grading Permit	Planning, Public Works	
Prior to Issuance of Building Permits					
60.	Applicant shall pay any outstanding staff costs	General	Prior to Issuance	Public Works/	

Conditions of Approval

EXHIBIT 2C

	<u>Action/Task</u>	<u>Category</u>	<u>Timing/ Implementation</u>	<u>Enforcement/ Monitoring</u>	<u>Verification</u> (date and Signature)
	associated with the preparation of the final map.		of first Building Permit.	Planning/ Finance	
61.	Property Owner/Applicant shall pay all fees to support the construction of any public facilities and improvements or the provision of public services in relation to the development of the Property.	General	Prior to Issuance of first Building Permit.	Public Works	
62.	Developer shall construct or bond for the installation of all dedicated rights of way and traffic control devices, pursuant to Sacramento County Improvement Standards and modified street plans herein, to the satisfaction of the City Engineer.	Infrastructure	Prior to Issuance of first Building Permit.	Public Works	
63.	Developer shall provide a construction phasing plan for street construction, for model homes and the phases of home construction, for each village area to the satisfaction of the City Engineer.	Infrastructure	Prior to the issuance of Building Permits for each Village	Public Works	
64.	Applicant shall submit improvement plans to the satisfaction of the Public Works Department. Improvement plans shall include, but shall not be limited to the following: all streets, trails, water, sewer, storm drain, lighting, signage and striping, and other associated facilities for all streets including other public areas depicted on the tentative map or tentative map phase. Number, size, and location of driveways are	Infrastructure	Prior to issuance of the first building permit within phase	Public Works	

Conditions of Approval

EXHIBIT 2C

<u>Action/Task</u>		<u>Category</u>	<u>Timing/ Implementation</u>	<u>Enforcement/ Monitoring</u>	<u>Verification (date and Signature)</u>
	subject to approval by the Public Works Department. Prior to acceptance of the improvements, as-built grading and improvement plans (1 full size and 1 half size hard copy), as well as a compact disc containing these plans in AutoCAD A GIS shape file, or equivalent to the satisfaction of the City Engineer, of the improvement plans shall be provided.				
65.	Prior to issuance of the first building permit within a phase, a contract shall be let and construction shall be undertaken for (1) the streets and infrastructure depicted on the approved Phasing Plan and other necessary associated improvements for that phase of the project and (2) the associated on-site improvements shown on the approved improvement plans for that phase of the project. Infrastructure and on-site improvements shall be adequate for public access and use to the satisfaction of the Public Works Department. The developer may request that the approved phasing plan be divided into subphases. Infrastructure and improvement requirements for any subphase shall be subject to approval from the City Engineer. A revised phasing plan shall be submitted depicting the infrastructure and on-site improvements to be constructed for the	Infrastructure	Prior to issuance of the first building permit within phase or sub-phase	Public Works	

Conditions of Approval

EXHIBIT 2C

<u>Action/Task</u>		<u>Category</u>	<u>Timing/ Implementation</u>	<u>Enforcement/ Monitoring</u>	<u>Verification (date and Signature)</u>
	subphase. Prior to the first occupancy within a phase all streets and improvements depicted on the approved Phasing Plan shall be fully constructed and completed to the satisfaction of the City Engineer. At the discretion of the City Engineer, the final lift of asphalt only (e.g. upper approximately 1.5 inches of asphalt) may be deferred to prior to the first occupancy. The structural section shall be designed to accommodate construction traffic and loads until such time that the finish lift of asphalt concrete is installed.				
66.	Provide access arrangements and install working fire hydrants which meet the required fire flow demands pursuant to the requirements of Metro Fire City, prior to any combustible construction or combustible materials storage on site for any phase or sub-phase.	Infrastructure	Prior to the Issuance of Building Permits	Metro Fire	
67.	Prior to the issuance of any building permits for the project, the project developer/owner shall pay Zone 40 development fees applicable at the time of building permit issuance in accordance with Title 4 of the Sacramento County Water Agency (SCWA) Code.	Utilities	Prior to Issuance of Building Permits.	SCWA	
68.	Prior to the issuance of building permits require water intensive commercial and industrial building permit applicants to conduct a water use	Utilities	Prior to Issuance of Building Permits.	SCWA	

Conditions of Approval

EXHIBIT 2C

	<u>Action/Task</u>	<u>Category</u>	<u>Timing/ Implementation</u>	<u>Enforcement/ Monitoring</u>	<u>Verification (date and Signature)</u>
	efficiency review and submit the findings in required environmental documentation for the project.				
69.	Prior to the issuance of building permits require efficient cooling systems, re-circulating pumps for fountains and ponds, and water recycling systems for vehicle washing as a condition of service.	Utilities	Prior to Issuance of Building Permits.	SCWA	
70.	Prior to the issuance of any building permits for the project, the project shall conform to the specific provisions of the City of Rancho Cordova Landscaping Ordinance (Municipal Code Title 23, Chapter 23.716).	Utilities/ Landscape	Prior to Issuance of Building Permits.	SCWA	
71.	The developer shall submit complete landscape planting and irrigation plans for landscaping for review and approval by the City in accordance with local landscaping requirements.	Landscaping	Prior to the Issuance of Building Permits	Planning/SCWA	
72.	Developer shall design and construct a landscape corridor adjacent to those streets shown in the development agreement, incorporating therein a concrete sidewalk, trees, shrubs, ground cover, automatic irrigation system to be approved by City prior to construction. Construction shall be to City standards and the developer shall not be entitled to any Quimby Act credits or Park Development fee credits for dedication of such corridors or construction of such landscape corridor improvements. The Quimby Act shall be	Landscape Corridors, Open Spaces, and Improvements:	Prior to issuance of building permit	Public Works/Planning	

Conditions of Approval

EXHIBIT 2C

	<u>Action/Task</u>	<u>Category</u>	<u>Timing/Implementation</u>	<u>Enforcement/Monitoring</u>	<u>Verification (date and Signature)</u>
	interpreted and defined as stated in RCMC 22.40.025. New construction requirements shall be consistent with the Phasing Plan, Development Agreement, and approved tentative map.				
73.	Transfer of Title and Assumption of Maintenance: The Developer must obtain the written approval of the City for all plans and specifications, including the location of all utility service points, as well as the inspection by the City of construction, for any improvements to real property which the Developer intends to transfer to the City for maintenance and operation as shown in the Development Agreement.	Landscaping/ Open Spaces	Prior to issuance of building permit	Public Works/Planning	
74.	Upon acceptance of the deed or deeds to the landscaped corridors shown in Exhibit 2 of the Development Agreement, the City shall assume the responsibility for all maintenance, repair and operation thereof. The City will not accept, and is not obligated to accept, the tendered deed or deeds until all the improvements described above have been accepted by the City in writing as complete for any landscape corridor. Developer to provide a funding mechanism for maintenance of the City owned neighborhood greens, open space, and regional trails.	Landscaping	Prior to issuance of building permit	Public Works/Planning	
75.	The Park Development Agreement will define the conditions for improvements, acceptance of	Parks	Prior to issuance of building	CRPD	

Conditions of Approval

EXHIBIT 2C

	<u>Action/Task</u>	<u>Category</u>	<u>Timing/ Implementation</u>	<u>Enforcement/ Monitoring</u>	<u>Verification (date and Signature)</u>
	the park parcels by CRPD and the transfer of maintenance responsibilities between the landowner and CRPD. Developer to provide a funding mechanism for maintenance of the District owned parks.		permit		
76.	Applicant/Developer shall install signage on all park sites notifying surrounding residential units of future park construction and identifying park amenities. CRPD will have final approval of the sign prior to installation.	Parks	Prior to issuance of building permt	CRPD	
77.	During and upon completion of the installation of the landscaping for the project, the project landscape architect/designer shall certify that the installed landscape complies with the approved plans. Certification shall be accomplished by completion of site visits at key installation milestones. Key milestones at a minimum shall include: rough grade, soil amendment verification, plant material inspection, irrigation coverage test and final installation. Certification shall include signed site observation reports, photographs and documentation verifying implementation of soil report recommendations. Failure to submit complete and accurate documentation to the Planning Department will delay final approval/occupancy of the project.	Landscaping	Prior to final building inspection of the first unit	Public Works and Planning	
78.	Provide maintenance and operations manual for drainage basins utilized by the project site regardless of whether the facility is on-site or off-	Drainage	Prior to acceptance of the Basin	Public Works	

Conditions of Approval

EXHIBIT 2C

<u>Action/Task</u>		<u>Category</u>	<u>Timing/ Implementation</u>	<u>Enforcement/ Monitoring</u>	<u>Verification (date and Signature)</u>
	site. The manual shall include, but is not limited to: •As-built topography of the basin. •Cut and fill quantities. •Plat map. •Depth volume rating curve. •As builds for steel, concrete and other structures. •Inverts of inlets, outlets, etc. •Updated model based on as-built topography. •Document any sensitive resources.				
79.	Provide post & cable fencing around basins as required by City of Rancho Cordova Drainage Maintenance and Planning staff.	Drainage	Prior to acceptance of the Basin	Public Works	
Prior to Final Inspection(s)/Completion of Project					
80.	In addition to the following conditions, the mitigation monitoring and reporting program must be completed in accordance with their implementation timing prior to final inspection. This is to satisfy the requirements of the project's CEQA review.	Environmental	Prior to Final Inspection	Planning	
81.	All roads providing access to the completed homes shall be fully constructed and accepted by the City Engineer.	Infrastructure	Prior to Final Inspection of the first unit	Metro Fire, Public Works, Planning	
82.	All streets providing access to the homes shall be constructed to the satisfaction of the City Engineer prior to occupancy.	Infrastructure	Prior to Final Inspection	Public Works	
83.	Developer shall construct all necessary street frontage improvements abutting Lot A and Lot H	Infrastructure	Prior to Final Inspection of the	Public Works/Planning/	

Conditions of Approval

EXHIBIT 2C

<u>Action/Task</u>		<u>Category</u>	<u>Timing/ Implementation</u>	<u>Enforcement/ Monitoring</u>	<u>Verification (date and Signature)</u>
	including, but not limited to, on street parallel parking, vertical curb, gutter, street paving, street lights, and sidewalks. Same COA as #83 above.		first unit	CRPD	
84.	Where appropriate, the Open Space sites abuts other anduses, other than public street frontages, developer shall install a six foot high masonry wall or decorative metal fencing or otherwise approved by CRPD and/or the City as required by the Sunridge Specific Plan Standards. The approved wall or fence shall be installed prior to development of the open space or when the construction on the adjoining lots commences, whichever comes first. The wall or approved fence is to be located on the adjacent owner's property. Accordingly, general maintenance, repair or replacement of the wall or fence shall be the responsibility of the owner, not the City.	Lot-A	Prior to Final Inspection of the first unit	Public Works/Planning/ CRPD	
85.	The developer of the project shall disclose to future / potential owners buyers of the potential and existing 69kV line.	Utilities	Prior to Final Inspection	SMUD	
86.	To maintain adequate trench integrity, utilities within the SMUD trench shall be designed to allow 5-feet of separation from all building foundations placed along the P.U.E. Developer to verify with other utilities (Gas, Telephone, etc.) for their specific clearance requirements if	Utilities	Prior to Issuance of Building Permits	SMUD	

Conditions of Approval

EXHIBIT 2C

	<u>Action/Task</u>	<u>Category</u>	<u>Timing/Implementation</u>	<u>Enforcement/Monitoring</u>	<u>Verification (date and Signature)</u>
	located outside the SMUD trench.				
87.	Construct a minimum 10.5-foot high sound barrier, according to the design in the SRSP, along all lots bordering Douglas Road. Where the noise barrier approaches the entrance drives to the neighborhood, the barrier (berm or wall) shall be wrapped around the corner to the satisfaction of Community Development Director. At intersections, wrapping walls shall extend a distance equivalent to the rear yard setback or side yard setback whichever is greater as appropriate for lot configuration. However, the barrier height shall taper down at the corner, as needed, to allow for clear sight distance for motorists approaching the intersection.	Architectural	Prior to Final Inspection of the first unit	Planning	
88.	All landscape corridor walls shall be of masonry construction using graffiti resistant materials. Wall design and materials shall be subject to City's approval and according to the design standards in the Sunridge Specific Plan.	Landscaping	Prior to Final Inspection of the first unit	Public Works/Planning	
89.	When improvements to landscape corridors and trails are complete and accepted by the City Engineer, the improved property shall be conveyed by a grant deed to the City for ongoing maintenance, operation, repair and replacement. Developer shall be responsible to pay the direct cost associated with the performance of this work until such time as the City incorporates the	Landscaping	Prior to Final Inspection of the first unit	Public Works/Planning	

Conditions of Approval

EXHIBIT 2C

<u>Action/Task</u>		<u>Category</u>	<u>Timing/Implementation</u>	<u>Enforcement/Monitoring</u>	<u>Verification</u> (date and Signature)
	cost of doing this work into the financing mechanism annual budget and collects the additional tax revenues required to fund the costs of this work.				
90.	Improve the landscaped lots according to the approved plans. All sidewalks layout and design shall be reviewed and approved by the City. All improvement shall be reviewed and accepted by the City prior to assuming maintenance responsibility.	Landscaping	Prior to Final Inspection	Public Works/Planning	

General Information and Compliance Items:

The following items are noted for the applicant's information. These items are required by other local agencies, the City, state or federal agencies, and are not conditions of approval of the project.

1. Permits and/or fees are required for the following reviews: civil plans, architectural plans, fire sprinkler plans and fire alarm plans. Additional permits and fees may apply depending upon the scope of the project. (Fire Department)
2. The installation of on-site or off-site fire protection equipment, including fire hydrants and water mains, shall meet the standards of the Metro Fire City and the water purveyor having jurisdiction. (Fire Department)
3. The installation of addresses, landscaping, tree wells and/or traffic islands are subject to the standards outlined by the Metro Fire City.
4. Gas service may be available to this project if desired. The developer should contact PGE's Service Planning Department as soon as possible to coordinate construction so as not to delay the project. (PGE)
5. Developers will construct a concrete base for placement of the centralized mail delivery unit after construction of curb, gutter and sidewalk. Specifications and location of such base shall be determined pursuant to the applicable requirements of the Postal Service and the Sacramento County Public Works Agency, with due consideration of street light location, traffic safety, security, and consumer convenience. (Post Office)
6. Homes that have attached garages with secondary access doors will have solid core or metal covered doors with dead bolt locks. (Police Department)
7. Skylight side panels that are placed next to entrance doors will not be on the same side as the lock mechanism of the door. Only one panel may be installed per door, adjacent to the hinges. (Police Department)
8. All external door frames, including the side garage, will have screws that are a minimum of three inches long in the strike plate. Strike plates should be anchored with a minimum of four screws. (Police Department)
9. The Police Department highly recommends that homes be designed with the front of the garage aligned with or set back from the front of the house. This will improve visibility from inside the home of the entire block. Homes with covered front porches promote resident involvement with neighbors, which in turn helps reduce crime. (Police Department)
10. On-site source and control measures are required for this project in accordance with the latest version of the City/County Guidance Manual (Guidance Manual of On-Site Storm Water Quality Control Measures). In all cases, source control measures on the improvement plans will include provision of a permanent storm drain message "No Dumping – Flows to Creek" or other approved message shall be stamped in concrete at each inlet. Other on-site source and treatment control measure(s) should also be used in accordance with specific residential activities referenced in the Guidance Manual. The final design of the proposed on-site source and treatment controls will be approved by the Department of Water Resources. (Water Resources).
11. Project proponents and/or future successors of interests shall comply with all 'Water Supply' provisions established in Ordinance No. SZC 2002-0014, Control No. 93-0243.
12. All pedestrian access ramps affected by this project must be installed/upgraded pursuant to the State of California Title 24 Code of Regulations and to the satisfaction of the Department of Transportation of the Public Works Agency.

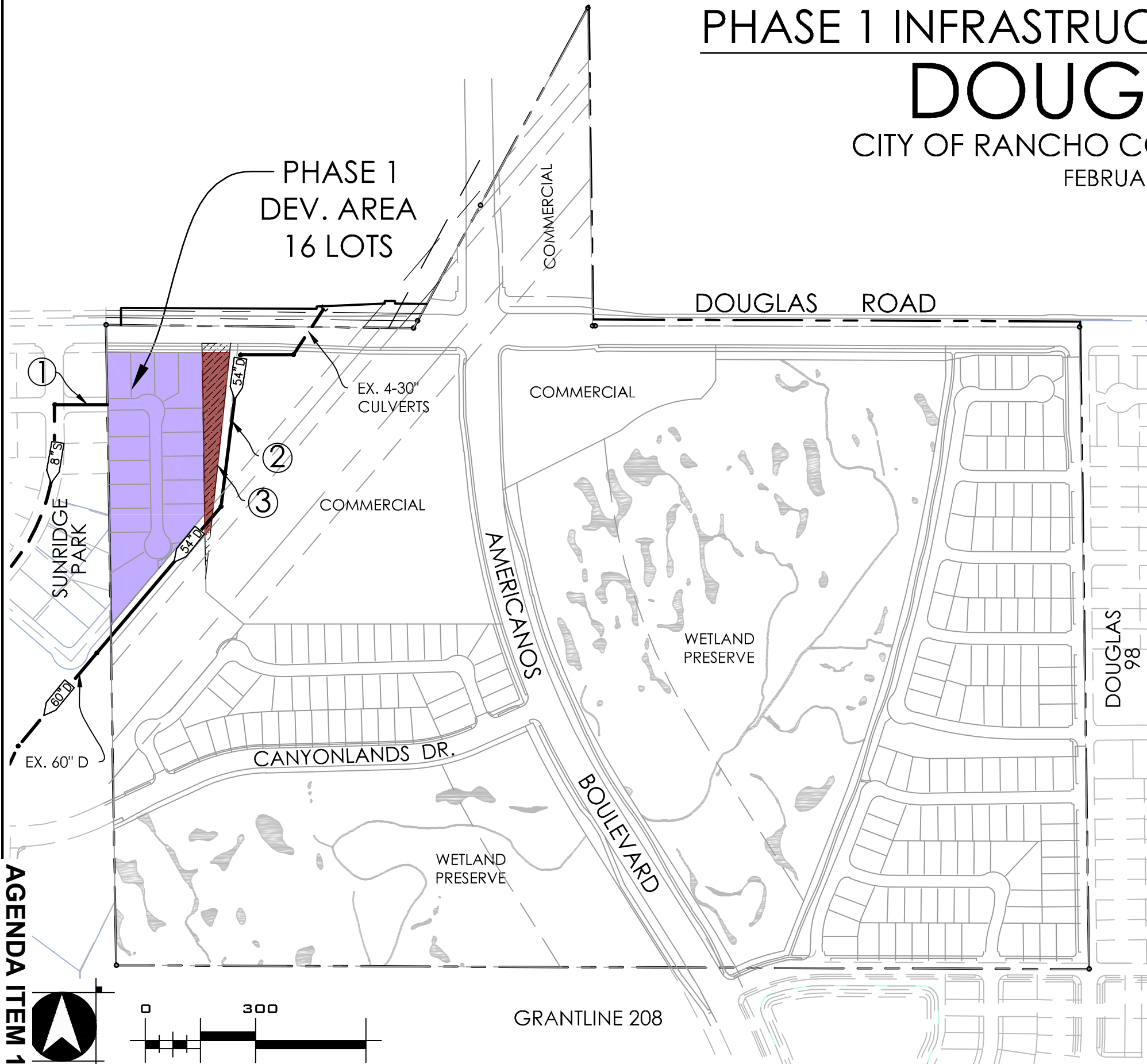
PHASE 1 INFRASTRUCTURE & ACCESS PLAN

DOUGLAS 103

CITY OF RANCHO CORDOVA, CALIFORNIA

FEBRUARY 04, 2015

PHASE 1



- 1) CONNECT OFFSITE 8" SEWER TO EXISTING MANHOLE.
- 2) CONSTRUCT DRAINAGE IMPROVEMENTS AS SHOWN IN THE APPROVED DRAINAGE STUDY FROM EX. 60" SD STUB TO EX. 4-30" CULVERTS AT DOUGLAS ROAD. THE PORTION THROUGH THE COMMERCIAL SITE MAY BE CONVEYED AS AN ENGINEERED CHANNEL WITH THE PIPELINE CONSTRUCTION DEFERRED UNTIL DEVELOPMENT OF THE COMMERCIAL SITE. FINAL LOCATION OF THE PIPELINE MAY BE MODIFIED TO ACCOMMODATE FINAL TRAIL AND COMMERCIAL SITE DESIGN.
- 3) RESERVE EASEMENT FOR THE BIKE/PED TRAIL CONNECTION TO THE DOUGLAS ROAD UNDERCROSSING. WIDTH AT THE NORTH END SHALL BE 75 FEET AND SHALL TAPER TO 25 FEET AT THE SOUTH END.
- 4) GENERAL PHASING NOTES APPLICABLE TO ALL PHASES - (1) CONCURRENT TO CONSTRUCTION OF THE IMPROVEMENT SHOWN IN THE PHASING PLAN CONSTRUCT IMPROVEMENTS SHOWN IN THE APPROVED DRAINAGE STUDY, (2) THIS PLAN HAS NOT BEEN REVIEWED BY UTILITY PURVEYORS AND IS APPLICABLE TO SURFACE IMPROVEMENTS ONLY, (3) PHASING PLANS ASSUME DEVELOPMENT OF PHASES OCCURS IN THE ORDER SHOWN. IN THE EVENT PHASES ARE CONSTRUCTED OUT OF ORDER MODIFICATION OF THE PHASING PLANS WILL BE REQUIRED AND WILL BE SUBJECT TO REVIEW AND APPROVAL BY THE CITY.



PHASE 1 DEV. AREA



WOOD RODGERS
 DEVELOPING INNOVATIVE DESIGN SOLUTIONS
 3301 C St, Bldg. 100-B Tel 916.341.7760
 Sacramento, CA 95816 Fax 916.341.7767

SHEET 1 OF 6

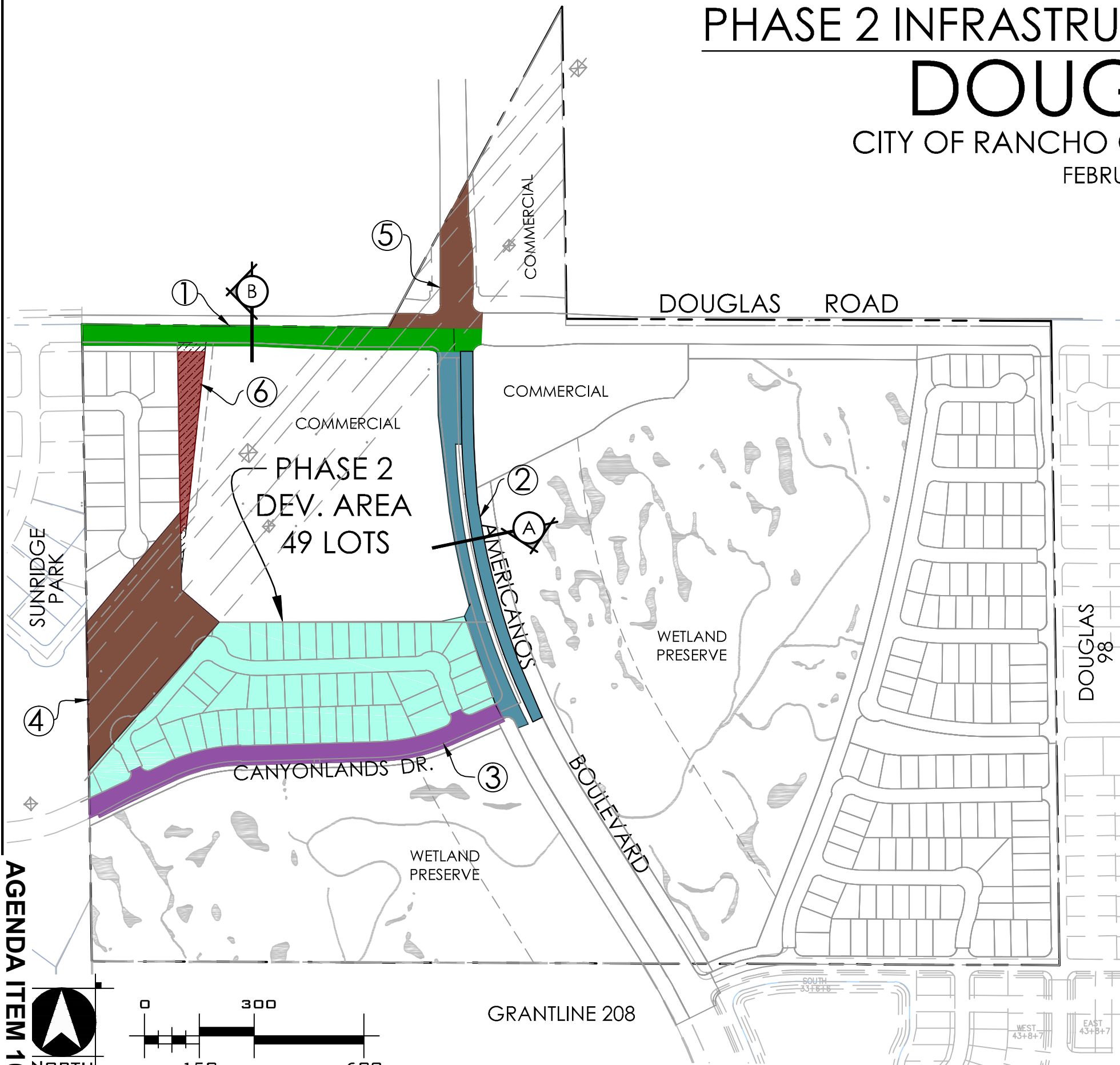
PHASE 2 INFRASTRUCTURE & ACCESS PLAN

DOUGLAS 103

CITY OF RANCHO CORDOVA, CALIFORNIA

FEBRUARY 04, 2015

PHASE 2



- 1) CONSTRUCT SOUTHERLY DOUGLAS ROAD IMPROVEMENTS TO PROVIDE 1 WB LANE, WB SHOULDER, 2 EB LANE, MEDIAN AND SOUTHERLY CURB, GUTTER, SIDEWALK. ALSO INCLUDES LANDSCAPE ADJACENT TO PHASE 1. LANDSCAPE ADJACENT TO COMMERCIAL SITE IS NOT INCLUDED AND WILL BE CONSTRUCTED AT THE TIME OF COMMERCIAL SITE DEVELOPMENT. IT IS ANTICIPATED THE MEDIAN AND CENTER LANES WILL BE CONSTRUCTED BY THE SUNRIDGE SUBOWNERS GROUP.
- 2) CONSTRUCT AMERICANOS BOULEVARD IMPROVEMENTS. SHALL INCLUDE OUTSIDE LANES AND FRONTAGE AND CENTER LANES AND MEDIAN AS NEEDED TO PROVIDE ACCESS TO THE DOUGLAS BLVD INTERSECTION. CENTER LANES AND MEDIAN TO BE CONSTRUCTED BY CITY IN THE FUTURE.
- 3) CONSTRUCT FULL IMPROVEMENTS TO CANYONLANDS DRIVE.
- 4) CONSTRUCT OPEN SPACE IMPROVEMENTS. IMPROVEMENTS MAY BE CONSTRUCTED BY THE PARK DISTRICT AND WILL BE SUBJECT TO REIMBURSEMENT IN ACCORDANCE WITH THE PROJECT DEVELOPMENT AGREEMENT.
- 5) CONSTRUCT INTERSECTION IMPROVEMENTS AND TRAFFIC SIGNAL AT DOUGLAS/AMERICANOS INTERSECTION. AMERICANOS BOULEVARD IMPROVEMENTS SHALL INCLUDE 2 NORTHBOUND LANES, 2 SOUTHBOUND LANES, MEDIAN, CURB RETURNS AND EASTERLY SIDEWALK CONNECTION. DOUGLAS ROAD REQUIREMENTS ARE COVERED IN ITEM 1. IT IS ANTICIPATED ALL OR A PORTION OF THIS MAY BE CONSTRUCTED BY THE SUNRIDGE SUBOWNERS GROUP. FRONTAGE IMPROVEMENTS ARE INCLUDED IN PHASE 5 AND NOT INCLUDED HERE.
- 6) TRAIL IMPROVEMENTS TO BE CONSTRUCTED CONCURRENTLY WITH OPEN SPACE IMPROVEMENTS.



PHASE 2 DEV. AREA



WOOD RODGERS
 DEVELOPING INNOVATIVE DESIGN SOLUTIONS
 3301 C St, Bldg. 100-B Tel 916.341.7760
 Sacramento, CA 95816 Fax 916.341.7767

SHEET 2 OF 6

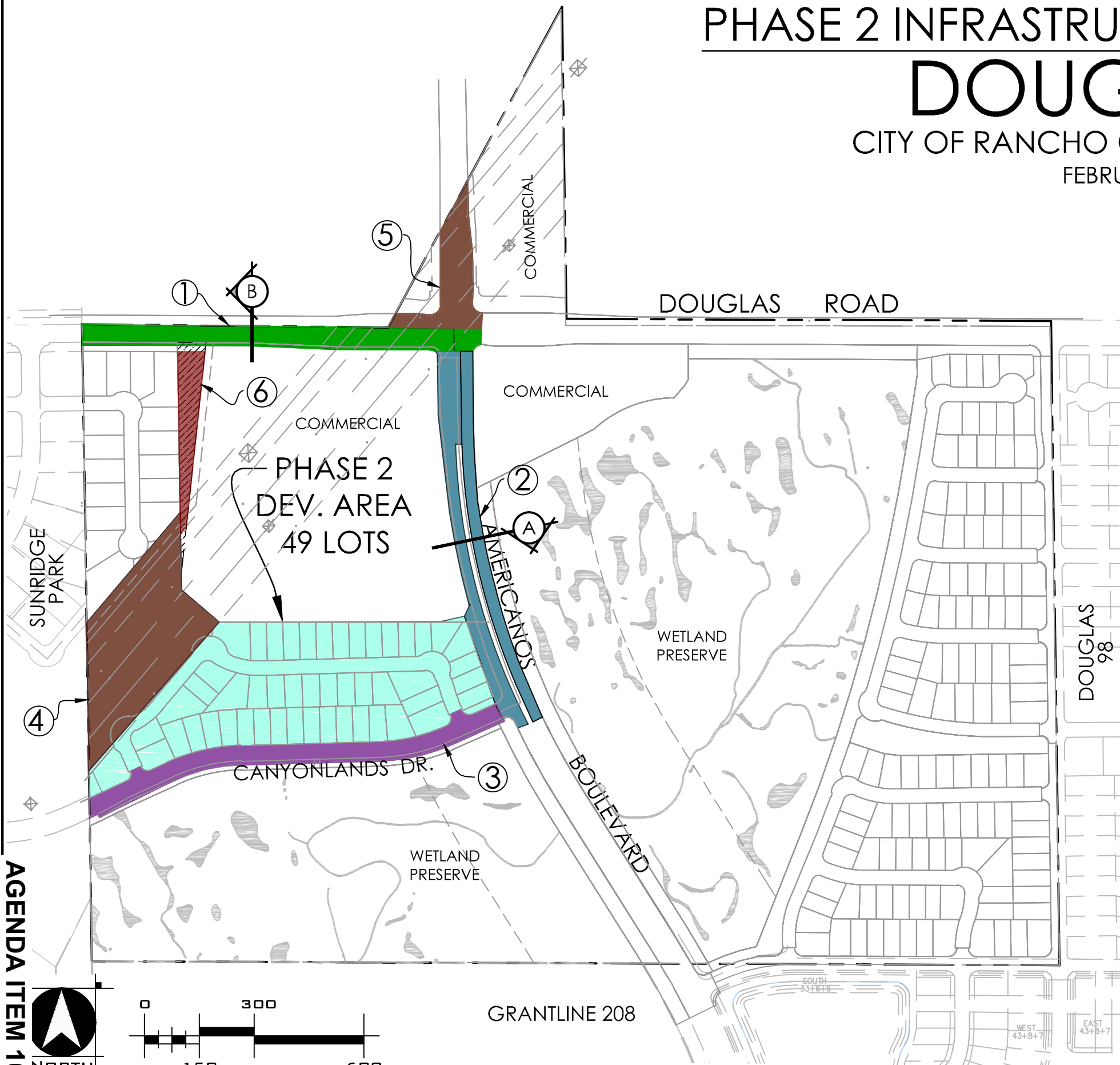
PHASE 2 INFRASTRUCTURE & ACCESS PLAN

DOUGLAS 103

CITY OF RANCHO CORDOVA, CALIFORNIA

FEBRUARY 04, 2015

PHASE 2



- 1) CONSTRUCT SOUTHERLY DOUGLAS ROAD IMPROVEMENTS IN ACCORDANCE WITH SECTION B ON SHEET 6 OF 6. IMPROVEMENTS INCLUDE LANDSCAPE ADJACENT TO PHASE 1. LANDSCAPE ADJACENT TO COMMERCIAL SITE IS NOT INCLUDED AND WILL BE CONSTRUCTED AT THE TIME OF COMMERCIAL SITE DEVELOPMENT. IT IS ANTICIPATED A PORTION OF THIS MAY BE CONSTRUCTED BY THE SUNRIDGE SUBOWNERS GROUP.
- 2) CONSTRUCT AMERICANOS BOULEVARD IMPROVEMENTS IN ACCORDANCE WITH SECTION A ON SHEET 6 OF 6. IMPROVEMENTS SHALL INCLUDE CENTER LANES AND MEDIAN AS NEEDED TO PROVIDE ACCESS TO THE DOUGLAS ROAD INTERSECTION. CENTER LANES AND MEDIAN TO BE CONSTRUCTED BY CITY IN THE FUTURE. LANDSCAPE ADJACENT TO COMMERCIAL SITE IS NOT INCLUDED AND WILL BE CONSTRUCTED AT THE TIME OF COMMERCIAL SITE DEVELOPMENT.
- 3) CONSTRUCT FULL IMPROVEMENTS TO CANYONLANDS DRIVE.
- 4) CONSTRUCT OPEN SPACE IMPROVEMENTS INCLUDING BIKE TRAIL. IMPROVEMENTS MAY BE CONSTRUCTED BY THE PARK DISTRICT AND WILL BE SUBJECT TO REIMBURSEMENT IN ACCORDANCE WITH THE PROJECT DEVELOPMENT AGREEMENT.
- 5) CONSTRUCT INTERSECTION IMPROVEMENTS AND TRAFFIC SIGNAL AT DOUGLAS/AMERICANOS INTERSECTION. AMERICANOS BOULEVARD IMPROVEMENTS SHALL INCLUDE EASTERLY FRONTAGE AND SIDEWALK. WESTERLY FRONTAGE IS NOT INCLUDED HERE BUT IS INCLUDED IN PHASE 5. DOUGLAS ROAD REQUIREMENTS ARE COVERED IN ITEM 1. IT IS ANTICIPATED ALL OR A PORTION OF THIS MAY BE CONSTRUCTED BY THE SUNRIDGE SUBOWNERS GROUP.
- 6) TRAIL IMPROVEMENTS TO BE CONSTRUCTED CONCURRENTLY WITH OPEN SPACE IMPROVEMENTS.



PHASE 2 DEV. AREA



WOOD RODGERS
 DEVELOPING INNOVATIVE DESIGN SOLUTIONS
 3301 C St, Bldg. 100-B Tel 916.341.7760
 Sacramento, CA 95816 Fax 916.341.7767

SHEET 2 OF 6

PHASE 3 INFRASTRUCTURE & ACCESS PLAN

DOUGLAS 103

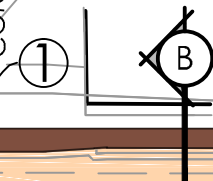
CITY OF RANCHO CORDOVA, CALIFORNIA

FEBRUARY 04, 2015

PHASE 3

PHASE 3
DEVELOPMENT
AREA

COMMERCIAL



DOUGLAS ROAD

COMMERCIAL

COMMERCIAL

AMERICANOS

WETLAND
PRESERVE

DOUGLAS
98

CANYONLANDS DR.

WETLAND
PRESERVE

BOULEVARD

GRANTLINE 208

- 1) CONSTRUCT DOUGLAS ROAD IMPROVEMENTS ADJACENT TO COMMERCIAL SITE IN ACCORDANCE WITH SECTION B ON SHEET 6 OF 6. A PORTION OF THIS MAY BE CONSTRUCTED BY THE SUNRIDGE SUBOWNERS OR BY DOUGLAS 98. IT IS ANTICIPATED THAT PRIOR TRAFFIC SIGNAL CONSTRUCTION WILL ACCOMMODATE THESE ROAD IMPROVEMENTS AND NO TRAFFIC SIGNAL MODIFICATION WILL BE NEEDED.



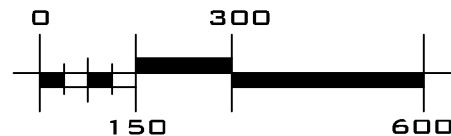
PHASE 3 DEV. AREA



WOOD RODGERS
DEVELOPING INNOVATIVE DESIGN SOLUTIONS
3301 C St, Bldg. 100-B Tel 916.341.7760
Sacramento, CA 95816 Fax 916.341.7767

SHEET 3 OF 6

AGENDA ITEM 10.3



PHASE 4 INFRASTRUCTURE & ACCESS PLAN

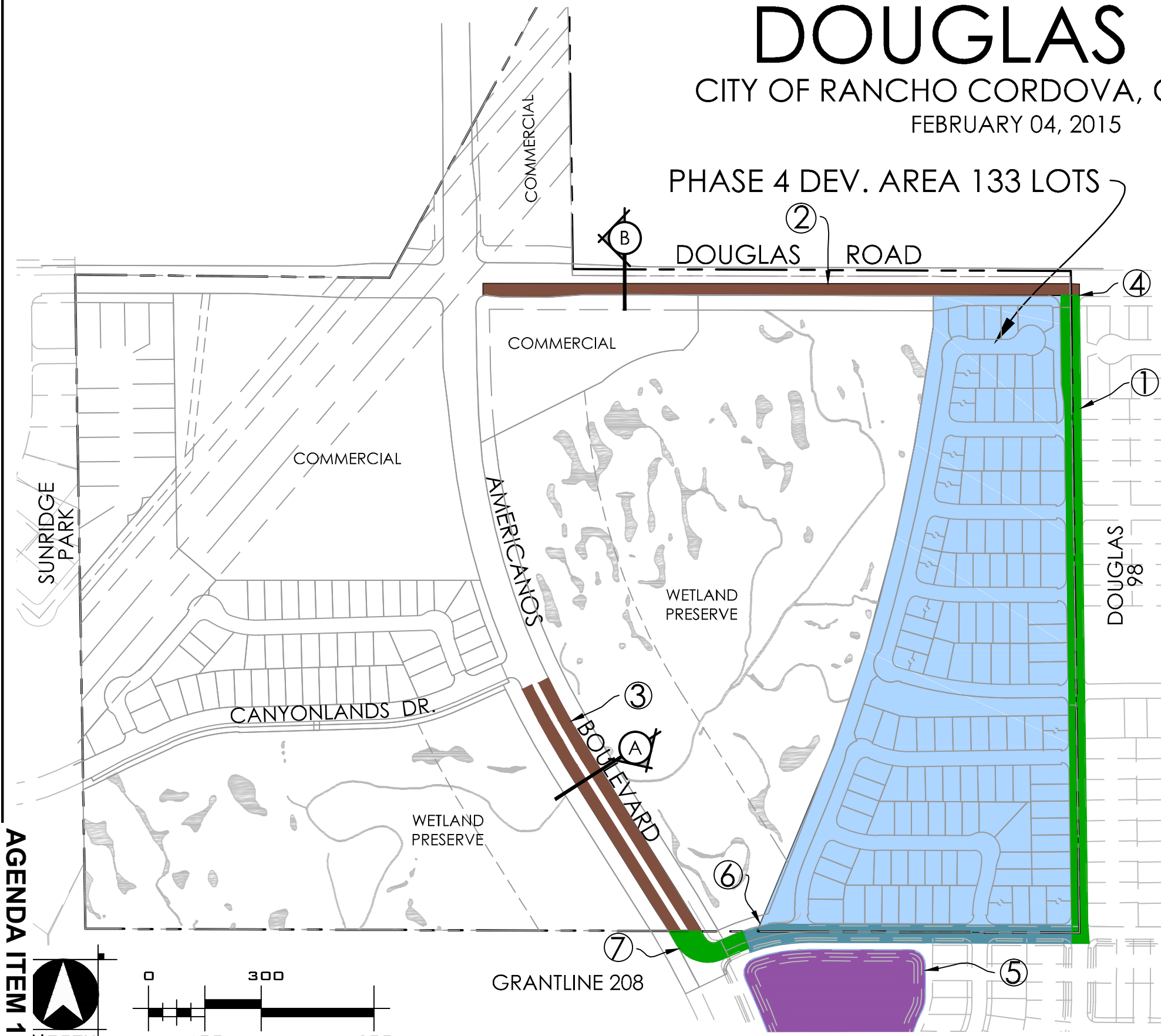
DOUGLAS 103

CITY OF RANCHO CORDOVA, CALIFORNIA

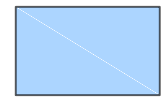
FEBRUARY 04, 2015

PHASE 4

PHASE 4 DEV. AREA 133 LOTS



- 1) CONSTRUCT SNYDER DRIVE IMPROVEMENTS INCLUDING FULL WESTERLY HALF STREET IMPROVEMENTS, 1 EASTERLY LANE AND THE EASTERLY BIKE LANE/SHOULDER. A PORTION OF THIS MAY BE CONSTRUCTED BY DOUGLAS 98 OR OTHERS.
- 2) CONSTRUCT DOUGLAS ROAD IMPROVEMENTS IN ACCORDANCE WITH SECTION B ON SHEET 6 OF 6. IMPROVEMENTS TO INCLUDE LANDSCAPING ADJACENT TO PHASE 4 AND OPEN SPACE. LANDSCAPING OF THE COMMERCIAL FRONTAGE IS NOT INCLUDED AND WILL BE DONE AT THE TIME THE COMMERCIAL SITE DEVELOPS. COMMERCIAL FRONTAGE MAY BE IMPROVED AS PART OF PHASE 3. A PORTION OF THESE IMPROVEMENTS MAY BE CONSTRUCTED BY DOUGLAS 98.
- 3) CONSTRUCT AMERICANOS BOULEVARD IN ACCORDANCE WITH SECTION A ON SHEET 6 OF 6. CENTER LANES AND MEDIAN TO BE CONSTRUCTED BY THE CITY IN THE FUTURE.
- 4) CONSTRUCT THE DOUGLAS/SNYDER INTERSECTION. IMPROVEMENT TO PROVIDE LEFT IN/LEFT OUT TURNING MOVEMENTS. INTERIM TRAFFIC SIGNAL MAY BE REQUIRED. A PORTION OF THIS MAY BE CONSTRUCTED BY DOUGLAS 98 OR OTHERS.
- 5) CONSTRUCT DETENTION BASIN. BASIN CONSTRUCTION MAY BE PHASED TO ACCOMMODATE PARTIAL DEVELOPMENT OF WATERSHED.
- 6) CONSTRUCT STREET 3 IMPROVEMENTS INCLUDING FULL NORTHERLY HALF STREET IMPROVEMENTS, 1 SOUTHERLY LANE AND SOUTHERLY BIKE LANE/SHOULDER. A PORTION OF THIS MAY BE CONSTRUCTED BY GRANTLINE 208.
- 7) CONSTRUCT INTERIM TWO LANE PAVEMENT CONNECTION TO AMERICANOS BOULEVARD.

 PHASE 4 DEV. AREA

WOOD RODGERS
 DEVELOPING INNOVATIVE DESIGN SOLUTIONS
 3301 C St, Bldg. 100-B Tel 916.341.7760
 Sacramento, CA 95816 Fax 916.341.7767

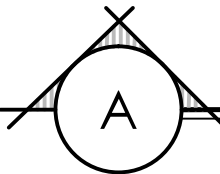
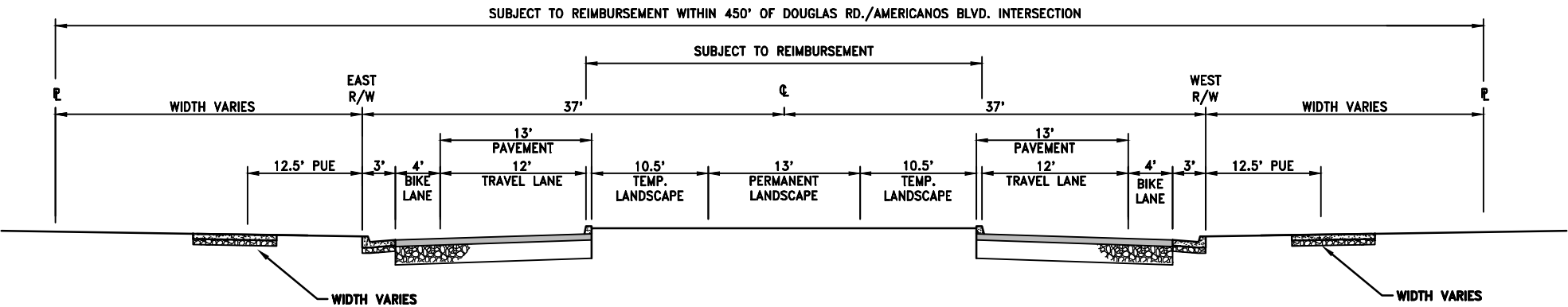
SHEET 4 OF 6

INFRASTRUCTURE & ACCESS PLAN SECTIONS

DOUGLAS 103

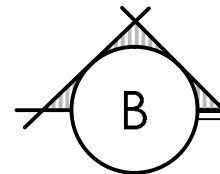
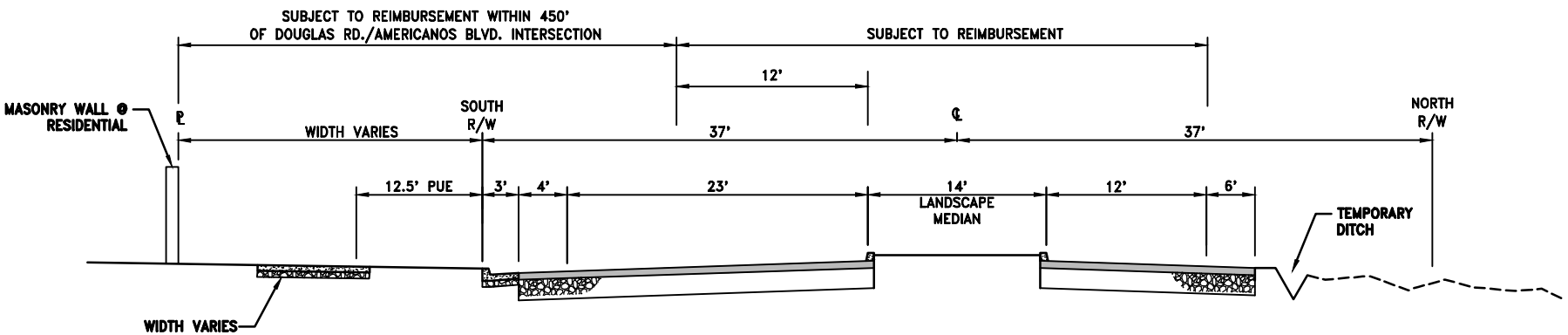
CITY OF RANCHO CORDOVA, CALIFORNIA

FEBRUARY 09, 2015



AMERICANOS BLVD.

DOUGLAS 103



DOUGLAS ROAD - THREE LANE DEVELOPMENT

DOUGLAS 103

SHEET 6 OF 6

DOUGLAS 103

Douglas 103 Project Modifications

CEQA Addendum



City of Rancho Cordova

2729 Prospect Park Drive
Rancho Cordova, CA 95670

December 2014



CEQA ADDENDUM
FOR THE
DOUGLAS 103 PROJECT

INTRODUCTION

This document is an addendum to previous environmental documents prepared pursuant to the California Environmental Quality Act (CEQA) Guidelines Section 15164 for the approved Douglas 103 project.

The Douglas 103 project is part of the Sunrise Douglas Community Plan ("SDCP") and Sunridge Specific Plan ("SRSP") approved by the County of Sacramento ("County") in July 2002. The County certified an Environmental Impact Report ("EIR") for the SDCP and SRSP in July 2002 (State Clearinghouse Number 97022055) ("SDCP/SRSP EIR") prepared in accordance with the California Environmental Quality Act ("CEQA"). Subsequently, the City certified a Court-Ordered Partially Revised Draft Environmental Impact Report (Revised DEIR) to the SDCP/SRSP EIR addressing long-term water supply plan and other water supply related issues (State Clearinghouse Number 97022055).

The City Council originally approved a General Plan Amendment, Specific Plan Amendment, Rezone, Development Agreement, and Tentative Subdivision Map for the Douglas 103 project in February and March 2006 as part of its approval for the Sunridge East Projects. The City adopted a Mitigated Negative Declaration as the CEQA environmental review for these approvals ("Sunridge East MND") which relied upon the SDCP/SRSP EIR that was incorporated by reference into the Sunridge East MND. This addendum hereby incorporates by reference both the previously certified EIR and adopted MND.

The City adopted its General Plan and certified the General Plan EIR in June 2006 which included the SRSP and the Douglas 103 project.

Currently, a revised project has been proposed that includes 103 fewer dwelling units than previously approved. Project approvals would include a Rezone, Tentative Subdivision Map Amendment, and a Development Agreement Amendment. The intent of this addendum is to analyze the project modifications and to determine if further environmental review is necessary.

PROJECT DESCRIPTION

The new plan includes 198 single family dwelling units, 103 dwelling units less than the original approval of 301 (See **Attachment 2, Exhibit 2A** and **2B** of the Staff Report for the proposed Amended Tentative Subdivision Maps). The reduction in units is mainly due to the increase in the size of the proposed lots.

EXPLANATION OF THE DECISION NOT TO PREPARE A SUBSEQUENT ENVIRONMENTAL IMPACT REPORT OR MITIGATED NEGATIVE DECLARATION

CEQA Guidelines Sections 15162 and 15164 set forth the criteria for determining the appropriate environmental documents, if any, that must be completed when changes are proposed to a project for which an EIR/MND has already been certified/adopted. These guidelines allow a lead agency to prepare an addendum if all of the following conditions are met:

- Substantial changes to the project do not require major revisions to the previously adopted EIR/MND due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified potentially significant effects.
- Substantial changes with respect to the circumstances under which the project is undertaken do not require major revisions of the previous EIR/MND due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects.
- No new mitigation measures or alternatives which are considered different from those analyzed in the EIR/MND or which were previously found not to be feasible are identified.
- No new information of substantial importance becomes available which shows new significant effects or significant effects substantially more severe than previously discussed.
- Only minor technical changes or additions are necessary to make the EIR/MND under consideration adequate under CEQA.

An addendum is considered the appropriate CEQA document for the proposed modifications, as described above, because:

- There are no new substantial changes to the project that would result in new significant environmental effects or a substantial increase in the severity of a previously identified potentially significant effect, and
- There is no new information of substantial importance that shows new significant effects or significant effects would be substantially more severe than previously discussed.

POTENTIAL ENVIRONMENTAL IMPACTS AND MITIGATION MEASURES

The following analysis describes how the proposed Douglas 103 modifications relate to the prior analysis conducted for the Douglas 103 project. The proposed modifications would result in 198 single family dwelling units, a reduction of 103 dwelling units than the original approval of 301 dwelling units.

The development footprint of the project site has not changed in relationship to the previously approved Douglas 103 project. Impacts relating to Aesthetics, Air Quality, Agricultural Resources, Biological Resources, Cultural Resources, Geology and Soils, Hazards and Hazardous Materials, Hydrology and Water Quality, Land Use and Planning, Mineral Resources, Noise Population and Housing, Public Services, Recreation, and Utilities and Service Systems would be equal or less than previously disclosed.

No substantial changes have occurred to the project site and or the surrounding area that would change the prior analysis and or conclusions. The project modifications would not create any new or additional significant impacts that were not already identified in the Master EIR or MND; nor would they cause any impacts peculiar to the project or parcels. Mitigation measures relating to these impact areas and included in the SDCP/SRSP EIR and Sunridge East MND are still applicable and would reduce impacts to the furthest extent feasible.

Traffic and Circulation

Mitigation measure 37a in the SDCP/SRSP EIR requires that construction of certain roadway improvements be started prior to 6,500 dwelling units being developed in the SDCP/SRSP area. The mitigation measure also states that if a project is going to exceed the 6,500 dwelling unit threshold that a determination must be made that the project will not result in unacceptable traffic congestion or safety problems.

Since the proposed 198 dwelling units would exceed the 6,500 lot threshold in Mitigation Measure 37a of the SDCP/SRSP EIR, the City contracted with DKS Associates to perform a traffic analysis to determine if the approval of the lots under the proposed project would result in unacceptable traffic conditions as allowed under mitigation measure 37a (See **Appendix A** for DKS traffic analysis). The DKS traffic analysis identifies 4 improvements needed to be constructed so that full buildout will not result in unacceptable traffic conditions.

Furthermore, the project proponent has agreed in the proposed amendment to the Development Agreement to pay a supplemental traffic impact fee which will be used to fund the traffic improvements identified in the traffic analysis. Requiring the payment of the supplemental traffic fee as part of the project will ensure that traffic related impacts will be less than significant and no further analysis is necessary.

Conclusion

The City has reviewed the potential environmental impacts related to proposed modifications to the Douglas 103 project. The City finds that no new or substantially more severe impacts would result from these modifications and that prior analysis contained in the originally certified EIR and adopted MND adequately address all environmental impacts. Based on the criteria discussed above, an addendum is considered the appropriate level of documentation to satisfy the requirements of CEQA, and no further analysis is required.

REFERENCES

City of Rancho Cordova General Plan: Final Adopted Version. November 2006.

Sunrise Douglas Community Plan/Sunridge Specific Plan EIR. July 2002. State Clearinghouse Number 97022055.

Sunridge East Mitigated Negative Declaration (MND). February, 2006.

Traffic Analysis for East Douglas Development Projects. DKS Associates. July 30, 2014.

Appendix A

Traffic Impact Analysis



MEMORANDUM

DATE: July 30, 2014
TO: Mark Thomas
FROM: John P. Long and Cameron Shew
SUBJECT: Traffic Analysis for East Douglas Development Projects

The City has asked DKS Associates to conduct an analysis of the traffic impacts of three proposed “East Douglas” development projects (Douglas 103, Grantline 208 and Arista del Sol) focused on the issues related to the Sunridge Specific Plan “threshold conditions”. This memorandum summarizes the background and conclusions of that analysis.

Background

Sacramento County placed “threshold conditions” of approval on the Sunrise/Douglas area (the Sunridge Specific Plan) that identified levels of residential development that could not be exceeded until specific roadway improvements in the area (the so-called “Threshold Improvements”) were under construction or completed. The City of Rancho Cordova inherited those conditions at the time of its incorporation. During 2005-2006, the City conducted the “Rancho Cordova Infrastructure Phasing Study” that re-evaluated the timing of the Threshold Improvements. The phasing study concluded that some adjustments could be made to the timing of those improvements. The City made modifications in April 2006 to some threshold requirements but did not change the list of Threshold Improvements identified when development in the Sunridge Specific Plan exceeds 6,500 dwelling units.

In 2013, DKS assisted the City in an evaluation of traffic impacts of the Douglas 98 development. That analysis concluded that entitled development levels within the Sunridge Specific Plan plus the Douglas 98 project (a total of about 6,677 dwelling units) would not cause roadway segments impacts that would trigger the need for any of the “Threshold Improvements”.

The list of Threshold Improvements for development beyond 6,677 dwelling units includes improvements to roadways and intersections both within the City and outside the City. The most challenging improvement for the City to fund and implement is the construction of two continuous traffic lanes on Rancho Cordova Parkway from Douglas Road to US 50 plus an interchange access to US 50.

With the Douglas 98 project, the City has now entitled approximately 6,677 dwelling units in Sunridge Specific Plan and currently about 3,000 of those units have been built. The proposed Douglas 103, Grantline 208 and Arista del Sol projects have about 1,540 dwelling units. If those developments are approved, there would be about 8,217 entitled dwelling units in the Sunridge Specific Plan. The City has asked DKS to determine if significant impacts would result if 8,217 dwelling units are entitled without the implementation of the list of Threshold Improvements for development beyond 6,677 dwelling units.

The Threshold Improvements are a subset of the long-range transportation systems contained in the General Plans of the City of Rancho Cordova and Sacramento County and will eventually be constructed by the City and/or the County. The reason for establishing thresholds was a concern that if certain



improvements are not constructed in the near-term, as development occurs in the Sunridge Specific Plan and surrounding areas, significant traffic congestion could occur on some roadway segments and intersections.

Conditions have changed since the 2006 Transportation Infrastructure Phasing Study, including the following:

- Several key Threshold Improvements have been constructed (described below)
- The City is working on engineering and environmental analysis for some of the other threshold improvements.
- The economic downturn has slowed the pace of development, which allows more time for the City to get environmental clearance, design, and implement improvements
- Sacramento County has substantially changed the timing of its traffic signals on Sunrise Boulevard from US 50 north to the American River, which has reduced queuing and delay on Sunrise Boulevard south of US 50.

The following key roadway improvements have been constructed since 2006:

- Widening of Sunrise Boulevard to six lanes from Sunrise Park Drive to Douglas Road – this is a threshold improvement
- Widening of Sunrise Boulevard to five lanes from Douglas Road to Kiefer Boulevard – this is a threshold improvement
- Widening of Douglas Road to five lanes from Sunrise Boulevard to future Rancho Cordova Parkway – this is a threshold improvement
- Extension of Zinfandel Drive to Douglas Road – this is a threshold improvement
- Extension of International Drive to Sunrise Boulevard – this is not a threshold improvement but it provides an important relief route for segments of Sunrise Boulevard and White Rock Road that were the focus of the threshold improvements.
- Changes in Sunrise Boulevard traffic signal operations - longer cycle lengths on Sunrise Boulevard north of US 50 have increased northbound p.m. peak hour capacity, and reduced the length of queuing south of US 50.

In 2012, the City asked DKS to evaluate how these changes would affect the timing of the Threshold Improvements, particularly how changes in the timing of the Rancho Cordova/US 50 interchange would affect delay/congestion on Sunrise Boulevard.

The extensions of Zinfandel Drive and International Drive, both of which were opened in 2011, have changed travel patterns and have opened new routes for people to avoid traffic congestion on Sunrise Boulevard. Together with the changes in signal timing on Sunrise Boulevard, these new roadway connections have substantially reduced delay and queuing south of US 50. Thus DKS concluded that while Sunrise Boulevard would operate at LOS E at some intersections between US 50 and White Rock Road, those intersections would not operate at LOS F conditions until development in the City's Growth Area (east of Sunrise Boulevard) reaches levels that are significantly greater than 6,677 dwelling units.



The interchange is clearly needed to allow long-term development in the City's Growth Area and the City still has a challenge to fund and implement that improvement.

Traffic Analysis

DKS has conducted a focused traffic analysis in the vicinity of the East Douglas development projects to assist with determining the need and phasing of roadway segment and intersection improvements, including the Threshold Improvements, at an increased development level of 8,217 residential units. Roadway segment analysis was conducted for selected portions of Douglas Road, Jackson Road, and Sunrise Boulevard. Intersection analysis was performed for the following intersections:

- Sunrise Boulevard & White Rock Road
- Sunrise Boulevard & International Drive
- Sunrise Boulevard & Douglas Road
- Sunrise Boulevard & Chrysanthy Boulevard
- Sunrise Boulevard & Kiefer Boulevard
- Sunrise Boulevard & Jackson Road
- Grant Line Road & Douglas Road

There are currently approximately 3,000 dwelling units in the project that are captured in "existing conditions" traffic count data. This study of an 8,217 dwelling unit scenario represents an increase in approximately 5,217 units)

Existing Conditions

Traffic counts were conducted at the study intersections in May 2013, as part of the Jackson Corridor Joint Traffic Impact Study. A level of service analysis, using Highway Capacity Manual (HCM) 2010 methods, is summarized in Table 1. Currently all intersections operate at an acceptable level of service today in both the AM and PM peak hours, with the exception of Sunrise Boulevard and Jackson Road (which operates at LOS "E" in the AM peak hour). Synchro LOS calculations are provided in Appendix A.

24-hour tube counts (taken in 15 minute intervals) were conducted in May 2013, also as part of the Jackson Corridor Joint Traffic Impact Study. A level of service analysis, using planning level of service criteria for roadway segments, is shown in Table 2. Currently all roadway segments operate at an acceptable level of service today, with the exception of Sunrise Boulevard between US-50 and Trade Center Drive, and between Kiefer Boulevard and Jackson Road.

Existing Plus Project Conditions

To prepare traffic forecasts, DKS refined the roadway network in the SACMET regional travel demand model to a higher level of detail. The model was employed to track the number of vehicles making each turning movement (left, through, right) at each intersection approach, for both the existing and existing plus project model runs. The growth in each turning movement (whether positive or negative) between the existing and the existing plus project scenarios was calculated, and added to the existing count to develop a forecast. These forecasted volumes were then imported into Synchro to conduct a level of service analysis (see Appendix for Synchro LOS calculations), which is shown in Table 1. The 8,217 DU scenario would trigger impacts to the following intersections in the AM peak hour:



- Sunrise Boulevard and Douglas Road
- Grant Line Road and Douglas Road

Similar to the “growth increment” approach used in the intersection analysis, the change in volume on each roadway segment between “existing” and “existing plus project” was calculated and then added to an existing count. The level of service analysis in Table 2 indicates that the 8,217 DU scenario would trigger impacts to the following segments

- Douglas Road between Rancho Cordova Parkway and Americanos Boulevard
- Sunrise Boulevard between Kiefer Boulevard and Jackson Road

Recommended Intersection Mitigations

Grant Line Road/Douglas Road Intersection

The recommended mitigation measure for the impact at the Grant Line Road/Douglas Road intersection is as follows:

- Replace the all-way stop control (AWSC) with a traffic signal
- Widen the southbound approach to provide one through lane and a right turn pocket
- Widen the northbound approach to provide one through lane and a left turn pocket
- Widen the eastbound approach to provide for separate left and right turn lanes

This would improve operations from LOS “E” to LOS “B” in the AM peak hour.

Sunrise Boulevard/Douglas Road Intersection

The ultimate mitigation to relieve congestion along Sunrise Boulevard will be the construction of Rancho Cordova Parkway from a new US-50 interchange to White Rock Road, followed by its extension to Douglas Road. Before Rancho Cordova Parkway is constructed, development in Sunridge Specific Plan is expected to primarily access employment centers and the freeway through the intersection of Sunrise Boulevard and Douglas Road. In the morning much of this traffic would be making a right turn from westbound Douglas Boulevard onto northbound Sunrise Boulevard. This movement conflicts with the heavy amount of northbound traffic on Sunrise Boulevard flowing through this intersection, which will cause significant delays.

In the interim condition, prior to the extension of Rancho Cordova Parkway north of Douglas Boulevard, the City may consider partially or fully mitigating this impact as follows:

- Partial mitigation from LOS “F” to LOS “E” may be achieved by providing dual westbound right turn lanes, **or** providing a right turn overlap phase (with a green right turn arrow) while southbound left vehicles are going.
- Full mitigation from LOS “F” to LOS “D” may be achieved by providing **both** dual westbound right turn lanes **and** westbound right turn overlap phasing.

Table 1: Intersection Levels of Service													
Intersection		AM Peak Hour						PM Peak Hour					
		Existing Conditions (3,000 DU)			Existing Plus Project (8,217 DU)			Existing Conditions (3,000 DU)			Existing Plus Project (8,217 DU)		
		Control	LOS	Delay (s/veh)	Control	LOS	Delay (s/veh)	Control	LOS	Delay (s/veh)	Control	LOS	Delay (s/veh)
65	Sunrise Boulevard & White Rock Road	Signal	D	47.8	Signal	D	53.2	Signal	D	51.6	Signal	D	54.0
66	Sunrise Boulevard & International Drive/Monier Circle	Signal	D	47.8	Signal	D	54.1	Signal	D	45.8	Signal	D	53.1
67	Sunrise Boulevard & Douglas Road	Signal	D	51.7	Signal	F	109.2	Signal	D	46.5	Signal	D	54.8
68	Sunrise Boulevard & Chrysanthy Boulevard	Signal	C	27.0	Signal	D	40.8	Signal	C	21.0	Signal	C	25.4
69	Sunrise Boulevard & Kiefer Boulevard	Signal	D	53.6	Signal	D	53.1	Signal	C	27.0	Signal	C	26.3
70	Sunrise Boulevard & Jackson Road	Signal	E	57.0	Signal	E	55.8	Signal	D	47.2	Signal	D	51.9
78	Grant Line Road & Douglas Road	All-way stop	C	15.2	All-way stop	E	42.8	All-way stop	B	12.3	All-way stop	C	23.1
Note: Bold values represent unacceptable levels of service. Red shaded values indicate project impacts.													

Table 2: Roadway Segment Levels of Service												
Roadway Segment	From	To	Existing (3,000 DU)					Existing Plus Project (8,217 DU)				
			Travel Lanes	Facility Type ¹	Daily Volume	V/C Ratio	LOS	Travel Lanes	Facility Type ¹	Daily Volume	V/C Ratio	LOS
Douglas Rd	Mather Blvd	Zinfandel Dr	2	Arterial M	6,635	0.37	A	2	Arterial M	9,780	0.54	A
Douglas Rd	Zinfandel Dr	Sunrise Blvd	2	Arterial M	8,369	0.46	A	2	Arterial M	13,050	0.73	C
Douglas Rd	Sunrise Blvd	Rancho Cordova Pkwy	5	Arterial M	3,674	0.10	A	5	Arterial M	19,600	0.54	A
Douglas Rd	Rancho Cordova Pkwy	Americanos Blvd	2	Arterial M	3,674	0.20	A	2	Arterial M	17,310	0.96	E
Douglas Rd	Americanos Blvd	Grant Line Rd	2	Arterial M	3,674	0.20	A	2	Arterial M	8,770	0.49	A
Jackson Rd	Bradshaw Rd	Excelsior Rd	2	Rural Hwy	13,030	0.57	D	2	Rural Hwy	13,760	0.60	E
Jackson Rd	Excelsior Rd	Eagles Nest Rd	2	Rural Hwy	10,478	0.46	D	2	Rural Hwy	11,410	0.50	D
Jackson Rd	Eagles Nest Rd	Sunrise Blvd	2	Rural Hwy	9,976	0.44	D	2	Rural Hwy	10,590	0.46	D
Jackson Rd	Sunrise Blvd	Grant Line Rd	2	Rural Hwy	13,306	0.58	D	2	Rural Hwy	13,640	0.60	E
Sunrise Blvd	US-50	Folsom Blvd	6	Arterial M	54,500	1.01	F	6	Arterial M	55,300	1.02	F
Sunrise Blvd	Folsom Blvd	Trade Center Dr	6	Arterial M	49,500	0.92	E	6	Arterial M	51,510	0.95	E
Sunrise Blvd	Trade Center Dr	White Rock Rd	6	Arterial M	34,571	0.64	B	6	Arterial M	38,130	0.71	C
Sunrise Blvd	White Rock Rd	Douglas Rd	6	Arterial M	25,811	0.48	A	6	Arterial M	37,740	0.70	B
Sunrise Blvd	Douglas Rd	Kiefer Blvd	5	Arterial M	21,878	0.61	B	5	Arterial M	23,250	0.65	B
Sunrise Blvd	Kiefer Blvd	Jackson Rd	2	Arterial M	16,894	0.94	E	2	Arterial M	17,750	0.99	E
Sunrise Blvd	Jackson Rd	Florin Rd	2	Rural S	11,181	0.56	D	2	Rural S	11,630	0.58	D
Sunrise Blvd	Florin Rd	Grant Line Rd	2	Rural S	7,752	0.39	D	2	Rural S	7,720	0.39	D

Note: **Bold** values reflect unacceptable level of service. **Red shaded** values indicate project impacts.

¹ The following classifications are used to determine daily roadway capacity:
 Arterial M - Arterial, Moderate Access Control,
 Rural Hwy - Rural 2-lane Highway
 Rural S - Rural 2-lane Road, 24'-36' of pavement, Paved Shoulders



With the right-turn signal overlap, southbound U-turns should be prohibited at this intersection. The volume of southbound U-turns is currently very low and could be provided about 1,000 feet south at the Herodian Drive/Sunrise Boulevard intersection. The dual right-turn lane would increase the distance for pedestrians to cross Douglas Road but are currently a limited number of pedestrians at this intersection. However, the number of southbound U-turns and pedestrians at this intersection will eventually change once the latter phases of the Rio del Oro project are developed on the north side of Douglas Road.

Once Rancho Cordova Parkway is constructed (providing the ultimate LOS mitigation for the Douglas Road/Sunrise Boulevard intersection), the westbound right-turn overlap should be removed and the City could consider removing the second westbound right turn lane.

Recommended Roadway Segment Mitigations

Douglas Road from Rancho Cordova Parkway to Americanos Boulevard

The recommended mitigation measure is widening this segment of Douglas Road from 2 to 4 lanes. This will improve operations from LOS “E” to LOS “A”.

Sunrise Boulevard from Kiefer Boulevard to Jackson Road

The recommended mitigation measure is widening this segment of Sunrise Boulevard from 2 to 4 lanes. This will improve operations from LOS “E” to LOS “A”.

Potential Implementation Strategy

DKS’ analysis determined that a higher level of development (8,217 dwelling units) will trigger impacts to the following intersections and roadway segments:

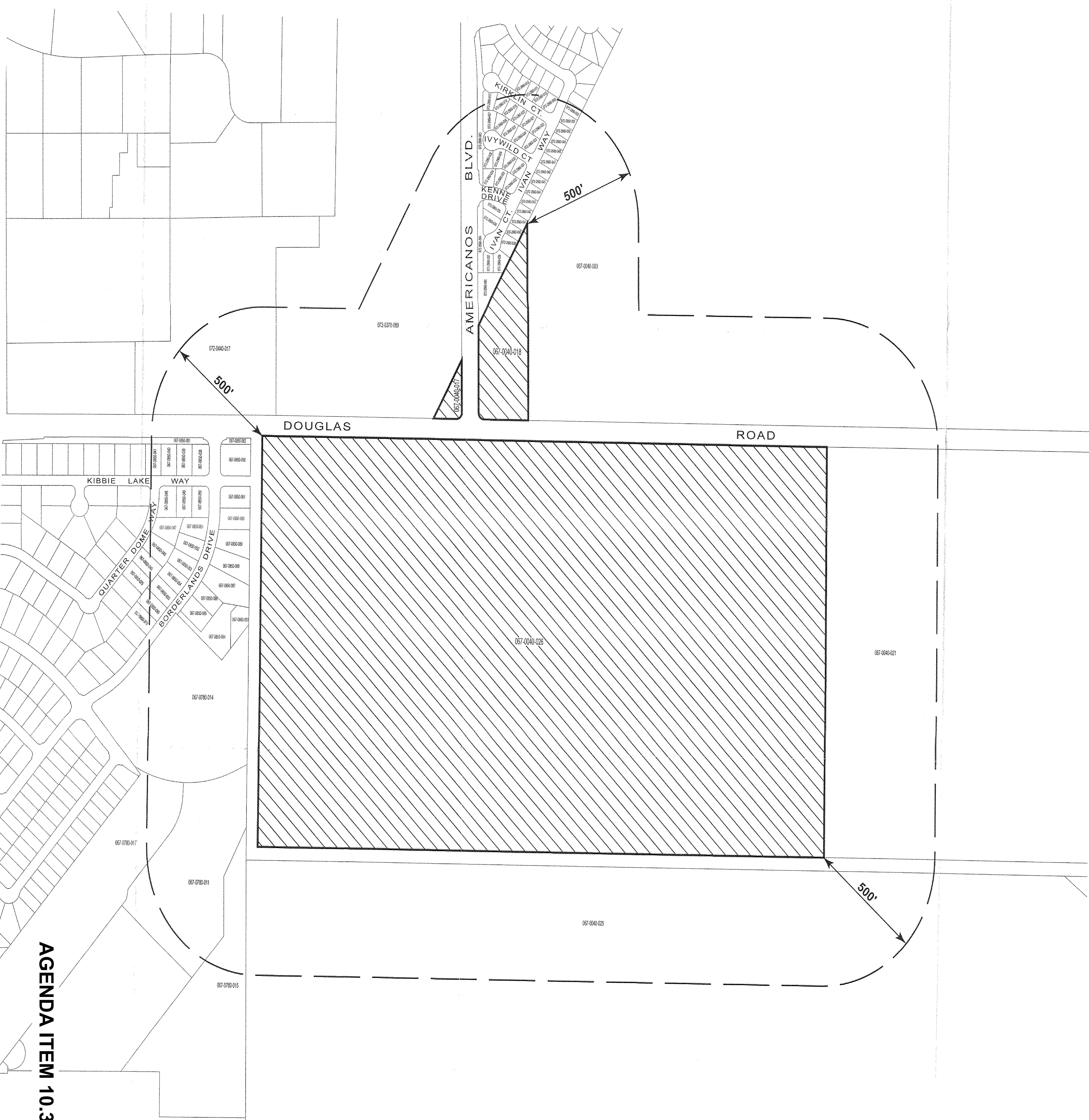
- Grant Line Road & Douglas Road (a.m. peak hour)
- Sunrise Boulevard & Douglas Road (a.m. peak hour)
- Douglas Road from Rancho Cordova Parkway to Americanos Boulevard
- Sunrise Boulevard from Kiefer Boulevard to Jackson Road

Improvements have been identified for each of these four significant impacts that will result in the intersection and roadway segments operating at acceptable levels. Based on discussions with City staff, these improvements could be implemented as follows:

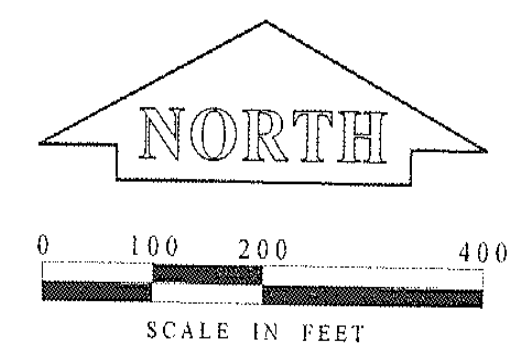
1. Grant Line Road & Douglas Road intersection: The impact at this intersection will be addressed by City’s planned near-term improvement that will install a traffic signal and provide separate left-turn and/or right-turn lanes on all three intersection approaches. That improvement has been designed and is funded through a Caltrans grant and a supplemental fee from developments in the Sunridge Specific Plan will be used as needed. This planned improvement is expected to be implemented in a timely manner
2. Sunrise Boulevard and Douglas Road intersection: This impact is caused by an interim condition (prior to Rancho Cordova Parkway extension) of heavy westbound right turns during the AM peak hour. The improvement would provide a westbound dual right turn lanes and/or overlap phasing to temporarily result in the intersection operating in an acceptable manner. This improvement is expected to be implemented in a timely manner with funding from a supplemental fee on developments in the Sunridge Specific Plan.



3. Douglas Road from Rancho Cordova Parkway to Americanos Boulevard: This roadway segment impact would be addressed by widening the roadway from 2 to 4 lanes. The North Douglas development has a condition of approval to widen this section of roadway when their development exceeds 330 dwelling units (out of a total of 660 dwelling units). If this widening is not constructed by the North Douglas development before traffic generated by other development warrants the widening of this segment of Douglas Road to 4 lanes, then the improvement will be built in a timely manner with funding from various mechanisms, including a supplemental fee from developments in the Sunridge Specific Plan.
4. Sunrise Boulevard from Kiefer Boulevard to Jackson Road: This roadway segment impact would be addressed by widening the roadway from 2 to 4 lanes. The City has identified this as a “Core Improvement” since 1) volume increases from many of the proposed new developments in the City near Sunrise Boulevard will trigger its need and 2) it is needed in the near term. The implementation for the “Core Improvements” and their funding will come from the various funding mechanisms, including a supplemental fee from developments in the Sunridge Specific Plan. With these funding mechanisms, the City expects the Core Improvements to be implemented, including widening Sunrise Boulevard from Kiefer Boulevard to Jackson Road to 4 lanes, in a timely manner.



 Subject Property



500 FT. RADIUS MAP
APN 067-0040-017, 018 & 026
October 4, 2014

067-0040-017
LAL BROTHERS LLC
3400 WATERMARKE PL
IRVINE CA 92612

067-0040-018
LAL BROTHERS LLC
3400 WATERMARKE PL
IRVINE CA 92612

067-0040-026
LAL BROTHERS LLC
3400 WATERMARKE PL
IRVINE CA 92612

067-0040-003
MIZOGUCHI FAMILY REVOCABLE
TRUST
PO BOX 221274
SACRAMENTO CA 95822

067-0040-021
DOUGLAS RD 105 LLC
7700 COLLEGE TOWN DR 201
SACRAMENTO CA 95826

067-0040-025
ARI 208 LLC(INTERCONTINENTAL
SEALIGHT SA)
7700 COLLEGE TOWN DR 101
SACRAMENTO CA 95826

067-0780-011
SUNRIDGE PARK LLC
7700 COLLEGE TOWN DR 109
SACRAMENTO CA 95826

067-0780-014
SUNRIDGE PARK LLC
7700 COLLEGE TOWN DR 109
SACRAMENTO CA 95826

067-0780-015
SACTO VLY CONSERVANCY
PO BOX 163351
SACRAMENTO CA 95816

067-0780-017
SUNRIDGE PARK LLC
7700 COLLEGE TOWN DR 109
SACRAMENTO CA 95826

067-0850-038
AGLUBAT JASON F
12465 KIBBIE LAKE WAY
RANCHO CORDOVA CA 95742

067-0850-039
GRIVICH KEVIN
12461 KIBBIE LAKE WAY
RANCHO CORDOVA CA 95742

067-0850-040
HOANG VY Y
12457 KIBBIE LAKE WAY
RANCHO CORDOVA CA 95742

067-0850-041
NIBLETT RYAN E
12453 KIBBIE LAKE WAY
RANCHO CORDOVA CA 95742

067-0850-045
PERETTI RONALD ANTHONY
4009 QUARTER DOME CIR
RANCHO CORDOVA CA 95742

067-0850-046
KRUSE ROGER B
4005 QUARTER DOME CIR
RANCHO CORDOVA CA 95742

067-0850-047
FAUST JOHN C
3997 QUARTER DOME CIR
RANCHO CORDOVA CA 95742

067-0850-048
NEUMANN FREDERIC
12456 KIBBIE LAKE WAY
RANCHO CORDOVA CA 95742

067-0850-049
LIQUIA THOMAS
12460 KIBBIE LAKE WAY
RANCHO CORDOVA CA 95742

067-0850-050
ROSS RYAN
12464 KIBBIE LAKE WAY
RANCHO CORDOVA CA 95742

067-0850-051
MCGEE ARTHUREAN JR
3988 BORDERLANDS DR
RANCHO CORDOVA CA 95742

067-0850-052
CONDE JOCELYN L
3994 BORDERLANDS DR
RANCHO CORDOVA CA 95742

067-0850-053
WELLS MARTHA K
4000 BORDERLANDS DR
RANCHO CORDOVA CA 95742

067-0850-054
SPANJIAN GEORGE M
4008 BORDERLANDS DR
RANCHO CORDOVA CA 95742

067-0850-055
POOLE BOBBY W
4014 BORDERLANDS DR
RANCHO CORDOVA CA 95742

067-0850-075
JOSHI DINESH
4013 QUARTER DOME CIR
RANCHO CORDOVA CA 95742

067-0850-079
GRACE CAMERON
4022 BORDERLANDS DR
RANCHO CORDOVA CA 95742

067-0850-080
ANESETTI CARA A
4018 BORDERLANDS DR
RANCHO CORDOVA CA 95742

067-0850-081
SUNRIDGE PARK LLC
7700 COLLEGE TOWN DR 109
SACRAMENTO CA 95826

067-0850-082
SUNRIDGE PARK LLC
7700 COLLEGE TOWN DR 109
SACRAMENTO CA 95826

067-0850-087
CHOU ANDREW
4001 BORDERLANDS DR
RANCHO CORDOVA CA 95742

067-0850-090
TYREE CRISTINA S
3985 BORDERLANDS DR
RANCHO CORDOVA CA 95742

067-0850-093
WOODSIDE 05N LIMITED PARTNERSHIP
111 WOODMERE RD 250
FOLSOM CA 95630

072-0440-017
INTERSTATE PROPERTIES LLC
3915 SECURITY PARK DR B
RANCHO CORDOVA CA 95742

072-2960-009
MS RIALTO NORTH DOUGLAS CA LLC
700 NW 107TH AVE
MIAMI FL 33172

072-2960-012
MS RIALTO NORTH DOUGLAS CA LLC
700 NW 107TH AVE
MIAMI FL 33172

072-2960-019
MS RIALTO NORTH DOUGLAS CA LLC
700 NW 107TH AVE
MIAMI FL 33172

072-2960-022
MS RIALTO NORTH DOUGLAS CA LLC
700 NW 107TH AVE
MIAMI FL 33172

072-2960-025
MS RIALTO NORTH DOUGLAS CA LLC
700 NW 107TH AVE
MIAMI FL 33172

072-2960-028
MS RIALTO NORTH DOUGLAS CA LLC
700 NW 107TH AVE
MIAMI FL 33172

072-2960-029
MS RIALTO NORTH DOUGLAS CA LLC
700 NW 107TH AVE
MIAMI FL 33172

072-2960-030
MS RIALTO NORTH DOUGLAS CA LLC
700 NW 107TH AVE
MIAMI FL 33172

072-2960-031
MS RIALTO NORTH DOUGLAS CA LLC
700 NW 107TH AVE
MIAMI FL 33172

072-2960-032
MS RIALTO NORTH DOUGLAS CA LLC
700 NW 107TH AVE
MIAMI FL 33172

072-2960-033
MS RIALTO NORTH DOUGLAS CA LLC
700 NW 107TH AVE
MIAMI FL 33172

072-2960-034
MS RIALTO NORTH DOUGLAS CA LLC
700 NW 107TH AVE
MIAMI FL 33172

072-2960-035
MS RIALTO NORTH DOUGLAS CA LLC
700 NW 107TH AVE
MIAMI FL 33172

072-2960-036
MS RIALTO NORTH DOUGLAS CA LLC
700 NW 107TH AVE
MIAMI FL 33172

072-2960-037
MS RIALTO NORTH DOUGLAS CA LLC
700 NW 107TH AVE
MIAMI FL 33172

072-2960-038
MS RIALTO NORTH DOUGLAS CA LLC
700 NW 107TH AVE
MIAMI FL 33172

072-2960-039
MS RIALTO NORTH DOUGLAS CA LLC
700 NW 107TH AVE
MIAMI FL 33172

072-2960-040
MS RIALTO NORTH DOUGLAS CA LLC
700 NW 107TH AVE
MIAMI FL 33172

072-2960-041
MS RIALTO NORTH DOUGLAS CA LLC
700 NW 107TH AVE
MIAMI FL 33172

072-2960-042
MS RIALTO NORTH DOUGLAS CA LLC
700 NW 107TH AVE
MIAMI FL 33172

072-2960-043
MS RIALTO NORTH DOUGLAS CA LLC
700 NW 107TH AVE
MIAMI FL 33172

072-2960-044
MS RIALTO NORTH DOUGLAS CA LLC
700 NW 107TH AVE
MIAMI FL 33172

072-2960-045
MS RIALTO NORTH DOUGLAS CA LLC
700 NW 107TH AVE
MIAMI FL 33172

072-2960-046
MS RIALTO NORTH DOUGLAS CA LLC
700 NW 107TH AVE
MIAMI FL 33172

072-2960-047
MS RIALTO NORTH DOUGLAS CA LLC
700 NW 107TH AVE
MIAMI FL 33172

072-2960-048
MS RIALTO NORTH DOUGLAS CA LLC
700 NW 107TH AVE
MIAMI FL 33172

072-2960-049
MS RIALTO NORTH DOUGLAS CA LLC
700 NW 107TH AVE
MIAMI FL 33172

072-2960-050
MS RIALTO NORTH DOUGLAS CA LLC
700 NW 107TH AVE
MIAMI FL 33172

072-2960-051
MS RIALTO NORTH DOUGLAS CA LLC
700 NW 107TH AVE
MIAMI FL 33172

072-2960-052
MS RIALTO NORTH DOUGLAS CA LLC
700 NW 107TH AVE
MIAMI FL 33172

072-2960-063
MS RIALTO NORTH DOUGLAS CA LLC
700 NW 107TH AVE
MIAMI FL 33172

072-2960-064
MS RIALTO NORTH DOUGLAS CA LLC
700 NW 107TH AVE
MIAMI FL 33172

072-2960-065
MS RIALTO NORTH DOUGLAS CA LLC
700 NW 107TH AVE
MIAMI FL 33172

WOOD RODGERS INC
3301 C ST BLDG 100-B
SACRAMENTO CA 95816

Douglas 103 Rezone, LLTSM, SLTSM, Development Agreement Amendment

Rancho Cordova City Council
Matthew Diaz, Project Planner
April 6, 2015

Requested Approvals

- Douglas 103 originally approved in 2006
- Applicants seeking to amend previous approvals.
- Actions/Items Include:
 - Rezone
 - Large Lot and Small Lot Tentative Map
 - DA Amendments
 - Phasing Plan

Amendments from 2006

- Loss of RD-15 Zone
- Increase in average lot size resulting in reduction of units (103 units)
- Addition of (20) two family half-plex lots
- Reduction in open space connecting to Douglas 98
- Addition of easement for future bikeway undercrossing at Douglas Road
- Updated Development Agreement

SUNRIDGE SPECIFIC PLAN

Project Context Map

Project Site

SUNRIDGE SPECIFIC PLAN

SUNRIDGE PARK 449 DU

SUNRIDGE LOT 7 369 DU

ANATOLIA I RD-10 SITE 118 DU

MONTELENA 806 DU

ANATOLIA II 7,315 DU

ANATOLIA COMMONS 99 DU

ANATOLIA III 880 DU

CALLAHAN APPROX. 807 DU

VRAME APPROX. 0 DU

LENNAR APPROX. 1,046 DU

CORDOVA HILLS SPA (PROPOSED) APPROX. 8,000 DU

THE RANCH AT SUNRIDGE SPA (PROPOSED) APPROX. 1,715 DU

SUNCREEK SPECIFIC PLAN APPROX. 4,893 DU

GRANTLINE 208 (PROPOSED) 303 DU

ARISTA DEL SOL (PROPOSED) 740 DU

GRANT LINE 220 APPROX. 910 DU

SOUTH MATHER SPECIFIC PLAN (PROPOSED) APPROX. 3,500 DU

DOUGLAS 98 PROPERTY 528 DU

DOUGLAS ROAD

GRANT LINE ROAD

CORDOVA PARKWAY

SUNRIDGE BOULEVARD

WETLAND PRESERVE

DETENTION/WATER QUALITY BASIN

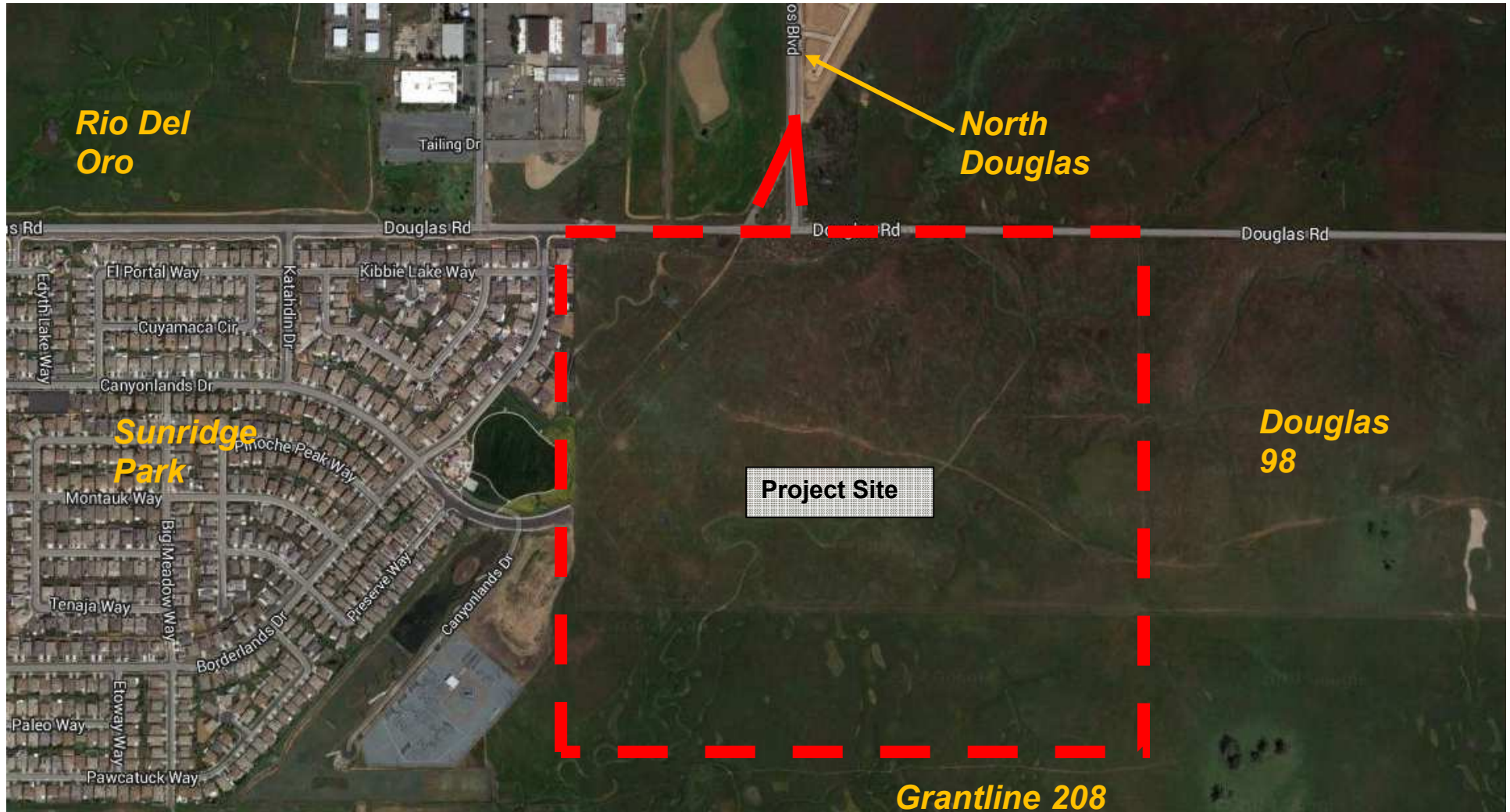
WATER TREATMENT PLANT

Project Site

a fresh take.
RANCHO CORDOVA
CALIFORNIA

aFreshTake.org

Project Context-Existing Conditions

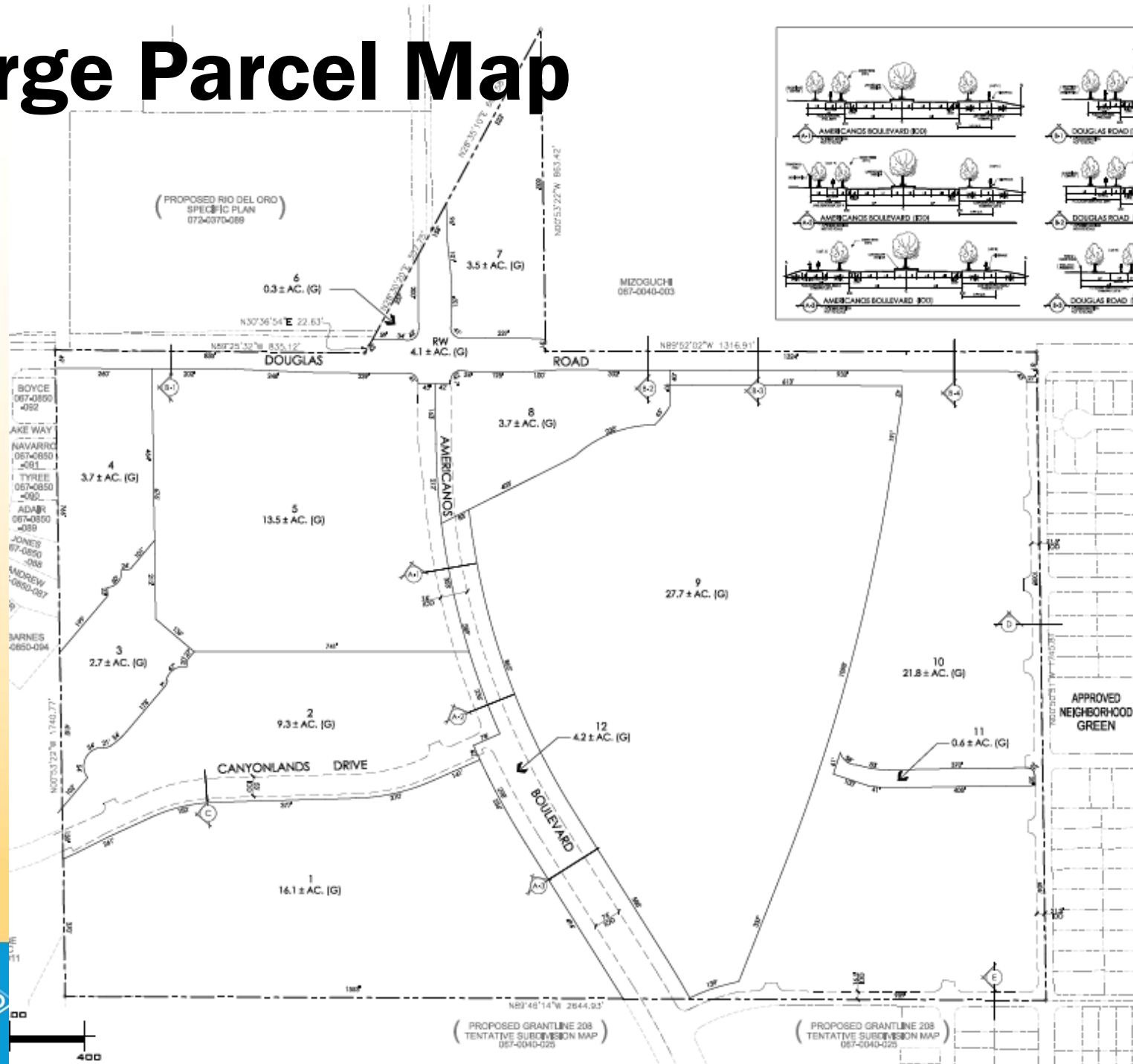


Project Background

- Douglas 103 project was originally approved in 2006 with 301 single family lots.
- In July 2014 a pre-application was submitted to review possible amendments to the 2006 map. This led to a formal submittal in October of 2014.
- Due to changes in the housing market, the applicants are seeking to amend the project to reflect current market trends.



Large Parcel Map



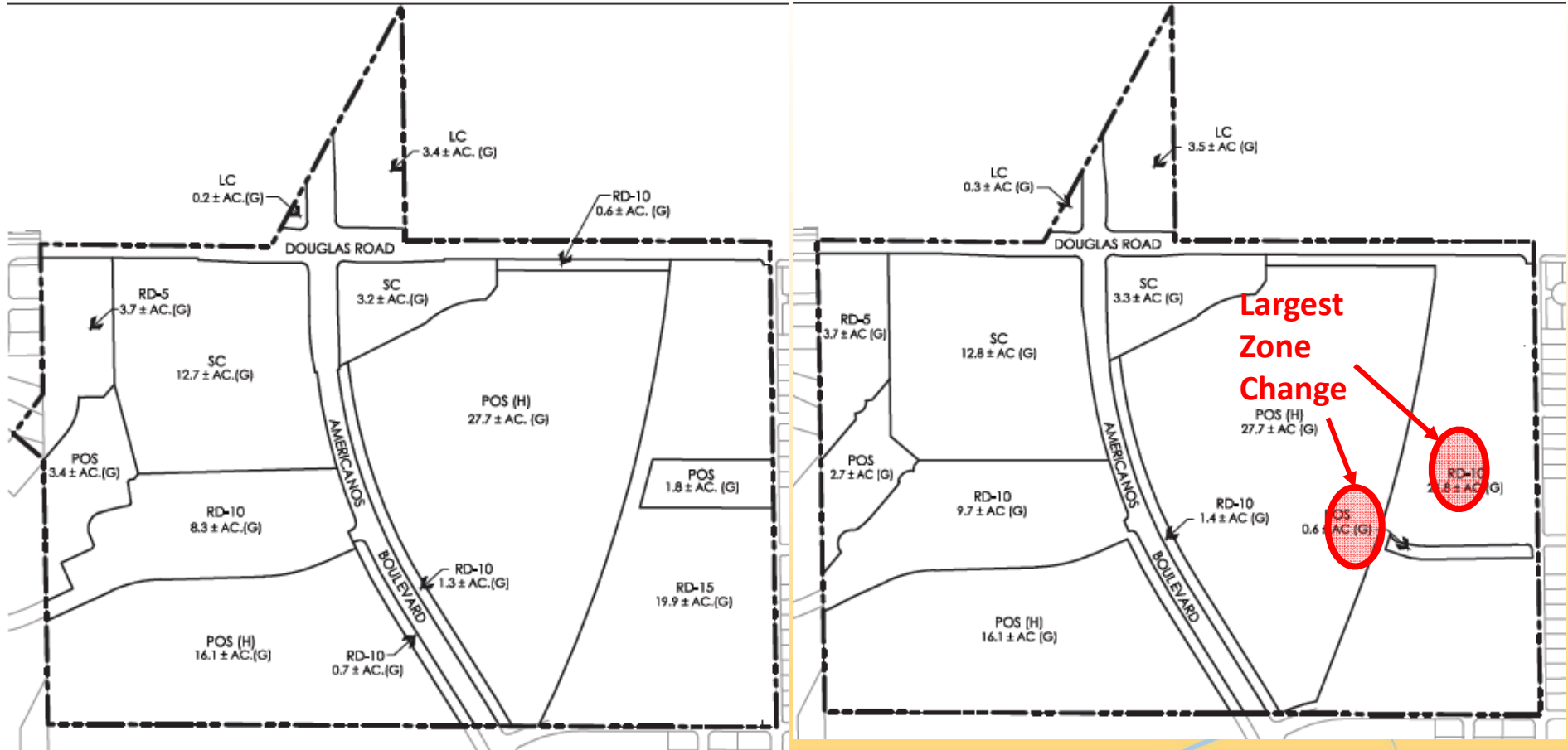


Rezone

CITY OF RANVA, CALIFORNIA
15

EXISTING ZONING

PROPOSED ZONING



Analysis: Rezone

Zoning Designation	Land Use	Existing Acres (N)	Proposed Acres (N)	Difference
RD-5	Single Family Residential	3.7	3.7	0.0
RD-10	Single Family Residential	10.9	32.9	+22.0
RD-15	Single/Multi Family Residential	19.9	0.0	-19.9
LC	Limited Commercial	3.6	3.8	0.2
SC	Shopping Center Commercial	15.9	16.1	0.2
POS	Parks and Open Space	5.2	3.3	-1.9
POS (H)	Parks and Open Space (Habitat)	43.8	43.8	0.0
	Roads (ROW)	8.2	7.6	-0.6
Total		111.2	111.2	0.0

Key Conditions and Improvements

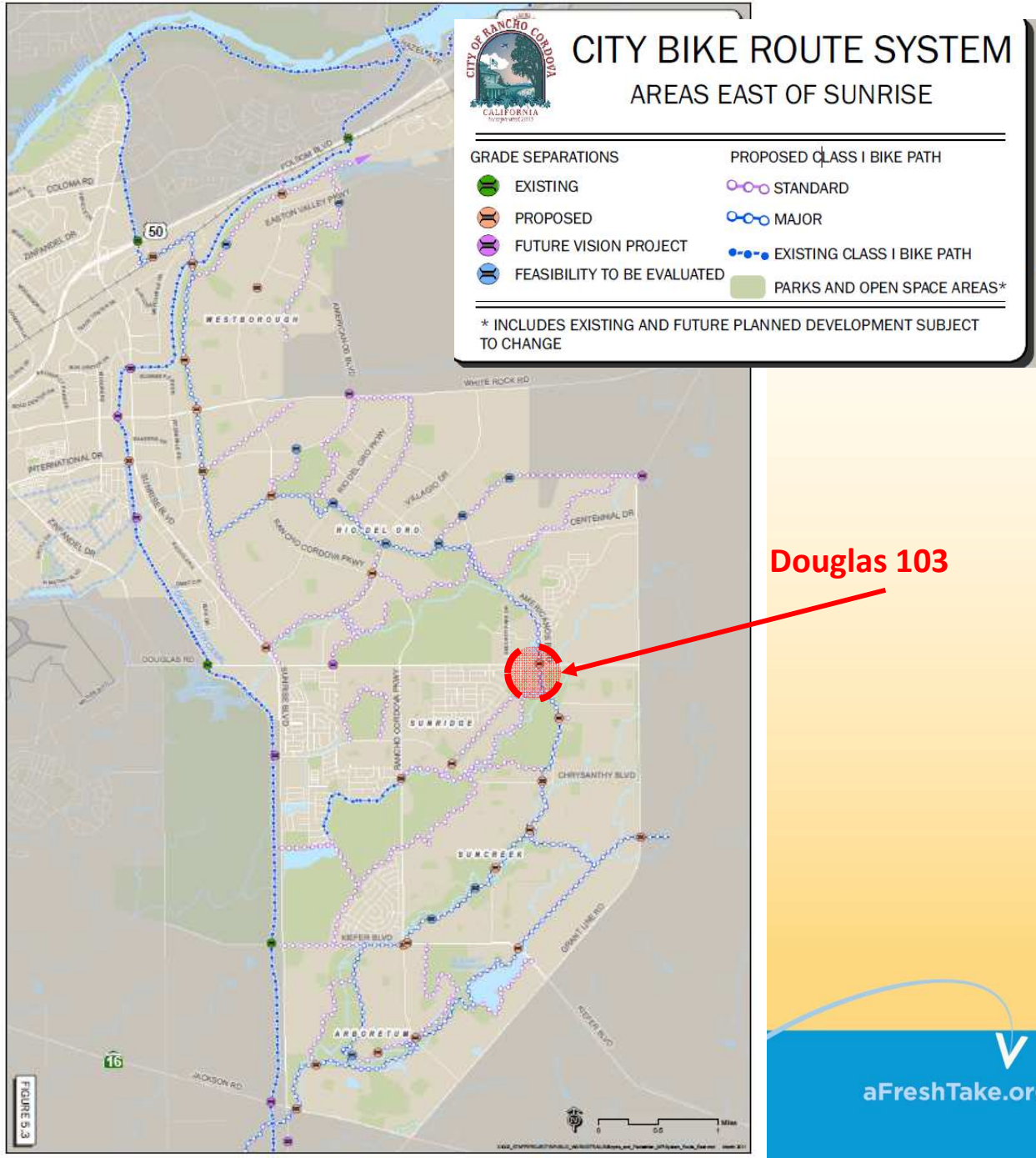
- Open Space Lot-A and Lot-H will be dedicated to the City. Lot-A will receive partial Quimby credit (0.67 ac)
- Undercrossing easement will improve access and connectivity to north of Douglas Road
- Commercial Sites will maintain the similar sizes
- Pedestrian and bicycle connectivity has been improved. All major streets and corridors will have detached sidewalks between 7ft and 12-ft wide.
- The Development agreement has been updated to reflect maintenance and new improvements

Analysis

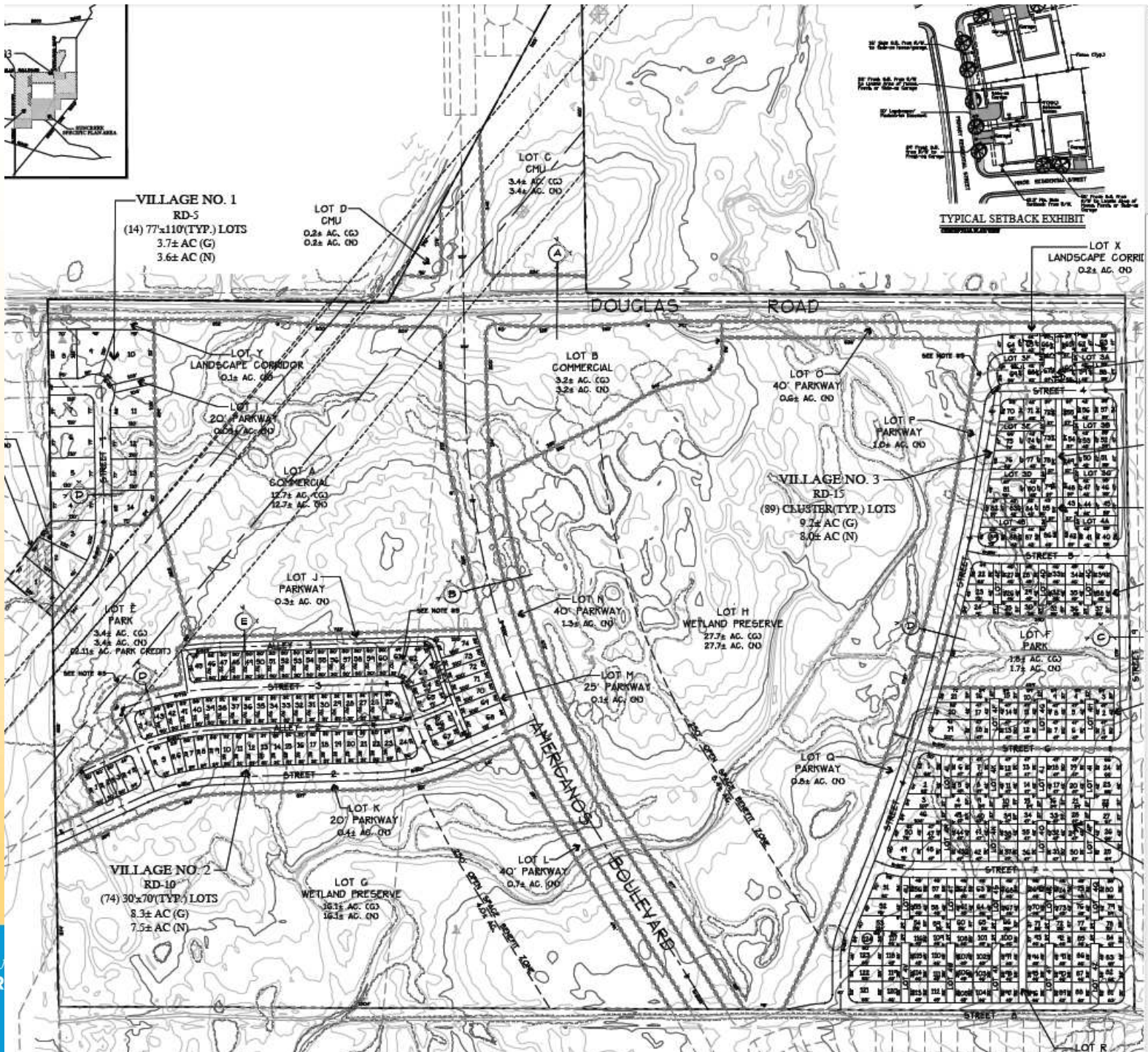
- Both the large and small lot maps have been reviewed and conditioned to comply with all applicable standards.
- The Development Agreement Amendment updates the project's parks obligations, establishes a supplemental traffic fee, and other updates to relevant city items.
- All of the updates to the project are consistent with City policy and are supported by staff.

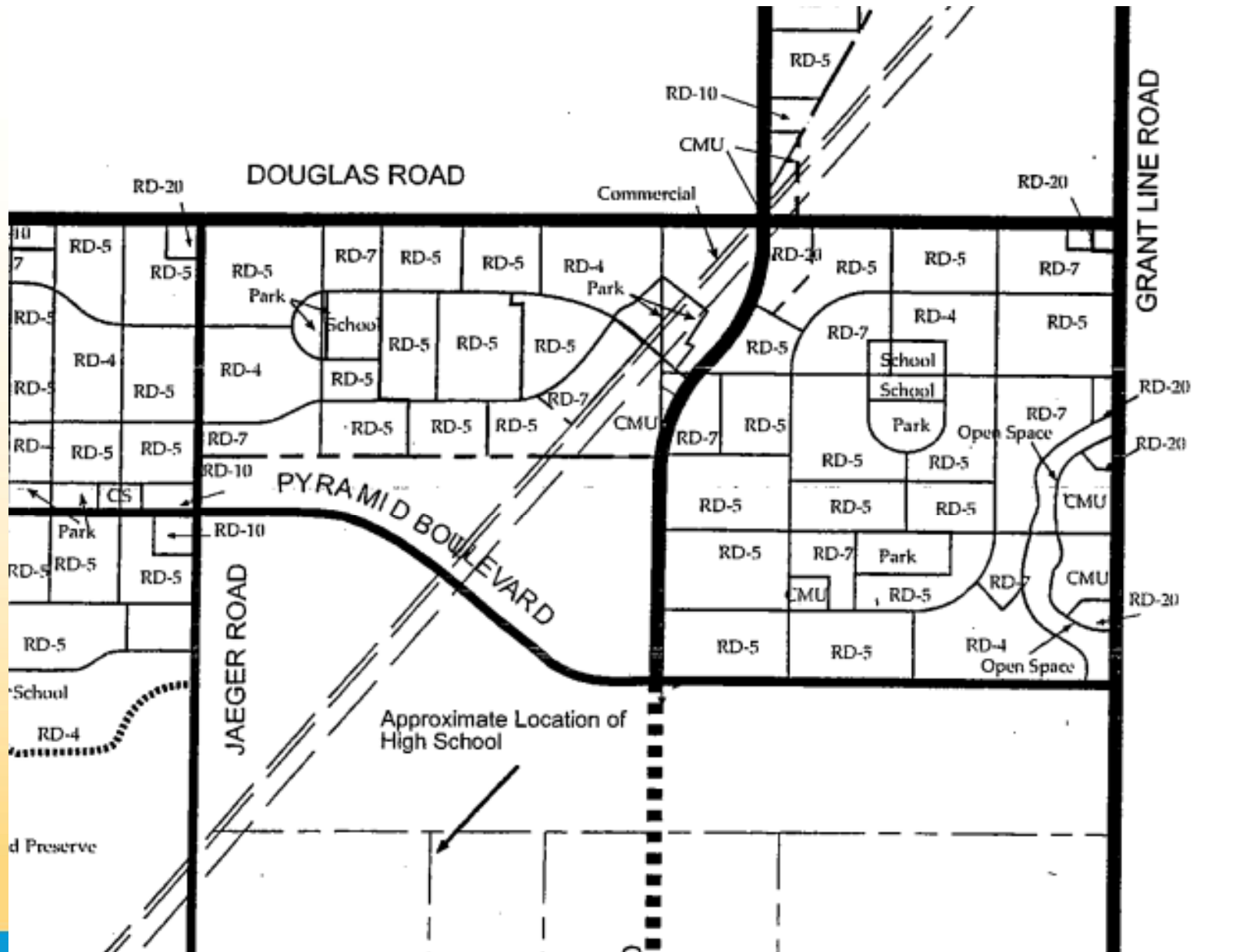
Recommended Motions

- Introduce and waive the first reading of Ordinance 7-2015
- Adopt Resolution 45-2015









MEMORANDUM

DATE: April 6, 2015

TO: Honorable Mayor and Council Members



FROM: Reed Flory, Housing Services Administrator
Jessica Hayes, Housing and Neighborhood Development Analyst
Renee Funston, Housing Intern

SUBJECT: DISPOSITION, DEVELOPMENT AND LOAN AGREEMENT WITH VETERANS HOUSING DEVELOPMENT CORPORATION FOR APPROVAL OF PERMANENT LOAN FUNDS AND SITE CONTROL FOR PHASE 2 OF THE MATHER VETERANS' VILLAGE AFFORDABLE HOUSING DEVELOPMENT FOR HOMELESS AND DISABLED VETERANS

RECOMMENDATION

Adopt Resolution No. 37-2015 authorizing the City Manager to execute the Disposition, Development and Loan Agreement (DDLA) and related instruments including permanent and predevelopment loans and site control with Vietnam Veterans of California, Inc., a California nonprofit public benefit corporation dba Veterans Resource Centers of America (VRCA).

RESULT OF RECOMMENDED ACTION

Adoption of this resolution will provide the City Manager authorization to execute the DDLA and related instruments with the Developer of the Mather Veterans Resource Center (Phase 2) component of Mather Veterans' Village. This phase is an affordable, transitional housing development for homeless and disabled veterans. The action will also authorize the commitment of funds in the form of a permanent, deferred loan for development costs and provides site control necessary for VRCA to apply for Veterans Housing and Homeless Prevention (VHHP) and other related funding.

BACKGROUND

With the closure of Mather Air Force base in the 1990's, the County and various federal agencies negotiated the future of the Mather Community Campus (MCC) to be dedicated to special needs populations including the homeless. For many years, the County, through partnership with Volunteers of America, has successfully operated an award winning transitional living and jobs training program on MCC. This property offered a unique opportunity to respond to the needs of homeless and disabled veterans. The City of Rancho Cordova, County of Sacramento, and Mather Veterans' Hospital responded to this opportunity as the three entities cooperated to form the Sponsorship Team of the proposed Mather Veterans' Village.

In July of 2010 the County of Sacramento Department of Human Assistance, the Sacramento Housing and Redevelopment Agency (SHRA) and the City of Rancho Cordova concluded a selection process for a development team to respond to the needs of disabled and homeless

veterans on land located within the MCC. The team of Mercy Housing California (Developer), Veteran's Resource Centers of America (Service Coordinator) and Mogavaro, Notestine (Architect) were selected. Over the next several years, The County secured title for the land from the Air Force and the City successfully pursued grant funding to support Phase 1 of the proposed three phase program.

On June 23, 2013 the City signed a 99-year lease with the County of Sacramento for 3.69 acres of property located within the Mather Community Campus. With this same action, the County sold the existing Building located on the leased land to the City. City Council also adopted resolution number 96-2013, a resolution which authorized execution of a Disposition and Development Agreement and related instruments for Phase 1 of Mather Veterans Village, with Mercy Housing California. Construction of Phase 1 began in December 2014 and is scheduled for completion in June of 2016, and will include 50 units of permanent supportive housing. Phase 2 will provide up to 50 transitional beds with full rehabilitation services. Phase 3 is expected to be approximately an additional 50 units of permanent supportive housing.

The action to approve the DDLA as attached to this staff report covers only the (Phase 2) effort of the development program. Phase 2 includes rehabilitation of the existing structure to accommodate up to 50 transitional beds with full rehabilitation services. Veterans Resource Centers of America ("Developer") with more than 35 years of successful service to disabled veterans is uniquely qualified to develop and provide services to the target population. VRCA brings a fully funded services program to this Phase 2 effort. As a co-general partner in the phase 1 effort and as developer in the phase 2 effort, VRCA will continue to ensure the coordination over the entire campus that is required for a village approach to healthy veteran recovery.

In order to fill the funding gap, VRCA will on April 27, 2015 submit a proposal for Phase 2 to the Veterans Housing and Homelessness Prevention (VHHP) program. Additionally, the City has successfully negotiated approval of a \$1,000,000 commitment of County Mather RDA bond proceeds from the Successor Agency to the Redevelopment Agency of the County of Sacramento. Approval was received from the Successor Agency Oversight Board at its March 16, 2015 meeting. Thereafter, the State Department of Finance will have a 40-day review period, which is likely to be approved as Finance has never denied a requirement of this nature. The commitment will be presented to the Board of Supervisors for the County of Sacramento for a review and a final approval on April 7th, 2015. Thereafter the City will loan those funds to VRCA. These County funds will pass through the City to the Developer by way of a Loan Agreement. The Developer will assume all liability and performance requirements.

Additionally, the Phase 1 developer, Mercy Housing California, and the City have consented to an advance of up to \$150,000 of the Phase 1 grant funding received from the City of Rancho Cordova for necessary predevelopment activity - primarily the development of architectural plans. These funds are a short term no interest loan to be repaid at construction closing.

