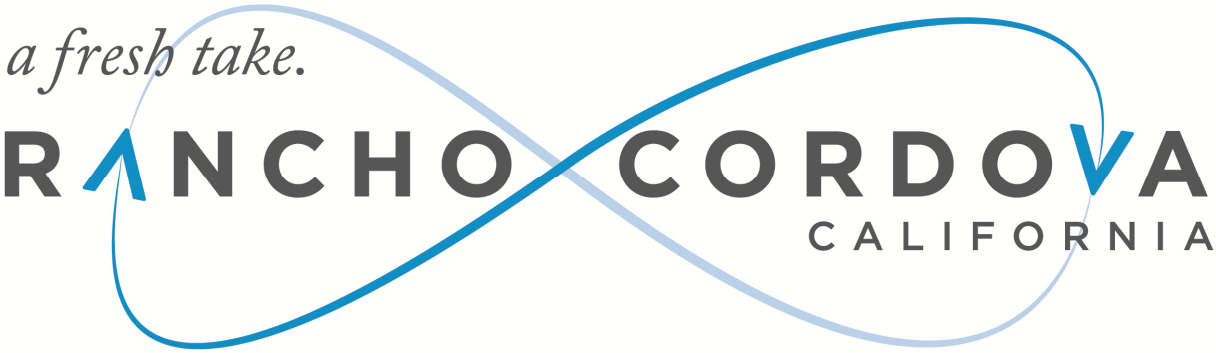
CITY OF RANCHO CORDOVA



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

Monday, November 17, 2014

5:30 PM – Regular Meeting

AGENDA

Dan Skoglund, Mayor

Robert J. McGarvey, Vice Mayor

David Sander, Council Member

Donald Terry, Council Member

Linda Budge, 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, November 17, 2014

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

AGENDA

1. REGULAR MEETING - CALL TO ORDER / ROLL CALL

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

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 someone in attendance to lead the Pledge.

4. INVOCATION

A representative from Capital Christian Church will give the invocation.

5. PRESENTATIONS

5.1 Certificate of Recognition from the Mayor to the New Army Enlistees of Rancho Cordova.

5.2 Introduction of New City Employee, Susana Jackson, Accountant Given by Donna Silva, Chief Financial Officer.

5.3 Recognition of Council Member Sander's Birthday on November 25, 2014.

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.

Note, 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 November 3, 2014 Regular Meeting and November 12, 2014 Special Meeting.
Recommendation: Adopt Minutes.

8.2 **Subject:** Treasurer's Report – September 30, 2014.
Recommendation: Receive and file report.
Result of Recommended Action: Provide City Council with information concerning the City's investment portfolio and to meet state code.
Staff Report: Liisa Behrends, Senior Accountant.
Advances Goal: 4.

8.3 **Subject:** Approval of Second Amended and Restated Development Disposition Agreement for Mather Veterans' Village Housing Development between the City of Rancho Cordova and the Developer Mercy Housing Specifically Making Amendments in Anticipation of the Closing of the Construction Loan and Construction Start in Late November of this Year.
Recommendation: Approve Resolution No. 116-2014.
Result of Recommended Action: : Adoption of this resolution will result in minor edits and corrections to existing documents. A Loan Agreement is now included. These updated documents will permit the construction start before the end of the year of phase 1 of Mather Veterans' Village permanent supportive housing for homeless and disabled veterans.
Staff Report: Reed Flory, Housing Services Administrator.
Advances Goals: 1, 2, 3, 5, 6.

8.4 **Subject:** Resolution Authorizing the City Manager to Award Construction Contract No. 111-2014 in the Amount of $101,834.50 to All-American Construction, Inc., for the Sunrise Boulevard Sidewalk Improvements Project.
Recommendation: Adopt Resolution No. 130-2014.
Result of Recommended Action: Adoption of this resolution will authorize the City Manager to execute Construction Contract No. 111-2014 with All-American

Construction, Inc., in the amount of $101,834.50 for the Sunrise Blvd., Sidewalk Improvements Project. Under this agreement, the contractor will install sidewalk and curb ramps along Sunrise Blvd., from Gold Country Blvd., to South Bridge Street, and will add a crosswalk at the intersection of Sunrise Blvd (on the south side of Sunrise) and Zinfandel Drive.
Staff Report: Cyrus Abhar, Public Works Director and Chris Boyer, Associate Civil Engineer.
Advances Goals: 1, 2, 5.

8.5 **Subject:** Resolution Awarding Construction Contract No. 112-2014 in the Amount of $845,835 to Tennyson Electric, Inc. for the Coloma Road Traffic Signal Interconnect and the Aramon Drive/ Studarus Drive and Coloma Road Traffic Signal Improvement Project.
Recommendation: Adopt Resolution No. 131 -2014.
Result of Recommended Action: Adoption of this resolution will award construction contract no. 112-2014 in the amount of $845,835.00 to Tennyson Electric, Inc., for the Coloma Road Traffic Signal Interconnect and Aramon Drive/Studarus Drive and Coloma Road Traffic Signal Improvement Project.
Staff Report: Cyrus Abhar, Public Works Director and Chris Boyer, Associate Civil Engineer.
Advances Goals: 1, 2, 5.

9. CONSENT PUBLIC HEARING ITEMS - ROLL CALL VOTE

9.1 **Subject:** Resolution Declaring Results of a Protest Hearing and Authorizing the Mailing of Property Owner Ballots Relating to the Imposition of the Annual Stormwater Utility Fee for the North Douglas Project.
Recommendation: Adopt Resolution No. 128-2014 declaring the results of the property owner protest, authorizing the mailing of property owner ballots, and setting December 1, 2014 as the date of the ballot tabulation in collection with imposition of an annual Stormwater utility fee, and approving procedures in connection wherewith.
Result of Recommended Action: Action on this item will declare the results of the property owner protest, and if there exists less than a majority protest, authorize the mailing of ballots to the property owners to approve the levy of the fee to pay for storm drainage and flood protection services for the North Douglas Project, and sets 1:00 p.m. on December 1, 2014, as the time and date for the ballot tabulation for the matter.
Staff Report: Elizabeth Sparkman, Senior Engineer.
Advances Goal: 5.

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.
Recommendation: Open the public hearing for this item, and Item 10.2 regarding the Sierra Outdoor/CBS Outdoor application, simultaneously. Consider the Conditional Use Permit and Operating Agreement request by Clear Channel Outdoor; receive comments from the public and project applicants; provide direction to staff as determined appropriate by the City Council; and continue the public hearing to a date certain.
Result of Recommended Action: This initial discussion and public hearing will provide the City Council with a clear understanding of two current proposals seeking approval of two separate digital freeway signs to be located adjacent to Highway 50. In light of the competing request by Sierra Outdoor/CBS Outdoor (Agenda Item 14.2),

staff is requesting direction from the City Council on this item, and to continue the public hearing so that staff may return with a Council Resolution reflecting the preferred direction. Opening the public hearings on this item and Item 14.2 simultaneously will allow staff to address all questions related to the competing applications during the hearing. The application does not fully adhere to the physical development standards included in the Code but, as allowed through an Operating Agreement, the applicant has proposed alternative community benefits for the Council's consideration. The City Council may direct staff to prepare a Resolution to approve this item, deny this item, or otherwise alter this item as desired.

Approval of the project as currently proposed would allow the Applicant to construct a new digital freeway sign at 12137 Folsom Boulevard, immediately adjacent to the Highway 50 corridor. The action would also require the removal of two existing traditional billboards located at 2300 Mine Shaft Lane and 2286 Sunrise Boulevard. Additionally, the Operating Agreement would provide the City with alternative community benefits. Approval of this application would also very likely prevent Council from approving the competing application from Sierra Outdoor/CBS Outdoor, as RCMC Section 23.743.150(C)(3) requires that Council only approve a billboard operating agreement if it achieves community benefits equivalent to those achieved through strict compliance with the development standards in the code (including the requirement that digital billboards be located at least 2,500 feet apart).
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 (APN: 069-0160-021-0000).
Recommendation: Open the public hearing for this item, and Item 10.1, regarding the Clear Channel Outdoor application, simultaneously. Consider the Conditional Use Permit and Operating Agreement request by Sierra Outdoor/CBS Outdoor; receive comments from the public and project applicants; provide direction to staff as determined appropriate by the City Council; and continue the public hearing to a date certain.
Result of Recommended Action: This initial discussion and public hearing will provide the City Council with a clear understanding of two current proposals seeking approval of two separate digital freeway signs to be located adjacent to Highway 50. In light of the competing request by Clear Channel Outdoor (Agenda Item 14.1), staff is requesting direction from the City Council on this item, and to continue the public hearing so that staff may return with a Council Resolution reflecting the preferred direction. Opening the public hearings on this item and Item 14.1 simultaneously will allow staff to address all questions related to the competing applications during the hearing. The application does not fully adhere to the physical development standards included in the Code but, as allowed through an Operating Agreement, the applicant has proposed alternative community benefits for the Council's consideration. The City Council may direct staff to prepare a Resolution to approve this item, deny this item, or otherwise alter this item as desired.

Approval of the project as currently proposed would allow the Applicant to construct a new digital freeway sign in the parking lot area of Naturwood Home Furnishings at 12125 Folsom Boulevard. The action would also require the removal of two existing traditional billboards located at 11373 Folsom Boulevard and near 9847 Folsom Boulevard. Additionally, the Operating Agreement would provide the City with alternative community benefits. Approval of this application would also very likely

prevent Council from approving the competing application from Clear Channel Outdoor, as RCMC Section 23.743.150(C)(3) requires that Council only approve a billboard operating agreement if it achieves community benefits equivalent to those achieved through strict compliance with the development standards in the code (including the requirement that digital billboards be located at least 2,500 feet apart).
Staff Report: Jessica Jordan, Principal Planner.
Advances Goals: 1, 6.

10.3 **Subject:** Anatolia IV Rezone, Large Lot Tentative Subdivision Map, Small Lot Tentative Subdivision Map, Development Agreement Amendment.
Recommendation: Introduce and waive the first reading of Ordinance No. 28-2014 and Adopt Resolution No. -1292014.
Result of Recommended Action: Anatolia IV is a previously approved residential development bordered by Chrysanthy Boulevard to the north and Rancho Cordova Parkway to the east within the Sunridge Specific Plan. Approval of the project would allow reconfiguration of the previous approved residential subdivision and removal of the neighborhood park feature, increased residential lot size resulting in overall reduction in units from 203 single family lots to 139 single family lots. Additionally, approval of the project would allow for amendments to the previously adopted Development Agreement to address the removal of the park feature 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.

10.4 **Subject:** Ordinance No. 27-2014, Amending Title 1, Title 16, and Title 23 of the Municipal Code to Establish Procedures for Imposing Special Assessments and Recording Liens Against Properties with Delinquent Code Enforcement Fees, Charges, Penalties and Related Costs.
Recommendation: Introduce and read by title only Ordinance No. 27-2014.
Result of Recommended Action: Ordinance No. 27-2014 will come back to the City Council for a second reading and adoption at the next regular meeting. If approved, this Ordinance will establish procedures for the City to collect delinquent code enforcement fees (including fees for nuisance abatement, rental housing inspections, zoning code enforcement, weed and graffiti abatement) by recording liens and imposing special assessments (tax liens) against properties, allowing the City to be made whole for such costs. This will help shift the cost of enforcement of these laws to those who violate them.
Staff Report: Adam Lindgren, City Attorney's office; Donna Silva, Finance Director; and Kerry Simpson, Neighborhood Services Manager.
Advances Goals: 1,2,3, 5.

11. REGULAR CALENDAR ITEMS

NONE.

12. COUNCIL REQUESTS FOR FUTURE AGENDA ITEMS

13. CITY MANAGER'S REPORT

14. ADJOURNMENT

Mayor Skoglund will adjourn the meeting to closed session in the Community Board Room.

15. CLOSED SESSION - CALL TO ORDER/ROLL CALL

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

16. CLOSED SESSION

Council may adjourn to Closed Session to discuss the following item(s):

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: 2).

CONFERENCE WITH LEGAL COUNSEL--EXISTING LITIGATION
Pursuant to Paragraph (1) of subdivision (d) of Section 54956.9: Debra Thomas v. City of Rancho Cordova, Case No. 34-2012-00136943.

17. OPEN SESSION - REPORT FROM CLOSED SESSION

The City Attorney will report on action taken in Closed Session.

18. 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	
Monday, December 1, 2014	*City Council Study Session (4:00 PM) and Regular Meeting City (5:30 PM)*
Tuesday, December 9, 2014	*City Council Work Session (5:30 PM)*
Monday, December 15, 2014	*City Council Regular Meeting (5:30 PM)*

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, November 17, 2014 Regular Meeting of the Rancho Cordova City Council/Successor Agency to the CRA/RCFC was posted and available for review on Thursday, November 13, 2014 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.cityofranchocordova.org.

Signed Thursday, November 13, 2014 at Rancho Cordova, California.

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, November 03, 2014

4:00 PM – Special Meeting
Community Board Room

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

DRAFT MINUTES

1. SPECIAL MEETING - CALL TO ORDER/ROLL CALL

Mayor Skoglund called the special meeting to order in the American River Community Room North at 5:01 PM.

Council Members Present:	McGarvey, Skoglund, Budge, Sander, Terry
Council Members Absent:	None
Staff Members Present:	Nakamura, Lindgren, Cuppy, Junker, Chinn, Haven (5:05 PM)

2. PUBLIC COMMENT

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

3. CLOSED SESSION

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).

4. ADJOURNMENT OF CLOSED SESSION

Mayor Skoglund adjourned the meeting at 5:37 PM.

5. REGULAR MEETING - CALL TO ORDER / ROLL CALL

Mayor Skoglund called the regular meeting to order in the David B. Roberts Council Chambers at 5:44 PM.

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

Council Members Absent: None

Staff Members Present: Lindgren, Cuppy, Junker, Silva, Chinn, Garcia, Hayes, Holt, Meltzer, Norton, Haven, Sparkman, Ibrahim, Samuelson, Behrends, Peterson, George

6. METRO CABLE TV TELEVISION ANNOUNCEMENT

The City Clerk read the meetings recordings and playback schedules.

7. PLEDGE OF ALLEGIANCE

Len Simon led the pledge.

8. INVOCATION

Mayor Skoglund asked for a moment of silence in honor of Deputy Oliver and Deputy Davis.

9. OPEN SESSION - REPORT FROM CLOSED SESSION

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

10. PRESENTATIONS

10.1 Presentation from Linda Geissinger of the Air Force Civil Engineer Center Regarding Cleanup Activities at the Former Mather Air Force Base.

10.2 Business Distinction Award Presented to American River Brewing Company Given by Ethan Meltzer, Economic Development Department.

11. PUBLIC COMMENT

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

- Mike Barnbom, regarding Sacramento Regional Transit District informational meetings taking place.
- James Feci, regarding sting ray devices related to cell phone data.
- Jennifer Fain, in opposition of gun club.
- Dana Jenks, in opposition of gun club.
- Linda Edmonston, in opposition of gun club.
- Mark Edmonston, regarding gun club.

- Darald Langwell, in support of gun club.

Mayor Skoglund closed the public comment period.

12. COUNCIL REPORTS

Council reported on events since the last meeting.

13. CONSENT CALENDAR ITEMS - ROLL CALL VOTE

Item 13.7 was pulled for separate discussion.

ACTION: Motion to approve items 13.1 - 13.6 by Budge second by McGarvey; Carried by a 5:0 roll call vote.

ACTION: Motion to approve item 13.7 by Budge second by Terry; Carried by a 5:0 roll call vote.

13.1 **Subject:** Meeting Minutes of October 20, 2014 Special and Regular Meeting and Amended Meeting Minutes of September 29, 2014 Special Meeting.
Recommendation: Adopt Minutes.

13.2 **Subject:** City Council Appointment to the California Capital Airshow (CCA) Board of Directors.
Recommendation: Adopt Resolution No. 124-2014.
Result of Recommended Action: As specified in the CCA bylaws, this approval would give Rancho Cordova continued representation on the CCA Board of Directors specifically chosen by the City Council.
Staff Report: Stephanie Snyder, Senior Management Analyst.
Advances Goals: 1, 2, 5, 6.

13.3 **Subject:** Annexation of the North Douglas Project to the City of Rancho Cordova Community Facilities District No. 2014-2 (Street, Lighting and Landscape Maintenance) and Amending Attachment 1 to the Rate and Method of Apportionment to add Zone 2.
Recommendation: Adopt Resolution No. 126-2014.
Result of Recommended Action: Adoption of Resolution No. 126-2014 approves Annexation Map. No. 1 for the North Douglas Project to Community Facilities District No. 2014-2 (Street Lighting and Road Maintenance) (hereinafter "CFD No. 2014-2") and amends Attachment 1 to the rate and method of apportionment to add Zone 2. There is no financial impact to existing residents.
Staff Report: Elizabeth Sparkman, Senior Engineer.
Advances Goal: 5.

13.4 **Subject:** Resolution Declaring City's Intention to Impose an Annual Stormwater Utility Fee for the Maintenance of Storm Drainage and Flood Protection System for the North Douglas Project.
Recommendation: Adopt Resolution No. 122-2014, designating a time and place for hearing protests in connection with the Annual Stormwater Utility Fee for the North Douglas Project.
Result of Recommended Action: Action on this item will declare the Council's intention to impose an annual Stormwater Utility Fee for the maintenance of the storm drainage and flood protection system in the North Douglas Project and sets a public

hearing on November 17, 2014 on the matter.
Staff Report: Elizabeth Sparkman, Senior Engineer.
Advances Goal: 5.

13.5 **Subject:** Resolution Authorizing the City Manager to Execute a Contract with Kimley-Horn and Associates for Technical Design Services for the Intelligent Transportation System (ITS) Infrastructure Improvements Project.
Recommendation: Adopt Resolution No. 125-2014.
Result of Recommended Action: Adoption of this resolution will allow the City Manager to approve Contract No. 105-2014 with Kimley-Horn and Associates in the amount not to exceed $600,000 to provide technical design services for the ITS Infrastructure Improvements project.
Staff Report: Cyrus Abhar, Public Works Director and Kathy Garcia, Senior Engineer.
Advances Goal: 5.

13.6 **Subject:** Resolution Authorizing the City Manager to Execute the Second Amendment to Contract 64-2013 with R3 Consulting Group For Solid Waste Consulting Services.
Recommendation: Adopt Resolution No. 127-2014.
Result of Recommended Action: Adoption of Resolution No. 127-2014 allows the City Manager to execute the second amendment to Contract No. 64-2013 with R3 Consulting Group for solid waste technical services to expand the scope of work and increase the project budget by $110,000 for a total contract amount of $250,000.
Staff Report: Cyrus Abhar, Public Works Director and Kathy Garcia, Senior Engineer.
Advances Goal: 5.

13.7 **Subject:** Resolution No.123-2014, Authorizing the City Manager to Execute the Fourth Amendment to Contract 46-2011 for On-Call Engineering Services with Wood Rodgers, Inc.
Recommendation: Adopt Resolution No. 123-2014.
Result of Recommended Action: Adoption of Resolution No. 123-2014 will authorize the City Manager to execute the fourth amendment contract no. 46-2011-4 with Wood Rodgers, Inc. in the amount of $75,000 for on-call engineering services to complete the design of the White Rock Road Widening Project and other on-call civil engineering tasks. The total contract amount will be increased from $600,000 to $675,000.
Staff Report: Cyrus Abhar, Public Works Director and Kathy Garcia, Senior Engineer.
Advances Goal: 5.

14. CONSENT PUBLIC HEARING ITEMS - ROLL CALL VOTE

NONE.

15. PUBLIC HEARING ITEMS

15.1 **Subject:** An Urgency Ordinance of the City of Rancho Cordova Extending a Temporary Moratorium on the Establishment and Operation of Establishments Serving Alcohol for On-Site Consumption within 500 Feet of Adult Businesses.
Recommendation: Adopt Urgency Ordinance No. 26-2014, extending the temporary moratorium on the establishment and operation of establishments serving alcohol for on-site consumption within 500 feet of adult businesses, pending the review and possible amendment of zoning regulations applicable to these types of establishments.
Result of Recommended Action: Adoption of this Urgency Ordinance will extend the temporary moratorium for an additional ten (10) months and fifteen (15) days pursuant

to Government Code Section 65858(a). The extension is needed in order to: (1) further address the concerns regarding the negative secondary effects, such as assaults, prostitution and other alcohol related crimes resulting from the operation of establishments serving alcohol for on-site consumption in close proximity to adult businesses; (2) further study the potential impacts that these types of businesses may have on the public health, safety and welfare; (3) further study and determine what local regulations may be appropriate or necessary for establishments serving alcohol for on-site consumption within 500 feet of adult businesses; (4) further study and determine the appropriate location for these types of businesses; and (5) determine appropriate measures to ensure the protection of public health, safety and welfare.
Staff Report: Adam U. Lindgren, City Attorney and Paul Junker, Planning Director.
Advances Goals: 1, 2.

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

- James Feci, in opposition of item 15.1.

Mayor Skoglund closed the public comment period.

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

15.2 **Subject:** Public Hearing Considering Adoption of an Amendment to the 2014-15 Community Development Block Grant Action Plan.
Recommendation: Approve Resolution No. 121-2014, adopting an Amendment to the 2014-15 Community Development Block Grant Action Plan.
Result of Recommended Action:
1. Adopts the amendment to the 2014-15 CDBG Action Plan;
2. Authorizes the City Manager to submit the amendment and all required certifications and forms to the Department of Housing and Urban Development; and
3. Allows staff to make technical modifications to the Action Plan to correct minor errors and to respond to direction from HUD.
Staff Report: Jessica Hayes, Housing and Neighborhood Development Analyst and Peter Ibrahim, Housing Services Assistant.
Advances Goals: 1, 2, 5, 6.

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

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

16. REGULAR CALENDAR ITEMS

16.1 **Subject:** 2015 Legislative Priorities.
Recommendation: Provide direction to staff for Fiscal Year (FY) 2016 funding requests and a platform for discussions with legislators during the National League of Cities Congressional Conference, March 6-11, 2015 in Washington, D.C. Also, receive an update on City's Legislative Program and provide direction about the 2015 program.
Result of Recommended Action: Submission of requests for federal funding for projects consistent with the Council's and community's priorities and provide topics for

discussions that the Mayor and Council members will hold with Congressional representatives during the March conference in Washington, D.C. Staff will also proceed with recommended changes and actions for the City's legislative program.
Staff Report: Troy Holt, Communications and Government Relations Director.
Advances Goals: 1, 2, 3, 4, 5, 6.

Len Simon addressed council's questions.

ACTION: Discussion item only; no action taken.

16.2 **Subject:** Preliminary Results of General Fund Operations for Fiscal Year 2013-14.
Recommendation: Receive and File.
Result of Recommended Action: This report will inform the Council and the Community on the preliminary results of fiscal year ending June 30, 2014 for the General Fund.
Staff Report: Donna Silva, Chief Financial Officer.
Advances Goal: 5.

ACTION: Discussion item only; no action taken.

17. COUNCIL REQUESTS FOR FUTURE AGENDA ITEMS

18. CITY MANAGER'S REPORT

Update to Council on the Youth Center Given by Housing Services Division.

19. ADJOURNMENT

Mayor Skoglund adjourned the meeting in honor of Deputy Oliver, Deputy Davis, and Moreno Balantac at 8:51 PM.

_____
Mindy Cuppy, MMC, City Clerk

DRAFT

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

City Hall
2729 Prospect Park Drive, Rancho Cordova

Wednesday, November 12, 2014

5:30 PM – Special Meeting
Titan Room

DRAFT MINUTES

1. CLOSED SESSION - CALL TO ORDER/ROLL CALL

Mayor Skoglund called the special meeting to order in the Titan Room at 5:41 PM.

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

Council Members Absent: None

Staff Members Present: Nakamura, Lindgren, Cuppy

2. PUBLIC COMMENT

Mayor Skoglund 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).

ACTION: Discussion item only; no action taken.

4. OPEN SESSION - REPORT FROM CLOSED SESSION

Mayor Skoglund reported that after having our first full evaluation of the City Manager, Council Members are unanimous and behind his goals and being acclimated into the community. We are happy and pleased with his progress. Council directed the Mayor and another Council Member to discuss the City Manager evaluation with staff at two upcoming meetings.

5. ADJOURNMENT

Mayor Skoglund adjourned the meeting at 9:12 PM.

_____
Mindy Cuppy, MMC, City Clerk

MEMORANDUM

DATE: November 17, 2014

TO: Honorable Mayor and Council Members

FROM: Liisa Behrends, Sr. Accountant

SUBJECT: **TREASURER'S REPORT – SEPTEMBER 30, 2014**

RECOMMENDATION

This report is informational only. It is recommended that the report be received and filed.

RESULT OF RECOMMENDED ACTION

This report is intended to provide the City Council with information concerning the City's investment portfolio. This report will meet requirements as provided by State law.

BACKGROUND

Attached is the quarterly Treasurer's report for the period ending September 30, 2014. Treasurer's reports are provided to Council on a quarterly basis.

At June 30, 2014 the current value of the City's total portfolio was $105.2 million. Since that time, the balances decreased by $9 million with an ending balance of $93.8 million as of September 30, 2014. The funds are held as follows:

Cash at Banking Institutions	$ 4,399,186
Local Agency Investment Fund (LAIF)	9,211,876
California Asset Management Program (CAMP) Pool	24,723,184
California Asset Management Program (CAMP) Investments	29,168,839
Wells Fargo Adv Treasury Investments (Cutwater)	26,261,035
City Bond	5,080
	$ 93,769,200

The General Fund Cash and Investments balance was $16 million, while the remaining $77.8 million are restricted to specific activities and are recorded in Special Revenue, Enterprise, Internal Service or Agency Funds.

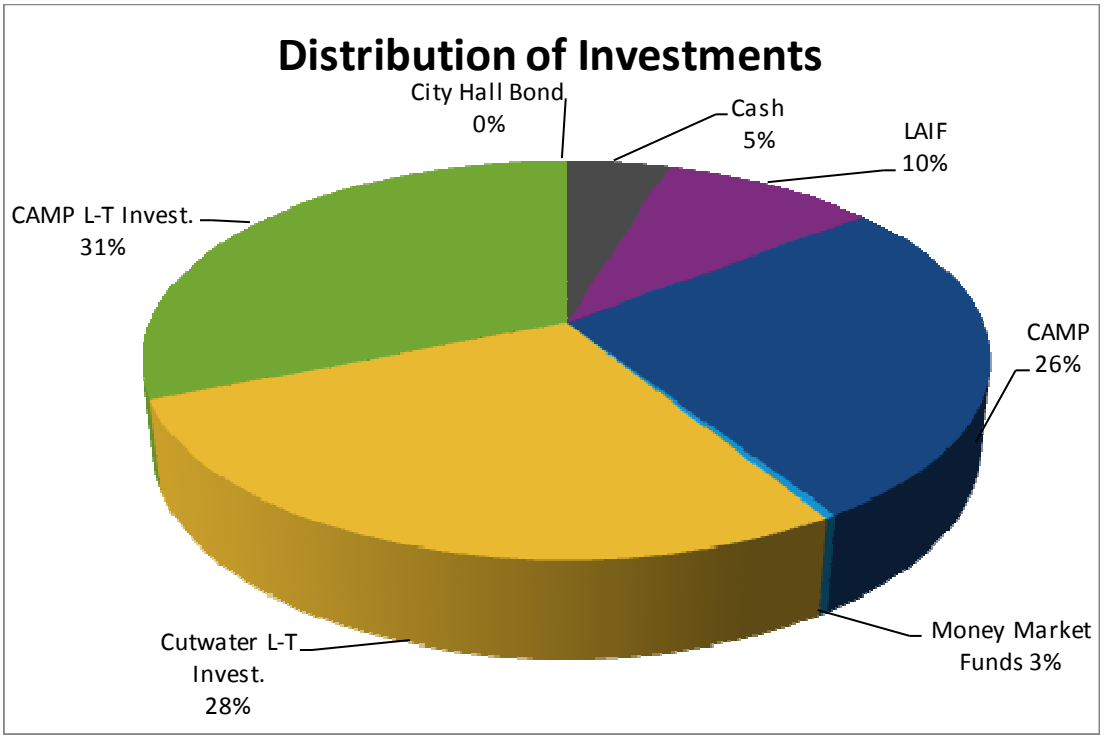
Cash and short-term investments decreased by $14.8 million while long-term investments increased by $3.3 million. The overall portfolio is well diversified with $55 million invested in marketable securities. $34.3 million is invested in short-term investments that are considered liquid (LAIF, CAMP, and money markets). The remainder consists of $4.4 million on deposit with our banks and $5,080 is invested in a City of Rancho Cordova City Hall bond. Staff, in conjunction with our financial advisors, periodically reviews the mix of liquid and long-term

investments and adjusts the portfolio according to the market conditions and our short-term cash needs.

The decrease in cash and investment balances, as noted in the above paragraph, is typical for this time of the year. Our final 12/13 property tax distribution, a smaller clean up distribution, was received in August. Cash is expected to decline until our next property tax installment is received in January 2015.

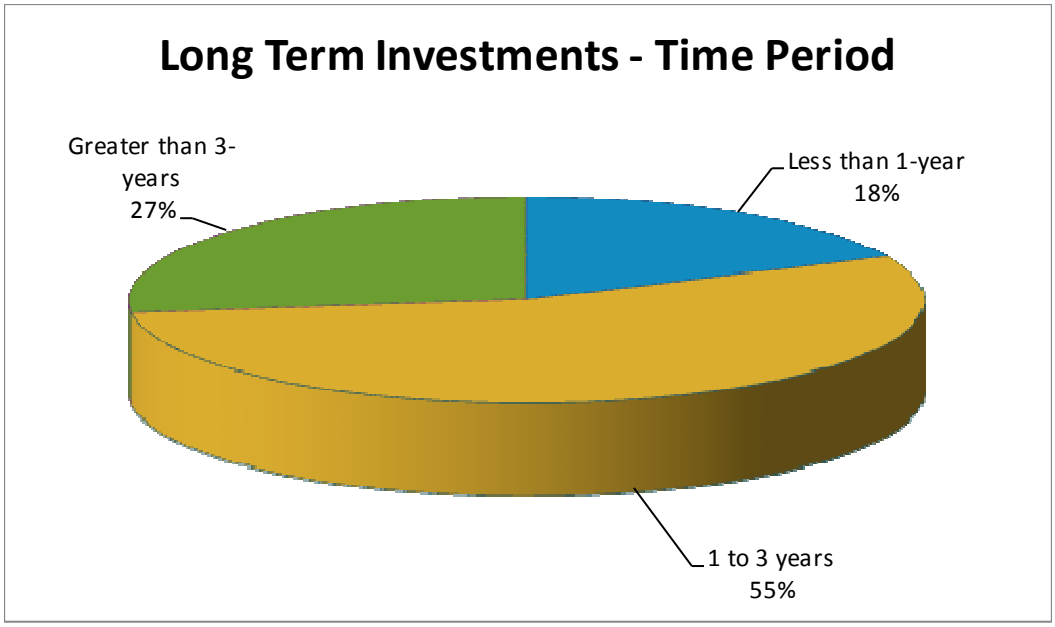
Staff thoroughly reviews investment statements and makes appropriate inquiries of CAMP, LAIF, and MBIA, as necessary, to confirm the existence and viability of the City's assets. The City invests conservatively in investment policy options in accordance with California State Government Code. The long-term assets are in securities that can be held to maturity, thus are less vulnerable to the fluctuations of the market. All securities are in compliance with the City's investment policy. There are sufficient funds to meet the City's expenditure requirements for the next six months.

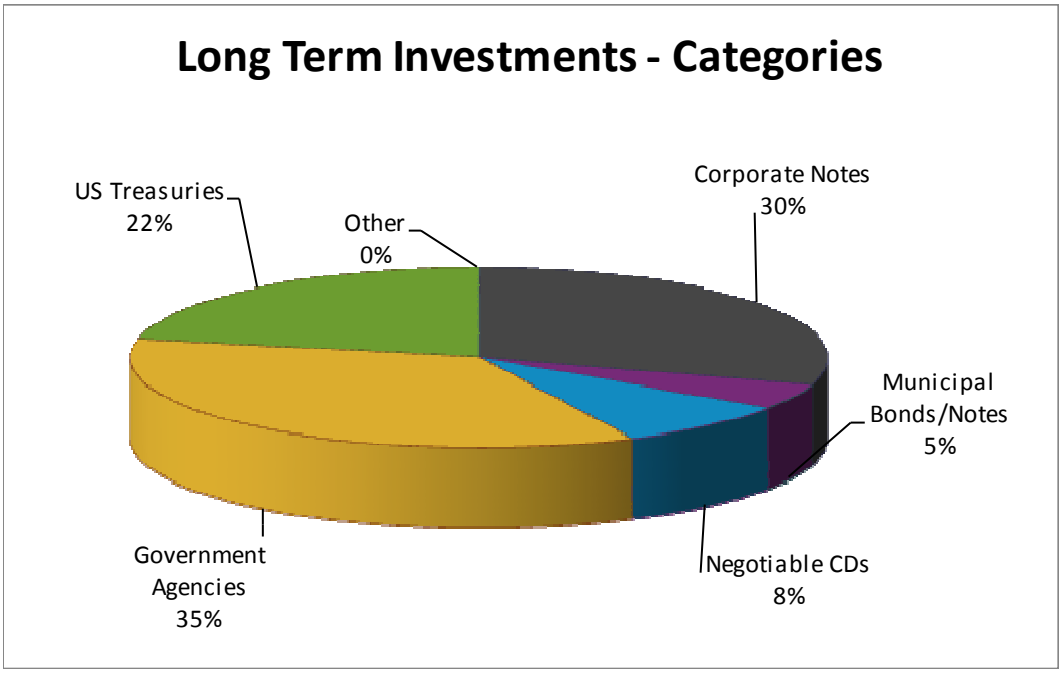
The distributions of investments are displayed in the following chart:



Analysis of long-term investments:

	Par Value	Current Value	Percent of L-T Investments
Less than 1-year	$ 9,905,000	$ 9,978,890	18.12%
1 to 3 years	30,015,000	30,205,527	54.84%
Greater than 3-years	14,770,000	14,899,111	27.05%
	$ 54,690,000	$ 55,083,528	100.00%





ATTACHMENT

Treasurer's Report for September 30, 2014

Rancho Cordova
Treasurer's Report
September 30, 2014

	Yield %	Par Value	Cost	Current Value	Maturity Date
Cash and Cash Equivalents					
Wells Fargo Bank		$ 4,348,556	$ 4,348,556	$ 4,348,556	n.a.
Bank of Sacramento		50,630	50,630	50,630	n.a.
		$ 4,399,186	$ 4,399,186	$ 4,399,186	
Local Agency Investment Fund (LAIF)	0.24	$ 9,211,876	$ 9,211,876	$ 9,211,876	n.a.
California Asset Management Program (CAMP)		$ 24,723,184	$ 24,723,184	$ 24,723,184	n.a.
Wells Fargo Adv Treasury Plus MMF (MBIA)		$ 351,426	$ 351,426	$ 351,426	n.a.
Long-Term Investments - Cutwater/MBIA:					
Barclays US Funding	0.37	$ 1,000,000	$ 997,320	$ 999,992	10/3/2014
ING Funding	0.3	1,000,000	998,475	999,926	10/22/2014
Federal Home Loan Bank Notes	0.62	750,000	802,605	753,821	12/12/2014
Pfizer Inc	0.45	1,000,000	1,057,600	1,022,063	3/15/2015
Federal Farm Credit Bank Notes	1.1	725,000	731,869	731,946	7/20/2015
U.S. Treasury Notes	0.59	750,000	784,219	760,254	7/31/2015
Fannie Mae Notes	0.87	750,000	773,408	761,269	10/26/2015
Union Bank NA	0.8	500,000	524,060	516,513	6/6/2016
Federal Farm Credit Bank Notes	0.46	750,000	750,960	748,102	6/17/2016
U.S. Treasury Notes	0.98	500,000	512,461	508,848	7/31/2016
Federal Home Loan Bank Notes	0.52	1,100,000	1,100,550	1,098,166	8/26/2016
Coca Cola Co	0.7	500,000	513,440	510,502	9/1/2016
PNC Bank NA	0.94	500,000	504,690	503,064	10/3/2016
U.S. Treasury Notes	0.63	500,000	500,000	498,906	12/15/2016
Colgate-Palm Co	1.06	500,000	503,540	503,137	1/15/2017
IBM Corp	1	750,000	755,655	752,572	2/6/2017
U.S. Treasury Notes	0.74	750,000	752,461	750,762	2/28/2017
Federal Farm Credit Bank Notes	0.5	750,000	750,938	749,060	2/28/2017
Berkshire Hathaway	1.01	400,000	409,253	404,407	5/15/2017
Federal Home Loan Bank Notes	0.5	1,750,000	1,750,000	1,750,887	5/22/2017
Federal Home Loan Bank Notes	0.95	2,000,000	2,003,280	1,991,798	7/28/2017
PEPSICO Inc	1.31	500,000	498,965	498,584	8/13/2017
Federal Home Loan Bank Notes	1.32	700,000	699,650	700,334	8/14/2017
Fannie Mae Notes	0.99	1,500,000	1,494,165	1,490,019	8/28/2017
Fannie Mae Notes	1	500,000	501,350	496,605	9/20/2017
JP Morgan Chase	1.8	400,000	474,708	450,274	1/15/2018
Wells Fargo	1.49	400,000	400,124	397,742	1/16/2018
Wal-Mart	1.38	400,000	480,332	454,376	2/15/2018
Fannie Mae Notes	0.87	2,000,000	2,022,480	2,004,818	3/13/2018
GE Capital	1.65	400,000	475,296	452,289	5/1/2018
GE Capital	2.14	450,000	519,899	508,825	5/1/2018
Apple Inc.	1.17	400,000	396,703	390,196	5/3/2018
Federal Home Loan Bank Notes	1.66	750,000	749,625	749,552	7/30/2018
Sub-total		$ 25,625,000	$ 26,190,081	$ 25,909,609	

Long-Term Investments -CAMP:		Par Value	Original Cost	Current Value	Maturity Date
BNP Paribas NY Branch Cert Depos	0.45	$ 575,000	$ 575,000	$ 575,138	11/3/2014
Credit Suisse New York CD (Floating)	0.68	600,000	600,000	600,344	1/15/2015
U.S. Treasury Notes	0.47	2,605,000	2,750,921	2,629,930	2/28/2015
JP Morgan Chase Bank NA (Floating)	0.43	550,000	550,567	550,691	7/30/2015
U.S. Treasury Notes	0.34	100,000	102,805	101,367	7/31/2015
U.S. Treasury Notes	0.38	250,000	256,543	253,418	7/31/2015
Fannie Mae Notes	0.93	625,000	642,337	634,406	10/26/2015
FHLB (Callable) Global Notes	0.39	550,000	549,835	550,502	12/30/2015
U.S. Treasury Notes	0.32	1,725,000	1,789,216	1,765,362	12/31/2015
Skandinaviska Enskilda BY NT Float CD	0.56	600,000	600,000	600,524	1/4/2016
U.S. Treasury Notes	0.31	240,000	240,309	240,347	1/31/2016
CA ST TXBL GO Bonds	0.93	200,000	200,676	200,950	2/1/2016
Cisco Systems Inc Global Notes	0.62	550,000	607,860	585,693	2/22/2016
GlaxosmithKline Cap Inc Global	0.73	400,000	399,716	400,259	3/18/2016
Fannie Mae Global Notes	0.54	540,000	539,384	540,413	3/30/2016
Westpac Banking Corp NY LT Float CD	0.41	575,000	575,000	575,702	4/15/2016
Rabobank Nederland NV NY CD	0.71	600,000	600,000	597,225	5/6/2016
Freddie Mac Global Notes	0.55	130,000	129,992	130,072	5/13/2016
Toyota Motor Credit Corp	0.81	255,000	254,895	255,595	5/17/2016
Bank of Novia Scotia Hous CD Float	0.28	550,000	549,668	550,011	6/10/2016
Calleguas Wtr Dist, CA Rev Bonds	1.42	500,000	500,000	502,390	7/1/2016
Wells Fargo & Co.	1.28	360,000	359,654	362,094	7/20/2016
Goldman Sachs Bank USA CD	0.9	500,000	500,000	499,110	8/12/2016
Berkshire Hathaway Fin Global Notes	0.97	330,000	329,825	331,204	8/15/2016
American Honda Finance Global Notes	1.24	205,000	204,287	205,702	10/7/2016
CA ST Dept of Water Txbl Rev Bonds	0.99	140,000	140,000	139,689	12/1/2016
Federal Home Loan Banks (Callable)	1.25	540,000	545,935	543,600	3/27/2017
U.S. Treasury Notes	0.92	75,000	75,173	75,229	3/31/2017
Apple Inc Corp Note	1.07	700,000	699,629	697,617	5/5/2017
John Deere Capital Corp Notes	1.14	435,000	434,796	432,719	6/12/2017
HSBC USA Inc	1.35	190,000	189,711	189,853	6/23/2017
Freddie Mac Global Notes	0.96	900,000	901,260	898,637	6/29/2017
OR ST TXBL GO Bonds	1.14	200,000	200,000	198,728	8/1/2017
Palo Alto USD, CA GO Bonds	1.4	550,000	550,000	551,551	8/1/2017
Wells Fargo & Co.	1.43	300,000	299,703	299,110	9/8/2017
US Bank NA Cincinnati (Callable) CD	1.41	550,000	549,115	545,525	9/11/2017
IBM Copr Notes	1.41	600,000	693,852	672,311	9/14/2017
American Express Credit Corp Notes	1.6	200,000	199,732	199,862	9/22/2017
Fannie Mae Global Notes	1.08	575,000	570,555	569,544	10/26/2017
CA ST TXBL GO Bonds	1.66	510,000	511,821	511,367	11/1/2017
U.S. Treasury Notes	1.81	700,000	686,547	687,367	11/30/2017
ConocoPhillips (callable) Global Notes	1.58	400,000	391,320	394,471	12/15/2017
Freddie Mac Global Notes	0.93	650,000	648,284	638,931	3/7/2018
General Elec CAP Corp Global Notes	1.58	600,000	601,338	598,927	4/2/2018
U.S. Treasury Notes	0.81	350,000	346,814	340,785	4/30/2018
Microsoft Corp Global Notes	1.01	145,000	144,909	142,248	5/1/2018
Apple Inc Global Notes	1.08	265,000	264,022	258,460	5/3/2018
Univ of Cal Txbl Rev Bonds	2.05	385,000	385,000	390,721	5/15/2018
Berkshire Hathaway Notes	1.64	210,000	209,878	206,976	5/15/2018

Fannie Mae Global Notes	1.19	250,000	246,212	244,841	5/21/2018
Fannie Mae Global Notes	1.05	500,000	495,775	489,681	5/21/2018
Chevron Corp Global Notes	1.72	380,000	380,000	380,133	6/24/2018
U.S. Treasury Notes	1.43	1,995,000	2,000,221	1,994,064	8/31/2018
U.S. Treasury Notes	1.47	200,000	198,172	197,500	10/31/2018
Fannie Mae Global Notes	1.62	300,000	300,009	299,380	11/27/2018
U.S. Treasury Notes	1.41	300,000	297,902	295,875	11/30/2018
U.S. Treasury Notes	1.61	850,000	846,049	844,688	1/31/2019
Sub-total		$ 29,060,000	$ 29,412,224	$ 29,168,839	

Long-Term Investments - Brandis Tallman		**Par Value**	**Cost**	**Current Value**	**Maturity**
City Hall COP bond	4.9	$ 5,000	$ 5,000	$ 5,080	2/1/2035
		$ 93,375,672	**$ 94,292,977**	**$ 93,769,200**	

MEMORANDUM

DATE: November 17, 2014

TO: Honorable Mayor and Council Members

FROM: Reed Flory, Housing Services Administrator

SUBJECT: **SECOND AMENDED AND RESTATED DISPOSITION, DEVELOPMENT AND LOAN AGREEMENT WITH MERCY HOUSING CALIFORNIA FOR PHASE 1 OF THE MATHER VETERANS' VILLAGE AFFORDABLE HOUSING DEVELOPMENT FOR HOMELESS AND DISABLED VETERANS**

RECOMMENDATION

Adopt Resolution No. 116-2014 (Attachment 1) authorizing the City Manager to execute the Second Amended and Restated Disposition, Development and Loan Agreement (DDLA) (Attachment 2) and related instruments with Mercy Housing, a California 501c3 not-for-profit corporation ("Developer").

RESULT OF RECOMMENDED ACTION

Adoption of this resolution will result in minor edits, corrections and the addition of information including a Loan agreement to the DDLA. The action will provide the City Manager authorization to execute the Second Amended and Restated DDLA and related instruments with Developer for Phase 1 of Mather Veterans' Village, an affordable housing development for homeless and disabled veterans. This action will allow the Developer to prepare for the construction loan close required to occur prior to December 8, 2014.

BACKGROUND

On February 18, 2014, the City Council adopted resolution number 13-2014, a resolution which authorized execution of a Disposition, Development and Loan Agreement and related instruments with Mercy Housing, a California 501C3 not for profit corporation ('Developer"), authorizing an assignment and assumption of City leasehold property known as Parcel 1, which includes an air-rights parcel, and approving a permanent loan from Housing Trust funds in the amount of $2,000,000. These actions are in support of the development of 50, new construction, permanent supportive housing units for homeless and disabled Veterans.

In preparation for the submittal of a Tax Credit application in March of this year, certain minor amendments to the DDA were recommended for consideration. Those changes were approved and accurately reflected the current positions of the parties to the DDLA and supported a more competitive tax credit application.

Subsequently, in preparation for the construction loan close and construction start, additional amendments have been requested by the construction lender and syndication equity partner Wells Fargo Bank. Additionally, the documents guiding the orderly development and operation

of the facility have been finalized in anticipation of final signing. Exhibits to the DDLA in particular the Assignment and Assumption Agreement, the Regulatory Agreement, the Financing Plan, the Loan Agreement and the Reciprocal Easements Agreement all require edits and minor modifications. Finally, terminology in the County/City Lease Agreement requires Board of Supervisor modification and resigning by the City.

The proposed amendments to the documents have not changed the "deal" as it was originally described in the first approved DDA. None of the requested changes increase the City's liability as it was originally perceived. This requested action is required to ensure a timely construction loan closing.

The action to approve the Second Amended and Restated DDLA as attached to this staff report covers only Phase 1 of the overall 3 phase development program - the new construction of up to 50 permanent supportive housing units on approximately 1.1 acres of land and an air-rights lease in the existing Infirmary building for the improvement of "community" space. Staff expects a construction loan completion and initial occupancy in the second quarter of 2016.

ATTACHMENTS

1. Resolution No. 116-2014.
2. Amended and Restated DDLA Including Exhibits.

ATTACHMENT 1

CITY OF RANCHO CORDOVA

RESOLUTION NO. 116-2014

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA AUTHORIZING EXECUTION OF AN SECOND AMENDED AND RESTATED DISPOSITION, DEVELOPMENT AND LOAN AGREEMENT AND RELATED INSTRUMENTS, INCLUDING A LOAN AGREEMENT, WITH MERCY HOUSING CALIFORNIA, a CALIFORNIA 501(C)(3) NONPROFIT CORPORATION ("DEVELOPER")

WHEREAS, 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 previously signed County and City lease now requires modification to satisfy lender requirements and will be considered by the County Board of Supervisors November 4th of this year; and

WHEREAS, the amended City-County lease will confirm tenant ownership of the Old Infirmary Building located on the 3.69 acres during the term of the lease; and

WHEREAS, the City has subdivided the 3.69 acres to create a 1.1 acre site (the "Property") which, together with approximately 7,489 square feet of the ground floor, basement and land area of the northwest wing of the Old Infirmary building (the "Air Rights Parcel") comprise Phase 1 of Mather Veterans' Village, for the development of up to 50 units of affordable rental housing for homeless and disabled veterans (the "Project"); and

WHEREAS, on August 9, 2013, the City Council adopted Resolution 96-2013, pursuant to which the City Council found that the Project is exempt from the California from the California Environmental Quality Act ("CEQA"), authorized the City Manager to execute a Disposition and Development Agreement (the "DDA") and related instruments with Developer, and approved a permanent loan in the amount of Two Million Dollars ($2,000,000) for the Project; and

WHEREAS, Developer successfully submitted a Tax Credit application to the California Tax Credit Allocation Committee ("CTCAC") for the Project in March of 2014; and

WHEREAS, City staff recommends certain amendments to the DDLA, including clarification of square footage references, updating of performance schedule and financing plan provisions, assignment of the City's interest for the full term of the City County lease including the assignment of the recently created airspace parcel, and the addition of the negotiated Loan and Regulatory Agreements, Note and Deed of Trust, and the inclusion of a Reciprocal Easement Agreement all as exhibits to the DDA, in order to prepare for a construction loan closing before the end of the calendar year; and

WHEREAS, the City desires to enter into a Second Amended and Restated Disposition Development and Loan Agreement ("Amended and Restated DDLA") with Developer for development of the Project on the Property and the Air Rights Parcel.

ATTACHMENT 1

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 have 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 with Developer a Second Amended and Restated DDLA, an Assignment and Assumption Agreement, a Regulatory Agreement, and Loan Agreement together with an amendment of the City County lease with the County of Sacramento substantially in the form on file with the City Clerk, and to execute such other related instruments, with such modifications by City staff, as approved by the City Attorney, which do not materially increase the City's liability thereunder, and to take such other actions as necessary to carry out the intent of this Resolution.

Section 3 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 4 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 _____, 2014 by the following votes:

AYES:

NOES:

ABSENT:

ABSTAIN:

_____
Dan Skoglund, Mayor

ATTEST:

_____
Mindy Cuppy, MMC, City Clerk

2235096.1

SECOND AMENDED AND RESTATED DISPOSITION, DEVELOPMENT, AND LOAN AGREEMENT

by and between

THE CITY OF RANCHO CORDOVA

and

Mercy Housing California, a 501(c)(3) California nonprofit corporation

Mather Veterans' Village – Phase I

November 17, 2014

ATTACHMENT 2

Exhibits

A City – County Lease Agreement
B Assignment and Assumption Agreement (Parcel 1 & Air Rights Parcel)
C Legal Description of Phase I Property
D Regulatory Agreement
E Memorandum of Disposition, Development and Loan Agreement
F Development and Performance Schedule
G Approved Design Review
H Financing Plan
I Loan Agreement
J Reciprocal Easements Agreement

THIS SECOND AMENDED AND RESTATED DISPOSITION, DEVELOPMENT AND LOAN AGREEMENT (this "**Agreement**") is entered as of November 17, 2014, ("**Effective Date**") by and between the City of Rancho Cordova, a California municipal corporation ("**City**"), and Mercy Housing California ("**Developer**"), amending and restating that certain Disposition and Development Agreement between the Parties dated August 9, 2013 as amended and restated by that Amended and restated Disposition and Development Agreement dated February 18, 2014. 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 of Rancho Cordova and the County of Sacramento, selected the development team of Mercy Housing California and Viet Nam Veterans of California ("**VRCA**") to design, finance, build and operate Permanent Supportive Housing units for disabled veterans.

B. Subsequently, the City, County of Sacramento 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 of Rancho Cordova committed Two Million Dollars ($2,000,000) in grant funding from the California Department of Housing and Community Development ("**HCD**") for the proposed project.

C. On May 3, 2013, the County of Sacramento 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 City Council of the City of ("**City Council**") authorized the City Manager to execute a 99-year lease with the County of Sacramento for approximately 3.69 acres of property located on the Mather Community Campus area of the old Mather Air Force Base (the "**Property**") for the development of Mather Veterans' Village, as amended by a First Amendment to Lease Agreement dated December 16, 2013, and as further amended by the Second Amendment to Lease Agreement dated concurrent herewith (collectively, the "**County Lease**"). A copy of the County Lease dated June 24, 2013, as amended is attached hereto as **Exhibit A** and incorporated herein by this reference.

E. The County Lease authorizes the assignment of the City's interest therein to the Developer. The Parties intend to enter into an Assignment and Assumption Agreement ("**Assignment**"), substantially in the form attached hereto as **Exhibit B** and incorporated herein by this reference, upon satisfaction of all conditions precedent thereto as defined herein. Thereafter, Developer will assign its interest in the County Lease to Mercy Housing California 61, LP

F. Also on May 20, 2013, the City Council **i**ntroduced and waived the first reading of Ordinance 14-2013 amending Title 23.1000.030 C6 entitled "Mather Field Special Planning Area" to insert the term *"permanent supportive housing"* to the list of permitted uses in the "Campus District" of the "Human Services Subarea."

G. Phase I (comprised of Parcel 1 together with the Air Rights Parcel (defined below) both as more fully described in Exhibit C (collectively, the "Phase I Property") of the overall development will be comprised of up to fifty (50) rental units of new construction, permanent supportive housing on 1.11acres of land together with land and building space comprising the air rights parcel of the Old Infirmary Building (the "**Air Rights Parcel**") as more particularly described in **Exhibit C** as Parcel 1 together with 'Air Rights Parcel (Mercy) attached hereto and incorporated herein by this reference. The Air Rights Parcel will involve the rehabilitation and use of the ground floor, basement area and exterior space associated with the existing northwesterly wing of the old Infirmary Building comprised of approximately 7,489 square feet of space (collectively, the "**Project**"). The 7,489 square feet of area is comprised of approximately 2,220 square feet of land area and 5,269 square feet of space within the building) In addition to the Phase I Property conveyed to the City pursuant to the County Lease, a memorandum of which shall be recorded in the Official Records, and pursuant to an amendment to the County / City lease approved on November 4, 2014, the City owns the building during the term of the lease , including the approximately 5,269 square feet square feet of space located in the northwesterly wing ("**Infirmary**").

H. The Air Rights Parcel will be included in the Assignment to Developer for the Project (the **"Air Rights Parcel Assignment")** as more particularly described in **Exhibit B,** attached hereto and incorporated by this reference. This Assignment of the Air Rights Parcel, together with the 1.11 acres of vacant land (Parcel 1), comprises the Phase I Property. It is the intent of the Parties to subsequently enter into additional Disposition, Development and Loan Agreements for each of the later phases of the overall development (phases 2 & 3). The Project is more particularly described in Section 5.2 herein and in an Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants ("**Regulatory Agreement**"), substantially in the form attached hereto as **Exhibit F** and incorporated herein by this reference that shall be executed substantially concurrently with the Assignment and recorded against the Phase I Property and the Project.

I. Financing for the Project is addressed in Article VI herein.

J. 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.

K. 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

for a term of not less than fifty-five (55) years. This Agreement, the Assignment, the Form of Memorandum of Disposition, Development, and Loan Agreement attached hereto as **Exhibit G** and incorporated herein by this reference, a Loan Agreement substantially in the form of Exhibit I attached hereto and incorporated herein by this reference, and the Regulatory Agreement 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.

1.1 "**Assignment**" is defined in Recital E.

1.2 "**Certificate of Completion**" is defined in Section 5.15.

1.3 "**City**" is defined in the Preamble.

1.4 "**City Council**" is defined in Recital D.

1.5 "**City Documents**" is defined in Recital K.

1.6 "**Claims**" is defined in Section 5.17.

1.7 "**Conditions of Approval**" is defined in Section 5.2.

1.8 "**Construction Plans**" is defined in Section 5.11.

1.9 "**County Lease**" is defined in Recital D.

1.10 "**Environmental Laws**" is defined in Section 10.4.

1.11 "**Financing Plan**" is defined in Sections 3.3 and 5.7.

1.12 "**Hazardous Materials**" is defined in Section 10.3.

1.13 "**Improvements**" is defined in Section 5.2.

1.14 "**Indemnitees**" is defined in Section 5.17.

1.15 **"Official Records**" means the Official Records of Sacramento County.

1.16 "**Project**" is defined in Recital G and further described in Section 5.2.

1.17 "**Regulatory Agreement**" is defined in Recital H.

1.18 "**Transfer**" is defined in Section 8.2.

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 501(c) (3) not-for-profit corporation, 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 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 substantially in the form attached hereto as **Exhibit E** and incorporated herein by this reference, which shall be recorded in the Official Records promptly upon execution of this Agreement. The City 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 ASSIGNMENT OF COUNTY LEASE

3.1 Conditions Precedent. City shall assign the County Lease, as it is applicable to the Phase I Property, as more completely described in **Exhibit C** as Parcel 1 and the Air Rights Parcel , to Developer, in accordance with the provisions of Article IV herein following Developer's satisfaction of the conditions set forth in this Agreement and within the time limits specified in the Development Schedule attached hereto as **Exhibit F** and incorporated herein by this reference, unless such time is extended by the City at the discretion of the City Manager.

3.2 Scope of Development. Developer's proposed Scope of Development 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 G** 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 a Financing Plan for the Project ("**Financing Plan**"), attached hereto as **Exhibit H** and incorporated herein by this reference. This plan is to reflect current projected construction and operating costs. The Financing Plan is to be consistent with numbers and costs submitted to the Tax Credit Allocation Committee **("TCAC")** and is required to be updated as the information reported to **TCAC** is updated**.**

ARTICLE IV

DISPOSITION OF THE PHASE I PROPERTY

4.1 Assignment of County Lease and Air Rights Parcel . Provided that all conditions precedent set forth in this Agreement have been satisfied, City shall assign to Developer all of City's rights and responsibilities in the County Lease (**Exhibit A)** for Phase I Property which actions taken together describe the disposition of property associated with Parcel 1 and the Air Rights Parcel as described in **Exhibit C**, 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; (b) liens for nondelinquent taxes, assessments, and/or bonds; (c) title exceptions set forth in the Preliminary Title Report for the Property issued by Fidelity National Title Company and dated as of October 16, 2014; and such other conditions, liens, encumbrances, restrictions, easements and exceptions as Developer may approve in writing (all of the foregoing collectively referred to as the "**Permitted Exceptions**"). Following the Effective Date, absent the consent of Developer, City shall not cause or voluntarily agree to allow a lien or other encumbrance to attach to the Phase 1 Property which would remain effective following such County Lease assignment.

4.2 Terms of Assigned County Lease and Infirmary Air Rights Parcel. The terms of both the assigned County Lease and the assignment of the Air Rights Parcel from the City to Developer shall be for a term not to exceed ninety-nine (99) years from the date of the

effective date of the County/City lease but in no event longer than the termination date of the County/City lease. In the event that Developer has failed to obtain each entitlement, permit or approval required for the installation of improvements for Phase One, the term of this Agreement shall end no later than June 25, 2016. Other such termination dates applicable to other phases shall not apply to the performance requirements to phase 1.

4.3 Cost of Assignment of Ground Lease and Air Rights Parcel. The cost of the assignment of the County Lease for the Phase I Property and the Air Rights Parcel shall be One Hundred Dollars and No Cents ($100.00) ("**Assignment Cost**").

4.4 Air Rights Parcel. Prior to the effectiveness of the Air Rights Parcel Assignment, Developer shall submit for City's review and approval a Declaration Establishing Reciprocal Easements running with the Land agreed to in content by both Developer and VRCA its affiliate with respect to the roles and responsibilities of Developer, and VRCA for the maintenance and operation of the defined space during the course of occupancy of the defined space by Developer or its permitted assignees which Declaration shall be in substantially the same form as set forth in Exhibit J attached hereto.

4.5. 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.

4.6 Costs of Closing and Escrow. City shall pay all costs associated with removing any debt encumbering the Phase I Property and for all title insurance premiums for policies City may elect to acquire for the Phase I Property. All other Closing and Escrow costs, including without limitation all title insurance premiums for policies Developer elects to acquire, shall be paid by Developer.

4.7 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 or lender may agree upon in writing, shall serve as Escrow instructions for the assignment of the Lease and Air Rights Parcel. Not later than one (1) day prior to the Closing Date, provided that all conditions precedent to conveyance have been satisfied, City shall deposit into Escrow an executed Assignment of Lease and Air Rights Parcel. 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 DDA, and (iii) the Assignment.

4.8 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.

b. Execution of Documents. Developer shall have executed and acknowledged the Regulatory Agreement, the Memorandum of DDLA, the Assignment of Lease

and Air Rights Parcel and all other documents required hereunder, including without limitation any documents required by HCD, 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.

d. Air Rights Parcel. The Air Rights Parcel shall be a separate legal parcel.

4.9 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 Land Assignment, the Air Rights Parcel Assignment 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 a Leasehold ALTA title policy for the benefit of Developer, showing rights to the use of the Phase I Property and use of the Infirmary space pursuant to the Assignment vested in Developer, 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 by Developer.

ARTICLE V

DEVELOPMENT OF THE PROJECT

5.1 The Phase I Property. City represents and warrants that as of the Effective Date: (i) City possess a 99-year lease of the Phase I Property (ii) and in connection with the Second Amendment to Lease Agreement to be entered into between the City and the County, the City will own the Infirmary Building during the term of the County/City lease, and (iii) neither the Phase I Property nor the Infirmary Building is 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. 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 entity with jurisdiction over the Project or the Parcel I 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 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 Project will consist of a three (3)-story, stick built, slab on grade building with at least two (2) elevators ("**Building"**). To the maximum extent possible, all parking will be covered. Not more than fifty (50) units shall be comprised of up to forty-four (44) single bedroom units and six (6) two-bedroom units. The Building will include laundry facilities a community room, and common area quiet spaces either within the newly constructed spaces or in the 7,489 square feet Air Rights Parcel. Project design will be subject to the City's Design Review process. 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. All of the foregoing is collectively hereinafter referred to as the "**Improvements**."

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. Required CEQA and NEPA studies and reports have been completed, all necessary NEPA approvals have been obtained and 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 I Property without such compliance.

5.3 Affordable Housing for Homeless and Disabled Veterans. Developer covenants and agrees for itself, its successors and assigns that Developer's interest in the Phase I Property will be subjected to recorded covenants that will restrict use of the Phase I 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.

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 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 Phase I Property, (ii) comply with all Conditions of Approval and other design and use considerations as detailed in the City's Design Review approval per **Exhibit G** attached hereto and incorporated herein by this reference, (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 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 the approval of the 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 I Property and the Air Rights Parcel.

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 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, except costs and expenses related to initial ALTA survey, land assemblage, relocation, lot-line adjustment, parcel creation, initial market study and environmental clearance including additional environmental studies that may be required which costs are anticipated to be paid from the City's loan and which are to 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 H**), 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 proposed Tax Credit Allocation Committee ("**TCAC**") application. The Financing Plan may be the proposed TCAC proforma to be submitted with the TCAC application. Developer shall update the Financing Plan throughout the term of this Agreement to reflect any changes in the TCAC application proforma. Developer shall provide prior written notice to the City of any proposed modifications in excess of $25,000. If the request for modification is complete and if the City fails to approve of any such modification within fifteen (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 I 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.

Consistent with the Financing Plan, Developer has successfully applied for and received an award of nine percent (9%) low-income housing tax credits. Developer has submitted to the City a copy of Developer's application for tax credits. Current submitted TCAC financial information shall be reflected in the City-approved Financing Plan including a current schedule of sources and uses and updated development and operating pro formas, accompanied by evidence from Developer that all Project financing has been committed,, subject only to commercially reasonable conditions or allocation(s) for low-income housing tax credits from TCAC. Additionally, Developer shall provide City with copies of draft and final copies of its Tax Credit Investor letter of intent and will obtain written approval from the City of the delivery schedule of all tax credit equity proceeds. Such approval will not be unreasonably withheld.

Developer agrees to use best efforts to operate and manage the Project so as to maximize residual receipts there from using residual receipts to the maximum extent permitted to fund social services programs for Project residents.

5.8 Development Schedule (9% Tax Credit Scenario). Developer shall commence and complete plan development and 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 attached Development and Performance Schedule attached as **Exhibit F** 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 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 the later of : (i) December 15, 2014, or (ii) the latest date as may be permitted by TCAC. Developer, following the award of tax credits, shall diligently prosecute to completion the construction of the Project and record a final certificate of occupancy in no event later than June 1, 2016 or such earlier date as may be required by TCAC. 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 5.8 and **Exhibit F** shall be an Event of Developer Default hereunder.

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 I 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 G)** 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 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 I 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 in excess of $25,000, 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(s) 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.

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, 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, 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.

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 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, 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 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 I 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 I Property.

5.20 Right of City to Satisfy Liens on the Phase I Property. If Developer fails to satisfy or discharge any lien or stop notice on the Phase I 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 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 I 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 I Property and the Improvements.

5.21 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 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 permanent loan to Developer from a combination of sources including State and City Local Housing Trust Funds, to be used primarily as predevelopment and "gap" financing in the total principal amount not to exceed Two Million Dollars and No Cents ($2,000,000.00) ("**Permanent Loan**"). The Permanent Loan is made for development of the Project upon the terms and conditions and for the purposes set forth in this Agreement. All funds identified herewith will comprise the permanent financing and shall have such terms and conditions as are described in the Regulatory Agreement attached hereto as **Exhibit D**. The Permanent Loan shall be evidenced by a Secured Promissory Note in the amount of Two Million Dollars and No Cents ($ 2,000,000) ("**Permanent Note**"), dated as of the Closing date for the Permanent Loan 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 HCD and recorded against the Phase I Property or other property of the Developer, satisfactory to the City. 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. The outstanding principal balance of the Permanent Loan shall be due and payable in full in fifty-five (55) years from issuance of the Project Certificate of Completion for the Project, without interest. Annual payments shall be due and payable on a residual receipts basis. The entire outstanding principal balance of the City's Permanent Loan shall be payable in full on the fifty fifth (55^{th}) 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 I**.

6.2 City Funds. All funds provided by City to Developer for the Project, whether denominated as Predevelopment Funds, Permanent Financing, or otherwise, are collectively referred to herein as "City Funds"

6.3 Use and Disbursement of City Deferred Permanent Loan, Conventional Debt-serviced Permanent Loan, additional grant funding and Tax Credit Equity Funds (collectively, the **"Project Funding")**. 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. The Developer will invoice the City for Predevelopment Funding 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 H**. In the event that the development does not proceed to a construction loan closing, Developer will have no obligation for the repayment of the

Predevelopment Funding and will convey to the City all technical and design documents produced to date, pursuant to **Exhibit I**. All uses of Project Funding shall follow federal and State 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 City Permanent Loan funds is conditioned upon the satisfaction of all of the following conditions:

(a) For funding prior to commencement of construction ("Predevelopment Phase"):

(i) Developer's execution and delivery to City of this Agreement, the Memorandum of this document, the Regulatory Agreement and the executed Assignment and Assumption Agreement between Mercy Housing California and the limited partnership to own the **Improvements** as described in section 5.2 of this **DDLA**.

(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 I Property or in the financial or other condition of Developer since the date of this Agreement.

(v) City's written agreement to the costs and schedule of products represented in the Projected Construction Cost phase of the Financing Plan attached as **Exhibit H**. Such costs shall be consistent with the total Project Financing Plan as seen in Exhibit H to the February 18, 2014 amended and Restated DDA. Developer shall provide a brief written explanation of any significant changes from the 2/18/14 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 construction loan closing, City's written approval of the updated Financing Plan to be attached as an amendment to **Exhibit H**, reflecting all Project costs, all sources of Project funding, 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. The amended Financing Plan shall provide evidence for an orderly transition to the permanent loan phase of the project.

(ii) Fully executed Permanent Loan Documents for the City's Permanent Funding identifying payment protocol (to be determined in accordance with funding source requirements), and recordation of the Memorandum of this Agreement , Assignments, Construction Loan Documents, Leasehold Deed of Trust, and 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 evidence reasonably satisfactory to City that Developer has secured TCAC tax credits and any other binding commitments, subject only to commercially reasonable conditions, for all required Project construction and permanent financing; and in addition to items described in (i) and (ii) above, 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.

6.5 Payment for City Costs. City will be paid $150,000 for activity delivery and administrative costs incurred by City in the development and occupancy of the Project. Instruction for this payment is to be included in the escrow instructions for the release of the funds to the City from proceeds of the construction loan closing or the first construction draw.

ARTICLE VII

USE OF THE PHASE I PROPERTY

7.1 Use; Affordable Housing. Developer covenants and agrees for itself and its successors and assigns that the Phase I Property shall be subject to recorded covenants that will restrict use of the Phase I 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 used for the development and operation of a multi-family residential project for homeless and disabled veterans, in accordance with the terms and conditions of this Agreement and the Regulatory Agreement. 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.

7.2 Maintenance. Developer, at its own expense, shall maintain the Phase I 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 Phase I 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 I Property or at the Project. Developer shall prevent and/or rectify any physical deterioration of the Phase I Property and the Project and shall make all repairs, renewals and replacements necessary to keep the Phase I 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 Developer's acquisition of the Phase I Property.

7.3 Taxes and Assessments. From and after Developer's assumption of the County Lease, 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 I 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 I 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.

7.4 Obligation to Refrain from Discrimination. From and after Developer's acquisition of the Phase I Property, Developer shall not restrict the rental, sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Phase I 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 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 I 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 I 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 I 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 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 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 I 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 or partial sale, transfer, conveyance, assignment or lease (collectively, "**Transfer**") of the whole or any part of Developer's interest in the Phase I 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 I Property, the Project and the Improvements shall apply commencing upon Developer's assumption of the County Lease. 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, (a) either the admission of an investor limited partner, transfer of limited partner interests in the Developer or its permitted assigns, or any transfer of interests within such limited partner, to subsequent limited partners and (b) the removal of the general partner of Developer by the investor limited partner for a default by the general partner under the Amended and Restated 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 I Property; (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, construction or permanent financing of the Project or the Phase I 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; or (v) a Transfer to a single purpose limited partnership in which at least one of the general partners is an affiliate controlled by Mercy Housing California, a 501(c)(3) California nonprofit corporation ("Controlled Affiliate") Notwithstanding the prohibition on transfer set forth in Section 8.2 of this Agreement, the City acknowledges and agrees that the Limited Partner may remove any general partner of the Developer at any time in accordance with the terms and provisions of that certain Amended and Restated Agreement of Limited Partnership of the Developer dated [_____], 2014 (the "Partnership Agreement"), provided that the substitute general partner shall be acceptable to the City in its reasonable discretion. An affiliate of the Limited Partner shall be an acceptable substitute general partner. The Limited Partner may appoint a temporary replacement for the general partner of Developer without City's consent so long as such replacement is an affiliate of Limited Partner. In addition, the City will permit the Limited Partner to transfer its limited partner interest, and any ownership interests of the Limited Partner, to any person without the City's consent, provided that the Limited Partner remains liable for its capital contributions as set forth in the Partnership Agreement.

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 I 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 (iv) of Section 8.3):

(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 Phase I 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.

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 I 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.

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 I 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 I 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's Chief Executive officer 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, 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 I 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 I Property or the Improvements, or other property of Developer, 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 Phase I Property or the Improvements (or any portion thereof), or other property of Developer, 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 Property or Improvements, or other property of Developer, 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 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 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.

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 I 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 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..

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 and development of Phase 1 of the property and of the Phase 1 Property and not to subsequent phases of the Project. When used in this agreement, the term "default" is intended to refer to a default arising under Phase 1 of the project or arising out of this agreement and is not intended to refer to a default arising solely out of a subsequent disposition and development agreement or solely during a subsequent phase of the project. "

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 I Property or any portion thereof. From and after Developer's assumption of the County Lease, as applicable, upon receipt of any notice regarding the presence, release or discharge of Hazardous Materials in, on or under the Improvements, the Phase I Property, 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 Phase I Property:

(i) Developer shall not knowingly permit the Project or the Phase I 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 I 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 I Property and each portion thereof in compliance with, and shall not cause or permit the Project or the Phase I 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 execution 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 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 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 10.2 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 sole

negligence of the Developer or its agents, Developer's indemnification obligations set forth in this Section shall not apply to Claims regarding the Phase I Property arising out of or occurring prior to Developer's acquisition of the Phase I 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 8.2 above, are in no way limited or otherwise affected by any information the City may have concerning the Phase I Property 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 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 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 (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 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 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 I Property or the Project or fails to pay when due any other charge that may result in a lien on the Phase I 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 I Property, a default arises under any loan secured by a mortgage, deed of trust or other security instrument recorded against the Phase I 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 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 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) The Developer shall have voluntarily suspended its business or Developer shall have been dissolved or terminated;

(k) An event of default arises under any City Document and remains uncured beyond any applicable cure period; or

(l) 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 (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.

(m). Rights of Limited Partners. Developer's limited partners shall have the right to cure any default of Developer hereunder upon the same terms and conditions afforded to Developer. Whenever City delivers any notice of default hereunder, City shall concurrently deliver a copy of such notice to Developer's limited partner(s) at the following address (or such alternate address designated by such limited partner(s) from time to time in a written notice to City):

Wells Fargo Affordable Housing
Community Development Corporation
MAC D1053-170
301 South College Street
Charlotte, NC 28288
Attn.: Director of Tax Credit Asset

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;

(c) Foreclose on the 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 I 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 solely 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.

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 I 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 Mercy Housing California 61, LP (Partnership) and the City as co-loss payee(s). 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 Partnership and City as co loss payees.

(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 Partnership and City 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 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.

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.

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;

(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: 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: Mercy Housing California,
3120 Freeboard Drive, Suite 202
West Sacramento, CA 95691
Attn: Stephan Daues

Facsimile: (916) 414-4490

Investor: 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

VRCA: Veterans Resource Center of America
Administrative Offices
P.O. Box 378
Santa Rosa, CA 95402

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 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 J 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 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 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 for any amount which may become due to Developer or its successors in interest pursuant to this Agreement.

13.16 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.

13.17 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.

13.18 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. 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.

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

Mercy Housing California, a 501(c)(3) California nonprofit corporation

By: _____

Name: _____

Title: _____

Exhibit A
CITY – COUNTY LEASE AGREEMENT

Exhibit B
ASSIGNMENT AND ASSUMPTION AGREEMENT

Exhibit C
LEGAL DESCRIPTION OF PHASE I PROPERTY

Exhibit D
AFFORDABLE HOUSING REGULATORY AGREEMENT

Exhibit E
MEMORANDUM OF DISPOSITION, DEVELOPMENT, AND LOAN AGREEMENT

Exhibit F
DEVELOPMENT AND PERFORMANCE SCHEDULE

Exhibit G
APPROVED PLANS PER DESIGN REVIEW

Exhibit H
FINANCING PLAN

Exhibit I
LOAN AGREEMENT

Exhibit J
RECIPROCAL EASEMENTS AND CONVENANTS AGREEMENT

2234982.1

Exhibit A

COUNTY/CITY 99 YEAR LEASE (3.69 ACRES) 6/25/13

1st Amendment (12/16/13)

2nd Amendment (11/4/14)

ATTACHMENT 2

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APPROVED
BOARD OF SUPERVISORS
Resolution 2014-0857
NOV 04 2014
By Cynthia Lee
Clerk of the Board

COUNTY OF SACRAMENTO
CALIFORNIA

For the Agenda of:
November 4, 2014

To: Board of Supervisors

From: Department of Community Development

Subject: Approve Second Amendment To Lease Agreement With City Of Rancho Cordova For County-Owned Property At Mather And Authorize The Director Of The Office Of Economic Development, Or His Designee, To Execute The Amendment

Supervisorial District(s): Nottoli

Contact: Clark Whitten, Program Manager, 874-2555

Overview
The County of Sacramento leases a 3.69 acre parcel located at Mather (APN 067-0010-099) to the City of Rancho Cordova. The property, presented in Attachment 1, is planned for development of the Mather Veterans Village which is a transitional and permanent supportive housing development that will serve disabled homeless veterans. The City of Rancho Cordova is working in conjunction with Mercy Housing and the Veterans Resource Center of America to develop the Mather Veterans Village. Construction of Phase 1 is expected to commence late this year. The Second Amendment as presented in Attachment 2 clarifies ownership, by the City of Rancho Cordova, of the building and the related improvements.

Recommendations
1. Approve the Second Amendment to the Lease Agreement with City of Rancho Cordova.
2. Adopt the attached resolution, authorizing the Director of the Office of Economic Development and Marketing, or his designee, to execute the Second Amendment to the Lease Agreement with City of Rancho Cordova.

Measures/Evaluation
Actions recommended in this report support job creation, capital investment and improved quality of life for the homeless veterans in the County.

Fiscal Impact
The City of Rancho Cordova is responsible for the funding of design, demolition, construction, renovation and maintenance of the Mather Veteran's Village.

BACKGROUND

On June 18, 2013 the Board of Supervisors approved a 99-year lease (Lease) of 3.69 acres of County-Owned property that included a vacant 24,000 square foot building to the City of Rancho Cordova for development of the Mather Veterans Village Project. On December 10, 2013, the Board of Supervisors approved the First Amendment that allowed the City of Rancho Cordova to subdivide the 3.69 acre parcel into three parcels. The new Parcel Map subdividing the property into three parcels should be completed by November 15, 2014.

DISCUSSION

The June 18, 2013 approved Lease contained language that conveyed the building as personal property to the City of Rancho Cordova with the County retaining ownership of the property. Due to tax credit financing requirements, the City of Rancho Cordova has requested the Second Amendment to the Lease in order to clarify that the City owns the building and related improvements.

MEASURES/EVALUATION

Actions recommended in this report support job creation, capital investment and improved quality of life for the homeless veterans in the County.

FINANCIAL ANALYSIS

The City of Rancho Cordova is responsible for the funding of design, demolition, construction, renovation and maintenance of the Mather Veteran's Village.

Respectfully submitted,

LORI A. MOSS, Director
Department of Community Development

APPROVED:
BRADLEY J. HUDSON
Sacramento County Executive Officer

By: _____
ROBERT B. LEONARD
Chief Deputy County Executive

Attachments:
Resolution
Attachment 1 – Map
Attachment 2 – Second Lease Amendment

ATTACHMENT 2

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RESOLUTION NO. 2014-0857

RESOLUTION OF THE BOARD OF SUPERVISORS APPROVING SECOND LEASE AMENDMENT FOR COUNTY-OWNED PROPERTY LOCATED AT MATHER AND AUTHORIZE THE DIRECTOR OF THE OFFICE OF ECONOMIC DEVELOPMENT OR HIS DESIGNEE TO EXECUTE THE AMENDMENT

WHEREAS, the County owns a 3.69 acre parcel (APN 067-0010-099) located at Mather; and

WHEREAS, City of Rancho Cordova has a 99 year lease of the parcel to design, construct and maintain the Mather Veterans Village; and

WHEREAS, City of Rancho Cordova desires to clarify that the City of Rancho Cordova owns the Infirmary Building and all related improvements; and

NOW THEREFORE, BE IT RESOLVED AND ORDERED that the BOARD OF SUPERVISORS of the COUNTY OF SACRAMENTO, a political subdivision of the State of California, approves the attached Second Lease Amendment.

BE IT FURTHER RESOLVED AND ORDERED that the Director of the Office of Economic Development and Marketing, his designee or successors, is authorized to execute Second Lease Amendment, and to do and perform all services necessary to carry out the purpose of this Resolution.

On a motion by Supervisor MacGlashan, seconded by Supervisor Serna, the foregoing resolution was passed and adopted by the BOARD OF SUPERVISORS of the County of Sacramento, State of California, this 4th day of November 2014, by the following vote, to wit:

AYES: Supervisors, MacGlashan, Nottoli, Serna, Yee

NOES: Supervisors, None

ABSENT: Supervisors, None

ABSTAIN: Supervisors, Peters

Jeanne R Yee

Chair of the Board of Supervisors
Of Sacramento County, California

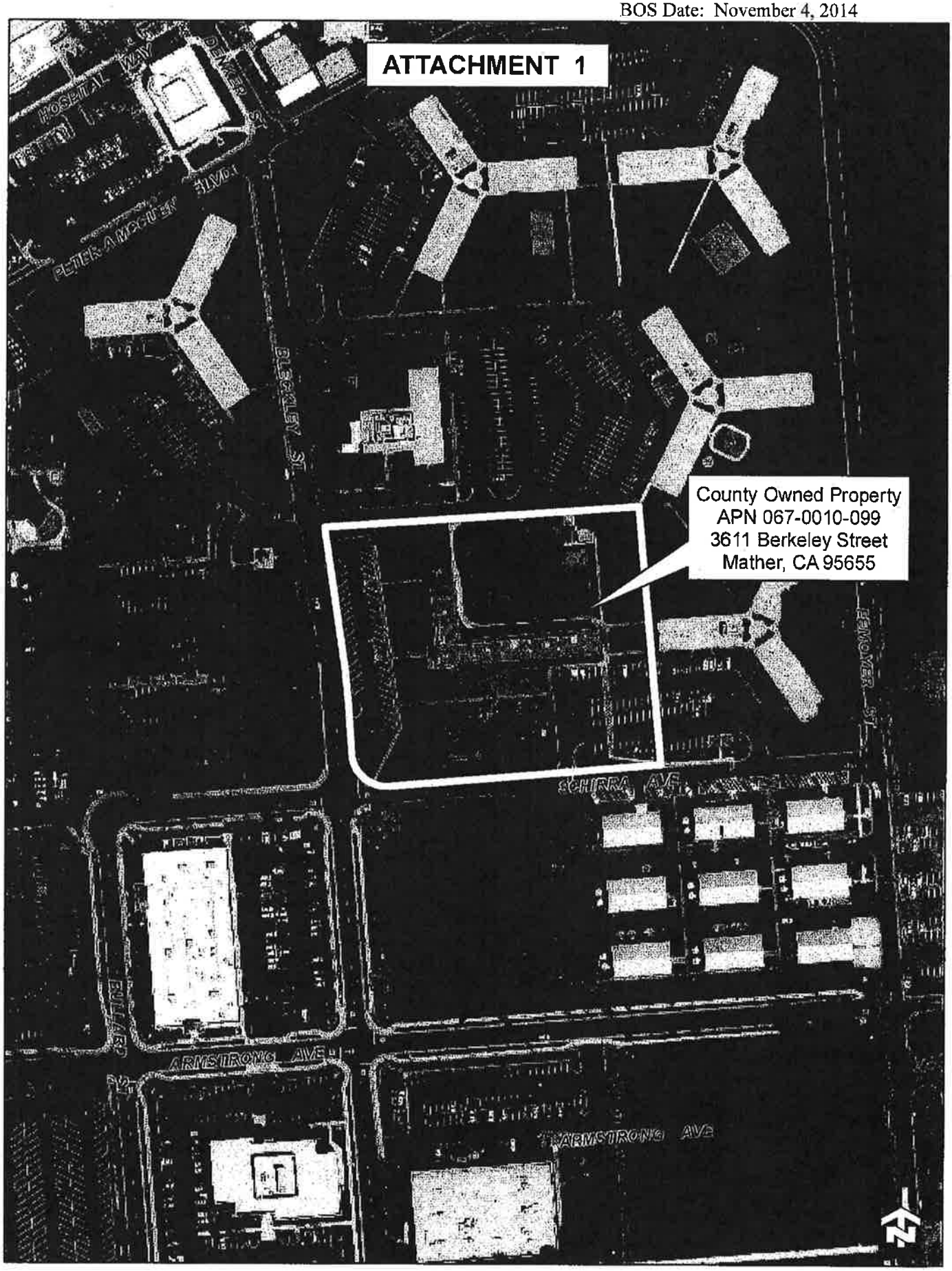
(SEAL)

ATTEST: Cyndi Lee
Clerk, Board of Supervisors

FILED
BOARD OF SUPERVISORS
NOV 04 2014
By Cyndi Lee
Clerk of the Board

In accordance with Section 25103 of the Government Code of the State of California a copy of the document has been delivered to the Chair of the Board of Supervisors, County of Sacramento on 11-4-14
By: Deputy Clerk, Board of Supervisors

ATTACHMENT 2
BOS Date: November 4, 2014



ATTACHMENT 2

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 as amended by that First Amended dated _____ (collectively, the "Lease") is made and entered into as of December 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

ATTACHMENT 2

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.

ATTACHMENT 2

IN WITNESS WHEREOF, the Parties have executed this Second Amendment to Lease Agreement as of the date first written above.