These loan and site control commitments from the City, together with Developer performance requirements, are detailed in the DDLA. If the proposed VHHP application is successful, staff expects a construction loan closing and construction start in the first quarter of calendar year 2016 with occupancy expected in mid-2017.

FISCAL ANALYSIS

Phase 2 of Mather Veterans Village is in the early stages of securing its financing. The Phase 2 effort benefits from the work associated with Phase 1 including land assemblage, environmental clearance, certain architectural program work and the construction of infrastructure and facilities to be shared. All long-term financing for the Phase 2 effort will be most likely be in the form of grants, forgivable loans or very low interest loans. Unlike Phase 1, Phase 2 does not qualify for tax credits and is competing in a tough grant funding environment. Even so, the City and Developer have been successful in attracting a \$1.0 million forgivable grant from the County of Sacramento. VRCA is also pursuing Home Depot and the Federal Home Loan Bank Board for another \$1.5 million. The Council action under consideration tonight permits VRCA to make application to the Veterans Housing and Homelessness Prevention Program (VHHP) for an additional \$3.5 million. It is hoped that a combined City & Developer application for Cap and Trade funds will top off project funding requirements at approximately \$6.0 to \$7.5 million dollars.

Some project related costs have already been incurred, and additional project related costs are expected through the 2016/2017 fiscal year. The existing and projected predevelopment costs are as follows:

2013-2014 - \$51,000

2014-2015 - \$260,100

2015-2016 - \$85,000

2016-2017 - \$16,000

Staff is working with the development team to recover as much of the predevelopment costs as possible. These efforts include the following:

2015-2016 - \$150,000 repayment of prior year pre-development loan

2016-2017 - \$200,000 Land-payment to be used as an offset of prior year pre-development costs.

To prevent incurring additional debt in the Local Housing Trust Fund loan from the General Fund, these costs, and any applicable cost recovery will take place through the General Fund. Current and future year analysis suggests that these costs will not have a significantly adverse impact on General Fund Balance.

ATTACHMENTS

1. Resolution No. 37-2015.
2. Disposition, Development and Loan Agreement.

CITY OF RANCHO CORDOVA

RESOLUTION NO. 37-2015

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA AUTHORIZING EXECUTION OF A DISPOSITION DEVELOPMENT AND LOAN AGREEMENT AND RELATED INSTRUMENTS WITH VIETNAM VETERANS OF CALIFORNIA, INC., a CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION dba VETERANS RESOURCE CENTERS OF AMERICA (“DEVELOPER”) AND AUTHORIZING AN ASSIGNMENT AND ASSUMPTION OF CITY LEASEHOLD PROPERTY INCLUDING THE OWNERSHIP OF IMPROVEMENTS IDENTIFIED IN EXHIBIT A TO THIS RESOLUTION AS ASSESSOR PARCEL No.067-1040-003-000 DURING THE TERM OF THE LEASE, AS IDENTIFIED IN EXHIBIT B TO THIS RESOLUTION, AND APPROVING PERMANENT AND PREDEVELOPMENT LOANS FOR THE MATHER VETERANS’ VILLAGE PHASE 2.

WHEREAS, the City Council of the City of Rancho Cordova (“City”) has entered into a 99-year lease with the County of Sacramento for 3.69 acres of land located on the Mather Community Campus; and

WHEREAS, the lease, as amended provides that the City owns all improvements located on the premises during the term of the lease including the existing building located on APN # 067-1040-003; and

WHEREAS, the City has twice subdivided the original 3.69 acres to create a 1.20 acre site which, together with approximately 18,376 square feet of the existing structure (which does not include “air rights” spaces (the “Phase 2 Property”) for the development of up to 50 beds of affordable transitional rental housing for disabled and homeless veterans (the “Phase 2 Development”); and

WHEREAS, the City, as the holder of the leasehold interest in the Property and by virtue of the lease, as amended, owner of the building on the Property during the term of the lease, has identified Veterans Resource Centers of America (VRCA), a California Public Benefit Corporation (the “Developer”) as a potential developer of the Project; and

WHEREAS, the City received \$1,000,000 from The County of Sacramento from Mather Redevelopment area bond proceeds to subsidize the development of the Project; and

WHEREAS, the Developer intends to seek a Veterans Housing and Homelessness Prevention (VHHP) program loan from the State Department of Housing and Community Development for the Project as well as make application for other grants as they are available; and

WHEREAS, the VHHP program requires as do other grant sources acceptable evidence of site control and funding commitments; and

WHEREAS, the City desires to enter into a Disposition and Development and Loan Agreement (“DDLA”) with the Developer for development of the Phase 2 Project on the Property; and

WHEREAS, the Project is subject to the requirements of and compliance with the National Environmental Policy Act (“NEPA”). On July 12, 2013 the City published a Finding of No Significant Impact.

WHEREAS, the Project is exempt from the California Environmental Quality Act ("CEQA") under the categorical exemption for in-fill development projects (CEQA Guidelines § 15332).

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA AS FOLLOWS:

Section 1 The City Council finds that the Project is exempt from CEQA under CEQA Guidelines Section 15332, In-Fill Development. The City Council further finds that the Project is consistent with the City's General Plan, and the City's Zoning Code. The City certified an Environmental Impact Report ("EIR") for the General Plan and conducted additional environmental review for the Zoning Code. The City Council finds that there are no environmental impacts peculiar to the Project that has not been analyzed in previous environmental documents; therefore, no additional environmental review is required.

Section 2 The City Council authorizes the City Manager, on behalf of the City, to execute a DDLA with the Developer, substantially in the form on file with the City Clerk, and to execute such other related instruments including without limitation an assignment and assumption agreement for the Phase 2 Parcel (not including the "air right" parcel) substantially in the form of Exhibits A and B to the DDLA attached hereto, and an affordable housing regulatory agreement, substantially in the form of Exhibit F to the DDLA, and to take such other actions as necessary to carry out the intent of this Resolution.

Section 3 The City Council also authorizes the City Manager, on behalf of the City, to approve expenditure of County Bond proceeds for the purpose of providing a deferred, no interest, forgivable, permanent loan for the Project in the amount of One million dollars (\$1,000,000), and to provide a short term "predevelopment loan" not to exceed One Hundred Fifty Thousand (\$150,000) provided that the City and Developer execute loan documents in form and content acceptable to the City Attorney.

Section 4 If any provision, sentence, clause, section or part of this Resolution is found to be unconstitutional, illegal or invalid, such finding shall affect only such provision, sentence, clause, section or part, and shall not affect or impair any of the remaining parts.

Section 5 The above recitals are true and correct. The City Clerk shall certify to the passage and adoption of this Resolution, and the minutes of this meeting shall so reflect the above City Council action.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova this ____ day of _____, 2015 by the following votes:

AYES:

NOES:

ABSENT:

ABSTAIN:

Robert J. McGarvey, Mayor

ATTEST:

Mindy Cuppy, MMC, City Clerk

2110734.1

EXHIBIT A

LEGAL DESCRIPTION OF PHASE 2 PROPERTY

Legal Description

For APN/Parcel ID(s): 067-1040-003-0000

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF MATHER, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

Parcel 3, of Parcel Map Number DD8438 and Recorded October 9, 2014, in Book 221 of Parcel Maps at Page 18 on filed in the Office of the Recorder, County of Sacramento, State of California

EXCEPTING THEREFROM the Air Rights Parcel Being located within the City of Rancho Cordova and being located within Parcel 3 of Parcel Map Number DD8438 and Recorded in Book 221 of Parcel Maps at Page 18 on file in the Office of the Recorder, County of Sacramento, State of California and being described as follows:

Beginning at a point which bears the following Two (2) courses from the Northwest corner on aforesaid Parcel 3:

- 1.) South 04° 86' 49" East, 13.83 feet;
- 2.) North 85° 32' 59" East, 22.16 feet to the existing Northwest exterior building corner being the true point of beginning.

Thence from said Point of Beginning the following Eight (8) courses:

- 1.) Along the existing North exterior building wall North 85° 32' 59" East, 34.00 feet to the existing Northeast building corner;
- 2.) South 04° 27' 01" East, 80.54 feet along the existing East exterior building wall;
- 3.) Leaving said East building wall South 85° 32' 59" West, 0.33 feet to the center of existing interior building wall;
- 4.) Along the center of existing interior building wall South 04° 27' 01" East, 5.33 feet to the centerline intersection of existing interior building walls;
- 5.) Along the center of existing interior building wall South 85° 32' 59" West 13.50 feet to the centerline intersection of existing interior building walls;
- 6.) Along the center of existing interior building wall South 04° 27' 01" East, 6.50 feet to the centerline intersection of existing interior building walls;
- 7.) Along the center of existing building wall South 85° 32' 59" West, 20.17 feet to the exterior wall of existing building;
- 8.) Along the existing West exterior building wall North 04° 27' 01" West, 92.37 feet to the Point of Beginning;

Air rights within the first floor is from finish floor of the ground floor to bottom of ceiling joist of ground floor being same as the bottom of the second story floor joist. As shown on Exhibit "B"

Containing 3,048.93 Square feet or 0.07 acres.

Together with the following described area:

Beginning at the Northwest corner of aforesaid Parcel 3;

Thence the following Eleven (11) courses:

Title No.: FSSE-0101400884-CD
Update: B

EXHIBIT "A"
Legal Description
(continued)

- 1.) Along the Northerly line of said Parcel 3 North 85° 39' 39" East, 57.20;
- 2.) Leaving said Northerly line South 04° 27' 01" East, 30.50;
- 3.) North 85° 39' 39" East, 23.42 feet to a point on the common line between aforesaid Parcel 3 and Parcel 2 Assessor's Parcel Map Number 067-0010-107;
- 4.) Along said common line South 04° 36' 49" East, 27.62 feet to the common corner of Parcels 2 and 3;
- 5.) Leaving said common line South 28° 37' 16" West, 43.07 feet to the existing North exterior building wall;
- 6.) Along the existing North exterior building wall South 85° 32' 59" West, 1.00 feet to the existing East building exterior wall;
- 7.) Along the existing East exterior building wall North 04° 27' 01" West, 80.54 feet;
- 8.) Along the existing North exterior building wall South 85° 39' 39" West, 34.00 feet;
- 9.) Along the existing West exterior building wall South 04° 27' 01" East, 92.37 feet;
- 10.) Leaving the West existing exterior building wall South 85° 32' 59" West, 21.90 feet to the Westerly line of aforesaid Parcel 3;
- 11.) Along said Westerly line North 04° 36' 49" West, 106.20 feet to the Point of Beginning.

Air rights within this described area extend vertically 50.00 feet from the ground surface. As shown on Exhibit "B".
Containing 3,976.00 Square feet or 0.09 acres.

Together with the following described basement area:

Beginning at point which bears the following two (2) courses from the Northwest corner of aforesaid Parcel 3:

- 1.) South 04° 36' 49" East 128.37 feet;
- 2.) North 85° 32' 59" East 21.83 feet to the Southwest exterior building corner being the True Point of Beginning.

Thence from said Point of Beginning the following six (6) courses:

- 1.) North 04° 27' 01" West 49.54 feet along the exterior wall of basement;
- 2.) North 85° 32' 59" East 34.00 feet along the exterior wall of basement;
- 3.) South 04° 27' 01" East 15.54 feet along the exterior wall of basement;
- 4.) North 85° 32' 59" East 15.76 feet along the exterior wall of basement;
- 5.) South 04° 27' 01" East 34.00 feet along the exterior wall of basement;
- 6.) South 85° 32' 59" West 49.76 feet along the exterior wall of basement to the Point of Beginning;

Title No.: FSSE-0101400884-CD
Update: B

EXHIBIT "A"
Legal Description
(continued)

Air rights within the existing basement is from finish floor of the basement to finish floor to the first floor

Containing 2,220.20 Square feet or 0.05 acres.

The basis of bearing for this description is identical to that certain Record of Survey, file in Book 54, Page 33, on file in the Office of the Recorder, County of Sacramento, State of California.

EXHIBIT B

**COUNTY LEASE
&
AMENDMENT 1 AND 2 TO THE COUNTY LEASE**

Revenue File No: 00XXX

LEASE AGREEMENT

APN 067-0010-099

Between: COUNTY OF SACRAMENTO

and

CITY OF RANCHO CORDOVA

Effective: 6/25, 2013

TABLE OF CONTENTS

RECITALS

ARTICLES

ARTICLE 1	PREMISES
ARTICLE 2	TERM
ARTICLE 3	RENT
ARTICLE 4	ENTITLEMENTS
ARTICLE 5	USE OF THE LEASED PREMISES
ARTICLE 6	NET LEASE
ARTICLE 7	CONSTRUCTION AND MAINTENANCE
ARTICLE 8	UTILITIES
ARTICLE 9	HAZARDOUS SUBSTANCES
ARTICLE 10	INSURANCE & INDEMNIFICATION
ARTICLE 11	TERMINATION AND REMEDIES
ARTICLE 12	OTHER REQUIREMENTS
ARTICLE 13	GENERAL

SIGNATURE PAGE

EXHIBITS

EXHIBIT "A"	PROPERTY
EXHIBIT "B"	PREMISES
EXHIBIT "C"	PHASING PLAN
EXHIBIT "D"	SITE PLAN

EXHIBIT “E” AIR FORCE CONVEYANCE DOCUMENTS

EXHIBIT “F” FORM OF BILL OF SALE

LEASE AGREEMENT

3611 BLECKELY STREET MATHER, CALIFORNIA 95655

THIS LEASE AGREEMENT ("Agreement"), dated as of this 25th day of June, 2013, is made between the **COUNTY OF SACRAMENTO**, a political subdivision of the State of California (hereinafter the "LESSOR" or "COUNTY") and **City of Rancho Cordova**, (hereinafter the "CITY" or "LESSEE"), with reference to the following facts: COUNTY and CITY are referred to hereinafter individually as a "Party" and collectively as the "Parties".

RECITALS

A. COUNTY is the owner of that certain parcel of real property (the "Property") located at 3611 Bleckely Street, Mather, California 95655, also known as Assessor's Parcel Number ("APN") 067-0010-099, and more particularly described in Exhibit "A" attached hereto; and

B. The Premises (defined in Article 1 hereof) is part of the property conveyed by the United States Air Force ("Air Force") to the COUNTY, which was formerly part of Mather Air Force Base. The Property is subject to covenants, conditions, restrictions and other limitations as set out in the "Economic Development Conveyance Agreement," as amended, between the Air Force and the COUNTY and the Quitclaim Deed by which the Air Force conveyed the Property to COUNTY (collectively, "Air Force Conveyance Documents"), recorded in the Office of the County Recorder for the County of Sacramento in Book 20130503 at Page 1295; The Air Force Conveyance Documents are attached hereto as Exhibit "E"; and

C. CITY expressly acknowledges that groundwater contamination is currently present underneath or near the former Mather Air Force Base. The contaminated groundwater is due to the presence of hazardous materials, including volatile organic compounds and ammonium perchlorate, caused by persons or entities other than COUNTY, which is the subject of ongoing investigation and monitoring. The United States Department of the Air Force is cleaning up a portion of the groundwater contamination in the region under the supervision of the State of California Department of Toxic Substances Control and the Central Valley Regional Water Quality Control Board and the United States Environmental Protection Agency. In addition, the Boeing Company and Aerojet-General Corporation are installing monitoring wells in the region pursuant to Cleanup and Abatement Order No. 97-093 issued by the Regional Board to the Boeing Company and Aerojet General Corporation to investigate the extent of ammonium perchlorate emanating from the Inactive Rancho Cordova Test Site, east of the former Mather Air Force Base. CITY further expressly acknowledges that this groundwater contamination has forced the closure of water supply wells at the former Mather Air Force Base, may threaten closure of more wells at the former Mather Air Force Base and may restrict the COUNTY's ability to install new or replacement water supply wells on or near the former Mather Air Force Base to supply the Premises and the former Mather Air Force Base with

potable water. The former Mather Air Force Base is located within the service area of Zone 41 of the Sacramento County Water Agency. Zone 41 of the Sacramento County Water Agency is responsible for and committed to providing a long-term potable water supply to the former Mather Air Force Base. Drinking water wells on the former Mather Air Force Base are tested for contaminants as required by the State of California Department of Health Services and the California Environmental Protection Agency. The most current information and reports regarding potable water supply at the former Mather Air Force Base are available by contacting the Water Resources Department of the County of Sacramento Public Works Agency at 10151 Florin Road, Sacramento, CA 95829. The telephone number is (916) 875-6947. The most current information and reports regarding groundwater contamination at the former Mather Air Force Base are available by contacting URS at 3411 Olson Street, McClellan, CA 95652 Attn: Bill Hues, (916) 997-1564; and

D. CITY is a municipal corporation with its principal place of business at 2729 Prospect Park Drive, Rancho Cordova, California 95670; and

E. CITY desires to lease the Premises (defined below) from COUNTY for multifamily residential use on the terms hereinafter set forth. Following execution of this Agreement, CITY intends to assign its interest in this Agreement to a limited partnership affiliated with Mercy Housing, Inc., a Nebraska nonprofit corporation ("Mercy Housing") for the purposes of construction, developing and operating a low income housing project with related services for disabled veterans (the "Project"); and

F. COUNTY is, therefore, willing to lease the Premises to CITY upon the promises, terms, conditions and covenants set forth herein below.

AGREEMENT

NOW, THEREFORE, it is mutually agreed as follows:

INCORPORATION OF RECITALS. The foregoing recitals are true and correct and hereby incorporated by reference.

ARTICLE 1 PREMISES

- 1.1 PREMISES.** In consideration of the following covenants and other good and valuable consideration hereinafter contained, the COUNTY does hereby lease to CITY and CITY does hereby lease from COUNTY the following described portion of the Property: a mutually agreed area of approximately 3.69 acres of land ("Premises" or "Leased Premises") located at 3611 Bleckely Street, Mather, California 95655, being APN 067-0010-099, as more particularly shown on Exhibit "B", attached hereto and made a part hereof by reference.

- 1.2 EXISTING BUILDING.** The Premises includes an existing two-story, 24,093 square foot building commonly known as the Mather Infirmary ("Building 1770"), a small shed, and a small building containing mechanical equipment (collectively, the "Structures") more particularly identified in Exhibit "D", attached hereto and made a part hereof by reference. The Parties hereby agree to treat the Structures as personal property and that COUNTY shall transfer ownership of the Structures to CITY via Bill of Sale, which is attached hereto as Exhibit "F". CITY shall not be required to provide any consideration for the conveyance of any of the Structures, including Building 1770, other than that provided for in this Lease, as described in Section 3.1, below. CITY shall accept ownership of the Structures without warranty or recourse against COUNTY for the condition thereof which CITY accepts 'as is'. COUNTY shall continue to own the land underneath the Structures.
- 1.3 PRIORITY OF CONVEYANCE DOCUMENTS.** This Agreement is subject to all terms, conditions and restrictions contained in the Air Force Conveyance Documents. Various governmental agencies exercise jurisdiction over the Premises, and CITY shall comply with their lawful requirements. CITY acknowledges that it has received, reviewed, understands and agrees to comply with all covenants, conditions, restrictions and other limitations as set forth in Exhibit "E".

ARTICLE 2 TERM

- 2.1 TERM COMMENCEMENT.** The term of this Agreement (the "Term") commences on the date of mutual execution of this Agreement (the "Commencement Date").
- 2.2 EXPIRATION.** Unless sooner terminated as herein provided, the Term expires and ends at 11:59 PM, local time, on the last day of the calendar month which completes Ninety Nine (99) full years from the Commencement Date (the "Expiration Date").
- 2.3 HOLDOVER.** In the event CITY remains in possession of the Premises after the expiration of the Term, then this Agreement will remain in effect upon the same terms and conditions as a month-to-month tenancy. Either Party hereto may terminate the tenancy following expiration of the Term by giving a thirty (30) day written notice.

ARTICLE 3 RENT

- 3.1 NO RENT; OTHER CONSIDERATION.** City leases the Premises free of any obligation to pay rent under this Agreement. Instead of paying rent, it is mutually agreed that CITY, its contractors or assignees shall demolish or remediate, in CITY's discretion, the Structures located on the Premises. CITY also agrees to provide landscaping maintenance on the Premises.

ARTICLE 4 ENTITLEMENTS

- 4.1 ENTITLEMENTS IN GENERAL.** CITY shall, at no cost to the County, obtain all necessary local land use entitlements, building permits, and other City, County, State or Federal permits legally required for its use of the Premises under this Agreement. This Agreement is not a waiver of any requirement, fee, or procedure required to obtain any such entitlement or permits. City intends to develop the Premises in three (3) or more phases, as depicted on Exhibit "C," attached hereto and made a part hereof by this reference. Phase One shall consist of the ground floor of Building 1770 and new housing along the western boundary of the Premises. This Agreement will, unless otherwise extended, be automatically terminated without liability to COUNTY if CITY fails to obtain each entitlement, permit or approval required for the installation of its improvements for Phase One within three (3) years of the Commencement Date. Such automatic termination shall also include CITY'S obligation to sell Building 1770 back to COUNTY for \$10.00. COUNTY shall cooperate with and assist CITY in every reasonable way in CITY's efforts to obtain all governmental consents, entitlements, approvals, permits or variances which may be required for construction, development and use of the Premises, including COUNTY's joinder in any application for any such consent, entitlement, approval, permit or variance where joinder therein by the owner of the Property is required by law.

CITY and COUNTY each recognize that in order to provide for the orderly development of the Project and the overall management and operation of the improvements, it may be necessary, desirable or required that street, water, sewer, drainage, gas, power line, and other easements and dedications, and similar rights be granted or dedicated over or within portions of the Property. COUNTY agrees that it will, upon request of CITY, join with CITY in executing and delivering such documents, from time-to-time, and throughout the term of this Agreement as may be appropriate, necessary or required by governmental agencies and public utility companies for the purpose of granting such easements and dedications. County shall not unreasonably withhold its consent to such easements, dedications and similar rights necessary to the Project. All costs and expenses incurred by COUNTY in connection therewith shall be reimbursed to COUNTY by CITY promptly upon written demand therefor by COUNTY.

ARTICLE 5 USE OF LEASED PREMISES

- 5.1 USE OF LEASED PREMISES.** The CITY shall only use the Leased Premises for the construction, operation, and maintenance of the Mather Veteran's Village residential housing project and supportive services ("Project"). Phase One of the Project includes approximately 45,000 square feet of building or buildings, Phase Two includes approximately 42,000 Square feet of buildings with Phase Three still evolving (collectively, "CITY Facilities") and is limited to the scope of work contained within CITY's plans as more particularly described in Exhibit "D". If CITY ceases to use the Premises for the Project for a period of two years or more, prior to issuance of a Notice of Completion for Phase One, COUNTY reserves the right to terminate this Lease pursuant to Article 11, below. In connection with CITY's construction

and use of the CITY Facilities, CITY has the right to do all work necessary to construct, develop, operate and maintain the Premises for CITY its permitted use. All of CITY's construction work shall be performed at CITY's sole cost and expense and in a good and workmanlike manner subject to COUNTY'S approval which shall not be unreasonably withheld, conditioned or delayed. CITY shall make no other use of the Leased Premises without the prior written approval of COUNTY.

- 5.2 TESTS AND CONSTRUCTION.** CITY and CITY's contractors and subcontractors have the right at any time following full execution of this Agreement to enter upon the Premises for the purpose of making necessary engineering surveys, inspections, other reasonably necessary tests, and for the purpose of constructing the CITY Facilities; provided, however, all such tests and construction shall be at CITY's sole cost and expense. Any such testing shall be done with prior coordination of the appropriate COUNTY representative. At its own expense, CITY shall restore to its prior condition any disturbance to the Premises resulting from any of the above-described tests.
- 5.3 REGULATORY COMPLIANCE.** CITY shall use the Premises strictly in accordance with the terms of this Agreement. At all times, CITY's use of the Premises shall be lawful and in compliance with all applicable governmental requirements and regulations. Throughout the Term of this Agreement, CITY shall provide COUNTY with a current copy of all permits and licenses authorizing CITY to operate the City Facilities at the Premises.
- 5.4 ACCESS.** CITY shall access the Premises using the public roadway serving the Property.

ARTICLE 6 NET LEASE

- 6.1 NET LEASE.** This lease shall be without cost to COUNTY for any utilities, service payments, maintenance or improvement of the Leased Premises. CITY shall be responsible at CITY's sole cost and expense for payment of all charges for electric power, water, storm water, sewer, garbage, waste removal, and any other charges in connection with the use of said Premises. Where feasible, CITY shall install or cause to be installed separate sub-meters for such utilities and charges thereto including separate billing.

ARTICLE 7 CONSTRUCTION AND MAINTENANCE

7.1 CONSTRUCTION OF CITY'S FACILITIES

- A. Location and Plans.** The location of the CITY Facilities to be constructed by CITY pursuant to this Agreement shall be as described in Exhibit "D", attached hereto and incorporated herein. Construction of the CITY Facilities on the Premises shall be in accordance with detailed plans and specifications which shall be prepared by CITY and shall be subject to COUNTY'S prior written approval before initiating construction and installation, such approval not to be unreasonably withheld, conditioned or delayed.

- B. **Repair of Damage to Premises.** Any damage to the Premises caused by CITY during construction of the CITY Facilities shall be promptly repaired by CITY. Damaged areas shall be restored to their previous condition as reasonably determined by COUNTY. CITY shall be responsible for the removal of all garbage and refuse generated by its construction or maintenance activities.
- C. **"As-Built" Documents.** CITY shall provide to COUNTY a complete set of "as-built" documents for all work, including the location of all utility installations, of the general contractor and all of its subcontractors as performed during the CITY Facilities construction process. This set of as-built documents shall be provided to the County Economic Development Division in a condition and format reasonably acceptable to COUNTY and shall be submitted prior to CITY's operation of its facilities on the Premises.

ARTICLE 8 UTILITIES

- 8.1 **UTILITIES.** Subject to the requirements of the providers or those entitled to provide utility service to the Premises, and the reasonable approval of COUNTY, and at CITY's sole expense, CITY may reasonably improve the utilities upon the Premises to a level consistent with development and operation of the Project. COUNTY agrees to reasonably cooperate with CITY in the granting of licenses and easements to a third party utility company limited strictly to providing utility service to the Premises for CITY's uses as defined by this Agreement. Said license and/or easement shall be in a form reasonably acceptable to COUNTY and for a defined period of time. Any accommodation by COUNTY in so cooperating with CITY shall not be deemed to create, convey, or establish any property right in CITY or any other entity whatsoever concerning the Property, and is a mere license and/or easement for the stated purpose personal to CITY or any third party utility provider. CITY shall be financially responsible for all of its utility service costs and shall establish in its own name a separate account billed directly to CITY for that purpose. If permitted by appropriate utility service, CITY, at its sole expense, shall establish a separate electrical meter on the Premises, and shall pay directly for all of CITY's electrical service on the Premises. CITY shall not sell or re-meter utility services on the Premises to any other entity.

ARTICLE 9 HAZARDOUS SUBSTANCES

- 9.1 **REGULATORY COMPLIANCE.** Except for those substances that are typically used in the construction, development, operation, and maintenance of multifamily residential apartment complexes and related facilities, CITY shall not bring to, transport across, or dispose of any hazardous substances on the Premises or Property, except that CITY may transport hazardous substances across the Premises if necessary to remove existing hazardous substances from the Premises. For purposes of this Agreement, the term "hazardous substances" is intended and understood to include petroleum or any petroleum product, asbestos, any substance known by the State of California to cause cancer and/or reproductive toxicity, and/or any substance, chemical

or waste that is identified as hazardous, toxic or dangerous in any applicable federal, state or local law or regulation.

- 9.2 THIRD PARTY.** Except as set forth in Recital C of this Agreement, COUNTY represents, warrants and agrees: (i) that neither COUNTY nor, to COUNTY's knowledge, any third party has used, generated, stored or disposed of, or permitted the use, generation, storage or disposal of, any hazardous substances on, under, about or within the Premises or Property in violation of any law or regulation; and (ii) that COUNTY will not, and will not permit any third party to use, generate, store or dispose of any hazardous substances on, under, about or within the Premises or Property in violation of any law or regulation. The term "to the best of COUNTY's knowledge" does not mean that COUNTY has conducted an investigation into matters outside of the immediate custody or control of the COUNTY.

ARTICLE 10 INSURANCE & INDEMNIFICATION

10.1 INSURANCE REQUIREMENTS.

- A. CITY agrees that it shall, during the full term of this Agreement, and at its own expense, keep its owned buildings, contents, structural and non-structural improvements and personal property located on the leased Premises fully insured against loss or damage by fire or other casualty, commonly covered by standard fire and all risk coverage insurance including flood coverage. Valuation shall be on a replacement cost basis. CITY does hereby release and waive on behalf of itself and its insurer by subrogation or otherwise, all claims against COUNTY on account of any fire or other casualty whether or not such fire or other casualty shall have resulted in whole or in part from the negligence of COUNTY.
- B. CITY or its contractors shall, at their own cost, procure, maintain, and keep in force at all times during the construction of CITY's Facilities until the completion of the Project as stated in the Common Policy Conditions of the Builders Risk policy, Builder's Risk insurance with limits of liability equal to one hundred percent (100%) of the replacement cost of the CITY's leased Facilities and owned buildings, which shall include the cost of materials and the cost of labor to install materials. Coverage shall be on an all risk basis including flood. The COUNTY and the CITY waive all rights against each other for loss or damage to the extent reimbursed by Builders' Risk insurance or any other property or equipment insurance applicable to the construction of CITY's Facilities, except such rights as they may have to the proceeds of such insurance. If the policies of insurance referred to in this section require an endorsement or consent of the insurance company to provide for continued coverage where there is a waiver of subrogation, the owners of such policies will cause them to be so endorsed to obtain such consent.
- C. CITY shall maintain Commercial General Liability Insurance covering the leased Premises. Liability insurance coverage shall be not less than One Million Dollars (\$1,000,000)

combined single limit per occurrence for injury or property damage. CITY shall name the County of Sacramento, its Board of Supervisors, officers, directors, agents, employees, and volunteers as an additional insured on CITY's, liability insurance policy and such policy shall be endorsed to show that CITY's liability insurance policy is primary.

- D. CITY shall maintain Environmental Impact/Pollution Liability coverage at the leased Premises with limits not less than -Two Million Dollars (\$2,000,000) per claim and aggregate covering unknown pollution or contamination. If commercially permissible, CITY's Environmental Impact/Pollution Liability shall name the County of Sacramento, its Board of Supervisors, officers, directors, agents, employees and volunteers as an additional insured with primary coverage.
- E. CITY and its contractors shall maintain Commercial Automobile Liability coverage form CA0001 or as broad as. Commercial Automobile Liability: Auto coverage symbol "1" (any auto) for corporate/business owned vehicles. If symbol 1 is not commercially available, symbols 7, 8, and 9 may be used. If there are no owned or leased vehicles, symbols 8 and 9 for non-owned and hired autos shall apply. Personal Lines automobile insurance shall apply if vehicles are individually owned. Commercial Automobile Liability for Corporate/business owned including non-owned and hired \$2,000,000 Combined Single Limit or \$1,000,000 CSL with \$1,000,000 Commercial Excess (Umbrella). [
- F. CITY and its contractors shall maintain Workers' Compensation; Statutory requirements of the State of California and Employer's Liability Insurance with a limit of \$1,000,000 per accident for bodily injury or disease. CITY, and its contractors shall have the Workers' Compensation policy endorsed to state that the Workers' Compensation carrier waives its rights of subrogation against the COUNTY, its Board of Supervisors, officers, directors, agents, employees, and volunteers which might arise by reason of payment under such policy in connection with performance under this Agreement by the CITY.
- G. CITY, and its contractors shall insure its own mobile, scheduled or contractor's equipment used in the performance of this Agreement.
- H. INLAND MARINE WAIVER OF SUBROGATION: Any Inland Marine Insurance policies maintained by the CITY, or its contractors in the performance of this Agreement shall be endorsed to state that the insurer shall waive all rights of subrogation against the COUNTY, its Board of Supervisors, officers, directors, agents, employees, and volunteers.
- I. MAINTENANCE OF INSURANCE: CITY shall furnish a certificate substantiating the fact that CITY and its contractors have taken out the insurance herein set forth for the period covered by the lease with an insurance carrier(s) with an A.M. Best financial rating of not less than A-: VII (or carrier(s) approved by COUNTY Risk Manager). CITY is required by this Agreement to immediately notify COUNTY if they receive a communication from their insurance carrier or agent that any required insurance is to be canceled, non-renewed, reduced in scope or limits or otherwise materially changed. CITY shall provide evidence that such cancelled or non-renewed or otherwise materially changed insurance has been replaced or its cancellation notice withdrawn without any interruption in coverage, scope or limits. Failure

to maintain required insurance in force shall be considered a material breach of the Agreement.

- J. The certificate of insurance shall be filed with the Internal Services Agency, Real Estate Division, upon mutual execution of this Agreement.
- K. CITY shall provide COUNTY written notice within thirty (30) days of any cancellation, termination, or lapse of any of the insurance coverage. In the event CITY does not have the required certificates of insurance and/or binders evidencing the proper insurance coverage, or the required insurance coverage lapses, this Agreement shall be terminated at the discretion of the COUNTY following thirty (30) days' written notice from COUNTY to CITY and subject to Article 11 hereof.

- 10.2 INDEMNIFICATION.** CITY shall defend, indemnify and hold harmless COUNTY, its Board of Supervisors, officers, directors, agents, employees and volunteers from and against any and all demands, claims, actions, losses, liabilities, damages, and costs, including reasonable attorneys' fees, sustained by any person or to any property in, on or about the leased Premises caused by a wrongful or negligent act or omission of CITY or anyone directly employed by CITY, its officers, directors, members, agents, contractors, sub-contractors, consultants, invitees, guests, or tenants, except and in proportion to the extent caused by the sole negligence or willful misconduct of COUNTY, its officers, directors, employees, agents or volunteers. This indemnification shall survive the termination or expiration of the Agreement with respect to any injuries or damage alleged to have been sustained during the life of the Agreement.

Additionally, CITY agrees to release COUNTY from any assertion of demands, claims, actions, liabilities, losses, damages, or costs, including reasonable attorneys' fees, arising out of, resulting from or relating to the groundwater contamination disclosed in Recital C, above.

ARTICLE 11

TERMINATION AND REMEDIES, MORTGAGEE PROTECTION

- 11.1 EARLY TERMINATION BY COUNTY FOR CAUSE.** COUNTY has the right to terminate this Agreement before the expiration of the Term should CITY default in the performance of any promise, term, condition, or covenant required of it herein, and fails to cure such default within sixty (60) calendar days following written notice thereof from COUNTY, or such longer period of time as is reasonably necessary if such default is of a nature that a cure cannot be completed within sixty (60) days, so long as CITY has commenced to cure such default within the initial sixty (60) day period and is diligently prosecuting such cure to completion. Said termination shall be effective upon receipt of COUNTY's written notice of early termination for cause by CITY, subject to Section 11.4 below. COUNTY shall not be responsible for any cost to or expense of CITY resulting from said early termination for cause.

11.2 EARLY TERMINATION BY CITY.

- A. Subject to Section 11.4 below, CITY shall have the option to terminate this Agreement, which termination shall not be effective until after the second (2nd) year of the Term, by giving written notice of that intention and identifying the early termination date to COUNTY at least sixty (60) days prior thereto. Such early termination by CITY shall not constitute a breach of this Agreement.
- B. Subject to Section 11.4 below, CITY has the right to terminate this Agreement before the expiration of the Term in the event of any material default by COUNTY in the performance of any promise, term, condition, or covenant required of it herein, and fails to cure such default within sixty (60) calendar days following notice thereof from CITY. Said termination shall be effective upon receipt of CITY's written notice of early termination for cause by COUNTY. CITY shall not be responsible for any cost to or expense of COUNTY resulting from said early termination for cause.

11.3 COUNTY'S REMEDIES.

- A. The remedies set forth in this section shall be in addition to all other remedies that COUNTY may have in the event of breach of this Agreement by CITY, and, subject to Section 11.4 below, nothing herein contained shall be construed to limit COUNTY's right to pursue the same, whether in law or in equity.
- B. In the event that CITY breaches this Agreement and abandons the property before the end of the Term hereof, or if CITY's right to possession is terminated by COUNTY because of a breach of this Agreement, this Agreement terminates. Upon such termination, the COUNTY may recover from CITY:

Any amount necessary to compensate COUNTY for all the detriment proximately caused by CITY's failure to perform its obligations under this Agreement, or which in the ordinary course of things would be likely to result therefrom.

- C. Efforts by COUNTY to mitigate the damages caused by CITY's breach of this Agreement do not waive COUNTY's right to recover damages pursuant to Section 1951.2 and this section.
- D. Nothing in this section affects the right of COUNTY under this Agreement to indemnification for liability arising prior to the termination of this Agreement for personal injuries or property damage, as herein provided.
- E. Notwithstanding the foregoing, in the event of CITY's breach of this Agreement and abandonment of the Premises, pursuant to Section 1951.4 of the California Civil Code, COUNTY may, at its sole option, elect to continue this Agreement and enforce all its rights and remedies hereunder against CITY.

11.4 MORTGAGEE PROTECTION PROVISIONS

A. Leasehold Mortgage Authorized. CITY may mortgage or otherwise encumber CITY's leasehold estate to an institutional investor (as hereinafter defined) under one or more leasehold mortgage(s) and assign this Agreement as security for such mortgage(s). Any mortgage(s) shall affect only CITY's leasehold estate and shall be subject to all of the terms and provisions of this Lease. COUNTY's fee interest shall not be encumbered or subordinated to any mortgage.

B. Notice to COUNTY. If CITY mortgages CITY's leasehold estate to an Institutional Investor, and if the holder of such leasehold mortgage provides COUNTY with notice of such leasehold mortgage, together with a true copy of such leasehold mortgage, the note and all other documents relating to such leasehold mortgage, and the name and address of the mortgagee, COUNTY and CITY agree that, following receipt of such notice by COUNTY, the provisions of this Section 11.4 will apply with respect to such leasehold mortgage. In the event of any assignment of a leasehold mortgage or in the event of a change of address of a leasehold mortgagee or of an assignee of such mortgage, notice of the new name and address must be provided to COUNTY. CITY must thereafter also provide COUNTY from time to time with a copy of each amendment or other modification or supplement to such instruments. All recorded documents must be certified as true and correct copies of official records by the Sacramento County Recorder and all nonrecorded documents must be accompanied by a certification by CITY or the mortgagee that such documents are true and correct copies of the originals.

C. Definitions. As used in this Section 11.4:

1. The term "Institutional Investor" means a savings bank, savings and loan association, commercial bank, trust company, credit union, insurance or pension fund, not-for-profit corporation, or governmental entity or agency. The term "institutional investor" shall also include other lenders of substance which perform functions similar to any of the foregoing, and which have assets in excess of Fifty Million Dollars (\$50,000,000) at the time the leasehold mortgage loan is made.

2. The term "Leasehold Mortgage" means a mortgage, deed of trust or other security instrument by which CITY's leasehold estate is mortgaged, conveyed, assigned or otherwise transferred to secure a debt or other obligation.

3. The term "Leasehold Mortgagee" or "Mortgagee" means a holder of a leasehold mortgage with respect to which the notice provided for by Section 14.02 has been given and received and as to which the provisions of this Section 11.4 are applicable.

D. Consent of Leasehold Mortgagee Required. Notwithstanding anything to the contrary contained in this Agreement, no cancellation, surrender, amendment, modification or termination (other than a termination due to a breach or default) of this Agreement shall be effective as to any Leasehold Mortgagee unless consented to in writing by such Leasehold Mortgagee.

E. Default Notice. COUNTY, upon providing CITY any notice of default under this Agreement, shall at the same time provide a copy of such notice to the Leasehold Mortgagee and to

CITY's investor limited partner, if CITY's investor limited partner has requested a copy of such notices and has provided COUNTY with an address for service thereof. Notice by COUNTY to CITY shall be deemed to have been duly given even in the absence of notice to the Mortgagee and investor limited partner; provided, however, that the time periods with respect to such Mortgagee and investor limited partner shall not commence until notice is given to such Mortgagee and investor limited partner. From and after such notice has been given to the Leasehold Mortgagee and investor limited partner, such Leasehold Mortgagee or investor limited partner shall have the same period, after the giving of such notice upon it, for remedying any default (or acts or omissions which are the subject matter of such notice) or causing the same to be remedied, as is given CITY after the giving of such notice to CITY, plus in each instance, the additional periods of time specified in Sections 11.4.F and 11.4.G to remedy, commence remedying or cause to be remedied the defaults (or acts or omissions which are the subject matter of such notice) specified in any such notice. COUNTY shall accept such performance by or at the instigation of such Leasehold Mortgagee or investor limited partner as if the same had been done by CITY. CITY authorizes the Leasehold Mortgagee or investor limited partner to take any such action at such Leasehold Mortgagee's or investor limited partner's option and does hereby authorize entry upon the Property and the Premises by the leasehold mortgagee or investor limited partner for such purpose.

F. Notice to Leasehold Mortgagee. If any default occurs which entitles COUNTY to terminate this Agreement, COUNTY may not terminate this Agreement unless, following the expiration of the period of time given CITY to cure such default (or the act or omission which gave rise to such default), COUNTY shall notify the Leasehold Mortgagee of COUNTY's intent to so terminate at least sixty (60) days in advance of the proposed effective date of such termination if such default is capable of being cured by the payment of money, and at least one hundred twenty (120) days in advance of the proposed effective date of such termination if such default is not capable of being cured by the payment of money. The provisions of Section 11.4.G below shall apply if, during such 60-day or 120-day termination notice period, the Leasehold Mortgagee shall:

1. Notify COUNTY of such leasehold Mortgagee's desire to nullify such notice;
and
2. Pay or cause to be paid all rent, additional rent and other payments then due and in arrears as specified in the termination notice to such Leasehold Mortgagee and which may become due during such 60-day or 120-day period; and
3. Comply, or in good faith, with diligence and continuity, commence to comply, with all nonmonetary requirements of this Agreement then in default and reasonably susceptible of being complied with by such leasehold mortgagee; provided, however, that in the event such Leasehold Mortgagee shall commence foreclosure proceedings within such 120-day period, such Leasehold Mortgagee shall not be required during such 120-day period to cure or commence to cure any default consisting of CITY's failure to satisfy and discharge any lien, charge or encumbrance against the CITY's interest in this Agreement or the Premises junior in priority to the lien of the mortgage held by such Leasehold Mortgagee.

G. Any notice to be given by COUNTY to a Leasehold Mortgagee pursuant to any provision of this Section 11.4 shall be deemed properly addressed if sent to the Leasehold Mortgagee

who served the notice referred to in Section 11.4.B at the address stated in such notice unless notice of a change of Mortgage ownership has been given to COUNTY pursuant to Section 11.4.B.

H. Mortgagee to Foreclose. If COUNTY shall elect to terminate this Agreement by reason of any default of CITY and the Leasehold Mortgagee shall have proceeded in the manner provided for by Section 11.4.F, the specified date for the termination of this Agreement, as fixed by COUNTY in its termination notice, shall be extended for a period of six (6) months, provided that such Leasehold Mortgagee shall, during such 6-month period:

1. Pay, or cause to be paid, any rent and any other monetary obligations of CITY under this Agreement as the same become due, and continue its good faith efforts to perform all of CITY's other obligations under this Agreement; and

2. If not enjoined or stayed, take steps to acquire or sell CITY's interest in this Agreement by foreclosure of the Leasehold Mortgage or other appropriate means and prosecute the same to completion with due diligence.

3. If at the end of such 6-month period such Leasehold Mortgagee is diligently complying with this Section 11.4.H, this Agreement shall not then terminate, and the time for completion by such Leasehold Mortgagee of its proceedings shall continue so long as such Leasehold Mortgagee is enjoined or stayed and thereafter for so long as such Leasehold Mortgagee proceeds to complete steps to acquire or sell CITY's interest in this Agreement by foreclosure of the Leasehold Mortgage, assignment in lieu of foreclosure or by other appropriate means with reasonable diligence and continuity. Nothing in this Section 11.4.H, however, shall be construed to extend this Agreement beyond the original term hereof, nor to require a Leasehold Mortgagee to continue such foreclosure proceedings after the default has been cured. If the default shall be cured and the Leasehold Mortgagee shall discontinue foreclosure proceedings, this Agreement shall remain in full force and effect as if CITY had not defaulted under this Agreement.

I. Purchase and Sale. If the Leasehold Mortgagee is complying with Section 11.4.H, upon the acquisition of CITY's estate herein by such Leasehold Mortgagee or its designee or any other purchaser at a foreclosure sale, assignment in lieu of foreclosure or otherwise, this Agreement shall continue in full force and effect as if CITY had not defaulted under this Agreement, and COUNTY shall recognize such Leasehold Mortgagee as the CITY under this Agreement, subject to the obligation of the Leasehold Mortgagee to comply with this Agreement and cure any defaults which are reasonably susceptible of cure by the Leasehold Mortgagee (except as otherwise provided in the Agreement or in Section 11.4.J below). The purchaser at any sale of this Agreement and of the leasehold estate hereby created in any proceedings for the foreclosure of any Leasehold Mortgage, including such Mortgagee, or the transferee under any instrument of assignment or transfer in lieu of the foreclosure of the Leasehold Mortgage shall be deemed to have agreed to perform all of the terms, covenants and conditions on the part of the CITY to be performed hereunder from and after the date of such purchase and assignment.

J. Purchaser's/Assignee's Right to Sell. The purchaser or assignee of CITY's leasehold estate pursuant to foreclosure, assignment in lieu of foreclosure or other proceedings, upon acquiring CITY's leasehold estate, may sell and assign the leasehold estate on such terms and to such persons

and organizations as are acceptable to such purchaser or assignee without the consent or approval of COUNTY. Upon such sale or assignment, the transferor shall thereafter be relieved of all obligations under this Agreement if such assignee has delivered to COUNTY its written agreement to be bound by all of the provisions of this Agreement.

K. New Lease. For as long as there is any leasehold mortgage outstanding, in the event this Agreement is terminated for any reason, including, without limitation, a termination or rejection through any bankruptcy proceeding or the Leasehold Mortgagee or the purchaser or assignee of CITY's leasehold estate pursuant to foreclosure, assignment in lieu of foreclosure or other proceedings becomes the legal owner of CITY's estate herein, and upon written request by such party given within sixty (60) days after such termination or acquisition of CITY's estate herein, as applicable, COUNTY shall enter into a new lease of the Premises with the Leasehold Mortgagee, purchaser or assignee for the remainder of the term of this Agreement with the same agreements, covenants, reversionary interests and conditions (except for any requirements which have been fulfilled by CITY prior to termination) as are contained in this Agreement and with priority equal to this Agreement; provided, however, that Leasehold Mortgagee, purchaser or assignee, as applicable, shall promptly commence, and diligently pursue, to cure any defaults by the CITY that are reasonably susceptible to cure by the Leasehold Mortgagee, purchaser or assignee. After such termination and cancellation of this Agreement and prior to the expiration of the period within which the Leasehold Mortgagee, purchaser or assignee may elect to obtain a new lease from COUNTY, COUNTY shall refrain from terminating any existing sublease or otherwise encumbering the Property without the prior written consent of the Leasehold Mortgagee, purchaser or assignee. Any new lease granted to the Leasehold Mortgagee, purchaser or assignee shall be in the form substantially similar to this Agreement and shall enjoy the same priority in time and in right as this Agreement over any lien, encumbrance or other interest created by the COUNTY before or after the date of such new lease and shall vest in the Leasehold Mortgagee, purchaser or assignee all right, title, interest, power and privileges of CITY hereunder in and to the Premises, including, without limitation, the assignment of CITY's interest in and to all then existing subleases and sublease rentals and the automatic vesting of title to all Improvements, fixtures and personal property of CITY in the Leasehold Mortgagee, purchaser or assignee. Such new lease shall provide, with respect to each and every permitted sublease which immediately prior to the termination of this Agreement was superior to the lien of the Leasehold Mortgage, that the Leasehold Mortgagee, purchaser or assignee shall be deemed to have recognized the sublessee under the sublease, pursuant to the terms of the sublease as though the sublease had never terminated but had continued in full force and effect after the termination of this Agreement, and to have assumed all the obligations of the sublessor under the sublease accruing from and after the termination of this Lease, except that the obligation of the new lessee, as sublessor, under any covenant of quiet enjoyment, expressed or implied, contained in any such sublease shall be limited to the acts of such new lessee and those claiming by, under or through such new lessee.

If more than one entity claims to be the lender that is entitled to a new lease pursuant to this Article, COUNTY shall enter into such new lease with the Leasehold Mortgagee whose Leasehold Mortgage is prior in time. COUNTY without liability to CITY or any Leasehold Mortgagee with an adverse claim, may rely upon a lender title insurance policy issued by a responsible title insurance company doing business in the state where the Premises is located as the basis for determining the appropriate Leasehold Mortgagee who is entitled to such new lease and the Leasehold Mortgagee which executes

the new lease shall indemnify and hold COUNTY harmless against any claims by CITY or any other Leasehold Mortgagee with respect to such determination.

L. No Merger. No merger of CITY's interest in the Premises into COUNTY's interest in the Premises shall result or be deemed to result by reason of ownership of CITY's interest and COUNTY's interest by the same party or by reason of any other circumstances, without the prior written consent of any Leasehold Mortgagees.

ARTICLE 12 OTHER REQUIREMENTS

12.1 ENVIRONMENTAL FINES AND PENALTIES. Notwithstanding the foregoing, CITY shall assume responsibility for and payment of any fines or penalties levied on either the COUNTY or CITY by any applicable local, state or federal authority (hereinafter "Authority") for breaches by CITY of the Authority's environmental regulations. CITY, or City's contractors or assignees, agree to be solely liable for the payment of all fines and penalties resulting from CITY's breach of Authority's environmental regulations, except and in proportion to the extent caused by the negligence or willful misconduct of COUNTY.

In addition, CITY understands and acknowledges that, during the course of the activities allowed by the Agreement, the environmental regulations implemented or imposed by the Authority on the COUNTY and CITY may change and CITY specifically agrees to comply with any future applicable environmental regulations implemented or imposed by the Authority on the COUNTY or CITY to the extent required by law.

The provisions of this Paragraph shall survive the expiration or termination of this Agreement with respect to any breach of an Authority's environmental regulation(s) that occurs during the term of this Agreement.

12.2 COMPLIANCE WITH LAWS. In the prosecution of the work covered by this Agreement, CITY shall comply with all applicable federal, state and local laws, regulations and enactments affecting the work. In addition, CITY shall comply with all applicable local, state and federal occupational safety and health acts and regulations. If any failure by CITY to comply with any such laws, regulations, and enactments, shall result in any fine, penalty, cost or charge being assessed, imposed or charged against COUNTY, CITY, or City's contractors shall reimburse and indemnify COUNTY for any such fine, penalty, cost or charge, including without limitation attorney's fees, court costs and expenses (excepting environmental fines and penalties which shall be handled in accordance with Paragraph 12.1 above). CITY further agrees in the event of any such action, upon notice thereof being provided by COUNTY, to defend such action free of cost, charge or expense to COUNTY. The provisions of this Paragraph shall survive the expiration or termination of this Agreement.

- a. Stormwater Quality – Prior to commencement of construction of the Project, COUNTY Stormwater Quality staff shall certify the Stormwater Pollution Prevention Plan (SWPPP) which must meet all requirements of the Sacramento County Storm Water Ordinance (Sacramento County Code Section 15.12). The SWPPP must

include all of the components required by the Construction General Permit as well as temporary construction BMPs (Best Management Practices) at the Premises. The County of Sacramento Department of Water Resources (DWR) reserves the right to approve and/or revise the permanent stabilization proposed in the SWPPP. Prior to commencing construction, the certified SWPPP shall be submitted to the California Regional Water Quality Control Board (RWQCB) by the CITY.

City staff with possible third party assistance will monitor construction of the Project for continued compliance with the Sacramento County Storm Water Ordinance. Should CITY, CITY's contractors, agents or assignees receive notice from the COUNTY and/or the RWQCB that a violation has occurred or is imminent, all work other than corrective action related thereto shall be immediately suspended until the corrective action is deemed satisfactory by the COUNTY and/or the RWQCB. Time is of the essence. Failure to comply may result in an immediate suspension of this Agreement until the Project is deemed by the COUNTY and/or the RWQCB to be in compliance. For purposes of this paragraph, the Parties intend that the word "CITY" shall include Rancho Cordova's contractors, agents, or assignees, to the extent that such responsibilities can be and are assigned.

The County Department of Water Resources Stormwater Quality Program Manager, (827 7th Street, Room 301, Sacramento, CA 95814; Phone (916) 874-7156) will be contacted concerning any questions related to this Paragraph.

- 12.3 ENDANGERED SPECIES.** CITY shall at all times and in all respects comply with all environmental laws and any amendments thereto affecting CITY's use of and operation on the Premises, including all federal, state and local laws, ordinances and regulations relating to endangered, threatened and other sensitive species. Without limiting the generality of the foregoing, reference is made to the provisions set forth in the California Endangered Species Act (California Fish and Game Code Section 2050, et seq.); the Federal Endangered Species Act (16 U.S.C. Sections 1531 – 1543); and the Federal Migratory Bird Treaty Act (16 U.S.C. Sections 703-712).

CITY shall, at all times, engage in appropriate avoidance and minimization measures to prevent the unlawful take, possession or destruction of any protected species. This includes birds-of-prey, and the take, possession or destruction of the eggs and nests of any such bird. Furthermore, elderberry shrubs or trees are known to exist in the Premises general vicinity. Elderberry shrubs are host plants for the Valley Elderberry Longhorn Beetle (VELB), listed as Threatened under the federal Endangered Species Act. Therefore, no elderberry shrub or tree shall be disturbed without an appropriate permit from the United States Fish and Wildlife Service. COUNTY shall notify CITY of all known areas where elderberry shrubs may be located on the Premises as of the Commencement Date.

- 12.4 CULTURAL RESOURCES.** Should any cultural resources, such as structural features, unusual amounts of bone or shell, artifacts, human remains, or architectural remains be encountered during any of CITY's activities, then work shall be immediately suspended and the Department of Environmental Review and Assessment (hereinafter "DERA") shall be

immediately notified at (916) 874-7914. At that time, DERA will coordinate any necessary investigation with the appropriate specialists as needed. CITY shall be required to implement any mitigation deemed necessary for the protection of the cultural resources. In addition, pursuant to Section 5097.97 of the State Public Resources Code and Section 7050.5 of the State Health and Safety Code, in the event of the discovery of human remains, all work is to stop and the County Coroner shall be immediately notified. If the remains are determined to be Native American, guidelines of the Native American Heritage Commission shall be adhered to in the treatment and disposition of the remains.

ARTICLE 13 GENERAL

13.1 WRITTEN COMMUNICATIONS AND NOTICE

Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party pursuant to this Agreement shall be in writing and either served personally or sent by prepaid, first class, certified mail. Such matters shall be addressed to the other party at the following address:

To LESSOR at:

County of Sacramento
Economic Development Division
Administrator
Attn: Director
700 H Street, Suite 6750
Sacramento, CA 95814
Phone: (916) 874-5220

To CITY at:

City of Rancho Cordova
Attn: Housing Services

2729 Prospect Park Drive
Rancho Cordova, CA 95670
Phone: (916) 851-8784
Fax: (916) 851-8784

With a copy to:

County of Sacramento
Real Estate Division
Asset Management Section
3711 Branch Center Road
Sacramento, CA 95827
Phone: (916) 876-6200

or such other address as a party may designate to the other by notice. Such notice shall be deemed effective five (5) days after transmittal as herein provided.

13.2 TAXES, POSSESSORY INTEREST, AND SPECIAL TAXATION.

- A. CITY, shall pay any and all taxes, assessments, and other charges of whatsoever character that may be levied or charged upon CITY's interest, as herein may be created; improvements; operations; or right to use of the Premises. CITY shall not be responsible to pay any part of any tax assessment or increase in assessment, or other charges of whatsoever character that

are levied as a result of COUNTY's improvements, operations, or interest in the property described as APN 067-0010-041.

- B. Under this lease a possessory interest subject to property taxation and special taxation may be created. Pursuant to California Revenue and Taxation Code Section 107.6, and Chapter 2.5 (commencing with Section 53311), Part 1, Division 2, Title 5, of the Government Code, notice is hereby given that such property interest may be subject to property taxation and special taxation if created, and that the party in whom the possessory interest is vested may be subject to the payment of property or special taxes levied on such interest.

C. **CITY's Right to Contest Taxes:**

- (1) CITY shall have the right to contest in its own name, or, to the extent reasonably necessary, in COUNTY's name, in good faith and by all appropriate proceedings, the amount, applicability, or validity of any tax assessment pertaining to the Premises and CITY's operations thereon.
- (2) In the event CITY initiates such contest, COUNTY shall reasonably cooperate with CITY, provided that such contest will not subject any part of the Premises to forfeiture or loss; and provided, further, that if CITY contests any assessment made by the Assessor of COUNTY, such contest shall not be initiated in the name of COUNTY, and COUNTY shall not be obligated to cooperate therewith.
- (3) If at any time payment of any tax or assessment becomes necessary to prevent any forfeiture or loss, CITY shall timely pay such tax or assessment to prevent such forfeiture or loss.

13.3 AS-IS LEASE. CITY acknowledges that, except as expressly contained in this Agreement neither COUNTY nor anyone acting for or on behalf of the COUNTY has made any representation, warranty or promise to CITY concerning the physical aspects or condition of the Premises; the feasibility or desirability of the Premises for any particular use; the presence of any other physical aspect of the Premises; and that in entering into the Agreement, CITY has not relied on any representation, statement or warranty of COUNTY or anyone acting for or on behalf of COUNTY, other than as may be expressly contained in this Agreement, and that all matters concerning the Premises shall be independently verified by CITY and that CITY shall lease the Premises on CITY's own examination thereof; and that if CITY elects to lease the Premises, CITY is leasing the Premises in its "as is" condition and its "as is" state of repair as of the Commencement Date.

13.4 RISK OF HAZARDS. CITY shall not do anything on the Premises, nor bring or keep anything thereon which will in any way increase the risk of fire or the rate of insurance, or which shall conflict with the regulations of any fire district having jurisdiction other than activities and materials, etc., which are ordinarily conducted or kept to construct, operate and maintain, multifamily residential apartment complexes and related facilities.

13.5 NOTICE OF CLAIMS AND SUIT. COUNTY and CITY shall each give the other prompt and timely written notice of any personal injury or other accident claim for in excess of TEN

THOUSAND AND NO/100ths DOLLARS (\$10,000.00), and of any lawsuit coming to its knowledge when either such claim or lawsuit arises out of or is in any way connected with the Leased Premises or the operations of CITY hereunder, other than an action for eviction or collection by or against a residential tenant, which in any way, directly, indirectly, contingently or otherwise, might reasonably affect the parties' relationship under this Agreement. Such notice shall be deemed prompt and timely if given within thirty (30) calendar days following the date of receipt of such claim by an officer, agent, or employee of either party, and if given within ten (10) calendar days following the date of service of process upon either party with respect to any such lawsuit.

13.6 NO LIENS. Subject to CITY's right to contest the same, CITY shall maintain the Leased Premises free and clear from any and all liens, claims, and demands for work performed, materials furnished, or operations conducted on or at the Leased Premises, except as otherwise expressly provided in this Agreement.

13.7 NUISANCE PROHIBITED. CITY shall at all times conduct its use of the Premises in such a manner that it shall not constitute a public or private nuisance.

13.8 COUNTY RESERVED RIGHTS.

A. Entry.

- (1) COUNTY reserves the right, without liability to CITY, to enter the Premises for purposes of inspection, surveying and any use not substantially interfering with CITY's use; provided that COUNTY first provides CITY with twenty-four (24) hour notice of COUNTY's intent to enter the Premises, emergencies excepted.
- (2) COUNTY, its officers, agents, and employees shall have the right, without limitation, throughout the term of this Agreement to enter upon the Premises for any lawful purpose, including the purpose of determining whether CITY is complying with its obligations hereunder. Such entry by COUNTY shall not be deemed to excuse CITY's performance of any promise, term, condition, or covenant required of it by this Agreement, and shall not be deemed to constitute waiver thereof by COUNTY.

B. COUNTY's Right to Sell. COUNTY shall have the right to sell its fee estate in the Property and assign its interest in this Agreement without limitation, provided, however, that any such sale and any such transferee, successor-in-interest or assignee shall be subject to this Agreement. Upon any such conveyance, COUNTY shall automatically be relieved of any obligations under this Agreement other than those obligations which accrued prior to the date of such conveyance. COUNTY shall also have the right to mortgage, hypothecate or otherwise pledge its interest in the Property, provided that CITY shall under no circumstances be required or permitted to enter into a subordination of its leasehold interest to any holder of any such mortgage or deed of trust.

- 13.9 REMOVAL OF PERSONAL PROPERTY UPON TERMINATION OR EXPIRATION.** Upon COUNTY's request, CITY shall, within ninety (90) days of termination or expiration of this Agreement, remove the CITY personal property from the Premises, and shall restore the Premises to its original condition, reasonable wear and tear excepted. Such removal and repair shall be performed by CITY at its sole cost and expense. In the event that the Premises or any portion thereof are damaged by CITY, such damage shall be repaired immediately by CITY at its sole cost and expense. CITY shall be afforded reasonable access to the Premises to complete these tasks.
- 13.10 OWNERSHIP OF LEASEHOLD IMPROVEMENTS.** All improvements or alterations to the Premises made by CITY shall, upon expiration or sooner termination of this Agreement, vest in COUNTY without payment of any further consideration to CITY.
- 13.11 ABANDONED PROPERTY.** Any CITY personal property not removed within ninety (90) days of termination or expiration of this Agreement shall be deemed abandoned property and shall thereupon become the property of COUNTY to be used or disposed of by COUNTY without compensation to CITY. If COUNTY disposes of property abandoned by CITY within one hundred twenty (120) days after being abandoned by CITY, CITY shall compensate COUNTY for the actual costs incurred in disposing of any such abandoned property to the extent disposal costs exceed the amount realized through their disposal, provided such compensation shall not exceed \$300,000.
- 13.12 COUNTY'S RIGHT TO LEASE.** COUNTY warrants COUNTY is well seized of and has good right to lease the Premises, will defend the title thereto, and will indemnify CITY against any damage and expense which CITY may suffer by reason of any lien, encumbrance, restriction or defect in the title to or description herein of the Premises.
- 13.13 EXECUTION OF AGREEMENT.** Submission of this document by COUNTY for review, examination or execution by CITY does not constitute a reservation of an option to lease the Premises or any other property within the County of Sacramento, and this document shall not be effective as a lease agreement, or otherwise, unless and until approved by the Board of Supervisors of the COUNTY or executed by the officer authorized by said Board.
- 13.14 AUTHORITY OF SIGNATORS.** Each party to this Agreement warrants to the other that it is duly organized and existing and each signatory hereto represents to the other party that it has full right and authority to enter into and consummate this Agreement and all related documents.
- 13.15 SUCCESSORS IN INTEREST.** This Agreement shall be binding upon and inure to the benefit of the successors-in-interest of the parties hereto.
- 13.16 ASSIGNMENT AND SUBLETTING.** CITY may sublet, assign or otherwise grant its obligations and liabilities arising under this Lease. CITY shall have the right to sublet its lease, or any of its rights under this Agreement, in whole or in part, and have the right to assign this lease, in whole or in part, to the Veteran's Administration, Mather Veteran's Hospital or to Mercy Housing or any affiliate thereof, and COUNTY hereby consents to such

assignment, without the necessity of any further action on COUNTY's part. Assignment by CITY to any other entity will require the prior written consent of the COUNTY. Subletting specifically includes, without limitation, the subleasing, licensing, or granting of other rights to use all or any portion of the Premises. Notwithstanding the foregoing, COUNTY's consent shall not be required in connection with an assignment to [Mercy Entity], or an affiliate thereof, or an assignment of, or a change in, any limited partner interests in CITY or the removal and replacement of the general partner of CITY by the limited partner in accordance with the terms of CITY's partnership agreement. If City assigns its interest to Mercy Housing, or an affiliate thereof, COUNTY, upon providing CITY any notice required under this Agreement, shall at the same time provide a copy of such notice to Mercy Housing, or its affiliate.

- 13.17 NATURE OF TENANCY.** CITY is not eligible for relocation payment or assistance as a consequence of this tenancy. No relocation payment or assistance will be made to CITY by COUNTY upon termination of tenancy.
- 13.18 TITLE TO THE PREMISES.** Fee title to the Premises is and shall remain vested in COUNTY. Nothing contained in this Agreement and no action or inaction by COUNTY shall be deemed or construed that COUNTY has granted to CITY any right, power or permission to do any act or to make any agreement which may create, give rise to, or be the foundation for, any right, title, interest, lien, charge or other encumbrance upon the estate of COUNTY in the Premises.
- 13.19 ESTOPPEL.** Upon COUNTY's written request, CITY shall deliver to COUNTY a written statement containing the following information, current as of the date of the statement: (A) The status of the Agreement. (B) An explanation of any default claims CITY may have against COUNTY. (C) The term of the Agreement. (D) The monthly Rent and Additional Fee payable. CITY shall deliver such statement to COUNTY or to any prospective purchaser upon COUNTY's request. Any such statement by CITY may be given to any prospective purchaser or encumbrancer of the Property. Upon CITY's written request, COUNTY agrees to deliver within fifteen (15) days, a statement in recordable form addressed to any proposed transferee, mortgagee, or investor limited partner, certifying that this Agreement is unmodified and is in full force and effect (if such be the case), certifying the commencement and termination dates of the lease term, certifying that there are no claims against CITY under this Agreement (or stating those claimed by COUNTY) and containing such other information as may reasonably be requested by the party to whom such certificate is addressed. In the event COUNTY fails to deliver such certificate to CITY within the 15-day period provided above, it shall be deemed that this Agreement is in full force and effect and that COUNTY has no claims against CITY under this Agreement.
- 13.20 INDEPENDENT CONTRACTOR.** CITY is not an employee or agent of COUNTY by reason of this lease, or otherwise. CITY is an independent contractor, and as between COUNTY and CITY, CITY shall be solely responsible for its acts and omissions arising from or relating to its operations or activities.

- 13.21 PARTIAL INVALIDITY.** If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, or is found to be prohibited by law, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable or prohibited, shall not be affected thereby, and each such term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.
- 13.22 SUPERSEDES.** This Agreement supersedes and cancels any and all oral negotiations or previously executed agreements between the parties hereto pertaining to the herein described Premises.
- 13.23 AMENDMENT AND WAIVERS.** This Agreement constitutes the entire understanding of the parties thereto and shall not be altered or amended except by a supplementary agreement in writing and signed by both parties. The failure of either COUNTY or CITY to exercise the rights granted hereunder shall not constitute a waiver of the same either at the time or upon a later recurrence.
- 13.24 RIGHT AND REMEDY.** No delay or omission in the exercise of any right or remedy of either party on any default of the other party shall impair such a right or remedy or be construed as a waiver of such default. Any waiver by either party of any default of the other party shall be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement.
- 13.25 ATTORNEY'S FEES AND COSTS.** Any party may bring a suit or proceeding to enforce or require performance of the terms of this Agreement, and each party in that suit or proceeding shall be responsible for its own attorney's fees and costs.
- 13.26 GOVERNING LAW.** This Agreement shall be governed by the laws of the State of California.
- 13.27 TIME OF ESSENCE.** Time is of the essence of this Agreement and the obligations of the parties to perform hereunder.
- 13.28 CONSTRUCTION OF AGREEMENT.** Headings at the beginning of each paragraph and subparagraph are solely for the convenience of the parties and are not a part of the Agreement. Whenever required by the context of this Agreement, the singular shall include the plural and the masculine shall include the feminine and vice versa. It is agreed and acknowledged by the parties hereto that the provisions of this Agreement have been arrived at through negotiation, and that each of the parties has had a full and fair opportunity to revise the provisions of this Agreement and to have such provisions reviewed by legal counsel. Therefore, the normal rule of construction that any ambiguities are to be resolved against the drafting party shall not apply in construing or interpreting this Agreement. All exhibits are referred to in this Agreement are attached and incorporated by this reference.

13.29 COUNTERPARTS. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, by all of which, together, shall constitute one and the same instrument.

13.30 QUIET POSSESSION. COUNTY agrees that CITY, so long as CITY is not in default under this Agreement and is paying the rent and performing the covenants and conditions of this Agreement, shall quietly have, hold and enjoy the Premises throughout the term hereof without interruption or disturbance from COUNTY or any other persons claiming by, through or under COUNTY; and COUNTY warrants to CITY that as of the Commencement Date of said lease term, there were no existing tenancies on the Premises.

Remainder of page intentionally left blank.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day of the year first written above.

LESSOR:

**COUNTY OF SACRAMENTO, a
political subdivision of the State of
California**

Date: 6-28-13

By: Troy Givans
Troy Givans

Director of Office of Economic
Development and Marketing
Under delegated authority by
Resolution No. : 2013-0391
Dated: 6-18-13

CITY:

**CITY OF RANCHO CORDOVA, a
municipal corporation**

Date: 5-24-13

By: Ted Gachler
Ted Gachler, City Manager

Under delegated authority by
Resolution No. : SI-2013
Dated: 5-20-13

**REVIEWED AND APPROVED BY
COUNTY COUNSEL:**

By: William Burke
William Burke
Deputy County Counsel

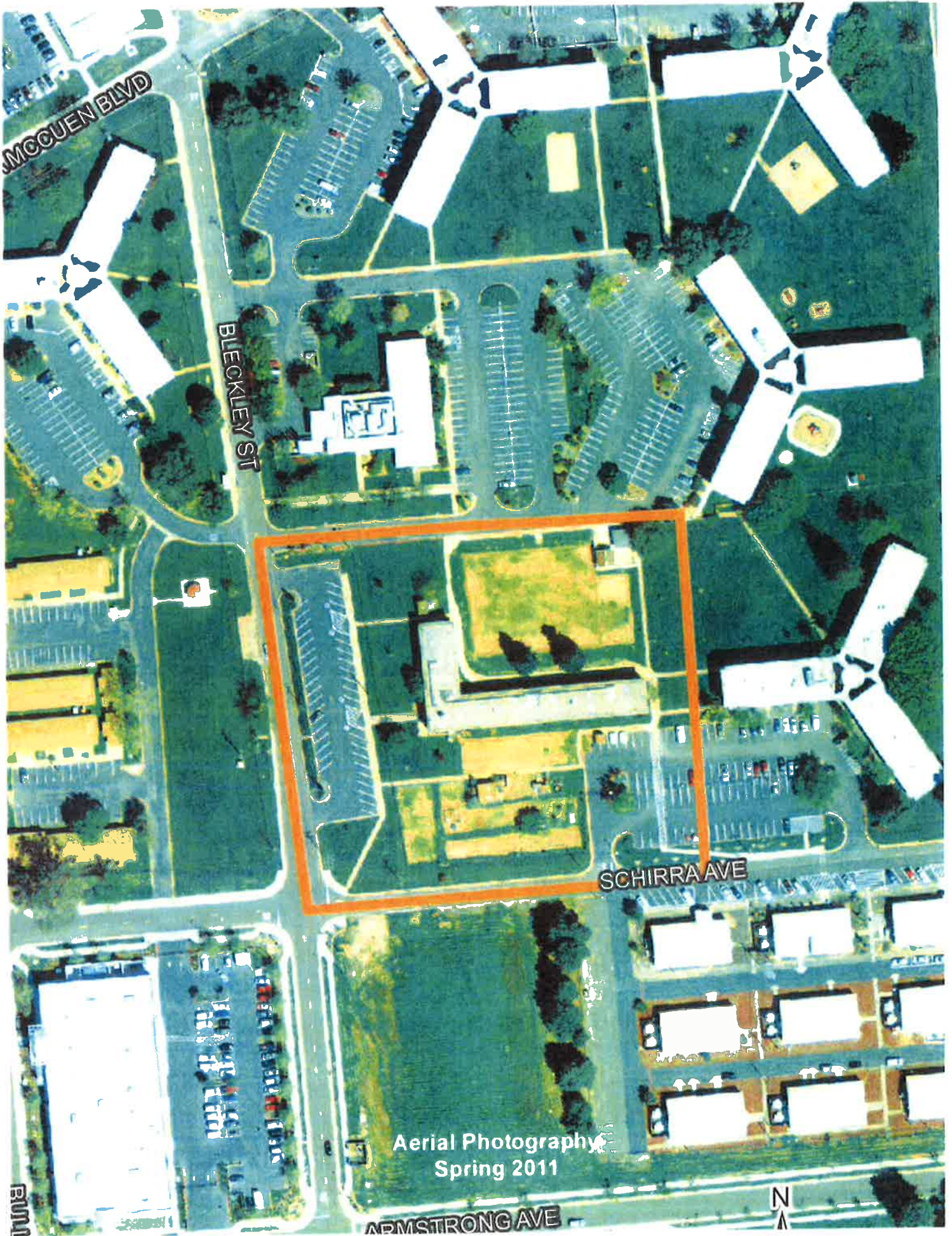
**REVIEWED AND APPROVED BY
CITY COUNSEL:**

By: Rolinda Paige Donoghue
City Counsel

Exhibit A

Property

County Owned Property
APN 067-0010-099
3611 Bleckley Street
Mather, CA 95655



Aerial Photography
Spring 2011

Exhibit B

Premises

EXHIBIT "B-1"**Premises****APN 067-0010-099****Legal Description**

Being a portion of that certain Parcel of Land containing 16.390 Acres bounded on the North by Femoyer Street (Now called Peter A. McCuen Boulevard), on the East by Femoyer Street, on the West by Bleckely Street, and on the South by Marauder Street (Now called Schirra Avenue), and located at Mather Air Force Base as shown on Record of Survey Recorded in Book 54 at Page 33 of Official Records, County of Sacramento, State of California.

Beginning at a point which bears North $38^{\circ}33'14''$ East 38.36 feet from the centerline intersection of Bleckely Street and Marauder Street (Now called Schirra Avenue) as shown on aforesaid Record of Survey. Said Point of Beginning being 28.00 feet easterly from the centerline of Bleckely Street and 28.00 feet northerly from the centerline of Marauder Street (Now called Schirra Avenue). Thence from said Point of Beginning the following four (4) courses:

- 1.) North $08^{\circ}19'46''$ West 375.52 feet parallel with and 28.00 feet from the centerline of Bleckely Street as shown on aforesaid Record of Survey;
- 2.) Leaving said parallel line North $85^{\circ}31'31''$ East 442.22 feet;
- 3.) South $04^{\circ}33'46''$ East 374.03 feet to a point being 28.00 northerly of the centerline of Marauder Street (Now called Schirra Avenue);
- 4.) South $85^{\circ}26'14''$ West 417.55 feet parallel with and 28.00 feet from the centerline of Marauder Street (Now called Schirra Avenue) to the Point of Beginning.

Containing 160,930.00 Square feet or 3.69 acres

The Basis of bearings for this description is identical to Record of Survey Book 54 Page 33 Official Records in the Recorders Office of the County of Sacramento, State of California

End of Description

Prepared By: Warren Land Surveying, Inc.
1117 Windfield Way, Ste. 110
El Dorado Hills, CA 95762

09/06/12



Exhibit "B-2"
Premises
APN 067-0010-099
Plat Map

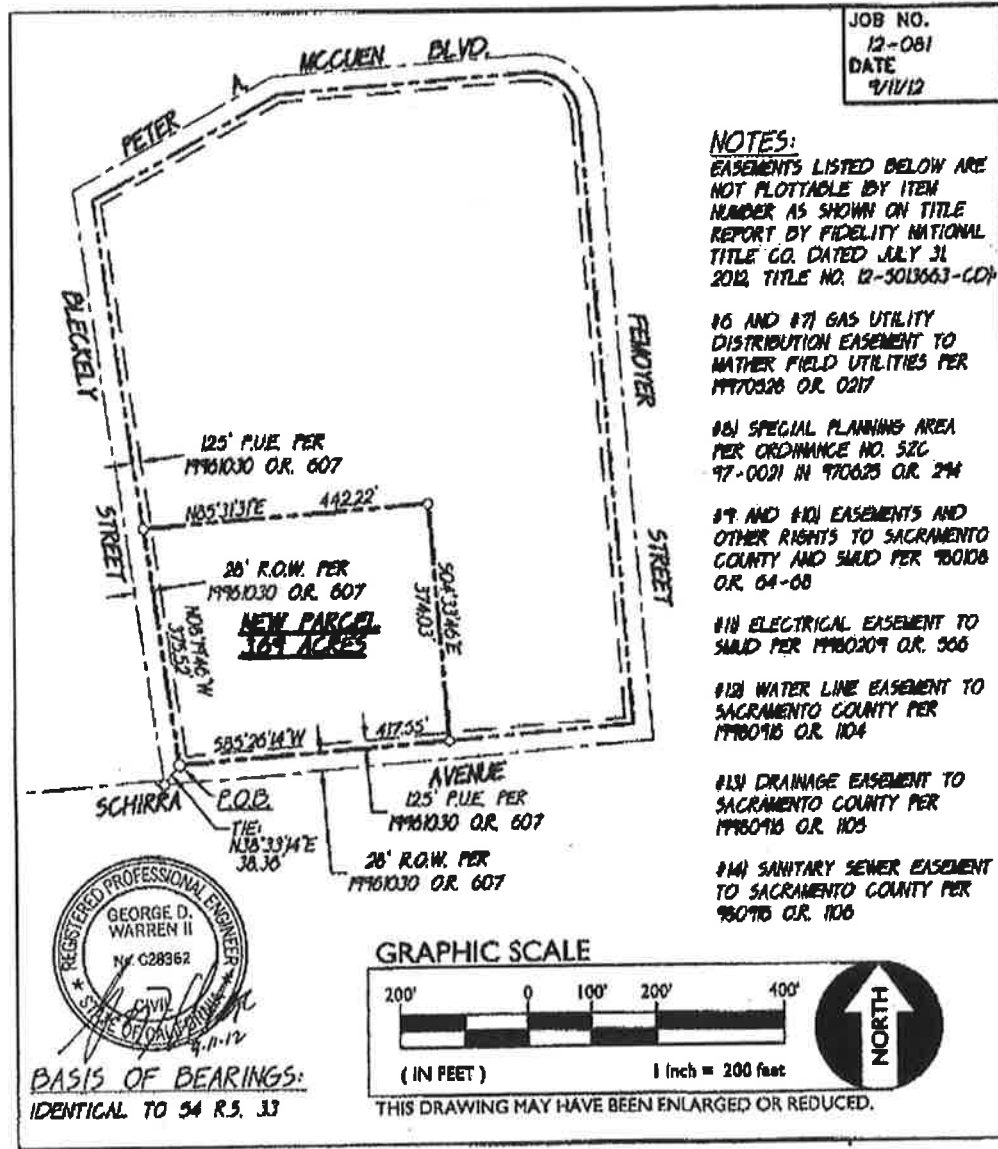
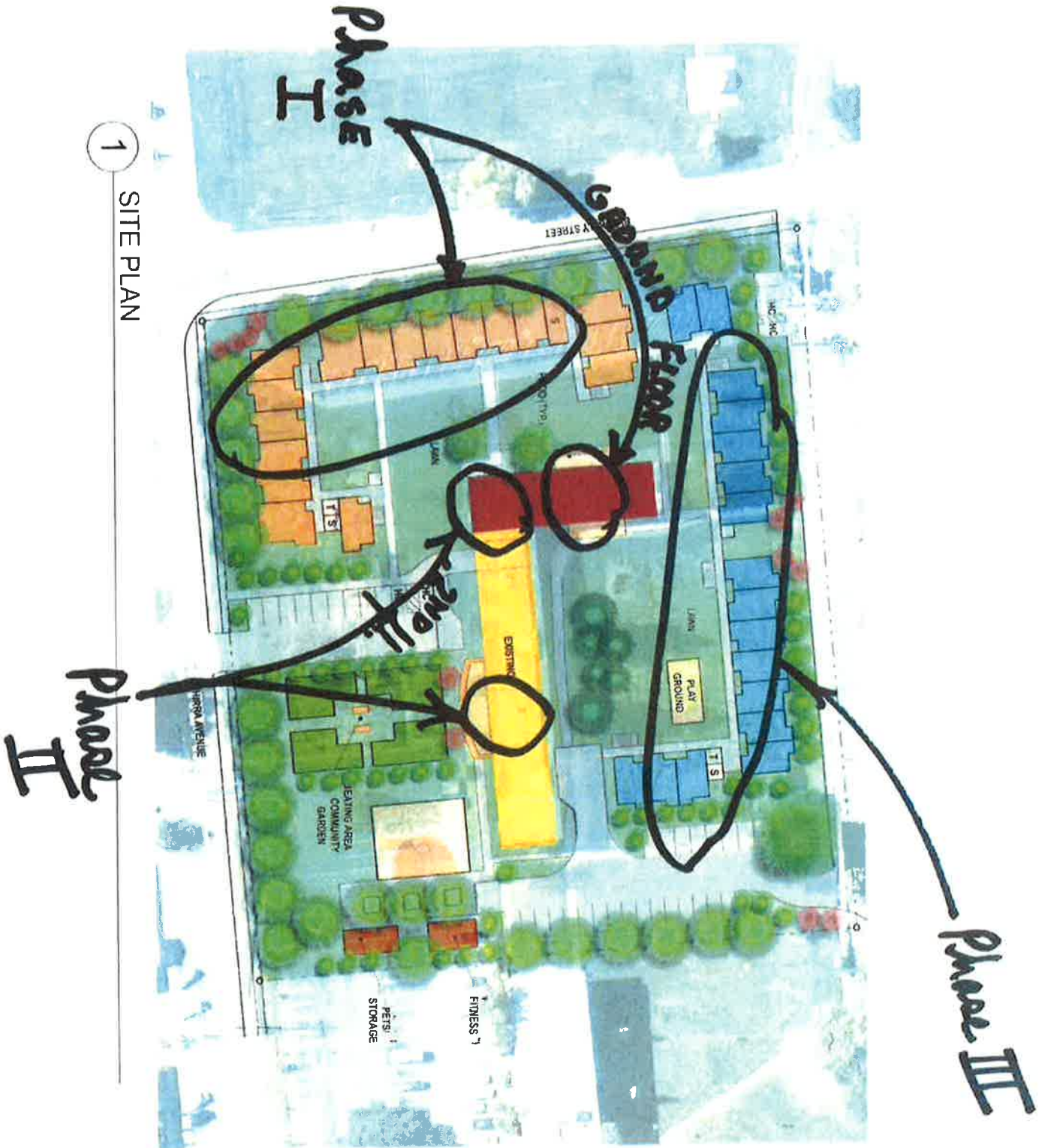


EXHIBIT “C”

Phasing Plan



MATHER FIELD VETERANS VILLAGE
SACRAMENTO, CALIFORNIA

EXHIBIT "D"

(To be attached once zoning/construction drawings are received)

Site Plan

1. This Exhibit may be augmented with a land survey of the Premises once it is received by CITY.
2. Setback of the Premises from the Property's boundaries shall be the distance required by the applicable governmental authorities.
3. Width of access road shall be the width required by the applicable governmental authorities, including police and fire departments.

EXHIBIT "E"**Air Force Conveyance Documents**

EXHIBIT "E"


 Sacramento County Recorder
 Craig A. Kramer, Clerk/Recorder
 BOOK **20130503** PAGE **1295**
 Friday, MAY 03, 2013 1:10:56 PM
 Ttl Pd \$0.00 Rept # 0007770571
 MML/18/1-20

WHEN RECORDED RETURN TO:

REAL ESTATE DIVISION
 COUNTY OF SACRAMENTO
 3711 Branch Center Road
 Sacramento, CA 95827
 MAIL CODE: 63-002

NO FEE DOCUMENT PER GOVERNMENT CODE 27383
 NO DOCUMENT TRANSFER TAX PER R&T CODE 11922

Mail Tax Bills To:

County of Sacramento
 Department of Economic Development
 700 H Street
 Sacramento, CA 95814

Okay to Accept By
 Signature/Date:

Print Name & Date

John Dito

APN: 067-0010-089, 067-0010-091, 067-0010-092
 and 067-0010-099

Project Name & Dept:

Parcel C-12

(Econ Dev)

THIS SPACE FOR RECORDER'S USE ONLY

TITLE(S)

Quitclaim Deed

LOG NO. **030226**

Recording Requested by,
and when recorded mail to:

Real Estate Division
County of Sacramento
3711 Branch Center Rd
Sacramento CA 95827-3807

Entitled to Free Recording Under
Government Code §6103 and §27383

Exempt from Documentary Transfer Tax
Rev. & Tax Code §11922

QUITCLAIM DEED,

CERCLA 120(h) NOTICES, COVENANTS, and

ENVIRONMENTAL RESTRICTIONS

Parcel C-12

(Former Mather Air Force Base ("AFB"), California)

I. PARTIES

THIS DEED is made and entered into this 30th day of April, 2013, by and between THE UNITED STATES OF AMERICA (the "United States"), acting by and through the Secretary of the Air Force, under and pursuant to the powers and authority contained in the Defense Authorization Amendments and Base Closure and Realignment Act of 1988, as amended (10 U.S.C. § 2687 note), and delegations and regulations promulgated thereunder (the "Grantor"), and the COUNTY OF SACRAMENTO, a political subdivision of the State of California (the "Grantee"). Unless the context otherwise specifically provides, when used in this Deed, "Grantor" includes the assigns of the Grantor and "Air Force" includes any successor entity to the Department of the Air Force or any successor to the Secretary of the Air Force, and "Grantee" includes the successors and assigns of the Grantee.

II. CONSIDERATION AND CONVEYANCE

WITNESSETH, THAT FOR TEN DOLLARS (\$10.00), and other good and valuable consideration, the receipt of which is hereby acknowledged, the Grantor does hereby release and

forever quitclaim to the Grantee all that real property known as Parcel C-12 consisting of approximately 20.179 acres of land situated in the County of Sacramento, State of California as legally described in **Exhibit A** and graphically depicted in **Exhibit B** to this Deed.

III. APPURTENANCES

TOGETHER WITH all the buildings and improvements erected thereon and improvements hereunto belonging, or in any wise appertaining which, together with the real property above described, is called the "Property" in this Deed.

IV. EXCEPTIONS

AND EXCEPTING THEREFROM any and all equipment and other facilities associated with environmental remediation (collectively "Remedial Systems"), whether above, on, or under the ground of the Property. The Remedial Systems include two (2) groundwater monitoring wells, known as MAFB-154 and MAFB-280. Ownership of the Remedial Systems is expressly retained by the Grantor for the MAFB-154 and MAFB-280. Ownership of the Remedial Systems for the groundwater remediation associated with the Inactive Rancho Cordova Test Site ("IRCTS"), consisting of extraction well EX-9 with associated equipment and utility infrastructure, is retained by Boeing/Aerojet. A depiction of the excepted Remedial Systems is provided in **Exhibit C** (groundwater remedial systems components). Additionally, the coordinates for wells associated with the groundwater remediation located on the Property are provided in **Exhibit D**.

V. RESERVATIONS

A. The Grantor hereby reserves a mineral royalty as described in this subparagraph affecting the Property. The parties have agreed that this Deed shall relinquish and release unto the Grantee all the mineral interests owned by the Grantor in the Property and the parties have agreed that the Grantor has reserved to itself an overriding royalty of TEN PERCENT (10%) of the gross fair market value of the minerals, if any minerals are extracted from the Property at some future time, either by the Grantee or its successors, transferees, or assigns, pursuant to a license, lease or any other enabling agreement (e.g., purchase/sale of right to extract the minerals). The "gross fair market value" of such minerals for the purpose of computing such overriding royalty shall be the free on board (origin) retail value of the mineral products after final processing, equivalent to public sale or retail value at the origin. Provided, however, that the Grantee shall be under no obligation to extract such minerals or to issue such a lease or agreement.

B. The Property is conveyed subject to the public rights-of-way and public utility easements as described in the Grant of Easement from the United States to the County of Sacramento, recorded in Book 961030, Page 0607 of the Official records of the County of Sacramento.

VI. CONDITION

A. The Grantee agrees to accept conveyance of the Property subject to all legally enforceable covenants, conditions, restrictions, easements, rights-of-way, reservations, rights, privileges, benefits, agreements, and encumbrances, whether or not of record.

B. The Grantee acknowledges that it has inspected, is aware of, and accepts the condition and state of repair of the Property, and that the Property is conveyed, "as is," "where is," without any representation, promise, agreement, or warranty, whether express or implied, on the part of the Grantor, or otherwise provided for by law or in equity, regarding such condition and state of repair, or regarding the making of any alterations, improvements, repairs, or additions. The Grantee further acknowledges that the Grantor shall not be liable for any latent or patent defects in the Property, except to the extent required by applicable law.

VII. NOTICES, DESCRIPTION, COVENANTS, AND ACCESS RIGHTS RELATED TO SECTION 120(h)(3) OF THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION, AND LIABILITY ACT ("CERCLA") (42 U.S.C. § 9620(h)(3))

A. **Property Covered by Notices, Description, Covenants, and Access Rights, Made Pursuant to Section 120(h)(3)(A) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. § 9620(h)(3)(A)):**

For the entirety of the Property, the Grantor provides the following notices, description, covenants, and retains the following access rights:

B. **Notices Pursuant to Section 120(h)(3)(A)(i)(I) and (II) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. § 9620(h)(3)(A)(i)(I) and (II)):**

Pursuant to section 120(h)(3)(A)(i)(I) and (II) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. § 9620(h)(3)(A)(i)(I) and (II)), available information regarding the type, quantity, and location of hazardous substances and the time at which such substances were stored, released, or disposed of, as defined in section 120(h), is provided in Exhibit E (stored) and Exhibit F (released on nearby parcels), attached hereto and made a part hereof. There were no known releases of hazardous substances on the Property, but notice is hereby provided that unknown quantities of hazardous substances were released or disposed of on nearby parcels thereby contaminating the groundwater under portions of the former Mather AFB including portions of this Property.

C. **Description of Remedial Action Taken, if Any, Pursuant to Section 120(h)(3)(A)(i)(III) of Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. § 9620(h)(3)(A)(i)(III)):**

Pursuant to Section 120(h)(3)(A)(i)(III) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. § 9620(h)(3)(A)(i)(III)), remedial action

consisting of groundwater extraction and treatment for portions of the base including the groundwater under this Property has been taken.

D. Covenants Pursuant to Section 120(h)(3)(A)(ii) and (B) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. § 9620(h)(3)(A)(ii) and (B)):

Pursuant to Section 120(h)(3)(A)(ii) and (B) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. § 9620(h)(3)(A)(ii) and (B)), the United States warrants that:

1. all remedial action necessary to protect human health and the environment with respect to any hazardous substance identified pursuant to Section 120(h)(3)(A)(i)(I) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 remaining on the Property has been taken before the date of this Deed, and

2. any additional remedial action found to be necessary after the date of this Deed shall be conducted by the United States.

E. Access Rights Pursuant to Section 120(h)(3)(A)(iii) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. § 9620(h)(3)(A)(iii)):

1. The United States retains and reserves a perpetual and assignable easement and right of access on, over, and through the Property, to enter upon the Property in any case in which a remedial action or corrective action is found to be necessary on the part of the United States, without regard to whether such remedial action or corrective action is on the Property or on adjoining or nearby lands. Such easement and right of access includes, without limitation, the right to perform any environmental investigation, survey, monitoring, sampling, testing, drilling, boring, coring, testpitting, installing monitoring or pumping wells or other treatment facilities, response action, corrective action, or any other action necessary for the United States to meet its responsibilities under applicable laws and as provided for in this instrument. Such easement and right of access shall be binding on the Grantee and its successors and assigns and shall run with the land.

2. In exercising such easement and right of access, the United States shall provide the Grantee or its successors or assigns, as the case may be, with reasonable notice of its intent to enter upon the Property and exercise its rights under this clause, which notice may be severely curtailed or even eliminated in emergency situations. The United States shall use reasonable means to avoid and to minimize interference with the Grantee's work and the Grantee's successors' and assigns' quiet enjoyment of the Property. At the completion of work, the work site shall be reasonably restored. Such easement and right of access includes the right to obtain and use utility services, including water, gas, electricity, sewer, and communications services available on the Property at a reasonable charge to the United States. Excluding the reasonable charges for such utility services, no fee, charge, or compensation will be due the Grantee, nor its

successors and assigns, for the exercise of the easement and right of access hereby retained and reserved by the United States.

3. In exercising such easement and right of access, neither the Grantee nor its successors and assigns, as the case may be, shall have any claim at law or equity against the United States or any officer or employee of the United States based on actions taken by the United States or its officers, employees, agents, contractors of any tier, or servants pursuant to and in accordance with this clause: provided, however, that nothing in this paragraph shall be considered as a waiver by the Grantee and its successors and assigns of any remedy available to them under the Federal Tort Claims Act.

NOTICE

BREACH OF ANY ENVIRONMENTAL RESTRICTIVE COVENANT IN PARAGRAPH VIII. BELOW MAY AFFECT THE FOREGOING WARRANTY

VIII. ENVIRONMENTAL RESTRICTIVE COVENANTS AND NOTICES

A. For purposes of this subparagraph, the term "Property" includes all portions of the parcel legally described in **Exhibit A** and graphically depicted in **Exhibit B**, for which the following environmental restrictive covenants apply.

1. Grantee covenants and agrees for itself and its successors and assigns that it will not conduct, or allow others to conduct, any surface activities that introduce or allow infiltration of water/other fluids into the groundwater (e.g., construction/ creation of any groundwater recharge areas, percolation ponds, unlined surface impoundments/trenches, or irrigation for agricultural purposes), without the written approval of the Air Force, United States Environmental Protection Agency ("U.S. EPA"), and the State. Normal watering to support landscaping is excluded from this restriction.

2. Grantee covenants and agrees for itself and its successors and assigns that it will not install wells or extract groundwater, or allow others to install wells or extract groundwater, for any purpose other than remediation or monitoring.

3. Grantee covenants and agrees for itself and its successors and assigns that it will not damage/disturb/tamper with, or allow others to damage/disturb/tamper with, any component of the Remedial System depicted in **Exhibit C**, including, but not limited to, the groundwater monitoring wells on the Property.

4. Grantee covenants and agrees for itself and its successors and assigns that it will not engage in, or allow others to engage in, activities that interfere with the effectiveness of the groundwater monitoring wells used in connection with remediation.

5. Grantee covenants and agrees for itself and its successors and assigns that it will not engage in, or allow others to engage in, activities that would limit access for the Air Force,

U.S. EPA, the State, and their respective officials, agents, employees, contractors, and subcontractors to the groundwater monitoring wells used in connection with remediation.

B. Effect of Covenants. It is the intent of the Grantor and the Grantee that the environmental restrictive covenants in this paragraph bind the Grantee and shall run with the land. It is also the intent of the Grantor and the Grantee that the Grantor will retain the right to enforce any restrictive covenants in this paragraph through the chain of title, in addition to any state law that requires or allows the State to enforce any restrictive covenants in this paragraph. The Grantee covenants and agrees to insert all of this paragraph in any deed to all or any part of the Property that it delivers.

C. Modification or Release of Covenants. The Grantee may request from the United States a modification or release of one or more of the Grantee covenants and agreements in this paragraph, subject to the notification and concurrence or approval of the State of California, the Air Force and U.S. EPA. In the event the request of the Grantee for modification or release is approved by the Air Force, the U.S. EPA, and the State of California, the United States will execute an appropriate document modifying or releasing the covenant (a "Covenant Release"). The Grantee understands and agrees that all costs associated with the Covenant Release shall be the sole responsibility of the Grantee, without any cost whatsoever to the United States.

D. Limitation on Warranty. The warranty set forth in subparagraph VII.D above is limited to response actions found to be necessary to protect human health and the environment from hazardous substances, pollutants or contaminants existing at the Property on the date this Deed is accepted. The obligation of the United States under such warranty does not extend to response actions required as a result of an act or omission of the Grantee, which act or omission (1) introduces new or additional contamination, (2) constitutes a breach of any environmental restrictive covenant set forth in this Deed, or (3) increases the cost of the required response action by its failure to provide timely notice of encountering contamination or by its improper management of any contamination or contaminated soil or water existing at the Property on the date this Deed is accepted from the United States.

E. State Access to Property. The right of access reserved to the United States in subparagraph VII.E above may be exercised by agencies of the United States, including, but not necessarily limited to the Air Force and the U.S. EPA. Further, notice is hereby given that the U.S. EPA, the Air Force, and the State of California have entered into an agreement commonly referred to as a Federal Facility Agreement ("FFA"); that, pursuant to the FFA, the Air Force has a continuing duty to provide access to the Property to the State of California; and that, the Air Force will extend to the State of California, as necessary, the right to use the access reserved in subparagraph VII.E above. This right of access is for purposes, either on the Property or on adjoining lands, consistent with the Installation Restoration Program ("IRP") of the Grantor or the FFA, if applicable.

IX. OTHER COVENANTS AND NOTICES

A. Asbestos Containing Material ("ACM"). The Grantee is warned that the Property may contain current and former improvements, such as buildings, facilities, equipment, and

pipelines, above and below the ground that may contain ACM. The Grantee covenants and agrees that in its use and occupancy of the Property, it will comply with all applicable federal, state, and local laws relating to asbestos. The Grantee is cautioned to use due care during property development activities that may uncover pipelines or other buried ACM. The Grantee covenants and agrees that it will notify the Grantor promptly of any potentially friable ACM that constitutes a release (or potential release) under CERCLA. The Grantor's responsibility under this Deed for friable ACM is limited to friable ACM in demolition debris associated with past Air Force activities and is limited to the actions, if any, to be taken in accordance with the covenants contained in paragraph VII of this Deed. The Grantee is warned that the Grantor will not be responsible for removing or responding to ACM in or on utility pipelines. The Grantee acknowledges that the Grantor assumes no liability for property damages or damages for personal injury, illness, disability, or death to the Grantee, or to any other person, including members of the general public, arising from or incident to the purchase, transportation, removal, handling, use, disposition, or other activity causing or leading to contact of any kind whatsoever with asbestos on the Property, whether the Grantee has properly warned, or failed to properly warn, the persons injured.

B. General Lead-Based Paint and Lead-Based Paint-Containing Materials and Debris (collectively "LBP").

1. Lead-based paint was commonly used prior to 1978 and may be located on the Property. The Grantee is advised to exercise caution during any use of the Property that may result in exposure to LBP.

2. The Grantee covenants and agrees that in its use and occupancy of the Property, the Grantee is solely responsible for managing LBP, including LBP in soils, in accordance with all applicable federal, state, and local laws and regulations. The Grantee acknowledges that the Grantor assumes no liability for property damages or damages for personal injury, illness, disability, or death to the Grantee, or to any other person, including members of the general public, arising from or incident to the purchase, transportation, removal, handling, use, contact, disposition, or other activity involving LBP on the Property, whether the Grantee has properly warned, or failed to properly warn, the persons injured. The Grantee further agrees to notify the Grantor promptly of any discovery of LBP in soils that appears to be the result of Grantor activities and that is found at concentrations that may require remediation. The Grantor hereby reserves the right, in its sole discretion, to undertake an investigation and conduct any remedial action that it determines is necessary.

C. Protected Species and Habitats. The Grantee acknowledges that threatened or endangered (collectively "protected") species, as those terms are defined in the Federal Endangered Species Act of 1973 as amended (the "Act"), may be present on portions of the Property. The following protected species may be present on the Property: the threatened vernal pool fairy shrimp (*Brachinecta lynchi*), the endangered vernal pool tadpole shrimp (*Lepidurus packardii*), the endangered Sacramento Orcutt grass (*Orcuttia viscida*), and/or the threatened slender Orcutt grass (*Orcuttia tenuis*). Moreover, habitats supporting such protected species may be present on the Property. The United States Fish and Wildlife Service (the "USFWS") published a Biological Opinion (the "BO") on January 24, 2012, associated with the disposal and

reuse of the former Mather Air Force Base. The Grantee covenants and agrees to comply with the Act, including, without limitation, the obligations to consult with the USFWS as necessary in connection with the reuse and redevelopment of the Property and to strictly comply with the provisions in the BO.

D. Non-Discrimination. The Grantee covenants and agrees not to discriminate upon the basis of race, color, religion, national origin, sex, age, or handicap in the use, occupancy, sale, or lease of the Property, or in its employment practices conducted thereon. This covenant shall not apply, however, to the lease or rental of a room or rooms within a family dwelling unit, nor shall it apply with respect to religion if the Property is on premises used primarily for religious purposes. The United States shall be deemed a beneficiary of this covenant without regard to whether it remains the owner of any land or interest therein in the locality of the Property.

E. Consultation Zone Requirement. The Grantee is notified of groundwater contaminant plumes in the area and that the Property is subject to the Consultation Zone requirement established in Sacramento County Code, Title 6 (Health and Sanitation), Chapter 6.28 (Wells and Pumps), Section 6.28.000(G). Any application for a well permit within two thousand (2,000) feet of a known groundwater contaminant plume is subject to special review by appropriate regulatory agencies to evaluate potential impacts to public health and groundwater quality.

F. Hazards to Navigation. The Grantee covenants for itself, its successors and assigns, that any construction or alteration is prohibited unless a determination of no hazard to air navigation is issued by the Federal Aviation Administration ("FAA") in accordance with 14 C.F.R. Part 77, entitled "Objects Affecting Navigable Airspace," or under the authority of the Federal Aviation Act of 1958 ("FAA Act"), as amended.

X. MISCELLANEOUS

Except for any personal covenant, each covenant of this Deed, including any that benefits a third party, shall inure to the benefit of the Grantor and such third party; shall be binding upon the Grantee; shall be deemed to touch and concern the land; and shall run with the land.

XI. LIST OF EXHIBITS

The following exhibits are attached to and made a part of this Deed:

- Exhibit A – Legal Description of the Property
- Exhibit B – Map Depiction of the Property
- Exhibit C – Groundwater Remedial System Components
- Exhibit D – Coordinates of Groundwater Wells on the Property
- Exhibit E – Notice of Hazardous Substances Stored
- Exhibit F – Notice of Hazardous Substances Released

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, I have hereunto set my hand at the direction of the Secretary of the Air Force, this 30th day of April, 2013.

THE UNITED STATES OF AMERICA

By: Philip H. Mook, Jr.
 PHILIP H. MOOK, JR.
 Senior Representative
 BRAC Program Management Division
 Installations Center of Excellence
 Air Force Civil Engineer Center

ACKNOWLEDGMENT

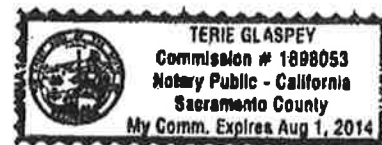
STATE OF CALIFORNIA :
 SS: :
 COUNTY OF SACRAMENTO :

On April 30, 2013 before me, Terie Glaspey, Notary Public,
 (date) (name of notary officer)
 personally appeared Philip H. Mook, Jr., 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.

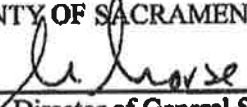
Terie Glaspey
 Signature of Notary



**CERTIFICATE OF
ACCEPTANCE**

This is to certify that the interest in real property conveyed by the within deed, the provisions of which are incorporated by this reference as though fully set forth in the Certification, to the County of Sacramento, a political subdivision of the State of California, is hereby accepted by the undersigned officer pursuant to authority conferred by Sacramento County Code 2.61.020 and the Grantee consents to recordation thereof by its duly authorized officer.

COUNTY OF SACRAMENTO



Director of General Services5/2/13_____
Date

RED No. _____

LOG No. QC 030226

Former Mather AFB, CA

Page 10 of 10

Quitclaim Deed
(Parcel C-12 - 20.179 acres)

EXHIBIT A LEGAL DESCRIPTION

All that real property, situate in the county of Sacramento, state of California, described as follows:

All of the 2.675 acre parcel land, the 5.005 acre parcel of land and a portion of the 16.390 acre parcel of land, as shown on the Record of Survey filed in the Office of the Recorder of the County of Sacramento, in book 54 of Surveys, at Page 33, together with the 5.977 acre parcel of land as shown on the Record of Survey filed in said Recorder's Office, in book 53 of Surveys, at Page 32, and including one-half of adjoining roads, more particularly described as follows:

Beginning at the centerline intersection of Peter M. McCuen Blvd. (formerly Lower Placerville Road) and Bleckley Street as shown on said Record of Survey filed in Book 53 of Surveys, Page 32; thence along the centerline of said Peter M. McCuen Blvd. (formerly Lower Placerville Road) South 59°11'15" West, 430.95 feet; thence leaving said centerline of Peter M. McCuen Blvd. (formerly Lower Placerville Road) road South 30°48'45" East, 36.00 feet to northwesterly corner of said 5.977 acre parcel of land; thence along the westerly line of said 5.977 acre parcel of land the following four (3) courses:

- 1) South 30°57'30" East 142.70 feet;
- 2) South 04°51'30" East 198.42 feet;
- 3) South 85°00'00" West 49.43 feet to a point on the easterly line of that certain parcel of land described in the Grant Deed recorded in Book 20080417 of Official Records, Page 614;

Thence along last said easterly line South 03°22'33" East 115.48 feet, to the most northerly northeast corner of that certain parcel of land described in the Grant Deed recorded in Book 20101101 of Official Records, Page 1400; thence along the easterly line of said parcel of land described in the Grant Deed recorded in Book 20101101 of Official Records, Page 1400 South 03°22'33" East, 263.62 feet to the center line of Schirra Avenue as shown on that certain Record of Survey file in Said Recorder's Office in Book 57 of Surveys, Page 20; thence along said centerline of Schirra Avenue North 85°26'14" East, 424.54 feet to the center line of Bleckley Street as shown on said Record of Survey filed in Book 54, Page 33; thence along said center line of Bleckley Street South 08°19'46" East, 7.13 feet to the center line of Schirra Street (formerly Marauder Street) as shown on said Record of Survey filed in Book 54, Page 33; thence along said center line of Schirra Street (formerly Marauder Street) North 85°26'14" East, 276.98 feet; thence leaving said centerline of Schirra Street (formerly Marauder Street) South 04°33'46" East, 36.00 feet to the northwesterly corner of said 2.675 acre parcel land; thence along the west and south lines of said 2.675 acre parcel of land the following two (2) courses:

- 1) South 04°30'15" East, 259.55 feet;
- 2) North 85°26'14" East, 448.92 feet to the southeasterly corner thereof;

thence North 85°29'45" East, 36.00 feet to the said centerline of Femoyer Street as shown on said Record of Survey filed in Book 54, Page 33; thence along said centerline of Femoyer Street South 04°30'15" East, 126.10 feet; thence leaving said center line of Femoyer Street North

Quitclaim Deed (Parcel C-12 - 20.179 acres)

85°29'45" East, 36.00 feet to the more northerly southwest corner of said 5.005 acre parcel of land; thence along the southerly, easterly and northerly lines of said 5.005 acre parcel of land the following seven (7) courses:

- 1) North 85°26'14" East, 154.04 feet;
- 2) South 04°33'46" East, 94.97 feet;
- 3) North 85°26'14" East, 337.94 feet;
- 4) North 04°33'46" West, 267.04 feet;
- 5) South 85°26'14" West, 112.39 feet;
- 6) North 04°33'46" West, 267.04 feet;
- 7) South 85°26'14" West, 379.14 feet to the northwesterly corner thereof;

thence South 85°29'45" West, 36.00 feet to said centerline of Femoyer Street; thence along said center line of Femoyer Street South 04°30'15" East, 17.43 feet to said center line of Schirra Avenue (formerly Marauder Street); thence along said center line of Schirra Street (formerly Marauder Street) South 85°26'14" West, 318.17 feet; thence leaving center line of Schirra Street (formerly Marauder Street) North 04°33'46" West, 402.03 feet; thence South 85°31'31" West, 470.28 feet to said center line of Bleckley Street; thence along said center line of Bleckley Street North 08°19'46" West, 534.05 feet to the point of beginning, containing 20.179 acres, more or less.

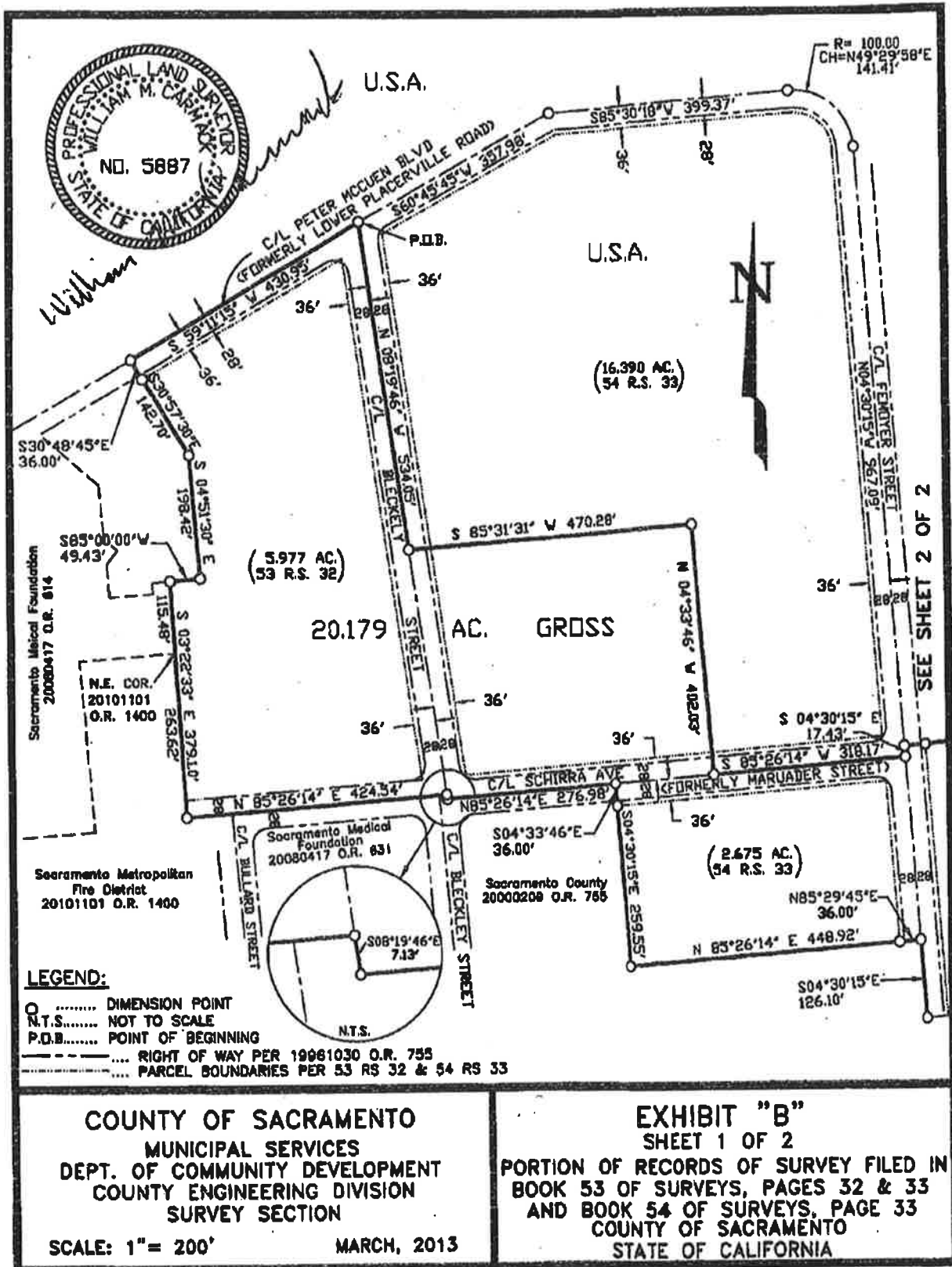
This description was prepared by me or under my direction pursuant to section 8761.1 of the Professional Land Surveyors Act.

William M. Carmack
William M. Carmack, P.L.S. 5887

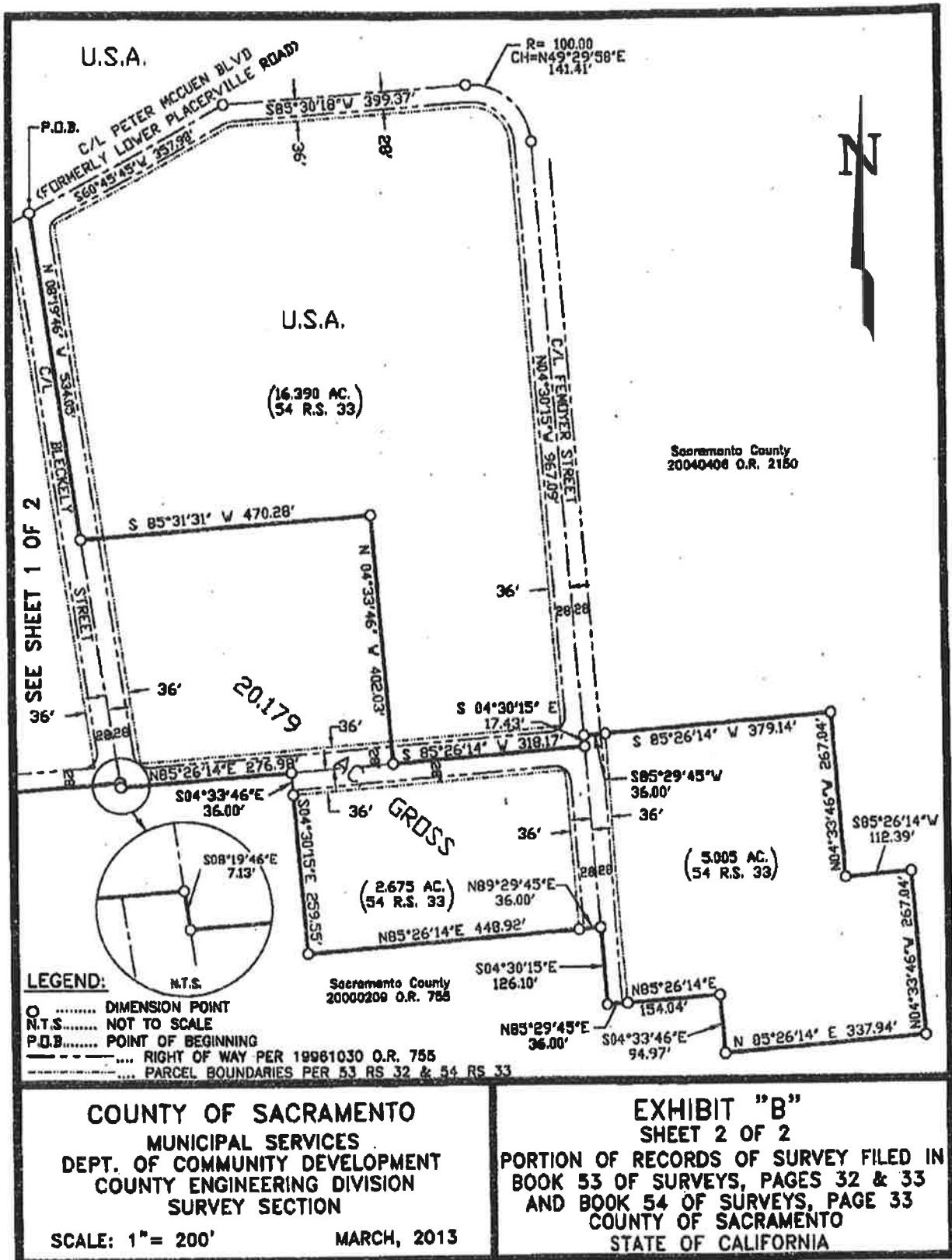


3/18/2013
Date

Quitclaim Deed (Parcel C-12 - 20.179 acres)



Quitclaim Deed (Parcel C-12 - 20.179 acres)



Quitclaim Deed (Parcel C-12 - 20.179 acres)

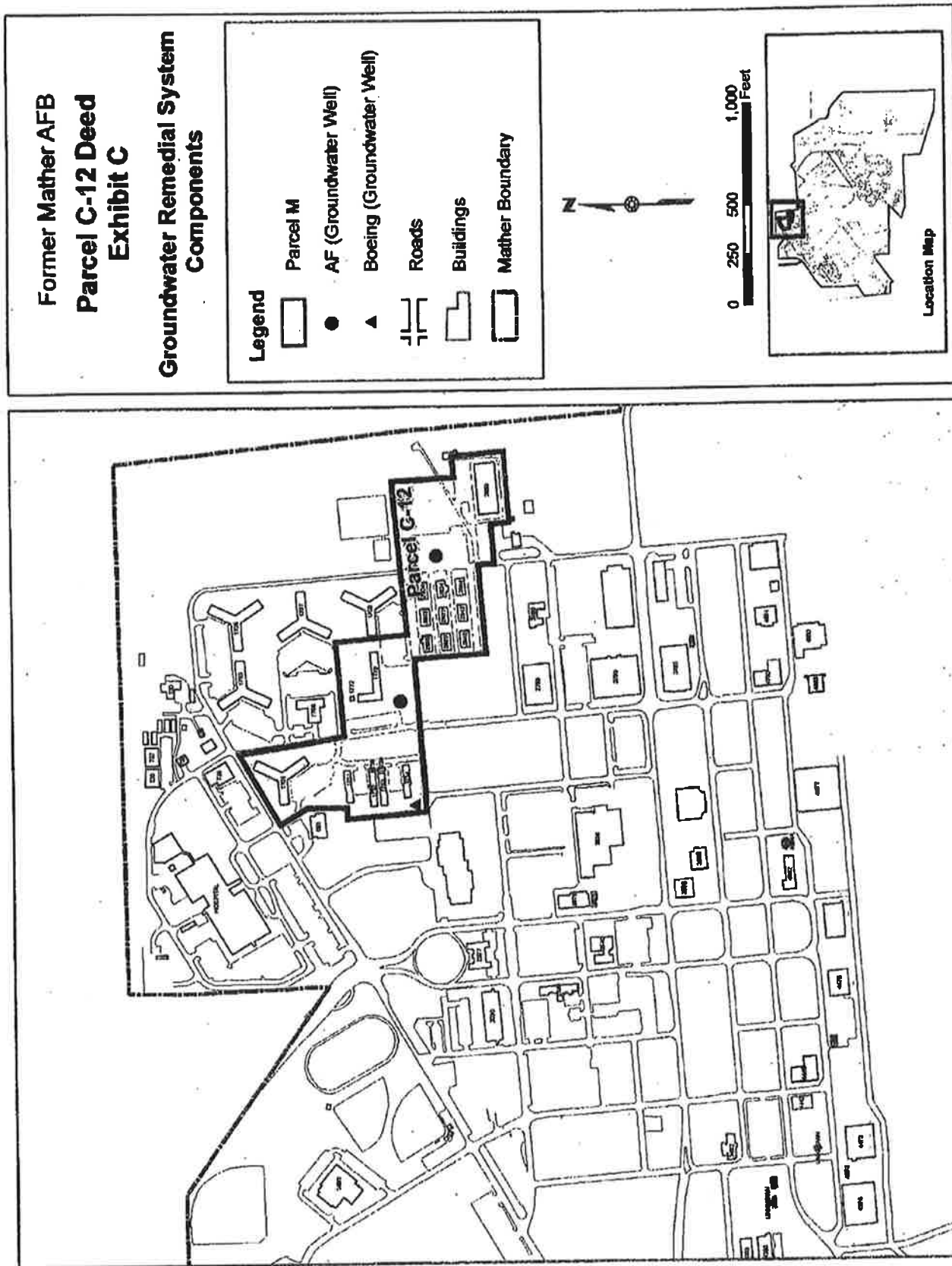


EXHIBIT E**NOTICE OF HAZARDOUS SUBSTANCES STORED**

Notice is hereby provided that the following hazardous substances are known to have been stored on the Property and the date such storage took place. The information contained in this notice is required under the authority of regulations promulgated under section 120(h) of the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA or "Superfund") 42 U.S.C. section 9620(h).

Facility 2950

Substance Stored	Constituents	CAS Registry Number	Quantity Stored (lb)	Date Stored
Lacquer and Enamel Paints	Toluene, Xylene, Methyl Ethyl Ketone, Petroleum Distillates	varies	136 kg/month	1984

Former Mather AFB, CA

Quitclaim Deed
(Parcel C-12 - 20.179 acres)
Exhibit E

EXHIBIT F

NOTICE OF HAZARDOUS SUBSTANCES RELEASED

Notice is hereby provided that the following hazardous substances are known to have been released on the Property and the dates such release took place. The information contained in this notice is required under the authority of regulations promulgated under section 120(h) of the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA or "Superfund") 42 U.S.C. section 9620(h).

Main Base /SAC Area Plume (adjacent)

Substance	Regulatory Synonym(s)	CAS Registry Number	Quantity (lb/yr) (lb/day)	Date	Hazardous Waste ID Number	Response	Remarks
Perchloroethene	PCE	127-18-4	Unknown	Unknown	U210	Noise required. Levels on property below maximum contaminant levels (MCLs) since 2000. Pump-and-treat technology, stripping, injection of treated groundwater, land use restrictions, and groundwater monitoring were implemented within the boundaries of the adjacent property (downgradient of the property) as per the selected remedies within the Groundwater Operable Unit Record of Decision dated 1996.	Monitoring wells installed on the southern portion of the property and adjacent to monitor transport of perchloroethene.

Former Mather AFB, CA

Page 1 of 2

 Quitclaim Deed
 (Parcel C-12 - 20.179 acres)
 Exhibit F

Main Base /SAC Area Plume (adjacent)

Substance	Regulatory Synonym(s)	CAS Registry Number	Quantity (lb/yr) (lb/yr)	Date	Hazardous Waste ID Number	Response	Remarks
Trichloroethene	Trichloroethylene Ethylene trichloride Chloroethene TCE 1,1,2-Trichloroethylene	79-01-6	Unknown	Unknown	UN1710	None required. Levels on property below maximum contaminant levels (MCLs) since 2000. Pump-and-treat technology, stripping, injection of treated groundwater, land use restrictions, and groundwater monitoring were implemented within the boundaries of the adjacent property (downgradient of the property) as per the selected remedies within the Groundwater Operable Unit Record of Decision dated 1996.	Monitoring wells installed on the southern portion of the property and adjacent to monitor transport of trichloroethene.
Carbon tetrachloride	Methane, tetrachloro	56235	Unknown	Unknown	U211	None required. Levels on property below maximum contaminant levels (MCLs) since 2000. Pump-and-treat technology, stripping, injection of treated groundwater, land use restrictions, and groundwater monitoring were implemented within the boundaries of the adjacent property (downgradient of the property) as per the selected remedies within the Groundwater Operable Unit Record of Decision dated 1996.	Monitoring wells installed on the southern portion of the property and adjacent to monitor transport of carbon tetrachloride.

Note: Remedial action is currently ongoing within the boundaries of the adjacent property. Through historical investigations and reports, no hazardous substance release or disposal were identified within the boundaries of the Property that contributed to the contaminated groundwater.

Former Mather AFB, CA

Page 2 of 2

Quitclaim Deed
(Parcel C-12 - 20.179 acres)
Exhibit F

EXHIBIT "F"

Bill of Sale

Bill of Sale/ 3611 Bleckely Street
Project No. _____

BILL OF SALE

This BILL OF SALE is executed as of the _____ day of _____, 2013, by the **County of Sacramento**, a political subdivision of the State of California ("**Seller**"), in favor of the **City of Rancho Cordova**, a California incorporated municipality ("**Purchaser**").

Recitals

- A. Seller and Purchaser have entered into a separate 99-year Lease Agreement ("the Lease Agreement") for an area of approximately 3.69 acres located at 3611 Bleckely Street, Mather, California 95655, being a APN 067-0010-099.
- B. Under the Lease Agreement, Purchaser will operate a veterans' affordable housing program on the leased premises.
- C. The leased premises includes an existing two-story, 24,093 square foot building known as "Building 1770" and more commonly identified as the Mather Infirmary; a small shed, and a small building containing mechanical equipment (collectively, the "Structures"); that Seller desires to convey as personal property, separate from the underlying land, to Purchaser. The Structures are more particularly identified in Attachment A to this Bill Of Sale.
- D. Purchaser desires to acquire the Structures from Seller as personal property, separate and apart from the underlying real property.

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Seller agrees as follows:

Section 1. Recitals Incorporated By Reference

The above Recitals are hereby incorporated into this Bill of Sale as though fully set forth as terms of the sale.

Section 2. Grant

Seller grants, conveys and transfers to Purchaser all of Seller's rights to the Structures. It is understood by the Seller and Purchaser that the Structures are conveyed to City separate and apart from the land beneath them, such that Seller shall remain the owner of all real property constituting APN 067-0010-099. Purchaser has obtained access rights to the Structures by and through the Lease Agreement.

///

Bill of Sale/ 3611 Bleckely Street
Project No. _____

Section 3. No Warranties

Seller makes no warranties or representations concerning the condition or suitability of the Structures. Purchaser accepts the Structures "as is" and shall accept all risk and liability associated with ownership of the Structures.

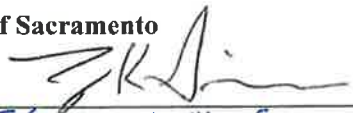
Section 4. Governing Law

This Bill of Sale shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, heirs and legatees of Seller and Purchaser. This Bill of Sale shall be governed by, interpreted under, and construed and enforceable in accordance with the laws of the State of California.

IN WITNESS WHEREOF, Seller has executed and delivered this Bill of Sale as of the date first written above.

By: **County Of Sacramento**

By: _____


 TROY EVANS

6-25-13

Date

Under delegated authority by

Resolution No. _____

Dated: _____

2013-0391

6-18-13

Approved As To Form

County Counsel



6-24-13

Date

Bill of Sale/ 3611 Bleckely Street
Project No. _____

STATE OF California)

COUNTY OF Sacramento)

On June 25th, 2013, before me, Mark E. Daily, a
notary public, personally appeared Troy Givans

proved to me on the basis of satisfactory evidence to be the person~~(s)~~ whose name 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: _____

M. E. Daily

(Seal)

2062729.2

FIRST AMENDMENT TO LEASE AGREEMENT

APN 067-0010-099

THIS FIRST AMENDMENT ("First Amendment") to that certain Lease Agreement ("Lease") between the COUNTY OF SACRAMENTO, a political subdivision of the State of California ("COUNTY") and the CITY OF RANCHO CORDOVA, a California municipal corporation ("CITY"), dated June 25, 2013, is made and entered into as of 12/16, 2013 ("Effective Date").

RECITALS

WHEREAS, the COUNTY and CITY previously entered into the Lease with respect to the property located at 3611 Bleckely Street, Mather, California 95655, also known as Assessor's Parcel Number ("APN") 067-0010-099 (the "Property"); and

WHEREAS, the Lease is incorporated by this reference as if fully set forth herein; and

WHEREAS, capitalized terms not defined herein shall have the meaning ascribed to them in the Lease; and

WHEREAS, the Property is owned by COUNTY and located within the land use jurisdiction of the CITY; and

WHEREAS, under the Lease, the COUNTY leased the Property to the CITY for the general purpose of developing and operating the Mather Veteran's Village residential housing project (the "Project"); and

WHEREAS, the Lease authorizes CITY to assign the Lease to Veteran's Administration, Mather Veteran's Hospital or Mercy Housing without further approval from COUNTY and, further, to assign the Lease to any other entity upon the written approval of the COUNTY; and

WHEREAS, CITY anticipates developing and operating the Project in multiple phases; and

WHEREAS, for tax credit purposes and to secure a limited partner for each of the proposed three phases of development of the Project, CITY desires to subdivide the Property; and

WHEREAS, the Parties desire to amend the Lease by entering into this First Amendment for the purposes set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Section 13.31 is hereby added to the Lease as follows:

SUBDIVISION OF PROPERTY. COUNTY may seek approval, to the extent required under the Subdivision Map Act, from CITY to subdivide the Property. CITY'S approval of any such subdivision shall not affect or alter the rights and obligations of CITY and COUNTY under the Lease, except as may be specifically set forth herein. .

2. The following language is hereby added at the end of Section 13.16, ASSIGNMENT AND SUBLETTING:

If the Property is subdivided, CITY may separately assign the Lease to individual entities for each newly created parcel, subject to the assignment consent requirements of the Lease.

3. In all other respects the Lease shall remain unchanged and in full force and effect.

4. This First Amendment may be executed in multiple counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have executed this First Amendment to Lease Agreement as of the date first written above.

LESSOR:

CITY:

**COUNTY OF SACRAMENTO, a
political subdivision of the State of
California**

**CITY OF RANCHO CORDOVA, a
California municipal corporation**

Date: 12/16/13

Date: Nov. 22, 2013

By: [Signature]

By: [Signature]

Troy Civans

TEP A. GAEHLER
CITY MANAGER

Director of Office of Economic
Development and Marketing

Under delegated authority by

Under delegated authority by

Resolution No. 51-2013

Resolution No. : 2013-0830

Dated: May 20, 2013

Dated: 2-10-13

**REVIEWED AND APPROVED BY
COUNTY COUNSEL:**

By: 
William Burke
Deputy County Counsel

**REVIEWED AND APPROVED BY
CITY ATTORNEY :**

By: 
for Adam U. Lindgren
City Attorney

2201511.2

City of Rancho Cordova Contract Routing Form

Complete all fields and use n/a if not applicable.

1. Contractor/Company name: County of Sacramento
2. Services to be Provided (Description for PO): First Amendment to Lease Agreement (contract # 59-2013)
3. Resolution Number and Council Adoption Date: Resolution No. 51-2013 May 20th, 2013
4. Responsible Person and Department: Reed Flory, Housing Services Administrator

5. Contract Activity:

	Contract #	Amount	Expiration	Cumulative Amount
Original	<u>59-2013</u>			
Amendment 1	<u>59-2013-1</u>			
Amendment 2				
Amendment 3				

☐ W-9 Attached or on file ☐ 590 Attached or on file

6. Budget Expense Account Number: _____
7. Project Number: _____
8. Grant Number: _____ (attach Grantor Procurement Requirements)
9. PO Number: _____ Vendor ID: _____

10. Competitive Bid Process (choose 1)

- ☐ Publicly Bid (Clerk initials that documents are on file: _____)
- ☐ Informal Bid (Evidence attached. Required for purchase of supplies/equipment greater than \$20,000.)
- ☒ Not Required. Why? Amendment Only

11. Department Head Initial and Date: Reed Flory 12/19/13

12. Risk Manager Initial and Date: CP 12/20/2013

☐ Standard required insurance with endorsement attached

☐ List modified insurance:

☐ General _____ ☐ Auto _____

☐ Professional _____ ☐ Workers Compensation _____

Justification: _____

(attach approval e-mail or checklist)

13. City Attorney Review Initial and Date: CE 1/2/14

(Check One)

- ☐ Professional Services Agreement - Amendment (PSA-A) Template Used
- ☐ Professional Services Agreement (PSA) Template Used
- ☐ Professional Services Agreement - Short Form (PSA-S) Template Used
- ☐ General Services Agreement (GSA) Template Used
- ☐ Construction Services Agreement (CSA) Template Used
- ☐ Franchise Agreement
- ☐ Custom Agreement AND E-mail Approval is Attached
- ☐ City Attorney Drafted AND E-mail Approval is Attached
- ☐ City Attorney Reviewed AND E-mail Approval is Attached
- ☐ Modification of Template AND Redline of Changes to Template is Attached

Routing Notes:

NO \$ assoc.
w this
Amendment
please

= if template modified at all, include redline version • = document attached
"P:\Contracts\Contract Routing Transmittal Form.pdf"

Rev. 4-17-13



Sacramento County Recorder
David Villanueva, Clerk/Recorder
BOOK **20141126** PAGE **0977**
Wednesday, NOV 26, 2014 12:48:38 PM
Ttl Pd \$0.00 Rcpt # 0008432393
MML/18/1-7

WHEN RECORDED, RETURN TO:

City of Rancho Cordova
Housing Services Division
2729 Prospect Park Drive
Rancho Cordova, CA 95670
Attention: Reed Flory

NO FEE DOCUMENT PER GOVERNMENT CODE 6103
NO DOC TRANSFER FEE PER R & T CODE 11922

APN(s): 067-0010-106, 067-0010-107, 067-0010-108

Project Name: Mather Veterans Village Lease

SECOND AMENDMENT TO LEASE AGREEMENT

SECOND AMENDMENT TO LEASE AGREEMENT

APN 067-0010-099

THIS SECOND AMENDMENT (“Second Amendment”) to that certain Lease Agreement, between the COUNTY OF SACRAMENTO, a political subdivision of the State of California (“COUNTY”) and the CITY OF RANCHO CORDOVA, a California municipal corporation (“CITY”), dated June 25, 2013 and recorded Book 20130716 Page 600 as amended by that First Amended dated December 16, 2013 (collectively, the “Lease”) is made and entered into as of 11-26-14 (“Effective Date”).

RECITALS

WHEREAS, the COUNTY and CITY previously entered into the Lease with respect to the property located at 3611 Bleckely Street, Mather, California 95655, also known as Assessor’s Parcel Number (“APN”) 067-0010-099 (the “Property”); and

WHEREAS, the Lease is incorporated by this reference as if fully set forth herein; and

WHEREAS, capitalized terms not defined herein shall have the meaning ascribed to them in the Lease; and

WHEREAS, the Property is owned by COUNTY and located within the land use jurisdiction of the CITY; and

WHEREAS, under the Lease, the COUNTY leased the Property to the CITY for the general purpose of developing and operating the Mather Veteran’s Village residential housing project (the “Project”); and

WHEREAS, the Lease authorizes CITY to assign the Lease to Veteran’s Administration, Mather Veteran’s Hospital or Mercy Housing without further approval from COUNTY and, further, to assign the Lease to any other entity upon the written approval of the COUNTY; and

WHEREAS, CITY anticipates developing and operating the Project in multiple phases; and

WHEREAS, the Parties desire to amend the Lease by entering into this Second Amendment for the purposes set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Section 1.2 to the Lease is hereby amended as follows:

1.2 EXISTING BUILDING AND OWNERSHIP OF IMPROVEMENTS DURING TERM. The Premises includes an existing two-story, 24,093 square foot building commonly known as the Mather Infirmary ("Building 1770"), a small shed, and a small building containing mechanical equipment (collectively, the "Structures") more particularly identified in Exhibit "D", attached hereto and made a part hereof by reference. Until the termination of the Term or sooner termination of this Lease, CITY shall own all improvements on the Premises including those currently upon the Premises (including the infirmary building) and those constructed by CITY, and all alterations, additions, or betterments made thereto by CITY. CITY shall not be required to provide any consideration for the conveyance of any of the Structures, including Building 1770, other than that provided for in this Lease, as described in Section 3.1, below. CITY shall accept ownership of the Structures without warranty or recourse against COUNTY for the condition thereof which CITY accepts 'as is'. COUNTY shall continue to own the land underneath the Structures.

CITY will indemnify, defend, and hold harmless COUNTY from and against any and all loss or damage sustained by, liability or charges imposed on, and claims or causes of action asserted against, COUNTY arising in whole or in part out of or by reason of (i) any accident or occurrence in or on the Structures, any use of or business conducted in or on the Structures, or any hidden or apparent defect in the Structures; or (ii) any damage to or loss of any property of CITY or any person occupying the Structures or any of their respective officers, directors, shareholders, affiliates, agents, employees, or contractors (collectively, "CITY Parties"), arising out of damage to or loss of property occurring within the Structures; or (iii) any act, negligence, or fault of CITY Parties, occurring within the Structures.

CITY shall, at CITY's sole expense, maintain the Structures. COUNTY shall not be required to furnish any services or facilities, including but not limited to heat, electricity, air conditioning or water, or to make any repairs to the Structures, and CITY hereby assumes the sole responsibility for furnishing all services or facilities.

2. This Second Amendment may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have executed this Second Amendment to Lease Agreement as of the date first written above.

LESSOR:

CITY:

**COUNTY OF SACRAMENTO, a
political subdivision of the State of
California**

**CITY OF RANCHO CORDOVA, a
California municipal corporation**

Date: 11-7-14

Date: 11/17/14

By: 
Troy Chivadis

By: 
Brian Nakamura

Director of Office of Economic
Development and Marketing

City Manager

Under delegated authority by

Under delegated authority by

Resolution No. : 2014-0857

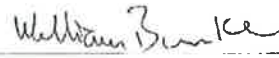
Resolution No. 51-2013

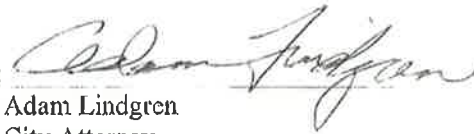
Dated: 11/7/14

Dated: May 20, 2013

**REVIEWED AND APPROVED BY
COUNTY COUNSEL:**

**REVIEWED AND APPROVED BY
CITY ATTORNEY :**

By: 
William Burke
Deputy County Counsel

By: 
Adam Lindgren
City Attorney

IN WITNESS WHEREOF, the Parties have executed this Second Amendment to Lease Agreement as of the date first written above.

LESSOR:**CITY:**

**COUNTY OF SACRAMENTO, a
political subdivision of the State of
California**

**CITY OF RANCHO CORDOVA, a
California municipal corporation**

Date: 11-26-14

Date: _____

By: 

By: _____

Troy Givans

Brian Nakamura

Director of Office of Economic
Development and Marketing

City Manager

Under delegated authority by

Under delegated authority by

Resolution No. : 2014-0857

Resolution No. 51-2013

Dated: 11/7/14

Dated: May ____, 2013

**REVIEWED AND APPROVED BY
COUNTY COUNSEL:**

**REVIEWED AND APPROVED BY
CITY ATTORNEY :**

By: _____

By: _____

William Burke

Adam Lindgren

Deputy County Counsel

City Attorney

ACKNOWLEDGMENT

STATE OF CALIFORNIA)
)
COUNTY OF SACRAMENTO)

On November 17, 2014, before me, Mindy Cuppy, a Notary Public, personally appeared Brian Nakamura, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person 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.


Mindy Cuppy, Notary Public



CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of SacramentoOn November 26 2014 before me, Nancy C. Graham, Notary Public

Date

Here Insert Name and Title of the Officer

personally appeared Troy K. Givans

Name(s) of Signer(s)



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.

Place Notary Seal Above

Signature

Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Signer Is Representing: _____

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Signer Is Representing: _____

ATTACHMENT 2**DISPOSITION, DEVELOPMENT, AND LOAN AGREEMENT**

by and between

THE CITY OF RANCHO CORDOVA

and

**VIETNAM VETERANS OF CALIFORNIA, INC. dba
VETERANS RESOURCE CENTERS OF AMERICA**

Mather Veterans' Village – Phase 2

_____, 2015

ATTACHMENT 2Exhibits

- A County Lease
- B Intentionally omitted
- C Form of Assignment and Assumption Agreement
- D Legal Description of Phase 1 Air Rights Parcel
- E Legal Description of Phase 2 Property and Preliminary Title Report
- F Form of Regulatory Agreement
- G Form of Memorandum of Disposition, Development and Loan Agreement
- H Development and Performance Schedule
- I Approved Design Review
- J Financing Plan
- K Form of Loan Agreement
- L Reciprocal Easements Agreement
- M Parking Easement Agreement
- N City Certificate of Completion
- O Inter-Agency Project Agreement Regarding The Allocation and Expenditure of Mather Taxable Bond Funds for the Mather Veteran's Village

ATTACHMENT 2

THIS DISPOSITION, DEVELOPMENT AND LOAN AGREEMENT (this “**Agreement**” or this “**DDLA**”) is entered as of _____, 2015 (“**Effective Date**”) by and between the City of Rancho Cordova, a California municipal corporation (“**City**”), and Vietnam Veterans of California, Inc., a California nonprofit public benefit corporation dba Veterans Resource Centers of America (“**Developer**” or “**VRCA**”). City and Developer are herein individually referred to as “**Party**” and collectively referred to as the “**Parties**.”

RECITALS

A. In October of 2010, in response to a Request for Proposals, the Sacramento Housing and Redevelopment Agency (“**SHRA**”) together with the City and the County of Sacramento (“**County**”), selected the development team of Mercy Housing California, as project developer, VRCA, as project services coordinator and Mogavaro Notestine Associate as project architect to design, finance, build and operate Permanent Supportive Housing units and transitional beds for disabled veterans.

B. Subsequently, the City, the County, and Mather Veteran’s Hospital assumed co-sponsorship of the proposed project now known as Mather Veterans’ Village, and in July of 2012, the City committed Two Million Dollars (\$2,000,000) in grant funding from the California Department of Housing and Community Development (“**HCD**”) for the first phase of the development effort.

C. On May 3, 2013, the County received from the United States Air Force conveyance of fee title to certain properties in the Mather Community Campus area, including the property proposed for inclusion in the proposed project.

D. On May 20, 2013, the Rancho Cordova City Council (“**City Council**”) authorized the City Manager to execute a 99-year lease with the County for approximately 3.69 acres of property located on the Mather Community Campus area of the old Mather Air Force Base for the development of Mather Veterans’ Village. This lease, dated as of June 25, 2013, was amended by a First Amendment to Lease Agreement dated December 16, 2013, and further amended by the Second Amendment to Lease Agreement dated November 26, 2014 (as so amended, the “**County Lease**”). A copy of the County Lease as amended is attached hereto as **Exhibit A** and incorporated herein by this reference. By virtue of the Second Amendment, the Tenant under the County Lease owns the improvements located on the leased premises during the term of the County Lease.

E. Pursuant to Section 13.16 of the original County Lease and Section 1 of the First Amendment to the County Lease, the County Lease authorizes the assignment or sublease of the City’s interest therein upon the written consent of County. It is the intent of the Parties to obtain County’s approval of the proposed assignment of the City’s leasehold interest in the Phase 2 Property to Developer, and upon the closing of VHHP funding or other construction financing for the Phase 2 Development as described in the Financing Plan (**Exhibit J**) and the satisfaction of the conditions to Closing as described herein, the Parties intend to enter into an Assignment and Assumption Agreement (“**Assignment**”) substantially in the form attached hereto as **Exhibit C**. Upon the execution of the Assignment, the City’s leasehold interest in the Phase 2 Property

ATTACHMENT 2

together with all improvements located thereon shall vest in Developer for the remaining term of the ninety-nine year County Lease.

F. Phase 1 of the overall Mather Veterans Village development (the “**Phase 1 Project**”) will consist of the new construction of up to fifty (50) rental units of permanent supportive housing and the rehabilitation of a portion of the existing building (the “**Existing Building**”). The portion of the Existing Building that will be rehabilitated as part of the Phase 1 Project is located within the “**Air Rights Parcel**” which consists of the ground floor, basement area and exterior space associated with the existing northwesterly wing of the Existing Building, and which is more particularly described as “Parcel 2” in **Exhibit D**. The Phase 1 Property includes 1.11 acres of land together with the land and building space comprising the Air Rights Parcel.

G. It is the intent of the City to enter into this DDLA for phase 2 of the Mather Veterans Village development, and subsequently to enter into a similar agreement for phase 3. Together, phases 1, 2, & 3 will comprise the whole of Mather Veterans Village.

H. Phase 2, as more fully described in Article 5 and Article 7 herein and in an Affordable Housing Regulatory Agreement (“**Regulatory Agreement**”) that will be executed substantially in the form attached hereto as **Exhibit F** and incorporated herein by this reference, will be comprised of up to sixty (60) transitional beds and related facilities to be located within approximately 19,841 square feet of building space in the Existing Building and on adjacent land. The “**Phase 2 Property**” includes the space within the Existing Building (excluding the Air Rights Parcel) together with certain adjacent land, all as more particularly described in **Exhibit E**. Phase 2 will involve the rehabilitation and use of a portion of the ground floor of the Existing Building and the rehabilitation and use of the complete second floor area and exterior space associated with the Existing Building, in each case excluding the land and building area that comprise the Air Rights Parcel. Collectively, the improvements that will be completed on the Phase 2 Property describe the “**Phase 2 Development**”.

I. It is intended that the Phase 2 property shall be used for “Transitional Housing” whereby units (or beds) are configured as rental units, but operated under program requirements that may call for the termination of assistance and recirculation of residential units to other eligible program participants at some predetermined future point in time which shall typically be not less than six months, depending upon program requirements (“**Transitional Program**”).

J. It is the Parties’ intention that this DDLA will be amended prior to the Closing Date to reflect requirements of any newly awarded grant funds and amendments to the development program. The Memorandum of the DDLA (**Exhibit G**) will be recorded on the Closing Date. Also at that time, all exhibits to this Agreement, including the Financing Plan and the Development Schedule, will be updated and prepared for execution.

K. Financing for the Project is addressed in Article VI herein.

L. It is the intent of the Parties that this DDLA contingent upon satisfaction of all conditions will serve to exclusively reserve and commit the land area and building comprising the Phase 2 Property as described in **Exhibit E** attached hereto to the Developer for a period of

ATTACHMENT 2

up to the full remaining term of the ninety-nine year County Lease. If Developer receives an award of VHHP funding or other Project financing as described in the Financing Plan attached as **Exhibit J** within the timeframes described in the Schedule of Development and Performance attached as **Exhibit H**, then the Parties intend to enter into the Assignment substantially in the form attached hereto as **Exhibit C**.

M. A material inducement to the City to enter into this Agreement is Developer's agreement to develop the Project within the time periods specified herein and in accordance with the provisions hereof, and the City would be unwilling to enter into this Agreement in the absence of an enforceable commitment by Developer to complete the Project in accordance with such provisions and within such time periods, subject to the terms and conditions set forth herein.

N. In connection with this Agreement, Developer shall execute such documentation as City shall reasonably require in connection with Project financing, including without limitation the Regulatory Agreement, which shall require Project rents to be affordable to eligible households whose incomes do not exceed fifty percent (50%) of Area Median Income or such lower income limits as may be required by VHHP or other financing provided for the Project, for a term of not less than fifty-five (55) years. This Agreement, the Assignment, the Memorandum of Disposition, Development, and Loan Agreement which shall be executed substantially in the form attached hereto as **Exhibit G** and incorporated herein by this reference, the Loan Agreement which shall be executed substantially in the form attached hereto as **Exhibit K** and incorporated herein by this reference, and the Regulatory Agreement which shall be executed substantially in the form attached hereto as **Exhibit F**, are collectively hereinafter referred to as the "City Documents."

NOW, THEREFORE, in consideration of the mutual covenants contained herein and good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows.

ARTICLE I

DEFINITIONS

1. Definitions. The following terms shall have the meanings set forth in the Sections referenced below whenever used in this Agreement and the Exhibits attached hereto. Additional terms are defined in the Recitals and text of this Agreement.

"**Agreement**" means this Disposition, Development and Loan Agreement.

"**Air Rights Parcel**" is defined in Recital F.

"**Assignment**" is defined in Recital E.

"**Certificate of Completion**" is defined in Section 5.15.

ATTACHMENT 2

“**City**” is defined in the Preamble.

“**City Council**” is defined in Recital D.

“**City Documents**” is defined in Recital N.

“**Claims**” is defined in Section 5.17.

“**Closing**” means the close of escrow for conveyance of the Phase 2 Property to Developer pursuant to the Assignment and the closing for construction financing for the Phase 2 Development.

“**Closing Date**” means the date of Closing.

“**Conditions of Approval**” is defined in Section 5.2.

“**Construction Plans**” is defined in Section 5.11.

“**Controlled Affiliate**” is defined in Section 4.4.

“**County Lease**” is defined in Recital D.

“**DDLA**” means this Agreement.

“**Environmental Laws**” is defined in Section 10.4.

“**Financing Plan**” is defined in Sections 3.3 and 5.7.

“**Hazardous Materials**” is defined in Section 10.3.

“**Improvements**” is defined in Section 5.2.

“**Indemnitees**” is defined in Section 5.17.

“**Official Records**” means the Official Records of Sacramento County.

“**Existing Building**” is defined in Recital F.

“**Permitted Exceptions**” is defined in Section 4.1.

“**Phase 2 Building Component**” means the Existing Building excluding the portion of the Existing Building located within the Air Rights Parcel.

“**Phase 2 Development**” is defined in Recital H.

“**Phase 2 Property**” is defined in Recital H and is described in Exhibit E hereto.

“**Project**” means the Phase 2 Development as defined in Recital H and further described in Article 5.

ATTACHMENT 2

“**Regulatory Agreement**” is defined in Recital H.

“**Transfer**” is defined in Section 8.2.

“**Transitional Program**” is defined in Recital I.

“**VHHP**” means the Veteran’s Housing and Homelessness Prevention Program sponsored by the California Department of Housing and Community Development.

**ARTICLE II
REPRESENTATIONS; EFFECTIVE DATE; MEMORANDUM.**

2.1 Developer’s Representations. Developer represents and warrants to City as follows, and Developer covenants that until the expiration or earlier termination of this Agreement, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 2.1 not to be true, Developer shall immediately give written notice of such fact or condition to City. Developer acknowledges that City shall rely upon Developer’s representations made herein notwithstanding any investigation made by or on behalf of City.

(i) Authority. Developer is a nonprofit public benefit corporation, duly organized and in good standing under the laws of the State of California and tax-exempt under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Developer has the full right, power and authority to undertake all obligations of Developer as provided herein, and the execution, performance and delivery of this Agreement by Developer has been duly authorized by all requisite actions. The persons executing this Agreement on behalf of Developer have been duly authorized to do so. This Agreement constitutes, and when fully-executed, the other City Documents will constitute, valid and binding obligations of Developer, enforceable in accordance with their respective terms.

(ii) No Conflict. Developer’s execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which Developer is a party or by which it is bound.

(iii) No Litigation or Other Proceeding. No litigation or other proceeding (whether administrative or otherwise) is outstanding or has been threatened which would prevent, hinder or delay the ability of Developer to perform its obligations under this Agreement.

(iv) No Developer Bankruptcy. Developer is not the subject of a bankruptcy or insolvency proceeding.

2.2 Effective Date; Memorandum. The obligations of Developer and City hereunder shall be effective as of the Effective Date. The Parties shall execute a Memorandum of this Agreement substantially in the form attached hereto as **Exhibit G** and incorporated herein by this reference, which shall be recorded in the Official Records on the Closing Date. The City

ATTACHMENT 2

will not withhold consent to reasonable requests for subordination of the Memorandum to deeds of trust, regulatory agreements and related documents provided for the benefit of Project lenders approved pursuant to the Financing Plan provided that the instruments effecting such subordination include reasonable protections to the City in the event of default.

ARTICLE III

CONDITIONS PRECEDENT TO THE ASSIGNMENT

3.1 Conditions Precedent. Upon the satisfaction of City's and Developer's conditions to Closing as set forth in this Agreement within the time limits specified in the Development and Performance Schedule attached hereto as **Exhibit H** and incorporated herein by this reference (unless such times are extended by the mutual consent of the Parties), City shall assign its leasehold interest in the Phase 2 Property to Developer pursuant to the Assignment and in accordance with the provisions of Recital D and Article IV herein.

3.2 Scope of Development. Developer's proposed Scope of Development for the Project includes the Improvements and amenities set forth in Section 5.2. Pursuant to Resolution No. 75-2013, the City Council has approved the Design Review for the Project, attached hereto as **Exhibit I** and incorporated herein by this reference. By execution of this Agreement, City hereby approves the Scope of Development for the Project.

3.3 Financing Plan. As more particularly described in Section 5.7, Developer has submitted, and City has approved, a Financing Plan for the Project ("**Financing Plan**"), which is attached hereto as **Exhibit J**. A review and update of the Financing Plan shall occur and be approved by the City prior to the Closing.

ARTICLE IV

DISPOSITION OF THE PHASE 2 PROPERTY

4.1 Assignment of County Lease. Provided that all conditions precedent set forth in this Agreement have been satisfied, City shall assign to Developer for a maximum period equal to the remaining term of the County Lease, the City's interest in the County Lease pertaining to the Phase 2 Property in accordance with and subject to the terms and conditions of this Agreement, free and clear of all title defects, liens and encumbrances except: (a) the provisions and effect of this Agreement and the other City Documents; (b) liens for nondelinquent taxes and assessments; (c) the title exceptions set forth in the Preliminary Title Report for the Phase 2 Property issued by Fidelity National Title Company, dated as of _____, 2015 and attached hereto in Exhibit E; (d) the Reciprocal Easement Agreement ("**REA**"), attached as Exhibit L of this Agreement; and (e) such other conditions, liens, encumbrances, restrictions, easements and exceptions as Developer may approve in writing in the exercise of Developer's discretion. All of the foregoing items described in clauses (a) through (e) of the preceding sentence are collectively referred to as the "**Permitted**

ATTACHMENT 2

Exceptions”). Following the Effective Date, absent the written consent of Developer, City shall not cause or voluntarily agree to allow a lien or other encumbrance to attach to the Phase 2 Property that would remain effective following the Closing.

4.2 Term of Assignment. The term of the Assignment shall be equal to the remaining term of the County Lease. In the event that by January 1, 2017, Developer has failed to obtain all entitlements, permits and approvals required for the installation of improvements for the Phase 2 Development, unless the Parties mutually agree to an extension, this Agreement shall terminate on such date and the City shall not be obligated to execute the Assignment .

4.3 Intensionally Omitted.

4.4 Assignment of Lease to a Controlled Affiliate. After three years of stabilized occupancy (defined to be three consecutive years with at least an annual average 95% occupancy rate) and three years of successful operations, the City will at its sole discretion consider a request from Developer for permission to “assign” Developer’s interest in the County Lease to a “Controlled Affiliate”. “Controlled Affiliate” means an entity that controls, is controlled by, or is under common control with, Developer or an entity controlled by Developer; for purposes of this definition, “control” means effective management and control of the other entity, including the power to direct or cause the direction of the management and policies of the controlled entity through the control of a majority of the entity’s governing board or through the ownership of more than fifty percent (50%) of the voting rights in such controlled entity.

4.5 Reciprocal Easement Agreement. Prior to the date of this Agreement, City, Developer, and Mercy Housing California negotiated and approved a Declaration Establishing Reciprocal Easements and Covenants Running with the Land which was recorded in the Official Records on December 5, 2014 at Book 20141205 Page 0959, a copy of which is attached hereto as **Exhibit L** (the “**REA**”). The REA imposes specified burdens and benefits on the owners of improvements located on the Phase 2 Property and the Air Rights Parcel. Developer has reviewed the recorded REA, and acknowledges that upon execution of the Assignment, Developer shall be bound by the provisions of the REA. Developer further acknowledges that pursuant to Section 17.11 of the REA, upon the effective date of the Assignment: (i) City will automatically be released from its obligations under the REA, and (ii) Developer will be obligated to reimburse City for expenditures City has made (if any) pursuant to Sections 5.2 (1), (2), (3) and (4) of the REA. It is currently anticipated that no reimbursements will be required under the provisions of this section.

4.6 Parking Agreement. The Access and Parking Easement Agreement recorded in the Official Records on December 5, 2014 at Book 20141205, Page 0992, a copy of which is set forth as **Exhibit M** (the “**Parking Agreement**”) provides that it shall initially constitute a blanket easement over the Phase 2 Property until such time as (i) the City has transferred its interest in Phase 2 Property to the developer of the Phase 2 project, and (ii) the Phase 2 Property transferee has determined the location and configuration of the improvements on the Phase 2 Property. Promptly following satisfaction of conditions (i) and (ii) in this Section 4.6, Developer and the parties to the Parking Agreement shall enter into an amendment to the Parking Agreement to include the following, in addition to such other provisions which are mutually acceptable to the parties:

ATTACHMENT 2

- a. The specific location of the Access and Parking Easement (as defined in the Parking Agreement);
- b. Any details regarding the right to use parking spaces, such as whether a particular number of spaces will be reserved for use by the Mercy Parties;
- c. Description of the responsibility for the cost and performance of the maintenance, repair and replacement of the improvements on the Phase 2 Property which are subject to the Access and Parking Easement; and
- d. Provisions regarding required insurance and indemnities.

Any such amendment shall be subject to the City's approval to the extent necessary to ensure compliance with the Conditions of Approval. An acceptable amendment to the Parking Agreement must be in place before closing.

4.7. Escrow. Escrow shall be opened at the office of Fidelity National Title Company, 11050 Olson Drive, Suite 200, Rancho Cordova, CA 95670 , attention: Craig Donner ("Title Company" or "Escrow Agent") in order to consummate the closing of escrow ("Closing") for the transactions contemplated hereby.

4.8 Costs of Closing and Escrow. City shall pay all costs associated with removing any liens and encumbrances from the Phase 2 Property that are not Permitted Exceptions, and shall pay for all title insurance premiums for policies City may elect to obtain. All other Closing and Escrow costs, including without limitation all title insurance premiums for policies Developer elects to acquire, shall be paid by Developer.

4.9 Escrow Instructions; Recordation of Documents. City and Developer shall furnish Escrow Agent a copy of this Agreement, which, together with such supplemental instructions as City, Developer and lenders may provide that are consistent with this Agreement, shall serve as Escrow instructions. On the Closing Date, Escrow Agent shall cause the following documents to be recorded in the Official Records of Sacramento County in the following order: (i) the Regulatory Agreement, (ii) the Memorandum of DDLA, (iii) the Deed of Trust (substantially in the form attached as an exhibit to the Loan Agreement), and (iv) the amendment to the Parking Agreement as described in Section 4.6 (the "**Parking Agreement Amendment**").

4.10 City's Conditions to Closing. City's obligation to proceed with the Closing is subject to satisfaction or waiver by the City of all of the following conditions:

- a. No Default. Developer shall not be in Default under the terms of this Agreement, and all representations and warranties of Developer shall be true and correct in all material respects.

ATTACHMENT 2

b. Execution of Documents. Developer shall have executed and acknowledged the Regulatory Agreement, the Memorandum of DDLA, the Assignment, and all other City Documents or other instruments required hereunder, and shall have delivered all such documents to City or into Escrow.

c. Satisfaction of Conditions Precedent. Developer shall have satisfied the conditions set forth in Article III.

4.11 Developer's Conditions to Closing. Developer's obligation to proceed with the Closing is subject to satisfaction or waiver by Developer of the following conditions:

a. No Default. City shall not be in Default under the terms of this Agreement, and all representations and warranties of City contained herein shall be true and correct in all material respects.

b. Execution of Documents. City shall have executed and acknowledged the Regulatory Agreement, the Memorandum of DDLA, the Assignment, the Loan Agreement, the Parking Agreement Amendment, and all other documents required hereunder, and shall have delivered such documents into Escrow.

c. Developer's Title Policy. The Title Company shall, upon payment of the premium therefor by Developer, be ready to issue an ALTA owner's policy of title insurance for the benefit of Developer, insuring Developer's leasehold interest in the Phase 2 Property vested in Developer pursuant to the Assignment subject only to the Permitted Exceptions, and including such endorsements as Developer may reasonably request.

d. Consent to Disbursement of Funds. Developer shall have received written approval from the City confirming that the Conditions to Disbursement of Funds set forth in Sections 6.4(a)(i) through 6.4(a)(vi) herein have been satisfied.

e. County Lease Estoppel. Developer shall have received from County, an estoppel certificate in form acceptable to Developer providing assurance that the County Lease is in full force and effect and that there are no defaults thereunder.

f. Financing. Developer shall have received binding commitments for all financing necessary for the construction of the Phase 2 Development; all documents required in connection with all such sources of such financing shall have been executed and delivered at or prior to the Closing; and Developer shall have received adequate assurance that all such sources of funds will be disbursed at the Closing or upon satisfaction of the applicable lender or grantor's disbursement conditions.

ATTACHMENT 2

ARTICLE V

DEVELOPMENT OF THE PROJECT

5.1 The Phase 2 Property. City represents and warrants that as of the Effective Date and as of the effective date of the Assignment: (i) City possesses a leasehold interest in the Phase 2 Property for the remaining term of the County Lease; (ii) pursuant to the County Lease, the City owns the Existing Building exclusive of the Air Rights Parcel during the term of the County Lease, and (iii) the Phase 2 Property is not subject to any covenant, condition, restriction or agreement that would prevent the development of the Project in accordance with this Agreement

5.2 Scope of Development. Subject to the terms of the Assignment and the provisions of the REA, Developer shall develop the Project in accordance with the terms and conditions of this Agreement and the City Documents, and in compliance with the terms and conditions of all approvals, entitlements and permits that the City or any other governmental body or entity with jurisdiction over the Project or the Phase 2 Property has granted or issued as of the date hereof or may hereafter grant or issue in connection with development of the Project, including without limitation, all mitigation measures imposed in connection with environmental review of the Project (if any) and all conditions of approval imposed in connection with any entitlements, approvals or permits (all of the foregoing approvals, entitlements, permits, mitigation measures and conditions of approval are hereafter collectively referred to as the “**Conditions of Approval**”).

The Phase 2 Development will consist of the rehabilitation of the existing Existing Building to provide a transitional housing facility with up to 60 beds for homeless military veterans. The building will include a full kitchen and dining space for serving the residents three meals a day, and will provide classroom spaces for educational opportunities. The Phase 2 Development also will include outdoor space for exercise and outdoor programming. The resident population will primarily be single men, many elderly, many recently homeless and most disabled. Some of the residents will be women. There will be a separate area for female residents. Residents will be allowed to reside in the facility for periods from 30 days to up to two (2) years unless the length of stay is otherwise restricted by Project financing sources. The facility will include office space for administrative staff and case managers, counseling rooms, a computer room, classroom spaces, lounge space for residents, and recreation spaces. Consistent with requirements of the City’s design review of the project, Developer and City will use their best efforts to obtain grant funding for photovoltaic and solar water heating improvements in order to achieve a net-zero energy building including use of solar panels on parking coverage and building roof; energy recapture technology; energy efficient fixtures and appliances, utilization of LED lighting technology; gardening space; and open outdoor areas that provide residents with a range of activities. All of the foregoing is collectively hereinafter referred to as the “**Improvements**.”

Notwithstanding anything to the contrary contained herein, the rehabilitation of the Project is expressly conditioned upon compliance with the California Environmental Quality Act, California Public Resources Code Section 21000 *et seq.*, CEQA guidelines, and implementing regulations, all as amended from time to time (“**CEQA**”) and, the National Environmental Protection Act of 1969, 42 U.S.C. Section 4321 *et seq.*, NEPA guidelines, and

ATTACHMENT 2

implementing regulations, all as amended from time to time (“NEPA”), as the same may be applicable to the Project. The City represents that as of the Effective Date, the City has determined that all required CEQA and NEPA studies and reports have been completed, all necessary NEPA approvals have been obtained, and all required notices have been filed and the statute of limitations has expired. No physical activity, not otherwise exempt from CEQA or NEPA, as applicable, shall commence on the Phase 2 Property without compliance with CEQA and NEPA, as applicable.

5.3 Affordable Housing for Homeless and Disabled Veterans. Developer covenants and agrees for itself and its successors and assigns that the Phase 2 Property shall be subject to recorded covenants that will restrict use of the Phase 2 Property to development of an affordable multi-family rental housing project consistent with the requirements set forth in Section 7.1 below.

5.4 Project Approvals. Developer acknowledges and agrees that execution of this Agreement by City does not constitute approval for the purpose of the issuance of building permits for the rehabilitation of the Improvements, does not limit in any manner the discretion of City in such approval process, and does not relieve Developer from the obligation to apply for and obtain all necessary entitlements, approvals, and permits for the rehabilitation of the Improvements, including without limitation, the approval of architectural plans, the issuance of any certificates regarding historic resources required in connection with the Project (if any), and the completion of any required environmental review.

Developer covenants that it shall: (i) obtain all necessary permits and approvals which may be required by City, or any other governmental agency having jurisdiction over the Project or the development of the Phase 2 Property, (ii) comply with all Conditions of Approval and other design and use considerations applicable to the Project as detailed in the City’s Design Review approval per **Exhibit I** attached hereto and incorporated herein by this reference, (iii) comply with all mitigation measures imposed in connection with any environmental review of the Project (if any), and (iv) not commence construction work on the Project prior to issuance of building permits required for such work.

City staff shall work cooperatively with Developer to assist in coordinating the expeditious processing and consideration of all permits, entitlements and approvals necessary for development of the Project.

5.5 Fees. Subject to any financing subsidies identified in the Financing Plan, Developer shall be solely responsible for, and shall promptly pay when due, all customary and usual fees and charges of City in connection with obtaining building permits and other approvals for the Project, including without limitation, those related to the processing and consideration of amendments, if any, to the current entitlements, any related approvals and permits, environmental review, design review, architectural review, and any subsequent approvals for the Project or the development of the Phase 2 Property.

5.6 Cost of Construction. Except as expressly set forth herein, after the Effective Date, Developer shall be solely responsible for all direct and indirect costs and expenses incurred in connection with the design, development and construction of the Project

ATTACHMENT 2

and compliance with the Conditions of Approval, including without limitation the installation and construction of all off-site or on-site improvements required by the Conditions of Approval for the Project; provided however, Developer shall not be responsible for costs and expenses related to the following: the initial ALTA survey of the Phase 2 Property, land assemblage, relocation, lot-line adjustment, parcel creation, initial market study, and environmental clearance including additional environmental studies that may be required. The Parties anticipate that the cost of any of the foregoing that have not been paid prior to the Effective Date will be paid using the proceeds of the Permanent Loan (described in Section 6.1) or the Predevelopment Funds (described in Section 6.1). All such expenses shall be identified in the Project budget and approved for expenditure by the City prior to incurring any obligation to pay.

5.7. Financing Plan. As set forth in the attached Financing Plan (**Exhibit J**), Developer has provided City with a preliminary financing plan for the Project which describes (i) the estimated costs of Project development, including acquisition costs, and hard and soft construction costs, (ii) an operating pro forma which describes projected revenue and expenses for the Project, and (iii) identification of sources of construction and permanent financing. The Financing Plan must be in a form and content to provide sufficient detail to satisfy the requirements of Developer's applications for VHHP financing and other sources of Project financing. The Financing Plan must be submitted to the City in a format acceptable to the City. Developer shall update the Financing Plan throughout the term of this Agreement to reflect any changes in development cost and operations assumptions. City's review and approval of an update to the Financing Plan shall be required prior to the execution of the Assignment. Developer shall provide prior written notice to the City of any proposed modifications to the Financing Plan in excess of \$50,000. If the request for modification is complete and if the City fails to approve of any such modification within seven (7) calendar days following City's receipt of the proposed modifications, then the Financing Plan and the encumbrances which may be recorded against the Phase 2 Property in connection with the financing contemplated by the Financing Plan, shall be deemed approved by the City. The City agrees not to unreasonably withhold consent to proposed modifications to the Financing Plan.

A major consideration of the City for its participation in this DDLA is the potential success of the Developer in competition for VHHP or similar funding from the State of California or other sources. The Financing Plan anticipates no more than two attempts to obtain such funding by the Developer. If Developer is unsuccessful in obtaining VHHP or similar funding sufficient to fully finance the Project after two submittals or January 1, 2017 whichever event shall occur first, the City or the Developer may terminate this DDLA by delivery of written notice if the Parties are unable to develop an alternate feasible financing plan for the Project.

5.8 Development Performance Schedule (VHHP Scenario). Developer shall commence and complete Project plan development, seek to obtain a VHHP or similar award, obtain from a construction lender a letter of intent to make a construction loan or a similar commitment describing terms and condition of a potential loan for construction of the Project, and shall satisfy all other obligations of Developer under this Agreement within the time periods set forth herein and as described in the Development and Performance Schedule attached as **Exhibit H** hereto and incorporated herein by this reference, as such time periods may be extended upon the mutual written consent of the Parties. Subject to force majeure, the

ATTACHMENT 2

availability of financing, and the City's issuance of permits and approvals, Developer shall commence construction of the Project within thirty (30) days of issuance of building permits, but in any event no later than January 1, 2017 (or such earlier date as may be required pursuant to VHHP financing provided for the Project), and shall diligently prosecute to completion the rehabilitation of the Project so that City can issue a final certificate of occupancy or equivalent for the Project not later than June 30, 2018. Subject to force majeure, the availability of financing, and the City's issuance of permits and approvals, Developer's failure to commence or complete any of the milestones described in the Development and Performance Schedule within the time periods specified in this Section 5.8 and **Exhibit H** shall be an Event of Developer Default hereunder unless the parties have consented to an extension of such time periods

5.9 Rights of Access. For the purpose of ensuring that the Project is developed in compliance with this Agreement, Developer shall permit representatives of the City to enter upon the Phase 2 Property to inspect the Project following forty-eight (48) hours written notice, including without limitation inspection for labor standards compliance monitoring as described in Section 5.17 (except in the case of emergency in which case such notice as may be practical under the circumstances shall be provided). Developer shall have the right to accompany any City representative performing an inspection of the Project.

5.10 City Disclaimer. Developer acknowledges that City shall have the right to monitor, review, or inspect the progress of construction or the operation of the Project. Notwithstanding such right, Developer and all third parties shall rely on its or their own supervision and inspection in determining the quality and suitability of the materials and work, the performance of architects, subcontractors, and material suppliers, and all other matters relating to the construction and operation of the Project. Except as completed as part of the City's plan review and permitting process through the Building or Public Works Departments, any review or inspection undertaken by the City is solely for the purpose of determining whether Developer is properly discharging its obligations under this Agreement, and shall not be relied upon by Developer or any third party as a warranty or representation by the City as to the quality of the design or construction of the Improvements or otherwise.

5.11 Construction Plans. Prior to commencement of Project construction, Developer shall submit to City's Building Department detailed construction plans for the development of the Project (the "**Construction Plans**"). As used herein "**Construction Plans**" means all construction documents upon which Developer and Developer's contractors shall rely in constructing the Project (including the landscaping, parking, and common areas) and shall include, without limitation, the site development plan, final architectural drawings, landscaping, exterior lighting and signage plans and specifications, materials specifications, final elevations, and building plans and specifications. The Construction Plans shall be based upon the scope of development set forth herein and as detailed in the approved Design Review documents (**Exhibit I**) and upon the approvals issued by the City for the Project, and shall not materially deviate therefrom without the express written consent of City. Provided that the Construction Plans are consistent with the requirements of this Agreement, approval of the Construction Plans by City staff shall be deemed approval thereof by City.

5.12 Construction Pursuant to Plans. Developer shall develop the Project in accordance with the approved Construction Plans, the Conditions of Approval, and all other

ATTACHMENT 2

permits and approvals granted by the City Planning Department pertaining to construction of the Project. Developer shall comply with all directions, rules and regulations of any fire marshal, health officer, building inspector or other officer of every governmental entity having jurisdiction over the Phase 2 Property or the Project. Each element of the work shall proceed only after procurement of each permit, license or other authorization that may be required for such element by any governmental entity having jurisdiction. All design and construction work on the Project shall be performed by licensed contractors, engineers or architects, as applicable.

5.13 Changes in Construction Plans. If Developer desires to make any change in the approved Construction Plans that would result in either a cost increase or cost savings in excess of \$50,000, Developer shall submit the proposed change in writing to City in accordance with its standard review process. Approval of changes to the Construction Plans by City Planning Department shall be deemed approval thereof by City. Nothing in this Section is intended to or shall be deemed to modify the City's standard plan review procedures.

5.14 Defects in Plans. City shall not be responsible to Developer or to any third party for any defect in the Construction Plans or for any structural or other defect in any work done pursuant to the Construction Plans. Subject to the last sentence of this Section 5.14, Developer shall indemnify, defend (with counsel approved by City) and hold harmless the Indemnitees from and against all Claims arising out of, or relating to, or alleged to arise from or relate to defects in the Construction Plans or defects in any work done pursuant to the Construction Plans whether or not any insurance policies shall have been determined to be applicable to any such Claims. Developer's indemnification obligations set forth in this Section shall survive the expiration or earlier termination of this Agreement and the recordation of a Certificate of Completion and shall be assumed by any successor to Developer's interest in this Agreement. It is further agreed that City shall not, waive any rights against Developer which it may have by reason of this indemnity and hold harmless agreement because of the acceptance by City, or Developer's deposit with City of any of the insurance policies described in this Agreement. Developer's indemnification obligations pursuant to this Section shall not extend to Claims to the extent arising due to the gross negligence or willful misconduct of the Indemnitees. Developer's indemnification obligations set forth in this Section shall not apply to any Construction Plans that are not used by or on behalf of Developer or any entity affiliated with Developer, including without limitation, an entity controlled by or under common control with Developer. In addition, if City uses any of the Construction Plans (or permits a third party to use such Construction Plans), City agrees to release Developer from liability for Claims arising in connection with such use except to the extent any such Claim arises from the gross negligence or willful misconduct of Developer or Developer's employees, agents or representatives.

5.15 Certificate of Completion for Project; Notices of Completion. Promptly after completion of construction of the Project, Developer shall record a notice of completion consistent with the requirements of California Civil Code. Promptly after completion of construction of the Project, issuance of a final Certificate of Occupancy or equivalent by the City, and the written request of Developer, the City will provide an instrument ("**Certificate of Completion**") certifying that the Project has been completed and that the applicable obligations of Developer under this DDLA have been satisfied, provided that at the time such certificate is requested all applicable components of the Phase 2 Development have been completed. The Certificate of Completion shall be conclusive evidence that Developer has satisfied its

ATTACHMENT 2

obligations regarding the development of the Project. The Certificate of Completion shall be issued substantially in the form attached hereto as **Exhibit N** and incorporated herein by reference, and at Developer's option, shall be recorded in the Official Records. The Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of Developer to any holder of a deed of trust or mortgage securing money loaned to finance the Project or any part thereof and shall not be deemed a notice of completion under the California Civil Code, nor shall such Certificate provide evidence that Developer has satisfied any obligation that survives the expiration of this Agreement.

5.16 Equal Opportunity. During the construction of the Project, there shall be no discrimination on the basis of race, color, religion, creed, sex, sexual orientation, marital status, ancestry or national origin in the hiring, firing, promoting or demoting of any person engaged in construction of the Project, and Developer shall direct its contractors and subcontractors to refrain from discrimination on such basis. Developer shall satisfy all Federal, State and City requirements in regard to Equal Opportunity including but not limited to noticing, program development and reporting. Developer will notify City in a timely manner of any Equal Opportunity issues arising during the development and operation of the Project.

5.17 Prevailing Wage Requirements. To the full extent required by all applicable State and Federal laws, rules and regulations, if any, Developer and its contractors and agents shall comply with California Labor Code Section 1720 *et seq.*, the Davis-Bacon Act (if applicable), and the regulations adopted pursuant to each of them, as the same may be applicable to the Project ("**Prevailing Wage Laws**"), and shall be responsible for carrying out the requirements of such provisions. Developer, at its own expense, shall prepare and obtain approval from the City of a plan for monitoring, enforcing and reporting on the payment of prevailing wages. This plan shall describe penalties consistent with the California Labor Code that shall be imposed against the Contractor if the Contractor fails to implement said plan and to satisfy on a timely basis the reporting requirements included in said plan.

Subject to the last sentence of this paragraph, Developer shall indemnify, defend (with counsel approved by City) and hold the City, and its respective elected and appointed officers, officials, employees, agents, consultants, and contractors (collectively, the "**Indemnitees**") harmless from and against all liability, loss, cost, expense (including without limitation reasonable attorneys' fees and costs of litigation), claim, demand, action, suit, judicial or administrative proceeding, penalty, deficiency, fine, order, and damage (all of the foregoing collectively "**Claims**") which directly or indirectly, in whole or in part, are caused by, arise in connection with, result from, relate to, or are alleged to be caused by, arise in connection with, or relate to, the payment or requirement of payment of prevailing wages (including without limitation, all claims that may be made by contractors, subcontractors or other third party claimants pursuant to Labor Code Sections 1726 and 1781), the failure to comply with any applicable state or federal labor laws, regulations or standards in connection with this Agreement, including but not limited to the Prevailing Wage Laws, or any act or omission of Developer related to this Agreement with respect to the payment or requirement of payment of prevailing wages, whether or not any insurance policies shall have been determined to be applicable to any such Claims. It is further agreed that City does not and shall not waive any rights against Developer which it may have by reason of this indemnity and hold harmless agreement because of the acceptance by City, or Developer's deposit with City of any of the

ATTACHMENT 2

insurance policies described in this Agreement. The provisions of this Section 5.17 shall survive the expiration or earlier termination of this Agreement and the issuance of a Certificate of Completion for the Project and shall be assumed by any successor to Developer's interest in this Agreement. Developer's indemnification obligations set forth in this Section shall not apply to Claims to the extent arising from the gross negligence or willful misconduct of one or more of the Indemnitees. Developer's indemnification obligations set forth in this Section shall only apply to work performed by or on behalf of Developer or any entity affiliated with Developer, including without limitation, a Controlled Affiliate or an entity controlled by or under common control with Developer.

5.18 Compliance with Laws. In connection with development and construction of the Project, Developer shall comply, and shall cause its contractors to comply with all applicable federal, state and local laws, rules, ordinances and regulations, including without limitation, all applicable federal and state labor laws and standards, contract compliance and reporting requirements, applicable provisions of the California Public Contracts Code (if any), the City zoning and development standards, building, plumbing, mechanical and electrical codes, all other provisions of the City's Municipal Code, and all applicable disabled and handicapped access requirements, including without limitation, applicable provisions of the Americans with Disabilities Act, 42 U.S.C. Section 12101, *et seq.*, Government Code Section 4450, *et seq.*, Government Code Section 11135, *et seq.*, and the Unruh Civil Rights Act, Civil Code Section 51, *et seq.* Developer shall indemnify, defend (with counsel approved by City) and hold harmless the Indemnitees from and against any and all Claims arising in connection with the breach of Developer's obligations set forth in this Section whether or not any insurance policies shall have been determined to be applicable to any such Claims. It is further agreed that City shall not waive any rights against Developer which it may have by reason of this indemnity and hold harmless agreement because of the acceptance by City, or Developer's deposit with City of any of the insurance policies described in this Agreement. Developer's indemnification obligations set forth in this Section shall not apply to Claims to the extent arising from the gross negligence or willful misconduct of the Indemnitees. Developer's defense and indemnification obligations set forth in this Section 5.18 shall survive the expiration or earlier termination of this Agreement and the issuance of a Certificate of Completion for the Project.

5.19 Liens and Stop Notices. Until the expiration of the term of the Regulatory Agreement, if a claim of a lien or stop notice is given or recorded affecting the Project or the Phase 2 Property, Developer shall within thirty (30) days of such recording or service: (a) pay and discharge (or cause to be paid and discharged) the same; or (b) effect the release thereof by recording and delivering (or causing to be recorded and delivered) to the party entitled thereto a surety bond in sufficient form and amount; or (c) provide other assurance satisfactory to City that the claim of lien or stop notice will be paid or discharged. The provisions of this Section 5.19 shall apply from and after Developer's acquisition of a leasehold interest in the Phase 2 Property.

5.20 Right of City to Satisfy Liens on the Phase 2 Property. If Developer fails to satisfy or discharge any lien or stop notice on the Phase 2 Property pursuant to and within the time period set forth in Section 5.19 above, the City shall have the right, but not the obligation, to satisfy any such liens or stop notices at Developer's expense with prior written notice to Developer. In such event Developer shall be liable for and shall immediately reimburse City for such paid lien or stop notice. Alternatively, the City may require Developer to immediately

ATTACHMENT 2

deposit with City the amount necessary to satisfy such lien or claim pending resolution thereof. The City may use such deposit to satisfy any claim or lien that is adversely determined against Developer. Developer shall file a valid notice of cessation or notice of completion upon cessation of construction of the Improvements for a continuous period of thirty (30) days or more, and shall take all other reasonable steps to forestall the assertion of claims or liens against the Phase 2 Property or the Improvements. The City may (but has no obligation to), with prior written notice to Developer, record any notices of completion or cessation of labor, or any other notice that the City deems necessary or desirable to protect its interest in the Phase 2 Property and the Improvements.

5.21 Performance and Payment Bonds. No less than one week prior to commencement of construction work on the Project, Developer shall cause its general contractor to deliver to the City copies of payment bond(s) and performance bond(s) issued by a reputable insurance company licensed to do business in California, each in a penal sum of not less than one hundred percent (100%) of the scheduled cost of construction of the Project. The bonds shall name the City as co-obligee. In lieu of such performance and payment bonds, subject to City's approval of the form and substance thereof, Developer may submit evidence satisfactory to the City of the contractor's ability to commence and complete construction of the Project in the form of an irrevocable letter of credit, pledge of cash deposit, certificate of deposit, or other marketable securities held by a broker or other financial institution, with signature authority of the City required for any withdrawal, or a completion guaranty in a form and from a guarantor acceptable to City. Such evidence must be submitted to City in approvable form in sufficient time to allow for City's review and approval prior to the scheduled construction start date.

5.22 Insurance Requirements. Developer shall maintain and shall cause its contractors to maintain all applicable insurance coverage specified in Article XII.

ARTICLE VI

CITY FINANCIAL ASSISTANCE

6.1 City Permanent Loan. City agrees to provide a no-interest, forgivable permanent loan to Developer from a combination of sources including County and City Local Housing Trust Funds, to be used primarily as "gap" financing for the Project in the total principal amount not to exceed One Million Dollars (\$1,000,000.00) ("**Permanent Loan**"). The Permanent Loan is made for development of the Project upon the terms and conditions and for the purposes set forth in this Agreement including all terms and conditions found in the Inter-Agency Project Agreement the form of which is attached as Exhibit O to this DDLA. Additionally, upon the written request of the Developer, City will make a short-term, no-interest, non-forgivable loan of up to \$150,000 (the "**Predevelopment Funds**") the outstanding balance of which shall be repaid on the Closing Date. The Predevelopment Funds shall be used for City-approved predevelopment costs.

The Permanent Loan shall be evidenced by a Secured Promissory Note in the amount of One Million Dollars (\$1,000,000) ("**Permanent Note**"), dated as of the Closing Date

ATTACHMENT 2

and executed by Developer in form satisfactory to City. The Permanent Note shall be secured by a Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (the “**Deed of Trust**”) executed by Developer as Trustor for the benefit of City in form satisfactory to City and lenders and recorded against the Phase 2 Property. Provided that Developer has complied with all conditions precedent to disbursement of the Permanent Loan, the proceeds of the Permanent Loan (“**Permanent Loan Proceeds**”) shall be disbursed pursuant to this Agreement. Provided that the Project has been operated in compliance with the Regulatory Agreement and the City Documents, the entire outstanding principal balance of the Permanent Loan shall be forgiven on the fifty-fifth (55th) anniversary of the date of issuance of the final certificate of occupancy for the Project. A Loan Agreement incorporating the forms of the Permanent Note and the Deed of Trust are referred to collectively as the “**Permanent Loan Documents**” and are attached hereto as **Exhibit K**

6.1.1 Subordination. City will not withhold consent to reasonable requests for subordination of the Deed of Trust to deeds of trust provided for the benefit of lenders identified in the Financing Plan as it may be updated with City approval, provided that the instruments effecting such subordination include reasonable protections to the City in the event of default.

6.2 City Funds; Nonrecourse or Recourse Obligations. The Permanent Loan shall be provided in the form of a nonrecourse forgivable loan. The Predevelopment Funds shall be provided in the form of a recourse loan for which Developer has liability. The proceeds of the Permanent Loan and the Predevelopment Funds are collectively referred to herein as “**City Funds**.”

6.3 Use and Disbursement of City Funds. City Funds and all other funds provided for the Project (collectively, “**Project Funding**”) shall be used solely to fund specific development activities associated with the Project (in an amount and for only such development activities as are approved for funding by the City and granting agencies) and to fund construction of the Project consistent with the approved Financing Plan, as it may be updated by Developer with City’s approval. Subsequent to the approval of this DDLA, the Developer will invoice the City for Predevelopment Funds consistent with the approved budget to cover predevelopment costs. Each invoice will include sufficient supporting documentation to ensure eligibility of the costs as per the funding source as well as explanations for any costs incurred that were not identified in the Predevelopment phase of the Financing Plan attached as **Exhibit J**.

All uses of Project Funding shall follow applicable Federal, State or local procurement rules as required by the City and granting agencies. Developer shall also inform City of proposed withdrawals from Project operating reserve accounts thirty (30) days prior to making withdrawals.

6.4 Conditions to Disbursement of Funds. City’s obligation to disburse remaining Permanent Loan Proceeds is conditioned upon the satisfaction of all of the following conditions:

(a) For funding prior to commencement of construction (“Predevelopment Phase”):

ATTACHMENT 2

(i) Developer's execution and delivery to City of this Agreement, an updated Financing Plan and written confirmation of compliance with the Schedule of Development and Performance.

(ii) Developer's delivery to the City of evidence of property and liability insurance coverage in accordance with the requirements set forth herein.

(iii) Developer's delivery to City of each of the following: (i) certificate of good standing, certified by the Secretary of State indicating that Developer is properly organized and authorized to do business in the State of California, (ii) a certified resolution indicating that Developer has authorized the transactions contemplated by this Agreement and that the persons executing the City Documents on behalf of Developer have been duly authorized to do so.

(iv) No material adverse change as determined by City in its reasonable judgment shall have occurred in the condition of the Phase 2 Property or in the financial or other condition of Developer since the date of this Agreement.

(v) Developer's written certification to the costs and schedule of products represented in the Projected Construction Cost phase of the Financing Plan attached as **Exhibit J**. Such costs shall be consistent with the Financing Plan as set forth in **Exhibit J**. Developer shall provide a brief written explanation of any significant changes from the original Financing Plan.

(vi) City's receipt of a written requisition (invoice) from Developer specifying the amount and use of the requested funds, accompanied by copies of third-party invoices for services rendered or to be rendered in connection with the Project and such other documentation as City shall reasonably require, including without limitation, cost certification by accountant as to the expenses incurred. For those costs and expenses not included in Predevelopment budget approved by the City, the City must provide written approval before Developer may incur such cost or expense.

(b) For funding during the Construction period ("**Construction Phase**"), the following are additional requirements for funding requests on or after commencement of Construction:

(i) Prior to Closing, City's written approval of the updated Financing Plan to be attached as an amendment to **Exhibit J**, reflecting all Project costs, all sources of Project funding (including a letter of intent to make a construction loan to the Developer from a conventional construction lender satisfactory to the City), the operating budget and any other schedules, narratives or other work products required by the City. The amended Financing Plan shall further reflect the funding and underwriting requirements of all lenders and grant programs funding the costs of the Construction Phase of the Project.

(ii) Delivery of fully executed Permanent Loan Documents as required by the Loan Agreement attached hereto as (**Exhibit K**), recordation of the Memorandum of this DDLA Agreement substantially in the form attached hereto as (**Exhibit G**), execution and delivery of the Assignment, the Parking Agreement Amendment (described in

ATTACHMENT 2

Section 4.9), the Leasehold Deed of Trust and the Regulatory Agreement in the Official Records.

(iii) Developer's delivery to City of evidence reasonably satisfactory to City that Developer has obtained all necessary entitlements, permits (including without limitation building permits), licenses, and approvals required to develop the Project, or that the receipt of such permits is subject only to such conditions as City shall reasonably approve; City's approval of the final plans and specifications for the Project; Developer's delivery to City and City approval of all of the following: (1) performance bonds or other assurance of completion reasonably acceptable to City pursuant to the requirements set forth in Section 5.21; (2) any modification to the construction schedule; and (3) copies of such other documents related to the financing of the Project as City may reasonably request, including cost certification as to the expenses incurred.

(iv) Preparation by the Developer of escrow instructions acceptable to the City.

6.5 Payment for City Costs. As provided in and in accordance with Section 4.11 of the Loan Agreement, City will be paid \$100,000 for activity delivery and administrative costs incurred by City in the development and occupancy of the Project.

6.6. VRCA Assumption of City's Obligations under Inter-Agency Project Agreement. Effective upon Closing, and until VRCA's obligations to City secured by the Leasehold Deed of Trust and as provided in the permanent Note have been fully satisfied and / or forgiven, VRCA assumes all of City's obligations to the County of Sacramento and the Sacramento County Successor Agency ("SA") set forth in the Inter-Agency Project Agreement ("Agreement") attached as Exhibit O to this Agreement and incorporated herein by this reference and agrees to pay the SA the unpaid principal balance, all interest accrued, the fees specified in the Agreement, and all other amounts required by the Agreement and agrees to perform all of the City's obligations contained in the Agreement as if VRCA was the original borrower. VRCA shall not assign or transfer the obligations assumed pursuant to this section 6.6.

ARTICLE VII**USE OF THE PHASE 2 PROPERTY**

7.1 Use; Affordable Housing. Developer covenants and agrees for itself and its successors and assigns that the Phase 2 Property shall be subject to recorded covenants that will restrict use of the Phase 2 Property to development of an affordable, multi-family, "Transitional" rental housing project in which not less than one hundred percent (100%) of the residential units shall be rented at an affordable cost to eligible households whose household income is at or below fifty percent (50%) of Area Median Income (as defined in the Regulatory Agreement) or such lower income limits as may be required by VHHP or other financing provided for the Project, in accordance with the terms hereof and the Regulatory Agreement. To the maximum extent permitted by law, occupancy shall be limited to a mix of disabled and homeless veterans. If at any time after the first five years of operation, the waiting list of

ATTACHMENT 2

qualified tenants for the Phase 2 Development for 2 consecutive months falls below 5 qualified applicants, the City and Developer will meet and discuss the need for amendment to the existing tenant selection standards. Additionally, in the event that a residential unit has been vacant for more than thirty (30) days, and prior to that time Developer has not received a rental application from a homeless or disabled veteran household that qualifies as a Very Low Income Household (as defined in the Regulatory Agreement) and that meets Developer's tenant selection standards, then Developer may rent the vacant unit (and other units which subsequently become available under the same conditions) to a Very Low Income veteran household which does not include a homeless or disabled veteran. To the extent permitted under applicable law, Developer shall restrict occupancy of the residential units in the Project to households that include one or more veterans.

7.2 Maintenance. Commencing upon the effective date, Developer, at its own expense, shall maintain the Phase 2 Property, the Improvements and related landscaping and common areas in good physical condition, normal wear and tear excepted, in good repair, and in decent, safe, sanitary, habitable and tenantable living conditions in conformity with all applicable state, federal, and local laws, ordinances, codes, and regulations and the provisions of the REA that apply to the holder of a leasehold interest in the Phase 2 Property. Without limiting the foregoing, Developer agrees to maintain the Project and the Phase 2 Property (including without limitation, the residential units, common areas, landscaping, driveways, parking areas, and walkways) in a condition free of all waste, nuisance, debris, unmaintained landscaping, graffiti, disrepair, abandoned vehicles/appliances, and illegal activity, and shall take all reasonable steps to prevent the same from occurring on the Phase 2 Property or at the Project. Developer shall prevent and/or rectify any physical deterioration of the Phase 2 Property and the Project, reasonable wear and tear excepted, and shall make all repairs, renewals and replacements necessary to keep the Phase 2 Property and the improvements located thereon in good condition and repair. Developer shall provide adequate security for occupants of the Project. The provisions of this Section 7.2 shall apply from and after the effective date of the Assignment.

7.3 Taxes and Assessments. From and after the effective date of the Assignment, Developer shall pay all real and personal property taxes, assessments and charges and all franchise, income, payroll, withholding, sales, and other taxes assessed against the Phase 2 Property or the Improvements and payable by Developer, at such times and in such manner as to prevent any penalty from accruing, or any lien or charge from attaching to the Phase 2 Property or the Improvements; provided, however, that Developer shall have the right to contest in good faith, any such taxes, assessments, or charges. In the event the Developer exercises its right to contest any tax, assessment, or charge, the Developer, on final determination of the proceeding or contest, shall immediately pay or discharge any decision or judgment rendered against it, together with all costs, charges and interest. Nothing in this Section is intended to, or shall, preclude Developer from applying for and obtaining exemption from property taxes and other taxes and assessments.

7.4 Obligation to Refrain from Discrimination. From and after the effective date of the Assignment, Developer shall not restrict the rental, sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Phase 2 Property or the Improvements, or any portion thereof, on the basis of race, color, religion, creed, sex, sexual orientation, disability, marital status, ancestry, or national origin of any person. Developer covenants for itself and all persons

ATTACHMENT 2

claiming under or through it, and this Agreement is made and accepted upon and subject to the condition that there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Phase 2 Property or part thereof, nor shall Developer or any person claiming under or through Developer establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in, of, or for the Phase 2 Property or the Improvements or part thereof. Developer shall include such provision in all deeds, leases, contracts and other instruments executed by Developer, and shall enforce the same diligently and in good faith.

All deeds, leases or contracts made or entered into by Developer, its successors or assigns, as to any portion of the Phase 2 Property or the Improvements shall contain the following language:

(a) In Deeds, the following language shall appear:

“(1) Grantee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through it, that there shall be no discrimination against or segregation of a person or of a group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property herein conveyed nor shall the grantee or any person claiming under or through the grantee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the property herein conveyed. The foregoing covenant shall run with the land.

“(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11 and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1).”

(b) In Leases, the following language shall appear:

“(1) The lessee herein covenants by and for the lessee and lessee’s heirs, personal representatives and assigns, and all persons claiming under the lessee or through the lessee, that this lease is made subject to the condition that there shall be no discrimination against or segregation of any person or of a group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin, ancestry or disability in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the property herein

ATTACHMENT 2

leased nor shall the lessee or any person claiming under or through the lessee establish or permit any such practice or practices of discrimination of segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants, or vendees in the property herein leased.

“(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11 and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1).

(c) In Contracts, the following language shall appear:

“There shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property nor shall the transferee or any person claiming under or through the transferee establish or permit any such practice or practices of discrimination or segregation with reference to selection, location, number, use or occupancy of tenants, lessee, subtenants, sublessees or vendees of the land.”

Additionally, City reserves the right to require other mandatory contract language as necessary to satisfy existing Federal, State and Local requirements.

ARTICLE VIII**LIMITATIONS ON CHANGE IN OWNERSHIP, MANAGEMENT
AND CONTROL OF DEVELOPER**

8.1 Change Pursuant to this Agreement. Developer and its principals have represented that they possess the necessary expertise, skill and ability to carry out the development of the Project on the Phase 2 Property pursuant to this Agreement. The qualifications, experience, financial capacity and expertise of Developer and its principals are of particular concern to the City. It is because of these qualifications, experience, financial capacity and expertise that the City has entered into this Agreement with Developer. No voluntary or involuntary successor, assignee or transferee of Developer shall acquire any rights or powers under this Agreement, except as expressly provided herein.

8.2 Prohibition on Transfer. Prior to the expiration of the term of the Regulatory Agreement, Developer shall not, except as expressly permitted by this Agreement, directly or indirectly, voluntarily, involuntarily or by operation of law make or attempt any total

ATTACHMENT 2

or partial sale, transfer, conveyance, assignment of lease (collectively, “**Transfer**”) of the whole or any part of Developer’s interest in the Phase 2 Property, the Project, the Improvements, or this Agreement, without the prior written approval of City, which approval shall not be unreasonably withheld. (The provisions concerning Transfer of the Phase 2 Property, the Project and the Improvements shall apply commencing upon the effective date of the Assignment). Any such attempt to assign this Agreement without the City’s consent shall be null and void and shall confer no rights or privileges upon the purported assignee. In addition to the foregoing, prior to the expiration of the term of the Regulatory Agreement, except as expressly permitted by this Agreement, Developer shall not undergo any significant change of ownership without the prior written approval of City. For purposes of this Agreement, a “significant change of ownership” shall mean a transfer of the beneficial interest of more than twenty-five percent (25%) in aggregate of the present ownership and /or control of Developer, taking all transfers into account on a cumulative basis; provided however in the event that City approves the transfer of Developer’s interest to a limited partnership, neither (a) the admission of an investor limited partner, the transfer of limited partner interests in the Developer or its permitted assignees, nor any transfer of interests within such limited partner, to subsequent limited partners, nor (b) the removal of the general partner by the investor limited partner for a default by the general partner under the Agreement of Limited Partnership and the replacement of the general partner with an entity with the approval of the City which shall not be unreasonably withheld or delayed, shall be restricted by this provision.

8.3 Permitted Transfers. Notwithstanding any contrary provision hereof, the prohibitions set forth in this Article shall not be deemed to prevent: (i) the granting of easements or permits to facilitate development of the Phase 2 Property; (ii) the dedication of any property required pursuant to this Agreement; (iii) the lease of individual residences to tenants for occupancy in accordance with the Regulatory Agreement; (iv) assignments creating security interests for the purpose of financing, construction or permanent financing of the Project or the Phase 2 Property in accordance with the approved Financing Plan as it may be updated with City approval, and subject to the requirements of Article VII, or Transfers directly resulting from the foreclosure of, or granting of a deed in lieu of foreclosure of, such a security interest; (v) anticipating a tax credit application, a Transfer to a single purpose limited partnership in which at least one of the general partners is a Controlled Affiliate; or (vi) the assignment of the County Lease to a single member California LLC of which VRCA is the sole member.

8.4 Requirements for Proposed Transfers. The City may, in the exercise of its sole discretion, consent to a proposed Transfer of this Agreement, the Improvements, the Phase 2 Property or portion thereof if all of the following requirements are met (provided however, the requirements of this Section 8.4 shall not apply to Transfers described in clauses (i) through (v) of Section 8.3). An assignment to Veteran’s Housing Development Corporation (“VHDC”) shall require prior City review and approval.:

(i) The proposed transferee demonstrates to the City’s satisfaction that it has the qualifications, experience and financial resources necessary and adequate as may be reasonably determined by the City to competently complete construction of the Project and to otherwise fulfill the obligations undertaken by the Developer under this Agreement.

ATTACHMENT 2

(ii) The Developer and the proposed transferee shall submit for City review and approval all instruments and other legal documents proposed to effect any Transfer of this Agreement, the Improvements, the Phase 2 Property or interest therein together with such documentation of the proposed transferee's qualifications and development capacity as the City may reasonably request.

(iii) The proposed transferee shall expressly assume all of the rights and obligations of the Developer under this Agreement and the City Documents arising after the effective date of the Transfer and all obligations of Developer arising prior to the effective date of the Transfer (unless Developer expressly remains responsible for such obligations) and shall agree to be subject to and assume all of Developer's obligations pursuant to the Conditions of Approval and all other conditions, and restrictions set forth in this Agreement and the Regulatory Agreement.

(iv) The Transfer shall be effectuated pursuant to a written instrument satisfactory to the City in form recordable in the Official Records.

Consent to any proposed Transfer may be given by the City Manager unless the City Manager, in his or her discretion, refers the matter of approval to the City Council. If a proposed Transfer has not been approved by City in writing within thirty (30) days following City's receipt of written request by Developer, it shall be deemed rejected.

(v). The provisions of this section 8.4 shall, with regards to an assignment of the lease to a controlled affiliate, be in addition to the requirements and provisions of section 4.4.

8.5 Effect of Transfer without City Consent.

8.5.1 In the absence of specific written agreement by the City, no Transfer by Developer shall be deemed to relieve the Developer or any other party from any obligation under this Agreement.

8.5.2 Without limiting any other remedy City may have under this Agreement, or under law or equity, it shall be an Event of Developer Default hereunder entitling City to terminate this Agreement if without the prior written approval of the City, Developer assigns or Transfers this Agreement, the Improvements, or the Phase 2 Property prior to the City's issuance of a Certificate of Completion. This Section 8.5.2 shall not apply to Transfers permitted under Section 8.2 or described in clauses (i) through (v) of Section 8.3.

ATTACHMENT 2**ARTICLE IX****SECURITY FINANCING AND RIGHTS OF MORTGAGEES**

9.1 Mortgages and Deeds of Trust for Development. Mortgages and deeds of trust, or any other reasonable security instrument are permitted to be placed upon the Phase 2 Property or the Improvements only for the purpose of securing loans for the purpose of the design and construction of the Improvements, and other expenditures reasonably necessary for development of the Phase 2 Property pursuant to this Agreement. Developer shall not enter into any conveyance for such financing that is not contemplated in the Financing Plan as it may be updated with City approval, without the prior written approval of the City Manager or his or her designee. As used herein, the terms “mortgage” and “deed of trust” shall mean any security instrument used in financing real estate acquisition, construction and land development.

9.1.1 Memorandum and Regulatory Agreement to be Senior to Mortgages. The City agrees that pursuant to Health and Safety Code Section 33334.14(a)(4), City will not withhold consent to reasonable requests for subordination of the Regulatory Agreement to deeds of trust provided for the benefit of lenders identified in the Financing Plan as it may be updated with City approval, provided that the instruments effecting such subordination include reasonable protections to the City in the event of default consistent with the requirements of Health and Safety Code Section 33334.14(a)(4).

9.2 Holder Not Obligated to Construct. The holder of any mortgage or deed of trust authorized by this Agreement shall not be obligated to complete construction of the Improvements or to guarantee such completion. Nothing in this Agreement shall be deemed to permit or authorize any such holder to devote the Phase 2 Property or any portion thereof to any uses, or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement.

9.3 Notice of Default and Right to Cure. Whenever City delivers any notice of default hereunder, City shall concurrently deliver a copy of such notice to each holder of record of any mortgage or deed of trust secured by the Phase 2 Property or the Improvements, provided that City has been provided with the address for delivery of such notice. City shall have no liability to any such holder for any failure by the City to provide such notice to such holder. Each such holder shall have the right, but not the obligation, at its option, to cure or remedy any such default or breach within the cure period provided to Developer extended by an additional sixty (60) days. In the event that possession of the Phase 2 Property or the Improvements (or any portion thereof) is required to effectuate such cure or remedy, the holder shall be deemed to have timely cured or remedied the default if it commences the proceedings necessary to obtain possession of the Phase 2 Property or Improvements within sixty (60) days after receipt of the City's notice, diligently pursues such proceedings to completion, and after obtaining possession, diligently completes such cure or remedy. A holder who chooses to exercise its right to cure or remedy a default or breach shall first notify City of its intent to exercise such right prior to commencing to cure or remedy such default or breach. Nothing contained in this Agreement shall be deemed to permit or authorize such holder to undertake or continue the construction of the Project (beyond the extent necessary to conserve or protect the same) without first having expressly assumed in writing Developer's obligations to City under this Agreement. The holder in that event must agree to complete, in the manner provided in this

ATTACHMENT 2

Agreement, the Project and the Improvements and submit evidence reasonably satisfactory to City that it has the development capability on staff or retainer and the financial capacity necessary to perform such obligations. Any such holder properly completing the Project pursuant to this Section shall assume all rights and obligations of Developer under this Agreement and shall be entitled to a Certificate of Completion upon compliance with the requirements of this Agreement.

The notice rights and cure periods described above in this Section 9.3 shall also apply to Developer's investor limited partner, if applicable.

9.4 City Right to Cure Defaults. In the event of a breach or default by Developer under a mortgage or deed of trust secured by the Phase 2 Property or the Improvements, City may cure the default, without acceleration of the subject loan, following prior notice thereof to the holder of such instrument and Developer. In such event, Developer shall be liable for, and City shall be entitled to reimbursement from Developer for all costs and expenses incurred by City associated with and attributable to the curing of the default or breach and such sum.

9.5 Holder to be Notified. Developer agrees to use best efforts to ensure that each term contained herein dealing with security financing and rights of holders shall be either inserted into the relevant deed of trust or mortgage or acknowledged by the holder prior to its creating any security right or interest in the Phase 2 Property or the Improvements, or other property of Developer, as applicable.

9.6 Modifications to Agreement. City shall not unreasonably withhold its consent to modifications of this Agreement requested by Project lenders or investors provided such modifications do not alter City's substantive rights and obligations under this Agreement; provided, however, no modification of this Agreement shall be effective without the written consent of the Developer's investor limited partner, if applicable.

9.7 Estoppel Certificates. Either Party shall, at any time, and from time to time, within fifteen (15) days after receipt of written request from the other Party, execute and deliver to such Party a written statement certifying that, to the knowledge of the certifying Party: (i) this Agreement is in full force and effect and a binding obligation of the Parties (if such be the case), (ii) this Agreement has not been amended or modified, or if so amended, identifying the amendments, and (iii) the requesting Party is not in default in the performance of its obligations under this Agreement, or if in default, describing the nature of any such defaults.

9.8 Default in later phases. This Agreement pertains solely to the disposition of the Phase 2 Property and the development of the Phase 2 Development, and not to prior or subsequent phases of the Mather Veterans Village. When used in this agreement, the term "default" is intended to refer to a default arising in connection with the Phase 2 Development or arising out of this Agreement, and is not intended to refer to a default arising solely out of a prior or subsequent disposition and development agreement or solely during a prior or subsequent phase of the Mather Veterans Village.

ATTACHMENT 2**ARTICLE X****ENVIRONMENTAL MATTERS**

10.1 No City Liability; Developer's Covenants. City shall be not responsible for the cost of any soil, groundwater or other environmental remediation or other response activities for any Hazardous Materials existing or occurring in, on, under or about the Improvements, the Phase 2 Property or any portion thereof. From and after the effective date of the Assignment, upon receipt of any notice regarding the presence, release or discharge of Hazardous Materials in, on or under the Improvements, the Phase 2 Property, or any portion thereof, Developer agrees to timely initiate and diligently pursue and complete all appropriate response, remediation and removal actions for the release or discharge of Hazardous Materials caused by Developer, within such deadlines as specified by applicable Environmental Laws. Developer hereby covenants and agrees that commencing upon Developer's acquisition of its interests in the Phase 2 Property:

(i) Developer shall not knowingly permit the Project or the Phase 2 Property or any portion of either to be a site for the use, generation, treatment, manufacture, storage, disposal or transportation of Hazardous Materials or otherwise knowingly permit the presence or release of Hazardous Materials in, on, under, about or from the Project or the Phase 2 Property with the exception of cleaning supplies and other materials customarily used in construction, operation or maintenance of residential property and any commercial uses developed as part of the Project, and used, stored and disposed of in compliance with Hazardous Materials Laws, and

(ii) Developer shall keep and maintain the Project and the Phase 2 Property and each portion thereof in compliance with, and shall not cause or permit the Project or the Phase 2 Property or any portion of either to be in violation of, any Hazardous Materials Laws.

10.2 Environmental Indemnification. Subject to the last sentence of this Section 10.2, commencing upon the effective date of the Assignment, Developer shall indemnify, defend (with counsel approved by City) and hold the Indemnitees harmless from and against any and all Claims including without limitation any expenses associated with the investigation, assessment, monitoring, response, removal, treatment, abatement or remediation of Hazardous Materials and administrative, enforcement or judicial proceedings resulting, arising, or based directly or indirectly in whole or in part upon (i) the presence, release, use, generation, discharge, storage or disposal or the alleged presence, release, discharge, storage or disposal of any Hazardous Materials on, under, in or about, or the transportation of any such Hazardous Materials to or from, the Phase 2 Property, or (ii) the failure of Developer, Developer's employees, agents, contractors, subcontractors, or any person acting on behalf of any of the foregoing to comply with Hazardous Materials Laws or the covenants set forth in Section 10.1. The foregoing indemnity shall further apply to any contamination in, on under or about the Phase 2 Property or affecting any natural resources arising in connection with the generation, use, handling, treatment, storage, transport or disposal of any such Hazardous Materials and irrespective of whether any of such activities were or will be undertaken in accordance with Hazardous Materials Laws. The provisions of this Section 10.2 shall survive the issuance of a

ATTACHMENT 2

Certificate of Completion for the Project and the expiration or earlier termination of this Agreement. Except for any Claims caused by sole negligence of the Developer or its agents, Developer's indemnification obligations set forth in this Section shall not apply to Claims arising or occurring prior to Developer's acquisition of the Phase 2 Property.

10.2.1 No Limitation. Developer hereby acknowledges and agrees that Developer's duties, obligations and liabilities under this Agreement, including, without limitation, under Section 10.2 above, are in no way limited or otherwise affected by any information the City may have concerning the Phase 2 Property and/or the presence in, on, under or about the Phase 2 Property of any Hazardous Materials, whether the City obtained such information from the Developer or from its own investigations. It is further agreed that City does not and shall not waive any rights against Developer that they may have by reason of this indemnity and hold harmless agreement because of the acceptance by City, or the deposit with City by Developer, of any of the insurance policies described in this Agreement.

10.3 Hazardous Materials. As used herein, the term "**Hazardous Materials**" means any substance, material or waste which is or becomes regulated by any federal, state or local governmental authority, and includes without limitation (i) petroleum or oil or gas or any direct or indirect product or by-product thereof; (ii) asbestos and any material containing asbestos; (iii) any substance, material or waste regulated by or listed (directly or by reference) as a "hazardous substance", "hazardous material", "hazardous waste", "toxic waste", "toxic pollutant", "toxic substance", "solid waste" or "pollutant or contaminant" in or pursuant to, or similarly identified as hazardous to human health or the environment in or pursuant to, the Toxic Substances Control Act [15 U.S.C. Section 2601, *et seq.*]; the Comprehensive Environmental Response, Compensation and Liability Act [42 U.S.C. Section 9601, *et seq.*], the Hazardous Materials Transportation Authorization Act [49 U.S.C. Section 5101, *et seq.*], the Resource Conservation and Recovery Act [42 U.S.C. Section 6901, *et seq.*], the Federal Water Pollution Control Act [33 U.S.C. Section 1251], the Clean Air Act [42 U.S.C. Section 7401, *et seq.*], the California Underground Storage of Hazardous Substances Act [California Health and Safety Code Section 25280, *et seq.*], the California Hazardous Substances Account Act [California Health and Safety Code Section 25300, *et seq.*], the California Hazardous Waste Act [California Health and Safety Code Section 25100, *et seq.*], the California Safe Drinking Water and Toxic Enforcement Act [California Health and Safety Code Section 25249.5, *et seq.*], and the Porter-Cologne Water Quality Control Act [California Water Code Section 13000, *et seq.*], as they now exist or are hereafter amended, together with any regulations promulgated thereunder; (iv) any substance, material or waste which is defined as such or regulated by any "Superfund" or "Superlien" law, or any Environmental Law; or (v) any other substance, material, chemical, waste or pollutant identified as hazardous or toxic and regulated under any other federal, state or local environmental law, including without limitation, asbestos, polychlorinated biphenyls, petroleum, natural gas and synthetic fuel products and by-products. Hazardous Materials shall not include any materials routinely used in the construction or operations of multifamily housing in accordance with all applicable laws and regulations.

10.4 Environmental Laws. As used herein, the term "**Environmental Laws**" means all federal, state or local statutes, ordinances, rules, regulations, orders, decrees, judgments or common law doctrines, and provisions and conditions of permits, licenses and other operating authorizations regulating, or relating to, or imposing liability or standards of

ATTACHMENT 2

conduct concerning (i) pollution or protection of the environment, including natural resources; (ii) exposure of persons, including employees and agents, to Hazardous Materials (as defined above) or other products, raw materials, chemicals or other substances; (iii) protection of the public health or welfare from the effects of by-products, wastes, emissions, discharges or releases of chemical substances from industrial or commercial activities; (iv) the manufacture, use or introduction into commerce of chemical substances, including without limitation, their manufacture, formulation, labeling, distribution, transportation, handling, storage and disposal; or (v) the use, release or disposal of toxic or hazardous substances or Hazardous Materials or the remediation of air, surface waters, groundwaters or soil, as now or may at any later time be in effect, including but not limited to the Toxic Substances Control Act [15 U.S.C. Section 2601, *et seq.*]; the Comprehensive Environmental Response, Compensation and Liability Act [42 U.S.C. Section 9601, *et seq.*], the Hazardous Materials Transportation Authorization Act [49 U.S.C. Section 5101, *et seq.*], the Resource Conservation and Recovery Act [42 U.S.C. Section 6901, *et seq.*], the Federal Water Pollution Control Act [33 U.S.C. Section 1251], the Clean Air Act [42 U.S.C. Section 7401, *et seq.*], the California Underground Storage of Hazardous Substances Act [California Health and Safety Code Section 25280, *et seq.*], the California Hazardous Substances Account Act [California Health and Safety Code Section 25300, *et seq.*], the California Hazardous Waste Act [California Health and Safety Code Section 25100, *et seq.*], the California Safe Drinking Water and Toxic Enforcement Act [California Health and Safety Code Section 25249.5, *et seq.*], and the Porter-Cologne Water Quality Control Act [California Water Code Section 13000, *et seq.*], as each of the foregoing now exist or are hereafter amended, together with any regulations promulgated thereunder.

ARTICLE XI

DEFAULTS, REMEDIES AND TERMINATION

11.1 Event of Developer Default. The following events shall constitute an event of default on the part of Developer (“**Event of Developer Default**”):

(a) Subject to force majeure, the availability of financing as described in the Financing Plan, and City’s issuance of permits and approvals, Developer fails to commence or complete construction of the Project within the times set forth in Section 5.8, or subject to force majeure, abandons or suspends construction of the Project prior to completion for a period of sixty (60) days or more;

(b) A Transfer occurs, either voluntarily or involuntarily, in violation of Article VIII;

(c) Developer fails to maintain insurance as required pursuant to this Agreement, and Developer fails to cure such default within ten (10) days following written notice;

(d) Subject to Developer’s right to contest the following charges pursuant to Section 7.3, if Developer fails to pay prior to delinquency taxes or assessments due on the Phase 2 Property or the Project or fails to pay when due any other charge that may result

ATTACHMENT 2

in a lien on the Phase 2 Property or the Project, and Developer fails to cure such default within thirty (30) days of date of delinquency, but in all events upon the imposition of any such tax or other lien;

(e) Following Developer's acquisition of the Phase 2 Property, a default arises under any loan secured by a mortgage, deed of trust or other security instrument recorded against the Phase 2 Property, the Improvements, or Developer's interest therein, and remains uncured beyond any applicable cure period such that the holder of such security instrument has the right to accelerate repayment of such loan;

(f) Any representation or warranty by Developer contained in this Agreement or in any application, financial statement, certificate or report submitted to the City in connection with this Agreement or Developer's request for City permanent loan funds proves to have been incorrect in any material and adverse respect when made and continues to be materially adverse to the City and Developer fails to cure such default within sixty (60) days after the date upon which City shall have given written notice of the default to Developer;

(g) If, pursuant to or within the meaning of the United States Bankruptcy Code or any other federal or state law relating to insolvency or relief of debtors ("**Bankruptcy Law**"), Developer (i) commences a voluntary case or proceeding; (ii) consents to the entry of an order for relief against Developer or any general partner thereof in an involuntary case; (iii) consents to the appointment of a trustee, receiver, assignee, liquidator or similar official for Developer or any general partner thereof; (iv) makes an assignment for the benefit of its creditors; or (v) admits in writing its inability to pay its debts as they become due;

(h) A court of competent jurisdiction shall have made or entered any decree or order (1) adjudging the Developer to be bankrupt or insolvent, (2) approving as properly filed a petition seeking reorganization of the Developer or seeking any arrangement for Developer under bankruptcy law or any other applicable debtor's relief law or statute of the United States or any state or other jurisdiction, (3) appointing a receiver, trustee, liquidator, or assignee of the Developer in bankruptcy or insolvency or for any of its properties, or (4) directing the winding up or liquidation of the Developer;

(i) Developer shall have assigned its assets for the benefit of its creditors (other than pursuant to a mortgage loan) or suffered a sequestration or attachment of or execution on any substantial part of its property, unless the property so assigned, sequestered, attached or executed upon shall have been returned or released within sixty (60) days after such event (unless a lesser time period is permitted for cure under any other mortgage on the Phase 2 Property or the Improvements, in which event such lesser time period shall apply under this subsection as well) or prior to any sooner sale pursuant to such sequestration, attachment, or execution;

(j) Due to a loss of funding or otherwise, Developer fails to provide services to Project residents or fails to otherwise operate a Transitional Program on the Phase 2 Property;

ATTACHMENT 2

(k) The Developer shall have voluntarily suspended its business or Developer shall have been dissolved or terminated;

(l) An event of default by Developer arises under any City Document and remains uncured beyond any applicable cure period; or

(m) Developer defaults in the performance of any term, provision, covenant or agreement contained in this Agreement other than an obligation enumerated in this Section 11.1 and unless a shorter cure period is specified for such default, the default continues for ten (10) days in the event of a monetary default or ninety (60) days in the event of a nonmonetary default after the date upon which City shall have given written notice of the default to Developer; provided however, if the default is of a nature that it cannot be cured within ninety (60) days, an Event of Developer Default shall not arise hereunder if Developer commences to cure the default within ninety (60) days and thereafter prosecutes the curing of such default with due diligence and in good faith to completion.

11.2 City Default. An event of default on the part of City (“**Event of City Default**”) shall arise hereunder if City fails to keep, observe, or perform any of its covenants, duties, or obligations under this Agreement, and the default continues for a period of thirty (30) days after written notice thereof from Developer to City, or in the case of a default which cannot with due diligence be cured within thirty (30) days, City fails to commence to cure the default within thirty (30) days of such notice and thereafter fails to prosecute the curing of such default with due diligence and in good faith to completion.

11.3 City’s Right to Terminate Agreement. If an Event of Developer Default shall occur and be continuing beyond any applicable cure period, then City shall, in addition to other rights available to it under law or this Agreement, have the right to terminate this Agreement. If City makes such election, City shall give written notice to Developer and to any mortgagee entitled to such notice specifying the nature of the default and stating that this Agreement shall expire and terminate on the date specified in such notice, and upon the date specified in the notice, this Agreement and all rights of Developer under this Agreement, shall expire and terminate.

11.4 City’s Remedies and Rights Upon an Event of Developer Default. Upon the occurrence of an Event of Developer Default and the expiration of any applicable cure period, City shall have all remedies available to it under this Agreement or under law or equity, including, but not limited to the following, and City may, at its election, without notice to or demand upon Developer, except for notices or demands required by law or expressly required pursuant to the City Documents, exercise one or more of the following remedies:

(a) Accelerate and declare the balance of the Permanent Note, and any interest accrued thereon, immediately due and payable;

(b) Seek specific performance to enforce the terms of the City Documents;

ATTACHMENT 2

(c) Foreclose on the Phase 2 Property pursuant to the Deed of Trust; and

(d) Pursue any and all other remedies available under this Agreement or under law or equity to enforce the terms of the City Documents and City's rights thereunder.

11.5 Developer's Remedies Upon an Event of City Default. Upon the occurrence of an Event of City Default, in addition to pursuing any other remedy allowed at law or in equity or otherwise provided in this Agreement, Developer may bring an action for equitable relief seeking the specific performance of the terms and conditions of this Agreement, and/or enjoining, abating, or preventing any violation of such terms and conditions, and/or seeking to obtain any other remedy consistent with the purpose of this Agreement.

11.6 Remedies Cumulative; No Consequential Damages. Except as otherwise expressly stated in this Agreement, the rights and remedies of the Parties are cumulative, and the exercise by either Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different time, of any other rights or remedies for the same or any other default by the other Party. Notwithstanding anything to the contrary set forth herein, a Party's right to recover damages in the event of a default shall be limited to actual damages and shall exclude consequential damages.

11.7 Inaction Not a Waiver of Default. No failure or delay by either Party in asserting any of its rights and remedies as to any default shall operate as a waiver of such default or of any such rights or remedies, nor deprive either Party of its rights to institute and maintain any action or proceeding which it may deem necessary to protect, assert or enforce any such rights or remedies in the same or any subsequent default.

ARTICLE XII**INDEMNITY AND INSURANCE**

12.1 Indemnity. Developer shall indemnify, defend (with counsel approved by City) and hold Indemnitees, except third party contractors and consultants, harmless from and against any and all Claims, including without limitation, Claims arising directly or indirectly, in whole or in part, as a result of or in connection with Developer's or Developer's contractors, subcontractors, agents or employees development, construction, improvement, operation, ownership or maintenance of the Project or the Phase 2 Property, or any part thereof or otherwise arising out of or in connection with Developer's performance under this Agreement. Developer's indemnification obligations under this Section 12.1 shall not extend to Claims resulting from the gross negligence or willful misconduct of, or to any breach of a warranty or representation of this Agreement by, one or more Indemnitees. The provisions of this Section 12.1 shall survive the issuance of a Certificate of Completion for the Project and the expiration or earlier termination of this Agreement. It is further agreed that City will not and shall not waive any rights against Developer that they may have by reason of this indemnity and hold harmless agreement because of the acceptance by City, or the deposit with City by Developer, of any of the insurance policies described in this Agreement.

ATTACHMENT 2**12.2 Liability and Workers' Compensation Insurance.**

(a) Prior to initiating work on the Project and continuing through the issuance of the Certificate of Completion, Developer and all contractors working on behalf of Developer on the Project shall maintain a commercial general liability policy in the amount of One Million Dollars (\$1,000,000) each occurrence, Two Million Dollars (\$2,000,000) annual aggregate, together with Three Million Dollars (\$3,000,000) excess liability coverage, or such other policy limits as City may require in its reasonable discretion including coverage for bodily injury, property damage, products, completed operations and contractual liability coverage. Such policy or policies shall be written on an occurrence basis and shall name the Indemnitees as additional insureds.

(b) Until issuance of the Certificate of Completion, Developer and all contractors working on behalf of Developer shall maintain a comprehensive automobile liability coverage in the amount of One Million Dollars (\$1,000,000), combined single limit including coverage for owned and non-owned vehicles and shall furnish or cause to be furnished to City evidence satisfactory to City that Developer and any contractor with whom Developer has contracted for the performance of work on the Phase 2 Property or otherwise pursuant to this Agreement carries workers' compensation insurance in an amount not less than One Million Dollars (\$1,000,000), including a Waiver of Subrogation. Automobile liability policies shall name the Indemnitees as additional insureds.

(c) Upon commencement of construction work and continuing until issuance of a Certificate of Completion, Developer and all contractors working on behalf of Developer shall maintain a policy of builder's all-risk insurance in an amount not less than the full insurable cost of the Project on a replacement cost basis naming Developer, City and any construction lender as co-loss payee(s) as their interests may appear. Such insurance shall include coverage for risks of direct physical loss or damage, excluding the perils of earthquake, flood, and earth movement.

(d) Upon completion of construction, Developer shall maintain property insurance covering all risks of loss (other than earthquake and flood) for one hundred percent (100%) of the replacement value of the Project with deductible no greater than Ten Thousand Dollars (\$10,000), naming Developer, City and any construction lender as co-loss payees, as their interests may appear.

(e) Companies writing the insurance required hereunder shall be licensed to do business in the State of California. Insurance shall be placed with insurers with a current A.M. Best's rating of no less than A: VII. The Commercial General Liability and comprehensive automobile policies required hereunder shall name the Indemnitees as additional insureds. Builder's Risk and property insurance shall name Developer, City and any construction lender as co-loss payees, as their interests may appear.

(f) Prior to commencement of construction work, Developer shall furnish City with certificates of insurance in form acceptable to City evidencing the required insurance coverage and duly executed endorsements evidencing such additional insured status. The certificates shall contain a statement of obligation on the part of the carrier to notify City of

ATTACHMENT 2

any material adverse change, cancellation, termination or non-renewal of the coverage at least thirty (30) days in advance of the effective date of any such material adverse change, cancellation, termination or non-renewal.

(g) If any insurance policy or coverage required hereunder is canceled or reduced, Developer shall, within twenty-one (21) days after receipt of notice of such cancellation or reduction in coverage, but in no event later than the effective date of cancellation or reduction, file with City a certificate showing that the required insurance has been reinstated or provided through another insurance company or companies. Upon failure to so file such certificate, City may, without further notice and at its option, procure such insurance coverage at Developer's expense, and Developer shall promptly reimburse City for such expense upon receipt of billing from City.

(h) Coverage provided by Developer shall be primary insurance and shall not be contributing with any insurance, or self-insurance maintained by City, and the policies shall so provide. Any Workers' Compensation insurance policies shall contain a waiver of subrogation for the benefit of the City. Developer shall furnish the required certificates and endorsements to City prior to the commencement of construction of the Project, and shall provide City with certified copies of the required insurance policies upon request of City.

ARTICLE XIII**MISCELLANEOUS PROVISIONS**

13.1 No Brokers. Each Party warrants and represents to the other that no person or entity can properly claim a right to a real estate commission, brokerage fee, finder's fee, or other compensation with respect to the transactions contemplated by this Agreement, except as identified in the Financing Plan. Each Party agrees to defend, indemnify and hold harmless the other Party from any claims, expenses, costs or liabilities arising in connection with a breach of this warranty and representation. The terms of this Section shall survive the expiration or earlier termination of this Agreement.

13.2 Enforced Delay; Extension of Times of Performance. Subject to the limitations set forth below, performance by either Party shall not be deemed to be in default, and all performance and other dates specified in this Agreement shall be extended where delays are due to: war, insurrection, strikes, lockouts, riots, floods, earthquakes, fires, casualties, acts of God, acts of the public enemy, epidemics, quarantine restrictions, freight embargoes, governmental restrictions or priority, litigation, including court delays, unusually severe weather, acts or omissions of the other Party, acts or failures to act of the City or any other public or governmental agency or entity (other than the acts or failures to act of City which shall not excuse performance by City), or any other cause beyond the affected Party's reasonable control. An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the Party claiming such extension is sent to the other Party within thirty (30) days of the commencement of the cause and such extension is not rejected in writing by the other Party within ten (10) days of receipt of the notice. Neither Party shall unreasonably withhold consent to an extension of time pursuant to this Section.

ATTACHMENT 2

Times of performance under this Agreement may also be extended in writing by the mutual agreement of Developer and City (acting in the discretion of its City Manager unless he or she determines in his or her discretion to refer such matter to the City Council). City and Developer acknowledge that adverse changes in economic conditions, either of the affected Party specifically or the economy generally, changes in market conditions or demand, and/or inability to obtain financing to complete the work of Improvements shall not constitute grounds of enforced delay pursuant to this Section. Each Party expressly assumes the risk of such adverse economic or market changes and/or financial inability, whether or not foreseeable as of the Effective Date. Nothing in this Section is intended to modify the respective rights of City and Developer to terminate this Agreement pursuant to Section 4.2 or Section 5.7.

13.3 Notices. Except as otherwise specified in this Agreement, all notices to be sent pursuant to this Agreement shall be made in writing, and sent to the Parties at their respective addresses specified below or to such other address as a Party may designate by written notice delivered to the other Parties in accordance with this Section. All such notices shall be sent by:

- (i) personal delivery, in which case notice is effective upon delivery;
- (ii) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered on receipt if delivery is confirmed by a return receipt; or
- (iii) nationally recognized overnight courier, with charges prepaid or charged to the sender's account, in which case notice is effective on delivery if delivery is confirmed by the delivery service;

City: City of Rancho Cordova
 2729 Prospect Park Drive
 Rancho Cordova, CA 95670
 Attention: City Manager [or designee] & Housing Services Administrator
 Facsimile: (916) 851-8787

Developer: Vietnam Veterans of California, Inc. dba
 Veterans Resource Centers of America (VRCA)
 Administrative Offices
 P.O. Box 378
 Santa Rosa, CA 95402

13.3.1 Primary Contact. The following persons are designated as contact person for the Parties with respect to matters relating to the implementation of this Agreement:

City: Reed Flory

Developer: Burt McChesney

ATTACHMENT 2

13.4 Attorneys' Fees. If either Party fails to perform any of its obligations under this Agreement, or if any dispute arises between the Parties concerning the meaning or interpretation of any provision hereof, then the prevailing Party in any proceeding in connection with such dispute shall be entitled to the costs and expenses it incurs on account thereof and in enforcing or establishing its rights hereunder, including, without limitation, court costs and reasonable attorneys' fees and disbursements.

13.5 Waivers; Modification. No waiver of any breach of any covenant or provision of this Agreement shall be deemed a waiver of any other covenant or provision hereof, 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, and subject to Section 13.2, no extension shall be valid unless in writing and executed by the Party granting the extension. This Agreement may be amended or modified only by a written instrument executed by the Parties.

13.6 Binding on Successors. Subject to the restrictions on Transfers set forth in Article VIII, this Agreement shall bind and inure to the benefit of the Parties and their respective permitted successors and assigns. Any reference in this Agreement to a specifically named Party shall be deemed to apply to any permitted successor and assign of such Party who has acquired an interest in compliance with this Agreement or under law.

13.7 Survival. All representations made by Developer hereunder and Developer's obligations pursuant to Sections 5.14, 5.17, 5.18, 10.2, 12.1, 13.1 and 13.18 shall survive the expiration or termination of this Agreement and the issuance and recordation of a Certificate of Completion.

13.8 Construction. The section headings and captions used herein are solely for convenience and shall not be used to interpret this Agreement. The Parties acknowledge that this Agreement is the product of negotiation and compromise on the part of both Parties, and the Parties agree, that since both Parties have participated in the negotiation and drafting of this Agreement, this Agreement shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

13.9 Action or Approval. Whenever action and/or approval by City is required under this Agreement, the City Manager or his or her designee may act on and/or approve such matter unless specifically provided otherwise, or unless the City Manager determines in his or her discretion that such action or approval requires referral to the City Council for consideration.

13.10 Entire Agreement. This Agreement, including Exhibits A through M attached hereto and incorporated herein by this reference, together with other City Documents contains the entire agreement between the Parties with respect to the subject matter hereof, and supersedes all prior written or oral agreements, understandings, representations or statements between the Parties with respect to the subject matter hereof.

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

ATTACHMENT 2

one instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto having additional signature pages executed by the other Party. Any executed counterpart of this Agreement may be delivered to the other Party by facsimile and shall be deemed as binding as if an originally signed counterpart was delivered.

13.12 Severability. If any term, provision, or condition of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall continue in full force and effect unless an essential purpose of this Agreement is defeated by such invalidity or unenforceability.

13.13 No Third Party Beneficiaries. Except with respect to investor limited partner's rights hereunder, nothing contained in this Agreement is intended to or shall be deemed to confer upon any person, other than the Parties and their respective successors and assigns, any rights or remedies hereunder.

13.14 Parties Not Co-Venturers. Nothing in this Agreement is intended to or shall establish the Parties as partners, co-venturers, or principal and agent with one another.

13.15 Time of the Essence; Calculation of Time Periods. Time is of the essence for each condition, term, obligation and provision of this Agreement. Unless otherwise specified, in computing any period of time described in this Agreement, the day of the act or event after which the designated period of time begins to run is not to be included and the last day of the period so computed is to be included, unless such last day is not a business day, in which event the period shall run until the next business day. The final day of any such period shall be deemed to end at 5:00 p.m., local time at the Phase 2 Property. For purposes of this Agreement, a "business day" means a day that is not a Saturday, Sunday, a federal holiday or a state holiday under the laws of California.

13.16 Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to principles of conflicts of laws. Any action to enforce or interpret this Agreement shall be filed in the Superior Court of Sacramento County, California or in the Federal District Court for the Eastern District of California.

13.17 General Indemnification. Developer shall indemnify, defend (with counsel approved by City) and hold harmless Indemnitees from all Claims (including without limitation, reasonable attorneys' fees) arising in connection with any claim, action or proceeding to attack, set aside, void, or annul any approval by the City or any of its agencies, departments, commissions, agents, officers, employees or legislative body concerning the Project or this Agreement. The City will promptly notify Developer of any such claim, action or proceeding, and will cooperate fully in the defense. The City may participate in the defense of any such claim, action or proceeding, and if the City chooses to do so, Developer shall reimburse City for reasonable attorneys' fees and expenses incurred. Developer's indemnification obligation hereunder shall not apply to gross negligence or willful misconduct of an Indemnitee.

ATTACHMENT 2

SIGNATURES ON FOLLOWING PAGE(S).

ATTACHMENT 2

IN WITNESS WHEREOF, the Parties have entered into this Agreement effective as of the date first written above.