LESSOR:

COUNTY OF SACRAMENTO, a political subdivision of the State of California

Date: _____

By: _____
Troy Givans
Director of Office of Economic Development and Marketing
Under delegated authority by Resolution No. : _____
Dated: _____

REVIEWED AND APPROVED BY COUNTY COUNSEL:

By: _____
William Burke
Deputy County Counsel

CITY:

CITY OF RANCHO CORDOVA, a California municipal corporation

Date: _____

By: _____
Brian Nakamura
City Manager
Under delegated authority by Resolution No. 51-2013
Dated: May ____, 2013

REVIEWED AND APPROVED BY CITY ATTORNEY :

By: _____
Adam Lindgren
City Attorney

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:

COUNTY OF SACRAMENTO, a political subdivision of the State of California

Date: 12/16/13

By: _____
Troy Givans
Director of Office of Economic Development and Marketing
Under delegated authority by
Resolution No. : 2013-0830
Dated: 12-10-13

CITY:

CITY OF RANCHO CORDOVA, a California municipal corporation

Date: Nov. 22, 2013

By: _____
TED A. GAEBLER
CITY MANAGER
Under delegated authority by
Resolution No. 51-2013
Dated: May 20, 2013

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

ATTACHMENT 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	59-2013			
Amendment 1	59-2013-1			
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)
    - ☐ Publically 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: 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: 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

Rev. 4-17-13

"P:\Contracts\Contract Routing Transmittal Form.pdf"

Revenue File No: 00XXX

LEASE AGREEMENT

APN 067-0010-099

Between: **COUNTY OF SACRAMENTO**

and

CITY OF RANCHO CORDOVA

Effective: 6/25, 2013

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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 (2^{nd}) 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
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 Gaebler, City Manager

Under delegated authority by
Resolution No.: 51-2013
Dated: 5-20-13

REVIEWED AND APPROVED BY COUNTY COUNSEL:

By: _____
William Burke
Deputy County Counsel

REVIEWED AND APPROVED BY CITY COUNSEL:

By: _____

City Counsel

Exhibit A

Property

County Owned Property
APN 067-0010-099
3611 Bleckley Street
Mather, CA 95655

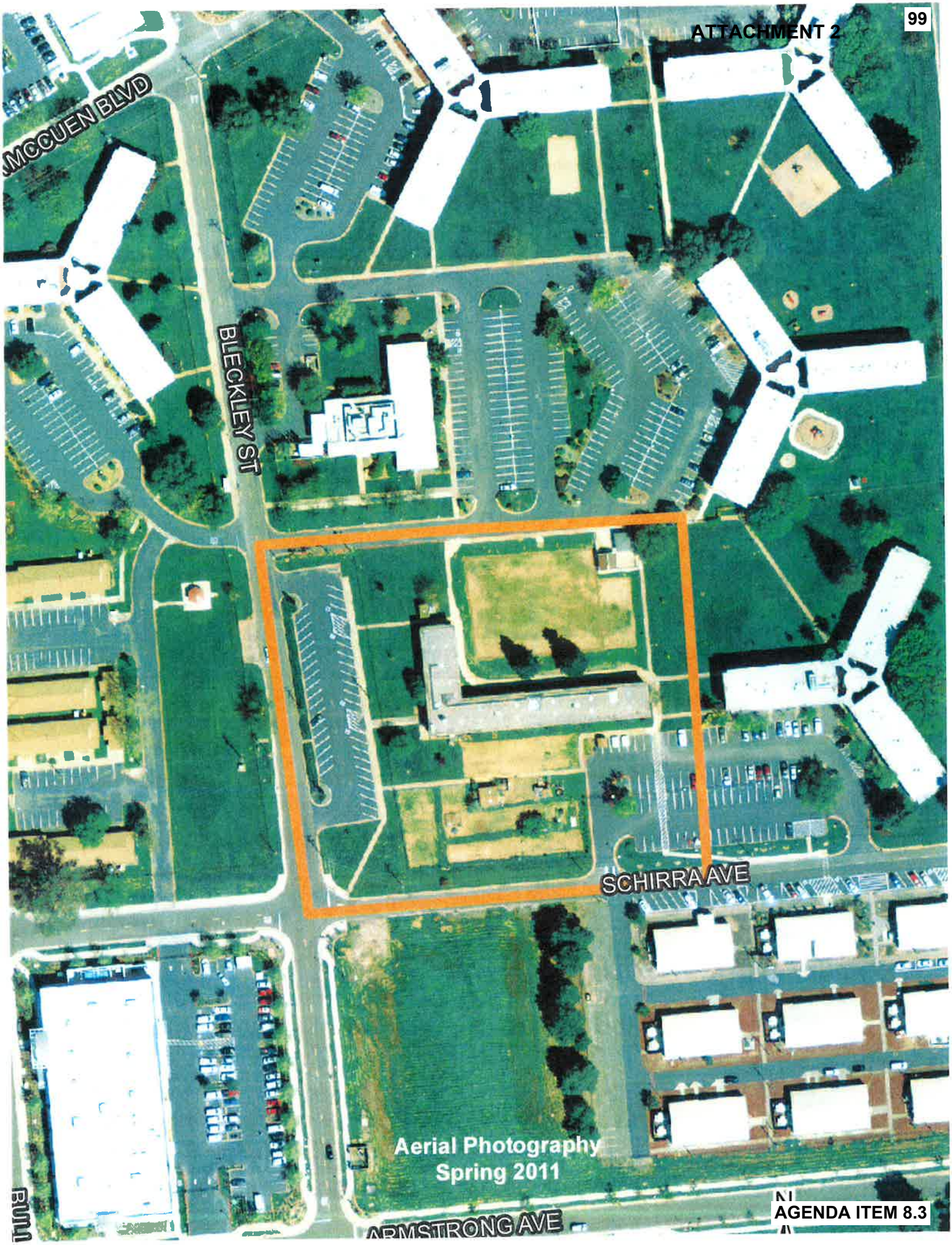

MCQUEN BLVD
BLECKLEY ST
SCHIRRA AVE
Aerial Photography
Spring 2011
ARMSTRONG AVE

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°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°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°31'31" East 442.22 feet ;
3.) South 04°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°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

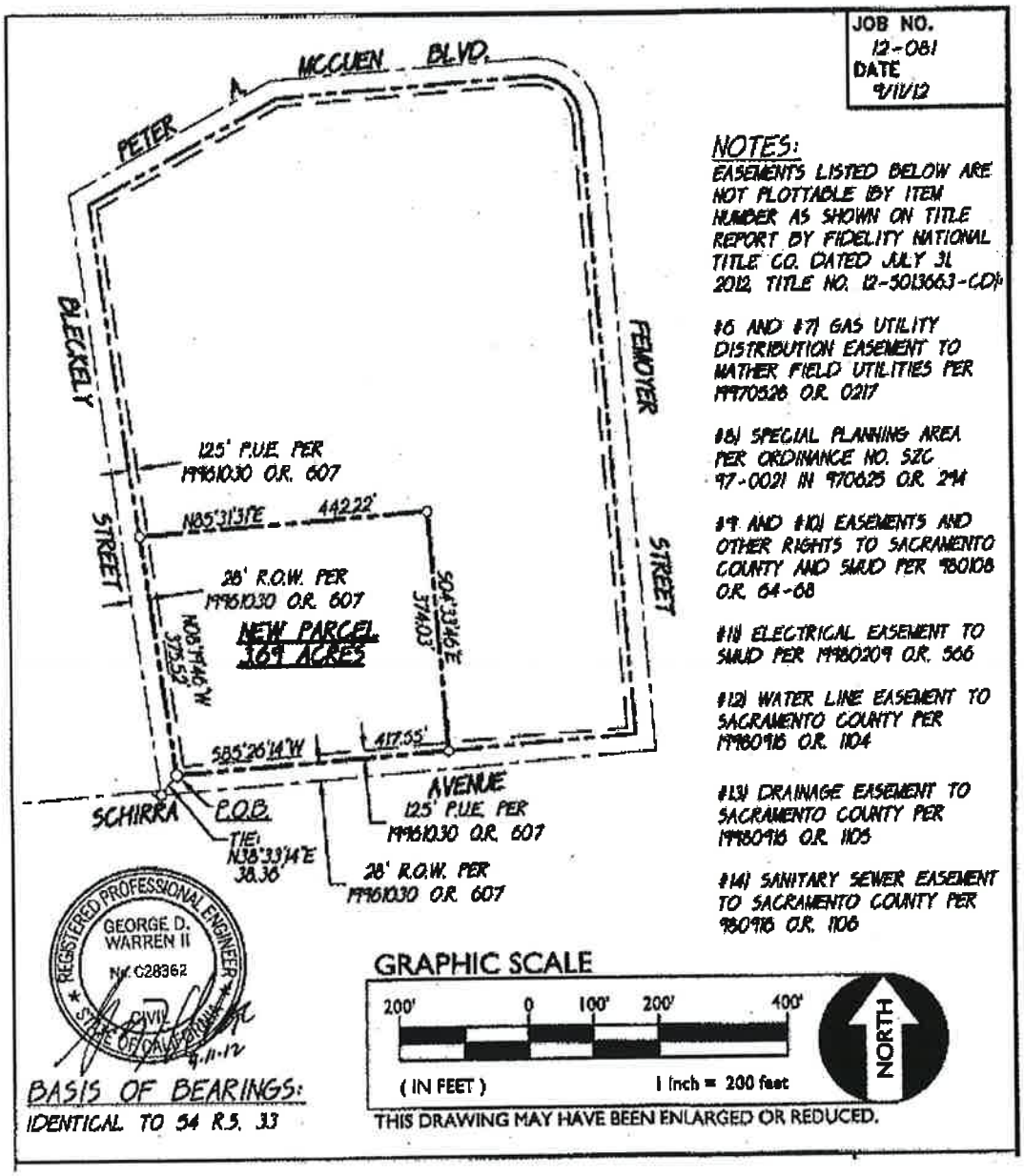
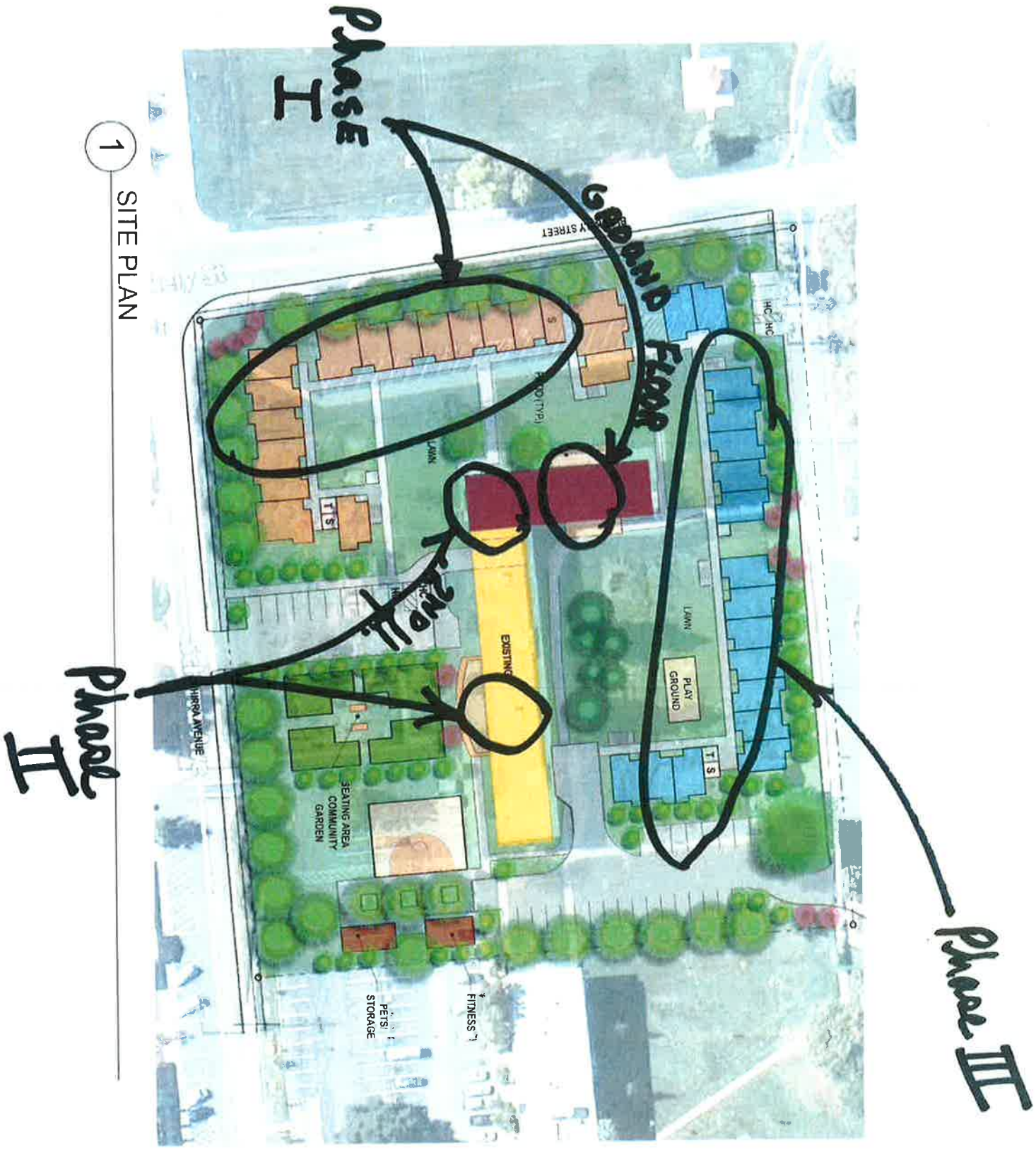


EXHIBIT "C"

Phasing Plan



1 SITE PLAN

MATHER FIELD VETERANS VILLAGE
SACRAMENTO/ CALIFORNIA

MOGAVERO NOTESTINE ASSOCIATES

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 Rcpt # 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: 5/2/13

Print Name & Date John Dito 5/2/13

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. C 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 packardi*), 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 (date) before me, Terie Glaspey (name of notary officer), Notary Public, 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

TERIE GLASPEY
Commission # 1898053
Notary Public - California
Sacramento County
My Comm. Expires Aug 1, 2014

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

L. Morse
Director of General Services

5/2/13
Date

RED No. ——

LOG No. QC 030226

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

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:

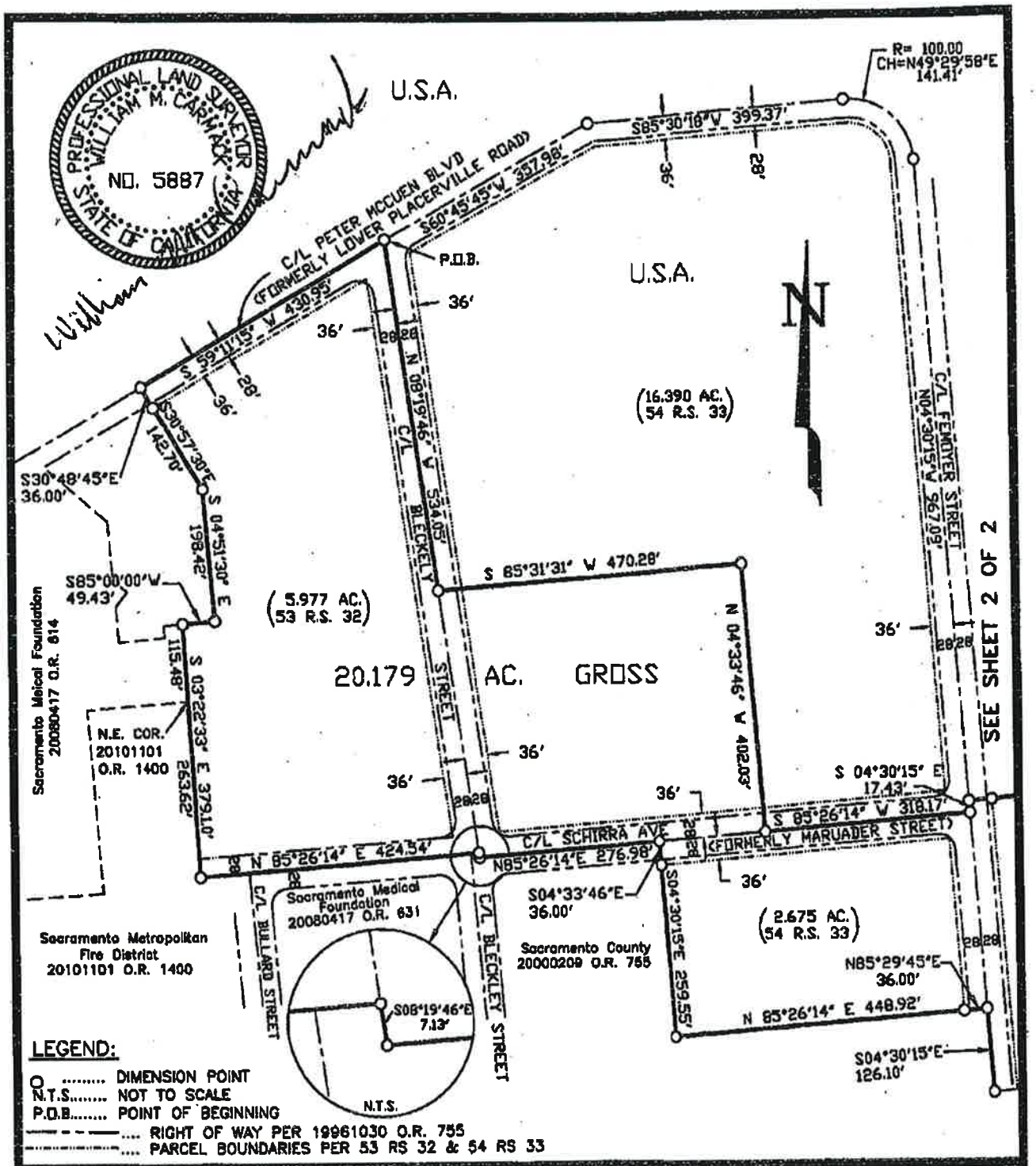
1) North 85°26'14" East, 154.04 feet;
2) South 04°33'46" East, 94.97 feet;
3) North 85°26'14" East, 337.94 feet;
4) North 04°33'46" West, 267.04 feet;
5) South 85°26'14" West, 112.39 feet;
6) North 04°33'46" West, 267.04 feet;
7) South 85°26'14" West, 379.14 feet to the northwesterly corner thereof;

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.

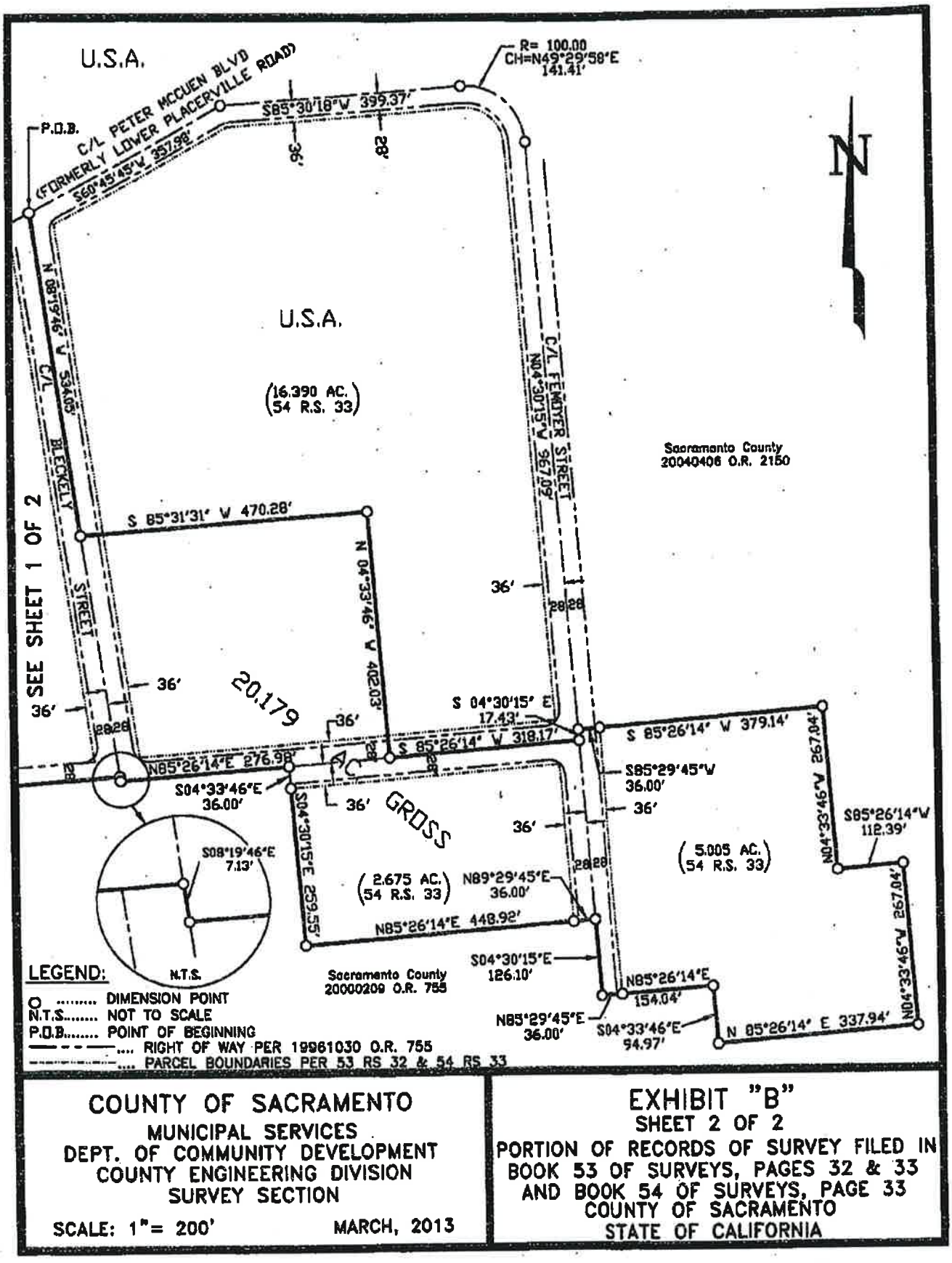
William M Carmack
William M. Carmack, P.L.S. 5887

3/18/2013
Date



COUNTY OF SACRAMENTO MUNICIPAL SERVICES DEPT. OF COMMUNITY DEVELOPMENT COUNTY ENGINEERING DIVISION SURVEY SECTION SCALE: 1"= 200' MARCH, 2013	EXHIBIT "B" SHEET 1 OF 2 PORTION OF RECORDS OF SURVEY FILED IN BOOK 53 OF SURVEYS, PAGES 32 & 33 AND BOOK 54 OF SURVEYS, PAGE 33 COUNTY OF SACRAMENTO STATE OF CALIFORNIA

Quitclaim Deed (Parcel C-12 - 20.179 acres)

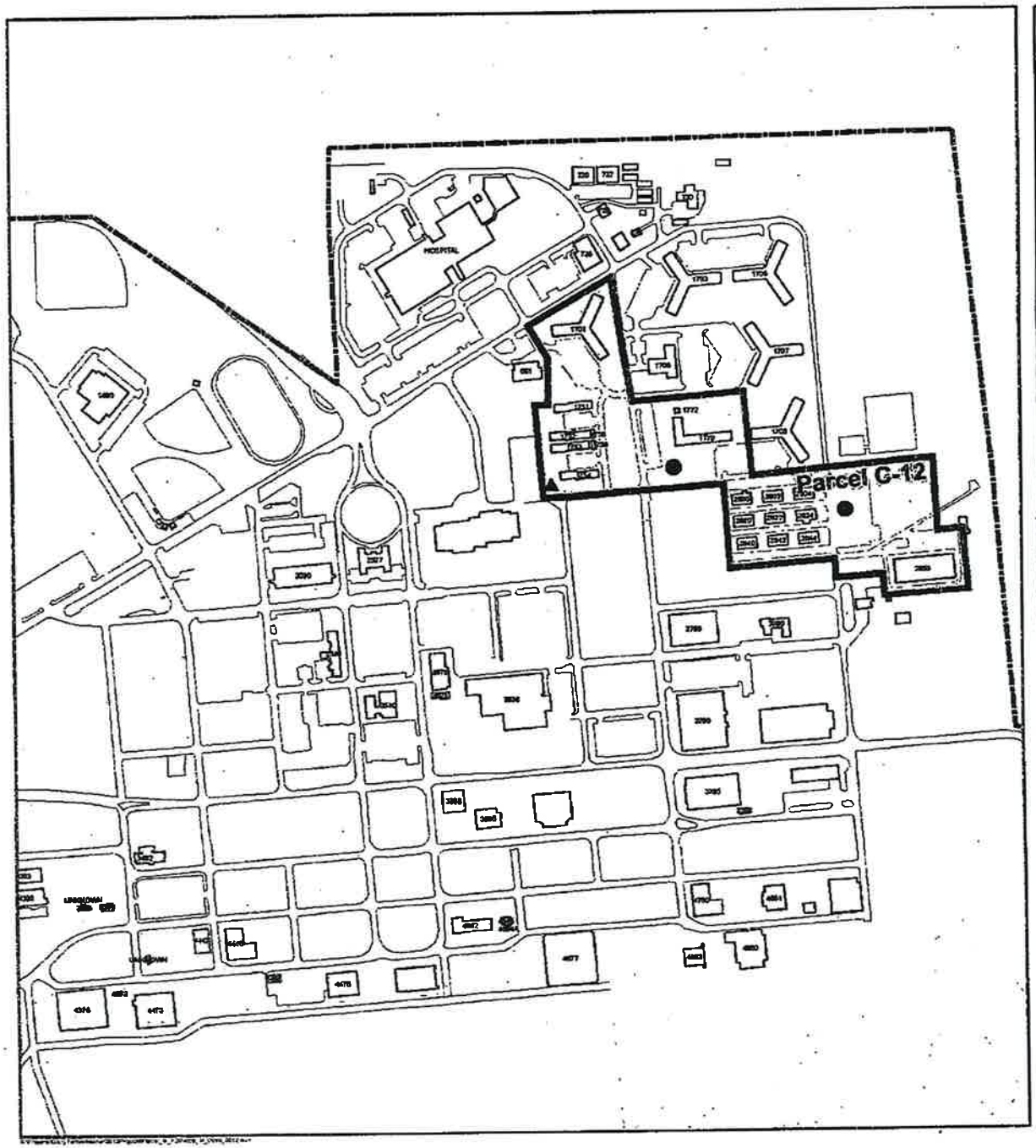


COUNTY OF SACRAMENTO
MUNICIPAL SERVICES
DEPT. OF COMMUNITY DEVELOPMENT
COUNTY ENGINEERING DIVISION
SURVEY SECTION

SCALE: 1"= 200' MARCH, 2013

EXHIBIT "B"
SHEET 2 OF 2
PORTION OF RECORDS OF SURVEY FILED IN BOOK 53 OF SURVEYS, PAGES 32 & 33 AND BOOK 54 OF SURVEYS, PAGE 33
COUNTY OF SACRAMENTO
STATE OF CALIFORNIA

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

N

0 250 500 1,000 Feet

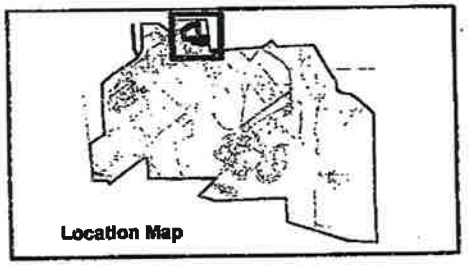


EXHIBIT E

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 (kg)	Date(s) Stored
Lacquer and Enamel Paints	Toluene, Xylene, Methyl Ethyl Ketone, Petroleum Distillates	varies	136 kg/month	1984

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) (lbs/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.

Main Base /SAC Area Plume (adjacent)

Substance	Regulatory Synonym(s)	CAS Registry Number	Quantity (kg/yr) (lbs/yr)	Date	Hazardous Waste ID Number	Response	Remarks
Trichloroethene	Trichloro-ethylene Ethylene trichloride Chlorylen TCE 1,1,2-Trichloro-ethylene	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.

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: _____ 6-25-13
TROY GIVANS
Date

Under delegated authority by
Resolution No. 2013-0391
Dated: 6-18-13

Approved As To Form

William Busko 6-24-13
County Counsel
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.

MARK E. DAILY
COMM. #1896181
Notary Public - California
Sacramento County
My Comm. Expires July 22, 2014

Witness my hand and official seal.

Signature: _____ (Seal)

2062729.2

Exhibit B

ASSIGNMENT AND ASSUMPTION AGREEMENT

ATTACHMENT 2

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 SECOND AMENDED AND RESTATED ASSIGNMENT AND ASSUMPTION OF LEASE ("**Assignment**"), is made as of the 17th day of November, 2014 (**"Effective Date")** by and between the City of Rancho Cordova, a California municipal corporation ("**Assignor"**), and Mercy Housing California., a California nonprofit corporation (**"Assignee"**)

RECITALS

WHEREAS, Assignor desires to assign to Assignee its interest in that certain Lease Agreement by and between Assignor 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 Phase I Property which Phase 1 Property is comprised of that certain Airspace Parcel together with that 1.11 acre parcel of vacant land as described in **Exhibit A** and incorporated herein by reference, (collectively the **Phase 1 Property)** and

WHEREAS, by Disposition and Development Agreement dated as of August 9, 2013 as amended and restated by that " Amended and Restated Disposition and Development Agreement" dated as of February 18, 2014 as amended and restated by that "Second Amended and Restated Disposition, Development and Loan Agreement dated as of November 17, 2014 (collectively "**DDLA**" herein) by and between Assignor and Assignee, Assignor agreed to transfer to Assignee, Assignor's leasehold interest in the **Phase I Property**;

WHEREAS, Assignee desires to assume the obligations of Assignor under the County Lease with respect to the Phase I 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 I Property.**

2. Ownership of Improvements. Until the termination of the County Lease, Assignee shall own all improvements on the premises including those currently upon the Premises (including the infirmary building) 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 I 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

MERCY HOUSING CALIFORNIA, a California nonprofit corporation

By: _____

Its: _____

ATTACHMENT 2

Exhibit A

LEGAL DESCRIPTION OF PROPERTY

Legal Description
Parcel 1

Being located within the City of Rancho Cordova and being Parcel 1 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.

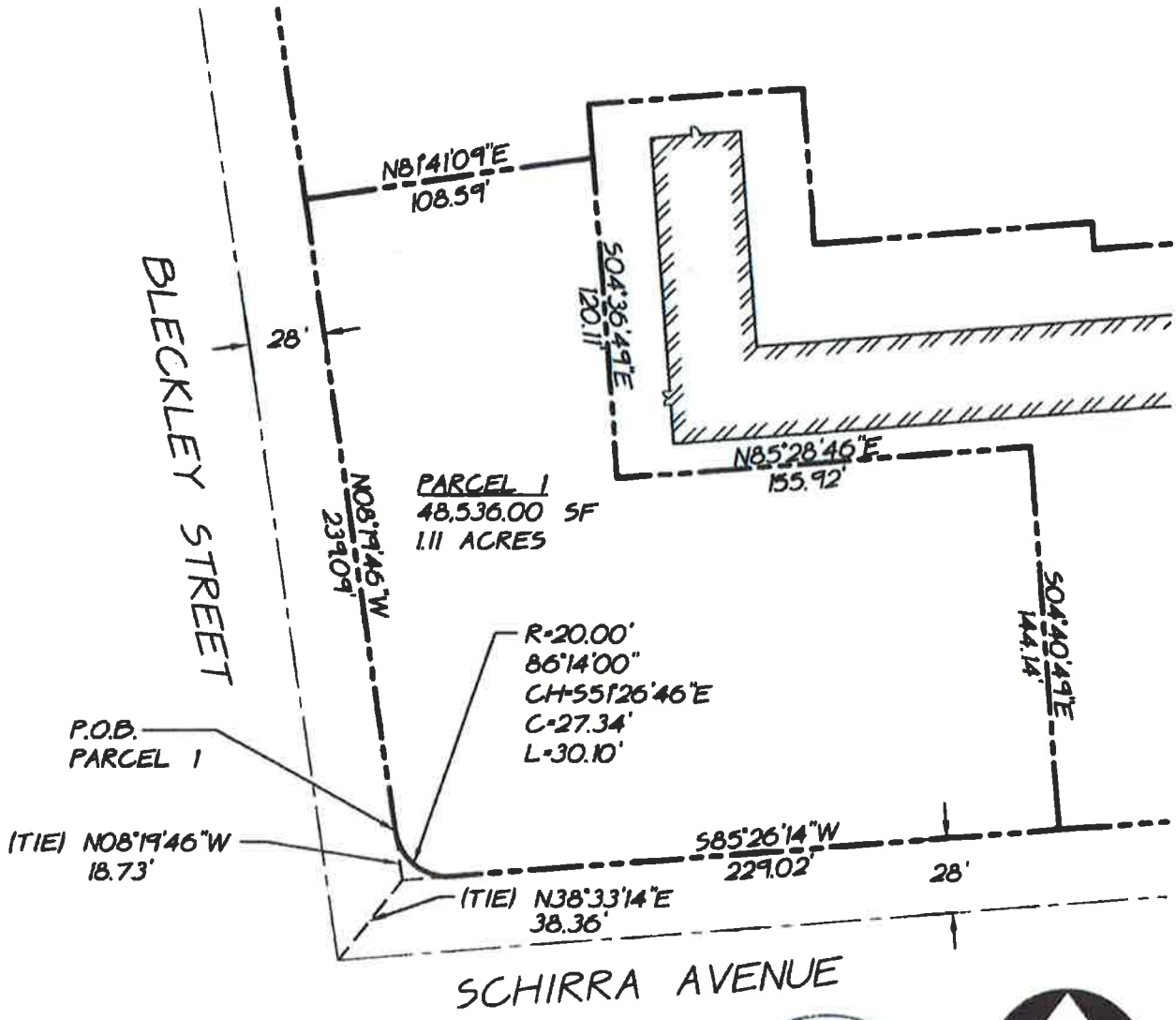
Together with Air Rights Parcel (Mercy)

Being a portion of Parcel 3 of aforesaid Parcel 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.

End of Description

Prepared By: Warren Land Surveying, Inc.
1117 Windfield Way, Ste. 110
El Dorado Hills, CA 95762
10/14/14

JOB NO. 12-081
DATE 09/30/14



REGISTERED PROFESSIONAL ENGINEER
GEORGE D. WARREN I
No. C28362
STATE OF CALIFORNIA

NORTH
0 60'
1 inch = 60 feet

BASIS OF BEARINGS:
THE BASIS OF BEARINGS FOR THIS SURVEY IS IDENTICAL TO RECORD OF SURVEY BOOK 54 PAGE 33.

EXHIBIT "B" - PARCEL 1

WARREN LAND SURVEYING, INC.
1117 Windfield Way, Suite 110
El Dorado Hills, CA 95762
916-955-1570

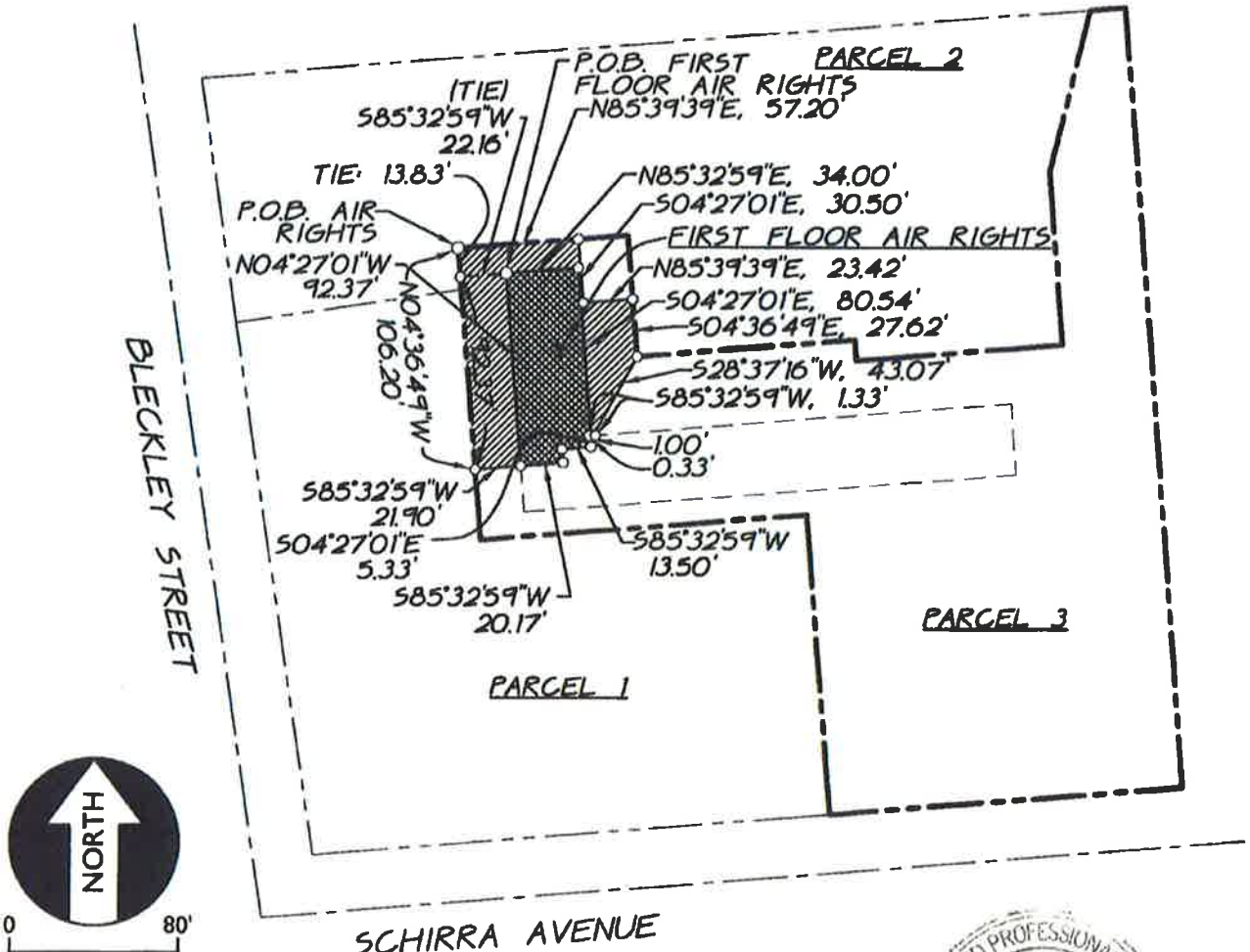
MATHER VETERANS VILLAGE
A PORTION OF
APN 067-0010-099

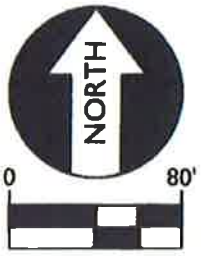
RANCHO CORDOVA, SACRAMENTO COUNTY, CALIFORNIA

SCALE 1"=60'

P-CAL PARCEL EXHIBITS

JOB NO. 12-081
DATE 09/16/14





1 inch = 80 feet

BASIS OF BEARINGS:

THE BASIS OF BEARINGS FOR THIS SURVEY IS IDENTICAL TO RECORD OF SURVEY BOOK 54 PAGE 33.

EXHIBIT "B" - AIR RIGHTS PARCEL (MERCY)

WARREN LAND SURVEYING, INC.
1117 Windfield Way, Suite 110
El Dorado Hills, CA 95762
916-985-1870

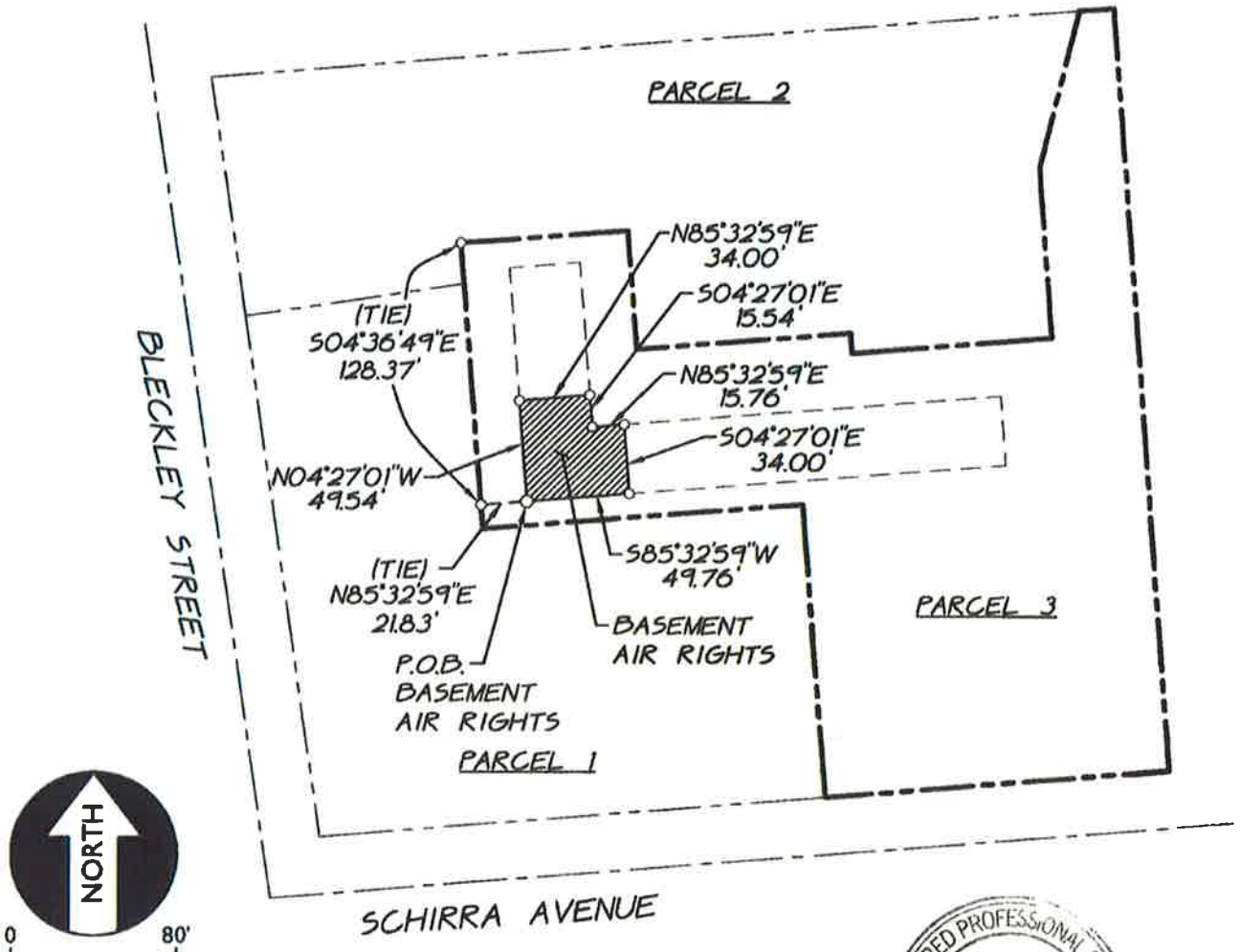
MATHER VETERANS VILLAGE
A PORTION OF
PARCEL 3

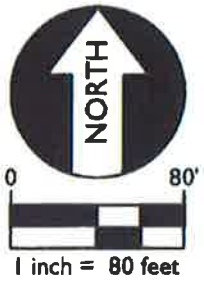
RANCHO CORDOVA, SACRAMENTO COUNTY, CALIFORNIA

SCALE 1"=80'

12-081 BLOCK-R -EXHIBIT

JOB NO. 12-081
DATE 09/16/14





1 inch = 80 feet

REGISTERED PROFESSIONAL ENGINEER
GEORGE D. WARREN II
No. C28362
CIVIL
STATE OF CALIFORNIA

BASIS OF BEARINGS:

THE BASIS OF BEARINGS FOR THIS SURVEY IS IDENTICAL TO RECORD OF SURVEY BOOK 54 PAGE 33.

EXHIBIT "C" - AIR RIGHTS PARCEL (MERCY)

WARREN LAND SURVEYING, INC.
1117 Windfield Way, Suite 110
El Dorado Hills CA 95762
916-985-1570

MATHER VETERANS VILLAGE
A PORTION OF
PARCEL 3

RANCHO CORDOVA, SACRAMENTO COUNTY, CALIFORNIA

SCALE 1"=80'

12-081 BLOCHER-EXHIBIT

Exhibit C

LEGAL DESCRIPTION OF PARCEL 1 PROPERTY

Legal Description
Parcel 1

Being located within the City of Rancho Cordova and being Parcel 1 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.

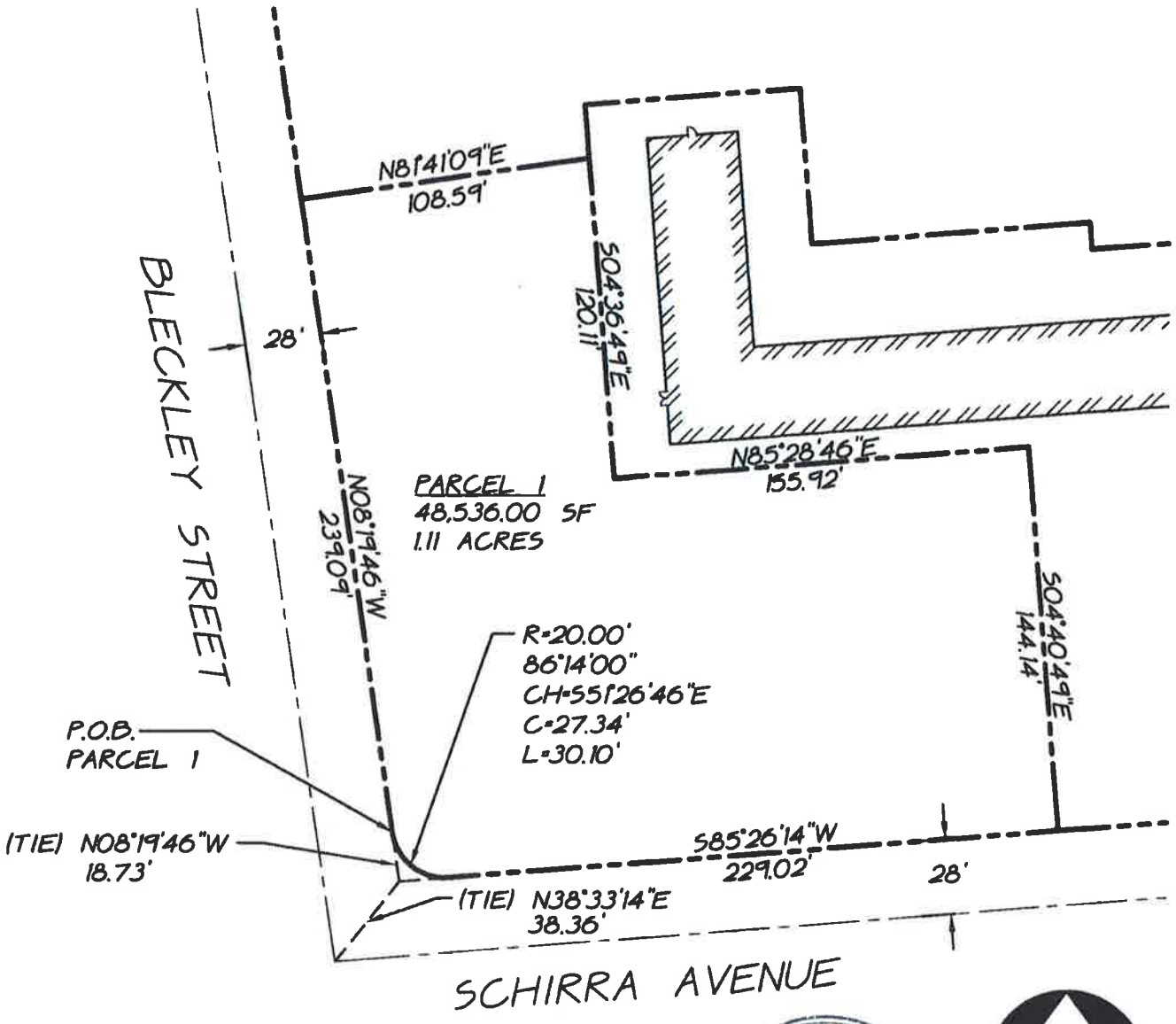
Together with Air Rights Parcel (Mercy)

Being a portion of Parcel 3 of aforesaid Parcel 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.

End of Description

Prepared By: Warren Land Surveying, Inc.
1117 Windfield Way, Ste. 110
El Dorado Hills, CA 95762
10/14/14

JOB NO. 12-081
DATE 09/30/14



REGISTERED PROFESSIONAL ENGINEER
GEORGE D. WARREN II
No. C28362
CIVIL
STATE OF CALIFORNIA

NORTH

0 60'

1 inch = 60 feet

BASIS OF BEARINGS:

THE BASIS OF BEARINGS FOR THIS SURVEY IS IDENTICAL TO RECORD OF SURVEY BOOK 54 PAGE 33.

EXHIBIT "B" - PARCEL 1

WARREN LAND SURVEYING, INC.
1117 Windfield Way, Suite 110
El Dorado Hills, CA 95762
916-955-1570

MATHER VETERANS VILLAGE
A PORTION OF
APN: 067-0010-099

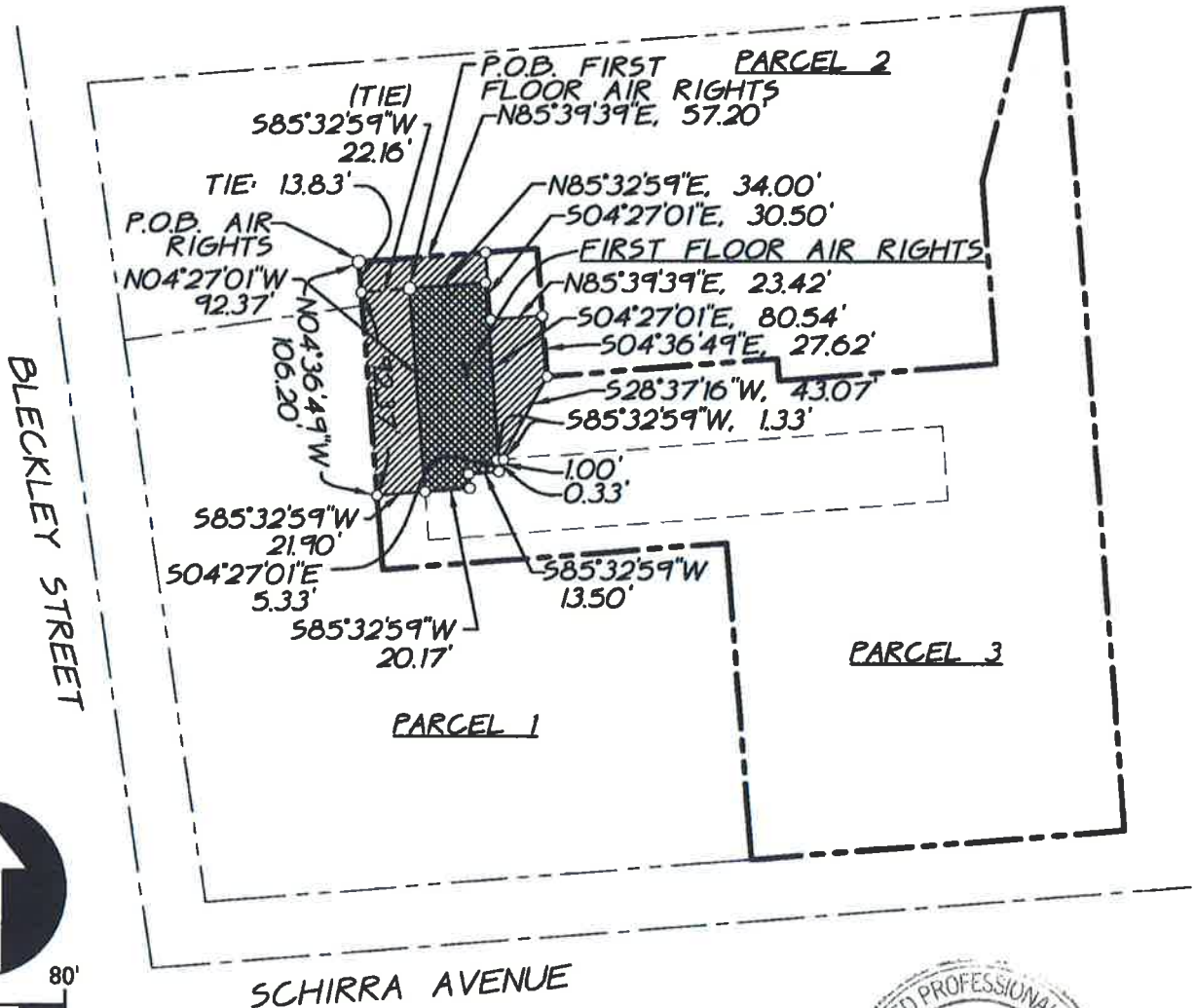
RANCHO CORDOVA, SACRAMENTO COUNTY, CALIFORNIA

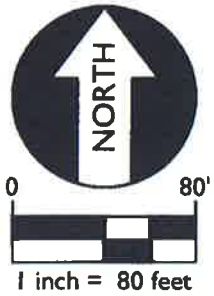
SCALE 1"=60'

SURVEY EXHIBITS 10-A

ATTACHMENT 2

JOB NO. 12-081
DATE 09/16/14





BASIS OF BEARINGS:

THE BASIS OF BEARINGS FOR THIS SURVEY IS IDENTICAL TO RECORD OF SURVEY BOOK 54 PAGE 33.

EXHIBIT "B" - AIR RIGHTS PARCEL (MERCY)

WARREN LAND SURVEYING, INC.
1117 Windfield Way, Suite 110
El Dorado Hills, CA 95762
916-965-1870

MATHER VETERANS VILLAGE
A PORTION OF
PARCEL 3

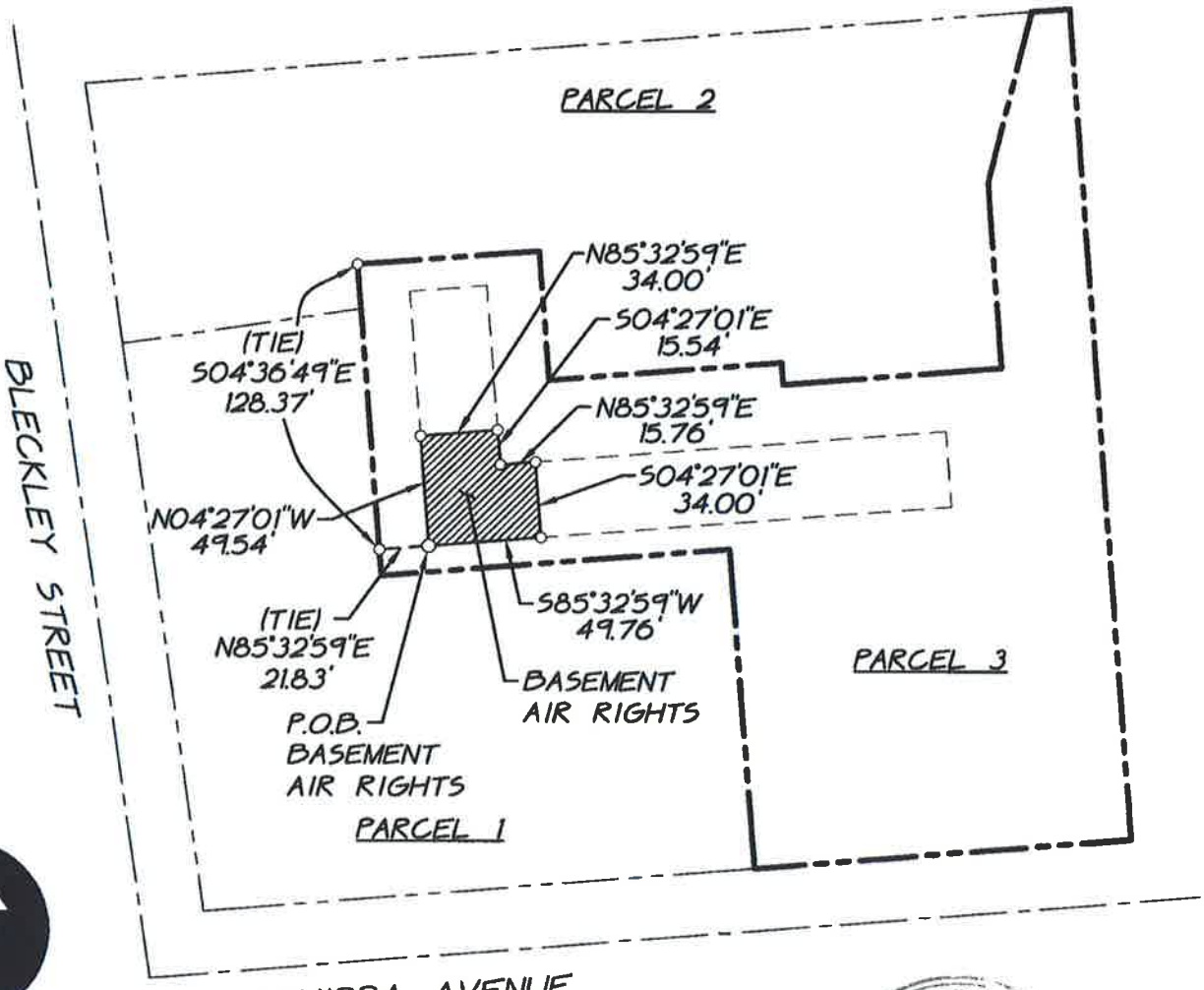
RANCHO CORDOVA, SACRAMENTO COUNTY, CALIFORNIA

SCALE 1"=80'

P-081 PLOSSR-EXHIBIT

ATTACHMENT 2

JOB NO. 12-081
DATE 09/16/14



REGISTERED PROFESSIONAL ENGINEER
GEORGE D. WARREN II
No. C28362
CIVIL
STATE OF CALIFORNIA

BASIS OF BEARINGS:

THE BASIS OF BEARINGS FOR THIS SURVEY IS IDENTICAL TO RECORD OF SURVEY BOOK 54 PAGE 33.

EXHIBIT "C" - AIR RIGHTS PARCEL (MERCY)

WARREN LAND SURVEYING, INC.
1117 Windfield Way, Suite 110
El Dorado Hills, CA 95762
916-985-1570

MATHER VETERANS VILLAGE
A PORTION OF
PARCEL 3

RANCHO CORDOVA, SACRAMENTO COUNTY, CALIFORNIA

SCALE 1"=80'

12-081 PLOSHR-EXHIBIT

Exhibit D

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,

&

MERCY HOUSING CALIFORNIA 61, L.P.

THIS AFFORDABLE HOUSING REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS ("Agreement") is made this day of _____, 2014 ("Effective Date"), by and between Mercy Housing California 61, L.P., a California limited partnership (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 Second Amended and restated Disposition, Development, and Loan Agreement (the **"DDLA**"), between the City and Mercy Housing California ("MHC") dated as of November 17, 2014 , which is incorporated by this reference as if fully set forth herein, City has agreed to assign to MHC that certain leasehold interest in Parcel 1, 'Parcel 1' together with the 'Air Rights Parcel both as more fully described in Exhibit A attached hereto and incorporated by reference (collectively, the "**Property**") which MHC will then assign to Developer for development by Developer, consisting of the construction of a multi-family affordable residential rental project for disabled and homeless veterans (the "**Project**") on the Property and community facilities, and has further agreed to provide a no interest permanent loan to Developer in the total principal amount not

to exceed Two Million Dollars ($2,000,000) (the "**Permanent Loan**"). The Project consists of fifty (50) units, 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 assignment 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 Mercy Housing Management Group, 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 fifty (50) 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 (55^{th}) 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:

	1 bedroom	2 bedroom	bedroom	4 bedroom
At or Below 50% AMI	44	6	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. Additionally, all occupancy requirements shall be consistent with TCAC requirements and any inconsistencies between funding sources shall be resolved by deferring to the most restrictive requirement.

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 1 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). Restricted Units subject to a California Tax Credit Allocation Committee ("**CTCAC**") Regulatory Agreement shall be governed by such agreement with respect to tenants who upon recertification no longer qualify as Very Low-Income Households.

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 ort 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. Notwithstanding the prohibition on transfer set forth in Section 8.2 of the DDLA, the City acknowledges and agrees that the Limited Partner may remove any general partner of the Developer at any time in accordance with the terms and provisions of that certain Amended and Restated Agreement of Limited Partnership of the Developer dated [_____], 2014 (the "Partnership Agreement"), provided that the substitute general partner shall be acceptable to the City in its reasonable discretion. An affiliate of the Limited Partner shall be an acceptable substitute general partner. The Limited Partner may appoint a temporary replacement for the general partner of Developer without City's consent so long as such replacement is an affiliate of Limited Partner. In addition, the City will permit the Limited Partner to transfer its limited partner interest, and any ownership interests of the Limited Partner, to any person without the City's consent, provided that

the Limited Partner remains liable for its capital contributions as set forth in the Partnership Agreement..

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; provided, however, that Developer may, without the written consent of City, enter into a Regulatory Agreement with CTCAC with regard to tax credits. In all cases, the provisions of 24 CFR 92.252(e) shall continue to apply to the Project. Developer further covenants that it has not, and shall not, otherwise encumber the Property, including without limitation by way of mortgage or deed of trust, or by judgment, mechanic's, tax or other lien without City's prior written consent.

11. Reserve Accounts

In compliance with the Tax Credit Program, capitalized reserve accounts totaling $5,383,960, including a Permanent Operating Deficit Reserve Account in the amount of not less than $4,800,000, an Operating Reserve in the amount of $110,960, (replacement reserve is not capitalized.) a Transition Reserve in the amount of $353,000 and a Service Reserve in the amount of $120,000, all shall be established, funded and maintained by Developer. Reserves for replacement shall be in accordance with the requirements of the Tax Credit Program and as required by any senior lender. In Years 1 through 5, the annual deposit to the Replacement Reserve Account shall be in the amount of Four Hundred Dollars ($ 600) 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 of 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.

d. Rights of Limited Partners. Developer's limited partners shall have the right to cure any default of Developer hereunder upon the same terms and conditions afforded to Developer. Whenever City delivers any notice of default hereunder, City shall concurrently deliver a copy of such notice to Developer's limited partner(s) at the following address (or such alternate address designated by such limited partner(s) from time to time in a written notice to City):

Wells Fargo Affordable Housing
Community Development Corporation
MAC D1053-170
301 South College Street
Charlotte, NC 28288
Attn.: Director of Tax Credit Asset Management

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.

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.

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:

MERCY HOUSING CALIFORNIA 61, L.P._____

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:_____

By: VHDC Mather Veterans Village Phase One, LLC , California limited liability company, its administrative general partner

By: Veterans Housing Development Corporation, a California nonprofit public benefit corporation, its member/manager

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)

ATTACHMENT 2

Exhibit A

LEGAL DESCRIPTION OF PROPERTY

Legal Description
Parcel 1

Being located within the City of Rancho Cordova and being Parcel 1 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.

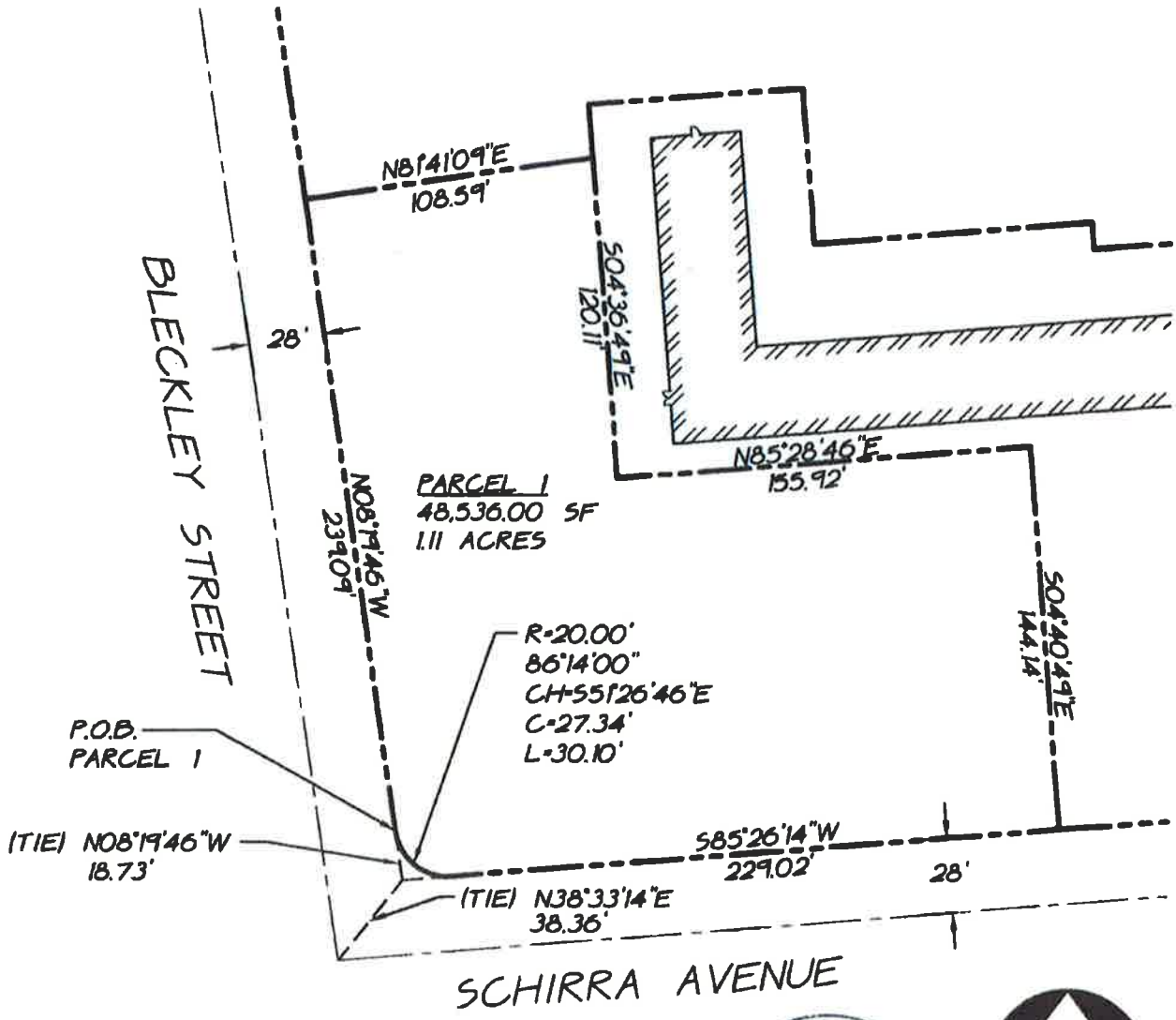
Together with Air Rights Parcel (Mercy)

Being a portion of Parcel 3 of aforesaid Parcel 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.

End of Description

Prepared By: Warren Land Surveying, Inc.
1117 Windfield Way, Ste. 110
El Dorado Hills, CA 95762
10/14/14

JOB NO. 12-081
DATE 09/30/14



REGISTERED PROFESSIONAL ENGINEER
GEORGE D. WARREN II
No. C28362
STATE OF CALIFORNIA

NORTH
0 60'
1 inch = 60 feet

BASIS OF BEARINGS:

THE BASIS OF BEARINGS FOR THIS SURVEY IS IDENTICAL TO RECORD OF SURVEY BOOK 54 PAGE 33.

EXHIBIT "B" - PARCEL 1

WARREN LAND SURVEYING, INC.
1117 Windfield Way, Suite 110
El Dorado Hills, CA 95762
916-955-1570

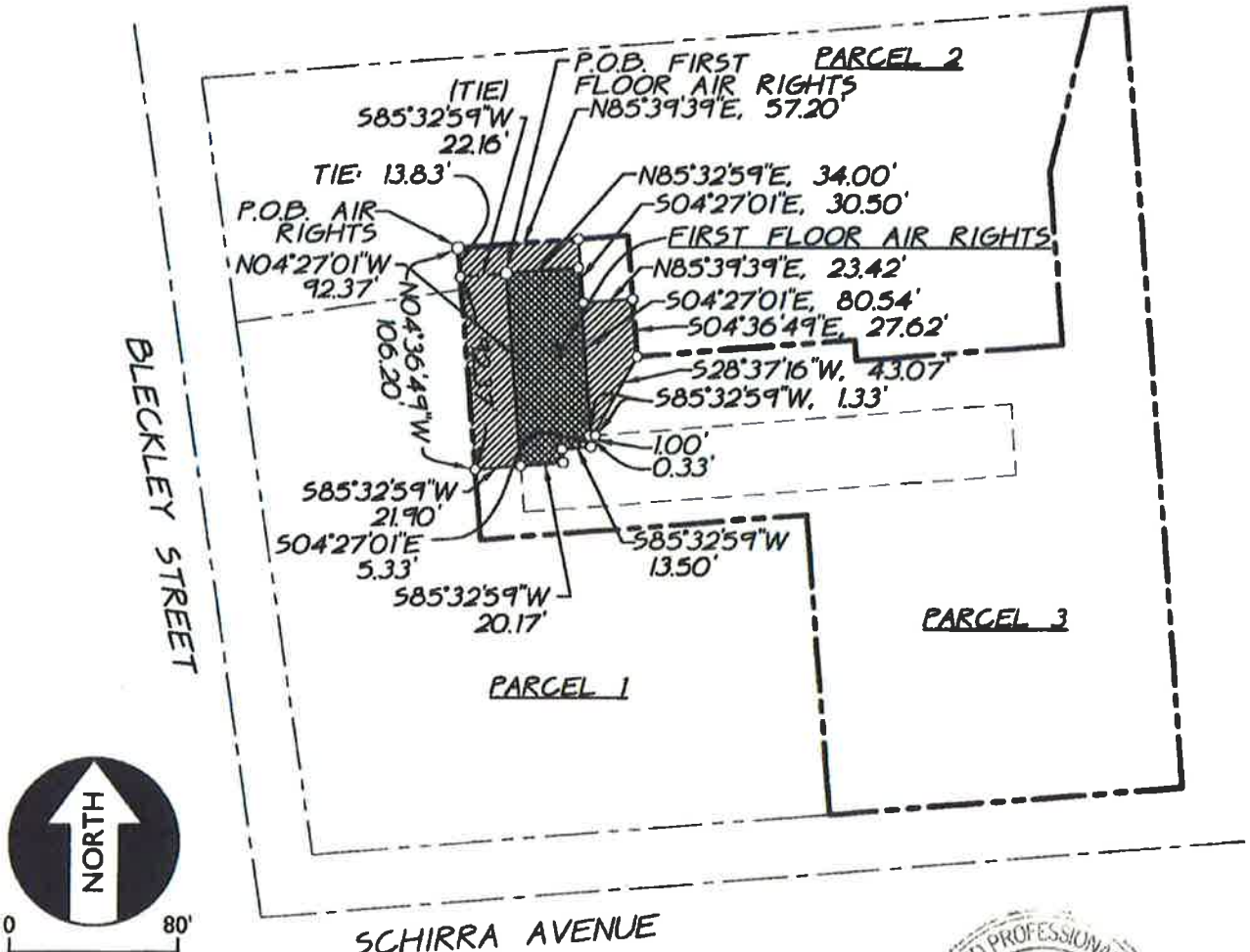
MATHER VETERANS VILLAGE
A PORTION OF
APN 067-0010-099

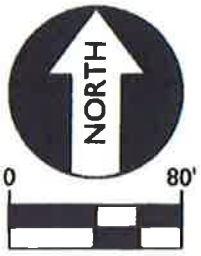
RANCHO CORDOVA, SACRAMENTO COUNTY, CALIFORNIA

SCALE 1"=60'

P-CAL PARCEL EXHIBITS

JOB NO. 12-081
DATE 09/16/14





1 inch = 80 feet

BASIS OF BEARINGS:

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EXHIBIT "B" - AIR RIGHTS PARCEL (MERCY)

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1117 Windfield Way, Suite 110
El Dorado Hills, CA 95762
916-985-1870

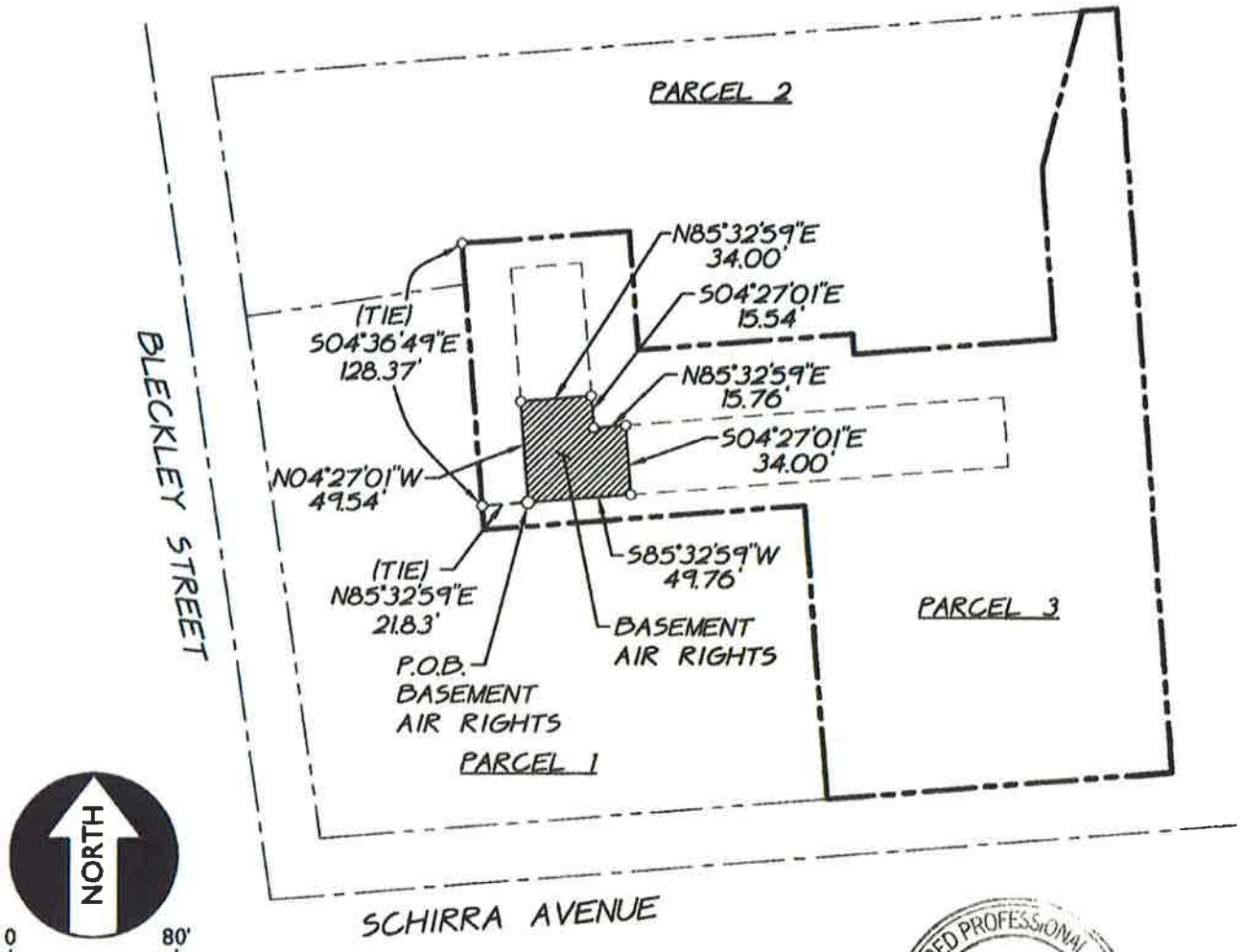
MATHER VETERANS VILLAGE
A PORTION OF
PARCEL 3

RANCHO CORDOVA, SACRAMENTO COUNTY, CALIFORNIA

SCALE 1"=80'

12-081 BLOCK-R-EXHIBIT

JOB NO. 12-081
DATE 09/16/14



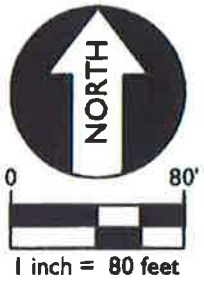


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EXHIBIT "C" - AIR RIGHTS PARCEL (MERCY)

WARREN LAND SURVEYING, INC.
1117 Windfield Way, Suite 110
El Dorado Hills CA 95762
916-985-1570

MATHER VETERANS VILLAGE
A PORTION OF
PARCEL 3

RANCHO CORDOVA, SACRAMENTO COUNTY, CALIFORNIA

SCALE 1"=80'

12-081 BLOCHER-EXHIBIT

Exhibit E

FORM OF MEMORANDUM OF DISPOSITION, DEVELOPMENT AND LOAN AGREEMENT

ATTACHMENT 2

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 SECOND AMENDED AND RESTATED DISPOSITION, DEVELOPMENT, AND LOAN AGREEMENT

This MEMORANDUM OF SECOND AMENDED AND RESTATED DISPOSITION, DEVELOPMENT, AND LOAN AGREEMENT ("Memorandum") is entered into this ___ day of _____, 2014, by and between the **CITY OF RANCHO CORDOVA**, a California municipal corporation (the "City"), and **MERCY HOUSING CALIFORNIA 61, L.P.**, a California limited partnership ("Developer").

This Memorandum is made with reference to the following:

1. The City and Mercy Housing California ("MHC") entered into that certain Second Amended and Restated Disposition, Development, and Loan Agreement dated as of November 17, 2014 (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 "Mather Veterans' Village" (the "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, MHC assigned to Developer its rights, title and interest in and obligations under the DDLA.

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. In addition, this Memorandum is intended to provide notice to all persons that City has certain rights under the DDLA to acquire the Property from Developer.

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"

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:_____

By: VHDC Mather Veterans Village Phase One, LLC, a California limited liability company, its administrative general partner

By: Veterans Housing Development Corporation, a California nonprofit public benefit corporation, its sole member/manager

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.

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Signature_____ (Seal)

ATTACHMENT 2

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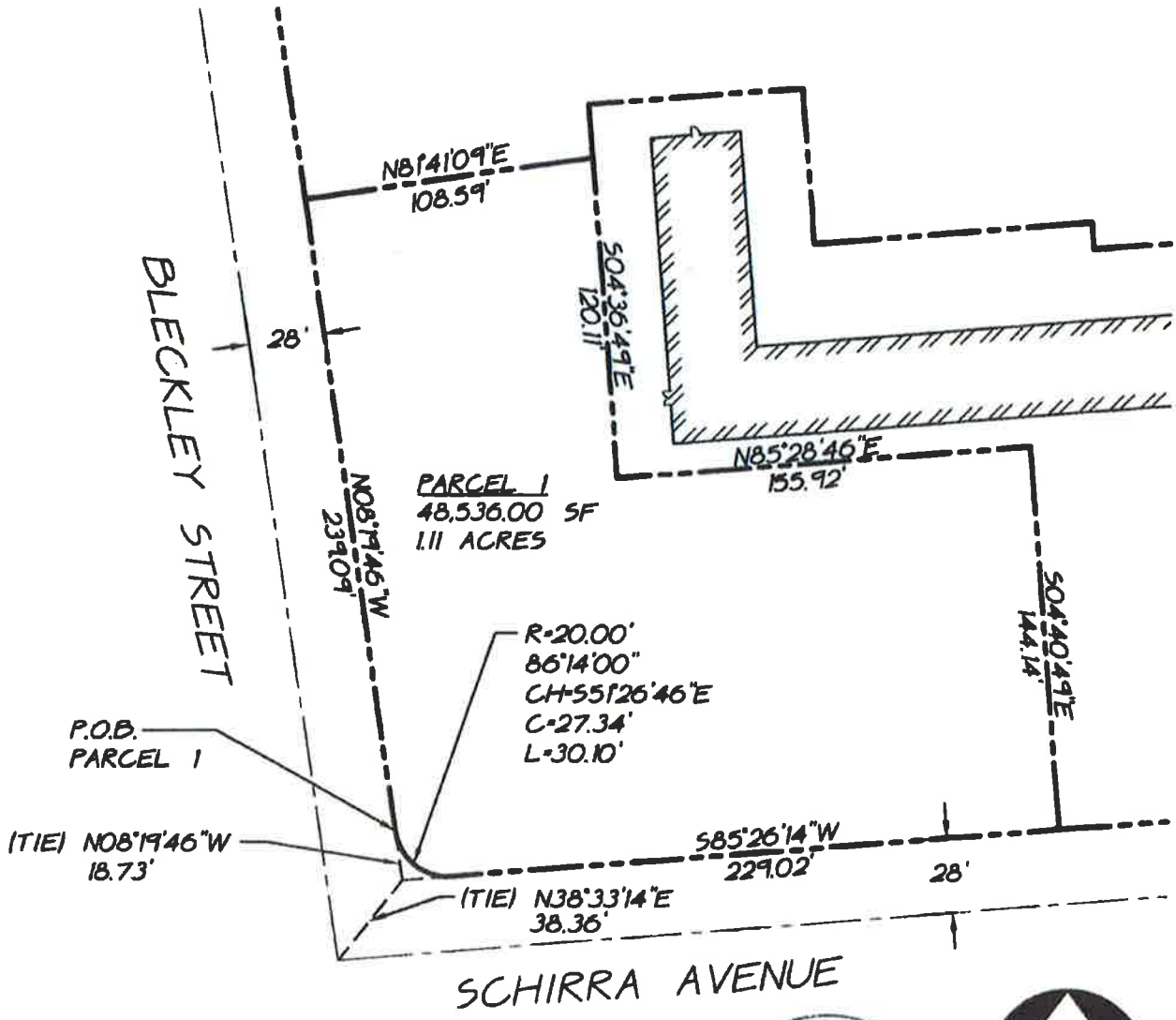
Together with Air Rights Parcel (Mercy)

Being a portion of Parcel 3 of aforesaid Parcel 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.

End of Description

Prepared By: Warren Land Surveying, Inc.
1117 Windfield Way, Ste. 110
El Dorado Hills, CA 95762
10/14/14

JOB NO. 12-081
DATE 09/30/14



REGISTERED PROFESSIONAL ENGINEER
GEORGE D. WARREN I
No. C28362
STATE OF CALIFORNIA

NORTH
0 60'
1 inch = 60 feet

BASIS OF BEARINGS:

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EXHIBIT "B" - PARCEL 1

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1117 Windfield Way, Suite 110
El Dorado Hills, CA 95762
916-955-1570

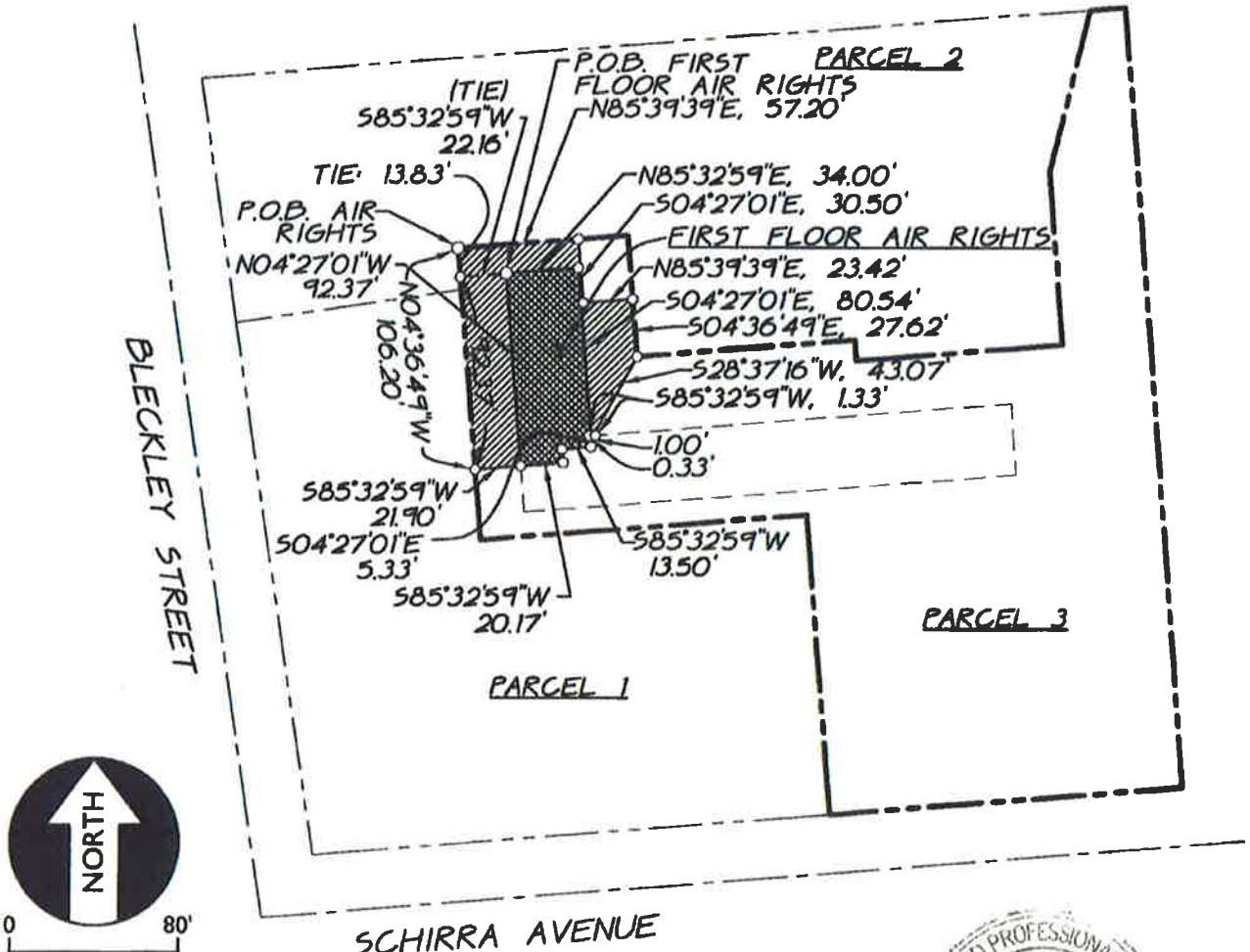
MATHER VETERANS VILLAGE
A PORTION OF
APN 067-0010-099

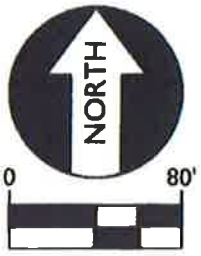
RANCHO CORDOVA, SACRAMENTO COUNTY, CALIFORNIA

SCALE 1"=60'

P-CAL PARCEL EXHIBITS

JOB NO. 12-081
DATE 09/16/14





1 inch = 80 feet

BASIS OF BEARINGS:

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EXHIBIT "B" - AIR RIGHTS PARCEL (MERCY)

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El Dorado Hills, CA 95762
916-985-1870

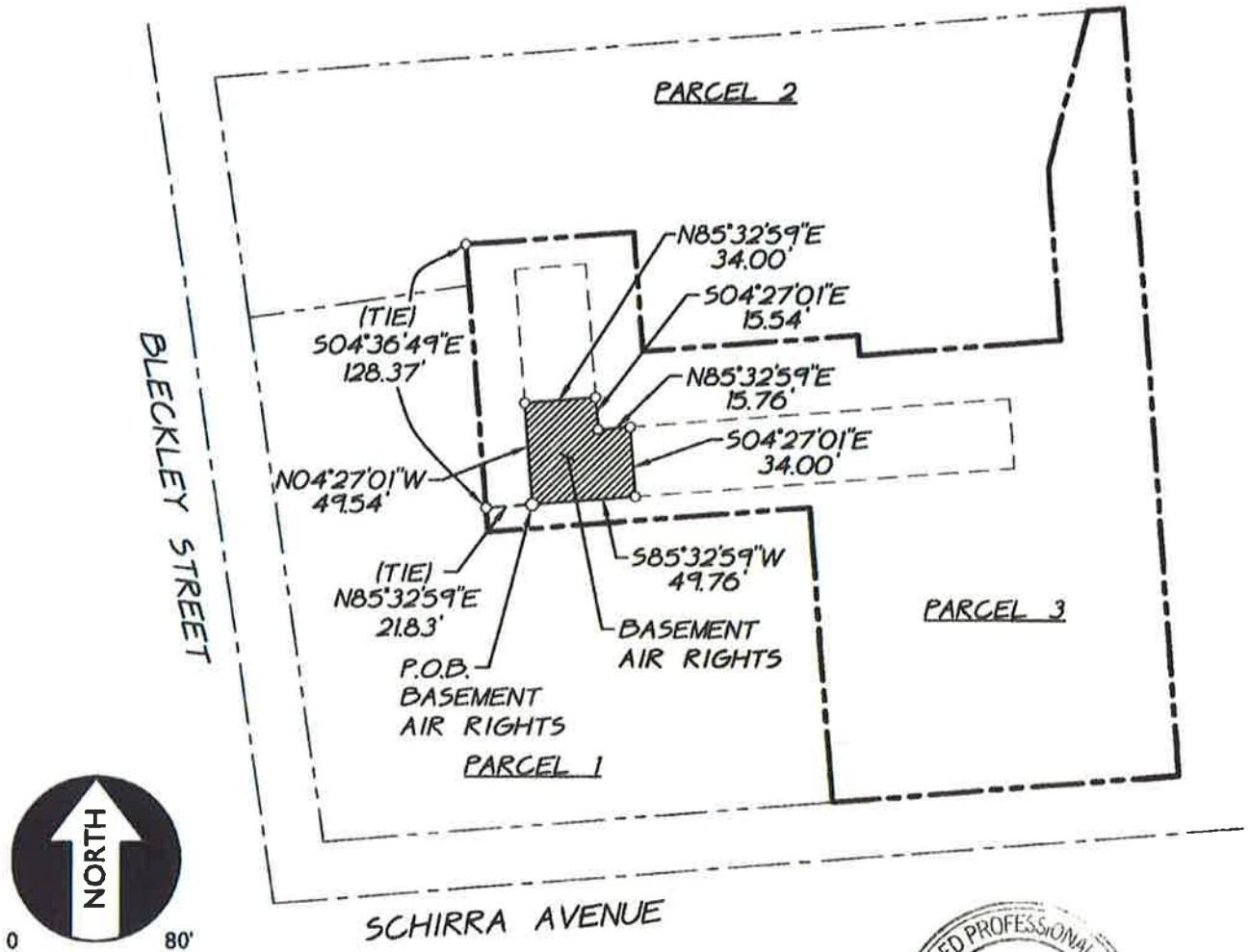
MATHER VETERANS VILLAGE
A PORTION OF
PARCEL 3

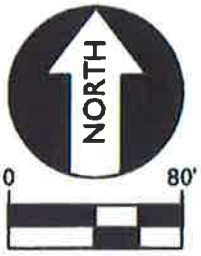
RANCHO CORDOVA, SACRAMENTO COUNTY, CALIFORNIA

SCALE 1"=80'

12-081 BLOCK-R -EXHIBIT

JOB NO. 12-081
DATE 09/16/14





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BASIS OF BEARINGS:

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WARREN LAND SURVEYING, INC.
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El Dorado Hills CA 95762
916-985-1570

MATHER VETERANS VILLAGE
A PORTION OF
PARCEL 3

RANCHO CORDOVA, SACRAMENTO COUNTY, CALIFORNIA

SCALE 1"=80'

12-081 BLOCHER-EXHIBIT

Exhibit F

DEVELOPMENT AND PERFORMANCE SCHEDULE

ATTACHMENT 2
EXHIBIT F

DEVELOPMENT PERFORMANCE SCHEDULE
FOR
Mather Veterans; Village Phase I
(AP# 067-0010-106 plus Air Rights)

The following milestones, dates and products, shall constitute performance requirements of the Developer Mercy Housing California, a California 501(c3), nonprofit corporation ("**Developer**") in the application for financing, construction, rent-up and continuing operation of the 50 unit, affordable, project to serve homeless and disabled veterans known as Phase 1 of Mather Veterans' Village.

- **Entitlements, Permits, and Approvals**
  - On or before December 15, 2014, Developer shall have obtained each entitlement, permit or approval required for the installation of improvements and the construction loan close for Phase 1 unless, as a result of discussion, both parties agree to an extension. If such Entitlements, Permits and Approvals are not obtained as required, the term of this DDLA Agreement shall end on December 15, 2014.
  - Satisfaction of this requirement shall be met by proof submitted to the City of Rancho Cordova that all documents required for a construction loan close are available or have been submitted to escrow.
- **Construction Loan closing**
  - On or before December 15, 2014 or 30 days from the issuance of building permits whichever occurs first, Developer shall cause a construction loan closing to occur. The closing shall include a construction loan satisfactory to the City of Rancho Cordova and a Syndication Agreement satisfactory to the City of Rancho Cordova. In the event that Developer has failed to close the Construction loan by December 15, 2014, unless the parties agree to an extension, this DDLA Agreement shall end on that date.
  - 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 5 business days of the closing.
- **Construction Completion**
  - Construction shall be completed within 485 days of the construction loan closing. In the event that Developer has failed to obtain each entitlement, permit or approval required for the installation of improvements for Phase One by January 1 2015, the term of the DDLA shall end on that date.
  - Satisfaction of this requirement shall be evidenced by the City's delivery to the Developer of a Certificate of Completion. (Note that the delivery of this certificate requires the determination by the City of Rancho Cordova that the following requirements have been satisfied: Labor Standards requirements, Certificate of occupancy, proof that all liens have been released, recorded AIA Notice of Completion and an initial draft of the Final Budget.)

Exhibit G

APPROVED DESIGN REVIEW

ATTACHMENT 2
EXHIBIT I

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:	**APPLICANT/DEVELOPER:**
Mercy Housing 3120 Freeboard Drive, Suite 202 West Sacramento, CA 95691	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

common areas, a group dining area, classrooms and case work offices. The site would provide for indoor and outdoor recreation and gardening areas.

Funding and subsidies for the multiple stages of Mather Veterans' Village would come from multiple sources. Phase I would consist of 50 new construction Permanent Supportive Housing units plus the conversion/rehabilitation of the ground floor of the northwesterly wing of the old infirmary building. With a successful Tax Credit application, capital funding requirements for phase I will be in hand ($11.9 million). With the exception of successful future grant applications and possible CDBG assistance, the City's financial participation will be limited to its current $2.0 million Local Housing Trust Fund commitment.

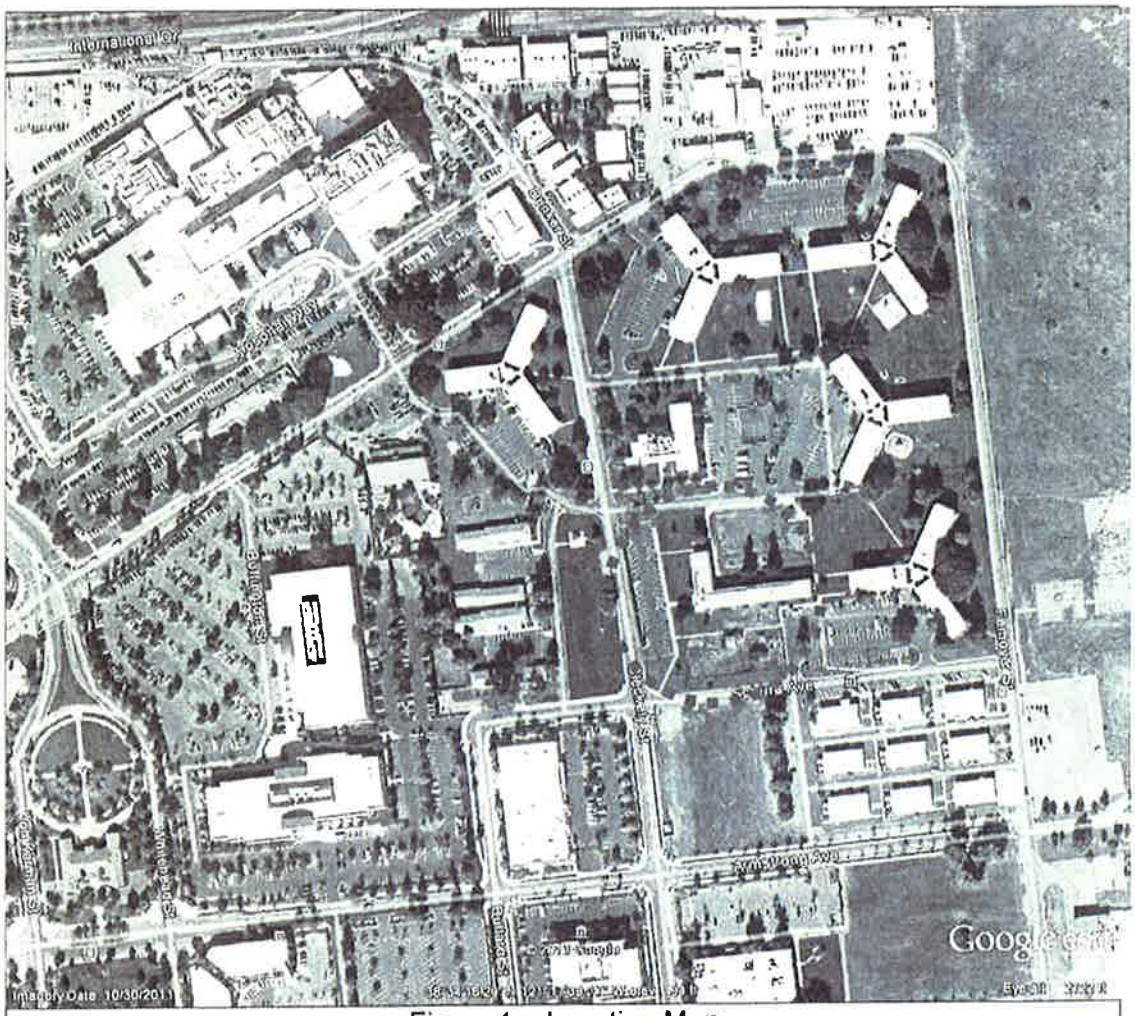

Figure 1 – Location Map

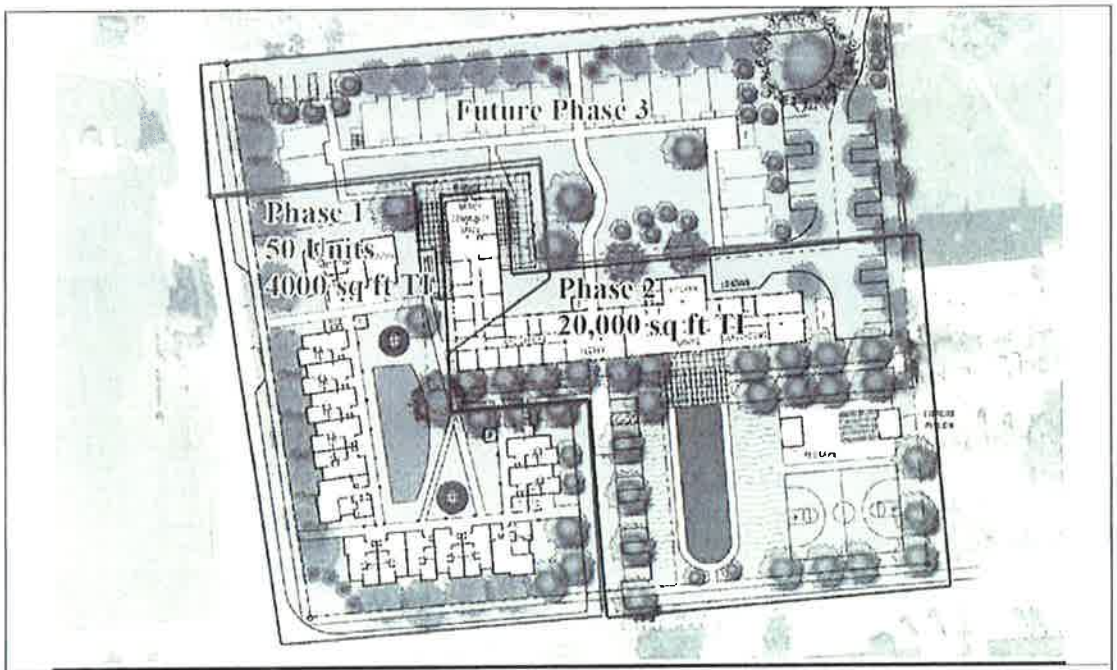

Figure 2 – Site Plan

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 2

CITY OF RANCHO CORDOVA

RESOLUTION NO. 75-2013

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA APPROVING A CONDTIONAL 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.