CITY

THE CITY OF RANCHO CORDOVA, a California municipal corporation

By: _____

Name: _____

Title: _____

ATTEST:

By: _____
, City Clerk

APPROVED AS TO FORM:

By: _____
, City Attorney

DEVELOPER

VIETNAM VETERANS OF CALIFORNIA, INC., a California nonprofit public benefit corporation dba Veterans Resource Centers of America

By: _____

Name: _____

Title: _____

ATTACHMENT 2

Exhibit A
COUNTY LEASE

Exhibit B
 [Intentionally omitted]

Exhibit C
FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

Exhibit D
LEGAL DESCRIPTION OF PHASE I PROPERTY

Exhibit E
LEGAL DESCRIPTION OF PHASE 2 PROPERTY

Exhibit F
FORM OF AFFORDABLE HOUSING REGULATORY AGREEMENT

Exhibit G
FORM OF MEMORANDUM OF DISPOSITION, DEVELOPMENT, AND LOAN AGREEMENT

Exhibit H
DEVELOPMENT AND PERFORMANCE SCHEDULE

Exhibit I
APPROVED PLANS PER DESIGN REVIEW

Exhibit J
FINANCING PLAN

Exhibit K
FORM OF LOAN AGREEMENT

Exhibit L
RECIPROCAL EASEMENT AGREEMENT

Exhibit M
PARKING EASEMENT AGREEMENT

Exhibit N
FORM OF CERTIFICATE OF COMPLETION

Exhibit O
INTER-AGENCY PROJECT AGREEMENT

EXHIBIT A

COUNTY LEASE

&

AMENDMENT 1 AND 2 TO THE COUNTY LEASE

Revenue File No: 00XXX

LEASE AGREEMENT

APN 067-0010-099

Between: COUNTY OF SACRAMENTO

and

CITY OF RANCHO CORDOVA

Effective: 6/25, 2013

TABLE OF CONTENTS

RECITALS

ARTICLES

ARTICLE 1	PREMISES
ARTICLE 2	TERM
ARTICLE 3	RENT
ARTICLE 4	ENTITLEMENTS
ARTICLE 5	USE OF THE LEASED PREMISES
ARTICLE 6	NET LEASE
ARTICLE 7	CONSTRUCTION AND MAINTENANCE
ARTICLE 8	UTILITIES
ARTICLE 9	HAZARDOUS SUBSTANCES
ARTICLE 10	INSURANCE & INDEMNIFICATION
ARTICLE 11	TERMINATION AND REMEDIES
ARTICLE 12	OTHER REQUIREMENTS
ARTICLE 13	GENERAL

SIGNATURE PAGE

EXHIBITS

EXHIBIT "A"	PROPERTY
EXHIBIT "B"	PREMISES
EXHIBIT "C"	PHASING PLAN
EXHIBIT "D"	SITE PLAN

EXHIBIT "E" AIR FORCE CONVEYANCE DOCUMENTS

EXHIBIT "F" FORM OF BILL OF SALE

LEASE AGREEMENT

3611 BLECKELY STREET MATHER, CALIFORNIA 95655

THIS LEASE AGREEMENT ("Agreement"), dated as of this 25th day of June, 2013, is made between the **COUNTY OF SACRAMENTO**, a political subdivision of the State of California (hereinafter the "LESSOR" or "COUNTY") and **City of Rancho Cordova**, (hereinafter the "CITY" or "LESSEE"), with reference to the following facts: COUNTY and CITY are referred to hereinafter individually as a "Party" and collectively as the "Parties".

RECITALS

A. COUNTY is the owner of that certain parcel of real property (the "Property") located at 3611 Bleckely Street, Mather, California 95655, also known as Assessor's Parcel Number ("APN") 067-0010-099, and more particularly described in Exhibit "A" attached hereto; and

B. The Premises (defined in Article 1 hereof) is part of the property conveyed by the United States Air Force ("Air Force") to the COUNTY, which was formerly part of Mather Air Force Base. The Property is subject to covenants, conditions, restrictions and other limitations as set out in the "Economic Development Conveyance Agreement," as amended, between the Air Force and the COUNTY and the Quitclaim Deed by which the Air Force conveyed the Property to COUNTY (collectively, "Air Force Conveyance Documents"), recorded in the Office of the County Recorder for the County of Sacramento in Book 20130503 at Page 1295; The Air Force Conveyance Documents are attached hereto as Exhibit "E"; and

C. CITY expressly acknowledges that groundwater contamination is currently present underneath or near the former Mather Air Force Base. The contaminated groundwater is due to the presence of hazardous materials, including volatile organic compounds and ammonium perchlorate, caused by persons or entities other than COUNTY, which is the subject of ongoing investigation and monitoring. The United States Department of the Air Force is cleaning up a portion of the groundwater contamination in the region under the supervision of the State of California Department of Toxic Substances Control and the Central Valley Regional Water Quality Control Board and the United States Environmental Protection Agency. In addition, the Boeing Company and Aerojet-General Corporation are installing monitoring wells in the region pursuant to Cleanup and Abatement Order No. 97-093 issued by the Regional Board to the Boeing Company and Aerojet General Corporation to investigate the extent of ammonium perchlorate emanating from the Inactive Rancho Cordova Test Site, east of the former Mather Air Force Base. CITY further expressly acknowledges that this groundwater contamination has forced the closure of water supply wells at the former Mather Air Force Base, may threaten closure of more wells at the former Mather Air Force Base and may restrict the COUNTY's ability to install new or replacement water supply wells on or near the former Mather Air Force Base to supply the Premises and the former Mather Air Force Base with

potable water. The former Mather Air Force Base is located within the service area of Zone 41 of the Sacramento County Water Agency. Zone 41 of the Sacramento County Water Agency is responsible for and committed to providing a long-term potable water supply to the former Mather Air Force Base. Drinking water wells on the former Mather Air Force Base are tested for contaminants as required by the State of California Department of Health Services and the California Environmental Protection Agency. The most current information and reports regarding potable water supply at the former Mather Air Force Base are available by contacting the Water Resources Department of the County of Sacramento Public Works Agency at 10151 Florin Road, Sacramento, CA 95829. The telephone number is (916) 875-6947. The most current information and reports regarding groundwater contamination at the former Mather Air Force Base are available by contacting URS at 3411 Olson Street, McClellan, CA 95652 Attn: Bill Hues, (916) 997-1564; and

D. CITY is a municipal corporation with its principal place of business at 2729 Prospect Park Drive, Rancho Cordova, California 95670; and

E. CITY desires to lease the Premises (defined below) from COUNTY for multifamily residential use on the terms hereinafter set forth. Following execution of this Agreement, CITY intends to assign its interest in this Agreement to a limited partnership affiliated with Mercy Housing, Inc., a Nebraska nonprofit corporation ("Mercy Housing") for the purposes of construction, developing and operating a low income housing project with related services for disabled veterans (the "Project"); and

F. COUNTY is, therefore, willing to lease the Premises to CITY upon the promises, terms, conditions and covenants set forth herein below.

AGREEMENT

NOW, THEREFORE, it is mutually agreed as follows:

INCORPORATION OF RECITALS. The foregoing recitals are true and correct and hereby incorporated by reference.

ARTICLE 1 PREMISES

1.1 PREMISES. In consideration of the following covenants and other good and valuable consideration hereinafter contained, the COUNTY does hereby lease to CITY and CITY does hereby lease from COUNTY the following described portion of the Property: a mutually agreed area of approximately 3.69 acres of land ("Premises" or "Leased Premises") located at 3611 Bleckely Street, Mather, California 95655, being APN 067-0010-099, as more particularly shown on Exhibit "B", attached hereto and made a part hereof by reference.

- 1.2 EXISTING BUILDING.** The Premises includes an existing two-story, 24,093 square foot building commonly known as the Mather Infirmary ("Building 1770"), a small shed, and a small building containing mechanical equipment (collectively, the "Structures") more particularly identified in Exhibit "D", attached hereto and made a part hereof by reference. The Parties hereby agree to treat the Structures as personal property and that COUNTY shall transfer ownership of the Structures to CITY via Bill of Sale, which is attached hereto as Exhibit "F". CITY shall not be required to provide any consideration for the conveyance of any of the Structures, including Building 1770, other than that provided for in this Lease, as described in Section 3.1, below. CITY shall accept ownership of the Structures without warranty or recourse against COUNTY for the condition thereof which CITY accepts 'as is'. COUNTY shall continue to own the land underneath the Structures.
- 1.3 PRIORITY OF CONVEYANCE DOCUMENTS.** This Agreement is subject to all terms, conditions and restrictions contained in the Air Force Conveyance Documents. Various governmental agencies exercise jurisdiction over the Premises, and CITY shall comply with their lawful requirements. CITY acknowledges that it has received, reviewed, understands and agrees to comply with all covenants, conditions, restrictions and other limitations as set forth in Exhibit "E".

ARTICLE 2 TERM

- 2.1 TERM COMMENCEMENT.** The term of this Agreement (the "Term") commences on the date of mutual execution of this Agreement (the "Commencement Date").
- 2.2 EXPIRATION.** Unless sooner terminated as herein provided, the Term expires and ends at 11:59 PM, local time, on the last day of the calendar month which completes Ninety Nine (99) full years from the Commencement Date (the "Expiration Date").
- 2.3 HOLDOVER.** In the event CITY remains in possession of the Premises after the expiration of the Term, then this Agreement will remain in effect upon the same terms and conditions as a month-to-month tenancy. Either Party hereto may terminate the tenancy following expiration of the Term by giving a thirty (30) day written notice.

ARTICLE 3 RENT

- 3.1 NO RENT; OTHER CONSIDERATION.** City leases the Premises free of any obligation to pay rent under this Agreement. Instead of paying rent, it is mutually agreed that CITY, its contractors or assignees shall demolish or remediate, in CITY's discretion, the Structures located on the Premises. CITY also agrees to provide landscaping maintenance on the Premises.

ARTICLE 4 ENTITLEMENTS

- 4.1 ENTITLEMENTS IN GENERAL.** CITY shall, at no cost to the County, obtain all necessary local land use entitlements, building permits, and other City, County, State or Federal permits legally required for its use of the Premises under this Agreement. This Agreement is not a waiver of any requirement, fee, or procedure required to obtain any such entitlement or permits. City intends to develop the Premises in three (3) or more phases, as depicted on Exhibit "C," attached hereto and made a part hereof by this reference. Phase One shall consist of the ground floor of Building 1770 and new housing along the western boundary of the Premises. This Agreement will, unless otherwise extended, be automatically terminated without liability to COUNTY if CITY fails to obtain each entitlement, permit or approval required for the installation of its improvements for Phase One within three (3) years of the Commencement Date. Such automatic termination shall also include CITY'S obligation to sell Building 1770 back to COUNTY for \$10.00. COUNTY shall cooperate with and assist CITY in every reasonable way in CITY's efforts to obtain all governmental consents, entitlements, approvals, permits or variances which may be required for construction, development and use of the Premises, including COUNTY's joinder in any application for any such consent, entitlement, approval, permit or variance where joinder therein by the owner of the Property is required by law.

CITY and COUNTY each recognize that in order to provide for the orderly development of the Project and the overall management and operation of the improvements, it may be necessary, desirable or required that street, water, sewer, drainage, gas, power line, and other easements and dedications, and similar rights be granted or dedicated over or within portions of the Property. COUNTY agrees that it will, upon request of CITY, join with CITY in executing and delivering such documents, from time-to-time, and throughout the term of this Agreement as may be appropriate, necessary or required by governmental agencies and public utility companies for the purpose of granting such easements and dedications. County shall not unreasonably withhold its consent to such easements, dedications and similar rights necessary to the Project. All costs and expenses incurred by COUNTY in connection therewith shall be reimbursed to COUNTY by CITY promptly upon written demand therefor by COUNTY.

ARTICLE 5 USE OF LEASED PREMISES

- 5.1 USE OF LEASED PREMISES.** The CITY shall only use the Leased Premises for the construction, operation, and maintenance of the Mather Veteran's Village residential housing project and supportive services ("Project"). Phase One of the Project includes approximately 45,000 square feet of building or buildings, Phase Two includes approximately 42,000 Square feet of buildings with Phase Three still evolving (collectively, "CITY Facilities") and is limited to the scope of work contained within CITY's plans as more particularly described in Exhibit "D". If CITY ceases to use the Premises for the Project for a period of two years or more, prior to issuance of a Notice of Completion for Phase One, COUNTY reserves the right to terminate this Lease pursuant to Article 11, below. In connection with CITY's construction

and use of the CITY Facilities, CITY has the right to do all work necessary to construct, develop, operate and maintain the Premises for CITY its permitted use. All of CITY's construction work shall be performed at CITY's sole cost and expense and in a good and workmanlike manner subject to COUNTY'S approval which shall not be unreasonably withheld, conditioned or delayed. CITY shall make no other use of the Leased Premises without the prior written approval of COUNTY.

- 5.2 TESTS AND CONSTRUCTION.** CITY and CITY's contractors and subcontractors have the right at any time following full execution of this Agreement to enter upon the Premises for the purpose of making necessary engineering surveys, inspections, other reasonably necessary tests, and for the purpose of constructing the CITY Facilities; provided, however, all such tests and construction shall be at CITY's sole cost and expense. Any such testing shall be done with prior coordination of the appropriate COUNTY representative. At its own expense, CITY shall restore to its prior condition any disturbance to the Premises resulting from any of the above-described tests.
- 5.3 REGULATORY COMPLIANCE.** CITY shall use the Premises strictly in accordance with the terms of this Agreement. At all times, CITY's use of the Premises shall be lawful and in compliance with all applicable governmental requirements and regulations. Throughout the Term of this Agreement, CITY shall provide COUNTY with a current copy of all permits and licenses authorizing CITY to operate the City Facilities at the Premises.
- 5.4 ACCESS.** CITY shall access the Premises using the public roadway serving the Property.

ARTICLE 6 NET LEASE

- 6.1 NET LEASE.** This lease shall be without cost to COUNTY for any utilities, service payments, maintenance or improvement of the Leased Premises. CITY shall be responsible at CITY's sole cost and expense for payment of all charges for electric power, water, storm water, sewer, garbage, waste removal, and any other charges in connection with the use of said Premises. Where feasible, CITY shall install or cause to be installed separate sub-meters for such utilities and charges thereto including separate billing.

ARTICLE 7 CONSTRUCTION AND MAINTENANCE

7.1 CONSTRUCTION OF CITY'S FACILITIES

- A. Location and Plans.** The location of the CITY Facilities to be constructed by CITY pursuant to this Agreement shall be as described in Exhibit "D", attached hereto and incorporated herein. Construction of the CITY Facilities on the Premises shall be in accordance with detailed plans and specifications which shall be prepared by CITY and shall be subject to COUNTY'S prior written approval before initiating construction and installation, such approval not to be unreasonably withheld, conditioned or delayed.

- B. **Repair of Damage to Premises.** Any damage to the Premises caused by CITY during construction of the CITY Facilities shall be promptly repaired by CITY. Damaged areas shall be restored to their previous condition as reasonably determined by COUNTY. CITY shall be responsible for the removal of all garbage and refuse generated by its construction or maintenance activities.
- C. **"As-Built" Documents.** CITY shall provide to COUNTY a complete set of "as-built" documents for all work, including the location of all utility installations, of the general contractor and all of its subcontractors as performed during the CITY Facilities construction process. This set of as-built documents shall be provided to the County Economic Development Division in a condition and format reasonably acceptable to COUNTY and shall be submitted prior to CITY's operation of its facilities on the Premises.

ARTICLE 8 UTILITIES

- 8.1 **UTILITIES.** Subject to the requirements of the providers or those entitled to provide utility service to the Premises, and the reasonable approval of COUNTY, and at CITY's sole expense, CITY may reasonably improve the utilities upon the Premises to a level consistent with development and operation of the Project. COUNTY agrees to reasonably cooperate with CITY in the granting of licenses and easements to a third party utility company limited strictly to providing utility service to the Premises for CITY's uses as defined by this Agreement. Said license and/or easement shall be in a form reasonably acceptable to COUNTY and for a defined period of time. Any accommodation by COUNTY in so cooperating with CITY shall not be deemed to create, convey, or establish any property right in CITY or any other entity whatsoever concerning the Property, and is a mere license and/or easement for the stated purpose personal to CITY or any third party utility provider. CITY shall be financially responsible for all of its utility service costs and shall establish in its own name a separate account billed directly to CITY for that purpose. If permitted by appropriate utility service, CITY, at its sole expense, shall establish a separate electrical meter on the Premises, and shall pay directly for all of CITY's electrical service on the Premises. CITY shall not sell or re-meter utility services on the Premises to any other entity.

ARTICLE 9 HAZARDOUS SUBSTANCES

- 9.1 **REGULATORY COMPLIANCE.** Except for those substances that are typically used in the construction, development, operation, and maintenance of multifamily residential apartment complexes and related facilities, CITY shall not bring to, transport across, or dispose of any hazardous substances on the Premises or Property, except that CITY may transport hazardous substances across the Premises if necessary to remove existing hazardous substances from the Premises. For purposes of this Agreement, the term "hazardous substances" is intended and understood to include petroleum or any petroleum product, asbestos, any substance known by the State of California to cause cancer and/or reproductive toxicity, and/or any substance, chemical

or waste that is identified as hazardous, toxic or dangerous in any applicable federal, state or local law or regulation.

- 9.2 **THIRD PARTY.** Except as set forth in Recital C of this Agreement, COUNTY represents, warrants and agrees: (i) that neither COUNTY nor, to COUNTY's knowledge, any third party has used, generated, stored or disposed of, or permitted the use, generation, storage or disposal of, any hazardous substances on, under, about or within the Premises or Property in violation of any law or regulation; and (ii) that COUNTY will not, and will not permit any third party to use, generate, store or dispose of any hazardous substances on, under, about or within the Premises or Property in violation of any law or regulation. The term "to the best of COUNTY's knowledge" does not mean that COUNTY has conducted an investigation into matters outside of the immediate custody or control of the COUNTY.

ARTICLE 10 INSURANCE & INDEMNIFICATION

10.1 INSURANCE REQUIREMENTS.

- A. CITY agrees that it shall, during the full term of this Agreement, and at its own expense, keep its owned buildings, contents, structural and non-structural improvements and personal property located on the leased Premises fully insured against loss or damage by fire or other casualty, commonly covered by standard fire and all risk coverage insurance including flood coverage. Valuation shall be on a replacement cost basis. CITY does hereby release and waive on behalf of itself and its insurer by subrogation or otherwise, all claims against COUNTY on account of any fire or other casualty whether or not such fire or other casualty shall have resulted in whole or in part from the negligence of COUNTY.
- B. CITY or its contractors shall, at their own cost, procure, maintain, and keep in force at all times during the construction of CITY's Facilities until the completion of the Project as stated in the Common Policy Conditions of the Builders Risk policy, Builder's Risk insurance with limits of liability equal to one hundred percent (100%) of the replacement cost of the CITY's leased Facilities and owned buildings, which shall include the cost of materials and the cost of labor to install materials. Coverage shall be on an all risk basis including flood. The COUNTY and the CITY waive all rights against each other for loss or damage to the extent reimbursed by Builders' Risk insurance or any other property or equipment insurance applicable to the construction of CITY's Facilities, except such rights as they may have to the proceeds of such insurance. If the policies of insurance referred to in this section require an endorsement or consent of the insurance company to provide for continued coverage where there is a waiver of subrogation, the owners of such policies will cause them to be so endorsed to obtain such consent.
- C. CITY shall maintain Commercial General Liability Insurance covering the leased Premises. Liability insurance coverage shall be not less than One Million Dollars (\$1,000,000)

combined single limit per occurrence for injury or property damage. CITY shall name the County of Sacramento, its Board of Supervisors, officers, directors, agents, employees, and volunteers as an additional insured on CITY's, liability insurance policy and such policy shall be endorsed to show that CITY's liability insurance policy is primary.

- D. CITY shall maintain Environmental Impact/Pollution Liability coverage at the leased Premises with limits not less than -Two Million Dollars (\$2,000,000) per claim and aggregate covering unknown pollution or contamination. If commercially permissible, CITY's Environmental Impact/Pollution Liability shall name the County of Sacramento, its Board of Supervisors, officers, directors, agents, employees and volunteers as an additional insured with primary coverage.
- E. CITY and its contractors shall maintain Commercial Automobile Liability coverage form CA0001 or as broad as. Commercial Automobile Liability: Auto coverage symbol "1" (any auto) for corporate/business owned vehicles. If symbol 1 is not commercially available, symbols 7, 8, and 9 may be used. If there are no owned or leased vehicles, symbols 8 and 9 for non-owned and hired autos shall apply. Personal Lines automobile insurance shall apply if vehicles are individually owned. Commercial Automobile Liability for Corporate/business owned including non-owned and hired \$2,000,000 Combined Single Limit or \$1,000,000 CSL with \$1,000,000 Commercial Excess (Umbrella). [
- F. CITY and its contractors shall maintain Workers' Compensation; Statutory requirements of the State of California and Employer's Liability Insurance with a limit of \$1,000,000 per accident for bodily injury or disease. CITY, and its contractors shall have the Workers' Compensation policy endorsed to state that the Workers' Compensation carrier waives its rights of subrogation against the COUNTY, its Board of Supervisors, officers, directors, agents, employees, and volunteers which might arise by reason of payment under such policy in connection with performance under this Agreement by the CITY.
- G. CITY, and its contractors shall insure its own mobile, scheduled or contractor's equipment used in the performance of this Agreement.
- H. INLAND MARINE WAIVER OF SUBROGATION: Any Inland Marine Insurance policies maintained by the CITY, or its contractors in the performance of this Agreement shall be endorsed to state that the insurer shall waive all rights of subrogation against the COUNTY, its Board of Supervisors, officers, directors, agents, employees, and volunteers.
- I. MAINTENANCE OF INSURANCE: CITY shall furnish a certificate substantiating the fact that CITY and its contractors have taken out the insurance herein set forth for the period covered by the lease with an insurance carrier(s) with an A.M. Best financial rating of not less than A-: VII (or carrier(s) approved by COUNTY Risk Manager). CITY is required by this Agreement to immediately notify COUNTY if they receive a communication from their insurance carrier or agent that any required insurance is to be canceled, non-renewed, reduced in scope or limits or otherwise materially changed. CITY shall provide evidence that such cancelled or non-renewed or otherwise materially changed insurance has been replaced or its cancellation notice withdrawn without any interruption in coverage, scope or limits. Failure

to maintain required insurance in force shall be considered a material breach of the Agreement.

- J. The certificate of insurance shall be filed with the Internal Services Agency, Real Estate Division, upon mutual execution of this Agreement.
- K. CITY shall provide COUNTY written notice within thirty (30) days of any cancellation, termination, or lapse of any of the insurance coverage. In the event CITY does not have the required certificates of insurance and/or binders evidencing the proper insurance coverage, or the required insurance coverage lapses, this Agreement shall be terminated at the discretion of the COUNTY following thirty (30) days' written notice from COUNTY to CITY and subject to Article 11 hereof.

10.2 INDEMNIFICATION. CITY shall defend, indemnify and hold harmless COUNTY, its Board of Supervisors, officers, directors, agents, employees and volunteers from and against any and all demands, claims, actions, losses, liabilities, damages, and costs, including reasonable attorneys' fees, sustained by any person or to any property in, on or about the leased Premises caused by a wrongful or negligent act or omission of CITY or anyone directly employed by CITY, its officers, directors, members, agents, contractors, sub-contractors, consultants, invitees, guests, or tenants, except and in proportion to the extent caused by the sole negligence or willful misconduct of COUNTY, its officers, directors, employees, agents or volunteers. This indemnification shall survive the termination or expiration of the Agreement with respect to any injuries or damage alleged to have been sustained during the life of the Agreement.

Additionally, CITY agrees to release COUNTY from any assertion of demands, claims, actions, liabilities, losses, damages, or costs, including reasonable attorneys' fees, arising out of, resulting from or relating to the groundwater contamination disclosed in Recital C, above.

ARTICLE 11

TERMINATION AND REMEDIES, MORTGAGEE PROTECTION

- 11.1 EARLY TERMINATION BY COUNTY FOR CAUSE.** COUNTY has the right to terminate this Agreement before the expiration of the Term should CITY default in the performance of any promise, term, condition, or covenant required of it herein, and fails to cure such default within sixty (60) calendar days following written notice thereof from COUNTY, or such longer period of time as is reasonably necessary if such default is of a nature that a cure cannot be completed within sixty (60) days, so long as CITY has commenced to cure such default within the initial sixty (60) day period and is diligently prosecuting such cure to completion. Said termination shall be effective upon receipt of COUNTY's written notice of early termination for cause by CITY, subject to Section 11.4 below. COUNTY shall not be responsible for any cost to or expense of CITY resulting from said early termination for cause.

11.2 EARLY TERMINATION BY CITY.

- A. Subject to Section 11.4 below, CITY shall have the option to terminate this Agreement, which termination shall not be effective until after the second (2nd) year of the Term, by giving written notice of that intention and identifying the early termination date to COUNTY at least sixty (60) days prior thereto. Such early termination by CITY shall not constitute a breach of this Agreement.
- B. Subject to Section 11.4 below, CITY has the right to terminate this Agreement before the expiration of the Term in the event of any material default by COUNTY in the performance of any promise, term, condition, or covenant required of it herein, and fails to cure such default within sixty (60) calendar days following notice thereof from CITY. Said termination shall be effective upon receipt of CITY's written notice of early termination for cause by COUNTY. CITY shall not be responsible for any cost to or expense of COUNTY resulting from said early termination for cause.

11.3 COUNTY'S REMEDIES.

- A. The remedies set forth in this section shall be in addition to all other remedies that COUNTY may have in the event of breach of this Agreement by CITY, and, subject to Section 11.4 below, nothing herein contained shall be construed to limit COUNTY's right to pursue the same, whether in law or in equity.
- B. In the event that CITY breaches this Agreement and abandons the property before the end of the Term hereof, or if CITY's right to possession is terminated by COUNTY because of a breach of this Agreement, this Agreement terminates. Upon such termination, the COUNTY may recover from CITY:

Any amount necessary to compensate COUNTY for all the detriment proximately caused by CITY's failure to perform its obligations under this Agreement, or which in the ordinary course of things would be likely to result therefrom.

- C. Efforts by COUNTY to mitigate the damages caused by CITY's breach of this Agreement do not waive COUNTY's right to recover damages pursuant to Section 1951.2 and this section.
- D. Nothing in this section affects the right of COUNTY under this Agreement to indemnification for liability arising prior to the termination of this Agreement for personal injuries or property damage, as herein provided.
- E. Notwithstanding the foregoing, in the event of CITY's breach of this Agreement and abandonment of the Premises, pursuant to Section 1951.4 of the California Civil Code, COUNTY may, at its sole option, elect to continue this Agreement and enforce all its rights and remedies hereunder against CITY.

11.4 MORTGAGEE PROTECTION PROVISIONS

A. Leasehold Mortgage Authorized. CITY may mortgage or otherwise encumber CITY's leasehold estate to an institutional investor (as hereinafter defined) under one or more leasehold mortgage(s) and assign this Agreement as security for such mortgage(s). Any mortgage(s) shall affect only CITY's leasehold estate and shall be subject to all of the terms and provisions of this Lease. COUNTY's fee interest shall not be encumbered or subordinated to any mortgage.

B. Notice to COUNTY. If CITY mortgages CITY's leasehold estate to an Institutional Investor, and if the holder of such leasehold mortgage provides COUNTY with notice of such leasehold mortgage, together with a true copy of such leasehold mortgage, the note and all other documents relating to such leasehold mortgage, and the name and address of the mortgagee, COUNTY and CITY agree that, following receipt of such notice by COUNTY, the provisions of this Section 11.4 will apply with respect to such leasehold mortgage. In the event of any assignment of a leasehold mortgage or in the event of a change of address of a leasehold mortgagee or of an assignee of such mortgage, notice of the new name and address must be provided to COUNTY. CITY must thereafter also provide COUNTY from time to time with a copy of each amendment or other modification or supplement to such instruments. All recorded documents must be certified as true and correct copies of official records by the Sacramento County Recorder and all nonrecorded documents must be accompanied by a certification by CITY or the mortgagee that such documents are true and correct copies of the originals.

C. Definitions. As used in this Section 11.4:

1. The term "Institutional Investor" means a savings bank, savings and loan association, commercial bank, trust company, credit union, insurance or pension fund, not-for-profit corporation, or governmental entity or agency. The term "institutional investor" shall also include other lenders of substance which perform functions similar to any of the foregoing, and which have assets in excess of Fifty Million Dollars (\$50,000,000) at the time the leasehold mortgage loan is made.

2. The term "Leasehold Mortgage" means a mortgage, deed of trust or other security instrument by which CITY's leasehold estate is mortgaged, conveyed, assigned or otherwise transferred to secure a debt or other obligation.

3. The term "Leasehold Mortgagee" or "Mortgagee" means a holder of a leasehold mortgage with respect to which the notice provided for by Section 14.02 has been given and received and as to which the provisions of this Section 11.4 are applicable.

D. Consent of Leasehold Mortgagee Required. Notwithstanding anything to the contrary contained in this Agreement, no cancellation, surrender, amendment, modification or termination (other than a termination due to a breach or default) of this Agreement shall be effective as to any Leasehold Mortgagee unless consented to in writing by such Leasehold Mortgagee.

E. Default Notice. COUNTY, upon providing CITY any notice of default under this Agreement, shall at the same time provide a copy of such notice to the Leasehold Mortgagee and to

CITY's investor limited partner, if CITY's investor limited partner has requested a copy of such notices and has provided COUNTY with an address for service thereof. Notice by COUNTY to CITY shall be deemed to have been duly given even in the absence of notice to the Mortgagee and investor limited partner; provided, however, that the time periods with respect to such Mortgagee and investor limited partner shall not commence until notice is given to such Mortgagee and investor limited partner. From and after such notice has been given to the Leasehold Mortgagee and investor limited partner, such Leasehold Mortgagee or investor limited partner shall have the same period, after the giving of such notice upon it, for remedying any default (or acts or omissions which are the subject matter of such notice) or causing the same to be remedied, as is given CITY after the giving of such notice to CITY, plus in each instance, the additional periods of time specified in Sections 11.4.F and 11.4.G to remedy, commence remedying or cause to be remedied the defaults (or acts or omissions which are the subject matter of such notice) specified in any such notice. COUNTY shall accept such performance by or at the instigation of such Leasehold Mortgagee or investor limited partner as if the same had been done by CITY. CITY authorizes the Leasehold Mortgagee or investor limited partner to take any such action at such Leasehold Mortgagee's or investor limited partner's option and does hereby authorize entry upon the Property and the Premises by the leasehold mortgagee or investor limited partner for such purpose.

F. Notice to Leasehold Mortgagee. If any default occurs which entitles COUNTY to terminate this Agreement, COUNTY may not terminate this Agreement unless, following the expiration of the period of time given CITY to cure such default (or the act or omission which gave rise to such default), COUNTY shall notify the Leasehold Mortgagee of COUNTY's intent to so terminate at least sixty (60) days in advance of the proposed effective date of such termination if such default is capable of being cured by the payment of money, and at least one hundred twenty (120) days in advance of the proposed effective date of such termination if such default is not capable of being cured by the payment of money. The provisions of Section 11.4.G below shall apply if, during such 60-day or 120-day termination notice period, the Leasehold Mortgagee shall:

1. Notify COUNTY of such leasehold Mortgagee's desire to nullify such notice;
and
2. Pay or cause to be paid all rent, additional rent and other payments then due and in arrears as specified in the termination notice to such Leasehold Mortgagee and which may become due during such 60-day or 120-day period; and
3. Comply, or in good faith, with diligence and continuity, commence to comply, with all nonmonetary requirements of this Agreement then in default and reasonably susceptible of being complied with by such leasehold mortgagee; provided, however, that in the event such Leasehold Mortgagee shall commence foreclosure proceedings within such 120-day period, such Leasehold Mortgagee shall not be required during such 120-day period to cure or commence to cure any default consisting of CITY's failure to satisfy and discharge any lien, charge or encumbrance against the CITY's interest in this Agreement or the Premises junior in priority to the lien of the mortgage held by such Leasehold Mortgagee.

G. Any notice to be given by COUNTY to a Leasehold Mortgagee pursuant to any provision of this Section 11.4 shall be deemed properly addressed if sent to the Leasehold Mortgagee

who served the notice referred to in Section 11.4.B at the address stated in such notice unless notice of a change of Mortgage ownership has been given to COUNTY pursuant to Section 11.4.B.

H. Mortgage to Foreclose. If COUNTY shall elect to terminate this Agreement by reason of any default of CITY and the Leasehold Mortgagee shall have proceeded in the manner provided for by Section 11.4.F, the specified date for the termination of this Agreement, as fixed by COUNTY in its termination notice, shall be extended for a period of six (6) months, provided that such Leasehold Mortgagee shall, during such 6-month period:

1. Pay, or cause to be paid, any rent and any other monetary obligations of CITY under this Agreement as the same become due, and continue its good faith efforts to perform all of CITY's other obligations under this Agreement; and

2. If not enjoined or stayed, take steps to acquire or sell CITY's interest in this Agreement by foreclosure of the Leasehold Mortgage or other appropriate means and prosecute the same to completion with due diligence.

3. If at the end of such 6-month period such Leasehold Mortgagee is diligently complying with this Section 11.4.H, this Agreement shall not then terminate, and the time for completion by such Leasehold Mortgagee of its proceedings shall continue so long as such Leasehold Mortgagee is enjoined or stayed and thereafter for so long as such Leasehold Mortgagee proceeds to complete steps to acquire or sell CITY's interest in this Agreement by foreclosure of the Leasehold Mortgage, assignment in lieu of foreclosure or by other appropriate means with reasonable diligence and continuity. Nothing in this Section 11.4.H, however, shall be construed to extend this Agreement beyond the original term hereof, nor to require a Leasehold Mortgagee to continue such foreclosure proceedings after the default has been cured. If the default shall be cured and the Leasehold Mortgagee shall discontinue foreclosure proceedings, this Agreement shall remain in full force and effect as if CITY had not defaulted under this Agreement.

I. Purchase and Sale. If the Leasehold Mortgagee is complying with Section 11.4.H, upon the acquisition of CITY's estate herein by such Leasehold Mortgagee or its designee or any other purchaser at a foreclosure sale, assignment in lieu of foreclosure or otherwise, this Agreement shall continue in full force and effect as if CITY had not defaulted under this Agreement, and COUNTY shall recognize such Leasehold Mortgagee as the CITY under this Agreement, subject to the obligation of the Leasehold Mortgagee to comply with this Agreement and cure any defaults which are reasonably susceptible of cure by the Leasehold Mortgagee (except as otherwise provided in the Agreement or in Section 11.4.J below). The purchaser at any sale of this Agreement and of the leasehold estate hereby created in any proceedings for the foreclosure of any Leasehold Mortgage, including such Mortgagee, or the transferee under any instrument of assignment or transfer in lieu of the foreclosure of the Leasehold Mortgage shall be deemed to have agreed to perform all of the terms, covenants and conditions on the part of the CITY to be performed hereunder from and after the date of such purchase and assignment.

J. Purchaser's/Assignee's Right to Sell. The purchaser or assignee of CITY's leasehold estate pursuant to foreclosure, assignment in lieu of foreclosure or other proceedings, upon acquiring CITY's leasehold estate, may sell and assign the leasehold estate on such terms and to such persons

and organizations as are acceptable to such purchaser or assignee without the consent or approval of COUNTY. Upon such sale or assignment, the transferor shall thereafter be relieved of all obligations under this Agreement if such assignee has delivered to COUNTY its written agreement to be bound by all of the provisions of this Agreement.

K. New Lease. For as long as there is any leasehold mortgage outstanding, in the event this Agreement is terminated for any reason, including, without limitation, a termination or rejection through any bankruptcy proceeding or the Leasehold Mortgagee or the purchaser or assignee of CITY's leasehold estate pursuant to foreclosure, assignment in lieu of foreclosure or other proceedings becomes the legal owner of CITY's estate herein, and upon written request by such party given within sixty (60) days after such termination or acquisition of CITY's estate herein, as applicable, COUNTY shall enter into a new lease of the Premises with the Leasehold Mortgagee, purchaser or assignee for the remainder of the term of this Agreement with the same agreements, covenants, reversionary interests and conditions (except for any requirements which have been fulfilled by CITY prior to termination) as are contained in this Agreement and with priority equal to this Agreement; provided, however, that Leasehold Mortgagee, purchaser or assignee, as applicable, shall promptly commence, and diligently pursue, to cure any defaults by the CITY that are reasonably susceptible to cure by the Leasehold Mortgagee, purchaser or assignee. After such termination and cancellation of this Agreement and prior to the expiration of the period within which the Leasehold Mortgagee, purchaser or assignee may elect to obtain a new lease from COUNTY, COUNTY shall refrain from terminating any existing sublease or otherwise encumbering the Property without the prior written consent of the Leasehold Mortgagee, purchaser or assignee. Any new lease granted to the Leasehold Mortgagee, purchaser or assignee shall be in the form substantially similar to this Agreement and shall enjoy the same priority in time and in right as this Agreement over any lien, encumbrance or other interest created by the COUNTY before or after the date of such new lease and shall vest in the Leasehold Mortgagee, purchaser or assignee all right, title, interest, power and privileges of CITY hereunder in and to the Premises, including, without limitation, the assignment of CITY's interest in and to all then existing subleases and sublease rentals and the automatic vesting of title to all Improvements, fixtures and personal property of CITY in the Leasehold Mortgagee, purchaser or assignee. Such new lease shall provide, with respect to each and every permitted sublease which immediately prior to the termination of this Agreement was superior to the lien of the Leasehold Mortgagee, that the Leasehold Mortgagee, purchaser or assignee shall be deemed to have recognized the sublessee under the sublease, pursuant to the terms of the sublease as though the sublease had never terminated but had continued in full force and effect after the termination of this Agreement, and to have assumed all the obligations of the sublessor under the sublease accruing from and after the termination of this Lease, except that the obligation of the new lessee, as sublessor, under any covenant of quiet enjoyment, expressed or implied, contained in any such sublease shall be limited to the acts of such new lessee and those claiming by, under or through such new lessee.

If more than one entity claims to be the lender that is entitled to a new lease pursuant to this Article, COUNTY shall enter into such new lease with the Leasehold Mortgagee whose Leasehold Mortgage is prior in time. COUNTY without liability to CITY or any Leasehold Mortgagee with an adverse claim, may rely upon a lender title insurance policy issued by a responsible title insurance company doing business in the state where the Premises is located as the basis for determining the appropriate Leasehold Mortgagee who is entitled to such new lease and the Leasehold Mortgagee which executes

the new lease shall indemnify and hold COUNTY harmless against any claims by CITY or any other Leasehold Mortgagee with respect to such determination.

L. No Merger. No merger of CITY's interest in the Premises into COUNTY's interest in the Premises shall result or be deemed to result by reason of ownership of CITY's interest and COUNTY's interest by the same party or by reason of any other circumstances, without the prior written consent of any Leasehold Mortgagees.

ARTICLE 12 OTHER REQUIREMENTS

12.1 ENVIRONMENTAL FINES AND PENALTIES. Notwithstanding the foregoing, CITY shall assume responsibility for and payment of any fines or penalties levied on either the COUNTY or CITY by any applicable local, state or federal authority (hereinafter "Authority") for breaches by CITY of the Authority's environmental regulations. CITY, or City's contractors or assignees, agree to be solely liable for the payment of all fines and penalties resulting from CITY's breach of Authority's environmental regulations, except and in proportion to the extent caused by the negligence or willful misconduct of COUNTY.

In addition, CITY understands and acknowledges that, during the course of the activities allowed by the Agreement, the environmental regulations implemented or imposed by the Authority on the COUNTY and CITY may change and CITY specifically agrees to comply with any future applicable environmental regulations implemented or imposed by the Authority on the COUNTY or CITY to the extent required by law.

The provisions of this Paragraph shall survive the expiration or termination of this Agreement with respect to any breach of an Authority's environmental regulation(s) that occurs during the term of this Agreement.

12.2 COMPLIANCE WITH LAWS. In the prosecution of the work covered by this Agreement, CITY shall comply with all applicable federal, state and local laws, regulations and enactments affecting the work. In addition, CITY shall comply with all applicable local, state and federal occupational safety and health acts and regulations. If any failure by CITY to comply with any such laws, regulations, and enactments, shall result in any fine, penalty, cost or charge being assessed, imposed or charged against COUNTY, CITY, or City's contractors shall reimburse and indemnify COUNTY for any such fine, penalty, cost or charge, including without limitation attorney's fees, court costs and expenses (excepting environmental fines and penalties which shall be handled in accordance with Paragraph 12.1 above). CITY further agrees in the event of any such action, upon notice thereof being provided by COUNTY, to defend such action free of cost, charge or expense to COUNTY. The provisions of this Paragraph shall survive the expiration or termination of this Agreement.

- a. Stormwater Quality – Prior to commencement of construction of the Project, COUNTY Stormwater Quality staff shall certify the Stormwater Pollution Prevention Plan (SWPPP) which must meet all requirements of the Sacramento County Storm Water Ordinance (Sacramento County Code Section 15.12). The SWPPP must

include all of the components required by the Construction General Permit as well as temporary construction BMPs (Best Management Practices) at the Premises. The County of Sacramento Department of Water Resources (DWR) reserves the right to approve and/or revise the permanent stabilization proposed in the SWPPP. Prior to commencing construction, the certified SWPPP shall be submitted to the California Regional Water Quality Control Board (RWQCB) by the CITY.

City staff with possible third party assistance will monitor construction of the Project for continued compliance with the Sacramento County Storm Water Ordinance. Should CITY, CITY's contractors, agents or assignees receive notice from the COUNTY and/or the RWQCB that a violation has occurred or is imminent, all work other than corrective action related thereto shall be immediately suspended until the corrective action is deemed satisfactory by the COUNTY and/or the RWQCB. Time is of the essence. Failure to comply may result in an immediate suspension of this Agreement until the Project is deemed by the COUNTY and/or the RWQCB to be in compliance. For purposes of this paragraph, the Parties intend that the word "CITY" shall include Rancho Cordova's contractors, agents, or assignees, to the extent that such responsibilities can be and are assigned.

The County Department of Water Resources Stormwater Quality Program Manager, (827 7th Street, Room 301, Sacramento, CA 95814; Phone (916) 874-7156) will be contacted concerning any questions related to this Paragraph.

- 12.3 ENDANGERED SPECIES.** CITY shall at all times and in all respects comply with all environmental laws and any amendments thereto affecting CITY's use of and operation on the Premises, including all federal, state and local laws, ordinances and regulations relating to endangered, threatened and other sensitive species. Without limiting the generality of the foregoing, reference is made to the provisions set forth in the California Endangered Species Act (California Fish and Game Code Section 2050, et seq.); the Federal Endangered Species Act (16 U.S.C. Sections 1531 – 1543); and the Federal Migratory Bird Treaty Act (16 U.S.C. Sections 703-712).

CITY shall, at all times, engage in appropriate avoidance and minimization measures to prevent the unlawful take, possession or destruction of any protected species. This includes birds-of-prey, and the take, possession or destruction of the eggs and nests of any such bird. Furthermore, elderberry shrubs or trees are known to exist in the Premises general vicinity. Elderberry shrubs are host plants for the Valley Elderberry Longhorn Beetle (VELB), listed as Threatened under the federal Endangered Species Act. Therefore, no elderberry shrub or tree shall be disturbed without an appropriate permit from the United States Fish and Wildlife Service. COUNTY shall notify CITY of all known areas where elderberry shrubs may be located on the Premises as of the Commencement Date.

- 12.4 CULTURAL RESOURCES.** Should any cultural resources, such as structural features, unusual amounts of bone or shell, artifacts, human remains, or architectural remains be encountered during any of CITY's activities, then work shall be immediately suspended and the Department of Environmental Review and Assessment (hereinafter "DERA") shall be

immediately notified at (916) 874-7914. At that time, DERA will coordinate any necessary investigation with the appropriate specialists as needed. CITY shall be required to implement any mitigation deemed necessary for the protection of the cultural resources. In addition, pursuant to Section 5097.97 of the State Public Resources Code and Section 7050.5 of the State Health and Safety Code, in the event of the discovery of human remains, all work is to stop and the County Coroner shall be immediately notified. If the remains are determined to be Native American, guidelines of the Native American Heritage Commission shall be adhered to in the treatment and disposition of the remains.

ARTICLE 13 GENERAL

13.1 WRITTEN COMMUNICATIONS AND NOTICE

Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party pursuant to this Agreement shall be in writing and either served personally or sent by prepaid, first class, certified mail. Such matters shall be addressed to the other party at the following address:

To LESSOR at:

County of Sacramento
Economic Development Division
Administrator
Attn: Director
700 H Street, Suite 6750
Sacramento, CA 95814
Phone: (916) 874-5220

To CITY at:

City of Rancho Cordova
Attn: Housing Services

2729 Prospect Park Drive
Rancho Cordova, CA 95670
Phone: (916) 851-8784
Fax: (916) 851-8784

With a copy to:

County of Sacramento
Real Estate Division
Asset Management Section
3711 Branch Center Road
Sacramento, CA 95827
Phone: (916) 876-6200

or such other address as a party may designate to the other by notice. Such notice shall be deemed effective five (5) days after transmittal as herein provided.

13.2 TAXES, POSSESSORY INTEREST, AND SPECIAL TAXATION.

- A. CITY, shall pay any and all taxes, assessments, and other charges of whatsoever character that may be levied or charged upon CITY's interest, as herein may be created; improvements; operations; or right to use of the Premises. CITY shall not be responsible to pay any part of any tax assessment or increase in assessment, or other charges of whatsoever character that

are levied as a result of COUNTY's improvements, operations, or interest in the property described as APN 067-0010-041.

- B. Under this lease a possessory interest subject to property taxation and special taxation may be created. Pursuant to California Revenue and Taxation Code Section 107.6, and Chapter 2.5 (commencing with Section 53311), Part 1, Division 2, Title 5, of the Government Code, notice is hereby given that such property interest may be subject to property taxation and special taxation if created, and that the party in whom the possessory interest is vested may be subject to the payment of property or special taxes levied on such interest.

C. **CITY's Right to Contest Taxes:**

- (1) CITY shall have the right to contest in its own name, or, to the extent reasonably necessary, in COUNTY's name, in good faith and by all appropriate proceedings, the amount, applicability, or validity of any tax assessment pertaining to the Premises and CITY's operations thereon.
- (2) In the event CITY initiates such contest, COUNTY shall reasonably cooperate with CITY, provided that such contest will not subject any part of the Premises to forfeiture or loss; and provided, further, that if CITY contests any assessment made by the Assessor of COUNTY, such contest shall not be initiated in the name of COUNTY, and COUNTY shall not be obligated to cooperate therewith.
- (3) If at any time payment of any tax or assessment becomes necessary to prevent any forfeiture or loss, CITY shall timely pay such tax or assessment to prevent such forfeiture or loss.

13.3 AS-IS LEASE. CITY acknowledges that, except as expressly contained in this Agreement neither COUNTY nor anyone acting for or on behalf of the COUNTY has made any representation, warranty or promise to CITY concerning the physical aspects or condition of the Premises; the feasibility or desirability of the Premises for any particular use; the presence of any other physical aspect of the Premises; and that in entering into the Agreement, CITY has not relied on any representation, statement or warranty of COUNTY or anyone acting for or on behalf of COUNTY, other than as may be expressly contained in this Agreement, and that all matters concerning the Premises shall be independently verified by CITY and that CITY shall lease the Premises on CITY's own examination thereof; and that if CITY elects to lease the Premises, CITY is leasing the Premises in its "as is" condition and its "as is" state of repair as of the Commencement Date.

13.4 RISK OF HAZARDS. CITY shall not do anything on the Premises, nor bring or keep anything thereon which will in any way increase the risk of fire or the rate of insurance, or which shall conflict with the regulations of any fire district having jurisdiction other than activities and materials, etc., which are ordinarily conducted or kept to construct, operate and maintain, multifamily residential apartment complexes and related facilities.

13.5 NOTICE OF CLAIMS AND SUIT. COUNTY and CITY shall each give the other prompt and timely written notice of any personal injury or other accident claim for in excess of TEN

THOUSAND AND NO/100ths DOLLARS (\$10,000.00), and of any lawsuit coming to its knowledge when either such claim or lawsuit arises out of or is in any way connected with the Leased Premises or the operations of CITY hereunder, other than an action for eviction or collection by or against a residential tenant, which in any way, directly, indirectly, contingently or otherwise, might reasonably affect the parties' relationship under this Agreement. Such notice shall be deemed prompt and timely if given within thirty (30) calendar days following the date of receipt of such claim by an officer, agent, or employee of either party, and if given within ten (10) calendar days following the date of service of process upon either party with respect to any such lawsuit.

13.6 NO LIENS. Subject to CITY's right to contest the same, CITY shall maintain the Leased Premises free and clear from any and all liens, claims, and demands for work performed, materials furnished, or operations conducted on or at the Leased Premises, except as otherwise expressly provided in this Agreement.

13.7 NUISANCE PROHIBITED. CITY shall at all times conduct its use of the Premises in such a manner that it shall not constitute a public or private nuisance.

13.8 COUNTY RESERVED RIGHTS.

A. Entry.

- (1) COUNTY reserves the right, without liability to CITY, to enter the Premises for purposes of inspection, surveying and any use not substantially interfering with CITY's use; provided that COUNTY first provides CITY with twenty-four (24) hour notice of COUNTY's intent to enter the Premises, emergencies excepted.
- (2) COUNTY, its officers, agents, and employees shall have the right, without limitation, throughout the term of this Agreement to enter upon the Premises for any lawful purpose, including the purpose of determining whether CITY is complying with its obligations hereunder. Such entry by COUNTY shall not be deemed to excuse CITY's performance of any promise, term, condition, or covenant required of it by this Agreement, and shall not be deemed to constitute waiver thereof by COUNTY.

B. COUNTY's Right to Sell. COUNTY shall have the right to sell its fee estate in the Property and assign its interest in this Agreement without limitation, provided, however, that any such sale and any such transferee, successor-in-interest or assignee shall be subject to this Agreement. Upon any such conveyance, COUNTY shall automatically be relieved of any obligations under this Agreement other than those obligations which accrued prior to the date of such conveyance. COUNTY shall also have the right to mortgage, hypothecate or otherwise pledge its interest in the Property, provided that CITY shall under no circumstances be required or permitted to enter into a subordination of its leasehold interest to any holder of any such mortgage or deed of trust.

- 13.9 REMOVAL OF PERSONAL PROPERTY UPON TERMINATION OR EXPIRATION.** Upon COUNTY's request, CITY shall, within ninety (90) days of termination or expiration of this Agreement, remove the CITY personal property from the Premises, and shall restore the Premises to its original condition, reasonable wear and tear excepted. Such removal and repair shall be performed by CITY at its sole cost and expense. In the event that the Premises or any portion thereof are damaged by CITY, such damage shall be repaired immediately by CITY at its sole cost and expense. CITY shall be afforded reasonable access to the Premises to complete these tasks.
- 13.10 OWNERSHIP OF LEASEHOLD IMPROVEMENTS.** All improvements or alterations to the Premises made by CITY shall, upon expiration or sooner termination of this Agreement, vest in COUNTY without payment of any further consideration to CITY.
- 13.11 ABANDONED PROPERTY.** Any CITY personal property not removed within ninety (90) days of termination or expiration of this Agreement shall be deemed abandoned property and shall thereupon become the property of COUNTY to be used or disposed of by COUNTY without compensation to CITY. If COUNTY disposes of property abandoned by CITY within one hundred twenty (120) days after being abandoned by CITY, CITY shall compensate COUNTY for the actual costs incurred in disposing of any such abandoned property to the extent disposal costs exceed the amount realized through their disposal, provided such compensation shall not exceed \$300,000.
- 13.12 COUNTY'S RIGHT TO LEASE.** COUNTY warrants COUNTY is well seized of and has good right to lease the Premises, will defend the title thereto, and will indemnify CITY against any damage and expense which CITY may suffer by reason of any lien, encumbrance, restriction or defect in the title to or description herein of the Premises.
- 13.13 EXECUTION OF AGREEMENT.** Submission of this document by COUNTY for review, examination or execution by CITY does not constitute a reservation of an option to lease the Premises or any other property within the County of Sacramento, and this document shall not be effective as a lease agreement, or otherwise, unless and until approved by the Board of Supervisors of the COUNTY or executed by the officer authorized by said Board.
- 13.14 AUTHORITY OF SIGNATORS.** Each party to this Agreement warrants to the other that it is duly organized and existing and each signatory hereto represents to the other party that it has full right and authority to enter into and consummate this Agreement and all related documents.
- 13.15 SUCCESSORS IN INTEREST.** This Agreement shall be binding upon and inure to the benefit of the successors-in-interest of the parties hereto.
- 13.16 ASSIGNMENT AND SUBLETTING.** CITY may sublet, assign or otherwise grant its obligations and liabilities arising under this Lease. CITY shall have the right to sublet its lease, or any of its rights under this Agreement, in whole or in part, and have the right to assign this lease, in whole or in part, to the Veteran's Administration, Mather Veteran's Hospital or to Mercy Housing or any affiliate thereof, and COUNTY hereby consents to such

assignment, without the necessity of any further action on COUNTY's part. Assignment by CITY to any other entity will require the prior written consent of the COUNTY. Subletting specifically includes, without limitation, the subleasing, licensing, or granting of other rights to use all or any portion of the Premises. Notwithstanding the foregoing, COUNTY's consent shall not be required in connection with an assignment to [Mercy Entity], or an affiliate thereof, or an assignment of, or a change in, any limited partner interests in CITY or the removal and replacement of the general partner of CITY by the limited partner in accordance with the terms of CITY's partnership agreement. If City assigns its interest to Mercy Housing, or an affiliate thereof, COUNTY, upon providing CITY any notice required under this Agreement, shall at the same time provide a copy of such notice to Mercy Housing, or its affiliate.

- 13.17 NATURE OF TENANCY.** CITY is not eligible for relocation payment or assistance as a consequence of this tenancy. No relocation payment or assistance will be made to CITY by COUNTY upon termination of tenancy.
- 13.18 TITLE TO THE PREMISES.** Fee title to the Premises is and shall remain vested in COUNTY. Nothing contained in this Agreement and no action or inaction by COUNTY shall be deemed or construed that COUNTY has granted to CITY any right, power or permission to do any act or to make any agreement which may create, give rise to, or be the foundation for, any right, title, interest, lien, charge or other encumbrance upon the estate of COUNTY in the Premises.
- 13.19 ESTOPPEL.** Upon COUNTY's written request, CITY shall deliver to COUNTY a written statement containing the following information, current as of the date of the statement: (A) The status of the Agreement. (B) An explanation of any default claims CITY may have against COUNTY. (C) The term of the Agreement. (D) The monthly Rent and Additional Fee payable. CITY shall deliver such statement to COUNTY or to any prospective purchaser upon COUNTY's request. Any such statement by CITY may be given to any prospective purchaser or encumbrancer of the Property. Upon CITY's written request, COUNTY agrees to deliver within fifteen (15) days, a statement in recordable form addressed to any proposed transferee, mortgagee, or investor limited partner, certifying that this Agreement is unmodified and is in full force and effect (if such be the case), certifying the commencement and termination dates of the lease term, certifying that there are no claims against CITY under this Agreement (or stating those claimed by COUNTY) and containing such other information as may reasonably be requested by the party to whom such certificate is addressed. In the event COUNTY fails to deliver such certificate to CITY within the 15-day period provided above, it shall be deemed that this Agreement is in full force and effect and that COUNTY has no claims against CITY under this Agreement.
- 13.20 INDEPENDENT CONTRACTOR.** CITY is not an employee or agent of COUNTY by reason of this lease, or otherwise. CITY is an independent contractor, and as between COUNTY and CITY, CITY shall be solely responsible for its acts and omissions arising from or relating to its operations or activities.

- 13.21 PARTIAL INVALIDITY.** If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, or is found to be prohibited by law, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable or prohibited, shall not be affected thereby, and each such term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.
- 13.22 SUPERSEDES.** This Agreement supersedes and cancels any and all oral negotiations or previously executed agreements between the parties hereto pertaining to the herein described Premises.
- 13.23 AMENDMENT AND WAIVERS.** This Agreement constitutes the entire understanding of the parties thereto and shall not be altered or amended except by a supplementary agreement in writing and signed by both parties. The failure of either COUNTY or CITY to exercise the rights granted hereunder shall not constitute a waiver of the same either at the time or upon a later recurrence.
- 13.24 RIGHT AND REMEDY.** No delay or omission in the exercise of any right or remedy of either party on any default of the other party shall impair such a right or remedy or be construed as a waiver of such default. Any waiver by either party of any default of the other party shall be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement.
- 13.25 ATTORNEY'S FEES AND COSTS.** Any party may bring a suit or proceeding to enforce or require performance of the terms of this Agreement, and each party in that suit or proceeding shall be responsible for its own attorney's fees and costs.
- 13.26 GOVERNING LAW.** This Agreement shall be governed by the laws of the State of California.
- 13.27 TIME OF ESSENCE.** Time is of the essence of this Agreement and the obligations of the parties to perform hereunder.
- 13.28 CONSTRUCTION OF AGREEMENT.** Headings at the beginning of each paragraph and subparagraph are solely for the convenience of the parties and are not a part of the Agreement. Whenever required by the context of this Agreement, the singular shall include the plural and the masculine shall include the feminine and vice versa. It is agreed and acknowledged by the parties hereto that the provisions of this Agreement have been arrived at through negotiation, and that each of the parties has had a full and fair opportunity to revise the provisions of this Agreement and to have such provisions reviewed by legal counsel. Therefore, the normal rule of construction that any ambiguities are to be resolved against the drafting party shall not apply in construing or interpreting this Agreement. All exhibits are referred to in this Agreement are attached and incorporated by this reference.

13.29 COUNTERPARTS. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, by all of which, together, shall constitute one and the same instrument.

13.30 QUIET POSSESSION. COUNTY agrees that CITY, so long as CITY is not in default under this Agreement and is paying the rent and performing the covenants and conditions of this Agreement, shall quietly have, hold and enjoy the Premises throughout the term hereof without interruption or disturbance from COUNTY or any other persons claiming by, through or under COUNTY; and COUNTY warrants to CITY that as of the Commencement Date of said lease term, there were no existing tenancies on the Premises.

Remainder of page intentionally left blank.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day of the year first written above.

LESSOR:

**COUNTY OF SACRAMENTO, a
political subdivision of the State of
California**

Date: 6-28-13

By: [Signature]
Troy Givans

Director of Office of Economic
Development and Marketing

Under delegated authority by
Resolution No. : 2013-0391

Dated: 6-18-13

CITY:

**CITY OF RANCHO CORDOVA, a
municipal corporation**

Date: 5-24-13

By: [Signature]
Ted Gachler, city manager

Under delegated authority by

Resolution No. : 51-2013

Dated: 5-20-13

**REVIEWED AND APPROVED BY
COUNTY COUNSEL:**

By: [Signature]
William Burke
Deputy County Counsel

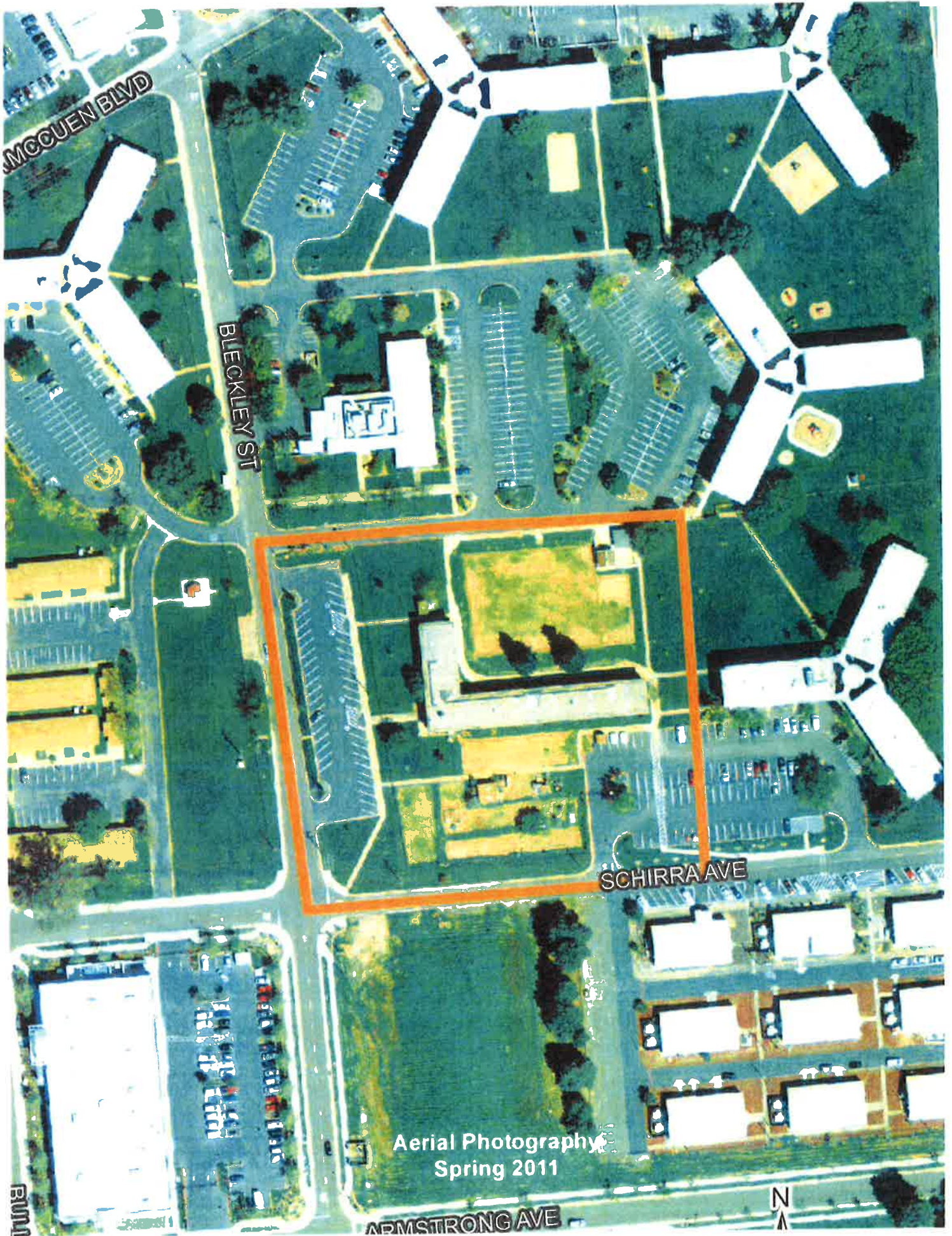
**REVIEWED AND APPROVED BY
CITY COUNSEL:**

By: [Signature]
City Counsel

Exhibit A

Property

County Owned Property
APN 067-0010-099
3611 Bleckley Street
Mather, CA 95655



Aerial Photography
Spring 2011

Exhibit B

Premises

EXHIBIT "B-1"
Premises
APN 067-0010-099
Legal Description

Being a portion of that certain Parcel of Land containing 16.390 Acres bounded on the North by Femoyer Street (Now called Peter A. McCuen Boulevard), on the East by Femoyer Street, on the West by Bleckely Street, and on the South by Marauder Street (Now called Schirra Avenue), and located at Mather Air Force Base as shown on Record of Survey Recorded in Book 54 at Page 33 of Official Records, County of Sacramento, State of California.

Beginning at a point which bears North $38^{\circ}33'14''$ East 38.36 feet from the centerline intersection of Bleckely Street and Marauder Street (Now called Schirra Avenue) as shown on aforesaid Record of Survey. Said Point of Beginning being 28.00 feet easterly from the centerline of Bleckely Street and 28.00 feet northerly from the centerline of Marauder Street (Now called Schirra Avenue). Thence from said Point of Beginning the following four (4) courses:

- 1.) North $08^{\circ}19'46''$ West 375.52 feet parallel with and 28.00 feet from the centerline of Bleckely Street as shown on aforesaid Record of Survey;
- 2.) Leaving said parallel line North $85^{\circ}31'31''$ East 442.22 feet ;
- 3.) South $04^{\circ}33'46''$ East 374.03 feet to a point being 28.00 northerly of the centerline of Marauder Street (Now called Schirra Avenue);
- 4.) South $85^{\circ}26'14''$ West 417.55 feet parallel with and 28.00 feet from the centerline of Marauder Street (Now called Schirra Avenue) to the Point of Beginning.

Containing 160,930.00 Square feet or 3.69 acres

The Basis of bearings for this description is identical to Record of Survey Book 54 Page 33 Official Records in the Recorders Office of the County of Sacramento, State of California

End of Description

Prepared By: Warren Land Surveying, Inc.
 1117 Windfield Way, Ste. 110
 El Dorado Hills, CA 95762

09/06/12



Exhibit "B-2"
Premises
APN 067-0010-099
Plat Map

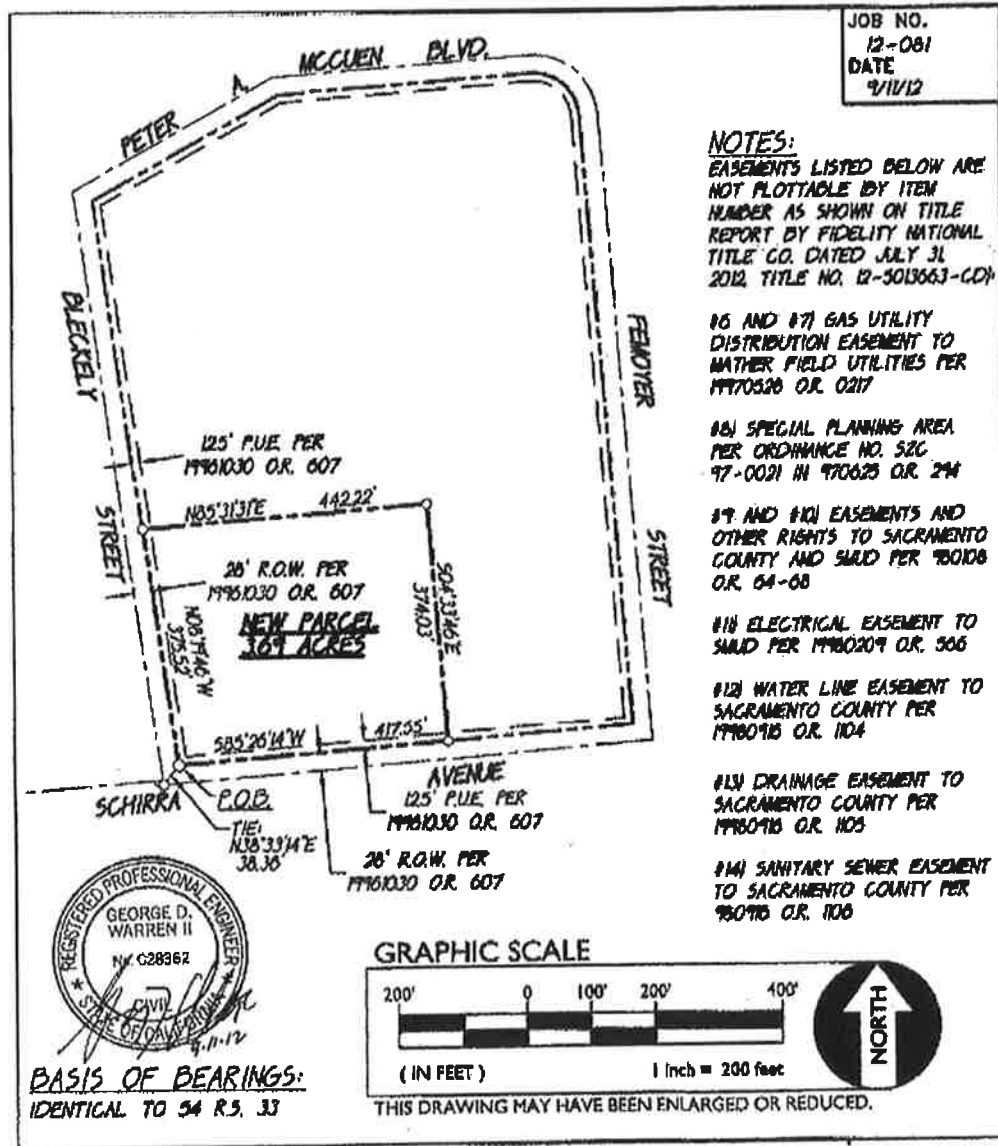
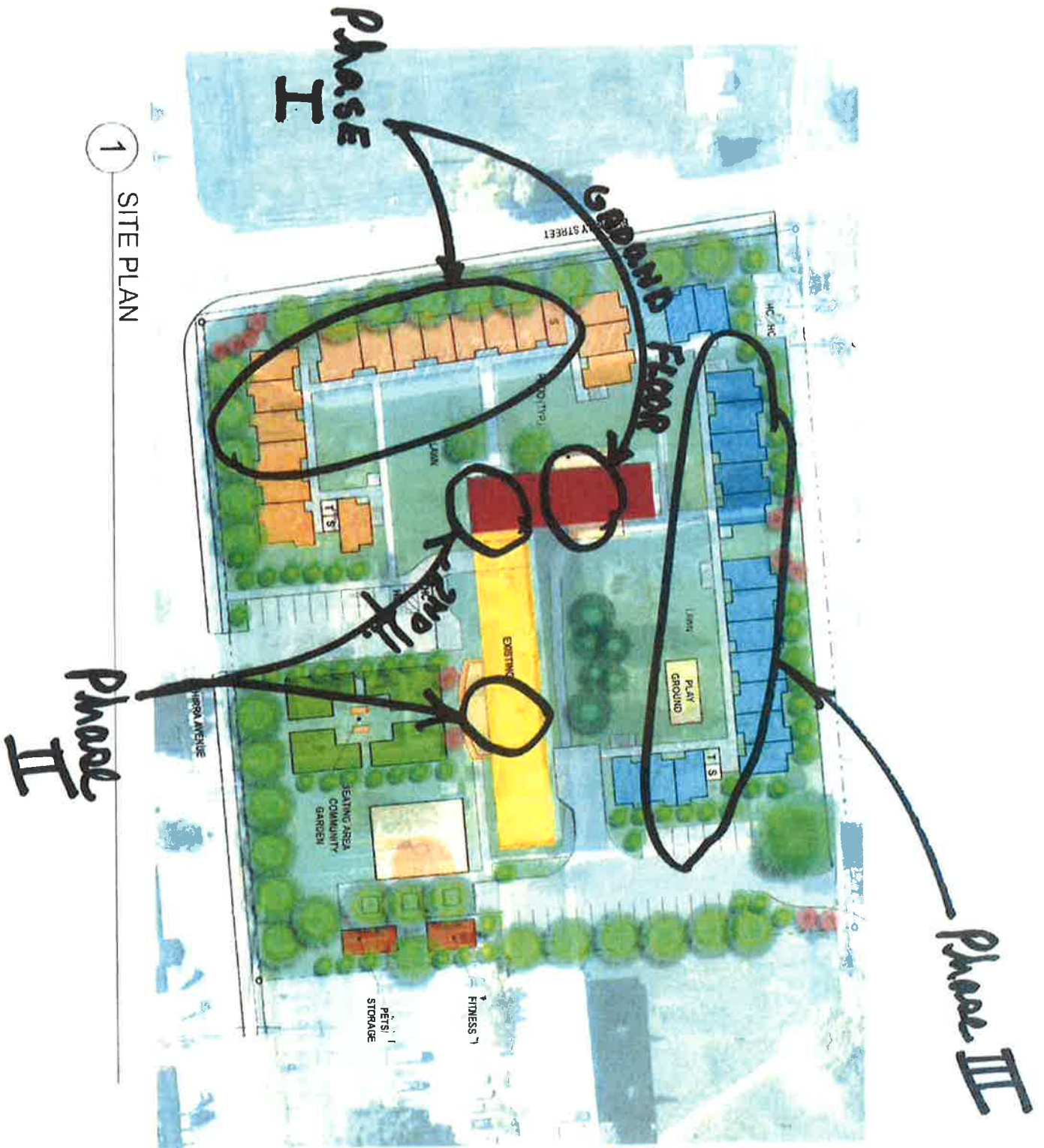


EXHIBIT “C”

Phasing Plan



MATHER FIELD VETERANS VILLAGE
SACRAMENTO, CALIFORNIA

EXHIBIT "D"

(To be attached once zoning/construction drawings are received)

Site Plan

1. This Exhibit may be augmented with a land survey of the Premises once it is received by CITY.
2. Setback of the Premises from the Property's boundaries shall be the distance required by the applicable governmental authorities.
3. Width of access road shall be the width required by the applicable governmental authorities, including police and fire departments.

EXHIBIT "E"**Air Force Conveyance Documents**

EXHIBIT "E"

Sacramento County Recorder
 Craig A. Kramer, Clerk/Recorder
 BOOK 20130503 PAGE 1295
 Friday, MAY 03, 2013 1:10:58 PM
 Ttl Pd \$0.00 Rpt # 0007770571
 MML/18/1-20

WHEN RECORDED RETURN TO:

REAL ESTATE DIVISION
 COUNTY OF SACRAMENTO
 3711 Branch Center Road
 Sacramento, CA 95827
 MAIL CODE: 63-002

NO FEE DOCUMENT PER GOVERNMENT CODE 27383
 NO DOCUMENT TRANSFER TAX PER R&T CODE 11922

Mail Tax Bills To:

County of Sacramento
 Department of Economic Development
 700 H Street
 Sacramento, CA 95814

Okay to Accept By
 Signature/Date:

Print Name & Date

John Dito

APN: 067-0010-089, 067-0010-091, 067-0010-092
 and 067-0010-099

Project Name & Dept:

Parcel C-12

(Econ Dev)

THIS SPACE FOR RECORDER'S USE ONLY

TITLE(S)

Quitclaim Deed

LOG NO. 030226

Recording Requested by,
and when recorded mail to:

Real Estate Division
County of Sacramento
3711 Branch Center Rd
Sacramento CA 95827-3807

Entitled to Free Recording Under
Government Code §6103 and §27383

Exempt from Documentary Transfer Tax
Rev. & Tax Code §11922

QUITCLAIM DEED

CERCLA 120(h) NOTICES, COVENANTS, and

ENVIRONMENTAL RESTRICTIONS

Parcel C-12

(Former Mather Air Force Base ("AFB"), California)

I. PARTIES

THIS DEED is made and entered into this 30th day of April, 2013, by and between THE UNITED STATES OF AMERICA (the "United States"), acting by and through the Secretary of the Air Force, under and pursuant to the powers and authority contained in the Defense Authorization Amendments and Base Closure and Realignment Act of 1988, as amended (10 U.S.C. § 2687 note), and delegations and regulations promulgated thereunder (the "Grantor"), and the COUNTY OF SACRAMENTO, a political subdivision of the State of California (the "Grantee"). Unless the context otherwise specifically provides, when used in this Deed, "Grantor" includes the assigns of the Grantor and "Air Force" includes any successor entity to the Department of the Air Force or any successor to the Secretary of the Air Force, and "Grantee" includes the successors and assigns of the Grantee.

II. CONSIDERATION AND CONVEYANCE

WITNESSETH, THAT FOR TEN DOLLARS (\$10.00), and other good and valuable consideration, the receipt of which is hereby acknowledged, the Grantor does hereby release and

forever quitclaim to the Grantee all that real property known as Parcel C-12 consisting of approximately 20.179 acres of land situated in the County of Sacramento, State of California as legally described in Exhibit A and graphically depicted in Exhibit B to this Deed.

III. APPURTENANCES

TOGETHER WITH all the buildings and improvements erected thereon and improvements hereunto belonging, or in any wise appertaining which, together with the real property above described, is called the "Property" in this Deed.

IV. EXCEPTIONS

AND EXCEPTING THEREFROM any and all equipment and other facilities associated with environmental remediation (collectively "Remedial Systems"), whether above, on, or under the ground of the Property. The Remedial Systems include two (2) groundwater monitoring wells, known as MAFB-154 and MAFB-280. Ownership of the Remedial Systems is expressly retained by the Grantor for the MAFB-154 and MAFB-280. Ownership of the Remedial Systems for the groundwater remediation associated with the Inactive Rancho Cordova Test Site ("IRCTS"), consisting of extraction well EX-9 with associated equipment and utility infrastructure, is retained by Boeing/Aerojet. A depiction of the excepted Remedial Systems is provided in Exhibit C (groundwater remedial systems components). Additionally, the coordinates for wells associated with the groundwater remediation located on the Property are provided in Exhibit D.

V. RESERVATIONS

A. The Grantor hereby reserves a mineral royalty as described in this subparagraph affecting the Property. The parties have agreed that this Deed shall relinquish and release unto the Grantee all the mineral interests owned by the Grantor in the Property and the parties have agreed that the Grantor has reserved to itself an overriding royalty of TEN PERCENT (10%) of the gross fair market value of the minerals, if any minerals are extracted from the Property at some future time, either by the Grantee or its successors, transferees, or assigns, pursuant to a license, lease or any other enabling agreement (e.g., purchase/sale of right to extract the minerals). The "gross fair market value" of such minerals for the purpose of computing such overriding royalty shall be the free on board (origin) retail value of the mineral products after final processing, equivalent to public sale or retail value at the origin. Provided, however, that the Grantee shall be under no obligation to extract such minerals or to issue such a lease or agreement.

B. The Property is conveyed subject to the public rights-of-way and public utility easements as described in the Grant of Easement from the United States to the County of Sacramento, recorded in Book 961030, Page 0607 of the Official records of the County of Sacramento.

VI. CONDITION

A. The Grantee agrees to accept conveyance of the Property subject to all legally enforceable covenants, conditions, restrictions, easements, rights-of-way, reservations, rights, privileges, benefits, agreements, and encumbrances, whether or not of record.

B. The Grantee acknowledges that it has inspected, is aware of, and accepts the condition and state of repair of the Property, and that the Property is conveyed, "as is," "where is," without any representation, promise, agreement, or warranty, whether express or implied, on the part of the Grantor, or otherwise provided for by law or in equity, regarding such condition and state of repair, or regarding the making of any alterations, improvements, repairs, or additions. The Grantee further acknowledges that the Grantor shall not be liable for any latent or patent defects in the Property, except to the extent required by applicable law.

VII. NOTICES, DESCRIPTION, COVENANTS, AND ACCESS RIGHTS RELATED TO SECTION 120(h)(3) OF THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION, AND LIABILITY ACT ("CERCLA") (42 U.S.C. § 9620(h)(3))

A. **Property Covered by Notices, Description, Covenants, and Access Rights, Made Pursuant to Section 120(h)(3)(A) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. § 9620(h)(3)(A)):**

For the entirety of the Property, the Grantor provides the following notices, description, covenants, and retains the following access rights:

B. **Notices Pursuant to Section 120(h)(3)(A)(i)(I) and (II) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. § 9620(h)(3)(A)(i)(I) and (II)):**

Pursuant to section 120(h)(3)(A)(i)(I) and (II) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. § 9620(h)(3)(A)(i)(I) and (II)), available information regarding the type, quantity, and location of hazardous substances and the time at which such substances were stored, released, or disposed of, as defined in section 120(h), is provided in Exhibit E (stored) and Exhibit F (released on nearby parcels), attached hereto and made a part hereof. There were no known releases of hazardous substances on the Property, but notice is hereby provided that unknown quantities of hazardous substances were released or disposed of on nearby parcels thereby contaminating the groundwater under portions of the former Mather AFB including portions of this Property.

C. **Description of Remedial Action Taken, if Any, Pursuant to Section 120(h)(3)(A)(i)(III) of Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. § 9620(h)(3)(A)(i)(III)):**

Pursuant to Section 120(h)(3)(A)(i)(III) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. § 9620(h)(3)(A)(i)(III)), remedial action

consisting of groundwater extraction and treatment for portions of the base including the groundwater under this Property has been taken.

D. Covenants Pursuant to Section 120(h)(3)(A)(ii) and (B) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. § 9620(h)(3)(A)(ii) and (B)):

Pursuant to Section 120(h)(3)(A)(ii) and (B) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. § 9620(h)(3)(A)(ii) and (B)), the United States warrants that:

1. all remedial action necessary to protect human health and the environment with respect to any hazardous substance identified pursuant to Section 120(h)(3)(A)(i)(I) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 remaining on the Property has been taken before the date of this Deed, and

2. any additional remedial action found to be necessary after the date of this Deed shall be conducted by the United States.

E. Access Rights Pursuant to Section 120(h)(3)(A)(iii) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. § 9620(h)(3)(A)(iii)):

1. The United States retains and reserves a perpetual and assignable easement and right of access on, over, and through the Property, to enter upon the Property in any case in which a remedial action or corrective action is found to be necessary on the part of the United States, without regard to whether such remedial action or corrective action is on the Property or on adjoining or nearby lands. Such easement and right of access includes, without limitation, the right to perform any environmental investigation, survey, monitoring, sampling, testing, drilling, boring, coring, testpitting, installing monitoring or pumping wells or other treatment facilities, response action, corrective action, or any other action necessary for the United States to meet its responsibilities under applicable laws and as provided for in this instrument. Such easement and right of access shall be binding on the Grantee and its successors and assigns and shall run with the land.

2. In exercising such easement and right of access, the United States shall provide the Grantee or its successors or assigns, as the case may be, with reasonable notice of its intent to enter upon the Property and exercise its rights under this clause, which notice may be severely curtailed or even eliminated in emergency situations. The United States shall use reasonable means to avoid and to minimize interference with the Grantee's work and the Grantee's successors' and assigns' quiet enjoyment of the Property. At the completion of work, the work site shall be reasonably restored. Such easement and right of access includes the right to obtain and use utility services, including water, gas, electricity, sewer, and communications services available on the Property at a reasonable charge to the United States. Excluding the reasonable charges for such utility services, no fee, charge, or compensation will be due the Grantee, nor its

successors and assigns, for the exercise of the easement and right of access hereby retained and reserved by the United States.

3. In exercising such easement and right of access, neither the Grantee nor its successors and assigns, as the case may be, shall have any claim at law or equity against the United States or any officer or employee of the United States based on actions taken by the United States or its officers, employees, agents, contractors of any tier, or servants pursuant to and in accordance with this clause: provided, however, that nothing in this paragraph shall be considered as a waiver by the Grantee and its successors and assigns of any remedy available to them under the Federal Tort Claims Act.

NOTICE

BREACH OF ANY ENVIRONMENTAL RESTRICTIVE COVENANT IN PARAGRAPH VIII. BELOW MAY AFFECT THE FOREGOING WARRANTY

VIII. ENVIRONMENTAL RESTRICTIVE COVENANTS AND NOTICES

A. For purposes of this subparagraph, the term "Property" includes all portions of the parcel legally described in **Exhibit A** and graphically depicted in **Exhibit B**, for which the following environmental restrictive covenants apply.

1. Grantee covenants and agrees for itself and its successors and assigns that it will not conduct, or allow others to conduct, any surface activities that introduce or allow infiltration of water/other fluids into the groundwater (e.g., construction/ creation of any groundwater recharge areas, percolation ponds, unlined surface impoundments/trenches, or irrigation for agricultural purposes), without the written approval of the Air Force, United States Environmental Protection Agency ("U.S. EPA"), and the State. Normal watering to support landscaping is excluded from this restriction.

2. Grantee covenants and agrees for itself and its successors and assigns that it will not install wells or extract groundwater, or allow others to install wells or extract groundwater, for any purpose other than remediation or monitoring.

3. Grantee covenants and agrees for itself and its successors and assigns that it will not damage/disturb/tamper with, or allow others to damage/disturb/tamper with, any component of the Remedial System depicted in **Exhibit C**, including, but not limited to, the groundwater monitoring wells on the Property.

4. Grantee covenants and agrees for itself and its successors and assigns that it will not engage in, or allow others to engage in, activities that interfere with the effectiveness of the groundwater monitoring wells used in connection with remediation.

5. Grantee covenants and agrees for itself and its successors and assigns that it will not engage in, or allow others to engage in, activities that would limit access for the Air Force,

U.S. EPA, the State, and their respective officials, agents, employees, contractors, and subcontractors to the groundwater monitoring wells used in connection with remediation.

B. Effect of Covenants. It is the intent of the Grantor and the Grantee that the environmental restrictive covenants in this paragraph bind the Grantee and shall run with the land. It is also the intent of the Grantor and the Grantee that the Grantor will retain the right to enforce any restrictive covenants in this paragraph through the chain of title, in addition to any state law that requires or allows the State to enforce any restrictive covenants in this paragraph. The Grantee covenants and agrees to insert all of this paragraph in any deed to all or any part of the Property that it delivers.

C. Modification or Release of Covenants. The Grantee may request from the United States a modification or release of one or more of the Grantee covenants and agreements in this paragraph, subject to the notification and concurrence or approval of the State of California, the Air Force and U.S. EPA. In the event the request of the Grantee for modification or release is approved by the Air Force, the U.S. EPA, and the State of California, the United States will execute an appropriate document modifying or releasing the covenant (a "Covenant Release"). The Grantee understands and agrees that all costs associated with the Covenant Release shall be the sole responsibility of the Grantee, without any cost whatsoever to the United States.

D. Limitation on Warranty. The warranty set forth in subparagraph VII.D above is limited to response actions found to be necessary to protect human health and the environment from hazardous substances, pollutants or contaminants existing at the Property on the date this Deed is accepted. The obligation of the United States under such warranty does not extend to response actions required as a result of an act or omission of the Grantee, which act or omission (1) introduces new or additional contamination, (2) constitutes a breach of any environmental restrictive covenant set forth in this Deed, or (3) increases the cost of the required response action by its failure to provide timely notice of encountering contamination or by its improper management of any contamination or contaminated soil or water existing at the Property on the date this Deed is accepted from the United States.

E. State Access to Property. The right of access reserved to the United States in subparagraph VII.E above may be exercised by agencies of the United States, including, but not necessarily limited to the Air Force and the U.S. EPA. Further, notice is hereby given that the U.S. EPA, the Air Force, and the State of California have entered into an agreement commonly referred to as a Federal Facility Agreement ("FFA"); that, pursuant to the FFA, the Air Force has a continuing duty to provide access to the Property to the State of California; and that, the Air Force will extend to the State of California, as necessary, the right to use the access reserved in subparagraph VII.E above. This right of access is for purposes, either on the Property or on adjoining lands, consistent with the Installation Restoration Program ("IRP") of the Grantor or the FFA, if applicable.

IX. OTHER COVENANTS AND NOTICES

A. Asbestos Containing Material ("ACM"). The Grantee is warned that the Property may contain current and former improvements, such as buildings, facilities, equipment, and

pipelines, above and below the ground that may contain ACM. The Grantee covenants and agrees that in its use and occupancy of the Property, it will comply with all applicable federal, state, and local laws relating to asbestos. The Grantee is cautioned to use due care during property development activities that may uncover pipelines or other buried ACM. The Grantee covenants and agrees that it will notify the Grantor promptly of any potentially friable ACM that constitutes a release (or potential release) under CERCLA. The Grantor's responsibility under this Deed for friable ACM is limited to friable ACM in demolition debris associated with past Air Force activities and is limited to the actions, if any, to be taken in accordance with the covenants contained in paragraph VII of this Deed. The Grantee is warned that the Grantor will not be responsible for removing or responding to ACM in or on utility pipelines. The Grantee acknowledges that the Grantor assumes no liability for property damages or damages for personal injury, illness, disability, or death to the Grantee, or to any other person, including members of the general public, arising from or incident to the purchase, transportation, removal, handling, use, disposition, or other activity causing or leading to contact of any kind whatsoever with asbestos on the Property, whether the Grantee has properly warned, or failed to properly warn, the persons injured.

B. General Lead-Based Paint and Lead-Based Paint-Containing Materials and Debris (collectively "LBP")

1. Lead-based paint was commonly used prior to 1978 and may be located on the Property. The Grantee is advised to exercise caution during any use of the Property that may result in exposure to LBP.

2. The Grantee covenants and agrees that in its use and occupancy of the Property, the Grantee is solely responsible for managing LBP, including LBP in soils, in accordance with all applicable federal, state, and local laws and regulations. The Grantee acknowledges that the Grantor assumes no liability for property damages or damages for personal injury, illness, disability, or death to the Grantee, or to any other person, including members of the general public, arising from or incident to the purchase, transportation, removal, handling, use, contact, disposition, or other activity involving LBP on the Property, whether the Grantee has properly warned, or failed to properly warn, the persons injured. The Grantee further agrees to notify the Grantor promptly of any discovery of LBP in soils that appears to be the result of Grantor activities and that is found at concentrations that may require remediation. The Grantor hereby reserves the right, in its sole discretion, to undertake an investigation and conduct any remedial action that it determines is necessary.

C. Protected Species and Habitats. The Grantee acknowledges that threatened or endangered (collectively "protected") species, as those terms are defined in the Federal Endangered Species Act of 1973 as amended (the "Act"), may be present on portions of the Property. The following protected species may be present on the Property: the threatened vernal pool fairy shrimp (*Brachinecta lynchi*), the endangered vernal pool tadpole shrimp (*Lepidurus packardii*), the endangered Sacramento Orcutt grass (*Orcuttia viscida*), and/or the threatened slender Orcutt grass (*Orcuttia tenuis*). Moreover, habitats supporting such protected species may be present on the Property. The United States Fish and Wildlife Service (the "USFWS") published a Biological Opinion (the "BO") on January 24, 2012, associated with the disposal and

reuse of the former Mather Air Force Base. The Grantee covenants and agrees to comply with the Act, including, without limitation, the obligations to consult with the USFWS as necessary in connection with the reuse and redevelopment of the Property and to strictly comply with the provisions in the BO.

D. Non-Discrimination. The Grantee covenants and agrees not to discriminate upon the basis of race, color, religion, national origin, sex, age, or handicap in the use, occupancy, sale, or lease of the Property, or in its employment practices conducted thereon. This covenant shall not apply, however, to the lease or rental of a room or rooms within a family dwelling unit, nor shall it apply with respect to religion if the Property is on premises used primarily for religious purposes. The United States shall be deemed a beneficiary of this covenant without regard to whether it remains the owner of any land or interest therein in the locality of the Property.

E. Consultation Zone Requirement. The Grantee is notified of groundwater contaminant plumes in the area and that the Property is subject to the Consultation Zone requirement established in Sacramento County Code, Title 6 (Health and Sanitation), Chapter 6.28 (Wells and Pumps), Section 6.28.000(G). Any application for a well permit within two thousand (2,000) feet of a known groundwater contaminant plume is subject to special review by appropriate regulatory agencies to evaluate potential impacts to public health and groundwater quality.

F. Hazards to Navigation. The Grantee covenants for itself, its successors and assigns, that any construction or alteration is prohibited unless a determination of no hazard to air navigation is issued by the Federal Aviation Administration ("FAA") in accordance with 14 C.F.R. Part 77, entitled "Objects Affecting Navigable Airspace," or under the authority of the Federal Aviation Act of 1958 ("FAA Act"), as amended.

X. MISCELLANEOUS

Except for any personal covenant, each covenant of this Deed, including any that benefits a third party, shall inure to the benefit of the Grantor and such third party; shall be binding upon the Grantee; shall be deemed to touch and concern the land; and shall run with the land.

XI. LIST OF EXHIBITS

The following exhibits are attached to and made a part of this Deed:

- Exhibit A – Legal Description of the Property
- Exhibit B – Map Depiction of the Property
- Exhibit C – Groundwater Remedial System Components
- Exhibit D – Coordinates of Groundwater Wells on the Property
- Exhibit E – Notice of Hazardous Substances Stored
- Exhibit F – Notice of Hazardous Substances Released

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, I have hereunto set my hand at the direction of the Secretary of the Air Force, this 30th day of April, 2013.

THE UNITED STATES OF AMERICA

By: Philip H. Mook, Jr.
 PHILIP H. MOOK, JR.
 Senior Representative
 BRAC Program Management Division
 Installations Center of Excellence
 Air Force Civil Engineer Center

ACKNOWLEDGMENT

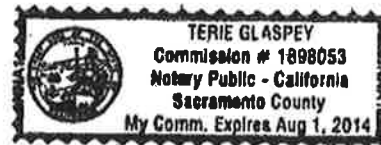
STATE OF CALIFORNIA :
COUNTY OF SACRAMENTO :
SS: :

On April 30, 2013 before me, Terie Glaspey, Notary Public,
(date) (name of notary officer)
personally appeared Philip A. Mook, Jr., 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.

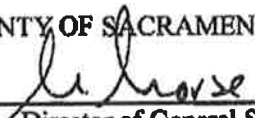
Terie Glosper
Signature of Notary



**CERTIFICATE OF
ACCEPTANCE**

This is to certify that the interest in real property conveyed by the within deed, the provisions of which are incorporated by this reference as though fully set forth in the Certification, to the County of Sacramento, a political subdivision of the State of California, is hereby accepted by the undersigned officer pursuant to authority conferred by Sacramento County Code 2.61.020 and the Grantee consents to recordation thereof by its duly authorized officer.

COUNTY OF SACRAMENTO



Director of General Services

5/2/13
Date

RED No. _____

LOG No. QC 030226

Former Mather AFB, CA

Page 10 of 10

Quitclaim Deed
(Parcel C-12 - 20.179 acres)

EXHIBIT A LEGAL DESCRIPTION

All that real property, situate in the county of Sacramento, state of California, described as follows:

All of the 2.675 acre parcel land, the 5.005 acre parcel of land and a portion of the 16.390 acre parcel of land, as shown on the Record of Survey filed in the Office of the Recorder of the County of Sacramento, in book 54 of Surveys, at Page 33, together with the 5.977 acre parcel of land as shown on the Record of Survey filed in said Recorder's Office, in book 53 of Surveys, at Page 32, and including one-half of adjoining roads, more particularly described as follows:

Beginning at the centerline intersection of Peter M. McCuen Blvd. (formerly Lower Placerville Road) and Bleckley Street as shown on said Record of Survey filed in Book 53 of Surveys, Page 32; thence along the centerline of said Peter M. McCuen Blvd. (formerly Lower Placerville Road) South 59°11'15" West, 430.95 feet; thence leaving said centerline of Peter M. McCuen Blvd. (formerly Lower Placerville Road) road South 30°48'45" East, 36.00 feet to northwesterly corner of said 5.977 acre parcel of land; thence along the westerly line of said 5.977 acre parcel of land the following four (3) courses:

- 1) South 30°57'30" East 142.70 feet;
- 2) South 04°51'30" East 198.42 feet;
- 3) South 85°00'00" West 49.43 feet to a point on the easterly line of that certain parcel of land described in the Grant Deed recorded in Book 20080417 of Official Records, Page 614;

Thence along last said easterly line South 03°22'33" East 115.48 feet, to the most northerly northeast corner of that certain parcel of land described in the Grant Deed recorded in Book 20101101 of Official Records, Page 1400; thence along the easterly line of said parcel of land described in the Grant Deed recorded in Book 20101101 of Official Records, Page 1400 South 03°22'33" East, 263.62 feet to the center line of Schirra Avenue as shown on that certain Record of Survey file in Said Recorder's Office in Book 57 of Surveys, Page 20; thence along said centerline of Schirra Avenue North 85°26'14" East, 424.54 feet to the center line of Bleckley Street as shown on said Record of Survey filed in Book 54, Page 33; thence along said center line of Bleckley Street South 08°19'46" East, 7.13 feet to the center line of Schirra Street (formerly Marauder Street) as shown on said Record of Survey filed in Book 54, Page 33; thence along said center line of Schirra Street (formerly Marauder Street) North 85°26'14" East, 276.98 feet; thence leaving said centerline of Schirra Street (formerly Marauder Street) South 04°33'46" East, 36.00 feet to the northwesterly corner of said 2.675 acre parcel land; thence along the west and south lines of said 2.675 acre parcel of land the following two (2) courses:

- 1) South 04°30'15" East, 259.55 feet;
- 2) North 85°26'14" East, 448.92 feet to the southeasterly corner thereof;

thence North 85°29'45" East, 36.00 feet to the said centerline of Femoyer Street as shown on said Record of Survey filed in Book 54, Page 33; thence along said centerline of Femoyer Street South 04°30'15" East, 126.10 feet; thence leaving said center line of Femoyer Street North

Quitclaim Deed (Parcel C-12 - 20.179 acres)

85°29'45" East, 36.00 feet to the more northerly southwest corner of said 5.005 acre parcel of land; thence along the southerly, easterly and northerly lines of said 5.005 acre parcel of land the following seven (7) courses:

- 1) North 85°26'14" East, 154.04 feet;
- 2) South 04°33'46" East, 94.97 feet;
- 3) North 85°26'14" East, 337.94 feet;
- 4) North 04°33'46" West, 267.04 feet;
- 5) South 85°26'14" West, 112.39 feet;
- 6) North 04°33'46" West, 267.04 feet;
- 7) South 85°26'14" West, 379.14 feet to the northwesterly corner thereof;

thence South 85°29'45" West, 36.00 feet to said centerline of Femoyer Street; thence along said center line of Femoyer Street South 04°30'15" East, 17.43 feet to said center line of Schirra Avenue (formerly Marauder Street); thence along said center line of Schirra Street (formerly Marauder Street) South 85°26'14" West, 318.17 feet; thence leaving center line of Schirra Street (formerly Marauder Street) North 04°33'46" West, 402.03 feet; thence South 85°31'31" West, 470.28 feet to said center line of Bleckley Street; thence along said center line of Bleckley Street North 08°19'46" West, 534.05 feet to the point of beginning, containing 20.179 acres, more or less.

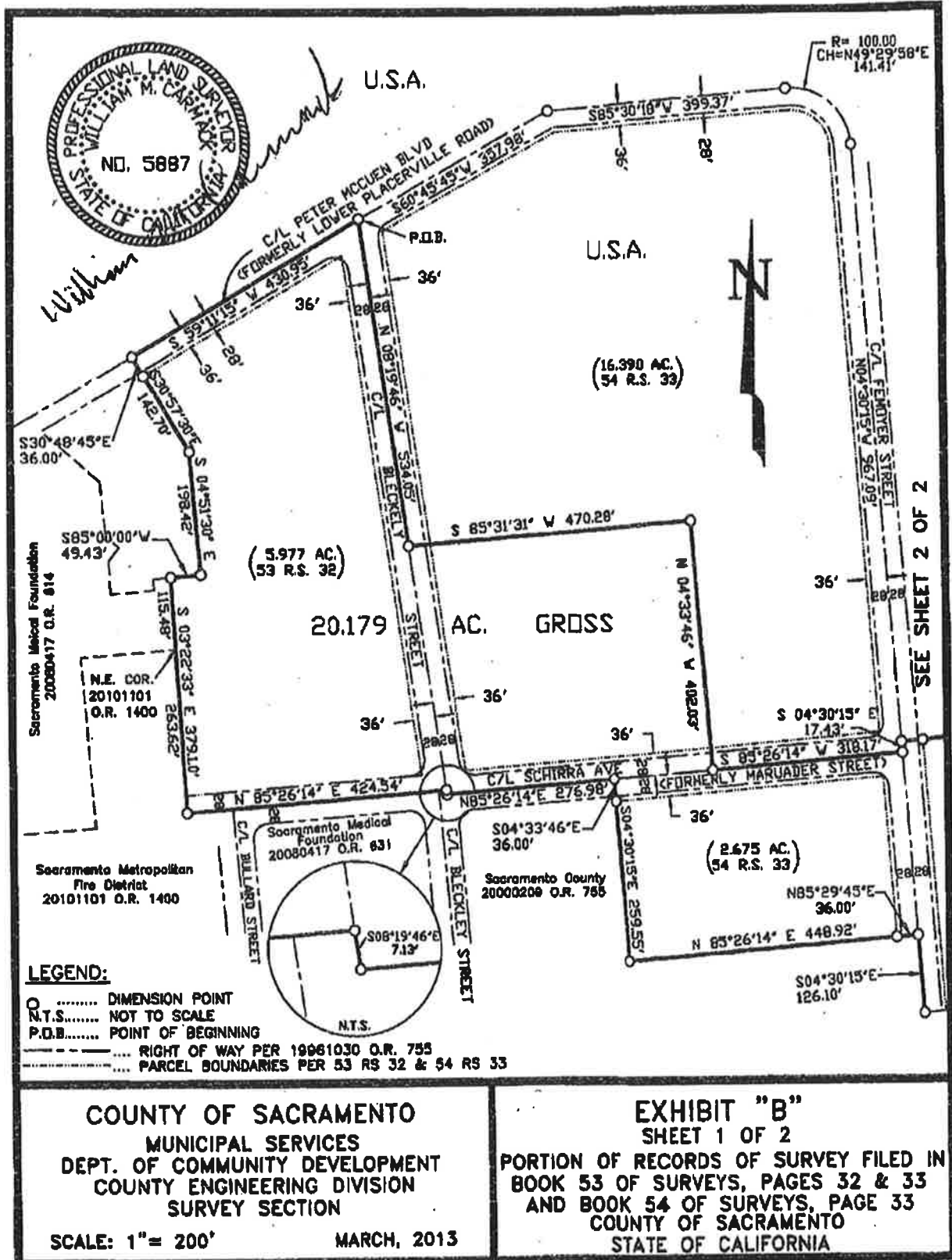
This description was prepared by me or under my direction pursuant to section 8761.1 of the Professional Land Surveyors Act.

William M. Carmack
William M. Carmack, P.L.S. 5887

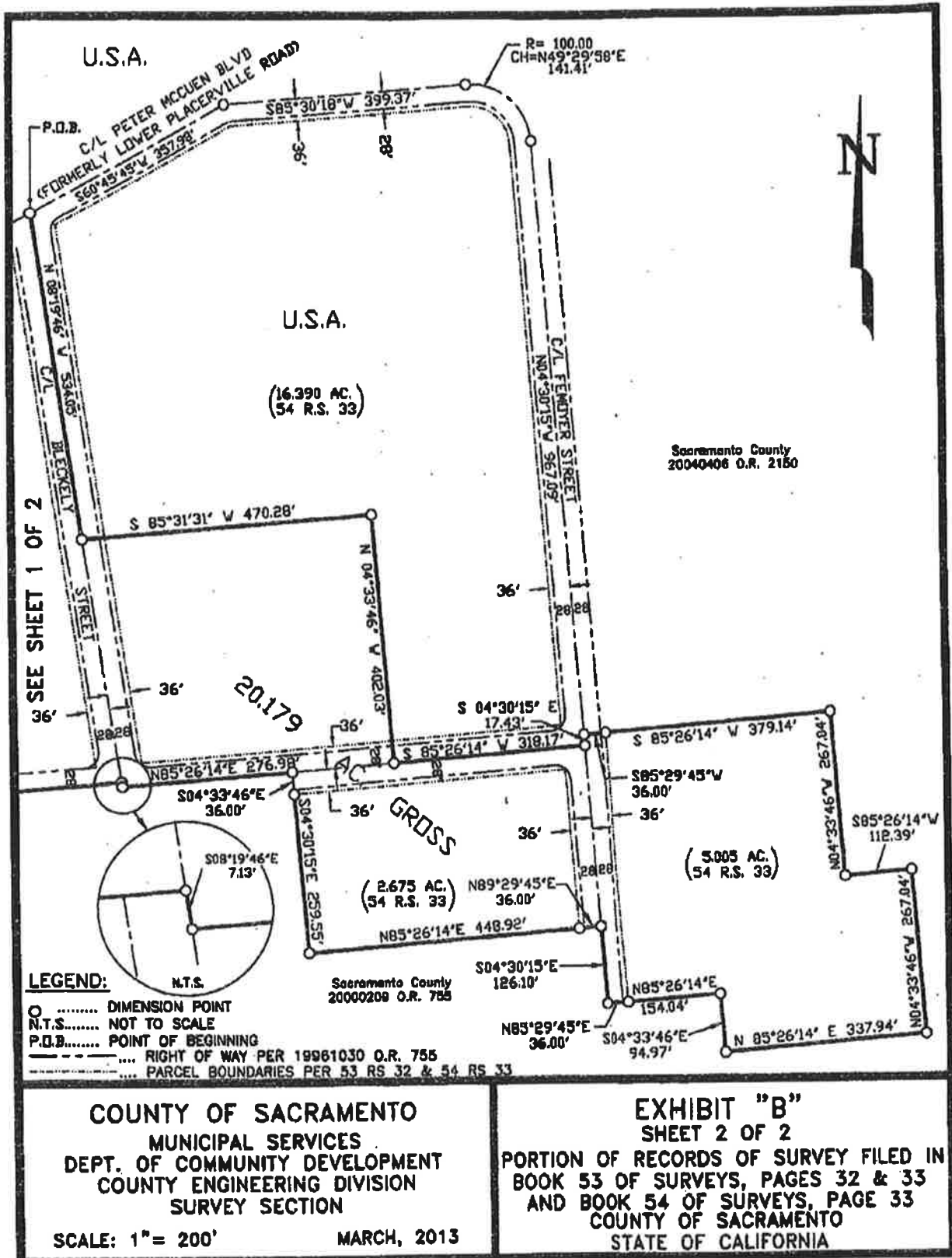


3/18/2013
Date

Quitclaim Deed (Parcel C-12 - 20.179 acres)



Quitclaim Deed (Parcel C-12 - 20.179 acres)



Quitclaim Deed (Parcel C-12 - 20.179 acres)

**Former Mather AFB
Parcel C-12 Deed
Exhibit C**

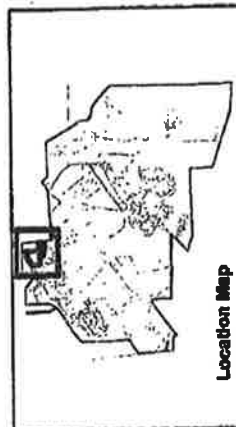
**Groundwater Remedial System
Components**

Legend

-  Parcel M
-  AF (Groundwater Well)
-  Boeing (Groundwater Well)
-  Roads
-  Buildings
-  Mather Boundary



0 250 500 1,000 Feet



Location Map

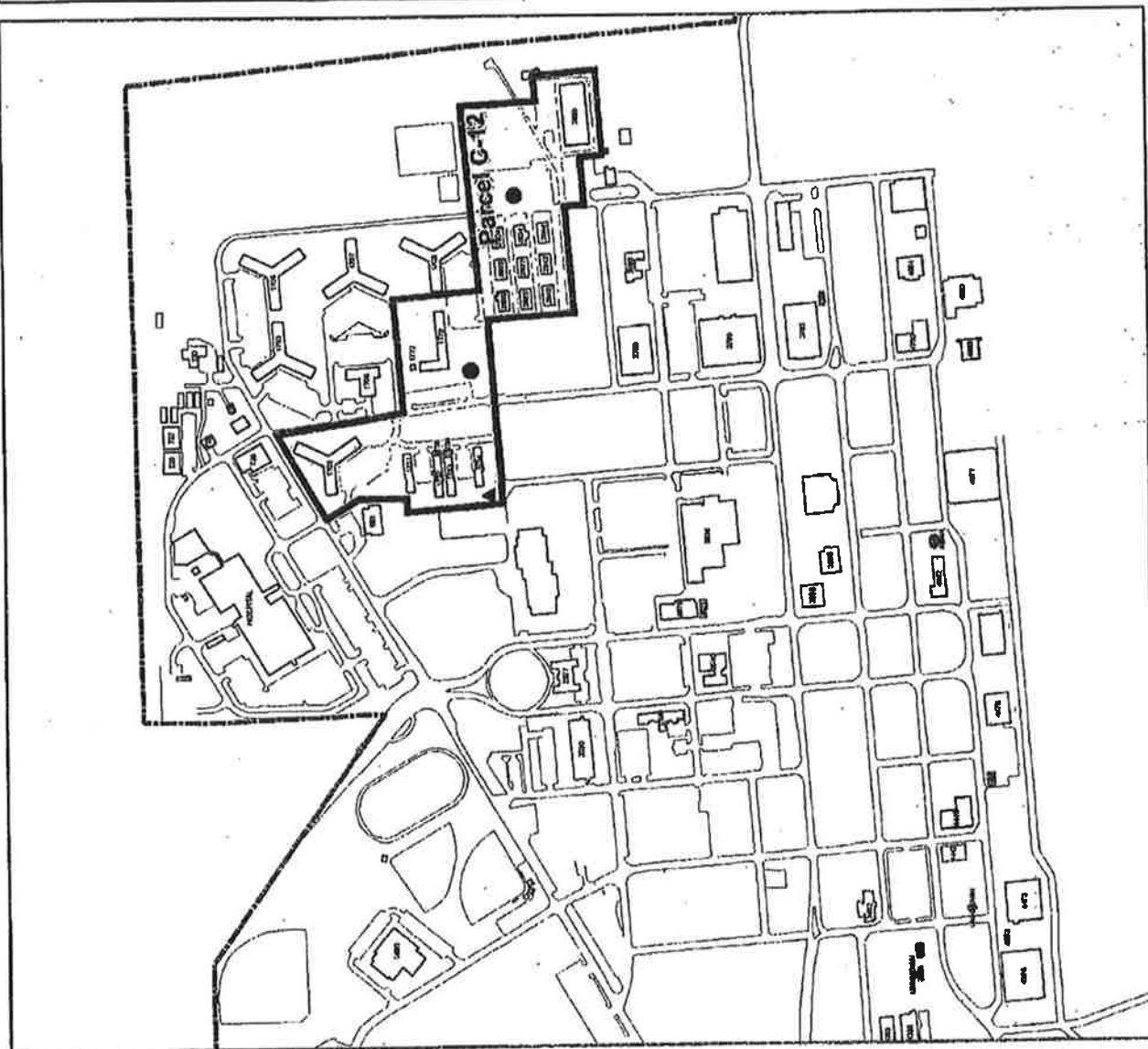


EXHIBIT E**NOTICE OF HAZARDOUS SUBSTANCES STORED**

Notice is hereby provided that the following hazardous substances are known to have been stored on the Property and the date such storage took place. The information contained in this notice is required under the authority of regulations promulgated under section 120(h) of the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA or "Superfund") 42 U.S.C. section 9620(h).

Facility 2950

Substance Stored	Constituent	CAS Registry Number	Quantity Stored (kg)	Date Stored
Lacquer and Enamel Paints	Toluene, Xylene, Methyl Ethyl Ketone, Petroleum Distillates	varies	136 kg/month	1984

Former Mather AFB, CA

Quitclaim Deed
(Parcel C-12 - 20.179 acres)
Exhibit E

EXHIBIT F**NOTICE OF HAZARDOUS SUBSTANCES RELEASED**

Notice is hereby provided that the following hazardous substances are known to have been released on the Property and the dates such release took place. The information contained in this notice is required under the authority of regulations promulgated under section 120(h) of the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA or "Superfund") 42 U.S.C. section 9620(h).

Main Base /SAC Area Plume (adjacent)

Substance	Regulatory Synonym(s)	CAS Registry Number	Quantity (kg/yr) (lb/yr)	Date	Hazardous Waste ID Number	Response	Remarks
Perchloroethene	PCE	127-18-4	Unknown	Unknown	U210	None required. Levels on property below maximum contaminant levels (MCLs) since 2000. Pump-and-treat technology, treatment of extracted groundwater by air stripping, injection of treated groundwater, land use restrictions, and groundwater monitoring were implemented within the boundaries of the adjacent property (downgradient of the property) as per the selected remedies within the Groundwater Operable Unit Record of Decision dated 1996.	Monitoring wells installed on the southern portion of the property and adjacent to monitor transport of perchloroethene.

Former Mather AFB, CA

Page 1 of 2

Quitclaim Deed
(Parcel C-12 - 20.179 acres)
Exhibit F

Main Base /SAC Area Plume (adjacent)

Substance	Regulatory Synonym(s)	CAS Registry Number	Quantity (lb/yr) (lb/yr)	Date	Hazardous Waste ID Number	Response	Remarks
Trichloroethene	Trichloroethylene Ethylene trichloride Chloro/len TCE 1,1,2-Trichloroethylene	79-01-6	Unknown	Unknown	UN1710	None required. Levels on property below maximum contaminant levels (MCLs) since 2000. Pump-and-treat technology, treatment of extracted groundwater by air stripping, injection of treated groundwater, land use restrictions, and groundwater monitoring were implemented within the boundaries of the adjacent property (downgradient of the property) as per the selected remedies within the Groundwater Operable Unit Record of Decision dated 1996.	Monitoring wells installed on the southern portion of the property and adjacent to monitor transport of trichloroethene.
Carbon tetrachloride	Methane, tetrachloro	56235	Unknown	Unknown	U211	None required. Levels on property below maximum contaminant levels (MCLs) since 2000. Pump-and-treat technology, treatment of extracted groundwater by air stripping, injection of treated groundwater, land use restrictions, and groundwater monitoring were implemented within the boundaries of the adjacent property (downgradient of the property) as per the selected remedies within the Groundwater Operable Unit Record of Decision dated 1996.	Monitoring wells installed on the southern portion of the property and adjacent to monitor transport of carbon tetrachloride.

Note: Remedial action is currently ongoing within the boundaries of the adjacent property. Through historical investigations and reports, no hazardous substance release or disposal were identified within the boundaries of the Property that contributed to the contaminated groundwater.

Former Mather AFB, CA

Page 2 of 2

Quitclaim Deed
(Parcel C-12 - 20.179 acres)
Exhibit F

EXHIBIT "F"

Bill of Sale

Bill of Sale/ 3611 Bleckely Street
Project No. _____

BILL OF SALE

This BILL OF SALE is executed as of the _____ day of _____, 2013, by the **County of Sacramento**, a political subdivision of the State of California ("**Seller**"), in favor of the **City of Rancho Cordova**, a California incorporated municipality ("**Purchaser**").

Recitals

- A. Seller and Purchaser have entered into a separate 99-year Lease Agreement ("the Lease Agreement") for an area of approximately 3.69 acres located at 3611 Bleckely Street, Mather, California 95655, being a APN 067-0010-099.
- B. Under the Lease Agreement, Purchaser will operate a veterans' affordable housing program on the leased premises.
- C. The leased premises includes an existing two-story, 24,093 square foot building known as "Building 1770" and more commonly identified as the Mather Infirmary; a small shed, and a small building containing mechanical equipment (collectively, the "Structures"); that Seller desires to convey as personal property, separate from the underlying land, to Purchaser. The Structures are more particularly identified in Attachment A to this Bill Of Sale.
- D. Purchaser desires to acquire the Structures from Seller as personal property, separate and apart from the underlying real property.

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Seller agrees as follows:

Section 1. Recitals Incorporated By Reference

The above Recitals are hereby incorporated into this Bill of Sale as though fully set forth as terms of the sale.

Section 2. Grant

Seller grants, conveys and transfers to Purchaser all of Seller's rights to the Structures. It is understood by the Seller and Purchaser that the Structures are conveyed to City separate and apart from the land beneath them, such that Seller shall remain the owner of all real property constituting APN 067-0010-099. Purchaser has obtained access rights to the Structures by and through the Lease Agreement.

///

Bill of Sale/ 3611 Bleckely Street
Project No. _____

Section 3. No Warranties

Seller makes no warranties or representations concerning the condition or suitability of the Structures. Purchaser accepts the Structures "as is" and shall accept all risk and liability associated with ownership of the Structures.

Section 4. Governing Law

This Bill of Sale shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, heirs and legatees of Seller and Purchaser. This Bill of Sale shall be governed by, interpreted under, and construed and enforceable in accordance with the laws of the State of California.

IN WITNESS WHEREOF, Seller has executed and delivered this Bill of Sale as of the date first written above.

By: **County Of Sacramento**

By: _____


 TROY EVANS

6-25-13

Date

Under delegated authority by

Resolution No. 2013-0391

Dated: 6-18-13

Approved As To Form

County Counsel



6-24-13

Date

Bill of Sale/ 3611 Bleckely Street
Project No. _____

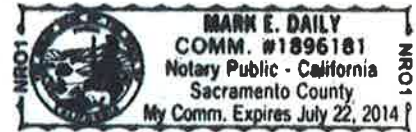
STATE OF California)

COUNTY OF Sacramento)

On June 25th, 2013, before me, Mark E. Daily, a
notary public, personally appeared Troy Givans

proved to me on the basis of satisfactory evidence to be the person~~(s)~~ whose name 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: M. E. Daily (Seal)

2062729.2

FIRST AMENDMENT TO LEASE AGREEMENT

APN 067-0010-099

THIS FIRST AMENDMENT ("First Amendment") to that certain Lease Agreement ("Lease") between the COUNTY OF SACRAMENTO, a political subdivision of the State of California ("COUNTY") and the CITY OF RANCHO CORDOVA, a California municipal corporation ("CITY"), dated June 25, 2013, is made and entered into as of 12/16, 2013 ("Effective Date").

RECITALS

WHEREAS, the COUNTY and CITY previously entered into the Lease with respect to the property located at 3611 Bleckely Street, Mather, California 95655, also known as Assessor's Parcel Number ("APN") 067-0010-099 (the "Property"); and

WHEREAS, the Lease is incorporated by this reference as if fully set forth herein; and

WHEREAS, capitalized terms not defined herein shall have the meaning ascribed to them in the Lease; and

WHEREAS, the Property is owned by COUNTY and located within the land use jurisdiction of the CITY; and

WHEREAS, under the Lease, the COUNTY leased the Property to the CITY for the general purpose of developing and operating the Mather Veteran's Village residential housing project (the "Project"); and

WHEREAS, the Lease authorizes CITY to assign the Lease to Veteran's Administration, Mather Veteran's Hospital or Mercy Housing without further approval from COUNTY and, further, to assign the Lease to any other entity upon the written approval of the COUNTY; and

WHEREAS, CITY anticipates developing and operating the Project in multiple phases; and

WHEREAS, for tax credit purposes and to secure a limited partner for each of the proposed three phases of development of the Project, CITY desires to subdivide the Property; and

WHEREAS, the Parties desire to amend the Lease by entering into this First Amendment for the purposes set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Section 13.31 is hereby added to the Lease as follows:

SUBDIVISION OF PROPERTY. COUNTY may seek approval, to the extent required under the Subdivision Map Act, from CITY to subdivide the Property. CITY'S approval of any such subdivision shall not affect or alter the rights and obligations of CITY and COUNTY under the Lease, except as may be specifically set forth herein. .

2. The following language is hereby added at the end of Section 13.16, ASSIGNMENT AND SUBLETTING:

If the Property is subdivided, CITY may separately assign the Lease to individual entities for each newly created parcel, subject to the assignment consent requirements of the Lease.

3. In all other respects the Lease shall remain unchanged and in full force and effect.

4. This First Amendment may be executed in multiple counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have executed this First Amendment to Lease Agreement as of the date first written above.

LESSOR:

CITY:

**COUNTY OF SACRAMENTO, a
political subdivision of the State of
California**

**CITY OF RANCHO CORDOVA, a
California municipal corporation**

Date: 12/16/13

Date: Nov. 22, 2013

By: [Signature]

By: [Signature]

Troy Oivans

TED A. GAEBLER

Director of Office of Economic
Development and Marketing

CITY MANAGER
Under delegated authority by

Under delegated authority by

Resolution No. 51-2013

Resolution No. : 2013-0830

Dated: May 20, 2013

Dated: 2-10-13

**REVIEWED AND APPROVED BY
COUNTY COUNSEL:**

By: 
William Burke
Deputy County Counsel

**REVIEWED AND APPROVED BY
CITY ATTORNEY :**

By: 
Adam U. Lindgren
City Attorney

2201511.2

City of Rancho Cordova Contract Routing Form

Complete all fields and use n/a if not applicable.

1. Contractor/Company name: County of Sacramento
2. Services to be Provided (Description for PO): First Amendment to Lease Agreement (contract # 59-2013)
3. Resolution Number and Council Adoption Date: Resolution No. 51-2013 May 20th, 2013
4. Responsible Person and Department: Reed Flory, Housing Services Administrator

5. Contract Activity:

	Contract #	Amount	Expiration	Cumulative Amount
Original	<u>59-2013 AM</u>			
Amendment 1	<u>59-2013-1</u>			
Amendment 2				
Amendment 3				

☐ W-9 Attached or on file ☐ 590 Attached or on file

6. Budget Expense Account Number: _____
7. Project Number: _____
8. Grant Number: _____ (attach Grantor Procurement Requirements)
9. PO Number: _____ Vendor ID: _____

10. Competitive Bid Process (choose 1)

- ☐ Publicly Bid (Clerk initials that documents are on file: _____)
- ☐ Informal Bid (Evidence attached. Required for purchase of supplies/equipment greater than \$20,000.)
- ☒ Not Required. Why? Amendment Only

11. Department Head Initial and Date: Reed Flory 12/19/13

12. Risk Manager Initial and Date: CP 12/20/2013

- ☐ Standard required insurance with endorsement attached
- ☐ List modified insurance:

☐ General _____ ☐ Auto _____

☐ Professional _____ ☐ Workers Compensation _____

Justification: _____
(attach approval e-mail or checklist)

13. City Attorney Review Initial and Date: CP 1/2/14

(Check One)

- ☐ Professional Services Agreement - Amendment (PSA-A) Template Used
- ☐ Professional Services Agreement (PSA) Template Used
- ☐ Professional Services Agreement - Short Form (PSA-S) Template Used
- ☐ General Services Agreement (GSA) Template Used
- ☐ Construction Services Agreement (CSA) Template Used
- ☐ Franchise Agreement
- ☐ Custom Agreement AND E-mail Approval is Attached
- ☐ City Attorney Drafted AND E-mail Approval is Attached
- ☐ City Attorney Reviewed AND E-mail Approval is Attached
- ☐ Modification of Template AND Redline of Changes to Template is Attached

Routing Notes:

NO \$ assoc.
w this
Amendment
lease

= if template modified at all, include redline version • = document attached
"P:\Contracts\Contract Routing Transmittal Form.pdf"

Rev. 4-17-13



Sacramento County Recorder
David Villanueva, Clerk/Recorder
BOOK **20141126** PAGE **0977**

Wednesday, NOV 26, 2014 12:48:38 PM
Ttl Pd \$0.00 Rcpt # 0008432393

MML/18/1-7

WHEN RECORDED, RETURN TO:

City of Rancho Cordova
Housing Services Division
2729 Prospect Park Drive
Rancho Cordova, CA 95670
Attention: Reed Flory

NO FEE DOCUMENT PER GOVERNMENT CODE 6103
NO DOC TRANSFER FEE PER R & T CODE 11922

APN(s): 067-0010-106, 067-0010-107, 067-0010-108

Project Name: Mather Veterans Village Lease

SECOND AMENDMENT TO LEASE AGREEMENT

SECOND AMENDMENT TO LEASE AGREEMENT

APN 067-0010-099

THIS SECOND AMENDMENT (“Second Amendment”) to that certain Lease Agreement, between the COUNTY OF SACRAMENTO, a political subdivision of the State of California (“COUNTY”) and the CITY OF RANCHO CORDOVA, a California municipal corporation (“CITY”), dated June 25, 2013 and recorded Book 20130716 Page 600 as amended by that First Amended dated December 16, 2013 (collectively, the “Lease”) is made and entered into as of 11-26-14 (“Effective Date”).

RECITALS

WHEREAS, the COUNTY and CITY previously entered into the Lease with respect to the property located at 3611 Bleckely Street, Mather, California 95655, also known as Assessor’s Parcel Number (“APN”) 067-0010-099 (the “Property”); and

WHEREAS, the Lease is incorporated by this reference as if fully set forth herein; and

WHEREAS, capitalized terms not defined herein shall have the meaning ascribed to them in the Lease; and

WHEREAS, the Property is owned by COUNTY and located within the land use jurisdiction of the CITY; and

WHEREAS, under the Lease, the COUNTY leased the Property to the CITY for the general purpose of developing and operating the Mather Veteran’s Village residential housing project (the “Project”); and

WHEREAS, the Lease authorizes CITY to assign the Lease to Veteran’s Administration, Mather Veteran’s Hospital or Mercy Housing without further approval from COUNTY and, further, to assign the Lease to any other entity upon the written approval of the COUNTY; and

WHEREAS, CITY anticipates developing and operating the Project in multiple phases; and

WHEREAS, the Parties desire to amend the Lease by entering into this Second Amendment for the purposes set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Section 1.2 to the Lease is hereby amended as follows:

1.2 EXISTING BUILDING AND OWNERSHIP OF IMPROVEMENTS DURING TERM. The Premises includes an existing two-story, 24,093 square foot building commonly known as the Mather Infirmary ("Building 1770"), a small shed, and a small building containing mechanical equipment (collectively, the "Structures") more particularly identified in Exhibit "D", attached hereto and made a part hereof by reference. Until the termination of the Term or sooner termination of this Lease, CITY shall own all improvements on the Premises including those currently upon the Premises (including the infirmary building) and those constructed by CITY, and all alterations, additions, or betterments made thereto by CITY. CITY shall not be required to provide any consideration for the conveyance of any of the Structures, including Building 1770, other than that provided for in this Lease, as described in Section 3.1, below. CITY shall accept ownership of the Structures without warranty or recourse against COUNTY for the condition thereof which CITY accepts 'as is'. COUNTY shall continue to own the land underneath the Structures.

CITY will indemnify, defend, and hold harmless COUNTY from and against any and all loss or damage sustained by, liability or charges imposed on, and claims or causes of action asserted against, COUNTY arising in whole or in part out of or by reason of (i) any accident or occurrence in or on the Structures, any use of or business conducted in or on the Structures, or any hidden or apparent defect in the Structures; or (ii) any damage to or loss of any property of CITY or any person occupying the Structures or any of their respective officers, directors, shareholders, affiliates, agents, employees, or contractors (collectively, "CITY Parties"), arising out of damage to or loss of property occurring within the Structures; or (iii) any act, negligence, or fault of CITY Parties, occurring within the Structures.

CITY shall, at CITY's sole expense, maintain the Structures. COUNTY shall not be required to furnish any services or facilities, including but not limited to heat, electricity, air conditioning or water, or to make any repairs to the Structures, and CITY hereby assumes the sole responsibility for furnishing all services or facilities.

2. This Second Amendment may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have executed this Second Amendment to Lease Agreement as of the date first written above.

LESSOR:

CITY:

**COUNTY OF SACRAMENTO, a
political subdivision of the State of
California**

**CITY OF RANCHO CORDOVA, a
California municipal corporation**

Date: 11-7-14

Date: 11/17/14

By: 

By: 

Troy Civiatis

Brian Nakamura

Director of Office of Economic

City Manager

Development and Marketing

Under delegated authority by

Under delegated authority by

Resolution No. 51-2013

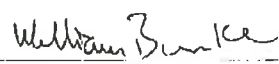
Resolution No. :

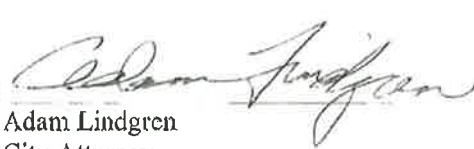
Dated: May 20, 2013

Dated: 11/7/14

**REVIEWED AND APPROVED BY
COUNTY COUNSEL:**

**REVIEWED AND APPROVED BY
CITY ATTORNEY :**

By: 

By: 

William Burke

Adam Lindgren

Deputy County Counsel

City Attorney

IN WITNESS WHEREOF, the Parties have executed this Second Amendment to Lease Agreement as of the date first written above.

LESSOR:**CITY:**

**COUNTY OF SACRAMENTO, a
political subdivision of the State of
California**

**CITY OF RANCHO CORDOVA, a
California municipal corporation**

Date: 11-26-14

Date: _____

By: 

By: _____

Troy Givans

Brian Nakamura

Director of Office of Economic

City Manager

Development and Marketing

Under delegated authority by

Under delegated authority by

Resolution No. 51-2013

Resolution No. : 2014-0857

Dated: May ____, 2013

Dated: 11/7/14

**REVIEWED AND APPROVED BY
COUNTY COUNSEL:**

**REVIEWED AND APPROVED BY
CITY ATTORNEY :**

By: _____

By: _____

William Burke

Adam Lindgren

Deputy County Counsel

City Attorney

ACKNOWLEDGMENT

STATE OF CALIFORNIA)
)
COUNTY OF SACRAMENTO)

On November 17, 2014, before me, Mindy Cuppy, a Notary Public, personally appeared Brian Nakamura, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person 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.


Mindy Cuppy, Notary Public



CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Sacramento

On November 26, 2014 before me, Nancy C. Graham, Notary Public

Date

Here Insert Name and Title of the Officer

personally appeared Troy K. Givans

Name(s) of Signer(s)



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.

Place Notary Seal Above

Signature

Nancy C. Graham
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

EXHIBIT C

FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

RECORDED AT THE REQUEST OF
AND WHEN RECORDED RETURN TO:

City of Rancho Cordova
2729 Prospect Park Drive
Rancho Cordova, California 95760
Attention: Reed Flory

(SPACE ABOVE THIS LINE FOR RECORDER'S USE)

This document is recorded at the request and for the benefit of the City of Rancho Cordova and is exempt from the payment of a recording fee pursuant to Government Code Section 27383.

THIS ASSIGNMENT AND ASSUMPTION OF LEASE ("**Assignment**"), is made as of the ____ day of _____, 2015 ("**Effective Date**") by and between the City of Rancho Cordova, a California municipal corporation ("**Assignor**"), and Vietnam Veterans of California, Inc. dba Veterans Resource Centers of America ("**VRCA**") ("**Assignee**")

RECITALS

WHEREAS, City desires to assign to Developer its interest in that certain Lease Agreement by and between the City and the County of Sacramento, a political subdivision of the State of California, dated as of June 25, 2013, as amended by that First Amendment dated December 16, 2013 and as amended by that Second Amendment dated November 4, 2014 ("**County Lease**") with respect to the Property described in **Exhibit A** attached hereto and incorporated herein by this reference, which is comprised of 1.20 acres of land together with approximately 19,841 square feet of building space in the Existing Building exclusive of the Air Rights Parcel as described in **Exhibit B** incorporated herein by reference, (collectively "the **Phase 2 Property**") and

WHEREAS, by the Disposition, Development and Loan Agreement dated as of _____, 2015 (the "**DDLA**" herein) by and between Developer and the City, City, as Assignor, agreed to assign to Developer, as assignee, Assignor's leasehold interest in the **Phase 2 Property**; **WHEREAS**, Assignee desires to assume the obligations of Assignor under the County Lease with respect to the Phase 2 Property, arising from and after the Effective Date of this Assignment.

NOW THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto hereby agree as follows:

1. Assignment. Assignor hereby assigns, sets over and transfers to Assignee all of its right, title and interest in, to and under the County Lease as amended, attached to the **DDLA** as **Exhibit A** and incorporated herein by this reference, with respect to the **Phase 2 Property**.

2. Ownership of Improvements. Until the termination of the County Lease Assignee shall own all improvements on the premises including those currently located upon or within the Phase 2 Property and those constructed by Assignee and all alterations, additions, or betterments made hereto by Assignee.

3. Assumption of Lease Obligations. Assignee hereby assumes and agrees to perform all obligations of the "CITY" or "LESSEE" under the County Lease including without limitation Use Restrictions, Regulatory Compliance, Insurance Requirements, Indemnification and Compliance with Laws all as set forth in the County Lease, with respect to the **Phase 2 Property**, arising as of the date hereof.

4. Miscellaneous. This Assignment and the obligations of the parties hereunder shall survive the closing of the transaction referred to in the **DDLA** and shall not be merged therein; shall be binding upon and inure to the benefit of the parties hereto, and their respective legal representatives, successors and assigns; shall be governed by and construed in accordance with the laws of the State of California; and may not be modified or amended in any manner other than by a written agreement signed by the party to be charged therewith.

5. Severability. If any term or provision of this Assignment or the application thereof to any persons or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Assignment or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each term and provision of this Assignment shall be valid and enforced to the fullest extent permitted by law.

6. Counterparts. This Assignment may be executed in counterparts, each of which shall be an original and all of which counterparts taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have executed this Assignment as of the date first set forth hereinabove.

ASSIGNOR

THE CITY OF RANCHO CORDOVA,
a California municipal corporation

By: _____

ATTEST:

By _____
City Clerk

APPROVED AS TO FORM:

By _____
City Attorney

ASSIGNEE

By: _____

Its: _____

EXHIBIT D

LEGAL DESCRIPTION OF PHASE 1 AIR RIGHTS PARCEL

Order No.: FSSE-0101400734

For APN/Parcel ID(s): 067-0010-108

For Tax Map ID(s): 221-18

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF RANCHO CORDOVA, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

PARCEL ONE:

Parcel 1 of Parcel Map Number DD8438 and Recorded October 9, 2014, in Book 221 of Parcel Maps at Page 18 on file in the Office of the Recorder, County of Sacramento, State of California.

PARCEL TWO:

Being located within the City of Rancho Cordova and being located within Parcel 3 of Parcel Map Number DD8438 and Recorded in Book 221 of Parcel Maps at Page 18 on file in the Office of the Recorder, County of Sacramento, State of California and being described as follows:

Beginning at a point which bears the following Two (2) courses from the Northwest corner on aforesaid Parcel 3:

- 1.) South 04° 86' 49" East, 13.83 feet;
- 2.) North 85° 32' 59" East, 22.16 feet to the existing Northwest exterior building corner being the true point of beginning.

Thence from said Point of Beginning the following Eight (8) courses:

- 1.) Along the existing North exterior building wall North 85° 32' 59" East 34.00 feet to the existing Northeast building corner;
- 2.) South 04° 27' 01" East, 80.54 feet along the existing East exterior building wall;
- 3.) Leaving said East building wall South 85° 32' 59" West 0.33 feet to the center of existing interior building wall;
- 4.) Along the center of existing interior building wall South 04° 27' 01" East 5.33 feet to the centerline intersection of existing interior building walls;
- 5.) Along the center of existing interior building wall South 85° 32' 59" West 13.50 feet to the centerline intersection of existing interior building walls;
- 6.) Along the center of existing interior building wall South 04° 27' 01" East 8.50 feet to the centerline intersection of existing interior building walls;
- 7.) Along the center of existing building wall South 85° 32' 59" West 20.17 feet to the exterior wall of existing building;
- 8.) Along the existing West exterior building wall North 04° 27' 01" West 92.37 feet to the Point of Beginning;

Air rights within the first floor is from finish floor of the ground floor to bottom of ceiling joist of ground floor being same as the bottom of the second story floor joist. As shown on Exhibit "B" of the Certificate of Compliance - Parcel Map Waiver City of Rancho Cordova, County of Sacramento, State of California, recorded October 14, 2014, Book 20141014, Page 1046 of Official Records.

Together with the following described area:

Beginning at the Northwest corner of aforesaid Parcel 3;

Thence the following Eleven (11) courses:

- 1.) Along the Northerly line of said Parcel 3 North 85° 39' 39" East 57.20 feet;
- 2.) Leaving said Northerly line South 04° 27' 01" East 30.50 feet;
- 3.) North 85° 39' 39" East 23.42 feet to a point on the common line between aforesaid Parcel 3 and Parcel 2 Assessor's Parcel Map Number 067-0010-107;
- 4.) Along said common line South 04° 36' 49" East 27.62 feet to the common corner of Parcels 2 and 3;
- 5.) Leaving said common line South 28° 37' 18" West, 43.07 feet to the existing North exterior building wall;
- 6.) Along the existing North exterior building wall South 85° 32' 59" West 1.00 feet to the existing East building exterior wall;
- 7.) Along the existing East exterior building wall North 04° 27' 01" West 80.54 feet;
- 8.) Along the existing North exterior building wall South 85° 32' 59" West 34.00 feet;
- 9.) Along the existing West exterior building wall South 04° 27' 01" East 92.37 feet;
- 10.) Leaving the West existing exterior building wall South 85° 32' 59" West 21.90 feet to the Westerly line of aforesaid Parcel 3;
- 11.) Along said Westerly line North 04° 36' 49" West 106.20 feet to the Point of Beginning.

Air rights within this described area extend vertically 50.00 feet from the ground surface. As shown on Exhibit "B" of the Certificate of Compliance - Parcel Map Waiver City of Rancho Cordova, County of Sacramento, State of California, recorded October 14, 2014, Book 20141014, Page 1046 of Official Records.

Together with the following described basement area:

Beginning at point which bears the following two (2) courses from the Northwest corner of aforesaid Parcel 3;

- 1.) South 04° 36' 49" East 128.37 feet;

2). North 85° 32' 59" East 21.83 feet to the Southwest exterior building corner being the True Point of Beginning.

Thence from said Point of Beginning the following six (6) courses:

- 1.) North 04° 27' 01" West 49.54 feet along the exterior wall of basement;
- 2.) North 85° 32' 59" East 34.00 feet along the exterior wall of basement;
- 3.) South 04° 27' 01" East 15.54 feet along the exterior wall of basement;
- 4.) North 85° 32' 59" East 15.76 feet along the exterior wall of basement;
- 5.) South 04° 27' 01" East 34.00 feet along the exterior wall of basement;
- 6.) South 85° 32' 59" West 49.76 feet along the exterior wall of basement to the Point of Beginning;

Air rights within the existing basement is from finish floor of the basement to finish floor to the first floor

The basis of bearing for this description is identical to that certain Record of Survey, file in Book 54, Page 33, on file in the Office of the Recorder, County of Sacramento, State of California.

As shown on the Certificate of Compliance-Parcel Map Waiver City of Rancho Cordova, County of Sacramento, State of California recorded October 14, 2014 in Book 20141014, Page 1046, of Official Records.

EXHIBIT E

LEGAL DESCRIPTION OF PHASE 2 PROPERTY

&

PRELIMINARY TITLE REPORT

(Dated March 16, 2015)

Legal Description

For APN/Parcel ID(s): 067-1040-003-0000

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF MATHER, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

Parcel 3, of Parcel Map Number DD8438 and Recorded October 9, 2014, in Book 221 of Parcel Maps at Page 18 on filed in the Office of the Recorder, County of Sacramento, State of California

EXCEPTING THEREFROM the Air Rights Parcel Being located within the City of Rancho Cordova and being located within Parcel 3 of Parcel Map Number DD8438 and Recorded in Book 221 of Parcel Maps at Page 18 on file in the Office of the Recorder, County of Sacramento, State of California and being described as follows:

Beginning at a point which bears the following Two (2) courses from the Northwest corner on aforesaid Parcel 3:

- 1.) South 04° 86' 49" East, 13.83 feet;
- 2.) North 85° 32' 59" East, 22.16 feet to the existing Northwest exterior building corner being the true point of beginning.

Thence from said Point of Beginning the following Eight (8) courses:

- 1.) Along the existing North exterior building wall North 85° 32' 59" East, 34.00 feet to the existing Northeast building corner;
- 2.) South 04° 27' 01" East, 80.54 feet along the existing East exterior building wall;
- 3.) Leaving said East building wall South 85° 32' 59" West, 0.33 feet to the center of existing interior building wall;
- 4.) Along the center of existing interior building wall South 04° 27' 01" East, 5.33 feet to the centerline intersection of existing interior building walls;
- 5.) Along the center of existing interior building wall South 85° 32' 59" West 13.50 feet to the centerline intersection of existing interior building walls;
- 6.) Along the center of existing interior building wall South 04° 27' 01" East, 6.50 feet to the centerline intersection of existing interior building walls;
- 7.) Along the center of existing building wall South 85° 32' 59" West, 20.17 feet to the exterior wall of existing building;
- 8.) Along the existing West exterior building wall North 04° 27' 01" West, 92.37 feet to the Point of Beginning;

Air rights within the first floor is from finish floor of the ground floor to bottom of ceiling joist of ground floor being same as the bottom of the second story floor joist. As shown on Exhibit "B"

Containing 3,048.93 Square feet or 0.07 acres.

Together with the following described area:

Beginning at the Northwest corner of aforesaid Parcel 3;

Thence the following Eleven (11) courses:

Title No.: FSSE-0101400884-CD
Update: B

EXHIBIT "A"
Legal Description
(continued)

- 1.) Along the Northerly line of said Parcel 3 North 85° 39' 39" East, 57.20;
- 2.) Leaving said Northerly line South 04° 27' 01" East, 30.50;
- 3.) North 85° 39' 39" East, 23.42 feet to a point on the common line between aforesaid Parcel 3 and Parcel 2 Assessor's Parcel Map Number 067-0010-107;
- 4.) Along said common line South 04° 36' 49" East, 27.62 feet to the common corner of Parcels 2 and 3;
- 5.) Leaving said common line South 28° 37' 16" West, 43.07 feet to the existing North exterior building wall;
- 6.) Along the existing North exterior building wall South 85° 32' 59" West, 1.00 feet to the existing East building exterior wall;
- 7.) Along the existing East exterior building wall North 04° 27' 01" West, 80.54 feet;
- 8.) Along the existing North exterior building wall South 85° 39' 39" West, 34.00 feet;
- 9.) Along the existing West exterior building wall South 04° 27' 01" East, 92.37 feet;
- 10.) Leaving the West existing exterior building wall South 85° 32' 59" West, 21.90 feet to the Westerly line of aforesaid Parcel 3;
- 11.) Along said Westerly line North 04° 36' 49" West, 106.20 feet to the Point of Beginning.

Air rights within this described area extend vertically 50.00 feet from the ground surface. As shown on Exhibit "B".
Containing 3,976.00 Square feet or 0.09 acres.

Together with the following described basement area:

Beginning at point which bears the following two (12) courses from the Northwest corner of aforesaid Parcel 3:

- 1.) South 04' 36' 49" East 128.37 feet;
- 2.) North 85' 32' 59" East 21.83 feet to the Southwest exterior building corner being the True Point of Beginning.

Thence from said Point of Beginning the following six (6) courses:

- 1.) North 04' 27' 01" West 49.54 feet along the exterior wall of basement;
- 2.) North 85' 32' 59" East 34.00 feet along the exterior wall of basement;
- 3.) South 04' 27' 01" East 15.54 feet along the exterior wall of basement;
- 4.) North 85' 32' 59" East 15.76 feet along the exterior wall of basement;
- 5.) South 04' 27' 01" East 34.00 feet along the exterior wall of basement;
- 6.) South 85' 32' 59" West 49.76 feet along the exterior wall of basement to the Point of Beginning;

Title No.: FSSE-0101400884-CD
Update: B

EXHIBIT "A"
Legal Description
(continued)

Air rights within the existing basement is from finish floor of the basement to finish floor to the first floor

Containing 2,220.20 Square feet or 0.05 acres.

The basis of bearing for this description is identical to that certain Record of Survey, file in Book 54, Page 33, on file in the Office of the Recorder, County of Sacramento, State of California.

Visit Us on our Website: www.fntic.com



Fidelity National Title Company

ISSUING OFFICE: 2150 John Glenn Drive, Suite 400, Concord, CA 94520

FOR SETTLEMENT INQUIRIES, CONTACT:

Fidelity National Title Company
1375 Exposition Blvd., Suite 240 • Sacramento, CA 95815
(916)646-6018 • FAX (916)646-6043

***Another Prompt Delivery From Fidelity National Title Company Title Department
Where Local Experience And Expertise Make A Difference***

PRELIMINARY REPORT

Update B

Title Officer: Craig Donner
Title No.: FSSE-0101400884-CD

Escrow Officer: Marja Nickel
E-Mail: MNickel@fnf.com
Escrow No.: FSSE-0101400884 -MN

TO: Mercy housing California
3120 Freeboard Drive, Suite 202
West Sacramento, CA 95691
Attn:
Your Ref No.:

PROPERTY ADDRESS(ES): Parcel Map Bok 221 Page 18 Parcel 3, Mather, CA

EFFECTIVE DATE: March 16, 2015 at 07:30AM

The form of policy or policies of title insurance contemplated by this report is:

1. THE ESTATE OR INTEREST IN THE LAND HEREINAFTER DESCRIBED OR REFERRED TO COVERED BY THIS REPORT IS:

A Fee

2. TITLE TO SAID ESTATE OR INTEREST AT THE DATE HEREOF IS VESTED IN:

County of Sacramento, a political subdivision of the State of California

3. THE LAND REFERRED TO IN THIS REPORT IS DESCRIBED AS FOLLOWS:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

EXHIBIT "A"

Legal Description

For APN/Parcel ID(s): 067-1040-003-0000

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF MATHER, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

Parcel 3, of Parcel Map Number DD8438 and Recorded October 9, 2014, in Book 221 of Parcel Maps at Page 18 on filed in the Office of the Recorder, County of Sacramento, State of California

EXCEPTING THEREFROM the Air Rights Parcel Being located within the City of Rancho Cordova and being located within Parcel 3 of Parcel Map Number DD8438 and Recorded in Book 221 of Parcel Maps at Page 18 on file in the Office of the Recorder, County of Sacramento, State of California and being described as follows:

Beginning at a point which bears the following Two (2) courses from the Northwest corner on aforesaid Parcel 3:

- 1.) South 04° 86' 49" East, 13.83 feet;
- 2.) North 85° 32' 59" East, 22.16 feet to the existing Northwest exterior building corner being the true point of beginning.

Thence from said Point of Beginning the following Eight (8) courses:

- 1.) Along the existing North exterior building wall North 85° 32' 59" East, 34.00 feet to the existing Northeast building corner;
- 2.) South 04° 27' 01" East, 80.54 feet along the existing East exterior building wall;
- 3.) Leaving said East building wall South 85° 32' 59" West, 0.33 feet to the center of existing interior building wall;
- 4.) Along the center of existing interior building wall South 04° 27' 01" East, 5.33 feet to the centerline intersection of existing interior building walls;
- 5.) Along the center of existing interior building wall South 85° 32' 59" West 13.50 feet to the centerline intersection of existing interior building walls;
- 6.) Along the center of existing interior building wall South 04° 27' 01" East, 6.50 feet to the centerline intersection of existing interior building walls;
- 7.) Along the center of existing building wall South 85° 32' 59" West, 20.17 feet to the exterior wall of existing building;
- 8.) Along the existing West exterior building wall North 04° 27' 01" West, 92.37 feet to the Point of Beginning;

Air rights within the first floor is from finish floor of the ground floor to bottom of ceiling joist of ground floor being same as the bottom of the second story floor joist. As shown on Exhibit "B"

Containing 3,048.93 Square feet or 0.07 acres.

Together with the following described area:

Beginning at the Northwest corner of aforesaid Parcel 3;

Thence the following Eleven (11) courses:

Title No.: FSSE-0101400884-CD
Update: B

EXHIBIT "A"
Legal Description
(continued)

- 1.) Along the Northerly line of said Parcel 3 North 85° 39' 39" East, 57.20;
- 2.) Leaving said Northerly line South 04° 27' 01" East, 30.50;
- 3.) North 85° 39' 39" East, 23.42 feet to a point on the common line between aforesaid Parcel 3 and Parcel 2 Assessor's Parcel Map Number 067-0010-107;
- 4.) Along said common line South 04° 36' 49" East, 27.62 feet to the common corner of Parcels 2 and 3;
- 5.) Leaving said common line South 28° 37' 16" West, 43.07 feet to the existing North exterior building wall;
- 6.) Along the existing North exterior building wall South 85° 32' 59" West, 1.00 feet to the existing East building exterior wall;
- 7.) Along the existing East exterior building wall North 04° 27' 01" West, 80.54 feet;
- 8.) Along the existing North exterior building wall South 85° 39' 39" West, 34.00 feet;
- 9.) Along the existing West exterior building wall South 04° 27' 01" East, 92.37 feet;
- 10.) Leaving the West existing exterior building wall South 85° 32' 59" West, 21.90 feet to the Westerly line of aforesaid Parcel 3;
- 11.) Along said Westerly line North 04° 36' 49" West, 106.20 feet to the Point of Beginning.

Air rights within this described area extend vertically 50.00 feet from the ground surface. As shown on Exhibit "B".
Containing 3,976.00 Square feet or 0.09 acres.

Together with the following described basement area:

Beginning at point which bears the following two (12) courses from the Northwest corner of aforesaid Parcel 3:

- 1.) South 04° 36' 49" East 128.37 feet;
- 2.) North 85° 32' 59" East 21.83 feet to the Southwest exterior building corner being the True Point of Beginning.

Thence from said Point of Beginning the following six (6) courses:

- 1.) North 04° 27' 01" West 49.54 feet along the exterior wall of basement;
- 2.) North 85° 32' 59" East 34.00 feet along the exterior wall of basement;
- 3.) South 04° 27' 01" East 15.54 feet along the exterior wall of basement;
- 4.) North 85° 32' 59" East 15.76 feet along the exterior wall of basement;
- 5.) South 04° 27' 01" East 34.00 feet along the exterior wall of basement;
- 6.) South 85° 32' 59" West 49.76 feet along the exterior wall of basement to the Point of Beginning;

Title No.: FSSE-0101400884-CD
Update: B

EXHIBIT "A"
Legal Description
(continued)

Air rights within the existing basement is from finish floor of the basement to finish floor to the first floor

Containing 2,220.20 Square feet or 0.05 acres.

The basis of bearing for this description is identical to that certain Record of Survey, file in Book 54, Page 33, on file in the Office of the Recorder, County of Sacramento, State of California.

Title No.: FSSE-0101400884-CD
Update: B

AT THE DATE HEREOF, EXCEPTIONS TO COVERAGE IN ADDITION TO THE PRINTED EXCEPTIONS AND EXCLUSIONS IN SAID POLICY FORM WOULD BE AS FOLLOWS:

1. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the fiscal year 2015-2016.
2. There were no taxes levied for the fiscal year 2014-2015 as the property was vested in a public entity.
3. Prior to close of escrow, please contact the Tax Collector's Office to confirm all amounts owing, including current fiscal year taxes, supplemental taxes, escaped assessments and any delinquencies.
4. The lien of supplemental or escaped assessments of property taxes, if any, made pursuant to the provisions of Chapter 3.5 (commencing with Section 75) or Part 2, Chapter 3, Articles 3 and 4, respectively, of the Revenue and Taxation Code of the State of California as a result of the transfer of title to the vestee named in Schedule A or as a result of changes in ownership or new construction occurring prior to Date of Policy.
5. Any unpaid amounts now owing for municipal services, of record or not, amounts can be ascertained by contacting the following:

County of Sacramento at (916) 875-5555, and/or including :
City of Sacramento at (916) 808-5454.
City of Folsom at (916) 355-7200.
City of Galt at (209) 366-7150.
City of Elk Grove at (916) 478-3642
City of Rancho Cordova at (916) 638-9000
City of Isleton at (916) 777-7770
City of Citrus Heights at (916) 725-2448, and for waste charges - Allied Waste at (916) 725-9060, and as required, fax request to (916) 463-0297
Sacramento Suburban Water District at (916) 972-7171
6. Rights of the public to any portion of the Land lying within the area commonly known as

Schirra Avenue.
7. Easement(s) for the purpose(s) shown below and rights incidental thereto as delineated or as offered for dedication, on the map of said tract/plat;

Purpose: Right of Way to the City of Rancho Cordova
Affects: as shown on map
Recording No.: Parcel Map recorded October 9, 2014, in Book 221 of Parcel Maps, Page 18

Purpose: Public Utilities
Affects: as shown on map

Title No.: FSSE-0101400884-CD
Update: B

EXCEPTIONS
(continued)

8. Recitals as shown on that certain map/plat

Recording Date: October 9, 2014
Recording No.: Book 221 of Parcel Maps, Page 18
Which among other things recites:

1. Reciprocal access and parking between parcels shown hereon shall be granted/reserved prior to the sale and/or Reconveyance of said parcels.
2. The United States retains and reserves and Easement for right of access over the property per Book 20130503 O.R. 1295.
3. Along Schirra Avenue and Bleckley Street Lease boundary goes to right of way 28.00 feet from centerline of streets.
4. Parcels 1, 2, and 3 are encumbered by an Easement for the installation and maintenance of a water supply system granted to the County of Sacramento by USA recorded in Book 19980916, Page 1104 refer to the recorded document for location of the existing water lines.

Reference is hereby made to said document for full particulars

9. The effect of Ordinance No. SZC 97-0021 to establish a special planning area, recorded June 25, 1997, in Book 970625, Page 294, of Official Records.

10. Easements for electric, telecommunications and natural gas systems, as disclosed by Agreement Relating to Easements and Other Rights, recorded January 8, 1998, in Book 19980108, Page 64, Official Records, and recorded January 8, 1998 in Book 19980108, Page 66, Official Records, and recorded January 8, 1998, in Book 19980108, Page 68, Official Records.

11. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: Sacramento Municipal Utility District, a municipal utility district
Purpose: Electrical facilities
Recording Date: February 9, 1998
Recording No.: Book 19980209, Page 566 of Official Records

12. Matters contained in that certain document

Entitled: QUITCLAIM DEED, CERCLA 120 (h) NOTICES, COVENANTS, AND ENVIRONMENTAL RESTRICTIONS
Dated: April 30, 2013
Executed by: United States of America and the County of Sacramento, a political subdivision of the State of California
Recording Date: May 3, 2013
Recording No.: Book 20130503, Page 1295, of Official Records
Reference is hereby made to said document for full particulars.

Title No.: FSSE-0101400884-CD
Update: B

EXCEPTIONS
(continued)

- 13.** A lease with certain terms, covenants, conditions and provisions set forth therein.

Dated: June 25, 2013

Lessor: County of Sacramento, a political subdivision of the State of California

Lessee: City of Rancho Cordova

Recording Date: July 16, 2013

Recording No.: Book 20130716, Page 0600, of Official Records

- 14.** Matters contained in that certain document

Entitled: Declaration Establishing Reciprocal Easements and Covenants Running with the Land for the Mixed Use Development Locate at 3613 and 3615 Bleckley Avenue, Rancho Cordova, CA

Executed by: Mercy Housing California 61, L.P., a California limited partnership and the City of Rancho Cordova, a California limited partnership

Recording Date: December 5, 2014

Recording No.: Book 20141205, Page 0959, of Official Records

Reference is hereby made to said document for full particulars.

- 15.** Matters contained in that certain document

Entitled: Access and Parking Easement

Dated: November 17, 2015

Executed by: City of Rancho Cordova, a California municipal corporation and Mercy Housing California 61, L.P. a California limited partnership

Recording Date: December 5, 2014

Recording No.: Book 20141205, Page 0992, of Official Records

Reference is hereby made to said document for full particulars.

- 16.** Matters contained in that certain document

Entitled: Affordable Housing Regulatory Agreement

Dated: November 17, 2014

Executed by: Mercy Housing California 61, L.P., a California Limited Partnership and City of Rancho Cordova, a California municipal corporation

Recording Date: December 5, 2014

Recording No.: Book 20141205, Page 0995, of Official Records

Reference is hereby made to said document for full particulars.

- 17.** Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: Sacramento County Water Agency

Purpose: Water Pipeline

Recording Date: December 31, 2014

Recording No.: Book 20141231, Page 1338, of Official Records

Affects: The Southeast portion of said land

Title No.: FSSE-0101400884-CD
Update: B

EXCEPTIONS
(continued)

18. Matters contained in that certain document

Entitled: Declaration of Restrictive Covenants for the Development and Operation of Affordable Housing
Dated: December 8, 2014
Executed by: County of Sacramento, a political subdivision of the State of California, Mercy Housing California 61 LP, a California Limited Partnership and California Department of Housing and Community Development, as agency of the State of California
Recording Date: June 16, 2015
Recording No.: Book 20150116, Book 0551, of Official Records

Reference is hereby made to said document for full particulars.

19. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: Sacramento Area Sewer District
Purpose: Sewer Easement
Recording Date: January 26, 2015
Recording No.: Book 20150126, Page 1359, of Official Records
Affects: Northeasterly portion of said land

20. Any rights of the parties in possession of a portion of, or all of, said Land, which rights are not disclosed by the public records.

The Company will require, for review, a full and complete copy of any unrecorded agreement, contract, license and/or lease, together with all supplements, assignments and amendments thereto, before issuing any policy of title insurance without excepting this item from coverage.

The Company reserves the right to except additional items and/or make additional requirements after reviewing said documents.

21. The transaction contemplated in connection with this Report is subject to the review and approval of the Company's Corporate Underwriting Department. The Company reserves the right to add additional items or make further requirements after such review.

END OF EXCEPTIONS

Title No.: FSSE-0101400884-CD
Update: B

NOTES

- Note 1.** Reserved for AG Credit Exception (G100, G101, G102, G103, G104)
- Note 2.** Note: The current owner does NOT qualify for the \$20.00 discount pursuant to the coordinated stipulated judgments entered in actions filed by both the Attorney General and private class action plaintiffs, for the herein described Land.
- Note 3.** Note: There are NO conveyances affecting said Land recorded within 24 months of the date of this report.
- Note 4.** Note: The name(s) of the proposed insured(s) furnished with this application for title insurance is/are:

Name(s) furnished: Mercy Housing California

If these name(s) are incorrect, incomplete or misspelled, please notify the Company.
- Note 5.** If a county recorder, title insurance company, escrow company, real estate broker, real estate agent or association provides a copy of a declaration, governing document or deed to any person, California law requires that the document provided shall include a statement regarding any unlawful restrictions. Said statement is to be in at least 14-point bold face type and may be stamped on the first page of any document provided or included as a cover page attached to the requested document. Should a party to this transaction request a copy of any document reported herein that fits this category, the statement is to be included in the manner described.
- Note 6.** Note: Any documents being executed in conjunction with this transaction must be signed in the presence of an authorized Company employee, an authorized employee of an agent, an authorized employee of the insured lender, or by using Bancserv or other approved third-party service. If the above requirement cannot be met, please call the Company at the number provided in this report.
- Note 7.** Your application for title insurance was placed by reference to only a street address or tax identification number. Based on our records, we believe that the legal description in this report covers the parcel(s) of Land that you requested. If the legal description is incorrect, the seller/borrower must notify the Company and/or the settlement company in order to prevent errors and to be certain that the correct parcel(s) of Land will appear on any documents to be recorded in connection with this transaction and on the policy of title insurance.

END OF NOTES

**FIDELITY NATIONAL FINANCIAL
PRIVACY NOTICE
Effective: January 6, 2015**

Order No.: FSSE-0101400884--MN

Fidelity National Financial, Inc. and its majority-owned subsidiary companies providing real estate- and loan-related services (collectively, "FNF", "our" or "we") respect and are committed to protecting your privacy. This Privacy Notice lets you know how and for what purposes your Personal Information (as defined herein) is being collected, processed and used by FNF. We pledge that we will take reasonable steps to ensure that your Personal Information will only be used in ways that are in compliance with this Privacy Notice. The provision of this Privacy Notice to you does not create any express or implied relationship, or create any express or implied duty or other obligation, between Fidelity National Financial, Inc. and you. See also **No Representations or Warranties** below.

This Privacy Notice is only in effect for any generic information and Personal Information collected and/or owned by FNF, including collection through any FNF website and any online features, services and/or programs offered by FNF (collectively, the "Website"). This Privacy Notice is not applicable to any other web pages, mobile applications, social media sites, email lists, generic information or Personal Information collected and/or owned by any entity other than FNF.

How Information is Collected

The types of personal information FNF collects may include, among other things (collectively, "Personal Information"): (1) contact information (e.g., name, address, phone number, email address); (2) demographic information (e.g., date of birth, gender marital status); (3) Internet protocol (or IP) address or device ID/UDID; (4) social security number (SSN), student ID (SIN), driver's license, passport, and other government ID numbers; (5) financial account information; and (6) information related to offenses or criminal convictions.

In the course of our business, we may collect Personal Information about you from the following sources:

- Applications or other forms we receive from you or your authorized representative;
- Information we receive from you through the Website;
- Information about your transactions with or services performed by us, our affiliates, or others; and
- From consumer or other reporting agencies and public records maintained by governmental entities that we either obtain directly from those entities, or from our affiliates or others.

Additional Ways Information is Collected Through the Website

Browser Log Files. Our servers automatically log each visitor to the Website and collect and record certain information about each visitor. This information may include IP address, browser language, browser type, operating system, domain names, browsing history (including time spent at a domain, time and date of your visit), referring/exit web pages and URLs, and number of clicks. The domain name and IP address reveal nothing personal about the user other than the IP address from which the user has accessed the Website.

Cookies. From time to time, FNF or other third parties may send a "cookie" to your computer. A cookie is a small piece of data that is sent to your Internet browser from a web server and stored on your computer's hard drive and that can be re-sent to the serving website on subsequent visits. A cookie, by itself, cannot read other data from your hard disk or read other cookie files already on your computer. A cookie, by itself, does not damage your system. We, our advertisers and other third parties may use cookies to identify and keep track of, among other things, those areas of the Website and third party websites that you have visited in the past in order to enhance your next visit to the Website. You can choose whether or not to accept cookies by changing the settings of your Internet browser, but some functionality of the Website may be impaired or not function as intended. See the **Third Party Opt Out** section below.

Web Beacons. Some of our web pages and electronic communications may contain images, which may or may not be visible to you, known as Web Beacons (sometimes referred to as "clear gifs"). Web Beacons collect only limited information that includes a cookie number; time and date of a page view; and a description of the page on which the Web Beacon resides. We may also carry Web Beacons placed by third party advertisers. These Web Beacons do not carry any Personal Information and are only used to track usage of the Website and activities associated with the Website. See the **Third Party Opt Out** section below.

Unique Identifier. We may assign you a unique internal identifier to help keep track of your future visits. We may use this information to gather aggregate demographic information about our visitors, and we may use it to personalize the information you see on the Website and some of the electronic communications you receive from us. We keep this information for our internal use, and this information is not shared with others.

Third Party Opt Out. Although we do not presently, in the future we may allow third-party companies to serve advertisements and/or collect certain anonymous information when you visit the Website. These companies may use non-personally identifiable information (e.g., click stream information, browser type, time and date, subject of advertisements clicked or scrolled over) during your visits to the Website in order to provide advertisements about products and services likely to be of greater interest to you. These companies typically use a cookie or third party Web Beacon to collect this information, as further described above. Through these technologies, the third party may have access to and use non-personalized information about your online usage activity.

You can opt-out of online behavioral services through any one of the ways described below. After you opt-out, you may continue to receive advertisements, but those advertisements will no longer be as relevant to you.

- You can opt-out via the Network Advertising Initiative industry opt-out at <http://www.networkadvertising.org/>.
- You can opt-out via the Consumer Choice Page at www.aboutads.info.
- For those in the U.K., you can opt-out via the IAB UK's industry opt-out at www.youronlinechoices.com.
- You can configure your web browser (Chrome, Firefox, Internet Explorer, Safari, etc.) to delete and/or control the use of cookies.

More information can be found in the Help system of your browser. Note: If you opt-out as described above, you should not delete your cookies. If you delete your cookies, you will need to opt-out again.

PRIVACY NOTICE (continued)

Use of Personal Information

Information collected by FNF is used for three main purposes:

- To provide products and services to you or one or more third party service providers (collectively, "Third Parties") who are obtaining services on your behalf or in connection with a transaction involving you.
- To improve our products and services that we perform for you or for Third Parties.
- To communicate with you and to inform you about FNF's, FNF's affiliates and third parties' products and services.

When Information Is Disclosed By FNF

We may provide your Personal Information (excluding information we receive from consumer or other credit reporting agencies) to various individuals and companies, as permitted by law, without obtaining your prior authorization. Such laws do not allow consumers to restrict these disclosures. Disclosures may include, without limitation, the following:

- To agents, brokers, representatives, or others to provide you with services you have requested, and to enable us to detect or prevent criminal activity, fraud, material misrepresentation, or nondisclosure in connection with an insurance transaction;
- To third-party contractors or service providers who provide services or perform marketing services or other functions on our behalf;
- To law enforcement or other governmental authority in connection with an investigation, or civil or criminal subpoenas or court orders; and/or
- To lenders, lien holders, judgment creditors, or other parties claiming an encumbrance or an interest in title whose claim or interest must be determined, settled, paid or released prior to a title or escrow closing.

In addition to the other times when we might disclose information about you, we might also disclose information when required by law or in the good-faith belief that such disclosure is necessary to: (1) comply with a legal process or applicable laws; (2) enforce this Privacy Notice; (3) respond to claims that any materials, documents, images, graphics, logos, designs, audio, video and any other information provided by you violates the rights of third parties; or (4) protect the rights, property or personal safety of FNF, its users or the public.

We maintain reasonable safeguards to keep the Personal Information that is disclosed to us secure. We provide Personal Information and non-Personal Information to our subsidiaries, affiliated companies, and other businesses or persons for the purposes of processing such information on our behalf and promoting the services of our trusted business partners, some or all of which may store your information on servers outside of the United States. We require that these parties agree to process such information in compliance with our Privacy Notice or in a similar, industry-standard manner, and we use reasonable efforts to limit their use of such information and to use other appropriate confidentiality and security measures. The use of your information by one of our trusted business partners may be subject to that party's own Privacy Notice. We do not, however, disclose information we collect from consumer or credit reporting agencies with our affiliates or others without your consent, in conformity with applicable law, unless such disclosure is otherwise permitted by law.

We also reserve the right to disclose Personal Information and/or non-Personal Information to take precautions against liability, investigate and defend against any third-party claims or allegations, assist government enforcement agencies, protect the security or integrity of the Website, and protect the rights, property, or personal safety of FNF, our users or others.

We reserve the right to transfer your Personal Information, as well as any other information, in connection with the sale or other disposition of all or part of the FNF business and/or assets. We also cannot make any representations regarding the use or transfer of your Personal Information or other information that we may have in the event of our bankruptcy, reorganization, insolvency, receivership or an assignment for the benefit of creditors, and you expressly agree and consent to the use and/or transfer of your Personal Information or other information in connection with a sale or transfer of some or all of our assets in any of the above described proceedings. Furthermore, we cannot and will not be responsible for any breach of security by any third parties or for any actions of any third parties that receive any of the information that is disclosed to us.

Information From Children

We do not collect Personal Information from any person that we know to be under the age of thirteen (13). Specifically, the Website is not intended or designed to attract children under the age of thirteen (13). You affirm that you are either more than 18 years of age, or an emancipated minor, or possess legal parental or guardian consent, and are fully able and competent to enter into the terms, conditions, obligations, affirmations, representations, and warranties set forth in this Privacy Notice, and to abide by and comply with this Privacy Notice. In any case, you affirm that you are over the age of 13, as **THE WEBSITE IS NOT INTENDED FOR CHILDREN UNDER 13 THAT ARE UNACCOMPANIED BY HIS OR HER PARENT OR LEGAL GUARDIAN.**

Parents should be aware that FNF's Privacy Notice will govern our use of Personal Information, but also that information that is voluntarily given by children - or others - in email exchanges, bulletin boards or the like may be used by other parties to generate unsolicited communications. FNF encourages all parents to instruct their children in the safe and responsible use of their Personal Information while using the Internet.

Privacy Outside the Website

The Website may contain various links to other websites, including links to various third party service providers. FNF is not and cannot be responsible for the privacy practices or the content of any of those other websites. Other than under agreements with certain reputable organizations and companies, and except for third party service providers whose services either we use or you voluntarily elect to utilize, we do not share any of the Personal Information that you provide to us with any of the websites to which the Website links, although we may share aggregate, non-Personal Information with those other third parties. Please check with those websites in order to determine their privacy policies and your rights under them.

European Union Users

If you are a citizen of the European Union, please note that we may transfer your Personal Information outside the European Union for use for any of the purposes described in this Privacy Notice. By providing FNF with your Personal Information, you consent to both our collection and such transfer of your Personal Information in accordance with this Privacy Notice.

PRIVACY NOTICE

(continued)

Choices With Your Personal Information

Whether you submit Personal Information to FNF is entirely up to you. You may decide not to submit Personal Information, in which case FNF may not be able to provide certain services or products to you.

You may choose to prevent FNF from disclosing or using your Personal Information under certain circumstances ("opt out"). You may opt out of any disclosure or use of your Personal Information for purposes that are incompatible with the purpose(s) for which it was originally collected or for which you subsequently gave authorization by notifying us by one of the methods at the end of this Privacy Notice. Furthermore, even where your Personal Information is to be disclosed and used in accordance with the stated purposes in this Privacy Notice, you may elect to opt out of such disclosure to and use by a third party that is not acting as an agent of FNF. As described above, there are some uses from which you cannot opt-out.

Please note that opting out of the disclosure and use of your Personal Information as a prospective employee may prevent you from being hired as an employee by FNF to the extent that provision of your Personal Information is required to apply for an open position.

If FNF collects Personal Information from you, such information will not be disclosed or used by FNF for purposes that are incompatible with the purpose(s) for which it was originally collected or for which you subsequently gave authorization unless you affirmatively consent to such disclosure and use.

You may opt out of online behavioral advertising by following the instructions set forth above under the above section "Additional Ways That Information Is Collected Through the Website," subsection "Third Party Opt Out."

Access and Correction

To access your Personal Information in the possession of FNF and correct inaccuracies of that information in our records, please contact us in the manner specified at the end of this Privacy Notice. We ask individuals to identify themselves and the information requested to be accessed and amended before processing such requests, and we may decline to process requests in limited circumstances as permitted by applicable privacy legislation.

Your California Privacy Rights

Under California's "Shine the Light" law, California residents who provide certain personally identifiable information in connection with obtaining products or services for personal, family or household use are entitled to request and obtain from us once a calendar year information about the customer information we shared, if any, with other businesses for their own direct marketing uses. If applicable, this information would include the categories of customer information and the names and addresses of those businesses with which we shared customer information for the immediately prior calendar year (e.g., requests made in 2015 will receive information regarding 2014 sharing activities).

To obtain this information on behalf of FNF, please send an email message to privacy@fnf.com with "Request for California Privacy Information" in the subject line and in the body of your message. We will provide the requested information to you at your email address in response.

Please be aware that not all information sharing is covered by the "Shine the Light" requirements and only information on covered sharing will be included in our response.

Additionally, because we may collect your Personal Information from time to time, California's Online Privacy Protection Act requires us to disclose how we respond to "do not track" requests and other similar mechanisms. Currently, our policy is that we do not recognize "do not track" requests from Internet browsers and similar devices.

No Representations or Warranties

By providing this Privacy Notice, Fidelity National Financial, Inc. does not make any representations or warranties whatsoever concerning any products or services provided to you by its majority-owned subsidiaries. In addition, you also expressly agree that your use of the Website is at your own risk. Any services provided to you by Fidelity National Financial, Inc. and/or the Website are provided "as is" and "as available" for your use, without representations or warranties of any kind, either express or implied, unless such warranties are legally incapable of exclusion. Fidelity National Financial, Inc. makes no representations or warranties that any services provided to you by it or the Website, or any services offered in connection with the Website are or will remain uninterrupted or error-free, that defects will be corrected, or that the web pages on or accessed through the Website, or the servers used in connection with the Website, are or will remain free from any viruses, worms, time bombs, drop dead devices, Trojan horses or other harmful components. Any liability of Fidelity National Financial, Inc. and your exclusive remedy with respect to the use of any product or service provided by Fidelity National Financial, Inc. including on or accessed through the Website, will be the re-performance of such service found to be inadequate.

Your Consent To This Privacy Notice

By submitting Personal Information to FNF, you consent to the collection and use of information by us as specified above or as we otherwise see fit, in compliance with this Privacy Notice, unless you inform us otherwise by means of the procedure identified below. If we decide to change this Privacy Notice, we will make an effort to post those changes on the Website. Each time we collect information from you following any amendment of this Privacy Notice will signify your assent to and acceptance of its revised terms for all previously collected information and information collected from you in the future. We may use comments, information or feedback that you may submit in any manner that we may choose without notice or compensation to you.

If you have additional questions or comments, please let us know by sending your comments or requests to:

Fidelity National Financial, Inc.
601 Riverside Avenue
Jacksonville, Florida 32204
Attn: Chief Privacy Officer
(888) 934-3354 privacy@fnf.com

Copyright © 2015. Fidelity National Financial, Inc. All Rights Reserved. EFFECTIVE AS OF: JANUARY 6, 2015

ATTACHMENT ONE

CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY - 1990

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims, or other matters:
 - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

**ATTACHMENT ONE
(CONTINUED)**

**CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (02-03-10)
ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (02-03-10)**

EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:

- a. building;
- b. zoning;
- c. land use;
- d. improvements on the Land;
- e. land division; and
- f. environmental protection.

This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.

2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
4. Risks:
 - a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
 - b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
 - c. that result in no loss to You; or
 - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
5. Failure to pay value for Your Title.
6. Lack of a right:
 - a. to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
 - b. in streets, alleys, or waterways that touch the Land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 21.

7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.

ATTACHMENT ONE (CONTINUED)

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

- For Covered Risk 16, 18, 19 and 21, Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	<u>Your Deductible Amount</u>	<u>Our Maximum Dollar Limit of Liability</u>
Covered Risk 16:	1.00% of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$10,000.00
Covered Risk 18:	1.00% of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 19:	1.00% of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 21:	1.00% of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$5,000.00

**ATTACHMENT ONE
(CONTINUED)**

**AMERICAN LAND TITLE ASSOCIATION
RESIDENTIAL TITLE INSURANCE POLICY (6-1-87)**

EXCLUSIONS

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:

- land use
- improvements on the land
- land division
- environmental protection

This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at policy date.

This exclusion does not limit the zoning coverage described in Items 12 and 13 of Covered Title Risks.

2. The right to take the land by condemning it, unless:

- a notice of exercising the right appears in the public records on the Policy Date
- the taking happened prior to the Policy Date and is binding on you if you bought the land without knowledge of the taking

3. Title Risks:

- that are created, allowed, or agreed to by you
- that are known to you, but not to us, on the Policy Date-unless they appeared in the public records
- that result in no loss to you
- that first affect your title after the Policy Date - this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks

4. Failure to pay value for your title.

5. Lack of a right:

- to any land outside the area specifically described and referred to in Item 3 of Schedule A
- or
- in streets, alleys, or waterways that touch your land

This exclusion does not limit the access coverage in Item 5 of Covered Title Risks.

ATTACHMENT ONE (CONTINUED)

2006 ALTA LOAN POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;
 or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
 - (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.

ATTACHMENT ONE (CONTINUED)

2006 ALTA OWNER'S POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;
 or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
 - (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer; or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.

ATTACHMENT ONE (CONTINUED)

ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (07-26-10)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;
 or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.

(b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.
9. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 27(b) of this policy.

Notice of Available Discounts

Pursuant to Section 2355.3 in Title 10 of the California Code of Regulations Fidelity National Financial, Inc. and its subsidiaries ("FNF") must deliver a notice of each discount available under our current rate filing along with the delivery of escrow instructions, a preliminary report or commitment. Please be aware that the provision of this notice does not constitute a waiver of the consumer's right to be charged the filed rate. As such, your transaction may not qualify for the below discounts.

You are encouraged to discuss the applicability of one or more of the below discounts with a Company representative. These discounts are generally described below; consult the rate manual for a full description of the terms, conditions and requirements for such discount. These discounts only apply to transactions involving services rendered by the FNF Family of Companies. This notice only applies to transactions involving property improved with a one-to-four family residential dwelling.

Not all discounts are offered by every FNF Company. The discount will only be applicable to the FNF Company as indicated by the named discount.

FNF Underwritten Title Companies

CTC – Chicago Title Company
CLTC – Commonwealth Land Title Company
FNTC – Fidelity National Title Company
FNTCCA – Fidelity National Title Company of California
TICOR – Ticor Title Company of California
LTC – Lawyer's Title Company

Underwritten by FNF Underwriters

CTIC – Chicago Title Insurance Company
CLTIC – Commonwealth Land Title Insurance Company
FNTIC – Fidelity National Title Insurance Company
FNTIC – Fidelity National Title Insurance Company
CTIC – Chicago Title Insurance Company
CLTIC – Commonwealth Land Title Insurance Company

Available Discounts

CREDIT FOR PRELIMINARY TITLE REPORTS AND/OR COMMITMENTS ON SUBSEQUENT POLICIES (CTIC, FNTIC)

Where no major change in the title has occurred since the issuance of the original report or commitment, the order may be reopened within twelve (12) to thirty-six (36) months and all or a portion of the charge previously paid for the report or commitment may be credited on a subsequent policy charge.

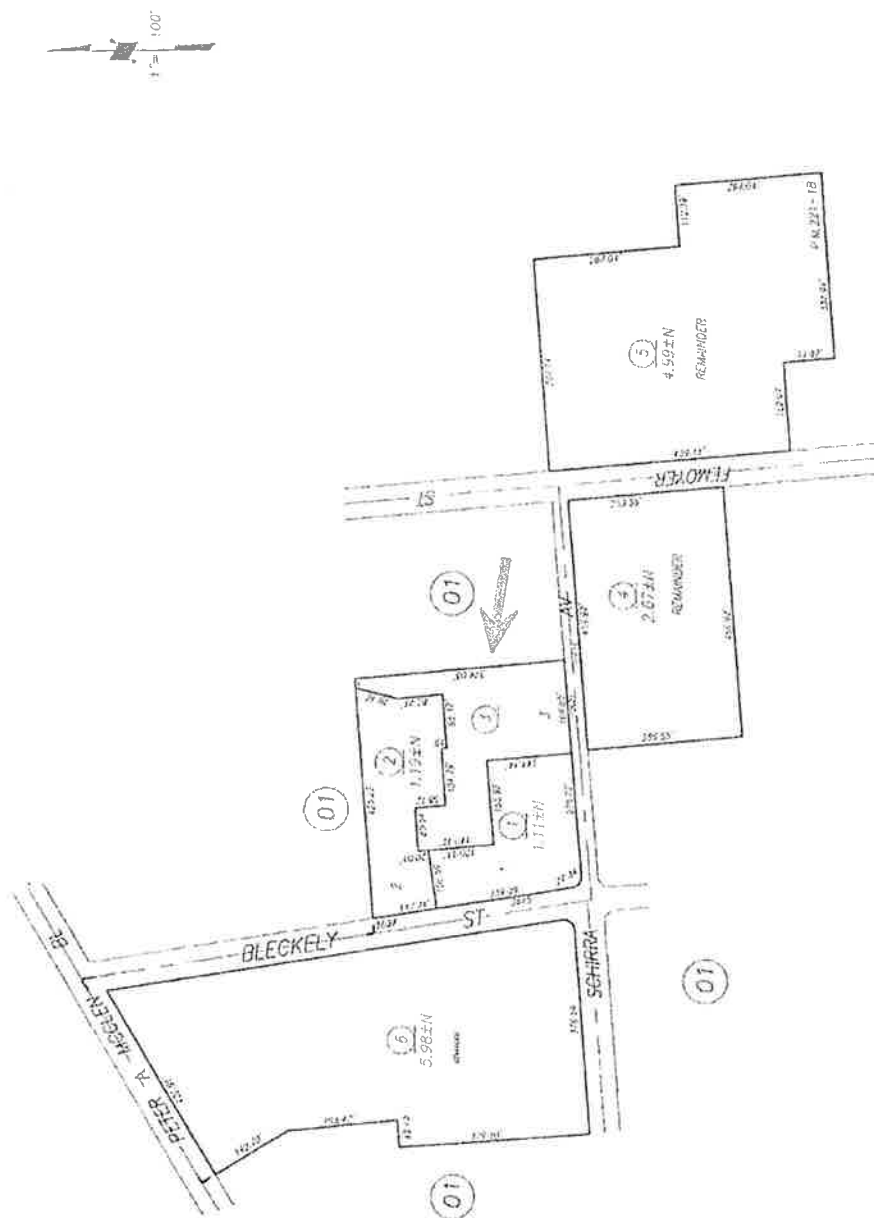
DISASTER LOANS (CTIC, CLTIC, FNTIC)

The charge for a Lender's Policy (Standard or Extended coverage) covering the financing or refinancing by an owner of record, within twenty-four (24) months of the date of a declaration of a disaster area by the government of the United States or the State of California on any land located in said area, which was partially or totally destroyed in the disaster, will be fifty percent (50%) of the appropriate title insurance rate.

CHURCHES OR CHARITABLE NON-PROFIT ORGANIZATIONS (CTIC, FNTIC)

On properties used as a church or for charitable purposes within the scope of the normal activities of such entities, provided said charge is normally the church's obligation the charge for an owner's policy shall be fifty percent (50%) to seventy percent (70%) of the appropriate title insurance rate, depending on the type of coverage selected. The charge for a lender's policy shall be thirty-two percent (32%) to fifty percent (50%) of the appropriate title insurance rate, depending on the type of coverage selected.

067-104



Assessor's Map Bk. 067 Pg. 104
County of Sacramento, Calif.

NOV 5, 2014

EXHIBIT F

FORM OF THE REGULATORY AGREEMENT

EXEMPT FROM RECORDING FEES
PER GOVERNMENT CODE §§6103, 27383

Recording requesting by:
and when recorded mail to:

City of Rancho Cordova
2729 Prospect Park Drive
Rancho Cordova, California 95760
Attention: City Clerk

SPACE ABOVE THIS LINE FOR RECORDER'S USE_____

AFFORDABLE HOUSING REGULATORY AGREEMENT

by and between
THE CITY OF RANCHO CORDOVA,

&

THIS AFFORDABLE HOUSING REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS ("Agreement") is made this
day of _____, 2015 ("Effective Date"), by and between
_____ (the "**Developer**"), and the City of Rancho
Cordova, a California municipal corporation (the "**City**"). The Developer and the City
are referred to herein collectively as the "**Parties**."

RECITALS

A. Pursuant to that certain Disposition, Development, and Loan Agreement (the "**DDLA**"), between the City and _____ dated as of April 6, 2015, which is incorporated by this reference as if fully set forth herein, City has agreed to to _____ that certain space identified as Phase 2 Property as more fully described in Exhibit A attached hereto and incorporated by reference (collectively, the "**Property**") which _____ will be redeveloped by Developer, into a _____ bed transitional living facility and community facilities for disabled and homeless veterans (the "**Project**") on the Property, and has further agreed to provide a no interest, fifty-five year (55), conditionally forgivable , non-recourse, permanent loan to Developer in the total principal amount not to exceed one Million Dollars (\$1,000,000) (the "**Permanent Loan**"). Additionally, the City will

provide a no interest non-forgivable loan of \$150,000 to be repaid as a first priority from the construction loan closing. The Project consists of _____ () beds, each of which shall be restricted for occupancy by eligible households with incomes at or below fifty percent (50%) of the Area Median Income ("**AMI**") for a period of fifty-five (55) years from issuance of a final certificate of occupancy for the Project .

B. As a condition of the _____ lease of the Property and the provision of the Permanent Loan, Developer agrees to place specified restrictions upon the use and transfer of the Property in order to ensure continued Project affordability.

C. The Parties intend that the covenants set forth in this Agreement shall run with the land and be binding upon Developer and Developer's successors and assigns as further provided herein.

D. Capitalized terms not defined herein, if any, shall have the meaning ascribed to them in the DDLA.

NOW THEREFORE, in consideration of the promises herein and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the Parties covenant and agree as follows:

1. Definitions

"Actual Household Size" means the actual number of persons in the applicable household.

"Adjusted for Family Size Appropriate for the Unit" shall be determined consistent with Section 50052.5(h) of the California Health and Safety Code and applicable federal rules, if any.

"Affordable Rent" means thirty percent (30%) of fifty percent (50%) of Area Median Income, or of thirty percent (30%) of Area Median Income, as applicable to the particular Unit, Adjusted for Family Size Appropriate for the Unit.

"Area Median Income" or "**AMI**" means the median income for Sacramento County, adjusted for Actual Household Size, as published from time to time by the U.S. Department of Housing and Urban Development ("**HUD**") pursuant to Section 8 of the United States Housing Act of 1937.

"Developer's Agent" means _____, the property manager

"Eligible Household" means, subject to Section 3 below, a household for which household income upon initial occupancy does not exceed the maximum

income level for a Restricted Unit, and in which at least one (1) member is a disabled and/or homeless veteran.

"Rent" means all charges, other than deposits, paid by a tenant for the use and occupancy of a Restricted Unit and any mandatory charge for direct or supportive tenant services in a rental housing development, including a utility allowance in an amount determined by the local Housing Authority with jurisdiction over the Project.

"Restricted Unit" means one of the _____ dwelling units in the Project that are reserved for occupancy by a Very Low-Income Household.

"Term of this Agreement" means the period through the fifty-fifth (55th) anniversary of the issuance of the final certificate of occupancy for the Project.

"Very Low-Income Household" means a household whose gross income does not exceed fifty percent (50%) of the Area Median Income, adjusted for Actual Household Size.

2. Affordability Restrictions and Unit Schedule

Upon issuance of a final certificate of occupancy and for the entire Period of Affordability (as defined in Section 8, below), the Project shall be rented to, at a Rent no greater than Affordable Rent, and occupied by (or if vacant, available for occupancy by) Very Low-Income Households who at the time of initial occupancy in which at least one (1) of the household is either homeless or a disabled veteran, according to the following schedule of Restricted Units:

	0 bedroom	1 bedroom	2 bedroom	3 bedroom
At or Below 50% AMI	XX	0	0	0

3. Tenant Selection Standards

During the Period of Affordability the Developer shall select tenants in conformance with the requirements of California Code of Regulations, Title 25, Division 1, Chapter 7, Subchapter 19, Section 8305.

- a. Developer shall rent vacant Restricted Units only to Eligible Households in accordance with a Management Plan approved by City. Such Management Plan may be periodically altered and such alteration must be

submitted to and approved by City prior to use. The Management Plan shall include:

- (1) Reasonable criteria for selection or rejection of tenant applications which shall not discriminate in violation of any federal, state or local law governing discrimination, or any other arbitrary factor;
 - (2) Prohibition of local residency preferences, except where accompanied by an equal preference for employment in the local area and applied to areas not smaller than municipal jurisdictions or recognized communities within unincorporated areas;
 - (3) Tenant selection procedures that include the following components, and that are available to prospective tenants upon request:
 - (A) Selection of tenants based on order of application, lottery or other reasonable method approved by City;
 - (B) Prompt written notification to tenant applicants of eligibility for residency and, based on turnover history for Restricted Units, the approximate date when a Restricted Unit may be available;
 - (C) Prompt written notification of tenant applicants who are found ineligible to occupy a Restricted Unit of their ineligibility and the reason for the ineligibility, and of their right to appeal this determination;
 - (D) Maintenance of a waiting list of applicant households eligible to occupy Restricted Units designated for various tenant income levels, which shall be made available at no charge to prospective tenants upon request;
 - (E) Targeting specific special needs populations in accordance with this Agreement and applicable laws; and
 - (F) Affirmative fair housing marketing procedures as specified in the Affirmative Fair Housing Marketing Plan Compliance Regulations of HUD, 24 CFR Part 200.620(a)-(c), or similar affirmative fair marketing housing plan as approved by City.
- (b) If at any time after the first five years of operation, the waiting list of qualified tenants for the Phase 2 development falls below 5 qualified applications for 2 consecutive months, the City and Developer will meet and discuss the need for amendment to the existing tenant selection standards. Additionally, in the event that a Restricted Unit has been vacant for more than

thirty (30) days, and prior to that time Developer has not received a rental application from a homeless or disabled veteran household which is a Very Low Income Household and meets Developer's tenant selection standards, then Developer may rent the vacant unit (and other units which subsequently become available under the same conditions) to a Very Low Income veteran Household which does not include a veteran who is homeless or disabled.

4. Certification of Tenant Income, Household Size and Age Qualifier

- a. The income and household size of all households occupying Restricted Units, and evidence that the head of household is a homeless and/ or disabled veteran, shall be certified by Developer prior to occupancy and recertified annually thereafter in a manner approved by City and specified in the Project's Management Plan. All occupancy requirements shall be consistent with TCAC requirements and any inconsistencies between funding sources shall defer to the most restrictive requirement.
- b. If the income of a tenant upon recertification exceeds the upper limit for households at or below fifty percent (50%) of AMI, the tenant must pay as rent the lesser of the amount payable by the tenant under state or local law or thirty percent (30%) of the household's adjusted monthly income for rent and utilities; except that the rent may not exceed the market rent for comparable, unassisted units in the neighborhood; provided however, that pursuant to 24 CFR § 92.252(i)(2).

5. Marketing Plan

- a. Not later than thirty (30) days prior to the anticipated date of issuance of a certificate of occupancy for the Project, Developer shall prepare a Marketing or outreach Plan for City's review and approval, and shall implement such plan as approved by the City. The Marketing/outreach Plan shall specify how Developer intends to market the Project to prospective tenants in the Project's market area in accordance with fair housing laws and this Agreement. The Marketing Plan shall specifically address how Developer intends to market the Project to disabled and/or homeless veterans in the Project's market area and the frequency of marketing efforts. City agrees that Developer may utilize the HUD 935.2 Affirmative Fair Housing Marketing Plan for these purposes.
- b. Developer agrees to evaluate the effectiveness of the Marketing Plan in reaching underserved populations on an annual basis and to revise it

as necessary to better reach underserved populations that are not being reached. Any revised Marketing Plan shall be submitted to City for approval prior to implementation.

6. Unit Standards

For the full Permanent Loan term, the number, size, type, and amenity level of Restricted Units shall not be fewer than the number nor different from the size, type and amenity level described in Section 2 and Recital A, above.

7. Rental Agreement and Grievance Procedures

The rental agreement and grievance procedures shall be in accordance with California Code of Regulations, Title 25, Division 1, Chapter 7, Subchapter 19, Section 8307.

- a. Term Rental or occupancy agreements may be for a term of one (1) year but tenants must also be offered the option of a six (6) month term.
- b. City Approval All rental or occupancy agreements are subject to City approval; and shall include the following:
 1. Provisions requiring good cause for termination of tenancy;
 2. A provision requiring that the facts constituting the grounds for any eviction be set forth in the notice provided to the tenant pursuant to state law;
 3. A notice of grievance procedures for hearing complaints of tenants and appeal of management action; and
 4. A requirement that the tenant annually recertify household income and size.
- c. Termination of Tenancy Developer shall not terminate the tenancy or refuse to renew the lease of a tenant except for serious or repeated violations of the terms and conditions of the lease; for violation of applicable federal, state, or local law; or for other good cause.
- d. Written Notice To terminate or refuse to renew tenancy, Developer must serve written notice upon the tenant in compliance with State law,

specifying the grounds for the action, and served at least thirty (30) days prior to the termination of the tenancy.

e. "Good Cause" One or more of the following, without limitation, may constitute "good cause":

1. Failure by the tenant to maintain applicable eligibility requirements as imposed by City or other state or federal funding sources or tax credits;
2. Material noncompliance by the tenant with the lease, including one or more substantial violations of the lease or habitual minor violations of the lease which:
 - A. Adversely affect the health and safety of any person or the right of any tenant to the quiet enjoyment of the leased premises and related Project facilities;
 - B. Substantially interfere with the management, maintenance, or operation of the Project; or
 - C. Result from the failure or refusal to pay, in a timely fashion, Rent or other permitted charges when due. Failure or refusal to pay in a timely fashion is a minor violation if payment is made during the three- (3-) day notice period;
3. Material failure by the tenant to carry out obligations under federal, State, or local law;
4. Subletting by the tenant of all or any portion of any Project Unit;
5. Any other action or conduct of the tenant constituting significant problems which can be reasonably resolved only by eviction of the tenant, provided Developer has previously notified the tenant that the conduct or action in question would be considered cause for eviction. Examples of action or conduct in this category include the refusal of a tenant, after written notice, to accept reasonable rules or any reasonable changes in the lease or the refusal to recertify income or household size.
6. Notwithstanding the foregoing, if any part of this Section 7(e) is determined to not be "good cause" pursuant to Section 42 of the Internal Revenue Code of 1986, Section 42 of the Internal Revenue Code of 1986 shall control

f. Prohibited Lease Provisions The lease may not contain any of the following provisions:

1. Agreement by the tenant to be sued, to admit guilt, or to a judgment in favor of Developer or Developer's Agent in a lawsuit brought in connection with the lease;
2. Agreement by the tenant that Developer or Developer Agent may take, hold, or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. This prohibition, however, shall not apply to an agreement by the tenant concerning disposition of personal property remaining in the housing unit after the tenant has moved out of the unit. Developer may dispose of this personal property in accordance with State law;
3. Agreement by the tenant not to hold Developer or Developer's Agent(s) legally responsible for any action or failure to act, whether intentional or negligent;
4. Agreement of the tenant that Developer or Developer's Agent may institute a lawsuit without notice to the tenant;
5. Agreement by the tenant that Developer or Developer's agent may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties;
6. Agreement by the tenant to waive any right to a trial by jury;
7. Agreement by the tenant to waive tenant's right to appeal, or to otherwise challenge in court, a court decision in connection with the lease; and
8. Agreement by the tenant to pay attorneys' fees or other legal costs even if the tenant wins in a court proceeding by the Developer or Developer's Agent against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.

g. Rules of Conduct Developer and Developer's management agent shall establish reasonable rules of conduct and occupancy. Such rules shall be consistent with state law and regulations. Said rules shall be in

writing and shall be given to each tenant upon occupancy. Any changes shall become effective no fewer than thirty (30) days after giving written notice thereof to each tenant household.

- h. Appeal & Grievance Procedures Developer and Developer's management agent shall adopt an appeal and grievance procedure to resolve grievances filed by tenants and appeals of actions taken by Developer or Developer's Agent with respect to tenants' occupancy in the Project, and prospective tenants' applications for occupancy. Developer shall provide City with a copy of procedures and documentation used to guide the grievance and appeal process. Developer's appeal and grievance procedures shall be subject to City's approval and, at a minimum, shall include the following:

1. A requirement for delivery to each tenant and applicant of a written copy of the appeal and grievance procedure;
2. Procedures for informal dispute resolution;
3. A right to a hearing before an impartial body, which shall consist of one or more persons with the power to render a final decision on the appeal or grievance; and
4. Procedures for the conduct of an appeal or grievance hearing and the appointment of an impartial hearing body.

8. Period of Affordability

Developer acknowledges that the Permanent Loan is being made to Developer under the terms and conditions of the DDLA to ensure affordable housing for Project tenants. To preserve affordability of the Restricted Units, Developer covenants that the Restricted Units shall remain affordable for a period of fifty-five (55) years (hereinafter referred to as the "**Period of Affordability**") from the date of "Project Completion" as specified at 24 CFR 92.2. It is intended by the parties to this Agreement, that this covenant shall run with the land in accordance with the provisions of 24 CFR 92.252, with the benefit of this covenant running to the City, in order to preserve the public interest in maintaining the affordability of the Restricted Units. The Period of Affordability will remain without regard to the term of any mortgage or the transfer of the Property, other than by foreclosure or deed in lieu of foreclosure.

9. Restrictions on Transfer or Conversion

- a. Upon any transfer, including transfer by gift, devise, descent, foreclosure, assignment, deed in lieu of foreclosure, condemnation, or voluntary or involuntary bankruptcy, of the Property without the prior written approval of City, all principal, interest and costs then owing upon the Permanent Loan will become immediately due and payable to City.
- b. City may approve a transfer or conveyance of Developer's interest in the Property provided that all of the following conditions are met: (i) the existing Developer is in compliance with this Agreement or the sale, transfer or conveyance will result in the cure of any existing violations of this Agreement; (ii) the successor-in-interest to Developer agrees to assume all obligations of the existing Developer pursuant to this Agreement; (iii) the successor-in-interest demonstrates to City's satisfaction that it can operate the Project in full compliance with all City requirements; and (iv) City determines, in the sole exercise of its reasonable discretion, that no terms of the transfer or conveyance threaten City's security or the successor's ability to comply with all requirements of this Agreement.
- c. Developer shall not convert the Project to condominium or cooperative ownership or sell condominium or cooperative rights to the Project or any part thereof during the Period of Affordability.
- d. Nothing contained in this Section 9 shall prohibit the transfer of the Property or Developer's interest therein that is permitted under Article VIII of the DDLA.

10. Restrictions on Encumbrances.

Developer covenants that Developer has not, and shall not enter into or execute any other agreement with provisions contrary to the provisions of this Agreement, or contrary to the intent of maintaining the affordability of the Property for the full Period of Affordability described in Section 8, above

11. Reserve Accounts

In compliance with the applicable Grantor requirements, capitalized reserve accounts totaling \$_____ including a Permanent Operating Deficit Reserve Account in the amount of not less than \$_____, an Operating Reserve in the amount of \$_____, (replacement reserve is not capitalized.) a Transition Reserve in the amount of \$_____ and a Services Reserve in the amount of \$_____, all shall be established, funded and maintained by Developer. Reserves for replacement shall be in accordance with the requirements of the State Department of Housing and Community Development ("HCD") and as

required by any senior lender. In Years 1 through 5, the annual deposit to the Replacement Reserve Account shall be in the amount of _____ Hundred Dollars (\$ _00) per unit per year. The annual deposit amount for Years 6 through 55 shall be based on a third-party physical needs assessment to be prepared at the Developer's expense every five (5) years from the Effective Date, assessing the replacement needs of the Project.

12. Non-Discrimination; Compliance with Fair Housing Laws

a. Fair Housing. Developer shall comply with State and Federal fair housing laws in the marketing and rental of the units in the Project.

b. Non-Discrimination. Developer shall not restrict the rental, sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, or any portion thereof, on the basis of race, color, religion, creed, sex, sexual orientation, disability, marital status, ancestry, or national origin of any person. Developer covenants for itself and all persons claiming under or through it, and this Agreement is made and accepted upon and subject to the condition that there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property or part thereof, nor shall Developer or any person claiming under or through Developer establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in, of, or for the Property or part thereof. Developer shall include such provision in all deeds, leases, contracts and other instruments executed by Developer, and shall enforce the same diligently and in good faith.

All deeds, leases or contracts made or entered into by Developer, its successors or assigns, as to any portion of the Property or the Improvements shall contain the following language:

(1) In Deeds, the following language shall appear:

"Grantee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through it, that there shall be no discrimination against or segregation of a person or of a group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property

herein conveyed nor shall the grantee or any person claiming under or through the grantee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the property herein conveyed. The foregoing covenant shall run with the land."

Notwithstanding the above paragraph, with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11 and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1).

(2) In Leases, the following language shall appear:

"The lessee herein covenants by and for the lessee and lessee's heirs, personal representatives and assigns, and all persons claiming under the lessee or through the lessee, that this lease is made subject to the condition that there shall be no discrimination against or segregation of any person or of a group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin, ancestry or disability in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the property herein leased nor shall the lessee or any person claiming under or through the lessee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants, or vendees in the property herein leased."

Notwithstanding the above paragraph, with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11 and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1).

(3) In Contracts

"There shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision

(p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property nor shall the transferee or any person claiming under or through the transferee establish or permit any such practice or practices of discrimination or segregation with reference to selection, location, number, use or occupancy of tenants, lessee, subtenants, sublessees or vendees of the land."

Additional language may be required by City staff.

13. Default and Remedies

a. Events of Default The occurrence of any one or more of the following events shall constitute an event of default ("**Event of Default**") hereunder:

(1) The occurrence of a transfer, sale or conversion in violation of Section 9 hereof or an encumbrance in violation of Section 10 hereof;

(2) If, pursuant to or within the meaning of the United States Bankruptcy Code or any other federal or state law relating to insolvency or relief of debtors ("Bankruptcy Law"), Developer thereof (i) commences a voluntary case or proceeding; (ii) consents to the entry of an order for relief against Developer or any general partner thereof in an involuntary case; (iii) consents to the appointment of a trustee, receiver, assignee, liquidator or similar official for Developer or any general partner thereof; (iv) makes an assignment for the benefit of its creditors; or (v) admits in writing its inability to pay its debts as they become due;

(3) A court of competent jurisdiction shall have made or entered any decree or order (1) adjudging the Developer to be bankrupt or insolvent, (2) approving as properly filed a petition seeking reorganization of the Developer or seeking any arrangement for Developer under bankruptcy law or any other applicable debtor's relief law or statute of the United States or any state or other jurisdiction, (3) appointing a receiver, trustee, liquidator, or assignee of Developer in bankruptcy or insolvency or for any of its properties, or (4) directing the winding up or liquidation of the Developer;

(4) Developer shall have assigned its assets for the benefit of its creditors (other than pursuant to a mortgage loan) or suffered a sequestration or attachment of or execution on any substantial part of its property, unless the property so assigned, sequestered, attached or executed upon shall have been returned or released within sixty (60) days after such event (unless a lesser time period is permitted for cure under any other mortgage on the property or the improvements thereon, in which event

such lesser time period shall apply under this subsection as well) or prior to any sooner sale pursuant to such sequestration, attachment, or execution;

(5) Developer shall have voluntarily suspended its business or Developer shall have been dissolved or terminated; or

(6) Any material breach by Developer or any of its successors of any representation, warranty or covenant hereunder, which is not cured within thirty (30) days after notice thereof given by the City , or, if a cure is not possible within thirty (30) days, where cure is not commenced within thirty (30) days and thereafter diligently prosecuted to completion.

b. Remedies If an Event of Default occurs under the DDLA, this Agreement or documents for the Permanent Loan, City may give written notice to the Developer by certified mail or any express delivery service with a delivery receipt requested. If the breach or violation is not cured to the satisfaction of the Party so notifying Developer within the time period specified in the notice, which shall not be fewer than thirty (30) days, the notifying Party may declare a default and may seek legal remedies including the following:

(1) Collect all rents and income in connection with the operation of the Project and use the same and the reserve funds for the operation and maintenance of the Project.

(2) Take possession of the Project and bring any action necessary to enforce any rights of the Developer arising from the operation of the Project, and operate the Project in accordance with the terms of this Agreement until such time as the City , in its sole discretion, shall determine that the Developer is again in a position to operate the Project in accordance with the terms of this Agreement.

(3) Apply to the applicable state or federal court for an order of specific performance of this Agreement, or for the appointment of a receiver to take over and operate the Project in accordance with the terms of this Agreement, or for such other relief as may be appropriate. It is agreed by the Developer that the injury to the City arising from a default under any of the terms of this Agreement would be irreparable, and that the amount of compensation which would provide adequate relief to the City , would be impossible to ascertain.

(4) Accelerate all amounts, including outstanding principal and interest, due under the Permanent Loan, and demand immediate repayment thereof. Upon a failure to repay such accelerated amount in full, the City may proceed with a foreclosure in accordance with the provisions of Permanent Loan Leasehold Deed of Trust and State law regarding foreclosures.

(5) The City may seek such other remedies as may be available under law or equity.

(6) In the event that the breach or violation involves the rents to tenants or other charges in excess of those permitted under this Agreement, the City may demand, and seek as an additional remedy, the return of such excess rents or other charges to the affected households.

c. Remedies Cumulative The remedies of the City hereunder are cumulative, and the exercise of one or more of such remedies shall not be deemed an election of remedies and shall not preclude the exercise by the City of any one or more of its other remedies.

14. Recordkeeping and Reports

Developer or the management agent designated by Developer, as approved by City, will be responsible for recordkeeping and reports, including those required to comply with Fair Housing and Equal Opportunity requirements, as may be required by City. The management agent will establish and maintain a comprehensive system of records, books, and accounts in a manner conforming to the directives of Developer in order to assist City in meeting Federal and State recordkeeping and reporting requirements, as applicable. All records, books, and accounts will be subject to examination at reasonable hours by any authorized representative of City. All such records and books shall be kept for a period of at least seven (7) years in a manner designed to protect them from destruction or tampering, and shall be subject to inspection and audit by the City, or its authorized agents.

Annually, by the last day of March, Developer shall provide to City a certified financial accounting of the prior year's performance of the development substantially in the form the required of participants in the Tax Credit program as administer by the California Tax Credit Allocation Committee.

15. Maintenance & Management

- a. Developer is solely and specifically responsible for all maintenance, repair, and management functions for the Project, including without limitation, selection of tenants, certification and recertification of household eligibility, income and size; evictions, collection of rents, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. Developer shall maintain units and common areas in a safe and sanitary manner in accordance with local health, building, and housing codes, HUD housing quality standards pursuant to 24 CFR 882.109. City shall not have any responsibility for management or maintenance of the Property or the

Project, but shall have the remedies provided for in Section 13 hereof, which they may exercise at their option as applicable.

- b. Developer may contract with a management agent for the performance of the services or duties required in Section 15a above. However, doing so shall not relieve Developer of responsibility for proper performance of said duties. Any such contract shall contain a provision allowing Developer to terminate the contract without penalty with no more than thirty (30) days' notice. Upon determination by City and notice to Developer that the contracted management agent has failed to operate the Project in accordance with this Agreement, and the management agent has failed to cure the breach within 30 days or such additional time as is necessary and agreed to by City to cure provided that the management agent has commenced the cure within 30 days and is diligently pursuing the cure to completion, Developer shall exercise such right of termination forthwith and shall immediately make arrangements, subject to City approval, for continuing performance of the requirements of this Agreement.
- c. If Developer operates the Project directly without contracting with a management agent and City determines that the Project is not being operated in accordance with this Agreement, City may provide notice to Developer thereof, and may require Developer to contract with a management agent to operate the Project, or to make such other arrangements as City deems necessary to ensure performance of the requirements of this Agreement.

16. Inspections

- a. Developer shall allow City access to the Project to conduct inspections on an annual basis, or more frequently, with fourteen (14) days written notice to Developer.
- b. Developer shall provide tenants with a minimum of twenty-four (24) hours written notice prior to seeking access to a tenant unit for inspection purposes. In said notice, Developer shall clearly inform tenant of the purposes of the inspection.

17. Hazard & Liability Insurance

- a. Developer shall at all times keep the Project insured against loss by fire, flood (as required pursuant to 24 CFR 92.358), and other such hazards, casualties, liabilities and contingencies, and in such amounts and for such periods as set forth in the DDLA. All insurance policies and renewals thereof shall be issued by a carrier and in a form

acceptable to City. Property insurance policies shall name City as an additional insured in a manner approved by City.

- b. Insurance proceeds and condemnation awards for any loss to or taking of the Project, or any portion thereof, shall be applied or utilized by Developer as provided in the Leasehold Deed of Trust for the Permanent Loan Documents.

18. Governing Law

This Agreement shall be construed in accordance with and be governed by the laws of the State of California.

19. Successors and Assigns

This Agreement and all the covenants, promises, and agreements contained in it shall be binding on and inure to the benefit of the Parties and their respective legal and personal representatives, devisees, heirs, successors, and assigns.

20. Severability

If any provision of this Agreement shall be invalid, illegal, or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby unless, in the sole discretion of City, the invalidity, or unenforceability of the provision negates the purpose of this Agreement and/or threatens the security for the City's Permanent Loan.

21. Venue

If either Party to this Agreement initiates any legal or equitable action to enforce the terms of this Agreement, to declare the rights of the parties under this Agreement, or which relates to this Agreement in any manner, the Parties agree that the proper venue for any such action is the Superior Court of the State of California of and for the County of Sacramento or in the United States District Court for the Eastern District of California, as applicable.

22. Costs of Enforcement

Developer agrees to pay any and all of City's costs with respect to enforcement of this Agreement, including City's reasonable attorneys' fees, costs and expenses.

23. Counterparts/Originals

This Agreement may be executed in counterparts, each of which shall be an original

and all of which together shall constitute one (1) entire Agreement.

24. Amendment

This Agreement shall not be altered or amended except in a writing executed by the Parties.

25. No Waiver

No waiver by the City of any breach of or default under this Agreement shall be deemed to be a waiver of any other or subsequent breach or default hereunder.

26. Captions

The captions used in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope or intent of this Agreement.

27. Parties Not Co-Venturers

Nothing in this Agreement is intended to or shall establish the Parties as partners, co-venturers, or principal and agent with one another.

28. Notice

Written notices and other written communications between the Parties shall be addressed to their principal place of business unless or until a Party communicates in writing to the other party that a different address should be used.

29. Hold Harmless

Except to the extent arising from the City's gross negligence or willful misconduct, Developer agrees to indemnify, defend and hold harmless the City and its agents, employees and officers (collectively, "**Indemnitees**") from and against any and all claims, losses, liabilities, causes of action or costs (including reasonable attorneys' fees) arising from or in connection with Developer's development, management, maintenance or operation of the Project.

30. Affordability Protocols

To the extent that State, Federal and local laws and regulations may conflict with respect to household income levels, rent levels, or similar provisions relating to

affordability of the Project, the Parties acknowledge and agree that the intent of this Agreement is to provide the maximum affordability restrictions.

Please note that as a condition of its forgivable loan the County and the County's Successor Agency require that they be a party to this Reregulatory Agreement.

SIGNATURES ON FOLLOWING PAGE.

By signing below, Developer accepts and agrees to the terms and covenants contained in this Agreement.

CITY:

The City of Rancho Cordova,
a California municipal corporation

By: _____

Name: _____

Title: _____

ATTEST:

By: _____
City Clerk

APPROVED AS TO FORM:

By: _____
City Attorney

DEVELOPER:

By: _____

Its: _____

STATE OF CALIFORNIA)
COUNTY OF _____)

On _____, 2014, before me, _____,
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)

STATE OF CALIFORNIA)
COUNTY OF _____)

On _____, 2014, before me, _____,
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 G

MEMORANDUM OF DDLA

Recording Requested by
and when Recorded, return to:

The City of Rancho Cordova
2729 Prospect Park Drive
Rancho Cordova, CA 95670
Attention: City Manager

EXEMPT FROM RECORDING FEES PER
GOVERNMENT CODE §§6103, 27383

(SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE)

**This memorandum is recorded at the request of
the City of Rancho Cordova and is exempt from
the payment of a recording fee pursuant to
Government Code Section 27383**

MEMORANDUM OF DISPOSITION, DEVELOPMENT, AND LOAN AGREEMENT

This MEMORANDUM OF DISPOSITION, DEVELOPMENT, AND LOAN AGREEMENT ("Memorandum") is entered into this ____ day of _____, 2015, by and between the **CITY OF RANCHO CORDOVA**, a California municipal corporation (the "City"), and _____, a _____ ("Developer").

This Memorandum is made with reference to the following:

1. The City and _____ ("____") entered into that certain Disposition, Development, and Loan Agreement dated as of April 6, 2015 (the "DDLA") concerning the disposition, development and financing of that certain real property located in the City of Rancho Cordova, California and more particularly described in Exhibit "A" attached hereto and commonly known as a portion of "Mather Veterans' Village" (the "Phase 2 Property"). Any capitalized term used, but not defined, in this Memorandum shall have the meaning provided in the DDLA.
2. Pursuant to that certain Assignment and Assumption Agreement dated the same date hereof, the City assigned to Developer its rights, and obligations under the City/County Lease with respect to the Phase 2 Property.
3. The DDLA provides for City and Developer to enter this Memorandum and to record the same in the Official Records of Sacramento County, California, to

provide notice to all persons of the existence of said DDLA, which DDLA is binding on Developer and Developer's successors-in-interest as to the Property.

4. This Memorandum is not intended as a full description of the terms and conditions of the DDLA. This Memorandum shall not replace, alter, or modify any term or condition set forth in the DDLA, nor shall it be used to interpret the terms and conditions of the DDLA

5. This Memorandum may be executed in several counterparts, and all so executed shall constitute one agreement binding on both parties hereto, notwithstanding that both parties are not signatories to the original or same counterpart.

IN WITNESS WHEREOF, City and Developer have entered into this Memorandum as of the date first set forth above.

"CITY"

City of Rancho Cordova,
a California municipal corporation

By: _____

Its: _____

ATTEST:

City Secretary

“DEVELOPER”

_____, a

By: _____

Its: _____

State of California)
County of _____)

On _____, before me, _____,
(insert name and title of the officer)

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)

State of California)
 County of _____)

On _____, before me, _____,
(insert name and title of the officer)

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 H

DEVELOPMENT PERFORMANCE SCHEDULE

Exhibit H
DEVELOPMENT PERFORMANCE SCHEDULE
FOR
Mather Veterans; Village Phase 2
(AP# 067-1040-003)
10621 Schirra Avenue, Rancho Cordova

The following milestones, dates and products, shall constitute performance requirements of the Developer _____, a _____ (“Developer”) in the application for financing, construction, rent-up and continuing operation of the _____ unit, affordable, project to serve homeless and disabled veterans known as Phase 2 of Mather Veterans’ Village.

- **SUCCESSFUL APPLICATION FOR VETERAN’S HOUSING AND HOMELESSNESS PREVENTION PROGRAM (VHHP) GRANT FUNDING**
 - On or before April 27, 2015 (**Round #1 Notice Of Funding Availability (“NOFA”) Response Date**), Developer shall cause or be a party to the submission of an application for VHHP funding from the State of California for the acquisition and rehabilitation of the existing building, exclusive of that portion of the Infirmary building located within the Air Space parcel and associated improvements proposed for Phase 2 of Mather Veterans’ Village. The VHHP application shall be satisfactory to the City of Rancho Cordova. This application shall include a City permanent loan, a construction loan and other grant funding each satisfactory to the City of Rancho Cordova. The application shall conform to the findings and conditions of City’s Design Review.
 - In the event that Developer fails to obtain an award of grant funds from the first round VHHP NOFA, Developer shall cause or be a party to the submission of a second application in response to the Round 2 NOFA for these VHHP funds which application is anticipated to be due in April 2016 (**Round #2 NOFA Response Date**)
 - Satisfaction of this Performance requirement shall be met by proof submitted to the City of Rancho Cordova that a VHHP application for the subject site submitted by Developer was awarded the requested grant funding from the State of California from either the Round #1 or Round #2 NOFA but in no event shall such proof be submitted later than September 1, 2016. Failure to satisfy this Performance Requirement shall result in discussion between the Developer and City. As a result of these discussions, City will determine at its sole discretion to modify the organization of the Developer/Applicant for the purpose of substantially improving the potential for the successful award of VHHP funding for the Phase 2 project or to terminate the DDLA.
- **Construction Loan closing**
 - Within 90 days of the receipt of a contract from State HCD for the award and use of VHHP funding, all entitlements, permits (excepting Building Permits) and approvals required for the installation of improvements for Phase 2, shall be in hand.
 - Within an additional 60 days (150 days from receipt of State contract for VHHP funds) or January 1, 2017 whichever occurs first, Developer shall cause a construction loan closing and the issuance of a Notice to Proceed to be issued to the General Contractor. The closing shall include a construction loan satisfactory to the City of Rancho Cordova.
 - Satisfaction of this requirement shall be a timely construction loan closing including the delivery to the City of Rancho Cordova of proof of the recordation of documents within 36 hours of the closing.
- **Construction Completion**
 - Construction shall be completed within 425 days of the issuance to the General Contractor of the Notice to Proceed. In the event that Developer has failed to obtain each entitlement, permit or approval required for the installation of improvements for Phase 2 by January 1, 2017, the term of the DDLA shall end on that date.
 - Satisfaction of this requirement shall be evidenced by both the delivery to the City of a certified true copy of the recorded Certificate of Completion and the determination by the City of Rancho Cordova that the following requirements have been satisfied: Labor Standards requirements, proof that all liens have been released, and an initial draft of the Final Budget.

- **Permanent Loan Closing**

- If required by a lender Developer shall cause a Permanent loan closing to occur within 45 days of the satisfaction of all of the following: attaining 95% occupancy, completion of audit plus any other requirements of the City or the VHHP as the Permanent Lender but in no event later than .
- Satisfaction of this requirement shall be a timely permanent loan closing including the delivery to the City of Rancho Cordova of proof of the recordation of documents within 36 hours of the closing.

Exhibit I

Approved Design Review

MEMORANDUM

DATE: July 15, 2013

TO: Honorable Mayor and Council Members

FROM: Reed Flory, Housing Services Administrator
William Campbell, Principal Planner

SUBJECT: **MATHER VETERANS' VILLAGE DESIGN REVIEW AND CONDITIONAL USE PERMIT; PROJECT NO. DD7915 – LOCATED AT 3611 BLECKLEY STREET**



PROPERTY OWNER: Mercy Housing 3120 Freeboard Drive, Suite 202 West Sacramento, CA 95691	APPLICANT/DEVELOPER: Mogavero Notestine Associates 2012 K Street Sacramento, CA 95811
PROJECT: Mather Veterans Village Conditional Use Permit and Design Review addresses a proposed project that consists of the following three phases: Phase 1: New construction of a supportive permanent housing project for veterans to provide 44 one-bedroom units and 6 two-bedroom units, and the rehabilitation of 4,000 square feet of existing 24,093 square foot Infirmary Building for community/office space. Phase 2: Rehabilitation of the remaining 20,000 square feet of the existing Infirmary Building to include 24 to 30 dormitory style rooms, a kitchen, cafeteria/common room, offices, and classrooms. Phase 3: A future phase of new construction of up to 30 additional veteran housing units and support services for which detailed programming has not yet been completed. FILE: DD7915- Conditional Use Permit and Major Design Review LOCATION: 3611 Bleckley Street, Rancho Cordova APN: 067-0010-099 PLANNER: William Campbell, Principal Planner	

RECOMMENDATION

Adopt Resolution 75-2013.

RESULT OF RECOMMENDED ACTION

Adoption of this resolution would complete Council Design Review and Use Permit approval for this project and would support the funding applications for the Mather Veterans Village project. Construction of the project would be phased, with initial phases to include new construction of 50 dwellings and the rehabilitation of an existing building to provide community space and transitional dormitory units. The project would add veteran specific housing to an area that is

rich in veterans' services and would provide additional support to homeless and disabled veterans.

REQUIRED PERMITS AND REGULATORY BASIS

According to the Mather Field Special Planning Area, the Veteran's Village project is subject to the following provisions:

1. Section 603-14 B1- Human Services Area permitting the Veteran Village with a Use Permit, per Article 2, Table II, section P(3) of the County of Sacramento Zoning Code.
2. Chapter 23.141 Major Design Review of the Rancho Cordova Zoning Code.
3. Section 23.134 Conditional Use Permit, Rancho Cordova Zoning Code

BACKGROUND

The Mather Air Force Base was decommissioned in 1993, resulting in a surplus of undeveloped and underutilized land partially located within the boundaries of what would become the City of Rancho Cordova. The County of Sacramento, in partnership with the Sacramento Housing and Redevelopment Agency (SHRA) formed the Mather Redevelopment Area that set development guidelines and zoning for the former military site. A significant portion of the under-utilized land, including the acreage identified as the site for the proposed Mather Veterans Village, was indicated for residential use.

In 2010 Sacramento County and the SHRA released a Request for Proposals for the development of the Mather Veterans Village housing and support services project for the proposed site at what is now 3611 Bleckley St. Mercy Housing was selected as the developer for the project from the RFP process. In 2012 the City, in partnership with Mercy Housing and the County of Sacramento identified a 3.69 acre site (**see Figure 1**) as the development site for the Mather Veterans Village, which includes an existing 24,093 square feet infirmary building. Mercy Housing and the City engaged the architectural firm Mogavero Notestine Associates to prepare a design package for a multi-phase veterans housing and supportive services project.

The project development team consists of Mercy Housing and Veterans Resource Center of America (VRCA) who provides services for homeless and disabled veterans and manages transitional housing facilities across the state. The Mather Veterans' Village is co-sponsored by the City of Rancho Cordova, County of Sacramento, and the Mather VA Hospital.

On June 11, 2013 the City received site control of the property from the County in the form of a 99 year lease, and ownership of the existing infirmary building (purchased for \$1.00). The first two phases of the Mather Veterans Village project were prepared for design review to support a March 2014 tax credit application for construction financing, and a winter of 2013 application for Veterans Affairs Supportive Housing (VASH) vouchers from SHRA, as allocated from the Federal department of Housing and Urban Development HUD.

Mather Veterans' Village is a planned transitional and permanent supportive housing development that would serve disabled and homeless veterans. The multi-phase project would ultimately consist of approximately 100 units of permanent supportive housing (in two 50-unit phases) and in another phase of up to 60 transitional beds. The development would consist of a service-rich living environment provided in a community setting. The overall site would include

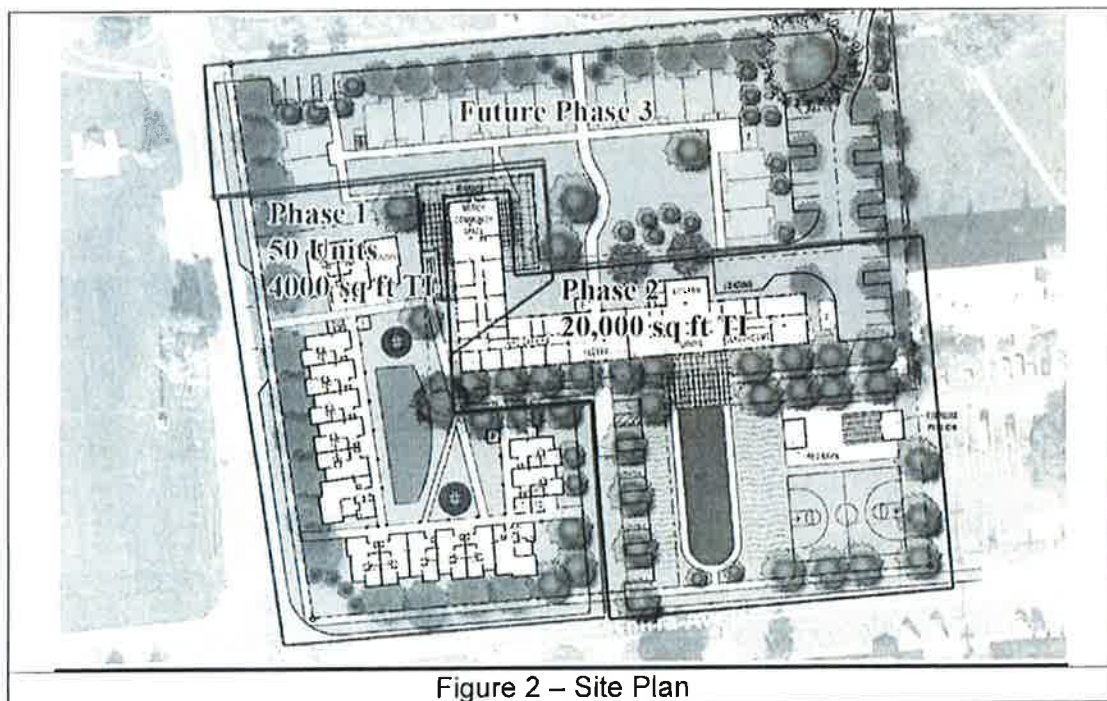


Figure 2 – Site Plan

Phase II of the development of Mather Veterans' Village is proposed to be the conversion of the Old Infirmary Building as 60 transition beds and ancillary facilities. Since part of that existing structure would provide the "common area" and "administrative" spaces of the phase I development, it is hoped that we might be able to rehabilitate phase II in concert with phase I development. To this end, the co-sponsors and development team are embarking on a \$2.5 million corporate fund raising effort.

MATHER AREA SPECIAL PLANNING AREA CONSISTENCY

The Mather Area Special Planning Area (MASPA) is the regulatory document that guides development of the proposed project site. On June 3, 2013 the MASPA was amended to include both transitional and permanent supportive housing as allowable by right in the zone where the project site is located. The project is consistent with the zoning and the long-term plans for the Mather Area. The approving authority is required to review and approve a conditional use permit for the project, which is part of this application. The supporting evidence is provided in the resolution for approving both the use permit and the design review.

CONDITIONAL USE PERMIT

The requested Conditional Use Permit addresses full construction of the Mather Veterans' Village project, including Phases 1, 2 and 3 (see Figure 2 above). At built out, this project could include up to 110 dwelling units and a range of support services that would serve the needs of veterans. All projects within the Mather Field Special Planning Area are within subareas of that plan and are subject to the County's Zoning Code table of uses. In this particular case, Section 603-14 B1- Human Services Area, per Article 2, Table II, section P(3) of the County of Sacramento Zoning Code, allows the Veteran Village with a Use Permit. The County used the Use Permit process to give flexibility in the review of projects. Other than the specified

development standards listed for projects in the Human Services Area (listed below) no other special conditions of approval for the use permit are anticipated. The proposed Conditions of Approval would combine the Use Permit and Design Review entitlement requirements within a single approving resolution. The findings and evidence supporting the Use Permit are provided in the resolution (**Attachment 1**).

Consistency with Development Standards

The project is located within the Human Services Subarea of the Mather Area Special Planning Area, with the following development standards:

1. *Building Setbacks:*
 - *Front- 25 ft. minimum*
 - *Interior side- 6 ft.*
 - *Rear- 25 ft. minimum*
2. *Building Height- 50 feet maximum*
3. *Floor Area Ratio- NA*
4. *Density- NA*
5. *Parking Standards:* one parking space per every three occupants for the residential use and 4.5 parking spaces per 1000 square feet of the office use. 27 parking spaces are required and 32 parking spaces are provided.

The proposed project meets the minimum development standards.

DESIGN REVIEW

This design review addresses Phase 1 (new construction) and Phase 2 (renovation of an existing building) of the Mather Veterans' Village project. A future Phase 3 of this project would require future review and approval by the City Council.

Phase 1 construction portion of the project is new construction of a three-story apartment building served by two elevators and exterior walkways and bridges. The design of the project is intended to bring a more residential atmosphere to the existing institutional style of buildings currently on and adjacent to the project site. The new construction will be situated around the western and southern edges of the property, to create a community courtyard that can be shared by the residents. The one and two bedroom units would open towards the courtyard and be connected by a wide balcony style walkway with elevator access at the eastern and western ends of the building. The building would consist of four apartment blocks that are connected by bridges across pathways that open from the street-side to the courtyard (**see Figure 2, site plan**). There would be 44 single bedroom apartments and 6 two bedroom apartments. The units would incorporate universal design to facilitate disabled tenants with minimal remodeling. The new construction would be stick built on site. Phase 1 also include the renovation of 4,000 square feet of the existing Infirmary Building for community and office uses to support the new veterans' housing residents.

Phase 2 of the project (anticipated to be built concurrently with Phase 1) would involve the rehabilitation of the existing Infirmary Building. This Phase would provide new apartment units

within the existing infirmary building. The Infirmary Building is an institutional structure, however it is solidly built, with a high quality of construction. The development team assessed the building, and determined that, despite the institutional design, the building offered unique opportunities that would otherwise be too cost prohibitive to build new at the same quality of construction. The rehabilitation of the Infirmary Building would provide space for multiple uses. The community space for the new construction would inhabit approximately 4,000 sq. feet of the first floor of the western end of the building (**see Exhibit A, floor plan**). This community space that would be administered by Mercy Housing would consist of management offices and a community room, as well as a lobby entrance that would be shared with the remainder of the infirmary building, which, when rehabilitated, would be administered by VRCA.

The current exterior of the existing Infirmary Building is a painted stucco skin over concrete and masonry block walls with a flat roof. The rehabilitated building shell would also consist of stucco over the masonry walls, with additional insulation and new or restored windows. Due to the positioning of the building, the construction materials, and the general building mass, the existing infirmary building has the potential to be a net-zero building without excessive additional expense. The rehabilitation design includes solar panels stacked along the south facing side of the building in a photo voltaic array to provide electricity for the building. The rehab design also includes smaller panels layered along the flat roof on the western facing leg of the building. These panels may be used to supplement electricity production, or to provide additional hot water for the occupants.

The VRCA portion of the infirmary building includes a kitchen, dining area, class rooms, offices, and dormitory rooms with ganged bathrooms. These facilities would be located on the first floor of the south facing leg of the building and the entire second floor. (**see Exhibit A, floor plan**).

ENVIRONMENTAL ANALYSIS

This project is Categorically Exempt under Section 15332, In-Fill Development, of the California Environmental Quality Act Guidelines. A full Environmental Assessment has been conducted that fulfills the NEPA requirements for this project.

RECOMMENDED MOTION

Move the City Council adopts Resolution 75-2013 approving the Use Permit for the Mather Veterans' Village and Design Review of the Mather Veterans Village Phase I and Phase II as submitted, subject to the design package (**Exhibit A**) and the Conditions of Approval (**Exhibit B**).

ATTACHMENTS

1. Resolution 75-2013, Approving the Conditional Use Permit and the Design Package (**Exhibit A**) and Conditions of Approval (**Exhibit B**).
2. 500' radius map and mailing labels used for Public Hearing Notice.

ATTACHMENT 1

CITY OF RANCHO CORDOVA

RESOLUTION NO. 75-2013

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA
APPROVING A CONDITONAL USE PERMIT AND DESIGN REVIEW FOR
THE MATHER VETERANS VILLAGE, PROJECT DD7915**

WHEREAS, Mercy Housing (hereinafter referred to as Applicant) filed an application with the City of Rancho Cordova to approve a Conditional Use Permit and Design Review for 50 units of new permanent supportive housing and up to 60 transitional housing dormitory beds in a rehabilitated existing building, known has the Mather Veterans Village; and

WHEREAS, The City Council previously approved an amendment to the zoning code for the Mather Field Special Planning Area to allow both transitional and permanent supportive housing in the Mather Field Special Planning Area by Ordinance No. 14-2013; and

WHEREAS, the City Council is the appropriate authority to hear and take action on this project; and

WHEREAS, the City Council of the City of Rancho Cordova has conducted a properly noticed public hearing pursuant to Government Code section 65090 and has duly considered all written and verbal testimony presented during the hearing.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA
HEREBY RESOLVES AS FOLLOWS:**

1. Determine the project assessment is adequate and complete according to the Guidelines of the California Environmental Quality Act.

a) *Finding: The project site has been analyzed in compliance with the California Environmental Quality Act. Evidence:* The County of Sacramento adopted an Environmental Impact Report for the Mather Field Special Planning Area, prepared by EIP Associates in 1997, and issues of aesthetics of the development for the project site were adequately addressed within the document. The project has further been determined to be categorically exempt, according to Section 15332 and the project will not create any significant adverse impact on the environment, pert he following findings:

A. *Finding: The project is consistent with the applicable general plan designation and all applicable general plan policies as well as with applicable zoning designation and regulations. Evidence:* The project is within the Campus District, Human Services subarea of the Mather Field Special Planning Area. The proposed use is consistent with the allowed land uses in that area and will complement the VA Hospital and it satellite services.

B. *Finding: The proposed development occurs within city limits on a project site of no more than five acres substantially surrounded by urban uses. Evidence:* The project is in an establish subarea of a Special Planning Area that has existing developments surrounding the proposed site. The project area has been developed over the years by the military and privately, after the Air Force vacated the site and relinquished the land to the County of Sacramento.

ATTACHMENT 1

- C. Finding: *The project site has no value as habitat for endangered, rare or threatened species.* Evidence: The project site has been historically developed and any valued habitat prior to that date has since been removed or destroyed.
- D. Finding: *Approval of the project would not result in any significant effects relating to traffic, noise, air quality, or water quality.* Evidence: The new use will not generate new significant levels of traffic or noise impacts to the immediate area. The new project will improve the existing conditions related to on-site drainage and water quality by the new improvement measures required by the current codes.
- E. Finding: *The site can be adequately served by all required utilities and public services.* Evidence: The site can be served by all required utilities that are currently in the area. Sewer, gas, electric service and drainage are all present on site or stubbed to the property. The City of Rancho Cordova will provide Police emergency services and Metropolitan Fire District will provide fire protection services.
2. Approve the Major Design Review, subject to the Project Plans (**Exhibit A**) and the Conditions of Approval (**Exhibit B**); supported by the following Findings and Evidence, as required by Zoning Code Section 23.141.050:
- a) Finding: *The proposed project is consistent with the objectives of the General Plan, complies with applicable zoning regulations, Specific Plan provisions, and Special Planning Area provisions, and is consistent with the applicable Rancho Cordova Design Guidelines.* Evidence: The General Plan designation and Mather Field Special Planning Area designation for this property is Human Services, wherein high density multi-family residential units are consistent with both designations, with the approval of a Conditional Use Permit. The proposed project has been designed to meet the applicable regulations of the Special Planning Area design guidelines, including setbacks, height regulations, and density for this site.
- b) Finding: *The proposed architecture, site design, and landscape are suitable for the purposes of the building and the site and will enhance the character of the neighborhood and community.* Evidence: The Developer has provided a design package that clearly illustrates the composition and form of the new units as well as the floor plan and elevations for the rehabilitated infirmary building (**Exhibit A**). The new three story structure is treated with a veneer of stucco and siding with external balcony style hallways. The infirmary rehab would feature stucco exterior, solar panels, shade structures, and new entrances. The Applicant has submitted preliminary landscape plans with the Design Review package (see **Exhibit A**). A condition has been placed on the project that will require approval from the Planning Director, in order to accommodate refinements to the site improvement plans, prior to building permits are issued.
- c) Finding: *The architecture, including the character, scale, and quality of the design, relationship with the site and other buildings, building materials, screening of exterior appurtenances, exterior lighting and signing, and similar elements establishes a clear design concept and is compatible with the character of existing or anticipated buildings on adjoining and nearby properties.* Evidence: The architectural style of the new construction has a distinct residential feel that would help to introduce a more residential tone to the neighborhood. The design of the rehabilitated existing building is intended to counter the institutional design of the building while capturing the cost savings of re-

ATTACHMENT 1

using an existing structure. The color and material palettes are complementary to each other and include stucco, horizontal siding, and balcony railings and shade structures. The building wall mass of the new construction is offset to provide greater articulation to the vertical mass, along with changing roof sheds to break the monotony of a single ridge roof system.