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-

using an existing structure. The color and material palettes are complementary to each other and include stucco, horizontal siding, and balcony railings and shad 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

ATTACHMENT 2

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*

ATTACHMENT 2

EXHIBIT A

MATHER VETERANS VILLAGE | RANCHO CORDOVA, CALIFORNIA | SITE PLAN

ATTACHMENT 2

EXHIBIT A

NEW CONSTRUCTION: SOUTH ELEVATION

NEW CONSTRUCTION: EAST ELEVATION

MATHER VETERANS VILLAGE | RANCHO CORDOVA, CALIFORNIA | NEW CONSTRUCTION ELEVATIONS

ATTACHMENT 2

EXHIBIT A

NEW CONSTRUCTION: WEST ELEVATION

MATHER VETERANS VILLAGE | RANCHO CORDOVA, CALIFORNIA | NEW CONSTRUCTION: ELEVATIONS

AGENDA ITEM 8.3

EXHIBIT A

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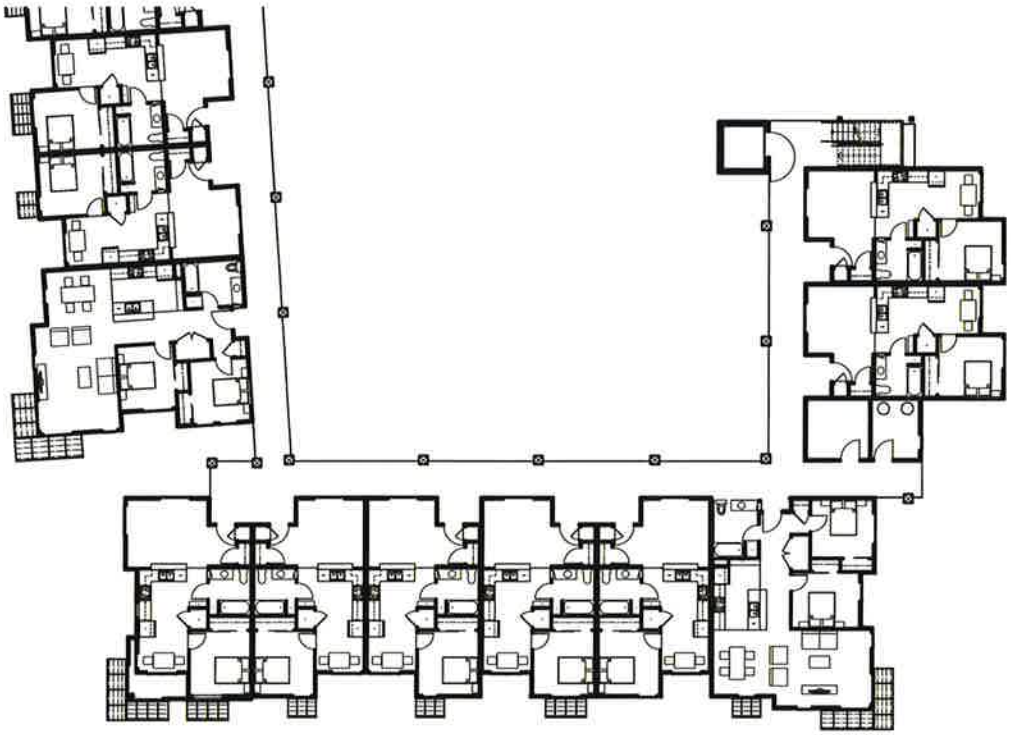
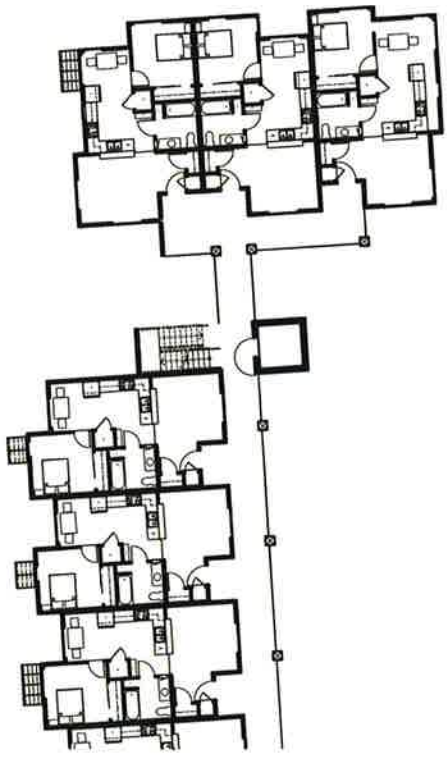


1 NEW CONSTRUCTION SECOND FLOOR - SOUTH END
SCALE: 1/16" = 1'-0"

0 8' 16' 32'

MOGAVERO NOTESTINE ASSOCIATES | MATHER VETERANS VILLAGE | RANCHO CORDOVA, CALIFORNIA | FLOOR PLANS | scale: 1/16" = 1' | 07 JUNE 2013

EXHIBIT A



1 NEW CONSTRUCTION SECOND FLOOR - NORTH END
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MOGAVERO NOTESTINE ASSOCIATES | MATHER VETERANS VILLAGE | RANCHO CORDOVA, CALIFORNIA | FLOOR PLANS | scale: 1/16" = 1' | 07 JUNE 2013

ATTACHMENT 2

EXHIBIT A

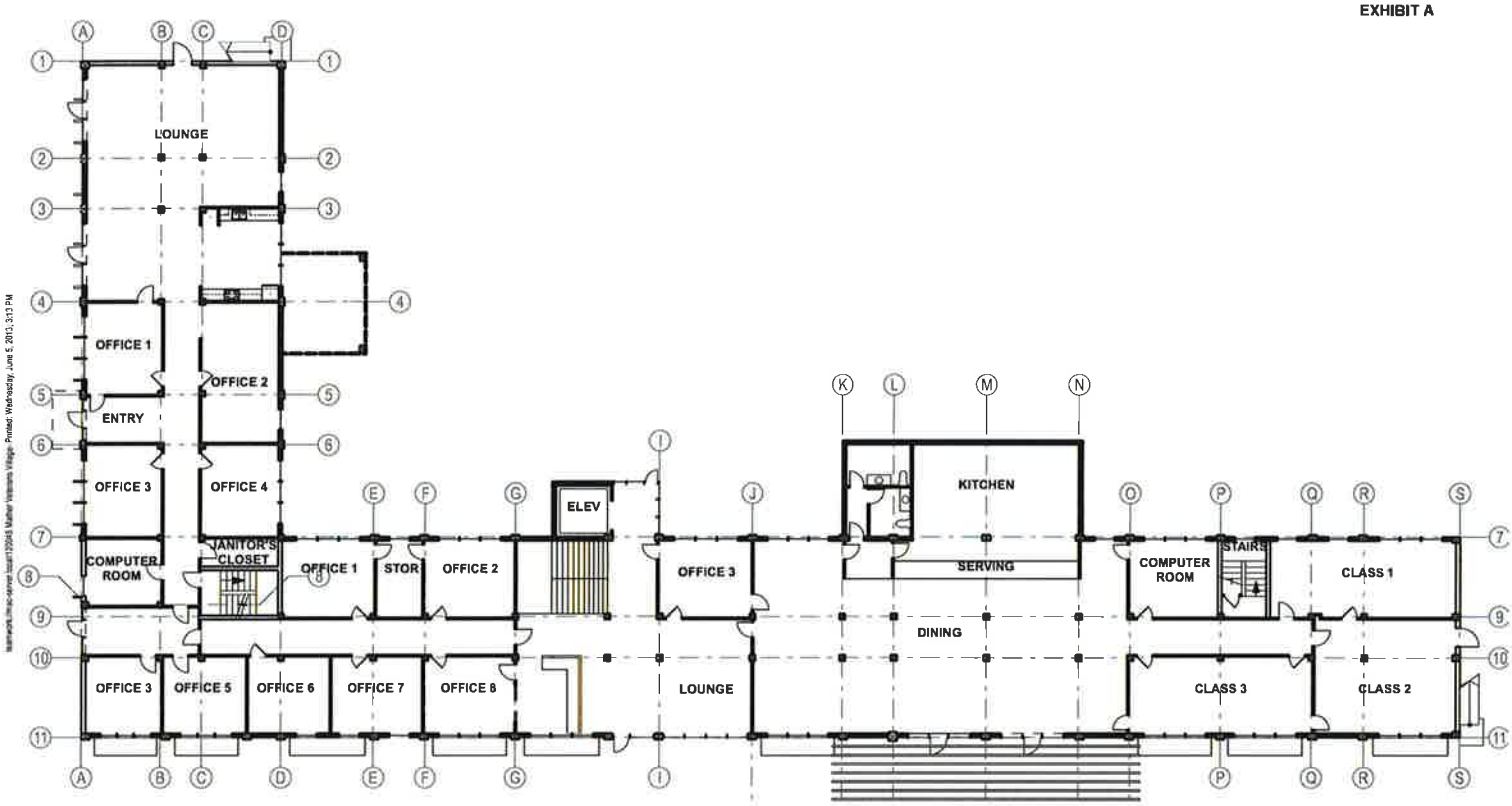
INFIRMARY: SOUTH ELEVATION

INFIRMARY: WEST ELEVATION

MATHER VETERANS VILLAGE | RANCHO CORDOVA, CALIFORNIA | NEW CONSTRUCTION ELEVATIONS

ATTACHMENT 2

EXHIBIT A



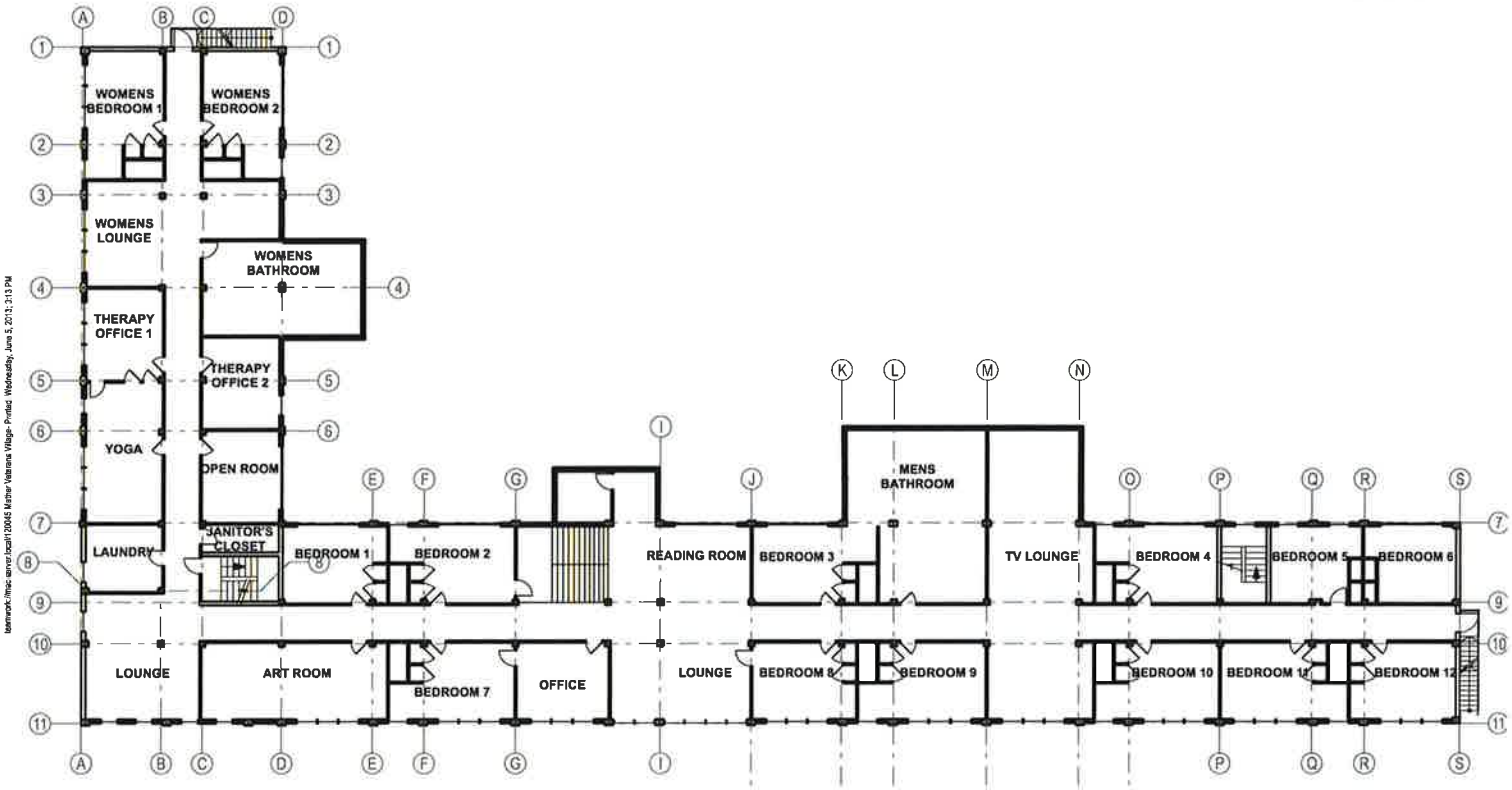
1 INFIRMARY FIRST FLOOR PLAN
SCALE: 1/16" = 1'-0"

0 8' 16' 32'

MATHER VETERANS VILLAGE | RANCHO CORDOVA, CALIFORNIA | FLOOR PLANS | scale: 1/16" = 1' | 07 JUNE 2013

ATTACHMENT 2

EXHIBIT A



1 INFIRMARY SECOND FLOOR
SCALE: 1/16" = 1'-0"

0 8' 16' 32'

MATHER VETERANS VILLAGE | RANCHO CORDOVA, CALIFORNIA | FLOOR PLANS | scale 1/16" = 1' | 07 JUNE 2013

ATTACHMENT 2

Conditions of Approval

		Timing/ Implementation	Enforcement/ Monitoring	Verification (date and signature)
1.	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 feet 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.	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.	On-Going	Planning	
3.	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@cityofranchocordova.org for the status of your account with the City.	On-Going	Finance	

Conditions of Approval

4.	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	
	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 *The Storm Water Quality Design Manual for the Sacramento & South Placer Regions.* 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	

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	

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 H

FINANCING PLAN

MATHER VETERAN'S VILLAGE

PAGE 1

Prepared For: Mercy Housing California
Prepared By: California Housing Partnership Corporation
Version: Wells LOI Final

Revised: 28-Aug-14 5:02 PM

SOURCES OF FUNDS

SOURCES OF FUNDS - PERMANENT

	AMOUNT	TOTAL INTEREST COST	OID INTEREST RATE	TERM (Yr)	COMMENTS
GP Loan - HCD IIG	941,552	0.000%	0.000%	55	Per Unit: 18,831
Rancho Cordova Housing Trust Fund	2,000,000	0.000%	0.000%	55	Per Unit: 40,000
County Sewer Fee Waiver	95,362	0.000%	0.000%	55	Per Unit: 1,907
MHP	3,000,000	3.000%	1.903%	55	Per Unit: 60,000
Deferred Developer Fee	0	0.000%			
Capital Contributions					
General Partner	100				
Limited Partners	15,996,661				
TOTAL SOURCES	**22,033,675**				
Surplus/(Shortfall)	*0*				
Net TDC	*21,908,675*				
Net LP Equity	*15,871,661*				

Mandatory annual interest: 0.420%

Net Developer Fee 940,000
% ownership: 0.01%
% ownership: 99.99%

Equity Pricing: 1.022
Federal: 1.100
State: 0.760

TCAC TIE-BREAKER CALCULATION	
Section 8 Leveraged Value	-
Rent/Op Subsidy Boost	**12.50%**
Committed Perm Public Funds	6,536,914
Less Portion of General Off-Sites	(176,124)
Net Committed Perm Public Funds	6,360,790
Rental Subsidy Boost	795,099
Total Committed Soft Funds	7,155,889
TDC	22,232,551
Ratio	32.19%
Requested Unadjusted Eligible Bas	12,036,912
TDC	22,232,551
Ratio	54.14%
Inverse/3	15.29%
TOTAL TIE-BREAKER	**47.47%**
TCAC Application Tie-Breaker	49.18%

TCAC LEVERAGING POINT CALCULATION	
Total Committed Deferred Payment Loans/Gra	6,360,790
Total Development Cost (net of Synd Costs)	22,232,551
TCAC Leveraging Percent	28.00%
TCAC Cost Efficiency	0.00%
TCAC Credit Reduction Percent/Total Points (2	0.00%
Total Points (20 Max)	20.0
500,000 Land Value Added to Numerator/Denominator	

SOURCES OF FUNDS - CONSTRUCTION

	AMOUNT	INT RATE	TERM (Mo.)
Bank Construction Loan	11,525,535	3.300%	23
GP Loan - HCD IIG	941,552	0.000%	23
Rancho Cordova Housing Trust Fund	2,000,000	0.000%	23
County Sewer Fee Waiver	95,362	0.000%	23
Costs Deferred Until Perm Closing (less deposits)	5,304,460		
Deferred Developer Fee	0		
Capital Contributions			
General Partner	100		
Limited Partners	2,166,666		
TOTAL SOURCES	**22,033,675**		
Surplus/(Shortfall)	*0*		
Net TDC	*21,908,675*		
Net LP Equity	*2,041,666*		

See page 1-A - right column

% of total pay-in: 13.54%

DEVELOPMENT SCHEDULE	
Begin Construction	12/1/14
Const. Complete	3/1/16
Begin Lease Up	3/1/16
100% Occupancy	7/31/16
Perm Conversion	11/1/16

ATTACHMENT 2

MATHER VETERAN'S VILLAGE

USES OF FUNDS

PAGE 1-A

VERSION: Wells LOI Final — Revised: 28-Aug-14 5:02 PM

10,819,472 Construction Contract

USES OF FUNDS	TOTAL	100.00% TOTAL RESIDENTIAL	NON-DEPREC	DEPRECIABLE RESIDENTIAL	DEPRECIABLE NON-RES	EXPENSE	AMORTIZE	100.00% TAX CREDIT ELIGIBLE CONST/ REHAB	ACQUIS.	*Deferred til Perm Conv/Compl*
ACQUISITION COSTS										
Total Purchase Price:										
0										
Land (Land Lease)	0	0	0							
Demolition	25,000	25,000	25,000							
Off-site Improvements	622,462	622,462		622,462	0			622,462		
GENERAL DEVELOPMENT COSTS										
Hard Costs-Unit Construction	8,409,842	8,409,842		8,409,842	0			8,409,842		
Construction Contingency	1,081,947	1,081,947		1,081,947	0			1,081,947		
Contractor General Conditions	615,608	615,608		615,608	0			615,608		
Contractor Overhead and Profit	384,129	384,129		384,129	0			384,129		
Local Development Impact Fees	828,924	828,924	95,362	733,562	0			733,562		
Local Permits/Fees	75,358	75,358		75,358	0			75,358		
Environmental Assessments	25,000	25,000		25,000	0			25,000		
GC Bond Premium	94,957	94,957		94,957	0			94,957		
GC Insurance	71,217	71,217		71,217	0			71,217		
Utility Hookups	153,360	153,360		153,360				153,360		
Site Improvements/Landscape	596,257	596,257		596,257				596,257		
Architecture	752,500	752,500		752,500	0			752,500		
Survey/Engineering/Staking	100,000	100,000		100,000	0			100,000		
Prevailing Wage Monitor	25,000	25,000		25,000	0			25,000		
Appraisal	15,000	15,000	0	15,000	0		0	15,000		
Market Study (TCAC)	7,500	7,500					7,500	0		
Construction Testing/Insp./Supervision	145,000	145,000	0	145,000	0			145,000	0	
Construction Loan Interest	529,310	529,310		244,053	0	285,257		244,053	0	
Title/Recording/Escrow - Construction	40,000	40,000		40,000	0			40,000	0	
Title/Recording/Escrow - Permanent	10,000	10,000					10,000			*10,000*
Real Estate Taxes During Const	5,271	5,271		5,271	0	0		5,271	0	
Insurance During Const	65,608	65,608		65,608	0	0		65,608	0	
Soft Cost Contingency	191,616	191,616		191,616	0			191,616		
City Loan Fee	150,000	150,000					150,000			
Title/Recording/Escrow - Acquisition	10,000	10,000	10,000	0					0	
TCAC Application/Res/Monitoring Fee	70,696	70,696					70,696			
Legal: Acquisition	0	0	0	0					0	
Construction Closing	25,000	25,000		25,000	0			25,000	0	
Permanent Closing	5,000	5,000					5,000	0		*5,000*
Organization of Ptnshp	5,000	5,000					5,000			
Syndication - Pshp	30,000	30,000	30,000							
Syndication Consulting	55,000	55,000	55,000					0	0	*2,500*
Audit/Cost Certification	35,000	35,000				35,000	0			
Furnishings	50,000	50,000		50,000	0			50,000		
Marketing/Rent-Up	250,000	250,000	0			250,000				
Capitalized Services Reserve	120,000	120,000	120,000							*120,000*
Capitalized Operating Reserve	110,960	110,960	110,960							*110,960*
Transition Reserve	353,000	353,000	353,000							*353,000*
Capitalized Operating Deficit Reserve	4,800,000	4,800,000	4,800,000							*4,233,000*
Developer Fee	940,000	940,000		940,000	0			940,000	0	*470,000*
COSTS OF ISSUANCE/FINANCING FEES										
Lender Origination - Construction	69,153	69,153		42,093	0		27,060	42,093		
Lender Expenses - Construction	34,000	34,000		20,696	0		13,304	20,696		
Lender Counsel - Construction	50,000	50,000		30,435	0		19,565	30,435		
Subtotal - Financing/Costs of Issuance	*153,153*	*153,153*	*0*	*93,224*	*0*	*0*	*59,930*	*93,224*	*0*	*0*
TOTAL DEVELOPMENT COSTS	**22,033,675**	**22,033,675**	**5,599,322**	**15,555,971**	**0**	**570,257**	**308,125**	**15,555,971**	**0**	***5,304,460***
TDC Per Unit	*440,673*	100.00%								
TDC Net of accrued interest:	*22,033,675*									

Developer Fee Payment Schedule:	
Construction Close	470,000
CofO	50,000
Conversion	120,000
Form 8609	250,000
Tax Return	50,000
Total Developer Fee	940,000

DEVELOPER FEE CALCULATION

	CONST.	ACQ.	total
Maximum Potential Fee per TCAC Formula	2,192,396	0	2,192,396
Percent of Total	100.00%	0%	100.00%
Max. Allowable Fee per HCD (prorated)	940,000	0	940,000
Max. Allowable Fee per TCAC (prorated)	940,000	0	940,000
Max Per MHP Cap Limit	1,200,000	0	1,200,000
Net Fee (Less other development costs)	940,000	0	940,000
Net Fee Adjusted (if fee goes negative)	940,000	0	940,000

ATTACHMENT 2 12/31/14

Attachment 6
Broward Builders, Inc.
Mather Veterans Village - New Construction (Bldg A and VRC Combined)
Conceptual Budget

DIV	Trade Item	Amount	Notes/Description	9/18/2014 Update	10/29/2014 Update	Variance
3	Concrete	$250,000	Includes 1-1/4" gyperete and acousti-mat	$302,391	$382,887	$80,496
4	Masonry	$15,000		$15,000	$35,646	$20,646
5	Metals	$230,000	Fancy detailing, add screen walls	$306,224	$403,536	$97,312
6	Rough Carpentry	$1,350,000	Includes siding and trim	$1,464,960	$1,695,470	$230,510
6	Finish Carpentry	$105,000		$111,144	$88,908	($22,236)
7	Waterproofing	$125,000	Includes deck coatings, sealants, and moisture vapor treatment	$125,000	$278,249	$153,249
7	Insulation	$43,750	Add for air infill, rigid insulation at all exterior walls	$128,822	$120,875	($7,947)
7	Roofing	$80,000	Add for TPO roofs	$149,800	$134,740	($15,060)
7	Sheet Metal and Flashing		Soffit vent and roof hatches	$25,500	$17,736	($7,764)
7	Firestopping			$0	$11,314	$11,314
8	Doors	$155,000	Add for blow tests plus additional labor	$169,500	$179,572	$10,072
8	Windows	$175,000	Use 35 STC rated windows	$255,000	$184,188	($70,812)
8	Aluminum Storefront			$25,000	$82,869	$57,869
9	Lath & Plaster	$40,000		$40,000	$0	($40,000)
9	Drywall	$450,000	Add dens glass at all exterior	$592,076	$853,332	$261,256
9	Tile Work	$12,000	No tile work found	$5,000	$10,330	$5,330
9	Acoustical	$10,000		$10,000	$10,000	$0
9	Wood Flooring			$0	$0	$0
9	Resilient Flooring	$105,000	All sheet goods, no carpet	$147,752	$205,434	$57,682
9	Carpet			$0	$0	$0
9	Paint & Decorating	$122,500	Added exterior painting	$159,252	$163,000	$3,748
10	Specialties	$60,000	Signage, Toilet accessories, fire extinguishers, mirrors, postal	$63,000	$66,957	$3,957
11	Special Equipment	$120,000	Operable Partition, trash chutes, scaffolding	$125,000	$144,873	$19,873
11	Cabinets	$150,000	Upgrade cabinets and countertops	$192,500	$239,590	$47,090
11	Appliances	$87,500		$90,500	$90,537	$37
12	Blinds & Shades	$21,500		$24,000	$16,302	($7,698)
13	Modular/Manufactured			$0	$0	$0
13	Special Construction		Excludes carports	$0	$0	$0
14	Elevators or Conveying Syst	$210,000	Otis Gen2	$210,000	$272,200	$62,200
15	Plumbing & Hot Water	$468,750		$488,750	$937,528	$448,778
15	Heat & Ventilation	$437,500		$459,004	$619,750	$160,746
15	Air Conditioning			$0	$0	$0
15	Fire Protection	$105,000	NFPA 13, not 13R	$175,000	$185,500	$10,500
16	Electrical	$475,000	Includes fire alarm and telephone interconnect	$521,080	$811,599	$290,519
	Accessory Buildings			$0	$0	$0
	Other/misc	$117,673	Contingency	$117,673	$0	($117,673)
	Subtotal Structural	$5,521,173	Residential	$6,498,928	$8,242,922	$1,743,994
2	Earth Work	$81,300		$83,329	$90,444	$7,115
2	Site Utilities	$101,750		$69,564	$74,542	$4,978
2	Roads & Walks	$97,500		$196,859	$210,478	$13,619
2	Site Improvement	$75,000		$154,165	$84,772	($69,393)
2	Lawns & Planting	$119,602		$111,129	$152,223	$41,094
2	Surveying			$0	$22,820	$22,820
2	Environmental Remediation			$20,000	$13,442	($6,558)
2	Demolition	$5,000		$116,567	$162,549	$45,982
2	Unusual Conditions		Allowance for Basement Work	$100,000	$100,000	$0
2	Offsite Improvements	$72,182	Demo, Sewer, Water, Storm, AC Paving, Concrete	$451,758	$577,116	$125,358
2	Dry Utilities	$0	Dry Utility Allowance	$250,000	$248,048	($1,952)
	Subtotal Site Work	$552,334		$1,553,371	$1,736,434	$183,063
	Total Improvements	$6,073,507		$8,052,299	$9,979,356	$1,927,057
	Allowance #1: 101400 Signs				$20,000	$20,000
	Allowance #2: Site Security				$110,000	$110,000
1	General Conditions	$389,340		$389,340	$389,340	$0
	Subtotal	$6,462,847	Excludes builder's risk insurance (By Owner)	$8,441,639	$10,498,696	$2,057,057
1	Builders Overhead - 2%	$129,257		$168,833	$209,974	$41,141
1	Builders Profit - 2.5%	$161,571		$211,041	$262,467	$51,426
1	Bonds and Liab. Insurance-1.5%			$131,736	$157,480	$25,744
	TOTAL	$6,753,675		$8,953,249	$11,128,618	$2,175,369

Total Cost/square foot: $286.58 Residential Cost/square foot: $212.27

Estimator: Excludes: Photovoltaic, abatement of any underground piping, sewer connect fees.

Date:

Basis: Bid documents dated 9-30-14 plus Addenda A & B

Alternates:
NO. 1 Delete Trellis/Bench $ (57,721)
No. 2: Revise Stairs (Will not build)
No 3: Delete Sunshades $ (184,652)

ATTACHMENT 2

MATHER VETERAN'S VILLAGE

UNIT MIX AND RENTAL INCOME

Version: Wells LOI Final

Revised: 28-Aug-14

AVERAGE AFFORDABILITY FOR QUALIFIED UNITS (% of Median)	17.5%

UTILITY DEDUCTIONS*:		HCV Units	NonHCV Units
	0 BR	$44	$53
	1 BR	$59	$71
	2 BR	$81	$88
	3 BR	$99	$105
	4 BR	$122	$138

RESIDENTIAL INCOME

TAX-CREDIT ELIGIBLE - TIER 1 — *20% AMI* — *PERCENT OF TARGETED UNITS* 50.0% — *TCAC AFFORDABILITY POINTS:* 35

UNIT TYPE	NUMBER	PER UNIT SQ FT	TOTAL SQ FT	% MEDIAN INCOME AFFORDABLE	PER-UNIT MONTHLY GROSS RENT	PER-UNIT MONTHLY NET RENT	TOTAL MONTHLY NET RENT	TOTAL ANNUAL NET RENT
1 BR	25	600	15,000	10.0%	129	58	1,450	17,400
TOTAL	25		15,000				1,450	17,400

All 20% units are MHP units. Income targeting set at 20% (required for MHP), but rents set lower for deeper affordability of resident population. 15 units have Continuum of Care.

TAX-CREDIT ELIGIBLE - TIER 2 — *30% AMI* — *PERCENT OF TARGETED UNITS* 50.0% — *TCAC AFFORDABILITY POINTS:* 37

UNIT TYPE	NUMBER	PER UNIT SQ FT	TOTAL SQ FT	% MEDIAN INCOME AFFORDABLE	PER-UNIT MONTHLY GROSS RENT	PER-UNIT MONTHLY NET RENT	TOTAL MONTHLY NET RENT	TOTAL ANNUAL NET RENT
1 BR	19	600	11,400	30.0%	386	327	6,213	74,556
2 BR	6	850	5,100	30.0%	464	383	2,298	27,576
TOTAL	25		16,500				8,511	102,132

All 30% units are MHP Units and have PB VASH.

TOTAL RESIDENTIAL INCOME		TOTAL UNITS	TOTAL MONTHLY (Net)	TOTAL ANNUAL
		50	9,961	119,532
TOTAL SQ FT - TAX CREDIT ELIGIBLE	31,500			
TOTAL SQ FT - NON-TAX CREDIT ELIGIBLE	0			
TOTAL RENTABLE SQ FT	31,500		TOTAL TCAC AFF. POINTS:	72.0

MISC. INCOME	PER-UNIT MONTHLY	TOTAL MONTHLY	TOTAL ANNUAL
Laundry/Vending	5.00	250	3,000
Financial	0.00	0	0

PROJECT-BASED VASH

TYPE: PROJECT BASED — **ASSUMED TERM (Yr):** 15 YEARS

UNIT TYPE	NUMBER	INCOME TIER	% MEDIAN INCOME AFFORDABLE	PER UNIT NET BASE RENT (W/O SECT. 8)	PER UNIT NET SECT. 8 MO. RENT	INCREMENTAL PER UNIT RENT FROM SECT. 8	MONTHLY INCRMTL SECT. 8 RENT	ANNUAL INCRMTL SECT. 8 RENT
1 BR	19	30% AMI	30.0%	327	783	456	8,664	103,968
2 BR	6	30% AMI	30.0%	383	984	601	3,606	43,272
SUBTOTAL	25						12,270	147,240

CONTINUUM OF CARE - HOMELESS ASSITANCE

TYPE: PROJECT BASED — **ASSUMED TERM (Yr):** 15 YEARS

1 BR	15	20% AMI	10.0%	58	783	725	10,875	130,500
SUBTOTAL	15						10,875	130,500

TOTAL RENTAL ASSISTANCE INCOME	40						23,145	277,740

MATHER VETERAN'S VILLAGE

PAGE 4

BASE YEAR INCOME/OPERATING EXPENSE STATEMENT

Wells LOI Final — Revised: 28-Aug-14

INCOME:		
Scheduled Gross Income - Residential		119,532
VASH PBA (Incremental Income)		147,240
Continuum of Care (Incremental Income) NOT including for UW		0
Misc. Income		3,000
Vacancy Loss - Residential	10.0%	(12,253)
Vacancy Loss - VASH	10.0%	(14,724)
Vacancy Loss - Continuum of Care	10.0%	0
EFFECTIVE GROSS INCOME		242,795
EXPENSES - RESIDENTIAL		
Administrative		
Advertising	0	
Legal	3,500	
Accounting/Audit	13,500	
Security	0	
Office Expenses, Telecommunications, Sup	16,000	
Total Administrative		33,000
Management Fee		27,000
Utilities		
Fuel	0	
Electricity	9,500	
Gas	2,500	
Other	0	
Total Utilities		12,000
Water/Sewer		21,000
Payroll/Payroll Taxes		
On-Site Manager/Office Admin	117,644	
Maintenance Payroll	31,200	
Manager Unit Expense/(Credit)	0	
Payroll Taxes/Benefits	12,958	
Total Payroll/Payroll Taxes		161,802
Insurance		18,000
Real Estate Taxes		5,000
Maintenance		
Painting	2,500	
Repairs	7,500	
Trash Removal	10,000	
Exterminating	2,000	
Grounds	4,000	
Elevator	3,500	
Contract Labor/Supplies	20,000	
Total Maintenance		49,500
Replacement Reserve		30,000
Other		
On-Site Services Coordinator	60,000	
Misc Taxes/Fees	0	
Annual Issuer Fee	0	
Total Other		60,000
TOTAL EXPENSES - RESIDENTIAL		417,302
Per Unit Per Month (incl. Reserves)	*8,346*	
Per Unit Per Month (w/o taxes/res/svc/issuer f	*6,446*	
TCAC Minimum (w/o taxes/res/svc)	*4,600*	
NET AVAILABLE INCOME		(174,507)

ATTACHMENT 2

MATHER VETERAN'S VILLAGE — PAGE 8
15-YEAR CASH FLOW — Version: Wells LOI Final — Revised: 28-Aug-14

ASSUMPTIONS:

Rent Increase: TCAC Rents	2.00%	Perm Loan - % Debt Svc Yr 1	16.7%
Rent Increase: VASH/COC	2.00%	Perm Loan - % Debt Svc Yr 2	100.0%
Expenses Increase:	3.00%		
Reserve Increase:	0.00%		

		1 2016	2 2017	3 2018	4 2019	5 2020	6 2021	7 2022	8 2023	9 2024	10 2025	11 2026	12 2027	13 2028	14 2029	15 2030	16 2031
GROSS POTENTIAL INCOME - RESIDENTIAL		79,688	121,126	123,548	126,019	128,540	131,110	133,733	136,407	139,135	141,918	144,756	147,652	150,605	153,617	156,689	159,823
Section 8/VASH PBA: Incremental Income		98,160	149,203	152,187	155,231	158,336	161,502	164,732	168,027	171,388	174,815	178,312	181,878	185,515	189,226	193,010	196,870
Continuum of Care (Incremental Income) NOT including for UW		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Misc. Income		2,000	3,040	3,101	3,163	3,226	3,291	3,356	3,424	3,492	3,562	3,633	3,706	3,780	3,855	3,933	4,011
Vacancy Loss - Residential	10.0%	(8,169)	(12,417)	(12,665)	(12,918)	(13,177)	(13,440)	(13,709)	(13,983)	(14,263)	(14,548)	(14,839)	(15,136)	(15,438)	(15,747)	(16,062)	(16,383)
Vacancy Loss - Section 8/VASH	10.0%	(9,816)	(14,920)	(15,219)	(15,523)	(15,834)	(16,150)	(16,473)	(16,803)	(17,139)	(17,482)	(17,831)	(18,188)	(18,552)	(18,923)	(19,301)	(19,687)
Vacancy Loss - Continuum of Care	10.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
GROSS EFFECTIVE INCOME		161,863	246,032	250,953	255,972	261,091	266,313	271,639	277,072	282,614	288,266	294,031	299,912	305,910	312,028	318,269	324,634
TOTAL EXPENSES		258,201	395,048	406,899	419,106	431,680	444,630	457,969	471,708	485,859	500,435	515,448	530,912	546,839	563,244	580,141	597,546
NET OPERATING INCOME		(96,338)	(149,016)	(155,947)	(163,135)	(170,588)	(178,317)	(186,330)	(194,636)	(203,246)	(212,169)	(221,417)	(231,000)	(240,929)	(251,216)	(261,873)	(272,912)
REPLACEMENT RESERVE		20,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Mandatory Interest Payment: MHP Loan		2,100	12,600	12,600	12,600	12,600	12,600	12,600	12,600	12,600	12,600	12,600	12,600	12,600	12,600	12,600	12,600
NET INCOME AVAILABLE FOR DEBT SERVICE		(118,438)	(191,616)	(198,547)	(205,735)	(213,188)	(220,917)	(228,930)	(237,236)	(245,846)	(254,769)	(264,017)	(273,600)	(283,529)	(293,816)	(304,473)	(315,512)
Operating Deficit Reserve																	
Initial Deposit for Rental/Operating Subsidy		567,000		4,233,000													
Deposit to Operating Deficit Reserve		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Earned	1.00%	0	4,349	2,271	42,434	40,596	38,665	36,637	34,509	32,277	29,936	27,483	24,913	22,221	19,403	16,453	13,368
Withdrawal from Operating Deficit Reserve		132,105	212,116	219,047	226,235	233,688	241,417	249,430	257,736	266,346	275,269	284,517	294,100	304,029	314,316	324,973	336,012
Remaining Balance of Operating Deficit Reserve		434,895	227,128	4,243,353	4,059,552	3,866,459	3,663,706	3,450,913	3,227,687	2,993,618	2,748,285	2,491,251	2,222,063	1,940,255	1,645,342	1,336,822	1,014,179
NET CASH FLOW		13,667	20,500	20,500	20,500	20,500	20,500	20,500	20,500	20,500	20,500	20,500	20,500	20,500	20,500	20,500	20,500
Debt Service Coverage Ratio (After withdrawal from ODR)		1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
DISTRIBUTION OF CASH FLOW																	
LP Asset Management Fee	*Annual Amt: 8,500*	5,667	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500
Deferred Developer Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
GP Partnership Management Fee - Current	*Annual Amt: 12,000*	8,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Residual Receipts Loans	100.00%																
Rancho Cordova Housing Trust Fund	40.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MHP	60.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
General Partner	0.01%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Limited Partner	99.99%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

ATTACHMENT 2

MATHER VETERAN'S VILLAGE
SCHEDULE OF OUTSTANDING DEBT AND RESERVES

Version: Wells LO Final

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SCHEDULE OF OUTSTANDING DEBT AND FEE ACCRUALS

		2015	1 2016	2 2017	3 2018	4 2019	5 2020	6 2021	7 2022	8 2023	9 2024	10 2025	11 2026	12 2027	13 2028	14 2029	15 2030	16 2031
GP Loan - HCD IIG		941,552	941,552	941,552	941,552	941,552	941,552	941,552	941,552	941,552	941,552	941,552	941,552	941,552	941,552	941,552	941,552	941,552
Rancho Cordova Housing Trust Fund		2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
County Sewer Fee Waiver		95,362	95,362	95,362	95,362	95,362	95,362	95,362	95,362	95,362	95,362	95,362	95,362	95,362	95,362	95,362	95,362	95,362
MHP		3,000,000	3,057,900	3,135,300	3,212,700	3,290,100	3,367,500	3,444,900	3,522,300	3,599,700	3,677,100	3,754,500	3,831,900	3,909,300	3,986,700	4,064,100	4,141,500	4,218,900
TOTAL OUTSTANDING DEBT		6,036,914	6,094,814	6,172,214	6,249,614	6,327,014	6,404,414	6,481,814	6,559,214	6,636,614	6,714,014	6,791,414	6,868,814	6,946,214	7,023,614	7,101,014	7,178,414	7,255,814
OPERATING RESERVE BALANCE																		
Previous Balance		110,960	110,960	113,179	115,442	117,751	120,106	122,508	124,958	127,458	130,007	132,607	135,259	137,964	140,723	143,538	146,409	149,337
Deposit to Reserve		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest on Reserve	2.0%	0	2,219	2,264	2,309	2,355	2,402	2,450	2,499	2,549	2,600	2,652	2,705	2,759	2,814	2,871	2,928	2,987
Withdrawal from Reserve		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		110,960	113,179	115,442	117,751	120,106	122,508	124,958	127,458	130,007	132,607	135,259	137,964	140,723	143,538	146,409	149,337	152,324
REPLACEMENT RESERVE BALANCE																		
Previous Balance		0	0	20,000	50,400	81,408	113,036	145,297	178,203	211,767	246,002	280,922	316,541	352,872	389,929	427,728	466,282	505,608
Deposit to Reserve		0	20,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Interest on Reserve	2.0%	0	0	400	1,008	1,628	2,261	2,906	3,564	4,235	4,920	5,618	6,331	7,057	7,799	8,555	9,326	10,112
Withdrawal from Reserve		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		0	20,000	50,400	81,408	113,036	145,297	178,203	211,767	246,002	280,922	316,541	352,872	389,929	427,728	466,282	505,608	545,720
SERVICES RESERVE BALANCE																		
Previous Balance		120,000	120,000	122,400	124,848	127,345	129,892	132,490	135,139	137,842	140,599	143,411	146,279	149,205	152,189	155,233	158,337	161,504
Deposit to Reserve		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest on Reserve	2.0%	0	2,400	2,448	2,497	2,547	2,598	2,650	2,703	2,757	2,812	2,868	2,926	2,984	3,044	3,105	3,167	3,230
Withdrawal from Reserve		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		120,000	122,400	124,848	127,345	129,892	132,490	135,139	137,842	140,599	143,411	146,279	149,205	152,189	155,233	158,337	161,504	164,734
OPERATING DEFICIT RESERVE BALANCE																		
Previous Balance			0	434,895	227,128	4,243,353	4,059,552	3,866,459	3,663,706	3,450,913	3,227,687	2,993,618	2,748,285	2,491,251	2,222,063	1,940,255	1,645,342	1,336,822
Deposit to Reserve		0	567,000	0	4,733,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest on Reserve	1.0%	0	0	4,349	2,271	42,434	40,596	38,665	36,637	34,509	32,277	29,936	27,483	24,913	22,221	19,403	16,453	13,368
Withdrawal from Reserve		0	(132,105)	(212,116)	(218,047)	(226,235)	(233,689)	(241,417)	(249,430)	(257,734)	(266,346)	(275,269)	(284,517)	(294,100)	(304,029)	(314,316)	(324,973)	(336,012)
Ending Balance		0	434,895	227,128	4,243,353	4,059,552	3,866,459	3,663,706	3,450,913	3,227,687	2,993,618	2,748,285	2,491,251	2,222,063	1,940,255	1,645,342	1,336,822	1,014,178

ATTACHMENT 2

Flow of Funds

VERSION: Wells LOI Final — Revised: Revised: 28-Aug-14

	TOTAL	CONSTRUCTION PERIOD: Bank Construction Loan	GP Loan HCD IIG	City of Rancho Cordova	County Sewer Fee Waiver	GP Equity	1st LP Cap Contribution	COMPLETION: 2nd LP Cap Contribution	PARTIAL CONST LOAN PAY DOWN: 3rd LP Cap Contribution	PERMANENT CONVERSION: MHP-SH	4th LP Cap Contribution	8609: 5th LP Cap Contribution	Tax Return: 6th LP Cap Contribution	January 2018 OOR Funding: 7th/Final LP Cap Contribution
USES OF FUNDS		11,525,535	941,552	2,000,000	95,362	100	2,166,666	50,000	7,525,535	3,000,000	1,601,460	370,000	50,000	4,233,000
ACQUISITION COSTS														
Land (Land Lease)	0		0											
Demolition	25,000	0		25,000										
Off-site Improvements	622,462	0	159,200	463,262										
	0													
GENERAL DEVELOPMENT COSTS														
Hard Costs-Unit Construction	8,409,842	7,743,294		79,305			587,243							
Construction Contingency	1,081,947	1,081,947												
Contractor General Conditions	615,608	615,608												
Contractor Overhead and Profit	384,129	384,129												
Local Development Impact Fees	828,924	0	91,095	642,467	95,362									
Local Permits/Fees	75,358	0		75,358										
Environmental Assessments	25,000	0		25,000										
GC Bond Premium	94,957	0					94,957							
GC Insurance	71,217	0					71,217							
Utility Hookups	153,360	153,360												
Site Improvements/Landscape	596,257	0	596,257											
Architecture	752,500	301,000		451,500										
Survey/Engineering/Staking	100,000	5,000	95,000											
Prevailing Wage Monitor	25,000	25,000												
Appraisal	15,000	0		15,000										
Market Study (TCAC)	7,500	0		7,500										
Construction Testing/Insp./Supervision	145,000	145,000												
Construction Loan Interest	529,310	529,310												
Title/Recording/Escrow - Construction	40,000	0				100	39,900							
Title/Recording/Escrow - Permanent	10,000										10,000			
Real Estate Taxes During Const	5,271	5,271												
Insurance During Const	65,608	0		65,608										
Soft Cost Contingency	191,616	191,616												
City Loan Fee	150,000	0		150,000										
Title/Recording/Escrow - Acquisition	10,000	10,000												
TCAC Application/Res/Monitoring Fee	70,696						70,696				0			
Legal: Acquisition	0	0	0											
Construction Closing	25,000	0					25,000							
Permanent Closing	5,000										5,000			
Organization of Ptnshp	5,000						5,000							
Syndication - Pshp	30,000						30,000							
Syndication Consulting	55,000						52,500				2,500			
Audit/Cost Certification	35,000	35,000												
Furnishings	50,000	50,000												
Marketing/Rent-Up	250,000	250,000												
Capitalized Services Reserve	120,000											120,000	0	
Capitalized Operating Reserve	110,960										110,960			
Transition Reserve	353,000										353,000			
Capitalized Operating Deficit Reserve	4,800,000						567,000							4,233,000
Developer Fee	940,000						470,000	50,000	0		120,000	250,000	50,000	
COSTS OF ISSUANCE/FINANCING FEES														
Lender Origination - Construction	69,153						69,153							
Lender Expenses - Construction	34,000						34,000							
Lender Counsel - Construction	50,000						50,000							
Repayment of Construction Loan	11,525,535								7,525,535	3,000,000	1,000,001			
TOTAL DEVELOPMENT COSTS	33,559,210	11,525,535	941,552	2,000,000	95,362	100	2,166,666	50,000	7,525,535	3,000,000	1,601,460	370,000	50,000	4,233,000

Exhibit I

LOAN AGREEMENT

ATTACHMENT 2
EXHIBIT I

LOAN AGREEMENT

by and between

THE CITY OF RANCHO CORDOVA

and

Mercy Housing California 61, L.P.

Mather Veterans' Village – Phase 1

_____, 2014

ATTACHMENT 2
EXHIBIT I

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

ATTACHMENT 2
EXHIBIT I

THIS LOAN AGREEMENT (this "**Agreement**") is entered into effective as of _____, 2014 ("**Effective Date**") by and between the City of Rancho Cordova, a California municipal corporation (**"City"**) and Mercy Housing California 61, a California limited partnership ("**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 consisting of approximately 1.11 acres of vacant land (Parcel 1) which together with an Air Rights Parcel being a portion of Parcel 3 of approximately 7489 square feet located in the City, and 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 fifty (50)-unit multifamily residential project (the "**Project**"), of which all fifty (50) units will be rented at affordable rents to households 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 D, by and between Developer and City.

B. City has received a grant in the total amount of Two Million Dollars ($2,000,000) (**"**State LHTF **Grant"**) from the State Department of Housing and Community Development ("**HCD**") – Local Housing Trust Fund ("**LHTF**") grant program, to assist in Developer's acquisition of the Premises and development of the Project. City intends to loan LHTF Grant funds to Developer for predevelopment and construction financing converting to permanent financing (**"City Loan"**) in accordance with the terms and conditions herein.

C. 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"**); and (iii) 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. Developer has applied for and received an allocation of nine percent (9%) Federal low-income housing tax credits (**"Tax Credits"**) from the California Tax Credit Allocation Committee (**"TCAC"**). Pursuant to the Developer's Financing Plan, attached hereto as Exhibit G, the Project will be financed solely through a private lender Construction Loan, the City Loan, a State HCD Urban Infrastructure Infill loan from Mercy Housing California, MHP Supportive Housing Loan and Tax Credits.

E. Capitalized terms not defined herein shall have the meaning ascribed to them in that certain Second Amended and Restated Development, Disposition and Loan

Agreement ("**DDLA**") between the City and Mercy Housing California, dated as of November 17, 2014, and assigned to Developer..

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 "Indemnitees" 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 limited partnership, 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, that certain LHTF Standard Agreement #11-LHTFOTC-8271 between the City and HCD, 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 Project will consist of a three (3)-story, stick built, slab on grade building with at least two (2) elevators **("Building"**). To the maximum extent possible, all parking will be covered. Not more than fifty (50) units shall be comprised of up to forty-four (44) single bedroom units and six (6) two-bedroom units. The **Building** will include laundry facilities a community room, and common area quiet spaces either within the newly constructed spaces or in the 7489.33 square feet of adjoining Air Rights Parcel. Project design will be subject to the City's Design Review process. Subject to design and financial feasibility considerations, the layout or configuration of the units may change, but subject only to City approval 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. All of the foregoing is collectively hereinafter referred to as the **"Improvements**."

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, not less than fifty (50) of 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. with construction

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 t 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 Tax Credit Allocation Committee **("TCAC")** 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 LHTF Grant Developer shall update the Financing Plan throughout the term of this Agreement consistent with information submitted to **TCAC**, provided that Developer shall request and obtain prior written approval from the City of any proposed modifications in excess of $25,000. 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 commence and complete construction of the Project and shall satisfy all other obligations of Developer under this Agreement within the time periods set forth herein, as such time periods may be extended upon the mutual written consent of the Parties. 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 the earlier of: (i) December 31, 2014, or (ii) the earliest date as may be required by TCAC, and 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 December 31, 2016 or such earlier date as may be required by TCAC. The Parties acknowledge that the LHTF regulations require that all LHTF Funds must be spent prior to July 20, 2017. Therefore, final construction draw requests are due to City no later than June 1, 2017. 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 Change 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.

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 wager 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, 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 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 of the State LHTF Grant, City will provide a City Loan to Developer in the maximum principal amount of Two Million Dollars ($2,000,000) 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 ExhibitE. 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 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. The outstanding principal balance of the City Note will not bear interest. Annual payments shall be due and payable on a residual receipts basis in accordance with the formula set forth in the City Note and the project financing plan. The entire outstanding principal balance of the City Loan together with all other sums due under the City Note shall be payable in full on the date (the "Maturity Date") which is the earlier of (i) the fifty-fifth (55^{th}) anniversary of the date of issuance of the final certificate of occupancy for the Project, or (ii) the fifty-seventh (57^{th}) anniversary of the City Loan origination date. 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, 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.

4.7 Nonrecourse. Except as expressly provided in Section 3.9 of the City Note, the Note shall be non-recourse to Developer.

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 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 Mercy Housing California and the limited partnership to own the **Improvements;**

(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;

(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, (iii) certified copy of Developer's LP-1, (iv) a copy of Developer's executed partnership agreement, certified as accurate and complete by an authorized officer of Developer's general partner ("**Partnership Agreement**"); (v) certified copies of Developer's general partners' LLC-1 and operating agreement; and (vi) verification of Developer's Managing General Partner'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 commercially reasonable conditions, for all Project construction and permanent financing, including without limitation) and an executed agreement of limited partnership evidencing the commitment of Developer's limited partner to contribute equity funds in accordance with a schedule approved by City;

(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 H 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 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 LHTF loan funds.

(xvi) (Prior to disbursement of Construction Loan Escrow funds) - 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 which shall be conducted by Cohn Reznick.

4.11 Recovery of City Costs. Developer shall reimburse City up to One Hundred Fifty Thousand Dollars ($150,000) 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.

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 I 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 J 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 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 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 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 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; provided however, that notwithstanding the foregoing or anything to the contrary contained herein, (i) neither the transfer of limited partner interests in the developer or its permitted assigns, or any transfer of interests within such limited partner; (ii)such limited partner(s) may remove Developer's general partner(s) for cause in accordance with the Partnership Agreement, provided that such limited partner(s) replace any general partner(s) so removed with a replacement general partner reasonably acceptable to the City within a reasonable period of time; and (iii) the City's consent shall not be required in connection with any transfer of the Premises or the partnership interests of Developer's limited partner(s) pursuant to the Purchase Option Agreement (as defined in the Partnership Agreement

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) a Transfer to a single purpose limited partnership in which at least one of the general partners is an affiliate controlled by Mercy Housing California, a 501 (c)(3) not for profit corporation ("**Controlled Affiliate**").

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 (v) 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 (v) 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 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

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, 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 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;

(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 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.

9.8 Rights of Limited Partners. Whenever City delivers any notice of default hereunder, City shall concurrently deliver a copy of such notice to Developer's limited partner(s) in accordance with Section 11.3, at the following address (or such alternate address designated by such limited partner(s) from time to time in a written notice to City):

Wells Fargo Affordable Housing
Community Development Corporation
MAC D1053-170
301 South College Street, 17th Floor
Charlotte, NC 28288
Attention: Director of Tax Credit Asset Management

The limited partner(s) shall have the same right as Developer to cure or remedy any default hereunder within the cure period provided to Developer, extended by an additional sixty (60) days.

ARTICLE X

INDEMNITY AND INSURANCE.

10.1 Indemnity. Developer shall indemnify, defend (with counsel approved by City) and hold Indemnitees and HCD 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.

(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 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 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: Mercy Housing California 61, L.P.
1360 Mission Street, Suite 300
San Francisco, CA 94103
Attn: Asset Management

Copy to: Veterans Resource Center of America
Administrative Offices
P.O. Box 378

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.

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.

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.

ATTACHMENT 2
EXHIBIT I

SIGNATURES ON FOLLOWING PAGE.

ATTACHMENT 2
EXHIBIT I

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: _____

ATTACHMENT 2
EXHIBIT I

DEVELOPER

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:_____

By: VHDC Mather Veterans Village Phase One, LLC, California Limited Liability Company, its administrative general partner

By: Veterans Housing Development Corporation, a California nonprofit public benefit corporation, its member/manager

By:_____
Its:_____

ATTACHMENT 2
EXHIBIT I

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

ATTACHMENT 2
EXHIBIT I

Exhibit A

LEGAL DESCRIPTION OF PROPERTY

ATTACHMENT 2

Exhibit A

LEGAL DESCRIPTION OF PROPERTY

Legal Description
Parcel 1

Being located within the City of Rancho Cordova and being Parcel 1 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.

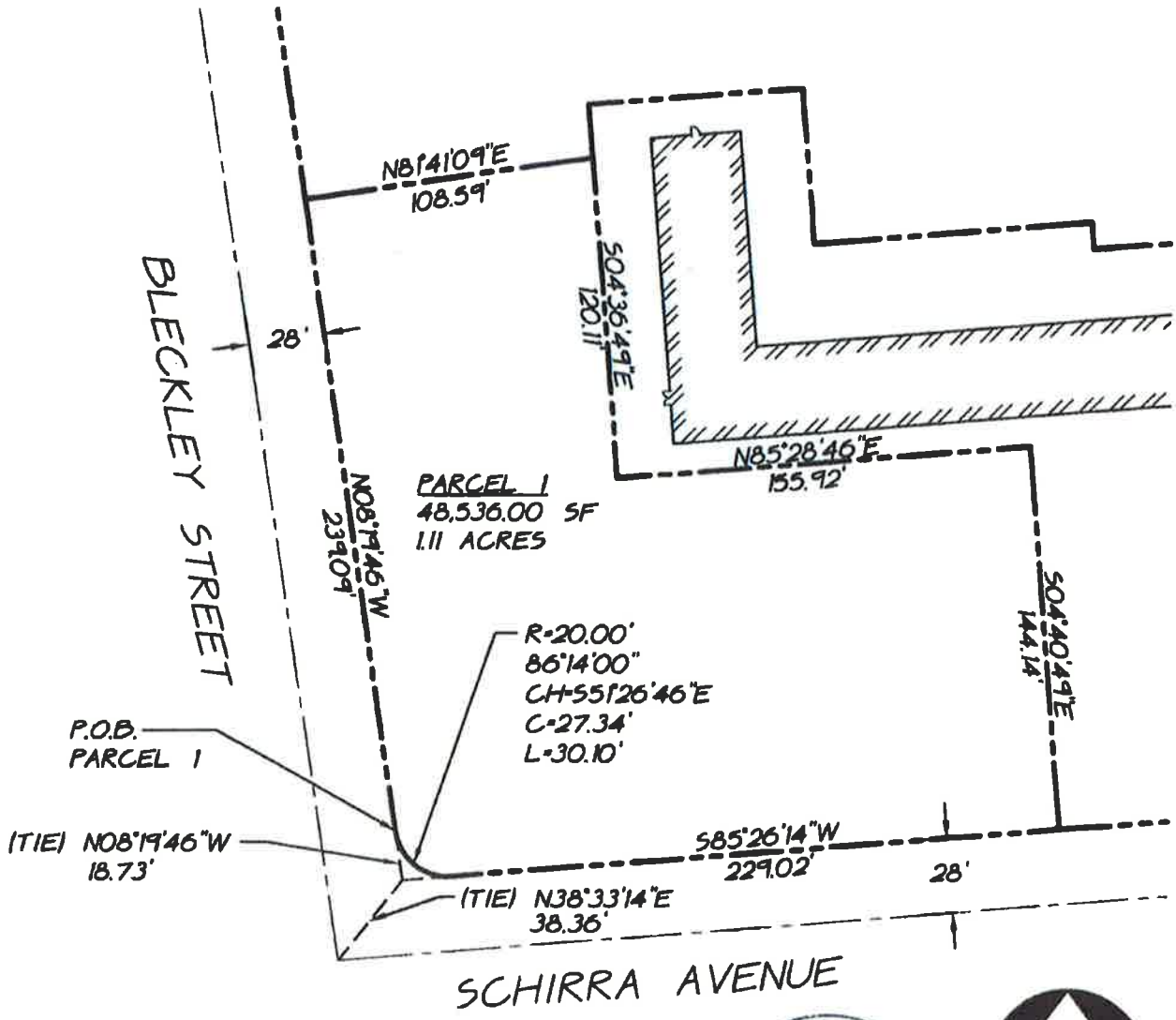
Together with Air Rights Parcel (Mercy)

Being a portion of Parcel 3 of aforesaid Parcel 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.

End of Description

Prepared By: Warren Land Surveying, Inc.
1117 Windfield Way, Ste. 110
El Dorado Hills, CA 95762
10/14/14

JOB NO. 12-081
DATE 09/30/14



REGISTERED PROFESSIONAL ENGINEER
GEORGE D. WARREN I
No. C28362
STATE OF CALIFORNIA

NORTH
0 60'
1 inch = 60 feet

BASIS OF BEARINGS:

THE BASIS OF BEARINGS FOR THIS SURVEY IS IDENTICAL TO RECORD OF SURVEY BOOK 54 PAGE 33.

EXHIBIT "B" - PARCEL 1

WARREN LAND SURVEYING, INC.
1117 Windfield Way, Suite 110
El Dorado Hills, CA 95762
916-955-1570

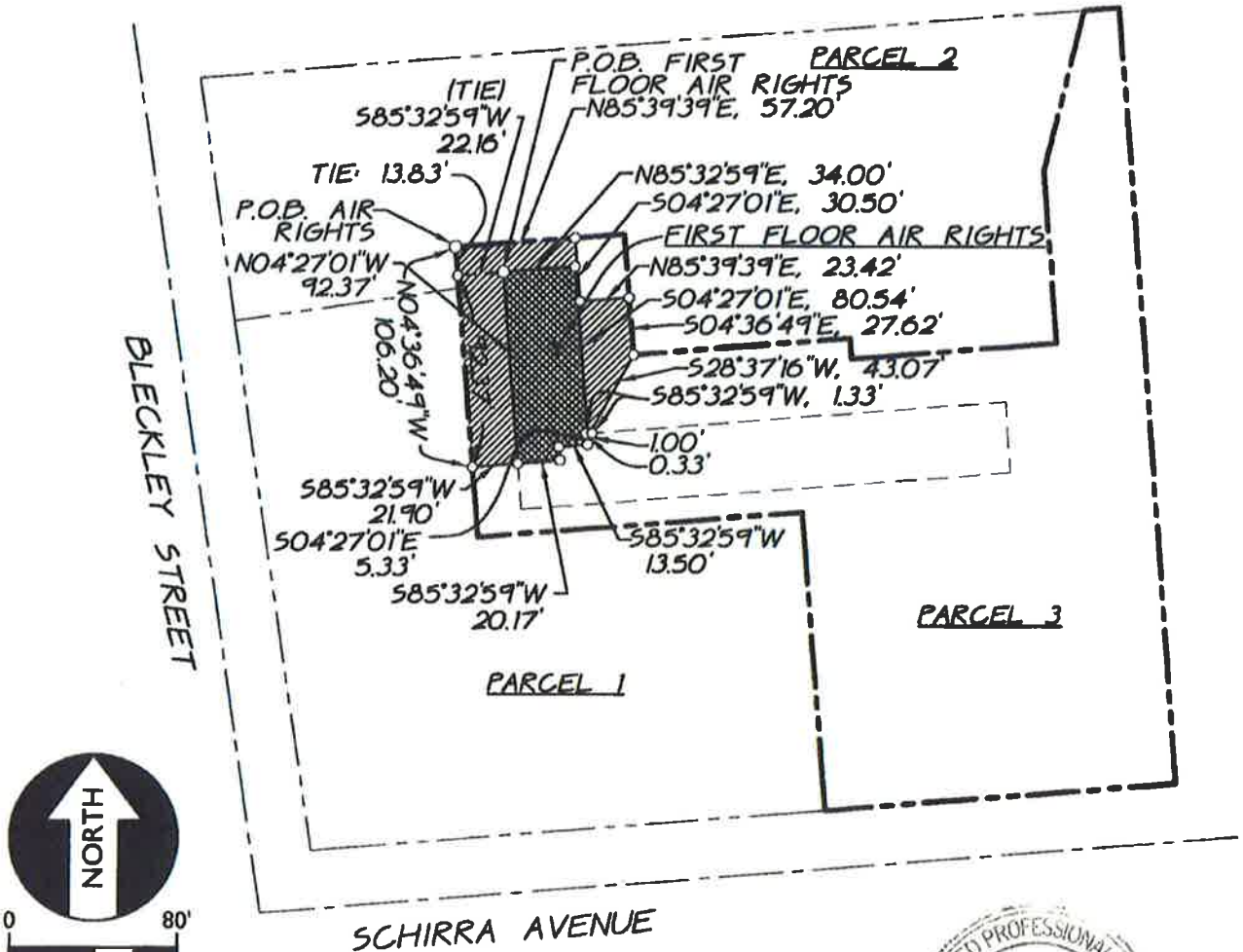
MATHER VETERANS VILLAGE
A PORTION OF
APN 067-0010-099

RANCHO CORDOVA, SACRAMENTO COUNTY, CALIFORNIA

SCALE 1"=60'

P-CAL PARCEL EXHIBITS

JOB NO. 12-081
DATE 09/16/14



REGISTERED PROFESSIONAL ENGINEER
GEORGE D. WARREN II
No. C28362
CIVIL
STATE OF CALIFORNIA

BASIS OF BEARINGS:

THE BASIS OF BEARINGS FOR THIS SURVEY IS IDENTICAL TO RECORD OF SURVEY BOOK 54 PAGE 33.

EXHIBIT "B" - AIR RIGHTS PARCEL (MERCY)

WARREN LAND SURVEYING, INC.
1117 Windfield Way, Suite 110
El Dorado Hills, CA 95762
916-985-1870

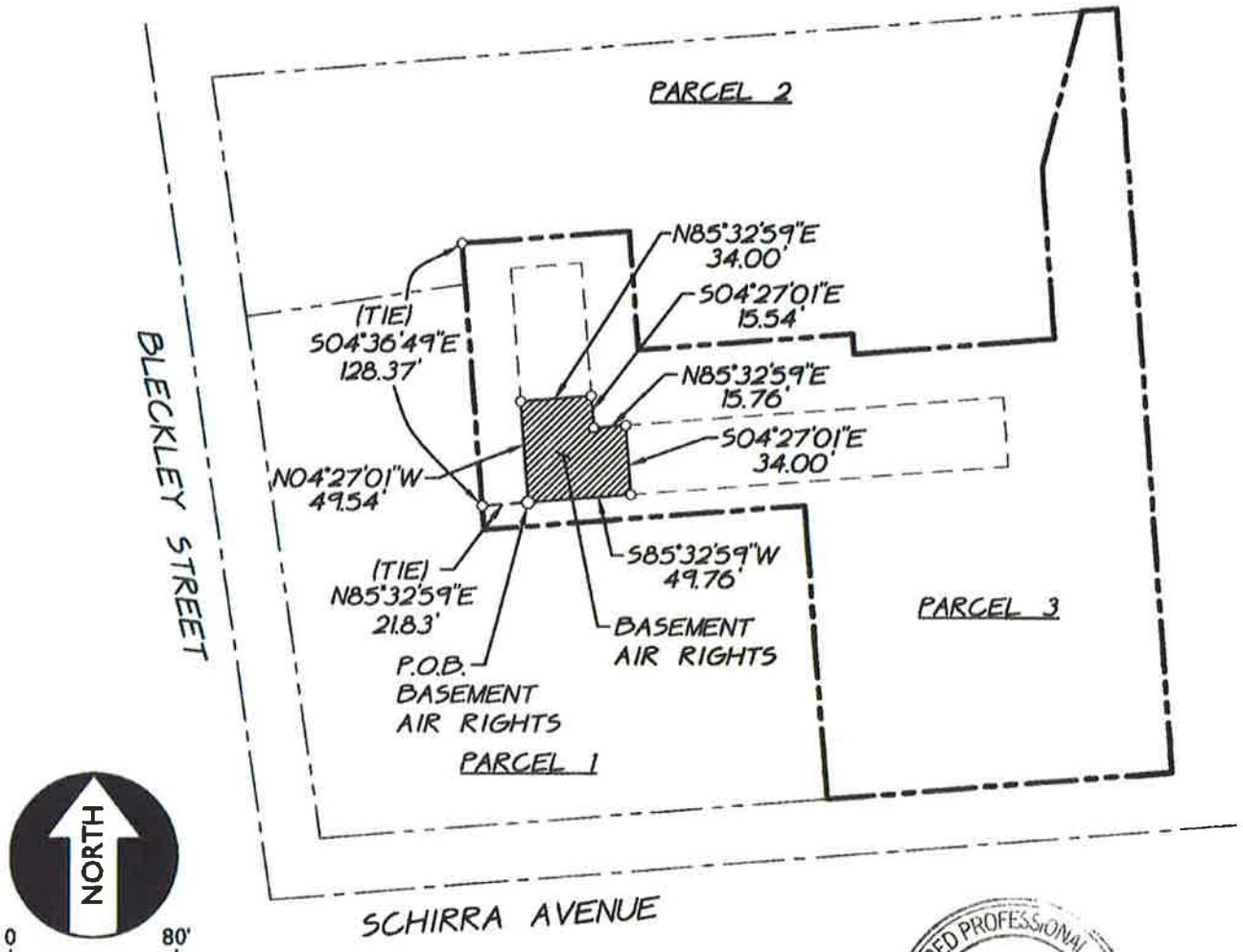
MATHER VETERANS VILLAGE
A PORTION OF
PARCEL 3

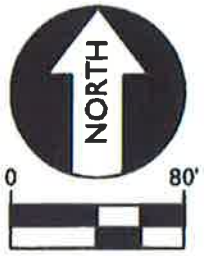
RANCHO CORDOVA, SACRAMENTO COUNTY, CALIFORNIA

SCALE 1"=80'

12-081 PLOT-SR-EXHIBIT

JOB NO. 12-081
DATE 09/16/14





1 inch = 80 feet

BASIS OF BEARINGS:

THE BASIS OF BEARINGS FOR THIS SURVEY IS IDENTICAL TO RECORD OF SURVEY BOOK 54 PAGE 33.

EXHIBIT "C" - AIR RIGHTS PARCEL (MERCY)

WARREN LAND SURVEYING, INC.
1117 Windfield Way, Suite 110
El Dorado Hills CA 95762
916-985-1570

MATHER VETERANS VILLAGE
A PORTION OF
PARCEL 3

RANCHO CORDOVA, SACRAMENTO COUNTY, CALIFORNIA

SCALE 1"=80'

12-081 BLOCHER-EXHIBIT

Exhibit B

MEMORANDUM OF LOAN AGREEMENT

ATTACHMENT 2
EXHIBIT I

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)

MEMORANDUM OF LOAN AGREEMENT

This Memorandum of Loan Agreement (this "**Memorandum**") dated as of _____, 2014 , is entered into by and between the City of Rancho Cordova, a California municipal corporation ("**City**") and, Mercy Housing California 61, L.P., a California limited partnership, a 501 (c)(3) not for profit Corporation ("**Developer**"). City and Developer are hereinafter collectively referred to as the "**Parties**." Does this need to be assigned to the partnership?

1. The Parties have entered into that certain Loan Agreement dated as of _____, 2014 (the "**Loan Agreement**"), pursuant to which Developer has agreed to develop certain real property (the "**Premises**") located within the City and more particularly described in Exhibit A attached hereto and incorporated herein by this reference.

2. Among other conditions, the Loan Agreement provides that by not later than June 30, 2016 or such earlier date as may be required by TCAC. Developer shall have completed construction of an affordable housing project on the Property (the **"Project"**), as evidenced by the City's issuance of a final certificate of occupancy, in which at least fifty (50) units will be rented to eligible households who qualify as Very Low-Income (as defined in the Regulatory Agreement described below) pursuant to the terms of the Loan Agreement and an Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants executed by the Parties ("**Regulatory Agreement**") which shall be recorded in Official Records of Sacramento County substantially concurrently herewith.

3. The Loan Agreement further provides that (i) except as permitted by the Loan Agreement, Developer shall not voluntarily or involuntarily make or attempt any total or partial sale, transfer, conveyance, assignment or lease of the whole or any part of Developer's interest in the Premises or the improvements located thereon without the prior written approval of the City; and (ii) any transferee of all or part of the Premises shall be subject to and shall expressly assume all of the covenants, obligations and restrictions of the Loan Agreement which pertain to the portion of the Premises transferred, including without limitation, the provisions of the Regulatory Agreement.

4. The Parties have executed and recorded this instrument to give notice of the Loan Agreement and the respective rights of the Parties thereunder. Copies of the unrecorded Loan Agreement are available at the offices of the City, 2729 Prospect Park Drive, Rancho

Cordova, California 95670, and such document is incorporated by reference in its entirety in this Memorandum. This Memorandum is solely for recording purposes and shall not be construed to alter, modify, amend or supplement the Loan Agreement. In the event of any inconsistency between this Memorandum and the Loan Agreement, the Loan Agreement shall control.

6. This Memorandum shall be interpreted and enforced in accordance with California law without regard to principles of conflict of laws. This Memorandum may be executed in counterparts.

7. The Loan Agreement shall bind and inure to the benefit of the Parties and their respective successors and assigns.

SIGNATURES ON FOLLOWING PAGE.

IN WITNESS WHEREOF, the Parties have executed this Memorandum as of the date first set forth above.

CITY

The City of Rancho Cordova,
a California municipal corporation

By: _____
City Manager

ATTEST:

By: _____
City Clerk

APPROVED AS TO FORM:

By: _____
City Attorney

DEVELOPER

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:_____

By: VHDC Mather Veterans Village Phase One, LLC, California Limited Liability Company, its administrative general partner

By: Veterans Housing Development Corporation, a California nonprofit public benefit corporation, its member/manager

By:_____
Its:_____

SIGNATURES MUST BE NOTARIZED.

ATTACHMENT 2
EXHIBIT I

Exhibit A

PROPERTY

(Attach legal description.)

ATTACHMENT 2

Exhibit A

LEGAL DESCRIPTION OF PROPERTY

Legal Description
Parcel 1

Being located within the City of Rancho Cordova and being Parcel 1 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.

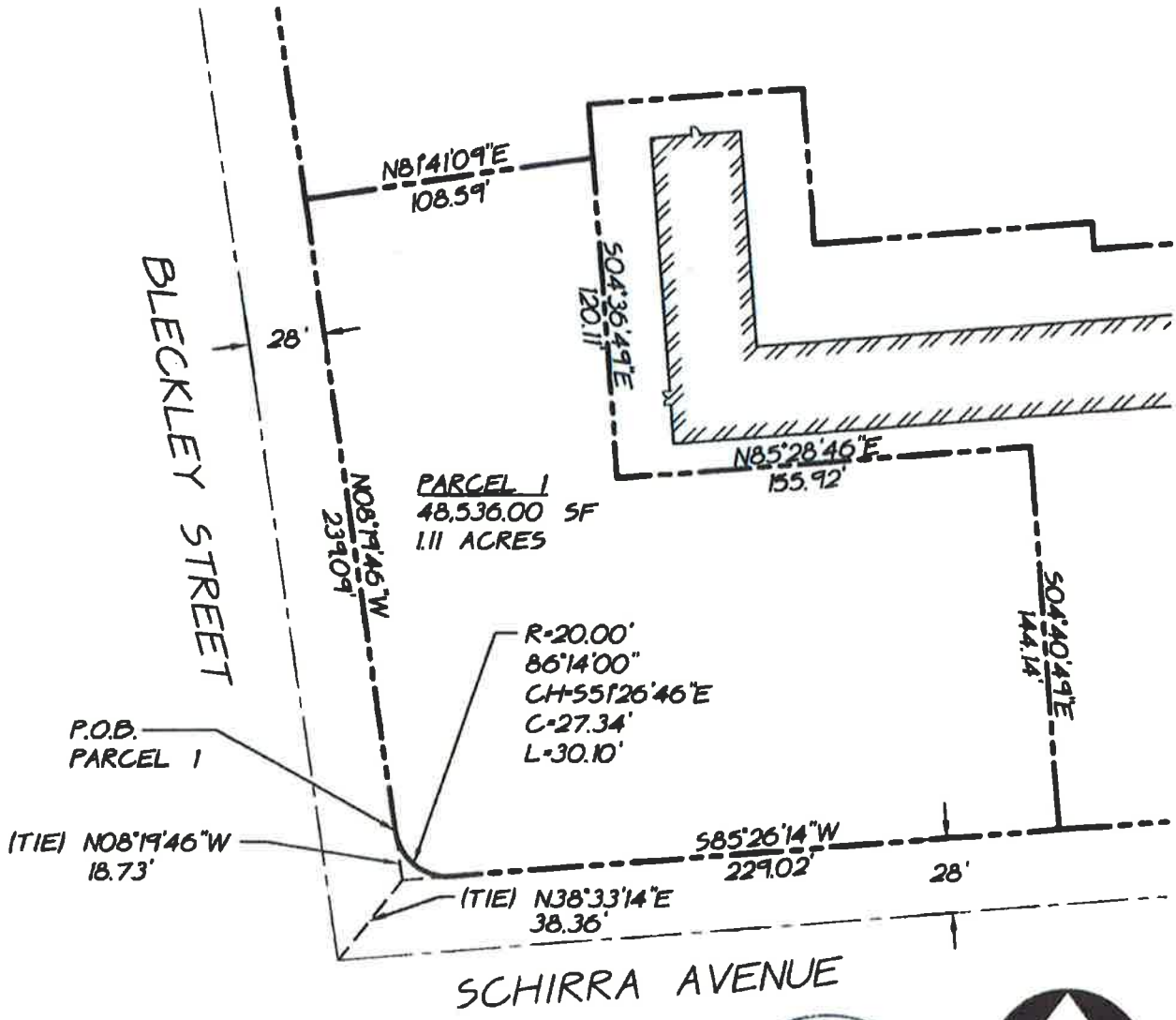
Together with Air Rights Parcel (Mercy)

Being a portion of Parcel 3 of aforesaid Parcel 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.

End of Description

Prepared By: Warren Land Surveying, Inc.
1117 Windfield Way, Ste. 110
El Dorado Hills, CA 95762
10/14/14

JOB NO. 12-081
DATE 09/30/14



REGISTERED PROFESSIONAL ENGINEER
GEORGE D. WARREN I
No. C28362
STATE OF CALIFORNIA

NORTH
0 60'
1 inch = 60 feet

BASIS OF BEARINGS:
THE BASIS OF BEARINGS FOR THIS SURVEY IS IDENTICAL TO RECORD OF SURVEY BOOK 54 PAGE 33.

EXHIBIT "B" - PARCEL 1

WARREN LAND SURVEYING, INC.
1117 Windfield Way, Suite 110
El Dorado Hills, CA 95762
916-955-1570

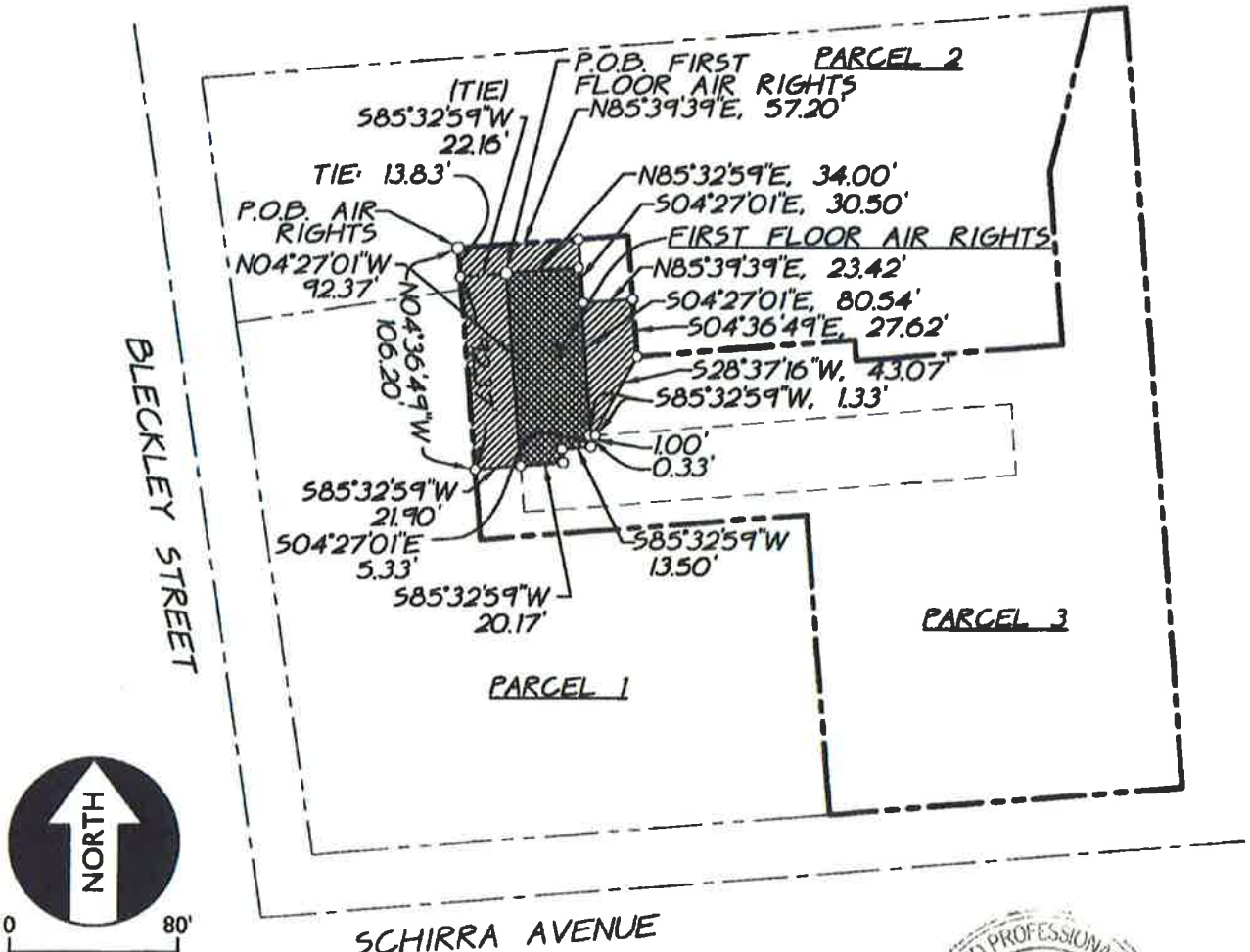
MATHER VETERANS VILLAGE
A PORTION OF
APN 067-0010-099

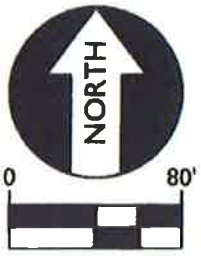
RANCHO CORDOVA, SACRAMENTO COUNTY, CALIFORNIA

SCALE 1"=60'

P-CAL PARCEL EXHIBITS

JOB NO. 12-081
DATE 09/16/14





1 inch = 80 feet

REGISTERED PROFESSIONAL ENGINEER
GEORGE D. WARREN II
No. C28362
CIVIL
STATE OF CALIFORNIA

BASIS OF BEARINGS:

THE BASIS OF BEARINGS FOR THIS SURVEY IS IDENTICAL TO RECORD OF SURVEY BOOK 54 PAGE 33.

EXHIBIT "B" - AIR RIGHTS PARCEL (MERCY)

WARREN LAND SURVEYING, INC.
1117 Windfield Way, Suite 110
El Dorado Hills, CA 95762
916-985-1870

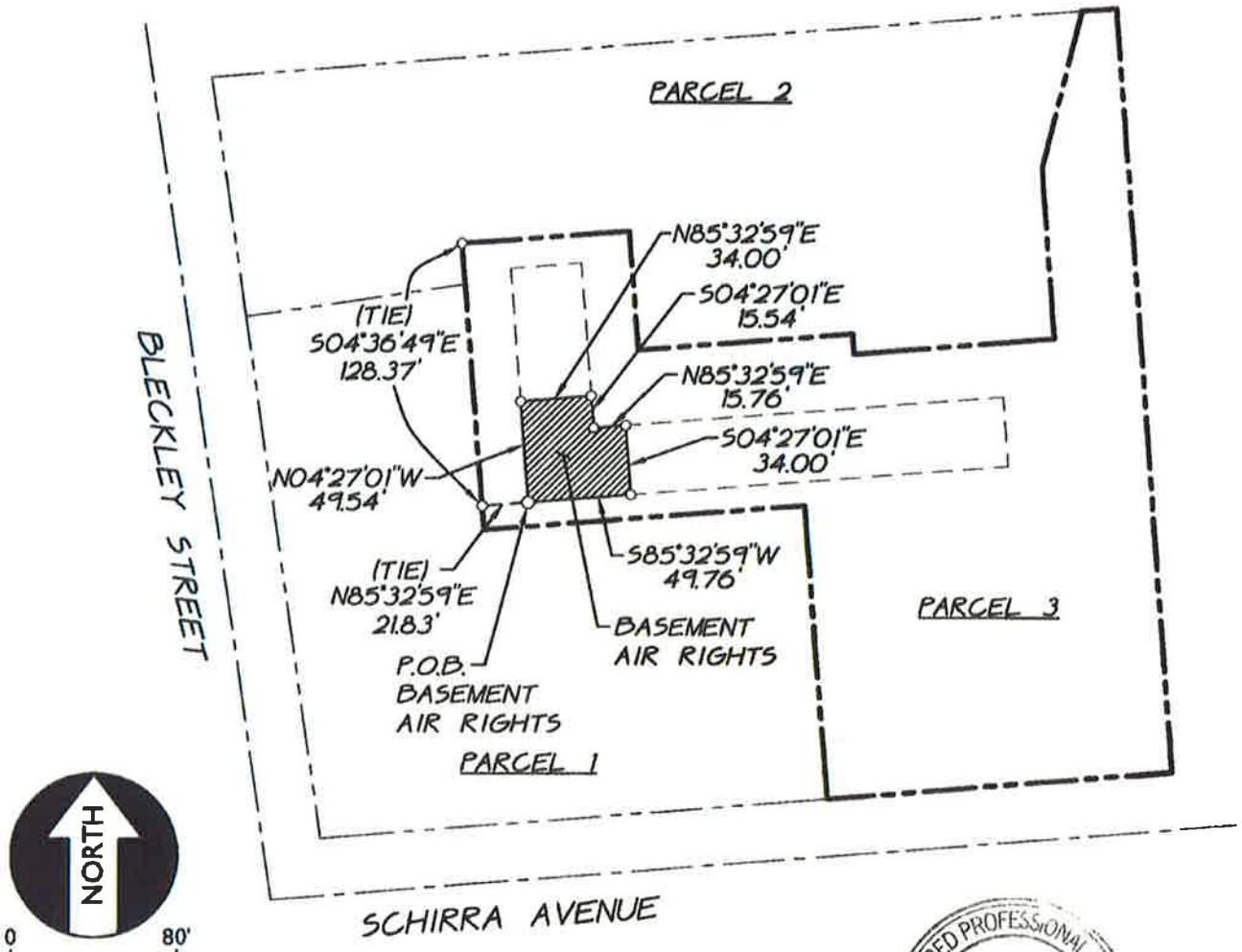
MATHER VETERANS VILLAGE
A PORTION OF
PARCEL 3

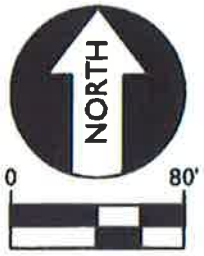
RANCHO CORDOVA, SACRAMENTO COUNTY, CALIFORNIA

SCALE 1"=80'

12-081 BLOCK-R-EXHIBIT

JOB NO. 12-081
DATE 09/16/14





1 inch = 80 feet

BASIS OF BEARINGS:

THE BASIS OF BEARINGS FOR THIS SURVEY IS IDENTICAL TO RECORD OF SURVEY BOOK 54 PAGE 33.

EXHIBIT "C" - AIR RIGHTS PARCEL (MERCY)

WARREN LAND SURVEYING, INC.
1117 Windfield Way, Suite 110
El Dorado Hills CA 95762
916-985-1570

MATHER VETERANS VILLAGE
A PORTION OF
PARCEL 3

RANCHO CORDOVA, SACRAMENTO COUNTY, CALIFORNIA

SCALE 1"=80'

12-081 BLOCK-R-EXHIBIT

ATTACHMENT 2
EXHIBIT I

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

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,

&

MERCY HOUSING CALIFORNIA 61, L.P.

THIS AFFORDABLE HOUSING REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS ("Agreement") is made this day of _____, 2014 ("Effective Date"), by and between Mercy Housing California 61, L.P., a California limited partnership (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 Second Amended and restated Disposition, Development, and Loan Agreement (the **"DDLA**"), between the City and Mercy Housing California ("MHC") dated as of November 17, 2014 , which is incorporated by this reference as if fully set forth herein, City has agreed to assign to MHC that certain leasehold interest in Parcel 1, 'Parcel 1' together with the 'Air Rights Parcel both as more fully described in Exhibit A attached hereto and incorporated by reference (collectively, the "**Property**") which MHC will then assign to Developer for development by Developer, consisting of the construction of a multi-family affordable residential rental project for disabled and homeless veterans (the "**Project**") on the Property and community facilities, and has further agreed to provide a no interest permanent loan to Developer in the total principal amount not

to exceed Two Million Dollars ($2,000,000) (the "**Permanent Loan**"). The Project consists of fifty (50) units, 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 assignment 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 Mercy Housing Management Group, 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 fifty (50) 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 (55^{th}) 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:

	1 bedroom	2 bedroom	bedroom	4 bedroom
At or Below 50% AMI	44	6	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. Additionally, all occupancy requirements shall be consistent with TCAC requirements and any inconsistencies between funding sources shall be resolved by deferring to the most restrictive requirement.

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 1 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). Restricted Units subject to a California Tax Credit Allocation Committee ("**CTCAC**") Regulatory Agreement shall be governed by such agreement with respect to tenants who upon recertification no longer qualify as Very Low-Income Households.

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 ort 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. Notwithstanding the prohibition on transfer set forth in Section 8.2 of the DDLA, the City acknowledges and agrees that the Limited Partner may remove any general partner of the Developer at any time in accordance with the terms and provisions of that certain Amended and Restated Agreement of Limited Partnership of the Developer dated [_____], 2014 (the "Partnership Agreement"), provided that the substitute general partner shall be acceptable to the City in its reasonable discretion. An affiliate of the Limited Partner shall be an acceptable substitute general partner. The Limited Partner may appoint a temporary replacement for the general partner of Developer without City's consent so long as such replacement is an affiliate of Limited Partner. In addition, the City will permit the Limited Partner to transfer its limited partner interest, and any ownership interests of the Limited Partner, to any person without the City's consent, provided that

the Limited Partner remains liable for its capital contributions as set forth in the Partnership Agreement..

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; provided, however, that Developer may, without the written consent of City, enter into a Regulatory Agreement with CTCAC with regard to tax credits. In all cases, the provisions of 24 CFR 92.252(e) shall continue to apply to the Project. Developer further covenants that it has not, and shall not, otherwise encumber the Property, including without limitation by way of mortgage or deed of trust, or by judgment, mechanic's, tax or other lien without City's prior written consent.

11. Reserve Accounts

In compliance with the Tax Credit Program, capitalized reserve accounts totaling $5,383,960, including a Permanent Operating Deficit Reserve Account in the amount of not less than $4,800,000, an Operating Reserve in the amount of $110,960, (replacement reserve is not capitalized.) a Transition Reserve in the amount of $353,000 and a Service Reserve in the amount of $120,000, all shall be established, funded and maintained by Developer. Reserves for replacement shall be in accordance with the requirements of the Tax Credit Program and as required by any senior lender. In Years 1 through 5, the annual deposit to the Replacement Reserve Account shall be in the amount of Four Hundred Dollars ($ 600) 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 of 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.

d. Rights of Limited Partners. Developer's limited partners shall have the right to cure any default of Developer hereunder upon the same terms and conditions afforded to Developer. Whenever City delivers any notice of default hereunder, City shall concurrently deliver a copy of such notice to Developer's limited partner(s) at the following address (or such alternate address designated by such limited partner(s) from time to time in a written notice to City):

Wells Fargo Affordable Housing
Community Development Corporation
MAC D1053-170
301 South College Street
Charlotte, NC 28288
Attn.: Director of Tax Credit Asset Management

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.

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.

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:

ATTACHMENT 2

MERCY HOUSING CALIFORNIA 61, L.P._____

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:_____

By: VHDC Mather Veterans Village Phase One, LLC , California limited liability company, its administrative general partner

By: Veterans Housing Development Corporation, a California nonprofit public benefit corporation, its member/manager

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 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 _____, 2014 (the "**Effective Date** Mercy Housing California, a 501 (c)(3) not for profit Corporation, ("**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 _____, 2014 (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, Mercy Housing California, a 501 (c)(3) not for profit Corporation ("**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 _____, 2014, 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 _____, . 2014, 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 1

Being located within the City of Rancho Cordova and being Parcel 1 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.

Together with Air
Rights Parcel (Mercy)

Being a portion of Parcel 3 of aforesaid Parcel 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.

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 _____, 2014__ 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 , Mercy Housing California, a 501 (c)(3) not for profit Corporation ("**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 _____, 2014__, 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 1

Being located within the City of Rancho Cordova and being Parcel 1 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.

Together with Air
Rights Parcel (Mercy)

Being a portion of Parcel 3 of aforesaid Parcel 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.

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 – LHTF Loan Funds)

$ 2,000,000

Rancho Cordova,
California
_____, 2014

FOR VALUE RECEIVED, Mercy Housing California 61, L.P., a California limited partnership ("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 Two Million Dollars ($2,000,000) 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) and any other sums accrued hereunder shall be payable in full on the date (the "Maturity Date") which is the earlier of (i) the fifty-fifth (55th) anniversary of the date upon which the City issues a final certificate of occupancy for the Project, or (i) the fifty-seventh (57th) anniversary of the date hereof.

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. Except as expressly provided in this Section 3.9, neither Borrower nor its partners shall have personal liability for payment of the principal of, or interest on, this Note, and the sole recourse of City with respect to the payment of the principal of, and interest on, this Note shall be to the Project, the Property and any other collateral held by City as security for this Note; provided however, nothing contained in the foregoing limitation of liability shall:

(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:

MERCY HOUSING CALIFORNIA 61, L.P._____

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:_____

By: VHDC Mather Veterans Village Phase One, LLC , California limited liability company, its administrative general partner

By: Veterans Housing Development Corporation, a California nonprofit public benefit corporation, its member/manager

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 _____, 2014, by Mercy Housing California 61, L.P., a California limited partnership ("**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 owns 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 50-unit multifamily residential 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 predevelopment and permanent loan to Trustor in the amount of Two Million Dollars ($2,000,000) (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 what? 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 Indemnitee shall be entitled to indemnification under this Section without regard to whether Beneficiary or that Indemnitee 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 Indemnitee 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 Indemnitee shall be entitled to indemnification under this Section for matters caused by such Indemnitee'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 appraisement, 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

MERCY HOUSING CALIFORNIA 61, L.P._____

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:_____

By: VHDC Mather Veterans Village Phase One, LLC
, California limited liability company, its administrative general partner

By: Veterans Housing Development Corporation, a California nonprofit public benefit corporation, its member/manager

By:_____
Its:_____

ATTACHMENT 2

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)

ATTACHMENT 2

EXHIBIT A TO DEED OF TRUST

Legal Description

ATTACHMENT 2

Exhibit A

LEGAL DESCRIPTION OF PROPERTY

Legal Description
Parcel 1

Being located within the City of Rancho Cordova and being Parcel 1 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.

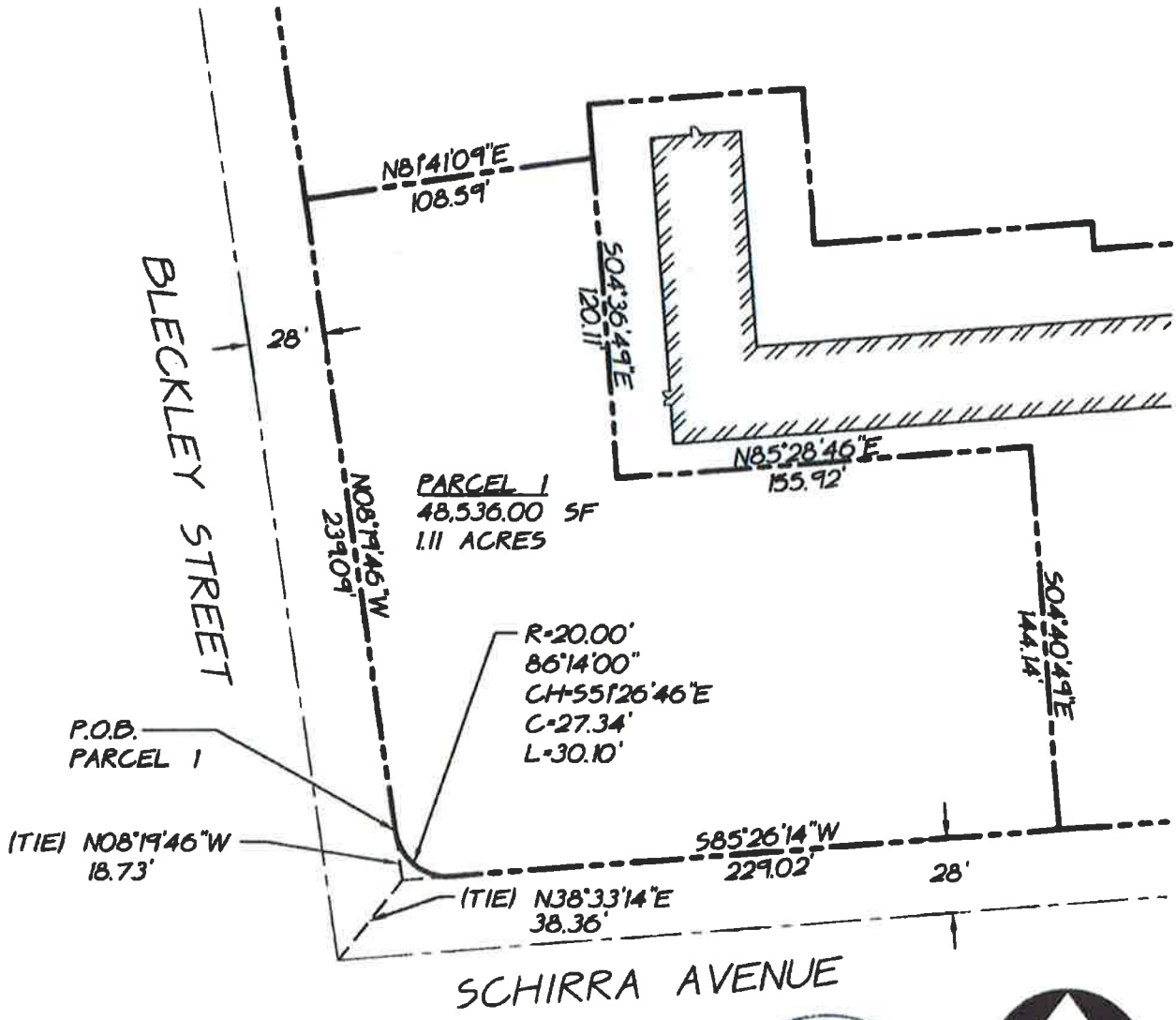
Together with Air Rights Parcel (Mercy)

Being a portion of Parcel 3 of aforesaid Parcel 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.

End of Description

Prepared By: Warren Land Surveying, Inc.
1117 Windfield Way, Ste. 110
El Dorado Hills, CA 95762
10/14/14

JOB NO. 12-081
DATE 09/30/14



REGISTERED PROFESSIONAL ENGINEER
GEORGE D. WARREN I
No. C28362
STATE OF CALIFORNIA

NORTH
0 60'
1 inch = 60 feet

BASIS OF BEARINGS:
THE BASIS OF BEARINGS FOR THIS SURVEY IS IDENTICAL TO RECORD OF SURVEY BOOK 54 PAGE 33.

EXHIBIT "B" - PARCEL 1

WARREN LAND SURVEYING, INC.
1117 Windfield Way, Suite 110
El Dorado Hills, CA 95762
916-955-1570

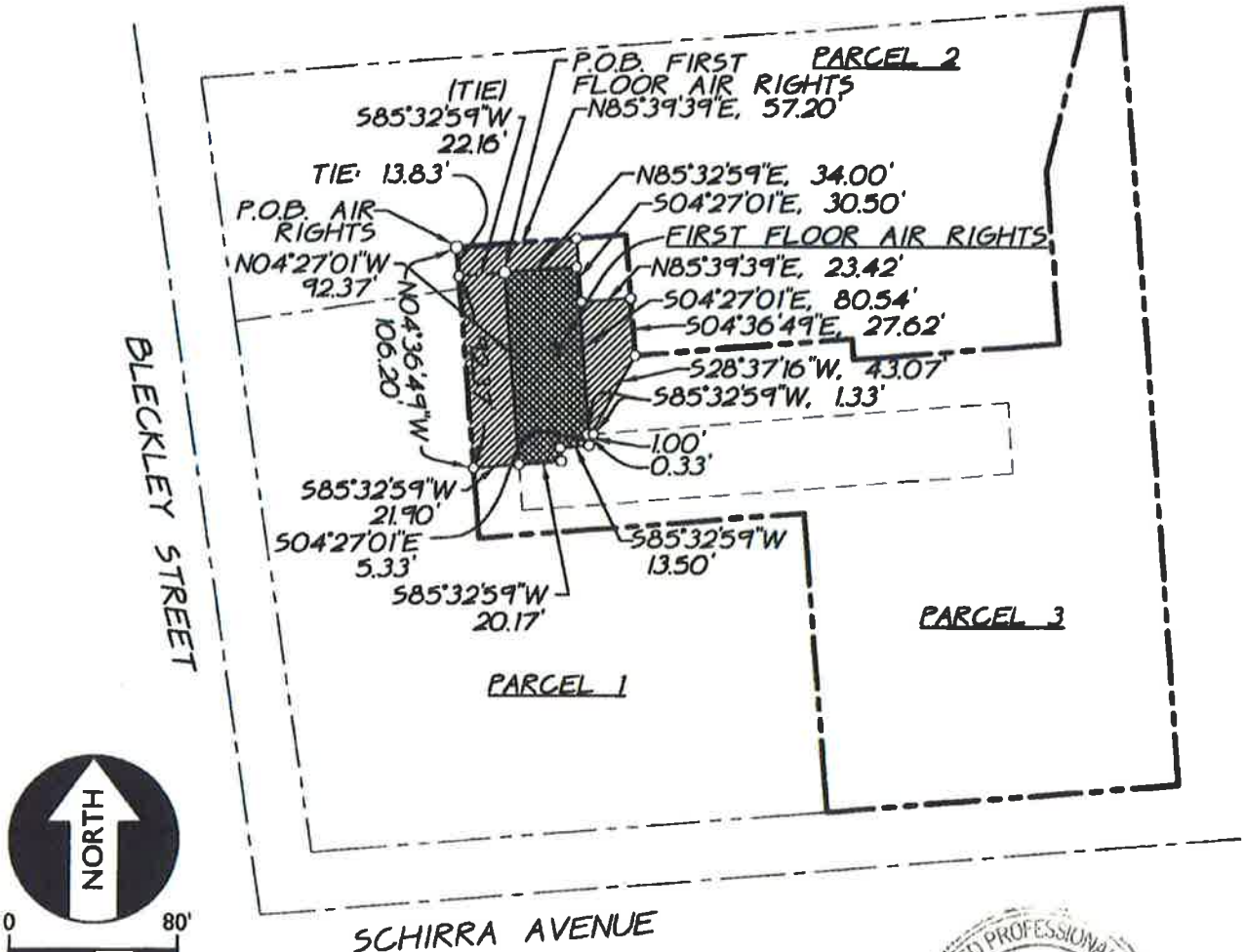
MATHER VETERANS VILLAGE
A PORTION OF
APN 067-0010-099

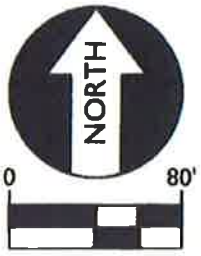
RANCHO CORDOVA, SACRAMENTO COUNTY, CALIFORNIA

SCALE 1"=60'

P-CAL PARCEL EXHIBITS

JOB NO. 12-081
DATE 09/16/14





BASIS OF BEARINGS:

THE BASIS OF BEARINGS FOR THIS SURVEY IS IDENTICAL TO RECORD OF SURVEY BOOK 54 PAGE 33.

EXHIBIT "B" - AIR RIGHTS PARCEL (MERCY)

WARREN LAND SURVEYING, INC.
1117 Windfield Way, Suite 110
El Dorado Hills, CA 95762
916-985-1870

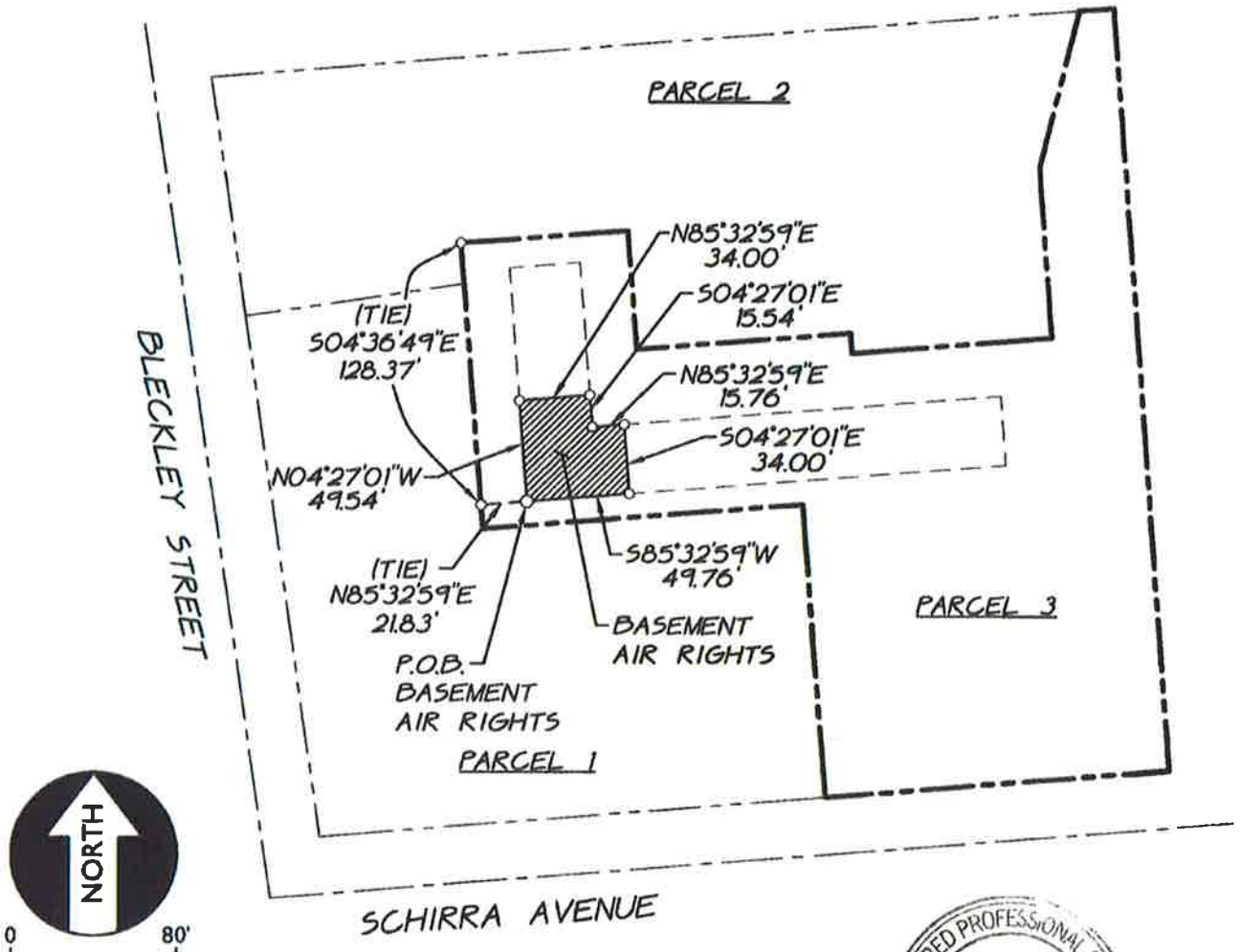
MATHER VETERANS VILLAGE
A PORTION OF
PARCEL 3

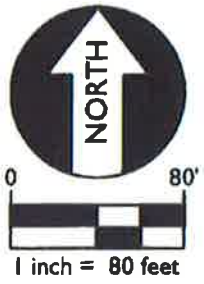
RANCHO CORDOVA, SACRAMENTO COUNTY, CALIFORNIA

SCALE 1"=80'

12-081 BLOCK-R -EXHIBIT

JOB NO. 12-081
DATE 09/16/14





1 inch = 80 feet

BASIS OF BEARINGS:

THE BASIS OF BEARINGS FOR THIS SURVEY IS IDENTICAL TO RECORD OF SURVEY BOOK 54 PAGE 33.

EXHIBIT "C" - AIR RIGHTS PARCEL (MERCY)

WARREN LAND SURVEYING, INC.
1117 Windfield Way, Suite 110
El Dorado Hills CA 95762
916-985-1570

MATHER VETERANS VILLAGE
A PORTION OF
PARCEL 3

RANCHO CORDOVA, SACRAMENTO COUNTY, CALIFORNIA

SCALE 1"=80'

12-081 BLOCK-R-EXHIBIT

Exhibit G
(to Loan Agreement)

FINANCING PLAN

MATHER VETERAN'S VILLAGE

PAGE 1

Prepared For: Mercy Housing California
Prepared By: California Housing Partnership Corporation
Version: Wells LOI Final

Revised: 28-Aug-14 5:02 PM

SOURCES OF FUNDS

SOURCES OF FUNDS - PERMANENT

	AMOUNT	TOTAL INTEREST COST	OID INTEREST RATE	TERM (Yr)	COMMENTS
GP Loan - HCD IIG	941,552	0.000%	0.000%	55	Per Unit: 18,831
Rancho Cordova Housing Trust Fund	2,000,000	0.000%	0.000%	55	Per Unit: 40,000
County Sewer Fee Waiver	95,362	0.000%	0.000%	55	Per Unit: 1,907
MHP	3,000,000	3.000%	1.903%	55	Per Unit: 60,000
Deferred Developer Fee	0	0.000%			
Capital Contributions					
General Partner	100				
Limited Partners	15,996,661				
TOTAL SOURCES	**22,033,675**				
Surplus/(Shortfall)	*0*				
Net TDC	*21,908,675*				
Net LP Equity	*15,871,661*				

Mandatory annual interest: 0.420%

Net Developer Fee 940,000
% ownership: 0.01%
% ownership: 99.99%

Equity Pricing: 1.022
Federal: 1.100
State: 0.760

TCAC TIE-BREAKER CALCULATION	
Section 8 Leveraged Value	-
Rent/Op Subsidy Boost	12.50%
Committed Perm Public Funds	6,536,914
Less Portion of General Off-Sites	(176,124)
Net Committed Perm Public Funds	6,360,790
Rental Subsidy Boost	795,099
Total Committed Soft Funds	7,155,889
TDC	22,232,551
Ratio	32.19%
Requested Unadjusted Eligible Bas	12,036,912
TDC	22,232,551
Ratio	54.14%
Inverse/3	15.29%
TOTAL TIE-BREAKER	47.47%
TCAC Application Tie-Breaker	49.18%

TCAC LEVERAGING POINT CALCULATION	
Total Committed Deferred Payment Loans/Gra	6,360,790
Total Development Cost (net of Synd Costs)	22,232,551
TCAC Leveraging Percent	28.00%
TCAC Cost Efficiency	0.00%
TCAC Credit Reduction Percent/Total Points (	0.00%
Total Points (20 Max)	20.0
500,000 Land Value Added to Numerator/Denominator	

SOURCES OF FUNDS - CONSTRUCTION

	AMOUNT	INT RATE	TERM (Mo.)
Bank Construction Loan	11,525,535	3.300%	23
GP Loan - HCD IIG	941,552	0.000%	23
Rancho Cordova Housing Trust Fund	2,000,000	0.000%	23
County Sewer Fee Waiver	95,362	0.000%	23
Costs Deferred Until Perm Closing (less deposits)	5,304,460		
Deferred Developer Fee	0		
Capital Contributions			
General Partner	100		
Limited Partners	2,166,666		
TOTAL SOURCES	**22,033,675**		
Surplus/(Shortfall)	*0*		
Net TDC	*21,908,675*		
Net LP Equity	*2,041,666*		

See page 1-A - right column

% of total pay-in: 13.54%

DEVELOPMENT SCHEDULE	
Begin Construction	12/1/14
Const. Complete	3/1/16
Begin Lease Up	3/1/16
100% Occupancy	7/31/16
Perm Conversion	11/1/16

ATTACHMENT 2

MATHER VETERAN'S VILLAGE

USES OF FUNDS

VERSION: Wells LOI Final — Revised: 28-Aug-14 5:02 PM

USES OF FUNDS	TOTAL	100.00% TOTAL RESIDENTIAL	NON-DEPREC	DEPRECIABLE RESIDENTIAL	DEPRECIABLE NON-RES	EXPENSE	AMORTIZE	100.00% TAX CREDIT ELIGIBLE CONST/ REHAB	100.00% TAX CREDIT ELIGIBLE ACQUIS	Deferred @ Perm Conv/Comp
ACQUISITION COSTS										
Total Purchase Price:										
0										
Land (Land Lease)	0	0	0							
Demolition	25,000	25,000	25,000							
Off-site Improvements	622,462	622,462		622,462	0			622,462		
GENERAL DEVELOPMENT COSTS										
Hard Costs-Unit Construction	8,409,842	8,409,842		8,409,842	0			8,409,842		
Construction Contingency	1,081,947	1,081,947		1,081,947	0			1,081,947		
Contractor General Conditions	615,608	615,608		615,608	0			615,608		
Contractor Overhead and Profit	384,129	384,129		384,129	0			384,129		
Local Development Impact Fees	828,924	828,924	95,362	733,562	0			733,562		
Local Permits/Fees	75,358	75,358		75,358	0			75,358		
Environmental Assessments	25,000	25,000		25,000	0			25,000		
GC Bond Premium	94,957	94,957		94,957	0			94,957		
GC Insurance	71,217	71,217		71,217	0			71,217		
Utility Hookups	153,360	153,360		153,360				153,360		
Site Improvements/Landscape	596,257	596,257		596,257				596,257		
Architecture	752,500	752,500		752,500	0			752,500		
Survey/Engineering/Staking	100,000	100,000		100,000	0			100,000		
Prevailing Wage Monitor	25,000	25,000		25,000	0			25,000		
Appraisal	15,000	15,000	0	15,000	0		0	15,000		
Market Study (TCAC)	7,500	7,500					7,500	0		
Construction Testing/Insp./Supervision	145,000	145,000	0	145,000	0			145,000	0	
Construction Loan Interest	529,310	529,310		244,053	0	285,257		244,053	0	
Title/Recording/Escrow - Construction	40,000	40,000		40,000	0			40,000	0	
Title/Recording/Escrow - Permanent	10,000	10,000					10,000			*10,000*
Real Estate Taxes During Const	5,271	5,271		5,271	0	0		5,271	0	
Insurance During Const	65,608	65,608		65,608	0	0		65,608	0	
Soft Cost Contingency	191,616	191,616		191,616	0			191,616		
City Loan Fee	150,000	150,000					150,000			
Title/Recording/Escrow - Acquisition	10,000	10,000	10,000	0					0	
TCAC Application/Res/Monitoring Fee	70,696	70,696					70,696			
Legal: Acquisition	0	0	0	0					0	
Construction Closing	25,000	25,000		25,000	0			25,000	0	
Permanent Closing	5,000	5,000					5,000	0		*5,000*
Organization of Ptnshp	5,000	5,000					5,000			
Syndication - Pshp	30,000	30,000	30,000							
Syndication Consulting	55,000	55,000	55,000					0	0	*2,500*
Audit/Cost Certification	35,000	35,000				35,000	0			
Furnishings	50,000	50,000		50,000	0			50,000		
Marketing/Rent-Up	250,000	250,000	0			250,000				
Capitalized Services Reserve	120,000	120,000	120,000							*120,000*
Capitalized Operating Reserve	110,960	110,960	110,960							*110,960*
Transition Reserve	353,000	353,000	353,000							*353,000*
Capitalized Operating Deficit Reserve	4,800,000	4,800,000	4,800,000							*4,233,000*
Developer Fee	940,000	940,000		940,000	0			940,000	0	*470,000*
COSTS OF ISSUANCE/FINANCING FEES										
Lender Origination - Construction	69,153	69,153		42,093	0		27,060	42,093		
Lender Expenses - Construction	34,000	34,000		20,696	0		13,304	20,696		
Lender Counsel - Construction	50,000	50,000		30,435	0		19,565	30,435		
Subtotal - Financing/Costs of Issuance	*153,153*	*153,153*	*0*	*93,224*	*0*	*0*	*59,930*	*93,224*	*0*	*0*
TOTAL DEVELOPMENT COSTS	**22,033,675**	**22,033,675**	**5,599,322**	**15,555,971**	**0**	**570,257**	**308,125**	**15,555,971**	**0**	*5,304,460*
TDC Per Unit	*440,673*	100.00%								
TDC Net of accrued interest	*22,033,675*									

Developer Fee Payment Schedule:	
Construction Close	470,000
CofO	50,000
Conversion	120,000
Form 8609	250,000
Tax Return	50,000
Total Developer Fee	940,000

DEVELOPER FEE CALCULATION	CONST.	ACQ.	total
Maximum Potential Fee per TCAC Formula	2,192,396	0	2,192,396
Percent of Total	100.00%	0%	100.00%
Max. Allowable Fee per HCD (prorated)	940,000	0	940,000
Max. Allowable Fee per TCAC (prorated)	940,000	0	940,000
Max Per MHP Cap Limit	1,200,000	0	1,200,000
Net Fee (Less other development costs)	940,000	0	940,000
Net Fee Adjusted (if fee goes negative)	940,000	0	940,000

ATTACHMENT 2

10/31/14

Attachment 6
Broward Builders, Inc.
Mather Veterans Village - New Construction (Bldg A and VRC Combined)
Conceptual Budget

DIV	Trade Item	Amount	Notes/Description	9/18/2014 Update	10/29/2014 Update	Variance
3	Concrete	$250,000	Includes 1-1/4" expanded and acoustil-mat	$402,191	$382,887	$80,496
4	Masonry	$15,000		$15,000	$35,646	$20,646
5	Metals	$230,000	Fancy detailing, add screen walls	$106,224	$403,536	$97,312
6	Rough Carpentry	$1,350,000	Includes siding and trim	$1,464,960	$1,695,470	$230,510
6	Finish Carpentry	$105,000		$111,444	$88,908	($22,236)
7	Waterproofing	$125,000	Includes deck coatings, sealants, and moisture vapor treatment	$125,000	$278,349	$153,249
7	Insulation	$43,750	Add for air build, rigid insulation at all exterior walls	$128,822	$120,875	($7,947)
7	Roofing	$80,000	Add for TPO roofs	$149,000	$134,740	($15,060)
7	Sheet Metal and Flashing		Soffit vent and roof hatches	$25,500	$17,736	($7,764)
7	Firestopping			$0	$11,334	$11,334
8	Doors	$155,000	Add for blow tests plus additional labor	$169,500	$179,372	$100,072
8	Windows	$175,000	Use 35 STC rated windows	$255,000	$184,186	($70,814)
8	Aluminum Storefront			$25,000	$82,869	$57,869
9	Lath & Plaster	$440,000		$440,000	$0	($440,000)
9	Drywall	$450,000	Add dens glass at all exterior	$693,076	$833,332	$261,256
9	Tile Work	$12,000	No tile work found	$5,000	$10,330	$5,330
9	Acoustical	$10,000		$10,000	$10,000	$0
9	Wood Flooring			$0	$0	$0
9	Resilient Flooring	$105,000	All sheet goods, no carpet	$147,752	$205,434	$57,682
9	Carpet			$0	$0	$0
9	Paint & Decorating	$132,500	Added exterior painting	$159,252	$163,000	$3,748
10	Specialties	$60,000	Signage, Toilet accessories, fire extinguishers, mirrors, postal	$63,000	$66,957	$3,957
11	Special Equipment	$120,000	Operable Partition, trash chutes, scaffolding	$125,000	$144,873	$19,873
11	Cabinets	$150,000	Upgrade cabinets and countertops	$192,500	$239,590	$47,090
11	Appliances	$82,500		$93,500	$90,537	$37
12	Blinds & Shades	$21,500		$23,000	$16,302	($7,698)
13	Modular/Manufactured			$0	$0	$0
13	Special Construction		Excludes carports	$0	$0	$0
14	Elevators or Conveying Syst	$210,000	Otis Gen2	$210,000	$272,200	$62,200
15	Plumbing & Hot Water	$468,750		$488,750	$937,528	$448,778
15	Heat & Ventilation	$417,500		$459,004	$619,750	$160,746
15	Air Conditioning			$0	$0	$0
15	Fire Protection	$105,000	NFPA 13, not 13R	$175,000	$185,500	$10,500
16	Electrical	$475,000	Includes fire alarm and telephone interconnect	$521,000	$811,599	$290,599
	Accessory Buildings			$0	$0	$0
	Other/misc	$117,673	Contingency	$117,673	$0	($117,673)
	Subtotal Structural	$5,521,173	Residential	$6,498,928	$8,242,922	$1,743,994
2	Earth Work	$81,300		$83,329	$90,444	$7,115
2	Site Utilities	$101,750		$69,964	$74,542	$4,578
2	Roads & Walks	$97,500		$190,859	$210,478	$13,619
2	Site Improvement	$75,000		$184,164	$84,772	($69,393)
2	Lawns & Planting	$110,602		$111,129	$152,223	$41,094
2	Surveying			$0	$22,820	$22,820
2	Environmental Remediation			$20,000	$13,442	($6,558)
2	Demolition	$5,000		$116,567	$162,549	$45,982
2	Unusual Conditions		Allowance for Basement Work	$100,000	$100,000	$0
2	Offsite Improvements	$72,182	Demo, Sewer, Water, Storm, AC Paving, Concrete	$451,738	$577,116	$125,378
2	Dry Utilities	$0	Dry Utility Allowance	$250,000	$248,048	($1,952)
	Subtotal Site Work	$552,334		$1,553,371	$1,736,434	$183,063
	Total Improvements	$6,073,507		$8,052,299	$9,979,356	$1,927,057
	Allowance #1: 101-400 Signs				$20,000	$20,000
	Allowance #2: Site Security				$100,000	$100,000
1	General Conditions	$389,340		$389,340	$389,340	$0
	Subtotal	$6,462,847	Excludes builder's risk insurance (By Owner)	$8,441,639	$10,498,696	$2,057,057
1	Builders Overhead - 2%	$129,257		$168,833	$269,974	$41,141
1	Builders Profit - 2.5%	$161,571		$211,041	$262,467	$51,426
1	Bonds and Liab. Insurance 1.5%			$131,736	$157,808	$25,341
	TOTAL	$6,753,675		$8,953,249	$11,128,945	$2,175,369

Total Cost/square foot: $286.58 **Residential Cost/square foot:** $212.27

Estimator: Excludes: Photovoltaic, abatement of any underground piping, sewer connect fees.

Date:

Basis: Bid documents dated 9-30-14 plus Addenda A & B

Alternates:

No. 1 Delete Trellis/Bench $ ($7,721)

No. 2: Revise Stairs (Will not build)

No. 3: Delete Sunshades $ ($84,852)

ATTACHMENT 2

MATHER VETERAN'S VILLAGE

UNIT MIX AND RENTAL INCOME Version: Wells LOI Final Revised: 28-Aug-14

AVERAGE AFFORDABILITY FOR QUALIFIED UNITS (% of Median)	17.5%

UTILITY DEDUCTIONS*:		HCV Units	NonHCV Units
	0 BR	$44	$53
	1 BR	$59	$71
	2 BR	$81	$88
	3 BR	$99	$105
	4 BR	$122	$138

RESIDENTIAL INCOME

TAX-CREDIT ELIGIBLE - TIER 1 — *20% AMI* — *PERCENT OF TARGETED UNITS 50.0%* — *TCAC AFFORDABILITY POINTS: 35*

UNIT TYPE	NUMBER	PER UNIT SQ FT	TOTAL SQ FT	% MEDIAN INCOME AFFORDABLE	PER-UNIT MONTHLY GROSS RENT	PER-UNIT MONTHLY NET RENT	TOTAL MONTHLY NET RENT	TOTAL ANNUAL NET RENT
1 BR	25	600	15,000	10.0%	129	58	1,450	17,400
TOTAL	25		15,000				1,450	17,400

All 20% units are MHP units. Income targeting set at 20% (required for MHP), but rents set lower for deeper affordability of resident population. 15 units have Continuum of Care.

TAX-CREDIT ELIGIBLE - TIER 2 — *30% AMI* — *PERCENT OF TARGETED UNITS 50.0%* — *TCAC AFFORDABILITY POINTS: 37*

UNIT TYPE	NUMBER	PER UNIT SQ FT	TOTAL SQ FT	% MEDIAN INCOME AFFORDABLE	PER-UNIT MONTHLY GROSS RENT	PER-UNIT MONTHLY NET RENT	TOTAL MONTHLY NET RENT	TOTAL ANNUAL NET RENT
1 BR	19	600	11,400	30.0%	386	327	6,213	74,556
2 BR	6	850	5,100	30.0%	464	383	2,298	27,576
TOTAL	25		16,500				8,511	102,132

All 30% units are MHP Units and have PB VASH.

TOTAL RESIDENTIAL INCOME		TOTAL UNITS	TOTAL MONTHLY (Net)	TOTAL ANNUAL
		50	9,961	119,532
TOTAL SQ FT - TAX CREDIT ELIGIBLE	31,500			
TOTAL SQ FT - NON-TAX CREDIT ELIGIBLE	0			
TOTAL RENTABLE SQ FT	31,500		TOTAL TCAC AFF. POINTS:	72.0

MISC. INCOME	PER-UNIT MONTHLY	TOTAL MONTHLY	TOTAL ANNUAL
Laundry/Vending	5.00	250	3,000
Financial	0.00	0	0

PROJECT-BASED VASH

TYPE: PROJECT BASED — **ASSUMED TERM (Yr):** 15 YEARS

UNIT TYPE	NUMBER	INCOME TIER	% MEDIAN INCUME AFFORDABLE	PER UNIT NET BASE RENT (W/O SECT. 8)	PER UNIT NET SECT. 8 MO. RENT	INCREMENTAL PER UNIT RENT FROM SECT. 8	MONTHLY INCREMTL SECT. 8 RENT	ANNUAL INCREMTL SECT. 8 RENT
1 BR	19	30% AMI	30.0%	327	783	456	8,664	103,968
2 BR	6	30% AMI	30.0%	383	984	601	3,606	43,272
SUBTOTAL	25						12,270	147,240

CONTINUUM OF CARE - HOMELESS ASSITANCE

TYPE: PROJECT BASED — **ASSUMED TERM (Yr):** 15 YEARS

1 BR	15	20% AMI	10.0%	58	783	725	10,875	130,500
SUBTOTAL	15						10,875	130,500
TOTAL RENTAL ASSISTANCE INCOME	40						23,145	277,740

ATTACHMENT 2

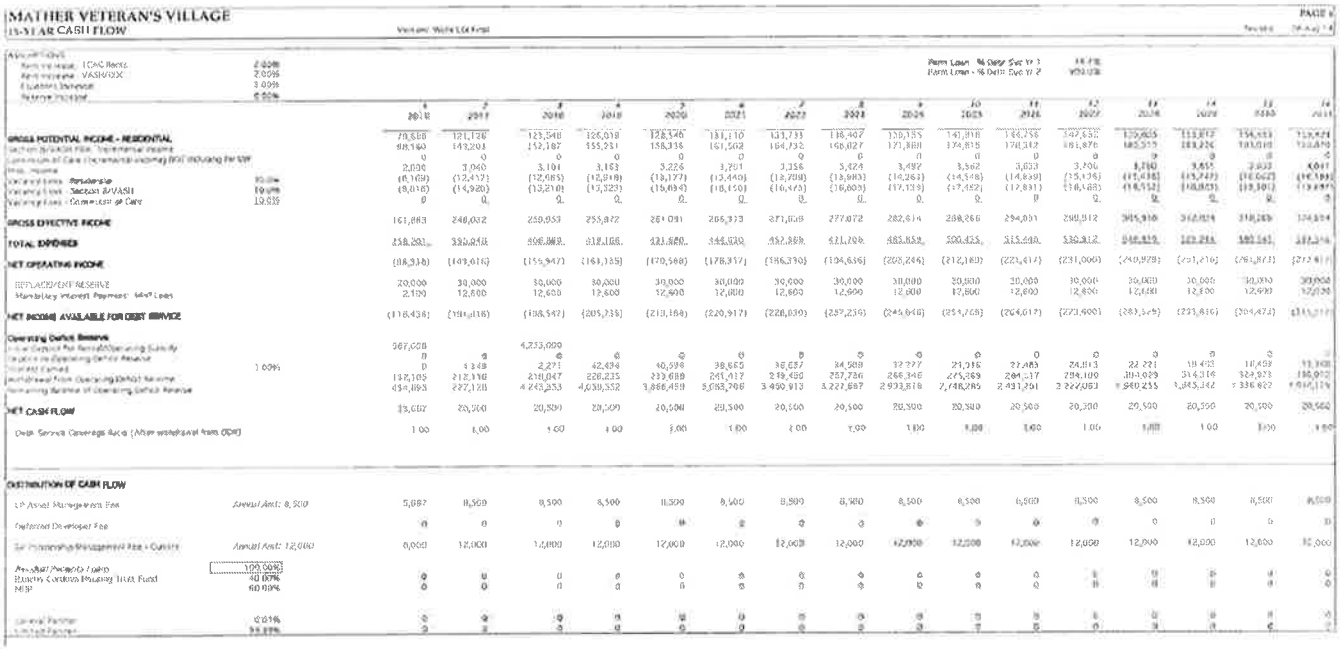
MATHER VETERAN'S VILLAGE

BASE YEAR INCOME / OPERATING EXPENSE STATEMENT

Wells LOI Final — Revised: 28-Aug-14

INCOME:		
Scheduled Gross Income - Residential		119,532
VASH PBA (Incremental Income)		147,240
Continuum of Care (Incremental Income) NOT including for UW		0
Misc. Income		3,000
Vacancy Loss - Residential	10.0%	(12,253)
Vacancy Loss - VASH	10.0%	(14,724)
Vacancy Loss - Continuum of Care	10.0%	0
EFFECTIVE GROSS INCOME		242,795
EXPENSES - RESIDENTIAL		
Administrative		
Advertising	0	
Legal	3,500	
Accounting/Audit	13,500	
Security	0	
Office Expenses, Telecommunications, Sup	16,000	
Total Administrative		33,000
Management Fee		27,000
Utilities		
Fuel	0	
Electricity	9,500	
Gas	2,500	
Other	0	
Total Utilities		12,000
Water/Sewer		21,000
Payroll/Payroll Taxes		
On-Site Manager/Office Admin	117,644	
Maintenance Payroll	31,200	
Manager Unit Expense/(Credit)	0	
Payroll Taxes/Benefits	12,958	
Total Payroll/Payroll Taxes		161,802
Insurance		18,000
Real Estate Taxes		5,000
Maintenance		
Painting	2,500	
Repairs	7,500	
Trash Removal	10,000	
Exterminating	2,000	
Grounds	4,000	
Elevator	3,500	
Contract Labor/Supplies	20,000	
Total Maintenance		49,500
Replacement Reserve		30,000
Other		
On-Site Services Coordinator	60,000	
Misc Taxes/Fees	0	
Annual Issuer Fee	0	
Total Other		60,000
TOTAL EXPENSES - RESIDENTIAL		417,302
Per Unit Per Month (incl. Reserves)	*8,346*	
Per Unit Per Month (w/o taxes/res/svc/issuer f	*6,446*	
TCAC Minimum (w/o taxes/res/svc)	*4,600*	
NET AVAILABLE INCOME		(174,507)

ATTACHMENT 2

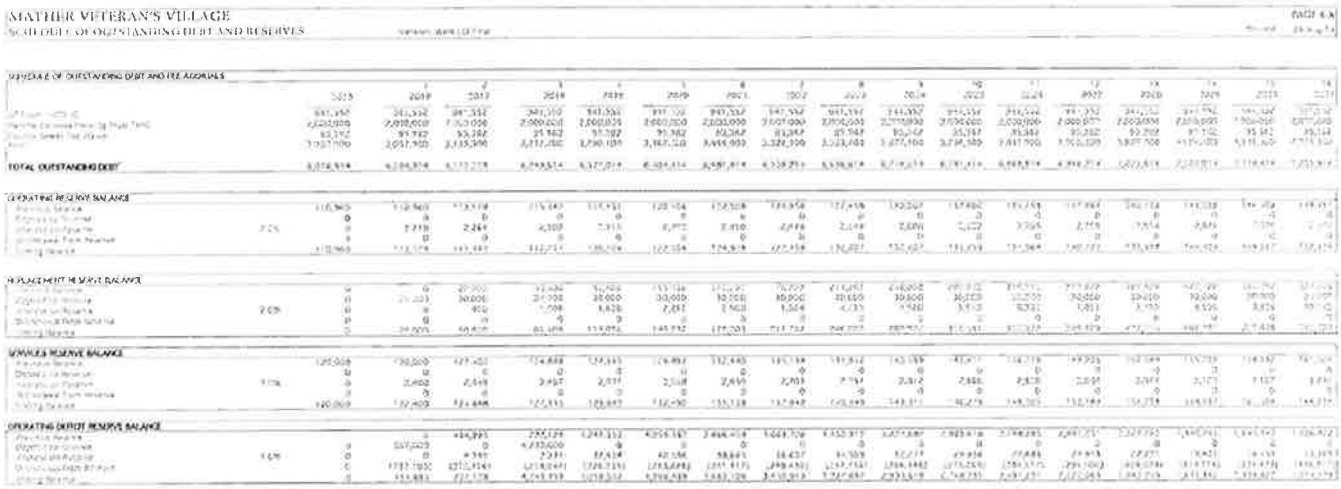


MATHER VETERAN'S VILLAGE
15-YEAR CASH FLOW

		1 2018	2 2019	3 2020	4 2021	5 2022	6 2023	7 2024	8 2025	9 2026	10 2027	11 2028	12 2029	13 2030	14 2031	15 2032
GROSS POTENTIAL INCOME - RESIDENTIAL		79,668	121,728	123,548	126,019	128,546	131,110	133,733	136,407	139,135	141,918	144,756	147,652	150,605	153,617	156,689
		98,160	143,201	152,187	155,231	158,336	161,502	164,732	168,027	171,388	174,815	178,312	181,878	185,515	189,226	193,010
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		2,000	3,040	3,101	3,163	3,226	3,291	3,356	3,424	3,492	3,562	3,633	3,706	3,780	3,855	3,933
Vacancy Loss - Residential	10.00%	(8,168)	(12,457)	(12,685)	(12,918)	(13,177)	(13,440)	(13,709)	(13,983)	(14,263)	(14,548)	(14,839)	(15,136)	(15,441)	(15,749)	(16,064)
Vacancy Loss - Section 8/VASH	10.00%	(9,816)	(14,920)	(15,219)	(15,523)	(15,834)	(16,150)	(16,473)	(16,803)	(17,139)	(17,482)	(17,831)	(18,188)	(18,552)	(18,923)	(19,301)
Vacancy Loss - Commercial & Care	10.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
GROSS EFFECTIVE INCOME		161,883	240,032	250,953	255,872	261,091	266,313	271,608	277,072	282,614	288,266	294,031	299,912	305,916	312,024	318,265
TOTAL EXPENSES		258,201	330,048	406,863	418,168	431,680	444,030	457,869	471,708	485,858	500,455	515,468	530,912	546,819	563,224	580,141
NET OPERATING INCOME		(96,318)	(149,016)	(155,947)	(162,185)	(170,588)	(177,717)	(186,260)	(194,636)	(203,244)	(212,189)	(221,437)	(230,999)	(240,903)	(251,200)	(261,877)
REPLACEMENT RESERVE		20,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Mandatory Interest Payment - 4647 Loan		2,120	12,600	12,600	12,600	12,600	12,600	12,600	12,600	12,600	12,600	12,600	12,600	12,600	12,600	12,600
NET INCOME AVAILABLE FOR DEBT SERVICE		(118,438)	(191,616)	(198,547)	(205,785)	(213,188)	(220,317)	(228,860)	(237,236)	(245,844)	(254,789)	(264,037)	(273,599)	(283,503)	(293,800)	(304,477)
Operating Deficit Reserve		987,608		4,233,000												
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	1,348	2,271	42,434	40,598	38,665	36,637	34,508	32,277	29,935	27,483	24,913	22,221	19,403	16,458
	1.00%	137,105	212,316	218,047	228,235	233,688	241,417	249,490	257,736	266,346	275,369	284,117	294,100	304,029	314,316	324,973
		856,503	277,128	4,243,253	4,030,352	3,866,459	3,685,706	3,450,913	3,227,887	2,993,818	2,751,285	2,491,251	2,222,063	1,940,235	1,645,142	1,336,822
NET CASH FLOW		19,087	20,500	20,500	20,500	20,500	20,500	20,500	20,500	20,500	20,500	20,500	20,500	20,500	20,500	20,500
Debt Service Coverage Ratio (After withdrawal from ODR)		1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
DISTRIBUTION OF CASH FLOW																
1st Asset Management Fee	Annual Amt: 8,500	5,087	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500
Deferred Developer Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2nd Partnership Management Fee - Current	Annual Amt: 12,000	8,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Residual Receipts / Cash	100.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Housing Cordova Housing Trust Fund	40.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MHP	60.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
General Partner	0.01%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Limited Partner	99.99%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

California Housing Partnership Corporation

ATTACHMENT 2



MATHER VETERAN'S VILLAGE
SCHEDULE OF OUTSTANDING DEBT AND RESERVES

ATTACHMENT 2

Flow of Funds

VERSION Wells LO Fund Revised Revised 28-Aug-14

	TOTAL	CONSTRUCTION PERIOD						COMPLETION	PARTIAL CONST LOAN PAY DOWN	PERMANENT CONVERSION		8609	Tax Return	January 2018 OCII Funding
		Bank Construction Loan	GP Loan NCDHG	City of Rancho Cordova	County Sewer Fee Waiver	GP Equity	1st LP Cap Contribution	2nd LP Cap Contribution	3rd LP Cap Contribution	MHP SH	4th LP Cap Contribution	5th LP Cap Contribution	6th LP Cap Contribution	National LP Cap Contribution
USES OF FUNDS		11,525,535	941,552	2,000,000	95,362	100	2,166,666	50,000	7,525,535	3,000,000	1,601,460	370,000	50,000	4,233,000
ACQUISITION COSTS														
Land (Land Lease)	0		0											
Demolition	25,000	0		25,000										
Off-site Improvements	622,462	0	159,200	463,262										
	0													
GENERAL DEVELOPMENT COSTS														
Hard Costs-Unit Construction	8,609,842	7,743,294		79,305			587,243							
Construction Contingency	1,081,947	1,081,947												
Contractor General Conditions	615,608	615,608												
Contractor Overhead and Profit	384,129	384,129												
Local Development Impact Fees	828,924	0	91,095	642,467	95,362									
Local Permits/Fees	75,358	0		75,358										
Environmental Assessments	25,000	0		25,000										
GC Bond Premium	94,957	0					94,957							
GC Insurance	71,217	0					71,217							
Utility Hookups	153,360	153,360												
Site Improvements/Landscape	596,257	0	596,257											
Architecture	752,500	301,000		451,500										
Survey/Engineering/Staking	102,000	5,000	95,000											
Prevailing Wage Monitor	25,000	25,000												
Appraisal	15,000	0		15,000										
Market Study (TCAC)	7,500	0		7,500										
Construction Testing/Insp./Supervision	145,000	145,000												
Construction Loan Interest	529,310	529,310												
Title/Recording/Escrow - Construction	40,000	0				100	39,900							
Title/Recording/Escrow - Permanent	10,000										10,000			
Real Estate Taxes During Const	5,271	5,271												
Insurance During Const	65,608	0		65,608										
Soft Cost Contingency	191,616	191,616												
City Loan Fee	150,000	0		150,000										
Title/Recording/Escrow - Acquisition	10,000	10,000												
TCAC Application/Res/Monitoring Fee	70,696						70,696				0			
Legal - Acquisition	0	0	0											
Construction Closing	25,000	0					25,000							
Permanent Closing	5,000										5,000			
Organization of Ptnrshp	5,000						5,000							
Syndication - Pshp	30,000						30,000							
Syndication Consulting	55,000						52,500				2,500			
Audit/Cost Certification	35,000	35,000												
Fee/Wings	50,000	50,000												
Marketing/Rent Up	250,000	250,000												
Capitalized Services Reserve	120,000											120,000	0	
Capitalized Operating Reserve	110,960										110,960			
Transition Reserve	353,000										353,000			
Capitalized Operating Deficit Reserve	4,800,000						567,000							4,233,000
Developer Fee	940,000						470,000	50,000	0		120,000	250,000	50,000	
COSTS OF ISSUANCE/FINANCING FEES														
Lender Origination - Construction	69,153						69,153							
Lender Expenses - Construction	34,000						34,000							
Lender Counsel - Construction	50,000						50,000							
Repayment of Construction Loan	11,525,535								7,525,535	3,000,000	1,000,001			
TOTAL DEVELOPMENT COSTS	33,159,210	11,525,535	941,552	2,000,000	95,362	100	2,166,666	50,000	7,525,535	3,000,000	1,601,460	370,000	50,000	4,233,000

California Housing Partnership Corporation

Exhibit J

RECIPROCAL EASEMENTS AND COVENANTS AGREEMENT

(REA)

(This Document to be Finaled Subsequent to the Assignment of the Land and Structure Leases to VRCA.)

ATTACHMENT 2

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:
[FOR RECORDER'S USE ONLY]

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)

ATTACHMENT 2

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"), with the consent of the County of Sacramento ("County").

RECITALS

A. The 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 __, 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. [SEE REED'S 11-5 COMMENT RE CERT. OF COMPLIANCE]

E. The City has assigned its leasehold interest in the Air Rights Parcel, together with the improvements located thereon, to Mercy Housing California ("MHC") pursuant to a [TITLE/DATE OF ASSIGNMENT AGMT], which has assigned its interest to Mercy pursuant to [TITLE/DATE OF ASSIGNMENT AGMT] (collectively, the "Air Rights Parcel Assignment Each of Mercy and the City are referred to herein as a "Party".

F. Following recordation of the Air Rights Parcel Assignment and this REA in the Official Records of Sacramento County, the City will subsequently assign its leasehold interest in Parcel 3a, together with the improvements located thereon, to Vietnam Veterans of California, a California nonprofit public benefit corporation, dba Veteran's Resource Center of America (or to a controlled affiliate thereof) ("VRCA") pursuant to an assignment and assumption agreement (the "Parcel 3a Assignment"). The City is a party to this REA only until such time as VRCA acquires a leasehold interest in Parcel 3a pursuant to the Parcel 3a Assignment. At that time Mercy and VRCA will release the City from all liabilities under this REA, as further described in Section 17.10 of this REA.

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 Air Rights Parcel 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 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. Subject to confirmation by VRCA prior to the date VRCA becomes the Leasehold Owner of Parcel 3a, 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 3 and the Air Rights Parcel as indicated in Exhibit F. The Parties shall adjust Exhibit F as necessary to reflect any change in the Leasable Square Footage Percentages.

1.11 Leasehold Owner means the owner of a leasehold interest in any Parcel.

1.12 Limited Partner means a limited partner of either Party, 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 March 19, 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 whom 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 Easement, which shall not be unreasonably withheld, conditioned or delayed. It shall be considered reasonable to withhold consent if the location of the Easement(s) 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 other 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 part of 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”) which can be accessed from the second floor of Parcel 3a and which 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 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 the Grantee’s Parcel or to both the Grantee’s Parcel and the Grantor’s Parcel, or that remove waste, including storm and sanitary sewer pipes, from the Grantee’s Parcel or both the Grantee’s Parcel and the Grantor’s 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. 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 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 original 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 benefiting 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 as 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) 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 said 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 Parcels, replacing windows in the North Wing Parcels, replacing the roof over the North Wing , (the "Initial 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 Initial Weatherproofing Renovations. Following both the completion of the Initial Weatherproofing Renovations and the date on which VRCA becomes the Leasehold Owner of Parcel 3a, VRCA shall reimburse Mercy for fifty percent (50%) of the costs of the Initial Renovations, but in no event shall the amount payable by VRCA hereunder be greater than $100,000, subject to the following conditions:

(a) VRCA shall have received binding commitments for all financing necessary to fund the hard and soft costs of "Phase 2" of the work to be performed by VRCA, as defined in the [DDLA between the City and VRCA dated as of _____]; and

(b) Reimbursement of VRCA's share of the cost of the Initial Renovations shall be an eligible use of funds

Within thirty (30) days following satisfaction of the conditions in Subsections (a) and (b) and the receipt of a written invoice from Mercy, VRCA shall reimburse Mercy for fifty percent (50%) of the cost of the Initial Weatherproofing Renovations. All funds payable by VRCA under this Section 5.1(1) shall be deposited by VRCA into the reserve account to be maintained jointly by Mercy and VRCA 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 imp aired. 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 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 and its respective Mortgagees and 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 . From and after the date on which VRCA becomes the Leasehold Owner of Parcel 3a, within thirty (30) days of the written request of Mercy, including a specific description of the Air Rights Parcel Capital Obligations undertaken, VRCA shall pay to Mercy its Leasable Square Footage Percentage of the cost of such Air Rights Parcel Capital Obligation(s).

(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 joint maintenance obligations, each of the Parties, commencing upon its acquisition of a leasehold interest in its respective Parcel, shall jointly establish and maintain 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. With respect to 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 if applicable, by the Limited

Partners of Mercy 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.

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 8.3(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). 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, 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 Air Rights Parcel 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 [SEE REED'S 11-5 COMMENTS TO USE RESTRICTIONS]

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. Commencing on the date construction work on the Building is completed , Mercy shall obtain a policy or policies of special form or all-risk property insurance covering the shell of the Building and the Common Building Components, but not including personal property in Parcel 3a, 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 named insureds. The policy shall contain such other provisions as reasonably required by Mortgagees. Commencing on the date VRCA becomes the Leasehold Owner of Parcel 3a, VRCA will contribute 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 be paid to Mercy within ten (10) business days following the written request of Mercy. Upon failure of VRCA to timely pay such premiums, Mercy may pay the premiums payable by VRCA after ten (10) days' notice to VRCA. Upon payment by Mercy, VRCA 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 VRCA.

(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 comprehensive general liability insurance with blanket contractual endorsement, with a combined single limit of $1,000,000 per occurrence, $2,000,000 in the aggregate and an umbrella coverage limit of $5,0000,000 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 occurrence, covering all persons employed in connection with work on the Parcel and with respect to whom death or bodily injury claims could be asserted against a Party. An "umbrella" or "excess" liability policy may be provided for coverage for employer's liability coverage with underlying limits of Five Hundred Thousand Dollars ($500,000) for each occurrence in order to fulfill the limits as stated above.

(5) Automobile Insurance. Each Party shall maintain Comprehensive Automobile Liability insurance with limits not less than One Million Dollars ($1,000,000) each occurrence combined single limit 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 special form" insurance in nonreporting form. Such policy of insurance shall be in an amount equal to the full replacement value of the Building and naming all Parties as named insureds. Each party will pay their 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. The policy shall contain such other provisions as reasonably required by Mortgagees of the Parcels. 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 and the Mortgagees and Limited Partners of both Parcels shall be named as additional insureds on any liability policies. Separate policies of liability insurance obtained by either Party shall name the other Party and the Mortgagees of both Parcels 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 of Mercy, 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, subject to adjustment as provided in Section 1.10.

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, or 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 that 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: _____

VRCA
(following VRCA's becoming the Leasehold Owner of Parcel 3a):

Veterans Resource Center of America
Administrative Offices
P.O. Box 378
Santa Rosa, CA 95402
Attn: President/CEO
Email: pcameron@vietvets.org

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.

17.9 Applicability to VRCA. The provisions of this REA which are specifically applicable to VRCA shall be effective only following the date on which VRCA becomes the Leasehold Owner of Parcel 3a.

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) Such Party delivers to the other Party an instrument signed by its grantee in recordable form that acknowledges such grantee's assumption of the duties, responsibilities and obligations imposed on such party by this REA and assumed by such grantee, which instrument must be in a form reasonably satisfactory to said other

Party. Notwithstanding such Party's failure to provide the other Party with the document described above in this Subsection, the grantee of any sale, transfer or other conveyance of such Parcel, or any part hereof, shall be deemed to have automatically assumed all provisions of this REA that such Party or Person was theretofore 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 VRCA. 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).

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 l 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 institutes 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 Person above specified), it will issue to such other Party, 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.

Signature on Following Page

Executed this _____ day of _____, 2014, at _____, California.

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:_____

By: VHDC Mather Veterans Village Phase One, LLC,
a California limited liability company,
its administrative general partner

By: Veterans Housing Development Corporation,
a California nonprofit public benefit corporation,
its sole member/manager

By:_____
Its:_____

CITY:

THE CITY OF RANCHO CORDOVA,
a California municipal corporation

By: _____

Name: _____

Title: _____

ATTEST:

By: _____
, City Clerk

APPROVED AS TO FORM:

By: _____
, City Attorney
SIGNATURES MUST BE NOTARIZED

ATTACHMENT 2

State of California
County of _____

On _____ before me _____,
Date

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.

Place Notary Seal Above _____
Signature of Notary Public

State of California
County of _____

On _____ before me _____,
Date

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.

Place Notary Seal Above _____
Signature of Notary Public

ACKNOWLEDGEMENT:
The County of Sacramento, as the fee owner of the Land, consents to the recordation of this REA against the County's fee interest in the Land and against each Party's respective leasehold interest in the Land and fee interest in the Improvements. The County acknowledges and agrees that this Agreement shall remain in full force and effect following the merger of title between either or both of the ground leasehold interests and the fee interests in the Improvements, or the expiration or termination of the County Lease, as assigned pursuant to the Air Rights Lease Assignment and the Parcel 3a Lease Assignment, and in such event, the County shall become a Party hereto.

The County of Sacramento

By: _____

Its: _____

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

ATTACHMENT 2

EXHIBIT A

Map

ATTACHMENT 2

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

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:

VRCA: Monthly deposit requirement: $_____
Annual deposit requirement: $_____

Mercy: Monthly deposit requirement: $_____
Annual deposit requirement: $_____

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%

MEMORANDUM

DATE: November 17, 2014

TO: Mayor and Council Members

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

SUBJECT: **RESOLUTION AUTHORIZING THE CITY MANAGER TO AWARD CONSTRUCTION CONTRACT NO. 111-2014 IN THE AMOUNT OF $101,834.50 TO ALL-AMERICAN CONSTRUCTION, INC., FOR THE SUNRISE BOULEVARD SIDEWALK IMPROVEMENTS PROJECT**

RECOMMENDATION

Adopt Resolution No. 130-2014.

RESULT OF RECOMMENDED ACTION

Adoption of this resolution will authorize the City Manager to execute Construction Contract No. 111-2014 with All-American Construction, Inc., in the amount of $101,834.50 for the Sunrise Boulevard, Sidewalk Improvements Project. Under this agreement, the contractor will install sidewalk and curb ramps along Sunrise Boulevard, from Gold Country Boulevard, to South Bridge Street, and will add a crosswalk at the intersection of Sunrise Boulevard (on the south side of Sunrise Boulevard) and Zinfandel Drive.

BACKGROUND

The work to be done under this contract consists of installing sidewalk and sidewalk ramps; removing and replacing concrete curb and gutter along Sunrise Boulevard, from Gold Country Boulevard, to South Bridge Street. This contract also adds a crosswalk to the south side of the Sunrise Boulevard, and Zinfandel Drive intersection.

Bids were solicited on the City's Website, CIPList.com and the Sacramento, Placer and El Dorado County Builders Exchanges on September 19, 2014. The project was subsequently advertised in the Grapevine Independent newspaper on September 26, 2014. Bids for the project were publicly opened on Wednesday, October 22, 2014. A total of six bids were received. The lowest responsive base bid was $101,834.50 and the high bid was $193,308.00. The bid summary sheet is provided as **Attachment 1**.

Staff recommends awarding the construction contract to All-American Construction, Inc.

FISCAL IMPACT

Funding for this construction contract is provided primarily through a federal grant. Local transportation monies will be used for the matching funds. There is no impact to the City's General Fund.

This project is included in the City's current approved Capital Improvement Plan (CIP) and is included in the 2014/2015 budget.

ATTACHMENTS

1. Bid Summary Sheet.
2. Resolution No. 130-2014 – including Exhibit 1 – Contract No. 111-2014.

Sunrise Blvd Sidewalk Improvements Project - CP13-2127

Rancho Cordova City Hall
2729 Prospect Park Drive, Rancho Cordova, CA 95670
October 22, 2014 at 10:00 PM

	Contractor	Base Bid Total	Proposal Signed	Contractors License	Bid Schedule	Equal Employment Opportunity Certification	Public Contract Code	Designation of Subs	Experience/Qualifications Statement	Bidder's Bond	Noncollusion Affidavit	Debartment and Suspension Certification	Addendum 1	Addendum 2	Addendum 3
A	All-American Construction, Inc.	$101,834.50	X	X	X	X	X	X	X	X	X	X	X	X	X
B	Allied-West Construction Co.	$102,374.00	X	X	X	X	X	X	X	X	X	X	X	X	
C	B&M Builders, Inc.	$145,806.50	X	X	X	X	X	X	X	X	X	X	X	X	X
D	FBD Vanguard Construction, Inc.	$149,871.00	X	X	X	X	X	X	X	X	X	X			
E	Martin General Engineering, Inc.	$180,103.40	X	X	X	X	X	X	X	X	X	X	X	X	
F	Biondi Paving & Engineering, Inc.	$193,308.00	X	X	X	X	X	X	X	X	X	X	X	X	X
G															
H															
I															
J															
K															
L															

Attendees:
Stacia George, Deputy City Clerk
Chris Boyer, Public Works
Ben Chan, Public Works

Stacia George for
Mindy Cuppy, City Clerk

10/22/14
Date

ATTACHMENT 2

CITY OF RANCHO CORDOVA

RESOLUTION NO. 130-2014

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA AUTHORIZING THE CITY MANAGER TO SIGN A CONSTRUCTION CONTRACT WITH ALL-AMERICAN CONSTRUCTION, INC., FOR THE SUNRISE BOULEVARD SIDEWALK IMPROVEMENT PROJECT

WHEREAS, the City of Rancho Cordova wishes to award a construction contract with All-American Construction Inc.; and

WHEREAS, the City Council of the City of Rancho Cordova heretofore caused plans and specifications for Sunrise Boulevard Sidewalk Improvement Project ("Project") to be prepared, and therefore did approve and adopt said plans and specifications; and

WHEREAS, the notice was published on September 26, 2014 in the Grapevine Independent ("Notice"); and

WHEREAS, the Contractor, in response to such Notice, submitted to the City Council for the City within the time specified in said Notice, and in the manner provided for therein, a sealed bid for the performance of the Project specified in said plans and specifications, which said bid and proposal, and other bids and proposals submitted in response to said Notice, the City Council opened and canvassed in the manner provided by law; and

WHEREAS, the Contractor was the lowest responsible bidder for the performance of said Project, and said City Council of the City of Rancho Cordova as a result of the canvass of said bids, did determine and declare Contractor to be the lowest responsible bidder for said Project and award to a contract therefore; and

WHEREAS, the work to be done under this contract consists of installing sidewalk and sidewalk ramps, removing and replacing concrete curb and gutter along Sunrise Blvd., from Gold Country Blvd., to south Bridge Street. This contract also adds a crosswalk to the south side of the Sunrise Blvd., and Zinfandel Drive intersection.

NOW THEREFORE, in consideration of the promises herein, it is mutually agreed between the City of Rancho Cordova to award a construction contract with All-American Construction Inc.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the _____ day of _____, 2014 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
Dan Skoglund, Mayor

ATTEST:

_____
Mindy Cuppy, MMC, City Clerk

EXHIBIT 1

CONTRACT NO. 111-2014

**CONSTRUCTION SERVICES AGREEMENT BETWEEN
THE CITY OF RANCHO CORDOVA AND ALL-AMERICAN CONSTRUCTION, INC.
FOR THE SUNRISE BOULEVARD SIDEWALK IMPROVEMENTS PROJECT**

THIS AGREEMENT made and entered into between the City of Rancho Cordova ("City") and All-American Construction, Inc. ("Contractor") on the 17th day of November 2014.

W I T N E S S E T H:

WHEREAS, the City Council for the City heretofore caused plans and specifications for Sunrise Boulevard Sidewalk Improvement Project ("Project") to be prepared, and therefore did approve and adopt said plans and specifications; and

WHEREAS, the City Council for the City did cause to be published for the time and in the manner required by law, a notice inviting sealed bids for the performance of said work; and

WHEREAS, the notice was published on September 26, 2014 in the Grapevine Independent ("Notice"); and

WHEREAS, the Contractor, in response to such Notice, submitted to the City Council for the City within the time specified in said Notice, and in the manner provided for therein, a sealed bid for the performance of the Project specified in said plans and specifications, which said bid and proposal, and other bids and proposals submitted in response to said Notice, the City Council opened and canvassed in the manner provided by law; and

WHEREAS, the Contractor was the lowest responsible bidder for the performance of said Project, and said City Council for the City as a result of the canvass of said bids, did determine and declare Contractor to be the lowest responsible bidder for said Project and award to a contract therefore; and

NOW THEREFORE, in consideration of the promises herein, it is mutually agreed between the parties hereto as follows:

Section 1. CONTRACT DOCUMENTS. The following documents are by this reference incorporated in and made a part of this Agreement: The County of Sacramento, Standard Construction Specifications dated January 2008; the Special Provisions; the contract drawings, all addenda; the Notice to Contractors; the Proposal; all required bonds; and all supplemental Agreements covering alterations, amendments, or extensions to the contract. The documents which describe the work to be performed are sometimes collectively referred to herein as the Plans and Specifications.

Section 2. SCOPE OF WORK. The Contractor will furnish all labor, materials, services, transportation, appliances, and mechanical workmanship required for Contract No. 111-2014, as provided for and set forth in said Plans and Specifications, or in either of them, which said Plans and Specifications are hereby referred and by such reference incorporated herein and made a part of this Agreement. All of the said work done under this Agreement shall be under the supervision of and performed to the satisfaction of the Public Works Director of the City of

Rancho Cordova who shall have the right to reject any and all materials and supplies furnished by the Contractor which do not comply with the Plans and Specifications, together with the right to require the Contractor to replace any and all work furnished by the Contractor which shall not either in workmanship or material be in strict accordance with the Plans and Specifications.

Section 3. **COMPLETION**. Said work shall be completed and ready for acceptance.

Section 4. **PAYMENT**. Attached hereto as Exhibit "A" and by reference made a part hereof, is the bid and proposal of Contractor. Said bid and proposal will contain, as required by the terms of said specifications, the full and complete schedule of the different items with the lump sums or unit prices as so specified. The City agrees in consideration of the work to be performed for the Project herein and subject to the terms and conditions thereof, to pay Contractor all sums of money which may become due to Contractor in accordance with the terms of the aforesaid bid and proposal, and this Agreement, to wit: One hundred and one thousand, eight hundred, thirty-four dollars and fifty cents ($101,834.50). Said sum shall be paid in accordance with Section 8 of the Standard Specifications. With respect to that portion of the above sum as is based upon the estimated quantities specified for the general scope of the work to be performed herein, actual payment will be based upon the quantities as measured upon completion. No payment made under this Agreement shall be construed to be an acceptance of defective work or improper materials.

Section 5. **PREVAILING WAGES.** Pursuant to the provisions of Articles 1 and 2 of Chapter 1, Part 7, Division II, of the Labor Code of the State of California, not less than the general prevailing rate of per diem wages, and not less than the general prevailing rate of per diem wages for holidays and overtime work, for each craft, classification or type of worker needed to execute the Project contemplated under this Agreement shall be paid to all workers, laborers and mechanics employed in the execution of said Project by Contractor, or by any subcontractor doing or contracting to do any part of said Project. The appropriate determination of the Director of the California Department of Industrial Relations is filed with, and available for inspection at 2729 Prospect Park Drive, Rancho Cordova, CA 95670, the office of the Clerk of the City. Contractor shall post, at each job site, a copy of such prevailing rate of per diem wages as determined by the Director for the California Department of Industrial Relations.

Section 6. **INSURANCE**. The Contractor shall carry and maintain during the life of this Agreement, such public liability, property damage and contractual liability, auto, worker's compensation and builders' risk insurance as required by the specifications.

Section 7. **WORKERS' COMPENSATION CERTIFICATION.** By execution of this Agreement, the Contractor certifies as follows:

"I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this contract."

Section 8. **PERFORMANCE AND PAYMENT BONDS**. The Contractor shall, before beginning said work for the Project, file two bonds with the City, each made payable to the City. These bonds shall be issued by a surety company authorized to do business in the State of California, and shall be maintained during the entire life of the Agreement at the expense of the

Contractor. One bond shall be in the amount of one hundred percent (100%) of the Agreement and shall guarantee the faithful performance of the Agreement. The second bond shall be the payment bond required by California Civil Code Section 3247 et seq., and shall be in the amount of one hundred percent (100%) of the Agreement. Any alterations made in the specifications which are a part of this Agreement or in any provision of this Agreement shall not operate to release any surety from liability on any bond required hereunder and the consent to make such alterations is hereby given, and any surety on said bonds hereby waives the provisions of California Civil Code Sections 2819 and 2845.

Section 9. INDEMNIFICATION.

9.1 Contractor's Performance. To the fullest extent permitted by law, Contractor shall indemnify, defend and hold harmless City, its governing Board, officers, directors, agents, employees and volunteers from and against any and all claims, demands, actions, losses, liabilities, damages, and all costs incidental thereto, including cost of defense, settlement, arbitration, and reasonable attorneys' fees arising out of, pertaining to, or resulting from the acts or omissions of anyone else directly or indirectly acting on behalf of the Contractor, or for which the Contractor is legally liable under law, regardless of whether caused in part by a party indemnified hereunder.

9.2 No Limitation of Liability for Indemnification. The indemnities set forth in this Section shall not be limited by the insurance requirements set forth in the Contract.

Section 10. MISCELLANEOUS PROVISIONS.

10.1 This Agreement shall bind and inure to the heirs, devisees, assignees, and successors in interest of Contractor and to the successors in interest of Contractor in the same manner as if such parties had been expressly named herein. All times stated herein or in the contract documents are of the essence hereof. As used in this instrument the singular includes the plural, and the masculine includes the feminine and the neuter. This Agreement may create a possessory interest subject to property taxation, and Contractor may be subject to the payment of property taxes levied on such interest.

10.2 Contract Administration. This Agreement shall be administered by Chris Boyer, Associate Civil Engineer ("Contract Administrator"). All correspondence shall be directed to or through the Contract Administrator or his or her designee.

10.3 Notices. Any written notice to Consultant shall be sent to:

All-American Construction, Inc.
[Company Name]
[Address]

Any written notice to City shall be sent to:

Chris Boyer, Associate Civil Engineer
City of Rancho Cordova
Department of Public Works

2729 Prospect Park Drive
Rancho Cordova, CA 95670

10.4 **IRS Form W-9.** Contractor shall complete and submit Internal Revenue Service Form W-9 to the City before execution of this Agreement. The City's Finance Director shall have authority to waive this requirement.

IN WITNESS WHEREOF, the City Council and Contractor have caused this Agreement to be executed as of the day and year first above written.

CITY OF RANCHO CORDOVA:	CONTRACTOR:
Brian Nakamura, City Manager	**[NAME, TITLE]**
Date	Date

Attest:

Mindy Cuppy, MMC, City Clerk

Date

Approved as to Form:

Adam U. Lindgren, City Attorney

Date

MEMORANDUM

DATE: November 17, 2014

TO: Mayor and Council Members

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

SUBJECT: **RESOLUTION AWARDING CONSTRUCTION CONTRACT NO. 112-2014 IN THE AMOUNT OF $845,835 TO TENNYSON ELECTRIC, INC. FOR THE COLOMA ROAD TRAFFIC SIGNAL INTERCONNECT AND ARAMON DRIVE/STUDARUS DRIVE AND COLOMA ROAD TRAFFIC SIGNAL IMPROVEMENT PROJECT**

RECOMMENDATION

Adopt Resolution No. 131-2014.

RESULT OF RECOMMENDED ACTION

Adoption of this resolution will award construction contract no. 112-2014 in the amount of $845,835.00 to Tennyson Electric, Inc., for the Coloma Road Traffic Signal Interconnect and Aramon Drive/Studarus Drive and Coloma Road Traffic Signal Improvement Project.

BACKGROUND

Traffic Signal Interconnect Project - The work to be performed under this contract includes the furnishing of all labor, materials, and equipment for the installation and testing of new signal interconnect conduit and cable, new interconnect cable, interconnect pull boxes and splice vaults (alternate bid item), removal of existing controller cabinets and for the installation of City furnished controller cabinets. Also included is the furnishing and installation of Closed Circuit Television (CCTV) video cameras, camera cables and conduit. Minor curb, gutter, sidewalk and pavement removal and replacement of thermoplastic pavement striping and marking along Coloma Road from Malaga Way to Sunrise Boulevard are also included in the contract.

Traffic Signal Project – The work to be performed under this contract consists of furnishing all labor, materials, and equipment for construction of new vehicle and pedestrian traffic signal improvements and LED street lights at the intersection of Coloma Road and Aramon Drive / Studarus Drive together with associated detector loops, hand holes, conductors, conduit and pullboxes, slurry seal, thermoplastic striping and markings and other incidental work to be completed on Coloma Road at the intersection of Aramon Drive / Studarus Drive. This contract also includes construction of traffic signal interconnect conduit and pull box improvements along Coloma Road from Chardonnay Dr. to Cordova Lane. Minor curb, gutter, sidewalk and pavement removal and replacement together with the installation of CCTV's, camera equipment, cables and conduit at the intersection of Coloma Road and Chardonnay Drive,

Coloma Road and Aramon Drive / Studarus Drive and Coloma Road and Cordova Lane are also included in the contract.

Bids were solicited on the City's Website, CIPList.com and the Sacramento, Placer and El Dorado County Builders Exchanges on October 3, 2014. Bids for the project were publicly opened on Tuesday, November 4, 2014. A total of five bids were received. The lowest responsive base bid was $785,655.00 with a possible alternative bid in the amount of $60,180.00 for a total of $845,835.00.

FISCAL IMPACT

Funding for this construction contract is provided primarily through a federal grant. Local transportation monies will be used for the matching funds. There is no impact to the City's General Fund.

This project is included in the City's current approved Capital Improvement Plan (CIP) and is included in the 2014/2015 budget.

ATTACHMENTS

1. Bid Summary Sheet.
2. Resolution No. 131-2014 – including Exhibit 1 – Contract No. 112-2014.

Coloma Rd. Traffic Signal Interconnect and Aramon Dr./Studarus Dr. and Coloma Rd. Traffic Signal Improvements - CP13-2122/2123 - Bid Summary
Rancho Cordova City Hall
2729 Prospect Park Drive, Rancho Cordova, CA 95670
November 4, 2014 at 11:00 AM

	Contractor	Base Bid Total	Proposal Signed	Contractors License	Bid Schedule	Equal Employment	Public Contract Code	Bidder's Bond	Performance Bond	Non-Collusion	Debarment & Suspension	Non-Lobbying Certification	Disclosure of Lobbying	Federal Minimum Wage Rates	Exhibit 15-G	Exhibit 15-H	Exhibit 12-B	Addendum 1	Addendum 2	Addendum 3	Addendum 4
A	Tennyson Electric, Inc	$785,655.00	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
B	St. Francis Electric	$813,834.50	X	X	X	X	X	X	X	X	X	X	X	X			X	X	X	X	X
C	May-Han Electric dba: M&M Electric	$865,494.00	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
D	Tim Paxon's Pacific Excavation, Inc	$903,932.00	X	X	X	X	X	X	X	X	X	X	X	X			X				
E	Flatiron Electric Group, Inc	$1,101,644.00	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
F																					
G																					
H																					
I																					
J																					
K																					
L																					

Attendees:
Stacia George, Deputy City Clerk
Chris Boyer, Public Works

Stacia George for
Cuppy, City Clerk

11/5/14
Date

ATTACHMENT 2

CITY OF RANCHO CORDOVA

RESOLUTION NO.131-2014

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA AUTHORIZING THE CITY MANAGER TO SIGN AN AGREEMENT WITH TENNYSON ELECTRIC, INC., FOR THE COLOMA ROAD TRAFFIC SIGNAL INTERCONNECT AND FOR THE ARAMON DRIVE, STUDARUS DRIVE AND COLOMA ROAD TRAFFIC SIGNAL IMPROVEMENT PROJECT

WHEREAS, the City of Rancho Cordova wishes to contract with Tennyson Electric, Inc., for the Coloma Road Traffic Signal Interconnect; and

WHEREAS, the City Council of the City of Rancho Cordova heretofore caused plans and specifications for the Coloma Road Traffic Signal Interconnect and Aramon Drive/Studarus Drive and Coloma Road Traffic Signal Improvement Project ("Project") to be prepared, and therefore did approve and adopt said plans and specifications; and

WHEREAS, the City Council of the City of Rancho Cordova did cause to be published for the time and in the manner required by law, a notice inviting sealed bids for the performance of said work; and

WHEREAS, the notice was published on October 3, 2014 on the CIPList.com website ("Notice"); and

WHEREAS, the Contractor, in response to such Notice, submitted to the City Council of the City of Rancho Cordova within the time specified in said Notice, and in the manner provided for therein, a sealed bid for the performance of the Project specified in said plans and specifications, which said bid and proposal, and other bids and proposals submitted in response to said Notice, the City Council opened and canvassed in the manner provided by law; and

WHEREAS, the Contractor was the lowest responsible bidder for the performance of said Project, and said City Council for the City as a result of the canvass of said bids, did determine and declare Contractor to be the lowest responsible bidder for said Project and award to a contract therefore.

NOW, THEREFORE, BE IT HEREBY RESOLVED THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA does authorize the City Manager to execute a contract with Tennyson Electric, Inc., Contract No. 112-2014 attached as **Exhibit 1**.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the _____ day of _____, 2014 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
Dan Skoglund, Mayor

ATTEST:

_____
Mindy Cuppy, MMC, City Clerk

CONTRACT NO. 112-2014

CONSTRUCTION SERVICES AGREEMENT BETWEEN THE CITY OF RANCHO CORDOVA AND TENNYSON ELECTRIC, INC. FOR THE COLOMA ROAD TRAFFIC SIGNAL INTERCONNECT AND ARAMON DRIVE/STUDARUS DRIVE AND COLOMA ROAD TRAFFIC SIGNAL IMPROVEMENT PROJECT

THIS AGREEMENT made and entered into between the City of Rancho Cordova ("City") and Tennyson Electric, Inc. ("Contractor") on the ___ day November 2014.

W I T N E S S E T H:

WHEREAS, the City Council for the City heretofore caused plans and specifications for the Coloma Road Traffic Signal Interconnect and Aramon Drive/Studarus Drive and Coloma Road Traffic Signal Improvement Project ("Project") to be prepared, and therefore did approve and adopt said plans and specifications; and

WHEREAS, the City Council for the City did cause to be published for the time and in the manner required by law, a notice inviting sealed bids for the performance of said work; and

WHEREAS, the notice was published on October 3, 2014 on the CIPList.com website ("Notice"); and

WHEREAS, the Contractor, in response to such Notice, submitted to the City Council for the City within the time specified in said Notice, and in the manner provided for therein, a sealed bid for the performance of the Project specified in said plans and specifications, which said bid and proposal, and other bids and proposals submitted in response to said Notice, the City Council opened and canvassed in the manner provided by law; and

WHEREAS, the Contractor was the lowest responsible bidder for the performance of said Project, and said City Council for the City as a result of the canvass of said bids, did determine and declare Contractor to be the lowest responsible bidder for said Project and award to a contract therefore; and

NOW THEREFORE, in consideration of the promises herein, it is mutually agreed between the parties hereto as follows:

Section 1. CONTRACT DOCUMENTS. The following documents are by this reference incorporated in and made a part of this Agreement: The County of Sacramento, Standard Construction Specifications dated January 2008; the Special Provisions; the contract drawings, all addenda; the Notice to Contractors; the Proposal; all required bonds; and all supplemental Agreements covering alterations, amendments, or extensions to the contract. The documents which describe the work to be performed are sometimes collectively referred to herein as the Plans and Specifications.

Section 2. SCOPE OF WORK. The Contractor will furnish all labor, materials, services, transportation, appliances, and mechanical workmanship required for Contract No.112-2014, as provided for and set forth in said Plans and Specifications, or in either of them, which said Plans and Specifications are hereby referred and by such reference incorporated herein and made a

part of this Agreement. All of the said work done under this Agreement shall be under the supervision of and performed to the satisfaction of the Public Works Director of the City of Rancho Cordova who shall have the right to reject any and all materials and supplies furnished by the Contractor which do not comply with the Plans and Specifications, together with the right to require the Contractor to replace any and all work furnished by the Contractor which shall not either in workmanship or material be in strict accordance with the Plans and Specifications.

Section 3. **COMPLETION**. Said work shall be completed and ready for acceptance.

Section 4. **PAYMENT**. Attached hereto as Exhibit "A" and by reference made a part hereof, is the bid and proposal of Contractor. Said bid and proposal will contain, as required by the terms of said specifications, the full and complete schedule of the different items with the lump sums or unit prices as so specified. The City agrees in consideration of the work to be performed for the Project herein and subject to the terms and conditions thereof, to pay Contractor all sums of money which may become due to Contractor in accordance with the terms of the aforesaid bid and proposal, and this Agreement, to wit: eight hundred, forty-five thousand, eight hundred, thirty-five dollars ($845,835.00). Said sum shall be paid in accordance with Section 8 of the Standard Specifications. With respect to that portion of the above sum as is based upon the estimated quantities specified for the general scope of the work to be performed herein, actual payment will be based upon the quantities as measured upon completion. No payment made under this Agreement shall be construed to be an acceptance of defective work or improper materials.

Section 5. **PREVAILING WAGES.** Pursuant to the provisions of Articles 1 and 2 of Chapter 1, Part 7, Division II, of the Labor Code of the State of California, not less than the general prevailing rate of per diem wages, and not less than the general prevailing rate of per diem wages for holidays and overtime work, for each craft, classification or type of worker needed to execute the Project contemplated under this Agreement shall be paid to all workers, laborers and mechanics employed in the execution of said Project by Contractor, or by any subcontractor doing or contracting to do any part of said Project. The appropriate determination of the Director of the California Department of Industrial Relations is filed with, and available for inspection at 2729 Prospect Park Drive, Rancho Cordova, CA 95670, the office of the Clerk of the City. Contractor shall post, at each job site, a copy of such prevailing rate of per diem wages as determined by the Director for the California Department of Industrial Relations.

Section 6. **INSURANCE**. The Contractor shall carry and maintain during the life of this Agreement, such public liability, property damage and contractual liability, auto, worker's compensation and builders' risk insurance as required by the specifications.

Section 7. **WORKERS' COMPENSATION CERTIFICATION.** By execution of this Agreement, the Contractor certifies as follows:

"I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this contract."

Section 8. **PERFORMANCE AND PAYMENT BONDS**. The Contractor shall, before beginning said work for the Project, file two bonds with the City, each made payable to the City. These bonds shall be issued by a surety company authorized to do business in the State of

California, and shall be maintained during the entire life of the Agreement at the expense of the Contractor. One bond shall be in the amount of one hundred percent (100%) of the Agreement and shall guarantee the faithful performance of the Agreement. The second bond shall be the payment bond required by California Civil Code Section 3247 et seq.,, and shall be in the amount of one hundred percent (100%) of the Agreement. Any alterations made in the specifications which are a part of this Agreement or in any provision of this Agreement shall not operate to release any surety from liability on any bond required hereunder and the consent to make such alterations is hereby given, and any surety on said bonds hereby waives the provisions of California Civil Code Sections 2819 and 2845.

Section 9. INDEMNIFICATION.

9.1 Contractor's Performance. To the fullest extent permitted by law, Contractor shall indemnify, defend and hold harmless City, its governing Board, officers, directors, agents, employees and volunteers from and against any and all claims, demands, actions, losses, liabilities, damages, and all costs incidental thereto, including cost of defense, settlement, arbitration, and reasonable attorneys' fees arising out of, pertaining to, or resulting from the acts or omissions of anyone else directly or indirectly acting on behalf of the Contractor, or for which the Contractor is legally liable under law, regardless of whether caused in part by a party indemnified hereunder.

9.2 No Limitation of Liability for Indemnification. The indemnities set forth in this Section shall not be limited by the insurance requirements set forth in the Contract.

Section 10. MISCELLANEOUS PROVISIONS.

10.1 This Agreement shall bind and inure to the heirs, devisees, assignees, and successors in interest of Contractor and to the successors in interest of Contractor in the same manner as if such parties had been expressly named herein. All times stated herein or in the contract documents are of the essence hereof. As used in this instrument the singular includes the plural, and the masculine includes the feminine and the neuter. This Agreement may create a possessory interest subject to property taxation, and Contractor may be subject to the payment of property taxes levied on such interest.

10.2 Contract Administration. This Agreement shall be administered by Chris Boyer, Associate Civil Engineer ("Contract Administrator"). All correspondence shall be directed to or through the Contract Administrator or his or her designee.

10.3 Notices. Any written notice to Consultant shall be sent to:

Tennyson Electric, Inc.
[Company Name]
[Address]

Any written notice to City shall be sent to:

Chris Boyer, Associate Civil Engineer
City of Rancho Cordova
Department of Public Works

2729 Prospect Park Drive
Rancho Cordova, CA 95670

10.4 **IRS Form W-9.** Contractor shall complete and submit Internal Revenue Service Form W-9 to the City before execution of this Agreement. The City's Finance Director shall have authority to waive this requirement.

IN WITNESS WHEREOF, the City Council and Contractor have caused this Agreement to be executed as of the day and year first above written.

CITY OF RANCHO CORDOVA:	CONTRACTOR:
Brian Nakamura, City Manager	**[NAME, TITLE]**
Date	Date

Attest:

Mindy Cuppy, MMC, City Clerk

Date

Approved as to Form:

Adam U. Lindgren, City Attorney

Date

MEMORANDUM

DATE: November 17, 2014

TO: Honorable Mayor and Council Members

FROM: Elizabeth Sparkman, Senior Engineer

SUBJECT: **RESOLUTION DECLARING RESULTS OF A PROTEST HEARING AND AUTHORIZING THE MAILING OF PROPERTY OWNER BALLOTS RELATING TO THE IMPOSITION OF AN ANNUAL STORMWATER UTILITY FEE FOR THE NORTH DOUGLAS PROJECT**

RECOMMENDATION

Adopt Resolution No.128-2014, declaring the results of the property owner protest, authorizing the mailing of property owner ballots and setting December 1, 2014 as the date of the ballot tabulation in connection with the imposition of an annual stormwater utility fee and approving procedures in connection therewith.

RESULT OF RECOMMENDED ACTION

Action on this item will declare the results of the property owner protest, and if there exists less than a majority protest, authorize the mailing of ballots to property owners to approve the levy of the fee to pay for storm drainage and flood protection services for the North Douglas Project, and set 1:00 p.m. on December 1, 2014, in the office of the City Clerk, as the time and date for the ballot tabulation for the matter.

BACKGROUND

The Council has approved projects in the City, including the North Douglas project. This project has a condition of approval which requires that the property owner annex to a new District to be formed by the City of Rancho Cordova to fund operation and maintenance of the storm drainage system. This condition will be satisfied by the participation in the new Stormwater Utility Fee for storm drainage and flood protection services which is the subject of tonight's action.

The property owners of the North Douglas project have requested the City annex the project to the City's Stormwater Utility Fee pursuant to the California Health and Safety Code Section 5471 et seq. to provide the method of financing for storm drainage and flood protection services required to meet the condition.

DISCUSSION

The property owners have submitted a petition and waiver for the City to institute the proceedings to participate in the Stormwater Utility Fee. This annexation to the Stormwater Utility Fee will include the project generally known as the North Douglas Project, see **ATTACHMENT 1**. The maintenance services to be funded include the furnishing of services

and materials for the ordinary and usual operation, maintenance, and servicing of the storm drain and flood protection improvements.

ATTACHMENT 2 is the Resolution declaring the results of the property owner protest and authorizing the mailing of property owner ballots, as required by Article XIII D of the California Constitution (also known as Proposition 218). The resolution sets forth the tabulation of ballots on December 1, 2014 and at 1:00 p.m. in the office of the City Clerk.

A "Rate Analysis Report" was approved by City Council on August 18, 2014 setting Fiscal Year 2014/2015 maximum annual Stormwater Utility Fee amount for each parcel proportionate to the estimated stormwater runoff for each parcel, see **ATTACHMENT 3**. The maximum annual fee will increase each subsequent Fiscal Year by the annual change in the Consumer Price Index (CPI), during the preceding year, for All Urban Consumers, for the San Francisco-Oakland-San Jose areas, published by the United States Department of Labor, Bureau of Labor Statistics.

The results of the mailed ballot election will be presented to City Council at their regularly scheduled meeting on December 1, 2014 and additional actions will be recommended based the ballot results.

A sample of the Stormwater Utility Fees for Fiscal Year 2014/2015 are summarized in the following table:

Table 1

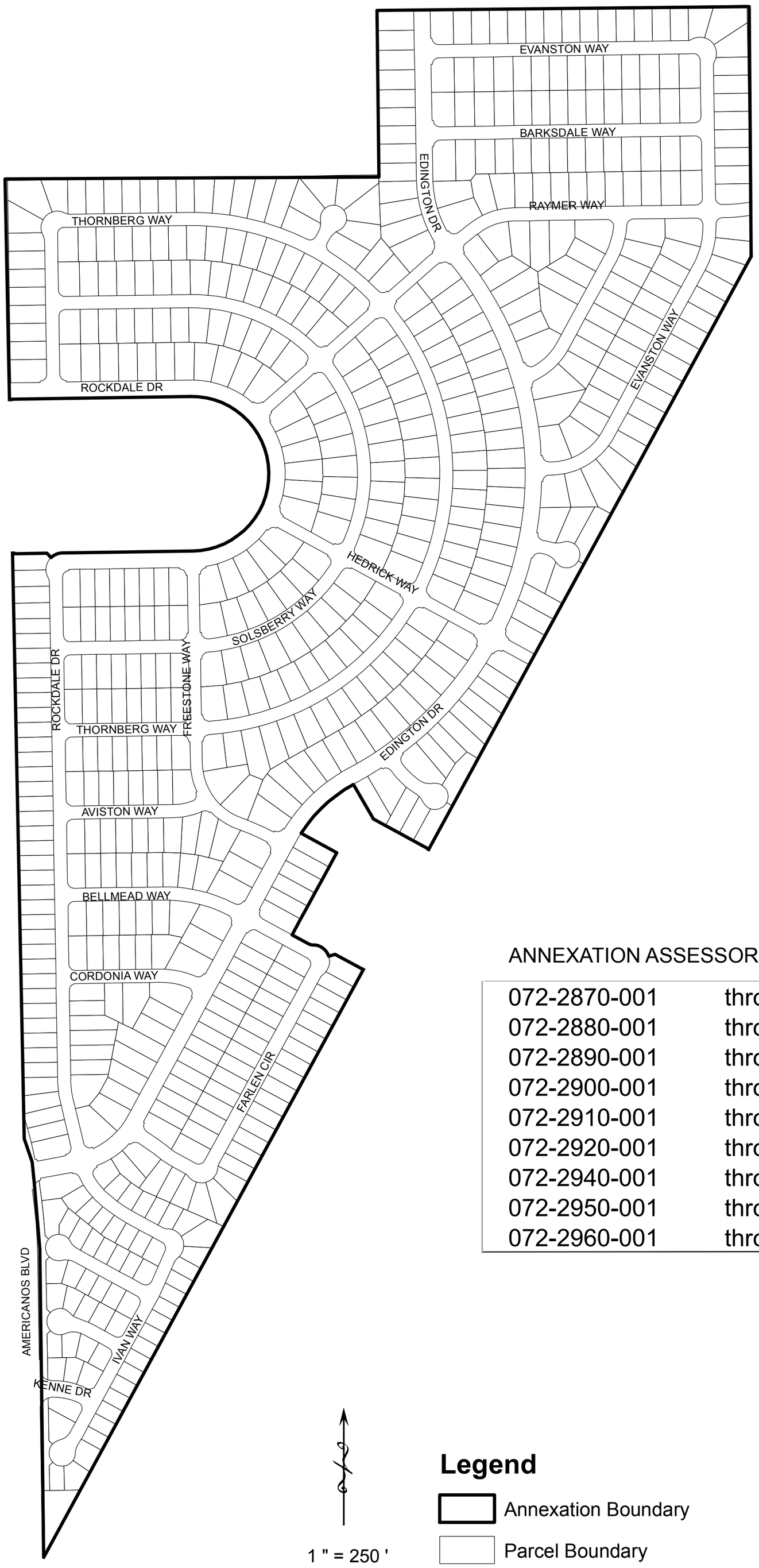
Land Use Description	Total Area (acres)	Sample Fee
Single Family Residential (SFR1)	0.16	$114.63
Single Family Residential (SFR2)	0.22	$126.09
Single Family Residential (SFR3)	0.30	$134.69
Single Family Residential (SFR4)	0.40	$143.28
Single Family Residential (SFR5)	1.00	$179.10
Multi-Family Residential (MFR1)	5.00	$5,373.12
Commercial	1.00	$1,074.62
Industrial	1.00	$1,146.27
Schools	5.00	$3,582.08
Private Recreation	1.00	$358.21
Parks/Greenbelts	2.00	$286.57
Public Property (with structures)	2.00	$859.70

ATTACHMENTS

1. Boundary Map.
2. Resolution No. 128-2014.
3. Rate Analysis Report.

ATTACHMENT 1

CITY OF RANCHO CORDOVA
STORMWATER UTILITY FEE AREA
ANNEXATION 1
(NORTH DOUGLAS)



ANNEXATION ASSESSOR PARCEL NUMBERS (APN)

072-2870-001	through	072-2870-072
072-2880-001	through	072-2880-082
072-2890-001	through	072-2890-088
072-2900-001	through	072-2900-080
072-2910-001	through	072-2910-083
072-2920-001	through	072-2920-069
072-2940-001	through	072-2940-066
072-2950-001	through	072-2950-063
072-2960-001	through	072-2960-065

1 " = 250 '

Legend

Annexation Boundary

Parcel Boundary

AGENDA ITEM 9.1

ATTACHMENT 2

CITY OF RANCHO CORDOVA

RESOLUTION NO. 128-2014

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA DECLARING THE RESULTS OF THE PROPERTY OWNER PROTEST AND AUTHORIZING THE MAILING OF A PROPERTY OWNER BALLOT IN CONNECTION WITH AN ANNEXATION TO THE ANNUAL STORMWATER UTILITY FEE

RESOLVED, by the City Council (the "Council") of the City of Rancho Cordova (the "City"), County of Sacramento, State of California as follows:

WHEREAS, this Council has received petitions and waivers from the owners of not less than 100% of the area of land proposed to be annexed into the Stormwater Utility Fee; and

WHEREAS, this Council adopted Resolution 96-2014 approving a written report entitled, "Rate Analysis Report", dated August 7, 2014, (the "Written Report") prepared by Harris & Associates and filed with the City Clerk containing a description of each parcel of real property within the City to which the Stormwater Utility Fee is applicable (collectively, the "Identified Parcels") and the amount of the Stormwater Utility Fee for each such Identified Parcel for Fiscal Year 2014-15. The Written Report is on file in the office of the City Clerk and is available for public inspection; and

WHEREAS, on November 7, 2014, the City Clerk caused a notice of the time and place of the hearing thereon and on the proposed annexation to the Stormwater Utility Fee to be published and such public hearing was opened on November 17, 2014; and

WHEREAS, this Council adopted Resolution 122-2014 which established Procedures for the Conduct of a Protest Hearing and Balloting Relating to a Stormwater Utility Fee (the "Procedures") and set the date of public hearing. A notice of public hearing was mailed to each property owner within the proposed annexation area; and

WHEREAS, this Council has conducted the public hearing and all interested persons have been afforded the opportunity to be heard, and the City Council has considered all protests against the annexation to the Stormwater Utility Fee; and

WHEREAS, there was no majority protest of the owners of the Identified Parcels subject to the Proposed Stormwater Utility Fee.