- d) Finding: *The proposed project will not create conflicts with vehicular, bicycle, or pedestrian transportation modes of circulation.* Evidence: The units and site configuration have been designed to provide dedicated pedestrian walkways from the units to the public sidewalk. The on-site parking lot is appropriately configured to serve the units and reduce the conflict between vehicle and pedestrian movement.
3. Approve the Conditional Use Permit, subject to the Conditions of Approval (see **Exhibit B**); supported by the following Findings and Evidence, as defined in Zoning Code Section 23.134.030;
- a) Finding: *The site size, dimensions, location, topography, and access are adequate for the needs of the proposed use, considering the proposed building mass, parking, traffic, noise, vibration, exhaust/emissions, light, glare, erosion, odor, dust, visibility, safety, and aesthetic considerations.* Evidence: The site size, dimensions, location, topography, and access of the site are adequate for the proposed use and the new development will not have a negative effect on the surrounding area. This finding has been met.
- b) Finding: *Any negative impacts of the proposed use on adjacent properties and on the public can be mitigated through application of other Code standards or other reasonable conditions of approval.* Evidence: Any negative impacts of the proposed permanent supportive and transitional housing have been reduced to a less than significant level by the placement of the facilities, landscaping to screen views by sensitive users and through the application of Code standards and the attached Conditions of Approval. This finding has been met.
- c) Finding: *All required public facilities have adequate capacity to serve the proposal.* Evidence: All required public facilities have adequate capacity to serve the Project. Currently, all public facilities are adequately serving the existing site. This finding has been met.
- d) Finding: *The project meets the requirements of the Zoning Code including development standards, design guidelines, and special use provisions.* Evidence: The project is consistent with all the requirements of the Zoning Code Section 23.913.030 E that specifically addresses the development of permanent supportive and transitional housing. The conditions of approval will provide additional assurance that the new use will not negatively impact the area. This finding has been met.
- e) Finding: *If structures and site plans are considered nonconforming, the elements of a project that are nonconforming have been brought into compliance with the Zoning Code.* Evidence: There will be no nonconforming elements of this Project as identified in paragraph D above. This finding has been met.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the 15th day of July, 2013 by the following vote:

AYES: Budge, McGarvey, Sander, Skoglund, Terry.

NOES: None.

ABSENT: None.

ABSTAIN: None.



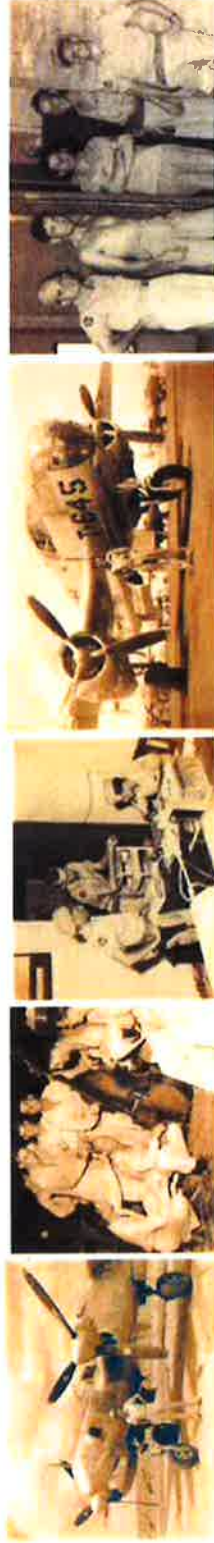
Linda Budge, Mayor

ATTEST:



Mindy Cuppy, CMC, City Clerk

EXHIBIT A



MATHER VETERANS VILLAGE

RANCHO CORDOVA, CALIFORNIA

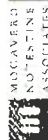
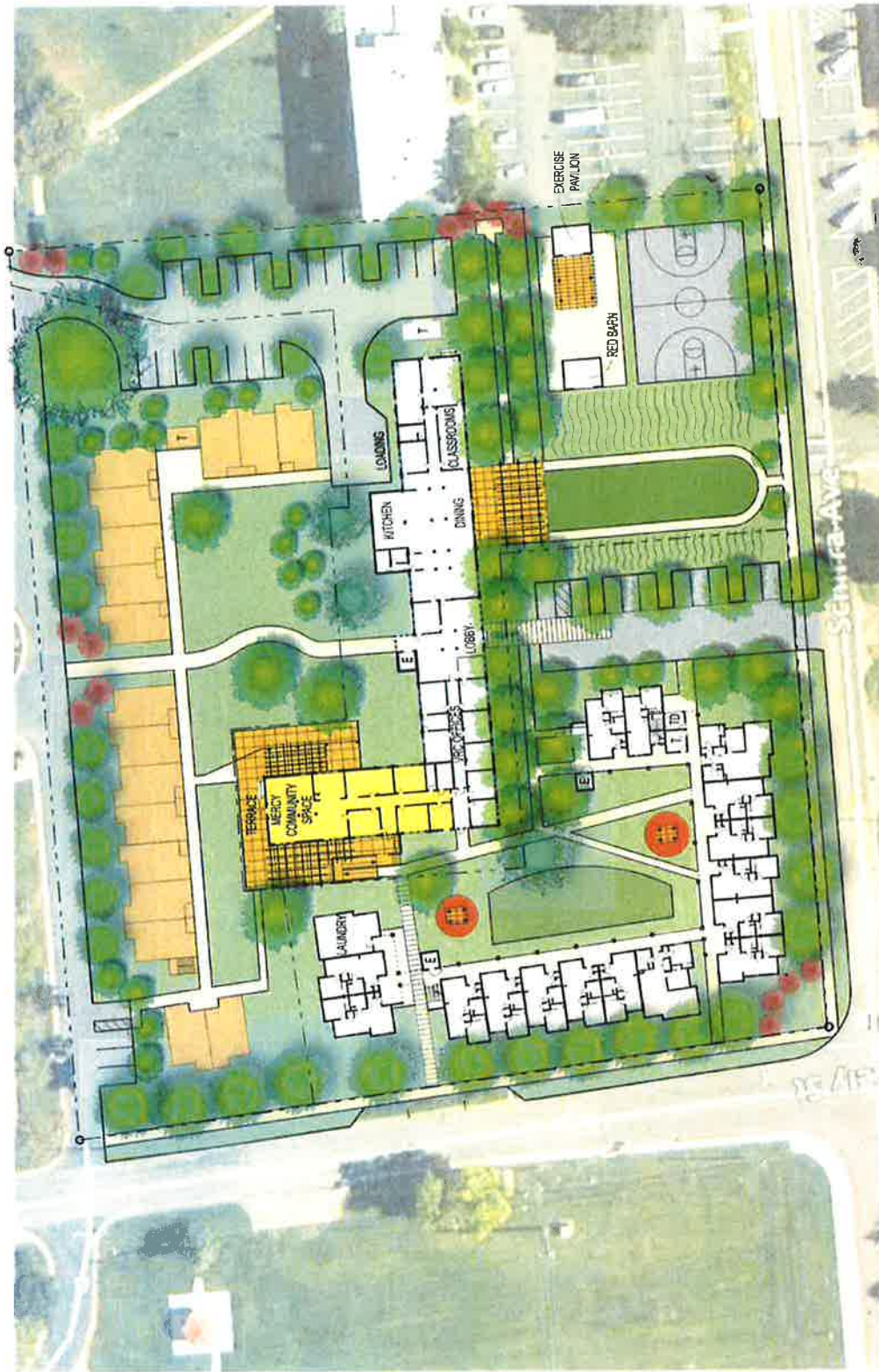
"As we express our gratitude, we must never forget that the highest appreciation is not to utter words, but to live by them."
- John Fitzgerald Kennedy



MATHER VETERANS VILLAGE RANCHO CORDOVA

07 June 2013

EXHIBIT A



MATHER VETERANS VILLAGE

RANCHO CORDOVA, CALIFORNIA

THE PLAN

SCALE: 1" = 50'

07-JUNE-2013

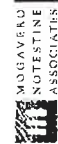
EXHIBIT A



NEW CONSTRUCTION: SOUTH ELEVATION



NEW CONSTRUCTION: EAST ELEVATION



MCGAVERN
NOTESTINE
ASSOCIATES

MATHER VETERANS VILLAGE

RANCHO CORDOVA, CALIFORNIA

NEW CONSTRUCTION ELEVATIONS

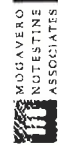
scale: 1/16" = 1'-0"

31 JUNE 2017

EXHIBIT A



NEW CONSTRUCTION: WEST ELEVATION



MOGAVERO
NUTESTINE
ASSOCIATES

MATHER VETERANS VILLAGE

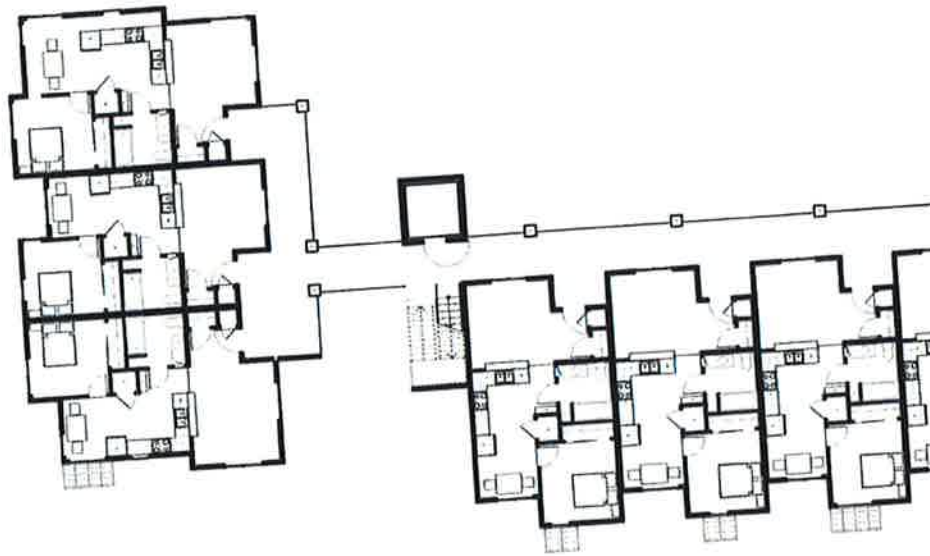
RANCHO CORDOVA, CALIFORNIA

NEW CONSTRUCTION ELEVATIONS

SCALE: 1/16" = 1'-0"

27 JUN 2018

EXHIBIT A



1 NEW CONSTRUCTION SECOND FLOOR - NORTH END

SCALE: 1/16" = 1'-0"



\\naamwork\frnacserver\local\120045 Mallier Veterans Village - Printed Wednesday, June 5, 2013, 3:13 PM



MATHER VETERANS VILLAGE

RANCHO CORDOVA, CALIFORNIA

FLOOR PLANS

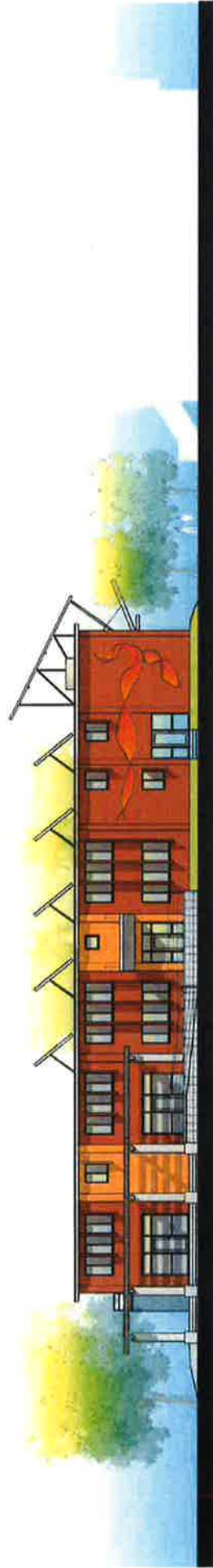
SCALE: 1/16" = 1'

07 JUNE 2013

EXHIBIT A



INFIRMARY: SOUTH ELEVATION



INFIRMARY: WEST ELEVATION



MATHER VETERANS VILLAGE

PANCHO CORDOVA CALIFORNIA

NEW CONSTRUCTION ELEVATIONS

SCALE: 1/16" = 1'-0"

27 JUNE 2013



INFIRMARY FIRST FLOOR PLAN

SCALE: 1/16" = 1'-0"



**MOUAVERO
NOTESTINE
ASSOCIATES**

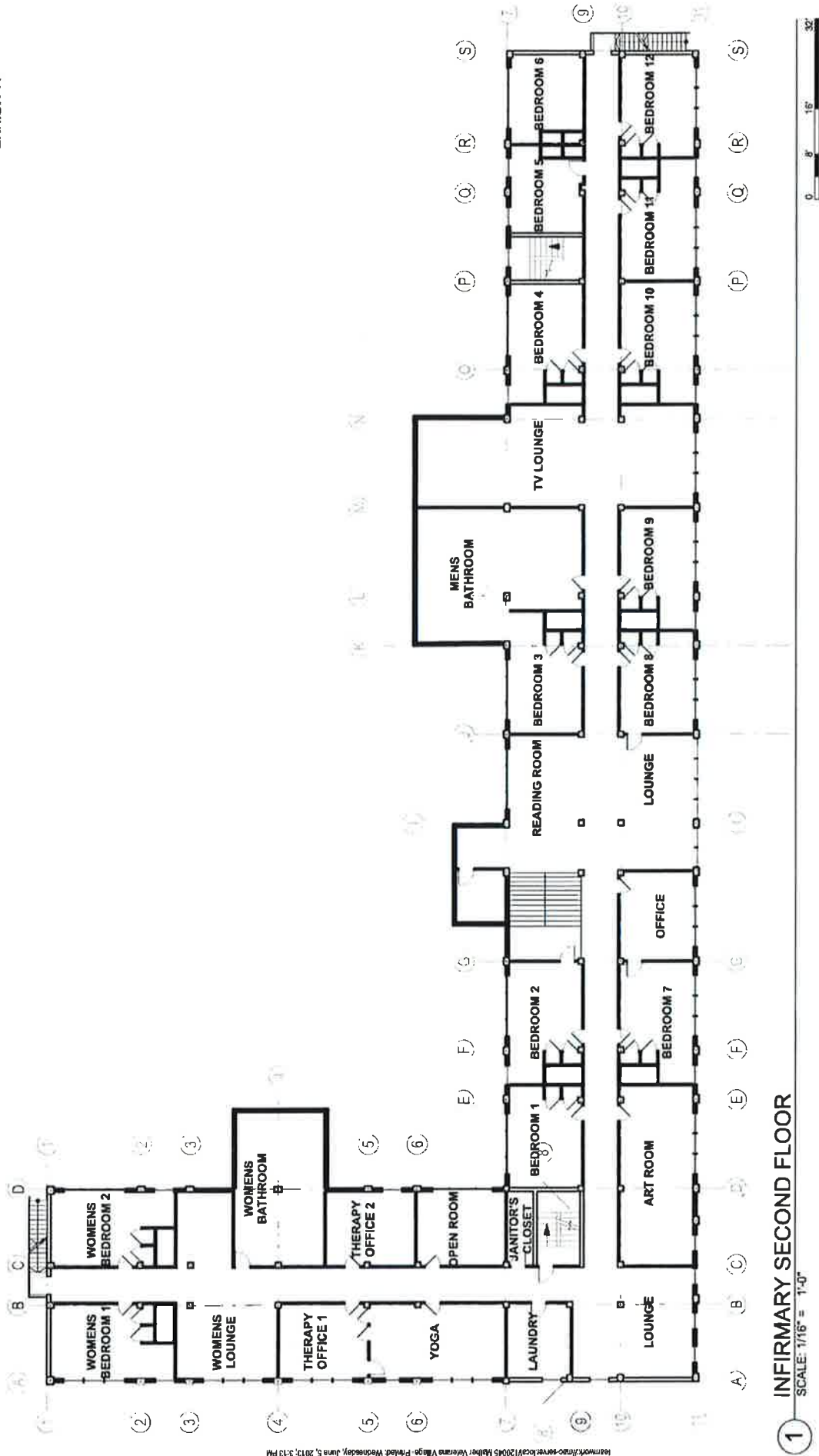
MATHER VETERANS VILLAGE

RANCHO CORDOVA, CALIFORNIA

FLOOR PLANS

scale-1/16"=1' 07 JUNE 2013

EXHIBIT A



1 INFIRMARY SECOND FLOOR



MATHER VETERANS VILLAGE

RANCHO CORDOVA, CALIFORNIA

FLOOR PLANS

Scale: 1/16" = 1' 07 JUNE 2013

EXHIBIT B

Conditions of Approval

	<u>Timing/ Implementation</u>	<u>Enforcement/ Monitoring</u>	<u>Verification (date and signature)</u>
1.	On-Going	Planning	
Mather Veterans Village Conditional Use Permit and Design Review – for a 50 unit supportive permanent housing project for veterans and up to 60 transitional housing dormitory beds for homeless veterans. The City of Rancho Cordova and Mercy Housing would sponsor the development of this three-story apartment project, consisting of 44 one-bedroom 608 square feet units and 6 two-bedroom 828 square feet units of new construction. The project includes the rehabilitation of an existing 24,093 square foot building currently on the site. This rehabilitation includes 4,000 square feet to be used as community and office space for the management and operations of the new construction. The remaining 20,000 square feet would be rehabilitated to include 24 to 30 dormitory style rooms, a kitchen, cafeteria/common room, offices, and classrooms. The Applicant shall hold harmless the City, its Council Members, officers, agents, employees, and representatives from liability for any award, damages, costs and fees incurred by the City and/or awarded to any plaintiff in an action challenging the validity of this permit or any environmental or other documentation related to approval of this permit. Applicant further agrees to provide a defense for the City in any such action.			
2.	On-Going	Planning	
3.	On-Going	Finance	
Applicant shall not carry a negative account balance with the City for the processing of the project. If a negative account balance occurs, it will be the developer's responsibility to pay the balance due, in order to avoid delays in the processing of future permits or recordation of maps. Please email the Finance Department at billings@cityofranhocordova.org for the status of your account with the City.			

City Council–DRAFT
July 15, 2013

1

Veterans Village – Design Review and Use Permit
Project No. DD7915

EXHIBIT B

Conditions of Approval

	Applicant shall be responsible for all damage to City streets associated with construction of the project and shall repair any damage as soon as possible.	On-Going	Public Works	
4.	Prior to Issuance of Improvement Plans			
5.	Applicant shall photo-document the condition of adjacent streets, sidewalks and infrastructure to the satisfaction of the Public Works Department.	Prior to Approval of Improvement Plans	Public Works	
6.	Enter into a frontage agreement, if necessary for those portions of the streets adjacent to the project and bond for construction of public improvements to the satisfaction of the Public Works Department.	Prior to Approval of Improvement Plans	Public Works	
7.	Provide drainage easements as needed and pay any fee required by the Sacramento County Water Agency Code. Install facilities pursuant to the Sacramento County Floodplain Management Ordinance, Sacramento County Water Agency Code, and City of Rancho Cordova Improvement Standards. If the system is to be a private system, then it shall be labeled as such on the improvement plans and a copy of an approved and executed private maintenance agreement shall be provided to the City of Rancho Cordova.	Prior to Approval of Improvement Plans	Public Works	
8.	Incorporate into the site improvement plans storm water quality measures in conformance with applicable County ordinances & standards, and state and federal law. The project may implement low impact development design pursuant to and consistent with <i>The Storm Water Quality Design Manual for the Sacramento & South Placer Regions</i> . Such implementation may be able to reduce the storm water quality treatment requirement.	Prior to Approval of Improvement Plans	Public Works	
9.	Annex to the Storm Water Utility District.	Prior to Approval of Improvement Plans	Public Works	
10.	Applicant shall submit improvement plans to the satisfaction of the Public Works Department. Improvement plans shall include, but shall not be limited to: • All onsite civil improvements.	Prior to Approval of Improvement Plans	Public Works	

City Council-DRAFT
July 15, 2013

EXHIBIT B

Conditions of Approval

	• Civil plan shall include an ADA access plan. • All property frontage including but not limited to, sidewalk, driveways, curb & gutter, etc. shall be removed and replaced if necessary to meet current ADA requirements and City Standards. The current improvements do not meet ADA guidelines. • Indicate the size and location of all driveways. • Location of all utility laterals to the site. • Public improvement plans shall clearly delineate all transitions to existing improvements. • All improvements to be designed and constructed to the satisfaction of the Public Works Department. • Where feasible, locate the position for a transit HUB loading and unloading area, along the street right of way.			
11.	If the total area of the developed or redeveloped impervious surfaces (building rooftop, flat work, and parking areas) equals or exceeds 1.0 acres, incorporate into the site improvement plans permanent storm water quality treatment measures in conformance with applicable County ordinances & standards, and state and federal law.	Prior to approval of improvement plans	Public Works	
Prior to Issuance of Building Permits				
12.	Property Owner/Applicant shall participate in a funding mechanism for maintenance services for the fair share of existing and all new public improvements associated with the project including but not limited to streets, bridges/culverts, traffic signals, traffic signs, striping and legends, ITS operations, and street lights. This may be accomplished through annexation to the City Road Maintenance Community Facilities District. All costs associated with the annexation shall be borne by the Property Owner/Applicant. Contact: Elizabeth Sparkman at (916) 851-8714 as there may be a 2-3 month lead time to satisfy this condition.	Prior to Issuance of Building Permits	Public Works	

EXHIBIT B

Conditions of Approval

13.	The buildings and site development shall be reviewed for architectural consistency with the approved plans by the Planning Director.	Prior to Issuance of Building Permits	Planning	
14.	Submit final site landscaping and any fence detail plans for review and approval by the Planning Director.	Prior to Issuance of Building Permits	Planning	
Prior to Final Inspection and Utility Release				
15.	All street trees shall be approved by the City's Engineer and Planning Director.	Prior to Final Building Inspection	Planning	
16.	Connection(s) to the Sacramento Area Sewer District's (SASD) sewer system shall be required to the satisfaction of the SASD. In order to obtain sewer service, construction of SASD sewer infrastructure may be required. SASD Design Standards apply to any on and off-site sewer construction. Each parcel with a sewage source shall have a separate connection to SASD public sewer system. If there is more than one building in any single parcel and the parcel is not proposed for split, then each building on that parcel shall have a separate connection to a private on-site sewer line or SASD public sewer line.	Prior to Final Building Inspection	Public Works	
17.	Install improvements per the approved Public Works plans and to the satisfaction of the Public Works Department.	Prior to Final Building Inspection	Public Works	
18.	As-Built reproducible grading and improvement plans, as well as a compact disc containing said plans in AutoCAD format, shall be submitted and approved by the Public Works Department.	Prior to Final Building Inspection	Public Works	

Exhibit J

FINANCING PLAN

The Finance Plan is still in negotiation but when completed for this initial DDLA it will be considered only a best estimate. The future award of grants and loans and the refinement of costs will result in a fully supported Plan. The approval of a final Finance Plan is required before closing.

EXHIBIT K

FORM OF THE LOAN AGREEMENT

CONDITIONALLY FORGIVABLE LOAN AGREEMENT

by and between

THE CITY OF RANCHO CORDOVA

and

**Vietnam Veterans of California, a California 501c3 non-profit corporation dba
Veteran's Resource Center of America**

Mather Veterans' Village – Phase 2

_____, 2015

Exhibits

- A Legal Description of Property
- B Memorandum of Loan Agreement
- C Regulatory Agreement
- D-1 Assignment Agreement
- D-2 Assignment of Architectural Agreements
- D-3 Assignment of Construction Contracts
- E City Note
- F City Deed of Trust
- G Financing Plan
- H Inter-Agency Project Agreement Regarding The Allocation and Expenditure of
Mather Taxable Bond Funds for the Mather Veteran's Village

EXHIBIT K

THIS LOAN AGREEMENT (this "**Agreement**") is entered into effective as of _____, 2015 ("**Effective Date**") by and between the City of Rancho Cordova, a California municipal corporation ("**City**") and _____ ("**Developer**"). City and Developer are hereinafter collectively referred to as the "**Parties**."

RECITALS

A.. City has a ninety-nine year lease from the County of Sacramento in that certain real property comprised of 1.2 acres of land together with approximately 19,841 square feet of building space in the Existing Building exclusive of the Air Rights Parcel (the "**Existing Building**"). Together this land and building area, exclusive of the Air Rights Parcel comprise the ("**Phase 2 Property**") as more particularly described in Exhibit A attached hereto (the "**Property**"). The Property is located in the Mather Community Campus Area. Developer has proposed to develop a portion of the Property (the "**Premises**") as a transitional living facility comprised of up to 60 beds to be rented at affordable rents to individuals whose incomes do not exceed fifty percent (50%) of the area median income, as more particularly described herein and in an Affordable Housing Regulatory Agreement, attached hereto as Exhibit C, by and between Developer and City.

B. Concurrently herewith: (i) Developer shall execute a Secured Promissory Note ("**Note**") and Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing ("**Leasehold Deed of Trust**"); (ii) Developer and City shall execute an Affordable Housing Regulatory Agreement ("**Regulatory Agreement**"); (iii) Developer shall execute an Assignment of Agreements, Plans and Specifications; an Assignment of Architectural Agreements and Plans and Specifications; and an Assignment of Construction Contracts (collectively, "**Assignment Agreements**"). The Leasehold Deed of Trust shall provide City with a security interest in the Premises and the Project. This Agreement, the Note, the Deed of Trust, the Regulatory Agreement, the DDLA (defined below), and the Assignment Agreements are collectively referred to herein as the "**City Loan Documents**."

D. Pursuant to the Developer's Financing Plan, attached hereto as Exhibit G, the Project will be financed through a private lender Construction Loan, a City Permanent Loan, a State HCD Veteran's Housing and Homelessness Prevention Program (VHHP) grant, and several other grants.

E. Capitalized terms not defined herein shall have the meaning ascribed to them in that certain Development, Disposition and Loan Agreement ("**DDLA**") between the City and Developer dated _____.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows.

ARTICLE I

DEFINITIONS

1. Definitions. The following terms shall have the meanings set forth in the Sections referenced below whenever used in this Agreement and the Exhibits attached hereto. Additional terms are defined in the Recitals and text of this Agreement.

- 1.1 "Assignment Agreements" is defined in Recital C.
- 1.2 "Certificate of Completion" is defined in Section 3.16.
- 1.3 "City" is defined in the Preamble.
- 1.4 "City Loan" is defined in Recital B.
- 1.5 "City Loan Documents" is defined in Recital C.
- 1.6 "Claims" is defined in Section 3.18.
- 1.7 "Conditions of Approval" is defined in Section 3.2.
- 1.8 "Construction Plans" is defined in Section 3.12.
- 1.9 "Environmental Laws" is defined in Section 8.4.
- 1.10 "Financing Plan" is defined in Section 3.8.
- 1.11 "Hazardous Materials" is defined in Section 8.3.
- 1.12 "Improvements" is defined in Section 3.2.
- 1.13 "Indemnities" is defined in Section 3.18.
- 1.14 "Leasehold Deed of Trust" is defined in Recital C.
- 1.15 "Official Records" means the Official Records of Sacramento County.
- 1.16 "Partnership Agreement" is defined in Section 4.8.
- 1.17 "Note" is defined in Recital C.
- 1.18 "Permitted Exceptions" is defined in Section 4.5.
- 1.19 "Premises" is defined in Recital A.
- 1.20 "Project" is defined in Recital A and further described in Section 3.2.
- 1.21 "Property" is defined in Recital A.

- 1.22 "Regulatory Agreement" is defined in Recital C.
- 1.23 "Title Policy" is defined in Section 4.5.
- 1.24 "Transfer" is defined in Section 6.2.

ARTICLE II

REPRESENTATIONS; EFFECTIVE DATE AND TERM

2.1 Developer's Representations. Developer represents and warrants to City as follows, and Developer covenants that until the expiration or earlier termination of this Agreement, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 2.1 not to be true, Developer shall immediately give written notice of such fact or condition to City. Developer acknowledges that City shall rely upon Developer's representations made herein notwithstanding any investigation made by or on behalf of City.

(i) Authority; General Partner. Developer is a _____, duly organized and in good standing under the laws of the State of California. Developer has the full right, power and authority to undertake all obligations of Developer as provided herein, and the execution, performance and delivery of this Agreement by Developer has been duly authorized by all requisite actions. The persons executing this Agreement on behalf of Developer have been duly authorized to do so. This Agreement and the other City Loan Documents constitute valid and binding obligations of Developer, enforceable in accordance with their respective terms.

(ii) No Conflict. Developer's execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which Developer is a party or by which it is bound.

(iii) No Litigation or Other Proceeding. No litigation or other proceeding (whether administrative or otherwise) is outstanding or has been threatened which would prevent, hinder or delay the ability of Developer to perform its obligations under this Agreement.

(iv) No Developer Bankruptcy. Developer is not the subject of a bankruptcy or insolvency proceeding.

2.2 Effective Date; Memorandum. The obligations of Developer and City hereunder shall be effective as of the Effective Date. The Parties shall execute a Memorandum of this Agreement ("**Memorandum**") substantially in the form attached hereto as **Exhibit B**, which shall be recorded in the Official Records promptly upon execution thereof.

ARTICLE III

DEVELOPMENT OF THE PROJECT

3.1 The Premises. Developer represents and warrants that as of the Effective Date: (i) Developer has assumed an assignment of the leasehold in the Premises, and (ii) the leasehold in the Premises are subject to no covenant, condition, restriction or agreement that would prevent the development of the Project in accordance with this Agreement. If at any time the foregoing statements become untrue, the City shall have the right to terminate this Agreement upon written notice to Developer.

3.2 Scope of Development. Developer shall develop the Project in accordance with the terms and conditions of this Agreement and in compliance with the terms and conditions of all approvals, entitlements and permits that the City or any other governmental body or agency with jurisdiction over the Project or the Property has granted or issued as of the date hereof or may hereafter grant or issue in connection with development of the Project, including without limitation, requirements of the VHHP program, all mitigation measures imposed in connection with environmental review of the Project and all conditions of approval imposed in connection with any entitlements, approvals or permits (all of the foregoing approvals, entitlements, permits, mitigation measures and conditions of approval are hereafter collectively referred to as the “**Conditions of Approval**”).

The Phase 2 Development will consist of the rehabilitation of an existing two-story elevated structure to be developed as transitional housing facility for homeless military veterans with up to 60 beds. The building will include a full kitchen and dining space for serving the residents three meals a day and providing ample classroom spaces for educational opportunities. The Phase 2 Development also consists of generous outdoor space for exercise and outdoor programming. The population will primarily be single men, many elderly, many recently homeless and most disabled. Some of the residents will be women. There is a separate area for female residents. Residents will be allowed to stay. The facility will include office space for administrative staff, case managers, counseling rooms, a computer room, classroom spaces, lounge space for residences, and recreation spaces. Subject to design and financial feasibility considerations, Consistent with requirements of the City’s design review of the project, Developer and City will use their best efforts to obtain grant funding for photovoltaic and solar water heating improvements in order to achieve a net-zero energy Building including extensive use of solar panels on parking coverage and Building roof; energy recapture technology; energy efficient fixtures and appliances, utilization of LED lighting technology; gardening space; and open outdoor areas that provide residents with a range of activities. Additionally, Developer shall together with Mercy Housing California amend the existing Parking Agreement (attached as Exhibit M to the DDLA) which currently constitutes a blanket easement over the Phase 2 Parcel. As soon as practicable, when Developer has determined the location and configuration of the improvements on the Phase 2 Parcel, the Developer shall promptly enter into an amendment to the Parking Agreement with Mercy to include such other provisions that are mutually acceptable to the parties. All of the foregoing is collectively hereinafter referred to as the “**Improvements.**”

EXHIBIT K

Notwithstanding anything to the contrary contained herein, the construction of the Project is expressly conditioned upon compliance with the California Environmental Quality Act, California Public Resources Code Section 21000 et seq., CEQA guidelines, and implementing regulations, all as amended from time to time ("**CEQA**") and/or the National Environmental Protection Act of 1969, 42 U.S.C. Section 4321 et seq., NEPA guidelines, and implementing regulations, all as amended from time to time ("**NEPA**"), as the same may be applicable to the Project. Necessary CEQA and NEPA studies and reports have been completed, all necessary NEPA approvals have been obtained, necessary notices have been filed and statute of limitations have expired. No physical activity, not otherwise exempt from CEQA or NEPA, as applicable, shall commence on the Property without such compliance.

3.3 Affordable Housing. Developer covenants and agrees for itself, its successors and assigns that Developer's interest in the Property will be subjected to recorded covenants that will restrict use of the Property to development of a residential project that includes affordable housing, and that for a term of not less than 55 years commencing upon the issuance of a final certificate of occupancy for the Project, but in no event longer than 55 years, all residential units in the Project (the "**Restricted Units**") shall be rented at an affordable cost to households who qualify at or below fifty percent (50%) of area median income (as defined in the Regulatory Agreement), in accordance with the terms hereof and the Regulatory Agreement, which the Parties shall execute in a form substantially similar to **Exhibit C** attached hereto and which shall be recorded in the Official Records.

3.4 Project Approvals. Developer acknowledges and agrees that execution of this Agreement by City does not constitute approval for the purpose of the issuance of building permits for the construction of the Project, does not limit in any manner the discretion of City in such approval process, and does not relieve Developer from the obligation to apply for and obtain all necessary entitlements, approvals, and permits for the construction of the Project, including without limitation, the approval of architectural plans, the issuance of any certificates regarding historic resources required in connection with the Project (if any), and the completion of any required environmental review.

Developer covenants that it shall: (i) obtain all necessary permits and approvals which may be required by City or any other governmental agency having jurisdiction over the construction of the Project or the development of the Property, (ii) comply with all Conditions of Approval, (iii) comply with all mitigation measures imposed in connection with any environmental review of the Project, and (iv) not commence construction work on the Project prior to issuance of both building permits required for such work.

3.5 Fees. Developer shall be solely responsible for, and shall promptly pay when due, all customary and usual fees and charges of City in connection with obtaining building permits and other approvals for the Project, including without limitation, those related to the processing and consideration of amendments, if any, to the current entitlements, any related approvals and permits, environmental review, design review, architectural review, and any subsequent approvals for the Project or the development of the Property.

3.6 Cost of Acquisition and Construction. Except as expressly set forth herein, Developer shall be solely responsible for all direct and indirect costs and expenses incurred in connection with the acquisition of the Premises, the design, development and construction of the Project and compliance with the Conditions of Approval, including without limitation the installation and construction of all off-site or on-site improvements required by City in connection therewith, including costs and expenses related to demolition of any improvements presently located on the Property

3.7 Construction Contingency Accounts. The release of funds from both the project Hard Cost and Soft Cost contingency accounts (as they are described in the Finance Plan proforma) shall require prior written approval from the City. City shall respond within five (5) business days of City's receipt of a complete request for the release of funds or such request will be deemed approved.

3.8 Financing Plan. As set forth in the attached **Exhibit G**, Developer has provided City with a preliminary financing plan for the Project ("**Financing Plan**") which describes (i) the estimated costs of Project development, including acquisition costs, and hard and soft construction costs, (ii) an operating pro forma which describes projected revenue and expenses for the Project, and (iii) identification of sources of construction and permanent financing. The Financing Plan must be and remain in a form and content that satisfies the requirements of HCD as administrator of the VHHP and _____. Grant Developer shall update the Financing Plan throughout the term of this Agreement. Developer shall request and obtain prior written approval from the City of any proposed modifications in excess of \$50,000. If the City fails to approve of any such modification within fifteen (15) days following City's receipt of the proposed modifications, then the Financing Plan and the encumbrances which may be recorded against the Property in connection with the financing contemplated by the Financing Plan shall be deemed approved by the City. The City agrees not to unreasonably withhold consent to proposed modifications to the Financing Plan.

Developer agrees to use best efforts to operate and manage the Project so as to minimize residual receipts therefrom, including without limitation, using residual receipts to fund a social services program for Project residents.

3.9 Development Schedule. Developer shall obtain financing, commence and complete construction of the Project and shall satisfy all other obligations of Developer under this Agreement within the time periods set forth in the Development and Performance Schedule at described in Exhibit H to the DDLA, as such time periods may be extended upon the mutual written consent of the Parties. Developer shall provide evidence of the award of a VHHP award after no more than two applications or by whichever occurs first. Subject to force majeure, the availability of financing, and the City's issuance of permits and approvals, Developer shall commence construction of the Project within thirty (30) days of issuance of building permits, but in any event no later than. Developer shall diligently prosecute to completion the construction of the Project in order to allow City to issue a final certificate of occupancy in no event later than. Subject to force majeure, the availability of financing, and the City's issuance of permits and approvals, Developer's failure to commence or complete construction of the Project in accordance with the time periods specified in this Section 3.9 shall be an Event of Developer Default hereunder.

3.10 Rights of Access. For the purpose of ensuring that the Project is developed in compliance with this Agreement, Developer shall permit representatives of the City to enter upon the Premises to inspect the Project following forty-eight (48) hours written notice, including without limitation inspection for labor standards compliance monitoring as described in Section 3.18 (except in the case of emergency in which case such notice as may be practical under the circumstances shall be provided). Developer shall have the right to accompany any City representative performing an inspection of the Project.

3.11 City Disclaimer. Developer acknowledges that City is under no obligation, and City does not undertake or assume any responsibility or duty to Developer or to any third party, to in any manner review, supervise, or inspect the progress of construction or the operation of the Project. Developer and all third parties shall rely entirely upon its or their own supervision and inspection in determining the quality and suitability of the materials and work, the performance of architects, subcontractors, and material suppliers, and all other matters relating to the construction and operation of the Project. Any review or inspection undertaken by the City is solely for the purpose of determining whether Developer is properly discharging its obligations under this Agreement, and shall not be relied upon by Developer or any third party as a warranty or representation by the City as to the quality of the design or construction of the Improvements or otherwise.

3.12 Construction Plans. Prior to commencement of Project construction, Developer shall submit to City's Building Department detailed construction plans for the development of the Project (the "**Construction Plans**"). As used herein "Construction Plans" means all construction documents upon which Developer and Developer's contractors shall rely in constructing the Project (including the landscaping, parking, and common areas) and shall include, without limitation, the site development plan, final architectural drawings, landscaping, exterior lighting and signage plans and specifications, materials specifications, final elevations, and building plans and specifications. The Construction Plans shall be based upon the scope of development set forth herein and upon the approvals issued by the City for the Project, and shall not materially deviate therefrom without the express written consent of City.

3.13 Construction Pursuant to Plans. Developer shall develop the Project in accordance with the approved Construction Plans, the Conditions of Approval, and all other permits and approvals granted by the City pertaining to construction of the Project. Developer shall comply with all directions, rules and regulations of any fire marshal, health officer, building inspector or other officer of every governmental agency having jurisdiction over the Property or the Project. Each element of the work shall proceed only after procurement of each permit, license or other authorization that may be required for such element by any governmental agency having jurisdiction. All design and construction work on the Project shall be performed by licensed contractors, engineers or architects, as applicable.

3.14 Changes in Construction Plans. If Developer desires to make any material change in the approved Construction Plans (including all requests for change orders), Developer shall submit the proposed change in writing to City in accordance with its standard review process. Nothing in this Section 3.14 is intended to or shall be deemed to modify the City's standard plan review procedures.

EXHIBIT K

3.15 Defects in Plans. City shall not be responsible to Developer or to any third party for any defect in the Construction Plans or for any structural or other defect in any work done pursuant to the Construction Plans. Subject to the last sentence of this Section 3.15, Developer shall indemnify, defend (with counsel approved by City) and hold harmless the Indemnitees (as defined in Section 3.18) from and against all Claims arising out of, or relating to, or alleged to arise from or relate to defects in the Construction Plans or defects in any work done pursuant to the Construction Plans whether or not any insurance policies shall have been determined to be applicable to any such Claims. Developer's indemnification obligations set forth in this Section 3.15 shall survive the expiration or earlier termination of this Agreement and the recordation of a Certificate of Completion and shall be assumed by any successor to Developer's interest in this Agreement. It is further agreed that City does not, and shall not, waive any rights against Developer which it may have by reason of this indemnity and hold harmless agreement because of the acceptance by City, or Developer's deposit with City, of any of the insurance policies described in this Agreement. Developer's indemnification obligations pursuant to this Section 3.15 shall not extend to Claims to the extent arising due to the gross negligence or willful misconduct of the Indemnitees. Developer's indemnification obligations set forth in this Section 3.15 shall not apply to any Construction Plans that are not used by or on behalf of Developer or any entity affiliated with Developer, including without limitation, an entity controlled by or under common control with Developer ("**Controlled Affiliate**"). In addition, if City uses any of the Construction Plans (or permits a third party to use such Construction Plans), City agrees to release Developer from liability for Claims arising in connection with such use except to the extent any such Claim arises from the gross negligence or willful misconduct of Developer or Developer's employees, agents or representatives.

3.16 Certificate of Completion for Project. Promptly after completion of construction of the Project, Developer shall record a Certificate of Completion consistent with the requirements of California Civil Code for the action necessary for the definition of the lien period.

3.17 Equal Opportunity. During the construction of the Project, there shall be no discrimination on the basis of race, color, religion, creed, sex, sexual orientation, marital status, ancestry or national origin in the hiring, firing, promoting or demoting of any person engaged in construction of the Project, and Developer shall direct its contractors and subcontractors to refrain from discrimination on such basis.

3.18 Prevailing Wage Requirements. To the full extent required by all applicable state and federal laws, rules and regulations, if any, Developer and its contractors and agents shall comply with California Labor Code Section 1720 *et seq.* and the regulations adopted pursuant thereto ("**State Prevailing Wage Laws**"), and, to the extent applicable, the prevailing wage provisions of the Davis-Bacon Act, 40 U.S.C. Sections 3141-3148 and implementing rules and regulations (collectively, "**Davis-Bacon**") and shall be responsible for carrying out the requirements of such provisions. If required by California law or City policy, Developer shall submit to City a plan for monitoring payment of prevailing wages and shall implement such plan at Developer's expense.

Subject to the last sentence of this paragraph, Developer shall indemnify, defend (with counsel approved by City) and hold the City and its elected and appointed officers,

EXHIBIT K

officials, employees, agents, consultants, and contractors (collectively, the “**Indemnitees**”) harmless from and against all liability, loss, cost, expense (including without limitation attorneys’ fees and costs of litigation), claim, demand, action, suit, judicial or administrative proceeding, penalty, deficiency, fine, order, and damage (all of the foregoing collectively “**Claims**”) which directly or indirectly, in whole or in part, are caused by, arise in connection with, result from, relate to, or are alleged to be caused by, arise in connection with, or relate to, the payment or requirement of payment of prevailing wages (including without limitation, all claims that may be made by contractors, subcontractors or other third party claimants pursuant to Labor Code Sections 1726 and 1781), the failure to comply with any state or federal labor laws, regulations or standards in connection with this Agreement, including but not limited to the Prevailing Wage Laws and/or Davis-Bacon, or any act or omission of Developer related to this Agreement with respect to the payment or requirement of payment of prevailing wages, whether or not any insurance policies shall have been determined to be applicable to any such Claims. It is further agreed that City does not and shall not waive any rights against Developer which they may have by reason of this indemnity and hold harmless agreement because of the acceptance by City, or Developer’s deposit with City, of any of the insurance policies described in this Agreement. The provisions of this Section 3.18 shall survive the expiration or earlier termination of this Agreement and the issuance of a Certificate of Completion for the Project and shall be assumed by any successor to Developer’s interest in this Agreement. Developer’s indemnification obligations set forth in this Section 3.18 shall not apply to Claims to the extent arising from the gross negligence or willful misconduct of one or more of the Indemnitees. Developer’s indemnification obligations set forth in this Section 3.18 shall only apply to work performed by or on behalf of Developer or any entity affiliated with Developer, including without limitation, a Controlled Affiliate.

3.19 Compliance with Other Laws In connection with development and construction of the Project, Developer shall comply, and shall cause its contractors to comply with all applicable federal, state and local laws, rules, ordinances and regulations, including without limitation, all applicable federal and state labor laws and standards, applicable provisions of the California Public Contracts Code (if any), the City zoning and development standards, building, plumbing, mechanical and electrical codes, all other provisions of the City’s Municipal Code, and all applicable disabled and handicapped access requirements, including without limitation, applicable provisions of the Americans with Disabilities Act, 42 U.S.C. Section 12101 *et seq.*, Government Code Section 4450 *et seq.*, Government Code Section 11135 *et seq.*, and the Unruh Civil Rights Act, Civil Code Section 51 *et seq.* Developer shall indemnify, defend (with counsel approved by City) and hold harmless the Indemnitees from and against any and all Claims arising in connection with the breach of Developer’s obligations set forth in this Section 3.19 whether or not any insurance policies shall have been determined to be applicable to any such Claims. It is further agreed that City does not and shall not waive any rights against Developer which they may have by reason of this indemnity and hold harmless agreement because of the acceptance by City, or Developer’s deposit with City, of any of the insurance policies described in this Agreement. Developer’s indemnification obligations set forth in this Section shall not apply to Claims to the extent arising from the gross negligence or willful misconduct of the Indemnitees. Developer’s defense and indemnification obligations set

EXHIBIT K

forth in this Section 3.19 shall survive the expiration or earlier termination of this Agreement and the issuance of a Certificate of Completion for the Project.

3.20 Liens and Stop Notices. Until the expiration of the term of the Regulatory Agreement and full repayment of the Loan, if a claim of a lien or stop notice is given or recorded affecting the Project or the Property, Developer shall within thirty (30) days of such recording or service: (a) pay and discharge (or cause to be paid and discharged) the same; or (b) effect the release thereof by recording and delivering (or causing to be recorded and delivered) to the party entitled thereto a surety bond in sufficient form and amount; or (c) provide other assurance satisfactory to City that the claim of lien or stop notice will be paid or discharged.

3.21 Right of City to Satisfy Liens on the Property. If Developer fails to satisfy or discharge any lien or stop notice on the Property pursuant to and within the time period set forth in Section 3.20 above, the City shall have the right, but not the obligation, to satisfy any such liens or stop notices at Developer's expense with prior written notice to Developer and all sums advanced by City for such purpose shall be part of the indebtedness secured by the Leasehold Deed of Trust. In such event Developer shall be liable for and shall immediately reimburse City for such paid lien or stop notice. Alternatively, the City may require Developer to immediately deposit with City the amount necessary to satisfy such lien or claim pending resolution thereof. The City may use such deposit to satisfy any claim or lien that is adversely determined against Developer. Developer shall file a valid notice of cessation or notice of completion upon cessation of construction of the Improvements for a continuous period of thirty (30) days or more, and shall take all other reasonable steps to forestall the assertion of claims or liens against the Property or the Improvements. The City may (but has no obligation to), with prior written notice to Developer, record any notices of completion or cessation of labor, or any other notice that the City deems necessary or desirable to protect its interest in the Property and the Improvements.

3.22 Performance and Payment Bonds. Prior to commencement of construction work on the Project, Developer shall cause its general contractor to deliver to the City copies of payment bond(s) and performance bond(s) issued by a reputable insurance company licensed to do business in California, each in a penal sum of not less than one hundred percent (100%) of the scheduled cost of construction of the Project. The bonds shall name the City as obligee. In lieu of such performance and payment bonds, subject to City's approval of the form and substance thereof, Developer may submit evidence satisfactory to the City of the contractor's ability to commence and complete construction of the Project in the form of an irrevocable letter of credit, pledge of cash deposit, certificate of deposit, or other marketable securities held by a broker or other financial institution, with signature authority of the City required for any withdrawal, or a completion guaranty in a form and from a guarantor acceptable to City. Such evidence must be submitted to City in approvable form in sufficient time to allow for City's review and approval prior to the scheduled construction start date.

3.23 Insurance Requirements. Developer shall maintain and shall cause its contractors to maintain all applicable insurance coverage specified in Article X.

ARTICLE IV

CITY FINANCIAL ASSISTANCE

4.1 City Loan. Using the proceeds from the City's LHTF Program and a grant/loan from the County of Sacramento, City will provide a City Loan to Developer in the maximum principal amount of One Million Dollars (\$1,000,000) upon the terms and conditions and for the purposes set forth in this Agreement. The City Loan will be evidenced by a Note in the amount of the City Loan executed by Developer substantially in the form attached hereto as Exhibit E. The Note shall be secured by a Leasehold Deed of Trust, executed by Developer as Trustor for the benefit of City substantially in the form attached hereto as Exhibit F. The Deed of Trust shall be recorded in the Official Records on the Construction Loan Closing Date. The Deed of Trust may be subordinated only to such liens and encumbrances as City may approve in writing. Provided that Developer has complied with all conditions precedent to disbursement of the City Loan set forth in Section 4.8, the proceeds of the City Loan shall be disbursed for the purposes set forth in this Agreement.

4.3 Use and Disbursement of Proceeds. The proceeds of the City Loan ("**Loan Proceeds**") shall be used solely to fund predevelopment activities and the construction of the Project consistent with the Project approvals, this Agreement, the approved construction contract for the Project, and the approved Project development budget.

4.4 City Loan Interest Rate; Payment Dates; Maturity Date. No periodic payments are anticipated on the Note. However, in no event shall any amount due under the Note become subject to any rights, of offset, deduction or counterclaim on the part of Developer. The entire outstanding principal balance of the Note, together with interest accrued thereon (if any) and all Bond Funds allocated by City to Borrower inclusive of any applicable interest as of the Expiration Date, Extended Term Expiration Date, or Termination Date, and any other sums accrued hereunder shall be payable in full on the date (the "Maturity Date") which is the earlier of:

1) thirty days after written notice to Developer from the City that Developer has failed to secure and maintain sufficient Project funding levels to insure: i) that the Project is constructed and ii) that Project-related services will be provided on a continuous basis for no less than fifty-five (55) years at the site; or

2) thirty days after written notice to the City that Developer has decided to abandon or discontinue implementation of the Project;

In the event Developer completes the Project and all Project-related obligations for a period of not less than fifty-five (55) years, Developer shall have no obligation to repay the Loan Proceeds to the City.

Notwithstanding the foregoing, the City shall have the right to accelerate the maturity date and declare all sums payable under the Permanent Note immediately due and payable upon the occurrence of an Event of Developer Default, including without limitation,

EXHIBIT K

Developer's failure to commence or complete construction of the Project within the times periods specified in this Agreement.

4.5 Prepayment; Acceleration.

(a) Prepayment. Developer shall have the right to prepay the City Loan at any time and from time to time, without penalty or premium, provided that any prepayment of principal must be accompanied by interest accrued but unpaid to the date of prepayment. Prepayments shall be applied first to accrued but unpaid interest and then to principal. Any such prepayment shall have no effect upon Developer's obligations under the Regulatory Agreement which shall survive for the full term of the Regulatory Agreement.

(b) Due On Sale or Encumbrance. Unless City agrees otherwise in writing, the entire unpaid principal balance and all interest and other sums accrued under the City Note shall be due and payable upon the Transfer absent the prior written consent of City of all or any part of or interest in the Property except as otherwise permitted pursuant to this Agreement.

4.6 intentionally omitted

4.7 Nonrecourse or Recourse Characteristic of Loan.

4.8 Conditions to Disbursement of Loan Proceeds. City's obligation to fund the City Loan and disburse the proceeds Loan Proceeds thereof is conditioned upon the satisfaction of all of the conditions set forth in Articles I, II and III above, and all of the following conditions:

(i) (Prior to disbursement of Construction Loan Escrow funds) - Developer's execution and delivery to City of this Agreement, the City Note, the Leasehold Deed of Trust, the Memorandum, the Regulatory Agreement, the Assignment Agreements including the Assignment and Assumption agreement between City and Developer;

(ii) (Prior to disbursement of Construction Loan Escrow funds) - Recordation of the Memorandum, the Leasehold Deed of Trust, and the Regulatory Agreement in the Official Records;

(iii) (Prior to disbursement of Construction Loan Escrow funds) - The issuance by an insurer satisfactory to City of an A.L.T.A. lender's policy of title insurance ("Title Policy") for the benefit of City in the amount of the City Loan, showing leasehold of the Premises vested in Developer and insuring that the Leasehold Deed of Trust, and the Regulatory Agreement are subject only to such title exceptions as City may approve in writing ("**Permitted Exceptions**") and containing such endorsements as City may reasonably require, with the cost of such Title Policy to be paid by Developer;

(iv) Developer's delivery to the City of evidence of property and liability insurance coverage in accordance with the requirements set forth in the City Loan Documents;

EXHIBIT K

(v) Developer's delivery to City of each of the following: (i) certificate of good standing, certified by the Secretary of State indicating that Developer is properly organized and authorized to do business in the State of California, (ii) a certified resolution indicating that Developer has authorized the transactions contemplated by this Agreement and that the persons executing the City Documents on behalf of Developer have been duly authorized to do so, and (iii) verification of Developer's tax-exempt status;

(vi) No material adverse change as determined by City in its reasonable judgment shall have occurred in the condition of the Premises or in the financial or other condition of Developer since the date of this Agreement;

(vii) (Prior to disbursement of Construction Loan Escrow funds) - Developer's delivery to City of evidence reasonably satisfactory to City that Developer has obtained all necessary entitlements, permits (including without limitation building permits), licenses, and approvals required to develop the Project, or that the receipt of such permits is subject only to such conditions as City shall reasonably approve;

(viii) (Prior to disbursement of Construction Loan Escrow funds) - City shall have approved the final plans and specifications for the Project;

(ix) City shall have obtained the issuance from HCD of all approvals required in connection with the use of the State LHTF grant proceeds for construction

(x) (Prior to disbursement of Construction Loan Escrow funds) - Developer shall have delivered to City evidence reasonably satisfactory to City that Developer has secured binding commitments, subject only to reasonable conditions, for all Project construction and permanent financing;

(xi) (Prior to disbursement of Construction Loan Escrow funds) - City shall have confirmed to its satisfaction that Developer's limited partners and any grant sources have funded their contribution to the Project in accordance with the Partnership Agreement and grant documents;

(xii) (Prior to disbursement of Construction Loan Escrow funds) - Developer's delivery to City and City approval of all of the following: (a) Project construction and operating budgets (Financing Plan) if different from Exhibit J in DDLA; (b) performance bonds or other assurance of completion reasonably acceptable to City pursuant to the requirements set forth in Section 3.22; (c) construction schedule; (d) construction contract for the Project, (e) such other documents related to the development and financing of the Project as City may reasonably request

(xiii) City's receipt of written requisition(s) from Developer specifying the amount and use of the requested funds, accompanied by: (a) copies of third-party invoices, evidence of Developer's payment for services rendered in connection with the Project and such other documentation as City shall reasonably require, including without limitation assignment agreements and consents in form acceptable to City providing City with the right to rely upon and use the plans, studies and other work product paid for with Loan Proceeds; (b) during construction, certification by Developer's architect that the work

EXHIBIT K

for which disbursement is requested has been completed (although City reserves the right to inspect the Property and make an independent evaluation); and (c) during construction, lien releases and/or mechanics lien title insurance endorsements acceptable to City.

(xiv) City's inspection and approval of the work that is the subject of the requisition; and

(xv) Developer's compliance with all applicable requirements for disbursement of grant loan funds.

(xvi) Prior to disbursement of Construction Loan Escrow funds, if applicable, Developer, at its own expense, shall prepare and obtain approval from the City of a plan for monitoring, enforcing and reporting on the payment of prevailing wages. This plan shall describe penalties, approved by the City, for the Contractor if it fails to implement said plan and to satisfy on a timely basis the reporting requirements included in said plan.

4.9 No Obligation to Disburse Proceeds Upon Default. Notwithstanding any other provision of this Agreement, the City shall have no obligation to disburse or authorize the disbursement of any portion of the Loan Proceeds following:

(i) the failure of any of Developer's representations and warranties made in this Agreement or in connection with this Agreement or the City Loan to be true and correct in all material respects when made;

(ii) the termination of this Agreement by mutual agreement of the Parties;

(iii) the failure of Developer's limited partners to pay their equity contribution to the Project in accordance with the Partnership Agreement;

(iv) the occurrence of an Event of Default under any City Loan Document which remains uncured beyond any applicable cure period, or the existence of any condition, event or act which upon the giving of notice or the passage of time or both would constitute an Event of Default under any City Loan Document.

4.10 Cost Certification. At Developer's expense, Developer shall provide City with a complete certified audit of all construction period expenditures from all sources of funding. With City's prior written approval, Developer may submit a comparable audit as may be required by TCAC.

4.11 Recovery of City Costs. Consistent with and pursuant to the requirements of Section 6.5 of the DDLA, Developer shall reimburse City One Hundred Thousand Dollars (\$100,000) within thirty (30) days following City's delivery to Developer of an invoice detailing costs in connection with this Loan and the County Lease. Payment of this cost recovery shall occur with the initial construction loan draw provided that any such invoices are delivered to the construction loan escrow prior to closing. Costs incurred by the City may include, but are not limited to, land costs, activity delivery and legal costs. Recovery is required, if and only if a Construction Loan Closing is consummated.

EXHIBIT K

4.12 VRCA Assumption of City's Obligations under Inter-Agency Project Agreement. Effective upon Closing, VRCA assumes all of City's obligations to the County of Sacramento and the Sacramento County Successor Agency ("SA") set forth in the Inter-Agency Project Agreement ("Agreement") attached as Exhibit H to this Agreement and incorporated herein by this reference. VRCA agrees to pay the SA the unpaid principal balance, all interest accrued, the fees specified in the Agreement, and all other amounts required by the Agreement. VRCA also agrees to perform all of the City's obligations contained in the Agreement as if VRCA was the original borrower. VRCA shall not assign or transfer the obligations assumed pursuant to this section 4.12.

ARTICLE V**USE OF THE PROPERTY**

5.1 Use; Affordable Housing. Developer covenants and agrees for itself and its successors and assigns that the Property shall be subjected to recorded covenants that will restrict use of the Phase 2 Property to development of an affordable multi-family rental housing project in which not less than one hundred percent (100%) of the residential units in the Project shall be rented at an affordable cost to eligible households who qualify at or below fifty percent (50%) of Area Median Income (as defined in the Regulatory Agreement), in accordance with the terms hereof and the Regulatory Agreement. To the maximum extent permitted by law, occupancy shall be limited to a mix of disabled and homeless veterans. If at any time after the first five years of operation, the waiting list of qualified tenants for the Phase 1 development for 2 consecutive months falls below 5 qualified applications, the City and developer will meet and discuss the need for amendment to the existing tenant selection standards. Additionally, in the event that a Restricted Unit has been vacant for more than thirty (30) days, and prior to that time Developer has not received a rental application from a homeless or disabled veteran household which is a Very Low Income Household and meets Developer's tenant selection standards, then Developer may rent the vacant unit (and other units which subsequently become available under the same conditions) to a Very Low Income Veteran Household which does not include a veteran who is homeless or disabled. To the extent permitted under applicable law, Developer shall restrict occupancy of the Housing Units to households which include one or more veterans.

5.2 Maintenance. Developer shall, at its own expense and consistent with the REA which is attachment L to the DDLA, maintain the Property, the Improvements and related landscaping and common areas in good physical condition normal wear and tear excepted, in good repair, and in decent, safe, sanitary, habitable and tenantable living conditions in conformity with all applicable state, federal, and local laws, ordinances, codes, and regulations. Without limiting the foregoing, Developer agrees to maintain the Project and the Premises (including without limitation, the residential units, common areas, landscaping, driveways, parking areas, and walkways) in a condition free of all waste, nuisance, debris, unmaintained landscaping, graffiti, disrepair, abandoned vehicles/appliances, and illegal activity, and shall take all reasonable steps to prevent the same from occurring on the Premises or at the Project. Developer shall prevent and/or rectify any physical deterioration of the Premises and the Project and shall make all repairs, renewals and replacements necessary to keep the Property and the

EXHIBIT K

improvements located thereon in good condition and repair. Developer shall provide adequate security for occupants of the Project.

5.3 Taxes and Assessments. From and after Developer's acquisition of the leasehold estate in the Premises, Developer shall pay all real and personal property taxes, assessments and charges and all franchise, income, payroll, withholding, sales, and other taxes assessed against the Premises or the Improvements and payable by Developer, at such times and in such manner as to prevent any penalty from accruing, or any lien or charge from attaching to the Premises or the Improvements; provided, however, that Developer shall have the right to contest in good faith, any such taxes, assessments, or charges. In the event the Developer exercises its right to contest any tax, assessment, or charge, the Developer, on final determination of the proceeding or contest, shall immediately pay or discharge any decision or judgment rendered against it, together with all costs, charges and interest.

5.4 Obligation to Refrain from Discrimination. Developer shall not restrict the rental, sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Premises or the Improvements, or any portion thereof, on the basis of race, color, religion, creed, sex, sexual orientation, disability, marital status, ancestry, or national origin of any person. Developer covenants for itself and all persons claiming under or through it, and this Agreement is made and accepted upon and subject to the condition that there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Premises or part thereof, nor shall Developer or any person claiming under or through Developer establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in, of, or for the Premises or the Improvements or part thereof. Developer shall include such provision in all deeds, leases, contracts and other instruments executed by Developer, and shall enforce the same diligently and in good faith.

All deeds, leases or contracts made or entered into by Developer, its successors or assigns, as to any portion of the Property or the Improvements shall contain the following language:

(a) In Deeds, the following language shall appear:

"(1) Grantee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through it, that there shall be no discrimination against or segregation of a person or of a group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property herein conveyed nor shall the grantee or any person claiming under or through the

EXHIBIT K

grantee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the property herein conveyed. The foregoing covenant shall run with the land."

"(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11 and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1)."

(b) In Leases, the following language shall appear:

"(1) The lessee herein covenants by and for the lessee and lessee's heirs, personal representatives and assigns, and all persons claiming under the lessee or through the lessee, that this lease is made subject to the condition that there shall be no discrimination against or segregation of any person or of a group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin, ancestry or disability in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the property herein leased nor shall the lessee or any person claiming under or through the lessee establish or permit any such practice or practices of discrimination of segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants, or vendees in the property herein leased.

"(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11 and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1)."

(c) In Contracts, the following language shall appear:

"There shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property nor shall the transferee or any person claiming under or through the transferee establish or permit any such practice or practices of discrimination

EXHIBIT K

or segregation with reference to selection, location, number, use or occupancy of tenants, lessee, subtenants, sublessees or vendees of the land.”

ARTICLE VI

LIMITATIONS ON CHANGE IN OWNERSHIP, MANAGEMENT
AND CONTROL OF DEVELOPER

6.1 Change Pursuant to this Agreement. Developer and its principals have represented that they possess the necessary expertise, skill and ability to carry out the development and operation of the Project on the Premises pursuant to this Agreement. The qualifications, experience, financial capacity and expertise of Developer and its principals are of particular concern to the City. It is because of these qualifications, experience, financial capacity and expertise that the City has entered into this Agreement with Developer. No voluntary or involuntary successor, assignee or transferee of Developer shall acquire any rights or powers under this Agreement, except as expressly provided herein.

6.2 Prohibition on Transfer. Prior to the expiration of the term of the Regulatory Agreement, Developer shall not, except as expressly permitted by this Agreement, directly or indirectly, voluntarily, involuntarily or by operation of law make or attempt any total or partial sale, transfer, conveyance, assignment or lease (collectively, “**Transfer**”) of the whole or any part of Developer’s interest in the Premises, the Project, the Improvements, or this Agreement, without the prior written approval of City, which approval shall not be unreasonably withheld. The provisions concerning Transfer of the Premises, the Project and the Improvements shall apply commencing upon Developer’s assumption of the County Lease with respect to the Premises any such attempt to assign this Agreement without the City’s consent shall be null and void and shall confer no rights or privileges upon the purported assignee. In addition to the foregoing, prior to the expiration of the term of the Regulatory Agreement, except as expressly permitted by this Agreement, Developer shall not undergo any significant change of ownership without the prior written approval of City. For purposes of this Agreement, a “significant change of ownership” shall mean a transfer of the beneficial interest of more than twenty-five percent (25%) in aggregate of the present ownership and /or control of Developer taking all transfers into account on a cumulative basis.

6.3 Permitted Transfers. Notwithstanding any contrary provision hereof, the prohibitions set forth in this Article shall not be deemed to prevent: (i) the granting of easements or permits to facilitate development of the Premises ; (ii) the dedication of any property required pursuant to this Agreement; (iii) the lease of individual residences to tenants for occupancy as their principal residence in accordance with the Regulatory Agreement; (iv) assignments creating security interests for the purpose of financing the acquisition, construction or permanent financing of the Project or the Premises in accordance with the approved Financing Plan as it may be updated with City approval, and

subject to the requirements of Article VII, or Transfers directly resulting from the foreclosure of, or granting of a deed in lieu of foreclosure of, such a security interest; (v) anticipating a tax credit application, a Transfer to a single purpose limited partnership in which at least one of the general partners is a Controlled Affiliate; or (vi) the assignment of the County Lease to a single member California LLC of which VRCA is the sole member. .

6.4 Requirements for Proposed Transfers. The City may, in the exercise of its sole discretion, consent to a proposed Transfer of this Agreement, the Improvements, the Premises or portion thereof if all of the following requirements are met (provided however, the requirements of this Section 6.4 shall not apply to Transfers permitted under Section 6.2 or described in clauses (i) through (vi) of Section 6.3):

(i) The proposed transferee demonstrates to the City's satisfaction that it has the qualifications, experience and financial resources necessary and adequate as may be reasonably determined by the City to competently complete construction of the Project and to otherwise fulfill the obligations undertaken by the Developer under this Agreement.

(ii) The Developer and the proposed transferee shall submit for City review and approval all instruments and other legal documents proposed to effect any Transfer of this Agreement, the Improvements, the Premises or interest therein together with such documentation of the proposed transferee's qualifications and development capacity as the City may reasonably request.

(iii) The proposed transferee shall expressly assume all of the rights and obligations of the Developer under this Agreement and the City Loan Documents arising after the effective date of the Transfer and all obligations of Developer arising prior to the effective date of the Transfer (unless Developer expressly remains responsible for such obligations) and shall agree to be subject to and assume all of Developer's obligations pursuant to the Conditions of Approval and all other conditions, and restrictions set forth in this Agreement and the Regulatory Agreement.

(iv) The Transfer shall be effectuated pursuant to a written instrument satisfactory to the City in form recordable in the Official Records.

Consent to any proposed Transfer may be given by the City Manager unless the City Manager, in his or her discretion, refers the matter of approval to the City Council. If a proposed Transfer has not been approved by City in writing within thirty (30) days following City's receipt of written request by Developer, it shall be deemed rejected.

6.5 Effect of Transfer without City Consent.

6.5.1 In the absence of specific written agreement by the City, no Transfer by Developer shall be deemed to relieve the Developer or any other party from any obligation under this Agreement.

6.5.2 Without limiting any other remedy City may have under this Agreement, or under law or equity, it shall be an Event of Developer Default hereunder entitling City to terminate this Agreement if without the prior written approval of the City,

Developer assigns or Transfers this Agreement, the Improvements, or the Premises prior to the City's issuance of a Certificate of Completion. This Section 6.5.2 shall not apply to Transfers permitted under Section 6.2 or described in clauses (i) through (vi) of Section 6.3.

ARTICLE VII

SECURITY FINANCING AND RIGHTS OF MORTGAGEES

7.1 Mortgages and Deeds of Trust for Development. Mortgages and deeds of trust, or any other reasonable security instrument are permitted to be placed upon the Premises or the Improvements only for the purpose of securing loans for the purpose of financing the acquisition of the Property, the design and construction of the Improvements, and other expenditures reasonably necessary for development of the Premises pursuant to this Agreement. Developer shall not enter into any conveyance for such financing that is not contemplated in the Financing Plan as it may be updated with City approval, without the prior written approval of the City Manager or his or her designee. As used herein, the terms "mortgage" and "deed of trust" shall mean any security instrument used in financing real estate acquisition, construction and land development.

7.1.1 Memorandum and Regulatory Agreement to be Senior to Mortgages. The City will not withhold consent to reasonable requests for subordination of the City Deed of Trust and Regulatory Agreement to deeds of trust provided for the benefit of lenders identified in the Financing Plan as it may be updated with City approval, provided that the instruments effecting such subordination include reasonable protections to the City in the event of default.

7.2 Holder Not Obligated to Construct. The holder of any mortgage, deed of trust authorized by this Agreement shall not be obligated to complete construction of the Improvements or to guarantee such completion. Nothing in this Agreement shall be deemed to permit or authorize any such holder to devote the Premises or any portion thereof to any uses, or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement.

7.3 Notice of Default and Right to Cure. Whenever City delivers any notice of default hereunder, City shall concurrently deliver a copy of such notice to each holder of record of any mortgage or deed of trust secured by the Premises or the Improvements, provided that City has been provided with the address for delivery of such notice. City shall have no liability to any such holder for any failure by the City to provide such notice to such holder. Each such holder shall have the right, but not the obligation, at its option, to cure or remedy any such default or breach within the cure period provided to Developer extended by and additional sixty (60) days. In the event that possession of the Premises or the Improvements (or any portion thereof) is required to effectuate such cure or remedy, the holder shall be deemed to have timely cured or remedied the default if it commences the proceedings necessary to obtain possession of the Premises or Improvements, as applicable, within sixty (60) days after receipt of the City's notice, diligently pursues such proceedings to completion, and after obtaining possession, diligently completes such cure or remedy. A holder who chooses to exercise its right to cure or remedy a default or breach shall first notify City of its intent to exercise such right prior to commencing to cure or

EXHIBIT K

remedy such default or breach. Nothing contained in this Agreement shall be deemed to permit or authorize such holder to undertake or continue the construction of the Project (beyond the extent necessary to conserve or protect the same) without first having expressly assumed in writing Developer's obligations to City under this Agreement. The holder in that event must agree to complete, in the manner provided in this Agreement, the Project and the Improvements and submit evidence reasonably satisfactory to City that it has the development capability on staff or retainer and the financial capacity necessary to perform such obligations. Any such holder properly completing the Project pursuant to this Section 7.3 shall assume all rights and obligations of Developer under this Agreement and shall be entitled to a Certificate of Completion upon compliance with the requirements of this Agreement.

7.4 City Right to Cure Defaults. In the event of a breach or default by Developer under a mortgage or deed of trust secured by the Premises or the Improvements, City may cure the default, without acceleration of the subject loan, following prior notice thereof to the holder of such instrument and Developer. In such event, Developer shall be liable for, and City shall be entitled to reimbursement from Developer for all costs and expenses incurred by City associated with and attributable to the curing of the default or breach and such sum shall constitute a part of the indebtedness secured by the Deed of Trust.

7.5 Holder to be Notified. Developer agrees to use best efforts to ensure that each term contained herein dealing with security financing and rights of holders shall be either inserted into the relevant deed of trust or mortgage or acknowledged by the holder prior to its creating any security right or interest in the Premises or the Improvements.

7.6 Modifications to Agreement. City shall not unreasonably withhold its consent to modifications of this Agreement requested by Project lenders or investors provided such modifications do not alter City's substantive rights and obligations under this Agreement.

7.7 Estoppel Certificates. Either Party shall, at any time, and from time to time, within fifteen (15) days after receipt of written request from the other Party, execute and deliver to such Party a written statement certifying that, to the knowledge of the certifying Party: (i) this Agreement is in full force and effect and a binding obligation of the Parties (if such be the case), (ii) this Agreement has not been amended or modified, or if so amended, identifying the amendments, and (iii) the requesting Party is not in default in the performance of its obligations under this Agreement, or if in default, describing the nature of any such defaults.

ARTICLE VIII

ENVIRONMENTAL MATTERS

8.1 No City Liability; Developer's Covenants. City shall not be responsible for the cost of any soil, groundwater or other environmental remediation or other response activities for any Hazardous Materials existing or occurring in, on, under or about the Improvements, the Premises or any portion thereof from and after Developer's assumption

EXHIBIT K

of the County Lease. Upon receipt of any notice regarding the presence, release or discharge of Hazardous Materials in, on or under the Improvements, the Premises, or any portion thereof, Developer agrees to timely initiate and diligently pursue and complete all appropriate response, remediation and removal actions for the presence, release or discharge of such Hazardous Materials within such deadlines as specified by applicable Environmental Laws. Developer hereby covenants and agrees that commencing upon Developer's acquisition of its interests in the Premises:

(i) Developer shall not knowingly permit the Project or the Premises or any portion of either to be a site for the use, generation, treatment, manufacture, storage, disposal or transportation of Hazardous Materials or otherwise knowingly permit the presence or release of Hazardous Materials in, on, under, about or from the Project or the Premises with the exception of cleaning supplies and other materials customarily used in construction, operation or maintenance of residential property and any commercial uses developed as part of the Project, and used, stored and disposed of in compliance with Hazardous Materials Laws, and

(ii) Developer shall keep and maintain the Project and the Premises and each portion thereof in compliance with, and shall not cause or permit the Project or the Premises or any portion of either to be in violation of, any Hazardous Materials Laws.

8.2 Environmental Indemnification. Developer shall indemnify, defend (with counsel approved by City) and hold the Indemnitees harmless from and against any and all Claims including without limitation any expenses associated with the investigation, assessment, monitoring, response, removal, treatment, abatement or remediation of Hazardous Materials and administrative, enforcement or judicial proceedings resulting, arising, or based directly or indirectly in whole or in part, upon (i) the presence, release, use, generation, discharge, storage or disposal or the alleged presence, release, discharge, storage or disposal of any Hazardous Materials on, under, in or about, or the transportation of any such Hazardous Materials to or from, the Property, or (ii) the failure of Developer, Developer's employees, agents, contractors, subcontractors, or any person acting on behalf of any of the foregoing to comply with Hazardous Materials Laws or the covenants set forth in Section 8.1 except to the extent that Claims arise as a result of the gross negligence or willful misconduct of Indemnitees. The foregoing indemnity shall further apply to any residual contamination in, on, under or about the Property or affecting any natural resources, and to any contamination of any property or natural resources arising in connection with the generation, use, handling, treatment, storage, transport or disposal of any such Hazardous Materials, and irrespective of whether any of such activities were or will be undertaken in accordance with Hazardous Materials Laws. The provisions of this Section 8.2 shall survive the issuance of a Certificate of Completion for the Project and the expiration or earlier termination of this Agreement. Except for any Claims caused by the sole negligence of the Developer or its agents, Developer's indemnification obligations set forth in this Section shall not apply to Claims regarding the Premises arising out of or occurring prior to Developer's acquisition of the Premises.

8.2.1 No Limitation. Developer hereby acknowledges and agrees that Developer's duties, obligations and liabilities under this Agreement, including, without limitation, under Section 8.2 above, are in no way limited or otherwise affected by any

information the City may have concerning the Premises and/or the presence in, on, under or about the Property of any Hazardous Materials, whether the City obtained such information from the Developer or from its own investigations. It is further agreed that City does not and shall not waive any rights against Developer that it may have by reason of this indemnity and hold harmless agreement because of the acceptance by City, or the deposit with City by Developer, of any of the insurance policies described in this Agreement.

8.3 Hazardous Materials. As used herein, the term "**Hazardous Materials**" means any substance, material or waste which is or becomes regulated by any federal, state or local governmental authority, and includes without limitation (i) petroleum or oil or gas or any direct or indirect product or by-product thereof; (ii) asbestos and any material containing asbestos; (iii) any substance, material or waste regulated by or listed (directly or by reference) as a "hazardous substance", "hazardous material", "hazardous waste", "toxic waste", "toxic pollutant", "toxic substance", "solid waste" or "pollutant or contaminant" in or pursuant to, or similarly identified as hazardous to human health or the environment in or pursuant to, the Toxic Substances Control Act [15 U.S.C. Section 2601 et seq.]; the Comprehensive Environmental Response, Compensation and Liability Act [42 U.S.C. Section 9601 et seq.], the Hazardous Materials Transportation Authorization Act [49 U.S.C. Section 5101 et seq.], the Resource Conservation and Recovery Act [42 U.S.C. Section 6901 et seq.], the Federal Water Pollution Control Act [33 U.S.C. Section 1251], the Clean Air Act [42 U.S.C. Section 7401 et seq.], the California Underground Storage of Hazardous Substances Act [California Health and Safety Code Section 25280 et seq.], the California Hazardous Substances Account Act [California Health and Safety Code Section 25300 et seq.], the California Hazardous Waste Act [California Health and Safety Code Section 25100 et seq.], the California Safe Drinking Water and Toxic Enforcement Act [California Health and Safety Code Section 25249.5 et seq.], and the Porter-Cologne Water Quality Control Act [California Water Code Section 13000 et seq.], as they now exist or are hereafter amended, together with any regulations promulgated thereunder; (iv) any substance, material or waste which is defined as such or regulated by any "Superfund" or "Superliner" law, or any Environmental Law; or (v) any other substance, material, chemical, waste or pollutant identified as hazardous or toxic and regulated under any other federal, state or local environmental law, including without limitation, asbestos, polychlorinated biphenyls, petroleum, natural gas and synthetic fuel products and by-products. Hazardous Materials shall not include any materials routinely used in the construction or operations of multifamily housing in accordance with all applicable laws and regulations.

8.4 Environmental Laws. As used herein, the term "**Environmental Laws**" means all federal, state or local statutes, ordinances, rules, regulations, orders, decrees, judgments or common law doctrines, and provisions and conditions of permits, licenses and other operating authorizations regulating, or relating to, or imposing liability or standards of conduct concerning (i) pollution or protection of the environment, including natural resources; (ii) exposure of persons, including employees and agents, to Hazardous Materials (as defined above) or other products, raw materials, chemicals or other substances; (iii) protection of the public health or welfare from the effects of by-products, wastes, emissions, discharges or releases of chemical substances from industrial or commercial activities; (iv) the manufacture, use or introduction into commerce of chemical substances, including without limitation, their manufacture, formulation, labeling,

EXHIBIT K

distribution, transportation, handling, storage and disposal; or (iv) the use, release or disposal of toxic or hazardous substances or Hazardous Materials or the remediation of air, surface waters, groundwaters or soil, as now or may at any later time be in effect, including but not limited to the Toxic Substances Control Act [15 U.S.C. Section 2601 et seq.]; the Comprehensive Environmental Response, Compensation and Liability Act [42 U.S.C. Section 9601 et seq.], the Hazardous Materials Transportation Authorization Act [49 U.S.C. Section 5101 et seq.], the Resource Conservation and Recovery Act [42 U.S.C. Section 6901 et seq.], the Federal Water Pollution Control Act [33 U.S.C. Section 1251], the Clean Air Act [42 U.S.C. Section 7401 et seq.], the California Underground Storage of Hazardous Substances Act [California Health and Safety Code Section 25280 et seq.], the California Hazardous Substances Account Act [California Health and Safety Code Section 25300 et seq.], the California Hazardous Waste Act [California Health and Safety Code Section 25100 et seq.], the California Safe Drinking Water and Toxic Enforcement Act [California Health and Safety Code Section 25249.5 et seq.], and the Porter-Cologne Water Quality Control Act [California Water Code Section 13000 et seq.], as each of the foregoing now exist or are hereafter amended, together with any regulations promulgated thereunder.

ARTICLE IX

DEFAULTS, REMEDIES AND TERMINATION

9.1 Event of Developer Default. The following events shall constitute an event of default on the part of Developer ("**Event of Developer Default**"):

(a) Subject to force majeure, the availability of financing and City's issuance of permits and approvals, Developer fails to commence or complete construction of the Project within the times set forth in Section 3.9, or subject to force majeure, abandons or suspends construction of the Project prior to completion for a period of sixty (60) days or more;

(b) Developer fails to pay when due the principal and interest (if any) payable under the Note and such failure continues for ten (10) days after City notifies Developer thereof in writing;

(c) A Transfer occurs, either voluntarily or involuntarily, in violation of Article VI;

(d) Developer fails to maintain insurance as required pursuant to this Agreement, and Developer fails to cure such default within ten (10) days following written notice;

(e) Subject to Developer's right to contest the following charges pursuant to Section 5.3, if Developer fails to pay prior to delinquency taxes or assessments due on the Premises or the Project or fails to pay when due any other charge that may result in a

EXHIBIT K

lien on the Premises or the Project, and Developer fails to cure such default within thirty (30) days of date of delinquency, but in all events upon the imposition of any such tax or other lien;

(f) Following Developer's acceptance of assumption of the leasehold interest, a default arises under any loan secured by a mortgage, deed of trust or other security instrument recorded against the Premises, the Improvements, or Developer's interest therein, and remains uncured beyond any applicable cure period such that the holder of such security instrument has the right to accelerate repayment of such loan;

(g) Any representation or warranty contained in this Agreement or in any application, financial statement, certificate or report submitted to the City in connection with this Agreement or Developer's request for the City Loan proves to have been incorrect in any material and adverse respect when made and continues to be materially adverse to the City, and Developer fails to cure such default within sixty (60) days after the date upon which City shall have given written notice to Developer;

(h) If, pursuant to or within the meaning of the United States Bankruptcy Code or any other federal or state law relating to insolvency or relief of debtors ("**Bankruptcy Law**"), Developer or any general partner thereof (i) commences a voluntary case or proceeding; (ii) consents to the entry of an order for relief against Developer or any general partner thereof in an involuntary case; (iii) consents to the appointment of a trustee, receiver, assignee, liquidator or similar official for Developer or any general partner thereof; (iv) makes an assignment for the benefit of its creditors; or (v) admits in writing its inability to pay its debts as they become due;

(i) A court of competent jurisdiction shall have made or entered any decree or order (1) adjudging the Developer to be bankrupt or insolvent, (2) approving as properly filed a petition seeking reorganization of the Developer or seeking any arrangement for Developer under bankruptcy law or any other applicable debtor's relief law or statute of the United States or any state or other jurisdiction, (3) appointing a receiver, trustee, liquidator, or assignee of the Developer in bankruptcy or insolvency or for any of its properties, or (4) directing the winding up or liquidation of the Developer;

(j) Developer shall have assigned its assets for the benefit of its creditors (other than pursuant to a mortgage loan) or suffered a sequestration or attachment of or execution on any substantial part of its property, unless the property so assigned, sequestered, attached or executed upon shall have been returned or released within sixty (60) days after such event (unless a lesser time period is permitted for cure under any other mortgage on the Property or the Improvements, in which event such lesser time period shall apply under this subsection as well) or prior to any sooner sale pursuant to such sequestration, attachment, or execution;

(k) The Developer shall have voluntarily suspended its business or Developer shall have been dissolved or terminated;

(l) An event of default arises under any City Loan Document and remains uncured beyond any applicable cure period;

EXHIBIT K

(m) Developer's limited partners fail to contribute equity to the Project in accordance with the schedule therefor in the Partnership Agreement; or

(n) Developer defaults in the performance of any term, provision, covenant or agreement contained in this Agreement other than an obligation enumerated in this Section 9.1 and unless a shorter cure period is specified for such default, the default continues for ten (10) days in the event of a monetary default or ninety (90) days in the event of a nonmonetary default after the date upon which City shall have given written notice of the default to Developer; provided however, if the default is of a nature that it cannot be cured within sixty (60) days, an Event of Developer Default shall not arise hereunder if Developer commences to cure the default within sixty (60) days and thereafter prosecutes the curing of such default with due diligence and in good faith to completion and in no event later than one hundred twenty (120) days after receipt of notice of the default.

9.2 City Default. An event of default on the part of City ("**Event of City Default**") shall arise hereunder if City fails to keep, observe, or perform any of its covenants, duties, or obligations under this Agreement, and the default continues for a period of thirty (30) days after written notice thereof from Developer to City, or in the case of a default which cannot with due diligence be cured within thirty (30) days, City fails to commence to cure the default within thirty (30) days of such notice and thereafter fails to prosecute the curing of such default with due diligence and in good faith to completion.

9.3 City's Right to Terminate Agreement. If an Event of Developer Default shall occur and be continuing beyond any applicable cure period, then City shall, in addition to other rights available to it under law or this Agreement, have the right to terminate this Agreement. If City makes such election, City shall give written notice to Developer and to any mortgagee entitled to such notice specifying the nature of the default and stating that this Agreement shall expire and terminate on the date specified in such notice, and upon the date specified in the notice, this Agreement and all rights of Developer under this Agreement, shall expire and terminate.

9.4 City's Remedies and Rights Upon an Event of Developer Default. Upon the occurrence of an Event of Developer Default and the expiration of any applicable cure period, City shall have all remedies available to it under this Agreement or under law or equity, including, but not limited to the following, and City may, at its election, without notice to or demand upon Developer, except for notices or demands required by law or expressly required pursuant to the City Documents, exercise one or more of the following remedies:

(a) Seek specific performance to enforce the terms of the City Loan Documents;

(b) Pursue any and all other remedies available under this Agreement or under law or equity to enforce the terms of the City Loan Documents and City's rights thereunder.

9.5 Developer's Remedies Upon an Event of City Default. Upon the occurrence of an Event of City Default, in addition to pursuing any other remedy allowed at law or in equity or otherwise provided in this Agreement, Developer may bring an action for equitable

EXHIBIT K

relief seeking the specific performance of the terms and conditions of this Agreement, and/or enjoining, abating, or preventing any violation of such terms and conditions, and/or seeking to obtain any other remedy consistent with the purpose of this Agreement.

9.6 Remedies Cumulative; No Consequential Damages. Except as otherwise expressly stated in this Agreement, the rights and remedies of the Parties are cumulative, and the exercise by either Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different time, of any other rights or remedies for the same or any other default by the other Party. Notwithstanding anything to the contrary set forth herein, a Party's right to recover damages in the event of a default shall be limited to actual damages and shall exclude consequential damages.

9.7 Inaction Not a Waiver of Default. No failure or delay by either Party in asserting any of its rights and remedies as to any default shall operate as a waiver of such default or of any such rights or remedies, nor deprive either Party of its rights to institute and maintain any action or proceeding which it may deem necessary to protect, assert or enforce any such rights or remedies in the same or any subsequent default.

ARTICLE X

INDEMNITY AND INSURANCE.

10.1 Indemnity. Developer shall indemnify, defend (with counsel approved by City) and hold Indemnitees and _____ harmless from and against any and all Claims, including without limitation, Claims arising directly or indirectly, in whole or in part, as a result of or in connection with Developer's or Developer's contractors, subcontractors, agents or employees development, construction, improvement, operation, ownership or maintenance of the Project or the Premises, or any part thereof or otherwise arising out of or in connection with Developer's performance under this Agreement. Developer's indemnification obligations under this Section 10.1 shall not extend to Claims resulting solely from the gross negligence or willful misconduct of one or more Indemnitees. The provisions of this Section 10.1 shall survive the issuance of a Certificate of Completion for the Project and the expiration or earlier termination of this Agreement. It is further agreed that City does not and shall not waive any rights against Developer that they may have by reason of this indemnity and hold harmless agreement because of the acceptance by City, or the deposit with City by Developer, of any of the insurance policies described in this Agreement.

10.2 Liability and Workers' Compensation Insurance. (Confirmed)

(a) Prior to initiating work on the Project and continuing through the issuance of the Certificate of Completion, Developer and all contractors working on behalf of Developer on the Project shall maintain a commercial general liability policy in the amount of One Million Dollars (\$1,000,000) each occurrence, Two Million Dollars

EXHIBIT K

(\$2,000,000) annual aggregate, together with Three Million Dollars (\$3,000,000) excess liability coverage, or such other policy limits as City may require in its reasonable discretion, including coverage for bodily injury, property damage, products, completed operations and contractual liability coverage. Such policy or policies shall be written on an occurrence basis and shall name the Indemnitees and HCD as additional insureds.

(b) Until issuance of the Certificate of Completion, Developer and all contractors working on behalf of Developer shall maintain a comprehensive automobile liability coverage in the amount of One Million Dollars (\$1,000,000), combined single limit including coverage for owned and non-owned vehicles and shall furnish or cause to be furnished to City evidence satisfactory to City that Developer and any contractor with whom Developer has contracted for the performance of work on the Premises or otherwise pursuant to this Agreement carries workers' compensation insurance in an amount not less than One Million Dollars (\$1,000,000), including a Waiver of Subrogation. Automobile liability policies shall name the Indemnitees and HCD as additional insureds.

(c) Upon commencement of construction work and continuing until issuance of a Certificate of Completion, Developer and all contractors working on behalf of Developer shall maintain a policy of builder's all-risk insurance in an amount not less than the full insurable cost of the Project on a replacement cost basis naming City as loss payee. Such insurance shall include coverage for risks of direct physical loss or damage, excluding the perils of earthquake, flood, and earth movement.

(d) Upon completion of construction, Developer shall maintain property insurance covering all risks of loss (other than earthquake and flood) for one hundred percent (100%) of the replacement value of the Project with deductible, if any, in an amount acceptable to City, naming City as loss payee.

(e) Companies writing the insurance required hereunder shall be licensed to do business in the State of California. Insurance shall be placed with insurers with a current A.M. Best's rating of no less than A: VII. The Commercial General Liability and comprehensive automobile policies required hereunder shall name the Indemnitees as additional insureds. Builder's Risk and property insurance shall name City as loss payee as its interest may appear.

(f) Prior to commencement of construction work, Developer shall furnish City with certificates of insurance in form acceptable to City evidencing the required insurance coverage and duly executed endorsements evidencing such additional insured status. The certificates shall contain a statement of obligation on the part of the carrier to notify City of any material adverse change, cancellation, termination or non-renewal of the coverage at least thirty (30) days in advance of the effective date of any such material adverse change, cancellation, termination or non-renewal.

(g) If any insurance policy or coverage required hereunder is canceled or reduced, Developer shall, within twenty-one (21) days after receipt of notice of such cancellation or reduction in coverage, but in no event later than the effective date of cancellation or reduction, file with City a certificate showing that the required insurance has been reinstated or provided through another insurance company or companies. Upon

failure to so file such certificate, City may, without further notice and at its option, procure such insurance coverage at Developer's expense, and Developer shall promptly reimburse City for such expense upon receipt of billing from City.

(h) Coverage provided by Developer shall be primary insurance and shall not be contributing with any insurance, or self-insurance maintained by City, and the policies shall so provide. Any Workers' Compensation insurance policies shall contain a waiver of subrogation for the benefit of the City. Developer shall furnish the required certificates and endorsements to City prior to the commencement of construction of the Project, and shall provide City with certified copies of the required insurance policies upon request of City.

10.3 Deductibles and Self-Insured Retentions. Developer shall disclose to and obtain the approval of City for any self-insured retention and/or deductible of all insurance policies required by this Agreement. Further, if any insurance policy required by this Agreement includes a self-insured retention that must be paid by a named insured as a precondition of the insurer's liability, or which has the effect of providing that payments of the self-insured retention by others, including additional insureds or insurers do not serve to satisfy the self-insured retention, such provisions must be modified by special endorsement so as to not apply to the additional insured coverage required by this agreement so as to not prevent any of the parties to this agreement from satisfying or paying the self-insured retention required to be paid as a precondition to the insurer's liability. Additionally, the certificates of insurance must note whether the policy does or does not include any self-insured retention and also must disclose the deductible.

ARTICLE XI

MISCELLANEOUS PROVISIONS

11.1 No Brokers. Each Party warrants and represents to the other that no person or entity can properly claim a right to a real estate commission, brokerage fee, finder's fee, or other compensation with respect to the transactions contemplated by this Agreement. Each Party agrees to defend, indemnify and hold harmless the other Party from any claims, expenses, costs or liabilities arising in connection with a breach of this warranty and representation. The terms of this Section shall survive the expiration or earlier termination of this Agreement.

11.2 Enforced Delay; Extension of Times of Performance. Subject to the limitations set forth below, performance by either Party shall not be deemed to be in default, and all performance and other dates specified in this Agreement shall be extended where delays are due to: war, insurrection, strikes, lockouts, riots, floods, earthquakes, fires, casualties, acts of God, acts of the public enemy, epidemics, quarantine restrictions, freight embargoes, governmental restrictions or priority, litigation, including court delays, unusually severe weather, acts or omissions of the other Party, acts or failures to act of the City or

EXHIBIT K

any other public or governmental agency or entity, or any other cause beyond the affected Party's reasonable control. An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the Party claiming such extension is sent to the other Party within thirty (30) days of the commencement of the cause and such extension is not rejected in writing by the other Party within ten (10) days of receipt of the notice. Neither Party shall unreasonably withhold consent to an extension of time pursuant to this Section 11.2.

Times of performance under this Agreement may also be extended in writing by the mutual agreement of Developer and City (acting in the discretion of the City Manager unless he or she determines in his or her discretion to refer such matter to the City Council). City and Developer acknowledge that adverse changes in economic conditions, either of the affected Party specifically or the economy generally, changes in market conditions or demand, and/or inability to obtain financing to complete the work of Improvements shall not constitute grounds of enforced delay pursuant to this Section 11.2. Each Party expressly assumes the risk of such adverse economic or market changes and/or financial inability, whether or not foreseeable as of the Effective Date.

11.3 Notices. Except as otherwise specified in this Agreement, all notices to be sent pursuant to this Agreement shall be made in writing, and sent to the Parties at their respective addresses specified below or to such other address as a Party may designate by written notice delivered to the other Parties in accordance with this Section 11.3. All such notices shall be sent by:

- (i) personal delivery, in which case notice is effective upon delivery;
- (ii) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered on receipt if delivery is confirmed by a return receipt;
- (iii) nationally recognized overnight courier, with charges prepaid or charged to the sender's account, in which case notice is effective on delivery if delivery is confirmed by the delivery service;
- (iv) facsimile transmission, in which case notice shall be deemed delivered upon transmittal, provided that (a) a duplicate copy of the notice is promptly delivered by first-class or certified mail or by overnight delivery, or (b) a transmission report is generated reflecting the accurate transmission thereof. Any notice given by facsimile shall be considered to have been received on the next business day if it is received after 5:00 p.m. recipient's time or on a non-business day.

City: The City of Rancho Cordova
 2729 Prospect Park Drive
 Rancho Cordova, CA 95670
 Attention: City Manager [or designee] & Housing Service Administrator

Facsimile: (916) 851-8787

Copy to: The City of Rancho Cordova

2729 Prospect Park Drive
 Rancho Cordova, CA 95670
 Attention: Housing Services Administrator

Developer:

Administrative Offices
 P.O. Box 378
 Santa Rosa, CA 95402

Attn: Peter Cameron
 Facsimile: (707) 578-7185

11.4 Attorneys' Fees. If either Party fails to perform any of its obligations under this Agreement, or if any dispute arises between the Parties concerning the meaning or interpretation of any provision hereof, then the prevailing Party in any proceeding in connection with such dispute shall be entitled to the costs and expenses it incurs on account thereof and in enforcing or establishing its rights hereunder, including, without limitation, court costs and reasonable attorneys' fees and disbursements.

11.5 Waivers; Modification. No waiver of any breach of any covenant or provision of this Agreement shall be deemed a waiver of any other covenant or provision hereof, 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, and no extension shall be valid unless in writing and executed by the Party granting the extension. This Agreement may be amended or modified only by a written instrument executed by the Parties.

11.6 Binding on Successors. Subject to the restrictions on Transfers set forth in Article VI, this Agreement shall bind and inure to the benefit of the Parties and their respective permitted successors and assigns. Any reference in this Agreement to a specifically named Party shall be deemed to apply to any permitted successor and assign of such Party who has acquired an interest in compliance with this Agreement or under law.

11.7 Survival. All representations made by Developer hereunder and Developer's obligations pursuant to Sections 3.15, 3.18, 3.19, 8.2, 10.1, 11.1 and 11.18 shall survive the expiration or termination of this Agreement and the issuance and recordation of a Certificate of Completion.

11.8 Construction. The section headings and captions used herein are solely for convenience and shall not be used to interpret this Agreement. The Parties acknowledge that this Agreement is the product of negotiation and compromise on the part of both Parties, and the Parties agree, that since both Parties have participated in the negotiation and drafting of this Agreement, this Agreement shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

EXHIBIT K

11.9 Action or Approval. Whenever action and/or approval by City is required under this Agreement, the City Manager or his or her designee may act on and/or approve such matter unless specifically provided otherwise, or unless the City Manager determines in his or her discretion that such action or approval requires referral to the City Council for consideration.

11.10 Entire Agreement. This Agreement, including Exhibits A through G attached hereto and incorporated herein by this reference, together with the other City Documents contains the entire agreement between the Parties with respect to the subject matter hereof, and supersedes all prior written or oral agreements, understandings, representations or statements between the Parties with respect to the subject matter hereof.

11.11 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original and all of which taken together shall constitute one instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto having additional signature pages executed by the other Party. Any executed counterpart of this Agreement may be delivered to the other Party by facsimile and shall be deemed as binding as if an originally signed counterpart was delivered.

11.12 Severability. If any term, provision, or condition of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall continue in full force and effect unless an essential purpose of this Agreement is defeated by such invalidity or unenforceability.

11.13 No Third Party Beneficiaries. Nothing contained in this Agreement is intended to or shall be deemed to confer upon any person, other than the Parties and their respective successors and assigns, any rights or remedies hereunder.

11.14 Parties Not Co-Venturers. Nothing in this Agreement is intended to or shall establish the Parties as partners, co-venturers, or principal and agent with one another.

11.15 Non-Liability of Officials, Employees and Agents. No officer, official, employee or agent of City shall be personally liable to Developer or its successors in interest in the event of any default or breach by City or for any amount which may become due to Developer or its successors in interest pursuant to this Agreement.

11.16 Time of the Essence; Calculation of Time Periods. Time is of the essence for each condition, term, obligation and provision of this Agreement. Unless otherwise specified, in computing any period of time described in this Agreement, the day of the act or event after which the designated period of time begins to run is not to be included and the last day of the period so computed is to be included, unless such last day is not a business day, in which event the period shall run until the next business day. The final day of any such period shall be deemed to end at 5:00 p.m., local time at the Property. For purposes of this Agreement, a "business day" means a day that is not a Saturday, Sunday, a federal holiday or a state holiday under the laws of California.

EXHIBIT K

11.17 Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to principles of conflicts of laws. Any action to enforce or interpret this Agreement shall be filed in the Superior Court of Sacramento County, California or in the Federal District Court for the Eastern District of California.

11.18 General Indemnification. Developer shall indemnify, defend (with counsel approved by City) and hold harmless Indemnitees from all Claims (including without limitation, reasonable attorneys' fees) arising in connection with any claim, action or proceeding to attack, set aside, void, or annul any approval by the City or any of its agencies, departments, commissions, agents, officers, employees or legislative body concerning the Project or this Agreement except to the extent caused by City's gross negligence or willful misconduct. The City will promptly notify Developer of any such claim, action or proceeding, and will cooperate fully in the defense. The City may, within its unlimited discretion, participate in the defense of any such claim, action or proceeding, and if the City chooses to do so, Developer shall reimburse City for reasonable attorneys' fees and expenses incurred.

SIGNATURES ON FOLLOWING PAGE.

EXHIBIT K

IN WITNESS WHEREOF, the Parties have entered into this Agreement effective as of the date first written above.

CITY

THE CITY OF RANCHO CORDOVA,
a California municipal corporation

By: _____

Name: _____

Title: _____

ATTEST:

By: _____

APPROVED AS TO FORM:

By: _____

DEVELOPER

Veteran's Resource Center of America

By: _____

Its: _____

Exhibit A
LEGAL DESCRIPTION OF PROPERTY

Exhibit B
MEMORANDUM OF LOAN AGREEMENT

Exhibit C
REGULATORY AGREEMENT

Exhibit D-1
ASSIGNMENT AGREEMENT

Exhibit D-2
ASSIGNMENT OF ARCHITECTURAL AGREEMENTS

Exhibit D-3
ASSIGNMENT OF CONSTRUCTION CONTRACTS

Exhibit E
CITY NOTE

Exhibit F
LEASEHOLD DEED OF TRUST

Exhibit G
FINANCING PLAN

Exhibit A

LEGAL DESCRIPTION OF PROPERTY

Exhibit B

MEMORANDUM OF LOAN AGREEMENT

(SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE)

Exhibit A

PROPERTY

(Attach legal description.)

EXHIBIT K

STATE OF CALIFORNIA)
)
 COUNTY OF _____)

On _____, 20__, before me, _____, Notary Public (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)

STATE OF CALIFORNIA)
)
 COUNTY OF _____)

On _____, 20__, before me, _____, Notary Public (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 _____

Exhibit C
REGULATORY AGREEMENT

Exhibit D-1

ASSIGNMENT OF AGREEMENTS, PLANS, AND SPECIFICATIONS
(Attach form of Assignment Agreement.)

ASSIGNMENT OF AGREEMENTS, PLANS AND SPECIFICATIONS

FOR VALUE RECEIVED, effective as of _____, 2015 (the "**Effective Date**", ("**Assignor**") hereby assigns to the City of Rancho Cordova, a California municipal corporation ("**City**") and grants to City a security interest in all of its right, title and interest in and to the contracts and agreements listed in Exhibit A attached hereto and incorporated herein by reference and all of the items listed in the following paragraphs (A) and (B) (all of which hereafter shall collectively be referred to as the "**Assigned Documents**"). Other than as expressly stated herein, Assignor makes no express or implied representations or warranties in connection with the Assigned Documents. Capitalized terms used without definition herein shall have the meaning ascribed to such terms in the Loan Agreement (defined below). City and Assignor are referred to herein as the "**Parties**."

- (A) All architectural, design, engineering, consulting and construction contracts, and any and all amendments, modifications, supplements, addenda and general conditions thereto equaling or exceeding Five Thousand Dollars (\$5000) in cost (collectively "**Agreements**"), heretofore or hereafter entered into by Assignor and any architect, engineer, analyst, consultant, contractor or other person or entity ("**Contractor**") in connection with the preparation of plans, specifications, studies, assessments, analyses, drawings or any other similar service related to the Premises, the Project, or the improvements existing or to be installed or constructed on the Premises (the "**Improvements**"); and
- (B) All permits, reports, analyses, studies, plans and specifications, shop drawings, working drawings, amendments, modifications, changes, supplements, general conditions and addenda thereto equaling or exceeding Five Thousand Dollars (\$5000) in cost (collectively "**Reports, Plans and Specifications**") heretofore or hereafter obtained or prepared by or for Assignor or its agents, employees or any Contractor with respect to the Property, the Project or the Improvements.

As used herein, the term "Assigned Documents" shall also include all Agreements, Reports, Plans and Specifications to which beneficial interest or rights of use have been obtained by or assigned to Assignor.

In addition, the Parties agree as follows:

1. This Assignment of Agreements, Plans, and Specifications (this "**Assignment Agreement**") is made pursuant to that certain Loan Agreement executed by and between Assignor and City dated as of _____, (the "**Loan Agreement**").

2. This Assignment Agreement is made to secure payment to the City of all sums now or hereafter owing under the Note dated as of the date hereof made by Assignor for the benefit of City, and any and all advances, modifications, extensions, renewals and amendments thereof.

3. Assignor hereby irrevocably appoints City as its attorney-in-fact (which agency is coupled with an interest) upon the occurrence of an Event of Developer Default under the Loan Agreement, to demand, receive, and enforce any and all of Assignor's rights with respect to the Assigned Documents, and to perform any and all acts in the name of Assignor or in the name of the City with the same force and effect as if performed by Assignor in the absence of this Assignment Agreement.

4. Assignor agrees to obtain from each Contractor whose contract equals or exceeds Five Thousand Dollars (\$5000) and deliver to City a duly executed Consent substantially in the form attached hereto as Exhibit B.

5. Assignor represents and warrants to City that no previous assignment of its respective rights or interest in or to any of the Assigned Documents has been made. So long as the City holds or retains any interest with respect to the City Loan under the Loan Agreement or the Note, Assignor agrees not to assign, sell, pledge, transfer, mortgage, or hypothecate its respective rights or interest in any of the Assigned Documents without prior written approval of the City; provided however, the City approves the Assignor's assignment of such rights and interests to other Project lenders, if any, approved pursuant to the Financing Plan as it may be updated.

6. This Assignment Agreement shall be binding upon and inure to the benefit of the heirs, legal representatives, assigns, and successors-in-interest of Assignor and the City.

7. Unless an Event of Developer Default (as defined in the Loan Agreement) shall have occurred, Assignor shall be entitled (subject to the provisions of Section 5 above) to enjoy and enforce all of its rights under the Assigned Documents. If such an Event of Developer Default or termination occurs and City gives written notice (an "**Exercise Notice**") to any Contractor who is a party to any Assigned Document, which Exercise Notice refers to this Assignment Agreement, states that an Event of Developer Default or termination has occurred, and states that City intends to exercise its rights under this Assignment Agreement, then the City shall be entitled thereafter to enjoy and enforce all of the rights of Assignor under such Assigned Document and shall become bound to perform all future obligations of Assignor thereunder, it being understood that in no event shall City be liable for payments or costs relating to any work which any Contractor has performed prior to the date of City's delivery of such Exercise Notice. Unless and until such Exercise Notice is given, City shall not be obliged to perform any of the obligations of Assignor under the Assigned Documents.

8. Assignor represents and warrants that to the best of its knowledge after reasonable inquiry, there are no defaults under any Assigned Document by any party thereto.

9. Assignor further represents and warrants that all sums due and owing to any Contractor to date under any Assigned Document have been duly paid in full, except to the extent deferral of such sums is allowed pursuant to such Assigned Document.

10. As provided in this Section 10, City may assign its rights under this Assignment Agreement, and the Assigned Documents, and the rights and obligations of any assignee of City shall be the same as provided herein as to City and Contractor. City may, in its discretion, ay make any such assignment to a third party, with the consent of Assignor and the Contractor who is a party to such Assigned Documents, provided the consent of Assignor and such Contractor shall not be unreasonably withheld, conditioned or delayed.

11. This Assignment Agreement shall not be deemed to release or affect in any way the obligations of Assignor to any Contractor under the Assigned Documents.

12. Assignor is executing this Assignment Agreement to induce City to enter into and disburse funds pursuant to the Loan Agreement, and Assignor understands that City would not do so but for the execution and delivery of this Assignment Agreement by Assignor.

13. Notices. Except as otherwise specified herein, all notices to be sent pursuant to this Assignment Agreement shall be made in writing, and sent to the parties at their respective addresses specified below (or in the case of Contractor, to the address specified in the Consent attached hereto) or to such other address as a party may designate by written notice delivered to the other parties in accordance with this Section. All such notices shall be sent by:

- (i) personal delivery, in which case notice is effective upon delivery;
- (ii) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered on receipt if delivery is confirmed by a return receipt;
- (iii) nationally recognized overnight courier, with charges prepaid or charged to the sender's account, in which case notice is effective on delivery if delivery is confirmed by the delivery service;
- (iv) facsimile transmission, in which case notice shall be deemed delivered upon transmittal, provided that (a) a duplicate copy of the notice is promptly delivered by first-class or certified mail or by overnight delivery, or (b) a transmission report is generated reflecting the accurate transmission thereof. Any notice given by facsimile shall be considered to have been received on the

next business day if it is received after 5:00 p.m. recipient's time or on a non-business day.

CITY:

The City of Rancho Cordova
2729 Prospect Park Drive
Rancho Cordova, CA 95670
Attention: City Manager [or designee] and Housing Services
Administrator
Facsimile: (916) 851-8787

ASSIGNOR:

Attn:
Facsimile:

14. Amendments. This Assignment Agreement may be modified only by a written instrument signed by the Parties.

15. Further Assurances; Consents. The Parties shall execute, acknowledge and deliver to the other such other documents and instruments, and take such other actions, as either shall reasonably request as may be necessary to carry out the intent of this Assignment Agreement.

16. Parties Not Co-Venturers. Nothing in this Assignment Agreement is intended to or shall establish the Parties as partners, co-venturers, or principal and agent with one another.

17. Action by the City. Except as may be otherwise specifically provided herein, whenever any approval, notice, direction, consent or request by the City is required or permitted under this Agreement, such action shall be in writing, and such action may be given, made or taken by the City Manager or by any person who shall have been designated by the City Manager, without further approval by the City Council unless the City Manager determines that such matter requires the consent of the City Council.

18. Non-Liability of City and City Officials, Employees and Agents. No member, official, employee or agent of the City shall be personally liable to Assignor, or any successor in interest, in the event of any default or breach by the City, or for any amount of money which may become due to Assignor or its successor or for any obligation of City under this Assignment Agreement.

19. No Third Party Beneficiaries. There shall be no third party beneficiaries to this Assignment Agreement.

20. Headings; Construction. The headings of the sections and paragraphs of this Assignment Agreement have been inserted for convenience only and shall not be used to construe this Assignment Agreement. The language of this Assignment Agreement shall be construed as a whole according to its fair meaning and not strictly for or against any Party. Time is of the essence in the performance of this Assignment Agreement.

21. Governing Law; Venue. This Assignment Agreement shall be construed in accordance with the laws of the State of California without regard to principles of conflicts of law. The Parties consent to the jurisdiction of any federal or state court in the jurisdiction in which the Premises are located (the "**Property Jurisdiction**"). Assignor agrees that any controversy arising under or in relation to this Assignment Agreement, the Note or the Loan Agreement with respect to the Loan shall be litigated exclusively in courts having jurisdiction in the Property Jurisdiction. Assignor irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise.

22. Attorneys' Fees. If any claim, at law or otherwise is made by either Party, the prevailing party or the non-defaulting party, as the case may be, shall be entitled to its costs and reasonable attorneys' fees.

23. Severability. If any term of this Assignment Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall continue in full force and effect unless the rights and obligations of the Parties are materially altered or abridged by such invalidation, voiding or unenforceability.

24. Counterparts. This Assignment Agreement may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

SIGNATURES ON FOLLOWING PAGE.

IN WITNESS WHEREOF, Assignor and City have duly executed this Assignment Agreement effective as of the date first above written.

CITY:

THE CITY OF RANCHO CORDOVA,
a public body, corporate and politic

By: _____

Name: _____

Title: _____

ATTEST:

By: _____, City Clerk

APPROVED AS TO FORM:

By: _____, City Attorney

ASSIGNOR:

By:

By: _____
Its: _____

By:

Exhibit A to Assignment Agreement

CONTRACTS AND AGREEMENTS

(Attach List.)

Exhibit B To Assignment Agreement

CONSENT

This Consent ("**Consent**") is executed effective as of _____, 20__, pursuant to that certain Assignment of Agreements, Plans and Specifications ("**Assignment Agreement**") executed by and between, ("**Assignor**") and the City of Rancho Cordova, a California municipal corporation ("**City**"), dated as of _____, 2014. Unless otherwise defined herein, capitalized terms used in this Consent shall have the meanings given them in the Assignment Agreement.

The undersigned consultant, architect, engineer, and/or contractor ("**Contractor**") hereby consents to the Assignment Agreement and the assignment contemplated thereby, and hereby waives all provisions in the Assigned Documents to which Contractor is a party which would impair, hinder or prevent the making of any such assignment by Assignor to City or the enforcement thereof by City.

Contractor agrees that if at any time, the City shall, pursuant to its rights under the Assignment Agreement, deliver an Exercise Notice to Contractor, then provided that Contractor has received, receives or continues to receive the compensation called for under the Assigned Documents to which Contractor is a party, the City may, at its option, use and rely upon the Reports, Plans and Specifications for the purposes for which they were prepared, and Contractor will continue to perform its obligations under the Assigned Documents to which Contractor is a party for the benefit and account of the City in the same manner as if performed for the benefit or account of Assignor in the absence of the Assignment Agreement. Contractor agrees that it shall rely conclusively upon any Exercise Notice given to Contractor by City, and Contractor agrees to be bound by such Exercise Notice.

By its execution of this Consent, Contractor agrees to look solely to Assignor and its successors in interest for performance of Assignor's obligations under the Assigned Documents to which Contractor is a party unless and until Contractor shall have received an Exercise Notice from City.

Contractor agrees that, notwithstanding anything hereinabove contained or contained in the Assigned Documents to the contrary, provided that Contractor has received, receives or continues to receive the compensation called for under the Assigned Documents to which Contractor is a party, City will have the right to receive and to use (without cost to City) any and all Reports, Plans and Specifications relating to the Property, the Project or the Improvements, as the same may be amended or modified from time to time, which Contractor may own or have the right to use and to grant others the right to use. Contractor further agrees that, upon the written request of City (whether or not any Event of Developer Default has occurred), it will execute and deliver a certification confirming City's rights with respect to such Reports, Plans, and Specifications as City from time to time may reasonably request.

Contractor agrees that for so long as the Assignment Agreement is effective, if Assignor defaults in making any required payment or in performing any other obligation under any Assigned Document to which Contractor is a party, Contractor shall give prompt written notice thereof to City. Unless and until such notice is given to City, and for a period of fifteen (15) business days thereafter, Contractor shall not exercise any of its rights or remedies against Assignor under the Assigned Documents (including, without limitation, the right to terminate any

Assigned Document or to stop work thereunder). After such notice is given and for a period of fifteen (150 business days thereafter, City may, at its option, cure (but shall have no obligation to cure) any such default by Assignor and, if such default is so cured during such notice period, Contractor shall continue performance under the Assigned Documents to which such Contractor is a party.

Contractor represents and warrants that (i) the Assigned Documents to which Contractor is a party are in full force and effect, and to Contractor's knowledge there are no defaults thereunder by any party thereto; (ii) Contractor has made no assignment of any Assigned Document to which Contractor is a party or of its rights thereunder (other than to City); and (iii) there presently exists no unpaid claims presently due to Contractor, except as disclosed in writing to the City, arising in connection with the performance of Contractor's obligations under the Assigned Documents to which Contractor is a party. Contractor agrees that for so long as the Assignment Agreement is effective, absent the prior written consent of City, Contractor shall not assign its rights or interest in any of the Assigned Documents to any entity other than a lender whose loan is secured by the Property, the Project or the Improvements with the prior written approval of the City; provided however, the City approves of any assignment to the Project lenders approved pursuant to the Financing Plan as it may be updated.

IN WITNESS WHEREOF, Contractor has duly executed this Consent as of the date first written above.

CONTRACTOR

Name: _____

By: _____

Its: _____

Contractor's Address:

Telephone: _____

Facsimile: _____

Exhibit D-2**ASSIGNMENT OF ARCHITECTURAL AGREEMENTS AND PLANS AND SPECIFICATIONS**

(Attach form of Assignment Agreement.)

ASSIGNMENT OF ARCHITECTURAL AGREEMENTS AND PLANS AND SPECIFICATIONS

THIS ASSIGNMENT OF ARCHITECTURAL AGREEMENTS AND PLANS AND SPECIFICATIONS (this "**Assignment**") is executed as of _____, 2015, by ("**Borrower**"), in favor of the City of Rancho Cordova, Municipal Corporation, and its successors and assigns ("**Lender**").

RECITALS:

A. Pursuant to that certain Loan Agreement (the "**Loan Agreement**") dated as of even date herewith and executed by and between Lender and Borrower, Lender has agreed to make a predevelopment/construction loan to convert to a permanent loan in the principal amount of Two Million Dollars (\$2,000,000)(collectively, the "**Loan**") to Borrower. The Loan is evidenced by a promissory note (the "**Note**") executed by Borrower in favor of Lender in the aggregate principal amount of the applicable Loan. The Note is secured by, among other things, a Leasehold Deed of Trust Assignment of Rents, Security Agreement and Fixture Filing (the "**Deed of Trust**"), executed by Borrower, as Trustor, for the benefit of Lender, as Beneficiary, encumbering the real property and any and all improvements thereon described on Exhibit A attached hereto and incorporated herein by this reference ("**Property**").

B. In order to induce Lender to make the Loans, Borrower has agreed to execute this Assignment in order to assign to Lender all of its right, title and interest in and under the Architectural Agreements (as defined below).

C. Capitalized terms used and not defined herein have the meanings given in the Loan Agreement.

AGREEMENT:

FOR VALUE RECEIVED, Borrower hereby assigns to Lender all of its right, title and interest in and to:

1. All architectural, design, engineering and development agreements, and any and all amendments, modifications, supplements, addenda and general conditions thereto (collectively, "**Architectural Agreements**"); and

2. All plans and specifications, shop drawings, working drawings, amendments, modifications, changes, supplements, general conditions and addenda thereto (collectively "**Plans and Specifications**"), heretofore or hereafter entered into or prepared by any architect, engineer or other person or entity (collectively "**Architect**"), for or on behalf of Borrower in connection with the construction of the Project (as defined in the Loan Agreement) on the Property. The Plans and Specifications include, but are not limited to, that certain Standard Form of Agreement Between Owner and Architect with Standard Form of Architect's Services, dated as of _____, 2015, between Borrower and _____, a _____ corporation, as may be amended from time to time. The Plans and Specifications, as of the date hereof, are those which Borrower has heretofore, or will hereafter deliver to Lender.