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

1. The foregoing recitals are true and correct.

2. The City Clerk is hereby authorized and directed to mail a property owner ballot in accordance with law and the Procedures.

3. The date of the ballot tabulation shall be December 1, 2014 at 1:00 pm.

4. The City Council hereby designates Elizabeth Sparkman, Senior Engineer, telephone number, (916) 851-8714, to answer inquiries regarding the ballot proceedings and procedural or technical matters.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the ___ day of _____, 2014 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINED:

_____
Dan Skoglund, Mayor

ATTEST:

_____
Mindy Cuppy, MMC, City Clerk

Harris & Associates℠

SHAPING THE FUTURE ONE PROJECT AT A TIME℠

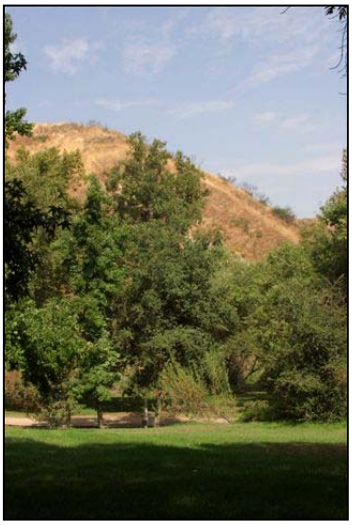
Rate Analysis Report

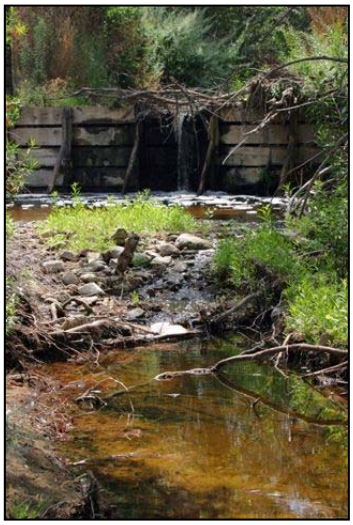
for the

Stormwater Utility Fee

For the

City of Rancho Cordova





August 7, 2014

Introduction

The City of Rancho Cordova (City) is detaching from the County of Sacramento fee and is creating their own Stormwater Utility Fee, which is being levied per the California Health and Safety Code Section 5471 et seq.

The purpose of this Rate Analysis Report is to:

- Review the Stormwater Utility Fee and improvements to be funded.
- Review the requirements of Article XIIID of the State Constitution (Proposition 218) relating to requirements for apportioning the costs associated with the City's stormwater runoff system.
- Analyze and recommend an appropriate rate structure and provide estimated rates based on cost data information provided by the City.

Proposition 218 Requirements

This fee must comply with the provisions of Article XIIID of the California Constitution (Proposition 218). Section 6 of Proposition 218 has the following requirements for all "new, extended, imposed or increased" fees and charges:

1) "Revenues derived from the fee or charge shall not exceed the funds required to provide the property-related service."

2) "Revenues derived from the fee or charge shall not be used for any purpose other than that for which the fee or charge was imposed."

3) "The amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel."

4) "No fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Fees or charges based on potential or future use of service are not permitted. Standby charges, whether characterized as charges or assessments, shall be classified as assessments and shall not be imposed without compliance with [the assessment section of this code]."

5) "No fee or charge may be imposed for general governmental services including, but not limited to, police, fire, ambulance or library services where the service is available to the public at large in substantially the same manner as it is to property owners."

Background Information

In accordance with the Federal Clean Water Act of 1972, the United States Environmental Protection Agency (EPA) is required to establish regulations setting forth National Pollution Discharge Elimination System (NPDES) permit standards. The enactment of 1987 amendments to the Federal Clean Water Act (Act) of 1972 imposes permit requirements for discharge of storm waters. The Act allows the EPA to delegate its NPDES permitting authority to states with an approved environmental regulatory program. The State of California is one of the delegated states.

The responsibility for implementing various NPDES permits in the State of California has been delegated to the State Water Resources Control Board (SWRCB). The SWRCB administers NPDES authority through its nine Regional Boards. As an NPDES permittee, the City is required to manage stormwater pollution within its jurisdiction.

In order to provide for the safety of the residents of the City and protect property in the City from the damage associated with flooding and to meet the requirements of the NPDES permit, it is necessary to design, construct, operate, maintain, improve and replace storm drainage facilities which collect storm and surface water runoff and convey and treat such runoff in a safe manner to an acceptable point of discharge. It is also necessary to inspect, monitor, and take enforcement action related to illegal dumping, and illicit discharges. In order to properly fund such facilities and activities, the City has determined that it is necessary to impose on all developing properties in Rancho Cordova a user charge for storm drainage service.

Based on the 2030 General Plan and current specific plan areas, Rancho Cordova is expected to develop as shown in Table 1 below. The proposed boundary for the stormwater utility is shown in Appendix A.

Table 1 – Land Use

	Land Use/ Zoning Description	Total Acres	Total Units
Residential:			
LDR	SF (2.1-6.0 DU/AC)	2,635	13,156
	MD (6.1-12 DU/AC)	322	2,524
MDR	MD (6.1-18.0 DU/AC)	1,852	13,231
	MD (14.0-29.9 DU/AC)	60	885
HDR	HD (18.1-40.0 DU/AC)	192	4,372
	HD (30+ DU/AC)	30	825
	Residential Total	**5,090**	**34,993**
Non-Residential:			
VC	Village Commercial	202	
LTC	Local Town Center	134	
RTC	Regional Town Center	172	
BP	Business Park	158	
MP	Industrial Park	283	
Education:			
HS/MS	High School/Middle School	356	
MS	Middle School	20	
ES	Elementary School	102	
Open Space & Public:			
CP	Community Park	313	
P/QP	Public/Quasi Public	37	
NP	Neighborhood Park	194	
SWD	Storm Water Detention	186	
WP	Wetland Preserve	745	
DP	Drainage Parkway	270	
PR	Private Recreation	63	
OS	Open Space	168	
OS/P	Open Space/Preserve	279	
LC	Landscape Corridors	123	
GB	Green Belts	54	
ROW	Right-of-way	596	
BR/WP	Reservoir / Wetland Preserve	528	
S	Sewer Lift Station / Utility Substa	14	
	Vacant (unknown dev plan)	595	
	Total Non-residential	5,590	
	Total Residential & Non-Res	**10,680**	

A more detailed land use table by development area is shown in Appendix D.

This development is expected to require significant stormwater drainage and flood control facilities. Based on the development area and improvements that were required in four (4) recent developments

within the County of Sacramento, Table 2 summarizes the improvements that are expected once development is complete.

Table 2 – Expected Improvements

Infrastructure Type	Quantity	
Inlets	6,400	LF
Manholes	4,460	LF
66" Pipe	3,950	LF
60" Pipe	10,280	LF
54" Pipe	11,140	LF
48" Pipe	10,210	LF
42" Pipe	28,620	LF
36" Pipe	42,420	LF
30" Pipe	51,050	LF
27" Pipe	540	LF
24" Pipe	91,960	LF
21" Pipe	2,230	LF
18" Pipe	100,300	LF
15" Pipe	101,300	LF
12" Pipe	529,890	0
10" Pipe	4,170	0
Creeks and Channels	80	AC
Basins	320	AC

Services Funded

Expenditures from the revenue generated from the Stormwater Utility Fee are intended to comply with the requirements set forth in the NPDES permit. The activities and services funded by this fee include, but are not limited to:

1. Administration and oversight of the requirements set forth in the NPDES permit to City departments, developments, and local agencies.
2. Respond to and investigate incidents of illicit discharges and illegal connections to the storm drain system.
3. Periodically inspect facilities for proper handling of materials, chemicals, pollutants, garbage, waste, and debris and prevent any discharges to the storm drain system.
4. Regularly clean and maintain catch basins, the flowline, and storm drainage facilities.
5. Installation and maintenance of water quality devices required to keep pollutants out of the storm drain system.
6. Discourage illegal dumping or discharge of pollutants into the storm drain system by stenciling all City-owned catch basins with a "No Dumping" message.
7. Augment public education and outreach programs in regards to the proper use and function of the storm drainage system and the receiving waters.

8. Develop programs to promote, publicize, and facilitate public reporting of illicit discharges to the storm drain system.

9. Encourage the proper disposal of household hazardous waste (HHW) to prevent the improper disposal to the storm drain system or to the sewer system.

10. Discourage the improper disposal of litter, garden clippings, leaves, and pet waste into the street or the storm drain system.

11. Capital replacement of storm drainage and flood control improvements at the end of the expected useful life for such improvements.

Rate Structure Analysis

Section 6.b of Article XIIID of the State Constitution (Proposition 218) states that:

> "The amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel."
>
> and
>
> "No fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question."

By definition, all properties that shed stormwater into the City's stormwater drainage system use, or are served by, the City's stormwater drainage system. The amount of use attributed to each parcel is measurable by the amount of storm runoff contributed by the property, which is directly proportional to the amount of impervious area on a parcel (such as buildings and concrete). The more impervious area on a property, the more storm runoff the property generates, the more demand placed on the storm drain system.

The amount each parcel uses the stormwater drainage system is computed by the following formula:

(Parcel Area) x (Impervious Percentage) = Drainage Units

The typical percent impervious (% Impervious) for land uses in the City, have been applied for the purposes of estimating the runoff generated by each property. These are shown in Appendix B.

The more Drainage Units a parcel has, the more storm run-off it generates, and the more it uses and impacts the stormwater drainage system.

It is standard practice to relate other land uses to a developed single family residential (SFR) parcel, instead of working exclusively with drainage units. The median size of a SFR parcel will be approximately 0.16 acre. Therefore, it makes sense to relate all parcels to this median residential property. The runoff from a 0.16-acre SFR parcel is set equal to one Drainage Measurement Unit (DMU) and this base DMU is calculated as follows:

(0.16 acres of area) x 50% = 0.0800 Impervious Area = 1 DMU

Single Family Residential Parcels

As a SFR property increases in size over the median parcel size, the typical percentage of impervious area decreases, as shown in Appendix B. Conversely, as a SFR parcel decreases in size below the median parcel size, the typical percentage of impervious area increases, and such increase is typically proportional to the decrease in size. Therefore, SFR properties are separated into five (5) groups. The median parcel area for each group was used and their DMUs are calculated as follows:

SFR Category	DMU/ Formula
SFR1 – SFR parcels 0.16 acres or less	1.00 DMU
SFR2 – SFR parcels 0.17 - 0.25 acres	1.10 DMUs
SFR3 – SFR parcels 0.26 – 0.33 acres	1.175 DMUs
SFR4 – SFR parcels 0.34 – 0.50 acres	1.25 DMUs
SFR5 – SFR parcels greater than 0.50 acres	$1.25 + \frac{[(\text{acres} - 0.50) \times 5\%]}{0.0800} = \text{DMUs}$

Multi-Family Residential Parcels

Multi-Family Residential (MFR) units (including condominiums) are split into categories by the density, or number of dwelling units per acre (DU/Ac) as follows:

MFR Category	Density	% Impervious
MFR1 - High Density	Greater than 18 DU/Ac	75%
MFR 2 - Med Density	10 – 18 DU/Ac	70%

$$\frac{\text{Acreage} \times \%\text{Impervious}}{0.0800} = \text{DMUs}$$

Condominium unit parcel areas are calculated by dividing the total area of the condominium complex (which includes the common area) by the number of condominium units, and the total imperviousness of the entire complex is attributed to each individual condo parcel in the complex. (This divides the runoff of the entire complex to each of the individual units.) Because these condominium common areas are taken into consideration in this manner, they are exempt from the charge.

Non- Residential Parcels

All non-residential parcel DMUs will be based on the impervious area (runoff coefficient) table shown in Exhibit B, using the following formula:

$$\frac{\text{Acreage} \times \%\text{Impervious}}{0.0800} = \text{DMUs}$$

All parcels draining into Rancho Cordova Stormwater Utility Fee-maintained drainage infrastructure are proposed to be charged the same user fee rate per DMU for stormwater runoff treatment. The Rancho Cordova Stormwater Utility Fee is proposed in perpetuity.

For the purposes of this report, City-maintained drainage infrastructure includes streets, pipes, inlets, outlets, and natural drainage courses. Parcels related to these types of property uses are exempt from the runoff charge, as they are part of the infrastructure being funded. Also exempt from the runoff charge is Caltrans right-of-way, because Caltrans handles its own runoff under a separate NPDES permit.

Drainage units may be adjusted based on appeal from the property owner. See the Appeals Process below.

Table 3, below, provides a preliminary summary of DMUs for the various land uses in Rancho Cordova.

Table 3 – Drainage Measurement Unit Summary Table

Landuse Description	Number of Units	Total Area (acres)	Impervious Area (acres)	DMUs
SINGLE FAMILY RESIDENTIAL (SFR1)	15,107	2,028		15,107.00
SINGLE FAMILY RESIDENTIAL (SFR2)	13,790	2,776		15,169.00
SINGLE FAMILY RESIDENTIAL (SFR3)	14	4		16.45
SINGLE FAMILY RESIDENTIAL (SFR4)				-
SINGLE FAMILY RESIDENTIAL (SFR5)				-
MULTI-FAMILY RESIDENTIAL (MFR1)	6,082	282		2,639.06
COMMERCIAL		666	499	6,240.00
INDUSTRIAL		283	226	2,830.00
SCHOOLS		478	239	2,985.00
PRIVATE RECREATION		63	16	195.31
PARKS/GREENBELTS		561	140	1,752.47
PUBLIC		51	15	190.13
TOTAL	**34,993**	**7,190**		**47,124**

Cost Estimate

Table 4 below shows the estimated costs to maintain infrastructure in the developing areas. Unit costs for maintenance were derived using budget information provided by the County, since the County currently maintains the storm drainage system. The budget information is shown in Appendix C.

Table 4 – Estimated Costs

	Estimated Quantity	Unit	Cost ($/unit)	Frequency	Total Cost/Year
Maintenance Costs:					
Trunk Lines (larger than 24") - TV Lines	158210	LF	$ 7.50	25 years	$ 47,463.00
Drainage Lines 10"-24" Cleaning	829850	LF	$ 3.00	10 years	$ 248,955.00
Drainage Lines 10"-24" TV	829850	LF	$ 7.50	25 years	$ 248,955.00
Creek and Channel Maintenance and Repair	65070	LF	$ 0.75	1 year	$ 49,009.83
Pipe Repairs	998920	LF	$ 0.45	1 year	$ 451,380.43
Creeks and Channels Mowing	80	AC	$6,825	1 year	$ 546,000.00
Creeks and Channels Herbicides	80	AC	$680	1 year	$ 54,400.00
HydroMod Basin Maintenance	320	AC	$4,830	1 year	$ 1,545,600.00
Basin De-silt	320	AC	$1,000	25 years	$ 12,800.00
Basins Herbicides	320	AC	$761	1 year	$ 243,360.00
Replacement Costs:					
Inlets	6400	EA	$2,000	75 years	$170,667
Manholes	4460	EA	$3,500	75 years	$208,133
66" Pipe	3950	LF	$550	100 years	$21,725
60" Pipe	10280	LF	$475	100 years	$48,830
54" Pipe	11140	LF	$400	100 years	$44,560
48" Pipe	10210	LF	$325	100 years	$33,183
42" Pipe	28620	LF	$275	100 years	$78,705
36" Pipe	42420	LF	$225	100 years	$95,445
30" Pipe	51050	LF	$175	100 years	$89,338
27" Pipe	540	LF	$150	100 years	$810
24" Pipe	91960	LF	$125	100 years	$114,950
21" Pipe	2230	LF	$115	100 years	$2,565
18" Pipe	100300	LF	$105	100 years	$105,315
15" Pipe	101300	LF	$95	100 years	$96,235
12" Pipe	529890	LF	$85	100 years	$450,407
10" Pipe	4170	LF	$75	100 years	$3,128

Total:	$5,011,917
Annual Fee Administration:	$45,000
Operating (Cash Flow) Reserve (10% of Maintenance Costs):	$344,792
Estimated Total:	**$5,401,709**

Fee Calculations

The estimated annual costs for the proposed storm drain improvements are $5,401,709 as shown in Table 4 above. Dividing that by the total number of proposed DMU's in Rancho Cordova (47,124), the maximum estimated annual Stormwater Utility Fee rate is **$114.63 per DMU**.

This would be the proposed maximum fee rate for fiscal year 2014-15. The maximum rate will be increased each subsequent Fiscal Year by the annual change in the Consumer Price Index (CPI), during the preceding year, for All Urban Consumers, for the San Francisco-Oakland-San Jose areas, published by the United States Department of Labor, Bureau of Labor Statistics (or a reasonably equivalent index should the stated index be discontinued, as determined by the Director of Public Works).

The actual rate to be levied each year will be as approved by the City at a public hearing, after they consider an Annual Fee Report outlining the estimated annual costs of the program for the ensuing fiscal year.

Table 5 provides sample fee calculations for various land uses and parcel sizes.

Table 5 – Sample Calculations

Land Use Description	Total Area (acres)	Impervious Area (acres)	DMUs	Sample Fee
SINGLE FAMILY RESIDENTIAL (SFR1)	0.16		1.000	$ 114.63
SINGLE FAMILY RESIDENTIAL (SFR2)	0.22		1.100	$ 126.09
SINGLE FAMILY RESIDENTIAL (SFR3)	0.30		1.175	$ 134.69
SINGLE FAMILY RESIDENTIAL (SFR4)	0.40		1.250	$ 143.28
SINGLE FAMILY RESIDENTIAL (SFR5)	1.00		1.563	$ 179.10
MULTI-FAMILY RESIDENTIAL (MFR1)	5.00	3.75	46.875	$ 5,373.12
COMMERCIAL[1]	1.00	0.75	9.375	$ 1,074.62
INDUSTRIAL	1.00	0.80	10.000	$ 1,146.27
SCHOOLS	5.00	2.50	31.250	$ 3,582.08
PRIVATE RECREATION	1.00	0.25	3.125	$ 358.21
PARKS/GREENBELTS	2.00	0.20	2.500	$ 286.57
PUBLIC	2.00	0.60	7.500	$ 859.70

[1] Average of Downtown and Neighborhood Commercial as shown in Appendix B

The Preliminary Charge Roll, which is a listing of each parcel to be charged a fee and its proposed maximum fee for FY 2014-15, is on file in the office of the City Clerk.

Appeals Process

If a property owner disagrees with the calculation of his or her fee, based on the parcel area and estimated impervious percentage assigned to the property, then the property owner may appeal the calculation as follows:

1. Property owner must provide written documentation explaining the reason why the charge should be changed. This documentation must include:
    a. The name, phone number, mailing address, and email address, if available, of the property owner.
    b. The Assessor's Parcel Number (APN) of the property in question.
2. If additional documentation is required or insufficient documentation was submitted, a representative of the Department of Public Works (Staff) will notify the property owner in writing.
3. Once Staff has determined that sufficient documentation has been submitted, Staff will perform the initial review. Staff will notify the property owner in writing within four (4) weeks from the time sufficient documentation was submitted as to whether or not the fee amount will be changed.
    a. If the determination is to change the fee amount, then the new fee amount will be documented within the City's fee database.

b. If the determination is that the fee should not be changed, the property owner can appeal Staff's decision to the Director of Public Works. The appeal must be made in writing and returned no later than four (4) weeks from the date of mailing of Staff's initial review decision. The Director of Public Works will notify the property owner in writing within four (4) weeks from the date of receipt of the appeal as to whether or not the fee amount will be changed.

   If the owner of any parcel shall have reason to feel that the computation of the DMU for his/her parcel is not correct, that person may file an appeal with the Director of Public Works in the manner prescribed by the Director of Public Works. The Director of Public Works will consider all data provided by the appellant and shall render a decision in writing. The decision of the Director of Public Works will be final with respect to City action on the appeal.

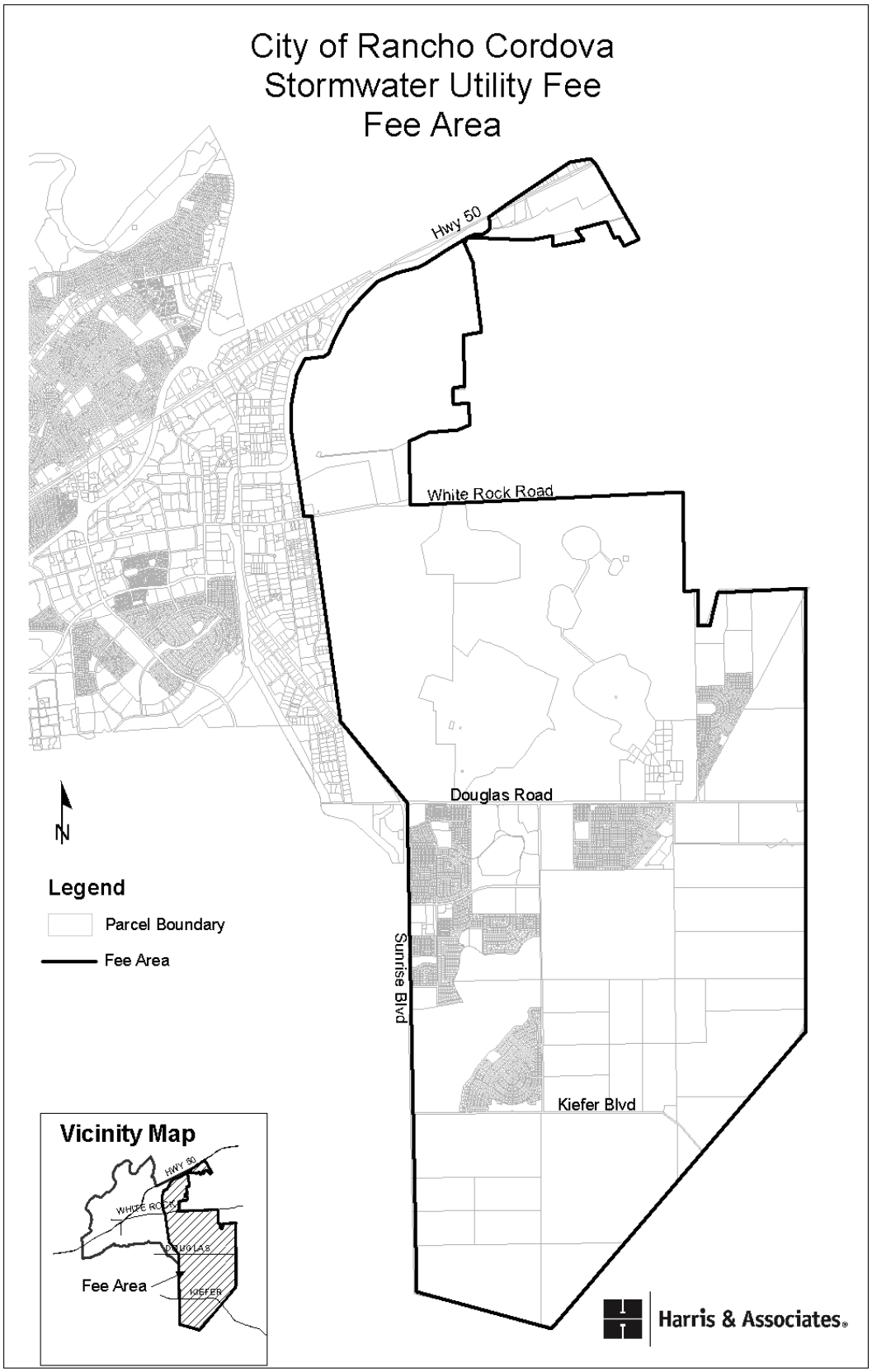
Appeals will be accepted annually up until June 30 for inclusion on the following fiscal year's property tax roll submittal. However, if an appeal is granted by Staff or the Director of Public Works that does not permit inclusion for the following fiscal year's property tax roll submittal, a reimbursement will be provided to the property owner by the City.

Respectfully submitted:

Harris & Associates

Dennis A. Anderson
Senior Project Manager

APPENDIX A


City of Rancho Cordova
Stormwater Utility Fee
Fee Area
Hwy 50
White Rock Road
Douglas Road
Sunrise Blvd
Kiefer Blvd
N
Legend
Parcel Boundary
Fee Area
Vicinity Map
HWY 50
WHITE ROCK
DOUGLAS
KIEFER
Fee Area
Harris & Associates

APPENDIX B

Runoff Coefficient

Land Use		Impervious
Single Family Residential	less than 0.166 acres	50%
Single Family Residential	0.166 acres to 0.250 acres	40%
Single Family Residential	0.251 acres to 0.330 acres	30%
Single Family Residential	0.331 acres to 0.500 acres	25%
Single Family Residential	Over 0.500 acres (excluding the first 0.500 acres)	5%
High-Density Residential (including Apartments and Mobile Home Parks)		75%
Condominiums		70%
Commercial Downtown Areas[1]		80%
Commercial Neighborhood Areas		70%
Industrial		80%
Schools		50%
Parks		25%
Greenbelts		10%

Footnotes:

[1] City of Rancho Cordova Municipal Code Chapter 15.

Sources:

1. Yolo County City/County Drainage Manual, February 2010.
2. Stormwater Quality Design Manual for the Sacramento and South Placer Regions, May 2007.

Appendix C

Cost Information

County of Sacramento/City of Rancho Cordova
Current Storm Drain Maintenance Costs

Pipe Repair Costs

Budget Classification		Repair Type	Actual Expenditures for FY 11/12	FY 13/14 Budget
County North	OCUO	Drain Line Upgrade or Repair	$ 630,912.90	$ 630,912.90
	OFFO	Fence Repair	$ 19,343.41	$ 19,343.41
	OHKO	Inlet Outfall Repair	$ 455,724.02	$ 455,724.02
	OMSO	Erosion Control	$ 26,189.60	$ 26,189.60
	OY8O	Manhole Repair	$ 63,362.44	$ 63,362.44
	RAMP	ADA Compliant Ramp	$ -	$ -
	Overhead	36.39%	$ 435,026.56	$ 435,026.56
		Total Budget=	**$ 1,630,558.93**	**$ 1,630,558.93**
County South	OCUO	Drain Line Upgrade or Repair	$ 105,317.24	$ 105,317.24
	OFFO	Fence Repair	$ 35,802.01	$ 35,802.01
	OHKO	Inlet Outfall Repair	$ 214,660.90	$ 214,660.90
	OMSO	Erosion Control	$ -	$ -
	OY8O	Manhole Repair	$ 8,585.40	$ 8,585.40
	RAMP	ADA Compliant Ramp	$ -	$ -
	Overhead	23.51%	$ 85,667.45	$ 85,667.45
		Total Budget=	**$ 450,033.00**	**$ 450,033.00**
Rancho Cordova	OCUO	Drain Line Upgrade or Repair	$ 222,809.74	$ 229,850.53
	OFFO	Fence Repair	$ 26,326.14	$ 27,158.05
	OHKO	Inlet Outfall Repair	$ 224,877.26	$ 231,983.38
	OMSO	Erosion Control	$ -	$ -
	OY8O	Manhole Repair	$ 4,498.84	$ 4,641.00
	RAMP	ADA Compliant Ramp	$ -	$ -
	Overhead	23.51%	$ 112,504.88	$ 116,060.03
		Total Budget=	**$ 591,016.86**	**$ 609,692.99**
Total LF of Pipes				
		County	7,865,755	7,865,755
		Rancho Cordova	1,349,271	1,349,271
Cost/LF of pipe for Repairs				
		County	**$ 0.26**	**$ 0.26**
		Rancho	**$ 0.44**	**$ 0.45**

* Costs were increased for 12/13 based on comparing actual expenditures in 11/12 with actual expenditures in 12/13.

County of Sacramento/City of Rancho Cordova
Current Storm Drain Maintenance Costs

Creek and Channel Cleaning

Budget Classification		Repair Type	Actual Expenditures FY 11/12	FY 13/14 Budget
County	OCCO	Inspect Channels	$ 149,684.06	$ 149,684.06
	ODSO	Clean, Inspect trach Racks and Box Culverts	$ 203,337.83	$ 203,337.83
	OF8O	Sandbag Distribution	$ 5,184.60	$ 5,184.60
	OFCO	Drainage Response	$ 82,451.66	$ 82,451.66
	OFDO	Concrete Channel Cleaning Bobcat	$ 552,150.54	$ 552,150.54
	OHWO	Vegetation Removal County Forces		
	OJZO	Clean and Inspect Outfall Structures	$ 191,840.84	$ 191,840.84
	OLCO	Access Road Maintenance	$ -	$ -
	OLDO	Mowing		
	OMPO	Expose Pipe End Mechanically	$ 2,720.90	$ 2,720.90
	OMRO	Channel Cleaning Mechanical	$ 49,087.50	$ 49,087.50
	OORC	Rodent Control	$ 32,695.06	$ 32,695.06
	OTVD	Tree Removal	$ 79,463.44	$ 79,463.44
	OVDO	Dry Spoil Dumping	$ 8,137.34	$ 8,137.34
	OWCO	Weed Control Chemical		
	Overhead	36.39%	$ 493,691.29	$ 493,691.29
		Total Budget=	**$ 1,850,445**	**$ 1,850,445**
County	OCCO	Inspect Channels	$ 1,797.15	$ 1,797.15
	ODSO	Clean, Inspect trach Racks and Box Culverts	$ -	$ -
	OF8O	Sandbag Distribution	$ 2,464.80	$ 2,464.80
	OFCO	Drainage Response	$ 1,293.11	$ 1,293.11
	OFDO	Concrete Channel Cleaning Bobcat	$ 144,294.58	$ 144,294.58
	OHWO	Vegetation Removal County Forces		
	OJZO	Clean and Inspect Outfall Structures	$ -	$ -
	OLCO	Access Road Maintenance	$ 57,345.54	$ 57,345.54
	OLDO	Mowing		
	OMPO	Expose Pipe End Mechanically	$ -	$ -
	OMRO	Channel Cleaning Mechanical	$ 32,935.75	$ 32,935.75
	OORC	Rodent Control	$ -	$ -
	OTVD	Tree Removal	$ 214,736.46	$ 214,736.46
	OVDO	Dry Spoil Dumping	$ -	$ -

Budget Classification		Repair Type	Actual Expenditures FY 11/12	FY 13/14 Budget
	OWCO	Weed Control Chemical		
	Overhead	23.51%	$ 106,945.71	$ 106,945.71
		Total Budget=	**$ 561,813**	**$ 561,813**
Rancho Cordova	OCCO	Inspect Channels	$ -	$ -
	ODSO	Clean, Inspect trach Racks and Box Culverts	$ 413.30	$ 413.30
	OF8O	Sandbag Distribution	$ -	$ -
	OFCO	Drainage Response	$ -	$ -
	OFDO	Concrete Channel Cleaning Bobcat	$ 65,905.39	$ 65,905.39
	OHWO	Vegetation Removal County Forces		
	OJZO	Clean and Inspect Outfall Structures	$ -	$ -
	OLCO	Access Road Maintenance	$ -	$ -
	OLDO	Mowing		
	OMPO	Expose Pipe End Mechanically	$ -	$ -
	OMRO	Channel Cleaning Mechanical	$ -	$ -
	OORC	Rodent Control	$ -	$ -
	OTVD	Tree Removal	$ -	$ -
	OVDO	Dry Spoil Dumping	$ -	$ -
	OWCO	Weed Control Chemical		
	Overhead	23.51%	$ 15,592.45	$ 15,592.45
		Total Budget=	**$ 81,911**	**$ 81,911**
Total LF of Channels				
		Rancho Cordova (unlined)	74,628	74,628
		Rancho Cordova (lined)	37,562	37,562
		Total Rancho Cordova	**112,189**	**112,189**
		County (unlined)	1,677,768	1,677,768
		County (lined)	216,153	216,153
		Total County	**1,893,920**	**1,893,920**
Cost/LF of Channel for Cleaning:				
		County	**$ 1.27**	**$ 1.27**
		Rancho	**$ 0.73**	**$ 0.75**

* Costs were increased for 12/13 based on comparing actual expenditures in 11/12 with actual expenditures in 12/13.

County of Sacramento/City of Rancho Cordova
Current Storm Drain Maintenance Costs

Activity	Size/Location	Cost/LF	Frequency	Notes
Pipes/Channels				
Hydro Cleaning	6"-24"	$ 3.00	10 years	
TV Lines	all	$ 7.50	25 years	
Creek and Channel Cleaning	Rancho	$ 0.75	each year	Within SWU Budget
	Sac County	$ 1.27		
Pump Mainteance	Covered within budget			Per County Staff Assume no pumps in new areas.
Repairs	2 crews year round	SWU funds support this		
Hydromod Basin		**cost/ac**		
Maintenance		$ 4,830.00	annul	see detailed estimate
Herbicides		$ 325.00	2 x's/year	
Additional costs				
Pesticide Control Advisor		$ 20,000.00	annually	
Engineering admin support with regulatory agencies		10%	of maint costs/year	
Supervisors and managers		5%	of maint costs/year	

Hydromod Basin Maintenance

Basin Maintenance Costs	Cost per Acre
Trash Clean-up and Disposal (4 x's/year)	$ 1,200
Mowing (2 x's/year)	$ 200
Inspection 4 x's/year	$ 1,600
Erosion Repair	$ 800
Vegetation and Landscape Maintenance	$ 800
Sub-total	**$ 4,600**
Over-head Mark-up (5%)	$ 230
Total Cost	**$ 4,830**

Inspection Includes: Examine gates, fences and access ramp for damage and overgrown vegetation, check basin slopes for erosion, excess vegetation, debris and animal burros, check flow line for excess vegetation and sediment, check for eriosion at water line, large/floating debris, and excess vegetation. Check for debris, creacks and instructure, and erosion at inlets and outlets. Also check access control racks for debris and to snrue they are locked and secured. Check riprap at inlet weir

Appendix D

Detailed Land Use Data

Storm Drain User Fee
City of Rancho Cordova
December 20, 2013

AC, Landuse & units derived from GIS/Aerials

		Arista Del Sol		Arboretum		Douglas 98		Douglas 103		Grantline 208		Montelena		Rio Del Oro		Suncreek		The Ranch (Sunridge)		Sunridge Lot J		Westborough		North Douglas II		Heritage Falls		Anatolia IV		Anatolia		Sunridge			
	Land Use/ Zoning Description	**AC**	**Units**	**AC**	**Units**	**AC**	**Units**	**AC**	**Units**	**AC**	**Units**	**AC 2012**	**Units 2012**	**AC**	**Units**	**AC 2013**	**Units 2012**	**AC 2013**	**Units 2012**	**Est.**	**Units 2013**	**AC**	**Units**	**AC**	**Units**	**AC**	**Units**	**AC**	**Units**	**GIS AC**	**GIS Units**	**GIS AC**	**GIS Units**	**Total Acres**	**Total Units**
Residential:																																			
LDR	SF (2.1-6.0 DU/AC)	35.3	176	144.8	698			3.7	14	44.7	276	71.4	388	1,518.5	7,593	179.4	899	142.3	694	35.8	179	347.2	1,580	17.70	153.00	72.20	303.00	21.60	203.00					2,635	13,156
	MD (6.1-12 DU/AC)															321.5	2,524																	322	2,524
MDR	MD (6.1-18.0 DU/AC)	83.8	556	290.0	2,334 [a]	94.2	528	28.2	287	42.8	227	54.4	402	256.0	2,048	43.7	286 [c]	105.4	685	17.5	192	146.8	1,389			92.10	525.00			450.8	2,831	146.4	941	1,852	13,231
	MD (14.0-29.9 DU/AC)			60.4	885																													60	885
HDR	HD (18.1-40.0 DU/AC)													98.0	1,960	44.2	980	12.2	378 *			30.4	922			6.80	132.00							192	4,372
	HD (30+ DU/AC)			29.5	825														* These may be Attached															30	825
	Residential Total	119.1	732	524.7	4,742	94.2	528	31.9	301	87.5	503	125.8	790	1,872.5	11,601	588.8	4,689	259.9	1,757	53.3	371	524.4	3,891	17.7	153	171	960	22	203	450.8	2,831	146.4	941	**5,090**	**34,993**
Non-Residential:																																			
VC	Village Commercial			16.9				19.5				16.6		20.0		22.0		13.5				93.3												202	
LTC	Local Town Center			30.4										20.0								83.5												134	
RTC	Regional Town Center			0.9										113.0		58.4																		172	
BP	Business Park	6.6		65.0										86.0																				158	
MP	Industrial Park													283.0																				283	
Education:																																			
HS/MS	High School/Middle School			72.6										78.0		110.9 [b]						94.0 [b]												356	
MS	Middle School													20.0																				20	
ES	Elementary School			21.2						10.6				54.0												5.50				10.8				102	
Open Space & Public:																																			
CP	Community Park	11.4		60.7						7.8				107.0		44.9		29.3				52.3												313	
P/QP	Public/Quasi Public			2.0								3.2		7.5		12.3						10.6								1.1				37	
NP	Neighborhood Park	3.1		3.8		8.2		5.2		3.4		20.8		67.5		17.0		8.6		6.4				0.71		17.20		3.70		21.2		7.0		194	
SWD	Storm Water Detention	4.0								15.0		9.6		39.0		53.5		24.3						4.00		17.40				9.5		9.6		186	
WP	Wetland Preserve	55.8						43.8		81.0		54.5		510.0																				745	
DP	Drainage Parkway													138.0		5.0						104.6				15.30						7.2		270	
PR	Private Recreation													54.0												4.20				4.3				63	
OS	Open Space			144.5										22.0										0.60		0.80								168	
OS/P	Open Space/Preserve													12.0		45.6		174.0				47.7												279	
LC	Landscape Corridors	1.1				2.8								82.0		19.2										2.70		1.30		13.4		0.7		123	
GB	Green Belts							2.6						51.0																				54	
ROW	Right-of-way	9.5		104.3				8.5		5.3		22.4		192.0		82.6		20.5		14.5		127.1				6.90		2.20						596	
BR/WP	Reservoir / Wetland Preserve			302.8												205.1								19.80										528	
S	Sewer Lift Station / Utility Substation			1.0																										6.6		6.4		14	
	Vacant (unknown dev plan)																													567.4		27.3		595	
	Total Non-residential	91.5		826.1		11.0		79.6		123.1		127.1		1,956.0		676.5		270.2		20.9		613.1		25.1	0.0	70.0	0.0	7.2	0.0	634.3		58.2		5,590	
	Total Residential & Non-Res	210.6	732.0	1,350.8	4,742.0	105.2	528.0	111.5	301.0	210.6	503.0	252.9	790.0	3,828.5	11,601.0	1,265.3	4,689.0	530.1	1,757.0	74.1	371.0	1,137.5	3,891.0	42.8	153.0	241.1	960.0	28.8	203.0	1,085.1	2,831.0	204.6	941.0	**10,680**	

Notes: All data is from recent plans received in Nov 2013 unless specified otherwise.

[a] Arboretum has 2 MD residential classifications. The first line is for 6.1-13.9 DU/AC (instead of 6.1-18)

[b] Acreage for all schools

[c] Suncreek has 2 MD residential classifications. The second line is for 12.1-18 DU/AC (instead of 6.1-18)

Includes April 2012 Amendment

AC estimated

MEMORANDUM

DATE: November 17, 2014

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 OWNER:	**APPLICANT/DEVELOPER:**
John & Susan Hansen Mr. John Hansen 2201 Francisco Drive El Dorado Hills, CA 95762	Clear Channel Outdoor Mr. Michael Wagener 401 Slobe Avenue Sacramento, CA 95815

PROJECT:	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.
FILE:	DD 8480
LOCATION:	12137 Folsom Boulevard
APN:	APN 069-0160-004-0000
PLANNER:	Jessica Jordan

RECOMMENDATION

Open the public hearing for this item, and Item 10.2 regarding the Sierra Outdoor/CBS Outdoor application, simultaneously. Consider the Conditional Use Permit and Operating Agreement request by Clear Channel Outdoor; receive comments from the public and project applicants; provide direction to staff as determined appropriate by the City Council; and continue the public hearing to a date certain.

RESULT OF RECOMMENDED ACTION

This initial discussion and public hearing will provide the City Council with a clear understanding of two current proposals seeking approval of two separate digital freeway signs to be located adjacent to Highway 50. In light of the competing request by Sierra Outdoor/CBS Outdoor (Agenda Item 14.2), staff is requesting direction from the City Council on this item, and to

continue the public hearing so that staff may return with a Council Resolution reflecting the preferred direction. Opening the public hearings on this item and Item 14.2 simultaneously will allow staff to address all questions related to the competing applications during the hearing. The application does not fully adhere to the physical development standards included in the Code but, as allowed through an Operating Agreement, the applicant has proposed alternative community benefits for the Council's consideration. The City Council may direct staff to prepare a Resolution to approve this item, deny this item, or otherwise alter this item as desired.

Approval of the project as currently proposed would allow the Applicant to construct a new digital freeway sign at 12137 Folsom Boulevard, immediately adjacent to the Highway 50 corridor. The action would also require the removal of two existing traditional billboards located at 2300 Mine Shaft Lane and 2286 Sunrise Boulevard. Additionally, the Operating Agreement would provide the City with alternative community benefits. Approval of this application would also very likely prevent Council from approving the competing application from Sierra Outdoor/CBS Outdoor, as RCMC Section 23.743.150(C)(3) requires that Council only approve a billboard operating agreement if it achieves community benefits equivalent to those achieved through strict compliance with the development standards in the code (including the requirement that digital billboards be located at least 2,500 feet apart).

BACKGROUND

The subject property is located at 12137 Folsom Boulevard and is the site of an existing landscape material supply company. The site is in an M-1 (Light Industrial) zone on the south side of Highway 50 approximately 1,500 feet west of the Hazel Ave/US 50 eastbound off ramp. The shared boundary between the project site and Highway 50 is occupied by a stand of 10 large redwood trees, which will be removed and replaced with a large hedgerow as part of the project. The traditional billboards to be removed with the project are located nearby, at 2300 Mine Shaft Lane and outside of the Highway 50 corridor, at 2286 Sunrise Boulevard.

REQUIRED PERMITS AND REGULATORY BASIS

Section 23.743.150, Digital Freeway Signs Overlay, provides the Code standards for any proposed Digital Freeway Sign within the City limits. The Code establishes two geographical areas within the City in which these signs are allowed and requires a Conditional Use Permit for any such sign. A summary of the applicable development standards include:

- Maximum Height: 60 feet
- Maximum Square Footage: 672 square feet per side
- Maximum Sign Faces: 2
- Distance between Signs: 2,500 feet
- Permanent Removal of 4 Traditional Billboards

Any applicant unable to attain the development standards may voluntarily propose to enter into an Operating Agreement with the City. Through this Agreement, the Applicant can propose alternative community benefits to offset any development standard not being met.

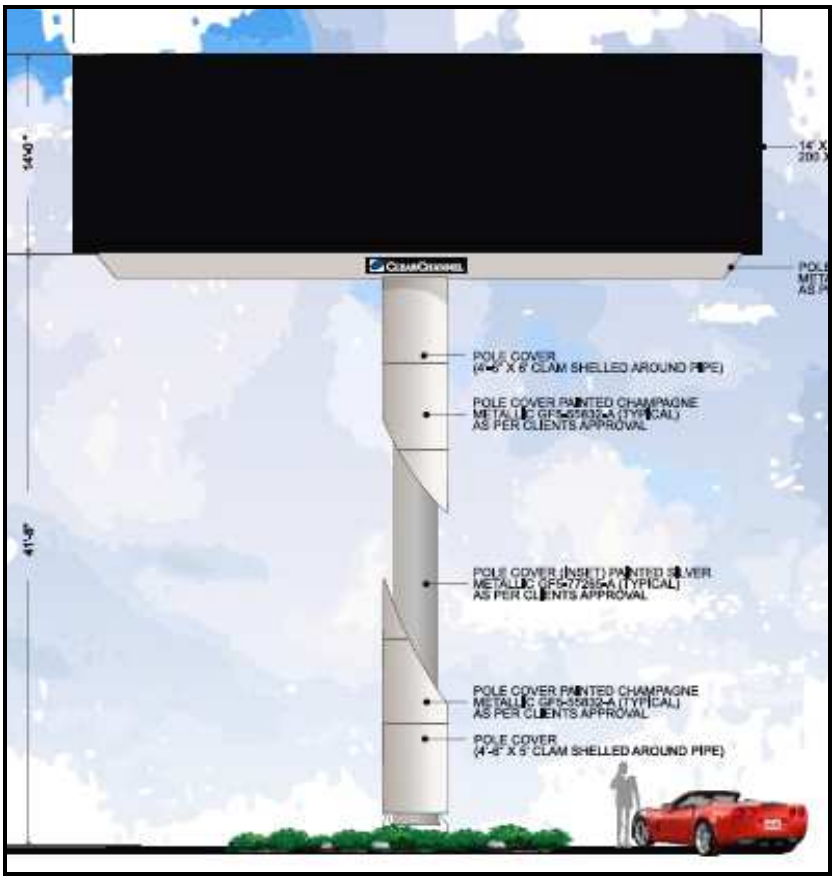
Section 23.743.150 of the Zoning Code is provided in full as **Attachment 1**.

PROJECT ANALYSIS

The proposed Conditional Use Permit and Operating Agreement will allow the installation of a digital freeway sign at 12137 Folsom Boulevard, an existing landscaping material supply company. The new digital freeway sign be 60 feet in height and contain a pole with decorative cladding and two display areas of 14 feet by 48 feet for a total of 672 square feet on each side. The rendering included below provides the overall design scheme of the proposed sign. Additional, more detailed exhibits are provided in **Attachment 2**.

The proposed Digital Freeway Sign is subject to the development standards in Section 23.743.150 of the Zoning Code. The Code includes limitations on the height, size, and sign structure and pole cladding design. As proposed, the Digital Freeway Sign complies with all of these standards. Additionally, message display, timing, and lighting standards are documented within the project conditions of approval and Operating Agreement terms. The applicant has also submitted a landscape plan that will be implemented along with installation of the new sign. This landscape plan consists of the removal of 10 existing redwood trees along US Highway 50 and the planting of high growth shrubbery in place of the trees, at approximately 8-15 feet in height at an appropriate density (30 plants estimated) to provide screening of the site. Additionally, the Applicant has proposed a $25,000 contribution towards the “Folsom Blvd Streetscape Improvements, Phase 4” or other such beautification project to offset the tree removal.

In addition to the above described development standards, the Applicant is required to assure the permanent removal of four legally existing Billboards within the City. As identified above, the project includes removal of the existing traditional billboard located at 2300 Mine Shaft Lane, a 672 square foot, single sided traditional billboard in the Highway 50 corridor and at 2286 Sunrise Boulevard, a 300 square foot, double-sided traditional billboard at the northwest corner of Sunrise Boulevard and Coloma Road. This reduction of the standard requirement to remove four traditional billboards could be allowed through the project’s Operating Agreement.



Visual Simulation – Eastbound Highway 50

Visual Simulation – Westbound Highway 50

Section 23.743.150(C)(1)(d) establishes a distance requirement between digital freeway signs of 2,500 feet. The proposed sign is located approximately 12,000 feet from the existing digital freeway sign within the city limits. However, as indicated above, a competing application from Sierra Outdoor/CBS Outdoor is also currently under consideration. The two proposed signs are within approximately 1,000 feet of each other. Should the City Council approve both new signs, the 2,500 foot distance requirement would not be retained. The distance requirement was discussed at length in 2012 when the Code was drafted and the Council approved a 2,500 foot separation requirement that provides both ample opportunity for a limited number of future digital freeway signs and avoids excessive visual clutter along Highway 50. While the City Council could reduce the separation requirement through approval of an Operating Agreement (thereby allowing approval of the Clear Channel and the Sierra Outdoor/CBS signs), reducing the separation of signs to 1,000 would be a significant deviation and would potentially undermine the Council's established priority of limiting digital freeway signs within the Highway 50 corridor.

Because the applicant is not proposing to adhere to all typical standards for a digital freeway sign (specifically the removal of four existing signs), an Operating Agreement is required to provide alternative community benefits. The Operating Agreement would memorialize the sign to be removed as part of the project as well as the City's access to the sign for community messaging and safety messaging systems (such as Amber Alert). In addition to these items, the Operating Agreement lays out the added community benefit of monetary contributions to the City resulting from installation of the Digital Freeway Sign. Standards of operation and maintenance of the sign are also included. The full Operating Agreement is included in **Attachment 3**.

ENVIRONMENTAL REVIEW

A Mitigated Negative Declaration/Initial Study was prepared and circulated for public review from August 15, 2014 through September 15, 2014 for interested individuals and public agencies to submit written comments on the document. The Mitigated Negative Declaration/Initial Study did not identify any possible significant environmental impacts that would result from implementation of the proposed project. Two comment letters were received during the public review period from the Central Valley Regional Water Quality Control Board (CVRWQCB) and CalTrans. Both comment letters reiterate the existing standards and permit requirements from both respective agencies. Compliance with these standards will be confirmed through the building permit process. The letters did not identify any possible significant impacts resulting from the project nor do any comments change the conclusions that were reached within the Mitigated Negative Declaration/Initial Study. No further environmental review of the project is required at this time. The Mitigated Negative Declaration/Initial Study is included as **Attachment 4**.

FINANCIAL IMPLICATIONS TO CITY

There are no significant negative financial cost implications by the City for this Project. In entering the Operating Agreement the City will receive a signing bonus as well as monthly fees from Clear Channel Outdoor. Additionally, Clear Channel Outdoor has proposed a one-time contribution of $25,000 to the City for use within the Folsom Boulevard Phase 4 project. The City will not be responsible for any maintenance, damage, or utilities as this will be the sole responsibility of the Applicant. Clear Channel Outdoor will also be responsible for any costs involving the removal of the existing traditional billboards located at 2300 Mine Shaft Lane and 2286 Sunrise Boulevard.

ATTACHMENTS

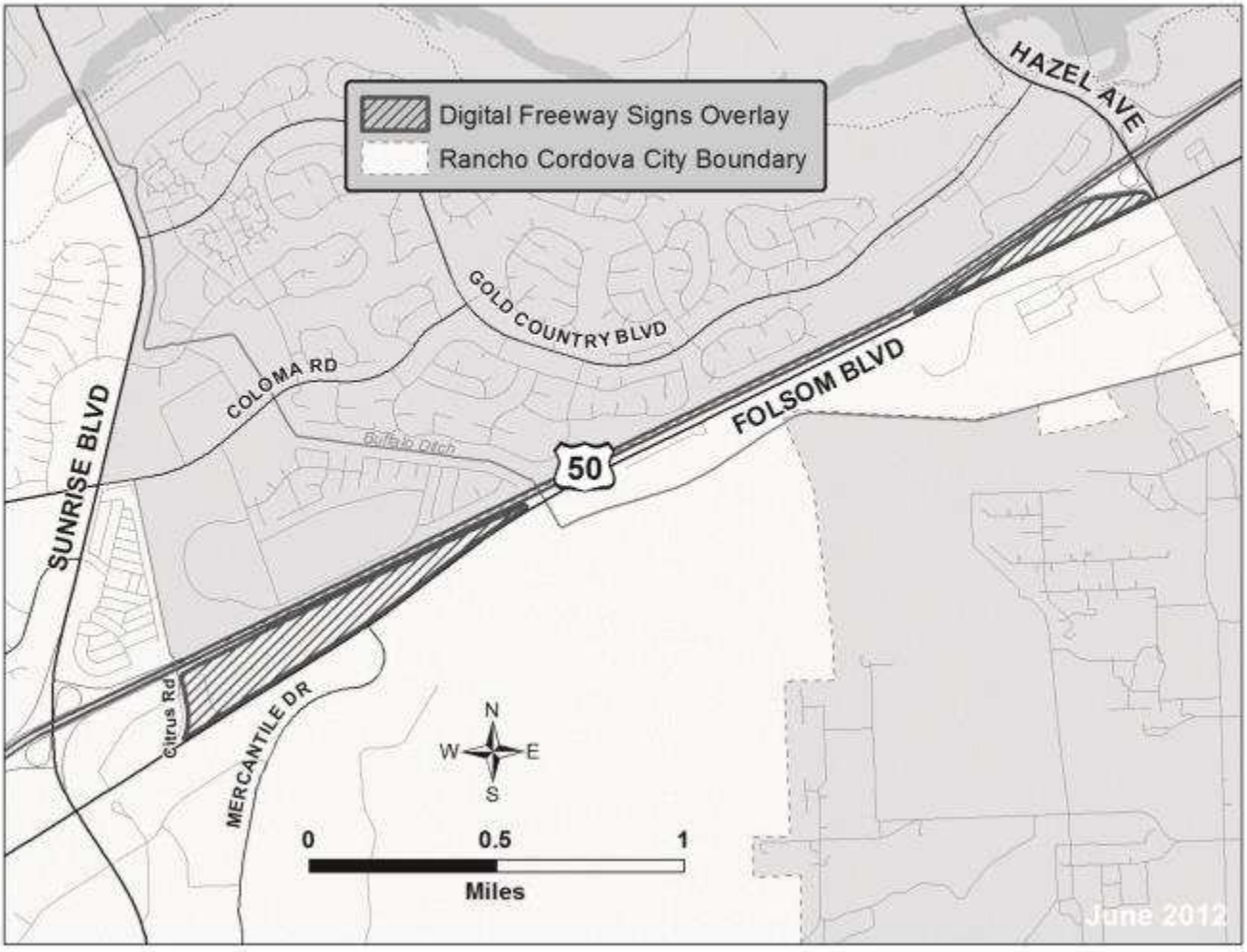
1. Section 23.743.150, Digital Freeway Signs Overlay, of the Zoning Code
2. Project Plans
3. Operating Agreement
4. Mitigated Negative Declaration
5. 500’ radius map and mailing labels.

23.743.150 Digital freeway signs overlay.

A. Purpose and Designation. The digital freeway signs overlay is hereby established to enable the consideration of digital freeway signs in certain, specific locations within the city. Digital freeway signs located within the overlay area that meet the development standards established below may be permitted through a conditional use permit. Digital freeway signs are only allowed as billboard relocations or as conversions of an existing billboard in place.

B. Location. The digital freeway signs overlay encompasses two specific geographies in the northeastern area of the city. As seen in Figure 23.743-8, the Sunrise Boulevard area is bound by Highway 50 on the north, Folsom Boulevard on the south, Citrus Road on the west, and the terminus of the industrially zoned parcels on the east. Also, as seen in Figure 23.743-8, the Hazel Avenue area is bound by Highway 50 on the north, Folsom Boulevard on the south, and Hazel Avenue on the east. Digital freeway signs proposed outside of these two specific areas are prohibited.

Figure 23.743-8: Digital Freeway Signs Overlay Location



C. Development Standards.

1. Legally existing billboards may be refurbished to become a digital freeway sign, subject to the development standards below and issuance of a conditional use permit.

a. Number of Faces. A digital freeway sign may consist of, at most, two digital display areas, each positioned to be visible only by opposing directions of traffic. Double-faced signs shall not have an interior angle between the face of the panels greater than 45 degrees.

b. Height. The maximum height shall be 60 feet.

c. Area. The maximum area of each digital display area is 672 square feet.

d. Distance between Signs. No digital freeway sign shall be located within 2,500 feet of any other digital freeway sign within the city limits.

e. Sign Structure. The sign structure supporting and surrounding the digital display area shall be as small as feasibly possible so as to avoid any unnecessary height or width to the sign. The sign structure shall not add stylistic or architectural detailing to further call attention to the sign.

f. Pole Cladding. Decorative pole covering is required for newly constructed digital freeway signs as well as any existing traditional billboard that is converted to a digital freeway sign. Such covering shall be simple and streamlined in material and design so as to not call further attention to the sign.

g. Message Display. Digital freeway signs 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 or scintillating lighting, or varying light intensity.

h. Minimum Display Time. Each message on the sign must be displayed for a minimum of eight seconds.

i. Illumination. Digital freeway signs 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 distance of 250 feet from the sign face. Each digital display area shall have a light sensing device that will adjust the brightness of the sign as ambient light conditions change throughout the day.

j. Aesthetics. The sign will not require substantial trimming or reduction of existing vegetation and landscaping. The sign will not obstruct or obscure on-site signs on the same or adjacent properties.

k. Traffic Safety. The sign shall not create a visibility hazard to traffic on adjacent streets, freeways, or parking areas. The sign will not reduce parking availability as required by this title. The sign will not interfere with on-site vehicular circulation.

l. Future Technologies. There may be alternate, preferred, or superior technology available in the future to illuminate digital freeway signs. These alternate technologies may be incorporated into existing legally permitted digital freeway signs in the future without additional permissions from the city council so long as (i) the requisite maximum

brightness standards are met and (ii) no exterior physical change to the digital display area will occur. The owner is responsible for obtaining any required ministerial permits for technology improvements as required by applicable code standards. The city will expedite any such required approvals for technology that is superior in energy efficiency over previous generations or types.

m. Community Messaging. The city shall be provided with access to a portion of the total available display time to allow the city to present messages of community interest. This access shall also include other appropriate agencies for the purpose of displaying public safety messages such as “Amber Alert” messages and emergency-disaster communications.

n. Quality and Maintenance Plan. The applicant must establish a quality and maintenance plan in order to ensure implementation of all above-listed development standards and to assure the proper maintenance and repair of the digital freeway sign as needed.

2. Billboard Removal. For every one digital freeway sign installed, the applicant must permanently remove at least four legally existing billboard structures (each of which may have more than one billboard sign face) within the city prior to operation of the digital freeway sign. An existing billboard being refurbished as a digital freeway sign may count as one of the four required permanent removals.

3. Operating Agreement. At the applicant’s request, the city and applicant may enter into an operating agreement in conjunction with the issuance of a conditional use permit for a digital freeway sign. The city and applicant may use the operating agreement, on a case-by-case basis, to deviate from the development standards in subsection (C)(1) of this section or reduce the required billboard removals under subsection (C)(2) of this section. The city council will only approve an operating agreement if it determines that the operating agreement achieves community benefits that are equivalent to those that would be achieved through strict compliance with subsection (C)(1) or (C)(2) of this section. [Ord. 12-2014 § 3 (Exh. C); Ord. 23-2012 § 3 (Exh. A); Ord. 16-2012 § 3 (Exh. A)].

Clear Channel Outdoor

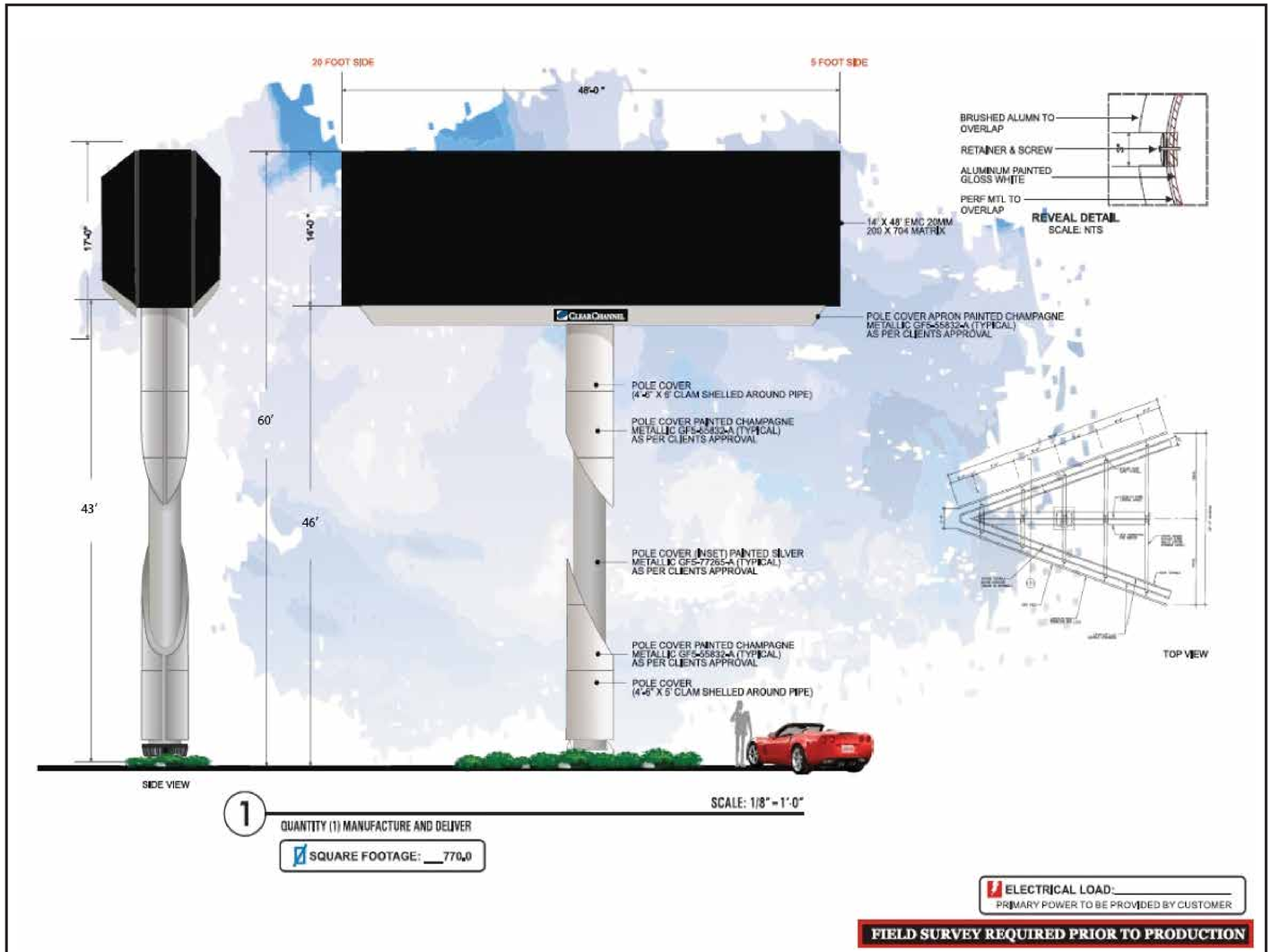
RANCHO CORDOVA PROPOSAL

Proposal:

- Remove Existing 14 x 48 Bulletin in the City of Rancho Cordova Along Hwy 50
- Build 1 Structure as a 14 x 48 Digital with Decorative Pole Cover
- Results in No Net Increase of Billboards in City and Along Hwy 50

City Benefits:

- No Increase in Billboards
- State of the Art Digital Message Center Capable of Supporting Multiple Businesses with Unlimited Creative Possibilities
- CCO Will Enter into Development Agreement for Digital with City to:
  - Compensate City $75,000 Signing Bonus and $50,000 / Year*
  - Provide Community Branding and Messaging
  - Provide Emergency Messaging
- City Partners with a Company with a Local History and Presence and a Proven Track Record of Public / Private Partnerships Including:
  - City of Rancho Cordova
  - Sacramento State
  - Sacramento Regional Transit



Proposed Digital Sign

Clear Channel Outdoor

RELOCATION

REMOVALS:

Existing: 14’ x 48’ Traditional

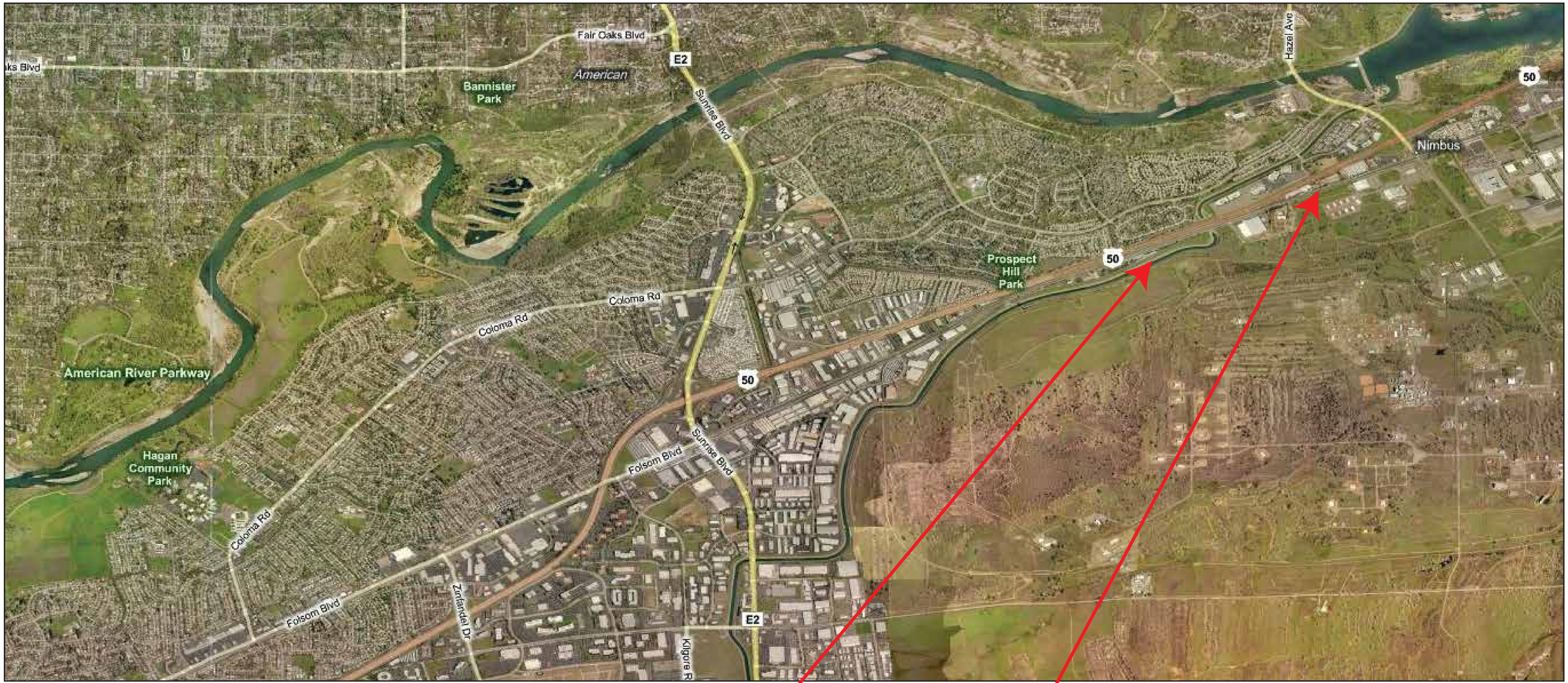
DEVELOPMENTS:

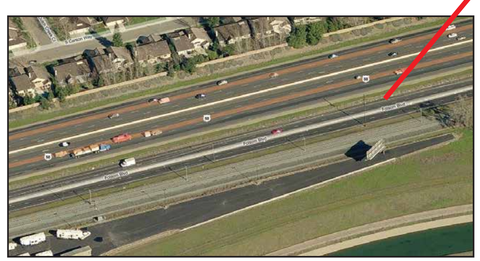
Proposed: 14’ x 48’ Digital

NO NET INCREASE IN HWY 50 BILLBOARDS

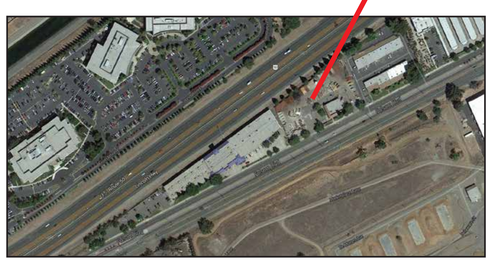
Clear Channel Outdoor

RELOCATION MAP





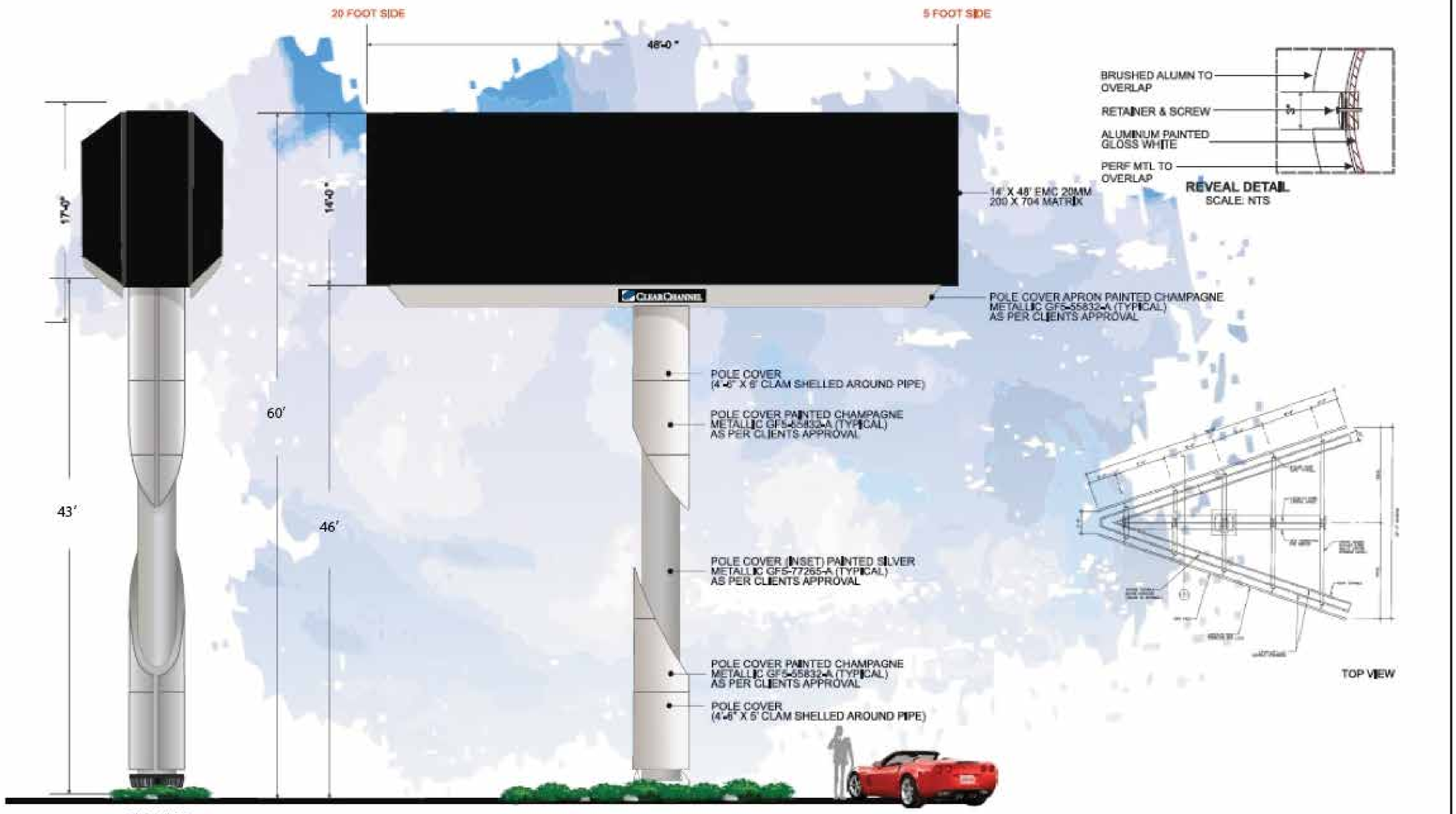
Proposed Removal



Proposed Sign

Clear Channel Outdoor

SIGN DESIGN



1 QUANTITY (1) MANUFACTURE AND DELIVER

SCALE: 1/8" = 1'-0"

☑ SQUARE FOOTAGE: 770.0

☑ ELECTRICAL LOAD:_____
PRIMARY POWER TO BE PROVIDED BY CUSTOMER

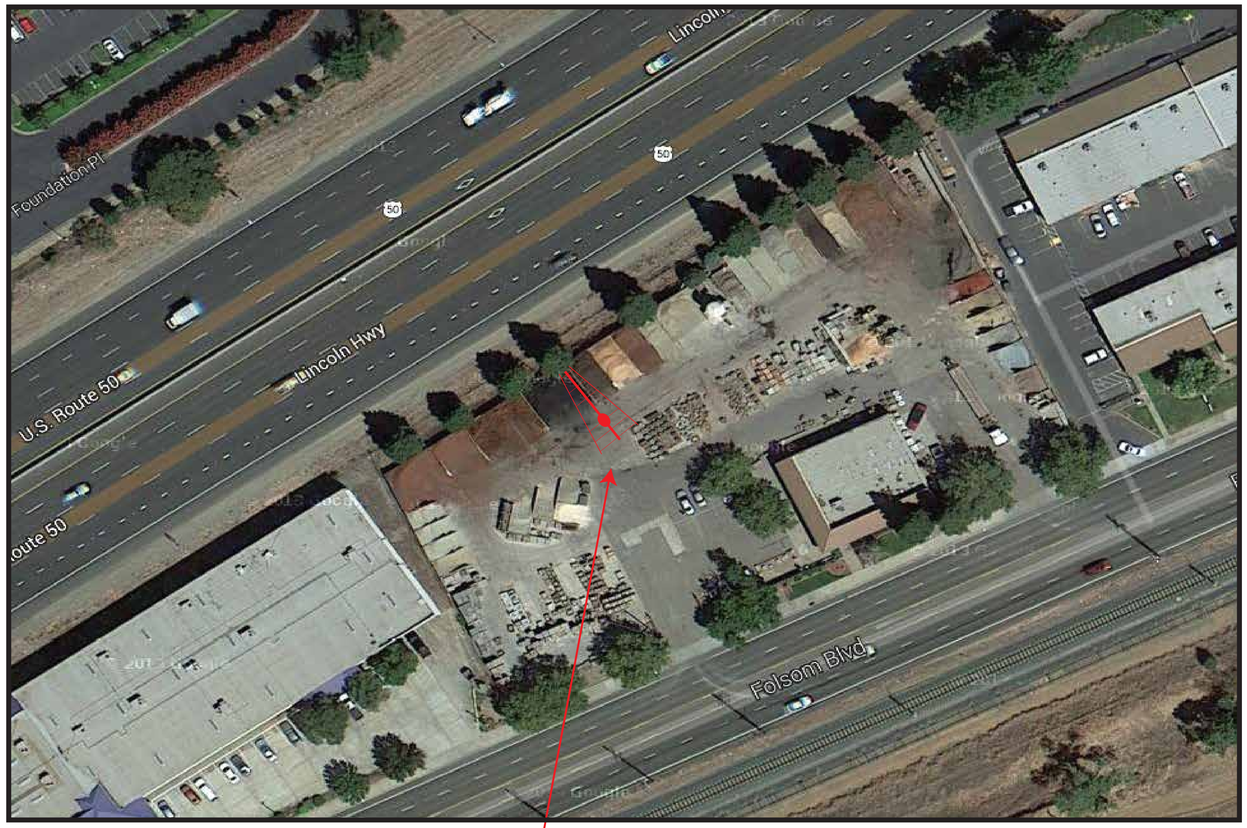
FIELD SURVEY REQUIRED PRIOR TO PRODUCTION

Proposal:

- 14' x 48' Digital
- Decorative Pole Cover
- New Message Center would be tied in with Emergency Message Network
- City would gain Community Messaging on Sign
- Proposed Sign Height = 60 ft

Clear Channel Outdoor

SITE PLAN - NIMBUS

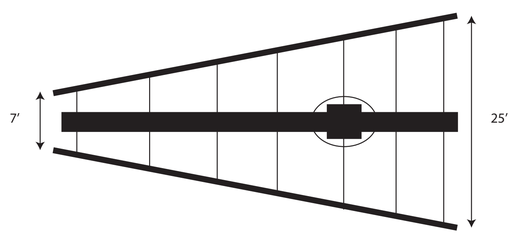


Proposed Digital Sign

Proposal:

- We will completely match other Digital Sign (2013)
- Sign design with Center Mount
- Sign will have slight "V"
- Sign will have decorative cover
- Clear Channel Outdoor is willing to trim existing trees or re-landscape freeway frontage and contribute dollars to "Folsom Blvd Streetscape Improvements, Phase 4"

Top View:

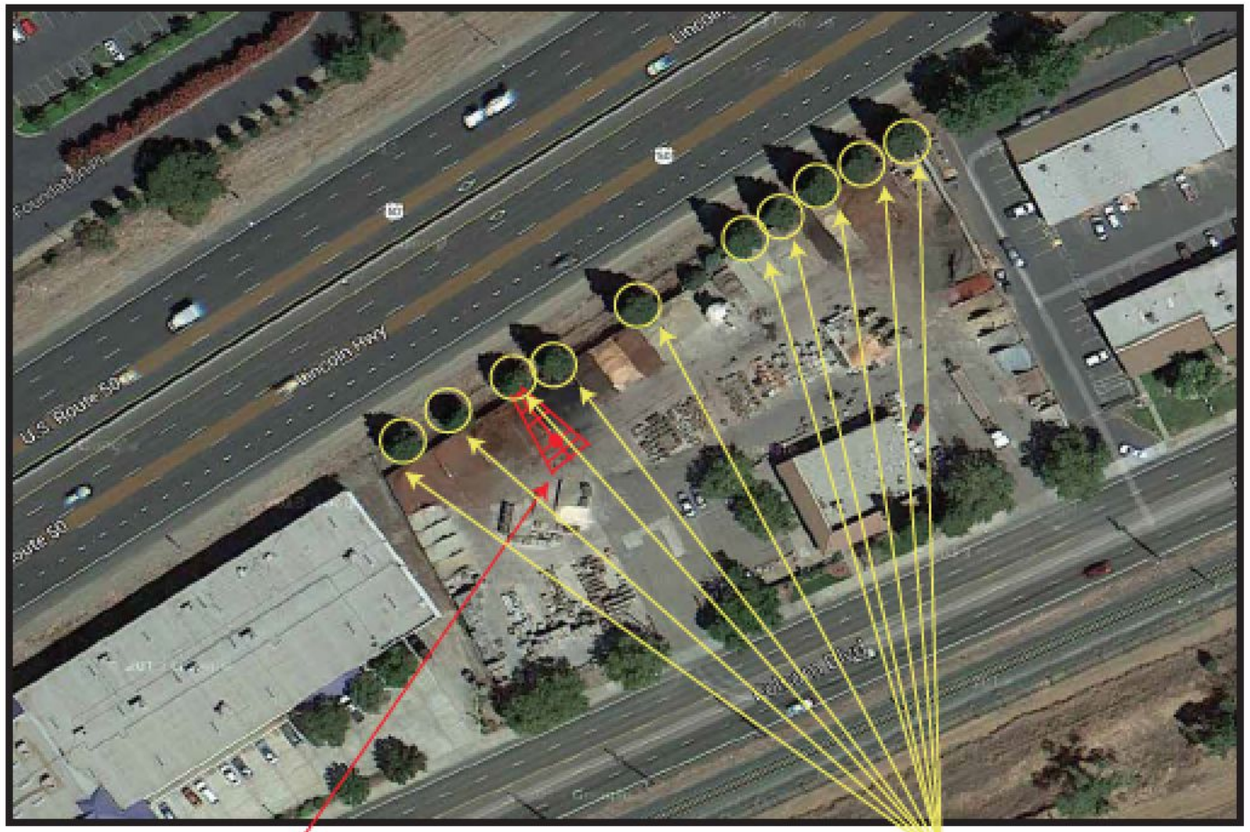


West Face

East Face

Clear Channel Outdoor

LANDSCAPE PLAN - NIMBUS



Proposed Digital Sign **Proposed Tree Removals**

Proposal:
- Remove 10 Existing Redwood Trees
- Plant High Growth Shrubs (8-15 ft) - Qty as Needed (Estimated at 30)
- Contribute $25,000 Towards "Folsom Blvd Streetscape Improvements, Phase 4"

Existing

Proposed

ATTACHMENT 3

DIGITAL FREEWAY SIGN OPERATING AGREEMENT BY AND BETWEEN CITY OF RANCHO CORDOVA AND CLEAR CHANNEL OUTDOOR

PARTIES

This Operating Agreement for a Digital Freeway Sign (hereinafter "Agreement"), dated _____, 2014 by and between the **City of Rancho Cordova** (the "City"), a California municipal corporation and **Clear Channel Outdoor, Inc.** ("CCO"), 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 Digital Freeway Signs under certain circumstances; including the permanent removal of pre-existing billboards from within the City. CCO has applied for approval to install one Digital Freeway Sign, located at 12137 Folsom Boulevard in the City of Rancho Cordova, State of California (the "Property").

2. **Applicant**. CCO is an outdoor-advertising company that has extensive experience in successfully installing, operating, and maintaining traditional and digital billboards throughout the United States. CCO desires to contract with the owners of certain property within the City for the purpose of installing, operating, and maintaining a 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 CCO's proposed outdoor advertising display 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 CCO'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 CCO removing a presently existing billboard as a material condition of this Agreement for a Digital Freeway Sign. In exchange for providing these public benefits, CCO receives assurance that it may proceed with the construction and operation of CCO'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 CCO must obtain from Caltrans to install, operate, and maintain the Digital Freeway Signs 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 CCO 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) CCO 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 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. CCO 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 CCO 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 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 real 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.

(m) "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 "Pre-Operations 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 when the Pre-Operations Phase ends and ends when such Digital Freeway Sign is removed or after a twenty five (25) year period following the Pre-Operations Phase, whichever occurs first. The Agreement is automatically renewed for an additional 25 year Term unless written notice, 60 days prior to expiration of the initial Term, is given by either party of intent to terminate.

4. Consideration. As consideration for the rights and benefits it enjoys under this Agreement, including the contemplated use during the Term, CCO shall do all of the following:

(a) *Conditional Signing Bonus.* CCO shall pay the City a one-time "Conditional Signing Bonus" of Seventy Five Thousand Dollars ($75,000) for the Digital Freeway Sign within ten

Business Days after the Effective Date. The City shall refund the Conditional Signing Bonus within 30 days after CCO notifies the City that CCO is not able to obtain the Caltrans Permits and the City Permits for the Digital Freeway Sign contemplated; provided that CCO may at its sole option elect to offset any fees, rents, taxes or other amounts due to the City (at the time of the return of the Conditional Signing Bonus) against the Conditional Signing Bonus owed to CCO by the City.

(b) *Monthly Fee.* Each month during the Operations Phase, CCO 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, CCO 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 Monthly Fee that is not paid within 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) CCO may offset the Monthly Fee if CCO 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 CCO 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) CCO may offset the Monthly Fee if CCO 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 CCO Sign.* At no cost to the City, CCO shall remove the "Existing Sign" 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) CCO hereby waives any rights it may have to compensation for the Existing Sign 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).

(2) CCO's commitment to remove the Existing Sign according to the schedule set forth in Schedule 2 is a material provision of this Agreement. CCO is not entitled to replace the Existing Sign once it is removed.

(d) *Contribution in support of City Streetscape Project.* CCO shall provide the City with a one time cash contribution of Twenty Five Thousand dollars ($25,000) for the City's use in the upcoming Folsom Boulevard Streetscape Improvements, Phase 4 project or other streetscape improvement project as appropriate and determined at the City's sole discretion. CCO shall remit this payment to the City within 6 months of the Effective Date.

5. Use of Site.

(a) *Exclusive Uses*. Except as otherwise provided in Section 6(i), CCO 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 Signs. CCO'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 CCO 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 CCO 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 CCO's plans to remove the Obstruction prior to CCO commencing work.

(3) If CCO 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 CCO's plans to remove the Obstruction prior to CCO 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 CCO to remove visual obstructions from private property.

(5) CCO'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.

CCO 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, CCO 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"). CCO 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, CCO shall apply to Caltrans for all Caltrans Permits, and the City shall cooperate with CCO in that effort, including the completion of any Caltrans forms. All Caltrans Permits are to be obtained and secured for CCO's sole benefit and are to be issued in CCO's name. CCO shall perform all obligations under the Caltrans Permits at no cost to the City.

(c) *City Permits*. The City shall diligently process CCO'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.* CCO 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. CCO 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). CCO shall use reasonable diligence to avoid such delays and to resume work as promptly as possible after such a delay.

(e) *Ownership.* CCO 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, CCO shall maintain the Sign Structure and shall maintain, repair, and improve the Digital Freeway Sign in accordance with the standards of the outdoor-advertising industry. CCO's maintenance obligation under this Section 6(f) includes the obligation to remove any graffiti from the Site 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.* At CCO's sole option, 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. CCO shall use its best efforts to as promptly as practicable repair the Digital Freeway Signs and CCO shall as promptly as practicable 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 necessary permits and approvals, and all parts and components, CCO shall begin work to repair or replace the Digital Freeway Sign. CCO shall complete the work within 180 days after the work begins. If CCO elects, under this Section 6(g) or 6(h) below, not to repair or replace the Digital Freeway Sign then CCO 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); and

(h) Notwithstanding Section 6(g), in the event that CCO's Digital Freeway Sign is materially damaged, CCO 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 CCO or its agents.

(i) *Utilities.* At no cost to the City, CCO 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. CCO 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, CCO may remove the Digital Display Faces and operate its Sign Structure with traditional faces. In the event that CCO removes its Digital Display Area and operates its Sign Structure with traditional faces, due to the unavailability of electricity, CCO shall be permitted to abate the Monthly Fee until such time at the electricity is restored and the Digital Freeway Sign becomes Operational again, if CCO provides written documentation from the Sacramento

Municipal Utility District or other electricity provider confirming the electrical outage and dates thereof.

(i) *Amber Alerts and Public-Service Messages*. During all periods when Digital Display Areas are Operational on the Digital Freeway Sign, CCO shall make the Digital Display Area available to the appropriate 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, CCO 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 CCO, 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 CCO's graphics-arts standards so that the messages are "camera ready," at no cost to CCO. All copy will be subject to CCO's standard advertising copy rejection and removal policies which allow CCO the right in CCO'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. CCO 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,

(1) Digital Freeway Signs 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 Display Area.* When the Term ends, whether it expires as scheduled or is terminated early, CCO 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, CCO 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. CCO 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, CCO shall not operate the Digital Freeway Sign.

(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), CCO 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 CCO 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 CCO to avail itself of all remedies available to CCO 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 CCO written notice of termination, if any of the following circumstances occurs:

(1) CCO breaches its obligation to pay the Monthly Fee when due and does not cure the breach within 30 days after the City serves CCO with a written notice of breach.

(2) CCO 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 90 days after work begins. The express designation in this Agreement of a provision as "material" does not imply that other provisions are not material.

(3) CCO ceases to pay the Monthly Fee pursuant to Section 4(b)(3) of this Agreement.

(4) CCO initiates legal challenge to the validity of this Agreement or its authorizing ordinance provided that this subsection shall not prevent CCO from enforcing this Agreement and the parties' obligations hereunder.

(b) *CCO'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, CCO may terminate this Agreement, at any time and in its sole discretion, effective 30 days after CCO 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 CCO did not cause the Obstruction and the City failed to adhere to its obligations under Section 5(b) following proper notice by CCO. Materially obstructed shall mean at least one-half of the displayed area is obstructed.

(2) CCO cannot safely use the Site to install, operate, maintain, repair, or improve the Digital Freeway Sign because of a non-remediable condition, and CCO 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) CCO cannot obtain or maintain the governmental permits required to install, operate, maintain, repair, or improve the Digital Freeway Sign, including the Caltrans Permits and the City Permits, subject to the provisions of Section 4(a) above.

(5) Use of the Digital Freeway Sign for its intended purpose is prevented or limited by law, or CCO 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) With respect to the Digital Freeway Sign, such Sign is damaged by a casualty for which CCO elects not to repair or replace the Digital Display Area.

(c) *City's and CCO'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 (or, for CCO, 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 CCO and CCO'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 CCO's possession or use of the Sites.

(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*. CCO 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 CCO's possession or use of the Site. CCO 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 CCO 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. CCO'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 CCO's acts or omissions.

(2) Any Occurrence that is in any way connected with any of CCO's personal property on the Site.

(3) Any Occurrence caused or allegedly caused by (A) any condition of the Site created by CCO or by any Person on the Site with CCO's permission; or (B) some act or omission on the Site by CCO or by any Person on the Site with CCO'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 CCO or any Person or entity acting for CCO or with CCO'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) CCO's failure to perform any provision of this Agreement, to comply with any requirement of law applicable to CCO, or to fulfill any requirement imposed by any

governmental entity (including the City when acting as a government) on CCO or on CCO's use of the Site.

(c) *Legal Challenges*. CCO 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. CCO's obligation to indemnify under this Section 7(c) inlcudes 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 CCO to defend such Claim. The City will not voluntarily assist the opposing party in any such Claim or take any position adverse to CCO 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. In the event of a Claim, CCO shall be entitled, in its sole discretion, to return any Sign Structure that has been modified to a Digital Freeway Sign to a traditional static sign face or faces. If CCO exercises such right, CCO shall not be required to pay the City the Monthly Fee from and after the date that the faces are converted to static sign faces and the City shall not be entitled to claim any lost revenues or damages against CCO as a result of such election by CCO, provided, however, that the City shall keep the Conditional Signing Bonus

(d) *Survival*. CCO'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 CCO merges with another company, reorganizes its stock, or undergoes a similar corporate restructuring, or if CCO 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 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:
Paul Junker, Planning Director

If to CCO:

Clear Channel Outdoor, Inc.
401 Slobe Avenue
Sacramento, California 95815
Attention:
Division President - Sacramento

(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 (including 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 CCO 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 CCO. For example, and without limiting the previous sentence, this Agreement does not create between the City and CCO 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*)

ATTACHMENT 3

City of Rancho Cordova

By: _____
Brian Nakamura
City Manager

Dated: _____, 2014

Approved as to Form
Rancho Cordova City Attorney

By: _____
Adam Lindgren
City Attorney

Clear Channel Outdoor, Inc.

By: _____
Name:
Title:
Dated: _____, 2014

Agreement for Digital Billboard
City of Rancho Cordova and Clear Channel Outdoor

Schedule 1

Monthly Fee

1. For the Site developed under this Agreement, the Monthly Fee due on the first day of the month is $4,166.

Agreement for Digital Freeway Sign
City of Rancho Cordova and Clear Channel Outdoor

Schedule 2

Existing Billboards to be Removed

New Billboard	Existing Billboard
Nimbus Landscape Site 12137 Folsom Boulevard APN 069-0160-004-0000	**CCO shall obtain the necessary permits to remove the Existing Sign *before* the Commencement Date for the new Digital Freeway Sign; and will actually complete removal within 12 months from said date:** 1 bulletin at the Southside of Folsom Blvd at 2300 Mine Shaft Ln APN 072-0231-014-0000 CCO Location No.: 2317 1 bulletin at northwest corner of Sunrise Boulevard and Coloma Road 2286 Sunrise Boulevard APN 056-0430-002

Agreement for Digital Freeway Sign
City of Rancho Cordova and Clear Channel Outdoor

Exhibit A

Digital Freeway Sign Operational Requirements

a. Operational Limitations. Digital Freeway Signs 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 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 Signs. Illumination for the Digital Freeway Signs shall comply with the terms of this Agreement and is otherwise specifically permitted by Section 23.743.150 of the Code.

g. Digital Freeway signs are not considered to be pole signs under Section 23.743.120. E of the Code.

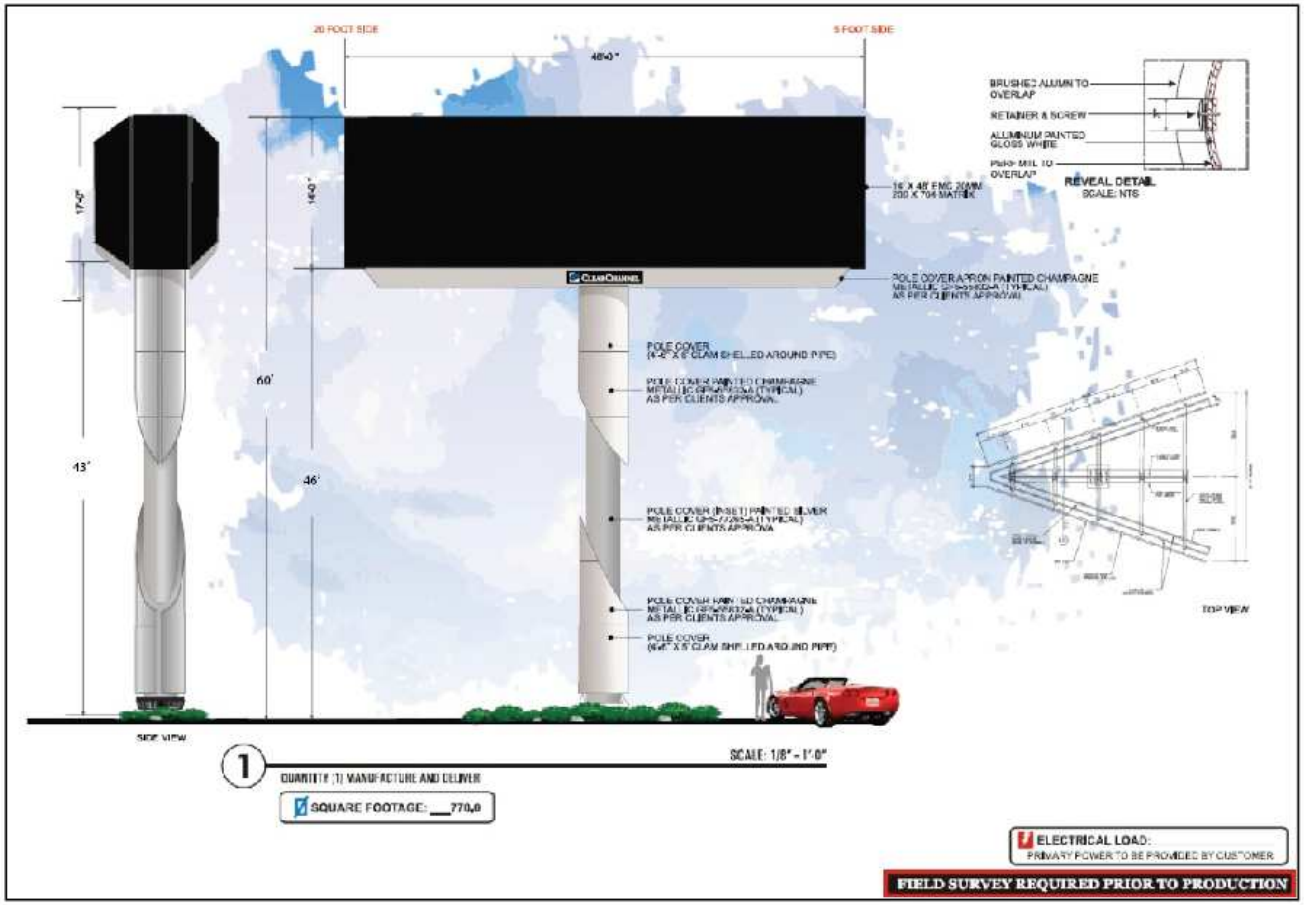
h. Digital Freeway Signs shall not be included within any definition of Flashing set forth in the Code.

Exhibit B

Digital Freeway Sign Description

Clear Channel Outdoor

SIGN DESIGN

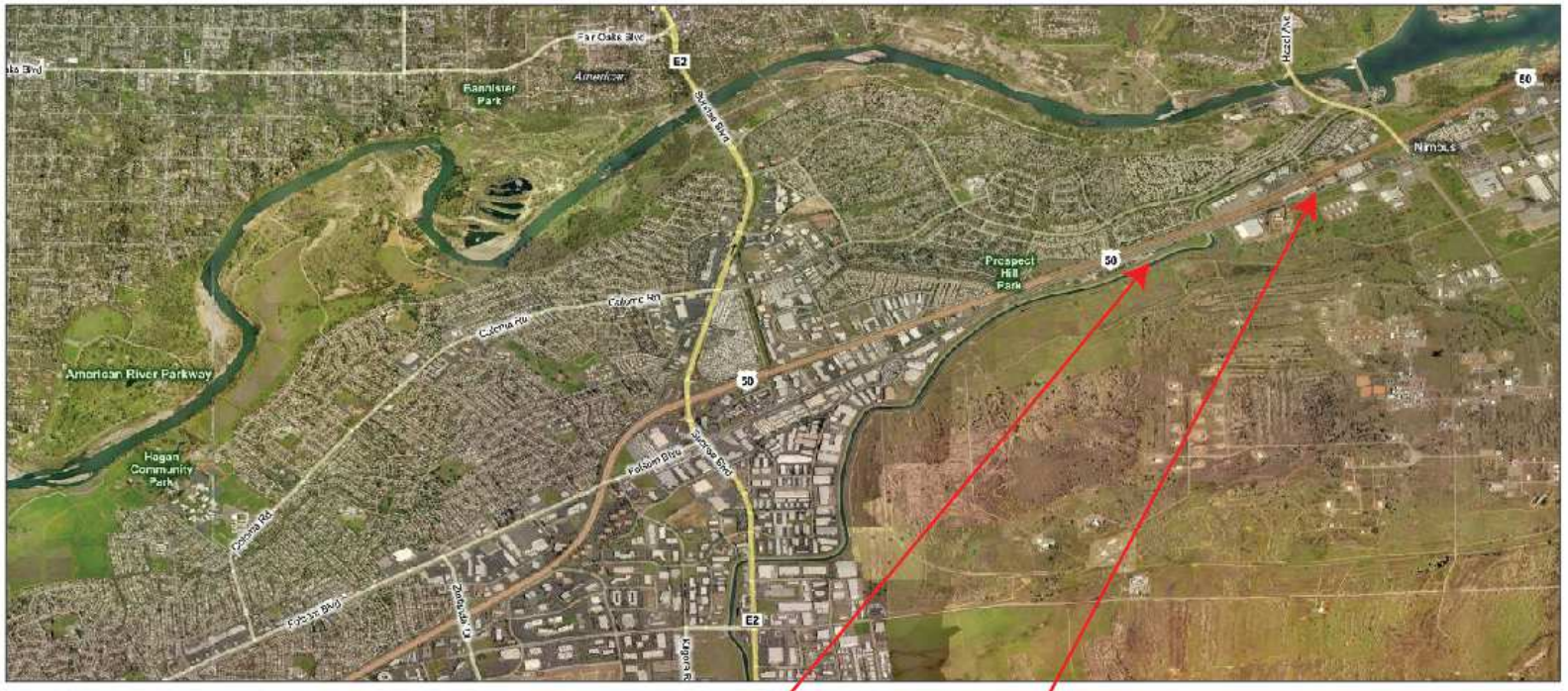


Proposal:

- 14' x 48' Digital
- Decorative Pole Cover
- New Message Center would be tied in with Emergency Message Network
- City would gain Community Messaging on Sign
- Proposed Sign Height = 60 ft

Clear Channel Outdoor

RELOCATION MAP



Proposed Removal

Proposed Sign

Clear Channel Outdoor

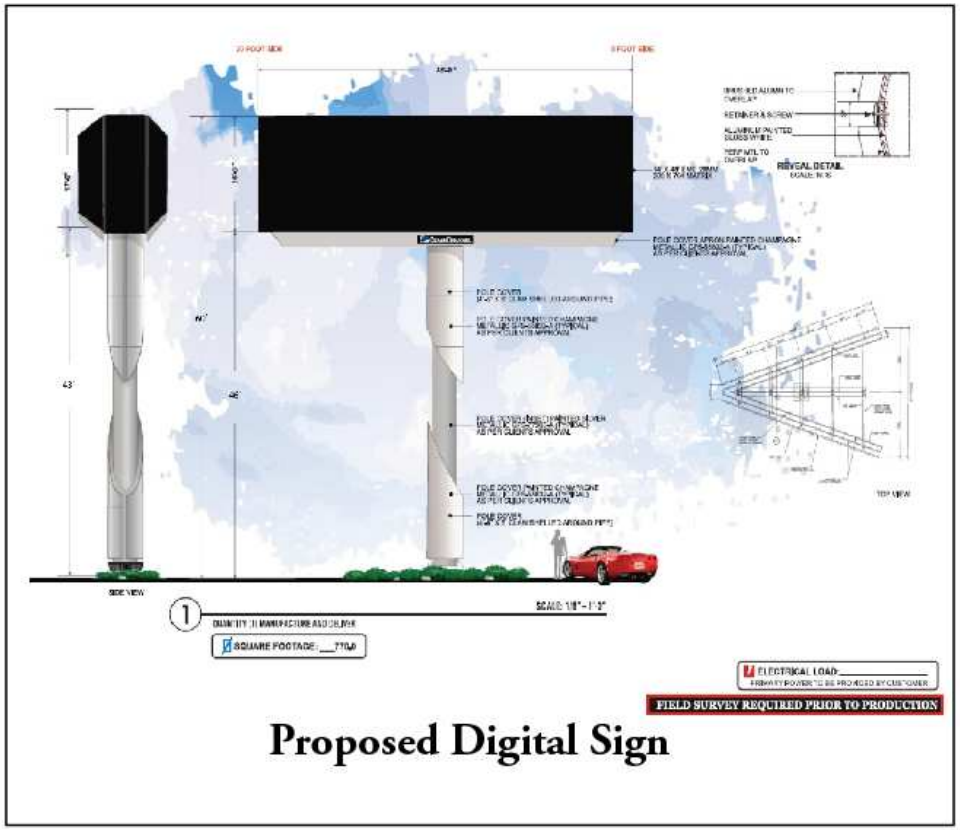
RANCHO CORDOVA PROPOSAL

Proposal:

- Remove Existing 14 x 48 Bulletin in the City of Rancho Cordova Along Hwy 50
- Build 1 Structure as a 14 x 48 Digital with Decorative Pole Cover
- Results in No Net Increase of Billboards in City and Along Hwy 50

City Benefits:

- No Increase in Billboards
- State of the Art Digital Message Center Capable of Supporting Multiple Businesses with Unlimited Creative Possibilities
- CCO Will Enter into Development Agreement for Digital with City to:
  - Compensate City $75,000 Signing Bonus and $50,000 / Year*
  - Provide Community Branding and Messaging
  - Provide Emergency Messaging
- City Partners with a Company with a Local History and Presence and a Proven Track Record of Public / Private Partnerships Including:
  - City of Rancho Cordova
  - Sacramento State
  - Sacramento Regional Transit



Proposed Digital Sign

Clear Channel Outdoor

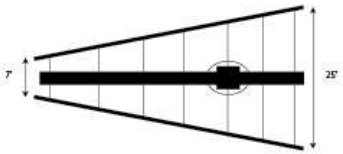
SITE PLAN - NIMBUS

Proposed Digital Sign

Proposal:

- We will completely match other Digital Sign (2013)
- Sign design with Center Mount
- Sign will have slight "V"
- Sign will have decorative cover
- Clear Channel Outdoor is willing to trim existing trees or re-landscape freeway frontage and contribute dollars to "Folsom Blvd Streetscape Improvements, Phase 4"

Top View:



West Face

East Face

Clear Channel Outdoor

RELOCATION

REMOVALS:

Existing: 14' x 48' Traditional

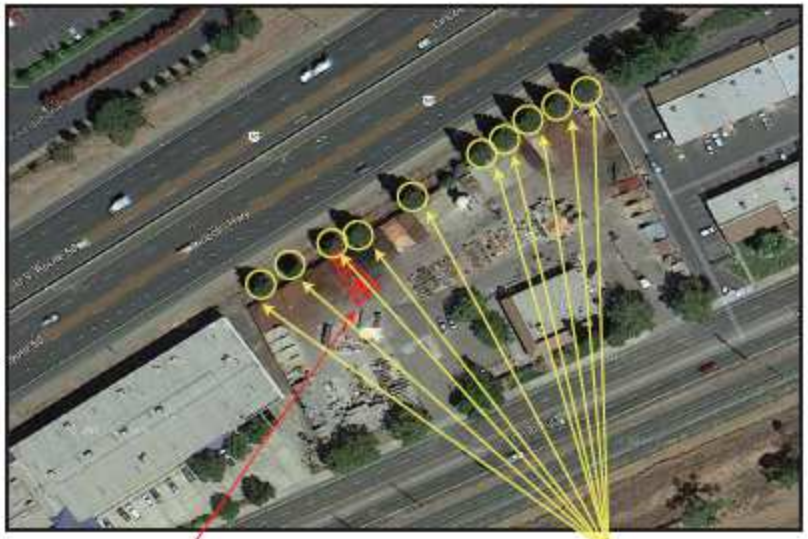
DEVELOPMENTS:

Proposed: 14' x 48' Digital

NO NET
INCREASE IN
HWY 50 BILLBOARDS

Clear Channel Outdoor

LANDSCAPE PLAN - NIMBUS



Proposed Digital Sign

Proposed Tree Removals

Proposal:
- Remove 10 Existing Redwood Trees
- Plant High Growth Shrubs (8-15 ft) - Qty as Needed (Estimated at 30)
- Contribute $25,000 Towards "Folsom Blvd Streetscape Improvements, Phase 4"

Existing

Proposed

SCOPE OF WORK:
■ MANUFACTURE AND INSTALL (2) S/F SIGN CABINETS.

S/F ILLUMINATED CABINETS (2)

FACE:
■ 3/16" WHITE LEXAN

A B VINYL:
■ 3M 3630-167 BRIGHT BLUE, 3M 3630-22 BLACK (WHITE SHOTHRU COPY)

FONTS:
■ CUSTOMER PROVIDED ARTWORK

CABINET:
ILLUMINATION: ■ ALUMINUM CONSTRUCTION, PAINTED BLACK SEMI GLOSS
■ T-8 LAMPS

RETAINERS:
■ 1-1/2" FLAT RETAINERS

2 NEW S/F ILLUMINATED SIGN CABINETS (IMPRINT) SCALE: 1" – 1'-0"

QUANTITY (2) MANUFACTURE AND DELIVER

☑ SQUARE FOOTAGE: 8.5

ELECTRICAL LOAD: 2.1 AMPS @ 120V
PRIMARY POWER TO BE PROVIDED BY CUSTOMER

FIELD SURVEY REQUIRED PRIOR TO PRODUCTION

Exhibit C

Amber Alert Guidelines

AMBER alerts are issued by the National Center for Missing and Exploited Children in Washington, DC. For those alerts, CCO 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.

During the next two hours, 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 is based on the situation and availability.

2341837.1

ATTACHMENT 4

CLEAR CHANNEL OUTDOOR DIGITAL FREEWAY SIGN 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
CLEAR CHANNEL OUTDOOR DIGITAL FREEWAY SIGN 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

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INTRODUCTION

ATTACHMENT 4

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 Clear Channel Digital Freeway Sign 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 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 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*

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.cityofranchocordova.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.

1.2 LEAD AGENCY

The lead agency is the public agency with primary responsibility over a proposed project.

As 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

ATTACHMENT 4

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 landscape material supply company located at 12137 Folsom Boulevard (APN 069-0160-004) (hereafter installation site). The installation site is located adjacent to the south side of US Highway 50 (US-50), approximately 1,500 feet west of the Hazel Avenue/US-50 eastbound off-ramp in northeastern Rancho Cordova (see **Figure 1** and **Figure 2**).

In addition, the proposed project includes removal of one existing traditional billboard located at 2300 Mine Shaft Lane (APN 072-0231-014) (hereafter removal site), adjacent to the south side of Folsom Boulevard and US-50, approximately 4,400 feet west of the Hazel Avenue/US-50 eastbound on-ramp and approximately 3,400 feet west of the installation site (see **Figure 2**).

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 Nimbus Landscape Materials (APN 069-0160-004). The project site is located within the City's Digital Freeway Signs Overlay area, as identified in Figure 23.743-8 of the Zoning Code. The project site and the surrounding areas are zoned Light Industrial (M-1). The project site is fully developed and contains ten large redwood trees along the US-50 frontage.

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**). From a top view, the sign would be V-shaped measuring 25 feet deep on the south side and 7 feet deep on the north side. This configuration would allow the sign faces to 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 US residential utility customer was 10,837 kilowatt-hours (kWh), an average of 903 kWh per month (EIA 2014).

Overall construction of the proposed sign is anticipated to begin on November 1, 2014, and would take approximately one to two weeks to complete. No grading is anticipated; however, approximately 4 cubic yards of soil would be exported from the site to accommodate the sign footing. Construction equipment required would include a bore/drill rig, crane, excavator, cement truck, and trencher. No paving would be required.

As required by the Zoning Code standards regulating digital freeway signs, the project would also include removal of a traditional billboard located at 2300 Mine Shaft Lane (APN 072-0231-014), adjacent to the south side of Folsom Boulevard (removal site). The proposed removal of the traditional billboard would include removal of the footing below grade, some filling of the area where the pole was installed, and a return of the surface to that of the surrounding area, which involves repaving in the surrounding parking lot. The project applicant would also contribute funding to Phase 4 of the Folsom Boulevard Improvement Project to improve the visual character of the Folsom Boulevard corridor.

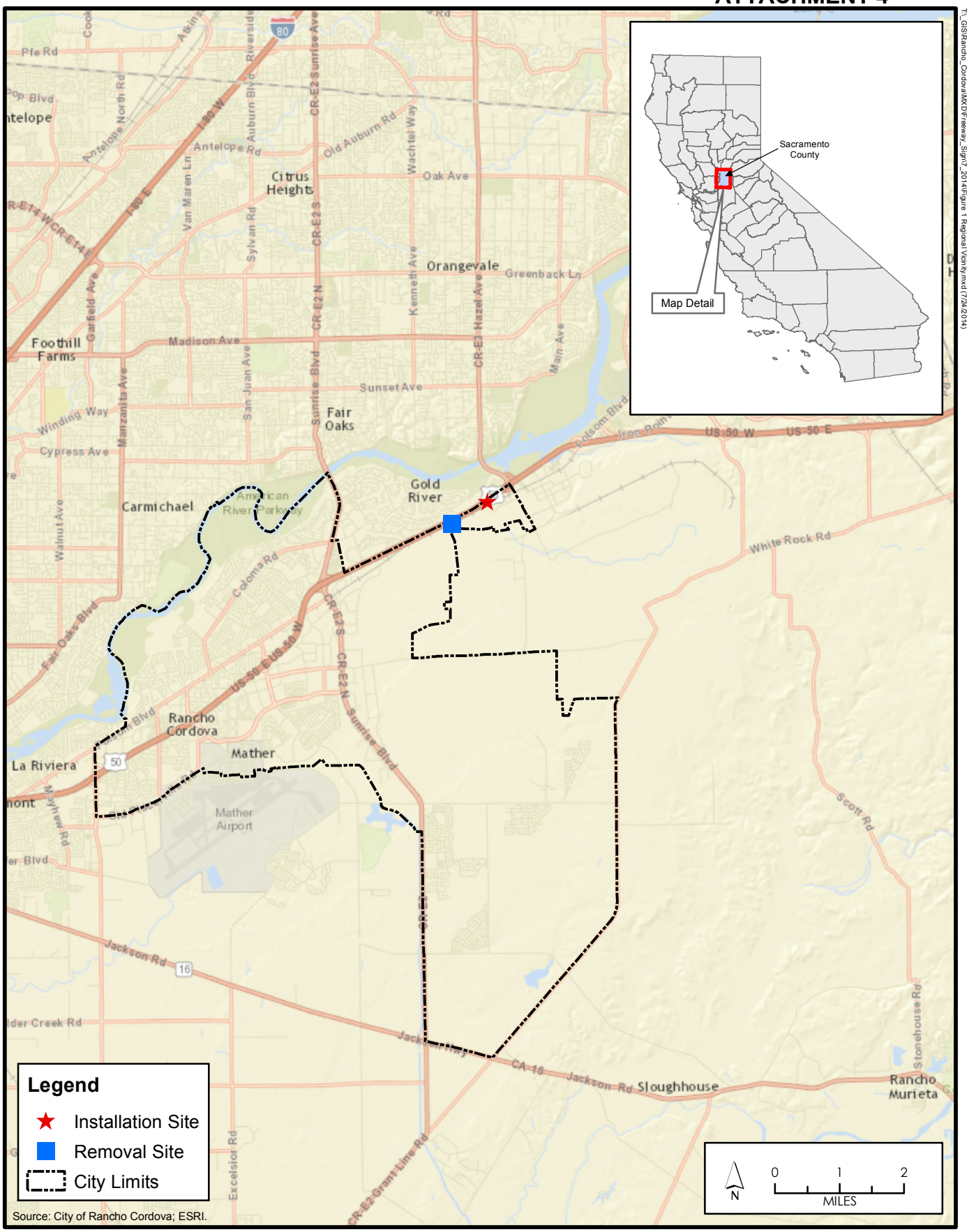
2.3 REQUIRED PROJECT APPROVALS

The proposed project consists of the following application requests:

- Conditional Use Permit
- Operating Agreement

Following issuance of the City's Conditional Use Permit and a 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.

ATTACHMENT 4



T:_GIS\Rancho_Cordova\MXD\Freeway_Sign\7_2014\Figure 1 Regional Vicinity.mxd (7/24/2014)

City of Rancho Cordova
Planning Department

Figure 1

Regional Vicinity

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City of Rancho Cordova
Planning Department

Figure 2

Installation and Removal Site Locations

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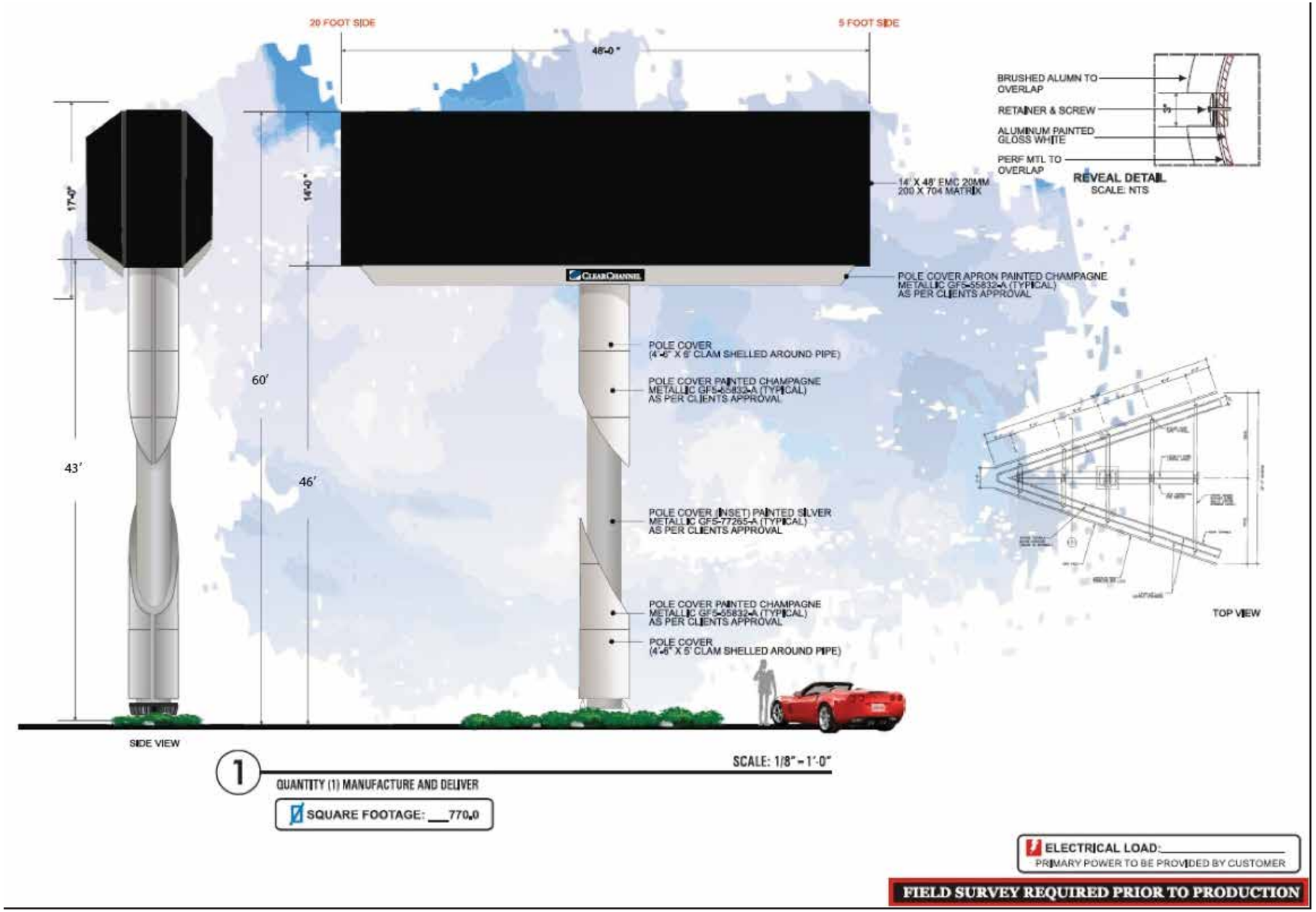

Proposal:

- 14' x 48' Digital
- Decorative Pole Cover
- New Message Center would be tied in with Emergency Message Network
- City would gain Community Messaging on Sign
- Proposed Sign Height = 60 ft

Source: Clear Channel

Figure 3
Proposed Sign Design

PMC

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T:_CS\Work\Rancho Cordova, City of\Clear Channel Electronic Sign\Figures

REMOVALS:

Existing: 14’ x 48’ Traditional

DEVELOPMENTS:

Proposed: 14’ x 48’ Digital

NO NET INCREASE IN HWY 50 BILLBOARDS

Source: Clear Channel

Figure 4

View of Existing Traditional Billboard and Simulated View of Proposed Electronic Sign

PMC®

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ENVIRONMENTAL SETTINGS, IMPACTS, AND MITIGATION MEASURES

ATTACHMENT 4

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 section. 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 projects 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.

3.2 INITIAL ENVIRONMENTAL STUDY

1. **Project Title:** Clear Channel Digital Freeway Sign 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 site is located at 12137 Folsom Boulevard, adjacent to eastbound US Highway 50, west of Hazel Avenue, in Rancho Cordova.

   Removal of an existing billboard would occur at 2300 Mine Shaft Lane along Folsom Boulevard, in Rancho Cordova.

5. **Project Sponsor's Name and Address:** Clear Channel Outdoor
Michael Wagener
401 Slobe Avenue
Sacramento, CA 95815
(916) 492-1303

6. **Current Zoning:** Light Industrial (M-1)
Digital Freeway Signs Overlay

7. **General Plan Designation:** Folsom Boulevard Planning Area

8. **APN Number(s):** 069-0160-004 and 072-0231-014

9. **Description of the Project:** See subsection 2.2 of this IS/MND.

10. **Surrounding Land Uses and Setting:** See subsection 2.2 of this IS/MND.

11. **Other public agencies whose approval may be required:** (e.g., permits, financing approval, or participation agreement)

    - California Department of Transportation (Caltrans)

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

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.

	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 project site is located in the Folsom Boulevard Planning Area and is zoned for and predominated by industrial development. This area is surrounded by additional industrial lands. The project site itself is developed as Nimbus Landscape Materials, which supplies landscaping materials, such as bark and mulch, rock and gravel, and soil and compost. The materials are stored in bays along the perimeter of the parcel. A structure and small parking area are located near its center, fronting onto Folsom Boulevard. Landscaping is provided along both the US-50 and Folsom Boulevard frontages, including ten mature redwood trees adjacent to US-50. The existing traditional billboard proposed for removal is located at the eastern tip of a paved, vacant commercial parcel currently used for recreational vehicle sales. **Figure 4** shows the billboard proposed for removal and a simulation of the proposed billboard as it would be seen from eastbound US-50.

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 one existing traditional billboard along Folsom Boulevard. Neither the installation site nor the removal site is visible from the American River Parkway; therefore, no impact to scenic vistas would occur.

b) *No Impact/Reviewed Under Previous Document*. The GP EIR found no highways within the Planning Area were designated by state or local agencies as scenic highways (GP DEIR, p. 4.13-6).

See Response I(a). Ten mature redwood trees located at the installation site are proposed for removal. However, these trees and the installation site are not located in a scenic highway corridor. Therefore, changes in views due to the removal of trees in this area would result in no impact on scenic resources or scenic highways.

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 one existing traditional billboard along Folsom Boulevard, also currently visible from US-50. The project is anticipated to change the visual 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 large signage, illumination, or tall structures. The proposed project would also require the removal of ten mature redwood trees from the northern perimeter of the installation site. However, the US-50 corridor is heavily urbanized and the installation site is surrounded by commercial and industrial uses, utility lines, street lighting, and smaller signage. Furthermore, the redwood trees proposed for removal were originally planted for the purpose of screening the adjacent commercial uses, but have since grown too tall to provide effective screening. The trees would be replaced by shrubs that would provide fuller vegetation for more effective screening. In addition, the project would result in the removal of one traditional billboard sign along the US-50 corridor, so there would be no net increase in the number of signs in the area. The project applicant would also contribute funding to Phase 4 of the Folsom Boulevard Improvement Project to improve the visual character of the Folsom Boulevard corridor. Therefore, these anticipated visual changes would be in character with the area, would result in an overall improvement to the visual character of the corridor, and 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 both 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 billboards would not exceed 0.3 foot-candles over ambient light levels at 250 feet from the sign face. Existing and future residential uses are more than 800 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.

In addition, the proposed project also includes the removal of an existing traditional billboard. The traditional billboard is currently illuminated by stationary incandescent lights (i.e., floodlights) that are simply regulated by timers. Light levels from these fixtures are not responsive to ambient light levels and may be more impactful than the proposed digital sign in terms of additional light in a given area. The removal of the existing sign would serve to reduce light and glare in the localized area around the sign location, which is in the same corridor as the installation site.

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 existing traditional billboard within the city limits, impacts related to new sources of light and glare would be less than significant.

	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 parcels that are zoned for industrial uses and are developed with existing, actively used commercial/light industrial uses. Surrounding uses consist primarily of additional commercial and industrial facilities. The sites are located n 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 uses, and are not actively utilized as forestry operations. 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 Williamson Act contract or any existing agricultural use, or adversely impact designated forestland. There would be no impact.

	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 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 six to eight 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 an existing billboard included in the project would result in reduced

maintenance trips for that respective sign, resulting in no net increase of trips related to signs in the area.

In the short term, construction activities to install the proposed digital freeway sign and to remove the existing traditional billboard would include minimal land disturbance, which may generate some dust or PM_{10} (particulate matter of 10 microns in size or less) pollutants. Construction would utilize minimal equipment (a bore/drill rig, crane, excavator, and trencher) for approximately four days.

Removal of the traditional billboard would include filling in the area where the pole was installed and returning the surface to that of the surrounding area, which would involve paving of a small area. 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 PM_{10}. Construction of the proposed project would result in temporary generation of emissions of reactive organic gases (ROG), nitrogen oxide (NOx), and PM_{10}. 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 NOx and PM_{10}. According to the standards set forth in the SMAQMD Guide to Air Quality Assessment, a site over 5.1 acres would generate PM_{10} that would require mitigation. The proposed project does not require grading and in turn would not exceed threshold PM_{10} 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 (NOx 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) above 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) above for project-specific discussion. Project construction would include minimal emissions from construction equipment. The proposed digital freeway sign would be located in an existing industrial development, not in close proximity to any sensitive receptors. This impact would be less than significant.

e) *No Impact.* The proposed digital freeway sign does not include any element that would produce odor. There would be no impact.

	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 landscape material supply company including a large outdoor materials yard, one commercial building, parking, and landscaping. There are ten mature redwood trees along the site's northern perimeter. These trees were originally planted to provide visual screening of the site from the freeway. The proposed digital freeway sign would be located in the northwestern portion of the site.

The removal site is a paved parcel currently used for recreational vehicle sales. Immediately south of the removal site is the Folsom South Canal and vacant land that is part of the Aerojet facility.

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 does contain ten mature redwood trees along its northern perimeter, which would be removed as part of the proposed project. These trees could provide nesting sites for raptors and/or migratory birds. The existing traditional billboard could also have areas that are suitable for nesting sites. 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 impact by requiring pre-construction 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 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 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 billboard and all trees proposed for removal 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 any of the trees proposed for removal, 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*

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 Responses IV(a) and IV(c) for project-specific discussion. Neither the installation site nor the removal site, both of which are developed with urban uses, contains 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).

Neither the installation site nor the removal site, both of which are developed with urban uses, contains 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 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, pp. 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 located in an urbanized area. 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 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 or removal sites. The ten mature redwood trees proposed for removal on the installation site are not native to the Sacramento Valley and are not protected by any local policies or ordinances. 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.

	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).

Implementation of the proposed project is not expected to result in any new cultural resource impacts, as the area is highly urbanized. If for any reason cultural resources are discovered during construction of the digital freeway sign or removal of the existing billboard, 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.

b) *Less Than Significant Impact/Reviewed Under Previous Document.* See Response V(a). 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) above). 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 project site. See Response V(a) for specific discussion. This impact would be less than significant.

	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 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 VI(1)(i) above). 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 due to 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 would not require any grading and would involve limited surface disturbance and soil removal to accommodate the sign footing. The site where the billboard would be removed would be restored to a paved area, blending with the immediate surroundings. 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.

The soils underlying the project 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/Reviewed Under Previous Document*. The proposed project would not require connection to any wastewater disposal system. There would be no impact.

	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 (CO_2), methane (CH_4), and nitrous oxide (N_2O), 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) *No 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 (CO_2) from mobile sources associated with project construction and minimal, periodic

maintenance. No permanent sources of GHG emissions are involved with the proposed project.

Emissions of CO_2 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 CO_2.

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.

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, if one were adopted. 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.

	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 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 material 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 proposed project involves 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), 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 project site. 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 VIII(b) above] 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 site is located on a hazardous materials sites list (DTSC 2014; SWRCB 2014). There would be no impact.

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 are not within 2 miles of the facility. 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 sites. Therefore, there would be no impact.

f) *No Impact*. The installation and removal sites are not located within 2 miles of any private airstrip; therefore, no impact would occur as a result of the project.

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. Therefore, 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.

	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?	☐	☐	☐	☒	☐

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 and removal of the existing traditional billboard would not result in any violation of water quality standards or waste discharge requirements. The sites are located in a developed industrial center with appropriate storm drain facilities to address any runoff issues. Further, the proposed project would 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.

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. The area where the billboard would be removed would be returned to the surface type (i.e., paved) immediately surrounding the billboard pole base. None of these activities would substantially alter the existing drainage pattern of the respective sites. The sites are not located in designated 100-year flood zones nor does the project 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 either site. There would be no impact.

	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 an existing traditional billboard 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 properties for private business operations. There would be no impact.

b) *Less Than Significant Impact*. The installation site is zoned M1 (Light Industrial) with a Digital Freeway Signs 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 remove an existing traditional billboard and 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, there is no adopted habitat conservation plan or natural community conservation plan in Sacramento County. Therefore, there would be no impact.

	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 industrial site. No mineral resources or resource recovery sites would be lost as a result of project implementation. There would be no impact.

	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 an existing traditional billboard in an urbanized area. The proposed sign would not generate ongoing noise and there are no sensitive receptors in proximity to either the installation site or the removal 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 would not be 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.

	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 an existing traditional billboard. 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.

	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 project 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 an existing traditional billboard. 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 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

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.

	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.

	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).

The project involves installation of a digital freeway sign and removal of an existing traditional billboard 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. 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).

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 an existing traditional billboard in an urbanized area along US-50 in the city limits. The sign employs digital technology to allow for 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 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 within 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 Effects 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 the 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 in 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.

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). As 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 an existing traditional billboard 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.

	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 an existing traditional billboard in an urbanized area. Connections to the public water, wastewater, and storm drain systems are not required by the project. The project would not generate solid waste.

	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 to 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 an existing traditional billboard 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

ATTACHMENT 4

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 WITHIN 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

4.4 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. Because 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 no digital freeway sign shall be located within 2,500 feet of any other digital freeway sign within the city limits. The City is currently considering another proposal for a digital sign approximately 1,000 feet west of this proposed site. Even if both signs were to be approved, compliance with design standards contained in the 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. As 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 project site in the program EIR, no further environmental analysis is required pursuant to Public Resources Code Section 21083.3.

The 2006 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 Initial Study/Negative Declaration. 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

ATTACHMENT 4

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; however, 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

ATTACHMENT 4

REPORT PREPARATION AND CONSULTATIONS

ATTACHMENT 4

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

ATTACHMENT 4

REFERENCES

ATTACHMENT 4

7.1 REFERENCES

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SWRCB (California State Water Resources Control Board). 2014. GeoTracker. Accessed July 23. http://geotracker.waterboards.ca.gov/default.asp.

ATTACHMENT 4

ATTACHMENT 4

CALIFORNIA Water Boards

EDMUND G. BROWN JR. GOVERNOR

MATTHEW RODRIQUEZ SECRETARY FOR ENVIRONMENTAL PROTECTION

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) Permits[1]

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

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

ATTACHMENT 4

Kelly Kennedy

From: Brohman, Larry B@DOT <larry.brohman@dot.ca.gov>
Sent: Tuesday, August 26, 2014 6:17 AM
To: Jessica Jordan
Cc: Fredericks, Eric B@DOT; Kress, Joshua T@DOT
Subject: SCH #2014082044 Clear Channel Outdoor Digital Sign 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 Clear Channel Outdoor Digital Sign 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

ATTACHMENT 4

STATE OF CALIFORNIA

Governor's Office of Planning and Research

State Clearinghouse and Planning Unit

Edmund G. Brown Jr.
Governor

Ken Alex
Director

September 16, 2014

RECEIVED
SEP 17 2014
BY:

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

POR. SEC. 16, T. 9 N, R. 7 E, M.D.B.&M.

(AS PROJ. INTO THE RANCHO RIO DE LOS AMERICANOS)

69-16

1" = 300'

HAZEL AVENUE

ROUTE 50

FREEWAY

STATE

FOLSOM SOUTHERN PACIFIC RAILROAD

BLVD.

NIMBUS ROAD (PRIVATE)

15' DRAINAGE ESMT.

CANAL EASEMENT

P.M. 30-20

P.M. 50-20

P.M. 22-15

SE COR. OF CONCRETE FLOOR OF OLD NIMBUS WINERY BLDG.

16 04 05

21 31,807±N.

22 2.27±N.

4 1.00±N.

5 1.00±N.

6 1.00±N.

7 1.00±N.

8 1.00±N.

15 4.00±N. A

19 2.05±N. B

20

14 2.20±N A

11 27,015±N

12 22,514±N

Bk.72

Record of Survey, O.S. Bk. 43, Pg. 21 (3-2-88)

Assessor's Map Bk. 69, Pg. 16
County of Sacramento, Calif.

POR. SEC. 16, 17, & 20, T.9 N ., R 7 E., M. D. B. & M

069–04

1"= 800'

NATOMA LAKE

Bk.248 2

Bk.246 58

RIVER

AMERICAN

1891.29'

290.56'

960'

249.97'

1141.85'

1912.43'

1165'

1064.12'

205.47'

3351.24'

1146.3'

594.53'

1435.69'

2771.66'

1891.29'

1 53.89±N

21 B 39.49±N

40 O.S.49–31 19.50±N

32 50.79±N

87 62.11±N

HAZEL

75

79

65

U.S.B.R. NO. 68

U.S.B.R. NO. 67

TRIBUTARY POINT

TRIBUTARY CROSSING DR.

782.57'

935.22'

241.56'

06

05

16

AV.

HUMBUG RD. (PVT)

Moved opn 69-9880-054 to page 60.

199.15'

91.84'

177.91'

86 2.41±N

148.15'

78.28'

79.23'

607.92'

SOUTH CANAL

1488.84'

1488.84'

26

50

VIA

RAILROAD

3120.38'

FOLSOM

853.9'

42.48'

73 26.08±N

Bk.72 23

17/16 20/21

18/17 19/20

51

50

58

61

62

76

60

59

48

53 1.47±N

46 3.30±N

PCL H

51 1.58±N

Pcl. L

58 1.65±N

57

56

82 2.16±N

520'

90°

61 2.85±N

201.82'

145.68'

51.73'

113.1'

100'

23.65'

92.43'

83.12'

90.45'

109.37'

175'

510.51'

92.98'

700'

207.72'

C

333.43'

107.93'

217.44'

173.7'

314.6'

185.78'

141.32'

GOLDNER

Keep this boundary

VIEJA CANAL RD.

GOLD

Moved opn 50 to page 60.

GOLD FLAT DR.

64

67

66

68

11

62 1.63±N

90.26'

82.40'

447'

SOUTHERN PACIFIC

FOLSOM HWY

14 18.78±N

Bk.72 23

93 9.99±N

80 7.08±N

795.37'

598.13'

603.15'

440.85'

110.2'

O.S. Bk.12, Pg.29 (7–25–1956)
O.S. Bk.49, Pg.31 (11–27–1991)
Por. Gold River Unit No.12–A, R.M. Bk. 185, Pg. 5 (7–20–88)
O.S. Bk.73, Pg.16 (6–19–2007)

Assessor's Map Bk. 069 Pg. 04
County of Sacramento, Calif.

POR. PROJ. T.9N., R.7 & 8 E., M.D.B.7M.

POR. SBE 872-34-11E-14 (M/R Only)

1" = 2000'

Bk. 069

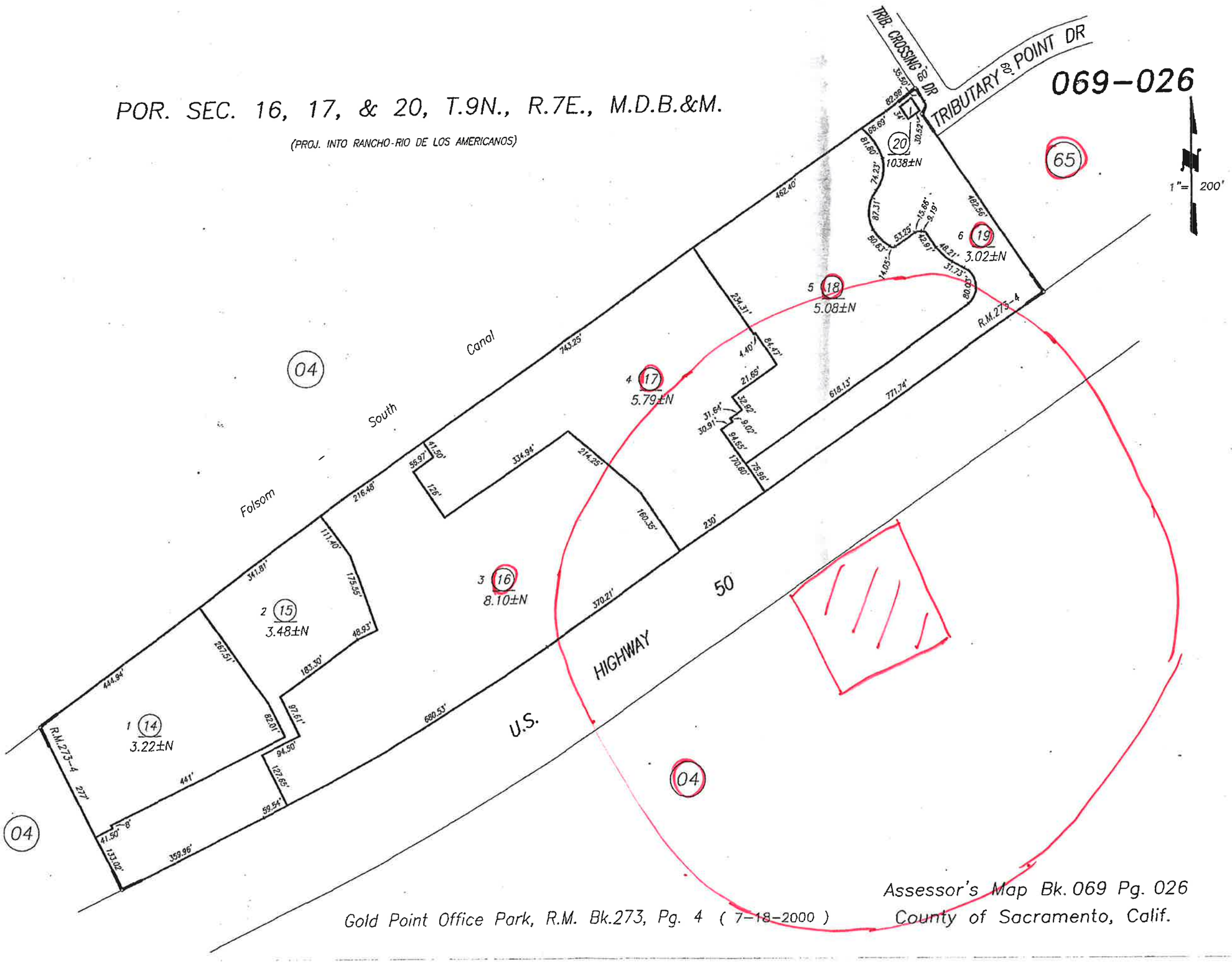
NOTE: NOW 072-0231-136+139

Assessor's Map Bk. 072 Pg. 023
County of Sacramento, Calif.

O.S. Bk.64, Pg.18 (6-19-2003)
O.S. Bk.63 Pg.9 (9-18-2002)
O.S. Bk.73, Pg.16 (6-19-2007)
O.S. Bk.69, Pg.28 (2-8-2006)
Record of Survey, O.S. Bk.66, Pg.23 (8-2-2004)
Record of Survey, O.S. Bk.62, Pg.4 (2-19-2002)
Record of Survey, O.S. Bk.52, Pg.16 (1-13-1993)
Record of Survey, O.S. Bk.62, Pg.13 (5-15-2002)
Record of Survey, O.S. Bk.70, Pg.7 (3-31-2006)
Record of Survey, O.S. Bk.46, Pg.8 (8-16-1989)
Record of Survey, O.S. Bk.29, Pg.26 (1-11-1972)
Record of Survey, O.S. Bk.12, Pg.30 (7-25-1956)

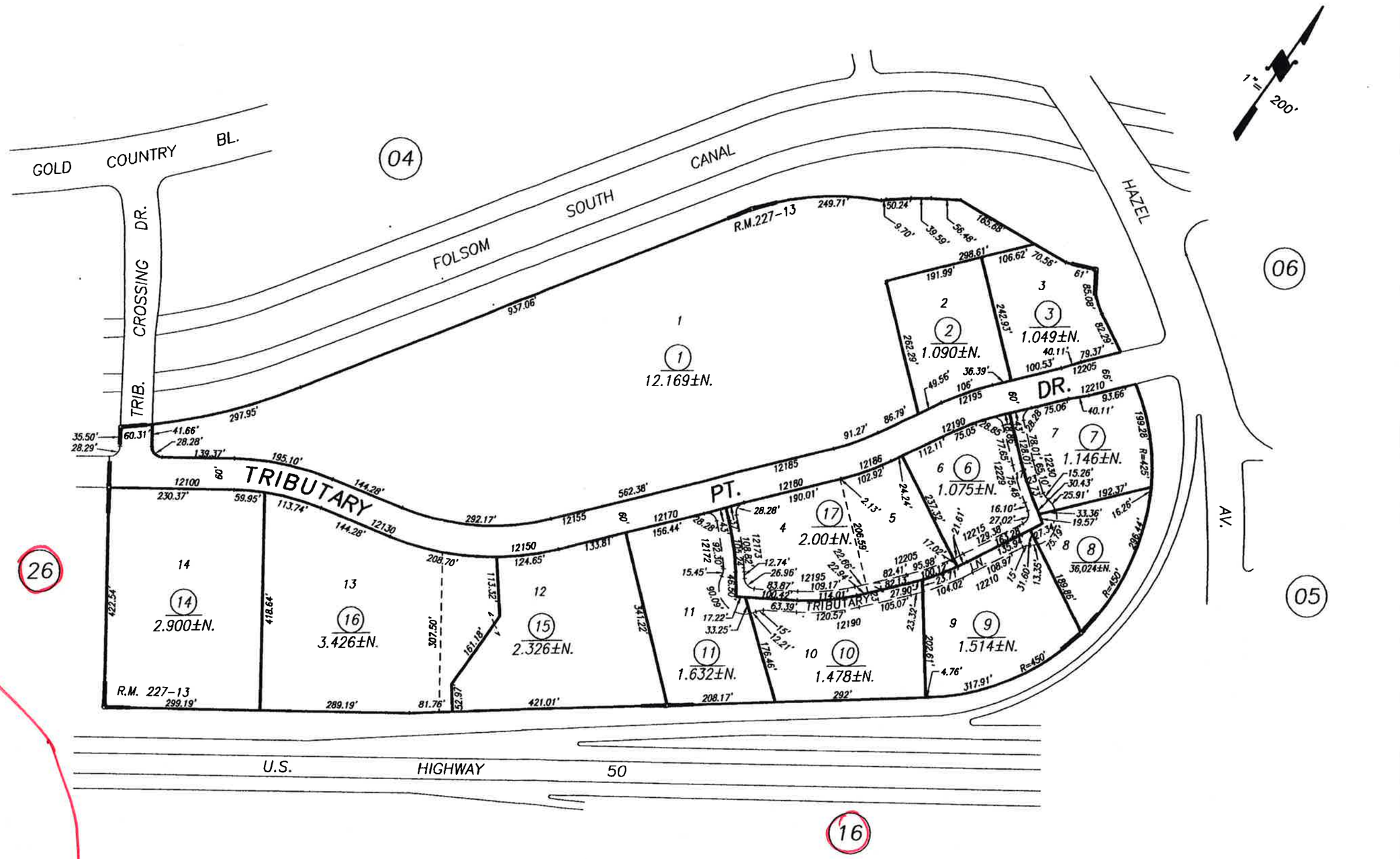
AGENDA ITEM 10.1

Description: Sacramento,CA Assessor Map 69.26 Page: 1 of 1
Order: map Comment:



POR. SEC.16, T.9N., R.7E., M.D.B.&M.

069-065



Tributary Point Unit No. 1, R.M. Bk.227, Pg.13 (7-22-93)

Assessor's Map Bk. 069 Pg. 065
County of Sacramento, Calif.

JUN 07 2001

596

AGENDA ITEM 10.1

069 0160 004 0000
Hansen
2201 Francisco Dr
El Dorado Hills, CA 95762

069 0160 005 0000
Hansen
2201 Frncsc Dr 140 205
El Dorado Hills, CA 95762

069 0160 006 0000
Norman & Dolores Moniz
ON DO NOT MAIL LIST

069 0160 007 0000
Norman & Dolores Moniz
ON DO NOT MAIL LIST

069 0160 008 0000
Chang No Park
726 Glen-Mady Way
Folsom, CA 95630

069 0160 022 0000
Keyes 1998 Limited Partnership
2711 Mercantile Dr
Rancho Cordova, CA 95742

069 0260 016 0000
Gc Net Lease Investors LLC
2121 Rosecrans Ave #3321
El Segundo, CA 90245

069 0260 017 0000
Carlsen Invesments LLC
3604 Fair Oaks Blvd #180
Sacramento, CA 95864

069 0260 018 0000
Health Net Of California Inc
21650 Oxnard St
Woodland Hills, CA 91367

069 0260 019 0000
Gold Pointe Corporate Center Assn
8395 Jackson Rd
Sacramento, CA 95826

072 0231 124 0000
Gen Corp Aerojet
Po Box 13222
Sacramento, CA 95813

072 0231 125 0000
Easton Development Company LLC
Po Box 1209
Folsom, CA 95763

072 0231 138 0000
Schnitzer Steel Industries Inc
Po Box 10047
Portland, OR 97296

072 0231 139 0000
Schnitzer Steel Industries Inc
Po Box 10047
Portland, OR 97296

Clear Channel Outdoor CUP and Operating Agreement DD8480 & Sierra Outdoor/CBS Outdoor CUP and Operating Agreement DD8490

Rancho Cordova City Council

Jessica Jordan, Project Planner

November 17, 2014

a fresh take. RANCHO CORDOVA CALIFORNIA

aFreshTake.org

Project Requests

- Agenda Item 14.1 – Clear Channel Outdoor Digital Freeway Sign Conditional Use Permit and Operating Agreement
- Agenda Item 14.2 – Sierra Outdoor/CBS Outdoor Digital Freeway Sign Conditional Use Permit and Operating Agreement
- Initial discussion and public hearing to provide a clear understanding of these proposals

Required Permits and Regulatory Basis

- Section 23.743.150 of the Code establishes the applicable development standards, some of which include:
  - Max Height: 60 feet
  - Max SF: 672 sf per sign face
  - Max Sign Faces: 2
  - Distance between signs: 2,500 feet
  - Permanent Removal of 4 Traditional Billboards

Required Permits and Regulatory Basis

- An Operating Agreement can be proposed by an Applicant when full adherence to Code is not achieved.
- Through the Agreement, the Applicant can propose alternative community benefits to offset any development standard not being met.

Clear Channel Outdoor Project Request

- A Conditional Use Permit (CUP) to allow installation of a Digital Freeway Sign at 12137 Folsom Boulevard.
- An Operating Agreement to allow for removal of two traditional billboards at 2300 Mine Shaft Lane and 2286 Sunrise Boulevard and other alternative community benefits rather than strict adherence to development standards.

Clear Channel Outdoor

Clear Channel Outdoor

Visual Simulations

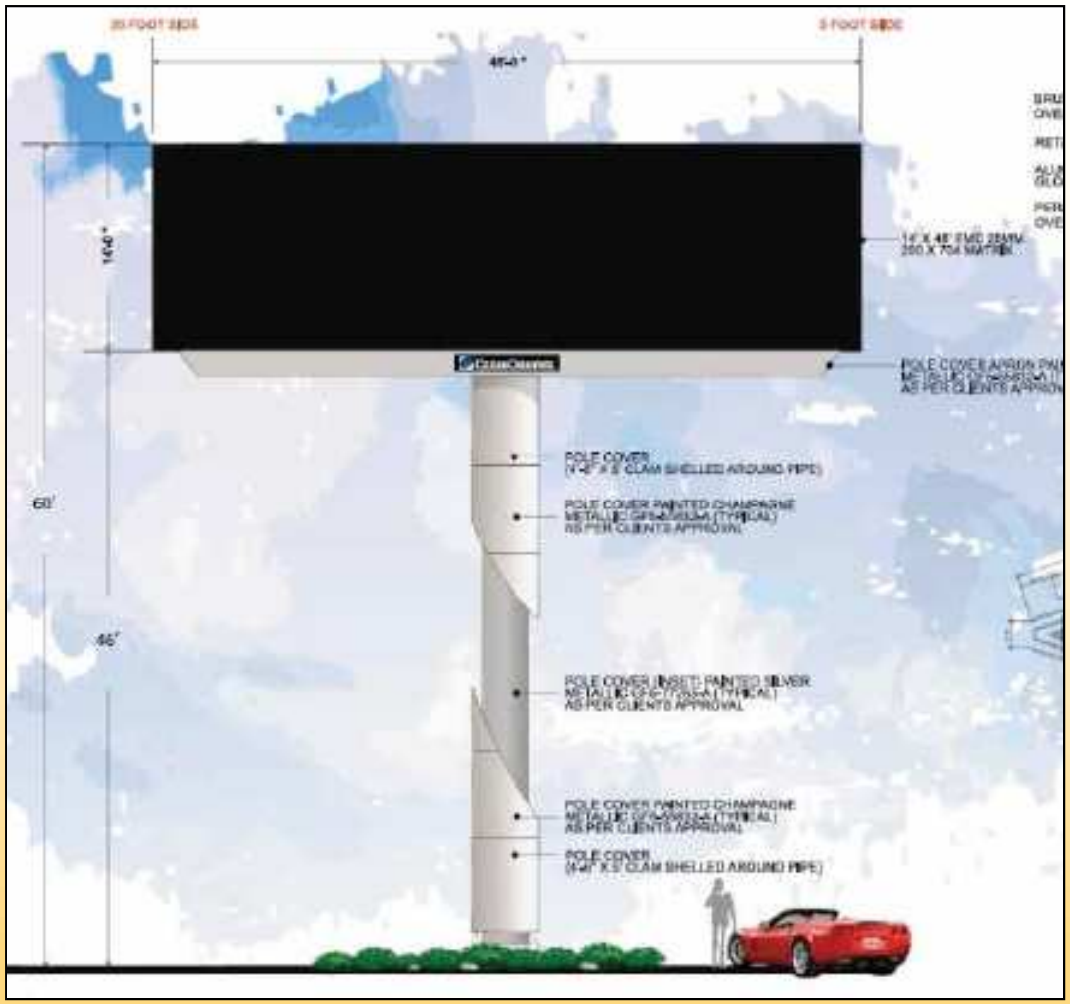
Eastbound

Westbound

a fresh take. RANCHO CORDOVA CALIFORNIA

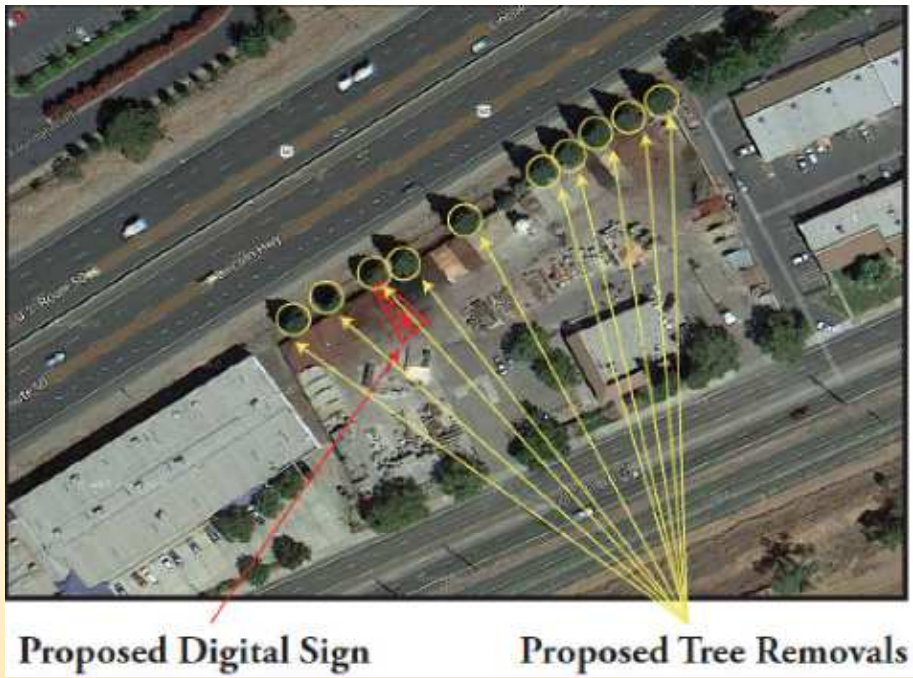
aFreshTake.org

Clear Channel Outdoor



Proposed Digital Freeway Sign meets all physical development standards (i.e. height, square footage)

Clear Channel Outdoor



Existing

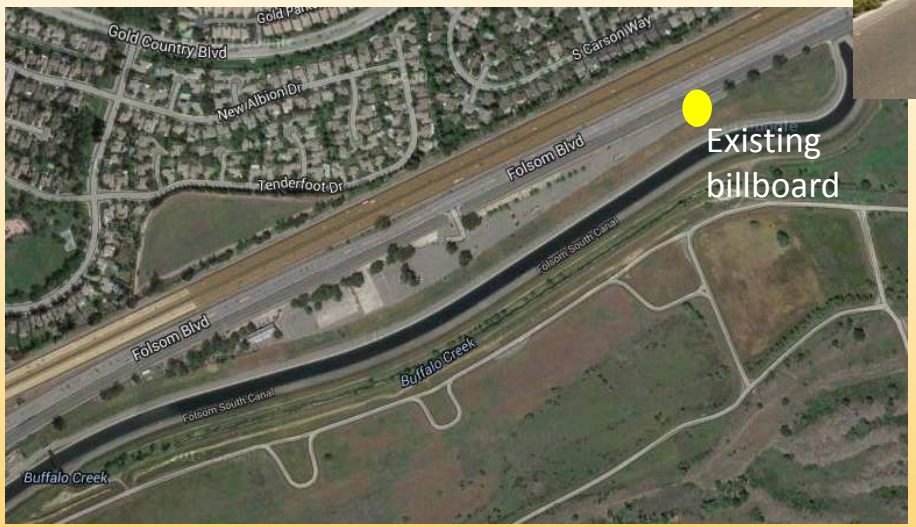
Proposed

The applicant has proposed replacing trees with substantial high growth shubbery and would provide $25,000 for the City's Folsom Boulevard Phase 4 Improvement Project

Clear Channel Outdoor

Removal of single sided billboard at 2300 Mine Shaft Lane

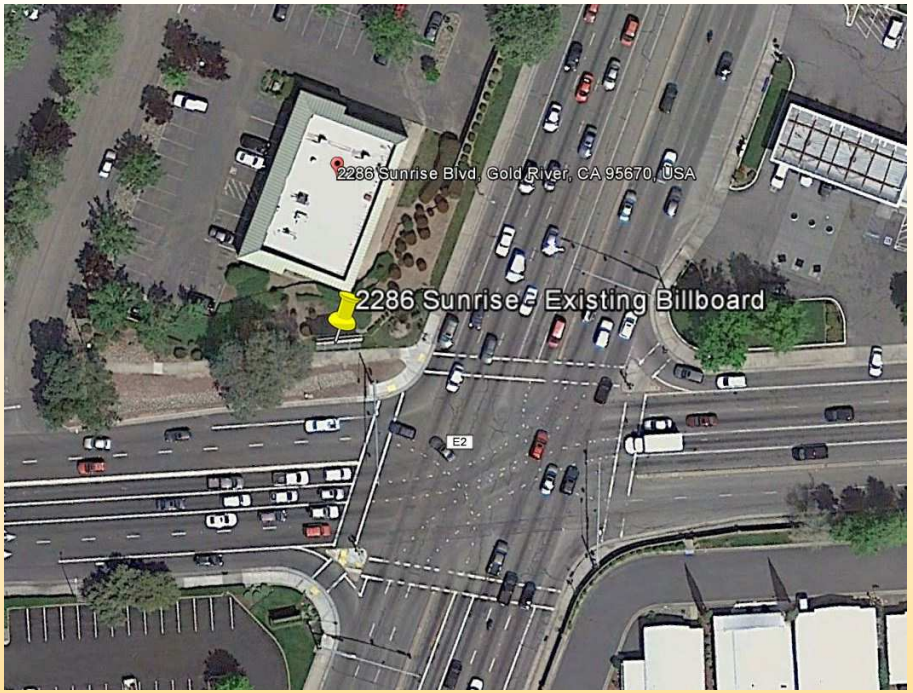
- Visible from Highway 50
- 672 square feet



Clear Channel Outdoor

Removal of double sided billboard at
2286 Sunrise Boulevard

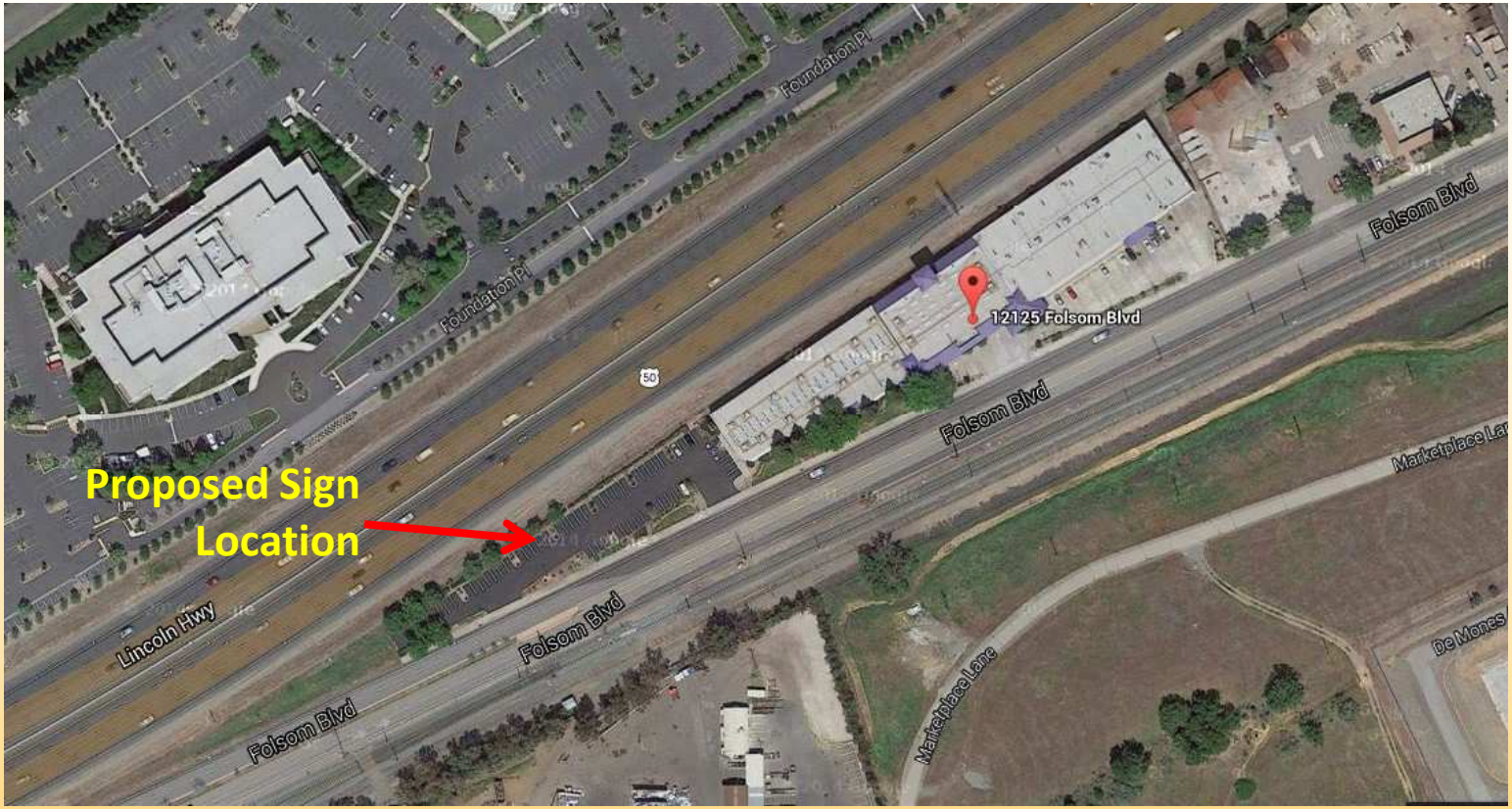
- Not visible from Highway 50
- 300 square feet/face



Sierra Outdoor/CBS Outdoor Project Request

- A Conditional Use Permit (CUP) to allow installation of a Digital Freeway Sign at 12125 Folsom Boulevard.
- An Operating Agreement to allow for removal of two traditional billboards at 11373 Folsom Boulevard and near 9847 Folsom Boulevard and other alternative community benefits rather than strict adherence to development standards.

Sierra Outdoor/CBS Outdoor



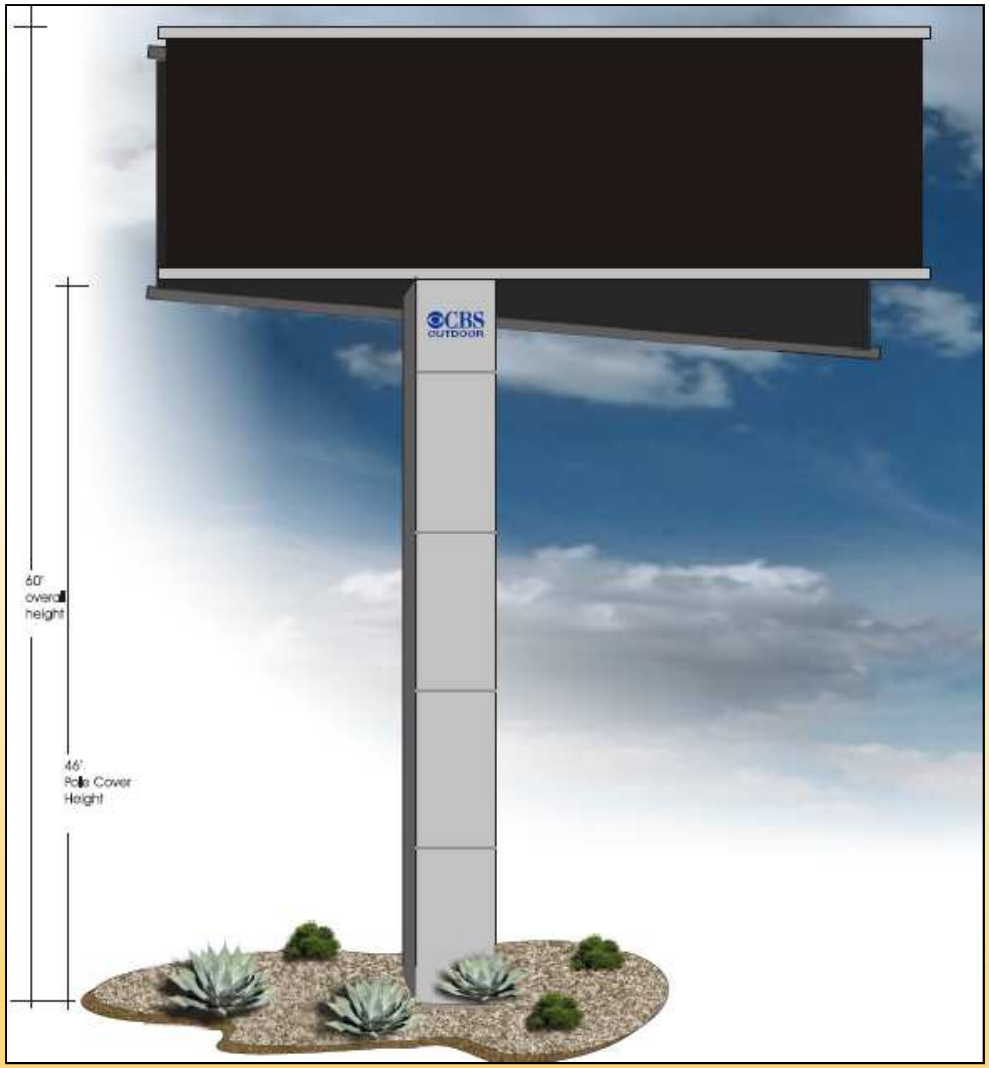
Sierra Outdoor/CBS Outdoor

Visual Simulations

Eastbound

Westbound

Sierra Outdoor/CBS Outdoor



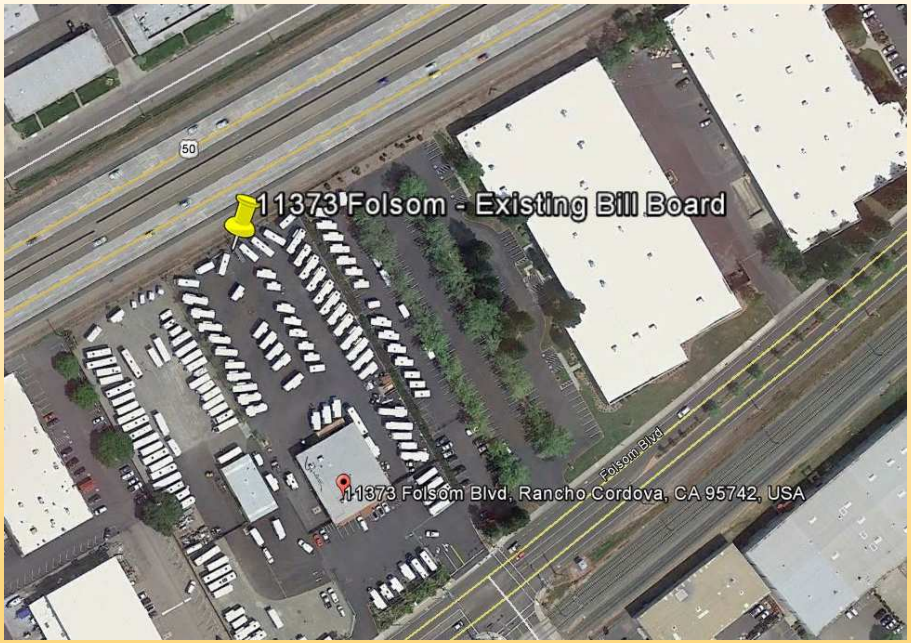
Proposed Digital Freeway Sign meets all physical development standards (i.e. height, square footage)

**No landscaping will be removed to accommodate the sign.

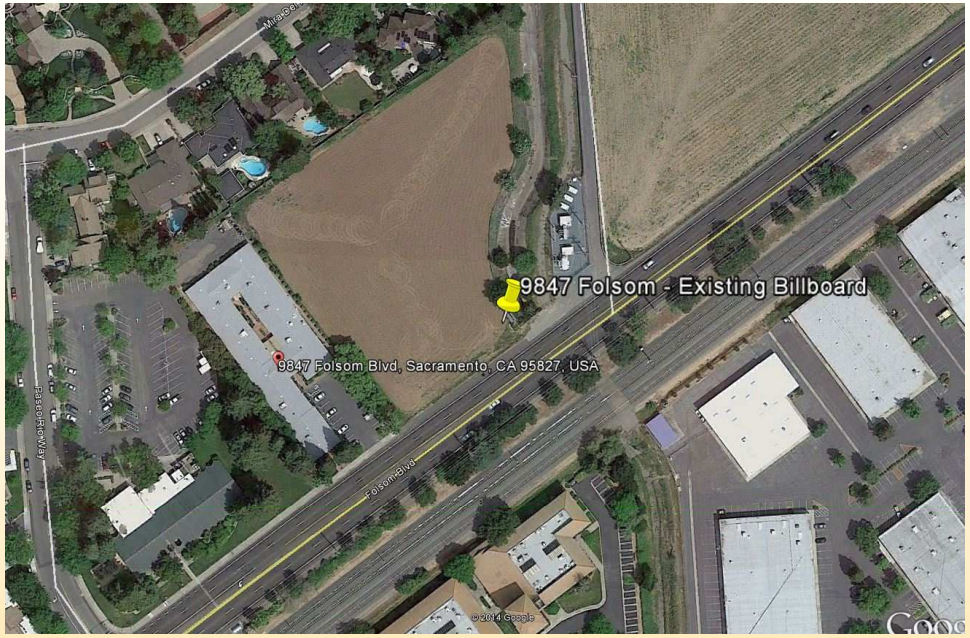
Sierra Outdoor/CBS Outdoor

Removal of double sided billboard at 11373 Folsom Boulevard

- Visible from Highway 50
- 600 square feet/face



Sierra Outdoor/CBS Outdoor



Removal of double sided billboard near 9847 Folsom Boulevard

- Not visible from Highway 50
- 600 square feet/face

Environmental Review

- Mitigated Negative Declaration documents were prepared for both projects and circulated for public review from August 15 through September 15. Two comment letters were received. No environmental determinations or conclusions were altered by these comment letters. No further environmental review is required at this time.

Recommendations

- Consider the CUP and Operating Agreement requests from Clear Channel Outdoor and from Sierra Outdoor/CBS Outdoor
- Receive comment from the applicants and the public
- Direct staff as appropriate
- Continue both agenda items to a data certain

Projects Comparison

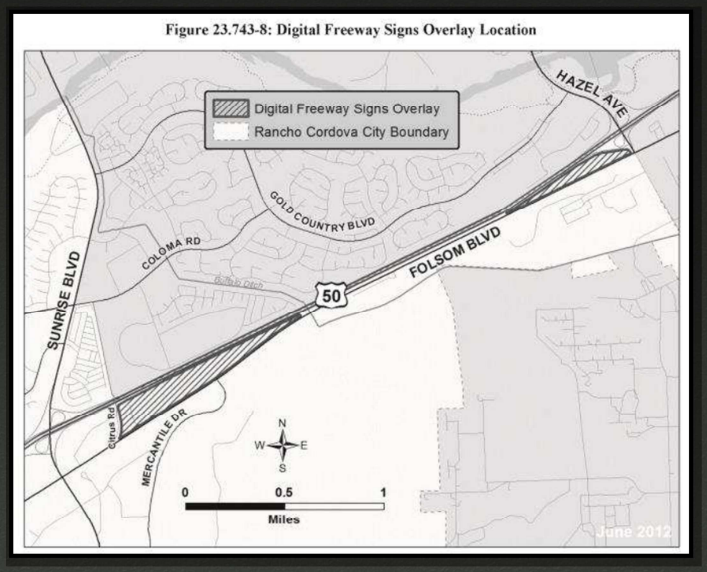
	Clear Channel	Sierra Outdoor/CBS Outdoor
Traditional Billboard Sign Removal	2300 Mine Shaft Lane (visible from Hwy 50; 672 square feet; one-sided only) 2286 Sunrise Boulevard (at northwest corner of Sunrise and Coloma; 300 square feet/face; double-sided	11373 Folsom Boulevard (visible from Hwy 50; 600 square feet/face, double-sided) 9847 Folsom Boulevard (at western city boundary, near Kassis property; 600 square feet/face, double-sided)
Conditional Signing Bonus	$75,000	$75,000
Annual Fee	$50,000	$50,000
Additional Benefits	$25,000 for Folsom Boulevard Phase IV or other landscape improvements as desired by PW Director (to offset necessary removal of tree stand on Hwy 50)	

It truly is a pleasure to be standing here before your today. Just one week ago I received permission to place weight on my left leg that I injured innocently way back in January.

That said, I'm honored to represent the Hansen Family and I am extremely proud of the proposal before you tonight.

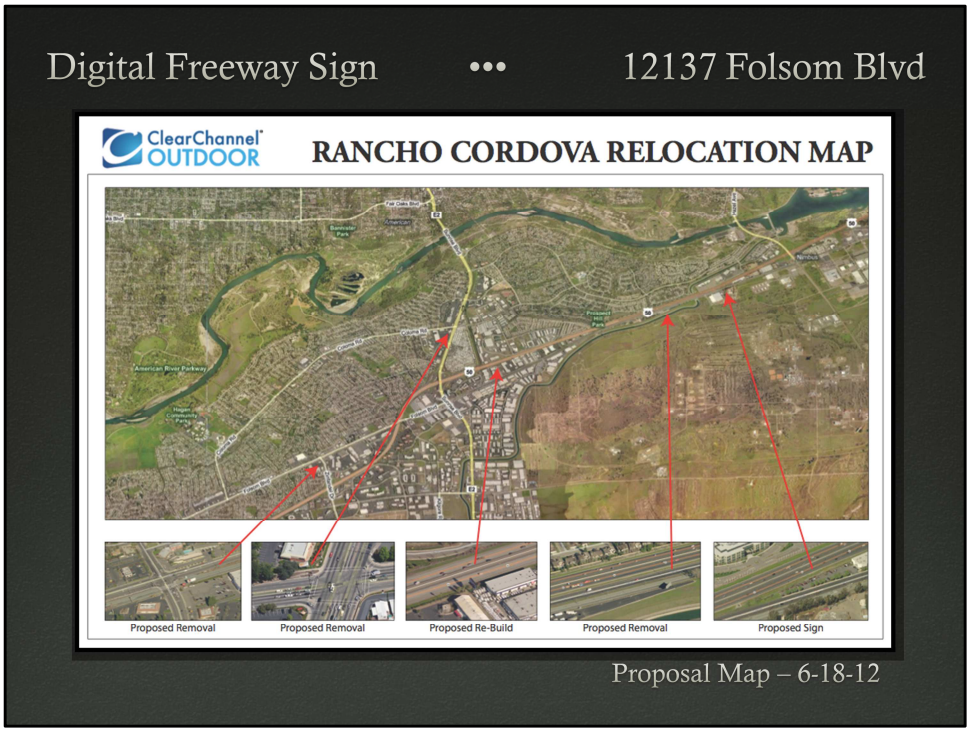
I believe the City has done an amazing job of working with transparency over the last four plus years through staff time, workshops, committees, council direction and public hearings, etc, that has resulted in this successful Digital Freeway Message Center Relocation and the proposals here before you tonight.

Digital Freeway Sign ••• 12137 Folsom Blvd



When the Sign Ordinance Change was first contemplated to allow for Digital Message Centers, it was my understanding that a concern was to create benchmarks so as to embrace the benefits of modern technology without promoting a proliferation of Digital Signs. After a series of workshops with Council, public comments and significant staff time, and Public Hearings, the City created a Digital Freeway Sign Overlay zone where Digital Signs would be allowed through relocation resulting in the beautification of Hwy 50 a net reduction of Billboards in City limits. This ordinance change encouraged replacing older static signs with well placed, modern message centers that can promote multiple businesses, provide a revenue stream to the City and be leveraged for community & emergency messaging including Amber Alerts or promoting the Fourth of July Parade.

In addition to the Digital Freeway Overlay Zone, originally the proposed spacing between Digital Freeway Signs was 5,000 ft. However, after objection from a member of the Billboard industry, the spacing was reduced to 2,500 ft. to allow an increased opportunity for relocations.



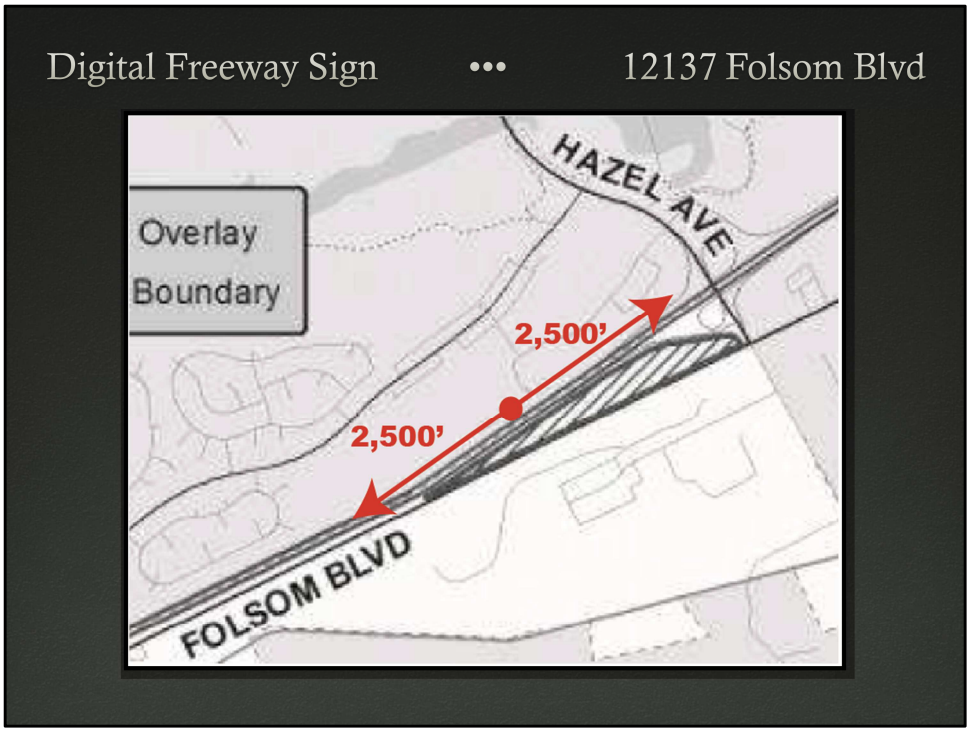
Originally Clear Channel Outdoor proposed two Digital Freeway Signs simultaneously. In addition to staff time and energy reviewing these two locations, Council formed a committee to evaluate the Digital Sign Ordinance and proposal from Clear Channel Outdoor.

As part of this review, I drove with staff and the Council Committee to the various sites of Sign Removals and proposed Digital Freeway Signs. It was during this time and subsequent meetings that direction became clear that the second location we proposed at the Naturwood was too visible and impactful to the community. It was suggested that we spend additional time researching an alternate location that would ideally be more industrial and less visible / impactful in the community.

I am pleased to present an alternative that we believe provides significantly greater community benefits.

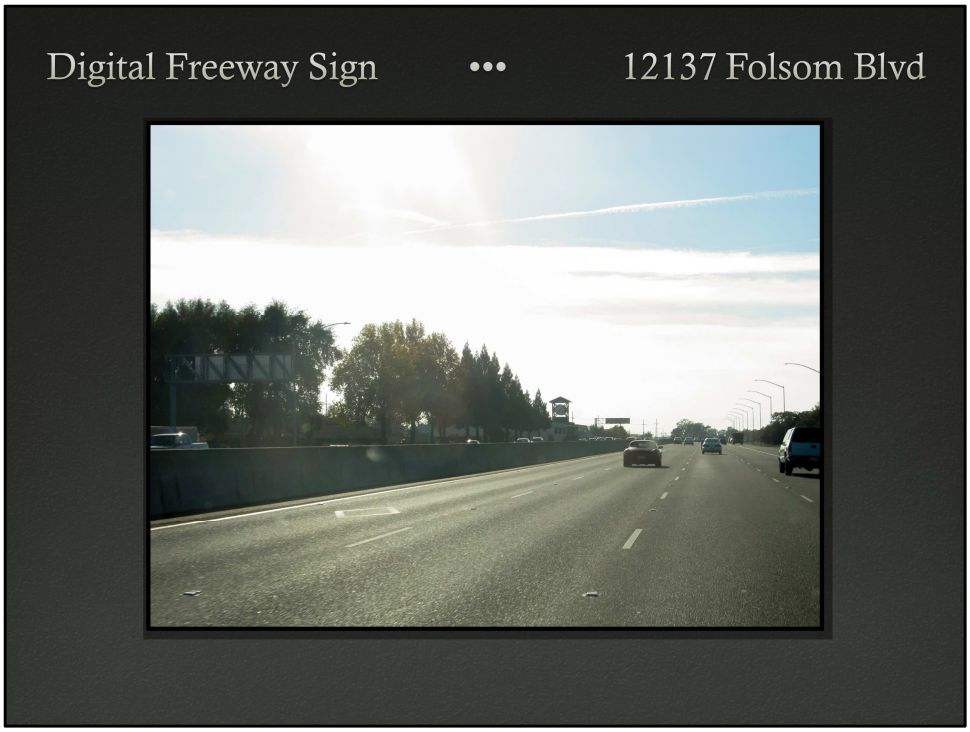
We scoured all properties in the eastern section of the Freeway Digital Overlay zone. Each site had various dynamics – some positive and some negative. In the end, we believe the Hansen property represents the best solution for the City of Rancho Cordova.

While many of the properties in this overlay zone have similar zoning, Hansen's property is truly industrial in the proposed location of our digital sign. The sign base would be protected by cinderblocks and located in bins holding ground cover that is away from customer traffic and frequently accessed with front loaders and trailers – opposed to customer parking and pedestrian traffic.



One of the initial benefits for the City with this location is the precise placement within the overlay zone. After the spacing was reduced from 5,000 ft. to 2,500 ft., it became essential to find a location more to the middle of the overlay zone to reduce the potential number of Digital Freeway Signs. The Hansen property accomplishes this objective.

Also by moving the sign to the east, the visibility and impact to the community is diminished. Obviously, advertisers would love to have as much exposure as possible, but we respect the balance of community and business.



Heading west along Highway 50 is also diminished. Existing trees on the property and the neighboring property will allow a window for freeway visibility without over exposure.

We proposed two options for this property to deal with the on-premise trees. While we can deal with the existing trees through pruning and the height of the sign, we wanted to present the City with a permanent solution for its consideration.

Currently there are 10 redwood trees lining the Hwy 50 side of the property. While they provide year round greenery, they do little to mask the on-premise business.

This is a current photo from Hwy 50 showing the minimal coverage the existing trees provide in masking the on-premise business.

If the Council chooses, we are proposing removing the existing 10 trees and re-landscaping the northern line of the property.

I appreciate the City ordinance that prohibits major landscape changes including tree removal without City Council Approval. In dealing with Cities, I always weigh what terms would be fair and equitable throughout the City. In this case, I believe one of the major benefits of our proposal is the re-landscaping of this property. I met with staff and City officials to review what would be best for the City along this north line of the property.

While I originally proposed a collection of shrubs and fruitless cherry trees, a superior suggestion was made to use plants with year round greenery to fully cover the on-premise industrial bins. We propose English Laurel or Portuguese Laurel – shrubs that are both drought tolerant and will grow dense with heights between 10-30 ft.

In addition to this, we fully support the City's efforts to beautify the Folsom corridor and are willing to make a one-time contribution of $25,000 to the Folsom Blvd. Streetscape Improvement, Phase 4.

Digital Freeway Sign ••• 12137 Folsom Blvd

Existing Landscaping

Lets go ahead and re-visit the current landscaping along the north line of the property.

This is a crude rendering of how the hedge of Laurel English could provide more complete coverage of the on-premise business activity.

While crude, I think we can visualize what a huge home run for the City this proposed re-landscaping will be in it of itself.

This is another crude rendering of what this project can look like with the proposed tree removal and hedge. The proposed hedge can grow from 10’ to 30’ in height. This rendering shows and estimated 12’ in height.