This Assignment constitutes a present and absolute assignment to Lender as of the Effective Date; provided, however, Lender confers upon Borrower the right to enforce the terms of the Architectural Agreements and Borrower's rights to the Plans and Specifications so long as no Default or event which would constitute a Default after notice or the passage of time, or both, has occurred and is continuing under any of the City Loan Documents (as defined in the applicable Deed of Trust). Upon the occurrence of a Default or event which would constitute a Default after notice or the passage of time, or both, under any of the City Loan Documents, Lender may, in its sole discretion, give notice to Architect of its intent to enforce the rights of Borrower under the Architectural Agreements and of its rights to the

Plans and Specifications and may initiate or participate in any legal proceedings respecting the enforcement of said rights. Borrower acknowledges that by accepting this Assignment, Lender does not assume any of Borrower's obligations under the Architectural Agreements or with respect to the Plans and Specifications.

Borrower represents and warrants to Lender, as of the Effective Date, that: (a) all Architectural Agreements entered into by Borrower are in full force and effect and are enforceable in accordance with their terms and no default, or event which would constitute a default after notice or the passage of time, or both, exists with respect to said Architectural Agreements; (b) all copies of the Architectural Agreements and Plans and Specifications delivered to Lender are complete and correct; and (c) Borrower has not assigned any of its rights under the Architectural Agreements or with respect to the Plans and Specifications.

Borrower agrees: (a) to pay and perform all obligations of Borrower under the Architectural Agreements; (b) to enforce the payment and performance of all obligations of any other person or entity under the Architectural Agreements; (c) not to modify the existing Architectural Agreements nor to enter into any future Architectural Agreements without Lender's prior written approval except as otherwise may be permitted in the City Loan Documents; and (d) not to further assign, for security or any other purposes, its rights under the Architectural Agreements or with respect to the Plans and Specifications without Lender's prior written consent.

This Assignment is one of the City Loan Documents and secures payment and performance by Borrower of all obligations of Borrower under the City Loan Documents. This Assignment is supplemented by those provisions of the City Loan Agreement which apply to the Loan Documents and said provisions are incorporated herein by reference. This Assignment is part of and further defines the assignment of contract rights set forth in the "Security Agreement" provisions of the Deed of Trust.

This Assignment shall be governed by the laws of the State of California, except to the extent that federal laws preempt the laws of the State of California, and Borrower consents to the jurisdiction of any federal or state court within the State of California having proper venue for the filing and maintenance of any action arising hereunder and agrees that the prevailing party in any such action shall be entitled, in addition to any other recovery, to reasonable attorneys' fees and costs.

This Assignment shall be binding upon and inure to the benefit of the heirs, legal representatives, assigns, and successors-in-interest of Borrower and Lender; provided, however, this shall not be construed and is not intended to waive any restrictions on assignment, sale, transfer, mortgage, pledge, hypothecation or encumbrance by Borrower contained in any of the City Loan Documents.

The attached Exhibit A and all attached Architect's/Engineer's Consents and any Schedule 1 attached thereto are incorporated by reference.

[Remainder of Page is Intentionally Left Blank.
Signature(s) on Following Page.]

IN WITNESS WHEREOF, this Assignment has been duly executed as of the date first
above written.

"BORROWER"

EXHIBIT A**PROPERTY**

REAL PROPERTY IN THE COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, DESCRIBED AS
FOLLOWS:

Legal Description
Parcel 2

ARCHITECT'S/ENGINEER'S CONSENT

The undersigned architect and/or engineer (collectively referred to as "**Architect**") hereby consents, as of _____, 2014, to the foregoing Assignment to which this Architect's/Engineer's Consent ("**Consent**") is a part, and acknowledges that there presently exists no unpaid claim due to the Architect, except as set forth on Schedule 1 attached hereto, arising out of the preparation and delivery of the Plans and Specifications to Borrower and/or the performance of the Architect's obligations under the Architectural Agreements described in the Assignment.

Architect agrees that if, at any time, Lender shall become the owner of said Property, or, pursuant to its rights under the City Loan Documents, elects to undertake or cause the completion of construction of the Project on any portion of the Property, in accordance with the Plans and Specifications, and gives Architect written notice of such election; THEN, so long as Architect has received, receives or continues to receive the compensation called for under the Architectural Agreements, Lender may, at its option, use and rely on the Plans and Specifications for the purposes for which they were prepared, and Architect will continue to perform its obligations under the Architectural Agreements for the benefit and account of Lender in the same manner as if performed for the benefit or account of Borrower in the absence of the Assignment.

Architect further agrees that, in the event of a breach by Borrower of the Architectural Agreements, or any agreement entered into with Architect in connection with the Plans and Specifications, so long as Borrower's interest in the Architectural Agreements and Plans and Specifications is assigned to Lender, Architect will give written notice to Lender, at The City of Rancho Cordova, 2729 Prospect Park Drive, Rancho Cordova, California 95670, Attention: City Manager, of such breach. Lender shall have thirty (30) days from the receipt of such written notice of default to remedy or cure said default provided, if such default is of a nature that it cannot be cured within thirty (30) days, Lender shall have thirty (30) days within which to commence the cure and shall thereafter have such reasonable period of time to complete such cure as is necessary. Nothing herein shall require Lender to cure said default or to undertake completion of construction of the Project.

Architect warrants and represents that it/he has no knowledge of any prior assignment(s) of any interest in either the Plans and Specifications and/or the Architectural Agreements. Except as otherwise defined herein, the terms used herein shall have the meanings given them in the Assignment.

[Remainder of Page is Intentionally Left Blank.
Signature on Following Page.]

"ARCHITECT"

a California corporation

By: _____

Name: _____

Title: _____

Architect's Address:

SCHEDULE 1**SCHEDULE OF UNPAID CLAIMS**

Schedule 1 to Architect's/Engineer's Consent by _____, a California corporation, in connection with that certain Assignment of Architectural Agreements and Plans and Specifications dated as of _____, 2015__ between _____, a California limited partnership as Borrower and the City of Rancho Cordova, municipal corporation, and its successors and assigns as Lender.

[If none, state "none"]

Exhibit D-3

Assignment of Construction Contracts

(Attach form of Assignment Agreement.)

ASSIGNMENT OF CONSTRUCTION CONTRACTS

THIS ASSIGNMENT OF CONSTRUCTION CONTRACTS (this "**Assignment**") is executed as of _____, 2014__, by , ("**Borrower**"), in favor of the City of Rancho Cordova, a municipal corporation, and its successors and assigns ("**Lender**").

RECITALS:

- A. Pursuant to that certain Loan Agreement (the "**Loan Agreement**") dated as of even date herewith and executed by and between Lender and Borrower, Lender has agreed to make a predevelopment/construction to convert to a permanent loan in the principal amount of Two Million Dollars \$ 2,000,000 (the "**Loan**") to Borrower. The Loan is evidenced by a promissory note (the "**Note**") executed by Borrower in favor of Lender in the aggregate principal amount of the Loan. The Note is secured by, among other things, a Deed of Trust Assignment of Rents, Security Agreement and Fixture Filing (the "**Deed of Trust**"), executed by Borrower, as Trustor, for the benefit of Lender, as Beneficiary, encumbering the real property and any and all improvements thereon described on Exhibit A attached hereto and incorporated herein by this reference ("**Property**").
- B. In order to induce Lender into making the Loan, Borrower has agreed to execute this Assignment in order to assign to Lender all of its right, title and interest in and under the Construction Agreements (as defined below).
- C. Capitalized terms used and not defined herein have the meanings given in the Loan Agreement.

AGREEMENT:

FOR VALUE RECEIVED, Borrower hereby assigns to Lender all of its rights under all existing and future agreements and contracts, as amended, between Borrower and any other person or entity (collectively, "**Construction Agreements**") relating to the construction of the Project (defined in the Loan Agreement) on the Property. The Construction Agreements include, but are not limited to, that certain construction contract dated as of _____, 2015__, by and between Borrower and _____, as amended from time to time.

This Assignment constitutes a present and absolute assignment to Lender as of the Effective Date; provided, however, Lender confers on Borrower the right to enforce the terms of the Construction Agreements so long as no Default or event which would constitute a Default after notice or the passage of time, or both, has occurred and is continuing under any of the City Loan Documents. Upon the occurrence of a Default or event which would constitute a Default after notice or the passage of time, or both, under any of the City Loan Documents (as defined in the applicable Deed of Trust), Lender may, in its sole discretion, give notice to Contractor of its intent to enforce the rights of Borrower under the Construction Agreements and may initiate or participate in any legal proceedings respecting the enforcement of said rights. Borrower acknowledges that by accepting this Assignment, Lender does not assume any of Borrower's obligations under the Construction Agreements.

Borrower represents and warrants to Lender, as of the Effective Date, that (a) all Construction Agreements entered into by Borrower are in full force and effect and are enforceable in accordance with their terms and no default, or event which would constitute a default after notice or the passage of time, or both, exists with respect to said Construction Agreements, (b) all copies of the Construction Agreements delivered to Lender are complete and correct and (c) Borrower has not assigned any of its rights under

the Construction Agreements. Borrower shall deliver to Lender a true, complete and correct copy of all Construction Agreements entered into after the date hereof, promptly upon execution thereof.

Borrower agrees (a) to pay and perform all obligations of Borrower under the Construction Agreements, (b) to enforce the payment and performance of all obligations of any other person or entity under the Construction Agreements, (c) not to modify the existing Construction Agreements nor to enter into any future Construction Agreements without Lender's prior written approval except as otherwise may be permitted in the City Loan Documents and (d) not to further assign, for security or any other purposes, its rights under the Construction Agreements without Lender's prior written consent.

This Assignment is one of the City Loan Documents and secures payment and performance by Borrower of all obligations of Borrower under the City Loan Documents. This Assignment is supplemented by those provisions of the Loan Agreement which apply to the City Loan Documents and said provisions are incorporated herein by reference. This Assignment is part of and further defines the assignment of contract rights set forth in the "Security Agreement" provisions of the Deed of Trust.

This Assignment shall be governed by the laws of the State of California, except to the extent that federal laws preempt the laws of the State of California, and Borrower consents to the jurisdiction of any federal or state court within the State of California having proper venue for the filing and maintenance of any action arising hereunder and agrees that the prevailing party in any such action shall be entitled to, in addition to any other recovery, reasonable attorneys' fees and costs.

This Assignment shall be binding upon and inure to the benefit of the heirs, legal representatives, assigns and successors-in-interest of Borrower and Lender; provided, however, that this paragraph shall not be construed and is not intended to waive any restrictions on assignment, sale, transfer, mortgage, pledge, hypothecation or encumbrance by Borrower contained in any of the City Loan Documents.

The attached Contractor's Consents and Exhibit A are incorporated by reference.

[Remainder of Page is Intentionally Left Blank.
Signature(s) on Following Page.]

IN WITNESS WHEREOF, this Assignment has been duly executed as of the date first written above.

BORROWER:

EXHIBIT A**PROPERTY**

REAL PROPERTY IN THE COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, DESCRIBED AS
FOLLOWS:

Legal Description
Parcel 2

CONTRACTOR'S CONSENT

The undersigned ("Contractor") hereby consents, as of _____, 2014__, to the foregoing Assignment of Construction Agreements ("Assignment"), of which this Contractor's Consent ("Consent") is a part.

Contractor agrees that if, at any time, Lender shall become the owner of the Property, or, pursuant to its rights under the City Loan Documents, elects to undertake or cause the completion of construction of the Project on any portion of the Property, and gives Contractor written notice of such election; THEN, so long as the Contractor has received, receives or continues to receive the compensation called for under the Construction Agreements, Contractor shall continue to perform its obligations under the Construction Agreements in accordance with the terms thereof.

Contractor further agrees that, in the event of a breach by Borrower of the Construction Agreements, so long as Borrower's interest in the Construction Agreements is assigned to Lender, Contractor will give written notice to Lender, at The City of Rancho Cordova, 2729 Prospect Park Drive, Rancho Cordova, California 95670, Attention: City Manager, of such breach. Lender shall have thirty (30) days from the receipt of such written notice of default to remedy or cure said default, provided, if such default is of a nature that it cannot be cured within thirty (30) days, Lender shall have thirty (30) days within which to commence the cure and shall thereafter have such reasonable period of time to complete such cure as is necessary. Nothing herein shall require Lender to cure said default or to undertake completion of construction of the Project.

Contractor further agrees that, except with the prior written approval of Lender, Contractor shall not perform any construction work on the Property pursuant to any change in the Plans and Specifications as defined in the Construction Agreements where such change: (a) would constitute a material change in the building material or equipment specifications, the architectural or structural design, value, architecture or quality of any of the improvements as defined in the Construction Agreements; or (b) would result in an increase in any item of construction cost in excess of \$_____ for any single change or in excess of \$_____ for all such changes in such items of construction cost; or (c) would affect the structural integrity, quality of building material or equipment or overall efficiency of operating systems or utility systems of the improvements. The liens of the Deed of Trust and the Security Agreement therein shall have priority over any claim of lien of Contractor arising out of or in any way connected with any construction work performed by Contractor on the Property pursuant to any change in the Plans and Specifications not approved by Lender where Lender's approval is required under this Consent. Lender may periodically inspect and copy, at reasonable times, the books, records and accounting data of Contractor relating to the construction of the Project.

Finally, Contractor shall hold in trust all money disbursed to or otherwise received by Contractor from or on account of Borrower in connection with the construction of the Project and shall use such money solely for the payment of costs incurred in the construction of the Project, including Contractor's fees, and for no other purpose, until all bills, claims and demands for such costs have been paid in full.

Contractor warrants and represents it/he has no knowledge of any prior assignment(s) of any interest in the Construction Agreements. Except as otherwise defined herein, the terms used herein shall have the meanings given them in the Assignment.

CONTRACTOR

By: _____

Contractor's address: _____

Exhibit E

CITY LOAN PROMISSORY NOTE

SECURED PROMISSORY NOTE
(City Loan)

\$ _____

Rancho Cordova,
California
_____, 2015

FOR VALUE RECEIVED, _____, a _____ ("Borrower"), promises to pay to the City of Rancho Cordova, a California municipal corporation ("City"), in lawful money of the United States of America, the principal sum of _____ (\$ _____) or so much thereof as may be advanced by City pursuant to the Loan Agreement referred to below, together with interest on the outstanding principal balance in accordance with the terms and conditions described herein. Interest shall accrue on the outstanding principal balance of this Note at a rate equal to zero percent (0%) simple interest per annum, commencing upon the date of disbursement thereof. Interest shall be calculated on the basis of a year of 365 days, and charged for the actual number of days elapsed. This Secured Promissory Note (this "Note") has been executed and delivered pursuant to and in accordance with the Loan Agreement, dated as of the date hereof and executed by and between Borrower and City (the "Loan Agreement"), and is subject to the terms and conditions of the Loan Agreement, which is by this reference incorporated herein and made a part hereof. Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Loan Agreement.

This Note is secured by a Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing ("Deed of Trust") dated as of the date hereof, executed by Borrower for the benefit of City and encumbering the property described therein. City shall be entitled to the benefits of the security provided by the Deed of Trust and shall have the right to enforce the covenants and agreements contained herein, in the Deed of Trust, the Loan Agreement, the Regulatory Agreement and the other City Loan Documents. The Regulatory Agreement shall remain effective for the full term thereof and shall survive the repayment of this Note.

1. PAYMENTS.

1.1 PAYMENT DATES; MATURITY DATE. No periodic payments are anticipated on this Note. In no event shall any amount due under this Note become subject to any rights, of offset, deduction or counterclaim on the part of Borrower. The entire outstanding principal balance of this Note, together with interest accrued thereon (if any) any and all Bond Funds allocated to City pursuant to the Inter-Agency Project Agreement Regarding The Allocation and Expenditure of Mather Taxable Bond Funds for the Mather Veteran's Village, which is attached to the DDLA as Exhibit O ("IAPA") and by City to Borrower inclusive of any applicable interest as of the Expiration Date, Extended Term Expiration Date, or Termination Date which dates shall be as set forth in

the IAPA and any other sums accrued hereunder shall be payable in full on the date (the "Maturity Date") which is the earlier of:

1) thirty days after written notice to Borrower from the City that Borrower has failed to secure and maintain sufficient Project funding levels to insure: i) that the Project is constructed and ii that Project-related services will be provided on a continuous basis for no less than fifty-five (55) years at the site; or

2) thirty days after written notice to the City that Borrower has decided to abandon or discontinue implementation of the Project;

In the event Borrower completes the Project and all Project-related obligations for a period of not less than fifty-five (55) years, Borrower shall have no obligation to repay the Loan Proceeds to the City.

1.4 DUE ON SALE. The entire unpaid principal balance and all interest and other sums accrued hereunder shall be due and payable upon the Transfer (as defined in Section 6.2 of the Loan Agreement) absent City consent, of all or any part of the Project or the Property or any interest therein other than a Transfer permitted without City consent pursuant to the Loan Agreement. Without limiting the generality of the foregoing, this Note shall not be assumable without City's prior written consent, which consent may be granted or denied in City's sole discretion.

1.5 PREPAYMENT. Borrower may, without premium or penalty, at any time and from time to time, prepay all or any portion of the outstanding principal balance due under this Note, provided that each such prepayment is accompanied by accrued interest on the amount of principal prepaid calculated to the date of such prepayment. Prepayments shall be applied first to any unpaid late charges and other costs and fees then due, then to accrued but unpaid interest, and then to principal. The Regulatory Agreement shall remain in full force for the entire term thereof regardless of any prepayment of this Note.

1.6 MANNER OF PAYMENT. All payments of principal and interest on this Note shall be made to City at 2729 Prospect Park Drive, Rancho Cordova, California 95670 or such other place as City shall designate to Borrower in writing, or by wire transfer of immediately available funds to an account designated by City in writing. If at the time of payment City has ceased to operate, or has ceased to maintain or administer a housing trust fund, payment shall be made to HCD LHTF.

2. DEFAULTS AND REMEDIES.

2.1 EVENTS OF DEFAULT. The occurrence of any one or more of the following events shall constitute an event of default hereunder ("Event of Default"):

(a) Borrower fails to pay when due the principal and interest payable hereunder and such failure continues for ten (10) days after City notifies Borrower thereof in writing.

(b) Borrower fails to use Loan Proceeds in accordance with Borrower's request for disbursement of Loan Proceeds.

(c) Pursuant to or within the meaning of the United States Bankruptcy Code or any other federal or state law relating to insolvency or relief of debtors ("Bankruptcy Law"), Borrower or any general partner thereof (i) commences a voluntary case or proceeding; (ii) consents to the entry of an order for relief against Borrower or any general partner thereof in an involuntary case; (iii) consents to the appointment of a trustee, receiver, assignee, liquidator or similar official for Borrower or any general partner thereof; (iv) makes an assignment for the benefit of its creditors; or (v) admits in writing its inability to pay its debts as they become due.

(d) A court of competent jurisdiction enters an order or decree under any Bankruptcy Law that (i) is for relief against Borrower or any general partner thereof in an involuntary case, (ii) appoints a trustee, receiver, assignee, liquidator or similar official for Borrower or any general partner thereof or substantially all of such entity's assets, (iii) orders the liquidation of Borrower or any general partner thereof, or (iv) issues or levies a judgment, writ, warrant of attachment or similar process against the Property or the Project, and in each case the order or decree is not released, vacated, dismissed or fully bonded within sixty (60) days after its issuance.

(e) The occurrence of a Transfer in violation of Article VI of the Loan Agreement.

(f) A default arises under any debt instrument secured by a mortgage or deed of trust on the Project or the Property and remains uncured beyond any applicable cure period such that the holder of such instrument has the right to accelerate payment thereunder.

(g) Borrower fails to maintain insurance on the Property and the Project as required pursuant to the City Documents and Borrower fails to cure such default within ten (10) days.

(h) Subject to Borrower's right to contest the following charges pursuant to the City Documents, if Borrower fails to pay taxes or assessments due on the Property or the Project or fails to pay any other charge that may result in a lien on the Property or the Project, and Borrower fails to cure such default within thirty (30) days, but in all events before the imposition of any such tax or other lien.

(i) If any representation or warranty contained in any City Loan Document, or any certificate furnished in connection therewith, or in connection with any request for disbursement of the proceeds of the Loan proves to have been false or misleading in any material adverse respect when made and continues to be materially adverse to the City.

(j) An Event of Default shall have been declared under the Loan Agreement, the Regulatory Agreement or any other City Loan Document and remains uncured beyond the expiration of the applicable cure period.

2.2 REMEDIES. Upon the occurrence of an Event of Default hereunder, City may, at its option (i) by written notice to Borrower, declare the entire unpaid principal balance of this Note, together with all accrued interest thereon and all sums due hereunder, immediately due and payable regardless of any prior forbearance, (ii) exercise any and all rights and remedies available to it under applicable law, and (iii) exercise any and all rights and remedies available to City under this Note and the other City Loan Documents, including without limitation the right to pursue foreclosure under the Deed of Trust. Borrower shall pay all reasonable costs and expenses incurred by or on behalf of City including, without limitation, reasonable attorneys' fees, incurred in connection with City's enforcement of this Note and the exercise of any or all of its rights and remedies hereunder and all such sums shall be a part of the indebtedness secured by the Deed of Trust. The rights and remedies of City under this Note shall be cumulative and not alternative.

2.3 DEFAULT RATE. Upon the occurrence of an Event of Default, interest shall automatically be increased without notice to the rate of the lesser of ten percent (10%) per annum or the maximum rate permitted by law (the "Default Rate"); provided however, if any payment due hereunder is not paid when due, the Default Rate shall apply commencing upon the due date for such payment. When Borrower is no longer in default, the Default Rate shall no longer apply, and the interest rate shall once again be the rate specified in the first paragraph of this Note. Notwithstanding the foregoing provisions, if the interest rate charged exceeds the maximum legal rate of interest, the rate shall be the maximum rate permitted by law. The imposition or acceptance of the Default Rate shall in no event constitute a waiver of a default under this Note or prevent City from exercising any of its other rights or remedies.

2.4 LIMITED PARTNERS RIGHT TO CURE. Borrower's limited partners shall have the right to cure any default of Borrower hereunder upon the same terms and conditions afforded to Borrower. The City shall provide any notice of default hereunder to the limited partners concurrently with the provision of such notice to Borrower at the address set forth in Section 9.8 of the Loan Agreement. (or such alternate address as the limited partners may designate from time to time in a written notice to the City).

As to the limited partners, the cure periods specified herein shall commence upon the date of delivery of such notice in accordance with Section 9.8 of the Loan Agreement.

3. MISCELLANEOUS.

3.1 WAIVERS; AMENDMENTS; BORROWER'S WAIVERS. No waiver by City of any right or remedy under this Note shall be effective unless in a writing signed by City. Neither the failure nor any delay in exercising any right, power or privilege

under this Note will operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege by City will preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. No waiver that may be given by City will be applicable except in the specific instance for which it is given. No notice to or demand on Borrower will be deemed to be a waiver of any obligation of Borrower or of the right of City to take further action without notice or demand as provided in this Note. There shall be no amendment to or modification of this Note except by written instrument executed by Borrower and City.

To the maximum extent permitted by applicable law Borrower hereby waives presentment, demand, protest, notices of dishonor and of protest and all defenses and pleas on the grounds of any extension or extensions of the time of payment or of any due date under this Note, in whole or in part, whether before or after maturity and with or without notice.

3.2 NOTICES. Any notice required or permitted to be given hereunder shall be given in accordance with Section 11.3 of the Loan Agreement.

3.3 SEVERABILITY. If any provision in this Note is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Note will remain in full force and effect. Any provision of this Note held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

3.4 GOVERNING LAW; VENUE. This Note shall be governed by the laws of the State of California without regard to principles of conflicts of laws. Any legal action filed in connection with this Note shall be filed in the Superior Court of Sacramento County, California, or in the Federal District Court for the Eastern District of California.

3.5 PARTIES IN INTEREST. This Note shall bind Borrower and its successors and assigns and shall accrue to the benefit of City and its successors and assigns.

3.6 SECTION HEADINGS, CONSTRUCTION. The headings of Sections in this Note are provided for convenience only and will not affect its construction or interpretation.

3.7 RELATIONSHIP OF THE PARTIES. The relationship of Borrower and City under this Note is solely that of borrower and lender, and the loan evidenced by this Note and secured by the Deed of Trust will in no manner make City the partner or joint venturer of Borrower.

3.8 TIME IS OF THE ESSENCE. Time is of the essence with respect to every provision of this Note.

3.9 NONRECOURSE vs RECOURSE CHARACTERISTICS OF LOAN.

(A) impair the enforcement against all such security for the Loan of all the rights and remedies of the City under the Deed of Trust and any financing statements City files in connection with the Loan as each of the foregoing may be amended, modified, or restated from time to time;

(B) impair the right of City to bring a foreclosure action, action for specific performance or other appropriate action or proceeding to enable City to enforce and realize upon the Deed of Trust, the interest in the Project and the Property created thereby and any other collateral given to City in connection with the indebtedness evidenced hereby and to name the Borrower as party defendant in any such action;

(C) be deemed in any way to impair the right of the City to assert the unpaid principal amount of the Loan as a demand for money within the meaning of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto;

(D) constitute a waiver of any right which City may have under any bankruptcy law to file a claim for the full amount of the indebtedness owed to City hereunder or to require that the Project and the Property shall continue to secure all of the indebtedness owed to City hereunder in accordance with this Note and the Deed of Trust; or

(E) limit or restrict the ability of City to seek or obtain a judgment against Borrower to enforce against Borrower and its general partners to:

(1) recover under those sections of the Loan Agreement that pertain to Borrower's indemnification obligations), or

(2) recover from Borrower and its general partners compensatory damages as well as other costs and expenses incurred by City (including without limitation attorney's fees and expenses) arising as a result of the occurrence of any of the following:

(a) any fraud or material misrepresentation on the part of the Borrower, any general partner thereof, or any officer, director or authorized representative of Borrower or any general partner thereof in connection with the request for or creation of the Loan, or in any City Document, or in connection with any request for any action or consent by City in connection with the Loan;

(b) any failure to maintain insurance on the Property and the Project as required pursuant to the City Documents;

(c) failure to pay taxes, assessments or other charges which may become liens on the Property or the Project;

(d) the presence of Hazardous Materials on the Property or other violation of the Borrower's obligations under Article VIII of the Loan Agreement or Section 7.11 of the Deed of Trust (pertaining to environmental matters);

(e) the occurrence of any act or omission of Borrower that results in waste to or of the Project or the Property and which has a material adverse effect on the value of the Project or the Property;

(f) the material misapplication of the Loan proceeds;

(g) the removal or disposal of any personal property or fixtures or the retention of rents, insurance proceeds, or condemnation awards in violation of the Deed of Trust;

(h) the material misapplication of the proceeds of any insurance policy or award resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Project or the Property; and

(i) the failure of Borrower to pay all amounts payable under this Note in full if Borrower Transfers the Property in violation of the Loan Agreement.

SIGNATURES ON FOLLOWING PAGE.

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

BORROWER:

By:

By

By: _____
Its: _____

Exhibit F

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

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

The City of Rancho Cordova
2729 Prospect Park Drive
Rancho Cordova, CA 95670
Attn: City Manager

EXEMPT FROM RECORDING FEES
PER GOVERNMENT CODE §§ 6103,27383

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

**CITY OF RANCHO CORDOVA
LOCAL HOUSING TRUST FUND ("LHTF") PROGRAM**

THIS LEASEHOLD DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING ("**Deed of Trust**") is made as of _____, 2015, by _____, a _____ ("**Trustor**") to Fidelity National Title Company as trustee ("**Trustee**"), for the benefit of the City of Rancho Cordova, a California municipal corporation ("**Beneficiary**").

RECITALS

A. Trustor _____ a ninety-nine year lease to the land described in Exhibit A attached hereto and incorporated herein by this reference (the "**Land**"). Trustor intends to construct, own and operate a _____ development on the Land (the "**Project**").

B. Beneficiary and Trustor have entered into a Loan Agreement dated concurrently herewith (the "**Loan Agreement**") pursuant to which Beneficiary will provide a _____ loan to Trustor in the amount of _____ Dollars (\$ _____) (the "**City Loan**") for the purpose of partially financing the Project. Trustor has issued to Beneficiary a secured promissory note dated as of the date hereof (the "**City Note**") to evidence Trustor's obligation to repay the City Loan. A Memorandum of the Loan Agreement will be recorded in the Official Records of Sacramento County concurrently herewith.

C. As a condition precedent to the making of the City Loan, Beneficiary has required that Trustor enter into this Deed of Trust and grant to Trustee for the benefit of Beneficiary, a lien and security interest in the Project and in Trustor's leasehold interest in the Land and the Property (defined below) to secure repayment of the Note and performance of Trustor's obligations under the Loan Agreement and under the City Loan Documents (defined below).

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows.

1. Grant in Trust. In consideration of the foregoing and for the purpose of securing payment and performance of the Secured Obligations defined and described in Section 2, Trustor hereby irrevocably and unconditionally grants, conveys, transfers and assigns to Trustee, in trust for the benefit of Beneficiary, with power of sale and right of entry and possession, all estate, right, title and interest which Trustor now has or may later acquire in and to the Land, and all of the following, whether presently owned or hereafter acquired:

a. All buildings, structures, and improvements, now or hereafter located or constructed on the Land ("**Improvements**");

b. All appurtenances, easements, rights of way, pipes, transmission lines or wires and other rights used in connection with the Land or the Improvements or as a means of access thereto, whether now or hereafter owned or constructed or placed upon or in the Land or Improvements and all existing and future privileges, rights, franchises and tenements of the Land, including all minerals, oils, gas and other commercially valuable substances which may be in, under or produced from any part of the Land, and all water rights, rights of way, gores or strips of land, and any land lying in the streets, ways, and alleys, open or proposed, in front of or adjoining the Land and Improvements (collectively, "**Appurtenances**");

c. All machinery, equipment, fixtures, goods and other personal property of the Trustor, whether moveable or not, now owned or hereafter acquired by the Trustor and now or hereafter located at or used in connection with the Land, the Improvements or Appurtenances, and all improvements, restorations, replacements, repairs, additions or substitutions thereto (collectively, "**Equipment**");

d. All existing and future leases, subleases, licenses, and other agreements relating to the use or occupancy of all or any portion of the Land or Improvements (collectively, "**Leases**"), all amendments, extensions, renewals or modifications thereof, and all rent, royalties, or other payments which may now or hereafter accrue or otherwise become payable thereunder to or for the benefit of Trustor, including but not limited to security deposits (collectively, "**Rents**");

e. All insurance proceeds and any other proceeds from the Land, Improvements, Appurtenances, Equipment, Leases, and Rents, including without limitation, all deposits made with or other security deposits given to utility companies, all claims or demands relating to insurance awards which the Trustor now has or may hereafter acquire, including all advance payments of insurance premiums made by Trustor, and all condemnation awards or payments now or later made in connection with any condemnation or eminent domain proceeding ("**Proceeds**");

f. All revenues, income, rents, royalties, payments and profits produced by the Land, Improvements, Appurtenances and Equipment, whether now owned or hereafter acquired by Trustor ("**Gross Revenues**");

g. All architectural, structural and mechanical plans, specifications, design documents and studies produced in connection with development of the Land and construction of the Improvements (collectively, "**Plans**"); and

h. All interests and rights in any private or governmental grants, subsidies, loans or other financing provided in connection with development of the Land and construction of the Improvements, excluding any low income housing tax credits awarded to Trustor in connection with the Project and any equity contributed to Trustor by Trustor's limited partners (collectively, "**Financing**").

All of the above-referenced interests of Trustor in the Land, Improvements, Appurtenances, Equipment, Leases, Rents, Proceeds, Gross Revenues, Plans and Financing as hereby conveyed to Trustee or made subject to the security interest herein described are collectively referred to herein as the "**Property**."

2. Obligations Secured. This Deed of Trust is given for the purpose of securing payment and performance of the following (collectively, the "**Secured Obligations**"): (i) all present and future indebtedness evidenced by the City Loan Note and any amendment thereof, including principal, interest and all other amounts payable under the terms of the Note; (ii) all present and future obligations of Trustor to Beneficiary under the City Loan Documents (defined below); (iii) all additional present and future obligations of Trustor to Beneficiary under any other agreement or instrument acknowledged by Trustor (whether existing now or in the future) which states that it is or such obligations are, secured by this Deed of Trust; (iv) all obligations of Trustor to Beneficiary under all modifications, supplements, amendments, renewals, or extensions of any of the foregoing, whether evidenced by new or additional documents; and (v) reimbursement of all amounts advanced by or on behalf of Beneficiary to protect Beneficiary's interests under this Deed of Trust or any other City Loan Document as such may be modified, supplemented, amended, renewed or extended. The City Note, the Loan Agreement, this Deed of Trust, and the Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants ("**Regulatory Agreement**") dated as of the date hereof, executed by and between Trustor and Beneficiary and recorded substantially concurrently herewith are hereafter collectively referred to as the "**City Loan Documents**."

3. Assignment of Rents, Issues, and Profits. Trustor hereby irrevocably, absolutely, presently and unconditionally assigns to Beneficiary the Rents, royalties, issues, profits, revenue, income and proceeds of the Property. This is an absolute assignment and not an assignment for security only. Beneficiary hereby confers upon Trustor a license to collect and retain such Rents, royalties, issues, profits, revenue, income and proceeds as they become due and payable prior to any Event of Default hereunder. Upon the occurrence and during the continuance of any such Event of Default, Beneficiary may terminate such license without notice to or demand upon Trustor and without regard to

the adequacy of any security for the indebtedness hereby secured, and may either in person, by agent, or by a receiver to be appointed by a court, enter upon and take possession of the Property or any part thereof, and sue for or otherwise collect such rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, to any indebtedness secured hereby, and in such order as Beneficiary may determine. Beneficiary's right to the rents, royalties, issues, profits, revenue, income and proceeds of the Property does not depend upon whether or not Beneficiary takes possession of the Property. The entering upon and taking possession of the Property, the collection of such rents, issues, and profits, and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. If an Event of Default occurs while Beneficiary is in possession of all or part of the Property and/or is collecting and applying Rents as permitted under this Deed of Trust, Beneficiary, Trustee and any receiver shall nevertheless be entitled to exercise and invoke every right and remedy afforded any of them under this Deed of Trust and at law or in equity, including the right to exercise the power of sale granted hereunder. Regardless of whether or not Beneficiary, in person or by agent, takes actual possession of the Land or the Improvements, Beneficiary shall not be deemed to be a "mortgagee in possession," shall not be responsible for performing any obligation of Trustor under any Lease, shall not be liable in any manner for the Property, or the use, occupancy, enjoyment or operation of any part of it, and shall not be responsible for any waste committed by Trustor, lessees or any third parties, or for dangerous or defective condition of the Property or any negligence in the management, repair or control of the Property. Absent Beneficiary's written consent, Trustor shall not accept prepayment of Rents for any rental period exceeding one month.

4. Security Agreement. The parties intend for this Deed of Trust to create a lien on the Property, and an absolute assignment of the Rents and Leases, all in favor of Beneficiary. The parties acknowledge that some of the Property may be determined under applicable law to be personal property or fixtures. To the extent that any Property may be or be determined to be personal property, Trustor as debtor hereby grants to Beneficiary as secured party a security interest in all such Property to secure payment and performance of the Secured Obligations. This Deed of Trust constitutes a security agreement under the California Uniform Commercial Code, as amended or recodified from time to time (the "**UCC**"), covering all such Property. To the extent such Property is not real property encumbered by the lien granted above, and is not absolutely assigned by the assignment set forth above, it is the intention of the parties that such Property shall constitute "proceeds, products, offspring, rents, or profits" (as defined in and for the purposes of Section 552(b) of the United States Bankruptcy Code, as such section may be modified or supplemented) of the Land and Improvements.

5. Financing Statements. Pursuant to the UCC, Trustor, as debtor, hereby authorizes Beneficiary, as secured party, to file such financing statements and amendments thereof and such continuation statements with respect thereto as Beneficiary may deem appropriate to perfect and preserve Beneficiary's security interest in the Property and Rents, without requiring any signature or further authorization by

Trustor. If requested by Beneficiary, Trustor shall pay all fees and costs that Beneficiary may incur in filing such documents in public offices and in obtaining such record searches as Beneficiary may reasonably require. If any financing statement or other document is filed in the records normally pertaining to personal property, that filing shall not be construed as in any way derogating from or impairing this Deed of Trust or the rights or obligations of the parties under it.

Everything used in connection with the Property and/or adapted for use therein and/or which is described or reflected in this Deed of Trust is, and at all times and for all purposes and in all proceedings both legal or equitable shall be regarded as part of the estate encumbered by this Deed of Trust irrespective of whether (i) any such item is physically attached to the Improvements, (ii) serial numbers are used for the better identification of certain equipment items capable of being thus identified in a recital contained herein or in any list filed with Beneficiary, or (iii) any such item is referred to or reflected in any such financing statement so filed at any time. Similarly, the mention in any such financing statement of (1) rights in or to the proceeds of any fire and/or hazard insurance policy, or (2) any award in eminent domain proceedings for a taking or for lessening of value, or (3) Trustor's interest as lessor in any present or future lease or rights to income growing out of the use and/or occupancy of the property conveyed hereby, whether pursuant to lease or otherwise, shall not be construed as in any way altering any of the rights of Beneficiary as determined by this instrument or impugning the priority of Beneficiary's lien granted hereby or by any other recorded document. Such mention in any financing statement is declared to be solely for the protection of Beneficiary in the event any court or judge shall at any time hold, with respect to the matters set forth in the foregoing clauses (1), (2), and (3), that notice of Beneficiary's priority of interest is required in order to be effective against a particular class of persons, including but not limited to the federal government and any subdivisions or entity of the federal government.

6. Fixture Filing. This Deed of Trust is intended to be and constitutes a fixture filing pursuant to the provisions of the UCC with respect to all of the Property constituting fixtures, is being recorded as a fixture financing statement and filing under the UCC, and covers property, goods and equipment which are or are to become fixtures related to the Land and the Improvements. Trustor covenants and agrees that this Deed of Trust is to be filed in the real estate records of Sacramento County and shall also operate from the date of such filing as a fixture filing in accordance with Section 9502 and other applicable provisions of the UCC. This Deed of Trust shall also be effective as a financing statement covering minerals or the like (including oil and gas) and accounts subject to the UCC, as amended. Trustor shall be deemed to be the "debtor" and Beneficiary shall be deemed to be the "secured party" for all purposes under the UCC.

7. Trustor's Representations, Warranties and Covenants; Rights and Duties of the Parties.

7.1 Representations and Warranties. Trustor represents and warrants that:
(i) Trustor lawfully possesses and holds a leasehold interest in the Land and the

Improvements, (ii) Trustor has good and marketable title to all of the Property; (iii) other than as limited by the City Loan Documents and the Permitted Encumbrances, Trustor has the full and unlimited power, right and authority to encumber the Property and assign the Rents; (iv) subject only to encumbrances of record and senior liens permitted pursuant to the City Loan Documents or otherwise approved in writing by Beneficiary ("**Permitted Encumbrances**"), this Deed of Trust creates a valid lien on Trustor's entire interest in the Property; (v) except with respect to Permitted Encumbrances, Trustor's leasehold interest in the Property is free and clear of all deeds of trust, mortgages, security agreements, reservations of title or conditional sales contracts, (vi) there is no financing statement affecting the Property on file in any public office other than as disclosed in writing to Beneficiary; and (vii) the correct address of Trustor's chief executive office is specified in Section 10.2. Notwithstanding the foregoing, Beneficiary agrees that pursuant to Health and Safety Code Section 33334.14(a)(4), it will subordinate this Deed of Trust to deeds of trust provided for the benefit of commercial lenders identified in the Financing Plan approved in connection with the Loan Agreement provided that the subordination agreement includes reasonable protections to the Beneficiary in the event of default.

7.2 Condition of Property. Trustor represents and warrants that except as disclosed to Beneficiary in writing, as of the date hereof: (i) Trustor has not received any notice from any governmental authority of any threatened or pending zoning, building, fire, or health code violation or violation of other governmental regulations concerning the Property that has not previously been corrected, and no condition on the Land violates any health, safety, fire, environmental, sewage, building, or other federal, state or local law, ordinance or regulation; (ii) no contracts, licenses, leases or commitments regarding the maintenance or use of the Property or allowing any third party rights to use the Property are in force; (iii) there are no threatened or pending actions, suits, or administrative proceedings against or affecting the Property or any portion thereof or the interest of Trustor in the Property; (iv) there are no threatened or pending condemnation, eminent domain, or similar proceedings affecting the Property or any portion thereof; (v) Trustor has not received any notice from any insurer of defects of the Property which have not been corrected; (vi) there are no natural or artificial conditions upon the Land or any part thereof that could result in a material and adverse change in the condition of the Land; (vii) all information that Trustor has delivered to Beneficiary, either directly or through Trustor's agents, is accurate and complete; and (viii) Trustor or Trustor's agents have disclosed to Beneficiary all material facts concerning the Property.

7.3 Authority. Trustor represents and warrants that this Deed of Trust and all other documents delivered or to be delivered by Trustor in connection herewith: (a) have been duly authorized, executed, and delivered by Trustor; (b) are binding obligations of Trustor; and (c) do not violate the provisions of any agreement to which Trustor is a party or which affects the Property. Trustor further represents and warrants that there are no pending, or to Trustor's knowledge, threatened actions or proceedings before any court or administrative agency which may adversely affect Trustor's ownership of the Property.

7.4 Payment and Performance of Secured Obligations. Trustor shall promptly pay when due the principal and any interest due on the indebtedness evidenced by the Note, and shall promptly pay and perform all other obligations of Trustor arising in connection with the Secured Obligations or the City Loan Documents in accordance with the respective terms thereof.

7.5 Use of City Loan Proceeds; Preservation and Maintenance of Property; Compliance with Laws. Trustor covenants that it shall use the City Loan Proceeds solely for purposes authorized by the Loan Agreement. Trustor covenants that it shall keep the Land and Improvements in good repair and condition, and from time to time shall make necessary repairs, renewals and replacements thereto so that the Property shall be preserved and maintained. Trustor covenants to comply with all federal, state and local laws, regulations, ordinances and rules applicable to the Property and the Project, including without limitation all applicable requirements of state and local building codes and regulations, and all applicable statutes and regulations relating to accessibility for the disabled. Trustor shall not remove, demolish or materially alter any Improvement without Beneficiary's consent, shall complete or restore promptly and in good and workmanlike manner any building, fixture or other improvement which may be constructed, damaged, or destroyed thereon, and shall pay when due all claims for labor performed and materials furnished therefor. Trustor shall use the Land and the Improvements solely for purposes authorized by the City Loan Documents, shall not commit or allow waste of the Property, and shall not commit or allow any act upon or use of the Property which would violate any applicable law or order of any governmental authority, nor shall Trustor bring on or keep any article on the Property or cause or allow any condition to exist thereon which could invalidate or which would be prohibited by any insurance coverage required to be maintained on the Property pursuant to the City Loan Documents.

7.6 Restrictions on Conveyance and Encumbrance; Acceleration. It shall be an Event of Default hereunder if the Property, any part thereof, or interest therein is sold, assigned, conveyed, transferred, hypothecated, leased, licensed, or encumbered in violation of the Loan Agreement or if any other Transfer (as defined in the Loan Agreement) occurs in violation of the Loan Agreement. If any such Transfer shall occur in violation of such requirements, without limiting the provisions of Section 8 hereof, all obligations secured by this Deed of Trust, irrespective of the maturity dates of such obligations, shall at the option of Beneficiary, and without demand, immediately become due and payable, subject to any applicable cure period.

7.7 Inspections; Books and Records. Beneficiary and its agents and representatives shall have the right at any reasonable time upon reasonable notice to enter upon the Land and inspect the Property to ensure compliance with the City Loan Documents. Trustor shall maintain complete and accurate books of account and other records (including copies of supporting bills and invoices) adequate to document the use of the City Loan Proceeds and the operation of the Property, together with copies of all written contracts, Leases and other instruments which affect the Property. The books, records, contracts, Leases and other instruments shall be subject to examination

and inspection by Beneficiary at any reasonable time following two business days prior notice.

7.8 Charges, Liens, Taxes and Assessments. Trustor shall pay before delinquency all taxes, levies, assessments and other charges affecting the Property that are (or if not paid may become) a lien on all or part of the Property. Trustor may, at Trustor's expense, contest the validity or application of any tax, levy, assessment or charge affecting the Property by appropriate legal proceedings promptly initiated and conducted in good faith and with due diligence, provided that (i) Beneficiary is reasonably satisfied that neither the Property nor any part thereof or interest therein will be in danger of being sold, forfeited, or lost as a result of such contest, and (ii) Trustor shall have posted a bond or furnished other security as may reasonably be required from time to time by Beneficiary; and provided further that Trustor shall timely make any payment necessary to prevent a lien foreclosure, sale, forfeiture or loss of the Property.

7.9 Subrogation. Beneficiary shall be subrogated to the liens of all encumbrances, whether released of record or not, which are discharged in whole or in part by Beneficiary in accordance with this Deed of Trust.

7.10 Hazard, Liability and Workers' Compensation Insurance. At all times during the term hereof, at Trustor's expense, Trustor shall keep the Improvements and personal property now existing or hereafter located on the Property insured against loss by fire, vandalism and malicious mischief by a policy of standard fire and extended all-risk insurance. The policy shall be written on a full replacement value basis and shall name Beneficiary as loss payee as its interest may appear. The full replacement value of the improvements to be insured shall be determined by the company issuing the policy at the time the policy is initially obtained. Not more frequently than once every two (2) years, either the Trustor or the Beneficiary shall have the right to notify the other party that it elects to have the replacement value re-determined by the insurance company. Subject to the rights of any senior lienholder, the proceeds collected under any insurance policy may be applied by Beneficiary to any indebtedness secured hereby and in such order as Beneficiary may determine, or at the option of Beneficiary, the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

7.10.1 Trustor shall at all times during the term hereof, maintain a comprehensive general liability insurance policy in an amount not less than One Million Dollars (\$1,000,000) combined single limit, Two Million Dollars (\$2,000,000) annual aggregate, together with Five Million Dollars (\$5,000,000) umbrella liability coverage or such other policy limits as City may require in its reasonable discretion, including coverage for bodily injury, property damage, products, completed operations and contractual liability coverage. Such policy or policies shall be written on an occurrence basis and shall name the Indemnitees as additional insureds. Such policy shall name the Beneficiary as additional insured. Trustor shall maintain workers' compensation insurance as required by law.

7.10.2 Trustor shall file with Beneficiary prior to the commencement of the term hereof, certificates (or such other proof as Beneficiary may require, including without limitation, copies of the required insurance policies) evidencing each of the insurance policies and endorsements thereto as required by this Section, and such certificates (or policies) shall provide that at least thirty (30) days' prior written notice shall be provided to Beneficiary prior to the expiration, cancellation or change in coverage under each such policy.

7.10.3 If any insurance policy required hereunder is canceled or the coverage provided thereunder is reduced, Trustor shall, within fifteen (15) days after receipt of written notice of such cancellation or reduction in coverage, but in no event later than the effective date of cancellation or reduction, file with Beneficiary a certificate showing that the required insurance has been reinstated or provided through another insurance company or companies. Upon failure to so file such certificate, Beneficiary may, without further notice and at its option, procure such insurance coverage at Trustor's expense, and Trustor shall promptly reimburse Beneficiary for such expense upon receipt of billing from Beneficiary.

7.10.4 The insurance policies required hereunder shall be issued by insurance companies authorized to do business in the State of California with a financial rating of at least A VII status as rated in the most recent edition of Best's Key Rating Guide. Each policy of insurance shall contain an endorsement requiring the insurer to provide at least 30 days written notice to Beneficiary prior to change in coverage, cancellation or expiration thereof. If any insurance policy required pursuant to the City Loan Documents is canceled or the coverage provided thereunder is reduced, Trustor shall, within ten (10) days after receipt of written notice of such cancellation or reduction in coverage, but in no event later than the effective date of cancellation or reduction, file with Beneficiary a certificate showing that the required insurance has been reinstated or provided through another insurance company or companies. Upon failure to so file such certificate, Beneficiary may, without further notice and at its option, procure such insurance coverage at Trustor's expense, and Trustor shall promptly reimburse Beneficiary for such expense upon receipt of billing from Beneficiary.

7.11 Hazardous Materials. Trustor represents and warrants that except as disclosed to Beneficiary in writing, as of the date hereof to the best knowledge of Trustor: (i) the Land is free and has always been free of Hazardous Materials (as defined below) and is not and has never been in violation of any Environmental Law (as defined below); (ii) there are no buried or partially buried storage tanks located on the Land; (iii) Trustor has received no notice, warning, notice of violation, administrative complaint, judicial complaint, or other formal or informal notice alleging that conditions on the Land are or have ever been in violation of any Environmental Law or informing Trustor that the Land is subject to investigation or inquiry regarding Hazardous Materials on the Land or the potential violation of any Environmental Law; (iv) there is no monitoring program required by the Environmental Protection Agency or any other governmental agency concerning the Land; (v) no toxic or hazardous chemicals, waste, or substances of any kind have ever been spilled, disposed of, or stored on, under or at

the Land, whether by accident, burying, drainage, or storage in containers, tanks, holding areas, or any other means; (vi) the Land has never been used as a dump or landfill; and (vii) Trustor has disclosed to Beneficiary all information, records, and studies in Trustor's possession or reasonably available to Trustor relating to the Land concerning Hazardous Materials.

Trustor shall not cause or permit any Hazardous Material (as defined below) to be brought upon, kept, stored or used in, on, under, or about the Land by Trustor, its agents, employees, contractors or invitees except for incidental supplies ordinarily used in connection with the construction, rehabilitation, repair, and operation of residential developments and in compliance with all applicable laws, and shall not cause any release of Hazardous Materials into, onto, under or through the Land. If any Hazardous Material is discharged, released, dumped, or spilled in, on, under, or about the Land and results in any contamination of the Land or adjacent property, or otherwise results in the release or discharge of Hazardous Materials in, on, under or from the Land, Trustor shall promptly take all actions at its sole expense as are necessary to comply with all Environmental Laws (as defined below).

Trustor shall indemnify, defend (with counsel reasonably acceptable to Beneficiary), and hold Beneficiary and its elected and appointed officials, officers, agents and employees (collectively, "**Indemnitees**") harmless from and against any and all loss, claim, liability, damage, demand, judgment, order, penalty, fine, injunctive or other relief, cost, expense (including reasonable fees and expenses of attorneys, expert witnesses, and other professionals advising or assisting Beneficiary), action, or cause of action (all of the foregoing, hereafter individually "Claim" and collectively "Claims") arising in connection with the breach of Trustor's covenants and obligations set forth in this Section 7.11 or otherwise arising in connection with the presence or release of Hazardous Materials in, on, under, or from the Property, except to the extent that Claims arise as a result of the gross negligence or willful misconduct of Indemnitees. The foregoing indemnity includes, without limitation, all costs of investigation, assessment, containment, removal, remediation of any kind, and disposal of Hazardous Materials, all costs of determining whether the Land is in compliance with Environmental Laws, all costs associated with bringing the Land into compliance with all applicable Environmental Laws, and all costs associated with claims for damages or injury to persons, property, or natural resources.

Without limiting the generality of the foregoing, Trustor shall, at Trustor's own cost and expense, do all of the following:

- a. pay or satisfy any judgment or decree that may be entered against any Indemnitee or Indemnitees in any legal or administrative proceeding incident to any matters against which Indemnitees are entitled to be indemnified under this Deed of Trust;
- b. reimburse Indemnitees for any expenses paid or incurred in connection with any matters against which Indemnitees are entitled to be indemnified under this Deed of Trust; and

c. reimburse Indemnitees for any and all expenses, including without limitation out-of-pocket expenses and fees of attorneys and expert witnesses, paid or incurred in connection with the enforcement by Indemnitees of their rights under this Deed of Trust, or in monitoring and participating in any legal or administrative proceeding.

Trustor's obligation to indemnify the Indemnitees shall not be limited or impaired by any of the following, or by any failure of Trustor to receive notice of or consideration for any of the following: (i) any amendment or modification of any City Loan Document; (ii) any extensions of time for performance required by any City Loan Document; (iii) any provision in any of the City Loan Documents limiting Beneficiary's recourse to property securing the Secured Obligations, or limiting the personal liability of Trustor, or any other party for payment of all or any part of the Secured Obligations; (iv) the accuracy or inaccuracy of any representation and warranty made by Trustor under this Deed of Trust or by Trustor or any other party under any City Loan Document, (v) the release of Trustor or any other person, by Beneficiary or by operation of law, from performance of any obligation under any City Loan Document; (vi) the release or substitution in whole or in part of any security for the Secured Obligations; and (vii) Beneficiary's failure to properly perfect any lien or security interest given as security for the Secured Obligations.

The provisions of this Section 7.11 shall be in addition to any and all other obligations and liabilities that Trustor may have under applicable law, and each Indemnatee shall be entitled to indemnification under this Section without regard to whether Beneficiary or that Indemnatee has exercised any rights against the Property or any other security, pursued any rights against any guarantor or other party, or pursued any other rights available under the City Loan Documents or applicable law. The obligations of Trustor to indemnify the Indemnitees under this Section shall survive any repayment or discharge of the Secured Obligations, any foreclosure proceeding, any foreclosure sale, any delivery of any deed in lieu of foreclosure, and any release of record of the lien of this Deed of Trust.

Without limiting any of the remedies provided in this Deed of Trust, Trustor acknowledges and agrees that each of the provisions in this Section 7.11 is an environmental provision (as defined in Section 736(f)(2) of the California Code of Civil Procedure) made by Trustor relating to real property security (the "Environmental Provisions"), and that Trustor's failure to comply with any of the Environmental Provisions will be a breach of contract that will entitle Beneficiary to pursue the remedies provided by Section 736 of the California Code of Civil Procedure ("Section 736") for the recovery of damages and for the enforcement of the Environmental Provisions. Pursuant to Section 736, Beneficiary's action for recovery of damages or enforcement of the Environmental Provisions shall not constitute an action within the meaning of Section 726(a) of the California Code of Civil Procedure or constitute a money judgment for a deficiency or a deficiency judgment within the meaning of Sections 580a, 580b, 580d, or 726(b) of the California Code of Civil Procedure.

“Hazardous Materials” means any substance, material or waste which is or becomes regulated by any federal, state or local governmental authority, and includes without limitation (i) petroleum or oil or gas or any direct or indirect product or by-product thereof; (ii) asbestos and any material containing asbestos; (iii) any substance, material or waste regulated by or listed (directly or by reference) as a “hazardous substance”, “hazardous material”, “hazardous waste”, “toxic waste”, “toxic pollutant”, “toxic substance”, “solid waste” or “pollutant or contaminant” in or pursuant to, or similarly identified as hazardous to human health or the environment in or pursuant to, the Toxic Substances Control Act [15 U.S.C. Section 2601, et seq.]; the Comprehensive Environmental Response, Compensation and Liability Act [42 U.S.C. Section 9601, et seq.], the Hazardous Materials Transportation Authorization Act [49 U.S.C. Section 5101, et seq.], the Resource Conservation and Recovery Act [42 U.S.C. Section 6901, et seq.], the Federal Water Pollution Control Act [33 U.S.C. Section 1251], the Clean Air Act [42 U.S.C. Section 7401, et seq.], the California Underground Storage of Hazardous Substances Act [California Health and Safety Code Section 25280, et seq.], the California Hazardous Substances Account Act [California Health and Safety Code Section 25300, et seq.], the California Hazardous Waste Act [California Health and Safety Code Section 25100, et seq.], the California Safe Drinking Water and Toxic Enforcement Act [California Health and Safety Code Section 25249.5, et seq.], and the Porter-Cologne Water Quality Control Act [California Water Code Section 13000, et seq.], as they now exist or are hereafter amended, together with any regulations promulgated thereunder; (iv) any substance, material or waste which is defined as such or regulated by any “Superfund” or “Superlien” law, or any Environmental Law; or (v) any other substance, material, chemical, waste or pollutant identified as hazardous or toxic and regulated under any other federal, state or local environmental law, including without limitation, asbestos, polychlorinated biphenyls, petroleum, natural gas and synthetic fuel products and by-products.

“Environmental Law” means all federal, state or local statutes, ordinances, rules, regulations, orders, decrees, judgments or common law doctrines, and provisions and conditions of permits, licenses and other operating authorizations regulating, or relating to, or imposing liability or standards of conduct concerning (i) pollution or protection of the environment, including natural resources; (ii) exposure of persons, including employees and agents, to any Hazardous Material (as defined above) or other products, raw materials, chemicals or other substances; (iii) protection of the public health or welfare from the effects of by-products, wastes, emissions, discharges or releases of chemical substances from industrial or commercial activities; (iv) the manufacture, use or introduction into commerce of chemical substances, including without limitation, their manufacture, formulation, labeling, distribution, transportation, handling, storage and disposal; or (iv) the use, release or disposal of toxic or hazardous substances or Hazardous Materials or the remediation of air, surface waters, groundwaters or soil, as now or may at any later time be in effect, including but not limited to the Toxic Substances Control Act [15 U.S.C. 2601, et seq.]; the Comprehensive Environmental Response, Compensation and Liability Act [42 U.S.C. Section 9601, et seq.], the Hazardous Materials Transportation Authorization Act [49 U.S.C. Section 5101, et seq.], the Resource Conservation and Recovery Act [42 U.S.C. 6901, et seq.], the Federal Water Pollution Control Act [33 U.S.C. Section 1251], the

Clean Air Act [42 U.S.C. Section 7401, et seq.], the California Underground Storage of Hazardous Substances Act [California Health and Safety Code Section 25280, et seq.], the California Hazardous Substances Account Act [California Health and Safety Code Section 25300, et seq.], the California Hazardous Waste Act [California Health and Safety Code Section 25100, et seq.], the California Safe Drinking Water and Toxic Enforcement Act [California Health and Safety Code Section 25249.5, et seq.], and the Porter-Cologne Water Quality Control Act [California Water Code Section 13000, et seq.], as they now exist or are hereafter amended, together with any regulations promulgated thereunder.

7.12 Notice of Claims; Defense of Security; Reimbursement of Costs.

a. Notice of Claims. Trustor shall provide written notice to Beneficiary of any uninsured or partially uninsured loss affecting the Property through fire, theft, liability, or property damage in excess of an aggregate of Fifty Thousand Dollars (\$50,000) within three business days of the occurrence of such loss. Trustor shall ensure that Beneficiary shall receive timely notice of, and shall have a right to cure, any default under any other financing document or other lien affecting the Property and shall use best efforts to ensure that provisions mandating such notice and allowing such right to cure shall be included in all such documents. Within three business days of Trustor's receipt thereof, Trustor shall provide Beneficiary with a copy of any notice of default Trustor receives in connection with any financing document secured by the Property or any part thereof.

b. Defense of Security. At Trustor's sole expense, Trustor shall protect, preserve and defend the Property and title to and right of possession of the Property, the security of this Deed of Trust and the rights and powers of Beneficiary and Trustee created under it, against all adverse claims.

c. Compensation; Reimbursement of Costs. Trustor agrees to pay all reasonable fees, costs and expenses charged by Beneficiary or Trustee for any service that Beneficiary or Trustee may render in connection with this Deed of Trust, including without limitation, fees and expenses related to provision of a statement of obligations or related to a reconveyance. Trustor further agrees to pay or reimburse Beneficiary for all costs, expenses and other advances which may be incurred or made by Beneficiary or Trustee in any efforts to enforce any terms of this Deed of Trust, including without limitation any rights or remedies afforded to Beneficiary or Trustee or both of them under Sections 7.16 and 8.2, whether or not any lawsuit is filed, or in defending any action or proceeding arising under or relating to this Deed of Trust, including reasonable attorneys' fees and other legal costs, costs of any disposition of the Property under the power of sale granted hereunder or any judicial foreclosure, and any cost of evidence of title.

d. Notice of Changes. Trustor shall give Beneficiary prior written notice of any change in the address of Trustor and the location of any Property, including books and records pertaining to the Property.

7.13 Indemnification. Trustor shall indemnify, defend (with counsel reasonably acceptable to Beneficiary), and hold harmless the Trustee and the Indemnitees (as defined in Section 7.11) from and against all Claims arising directly or indirectly in any manner in connection with or as a result of (a) any breach of Trustor's covenants under any City Loan Document, (b) any representation by Trustor in any City Loan Document which proves to be false or misleading in any material respect when made, (c) injury or death to persons or damage to property or other loss occurring on the Land or in any improvement located thereon, whether caused by the negligence or any other act or omission of Trustor or any other person or by negligent, faulty, inadequate or defective design, building, construction or maintenance or any other condition or otherwise, (d) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnatee which relates to or arises out of the Property, or any City Loan Document or any transaction contemplated thereby, or any failure of Trustor to comply with all applicable state, federal and local laws and regulations applicable to the Property, provided that no Indemnatee shall be entitled to indemnification under this Section for matters caused by such Indemnatee's gross negligence or willful misconduct. The obligations of Trustor under this Section shall survive the repayment of the Permanent Loan and shall be secured by this Deed of Trust. Notwithstanding any contrary provision contained herein, the obligations of Trustor under this Section shall survive any foreclosure proceeding, any foreclosure sale, any delivery of a deed in lieu of foreclosure, and any release or reconveyance of this Deed of Trust.

7.14. Limitation of Liability. Beneficiary shall not be directly or indirectly liable to Trustor or any other person as a consequence of any of the following: (i) Beneficiary's exercise of or failure to exercise any rights, remedies or powers granted to Beneficiary in this Deed of Trust; (ii) Beneficiary's failure or refusal to perform or discharge any obligation or liability of Trustor under any agreement related to the Property or under this Deed of Trust; (iii) any waste committed by Trustor, the lessees of the Property or any third parties, or any dangerous or defective condition of the Property; or (iv) any loss sustained by Trustor or any third party resulting from any act or omission of Beneficiary in managing the Property after an Event of Default, unless the loss is caused by the willful misconduct, gross negligence, or bad faith of Beneficiary. Trustor hereby expressly waives and releases all liability of the types described in this Section 7.14 and agrees that Trustor shall assert no claim related to any of the foregoing against Beneficiary.

7.15 Insurance and Condemnation Proceeds. Subject to the rights of any senior lienholders, any award of damages in connection with any condemnation for public use of, or injury to the Property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply such moneys to any indebtedness secured hereby in such order as Beneficiary may determine, or at the option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. Notwithstanding the foregoing, so long as the value of Beneficiary's lien is not impaired, insurance and/or condemnation proceeds may be used to repair and/or restore the Project.

7.16 Release, Extension, Modification. At any time and 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 for endorsement, Trustee may release or reconvey all or any part of the Property, consent to the making of any map or plat of the Land or part thereof, join in granting any easement or creating any restriction affecting the Property, or join in any extension agreement or other agreement affecting the lien or charge hereof. At any time and from time to time, without liability therefor and without notice, Beneficiary may (i) release any person liable for payment of any Secured Obligation, (ii) extend the time for payment or otherwise alter the terms of payment of any Secured Obligation; (iii) accept additional real or personal property of any kind as security for any Secured Obligation, or (iv) substitute or release any property securing the Secured Obligations.

7.17 Reconveyance. Upon written request of Beneficiary stating that all of the Secured Obligations have been paid in full, and upon surrender of this Deed of Trust, and the Note, Trustee shall reconvey, without warranty, the Property or so much of it as is then held under this Deed of Trust. The recitals in any reconveyance executed under this Deed of Trust of any matters or facts shall be conclusive proof of the truthfulness thereof. Trustor shall pay all fees of Trustee and all recordation fees related to such reconveyance.

7.18 Cure; Protection of Security. Either Beneficiary or Trustee may cure any breach or default of Trustor, and if it chooses to do so in connection with any such cure, Beneficiary or Trustee may also enter the Property and/or do any and all other things which it may in its sole discretion consider necessary and appropriate to protect the security of this Deed of Trust. Such other things may include: appearing in and/or defending any action or proceeding which purports to affect the security of, or the rights or powers of Beneficiary or Trustee under, this Deed of Trust; paying, purchasing, contesting or compromising any encumbrance, charge, lien or claim of lien which in Beneficiary's or Trustee's sole judgment is or may be senior in priority to this Deed of Trust, such judgment of Beneficiary or Trustee to be conclusive as among Beneficiary, Trustee and Trustor; obtaining insurance and/or paying any premiums or charges for insurance required to be carried hereunder; otherwise caring for and protecting any and all of the Property; and/or employing counsel, accountants, contractors and other appropriate persons to assist Beneficiary or Trustee. Beneficiary and Trustee may take any of the actions permitted under this Section 7.18 either with or without giving notice, except for notices required under applicable law. Any amounts disbursed by Beneficiary pursuant to this paragraph shall become additional indebtedness secured by this Deed of Trust.

7.19 Limited Partners Right to Cure. Trustor's limited partners shall have the right to cure any default of Trustor hereunder upon the same terms and conditions afforded to Trustor. Beneficiary shall provide any notice of default hereunder to the limited partners concurrently with the provision of such notice to Trustor, at the address set forth in Section 10.2 below (or such alternate address as the limited partners may designate from time to time in a written notice to the City):

As to the limited partners, the cure periods specified herein shall commence upon the date of delivery of such notice in accordance with Section 10.2.

8. Default and Remedies.

8.1 Events of Default. Trustor acknowledges and agrees that an Event of Default shall occur under this Deed of Trust upon the occurrence of any one or more of the following events:

- a. Beneficiary's declaration of an Event of Default under any Permanent Loan Document, subject to the expiration of any applicable cure period set forth in such document;
- b. Trustor fails to perform any monetary obligation which arises under this Deed of Trust, and does not cure that failure within ten (10) days following written notice from Beneficiary or Trustee;
- c. If Trustor's interest in the Property or any part thereof is voluntarily or involuntarily sold, transferred, leased, encumbered, or otherwise conveyed in violation of Section 7.6 hereof or if any other Transfer occurs in violation of the Loan Agreement and Trustor fails to rescind such conveyance or otherwise cure such breach within the time period specified in paragraph j below;
- d. Trustor fails to maintain the insurance coverage required hereunder or otherwise fails to comply with the requirements of Section 7.10 hereof and Trustor fails to cure such default within the time specified in Section 7.10;
- e. Subject to Trustor's right to contest such charges as provided herein, Trustor fails to pay taxes or assessments due on the Land or the Improvements or fails to pay any other charge that may result in a lien on the Land or the Improvements, and Trustor fails to cure such default within ten (10) days.
- f. Any representation or warranty of Trustor contained in or made in connection with the execution and delivery of this Deed of Trust or in any certificate or statement furnished pursuant hereto or in any other City Loan Document proves to have been false or misleading in any material adverse respect when made;
- g. If, pursuant to or within the meaning of the United States Bankruptcy Code or any other federal or state law relating to insolvency or relief of debtors ("**Bankruptcy Law**"), Trustor or any general partner thereof (i) commences a voluntary case or proceeding; (ii) consents to the entry of an order for relief against Trustor or any general partner thereof in an involuntary case; (iii) consents to the appointment of a trustee, receiver, assignee, liquidator or similar official for Trustor or any general partner thereof; (iv) makes an assignment for the benefit of its creditors; or (v) admits in writing its inability to pay its debts as they become due.

h. If a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that (i) is for relief against Trustor or any general partner thereof in an involuntary case, (ii) appoints a trustee, receiver, assignee, liquidator or similar official for Trustor or any general partner thereof or substantially all of such entity's assets, (iii) orders the liquidation of Trustor or any general partner thereof, or (iv) issues or levies a judgment, writ, warrant of attachment or similar process against the Property or the Project, and in each case the order or decree is not released, vacated, dismissed or fully bonded within 60 days after its issuance.

i. The holder of any other debt instrument secured by a mortgage or deed of trust on the Property or part thereof declares an event of default thereunder and exercises a right to declare all amounts due under that debt instrument immediately due and payable, subject to the expiration of any applicable cure period set forth in such holder's documents; or

j. Trustor fails to perform any obligation arising under this Deed of Trust other than one enumerated in this Section 8.1, and does not cure that failure either within ten (10) days after written notice from Beneficiary or Trustee in the event of a monetary default, or within thirty (30) days after such written notice in the event of a nonmonetary default, provided that in the case of a nonmonetary default that in Beneficiary's reasonable judgment cannot reasonably be cured within thirty (30) days, an Event of Default shall not arise hereunder if Trustor commences to cure such default within thirty (30) days and thereafter prosecutes such cure to completion with due diligence and in good faith and in no event later than sixty (60) days following receipt of notice of default.

8.2 Remedies. Subject to the applicable notice and cure provisions set forth herein, at any time after an Event of Default, Beneficiary and Trustee shall be entitled to invoke any and all of the rights and remedies described below, and may exercise any one or more or all, of the remedies set forth in any City Loan Document, and any other remedy existing at law or in equity or by statute. All of Beneficiary's rights and remedies shall be cumulative, and the exercise of any one or more of them shall not constitute an election of remedies. Beneficiary shall be entitled to collect all expenses incurred in pursuing the remedies provided hereunder, including without limitation reasonable attorneys' fees and costs.

a. Acceleration. Beneficiary may declare any or all of the Secured Obligations, including without limitation all sums payable under the Note and this Deed of Trust, to be due and payable immediately.

b. Receiver. Beneficiary may apply to any court of competent jurisdiction for, and obtain appointment of, a receiver for the Property.

c. Entry. Beneficiary, in person, by agent or by court-appointed receiver, may enter, take possession of, manage and operate all or any part of the Property, and may also do any and all other things in connection with those actions that Beneficiary may in its sole discretion consider necessary and appropriate to protect the

security of this Deed of Trust. Such other things may include: taking and possessing copies of all of Trustor's or the then owner's books and records concerning the Property; entering into, enforcing, modifying, or canceling Leases on such terms and conditions as Beneficiary may consider proper; obtaining and evicting tenants; fixing or modifying Rents; collecting and receiving any payment of money owing to Trustor; completing any unfinished construction; and/or contracting for and making repairs and alterations. If Beneficiary so requests, Trustor shall assemble all of the Property that has been removed from the Land and make all of it available to Beneficiary at the site of the Land. Trustor hereby irrevocably constitutes and appoints Beneficiary as Trustor's attorney-in-fact to perform such acts and execute such documents as Beneficiary in its sole discretion may consider to be appropriate in connection with taking these measures, including endorsement of Trustor's name on any instruments.

d. UCC Remedies. Beneficiary may exercise any or all of the remedies granted to a secured party under the UCC.

e. Judicial Action. Beneficiary may bring an action in any court of competent jurisdiction to foreclose this Deed of Trust in the manner provided by law for foreclosure of mortgages on real property and/or to obtain specific enforcement of any of the covenants or agreements of this Deed of Trust.

f. Power of Sale. Under the power of sale hereby granted, Beneficiary shall have the discretionary right to cause some or all of the Property, including any Property which constitutes personal property, to be sold or otherwise disposed of in any combination and in any manner permitted by applicable law.

8.3 Power of Sale. If Beneficiary elects to invoke the power of sale hereby granted, Beneficiary shall execute or cause the Trustee to execute a written notice of such default and of its election to cause the Property to be sold to satisfy the obligations hereof, and shall cause such notice to be recorded in the office of the Recorder of each County wherein the Property or some part thereof is situated as required by law and this Deed of Trust.

Prior to publication of the notice of sale, Beneficiary shall deliver to Trustee this Deed of Trust and the Note or other evidence of indebtedness which is secured hereby, together with a written request for the Trustee to proceed with a sale of the Property, pursuant to the provisions of law and this Deed of Trust.

Notice of sale having been given as then required by law, and not less than the time then required by law having elapsed after recordation of such notice of default, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in the notice of sale, either as a whole or in separate parcels and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may, and at Beneficiary's request shall, postpone sale of all or any portion of the 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 and place fixed by the preceding postponement. Trustee

shall deliver to the purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary, may purchase at such sale.

After deducting all costs, fees, and expenses of Trustee and of the trust hereby created, including reasonable attorneys' fees in connection with sale, Trustee shall apply the proceeds of sale to payment of all sums advanced or expended by Beneficiary or Trustee under the terms hereof and all outstanding sums then secured hereby, and the remainder, if any, to the person or persons legally entitled thereto.

Without limiting the generality of the foregoing, Trustor acknowledges and agrees that regardless of whether or not a default has occurred hereunder, if an Event of Default has occurred under the City Loan Documents, and if in connection with such Event of Default Beneficiary exercises its right to foreclose on the Property, then: (i) Beneficiary shall be entitled to declare all amounts due under the Note immediately due and payable, and (ii) the proceeds of any sale of the Property in connection with such foreclosure shall be used to pay all Secured Obligations, including without limitation, the outstanding principal balance and all other amounts due under the Note.

At any foreclosure sale, any person, including Trustor, Trustee or Beneficiary, may bid for and acquire the Property or any part of it to the extent permitted by then applicable law. Instead of paying cash for such property, Beneficiary may settle for the purchase price by crediting the sales price of the property against the following obligations:

- a. First, the portion of the Secured Obligations attributable to the expenses of sale, costs of any action and any other sums for which Trustor is obligated to pay or reimburse Beneficiary or Trustee under Section 7.12(c); and
- b. Second, the remaining balance of all other Secured Obligations in any order and proportions as Beneficiary in its sole discretion may choose.

8.4 Trustor's Right to Reinstate. Notwithstanding Beneficiary's acceleration of the sums secured by this Deed of Trust, Trustor shall have the right to have any proceedings begun by Beneficiary to enforce this Deed of Trust discontinued at any time prior to five days before sale of the Property pursuant to the power of sale contained in this Deed of Trust or at any time prior to entry of a judgment enforcing this Deed of Trust if: (a) Trustor pays Beneficiary all sums which would be then due under the City Loan Documents if the Secured Obligations had no acceleration provision; (b) Trustor cures all breaches of any other covenants or agreements of Trustor contained in this Deed of Trust; (c) Trustor pays all reasonable expenses incurred by Beneficiary and Trustee in enforcing the covenants and agreements of Trustor contained in this Deed of Trust, and in enforcing Beneficiary's and Trustee's remedies as provided herein, including, but not limited to, reasonable attorney's fees; and (d) Trustor takes such action as Beneficiary may reasonably require to assure that the lien of this Deed of Trust, Beneficiary's interest in the Property and Trustor's obligation to pay the sums

secured by this Deed of Trust shall continue unimpaired. Upon such payment and cure by Trustor, this Deed of Trust and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

9. Trustor's Waivers. To the fullest extent permitted by law, Trustor waives: (a) all statutes of limitations as a defense to any action or proceeding brought against Trustor by Beneficiary; (b) the benefit of all laws now existing or which may hereafter be enacted providing for any appraisal, valuation, stay, extension, redemption or moratorium; (c) all rights of marshalling in the event of foreclosure; and (d) all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, notices of acceptance of this Deed of Trust and of the existence, creation, or incurring of new or additional indebtedness, and demands and notices of every kind.

10. Miscellaneous Provisions.

10.1 Additional Provisions. The City Loan Documents grant further rights to Beneficiary and contain further agreements and affirmative and negative covenants by Trustor which apply to this Deed of Trust and the Property.

10.2 Notices. Trustor requests that a copy of notice of default and notice of sale be mailed to Trustor at the address set forth below. That address is also the mailing address of Trustor as debtor under the UCC. Beneficiary's address set forth below is the address for Beneficiary as secured party under the UCC. Except for any notice required under applicable law to be given in another manner, all notices to be sent pursuant to this Deed of Trust shall be made in writing, and sent to the parties at their respective addresses specified below or to such other address as a party may designate by written notice delivered to the other parties in accordance with this Section. All such notices shall be sent by:

- a. personal delivery, in which case notice shall be deemed delivered upon receipt;
- b. certified or registered mail, return receipt requested, in which case notice shall be deemed delivered two (2) business days after deposit, postage prepaid in the United States mail;
- c. nationally recognized overnight courier, in which case notice shall be deemed delivered one (1) day after deposit with such courier; or
- d. facsimile transmission, in which case notice shall be deemed delivered on transmittal, provided that a transmission report is generated reflecting the accurate transmission thereof.

Beneficiary: City of Rancho Cordova
 2729 Prospect Park Drive
 Rancho Cordova, CA 95670
 Attention: City Manager and Housing Services Administrator

Trustor: Mercy Housing California 61, L.P.
 1360 Mission St., Suite 300
 San Francisco, CA 94103
 Attn: Asset Management

With a copy to Trustor's limited partner:

Wells Fargo Affordable Housing
 Community Development Corporation
 MAC D1053-170
 301 South College Street, 17th Floor
 Charlotte, NC 28202-6000
 Attention: Director of Tax Credit Asset Management

10.3 Binding on Successors. The terms, covenants and conditions of this Deed of Trust shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors in interest, transferees, and assigns of the Trustor, Beneficiary and Trustee; provided however this Section 10.3 does not waive the provisions of Section 7.6.

10.4 Substitution of Trustee. Beneficiary may from time to time or at any time substitute a trustee or trustees to execute the trust hereby created, and when any such substitution has been filed for record in the office of the Recorder of Sacramento County, it shall be conclusive evidence of the appointment of such trustee or trustees, and such new trustee or trustees shall succeed to all of the powers and duties of the Trustee named herein.

10.5 Attorneys' Fees and Costs. In any action or proceeding to foreclose this Deed of Trust or to enforce any right of Beneficiary or of Trustee, Trustor shall pay to Beneficiary and Trustee all costs of such action or proceeding, including reasonable attorneys' fees.

10.6 Governing Law; Severability; Interpretation. This Deed of Trust shall be governed by the laws of the State of California without regard to principles of conflicts of laws. Trustor agrees that any controversy arising under or in relation to this Deed of Trust shall be litigated exclusively in the jurisdiction where the Land is located (the "**Property Jurisdiction**"). The state and federal courts and authorities with jurisdiction

in the Property Jurisdiction shall have exclusive jurisdiction over all controversies which shall arise under or in relation to the City Loan Documents. Trustor irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation, and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise. If any provision of this Deed of Trust is held unenforceable or void, that provision shall be deemed severable from the remaining provisions, and shall in no way affect the validity of this Deed of Trust. The captions used in this Deed of Trust are for convenience only and are not intended to affect the interpretation or construction of the provisions herein contained. In this Deed of Trust, whenever the context so requires, the singular number includes the plural.

10.7 Waiver, Modification and Amendment. Any waiver by Beneficiary of any obligation of Trustor hereunder must be in writing, and no waiver shall be construed as a continuing waiver. No waiver shall be implied from any delay or failure by Beneficiary or Trustee to take action on account of any default of Trustor. Consent by Beneficiary or Trustee to any act or omission by Trustor shall not be construed as a consent to any other or subsequent act or omission or to waive the requirement for Beneficiary's or Trustee's consent to be obtained in any future or other instance. No amendment to or modification of this Deed of Trust shall be effective unless and until such amendment or modification is in writing, executed by Trustor and Beneficiary. Without limiting the generality of the foregoing, Beneficiary's acceptance of payment of any sum secured hereby after its due date shall not constitute a waiver by Beneficiary of its right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

10.8 Action by Beneficiary. Except as may be otherwise specifically provided herein, whenever any approval, notice, direction, or consent by the Beneficiary is required or permitted under this Agreement, such action shall be in writing, and such action may be given, made or taken by Beneficiary's City Manager or by any person who shall have been designated by Beneficiary's City Manager, without further approval by the governing board of Beneficiary. Beneficiary shall use reasonable best efforts to respond to requests for any such approval, notice, direction, or consent in a timely manner. In any approval, consent, or other determination by Beneficiary required hereunder, Beneficiary shall act reasonably and in good faith.

10.9 Joint and Several Liability. If Trustor consists of more than one person or entity, each shall be jointly and severally liable for the faithful performance of all of Trustor's obligations under this Deed of Trust.

10.10 Time is of the Essence. Time is of the essence for each provision of this Deed of Trust.

10.11 Partial Subordination to Extended Use Agreement. Trustor and the California Tax Credit Allocation Committee have or intend to enter into, or concurrently with the execution and delivery of the City Loan Documents are entering into, a Regulatory Agreement (the "**TCAC Regulatory Agreement**"), which constitutes the extended low-income housing commitment described in Section 42(h)(6)(B) of the

Internal Revenue Code, as amended (the "Code"). In the event of a foreclosure of Beneficiary's interest under this Deed of Trust or delivery by the Trustor of a deed in lieu thereof (collectively, a "**Foreclosure**"), the following rule shall apply:

In the event of a Foreclosure, throughout the extended use period specified in the TCAC Regulatory Agreement, with respect to any unit that had been regulated by the TCAC Regulatory Agreement, (i) none of the eligible tenants occupying those units at the time of Foreclosure may be evicted or their tenancy terminated (other than for good cause, including but not limited to, the tenants' ineligibility pursuant to regulations of Section 42 of the Code), (ii) nor may any rent be increased except as otherwise permitted under Section 42 of the Code.

SIGNATURES ON FOLLOWING PAGE.

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the day and year first above written.

TRUSTOR

By:

By:

By: _____
Its: _____

State of California)
)
 County of _____)

On _____, 20__, 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)

EXHIBIT A TO DEED OF TRUST

Legal Description

Exhibit G

FINANCING PLAN

FINANCING PLAN

I. CONSTRUCTION AND PERMANENT FINANCING

II. PERMANENT SOURCES OF FUNDING

III. ANNUAL INCOME AND EXPENSES – OPERATING BUDGET

IV. CASH FLOW ANALYSIS

[REMAINDER TO BE ADDED]

EXHIBIT L

**RECORDED RECIPROCAL EASEMENTS
AGREEMENT**

Century National Title Company

1400734-MN

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:
[FOR RECORDER'S USE ONLY]



Sacramento County Recorder
David Villanueva, Clerk/Recorder
BOOK **20141205** PAGE **0959**

Check Number 2549

Friday, DEC 05, 2014 2:45:51 PM

Ttl Pd \$186.00 Rpt # 0008442095

TMH/74/1-56

The City of Rancho Cordova
Housing Services
2729 Prospect Park Drive
Rancho Cordova, CA 95670

**DECLARATION ESTABLISHING(RECIPROCAL EASEMENTS) AND
COVENANTS RUNNING WITH THE LAND
FOR THE MIXED USE DEVELOPMENT LOCATED AT
3613 and 3615 BLECKLEY AVENUE, RANCHO CORDOVA, CA
(MATHER VETERANS' VILLAGE)**

**DECLARATION ESTABLISHING RECIPROCAL
EASEMENTS AND
COVENANTS RUNNING WITH THE LAND**

**FOR THE MIXED USE DEVELOPMENT LOCATED AT
3613 and 3615 BLECKLEY AVENUE, RANCHO CORDOVA, CALIFORNIA**

(MATHER VETERANS' VILLAGE)

This Declaration Establishing Reciprocal Easements and Covenants Running with the Land ("REA") is entered into as of _____, 2014, by and between Mercy Housing California 61, L.P., a California limited partnership ("Mercy"), and the City of Rancho Cordova, a California municipal corporation ("City").

RECITALS

A. The County of Sacramento ("County") is the fee owner of the land located at 3613 and 3615 Bleckley Avenue, Rancho Cordova, California (the "Land"). The County has ground leased the Land to the City pursuant to a lease dated as of June 25, 2013, as amended by that certain First Amendment to Lease Agreement dated as of December 16, 2013 and by that certain Second Amendment to Lease Agreement dated as of November 17, 2014 (as so amended, the "County Lease").

B. Pursuant to the County Lease, during the term of the County Lease the City is the owner of the two-story infirmary building (the "Building") on the Land, which contains a sub-floor basement, first (ground) floor, and second floor.

C. The Building is comprised of two legal parcels of record: (1) "Parcel 3a," being that portion of Parcel 3 of Parcel Map Number DD8438 recorded in Book 221 of Parcel Maps at Page 18 on file in the Office of the Recorder, County of Sacramento, State of California ("Map"), minus the Air Rights Parcel, and (2) an "Air Rights Parcel" being a portion of Parcel 3 of the Map and being described in Certificate of Compliance – Parcel Map waiver recorded in Book 20141014 Page 1046 on file in the Office of the Recorder, County of Sacramento, State of California (the "Certificate of Compliance"), which consists of the entire basement and a portion of the first floor of the Building. The Air Rights Parcel includes a portion of the land and air rights surrounding the Building as depicted on the Map.

D. Each of Parcel 3a and the Air Rights Parcel may be referred to individually as a "Parcel" or collectively as the "Parcels." A copy of the final, recorded Map is attached hereto as Exhibit A. A legal description of Parcel 3a is attached hereto as Exhibit B, a legal description of the Air Rights Parcel is attached hereto as Exhibit C, and a copy of the Certificate of Compliance is attached hereto as Exhibit D.

E. Pursuant to an Second Amended and Restated Assignment and Assumption of Lease dated November 17, 2014 (the "A&R Lease Assignment"), the City has assigned its leasehold interest in the Phase 1 Property (as defined in the A&R Lease Assignment), which Phase 1 Property includes the Air Rights Parcel, together with the improvements located thereon, and a 1.1 acre parcel of vacant land, to Mercy Housing California ("MHC"), which has assigned its interest to Mercy 61, L.P. pursuant to an Assignment and Assumption Agreement (collectively, the "Phase 1 Property Assignment"). Each of Mercy and the City are referred to herein as a "Party".

F. Following recordation of the Phase 1 Property Assignment, this REA in the Official Records of Sacramento County, and the execution of an Development, Disposition and Loan Agreement, the City will subsequently assign its leasehold interest in Parcel 3a, together with the improvements located thereon, pursuant to an assignment and assumption agreement (the "Parcel 3a Assignment") to a non-profit developer and service provider with the financial capacity to lease and operate Parcel 3a; that has extensive experience providing and coordinating services to very low income, homeless and disabled veteran population; that has a demonstrated ability to attract the gap funding required to convert the existing Building into a facility with up to 60 beds to provide transitional living opportunities for the target population; and has the demonstrated ability to manage and coordinate all aspects of the required construction and the ability to coordinate with Mercy as developer of Phase 1 of Mather Veterans' Village ("the Parcel 3a Assignee"). The City is a party to this REA only until the City assigns its leasehold interest in Parcel 3a to the Parcel 3a Assignee and the Parcel 3a Assignee acquires a leasehold interest in Parcel 3a pursuant to the Parcel 3a Assignment. At such time, Mercy and the Parcel 3a Assignee will release the City from all liabilities under this REA, as further described in Section 17.11 of this REA. It is anticipated that Vietnam Veterans of California, a California nonprofit public benefit corporation, dba Veteran's Resource Center of America (or to a controlled affiliate thereof) ("VRCA") will submit at most two applications for Veterans Housing and Homelessness Prevention (VHHP) Program funding (Proposition 41) and upon receipt of an award of funding, be the Parcel 3a Assignee.

G. The covenants, operating restrictions and easements created hereby are intended to support the efficient use of the Building as a mixed-use Building and provide for the rights, duties and obligations incidental to or necessary for the use and enjoyment of each Parcel by each Party in accordance with the purposes for which the improvements thereon will be used. The covenants herein created are intended to be enforceable as covenants running with the land and binding on each Party pursuant to California Civil Code Section 1468. Any instrument transferring ownership of a leasehold interest in a Parcel, including but not limited to the Parcel 3a Assignment and the Phase 1 Property Assignment shall expressly state that the Party is taking leasehold title to a Parcel subject to the terms of this REA.

NOW, THEREFORE, Mercy and the City hereby create and establish easements, covenants and restrictions which shall run with the land for the Term,

defined in Section 15, and be binding upon and inure to the benefit of each of them and their respective successors in title to each Parcel or any part thereof, or any interest therein as part of a common plan to regulate and govern the use and occupancy of the Building and to enhance the value thereof, and for other beneficial purposes.

1. DEFINITIONS

1.1 Common Building Component means any portion of the Improvements which provides support for the Improvements located on both Parcels, or which is otherwise shared in common by the Improvements located on both Parcels, including without limitation, common walls, footings, supports, roofs and Structural Components, and any Utility Facilities (as defined in Section 3.5(1)) that serve or benefit both Parcels.

1.2 Easement means individually each of the easements granted by this REA, and "Easements" means collectively, all such easements.

1.3 Effective Date means the date of the recording of this REA in the Official Records.

1.4 Emergency means a medical emergency which occurs in one of the Parcels, fire or earthquake affecting the Improvements, or other situation resulting in an imminent threat to the life or safety of persons residing or located in the Improvements, or to any portion of the Improvements, the damage to or destruction of which impacts the operations conducted within Parcel 3a or the Air Rights Parcel, or the personal property located in the Improvements.

1.5 Force Majeure means any delay directly affecting a Party's performance of its obligations under the REA which is caused by fire, flood, earthquake or other acts of God, strike, lockout, acts of public enemy, riot, insurrection, or governmental regulation of the sale or transportation of materials, supplies or labor; provided that failure to lease or sell or to obtain a satisfactory mortgage commitment or equity or operating funds is not an event of Force Majeure.

1.6 Impositions means all taxes, assessments, water, sewer or similar rents, rates and charges, excises, levies, license fees, permit fees, inspection fees and other authorization fees and other charges (including all interest and penalties thereon), which at any time may be assessed or imposed on or be or become a lien upon the Parcels or the Building or any part thereof. Impositions shall not, however, include any income, inheritance, franchise or similar tax.

1.7 Improvements mean the Building and all other improvements built or installed from time to time in or on the Building.

1.8 Interest Rate means the lesser of (i) two percent (2%) over the "prime" or "reference" rate announced from time to time by Wells Fargo Bank, National

Association, or its successors or assigns, or (ii) the maximum rate permitted to be charged under California law with respect to the applicable obligation.

1.9 Laws mean all applicable laws, statutes, ordinances, regulations, rules, orders and requirements of all governmental, regulatory and judicial authorities.

1.10 Leasable Square Footage Percentage means the relative percentage of leasable square footage of the interior of the Building contained in Parcel 3a and the Air Rights Parcel. The Leasable Square Footage Percentage of Parcel 3a is 77.72%, and the Leasable Square Footage Percentage of the Air Rights Parcel is 22.28% based on the relative leasable square footages of Parcel 3a and the Air Rights Parcel as indicated in Exhibit F.

1.11 Leasehold Owner means the owner of a leasehold interest in any Parcel.

1.12 Limited Partner means a limited partner of Mercy, including but not limited to investor limited partners and special limited partners.

1.13 Maintain means to undertake Maintenance.

1.14 Mercy means Mercy Housing California 61, L.P.; a California limited partnership, and its successors and assigns, as the Leasehold Owner of the Air Rights Parcel.

1.15 Maintenance means the maintaining (including cleaning) and repairing of any Improvement on a Parcel or related to any Easement, including any reasonable overhead and third-party costs associated with such work.

1.16 Mortgage means any mortgage, deed of trust, or other conveyance held by a Mortgagee as security for the repayment of indebtedness, which encumbers all or any portion of, or interest in, Parcel 3a or the Air Rights Parcel, as applicable, together with all other instruments securing the payment of the indebtedness secured by such mortgage, indenture, deed of trust or other instruments, and all amendments, modifications, supplements and extensions of such instruments.

1.17 Mortgagee means the holder of a Mortgage (including, without limitation, the beneficiary of a deed of trust), including but not limited to public or private lenders that provide financing to or for the benefit of the Leasehold Owner of Parcel 3a or the Air Rights Parcel, including but not limited to Wells Fargo Bank, National Association, the City, and the State of California Department of Housing and Community Development as to the Air Rights Parcel, and any other holder of a Mortgage which has notified the Parties of its status as such.

1.18 Occupant means each Party and each additional individual or entity entitled under written assignment or sublease to occupy a Parcel, or a portion thereof,

and each Person entitled to use and occupy any portion of the Building, or one or more of them, as the context may require.

1.19 Parcel means either Parcel 3a or Air Rights Parcel. "Parcels" means, collectively, Parcel 3a and the Air Rights Parcel.

1.20 Party means each of Mercy and the City or any successor Person(s) thereto acquiring such Party's interest in a Parcel or Parcels. "Parties" means all of the foregoing.

1.21 Permittees means all Occupants and their respective officers, directors, employees, agents, partners, members, managers, contractors, customers, visitors, invitees, licensees and concessionaires.

1.22 Person or Persons means individuals, partnerships, associations, corporations and any other form of business organization, or one or more of them, as the context may require.

1.23 Plans and Specifications means the construction drawings and specifications for the rehabilitation of the Building prepared by Mogavero Notestine Associates dated November 18, 2014, including architectural, civil, landscape, structural, mechanical, plumbing and electrical drawings, as such Plans and Specifications may be modified from time to time.

1.24 Restoration means the restoration, replacement, or rebuilding of any improvement on a Parcel or related to an Easement, including any overhead and third-party costs associated with such work.

1.25 Rules and Regulations means rules and regulations which may be developed by the Parties for the use of the Improvements, as deemed necessary or desirable by the Parties from time to time, provided that such Rules and Regulations may not be inconsistent with the terms of this REA.

1.26 Structural Components means the horizontal and vertical structural portions of the Improvements, including without limitation portions of the footings, piles, columns, load-bearing walls and other foundation supports.

2. PRIORITY OVER MORTGAGES, LEASES AND GRANT DEEDS The terms and provisions of this REA are and shall be superior and prior to (i) any mortgages encumbering either Parcel after the Effective Date, (ii) any subleases or assignments made after the Effective Date, and (iii) any grant deed or other such instrument or agreement creating or transferring an interest in a Parcel after the Effective Date. Any such sublease, assignment or grant deed may, but is not required to, expressly provide that it is subject and subordinate to this REA. However, this REA shall not relieve any Party from any obligation, or affect or modify any right under, any such sublease,

assignment or grant deed as to the parties to any such sublease, assignment or grant deed.

3. EASEMENTS

3.1 General Terms.

(1) None of the Easements granted hereby shall merge or terminate during any period in which the Parcels are leased by one Party or during which one Party is a Leasehold Owner of both Parcels, but shall continue during the Term (defined in Section 15 below) as a benefit or obligation, as applicable, of the Leasehold Owner of the applicable Parcel. The Party granting an Easement in a Parcel (but retaining ownership of a leasehold interest in such Parcel) is called the "Grantor." The Party to which an Easement in a Parcel is granted is called the "Grantee."

(2) The grant of an Easement by a Grantor shall bind and burden its Parcel which shall, for the purpose of this REA, be the servient tenement. The grant of an Easement to a Grantee shall benefit its Parcel which shall, for the purpose of this REA, be the dominant tenement.

(3) The word "in" with respect to an Easement granted "in" a particular Parcel means, as the context may require, "in", "to", "on", "over", "through", "upon" and "across", or any one or more of the foregoing.

(4) Unless provided otherwise, all Easements granted hereunder are non-exclusive, perpetual and irrevocable by the Grantor, available for the use of the Grantee and its Permittees, shall run with the land and be appurtenant to the Parcels as described in this REA. No Easement may be conveyed separate and apart from ownership of a fee or leasehold interest in a Parcel. Without limiting the generality of the foregoing, the Easements granted hereby are easements appurtenant to the applicable Parcel(s) and are not intended to be, and shall not be construed as easements in gross.

(5) No easement rights shall exist until this REA has been executed and recorded in the Official Records. All easements granted hereunder shall exist as of the Effective Date hereof by virtue of this REA, without the necessity of confirmation by any other document.

3.2 Location of Easements. The location of all Easements provided pursuant to this Article 3 (including any changes in location thereof) shall be as indicated on the Map or, if not indicated on the Map, then shall be subject to the approval of the Grantor of each of such Easements, which shall not be unreasonably withheld, conditioned or delayed. It shall be considered reasonable to withhold consent if the location of an Easement imposes an unreasonable structural load on, shall materially increase the costs of operating, Maintaining or insuring, or shall be incompatible with the design and/or materials of the then-existing Improvements on the servient Parcel.

3.3 OMITTED

3.4 Easements for Access to and Use of Rooftop Building Systems.

(1) The roof of the Building, which is entirely located within Parcel 3a, includes systems serving the Air Rights Parcel, including but not limited to HVAC condensing units (collectively, the "Air Rights Parcel Rooftop Building Systems"). Parcel 3a includes a stairway (the "Roof Stairway") that can be accessed from the second floor of Parcel 3a and that provides access to the roof.

(2) The City hereby grants to Mercy a non-exclusive perpetual easement over Parcel 3a for access to and over the Roof Stairway from the second floor of Parcel 3a to the Air Rights Parcel Rooftop Building Systems for the installation, use, Maintenance, relocation, and Restoration of the Air Rights Parcel Rooftop Building Systems as necessary to serve the Air Rights Parcel and as may be necessary in order to perform Maintenance, Restoration, or other obligations that accrue to the Leasehold Owner of the Air Rights Parcel pursuant to this REA.

3.5 Easements for Utility Facilities.

(1) To the extent not already provided above in this Article 3, each Party, as a "Grantor," hereby grants to the other Party, as a "Grantee," easements ("Utility Easements") in such portions of each Grantor's Parcel as indicated in the Plans and Specifications or as otherwise approved by the Grantor for the installation, use, Maintenance, relocation, Restoration, and removal of electrical, gas, water, and sanitary and storm sewer lines and facilities, exhaust, vent, heating and air-conditioning facilities, plumbing systems, data, telephone and cable television systems, drainage facilities, garbage chutes, life-safety systems (including, without limitation, sprinkler systems), and all other utility systems and facilities, including all pipes, wires, conduits, and the equipment associated with the foregoing, as well as dedicated vaults, chases and rooms that are located on the Grantee's Parcel and deliver utility services to any Parcel, or that remove waste, including storm and sanitary sewer pipes, from any Parcel (collectively, the "Utility Facilities"). Utility Facilities include, without limitation, water lines and electricity lines that pass through both Parcels, a condensate/drip line that passes through both Parcels and through Parcel 2 as depicted on the Map and connects to the sewer line located within the Bleckley Street right of way ("Sewer Lateral"), and a sewer line that connects the kitchen facility to be located in the Air Rights Parcel, runs through both Parcels, and connects to the Sewer Lateral.

(2) Any installation, use, Maintenance, relocation, Restoration and/or removal of any Utility Facilities serving only one Parcel shall be performed at the sole cost and expense of the Leasehold Owner of such Parcel, regardless of where such Utility Facilities are located. Any installation, use, Maintenance, relocation, Restoration and/or removal of any Utility Facilities serving both Parcels shall be performed by the Leasehold Owner of the Parcel on which such Utility Facilities are located, and the other Party shall reimburse the Party performing such work in an amount equal to the

Leasable Square Footage Percentage of the cost of such work. Each Grantor shall also have the right, in an Emergency, or in the case of an interruption of utility service or interference with the operation of the Grantor's Parcel, or damage to or destruction of a Utility Facility that threatens an interruption of utility service or interference with the operation of the Grantor's Parcel, to repair or replace any of Grantee's Utility Facilities wherever located and charge the Grantee for the reasonable costs of such repair or replacement, provided that the Grantor acts in good faith to (a) provide the Grantee with advance notice to the extent feasible, and (b) obtain the advance consent of the Grantee to such repair or replacement work

(3) A Grantor may, if deemed reasonably necessary by such Grantor or if required by applicable law, relocate on its Parcel any of Grantee's Utility Facilities installed thereon under any Utility Easement, provided such relocation:

(a) may be performed only after Grantor has given Grantee thirty (30) days' notice of Grantor's intent to relocate such Utility Facilities and has set forth in such notice the reasons why such relocation is reasonably required;

(b) shall not interfere with or diminish the Utility Facilities to the Grantee; however, temporary interference with or diminution in such Utility Facilities shall be permitted if: (i) Grantor uses reasonable efforts to cause the work to be done during hours that least interfere with Grantee's business, and (ii) Grantor promptly reimburses Grantee for the actual direct third party cost, expense and loss (excluding any estimated unrealized operating profits) incurred by Grantee as a result of such interference or diminution;

(c) shall not reduce or unreasonably interfere with the usefulness or function of Grantee's Utility Facilities; and

(d) shall be performed at Grantor's sole cost.

(4) By separate agreement(s), the Parties shall obtain, or grant to each other, such other easements as necessary to provide required utility services which are not covered by this REA, including but not limited to water and sewer services from existing public utility easements, to each Parcel.

3.6 Maintenance, Construction and Support Easements.

(1) The City hereby grants to Mercy non-exclusive perpetual easements over Parcel 3a as necessary for Mercy to perform its obligations under Section 5.2.

(2) Each Grantor hereby grants to the Grantee of the other Parcel non-exclusive perpetual easements onto and through such portions of the Grantor's Parcel which are reasonably necessary for the right of support and for the installation, use, Maintenance, relocation, Restoration, and strengthening of, any Structural Components

required to support Grantee's Improvements, other than Common Building Components, the responsibility for which is described in Section 3.6(7). Each Grantee is solely responsible for the cost and performance of such work.

(3) Each Grantor hereby grants to the Grantee of the other Parcel non-exclusive perpetual easements onto and through such portions of the Grantor's Parcel which are reasonably necessary for the installation, use, Maintenance, Restoration and removal of any Improvements benefitting the Grantee's Parcel, such as marquees, canopies, lights and lighting devices, awnings, alarm bells, security cameras, electrical or similar vaults, roof flashings, roof and building overhangs and other overhangs encroaching upon Grantor's Parcel in accordance with the Plans and Specifications or as otherwise approved by the Grantor in writing and which are reasonably necessary for the use and operation of the Grantee's Parcel. Each Grantee is solely responsible for the cost and performance of such work.

(4) Each Grantor hereby grants to the Grantee of the other Parcel a perpetual non-exclusive easement in the lower and upper surfaces of its Parcel as reasonably necessary to use the ceiling and floor Improvements on the Grantee's Parcel for their intended purposes.

(5) Improvements constructed by the Grantee on an easement for support shall be designed so as not to impose on the Grantor's Parcel or Improvements thereon any load in excess of that for which the Improvements on the Grantor's Parcel were designed. The load created by the construction of Improvements pursuant to the Plans and Specifications is hereby approved.

(6) Each Grantor covenants that if all or any part of the Improvements on its Parcel is removed or destroyed at a time when it is not required to perform Restoration of the same under this REA, it will leave in place any undamaged Common Building Components benefitting the Parcel of the other Party. Each Grantor shall be required to leave such Common Building Components in place only so long as the Improvements of the Grantee remain in existence. A Grantee's Improvements shall be deemed to remain in existence even if damaged or destroyed if the Grantee commences (or gives notice it will commence) Restoration thereof within two (2) years.

(7) If any Improvements containing Common Building Components are damaged, destroyed or condemned, the Grantor of the Parcel on which such Common Building Components are located shall perform Restoration of such Common Building Components under this REA. If such Grantor does not commence such Restoration within such ten (10) business days, then Grantee is hereby granted an easement for access in the servient tenement for Restoration of such Common Building Components. If Grantee effects Restoration of Common Building Components on the Grantor's Parcel, such Restoration shall be undertaken so as to minimize, to the extent consistent with the circumstances, the effect of such Restoration on any Improvements remaining on, and the future development potential of, the Grantor's Parcel which are not necessary in order for the Common Building Components to operate to service such

Grantee's Parcel. The cost of such Restoration, whether performed by Grantor or by Grantee, shall be shared between Grantor and Grantee as provided in Section 5.2(2) below.

3.7 Encroachment Easements.

(1) Each Grantor hereby grants to the Grantee an easement on the Grantor's Parcel for the purpose of accommodating any minor encroachment as a result of construction, reconstruction, repair, settlement or shifting or movement of any Improvement within a Parcel which occurs for any reason, solely to the extent of such encroachment; provided, however, that in no event shall a valid easement for encroachment be created as a result of a Party's willful misconduct or gross negligence.

(2) There shall be valid easements for the Maintenance of said minor encroachments so long as they exist, and the rights and obligations of the Parties shall not be altered in any way by said encroachment(s).

(3) If the Building is partially or totally destroyed, and then repaired or rebuilt in substantially the same manner as originally constructed, the Parties agree that minor encroachments over the abutting Parcel arising from such rebuilding shall be permitted and that there shall be valid easements for the Maintenance of said minor encroachments so long as they exist.

(4) To the extent that the encroachments onto a Parcel by the other Parcel are reasonably deemed by a Party to be more than minor, then at the request of either Party, the Parties shall cause to be prepared an amended and restated map to reflect the actual boundaries of each Parcel (which is anticipated to be accomplished through a lot line adjustment), which will be recorded in the Official Records to amend and restate the Map, and the Parties shall prepare such amendments to this REA as the Parties reasonably agree are necessary in light of such encroachments and any amendments or restatements of the Map. The Party requesting the new map shall be responsible for payment of costs incurred to perform the actions described in this Section 3.7(4).

3.8 Use and Maintenance of Easements.

(1) Each Grantee agrees to use due care in exercising the rights granted under this Article 3, and to comply with all applicable Laws and any governmental approval, permit or license.

(2) Each Grantee's use of the Easements shall not unreasonably interfere with or interrupt the operations of the servient tenement, and shall not damage, injure or otherwise adversely affect any Improvements on the Grantor's Parcel (including the structural integrity thereof), and all due care shall be exercised to not disturb Permittees or tenants in possession. Further use of all Easements shall be

subject to the reasonable security, health and safety requirements of the servient tenement.

(3) Before entering upon Grantor's Parcel to exercise Grantee's rights hereunder, the Grantee shall first obtain Grantor's consent as to the methods and timing in exercising such rights, which consent shall not be unreasonably withheld or delayed, shall exercise such rights so as to minimize disturbance to Occupants, and such use shall be subject to Grantor's reasonable security requirements.

(4) Each Grantee, at its expense, shall promptly repair, replace or perform Restoration of any and all of Grantor's Improvements which have been disturbed, damaged or destroyed by Grantee in exercising its rights with respect to the Easements granted under this Article 3 to substantially the same condition as before such exercise commenced; provided, however, that nothing in this Section 3.8(4) shall provide Grantee with the right to disturb, damage or destroy any of Grantor's Improvements.

(5) The Parties shall not enter into any agreement, make any conveyance or transfer any interest in all or any portion of their respective Parcels or do or suffer any other act which, in any case, would unreasonably interfere with the use and enjoyment of the Easements by the benefited Parcels.

(6) Except as otherwise provided in this REA, each of the Parties shall Maintain and repair, at its cost and expense, the Improvements owned by it within which the Easements are located, in such condition and to such extent as is necessary so that no unreasonable interference with the use and benefit of the Easements results; provided, however, the obligations to Maintain and repair the Improvements within which the Easements are located shall be limited to normal and routine Maintenance and repair activities, and shall not otherwise affect either Party's rights to use such easement areas.

3.9 Construction

(1) Before commencing any construction work permitted or required under this REA that the Party intending to perform such work reasonably believes may materially interfere with the other Party's right to use an Easement, the Party proposing such work shall give notice of its desire to perform such work and, with such notice, shall submit or cause to be submitted to the other Party a proposed schedule for the commencement and completion of such work, plans and specifications for such work, and the names/identities of the persons who will be performing such work and the professional licenses held by such persons. The affected Party shall thereafter review and reasonably approve or disapprove same. If the affected Party fails to respond within ten (10) business days of written request for approval, the plans and specifications and all other information submitted for approval shall be deemed approved.

(2) All construction work undertaken on any portion of the Parcels which affects Easements granted under this Article 3 shall be accomplished in the most expeditious and diligent manner practicable and in accordance with the provisions of Article 4 of this REA.

(3) Any work performed in connection with any Utility Facilities shall be performed so as to minimize interference with the provision of such services to all Occupants.

(4) Unless agreed to by the parties prior to the commencement of the work in reference, in no event shall the performance of work preclude access to either Parcel 3a (by work performed within or to the Air Rights Parcel) or the Air Rights Parcel (by work performed within or to Parcel 3a).

(5) Notwithstanding anything to the contrary herein, in an Emergency or other situation described in Section 3.5(2) regarding the actual or threatened interruption of utility service or operations serving a Party's Parcel, either Party may undertake necessary construction work to address such Emergency or other situation described in Section 3.5(2), provided the Party acts in good faith and reasonably gives notice thereof to the other Party as soon as possible and otherwise conforms to the applicable provisions of this Section to the extent feasible.

3.10 No Interference. Notwithstanding anything to the contrary in this REA, no Party shall enter into any agreement, make any conveyance or transfer any interest in all or any portion of its Parcel or do or suffer any other act which would unreasonably interfere with the use and enjoyment of the Easements for the benefit of the benefited Parcel. Each Party shall use its best efforts to cause each of its respective Occupants and Permittees to comply with each of the obligations, covenants and conditions in this REA, the Rules and Regulations, and any other rules promulgated under this REA which are applicable to such Party's Parcel.

3.11 Modification or Revocation. The Easements herein created may not be modified, revoked or terminated in any manner that would cause violation of any applicable building codes, ordinances or governmental use permits granted for the construction and use of the Improvements.

4. GENERAL CONSTRUCTION REQUIREMENTS

4.1 Construction Approval. Any construction required or permitted hereunder shall not require the approval of all Parties before commencement thereof except as expressly required in this REA.

4.2 License for Construction. Each Grantee ("Licensee") shall have a temporary license to use portions of the Parcel of the Grantor ("Licensor") for construction work in connection with construction of its Improvements on its Parcel in accordance with the Plans and Specifications and applicable law. Such license shall be

limited to portions of the Licensor's Parcel reasonably necessary to perform such work ("License Area"), and the Licensee shall use reasonable efforts to minimize any disruption or interference with Licensor's operations. When the work pursuant to the Plans and Specifications is completed, the license granted under this section shall automatically terminate, and the Licensee shall promptly restore the License Area and any other affected portions of the Building to the condition in which it existed before work commenced.

4.3 Performance of Construction.

(1) Each Party shall perform all construction work in a safe, good and workmanlike manner, with first-class materials and in accordance with the plans and specifications for the work, and in compliance with all applicable Laws (including obtaining building, occupancy and other governmental approvals).

(2) Each Party shall perform its construction so as not to: (a) cause any material increase in the cost of construction, insurance or operation of the Parcel of the other Party; (b) unreasonably interfere with any other construction being performed on the Building; (c) unreasonably interfere with the other Party's operations and rights set forth in this REA; or (d) preclude access to either Parcel 3a (by work performed by or on behalf of Mercy) or the Air Rights Parcel (by work performed by or behalf of the City).

(3) The Party responsible for the construction work (or its contractor) shall agree to indemnify, defend and hold each other Party harmless from and against, any and all claims, demands, losses, costs, damages, liabilities, injuries or expenses, including, without limitation, reasonable attorneys' fees and expenses arising from the construction work except to the extent arising from the gross negligence or willful misconduct of the other Party or its Permittees.

4.4 Liens. Each Party agrees that if any mechanic's lien or other statutory lien is filed or recorded against its Parcel or the other Parcel as a result of the construction work of such Party, it shall pay and discharge the same of record or provide a bond therefor within thirty (30) days after such Party has knowledge of the filing thereof. Each Party shall have the right, but not the obligation, to contest the validity, amount or applicability of any such lien for work done by such Party by appropriate legal proceedings, provided it furnishes a bond or otherwise causes such lien to be released as a lien against each Parcel. If such Party does not, within the time period specified above, contest or cause the same to be released of record by payment or posting of a proper bond, the other Party shall have, in addition to all other remedies provided herein and by law, the right, but not the obligation, to cause the same to be released by such means as it shall deem proper, including without limitation by the payment of the claim giving rise to such lien or by the posting of a bond, and the other Party shall provide reimbursement within thirty (30) days after demand for all such costs incurred, including, without limitation, reasonable attorneys' fees and expenses.

4.5 Notices of Non-Responsibility. Any Party upon whose Parcel any work is to be performed by another and for which such Party did not contract, shall have the right to post such notices of non-responsibility and other notices as may be required to give notice that the Party giving such notice shall not be responsible for payment for such work.

5. MAINTENANCE, REPAIR, ALTERATIONS AND RESTORATION

5.1 Maintenance of Improvements. Except as provided otherwise in the REA, each Party shall Maintain, at its sole cost and expense, the Improvements on its Parcel in good and clean order, repair and condition and in compliance with all Laws and shall make all necessary or appropriate repairs and replacements thereof with materials of good quality, in a good and workmanlike manner, within a reasonable time.

5.2 Activities to be Performed by Mercy.

(1) Initial Improvements by Air Rights Parcel Assignee. Mercy shall be responsible for performing the following initial work on the Air Rights Parcel and exclusively the section of Parcel 3a directly above Parcel 3, including but not limited to re-siding the exterior of the North Wing of the Building, replacing windows in the North Wing of the Building, and replacing the roof over the North Wing of the Building, (the "Weatherproofing Renovations") pursuant to the Plans and Specifications. Mercy shall initially be responsible for the timely payment in full of all hard and soft costs related to the Weatherproofing Renovations. In no event shall the amount payable by the City or any Parcel 3a Assignee under this Section 5.2(1) be greater than \$175,000.

City (or Parcel 3a Assignee, as applicable) shall reimburse Mercy for fifty percent (50%) of the cost of the Weatherproofing Renovations. All funds payable under this Section 5.2(1)(a) shall be deposited into the reserve account to be maintained by Mercy under Section 5.2(4) below.

(2) Ongoing Air Rights Parcel Capital Obligations. Attached hereto as Exhibit E is a partial list of obligations which Mercy is required to perform (the "Air Rights Parcel Capital Obligations" The Air Rights Parcel Capital Obligations shall include such additional obligations as mutually determined by the Parties. Mercy shall perform the Air Rights Parcel Capital Obligations at such times and pursuant to such procedures as Mercy shall, from time to time, determine in its reasonable discretion, provided that the use and enjoyment of Parcel 3a by the Leasehold Owner of Parcel 3a is not unreasonably interfered with or impaired. The cost of the Air Rights Parcel Capital Obligations shall be paid pursuant to Subsection (3)(c) below.

(3) Budgets for Air Rights Parcel Capital Obligations.

(a) The Parties shall establish a mutually acceptable initial budget for the Air Rights Parcel Capital Obligations (the "Capital Budget"). The costs of

the Air Rights Parcel Capital Obligations provided for under the Capital Budget shall be shared by the Parties according to each Party's Leasable Square Footage Percentage (the "Shared Capital Costs").

(b) During the fourth quarter of each year during the Term, starting in the first full calendar year in which both Parties have received certificates of occupancy (or equivalent authorization to commence occupancy from the City) and both parties are operating in their respective Parcels, the Parties shall meet and negotiate in good faith to determine (i) the specific capital needs of the Building for the subsequent calendar year with respect to the Air Rights Parcel Capital Obligations, and (ii) changes, if any, to the Air Rights Parcel Capital Obligations and the Capital Budget for the subsequent calendar year. The final Capital Budget for each calendar year shall be subject to the prior approval of each Party, the Mortgagees and the Limited Partners, and such approval shall not be unreasonably withheld, conditioned or delayed. If the Parties are unable to agree on a Capital Budget for the subsequent calendar year by December 31 of any calendar year, then each line item in the Capital Budget for the subsequent calendar year shall be equal to One Hundred Three Percent (103%) of the line item in the current Capital Budget until such time as the Parties have agreed on a Capital Budget for the subsequent calendar year.

(c) Mercy shall be responsible for performing the Air Rights Parcel Capital Obligations pursuant to the Capital Budget. Within thirty (30) days of the written request of Mercy, including a specific description of the Air Rights Parcel Capital Obligations undertaken, the City (or the Parcel 3a Assignee, as applicable) shall pay to Mercy its Leasable Square Footage Percentage of the cost of such Air Rights Parcel Capital Obligations.

(4) Reserves.

(a) In order to ensure that each Party has adequate funds for payment of its share of the costs of the Air Rights Parcel Capital Obligations, and ongoing maintenance obligations, Mercy shall establish a reserve account to fund the amounts payable by such Party under this Section 5.2, which reserve account may also be used for the deposit of additional funds for replacement reserves other than as required by this REA. The account shall be controlled by Mercy, and Mercy shall be authorized to make withdrawals from the account to fund the Air Rights Parcel Capital Obligations. With respect to expenditures affecting the Air Rights Parcel, withdrawals from such reserve account shall be subject to the prior approval of the Mortgagees of the Air Rights Parcel, and by the Limited Partners to the extent required by such Mortgagees and/or Limited Partners, such approval not to be unreasonably delayed, conditioned or withheld.