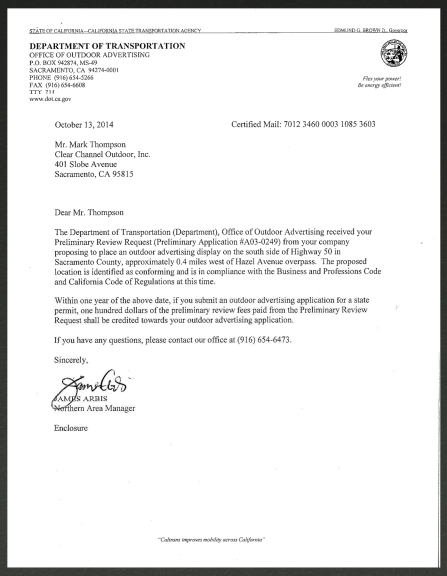
Last but not least, we have the relocation proposal. Just like the previous relocations we have done with first the County of Sacramento and then the City of Rancho Cordova, this project will result in the removal of two highly visible, older static billboard structures and the construction of a new Modern Message Center including decorative column cladding.

The first removal is a 14 x 48 freeway billboard just west of the proposed Digital Freeway Sign. While it is only single face, the visual impact to the community is identical to the proposed Digital.

In addition, we are proposing the permanent removal of a double faced sign at one of the busiest intersections and the entrance to Rancho Cordova at Sunrise and Coloma.

This proposed relocation will result in No Net Increase in signs in the Hwy 50 corridor and will greatly benefit the City with the removal of a highly visible sign at the border of Gold River and Rancho Cordova.

Digital Freeway Sign ••• 12137 Folsom Blvd



STATE OF CALIFORNIA—CALIFORNIA STATE TRANSPORTATION AGENCY EDMUND G. BROWN JR., Governor

DEPARTMENT OF TRANSPORTATION
OFFICE OF OUTDOOR ADVERTISING
P.O. BOX 942874, MS-49
SACRAMENTO, CA 94274-0001
PHONE (916) 654-5266
FAX (916) 654-6608
TTY 711
www.dot.ca.gov

Flex your power!
Be energy efficient!

October 13, 2014

Certified Mail: 7012 3460 0003 1085 3603

Mr. Mark Thompson
Clear Channel Outdoor, Inc.
401 Globe Avenue
Sacramento, CA 95815

Dear Mr. Thompson

The Department of Transportation (Department), Office of Outdoor Advertising received your Preliminary Review Request (Preliminary Application #A03-0249) from your company proposing to place an outdoor advertising display on the south side of Highway 50 in Sacramento County, approximately 0.4 miles west of Hazel Avenue overpass. The proposed location is identified as conforming and is in compliance with the Business and Professions Code and California Code of Regulations at this time.

Within one year of the above date, if you submit an outdoor advertising application for a state permit, one hundred dollars of the preliminary review fees paid from the Preliminary Review Request shall be credited towards your outdoor advertising application.

If you have any questions, please contact our office at (916) 654-6473.

Sincerely,

JAMES ARBIS
Northern Area Manager

Enclosure

"Caltrans improves mobility across California"

We are fully prepared to move forward at this location immediately. We have already completed engineering and this site has been fully vetted and approved by the State of California. It meets all specs, zoning and spacing as required by the DOT.

I greatly appreciate working with the City of Rancho Cordova. It has been a true pleasure working with staff and the council on a proposal that I believe will make this City better. It is true that the City benefits from a signing bonus and long term revenue stream. But, I believe the greatest impact this proposal will have is the reduction of two highly visible signs, in exchange for a well placed Modern Freeway Digital – and all the benefits that come with the technology – and as a complete bonus, the re-landscaping / beautifying of a highly visible property.

We greatly appreciate your time and consideration on this project. Please let me know if there is any additional information I can provide to assist in your review of this matter.

The Right Solar for Sacramento is
SOLAR4AMERICA.COM
800-564-0362

MEMORANDUM

DATE: November 17, 2014

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:	**APPLICANTS:**
1988 Keyes Family Limited Partnership Ms. Lisa Keyes 12125 Folsom Boulevard Rancho Cordova, 95742	Sierra Outdoor, LLC Patrick Gardner 3445 American River Drive, Suite A Sacramento, CA 95864 CBS Outdoor 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:	DD 8490
LOCATION:	12125 Folsom Boulevard
APN:	APN 069-0160-021-0000
PLANNER:	Jessica Jordan

RECOMMENDATION

Open the public hearing for this item, and Item 10.1 regarding the Clear Channel Outdoor application, simultaneously. Consider the Conditional Use Permit and Operating Agreement request by Sierra Outdoor/CBS Outdoor; receive comments from the public and project applicants; provide direction to staff as determined appropriate by the City Council; and continue the public hearing to a date certain.

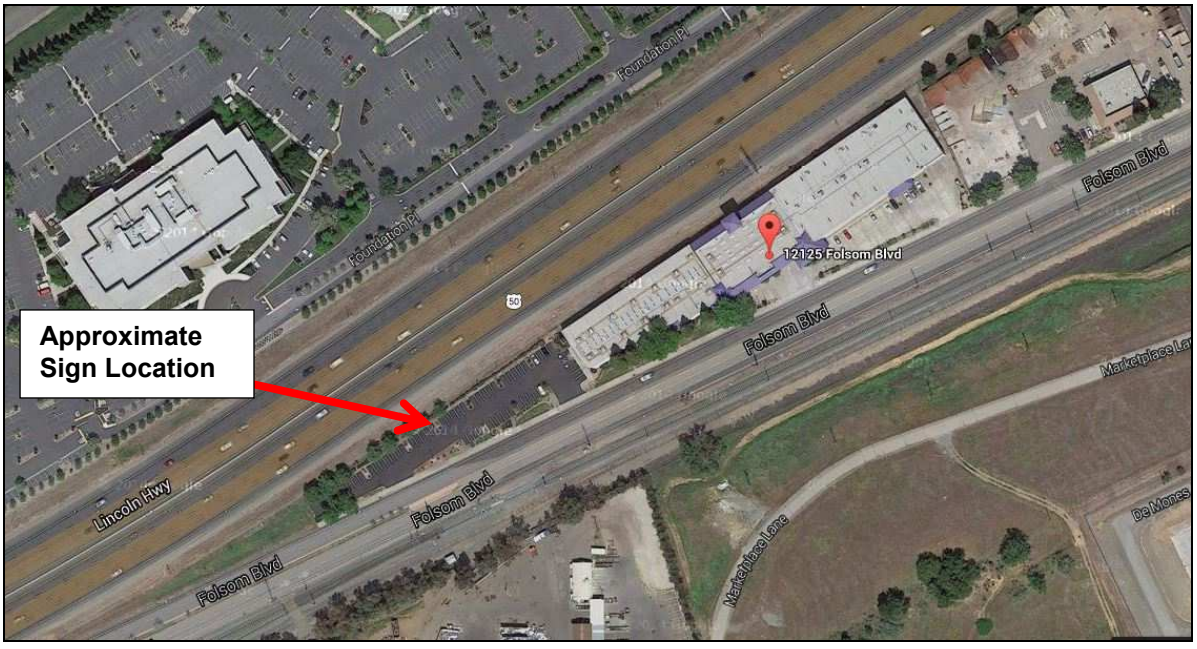
RESULT OF RECOMMENDED ACTION

This initial discussion and public hearing will provide the City Council with a clear understanding of two current proposals seeking approval of two separate digital freeway signs to be located adjacent to Highway 50. In light of the competing request by Clear Channel Outdoor (Agenda Item 14.1), staff is requesting direction from the City Council on this item, and to continue the public hearing so that staff may return with a Council Resolution reflecting the preferred direction. Opening the public hearings on this item and Item 14.1 simultaneously will allow staff to address all questions related to the competing applications during the hearing. The application does not fully adhere to the physical development standards included in the Code but, as allowed through an Operating Agreement, the applicant has proposed alternative community benefits for the Council's consideration. The City Council may direct staff to prepare a Resolution to approve this item, deny this item, or otherwise alter this item as desired.

Approval of the project as currently proposed would allow the Applicant to construct a new digital freeway sign in the parking lot area of Naturwood Home Furnishings at 12125 Folsom Boulevard. The action would also require the removal of two existing traditional billboards located at 11373 Folsom Boulevard and near 9847 Folsom Boulevard. Additionally, the Operating Agreement would provide the City with alternative community benefits. Approval of this application would also very likely prevent Council from approving the competing application from Clear Channel Outdoor, as RCMC Section 23.743.150(C)(3) requires that Council only approve a billboard operating agreement if it achieves community benefits equivalent to those achieved through strict compliance with the development standards in the code (including the requirement that digital billboards be located at least 2,500 feet apart).

BACKGROUND

The subject property is located at 12125 Folsom Boulevard, adjacent to eastbound US Highway 50, West of Hazel Avenue, and is developed with the Naturwood Home Furnishings retail store and a landscaped parking lot. The site is zoned M-1 (Light Industrial).



REQUIRED PERMITS AND REGULATORY BASIS

Section 23.743.150, Digital Freeway Signs Overlay, provides the Code standards for any proposed Digital Freeway Sign within the City limits. The Code establishes two geographical areas within the City in which these signs are allowed and requires a Conditional Use Permit for any such sign. A summary of the applicable development standards include:

- Maximum Height: 60 feet
- Maximum Square Footage: 672 square feet per side
- Maximum Sign Faces: 2
- Distance between Signs: 2,500 feet
- Permanent Removal of 4 Traditional Billboards

Any applicant unable to attain the development standards may voluntarily propose to enter into an Operating Agreement with the City. Through this Agreement, the Applicant can propose alternative community benefits to offset any development standard not being met.

Section 23.743.150 of the Zoning Code is provided in full as **Attachment 1**.

PROJECT ANALYSIS

The proposed Conditional Use Permit and Operating Agreement would allow installation of a digital freeway sign at 12125 Folsom Boulevard, currently developed with a Naturwood Home Furnishings retail store and adjoining parking lot. The proposed sign would be a new sign structure developed within an existing parking lot landscape planter. The new digital freeway sign would be 60 feet in height and contain a pole with decorative cladding and two display areas of 14 feet by 48 feet for a total of 672 square feet on each side. The rendering included below provides the overall design scheme of the proposed sign. Additionally, more detailed exhibits are provided in **Attachment 2.**

The proposed Digital Freeway Sign is subject to the development standards in Section 23.743.150 of the Zoning Code. The Code includes limitations on the height, size, and sign structure and pole cladding design. As proposed, the Digital Freeway Sign complies with all of these standards. Additionally, message display, timing, and lighting standards are documented within the project conditions of approval and Operating Agreement terms. Installation of the sign would not result in the removal of any existing landscaping within the parking lot or other vegetation.

In addition to the above described development standards, the Applicant is required to assure the permanent removal of four legally existing Billboards within the City. As identified above, the project includes removal of the two existing traditional billboards located at 11373 Folsom Boulevard, a 600 square foot, double sided traditional billboard located within the Highway 50 corridor, and near 9847 Folsom Boulevard, a 600 square foot, double sided traditional billboard located at the western city limits. This reduction of the standard requirement to remove four traditional billboards could be allowed through the project's Operating Agreement.

Architectural Rendering

Visual Simulation – Eastbound Highway 50

Visual Simulation – Westbound Highway 50

Section 23.743.150(C)(1)(d) establishes a distance requirement between digital freeway signs of 2,500 feet. The proposed sign is located approximately 12,000 feet from the existing digital freeway sign within the city limits. However, as indicated above, a competing application from Clear Channel Outdoor is also currently under consideration. The two proposed signs are within approximately 1,000 feet of each other. Should the City Council approve both new signs, the 2,500 foot distance requirement would not be retained. The distance requirement was discussed at length in 2012 when the Code was drafted and the Council approved a 2,500 foot separation requirement that provides both ample opportunity for a limited number of future digital freeway signs and avoids excessive visual clutter along Highway 50. While the City Council could reduce the separation requirement through approval of an Operating Agreement (thereby allowing approval of the Clear Channel and the Sierra Outdoor/CBS signs), reducing the separation of signs to 1,000 would be a significant deviation and would potentially undermine the Council's established priority of limiting digital freeway signs within the Highway 50 corridor.

Because the applicant is not proposing to adhere to all typical standards for a digital freeway sign (specifically the removal of four existing signs), an Operating Agreement is required to provide alternative community benefits. The Operating Agreement would memorialize the signs to be removed as part of the project as well as the City's access to the sign for community messaging and safety messaging systems (such as Amber Alert). In addition to these items, the Operating Agreement lays out the added community benefit of monetary contributions to the City resulting from installation of the Digital Freeway Sign. Standards of operation and maintenance of the sign are also included. The full Operating Agreement is included in **Attachment 3**.

ENVIRONMENTAL REVIEW

A Mitigated Negative Declaration/Initial Study was prepared and circulated for public review from August 15, 2014 through September 15, 2014 for interested individuals and public agencies to submit written comments on the document. The Mitigated Negative Declaration/Initial Study did not identify any possible significant environmental impacts that would result from implementation of the proposed project. Two comment letters were received

during the public review period from the Central Valley Regional Water Quality Control Board (CVRWQCB) and CalTrans. Both comment letters reiterate the existing standards and permit requirements from both respective agencies. Compliance with these standards will be confirmed through the building permit process. The letters did not identify any possible significant impacts resulting from the project nor do any comments change the conclusions that were reached within the Mitigated Negative Declaration/Initial Study. The Mitigated Negative Declaration also indicated a tree would be removed as part of the project however, no trees will be removed. No further environmental review of the project is required at this time. The Mitigated Negative Declaration/Initial Study is included as **Attachment 4**.

FINANCIAL IMPLICATIONS TO CITY

There are no significant negative financial cost implications by the City for this Project. In entering the Operating Agreement the City will receive a signing bonus as well as monthly fees from Sierra Outdoor/CBS Outdoor. The City will not be responsible for any maintenance, damage, or utilities as this will be the sole responsibility of the Applicant. Sierra Outdoor/CBS Outdoor will also be responsible for any costs involving the removal of the existing traditional billboards located at 11373 Folsom Boulevard and near 9847 Folsom Boulevard.

ATTACHMENTS

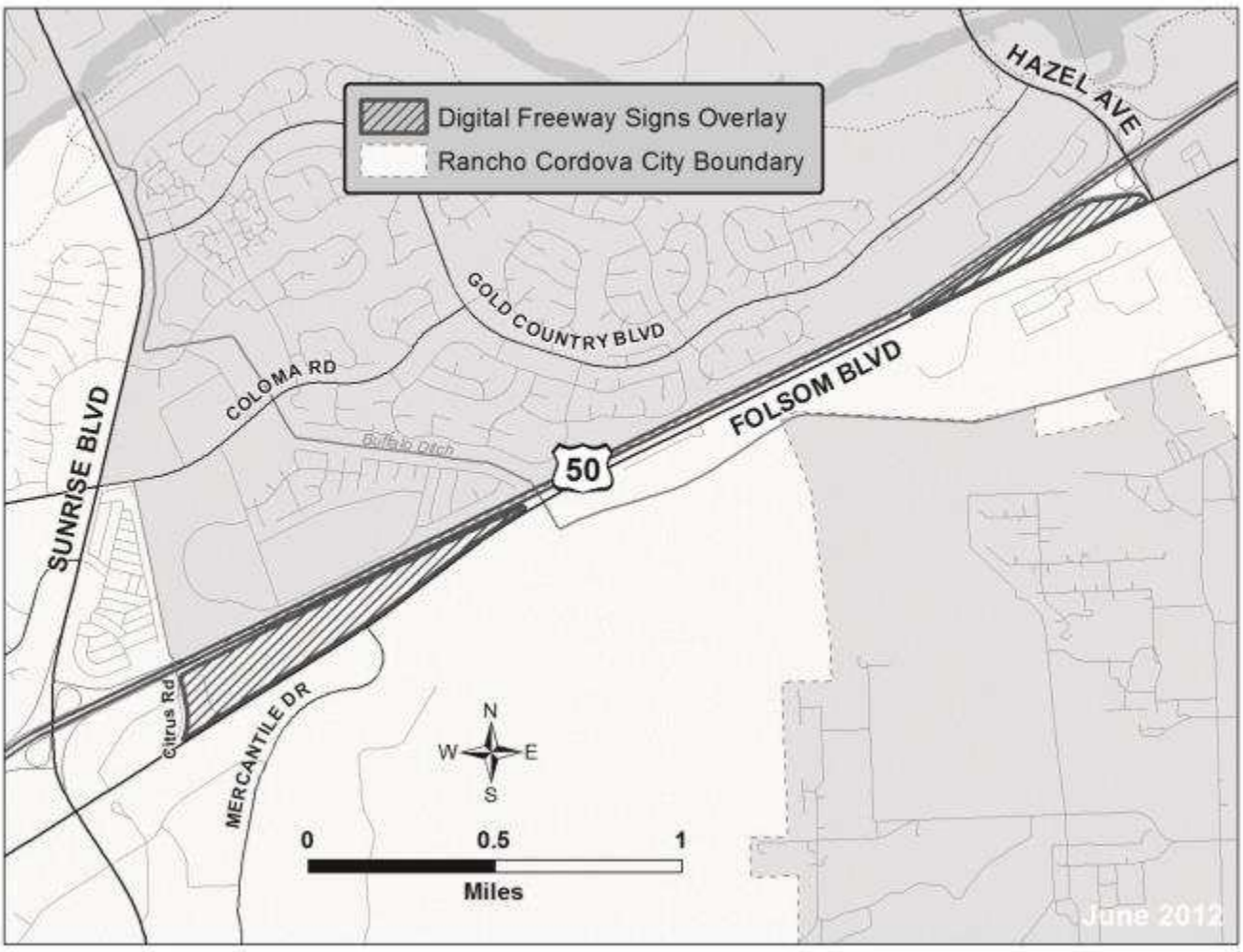
1. Section 23.743.150, Digital Freeway Signs Overlay, of the Zoning Code.
2. Project Plans.
3. Operating Agreement.
4. Mitigated Negative Declaration.
5. 500’ radius map and mailing labels.

23.743.150 Digital freeway signs overlay.

A. Purpose and Designation. The digital freeway signs overlay is hereby established to enable the consideration of digital freeway signs in certain, specific locations within the city. Digital freeway signs located within the overlay area that meet the development standards established below may be permitted through a conditional use permit. Digital freeway signs are only allowed as billboard relocations or as conversions of an existing billboard in place.

B. Location. The digital freeway signs overlay encompasses two specific geographies in the northeastern area of the city. As seen in Figure 23.743-8, the Sunrise Boulevard area is bound by Highway 50 on the north, Folsom Boulevard on the south, Citrus Road on the west, and the terminus of the industrially zoned parcels on the east. Also, as seen in Figure 23.743-8, the Hazel Avenue area is bound by Highway 50 on the north, Folsom Boulevard on the south, and Hazel Avenue on the east. Digital freeway signs proposed outside of these two specific areas are prohibited.

Figure 23.743-8: Digital Freeway Signs Overlay Location



C. Development Standards.

1. Legally existing billboards may be refurbished to become a digital freeway sign, subject to the development standards below and issuance of a conditional use permit.

a. Number of Faces. A digital freeway sign may consist of, at most, two digital display areas, each positioned to be visible only by opposing directions of traffic. Double-faced signs shall not have an interior angle between the face of the panels greater than 45 degrees.

b. Height. The maximum height shall be 60 feet.

c. Area. The maximum area of each digital display area is 672 square feet.

d. Distance between Signs. No digital freeway sign shall be located within 2,500 feet of any other digital freeway sign within the city limits.

e. Sign Structure. The sign structure supporting and surrounding the digital display area shall be as small as feasibly possible so as to avoid any unnecessary height or width to the sign. The sign structure shall not add stylistic or architectural detailing to further call attention to the sign.

f. Pole Cladding. Decorative pole covering is required for newly constructed digital freeway signs as well as any existing traditional billboard that is converted to a digital freeway sign. Such covering shall be simple and streamlined in material and design so as to not call further attention to the sign.

g. Message Display. Digital freeway signs 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 or scintillating lighting, or varying light intensity.

h. Minimum Display Time. Each message on the sign must be displayed for a minimum of eight seconds.

i. Illumination. Digital freeway signs 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 distance of 250 feet from the sign face. Each digital display area shall have a light sensing device that will adjust the brightness of the sign as ambient light conditions change throughout the day.

j. Aesthetics. The sign will not require substantial trimming or reduction of existing vegetation and landscaping. The sign will not obstruct or obscure on-site signs on the same or adjacent properties.

k. Traffic Safety. The sign shall not create a visibility hazard to traffic on adjacent streets, freeways, or parking areas. The sign will not reduce parking availability as required by this title. The sign will not interfere with on-site vehicular circulation.

l. Future Technologies. There may be alternate, preferred, or superior technology available in the future to illuminate digital freeway signs. These alternate technologies may be incorporated into existing legally permitted digital freeway signs in the future without additional permissions from the city council so long as (i) the requisite maximum

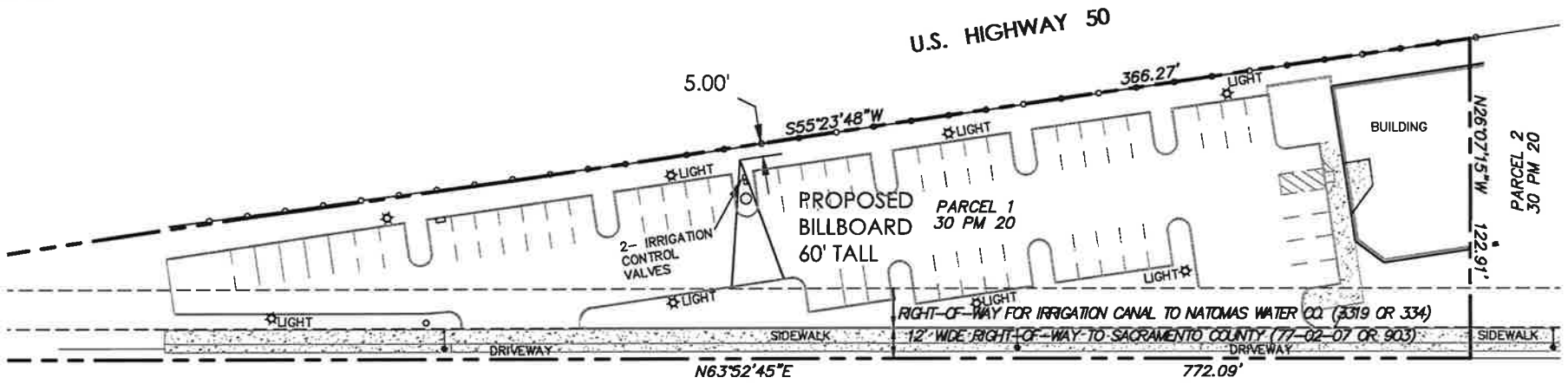
brightness standards are met and (ii) no exterior physical change to the digital display area will occur. The owner is responsible for obtaining any required ministerial permits for technology improvements as required by applicable code standards. The city will expedite any such required approvals for technology that is superior in energy efficiency over previous generations or types.

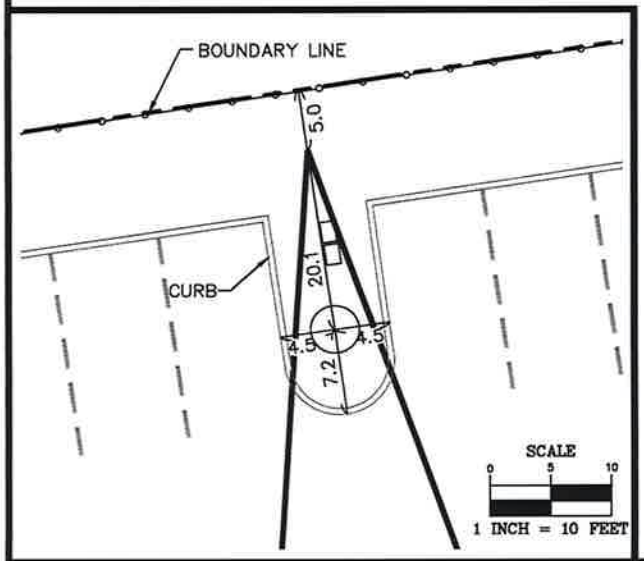
m. Community Messaging. The city shall be provided with access to a portion of the total available display time to allow the city to present messages of community interest. This access shall also include other appropriate agencies for the purpose of displaying public safety messages such as “Amber Alert” messages and emergency-disaster communications.

n. Quality and Maintenance Plan. The applicant must establish a quality and maintenance plan in order to ensure implementation of all above-listed development standards and to assure the proper maintenance and repair of the digital freeway sign as needed.

2. Billboard Removal. For every one digital freeway sign installed, the applicant must permanently remove at least four legally existing billboard structures (each of which may have more than one billboard sign face) within the city prior to operation of the digital freeway sign. An existing billboard being refurbished as a digital freeway sign may count as one of the four required permanent removals.

3. Operating Agreement. At the applicant’s request, the city and applicant may enter into an operating agreement in conjunction with the issuance of a conditional use permit for a digital freeway sign. The city and applicant may use the operating agreement, on a case-by-case basis, to deviate from the development standards in subsection (C)(1) of this section or reduce the required billboard removals under subsection (C)(2) of this section. The city council will only approve an operating agreement if it determines that the operating agreement achieves community benefits that are equivalent to those that would be achieved through strict compliance with subsection (C)(1) or (C)(2) of this section. [Ord. 12-2014 § 3 (Exh. C); Ord. 23-2012 § 3 (Exh. A); Ord. 16-2012 § 3 (Exh. A)].





LEGEND:

BOUNDARY LINE TAKEN FROM BOOK 30 PARCEL MAPS PAGE 20

EASEMENT LINE TAKEN FROM BOOK 30 PARCEL MAPS PAGE 20

▲ SURVEY CONTROL POINT

SURVEYOR'S STATEMENT

THIS MAP WAS PREPARED BY ME OR UNDER MY DIRECTION.

Brett Chappell 1/20/2014

BRETT J. CHAPPELL — DATE:

PROFESSIONAL LAND SURVEYOR
LICENSE NUMBER 7547
EXPIRATION DATE: DECEMBER 31, 2015

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LICENSED LAND SURVEYOR
BRETT J. CHAPPELL
Exp. 12-31-2015
No. 7547
STATE OF CALIFORNIA

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SCALE
0 20 40
1 INCH = 40 FEET

CBS OUTDOOR

1 OF 1

Drawing: 2013005BT

Date	1/20/2014
Scale	1"=40'
Drawn	BJC
Approved	BJC
Job No	2013005

PROPOSED BILLBOARD LOCATION SURVEY
FOR CBS OUTDOOR
12125 FOLSOM BOULEVARD

RANCHO CORDOVA COUNTY OF SACRAMENTO CALIFORNIA

CHAPPELL SURVEYING SERVICES
680 Esther Way Oakdale, CA. 95361
PHONE: (209) 845 9694 FAX: (209) 845 9654
survey@garlic.com
LAND SURVEYING •GEOGRAPHIC INFORMATION SYSTEMS

Google earth

feet 1000
meters 300

FURNITURE SALE TODAY!
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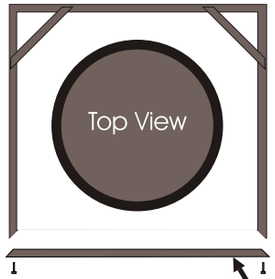
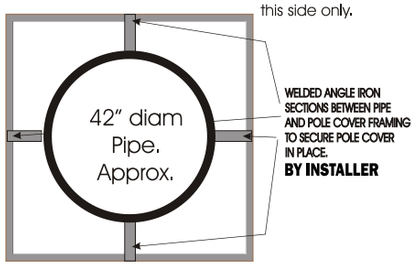
Regional
Transit

Hazel Avenue
EXIT



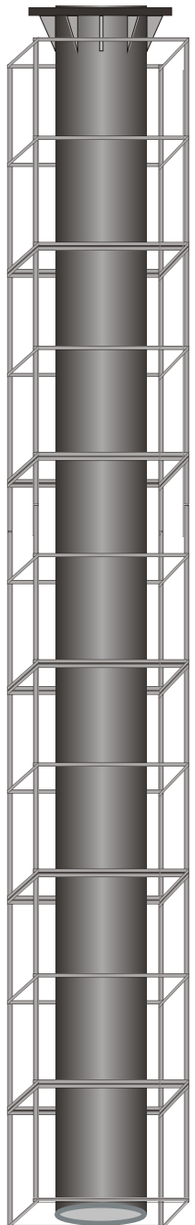


Fabricate and install one **5' x 5' x 38'** tall pole cover for new billboard.
Internal angle to be 1-1/2" x 1/1/2" x 3/16".

Outer skin to be .090 aluminum,
Painted Mathews "Brushed Aluminum". Satin finish.
½" 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.



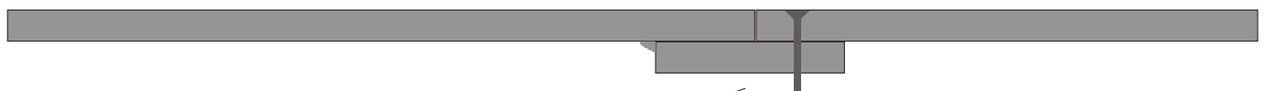
FRONT VIEW SHOWING EXAMPLE OF APPROX. PLACEMENT OF INTERNAL ANGLE IRON FRAMING

EQUITY SIGN GROUP
FULL SERVICE - DESIGN, MANUFACTURE, INSTALL

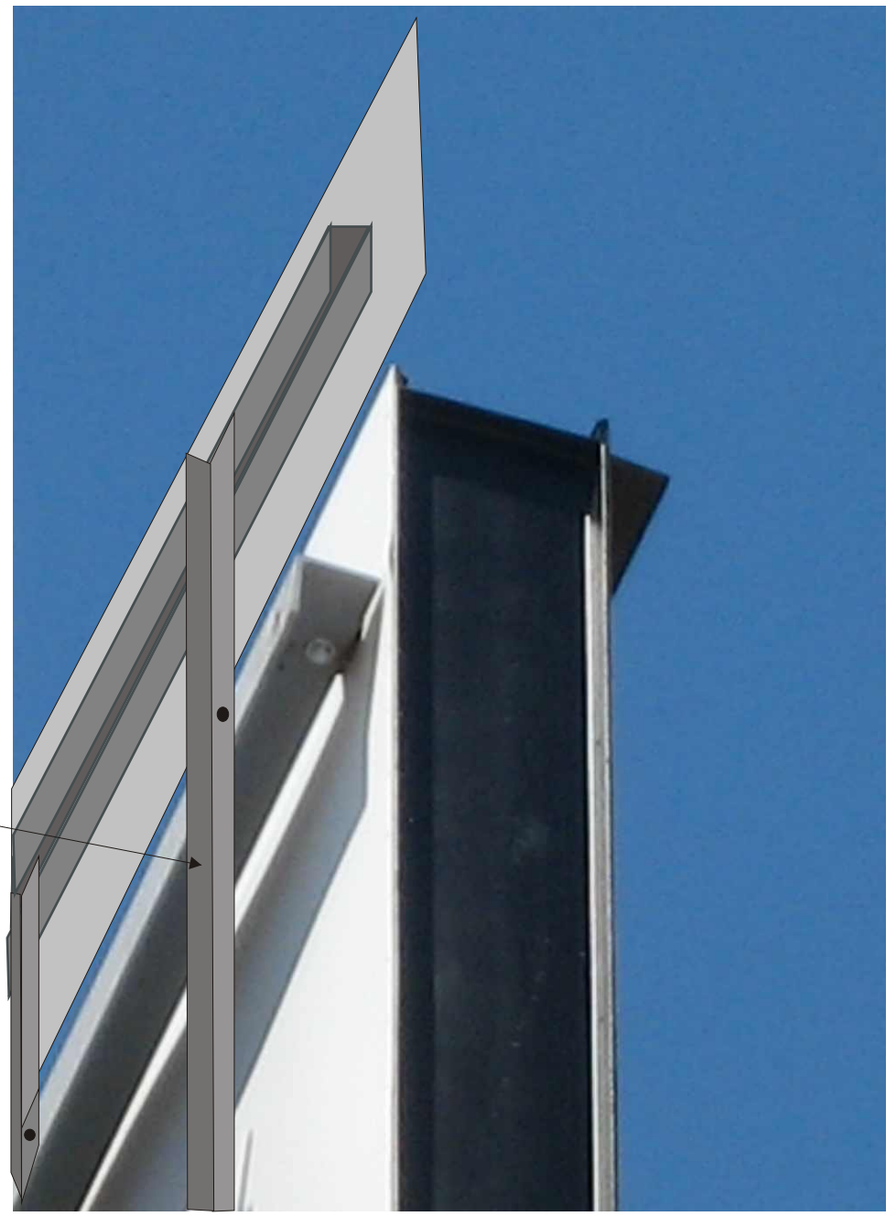
CBS OUTDOOR
ADDRESS Naturewood, Rancho Cordova
DATE 6-23-13
DRAWING NUMBER Rancho 6-23-14

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.

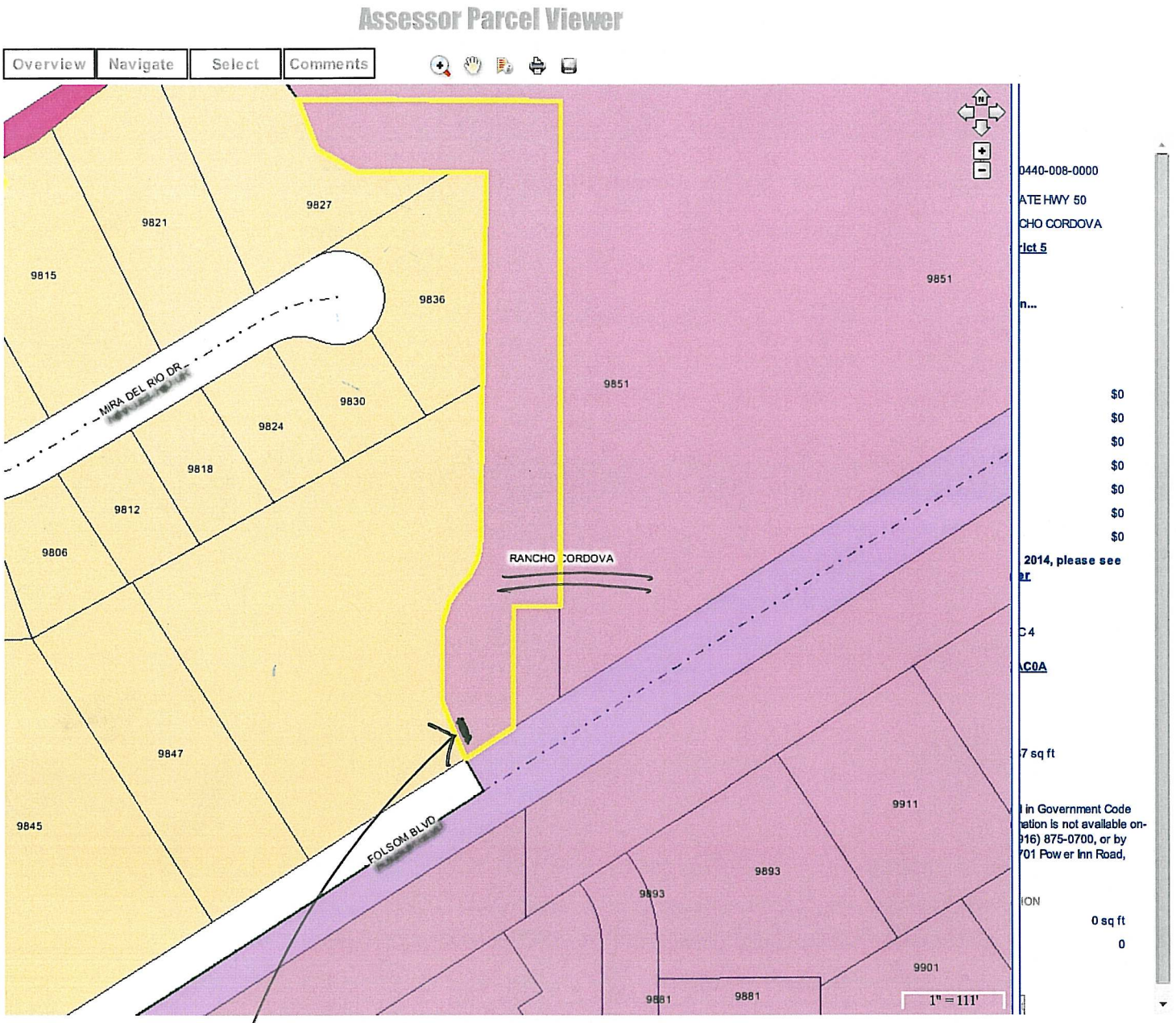


Simulated view from back angle

EQUITY SIGN GROUP
FULL SERVICE - DESIGN, MANUFACTURE, INSTALL

CBS OUTDOOR
ADDRESS Naturewood, Rancho Cordova
DATE 6-23-13
DRAWING NUMBER Rancho 6-23-14

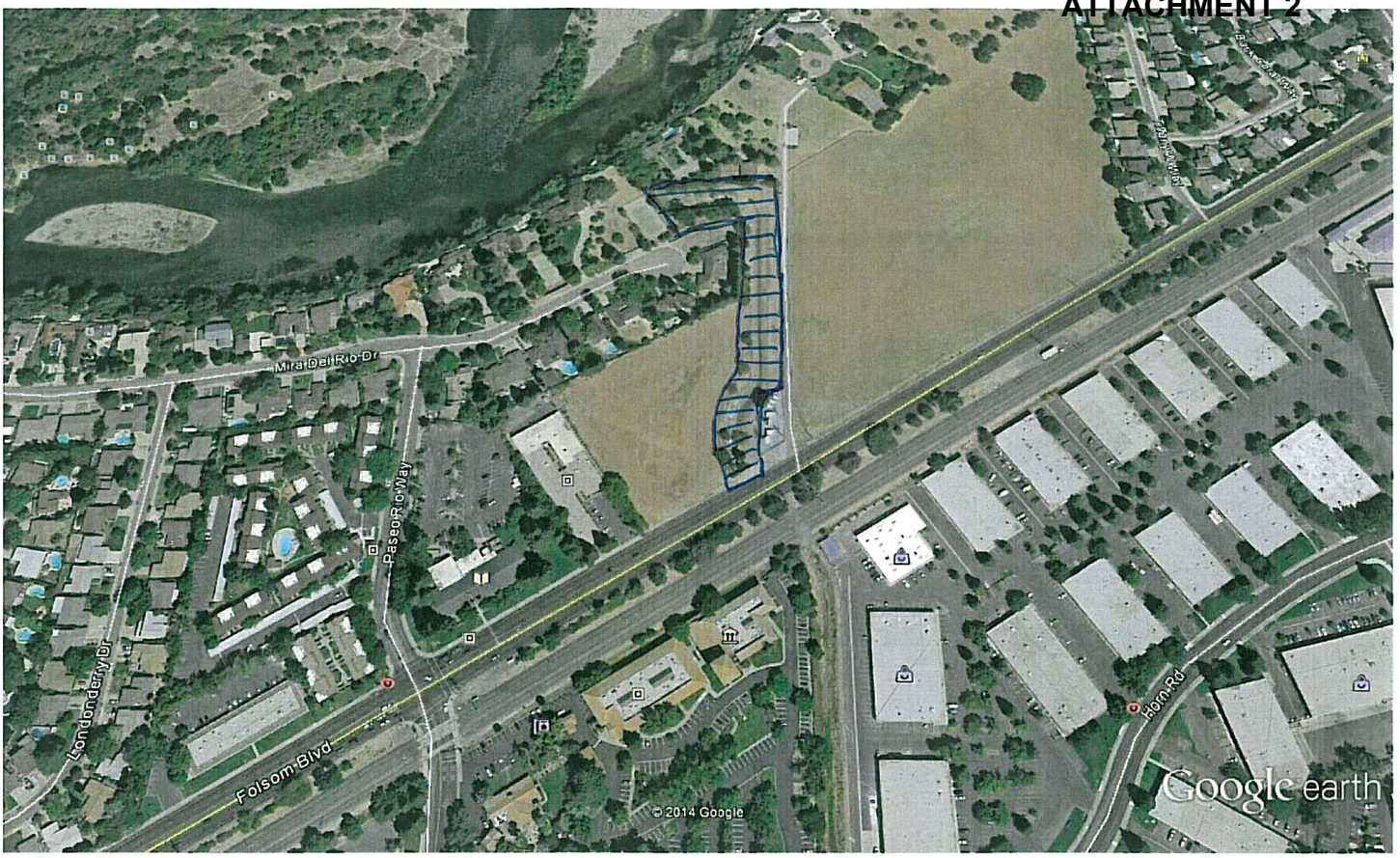
ATTACHMENT 2



CBS Sign is in Rancho Cordova

Sign Location

ATTACHMENT 2



Google earth

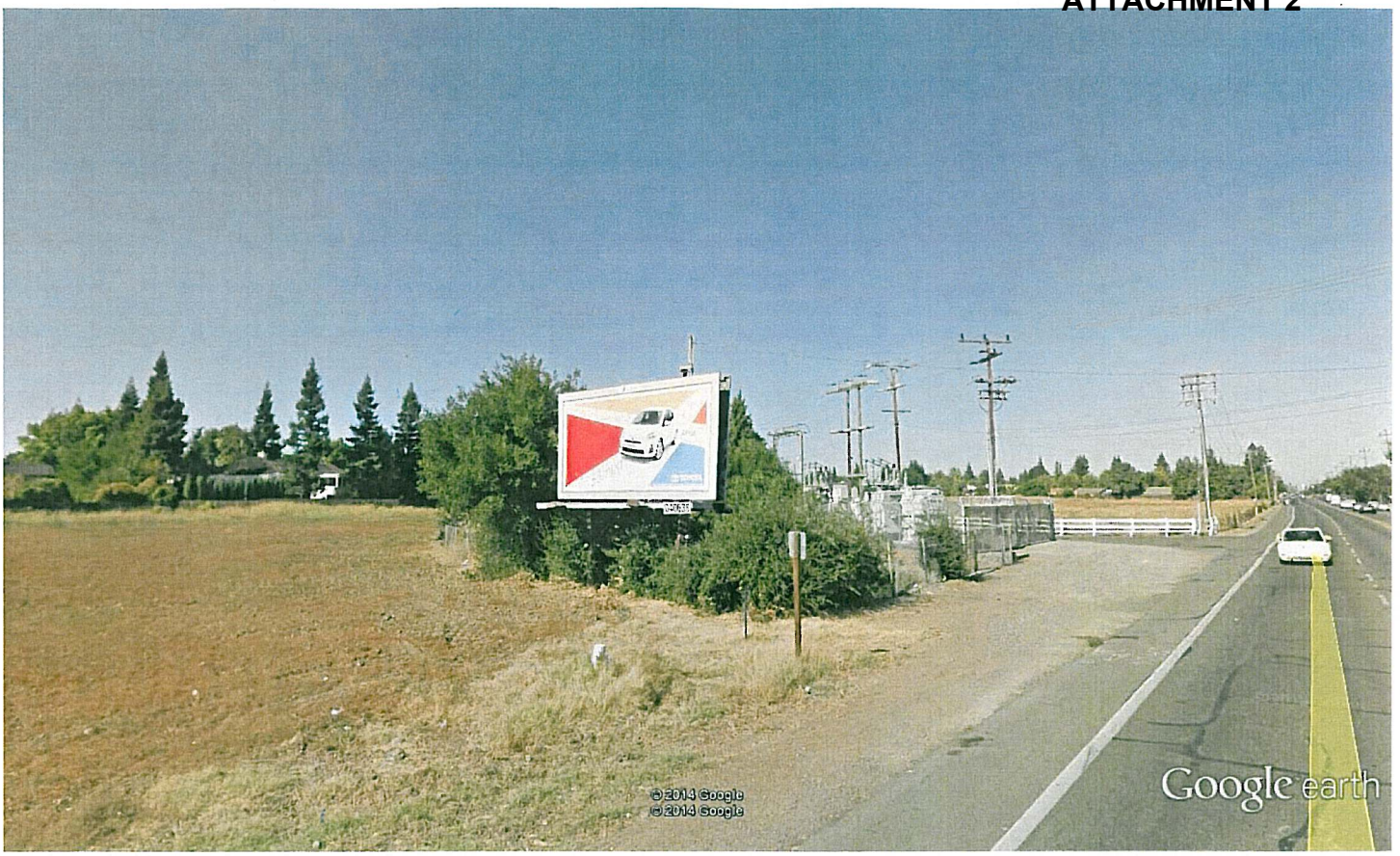
feet 1000
meters 300

ATTACHMENT 2

Google earth

feet 10
meters 5

CBS Sign 40638A



Google earth

feet 20
meters 6

LBS SIGN FACE 040638

ATTACHMENT 3

DIGITAL FREEWAY SIGN OPERATING AGREEMENT BY AND BETWEEN CITY OF RANCHO CORDOVA AND CBS OUTDOOR LLC

PARTIES

This OperatingAgreement for a Digital Freeway Sign (hereinafter "Agreement"), dated _____, 2014 by and between the **City of Rancho Cordova** (the "City"), a California municipal corporation and **CBS Outdoor LLC** ("CBS Outdoor"), 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. CBS Outdoor has applied for approval to install one (1) Digital Freeway Sign on the real property subleased by CBS Outdoor from Sierra Outdoor LLC and located at 12125 Folsom Boulevard in the City of Rancho Cordova, State of California (the "Property").

2. **Applicant**. CBS Outdoor is an outdoor-advertising company that has extensive experience in successfully installing, operating, and maintaining traditional and digital billboards throughout the United States. CBS Outdoor 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 CBS Outdoor'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 CBS Outdoor'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 CBS Outdoor removing presently existing billboards as a material condition of this Agreement for a Digital Freeway Sign. In exchange for providing these public benefits, CBS Outdoor receives assurance that it may proceed with the construction and operation of CBS Outdoor'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 CBS Outdoor 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 CBS Outdoor 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) CBS Outdoor 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. CBS Outdoor 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 CBS Outdoor 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, CBS Outdoor shall do all of the following:

(a) *Conditional Signing Bonus.* CBS Outdoor shall pay the City a one-time "Conditional Signing Bonus" of Seventy Five Thousand Dollars ($75,000.00) for the Digital Freeway Sign within five Business Days after the Effective Date. The City shall refund the Conditional Signing Bonus within thirty (30) days after CBS Outdoor notifies the City that CBS Outdoor 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, CBS Outdoor 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, CBS Outdoor shall commence paying the City the Monthly Fee set forth in Schedule 1 beginning on the first day of the twenty-fifth (25^{th}) 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) CBS Outdoor may abate the Monthly Fee if CBS Outdoor 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 CBS Outdoor 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) CBS Outdoor may offset the Monthly Fee if CBS Outdoor 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 CBS Outdoor Signs.* At no cost to the City, CBS Outdoor 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) CBS Outdoor 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) CBS Outdoor's commitment to remove the Existing Signs according to the schedule set forth in Schedule 2 is a material provision of this Agreement. CBS Outdoor is not entitled to replace the Existing Signs once they are removed.

5. Use of Site.

(a) *Exclusive Uses*. Except as otherwise provided in Section 6(i), CBS Outdoor 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. CBS Outdoor'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 CBS Outdoor 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 CBS Outdoor 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 CBS Outdoor's plans to remove the Obstruction prior to CBS Outdoor commencing work.

(3) If CBS Outdoor 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 CBS Outdoor's plans to remove the Obstruction prior to CBS Outdoor 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 CBS Outdoor to remove visual obstructions from private property.

(5) CBS Outdoor'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.

CBS Outdoor 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, CBS Outdoor 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"). CBS Outdoor 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, CBS Outdoor shall apply to Caltrans for all Caltrans Permits, and the City shall cooperate with CBS Outdoor in that effort, including the completion of any Caltrans forms. All Caltrans Permits are to be obtained and secured for CBS Outdoor's sole benefit and are to be issued in CBS Outdoor's name. CBS Outdoor shall perform all obligations under the Caltrans Permits at no cost to the City.

(c) *City Permits*. The City shall diligently process CBS Outdoor'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.* CBS Outdoor 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. CBS Outdoor 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). CBS Outdoor shall use reasonable diligence to avoid such delays and to resume work as promptly as possible after such a delay.

(e) *Ownership.* CBS Outdoor 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, CBS Outdoor shall maintain the Sign Structure and shall maintain and repair the Digital Freeway Sign in accordance with the standards of the outdoor-advertising industry. CBS Outdoor'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. CBS Outdoor shall promptly repair the Digital Freeway Sign, and CBS Outdoor 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, CBS Outdoor shall begin work to repair or replace the Digital Freeway Sign. CBS Outdoor shall complete the work within 180 days after the work begins. If CBS Outdoor elects, under this Section 6(g), not to repair or replace the Digital Freeway Sign then CBS Outdoor 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 CBS Outdoor's Digital Freeway Sign is materially damaged , CBS Outdoor 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 CBS Outdoor or its agents.

(i) *Utilities.* At no cost to the City, CBS Outdoor 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. CBS Outdoor 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, CBS Outdoor may remove the Digital Display Area and operate its Sign Structure with traditional faces. In the event that CBS Outdoor removes its Digital Display Area and operates its Sign Structure with traditional faces, due to the unavailability of electricity, CBS Outdoor shall be permitted to abate the Monthly Fee until such time as the electricityis restored and the Digital Freeway Sign becomes Operational again, if CBS Outdoor provides the City with written documentation from the Sacramento Municipal Utility District or other elctricity 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, CBS Outdoor 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, CBS Outdoor 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 CBS Outdoor, 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 CBS Outdoor's graphics-arts standards so that the messages are "camera ready," at no cost to CBS Outdoor. All copy will be subject to CBS Outdoor's standard advertising copy rejection and removal policies which allow CBS Outdoor the right in CBS Outdoor'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. CBS Outdoor 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, CBS Outdoor 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, CBS Outdoor 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. CBS Outdoor 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, CBS Outdoor 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), CBS Outdoor 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 CBS Outdoor 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 CBS Outdoor to avail itself of all remedies available to CBS Outdoor 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 CBS Outdoor written notice of termination, if any of the following circumstances occurs:

(1) CBS Outdoor breaches its obligation to pay the Monthly Fee when due and does not cure the breach within 30 days after the City serves CBS Outdoor with a written notice of breach.

(2) CBS Outdoor 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) CBS Outdoor 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) CBS Outdoor initiates legal challenge to the validity of this Agreement or its authorizing ordinance provided that this subsection shall not prevent CBS Outdoor from enforcing this Agreement and the parties' obligations hereunder.

(b) *CBS Outdoor'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, CBS Outdoor may terminate this Agreement, at any time and in its sole discretion, effective 30 days after CBS Outdoor 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 CBS Outdoor did not cause the Obstruction and the City has failed to adhere to its obligations under Section 5(b) following proper notice by CBS Outdoor. Materially obstructed shall mean at least one-half of the displayed area is obstructed.

(2) CBS Outdoor 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 CBS Outdoor 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) CBS Outdoor 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 CBS Outdoor 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 CBS Outdoor 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 CBS Outdoor'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 CBS Outdoor, 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 CBS Outdoor and CBS Outdoor'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 CBS Outdoor'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*. CBS Outdoor 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 CBS Outdoor's possession or use of. the Site. CBS Outdoor 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 CBS Outdoor 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. CBS Outdoor'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 CBS Outdoor's acts or omissions.

(2) Any Occurrence that is in any way connected with any of CBS Outdoor's personal property on the Site.

(3) Any Occurrence caused or allegedly caused by (A) any condition of the Site created by CBS Outdoor or by any Person on the Site with CBS Outdoor's permission; or (B) some act or omission on the Site by CBS Outdoor or by any Person on the Site with CBS Outdoor'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 CBS Outdoor or any Person or entity acting for CBS outdoor or with CBS Outdoor'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) CBS Outdoor's failure to perform any provision of this Agreement, to comply with any requirement of law applicable to CBS Outdoor, or to fulfill any requirement imposed by any governmental entity (including the City when acting as a government) on CBS Outdoor or CBS Outdoor's use of the Site.

(c) *Legal Challenges*. CBS Outdoor 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. CBS Outdoor's obligation to indemnify under this Section 7(c) inlcudes 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 CBS Outdoor to defend such Claim. The City will not voluntarily assist the opposing party in any such Claim or take any position adverse to CBS Outdoor 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*. CBS Outdoor'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 CBS Outdoor merges with another company, reorganizes its stock, or undergoes a similar corporate restructuring, or if CBS Outdoor 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:
Paul Junker, Planning Director

If to CBS Outdoor:

CBS Outdoor LLC
1731 Workman St. S,
Los Angeles, CA 90031
Attention: VP Real Estate

With a copy to:

CBS Outdoor 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 CBS Outdoor 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 CBS Outdoor. For example, and without limiting the previous sentence, this Agreement does not create between the City and CBS Outdoor 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*)

ATTACHMENT 3

City of Rancho Cordova

By: _____
Brian Nakamura
City Manager

Dated: _____, 2014

CBS Outdoor LLC

By: _____
Raymond Nowak
EVP, CAO and US CFO

Dated: _____, 2014

Approved as to Form
Rancho Cordova City Attorney

By: _____
Adam Lindgren
City Attorney

Schedule 1

Monthly Fee

1. For the Site developed under this Agreement, the Monthly Fee due on the first day of the month is $4,166.

Agreement for Digital Freeway Sign
City of Rancho Cordova and CBS Outdoor

Schedule 2

Existing Billboards to be Removed

New Billboard	Existing Billboards
Naturewood Site Address: 12125 Folsom Boulevard APN 069-0160-021	**CBS Outdoor shall obtain the necessary permits to remove these Existing Signs *before* 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 CBS Outdoor
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.

Exhibit B

Digital Freeway Sign Description

Insert Final Exhibit

Exhibit C

Amber Alert Guidelines

AMBER alerts are issued by the National Center for Missing and Exploited Children in Washington, DC. For those alerts, CBS Outdoor 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.

2327221.3

ATTACHMENT 4

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

ATTACHMENT 4

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

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INTRODUCTION

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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*

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.cityofranchocordova.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.

1.2 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

ATTACHMENT 4

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

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.

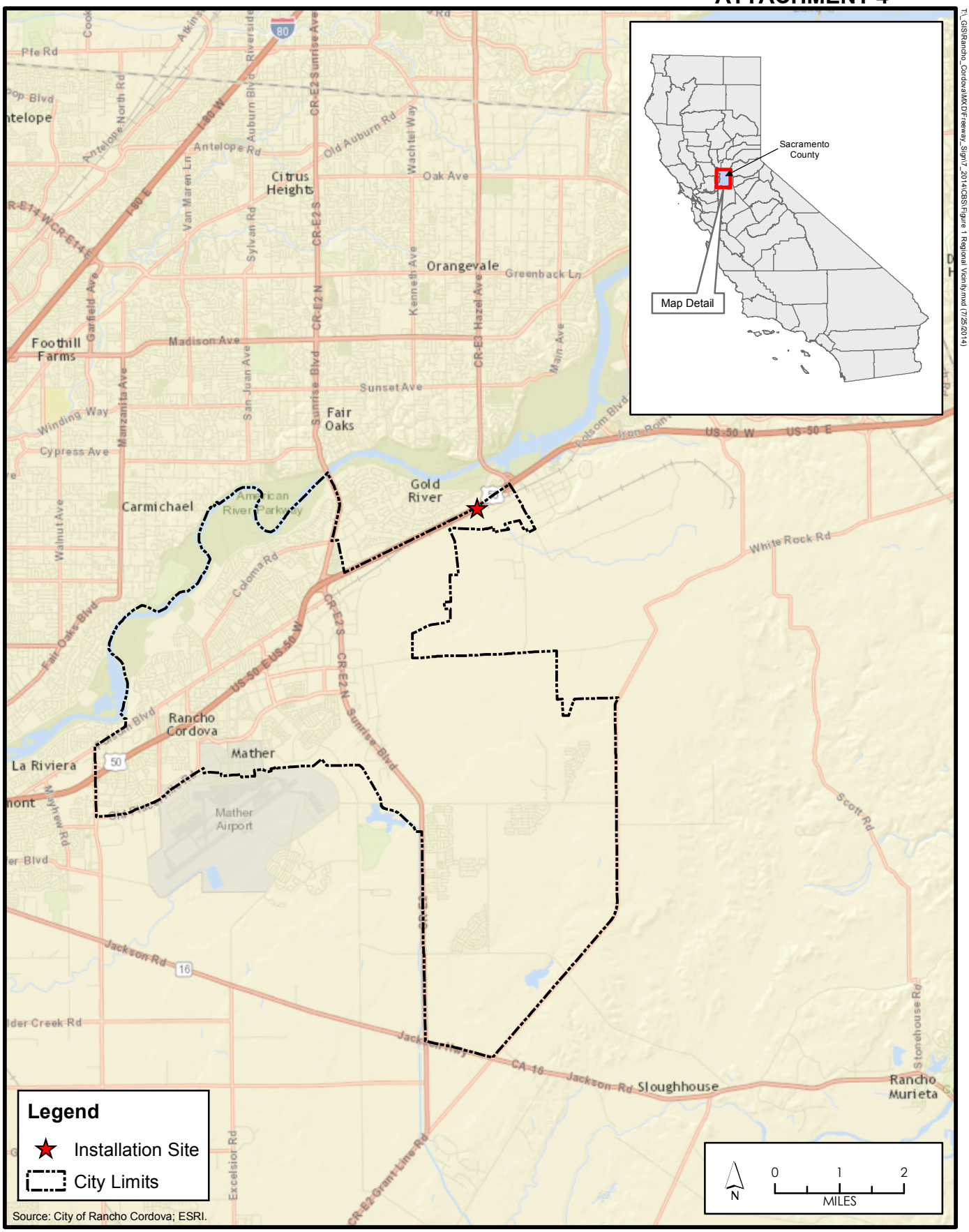
2.3 REQUIRED PROJECT APPROVALS

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.

ATTACHMENT 4



T:_GIS\Rancho_Cordova\MXD\Freeway_Sign\7_2014\CBS\Figure 1 Regional Vicinity.mxd (7/25/2014)

City of Rancho Cordova
Planning Department

Figure 1

Regional Vicinity

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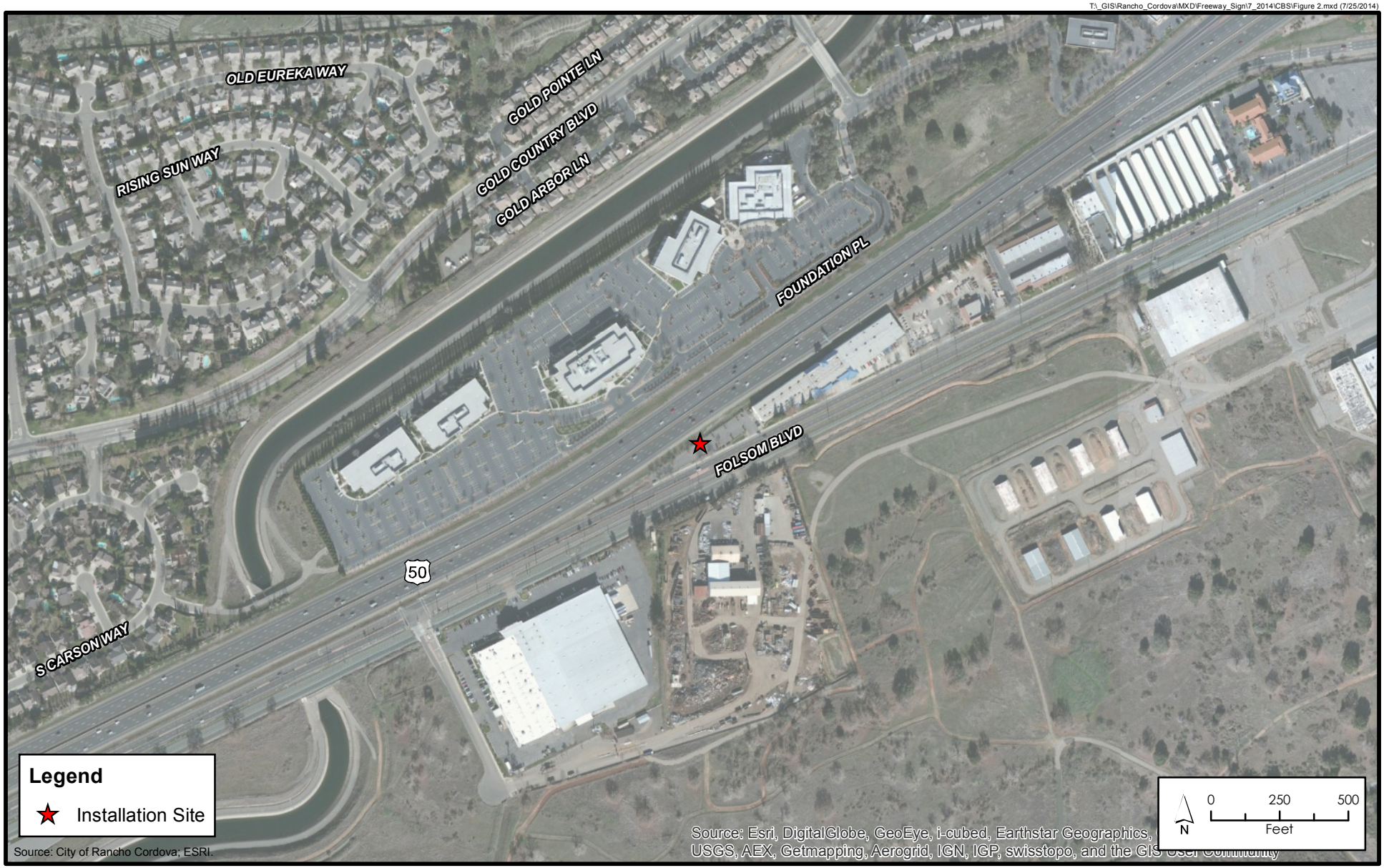

City of Rancho Cordova
Planning Department

Figure 2

Installation Site Location

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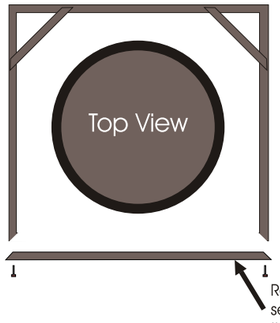
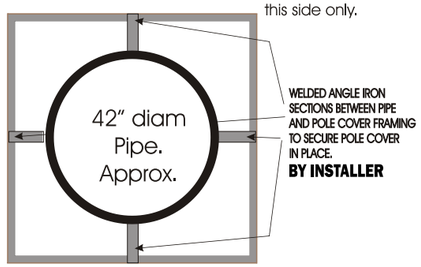


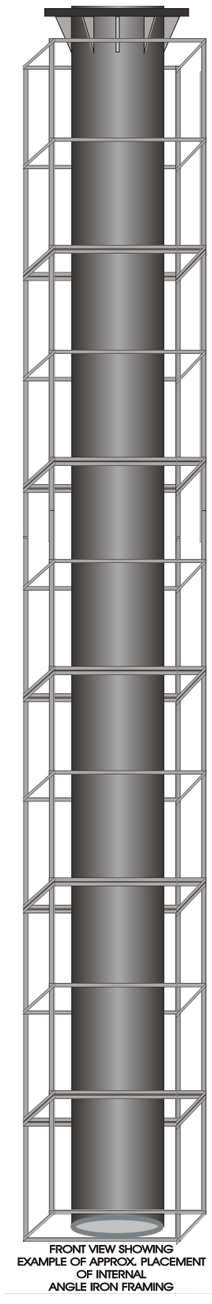


Fabricate and install one **5' x 5' x 38'** tall pole cover for new billboard.
Internal angle to be 1-1/2" x 1/1/2" x 3/16".

Outer skin to be .090 aluminum,
Painted Mathews "Brushed Aluminum". Satin finish.
½" 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.



Source: Equity Sign Group

Figure 3
Proposed Sign Design

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Westbound

Eastbound

Source: Clear Channel

Figure 4
Simulated View of Proposed Sign

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ENVIRONMENTAL SETTINGS, IMPACTS, AND MITIGATION MEASURES

ATTACHMENT 4

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.

3.2 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)

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

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.

	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.

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

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.

	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.

	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.

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 PM_{10} (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 PM_{10}. Construction of the proposed project would result in temporary generation of emissions of reactive organic gases (ROG), nitrogen oxide (NOx), and PM_{10}. 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 NOx and PM_{10}. According to the standards set forth in the SMAQMD Guide to Air Quality Assessment, a site over 5.1 acres would generate PM_{10} that would require mitigation. The proposed project does not require grading and in turn would not exceed threshold PM_{10} 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.

e) *No Impact.* The proposed digital freeway sign does not include any element that would produce odor. There would be no impact.

	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.

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*

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

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.

	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.

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.

	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

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.

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.

	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 (CO_2), methane (CH_4), and nitrous oxide (N_2O), 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 (CO_2) from mobile sources associated with project construction and minimal,

periodic maintenance. No permanent sources of GHG emissions are involved with the proposed project.

Emissions of CO_2 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 CO_2.

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.

	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

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.

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.

	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?	☐	☐	☐	☒	☐

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.

	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.

	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.

	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.

	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.

	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

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.

	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.

	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).

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

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.

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.

	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.

	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

ATTACHMENT 4

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

4.4 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

ATTACHMENT 4

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

ATTACHMENT 4

REPORT PREPARATION AND CONSULTATIONS

ATTACHMENT 4

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

ATTACHMENT 4

REFERENCES

ATTACHMENT 4

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.*

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———. 2006c. *Rancho Cordova General Plan: Final Adopted Version.*

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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.

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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.

ATTACHMENT 4

CALIFORNIA Water Boards

EDMUND G. BROWN JR. GOVERNOR

MATTHEW RODRIQUEZ SECRETARY FOR ENVIRONMENTAL PROTECTION

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) Permits[1]

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

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

ATTACHMENT 4

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

ATTACHMENT 4

STATE OF CALIFORNIA

Governor's Office of Planning and Research

State Clearinghouse and Planning Unit

Edmund G. Brown Jr.
Governor

Ken Alex
Director

September 16, 2014

RECEIVED
SEP 17 2014
BY:

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

Folsom South Canal

TRIBUTARY

FREEWAY

STATE

PACIFIC

15' DRAINAGE ESMT.

R.M.273-4

R.M. 227-13

69/65

69/26

69/16

69/4

72/23

14 3.22±N

15 3.48±N

16 8.10±N

17 5.±N

18 5.08±N

19 3.02±N

20 10.38±N

14 2.900±N.

16 3.426±N.

21 31,807±N.

22 2.27±N.

4 1.00±N.

5 1.00±N.

6 1.00±N.

7 1.00±N.

8 1.00±

93 9.99±N

80 7.08±N

603.13'.

440.83'

this boundary

110.2'

AGENDA ITEM 10.2

069-0160-021,022
KEYES 1998 FAMILY LIMITED PARTNERSHIP
2711 MERCANTILE DR
RANCHO CORDOVA CA 95742

069-0160-022
OCCUPANT
12125 FOLSOM BLVD
RANCHO CORDOVA CA 95742

069-0040-014
TRANSPORTATION CORR JOINT POWERS AUTHO SAC-PLCRVLE
PO BOX 2110
SACRAMENTO CA 95812

069-0040-080
SCHNITZER STEEL INDS INC
PO BOX 10047
PORTLAND OR 97296

069-0040-080
OCCUPANT
12000 FOLSOM BLVD
RANCHO CORDOVA CA 95742

069-0040-093
ROBERT S & JERAL A BECKINGER 1991 REVOCABLE TRUST
11840 FOLSOM BLVD
RANCHO CORDOVA CA 95742

069-0160-004
HANSEN FAMILY REVOCABLE LIVING TRUST
2201 FRANCISCO DR
EL DORADO HILL CA 95762

069-0160-004
OCCUPANT
12137 FOLSOM BLVD
RANCHO CORDOVA CA 95742

069-0160-005
HANSEN FAMILY REVOCABLE LIVING TRUST
2201 FRNCSC DR #205
EL DORADO HILL CA 95762

069-0160-005
OCCUPANT
12137 FOLSOM BLVD
RANCHO CORDOVA CA 95742

069-0160-006
NORMAN W & DOLORES A MONIZ FAMILY REVOCABLE TRUST
5115 KENNETH AVE
FAIR OAKS CA 95628

069-0160-006
OCCUPANT
12161 FOLSOM BLVD # A
RANCHO CORDOVA CA 95742

069-0160-006
OCCUPANT
12161 FOLSOM BLVD # B
RANCHO CORDOVA CA 95742

069-0160-006
OCCUPANT
12161 FOLSOM BLVD # C
RANCHO CORDOVA CA 95742

069-0160-006
OCCUPANT
12161 FOLSOM BLVD # D
RANCHO CORDOVA CA 95742

069-0160-006
OCCUPANT
12175 FOLSOM BLVD # A
RANCHO CORDOVA CA 95742

069-0160-006
OCCUPANT
12175 FOLSOM BLVD # B
RANCHO CORDOVA CA 95742

069-0160-006
OCCUPANT
12175 FOLSOM BLVD # C
RANCHO CORDOVA CA 95742

069-0160-006
OCCUPANT
12167 FOLSOM BLVD # A
RANCHO CORDOVA CA 95742

069-0160-006
OCCUPANT
12167 FOLSOM BLVD # B
RANCHO CORDOVA CA 95742

069-0160-006
OCCUPANT
12167 FOLSOM BLVD # C
RANCHO CORDOVA CA 95742

069-0160-006
OCCUPANT
12181 FOLSOM BLVD # A
RANCHO CORDOVA CA 95742

069-0160-006
OCCUPANT
12181 FOLSOM BLVD # B
RANCHO CORDOVA CA 95742

069-0160-006
OCCUPANT
12181 FOLSOM BLVD # C
RANCHO CORDOVA CA 95742

069-0160-006
OCCUPANT
12181 FOLSOM BLVD # D
RANCHO CORDOVA CA 95742

069-0160-014
CARLSEN INVESTMENTS LLC
11919 FOUNDATION PL
GOLD RIVER CA 95670

069-0160-014
CARLSEN INVESTMENTS LLC
11919 FOUNDATION PL # 100
GOLD RIVER CA 95670

069-0160-014
CARLSEN INVESTMENTS LLC
11919 FOUNDATION PL # 200
GOLD RIVER CA 95670

069-0260-015
ALICE A BACKER
PO BOX 595
WILTON CA 95693

069-0260-015
OCCUPANT
11931 FOUNDATION PL # 200
GOLD RIVER CA 95670

069-0260-015
OCCUPANT
11931 FOUNDATION PL # 220
GOLD RIVER CA 95670

069-0260-015
OCCUPANT
11931 FOUNDATION PL # 250
GOLD RIVER CA 95670

069-0260-016
GC NET LEASE INVESTORS LLC
2121 ROSECRANS AVE #3321
EL SEGUNDO CA 90245

069-0260-016
OCCUPANT
11971 FOUNDATION PL
GOLD RIVER CA 95670

069-0260-017
CARLSEN INVESMENTS LLC
3604 FAIR OAKS BLVD #180
SACRAMENTO CA 95864

069-0260-017
OCCUPANT
12009 FOUNDATION PL # 100
GOLD RIVER CA 95670

069-0260-017
OCCUPANT
12009 FOUNDATION PL # 300
GOLD RIVER CA 95670

069-0260-017
OCCUPANT
12009 FOUNDATION PL # 310
GOLD RIVER CA 95670

069-0260-018
HEALTH NET OF CALIFORNIA INC
21650 OXNARD ST
WOODLAND HILLS CA 91367

069-0260-018
OCCUPANT
12033 FOUNDATION PL
GOLD RIVER CA 95670

069-0260-019
GOLD POINTE CORPORATE CENTER ASSN
8395 JACKSON RD
SACRAMENTO CA 95826

069-0650-014
CARLSEN INVESTMENTS LLC
3604 FAIR OAKS BLVD #180
SACRAMENTO CA 95864

069-0650-014
OCCUPANT
12100 TRIBUTARY POINT DR
RANCHO CORDOVA CA 95670

072-0231-125
EASTON DEVELOPMENT COMPANY LLC
PO BOX 1209
FOLSOM CA 95763

072-0231-139
SCHNITZER STEEL INDUSTRIES INC
PO BOX 10047
PORTLAND OR 97296

072-0231-139
OCCUPANT
12000 FOLSOM BLVD
RANCHO CORDOVA CA 95742

Clear Channel Outdoor CUP and Operating Agreement DD8480 & Sierra Outdoor/CBS Outdoor CUP and Operating Agreement DD8490

Rancho Cordova City Council

Jessica Jordan, Project Planner

November 17, 2014

a fresh take. RANCHO CORDOVA CALIFORNIA

aFreshTake.org

Project Requests

- Agenda Item 14.1 – Clear Channel Outdoor Digital Freeway Sign Conditional Use Permit and Operating Agreement
- Agenda Item 14.2 – Sierra Outdoor/CBS Outdoor Digital Freeway Sign Conditional Use Permit and Operating Agreement
- Initial discussion and public hearing to provide a clear understanding of these proposals

Required Permits and Regulatory Basis

- Section 23.743.150 of the Code establishes the applicable development standards, some of which include:
  - Max Height: 60 feet
  - Max SF: 672 sf per sign face
  - Max Sign Faces: 2
  - Distance between signs: 2,500 feet
  - Permanent Removal of 4 Traditional Billboards

Required Permits and Regulatory Basis

- An Operating Agreement can be proposed by an Applicant when full adherence to Code is not achieved.
- Through the Agreement, the Applicant can propose alternative community benefits to offset any development standard not being met.

Clear Channel Outdoor Project Request

- A Conditional Use Permit (CUP) to allow installation of a Digital Freeway Sign at 12137 Folsom Boulevard.
- An Operating Agreement to allow for removal of two traditional billboards at 2300 Mine Shaft Lane and 2286 Sunrise Boulevard and other alternative community benefits rather than strict adherence to development standards.

Clear Channel Outdoor

Clear Channel Outdoor

Visual Simulations

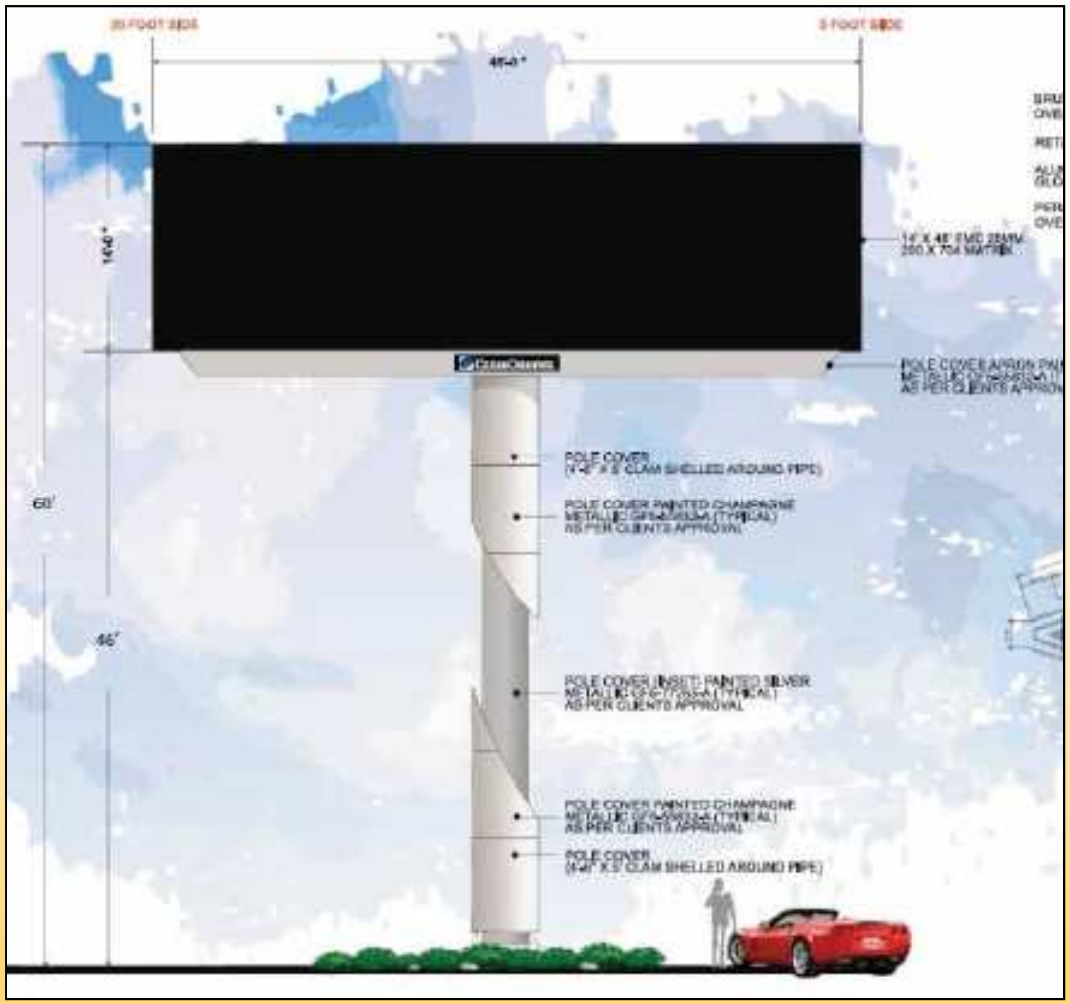
Eastbound

Westbound

a fresh take. RANCHO CORDOVA CALIFORNIA

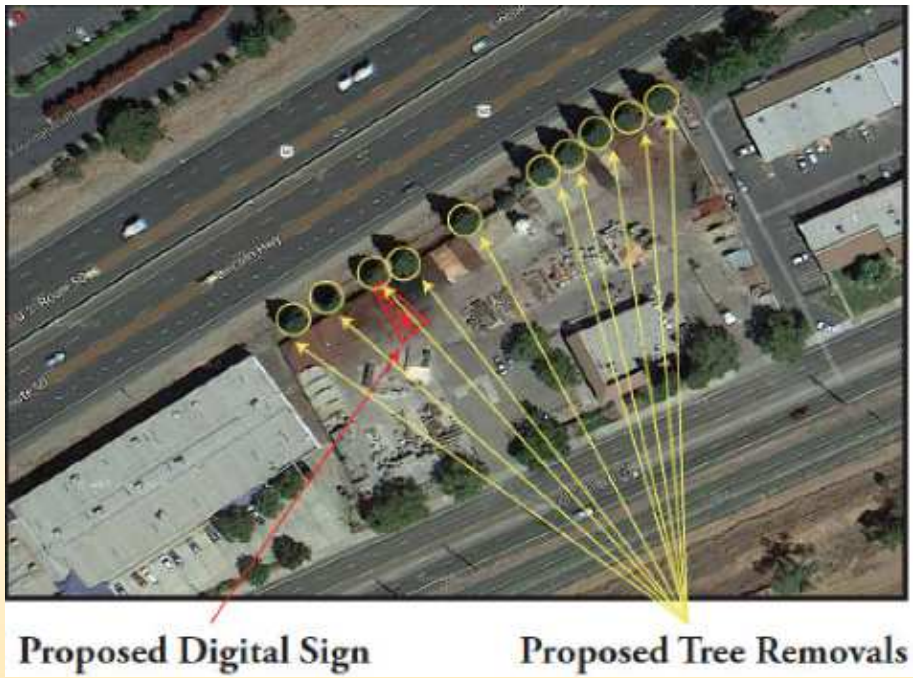
aFreshTake.org

Clear Channel Outdoor



Proposed Digital Freeway Sign meets all physical development standards (i.e. height, square footage)

Clear Channel Outdoor



Existing

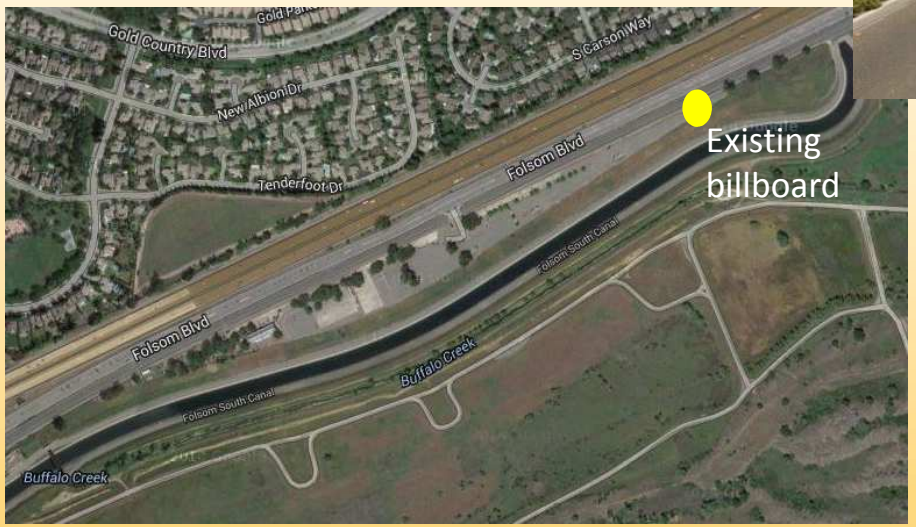
Proposed

The applicant has proposed replacing trees with substantial high growth shubbery and would provide $25,000 for the City's Folsom Boulevard Phase 4 Improvement Project

Clear Channel Outdoor

Removal of single sided billboard at 2300 Mine Shaft Lane

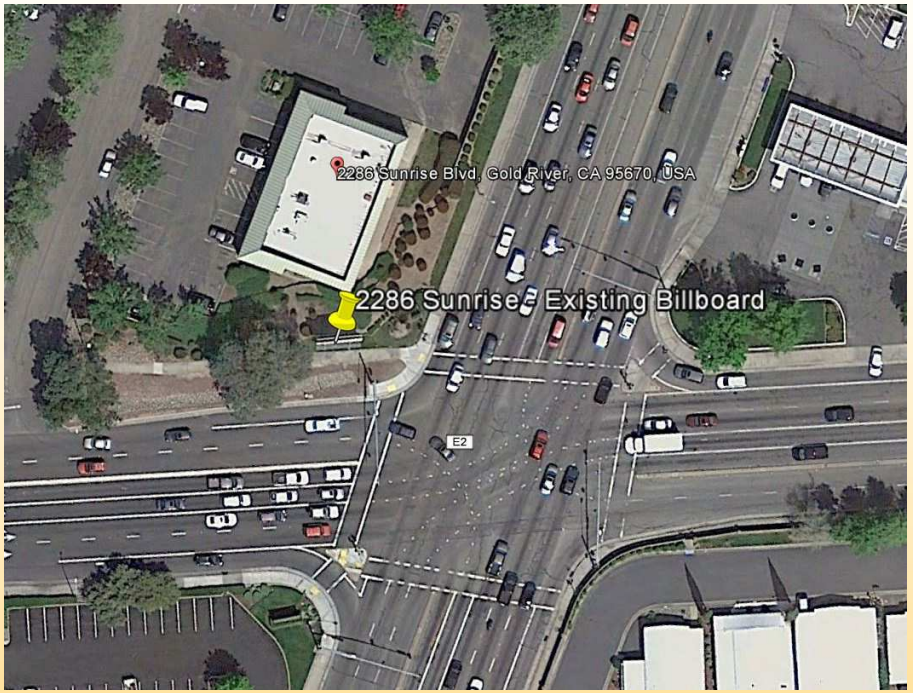
- Visible from Highway 50
- 672 square feet



Clear Channel Outdoor

Removal of double sided billboard at
2286 Sunrise Boulevard

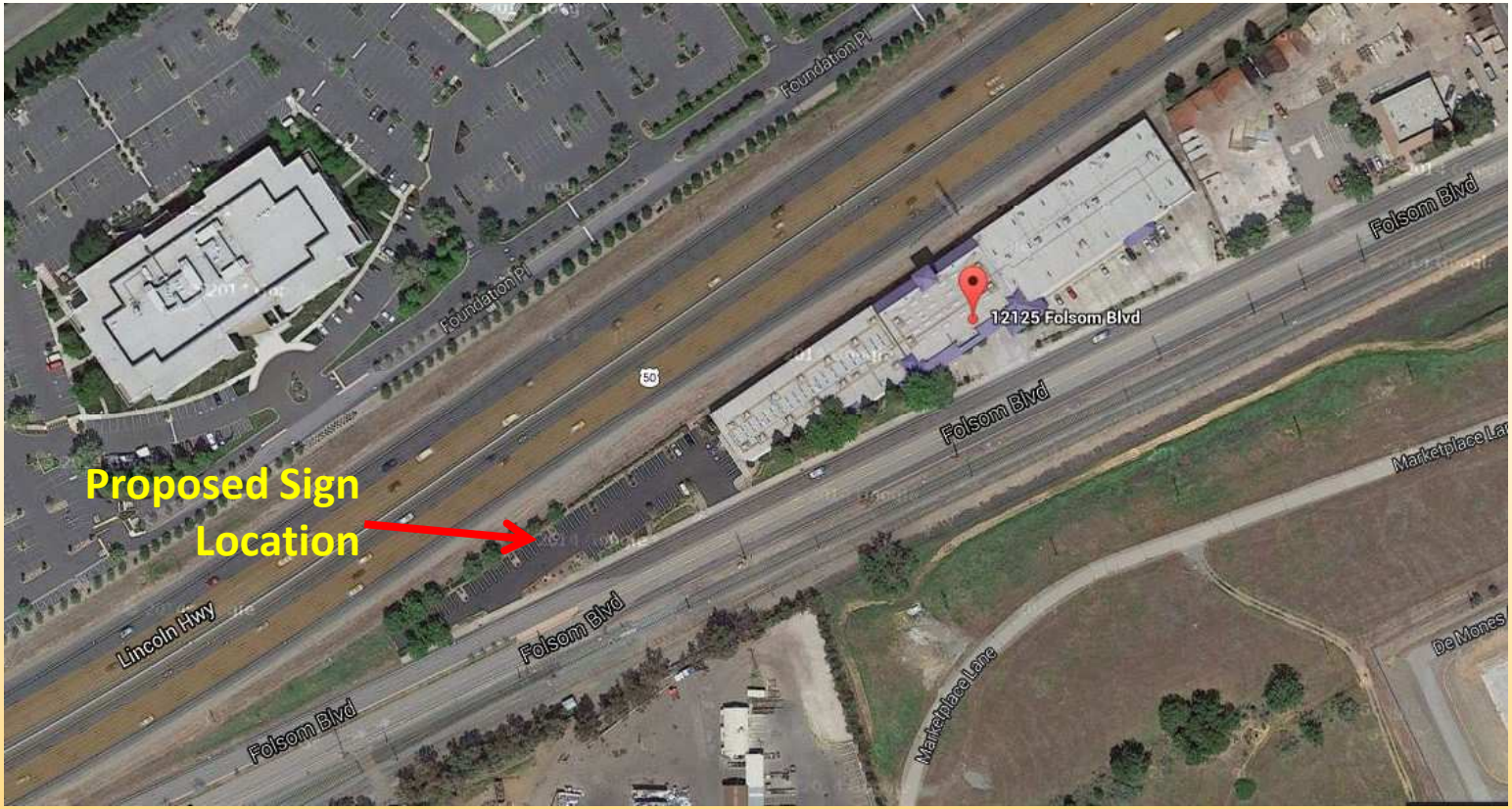
- Not visible from Highway 50
- 300 square feet/face



Sierra Outdoor/CBS Outdoor Project Request

- A Conditional Use Permit (CUP) to allow installation of a Digital Freeway Sign at 12125 Folsom Boulevard.
- An Operating Agreement to allow for removal of two traditional billboards at 11373 Folsom Boulevard and near 9847 Folsom Boulevard and other alternative community benefits rather than strict adherence to development standards.

Sierra Outdoor/CBS Outdoor



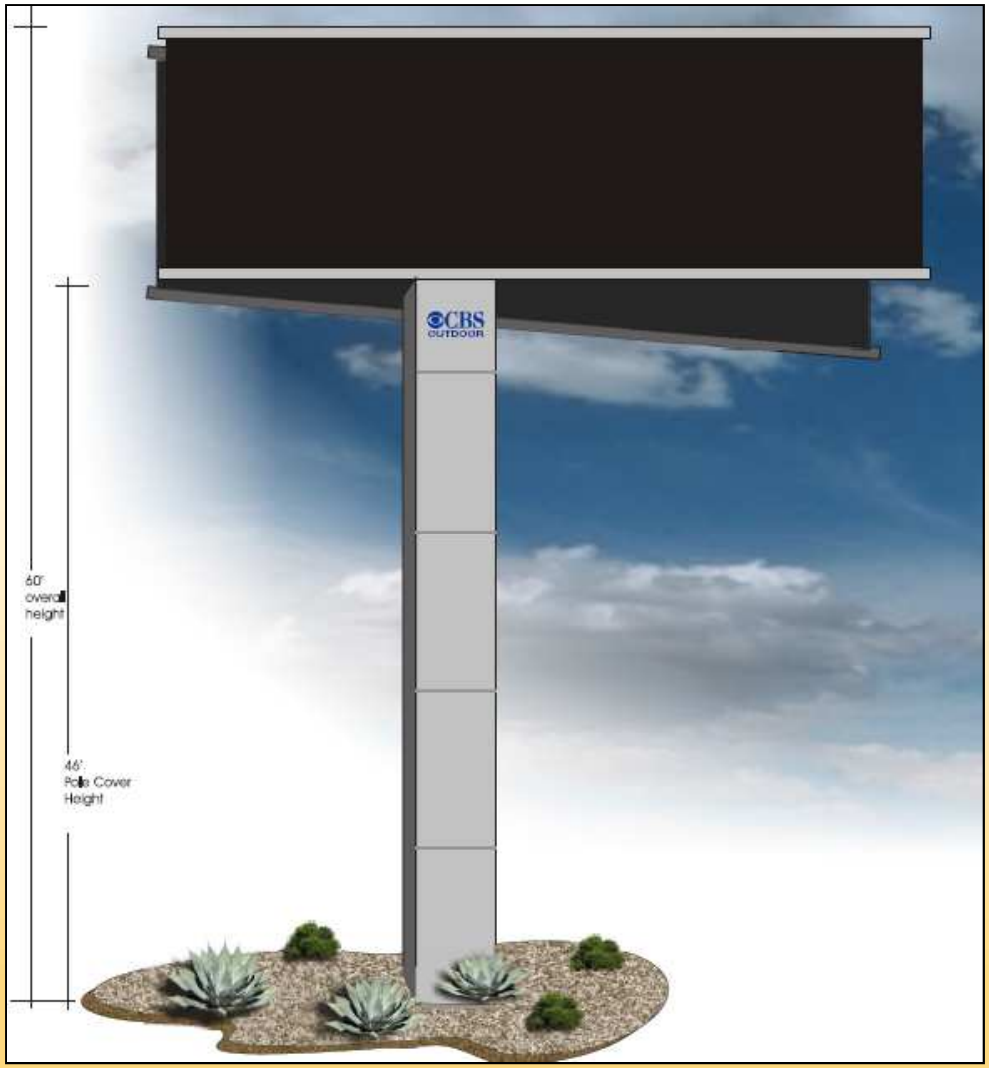
Sierra Outdoor/CBS Outdoor

Visual Simulations

Eastbound

Westbound

Sierra Outdoor/CBS Outdoor



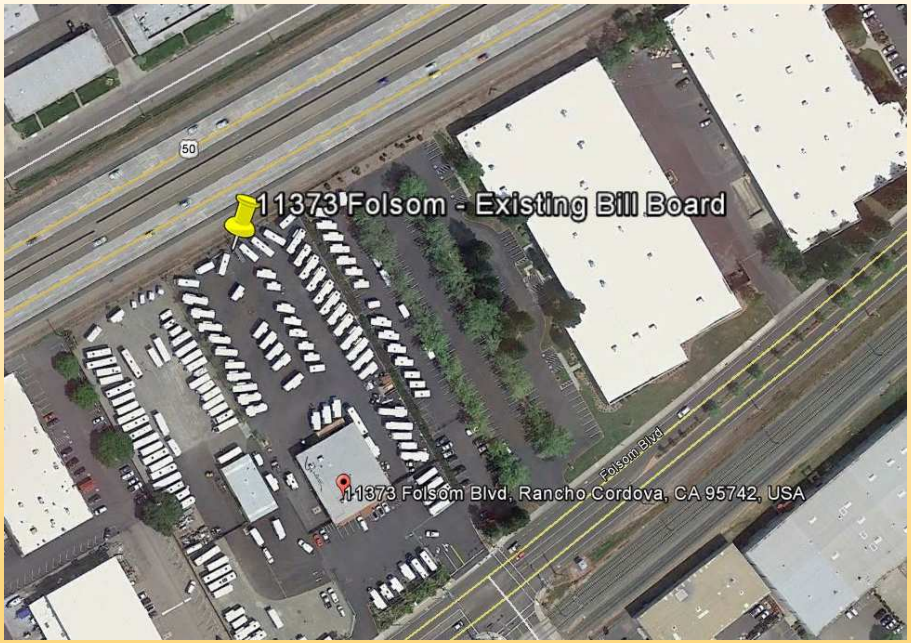
Proposed Digital Freeway Sign meets all physical development standards (i.e. height, square footage)

**No landscaping will be removed to accommodate the sign.

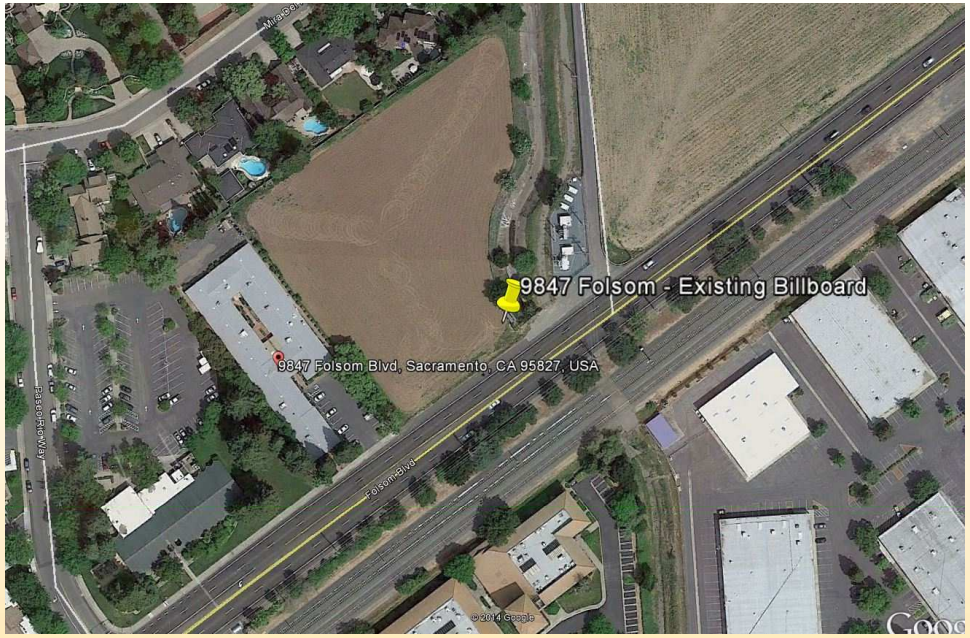
Sierra Outdoor/CBS Outdoor

Removal of double sided billboard at 11373 Folsom Boulevard

- Visible from Highway 50
- 600 square feet/face



Sierra Outdoor/CBS Outdoor



Removal of double sided billboard near 9847 Folsom Boulevard

- Not visible from Highway 50
- 600 square feet/face

Environmental Review

- Mitigated Negative Declaration documents were prepared for both projects and circulated for public review from August 15 through September 15. Two comment letters were received. No environmental determinations or conclusions were altered by these comment letters. No further environmental review is required at this time.