(b) The Parties have established annual replacement reserve deposit requirements for funding reserves for the Air Rights Parcel Capital Obligations and ongoing joint maintenance obligations during the first calendar year of operation of the Building, as set forth on Exhibit E attached hereto. Beginning on the first day of the

calendar month following the date that either Party has commenced operations in its respective Parcel (the "Operating Date"), and on the first day of each calendar year thereafter, each Party which has become a Leasehold Owner of its respective Parcel and has initiated operations in the Building shall deposit into the reserve account the annual deposit amount indicated on Exhibit E, as such amount may be adjusted under Section 5.2(3)(c) below. Required deposits during the first calendar year of operations shall be prorated based on the number of calendar months in that year following the Operating Date. No such deposits shall be required by a Party for any period prior to that Party's becoming a Leasehold Owner of its respective Parcel or prior to that Party's initiation of operations within the Building, regardless of whether the other Party has initiated operations on the Building.

(c) The amount of required annual deposits into the reserve account shall be adjusted annually based on changes to the Capital Budget, if any, made under Section 5.2(3)(b).

(5) Failure to Perform. If a Party determines that another Party has failed to perform Maintenance and Restoration or other obligations pertaining to Common Building Components, Improvements, Utility Facilities or Structural Components as required under this REA, and such failure continues following written notice and beyond the expiration of the cure period described below in Sections 6.1 and 13.1 the first Party shall have the right to perform the work specified in the notice and recover the Leasable Square Footage Percentage of costs thereof together with Interest from the date of expenditure from the Party who failed to complete the required performance. In the case of Emergency, either Party shall have the right to perform all work necessary to address the Emergency situation without providing advance notice, and shall be permitted to recover the Leasable Square Footage Percentage of costs thereof from the other Party.

(6) Payments Due From City. Prior to March 1, 2016, City shall not be obligated to make any payment otherwise required by this section 5.2. Within 10 days after March 1, 2016, the City shall pay an amount not to exceed \$175,000, whether paid directly to Mercy or deposited into the reserve account, or any combination of the two, in satisfaction of the City's obligations under this Agreement.

5.3 Damage or Destruction to Improvements

(1) Except as provided otherwise in Sections 3.6(7), 3.6(8) and 5.5 of this REA, if all or any portion of the Improvements is damaged or destroyed, the Party responsible for Restoration of such Improvements shall commence within one hundred twenty (120) days and promptly complete the Restoration of the Improvements (including Common Building Components, shared Structural Components and Utility Facilities), at least to the condition existing before such damage and destruction, in all material respects, to the extent possible under the Laws.

(2) Notwithstanding anything herein to the contrary, if all or any portion of the Improvements on any Parcel is damaged or destroyed:

(a) the Party responsible for Restoration of such Improvements shall undertake and complete in accordance with this REA such Restoration of the Parcel as may be required to ensure a safe and non-hazardous condition of the Improvements and the Common Building Components on the Parcel in accordance with Section 5.4 and as necessary to comply with any covenants or agreements, if any, to provide lateral or subjacent support for improvements located on parcels adjoining such Parcel, and to conserve or protect damaged Improvements and remove debris ("Minimum Restoration") regardless of the amount of proceeds actually received by such Party under insurance required to be carried hereunder (or which would have been received if such insurance had been carried) ("Insurance Proceeds"); and

(b) if the amount of Insurance Proceeds plus the amount of any deductible provided under such insurance (together, the "Available Funds") exceeds the cost of Minimum Restoration, then in addition to Minimum Restoration, the applicable Party shall undertake and complete in accordance with this REA, to the extent of such excess Available Funds, such additional Restoration of Improvements on the Parcel as such Party deems appropriate for the continued use of the Parcel in accordance with this REA, provided that the Mortgagees of such Parcel make such proceeds available for such purpose in accordance with Section 8.4(2).

5.4 Clearing Debris from Razed Improvements. If the Party upon whose Parcel the damage or destruction has occurred is not obligated to restore an Improvement that has been damaged or destroyed, and if such Party elects not to do so, then it shall raze such Improvement (or such part thereof as has been damaged or destroyed) and shall clear the area of all debris and landscape the area, regardless of the amount of Available Funds; provided that such Party shall remain liable for performing all Minimum Restoration.

5.5 Responsibility of Mortgagee. Anything in this Article to the contrary notwithstanding, when a Mortgagee or a third party purchaser acquires title to a fee or leasehold estate in either Parcel by foreclosure, deed in lieu of foreclosure, power of sale in lieu of foreclosure ("Foreclosure"), such Foreclosure shall not affect the Mortgagee's or third party's obligation to perform Minimum Restoration; provided that the Mortgagee or third party shall perform Restoration following Foreclosure only as follows:

(1) When the damage or destruction on the applicable Parcel occurs before the Foreclosure from a peril required to be insured under this REA or from a peril for which insurance is not required but for which there were nonetheless such proceeds, then in either case the party acquiring the parcel upon Foreclosure shall perform Minimum Restoration, and shall be obligated to perform any additional Restoration only to the extent of available insurance proceeds; and

(2) When the damage or destruction occurs on the applicable Parcel subsequent to the Foreclosure, the party acquiring title upon Foreclosure shall perform Restoration as if it were a Party under Section 5.3.

(3) Anything in this Section 5.5 to the contrary notwithstanding, in no event will a party who acquires title to a Parcel by Foreclosure be obligated to perform any Restoration beyond Minimum Restoration if that party has reasonably determined that the fair market value of the Parcel owned by it, following Restoration, will be less than the fair market value of such Parcel immediately prior to the casualty.

(4) Notwithstanding the foregoing, the liability of a Mortgagee for failure to perform its obligations pursuant to this Section 5.5 will be limited to its interest in the Building, and such Mortgagee shall have no personal liability therefor.

5.6 Common Building Components. The following provisions shall apply to the repair, alteration or Restoration of Common Building Components, and to the extent not inconsistent therewith are in addition to the provisions of Section 3.7 and Section 5.3(1):

(1) Each Party owning any Improvement which uses any Common Building Component shall not place any burden upon the Common Building Component which exceeds the capacity of the Common Building Component therefor, or which would prevent the use of the Improvement containing the Common Building Component for its intended purposes.

(2) Nothing in Subsection (1) shall preclude any Party owning either an Improvement containing a Common Building Component or a benefited Improvement, as the case may be, from performing any construction with respect to its Improvements if during such construction the Party by whom or on whose behalf such construction is being done shall, at its own cost and expense, provide such temporary facilities as may be necessary to perform the function performed by the Common Building Component in question, or to increase the capacity of, or supplement, the Common Building Component in question to the extent necessary so that the construction does not prevent the use of the benefited Improvement for its intended purpose.

(3) The Party performing construction on the Improvement shall not be liable to the Party owning such other Improvement affected by such construction for any inconvenience, annoyance, disturbance or loss of business to such other Party (or any Occupant) arising out of and during the performance of such construction (unless occasioned by the gross negligence or willful misconduct of the Party performing such construction, or its agents), provided the Party owning the Improvement with respect to which such construction is being performed shall have made all reasonable efforts to keep any such inconvenience, annoyance, disturbance or loss of business to the minimum reasonably required by the construction in question.

6. DEFAULT AND LIEN

6.1 Default. A Party in default under this REA shall be known as a "Defaulting Party." No Party shall be a Defaulting Party until such Party has failed to perform an obligation under this REA after the expiration of ten (10) business days following receipt by such Party and each of its Mortgagees of written notice of default (in the case of default in monetary obligations) or thirty (30) days after receipt of written notice of default (in the case of default in all other obligations), as provided under Section 12.1 hereof, and subject to Section 13.1 hereof. If a non-monetary default cannot be reasonably cured within such thirty (30) day period, a Party shall not be in default so long as, within such thirty (30) day period, such Party either commences curing such default with due diligence and thereafter prosecutes such cure to completion diligently. Any Party shall have the right to make payment of a monetary obligation under protest and reserve all rights with respect to such payment notwithstanding such payment.

6.2 Reimbursement. After expiration of the time period in Section 6.1, if under this REA any other Party (the "Non-Defaulting Party") pays any money or does any act that requires the payment of money because of another Party's failure or inability to timely perform its obligations under this REA after notice and expiration of the cure period pursuant to Section 6.1, the Defaulting Party shall, within ten (10) business days following written notice of demand, reimburse the Non-Defaulting Party for such sums. All such sums shall bear interest at the Interest Rate from the date of expenditure until the date of reimbursement. Any other sums payable by any Party to any other Party under this REA that are not paid when due shall bear interest at the Interest Rate from the due date of payment thereof.

6.3 Lien Rights. Each Party hereby grants to the other Party a lien upon such Party's Parcel and all Improvements thereon to secure all of such Party's obligations to the other Party under this REA. If a Defaulting Party is required by this REA to pay the Non-Defaulting Party and does not timely pay same after expiration of applicable notice and cure periods, then the Non-Defaulting Party shall have the right to foreclose the lien against the Defaulting Party's Parcel and Improvements in any manner provided by law, subject to the prior rights of holders of mortgage liens on a Parcel and subject to Section 13.1, and for this purpose shall have a power of sale which may be enforced in the same manner as powers of sale in mortgages and deeds of trust are enforced under California law. Notwithstanding the foregoing, (1) neither Mercy, the City nor the Parcel 3a Assignee will exercise rights of foreclosure during the initial 15 year compliance period applicable to the residential units owned and operated by Mercy pursuant to Section 42 of the Internal Revenue Code, (2) prior to the enforcement of any lien, the Party against whose interest the lien is to be enforced shall have the right to good faith negotiations followed by litigation (in each case pursuant to Section 11) of the dispute giving rise to the lien right, and (3) the rights of the Parties under this Section are subject to any limitations on lien rights in the County Lease.

6.4 Lien Priority. The Non-Defaulting Party's lien shall be superior to any other lien and encumbrance on the Defaulting Party's Parcel created or arising after the date of this REA, except as follows: the Non-Defaulting Party's lien shall be expressly subject and subordinate to: (a) any Mortgage and any and all advances secured by any

Mortgage, and any expenses, charges and fees incurred under any express provision of such Mortgage (or any extension, consolidation, modification or supplement thereto); (b) any regulatory agreement or other instrument recorded in connection with any such Mortgage pursuant to Section 42 of the Internal Revenue Code or in connection with tax-exempt bond financing or in connection with the provision of financing or funding by any public agency; (c) any and all leases or subleases on all or any part of the Defaulting Party's Parcel, including but not limited to the Parcel 3a Assignment or the Phase 1 Property Assignment, as applicable; (d) the lien of any and all general and special property taxes and special benefit assessments on all or any part of Defaulting Party's Parcel (collectively the "Prior Encumbrances"); and (e) any other lien that has priority by operation of law. The Non-Defaulting Party shall execute and deliver any further assurances of the subordination of the Non-Defaulting Party's lien to this REA and the Prior Encumbrances as provided in this Section.

7. USE

7.1 Parcel 3a Uses. Parcel 3a shall be used only for transitional housing, social services, resident services, community and recreational space, and offices for the provision of the foregoing uses, and for no other purposes.

7.2 Air Rights Parcel Uses. The Air Rights Parcel shall be used as community space, offices, resident services, recreation, or other related uses permitted by any governmental approvals applicable to the Air Rights Parcel which are compatible with the use and operation of Parcel 3a, and for no other purposes.

7.3 Limitations.

(1) No part of the Parcels or the Building shall be used or operated for: (i) any use which violates any applicable zoning ordinance, or (ii) any unlawful, immoral or disreputable purpose or any activity which is inappropriate for a comparable mixed-use complex conducted in accordance with good and generally accepted standards of operations, (iii) any use that generates noise, litter, odor or other activity which may constitute a public or private nuisance, or (iv) any use that exposes Occupants or Permittees to health or safety risks.

(2) In no event shall any part of the Building be used for any purpose which overloads floors or other Structural Components or Utility Facilities beyond their respective design carrying capacities.

7.4 Offensive Activities; Nuisance.

(1) No noxious or offensive activities shall be carried on, upon or within either Parcel, nor shall anything be done or placed thereon which may be or become a nuisance, disturbance, or hazard or annoyance to any Party, or their tenants, or cause a substantial increase in the cost of insurance for any other Party.

(2) Each Party and each Occupant of a portion of either Parcel shall comply with all the requirements of the local and state health authorities and with all other governmental authorities with respect to the use of the Parcels.

8. INSURANCE

8.1 Insurance Following the Effective Date.

(1) Special Form or All-Risk Insurance.

(a) Prior to the date described in Subsection 8.1(1)(b), the City shall obtain and maintain, at its sole cost, a policy or policies of special form or all-risk property insurance, including flood insurance, covering the shell of the Building and the Common Building Components, but not including personal property in the Air Rights Parcel, and excluding earthquake coverage. Such policy of insurance shall be in an amount equal to the full replacement value of the Building and naming all Parties as loss payee as their interest may appear.

(b) Commencing on the date construction work on the Building is completed, Mercy shall obtain and maintain a policy or policies of special form or all-risk property insurance including flood insurance, covering the shell of the Building and the Common Building Components, but not including personal property in Parcel 3a, and excluding earthquake coverage, during the course of construction. Such policy of insurance shall be in an amount equal to the full replacement value of the Building and naming all Parties as loss payees as their interest may appear. City or the Parcel 3a Assignee, as applicable, will pay an amount equal to the Leasable Square Footage Percentage of Parcel 3a multiplied by the premiums for such insurance, not including any premium related to any of Mercy's tenant improvements or personal property located in the Air Rights Parcel, to Mercy within ten (10) business days following the written request of Mercy.

(c) Under either Subsection (a) or (b), upon failure of the City or the Parcel 3a Assignee to timely pay such premiums, Mercy may pay the premiums payable by the City or the Parcel 3a Assignee after ten (10) days' notice to the City or the Parcel 3a Assignee, as applicable. Upon payment by Mercy, the City or the Parcel 3a Assignee, as applicable, shall reimburse Mercy for the sums so expended within ten (10) days after written request. If payment in full is not made within ten (10) days of such request, interest at the Interest Rate shall accrue on such unpaid amount and be payable by the City or the Parcel 3a Assignee, as applicable.

(2) Tenant Improvements and Personal Property. Each Party shall obtain all-risk property insurance covering any tenant improvements and personal property of such Party within its parcel in an amount equal to the full replacement value of such tenant improvements and personal property.

(3) Liability Insurance. The Leasehold Owner of Parcel 3a and Mercy shall each carry commercial general liability insurance including contractual liability coverage, with a combined single limit of \$1,000,000 per occurrence, \$2,000,000 in the aggregate and an umbrella coverage limit of \$5,000,000 for personal and bodily injury, death and property damage occurring on or around their respective Parcels or arising from the activities conducted thereon or occurring on or around the easements granted hereunder.

(4) Worker's Compensation Insurance. Each Party that has employees shall maintain adequate workers' compensation insurance to the extent required by law with a limit no less than the statutory requirement and employer's liability coverage with a limit not less than One Million Dollars (\$1,000,000) per accident for bodily injury or disease. An "umbrella" or "excess" liability policy may be provided for coverage for employer's liability in order to fulfill the limits as stated above.

(5) Automobile Insurance. Each Party shall maintain Automobile Liability insurance with limits not less than One Million Dollars (\$1,000,000) each accident for Bodily Injury and Property Damage, including coverages for owned, non-owned and hired vehicles, as applicable.

8.2 Insurance During Construction. During the course of any construction activities in either Parcel, Mercy shall carry a policy of builder's risk (course of construction) insurance (Special Perils) coverage form. Such policy of insurance shall be in an amount equal to the completed value of the project and naming all Parties as loss payee as their interest may appear. Each party will pay its share of the premium for such policy and the share of any deductible associated with such policy as calculated in accordance with the rates quoted by the insurer, based upon each party's Leasable Square Footage Percentage. The policy shall contain such other provisions as reasonably required by Mortgagees of the Parcels and the Limited Partners. Such policy must insure against loss or damage by hazards customarily included within such "all risk" policies.

8.3 General Requirements.

(1) The Party responsible for procuring any insurance under this REA shall provide evidence of the existence of such insurance to and at the request of any of the other insureds under such policy, and shall inform the other insureds of any material changes in coverage. Upon failure of either Party to procure any insurance required under this REA, the non-defaulting Party may procure such insurance after ten (10) days' notice to the defaulting party. The defaulting Party shall reimburse the nondefaulting Party for the sums expended to procure such insurance within ten (10) days after written request. If payment in full is not made within ten (10) days of such request, interest at the Interest Rate shall accrue on such unpaid amount and be payable by the defaulting Party.

(2) All insurance policies shall be carried under a valid and enforceable policy or policies issued by insurers qualified to do business in the State of California and with a rating sufficient to meet the requirements of each Party's Limited Partners, Mortgagees and investors. In any case, the minimum rating for carriers will be equivalent to A- :IX or better from Best's Rating Service in the most current edition of Best's Insurance Reports, or if such rating is modified or discontinued, the most nearly equivalent rating.

(3) All insurance policies shall name the Party procuring such insurance as the named insured, or in the case of blanket policies, as additional named insureds. In the case of one policy covering both Parcels (as described in Section 8.1 above), such policies shall name each Party as a named insured or additional named insured, as applicable.

(4) The Mortgagees of both Parcels shall be named as mortgagees and loss payees on the property insurance policy covering the shell of the Building and Common Building Components. Upon request, evidence of coverage shall be made available to the Mortgagees of the other Party.

(5) Each Party, the Mortgagees, and the Limited Partners shall be named as additional insureds on any liability policies. Separate policies of liability insurance obtained by either Party shall name the other Party, the Mortgagees and the Limited Partners as additional insureds, as their respective interests may appear.

(6) The deductibles or retentions under the insurance described in this Article 8 shall not exceed amounts which are reasonable and customary for the applicable coverage, and shall be acceptable to Mortgagees and to the Limited Partners. With respect to any deductible payable on account of a loss covered by insurance maintained for the entire Building, each Party shall pay a portion of such deductible or retention to the extent that the deductible payable on an insured loss is not contributed to or by the general contractor or any subcontractor. Except as provided in Section 8.2, the balance of any deductible or retention shall be paid by the Parties in proportion to the percentage contribution that each Party made to the premium for the applicable policy. For example, if a loss occurs which is covered by the special form or all-risk insurance described in Section 8.2(1) and 20% of the deductible is paid by the general contractor, Leasehold Owner of Parcel 3a shall be responsible for payment of the Leasable Square Footage Percentage of Parcel 3a multiplied by the remaining deductible or retention, and Mercy shall be responsible for payment of the Leasable Square Footage Percentage of the Air Rights Parcel multiplied by the remaining deductible or retention. Notwithstanding the foregoing, to the extent the loss is solely attributable to the one Party, then such Party shall be solely responsible for payment of any deductible.

(7) All policies shall provide that any losses payable to a Mortgagee of the Party procuring such insurance or to another Party shall be payable notwithstanding any act or negligence of the Party procuring such insurance. The liability policies shall

provide that they constitute primary insurance to any other insurance available to any additional insured, with respect to claims insured by such policies, and such insurance shall include a severability of interest provision. Such severability of interest provision shall not increase the limit of liability of the respective insurers.

(8) All insurance policies shall provide that no cancellation, modification or termination thereof for any reason other than nonpayment of premiums, a false statement knowingly made, or a substantial change in the exposure or risk other than indicated in the applications unless otherwise notified to the underwriter; shall be effective as to the Person(s) entitled to be named as additional insureds until at least thirty (30) days, and in the case of nonpayment of premiums until at least ten (10) days, after giving written notice thereof to each additional insured thereunder, to the extent that such notice is available.

(9) The Parties may from time to time agree to adjust the amounts of the insurance required hereunder to meet commercially prudent standards; provided that, in all events, each Party shall have the right to increase and expand insurance coverage respecting its Parcel without consent of the other Party.

8.4 Use of Policy Proceeds.

(1) If, following an insured loss covered by the policy described in Sections 8.1(1), (a) the Leasehold Owner of the Parcel on which such damaged Improvements are located, or (b) the Leasehold Owner of a Parcel whose use of the Parcel is materially impaired due to the damage or destruction of Improvements on the other Parcel, desires to repair or restore damaged Improvements, and such proposed Restoration meets the requirements imposed by the Mortgagee(s) of the Parcel(s) on which such Improvements are located (collectively, the "Affected Parcel"), then proceeds payable by reason of damage to or destruction of any Improvements, subject to the provisions of Article 5 hereof, shall be used by the Leasehold Owner of the Affected Parcel to pay the cost of Restoration of such damaged or destroyed Improvements. In all events, Minimum Restoration shall be performed to the Affected Parcel.

(2) Each Party shall ensure that any Mortgage applicable to such Party's Parcel provides that all amounts collected on any such policies and paid to a Mortgagee shall be made available for the Restoration (in excess of Minimum Restoration) of any Improvement damaged or destroyed in accordance with the requirements of Section 5.3, subject only to the following conditions: that such Mortgagee has approved the plans and specifications for the Restoration, has approved the contractor(s) who will perform the Restoration and their contract(s), is satisfied that the amount necessary to provide for Restoration of any Improvements destroyed or damaged, which may be in excess of the amount received from such policies, has been provided for such purposes, has approved the terms and conditions under which insurance proceeds will be disbursed to fund the Restoration, and has reasonably

determined that the fair market value of the Mortgagee's collateral following Restoration will not be less than its fair market value immediately prior to the casualty.

(3) Each Party shall ensure that no agreement or agreements executed in favor of a Mortgagee contains provisions that permit insurance proceeds to be used to repay such Mortgagee's loan except in accordance with Sections 8.4(1) and 8.4(2).

(4) If a Party is not obligated to perform Restoration under this REA, and elects not to perform such Restoration, such Party will regardless be obligated to perform Minimum Restoration; provided that the amounts collected on such policies shall be made available to the Party to be used in a manner consistent with the terms of this REA, except and to the extent that the terms of any Mortgage loan documents of either Party require that such proceeds be applied towards repayment of the applicable Mortgage of such party. In such event, the proceeds payable to the Mortgagee(s) of each Parcel under this Subsection (4) which are attributable to an insured loss covered by the special form or all-risk insurance described in Section 8.1(1) shall be allocated based on the Leasable Square Footage Percentage of each Parcel.

8.5 Indemnification. Each Party ("Indemnitor") shall indemnify, defend and hold harmless (collectively "Indemnify"), the other Party, and its officers, directors, members, managers, employees, agents, representatives and partners (collectively, "Indemnitee") against all claims, costs, expenses (including reasonable attorneys' fees) and liabilities (collectively "Claims"), arising from the death, injury, loss or damage caused to any natural person or to the property of any Party ("Damage") as a result of any breach of or default by the Indemnitor under this REA, or which shall occur in or on the Parcel of the Indemnitor during the period Indemnitor is a Party hereunder (except to the extent such Claims arise from the gross negligence or willful misconduct of the Indemnitee or its agents, Permittees, or employees).

Subject to and in accordance with the applicable provisions of Article 3, each Grantee of an Easement shall Indemnify the Grantor of such easement and its officers, directors, members, managers, employees, agents and partners against any Claims arising from Damage occurring in connection with the Grantee's use of such Easement (except to the extent such Claims arise from the gross negligence or willful misconduct of the Grantor).

8.6 Certificate of Insurance. Each Party shall, on the reasonable request of another Party, promptly furnish the requesting Party a certificate evidencing the Party's compliance with the insurance coverage requirements of this Article 8.

8.7 Release and Waiver of Subrogation. Notwithstanding anything to the contrary set forth herein, to the extent that waiver of subrogation is permitted under the insurance maintained by a Party hereunder, each Party hereby waives all rights of recovery and causes of action, and releases the other Party, from all losses and damages occasioned to property located within or upon a Parcel or constituting a part of

the Building, which losses and damages are of the type covered under the policies actually maintained pursuant to this Article 8; provided, however, that the Party responsible for any such losses or damages shall pay for any deductible under the policies and provided further that this waiver shall not excuse or modify the Parties' respective obligations under Section 5.3(2)(a).

8.8 Allocations. For purposes of this Article 8, the Parties acknowledge that the allocation of insurance premiums, proceeds, and deductibles between Parcel 3a (77.72%) and the Air Rights Parcel (22.28%) is based on the respective Leasable Square Footage Percentage of each Parcel.

9. CONDEMNATION

9.1 Restoration upon Condemnation. If any part of the Improvements situated on any Party's Parcel (including, without limitation, Common Building Components, but excluding any Structural Components or Utility Facilities serving exclusively the other Parcel) is taken by condemnation, eminent domain or a sale under threat of condemnation ("Condemnation"), the Party on whose Parcel such Improvements are located shall reconstruct said Improvements as nearly as possible to the condition thereof as existed immediately prior to such Condemnation in accordance with the requirements and subject to the conditions of this Article 9, and in such event shall be solely entitled to all condemnation proceeds paid respecting such condemnation, subject to the provisions of applicable Mortgages.

Notwithstanding anything to the contrary contained in this Article 9, in no event shall any Party be required to rebuild, replace or perform Restoration of any Improvements (i) if as a consequence of the Condemnation, the remaining Improvements on such Party's Parcel would be unsuitable or economically unfeasible for the use to which such Improvements had been put before such Condemnation, even if Restoration were made; or (ii) at a cost in excess of the proceeds of a Condemnation award actually received. However, in any event and regardless of the availability of proceeds of a Condemnation award, the Party subject to condemnation shall be required to perform Minimum Restoration.

9.2 Waiver of Award. If a Parcel or any part thereof is taken by Condemnation, the other Party waives, in favor of the Party whose property or part thereof is taken by Condemnation, any value of the Condemnation award attributable to any Easements which any other Party holds in the property of such other Party (to the extent any Easements are affected by such Condemnation); and no part of such award shall be payable to the holder of the dominant tenement by virtue of such Easement, except and to the extent necessary to pay costs associated with the creation of alternative easements under Section 9.3.

9.3 No Termination of Easements. No termination under this Article of any Party's obligations to perform Restoration of, operate, and Maintain Easements as provided in this REA shall affect the existence of the Easements granted under Article 3

hereof, except to the extent such Easements burden the land taken by Condemnation. In that case, the Parties shall act in good faith to create, to the extent feasible and necessary for the use and occupancy of the Improvements, alternative easements to replace those terminated as a result of any Condemnation.

9.4 Mortgagee Participation. Nothing herein contained shall be deemed to affect or supersede the rights of any Mortgagee to participate in any Condemnation proceedings on behalf of any Party, or in conjunction with any Party.

10. REAL ESTATE TAXES OR IMPOSITIONS

10.1 Payment of Taxes or Impositions. Each Party shall pay before delinquency all Impositions levied on its Parcel and the Improvements and personalty thereon, if any. Upon request, each Party shall show to the other Party receipts for all Impositions required to be paid by the Party.

10.2 Failure to Pay Impositions. Subject to a Party's right to contest an Imposition as set forth in Section 10.3, if a Party fails to pay any Imposition as provided herein, any other Party may pay the Imposition after ten (10) days' notice to the delinquent Party. Upon payment, the delinquent Party shall reimburse the paying Party for the sums so expended within ten (10) days after written request. If payment in full is not made within ten (10) days of such request, interest at the Interest Rate shall accrue on such unpaid amount and be payable by the delinquent Party.

10.3 Contesting Impositions. Each Party may, at its own cost and after notice to the other Parties of its intention to contest Impositions (provided that failure to give such notice shall not constitute a default hereunder or invalidate any such contest), by appropriate proceedings conducted in good faith and with due diligence, contest the validity, applicability and/or amount of any Impositions respecting its Parcel. Each Party so contesting any Imposition shall hold the other Parties and the Parcel harmless from and against any loss, cost or damage they shall suffer by reason of such contest. Nothing in this Article requires a Party to pay any Imposition as long as (a) it contests the validity, applicability or amount thereof in good faith, (b) takes all steps necessary to prevent such nonpayment from resulting in a lien being recorded against all or any portion of either Parcel, and (c) so long as it does not allow the affected Parcel to be forfeited to the imposer of such Impositions as a result of its nonpayment. The contesting Party shall within a reasonable period of time give notice to the other Parties of the final determination of such contest.

11. DISPUTE RESOLUTION

11.1 Good Faith Negotiations. In the event of any dispute under this REA, other than the obligation to pay Impositions under Section 10.2, to reimburse Mercy for insurance premiums under Section 8.1(1), or to maintain the insurance required under Section 8.1, the Parties to the dispute shall meet within thirty (30) days of delivery of a request by either Party to meet and discuss the dispute. The meeting shall be held in

the City of Rancho Cordova unless the Parties agree otherwise. Each Party shall have a representative in attendance who has the authority to resolve the dispute on behalf of such party. The Parties shall negotiate in good faith to resolve the dispute for a period of at least thirty (30) days prior to taking any other action in response to such dispute days.

11.2 Litigation. In the event the parties are unable to resolve a dispute pursuant to Section 11.1 above, either Party may institute any remedy available at law or in equity to resolve such dispute.

12. NOTICES AND APPROVALS

12.1 Notices. All notices, demands, requests, approvals, disapprovals, or other communications ("Notice") that a Party gives to any other Party shall be in writing and deemed properly given if (a) served personally, or (b) mailed, when deposited with the United States Postal Service for certified delivery, return receipt requested, with postage prepaid, or (c) sent by overnight courier, postage prepaid, or (d) sent by electronic mail together with delivery by the method described in clause (a), (b) or (c), in each case addressed to the applicable recipient as follows:

City:	The City of Rancho Cordova 2729 Prospect Park Drive Rancho Cordova, CA 95670 Attn: City Manager [or designee] Email: bnakamura@cityofranhocordova.org
-------	---

Parcel 3a Assignee	(complete when known)
--------------------	-----------------------

Mercy:	Mercy Housing California 61, L.P. 1360 Mission Street, Suite 300 San Francisco, CA 94103 Attn: Asset Management Email: dshoemaker@mercyhousing.org
--------	---

With a copy to its Limited Partner:	Wells Fargo Affordable Housing Community Development Corporation MAC D1053-170 301 South College Street Charlotte, NC 28288 Attn.: Director of Tax Credit Asset Management
--	--

or such other place(s) as the above-listed entity or its successors may from time to time designate by notice to the others. Notices shall be deemed given as of the earlier of actual receipt or three (3) days from the date of mailing. Any notice given by electronic mail shall be deemed given upon receipt if received before 5:00 p.m. on a business day, otherwise it shall be deemed given on the next business day. Any notice given by electronic mail must be given by one of the other methods in Subsections (a), (b), or (c) within two business days. Upon any subsequent transfer of either Parcel, the Transferee shall notify the other Party in writing of its address for notices under this Section.

In addition to the notice addresses above, each Party shall provide copies of notices to Mortgagees and Limited Partners as provided in Section 13.1 below, and to such other entities as requested by either Party, each at the same time and in the same manner as provided to the other Party under this REA.

12.2 Time and Form of Approvals. Wherever in this REA approval of a Party is required, and unless a different time limit is provided herein, such approval or disapproval shall be given in writing within thirty (30) days after receipt of the item to be so approved or disapproved. Failure to give approval within the time specified shall be conclusively deemed to constitute approval. Any disapproval which requires reasonableness shall specify with particularity the reasons therefor. The request for approval shall be clearly marked as requiring approval and shall indicate the section of this REA under which approval is required.

13. MORTGAGEE AND LIMITED PARTNER PROTECTION

13.1 Notice to Mortgagees and Limited Partners, Cure Rights.

(1) Copies of all notices of default and all other notices given or required under this REA must be provided to the Mortgagee(s) and Limited Partner(s) of the Parties, provided each such Mortgagee or Limited Partner is identified in Section 12.1 or has delivered a notice to such Party stating that it is a Mortgagee or Limited Partner to a specified Parcel, and providing its name and address for notice hereunder. Each Party shall acknowledge in writing its receipt of the name and address of a Mortgagee or Limited Partner so delivered to it. Any notice to a Mortgagee or Limited Partner shall be given as provided in Section 12.1, and no notice to a Party shall be effective until a copy thereof has been given to each such Mortgagee or Limited Partner.

(2) The Mortgagee under the Mortgage affecting the defaulting Party's interest in a Parcel or Parcels and each Limited Partner of a Party of a Parcel shall be entitled (but shall not be required) to cure any default within an additional sixty (60) days beyond the cure period provided to the defaulting party, and otherwise in the same manner as may be cured by the defaulting party, provided that the period allowed to Mortgagees and Limited Partners for such cure shall not commence until the date of their receipt of a notice of default.

13.2 Priority of Mortgage Liens. No breach of any provision of this Agreement, nor the enforcement of any lien provided in this Agreement, shall impair, defeat or invalidate the lien of any Mortgage; but all provisions hereof shall thereafter be binding upon and effective against a Party of a Parcel whose title is derived through Foreclosure of any Mortgage; provided, however, that neither any Mortgagee nor successor thereof as a successor Leasehold Owner of one or more Parcel(s) hereunder shall be liable for any damages, costs, liabilities or expenses, and such Parcel(s) shall not be subject to a lien under this REA for any amounts due hereunder based upon the actions, defaults or violations taken or suffered by any Assignee hereunder prior to the date of such Foreclosure, subject to any applicable obligations to perform Minimum Restoration.

13.3 Subordination of Liens. Any lien provided for in Article 6 above shall be subordinate to the lien of any Mortgage and any regulatory agreement or other instrument recorded in connection with any such Mortgage now or hereafter encumbering any Parcel, and that lien shall be extinguished by the foreclosure of any Mortgage and all other Prior Encumbrances. The purchaser of that Parcel at foreclosure shall take title subject to the terms hereof and shall be liable for any liens arising thereafter pursuant to this Agreement as a result of defaults occurring thereafter for so long as the purchaser continues to hold title to that Parcel. Nothing in this Section 13.3 shall be construed to release any Party from its obligation to pay costs levied pursuant to this REA during the term of its lease of any Parcel(s).

13.4 Effect on Mortgages. Nothing in this REA shall excuse any Party from compliance with its respective obligations under any Mortgage or any regulatory agreement or other agreement or instrument executed in connection with any such Mortgage, whether or not of record respecting its Parcel. The parties acknowledge that compliance with this REA may not constitute compliance with such documents (for example, the terms of a Mortgage may impose a shorter time period for the performance of certain obligations under this REA to avoid a default under the Mortgage), that the consent of a Mortgagee may be required before a Party is authorized to comply with this REA, and that a default under this REA may constitute a default under such documents. Each Party is responsible for compliance with the requirements of its respective Mortgagee(s).

13.5 Liability of Mortgagees. A Mortgagee who becomes a Leasehold Owner of either Parcel through Foreclosure shall be liable for the performance of only those obligations of the Leasehold Owner which accrue during the period that the Mortgagee is the Leasehold Owner of Parcel.

14. AMENDMENT

14.1 Amendment. Except as provided in this Article 14 or elsewhere in this REA, this REA may be amended only by a writing signed and acknowledged by the Parties and recorded in the Official Records. No amendment shall be binding on a Mortgagee unless such Mortgagee has consented thereto in writing.

14.2 Consent to Amendments. No Party, nor any Mortgagee whose consent is requested, shall unreasonably withhold or delay approval of any amendment requested by another Party, provided that such amendment does not result in increased unreimbursed costs or other material detriment for the Party or Mortgagee whose consent is requested (including, without limitation, a material decrease in value of such Party's Parcel or a material impairment of such Party's operations).

15. TERM

The term of this REA ("Term") shall commence on the Effective Date and shall end on June 18, 2112 ("the Termination Date"). The Term shall be renewed thereafter if the County Lease is amended to allow for an extended term. Such renewal term of this REA shall be consistent with the term of the amended County Lease.

16. NO PUBLIC DEDICATION

Nothing contained in this REA shall be deemed to create or result in a dedication of any portion of the Parcels or the Building for public use or to create any rights in the general public.

17. MISCELLANEOUS

17.1 Exhibits. Each reference herein to an Exhibit refers to the applicable Exhibit that is attached to this REA, which Exhibits constitute a part of this REA.

17.2 Binding Effect. This REA shall govern and be binding upon the Building and the Parcels and shall be binding and inure to the benefit of the Parties hereto and their successors in interest to the Parcels, or any interest therein and their assigns unless and until (except as to certain rights and obligations set forth herein which continue after termination) expiration of the Term (defined in Article 15).

17.3 No Third Party Beneficiaries. Except for provisions expressly for the benefit of Mortgagees and/or Limited Partners, the provisions of this REA are not for the benefit of nor give rise to any claim or cause of action by any third Person, and this REA shall not be deemed to have conferred any rights upon any Permittee or other third Person.

17.4 Waiver of Default. A waiver of any default by a Party must be in writing and no such waiver shall be implied from a Party's failure to take action regarding such default. One or more written waivers of any default in the performance of any provision of this REA shall not be deemed to be a waiver of any subsequent default in the performance of the same provisions of any other term or provision contained herein.

17.5 Recourse. Notwithstanding any provision in the REA to the contrary, except as provided in Section 17.9, if any Party has a liquidated claim of money

damages against a Mortgagee, notwithstanding the fact that such Mortgagee became an Assignee of either Parcel through Foreclosure, the amount of which is not in dispute, the sole remedy of such other Party(ies) shall be to foreclose a lien as described in Article 6 hereof, and such Party will not seek a money judgment against such Mortgagee in addition to foreclosing such lien, it being understood that such obligations shall remain nonrecourse to such Mortgagee in all events. However, the foregoing sentence shall not apply to any transferee of such Mortgagee. Notwithstanding any provision in this REA to the contrary, no officer, director, member, manager, employee, agent, representative, or partner of a Party shall be personally liable in the event of any default or breach under this REA, or for any amount that may become due under this REA.

17.6 No Partnership, Joint Venture or Principal-Agent Relationship. Neither anything in this REA nor any acts of the Parties shall be deemed by the Parties, or by any third Person, to create the relationship of principal and agent, or of partnership, or of joint venture, or of any association between the Parties and no provisions of this REA are intended to create or constitute any person a third party beneficiary hereof.

17.7 Severability. If any provision of this REA shall to any extent be invalid or unenforceable, the remainder of this REA (or the application of such provision to Persons or circumstances other than those in respect of which it is invalid or unenforceable) shall not be affected thereby.

17.8 Governing Law; Venue. This REA shall be construed and governed in accordance with the laws of the State of California without regard to principles of conflicts of laws. Any dispute arising out of this REA, and any action brought to enforce or interpret the terms and conditions hereof shall be brought in Sacramento County, California.

17.10 Release. If a Party obligated to comply with any provisions of this REA sells, transfers or otherwise conveys its Parcel or any portion thereof, such Party will, as respects the Parcel or part thereof so conveyed, be released from all obligations to comply with this REA which accrue after the effective date of such sale, transfer or other conveyance, provided:

- (1) It gives notice to the other Parties of its sale, transfer or other conveyance promptly after the filing for record of the instrument effecting the same;
- (2) All amounts from any insurance proceeds or condemnation awards required to be used as provided in this REA are either delivered to the other Party for such use, or are transferred to the grantee under such sale, transfer or other conveyance; and
- (3) The Party transferring all or any portion of its Parcel and assigning the REA to the new owner of its Parcel (the "Assignor") shall deliver to the other Party an instrument signed by its assignee (the "Assignee") in recordable form that

acknowledges the Assignee's assumption of the duties, responsibilities and obligations imposed on the Assignee by this REA and assumed by the Assignee. Such instrument must be in a form reasonably satisfactory to the other Party. Notwithstanding the Assignor's failure to provide the other Party with the document described above in this Subsection, the Assignee shall be deemed to have automatically assumed all provisions of this REA that the Assignee is obligated to perform.

(4) No such sale, transfer or conveyance shall relieve a Party of obligations arising before such transfer unless expressly assumed by the grantee.

17.11 Release of City.

(1) The Parties acknowledge that, while the City is the Leasehold Owner of Parcel 3a, the City intends to transfer Leasehold Ownership of Parcel 3a to the Parcel 3a Assignee. The release of the City in Subsection (2) is the material consideration for the City's willingness to enter into this REA as the Leasehold Owner of Parcel 3a prior to the effective date of the Parcel 3a Assignment.

(2) Notwithstanding Section 17.10, following the effective date of the Parcel 3a Assignment, the City shall automatically be released from all obligations to comply with this REA, whenever such obligations shall have accrued, provided that the City complies with the provisions of 17.10(1), (2) and (3).

(3) Immediately upon the release of the City from its obligations under this REA, the City shall be reimbursed by the Parcel 3a Assignee for all Section 5.2.(1), (2), (3) and (4) expenditures made by the City.

17.12 Covenants Run with the Land. Subject to Section 15, it is intended that the covenants, Easements, agreements, promises and duties of each Party set forth in this REA shall be construed as covenants and not as conditions, and that, to the fullest extent legally possible, all such covenants shall constitute easements running with the land and shall constitute equitable servitudes as between the Parcels for the Term of this REA.

Unless the context indicates otherwise and where expressly provided to the contrary, every covenant, Easement, agreement and promise of each Party as set forth in this REA shall be deemed a covenant, easement, agreement and promise made for the joint and several benefit of each other Party and every duty of each Party as set forth in this REA shall be deemed to run to and for the joint and several benefit of the other Parties.

17.13 Right to Enjoin/Specific Performance. If a Party violates or threatens to violate any provision of this REA, any other Party shall have the right, subject to the provisions of Article 11, to apply to a court of competent jurisdiction for an injunction against such violation or threatened violation, or for specific performance of the subject provision, but nothing in this Section shall be deemed to affect whether or not injunctive

relief or specific performance is available on account of such violation or threatened violation.

17.14 Default Shall Not Permit REA Termination. No default under this REA shall entitle any Party to cancel or otherwise rescind this REA, provided, however, that this limitation shall not affect any other rights or remedies that the Parties may have by reason of any default under this REA.

17.15 Counterparts. If more than one individual or entity is executing this REA on behalf of a Party, this REA may be signed in several counterparts, each of which shall be deemed an original, and all such counterparts shall constitute one and the same instrument. The signature of a Party to any counterpart may be removed and attached to any other counterpart. Any counterpart to which is attached the signatures of all Parties shall constitute an original of this REA.

17.16 Attorneys' Fees. If any Party commences any action or proceeding against the other or others relating to the provisions of this REA, or any default hereunder, then, the unsuccessful litigant(s) in such action or proceeding agree(s) to reimburse the successful litigant(s) therein for the reasonable expenses and attorneys' fees and disbursements incurred therein by the successful litigant(s) as determined by the court.

17.17 Estoppel Certificate. Each Party hereby severally covenants that within ten (10) business days after a written request of the other Party or other Person, it will issue to such other Party or Person, or to any Mortgagee, Limited Partner or to any prospective purchaser or prospective Mortgagee specified by such requesting Party, or to any other Person reasonably designated by the requesting Party, an estoppel certificate stating: (i) whether the Party to whom the request has been directed knows of any default under this REA, and if there are known defaults specifying the nature thereof; (ii) whether this REA has been modified or amended in any way (or if it has, then stating the nature thereof); and (iii) that to the Party's current and actual knowledge this REA as of that date is in full force and effect or, if not, so stating.

17.18 Time of Essence. Time is of the essence with respect to the performance of each of the covenants and agreements contained in this REA.

17.19 Consents and Approvals. Except as expressly provided in this REA, whenever the consent or approval of any Party is required hereunder, such consent shall not be unreasonably withheld, conditioned or delayed.

17.20 Interpretation. The titles to the sections of this REA are inserted for convenience only and are not to be used to define, limit or describe the scope or intent of this document or in any way affect the terms and provisions hereof. This REA shall be interpreted as though prepared jointly by both Assignees.

17. 21 Entire Agreement. This REA, together with the Exhibits attached hereto, contains the entire agreement of the Parties concerning the subject matter hereof, and supersedes all prior or contemporaneous oral or written agreements pertaining thereto.

17.22 Further Assurances. Each of the Parties agrees to perform, execute and deliver any further instruments reasonably necessary to evidence and carry out the provisions of this REA.

Signatures on Following Pages

The parties have executed this REA as of the date first written above.

MERCY:

MERCY HOUSING CALIFORNIA 61, L.P.,
a California limited partnership

By: Mercy Mather Veterans LLC,
a California limited liability company,
its managing general partner

By: Mercy Housing California,
a California nonprofit public benefit corporation,
its manager

By: 
Its: Vice President

Signatures Continued on Following Page

This document is executed in counterpart to facilitate this transaction each of which so executed shall, irrespective of date of its execution and delivery, be deemed an original, and these counterparts together constitute one and the same instrument.

CITY:
THE CITY OF RANCHO CORDOVA,
 a California municipal corporation

By: Joe Chin

Name: Joe Chin

Title: Acting City Manager

ATTEST:

By: Stacia George, Deputy City Clerk
Stacia George, City Clerk

APPROVED AS TO FORM:

By: Adam Fong
 , City Attorney

SIGNATURES MUST BE NOTARIZED

This document is executed in counterpart to facilitate this transaction each of which so executed shall, irrespective of date of its execution and delivery, be deemed an original, and these counterparts together constitute one and the same instrument.

Loan No. 102539

STATE OF CALIFORNIA)
COUNTY OF SACRAMENTO) SS

On DECEMBER 4, 2014, before me, JESSICA CRONE, a Notary Public, personally appeared JOE CHINN, 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.

Jessica Crone
(Signature)

[Seal]



Loan No. 102539

STATE OF CALIFORNIA

COUNTY OF

SACRAMENTO

) SS

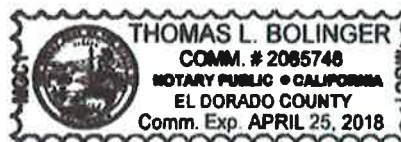
On December 4, 2014, before me, Thomas L. Bolinger, a Notary Public, personally appeared STEPHEN DAVES, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their 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]



SMRH:433228779.2

EXHIBITS FOR REA

EXHIBIT A Map

EXHIBIT B Legal Description of Parcel 3a

EXHIBIT C Legal Description of Air Rights Parcel

EXHIBIT D Certificate of Compliance

EXHIBIT E Air Rights Parcel Capital Obligations and Reserve Requirements

EXHIBIT F Leasable Square Footage Percentage

EXHIBIT A
Map
(On Following Pages)

22-1-18-1

OWNER'S STATEMENT

THE UNDERSIGNED HEREBY CONSENTS TO THE PREPARATION AND FILING OF THIS PARCEL MAP. THE REAL PROPERTY DESCRIBED BELOW IS DEDICATED AS AN EASEMENT FOR PUBLIC PURPOSES. THE UNDERSIGNED HEREBY OFFERS (FOR DEDICATION AND DEDICATE) HEREBY DEDICATE TO ANY AND ALL PUBLIC USES, PUBLIC STREET AND AVENUE SHOWN AS BLEDGELY STREET AND SCHIRMA AVENUE.

COUNTY OF SACRAMENTO

Troy K. Givew

Executive Director
TITLE (PRINT)

NOTARY'S STATEMENT

STATE OF CALIFORNIA

COUNTY OF SACRAMENTO

ON 10-7-2014 BEFORE ME, Notary Public, NOTARY PUBLIC, PERSONALLY APPEARED Troy K. Givew, known to me to be the person whose name is 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 are 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 IS TRUE AND CORRECT.

WITNESS MY HAND AND OFFICIAL SEAL.

Notary Public (REAL)
MY COMMISSION EXPIRES ON 10-14-2017
MY PRINCIPAL PLACE OF BUSINESS IS IN THE COUNTY OF Sacramento IN

PARCEL MAP

SUBDIVISION NO. DD8438

OF QUITCLAIM DEED G-12, 20.178 ACRES FILED IN BOOK 20130503 PAGE 1287 OR BEING A PORTION OF THE RECORD OF SURVEY FILED IN BOOK 53 OF SURVEYS, PAGE 32 AND BOOK 54 OF SURVEYS, PAGE 33, SACRAMENTO COUNTY RECORDS.

CITY OF RANCHO CORDOVA
COUNTY OF SACRAMENTO, STATE OF CALIFORNIA

AUGUST 2014

WARREN LAND SURVEYING

SHEET 1 OF 3

CITY ENGINEER'S STATEMENT

I HEREBY STATE THAT I HAVE EXAMINED THIS PARCEL MAP AND FIND IT TO BE SUBSTANTIALLY THE SAME AS THE APPROVED TENTATIVE MAP; THAT ALL PROVISIONS OF THE SUBDIVISION MAP ACT AND ALL APPLICABLE CITY ORDINANCES HAVE BEEN COMPLIED WITH AND THAT SAID MAP IS TECHNICALLY CORRECT.

DATE 10-7-2014 Cyrus Aeb
CITY ENGINEER
CYRUS E. AEBAR P.L.S. 7723



CITY CLERK'S STATEMENT

I HEREBY STATE THAT THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA HAS APPROVED THIS PARCEL MAP AND ACCEPTS ON BEHALF OF THE PUBLIC ALL RIGHTS OF WAY AND EASEMENTS SHOWN HEREON AS BLEDGELY STREET AND SCHIRMA AVENUE.

DATE 10-7-14 Mindy Lopez
CITY CLERK OF THE CITY OF RANCHO CORDOVA

RECORDER'S STATEMENT

FILED THIS 7th DAY OF October, 2014 AT 10:13 AM
BOOK 20130503 PAGE 1287 OF PARCEL MAPS AT PAGE 20130503 AT THE
COUNTY CLERK'S OFFICE. THE CLERK HAS REVIEWED THE INSTRUMENT AND
PARCEL MAP HAS BEEN RECORDED AS PER CERTIFICATE TO 231 ON FILE IN
THIS OFFICE.

David Villalobos
COUNTY RECORDER

BY David Villalobos
COUNTY RECORDER
Dec 16, 2014 10:09 AM PST
FEE: \$64.00

ENGINEER'S/SURVEYOR'S STATEMENT

THIS MAP WAS PREPARED BY ME OR UNDER MY DIRECTION AND IS BASED UPON A SURVEY MADE BY ME OR UNDER MY DIRECTION. I HAVE EXAMINED THE SUBDIVISION MAP ACT AND LOCAL ORDINANCES AT THE REQUEST OF THE SUBDIVISION ENGINEER AND I HEREBY STATE THAT THIS PARCEL MAP SUBSTANTIALLY CONFORMS TO THE APPROVED OR CONDITIONALLY APPROVED TENTATIVE MAP, IF ANY, ALL MONUMENTS SHOWN HEREON ARE OF THE CHARACTER AND OCCUPY THE POSITIONS INDICATED. THE MONUMENTS ARE SUFFICIENT TO ENABLE THE SURVEY TO BE RE-LOCATED.

George D. Walden 10/14/14
DATE
GEORGE D. WALDEN
R.C.E. NO. 00000



IMPROVEMENT REQUIREMENTS

THE FOLLOWING PUBLIC IMPROVEMENTS SHALL BE CONSTRUCTED IN ACCORDANCE WITH THE CITY OF RANCHO CORDOVA WITHIN A REASONABLE TIME FOLLOWING THE DATE OF THE ISSUANCE OF THIS PARCEL MAP. THE CITY OF RANCHO CORDOVA HEREBY GRANTS APPROVAL FOR DEVELOPMENT OF THE FOREGOING PARCELS.

- STREET/CLAS "A" REQUIRED
- STREET LIGHTS REQUIRED
- SEWERS REQUIRED
- WATER/SEWER REQUIRED
- WATER/SEWER REQUIRED

SUBDIVISION NO. DD8438

OF QUITCLAIM DEED C-12-20, 179 ACRES FILED IN BOOK 20130503 PAGE 1295 O.R. BEING A PORTION OF RECORD OF SURVEY FILED IN BOOK 53 OF SURVEYS, PAGE 32 AND BOOK 54 OF SURVEYS, PAGE 33, SACRAMENTO COUNTY RECORDS.

CITY OF RANCHO CORDOVA
COUNTY OF SACRAMENTO, STATE OF CALIFORNIA

AUGUST 2014

WARREN LAND SURVEYING

NOTES. SHEET 2 OF 3

- 7) RECIPIENT ACCESS AND PARKING BETWEEN PARCELS 3 AND 4. THE RIGHT OF WAY SHALL BE TRANSFERRED FROM THE SALE AND/OR ACQUISITION OF SAID PARCELS.
- 8) PARCELS 5 AND 6. SDCS22 REFERENCE A PROPOSED 72' WIDE RIGHT OF WAY TO BE GRANTED BY THE LGA. INSTEAD A R/W NOW WAS GRANTED IN 1964 100' WIDE AT PRICE 607 OF OFFICIAL RECORDS
- 9) REMAINDER 16.57% ACRES GROSS
- 10) ALONG SCHUYLER AVENUE AND GLOVER STREET LEASE BOUNDARY GOES TO RIGHT OF WAY 28.05 FEET FROM CENTERLINE OF STREETS.
- 11) PARCELS 1, 2, AND 3 ARE ENCUMBERED BY AN EASEMENT FOR THE INSTALLATION AND MAINTENANCE OF A WATER SUPPLY SYSTEM GRANTED TO THE COUNTY OF SACRAMENTO BY U.S.A. IN 1964. THE EASEMENT IS NOT REFERRED TO IN THE RECORDED DOCUMENT FOR LOCATION OF THE EXISTING WATER LINES.

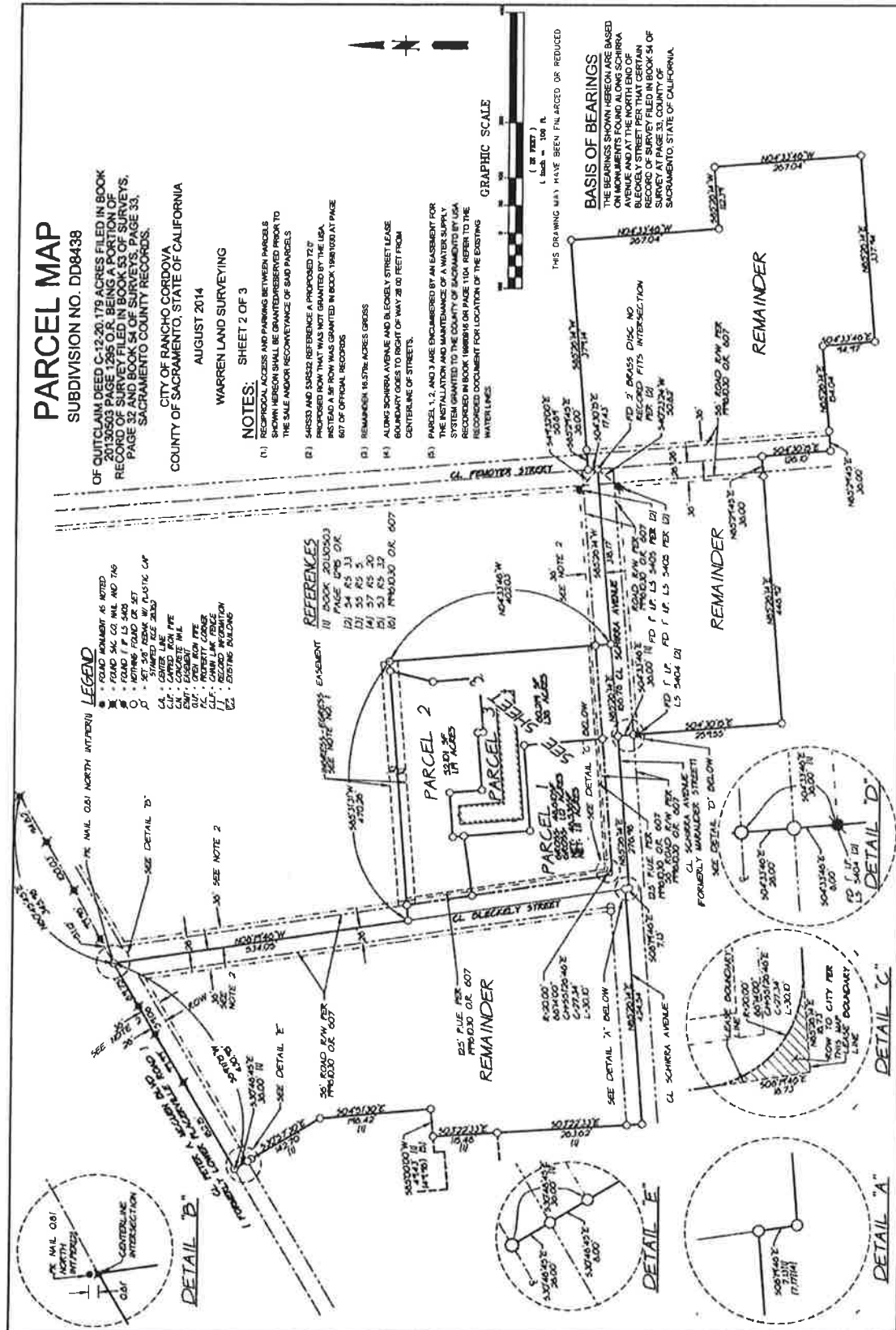
GRAPHIC SCALE

(2007)

THIS DRAWING MAY HAVE BEEN ENLARGED OR REDUCED

BASIS OF BEARINGS

THE BEARINGS SHOWN HEREON ARE BASED ON MONUMENTS FOUND ALONG SCHIRRA AVENUE AND AT THE NORTH END OF BLUECKLEY STREET PER THAT CERTAIN RECORD OF SURVEY FILED IN BOOK 54 OF SURVEY AT PAGE 33, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA.



SUBDIVISION NO. DD8438

OF QUITCLAIM DEED C-12-20 179 ACRES FILED IN BOOK
20130503 PAGE 1295 O.R. BEING A PORTION OF
RECORD OF SURVEY FILED IN BOOK 53 OF SURVEYS,
PAGE 32 AND BOOK 54 OF SURVEYS, PAGE 33,
SACRAMENTO COUNTY RECORDS.

CITY OF RANCHO CORDOVA
COUNTY OF SACRAMENTO, STATE OF CALIFORNIA

AUGUST 2014

WARREN LAND SURVEYING

SHEET 3 OF 3

UNITED STATES OF AMERICA

NOTES:

- (1) SHOWING ACCESS AND PARKING BETWEEN PARCELS
THROUGH HERSON WAS NOT GRANTED/RESERVED. UP TO
THE SALE AND/OR CONVEYANCE OF SAID PARCELS
- (2) PARCELS AND EASES REFERENCE A PROPOSED 72' O
SECTIONS HOW THAT WAS NOT GRANTED BY THE USA
NAD 83 A 10' OFF SET WAS GRANTED IN BOOK 110010 AT PAGE
602 OF OFFICIAL RECORDS
- (3) THE UNITED STATES RETAINS AND RESERVES AN EASEMENT
FOR RIGHT OF ACCESS OVER THE PROPERTY PER BOOK
1073000 OR R. 105
- (4) ALONG JOHNNY AVENUE AND BLACKLY STREET LEASE
MOUNTAIN VIEW TRACT OF WAY 20.00 FEET FROM
CENTLINE OF STREETS

BASIS OF BEARINGS

THE BEARINGS SHOWN HEREON ARE BASED ON MONUMENTS FOUND ALONG SOMERRA AVENUE AND AT THE NORTH END OF BLEEDLEY STREET PER THAT CERTAIN RECORD OF SURVEY FILED IN BOOK 54 OF SURVEY AT PAGE 33, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA.

LEGEND

- [illegible]

REFERENCES

- IN BOOK 200303
PAGE 1215 OF 60

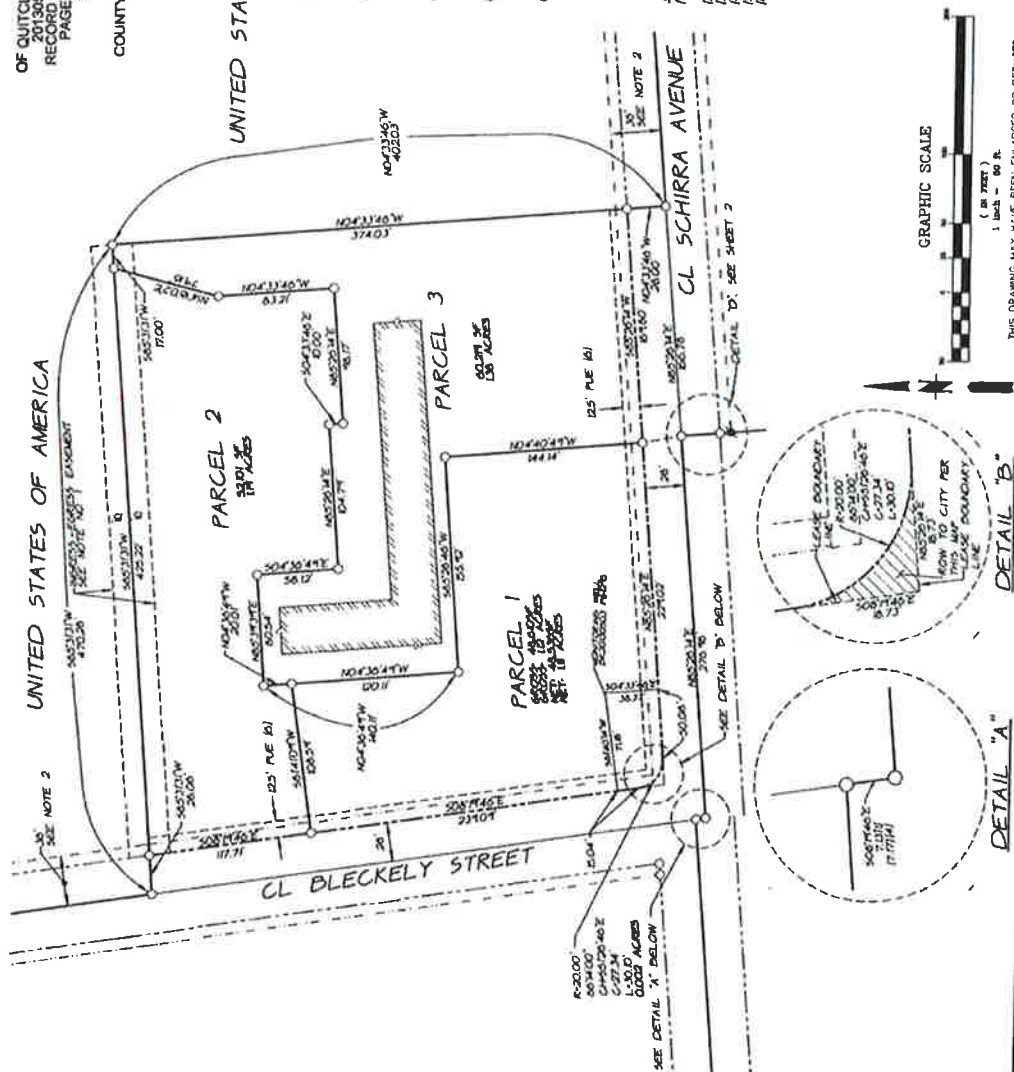


EXHIBIT B
Legal Description of Parcel 3a

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF MATHER, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

Parcel 3, of Parcel Map Number DD8438 and Recorded October 9, 2014, in Book 221 of Parcel Maps at Page 18 on file in the Office of the Recorder, County of Sacramento, State of California

EXCEPTING THEREFROM the Air Rights Parcel Being located within the City of Rancho Cordova and being located within Parcel 3 of Parcel Map Number DD8438 and Recorded in Book 221 of Parcel Maps at Page 18 on file in the Office of the Recorder, County of Sacramento, State of California and being described as follows:

Beginning at a point which bears the following Two (2) courses from the Northwest corner on aforesaid Parcel 3:

- 1.) South 04° 86' 49" East, 13.83 feet;
- 2.) North 85° 32' 59" East, 22.16 feet to the existing Northwest exterior building corner being the true point of beginning.

Thence from said Point of Beginning the following Eight (8) courses:

- 1.) Along the existing North exterior building wall North 85° 32' 59" East, 34.00 feet to the existing Northeast building corner;
- 2.) South 04° 27' 01" East, 80.54 feet along the existing East exterior building wall;
- 3.) Leaving said East building wall South 85° 32' 59" West, 0.33 feet to the center of existing interior building wall;
- 4.) Along the center of existing interior building wall South 04° 27' 01" East, 5.33 feet to the centerline intersection of existing interior building walls;
- 5.) Along the center of existing interior building wall South 85° 32' 59" West 13.50 feet to the centerline intersection of existing interior building walls;
- 6.) Along the center of existing interior building wall South 04° 27' 01" East, 6.50 feet to the centerline intersection of existing interior building walls;

7.) Along the center of existing building wall South 85° 32' 59" West, 20.17 feet to the exterior wall of existing building;

8.) Along the existing West exterior building wall North 04° 27' 01" West, 92.37 feet to the Point of Beginning;

Air rights within the first floor is from finish floor of the ground floor to bottom of ceiling joist of ground floor being same as the bottom of the second story floor joist. As shown on Exhibit "B"

Containing 3,048.93 Square feet or 0.07 acres.

Together with the following described area:

Beginning at the Northwest corner of aforesaid Parcel 3;

Thence the following Eleven (11) courses:

1.) Along the Northerly line of said Parcel 3 North 85° 39' 39" East, 57.20;

2.) Leaving said Northerly line South 04° 27' 01" East, 30.50;

3.) North 85° 39' 39" East, 23.42 feet to a point on the common line between aforesaid Parcel 3 and Parcel 2
Assessor's Parcel Map Number 067-0010-107;

4.) Along said common line South 04° 36' 49" East, 27.62 feet to the common corner of Parcels 2 and 3;

5.) Leaving said common line South 28° 37' 16" West, 43.07 feet to the existing North exterior building wall;

6.) Along the existing North exterior building wall South 85° 32' 59" West, 1.00 feet to the existing East building exterior wall;

7.) Along the existing East exterior building wall North 04° 27' 01" West, 80.54 feet;

8.) Along the existing North exterior building wall South 85° 39' 39" West, 34.00 feet;

9.) Along the existing West exterior building wall South 04° 27' 01" East, 92.37 feet;

10.) Leaving the West existing exterior building wall South 85° 32' 59" West, 21.90 feet to the Westerly line of aforesaid Parcel 3;

11.) Along said Westerly line North 04° 36' 49" West, 106.20 feet to the Point of Beginning.

Air rights within this described area extend vertically 50.00 feet from the ground surface. As shown on Exhibit "B".

Containing 3,976.00 Square feet or 0.09 acres.

Together with the following described basement area:

Beginning at point which bears the following two (2) courses from the Northwest corner of aforesaid Parcel 3:

- 1.) South 04' 36' 49" East 128.37 feet;
- 2.) North 85' 32' 59" East 21.83 feet to the Southwest exterior building corner being the True Point of Beginning.

Thence from said Point of Beginning the following six (6) courses:

- 1.) North 04' 27' 01" West 49.54 feet along the exterior wall of basement;
- 2.) North 85' 32' 59" East 34.00 feet along the exterior wall of basement;
- 3.) South 04' 27' 01" East 15.54 feet along the exterior wall of basement;
- 4.) North 85' 32' 59" East 15.76 feet along the exterior wall of basement;
- 5.) South 04' 27' 01" East 34.00 feet along the exterior wall of basement;
- 6.) South 85' 32' 59" West 49.76 feet along the exterior wall of basement to the Point of Beginning;

Air rights within the existing basement is from finish floor of the basement to finish floor to the first floor

Containing 2,220.20 Square feet or 0.05 acres.

The basis of bearing for this description is identical to that certain Record of Survey, file in Book 54, Page 33, on file in the Office of the Recorder, County of Sacramento, State of California.

EXHIBIT C

Legal Description of Air Rights Parcel

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF RANCHO CORDOVA, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

Being located within the City of Rancho Cordova and being located within Parcel 3 of Parcel Map Number DD8438 and Recorded in Book 221 of Parcel Maps at Page 18 on file in the Office of the Recorder, County of Sacramento, State of California and being described as follows:

Beginning at a point which bears the following Two (2) courses from the Northwest corner on aforesaid Parcel 3:

- 1.) South 04° 86' 49" East, 13.83 feet;
- 2.) North 85° 32' 59" East, 22.16 feet to the existing Northwest exterior building corner being the true point of beginning.

Thence from said Point of Beginning the following Eight (8) courses:

- 1.) Along the existing North exterior building wall North 85° 32' 59" East 34.00 feet to the existing Northeast building corner;
- 2.) South 04° 27' 01" East, 80.54 feet along the existing East exterior building wall;
- 3.) Leaving said East building wall South 85° 32' 59" West 0.33 feet to the center of existing interior building wall;
- 4.) Along the center of existing interior building wall South 04° 27' 01" East 5.33 feet to the centerline intersection of existing interior building walls;
- 5.) Along the center of existing interior building wall South 85° 32' 59" West 13.50 feet to the centerline intersection of existing interior building walls;
- 6.) Along the center of existing interior building wall South 04° 27' 01" East 6.50 feet to the centerline intersection of existing interior building walls;
- 7.) Along the center of existing building wall South 85° 32' 59" West 20.17 feet to the exterior wall of existing building;
- 8.) Along the existing West exterior building wall North 04° 27' 01" West 92.37 feet to the Point of Beginning;

Air rights within the first floor is from finish floor of the ground floor to bottom of ceiling joist of ground floor being same as the bottom of the second story floor joist. As shown on Exhibit "B" of the Certificate of Compliance - Parcel Map Waiver City of Rancho Cordova, County of Sacramento, State of California, recorded October 14, 2014, Book 20141014, Page 1046 of Official Records.

Together with the following described area:

Beginning at the Northwest corner of aforesaid Parcel 3;

Thence the following Eleven (11) courses:

- 1.) Along the Northerly line of said Parcel 3 North 85° 39' 39" East 57.20 feet;
- 2.) Leaving said Northerly line South 04° 27' 01" East 30.50 feet;
- 3.) North 85° 39' 39" East 23.42 feet to a point on the common line between aforesaid Parcel 3 and Parcel 2 Assessor's Parcel Map Number 067-0010-107;
- 4.) Along said common line South 04° 36' 49" East 27.62 feet to the common corner of Parcels 2 and 3;
- 5.) Leaving said common line South 28° 37' 16" West, 43.07 feet to the existing North exterior building wall;
- 6.) Along the existing North exterior building wall South 85° 32' 59" West 1.00 feet to the existing East building exterior wall;
- 7.) Along the existing East exterior building wall North 04° 27' 01" West 80.54 feet;
- 8.) Along the existing North exterior building wall South 85° 32' 59" West 34.00 feet;
- 9.) Along the existing West exterior building wall South 04° 27' 01" East 92.37 feet;
- 10.) Leaving the West existing exterior building wall South 85° 32' 59" West 21.90 feet to the Westerly line of aforesaid Parcel 3;
- 11.) Along said Westerly line North 04° 36' 49" West 106.20 feet to the Point of Beginning.

Air rights within this described area extend vertically 50.00 feet from the ground surface. As shown on Exhibit "B" of the Certificate of Compliance - Parcel Map Waiver City of Rancho Cordova, County of Sacramento, State of California, recorded October 14, 2014, Book 20141014, Page 1046 of Official Records.

Together with the following described basement area:

Beginning at point which bears the following two (2) courses from the Northwest corner of aforesaid Parcel 3:

- 1.) South 04° 36' 49" East 128.37 feet;
- 2.) North 85° 32' 59" East 21.83 feet to the Southwest exterior building corner being the True Point of Beginning.

Thence from said Point of Beginning the following six (6) courses:

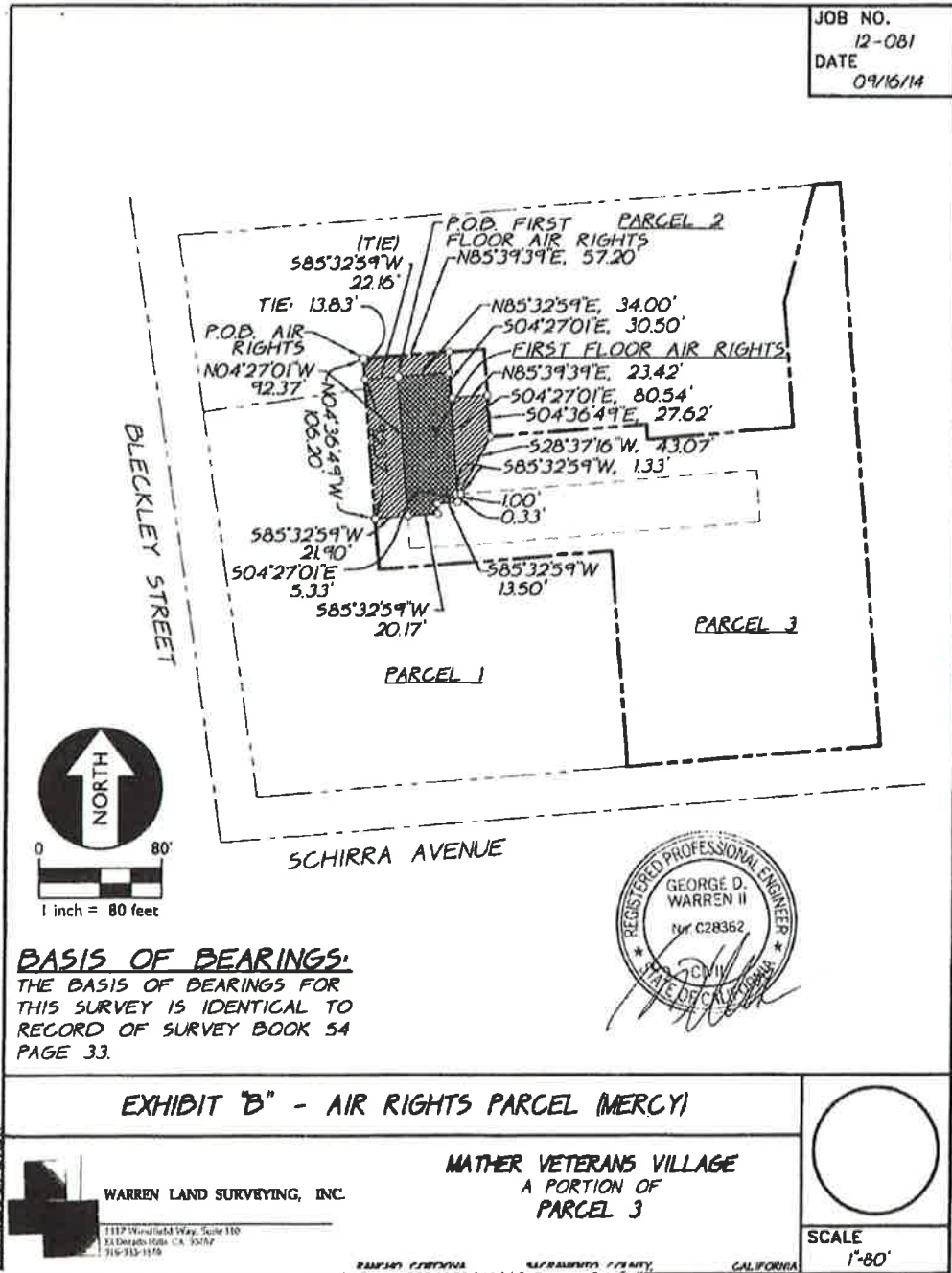
- 1.) North 04° 27' 01" West 49.54 feet along the exterior wall of basement;
- 2.) North 85° 32' 59" East 34.00 feet along the exterior wall of basement;
- 3.) South 04° 27' 01" East 15.54 feet along the exterior wall of basement;
- 4.) North 85° 32' 59" East 15.76 feet along the exterior wall of basement;
- 5.) South 04° 27' 01" East 34.00 feet along the exterior wall of basement;
- 6.) South 85° 32' 59" West 49.76 feet along the exterior wall of basement to the Point of Beginning;

Air rights within the existing basement is from finish floor of the basement to finish floor to the first floor

The basis of bearing for this description is identical to that certain Record of Survey, file in Book 54, Page 33, on file in the Office of the Recorder, County of Sacramento, State of California.

As shown on the Certificate of Compliance-Parcel Map Waiver City of Rancho Cordova, County of Sacramento, State of California recorded October 14, 2014 in Book 20141014, Page 1046, of Official Records.

EXHIBIT D
Certificate of Compliance
(On Following Pages)



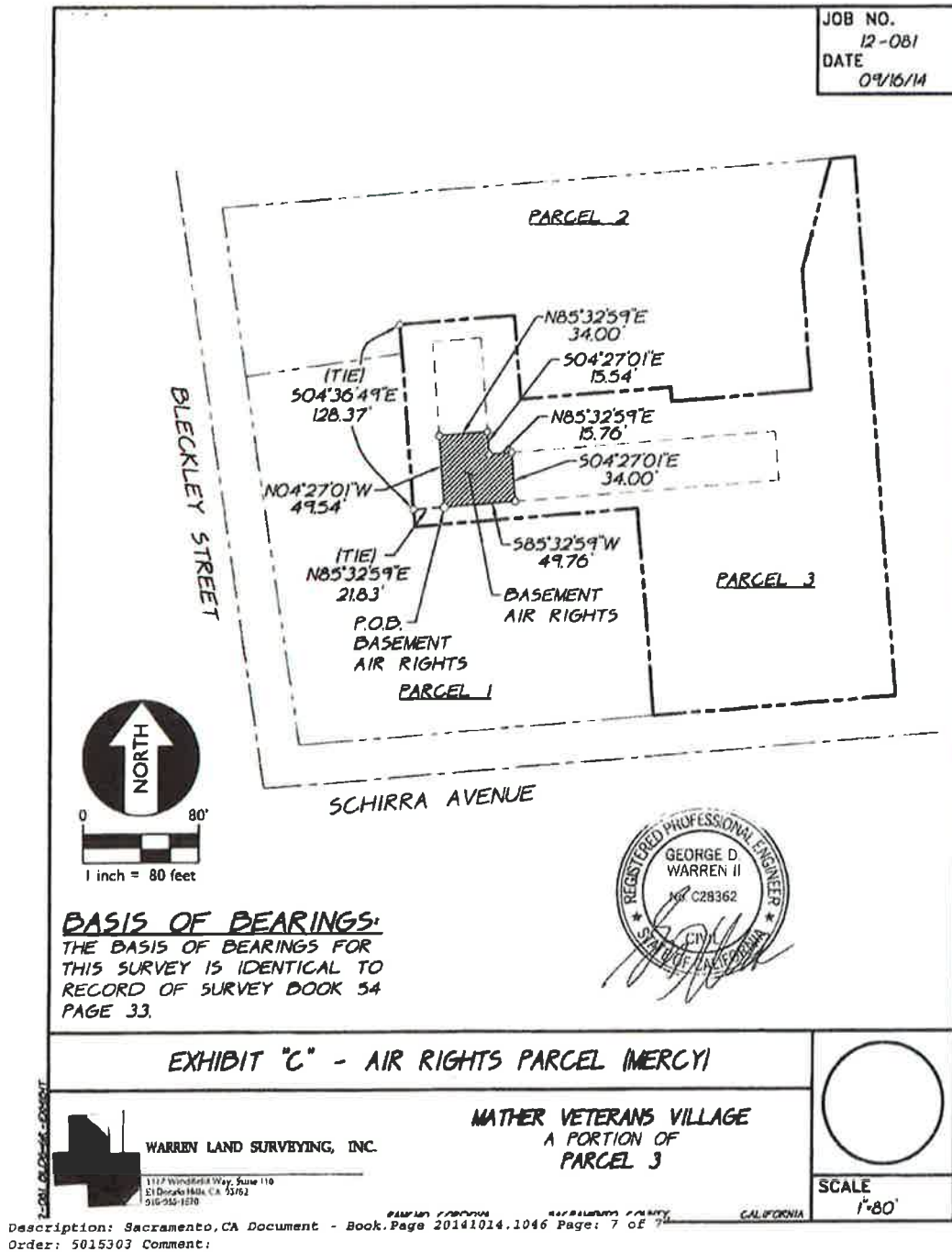


EXHIBIT E

Air Rights Parcel Capital Obligations and Reserve Requirements

CAPITAL OBLIGATIONS (costs of which to be shared by the Parties as “Shared Capital Costs” as described in Section 5.2(3))

- 1. Re-siding Building Exterior
- 2. Replace Building roof (estimated in year 20 of operations)
- 3. Replace windows on 2nd floor of Building

RESERVE REQUIREMENTS (as described in Section 5.2(4)):

Replacement Reserve Deposit Requirements During First Year of Operations:

City or Parcel 3a Assignee:	Monthly deposit requirement:	\$643.91
	Annual deposit requirement:	\$7,727.00
Mercy:	Monthly deposit requirement:	\$189.41
	Annual deposit requirement:	\$2,273.00

EXHIBIT F

Leasable Square Footage Percentages of Parcel 3a and the Air Rights Parcel

PARCEL 3a:

First Floor:	7663.73 sf
Second Floor:	10,712.72 sf
TOTAL:	18,376.45 sf

AIR RIGHTS PARCEL:

First Floor:	3048.99 sf
Basement:	2220.23 sf
TOTAL:	5269.22 sf

TOTAL BUILDING SQUARE FOOTAGE:

23,645.67 sf

LEASABLE SQUARE FOOTAGE PERCENTAGES:

PARCEL 3a:	77.72%
AIR RIGHTS PARCEL:	22.28%

EXHIBIT M

RECORDED PARKING EASEMENT AGREEMENT

(12/5/14)

Fidelity National Title Company

1400734-HN

Recording requested by
And when recorded return to:

The City of Rancho Cordova
Housing Services
2729 Prospect Park Drive
Rancho Cordova, CA 95670

Sacramento County Recorder
David Villanueva, Clerk/Recorder
BOOK **20141205** PAGE **0992**

Check Number 2550
Friday, DEC 05, 2014 2:57:25 PM
Ttl Pd \$51.00 Rcpt # 0008442132

TMH/74/1-11

RIT Code: 11925
SAC PART 1

ACCESS AND PARKING EASEMENT AGREEMENT

This Access and Parking Easement Agreement ("Agreement") is made as of 11/17, 2014, by and between the City of Rancho Cordova, a California municipal corporation ("City") and Mercy Housing California 61, L.P., a California limited partnership ("Mercy").

RECITALS

A. The County of Sacramento ("County") is the fee owner of the land located at 3613 and 3615 Bleckley Avenue, Rancho Cordova, California (the "Land"). The County has ground leased the Land to the City pursuant to a lease dated as of June 25, 2013, as amended by that certain First Amendment to Lease Agreement dated as of December 13, 2013 and by that certain Second Amendment to Lease Agreement dated as of November 17, 2014 (as so amended, the "County Lease").

B. The Property has been subdivided into Parcel 1, Parcel 2, and Parcel 3 pursuant to Parcel Map Number DD8438 recorded in Book 221 of Parcel Maps at Page 18 on file in the Office of the Recorder, County of Sacramento, State of California ("Map"). Parcel 3 has been further subdivided into (1) "Parcel 3a," being that portion of Parcel 3 minus the Air Rights Parcel, and (2) an "Air Rights Parcel" being a portion of Parcel 3 of the Map and being described in Certificate of Compliance – Parcel Map waiver recorded in Book 20141014 Page 1046 on file in the Office of the Recorder, County of Sacramento, State of California (the "Certificate of Compliance").

C. The final conditions of approval for "Mather Veterans' Village" dated February 18, 2014 (the "Conditions of Approval"), require that "A note shall be placed on the final map stating that 'Reciprocal access and parking between parcels shown hereon shall be granted/reserved prior to the sale and/or reconveyance of said parcels.'" The Map includes that notation, and the purpose of this Agreement is to provide the specific terms for such access and parking rights.

D. The City has assigned its leasehold interest in Parcel 1 to Mercy Housing California ("MHC") pursuant to a Second Amended and Restated Assignment and Assumption of Lease dated November 17, 2014, and MHC has assigned its interest to

Mercy pursuant to an Assignment and Assumption Agreement (collectively, the "Parcel 1 Assignment").

E. The City intends to assign its leasehold interest in Parcel 2 to MHC pursuant to an Assignment and Assumption Agreement], and MHC intends to assign its interest to Mercy pursuant to an Assignment and Assumption Agreement (collectively, the "Parcel 2 Assignment").

F. The City intends to assign its leasehold interest in Parcel 3a, together with the improvements located thereon, pursuant to an assignment and assumption agreement (the "Parcel 3a Assignment") to a non-profit developer and service provider with extensive experience providing and coordinating services to very low income, homeless and disabled veteran population that has a demonstrated ability to attract the gap funding required to convert the existing Old Infirmary building into a facility with up to 60 beds providing transitional living opportunities for the target population as well as the demonstrated ability to manage and coordinate all aspects of the required construction and the ability to coordinate with Mercy as developer of Phase 1 of Mather Veterans' Village ("the Parcel 3a Assignee"). It is anticipated that Vietnam Veterans of California, a California nonprofit public benefit corporation, dba Veteran's Resource Center of America (or to a controlled affiliate thereof) ("VRCA") will be the Parcel 3a Assignee.

G. The City is a party to this Agreement only until such time as the City has assigned its leasehold interest in Parcel 2 to MHC and its leasehold interest in Parcel 3a to the Parcel 3a Assignee. At that time Mercy and the Parcel 3a Assignee will release the City from all liabilities under this Agreement, as further described in Section 5 below.

NOW, THEREFORE, the parties agree as follows:

1. Grant of Easement. The City, as the leasehold owner of Parcel 3a, hereby grants to Mercy, for the benefit of Mercy and Parcels 1 and 2 and all present and future occupants thereof and future owners of any interest therein (collectively, the "Mercy Parties"), a nonexclusive, perpetual and irrevocable easement over Parcel 3a as necessary to provide for pedestrian and vehicular ingress to, egress from, and the right to use certain parking areas to be located on, Parcel 3a (the "Access and Parking Easement"). The Access and Parking Easement includes the right to use the parking lot, sidewalks and driveway now or hereafter located on Parcel 3a for purposes of vehicular and pedestrian ingress and egress to and from Parcel 1 and Parcel 2, and to and from all abutting streets or rights-of-way furnishing access to the Parcel 1 and Parcel 2, and for parking of non-commercial vehicles.

2. Term. The term of this Agreement ("Term") shall commence on the Effective Date and shall end on June 18, 2112 ("the Termination Date"). The Term shall be renewed thereafter if the County Lease is amended to allow for an extended term.

Such renewal term of this Term shall be consistent with the term of the amended County Lease.

3. Amendment.

(a) This Agreement shall initially constitute a blanket easement over Parcel 3a until such time as (i) the City has transferred its interest in Parcel 3a to the Parcel 3a Assignee, and (ii) the Parcel 3a Assignee has determined the location and configuration of the improvements on Parcel 3a.

(b) Promptly following satisfaction of the conditions in Section ,3(a) the parties shall enter into an amendment to this Agreement to include the following, in addition to such other provisions which are mutually acceptable to the parties:

- (i) The specific location of the Access and Parking Easement;
- (ii) Any details regarding the right to use parking spaces, such as whether a particular number of spaces will be reserved for use by the Mercy Parties;
- (iii) A description of the responsibility for the cost and performance of the maintenance, repair and replacement of the improvements on Parcel 3a which are subject to the Access and Parking Easement; and
- (iv) Provisions regarding required insurance and indemnities.

(c) Any such amendment shall be subject to the City's approval to the extent necessary to ensure compliance with the Conditions of Approval.

4. Release. If a party sells, transfers or otherwise conveys its Parcel or any portion thereof, such party will, as respects the Parcel or part thereof so conveyed, be released from all obligations to comply with this Agreement which accrue after the effective date of such sale, transfer or other conveyance, provided:

(a) It gives notice to the other party of its sale, transfer or other conveyance promptly after the filing for record of the instrument effecting the same.

(b) The party transferring all or any portion of its Parcel and assigning this Agreement to the new owner of its Parcel (the "Assignor") delivers to the other party an instrument signed by its assignee (the "Assignee") in recordable form that acknowledges the Assignee's assumption of the duties, responsibilities and obligations imposed on the Assignee by this Agreement and assumed by the Assignee. Such instrument must be in a form reasonably satisfactory to the other party. Notwithstanding the Assignor's failure to provide the other party with the document described above in this Subsection, the Assignee shall be deemed to have automatically assumed all provisions of this Agreement that the Assignee is obligated to perform.

(c) No such sale, transfer or conveyance shall relieve a party of obligations arising before such transfer unless expressly assumed by the grantee

5. Release of City.

(a) The parties acknowledge that the City intends to transfer its leasehold interest in Parcel 3a to the Parcel 3a Assignee. The release of the City in Subsection (b) is the material consideration for the City's willingness to enter into this Agreement prior to the effective date of the Parcel 3a Assignment.

(b) Notwithstanding Section 4, following the effective date of the Parcel 3a Assignment, the City shall automatically be released from all obligations to comply with this Agreement, whenever such obligations shall have accrued, provided that the City complies with the provisions of Section 4(a) and 4(b).

6. Counterparts. If more than one individual or entity is executing this Agreement on behalf of a party, this Agreement may be signed in several counterparts, each of which shall be deemed an original, and all such counterparts shall constitute one and the same instrument. The signature of a party to any counterpart may be removed and attached to any other counterpart. Any counterpart to which is attached the signatures of all parties shall constitute an original of this Agreement.

7. Further Assurances. Each of the parties agrees to perform, execute and deliver any further instruments reasonably necessary to evidence and carry out the provisions of this Agreement.

Signatures on Following Pages

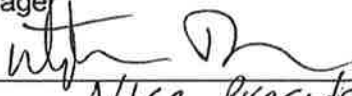
The parties have executed this Agreement as of the date first written above.

MERCY:

MERCY HOUSING CALIFORNIA 61, L.P.,
a California limited partnership

By: Mercy Mather Veterans LLC,
a California limited liability company,
its managing general partner

By: Mercy Housing California,
a California nonprofit public benefit corporation,
its manager

By: 
Its: Vice President

Signatures Continued on Following Page

This document is executed in counterpart to facilitate this transaction each of which so executed shall, irrespective of date of its execution and delivery, be deemed an original, and these counterparts together constitute one and the same instrument.

CITY:
 THE CITY OF RANCHO CORDOVA,
 a California municipal corporation

By: 

Name: Joe Chinn

Title: Acting City Manager

ATTEST:

By: , Deputy City Clerk
Stacia George, City Clerk

APPROVED AS TO FORM:

By: 
 , City Attorney

SIGNATURES MUST BE NOTARIZED

This document is executed in counterpart to facilitate this transaction each of which so executed shall, irrespective of date of its execution and delivery, be deemed an original, and these counterparts together constitute one and the same instrument.

Loan No. 102539

STATE OF CALIFORNIA)
COUNTY OF SACRAMENTO) SS

On DECEMBER 4, 2014 before me, JESSICA CRONE, a Notary Public, personally appeared JOE CHINN, 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.

Jessica Crone
(Signature)

[Seal]



SMRH:433228779.2

Loan No. 102539

STATE OF CALIFORNIA)
COUNTY OF SACRAMENTO) SS

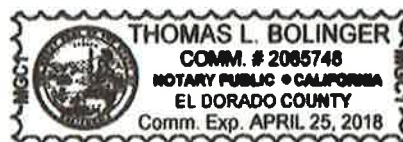
On December 4, 2014, before me, Thomas L. Bolinger, a Notary Public, personally appeared STEPHEN DAVES, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their 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]



SMRH:433228779.2

EXHIBIT A
Legal Description of Parcel 3a

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF MATHER, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

Parcel 3, of Parcel Map Number DD8438 and Recorded October 9, 2014, in Book 221 of Parcel Maps at Page 18 on filed in the Office of the Recorder, County of Sacramento, State of California

EXCEPTING THEREFROM the Air Rights Parcel Being located within the City of Rancho Cordova and being located within Parcel 3 of Parcel Map Number DD8438 and Recorded in Book 221 of Parcel Maps at Page 18 on file in the Office of the Recorder, County of Sacramento, State of California and being described as follows:

Beginning at a point which bears the following Two (2) courses from the Northwest corner on aforesaid Parcel 3:

- 1.) South 04° 86' 49" East, 13.83 feet;
- 2.) North 85° 32' 59" East, 22.16 feet to the existing Northwest exterior building corner being the true point of beginning.

Thence from said Point of Beginning the following Eight (8) courses:

- 1.) Along the existing North exterior building wall North 85° 32' 59" East, 34.00 feet to the existing Northeast building corner;
- 2.) South 04° 27' 01" East, 80.54 feet along the existing East exterior building wall;
- 3.) Leaving said East building wall South 85° 32' 59" West, 0.33 feet to the center of existing interior building wall;
- 4.) Along the center of existing interior building wall South 04° 27' 01" East, 5.33 feet to the centerline intersection of existing interior building walls;
- 5.) Along the center of existing interior building wall South 85° 32' 59" West 13.50 feet to the centerline intersection of existing interior building walls;
- 6.) Along the center of existing interior building wall South 04° 27' 01" East, 6.50 feet to

the centerline intersection
of existing interior building walls;

7.) Along the center of existing building wall South 85° 32' 59" West, 20.17 feet to the exterior wall of existing building;

8.) Along the existing West exterior building wall North 04° 27' 01" West, 92.37 feet to the Point of Beginning;

Air rights within the first floor is from finish floor of the ground floor to bottom of ceiling joist of ground floor being same as the bottom of the second story floor joist. As shown on Exhibit "B"

Containing 3,048.93 Square feet or 0.07 acres.

Together with the following described area:

Beginning at the Northwest corner of aforesaid Parcel 3;

Thence the following Eleven (11) courses:

1.) Along the Northerly line of said Parcel 3 North 85° 39' 39" East, 57.20;

2.) Leaving said Northerly line South 04° 27' 01" East, 30.50;

3.) North 85° 39' 39" East, 23.42 feet to a point on the common line between aforesaid Parcel 3 and Parcel 2
Assessor's Parcel Map Number 067-0010-107;

4.) Along said common line South 04° 36' 49" East, 27.62 feet to the common corner of Parcels 2 and 3;

5.) Leaving said common line South 28° 37' 16" West, 43.07 feet to the existing North exterior building wall;

6.) Along the existing North exterior building wall South 85° 32' 59" West, 1.00 feet to the existing East building exterior wall;

7.) Along the existing East exterior building wall North 04° 27' 01" West, 80.54 feet;

8.) Along the existing North exterior building wall South 85° 39' 39" West, 34.00 feet;

9.) Along the existing West exterior building wall South 04° 27' 01" East, 92.37 feet;

10.) Leaving the West existing exterior building wall South 85° 32' 59" West, 21.90 feet to the Westerly line of aforesaid Parcel 3;

11.) Along said Westerly line North 04° 36' 49" West, 106.20 feet to the Point of Beginning.

Air rights within this described area extend vertically 50.00 feet from the ground surface. As shown on Exhibit "B".

Containing 3,976.00 Square feet or 0.09 acres.

Together with the following described basement area:

Beginning at point which bears the following two (2) courses from the Northwest corner of aforesaid Parcel 3:

- 1.) South 04' 36' 49" East 128.37 feet;
- 2.) North 85' 32' 59" East 21.83 feet to the Southwest exterior building corner being the True Point of Beginning.

Thence from said Point of Beginning the following six (6) courses:

- 1.) North 04' 27' 01" West 49.54 feet along the exterior wall of basement;
- 2.) North 85' 32' 59" East 34.00 feet along the exterior wall of basement;
- 3.) South 04' 27' 01" East 15.54 feet along the exterior wall of basement;
- 4.) North 85' 32' 59" East 15.76 feet along the exterior wall of basement;
- 5.) South 04' 27' 01" East 34.00 feet along the exterior wall of basement;
- 6.) South 85' 32' 59" West 49.76 feet along the exterior wall of basement to the Point of Beginning;

Air rights within the existing basement is from finish floor of the basement to finish floor to the first floor

Containing 2,220.20 Square feet or 0.05 acres.

The basis of bearing for this description is identical to that certain Record of Survey, file in Book 54, Page 33, on file in the Office of the Recorder, County of Sacramento, State of California.

EXHIBIT N

FORM OF CITY CERTIFICATE OF COMPLETION

Exhibit N**FORM OF CERTIFICATE OF COMPLETION**

Recording requested by and when recorded mail to:

City of Rancho Cordova
2729 Prospect Park Drive
Rancho Cordova, CA 95670
Attn: City Manager

EXEMPT FROM RECORDING FEES PER
GOVERNMENT CODE 6103.27383

Space above this line for Recorder's use.

CERTIFICATE OF COMPLETION

This Certificate of Completion (this "**Certificate**") is made by the City of Rancho Cordova, a public body, corporate, and politic ("**Agency**") effective as of MONTH, DAY, YEAR.

RECITALS

A. City and _____, a 501C3 not for profit corporation ("**Developer**") entered into that certain Disposition Development and Loan Agreement (the "**DDA**") dated as of MONTH, DAY, YEAR, concerning the development of certain real property located in Rancho Cordova, California and more particularly described in Exhibit A attached hereto (the "**Property**"). A Memorandum of the DDA was recorded in the Official Records of Sacramento County ("**Official Records**") as Instrument No. _____, Book _____, Page _____. Capitalized terms used herein without definition shall have the meaning ascribed to such terms in the DDA.

B. Pursuant to Section 5.15 of the DDLA, the City is required to furnish the Developer or its successors with a Certificate of Completion upon completion of development of the Project in accordance with the DDLA.

C. The City has determined that the development of the Project has been satisfactorily completed in accordance with the DDLA.

NOW, THEREFORE, the City hereby certifies as follows:

1. Development of the Project has been satisfactorily completed in conformance with the DDLA.

2. All use, maintenance and nondiscrimination covenants contained in the DDLA shall remain in effect and enforceable in accordance with the DDLA. This Certificate does not constitute evidence of Developer's compliance

with those covenants in the Loan Agreement that survive the issuance of this Certificate, including without limitation, compliance with the Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants entered into pursuant to the Loan Agreement and recorded in the Official Records as Instrument No. , Book , Page .

3. This Certificate does not constitute evidence of compliance with or satisfaction of any obligation of Developer to any holder of a deed of trust securing money loaned to finance the Improvements or any part thereof and does not constitute a notice of completion under California Civil Code Section 3093.

4. Nothing contained in this instrument shall modify any provisions of the DDA or any other document executed in connection therewith.

IN WITNESS WHEREOF, the City has executed and issued this Certificate of Completion as of the date first written above.

**The City of Rancho Cordova,
a California municipal corporation**

By: FORM: DO NOT SIGN

Name:
Authorized Signatory

ATTEST:

By: FORM: DO NOT SIGN

APPROVED AS TO FORM:

By: FORM: DO NOT SIGN

Name:
Authorized Signatory

SIGNATURES MUST BE NOTARIZED.

EXHIBIT O

INTER-AGENCY PROJECT AGREEMENT

INTER-AGENCY PROJECT AGREEMENT
Regarding The Allocation and Expenditure of Mather Taxable Bond Funds
for the
MATHER VETERANS VILLAGE

This Inter-Agency Project Agreement (“**Agreement**”) is dated for reference purposes as of _____, 2015 and is entered into by and between the Sacramento County Successor Agency (“**Successor Agency**” or “**SA**”), the successor agency to the former Redevelopment Agency of the County of Sacramento, and the City of Rancho Cordova (“**City**”), a California municipal corporation, for funding of the development and construction of Mather Veteran’s Village (“**Project**”).

RECITALS

- A. **WHEREAS**, On January 24, 2012, the Sacramento County Board of Supervisors elected to have Sacramento County (“**County**”) serve as the Sacramento County Successor Agency (“**Successor Agency**”) for the Redevelopment Agency’s non-housing assets and liabilities pursuant to the provisions of AB 1x 26 (Chapter 5, Statutes of 2011). The Redevelopment Agency was dissolved as of February 1, 2012 and all of its non-housing assets were transferred to the County in its capacity as the Successor Agency.
- B. **WHEREAS**, under AB 1484 (Chapter 16, Statutes of 2012), the dissolution law was clarified to provide that the Successor Agency is a separate legal entity from the County. Also, AB 1484 provided that the Redevelopment Agency’s bond fund assets can be allocated for expenditure for new projects in accordance with the bonds covenants after compliance with certain requirements. On July 16, 2013, the Successor Agency received its Finding of Completion from the State Department of Finance (DOF) and is now able to spend the Redevelopment Agency’s unencumbered bond funds for new capital improvement projects.
- C. **WHEREAS**, AB 1484 requires approval of the Oversight Board for the Successor Agency to allocate the Redevelopment Agency bond funds for new projects and the payment of these bond funds must be included on a Recognized Obligations Payment Schedule (ROPS) that is subject to approval by both the Oversight Board and DOF.
- D. **WHEREAS**, Sacramento Housing and Redevelopment Agency, in partnership with the County of Sacramento and the City of Rancho Cordova selected Mercy Housing California and Vietnam Veterans of California (now known as Veterans Resource Center of America) as the development team for the Mather Veterans Village during a competitive project proposal in July of 2010.
- E. **WHEREAS**, subsequently the County asked the City of Rancho Cordova to assume the lead sponsorship role in the project to which the City agreed.
- F. **WHEREAS**, The Mather Veterans Village project design review and Conditional Use Permit, including the requirements for the California Environmental Quality Act (CEQA), was approved by the City Council for the City of Rancho Cordova on July 15, 2013 for Phases 1 and 2.

- G. **WHEREAS**, the City of Rancho Cordova signed a Disposition and Development Agreement with Mercy Housing on July 23, 2013 for the development of Phase One of Mather Veterans Village, to consist of 50 units of permanent supportive housing, which started construction in December of 2014.
- H. **WHEREAS**, in order to fulfill the service obligations for the Mather Veterans Village project, the Veterans Resource Centers of America has begun plans for the rehabilitation of the existing building on the site provided to the City of Rancho Cordova in the lease from the County of Sacramento dated June 23, 2013 to consist of up to 50 beds of transitional housing for homeless and disabled veterans in need of more intensive program support.
- I. **WHEREAS**, the City of Rancho Cordova is planning to execute a Disposition, Development, and Loan Agreement (DDLA) with the Veterans Resource Center of America for the development, construction and operation of the Mather Veterans Village Phase Two project , for the provision of transitional housing for veterans for a minimum of fifty-five (55) years.
- J. **WHEREAS**, the Oversight Board for the Successor Agency approved an allocation of the Redevelopment Agency bonds funds for the Project (defined in Section 2 herein below) on the ROPS, and DOF approved that funding allocation. On the Effective Date (defined below), the Board of Supervisors acting as the board for the Successor Agency approved the transfer of former Redevelopment Agency bond funds for the Project and authorized the Successor Agency to enter into this Agreement with the City.
- K. **WHEREAS**, the use of such Mather Redevelopment Agency bond fund proceeds for the Project is consistent with the bond covenants.

Agreement

NOW, THEREFORE, the Successor Agency and the City agree that the aforementioned Recitals are true and correct and are incorporated herein; and further agree as follows:

1. **Term, Term Extension.** This Agreement will commence on _____, 2015 (“**Commencement Date**”) and shall expire after two (2) calendar years (“**Term**”) on _____, 2017 (“**Expiration Date**”) unless, the SA grants an extension in accordance with this Section 1 as requested by the City in writing, this Agreement is terminated earlier due to a material default by City, or there is a formal written amendment by the Parties. The SA may extend the Term by an additional calendar year in the event the City has, in the sole discretion of the Successor Agency Administrator, made significant progress in securing the funds required for the City to complete construction of and commence operations of Mather Veteran’s Village. Such amendments shall follow in accordance with Section 8.
2. **Loan Proceeds, Funding.** The Successor Agency and City hereby agree that the Successor Agency will make a conditional loan and transfer to the Escrow Agent (defined below) on behalf of the City and the City may withdraw the funds upon the satisfaction of those certain conditions identified in Section 3 and spend the funds for the Project at the Project site within the Mather redevelopment project area. City warrants that it shall use the funds solely for the construction of the Project and the provision of Project-related services at the Project site for a service period of not less than fifty-five (55) years.. Further, the City acknowledges and agrees

that the funds will be immediately returned to the Successor Agency: i) in the event the City fails to abide by the terms of this Agreement; or ,ii) pursuant to the conditions enumerated in Section 13. .

Source of Funds:	2003, 2008 Mather Taxable Bond funds
Amount of Funds:	\$1,000,000 ("Bond Funds" or "Loan Proceeds")
Project:	The Veterans Village Phase Two Project will consist of the rehabilitation of approximately 22,000 of the existing 25,000 SqFt building to provide a transitional housing facility for up to 50 beds for homeless and disabled veterans. The project will include full supportive services, with a comprehensive services plan and a functional services operating budget. The project will serve a limited clientele, all occupants will be veterans (both male and female), regardless of discharge status, facing homelessness and/or disabilities. The services provided at the project will be oriented toward rehabilitation and re-introduction. Occupancy shall be limited term, as designated by the applicable capital funding sources, but in no extent greater than 36 months. The project shall be regulated by a Regulatory Agreement(to which the Successor Agency and County will be a party), as well as any applicable Standard Agreements, and a Services Agreement, with designated minimum levels of service. The building will include approximately: • 3,000 Sq Ft for full kitchen and dining space; • 3,000 Sq Ft of office and therapy space; • 3,000 SqFt of classroom spaces for educational opportunities; and, • 28,000 SqFt of outdoor space for exercise and outdoor programming. The Project will restrict occupancy to veterans making at or below 50% of Area Median Income. Subject to design and financial feasibility considerations, Developer will use best efforts to achieve a net-zero energy building including extensive use of solar panels on parking coverage and building roof; energy recapture technology; energy efficient fixtures and appliances, utilization of LED lighting technology; gardening space; and open outdoor areas that provide residents with a range of activities.

Project Location:	NEC of Bleckley Ave. and Schirra Ave on the Mather Community Campus adjacent to the Mather Veterans Hospital in the City of Rancho Cordova. Address: 10621 Schirra (3612 Bleckley reserved for ground floor air rights)
--------------------------	---

Project Area:	Mather Redevelopment Project Area
----------------------	-----------------------------------

3. **Escrow.** Successor Agency shall advance and deposit into escrow with Fidelity Title (“Escrow Agent”) on behalf of the City the Bond Funds, which is in an amount stated on and in accordance with the ROPS. It is understood that the Loan Proceeds provided to the City pursuant to this Agreement shall comprise a portion of the funds required to complete construction and commence operation of the Project. City shall have no right to withdraw, and the SA shall have no obligation to release, the Bond Funds from escrow until City provides the Successor Agency with sufficient documentation, in the sole discretion of the SA Administrator, that the City has secured all of the requisite funds to complete the construction and to commence the operation of the Project. Said documentation the SA can require from City may include, but shall not be limited to: i) an executed version of the DDLA, and a Regulatory Agreement committing the City, or its Project service provider designee, to provide services at the site for a period of not less than 55 years. Prior to the Commencement Date, the SA and the City shall execute mutually acceptable escrow instructions, (“Escrow Instructions”) directing the Escrow Agent to disburse the Bond Funds to the City, or in the event of the timely failure or inability of the City to secure the necessary Project proceeds, release and return the Bond Funds to the Successor Agency.
4. **Compliance with Laws, Bond Documents.** In the prosecution of the Project and Project-related work covered by this Agreement, City shall comply with all applicable federal, State and local laws, regulations and enactments affecting the work. In addition, City shall comply with all applicable local, State and federal occupational safety and health acts and regulations. Further, City shall comply with all the covenants, requirements, duties and other obligations specified in the 2003 and 2008 Mather Redevelopment Taxable Bond documents (“Bond Documents”), attached hereto as Exhibit “A”.
5. **Accounting of Expenditure of Bond Funds.** Following completion of the Project, the City shall provide a Project close out report to the Successor Agency, which will outline all of the costs associated with the Project and detail any residual funds that will be returned to the Successor Agency. City shall retain accounting records with regard to its expenditure of the Redevelopment Agency bond funds for the Project for a minimum three year period and shall cooperate with the Successor Agency if an audit of the expenditures for this Project is required. Further, the Successor Agency will report back to the Oversight Board with an accounting of the Project within 90 days of the Project’s completion or the termination of this Agreement.
6. **Insurance.** City, at its sole cost and expense, shall carry insurance – or self-insure - its activities in connection with this Agreement, and obtain, keep in force and maintain, insurance or equivalent programs of self-insurance, for general liability, workers compensation, property, professional liability, and business automobile liability adequate to cover its potential liabilities hereunder through the period of construction which will end upon the issuance of a certificate of occupancy or an equivalent City document. City will

continue to require from the operating tenant insurance for general liability, workers compensation, property, professional liability, and business automobile liability adequate to cover potential liabilities of the operating tenant, throughout occupancy. City agrees to provide the SA thirty (30) days' advance written notice of any cancellation, termination or lapse of any of the insurance or self-insurance coverages. Failure to maintain insurance as required in this Agreement is a material breach of contract and may be grounds for termination of the Agreement.

City shall provide the Successor Agency applicable letters of self-insurance upon request.

City shall be responsible for the acts and omissions of all its contractors, consultants and subcontractors, and shall require all of its contractors, consultants and subcontractors, to maintain adequate insurance.

City shall also require all of its contractors, consultants and subcontractors, at any tier, to name SA and the County, its officers, directors, agents, and employees as an additional insured where applicable

7. **Indemnification.** City, by acceptance of the Bond Funds, agrees to defend, indemnify and hold the SA and the County harmless against any and all claims, demands, damages, costs, expenses, and legal fees for any loss, injury, death, or damage to persons or property which at any time is suffered or sustained by SA and the County, its employees, the public, or by any person whosoever may at any time be using, occupying, visiting, or maintaining the Project property or the use and/or expenditure of the Bond Funds, when such loss, injury, death, or damage is asserted to have been caused by any negligent act or omission or intentional misconduct of the City or its agents, servants, employees, invitees, or contractors. In case of any action or proceeding brought against the SA or County, by reason of such a claim, upon notice from the SA, City covenants to defend such action or proceeding with counsel acceptable to the SA. The SA and County shall not be liable and the City waives and releases the SA and County from all claims for damage to persons or property sustained by the City or its employees, agents, servants, invitees, contractors, or customers resulting by reason of the use and/or expenditure of the Bond Funds.

The duties and obligations defined in this Paragraph 7 shall survive the expiration or termination of this Agreement.

8. **Amendments.** Modifications or amendments to the terms of this Agreement shall be in writing and executed by both parties.
9. **Successors and Assigns.** This Agreement shall bind the successors and assigns of the SA and the City in the same manner as if they were expressly named. Waiver by either party of any default, breach or condition precedent shall not be construed as a waiver of any other default, breach or condition precedent or any other right hereunder.
10. **Interpretation and Enforcement.** The interpretation and enforcement of this Agreement shall be governed by the laws of the State of California.

11. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior oral or written agreements and understandings between the parties relating to the subject matter hereof.
12. **Agreement Construction.** Headings at the beginning of each paragraph and subparagraph are solely for the convenience of the parties and are not a part of the Agreement. Whenever required by the context of this Agreement, the singular shall include the plural and the masculine shall include the feminine and vice versa. It is agreed and acknowledged by the parties hereto that the provisions of this Agreement have been arrived at through negotiation, and that each of the parties has had a full and fair opportunity to revise the provisions of this Agreement and to have such provisions reviewed by legal counsel. Therefore, the normal rule of construction that any ambiguities are to be resolved against the drafting party shall not apply in constraining or interpreting this Agreement. All exhibits referred to in the Agreement are attached and incorporated by this reference.
13. **Termination.** This Agreement may be terminated in the following manner:
- a) By the SA upon thirty days written notice to the City should City fail to secure and maintain sufficient Project funding levels to insure: i) that the Project is constructed and ii) that Project-related services will be provided on a continuous basis for no less than fifty-five (55) years at the site; or
 - b) By the City upon thirty days written notice to the Successor Agency if the City decides to abandon or discontinue implementation of the Project; or
 - c) Upon completion of the Project and all Project-related obligations for a period of not less than fifty-five (55) years

In the event of a termination under Section 13(a) and 13 (b), City shall promptly return to Successor Agency any and all Bond Funds allocated by Successor Agency to the City *inclusive of any applicable interest* as of the Expiration Date, Extended Term Expiration Date, or Termination Date.

In the event of a termination under Section 13(c), the City shall have no obligation to repay the Loan Proceeds to the SA.

14. **Annual Reporting.** No later than January 31st of each year, the City shall provide to the Sacramento Housing and Redevelopment Agency information, as necessary, to comply with SB 341's annual reporting requirements as described in Health & Safety Code §34176.1(f).

IN WITNESS WHEREOF, the parties have executed this Agreement as follows:

CITY OF RANCHO CORDOVA

SUCCESSOR AGENCY

By:

By:

ROBERT B. LEONARD
Chief Deputy County Executive

Approved as to Form:

Approved as to Form:

City Attorney

Counsel for Successor Agency

MEMORANDUM

DATE: April 6, 2015

TO: Honorable Mayor and Council Members

FROM: Donna Silva, Chief Financial Officer

SUBJECT: ACCOUNTING FOR MEASURE H ACTIVITY



RECOMMENDATION

Provide direction to staff on the type of fund to create to account for Measure H activities. While either option presented below is feasible, staff recommends Option One. Both options create the transparency and accountability desired by the Council and the Community, but Option One best retains the Council's discretion over the use of Measure H funds.

RESULT OF RECOMMENDED ACTION

Staff will proceed with creating the desired fund type to account for Measure H activities and move any activity previously recorded into the appropriate fund. If Option Two is chosen, staff will return with an ordinance for council consideration.

BACKGROUND

The City Council has indicated a strong desire to keep the accounting for Measure H activity separate from the General Fund. After analyzing the language in the voter approved ordinance, and Generally Accepted Accounting Principles (GAAP), it appears that the council has two options.

Option One:

Because Measure H is a general tax, and currently has no restrictions on its use, GAAP requires it to be accounted for in the General Fund. However, staff can create a separate fund in which to record and track all activity and then collapse that fund into the General Fund for purposes of financial statement reporting. Under this approach, staff can easily segregate and report to the City Council and the Community on Measure H revenues and expenditures and can prepare separate budgets as well. The only time Measure H would be co-mingled with the General Fund would be in our audited financial statements and in the State Controllers Report.

One concern with this approach is that it could cause a loss in the General Fund. For example, in fiscal year 2015/16 we expect to receive \$7 million in Measure H revenues. If we only spend \$4 million, then there would be a surplus of \$3 million in fiscal year 2015/16. This surplus would close into fund balance in the Measure H Fund. However, when combined in the General Fund, it would increase the General Fund surplus and fund balance. In the next year, we receive another \$7 million in revenues and spend \$10 million in the Measure H Fund (the current year revenue of \$7 million and the prior year unspent revenues of \$3 million). This would cause a

loss in the Measure H fund of \$3 million. If the General Fund had a surplus of any amount less than \$3 million, when the two funds are combined the result would be a loss in the General Fund and a decrease in fund balance for financial statement reporting purposes.

One way to avoid this potential scenario would be for the City Council to adopt a policy (in the budget document) requiring any surplus of Measure H revenues be transferred out to a Measure H capital fund. This would prevent a loss in the General Fund, but would restrict the use of the surplus in a future year to items that are capital in nature.

This approach would preserve Council's discretion over Measure H revenues, while allowing for transparency and accountability. It would restrict the use of surpluses in future years to capital expenditures, however it is anticipated that a great deal of Measure H will be spent on capital projects anyhow, thereby minimizing this restriction.

Option Two:

The other option for Council's consideration is the creation of a Special Revenue Fund. In order to create a Special Revenue Fund, City Council would need to adopt an ordinance restricting the use of Measure H revenues to specific activities or types of projects. It must be specific. For example, restricting the use of Measure H to projects that meet the proposed criteria for Measure H would not qualify for Special Revenue designation. However, as an example, restricting the use of Measure H revenues to the types of projects and activities listed in the ballot language would likely qualify. The ballot measure language said:

"enhancing anti-gang/youth violence prevention programs; increasing neighborhood police patrols; fixing streets faster; expanding children/teen after-school programs; removing blight/revitalizing vacant buildings along Folsom Boulevard; building community facilities for seniors/working adults/children; and other general city services"

All of those categories would support a Special Revenue Fund with the exception of "and other general city services". While the ballot language is provided as an example of "specific language" Council could identify any specific projects or programs it desires and is in no way restricted to the language in the ballot measure.

The benefit of a Special Revenue Fund is that it would be truly separate from the General Fund; it would not need to be combined with the General Fund for financial statement or State Controller Report purposes.

The drawback is that Council would lose its discretion on how to spend the funds. The Measure H revenues could only be spent on the programs listed in the ordinance. However, the Council would retain the ability to amend the ordinance to add or remove specific programs or projects in the future. The Council would also have the authority to repeal the ordinance and return Measure H revenues to general tax status. In this case, Council could choose to account for Measure H in the General Fund, or in a separate fund described in Option One above.