Recommendations

- Consider the CUP and Operating Agreement requests from Clear Channel Outdoor and from Sierra Outdoor/CBS Outdoor
- Receive comment from the applicants and the public
- Direct staff as appropriate
- Continue both agenda items to a data certain

Projects Comparison

	Clear Channel	Sierra Outdoor/CBS Outdoor
Traditional Billboard Sign Removal	2300 Mine Shaft Lane (visible from Hwy 50; 672 square feet; one-sided only) 2286 Sunrise Boulevard (at northwest corner of Sunrise and Coloma; 300 square feet/face; double-sided	11373 Folsom Boulevard (visible from Hwy 50; 600 square feet/face, double-sided) 9847 Folsom Boulevard (at western city boundary, near Kassis property; 600 square feet/face, double-sided)
Conditional Signing Bonus	$75,000	$75,000
Annual Fee	$50,000	$50,000
Additional Benefits	$25,000 for Folsom Boulevard Phase IV or other landscape improvements as desired by PW Director (to offset necessary removal of tree stand on Hwy 50)	

Rancho Cordova City Council
November 17, 2014 Meeting
Agenda Item No. 10.2

Sierra Outdoor Digital Sign

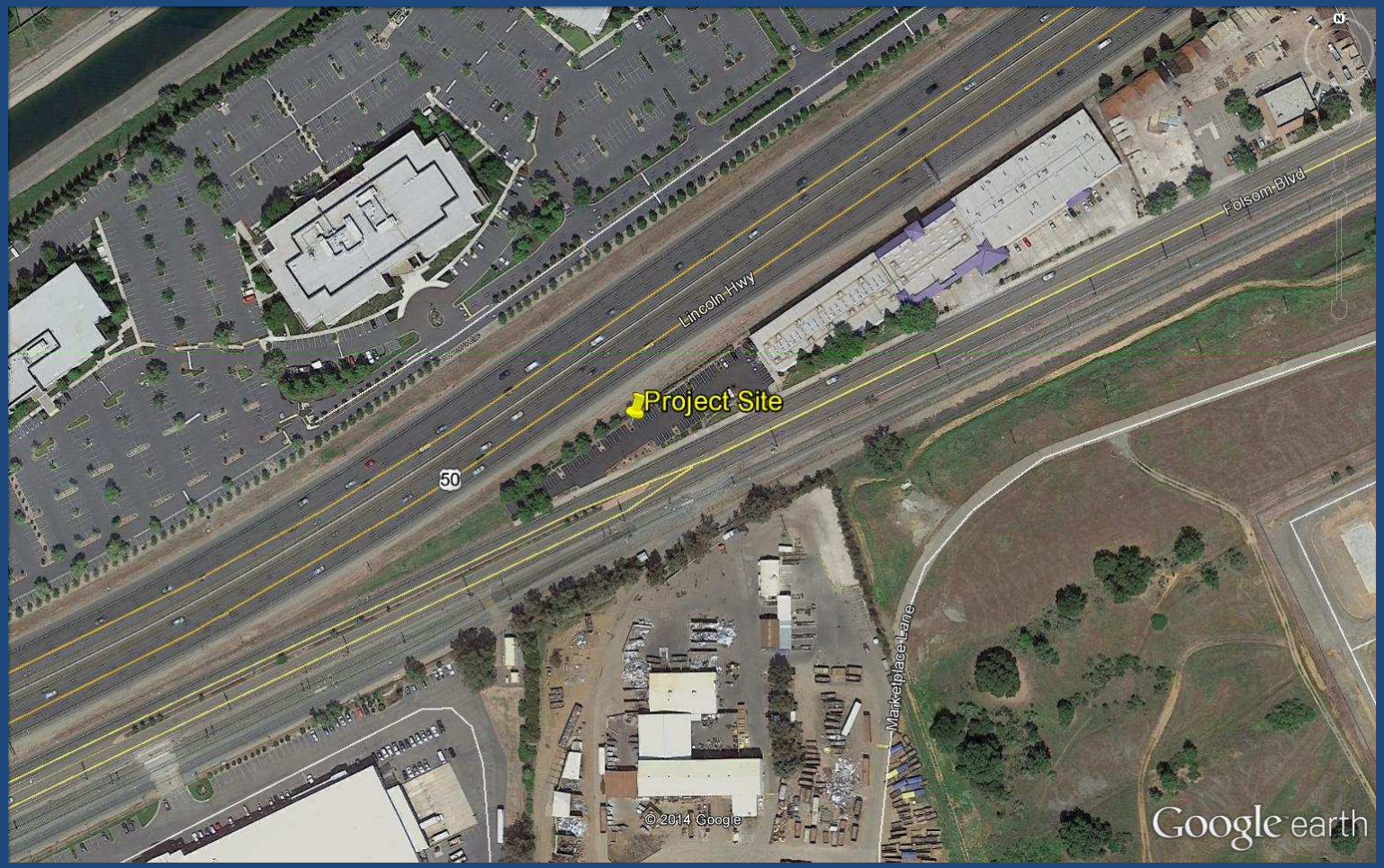
Use Permit and Operating Agreement

Sierra Outdoor Project Site

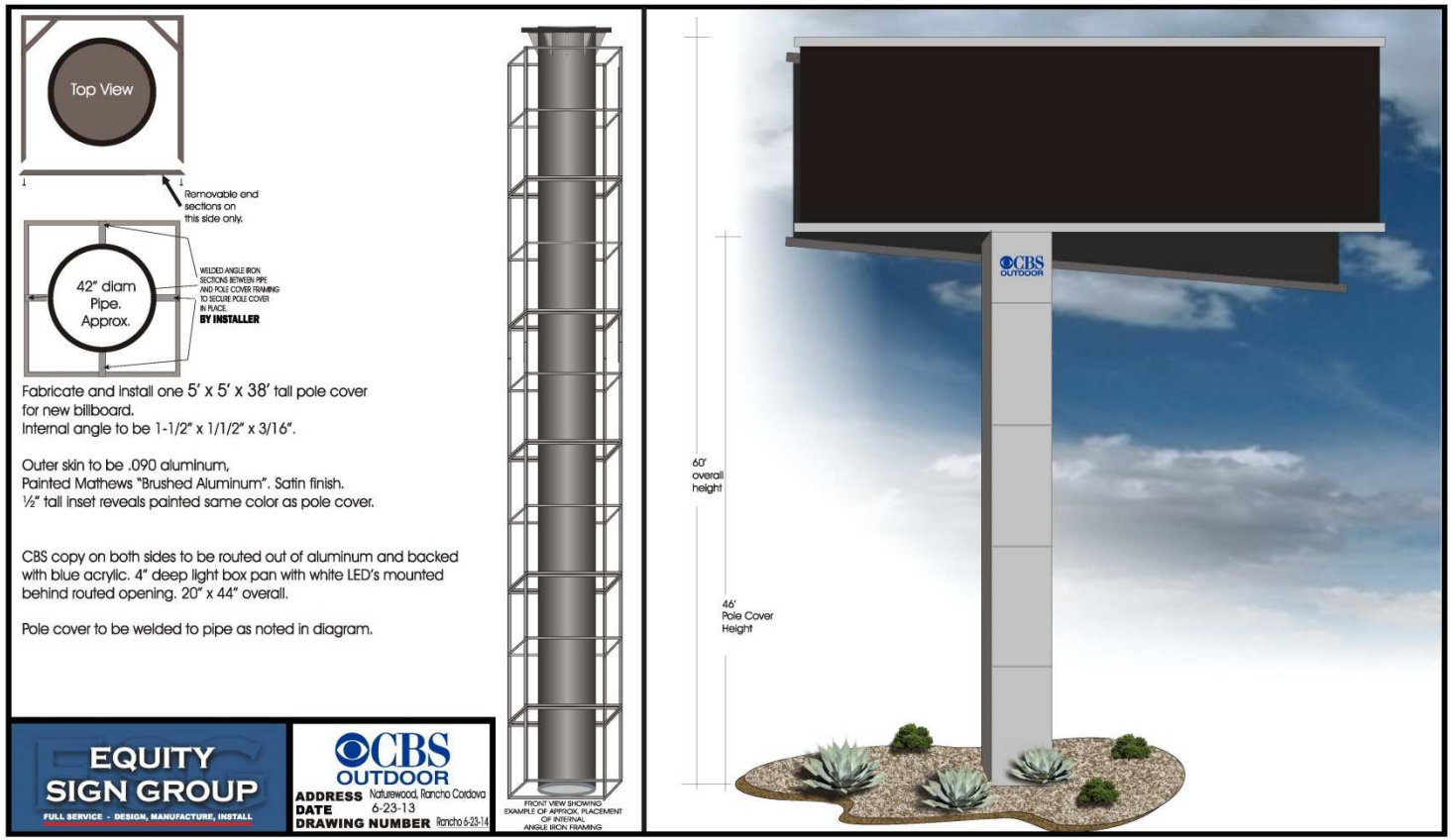
- 12125 Folsom Blvd.*

*Location identified as conforming and in compliance with California Business and Professions Code and California Code of Regulations by California Department of Transportation on October 13, 2014.

12125 Folsom Blvd.



Elevation


Top View
Removable end sections on this side only.
42" diam Pipe. Approx.
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.
½" 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.
EQUITY SIGN GROUP
FULL SERVICE - DESIGN, MANUFACTURE, INSTALL
CBS OUTDOOR
ADDRESS Naturewood, Rancho Cordova
DATE 6-23-13
DRAWING NUMBER Rancho 6-23-14
FRONT VIEW SHOWING EXAMPLE OF APPROX. PLACEMENT OF INTERNAL ANGLE IRON FRAMING
60' overall height
46' Pole Cover Height
CBS OUTDOOR

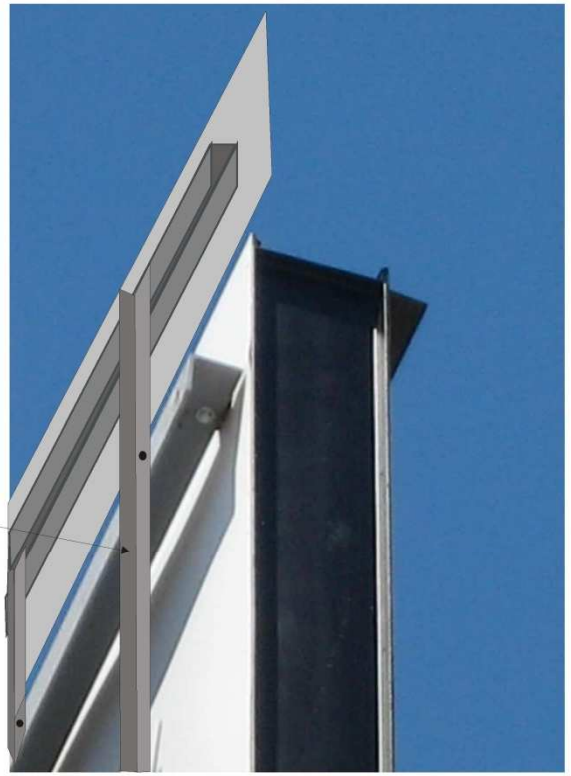
Elevation

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

EQUITY SIGN GROUP
FULL SERVICE - DESIGN, MANUFACTURE, INSTALL

CBS OUTDOOR
ADDRESS Naturewood, Rancho Cordova
DATE 6-23-13
DRAWING NUMBER Rancho 6-23-14

Eastbound Simulation

Westbound Simulation

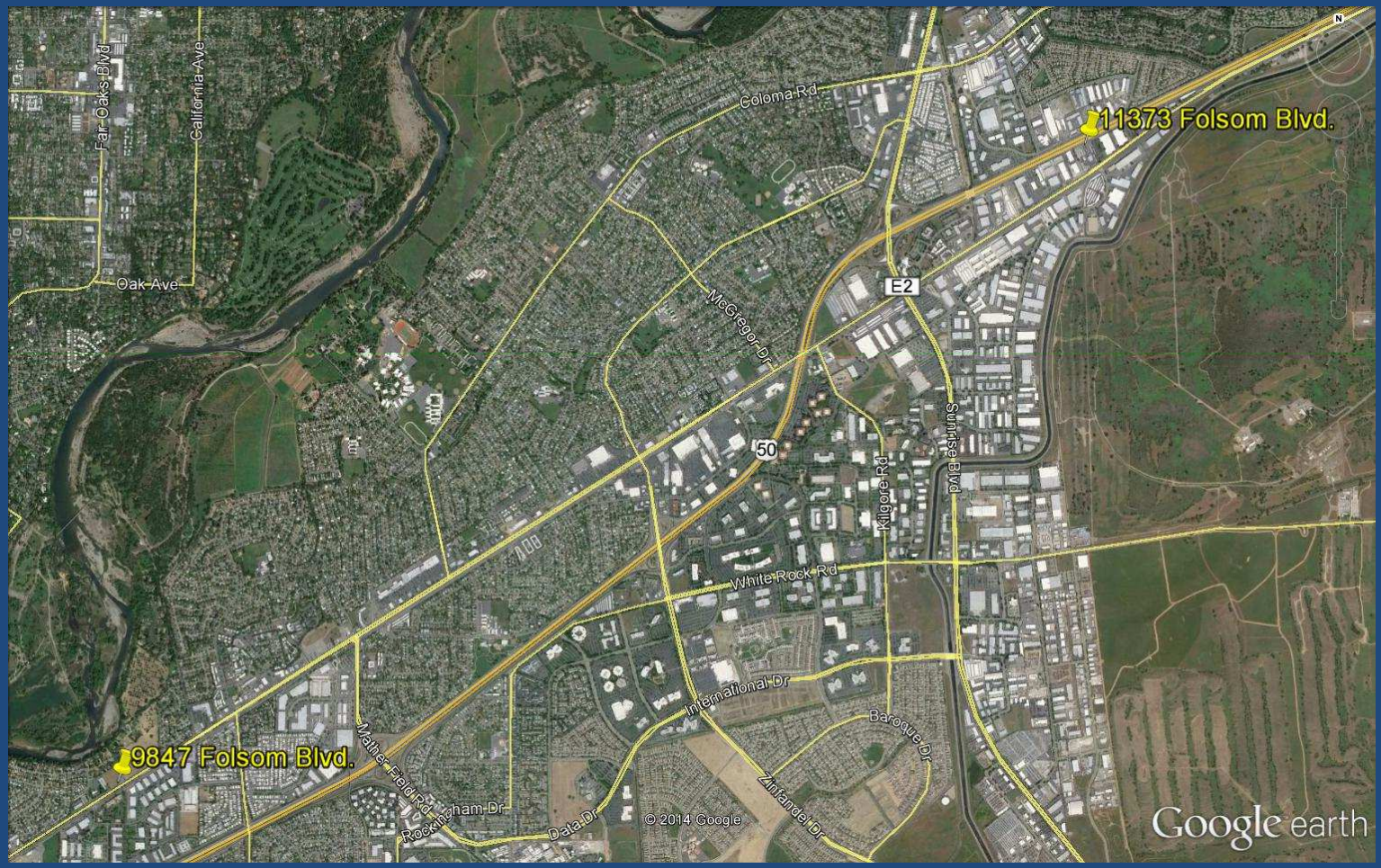
Operating Agreement Details

- Signing Bonus: $75,000
- Annual Payments: $50,000
- Term: 25 years, w/ one 25 year extension
- Sign removals: Four existing sign faces, totaling 1,200 sq. ft.

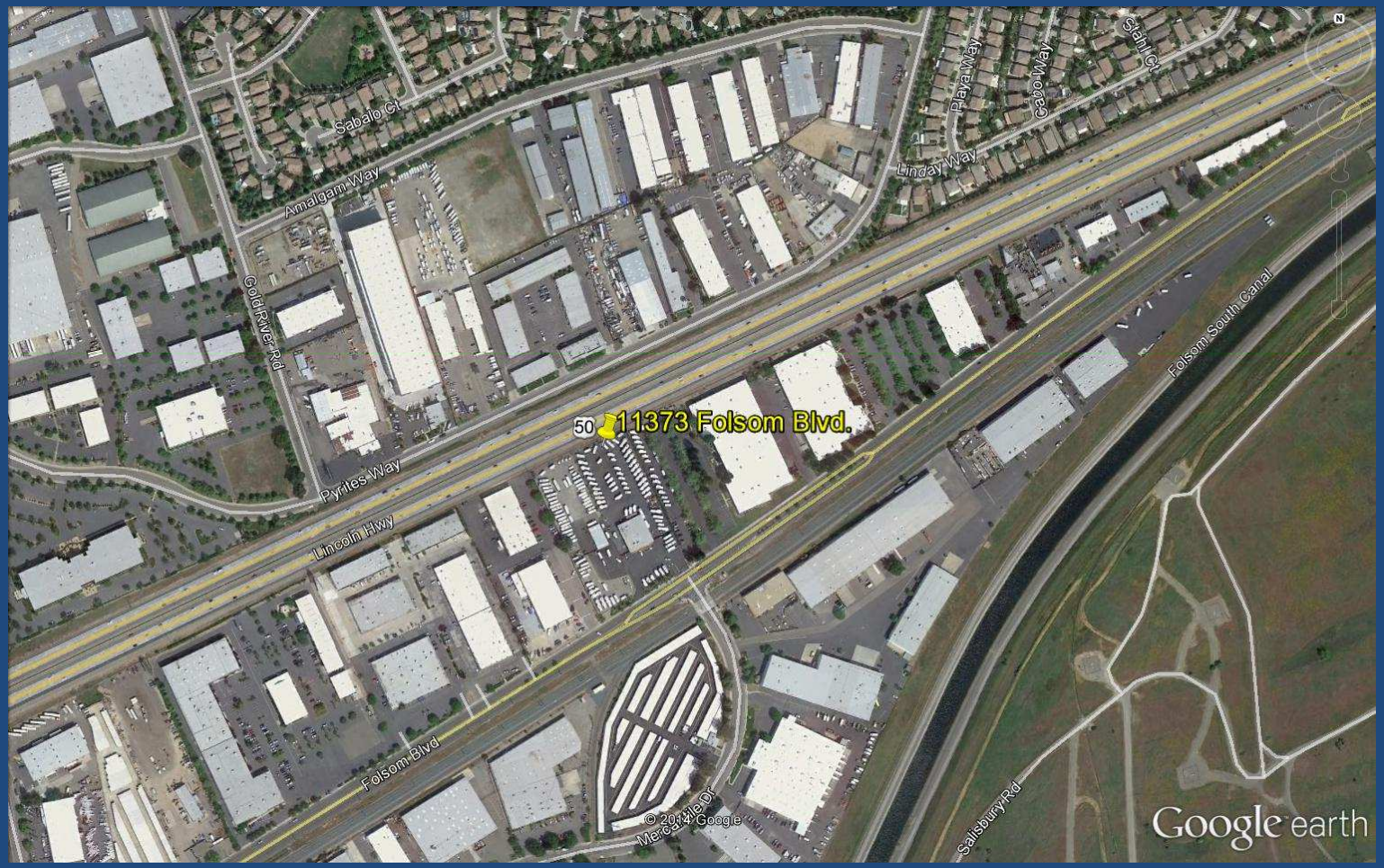
Existing Signs To Be Removed

- 11373 Folsom Blvd. (two sign faces)
- 9847 Folsom Blvd. (two sign faces)

Sign Removal Locations

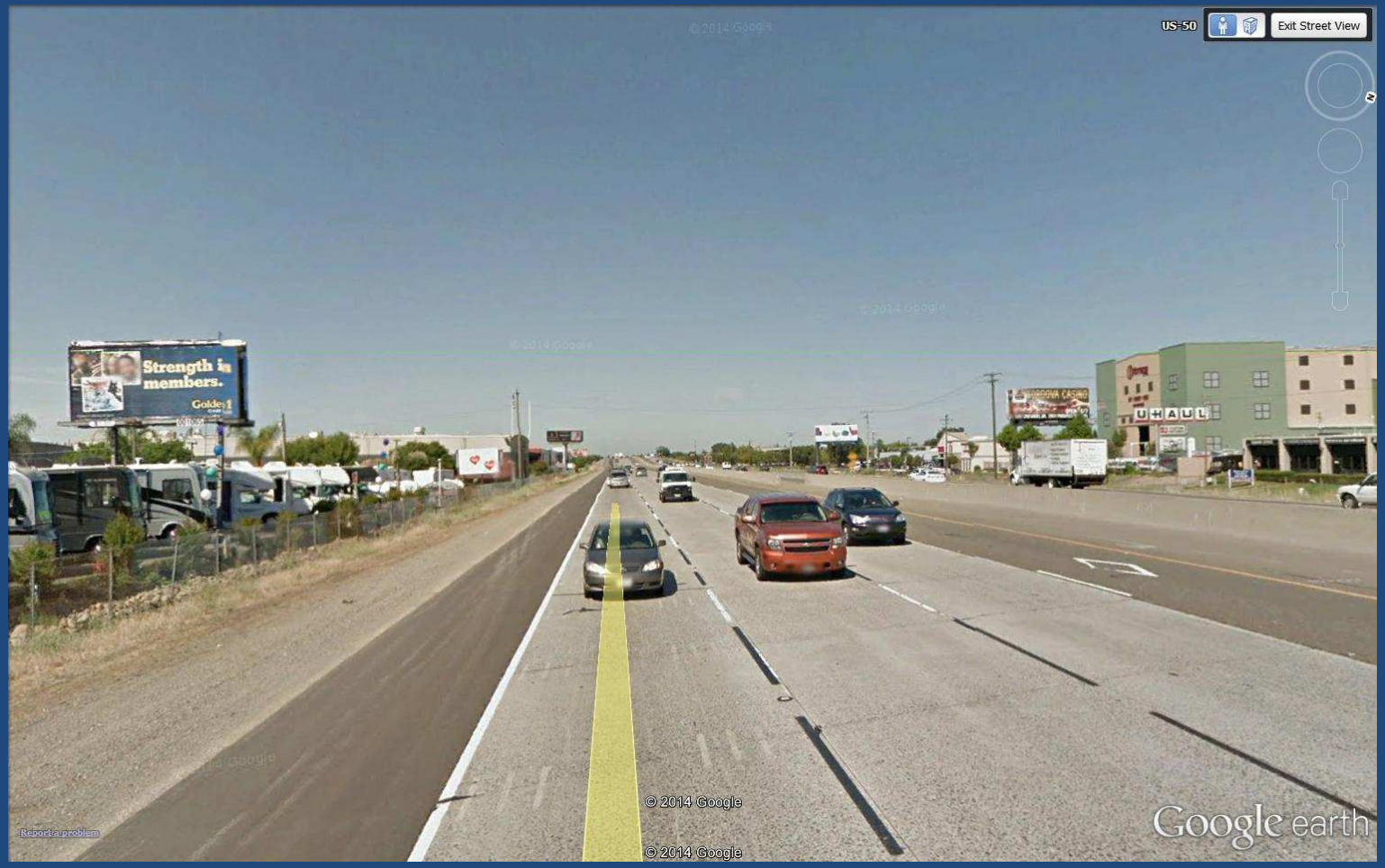


11373 Folsom Blvd.

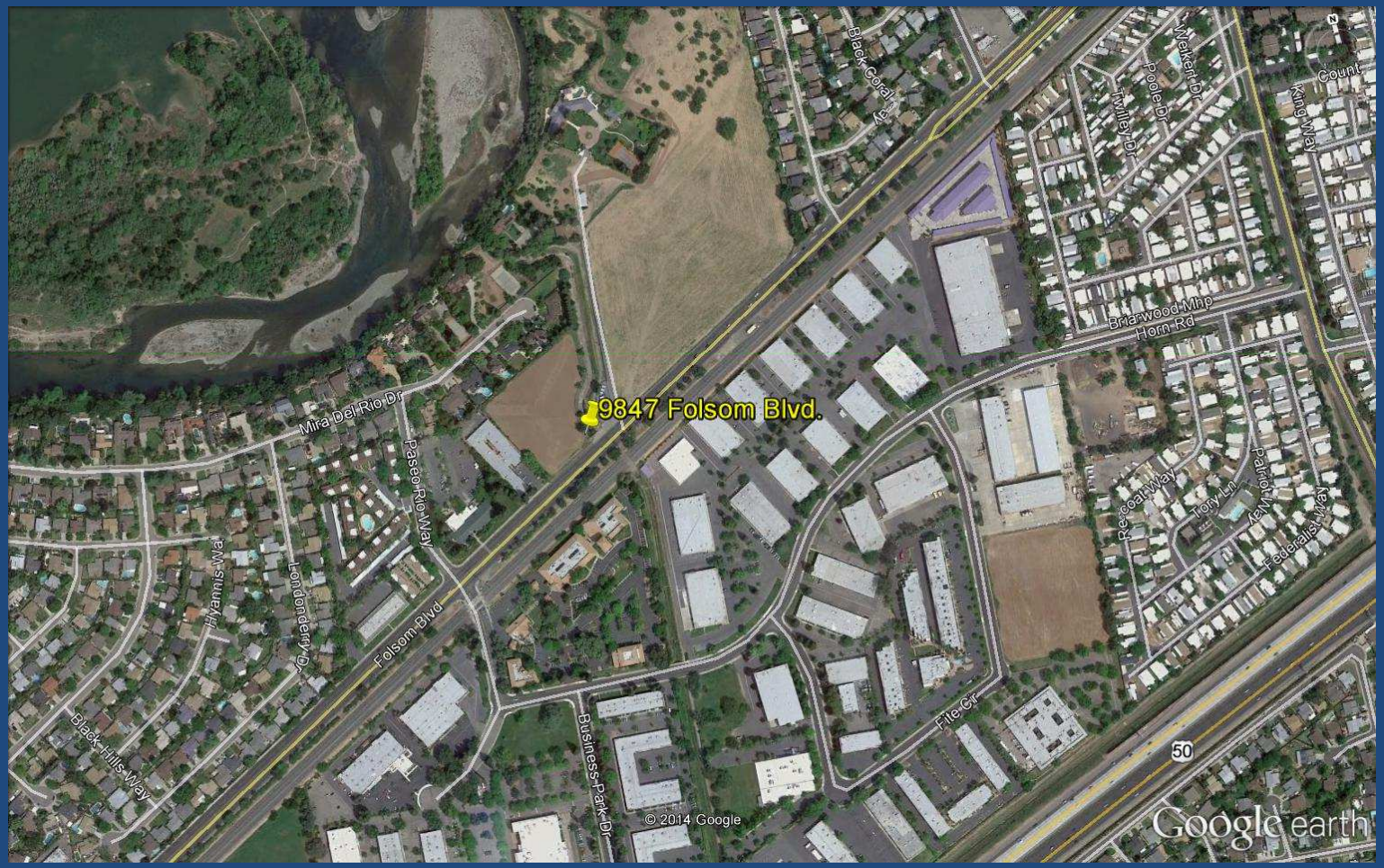


11373 Folsom Blvd. (Eastbound)

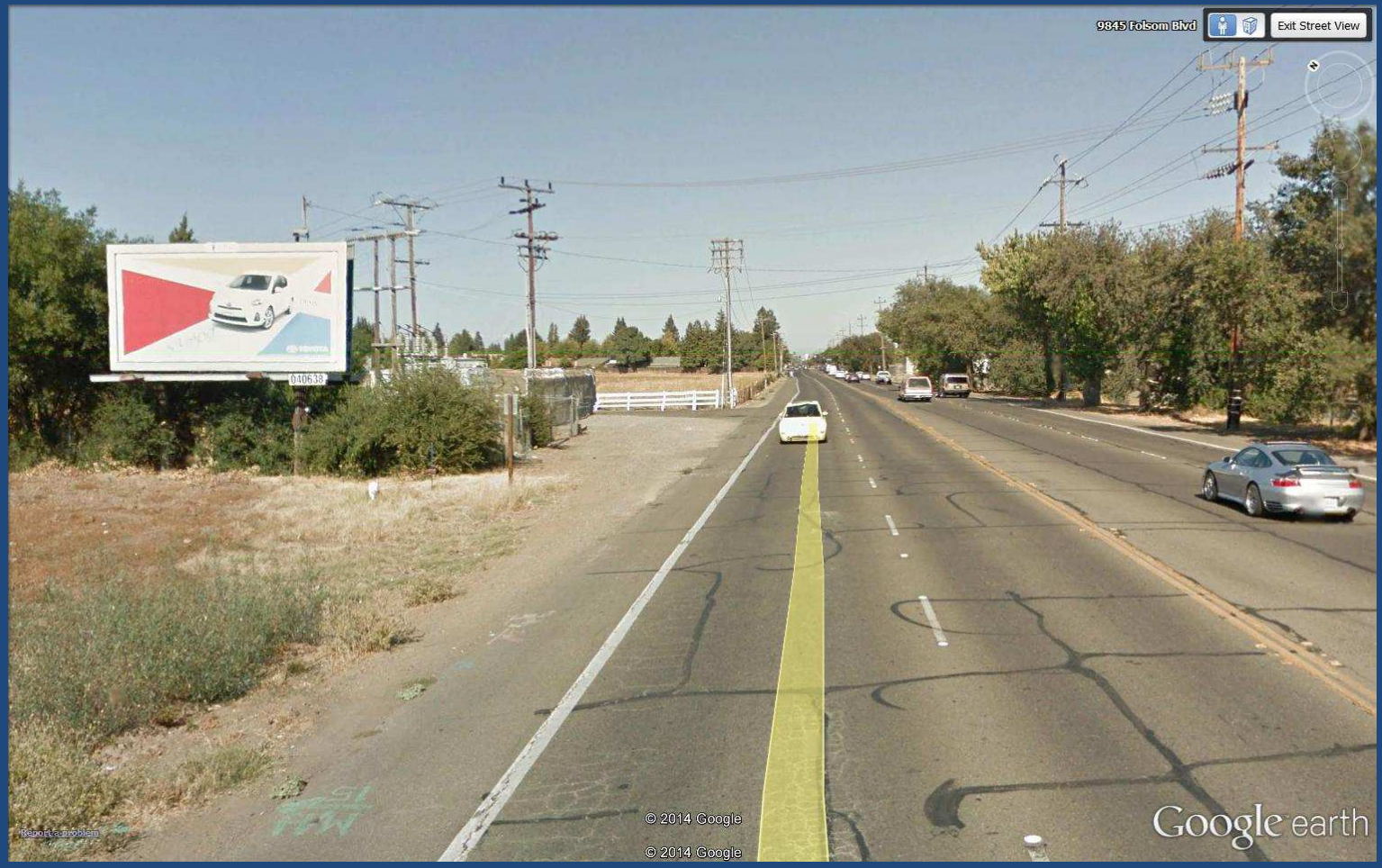
11373 Folsom Blvd. (Westbound)



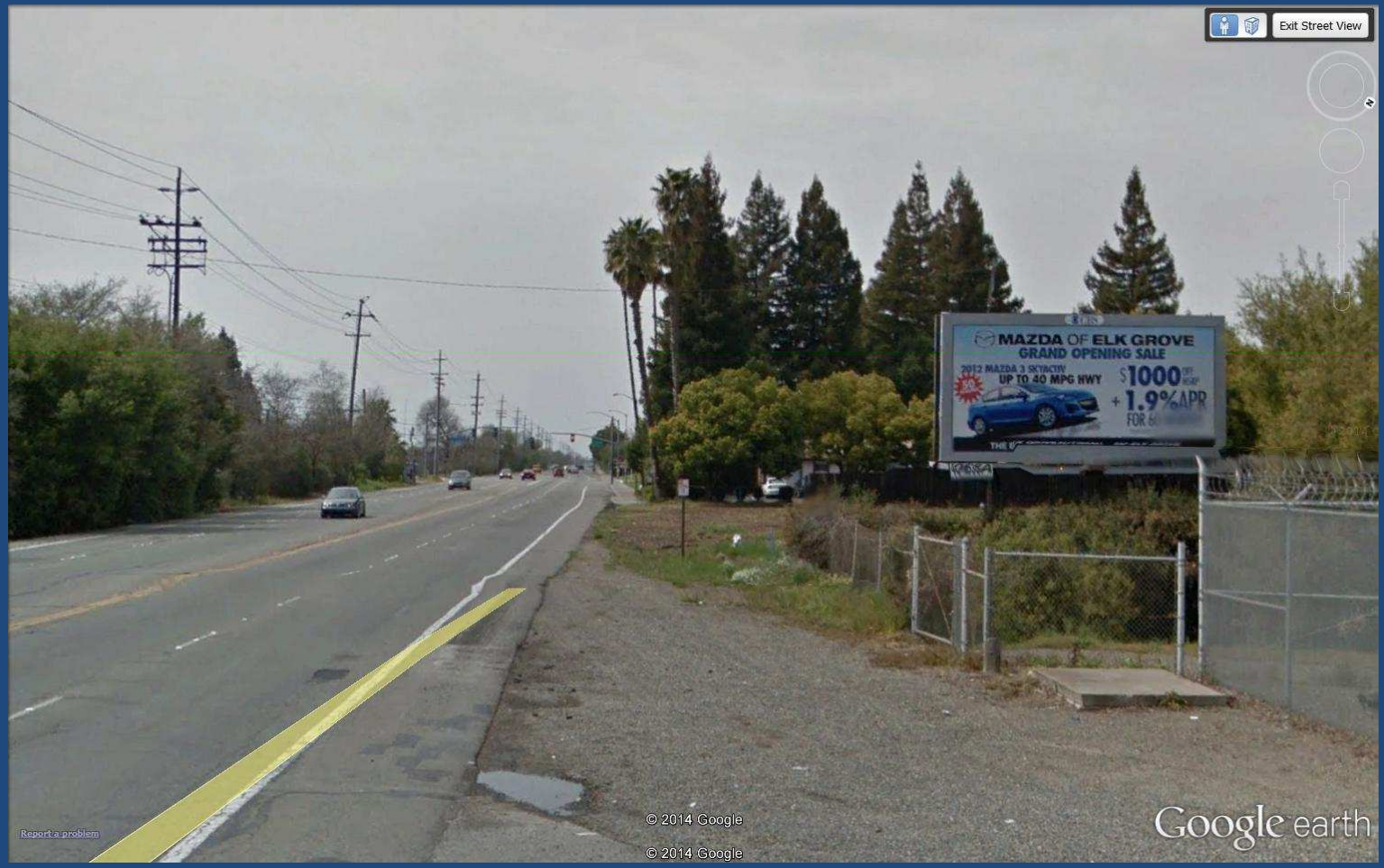
9847 Folsom Blvd.



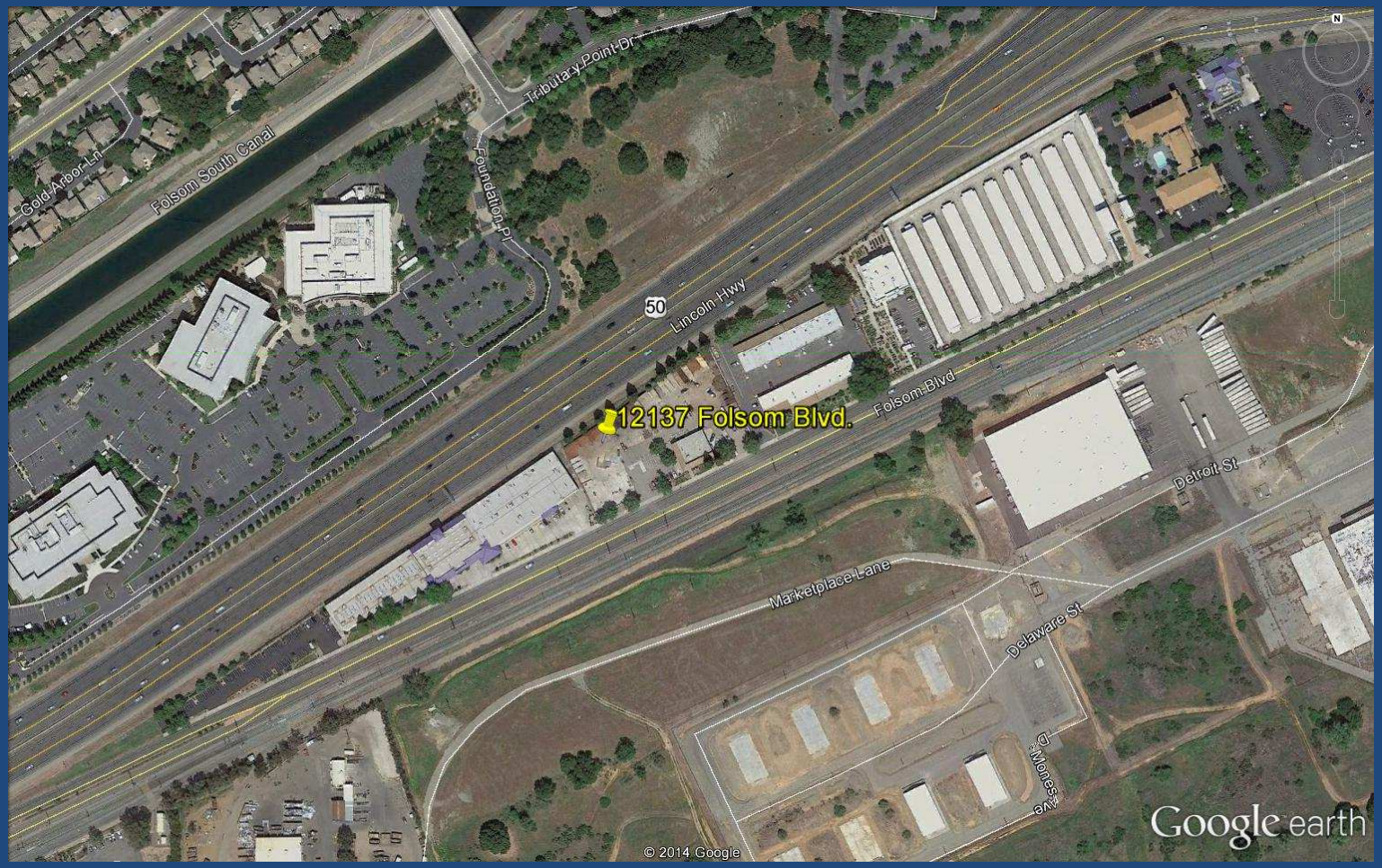
9847 Folsom Blvd. (Eastbound)



9847 Folsom Blvd. (Westbound)



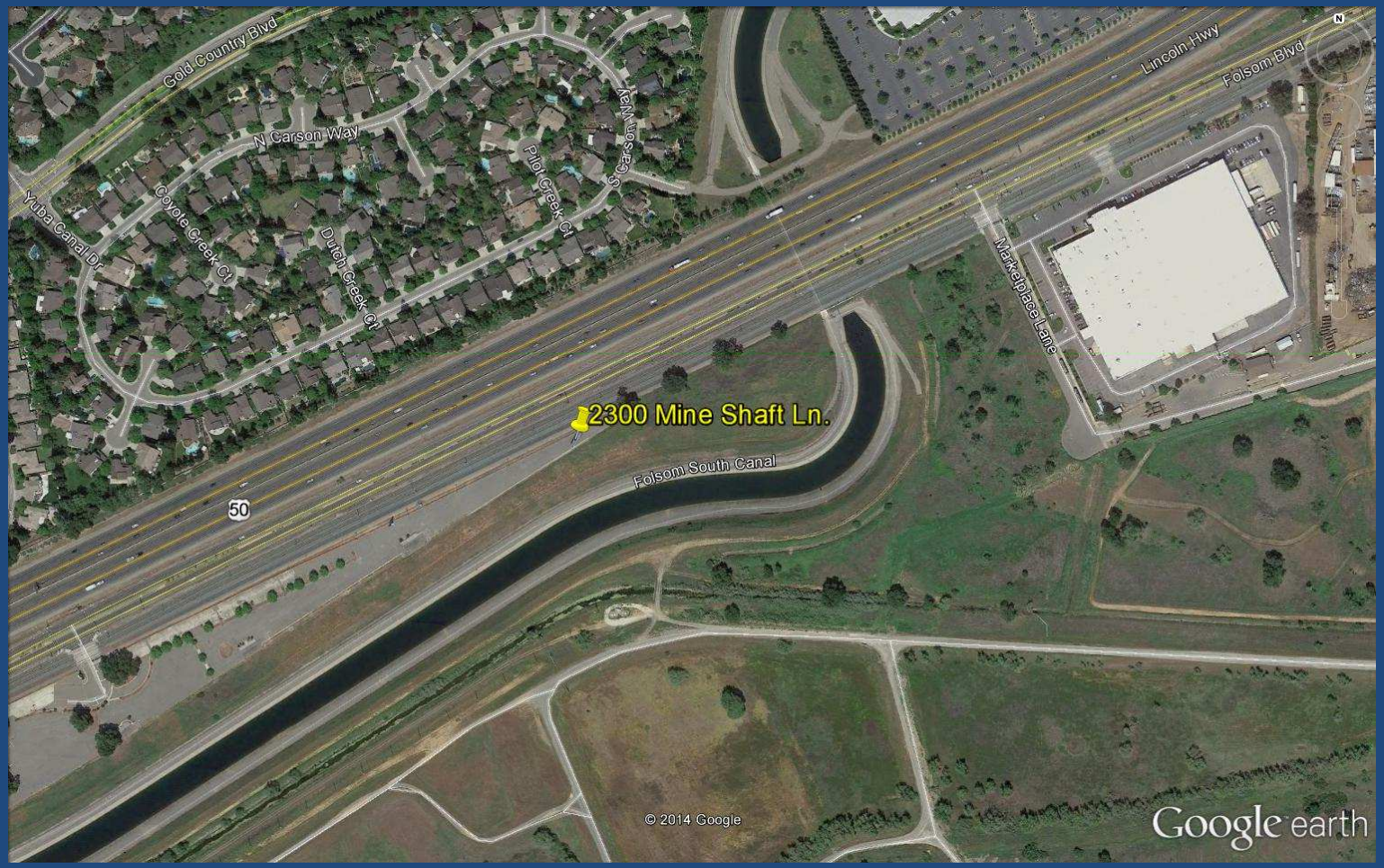
Clear Channel Project Site



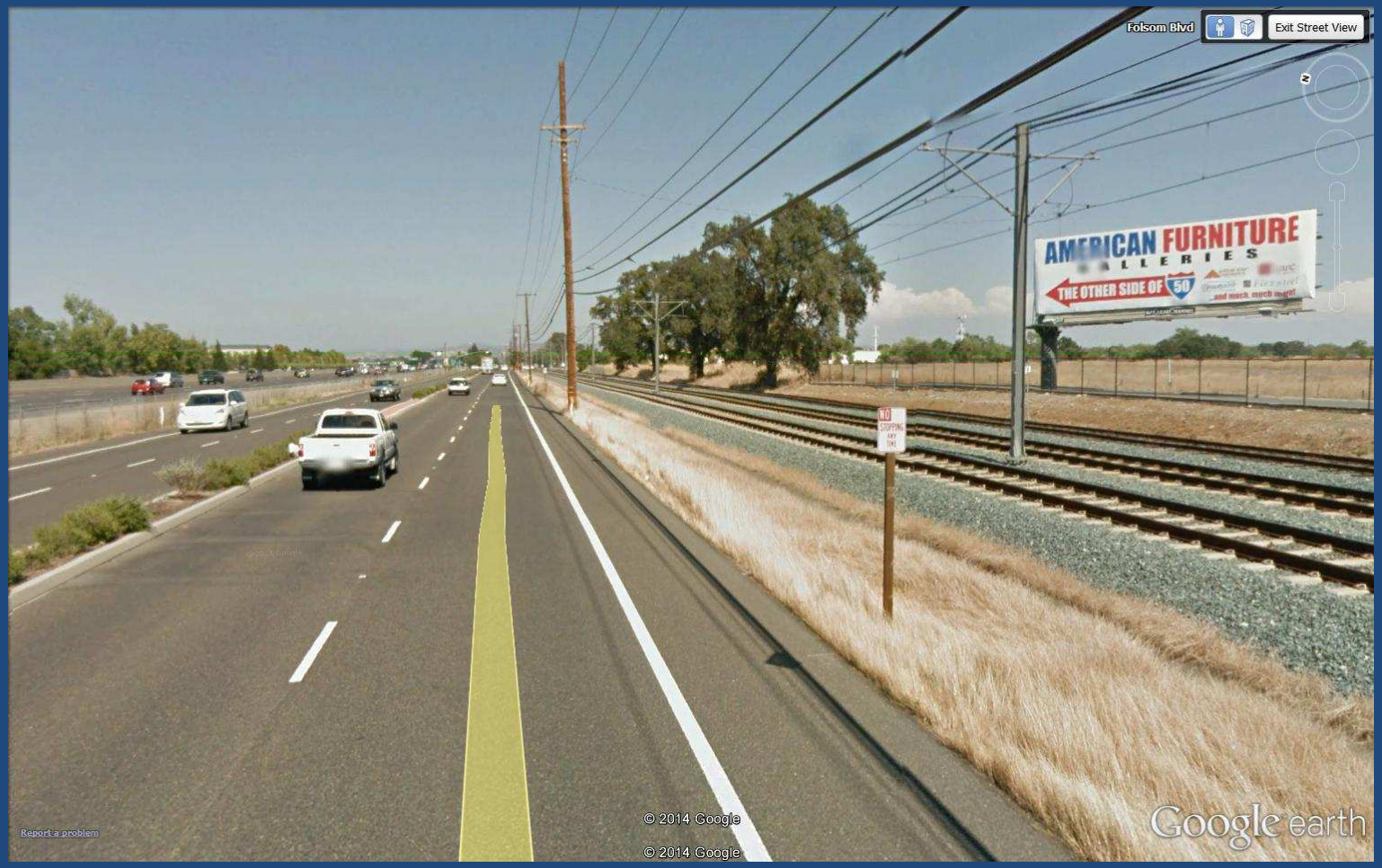
Clear Channel Signs To Be Removed

- 2300 Mine Shaft Ln. (one sign face)
- 2286 Sunrise Blvd. (two sign faces)

2300 Mine Shaft Ln.

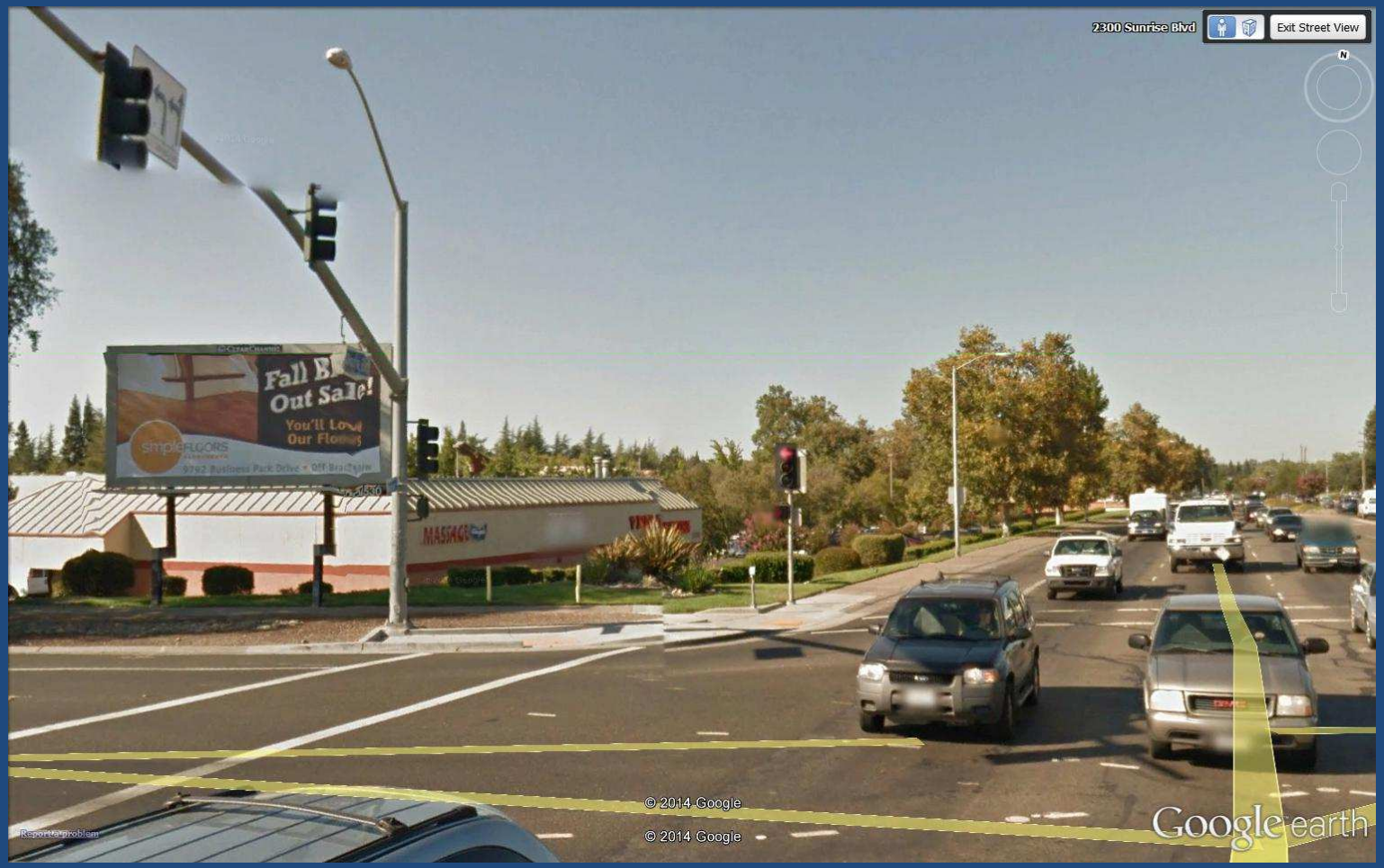


2300 Mine Shaft Ln. (Eastbound)

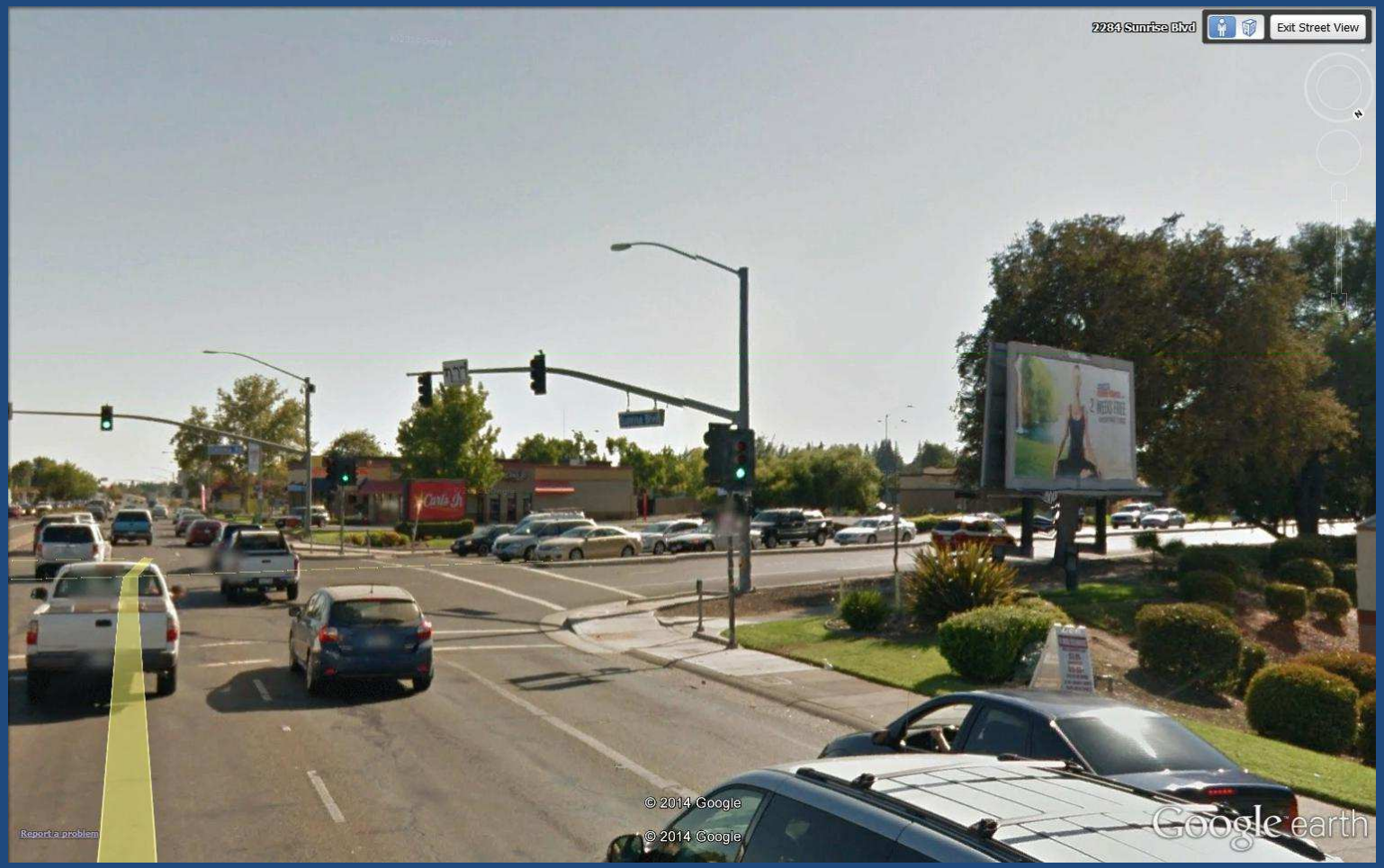


2286 Sunrise Blvd.

2286 Sunrise Blvd. (Northbound)



2286 Sunrise Blvd. (Southbound)

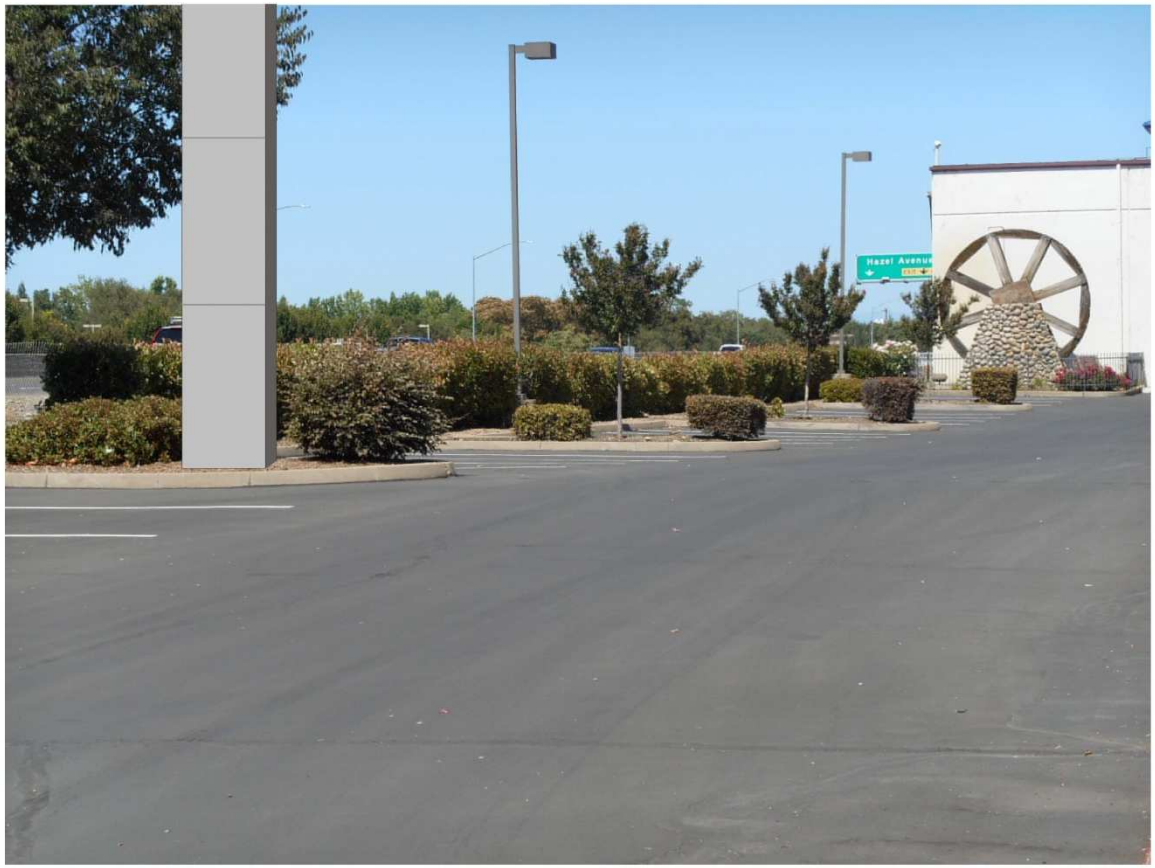


Comparison of Proposals

Sierra Outdoor	Clear Channel
Net decrease of two sign faces	Net decrease of one sign face
Distance from Hazel Avenue/US-50 off-ramp: 2,200 feet	Distance from Hazel Avenue/US-50 off-ramp: 1,500 feet
Does not require removal of any trees	Requires removal of ten mature redwood trees*
Project approval would result in one digital sign operated by Sierra Outdoor within City limits	Project approval would result in two digital signs operated by Clear Channel within City limits
*Pursuant to the City's Development Standards for the digital freeway signs overlay zone, "[t]he sign will not require substantial trimming or reduction of existing vegetation and landscaping." See Rancho Cordova Municipal Code Section 23.743.150.	

Sierra Outdoor Proposal: No Tree Removal Required

Sierra Outdoor Proposal: Location of Sign on Property



Clear Channel Proposal: Removal of Ten Mature Redwood Trees

MEMORANDUM

DATE: November 17, 2014

TO: Honorable Mayor and Council Members

FROM: Matthew Diaz, Associate Planner

SUBJECT: **ANATOLIA IV REZONE, LARGE LOT TENATIVE SUBDIVISION MAP, SMALL LOT TENTATIVE SUBDIVISION MAP, AND DEVELOPMENT AGREEMENT AMENDMENT; PROJECT NO. DD8471 – LOCATED AT THE SOUTHWEST CORNER OF RANCHO CORDOVA PARKWAY AND THE FUTURE EXTENSION OF CHRYSANTHY ROAD**

PROPERTY OWNER/APPLICANT:	**REPRESENTATIVE:**
Angelo Christie AKT Investments, INC 7700 College Town Drive Suite 101 Sacramento, CA 95826	Wood Rodgers Inc 3301 C Street, Building 100B Sacramento, CA 95816

PROJECT:	Anatolia IV
FILE:	DD8471
LOCATION:	Southwest corner of Rancho Cordova Parkway and the future extension of Chrysanthy Road
APN:	067-0030-063
PLANNER:	Matthew Diaz, Associate Planner

RECOMMENDATION

Introduce and waive the first reading of Ordinance 28-2014 and adopt Resolution 129-2014.

RESULT OF RECOMMENDED ACTION

Approval of the project would allow reconfiguration of the residential subdivision and overall reduction in units from 203 single family lots to 139 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.

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.
- Building Permits

BACKGROUND

The Anatolia IV project is located in the southwestern portion of the SunRidge Specific Plan (SRSP) and is bounded by Rancho Cordova Parkway to the east and the future extension of Chrysanthy Road to the north. The site and surrounding areas are currently vacant, mostly undisturbed land.

FIGURE 1: CONTEXT MAP

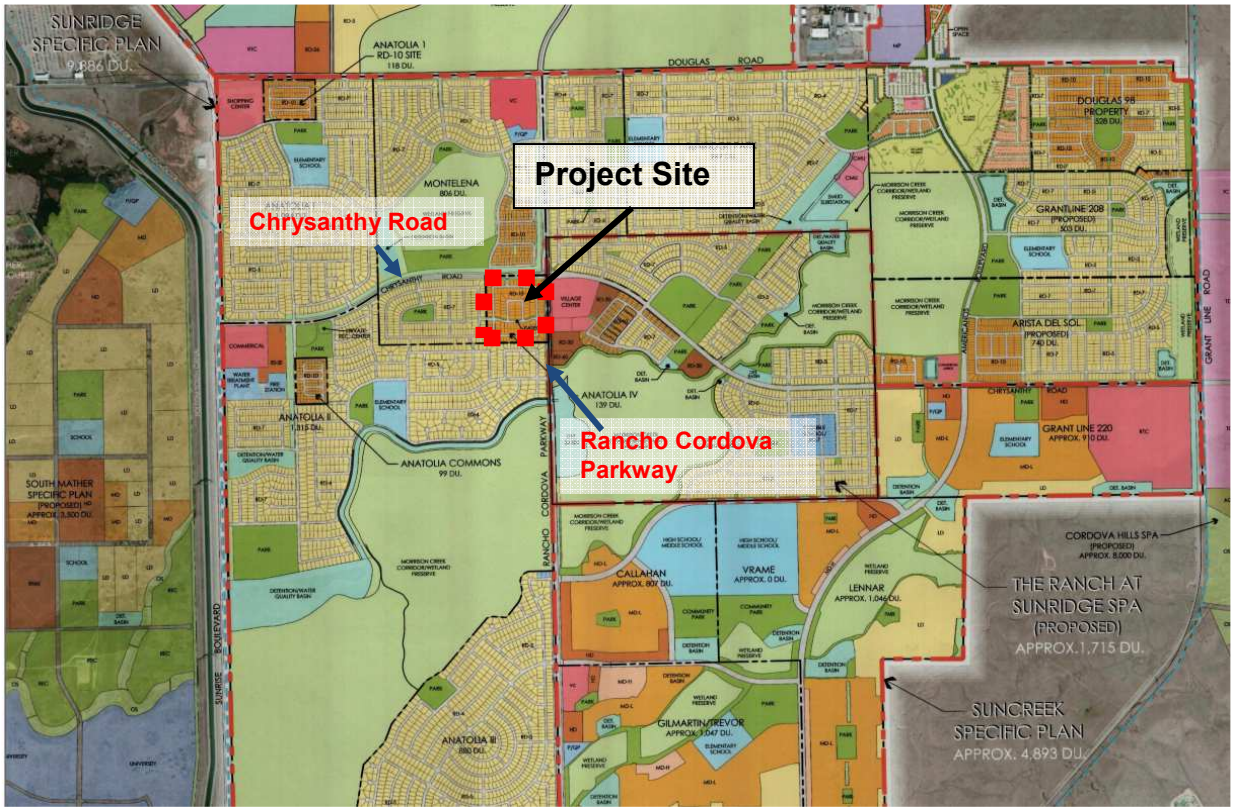
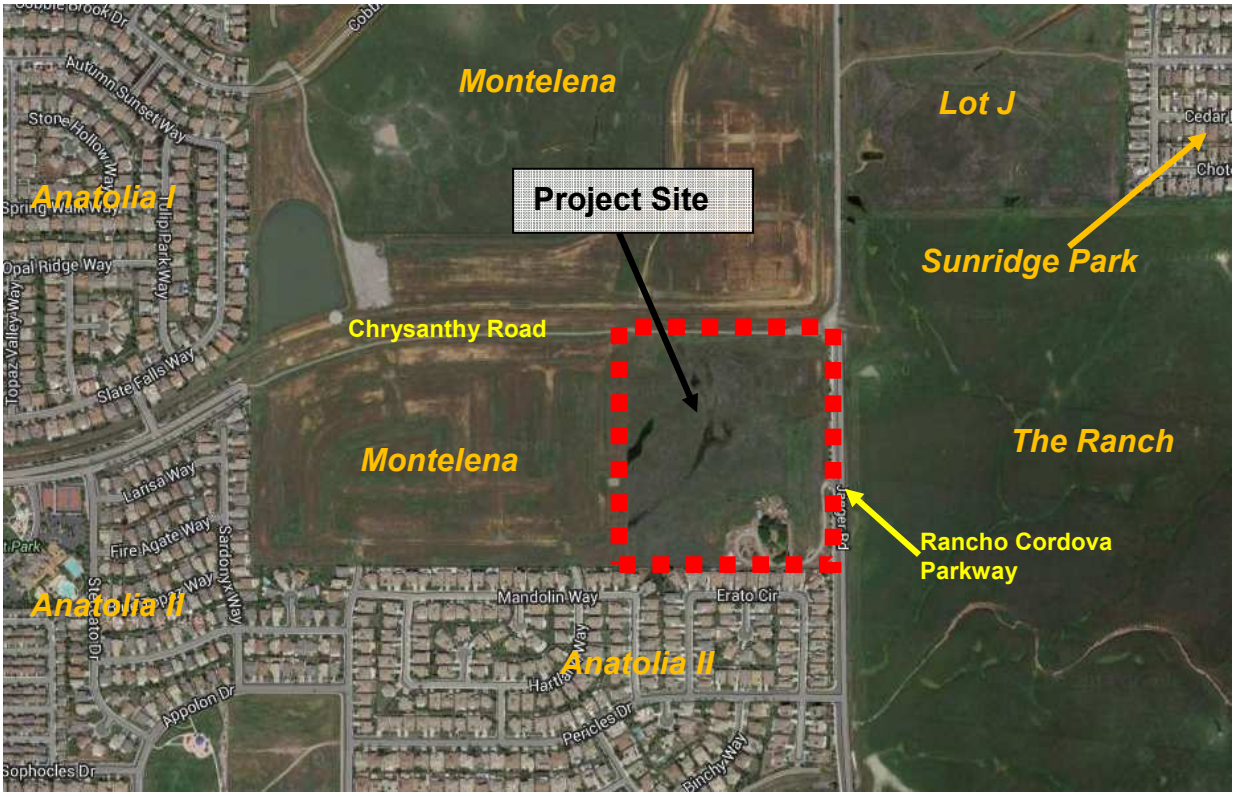


FIGURE 2: CONTEXT MAP-EXISTING CONDITIONS



The Anatolia IV project was originally approved in 2006 and included a Specific Plan Amendment/Rezone consistent with the SunRidge Specific Plan and a Tentative Subdivision Map for 203 lots in the RD-10 (residential) and O (open space) designations. The project also included a 2.6 acre park feature and a pedestrian paseo connecting the park to the future Chrysanthy Road extension. A Development Agreement was also adopted in 2006, vesting the project's entitlements to develop.

The newly configured Anatolia IV project was submitted May 13, 2014 and discussed with the City Council at a Study session on July 29, 2014. The general purpose of the study session was to familiarize the City Council with the revised project and to gain specific direction on a few specific topics. These topics included potential housing type, loss of the park feature, pedestrian and bicycle connectivity, and improvements to the existing Rancho Cordova Parkway and future Chrysanthy Road extension. After much discussion, the City Council provided general support for the project and deemed the new housing type, reasoning for loss of parkland, and connectivity to be adequate.

ANALYSIS

The current proposed project includes several requests to revise the development to reflect current City standards and the current housing market. Due to changes in the housing market since 2006, the project has been amended and as such, the project requests include:

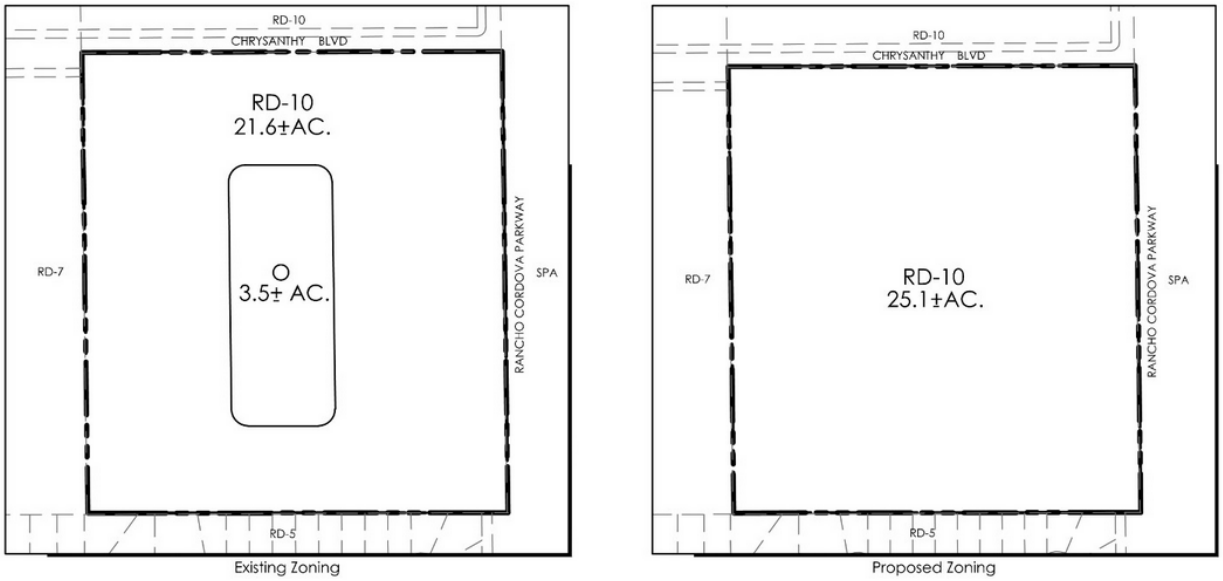
Rezone:

The proposed rezone would remove the O (open space) zoning from the project to reflect the loss of the park feature. 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 203 residential lots to 139 residential lots. 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-10	Single Family Residential	18.8	21.3	+2.5
RD-10	Landscape Corridors	0.5	1.45	+0.95
RD-10	Pedestrian/Landscape Paseos	1.0	0.39	-0.61
O	Parks and Open Space	2.6	0.0[1]	-2.6
	Roads	2.2	2.0	-0.2
		25.1	25.1	
1 – The proposed change is attributed to the rezone and removal of the park feature.				

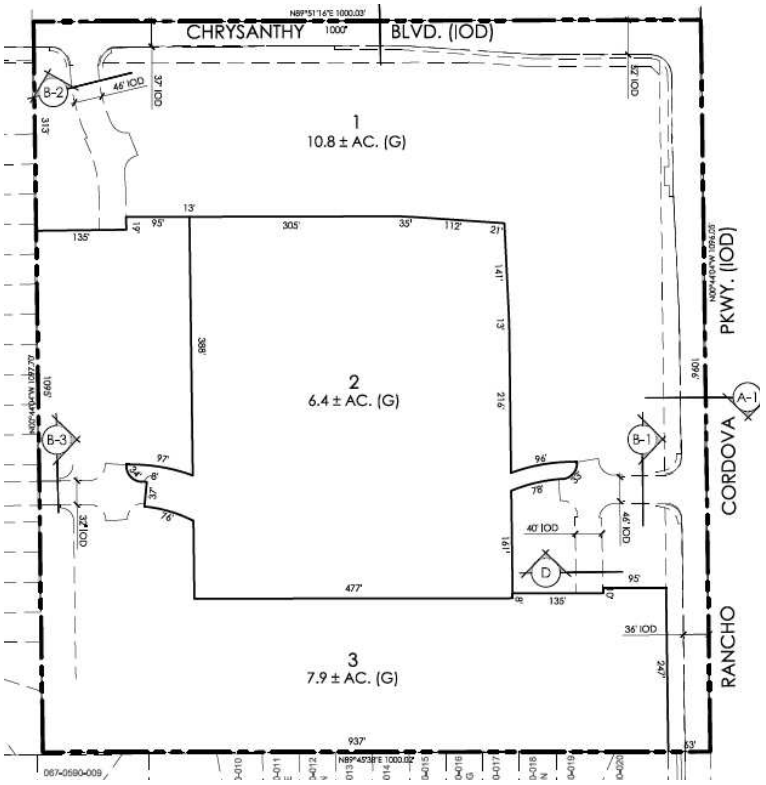
FIGURE 3: REZONE EXHIBIT (GROSS ACREAGE)



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 three 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.

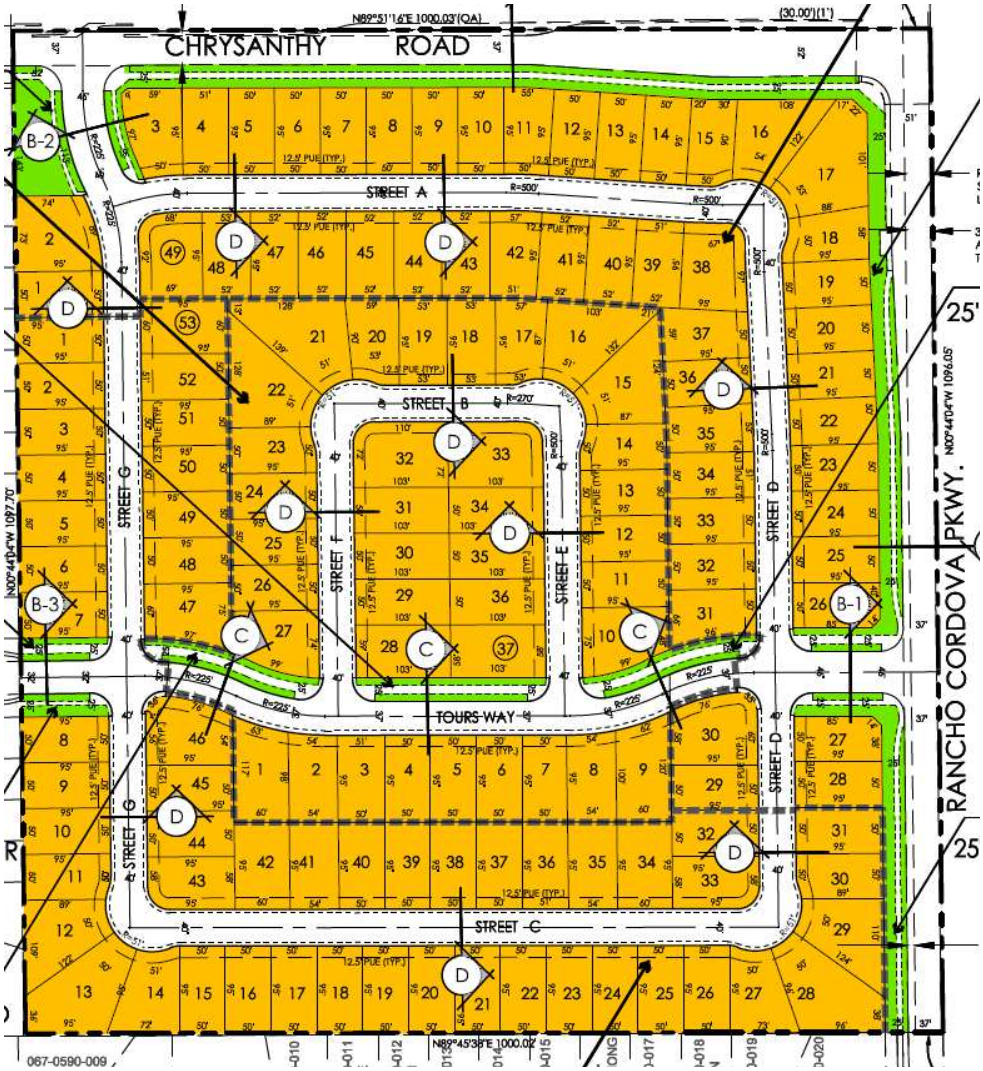
FIGURE 4: LARGE LOT SUBDIVISION



Small Lot Tentative Subdivision Map:

The small lot tentative subdivision map would create 139 single family residential lots (64 lot reduction) and additional lots to accommodate landscape corridors and other infrastructure supportive of the overall development. Typical lot sizes will consist of 4,750 square feet (50-feet by 95-feet) parcels that would accommodate more traditional detached single family housing types. The design and construction of these housing units would be review and approved with a subsequent design review permit.

FIGURE 5: SMALL LOT SUBDIVISION



Parks, Open Space and Landscaped Corridors: The approved 2006 plan included a 2.6 acre park feature at the center with a pedestrian paseo connecting the park to the Chrysanthy Road right-of-way. Due to the increased lot size, lower population density within the area, adjacent neighborhood parks being located less than 0.35 miles proximity from the project site, the Cordova Recreation and Park District (CRPD) will not require a park feature to be incorporated within the project. CRPD has agreed to accept previous dedication of parkland within the SunRidge Specific Plan along with the payment of fees in lieu of new park acreage from the developer. This agreement is included within the revised Development Agreement and the conditions of approval.

Circulation and Landscaping: The project proposes to align "Street G" with the Montelena street system to the north to provide better circulation and access. A 25-foot paseo with detached sidewalks and landscaping has been added along the north side of Tours Way to provide enhanced east-west circulation for bicycle and pedestrian access that will continue to the park within the adjacent Montelena subdivision. Detached sidewalks will be located at the main

entrances to the subdivision as well as the frontages of Chrysanthy Road and Rancho Cordova Parkway.

Phasing Plan: The phasing plan contains an agreement with the developer to provide phased construction of portions of Chrysanthy Road that would connect the constructed Chrysanthy Road in Anatolia I with Rancho Cordova Parkway. Although this agreement does not include the complete construction of Chrysanthy Road, it will provide a secondary access from Sunrise Boulevard. 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 previous parkland dedication and fees and would establish the requirement to pay a supplemental fee related to traffic impacts, road improvements, shortfall in park improvement fees, and would update storm drain and other relevant city items to reflect accurate city standards.

As indicated above, the proposed amendments to the previously approved Anatolia IV project are reflective of change in market conditions for this type of development. Since the original project approval the City has amended development standards. Specifically, the original project was approved when the total parks and open space standard was 7.0 acres per 1,000 population. Through coordination with the Building Industry Association (BIA) and a series of facilitated discussions, the total parks and open space obligation has been reduced to 6 acres per 1,000 population. Due to the reduced lot count, the reduced park and open space standards and adjacent park facilities, CRPD has determined the on-site park is no longer necessary.

Staff is supportive of the proposed changes as they reflect current standards and would maintain connectivity both on- and off-street and would generally result in a nicely developed neighborhood for future residents and are more 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 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 Anatolia IV 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.

RECOMMENDED MOTION

Move the City Council introduce and waive the first reading of Ordinance 28-2014 approving a Rezone and Development Agreement Amendment and adopt Resolution 129-2014 approving a Large Lot Tentative Subdivision Map and Small Lot Tentative Subdivision Map for the Anatolia IV project, subject to the Conditions of Approval and attached Exhibits.

ATTACHMENTS

1. Ordinance 28-2014 approving the Rezone (**Exhibit 1A**) and Development Agreement Amendment (**Exhibit 1B**) for the Anatolia IV project.
2. Resolution 129-2014 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 Anatolia IV project.
3. Addendum to the Mitigated Negative Declaration.
4. Mailing List.

ATTACHMENT 1

CITY OF RANCHO CORDOVA

ORDINANCE NO. 28-2014

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA APPROVING A REZONE AND DEVELOPMEN AGREEMENT AMENDMENT FOR ANATOLIA IV – PROJECT NO. DD8471

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

Section 1. Purpose and Declarations.

WHEREAS, Sunridge-Anatolia, LLC (hereinafter referred to as "Landowner") filed an application with the City of Rancho Cordova to modify the Anatolia IV development project ("Project") located at the southwest corner of Rancho Cordova Parkway and the future extension of Chrysanthy Road. (Assessor's Parcel Number 067-0030-063); 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 Sunridge – Anatolia, LLC entered into a Development Agreement for the Anatolia IV Project, consisting of 203 acres of low density residential development (Ordinance Number 07-2006). The Anatolia IV Project remains undeveloped; and

WHEREAS, Anatolia IV 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 April 2006, the City adopted a Mitigated Negative Declaration as the CEQA environmental review for the Anatolia IV Project among others ("Anatolia IV MND"). The Anatolia MND relied upon, and incorporated by reference, the SDCP/SRSP EIR; and

WHEREAS, in the Anatolia IV 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 in Ordinance 19-2006, which adopted the Development Agreement, are still accurate and relevant to the Amendment; 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 Landlower's park obligations, to update obligations relating to funding of police services and to make other revision, all as more fully set forth in the attached Development Agreement Amendment; and

WHEREAS, the requested approvals by Landowner to the Anatolia IV Project include the Development Agreement Amendment and amendment to the City's Zoning Map; and

WHEREAS, the attached Zoning Map amendment changes 3.5± acres within the Anatolia IV Project from O to RD-10; 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 Anatolia IV 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.

Evidence: The Anatolia IV 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 Anatolia IV 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 partially developed 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 Anatolia IV 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 Anatolia IV 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 Anatolia IV 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 Anatolia IV 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 Anatolia IV 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.

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 Anatolia IV 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 Anatolia IV 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 _____, 2014 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

_____
Dan Skoglund, Mayor

ATTEST:

_____
Mindy Cuppy, MMC, City Clerk

2356702.2

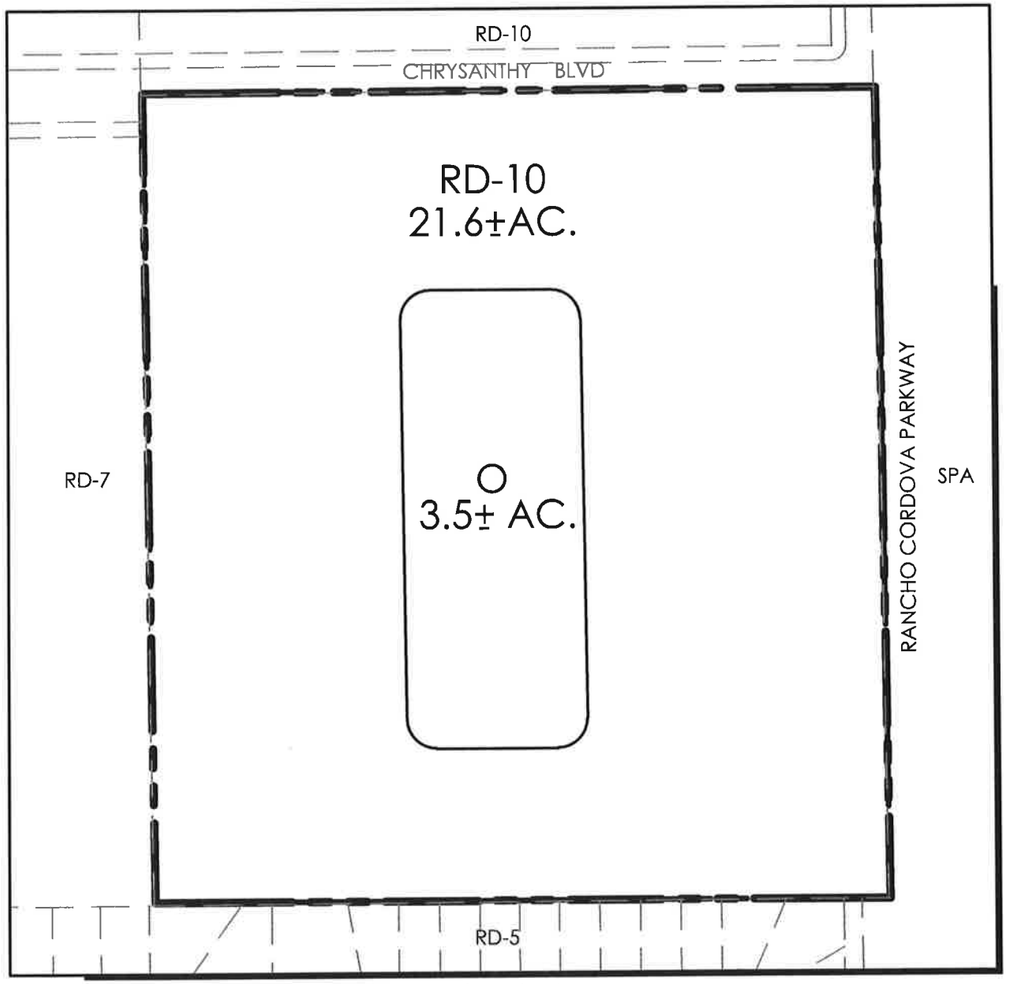
EXHIBIT 1A

REZONE EXHIBIT

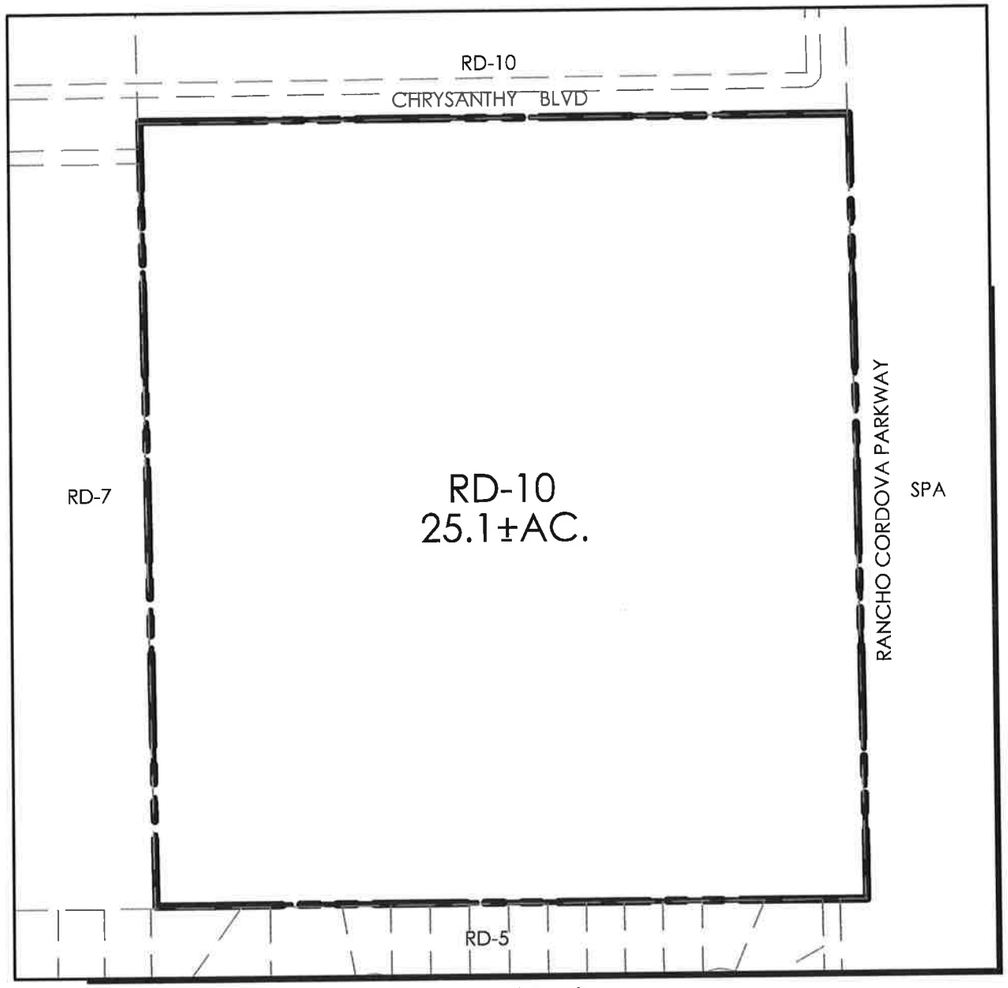
ANATOLIA IV

CITY OF RANCHO CORDOVA, CALIFORNIA

MAY 12, 2014



Existing Zoning



Proposed Zoning

DESIGNATION	LAND USE	EXISTING	PROPOSED	DIFFERENCE
RD-10	SINGLE/ MULTI FAMILY RESIDENTIAL	21.6	25.1	3.5
O	PARKS AND OPEN SPACE	3.5	0.0	-3.5
TOTAL		25.1	25.1	0.0

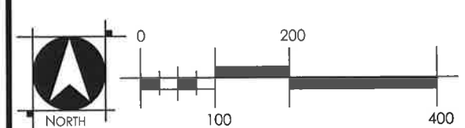


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EXHIBIT 1B

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 ANATOLIA IV BY AND BETWEEN THE CITY OF RANCHO CORDOVA AND SUNRIDGE - ANATOLIA, LLC

This First Amendment to Development Agreement ("**Amendment**") is entered into this ___ day of _____, 2014, by and between the **CITY OF RANCHO CORDOVA**, a municipal corporation ("**City**"), and **SUNRIDGE - ANATOLIA, LLC**, a California limited liability company ("**Landowner**"). City and Landowner are hereinafter collectively referred to as the "**Parties**."

RECITALS

A. City and Landowner entered into that certain Development Agreement dated May 15, 2006 ("**Agreement"**) recorded on November 28, 2006, in the Office of the Sacramento County Recorder in Book 20061128, Page 1451, 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**, **Exhibit A-2**, and **Exhibit A-3** of the Agreement (the "**Property**").

B. Pursuant to Government Code section 65868, 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 update obligations relating to the funding of police services, road improvements, maintenance services, and to make other revisions, all as more fully set forth below in this Amendment.

C. This Amendment amends certain provisions of the Agreement applicable to the entire Property, and was adopted by City Ordinance No. __-2014 on _____, 2014. All capitalized terms used in this Amendment shall have the same meaning as set forth in the Agreement.

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

EXHIBIT 1B

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**"), and as amended by the Zoning Code of the City on April 17, 2006, by City Ordinance Nos. 13-2006 and 14-2006 (the "**Zoning Code Amendments**");

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 ("**MND**") adopted on April 17, 2006, and the Amendments to the Master Mitigation Monitoring Reporting Programs as approved by the City on April 17, 2006, by Resolution No. 31-2006, as further analyzed in the Addendum dated _____, 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 _____ by City Ordinance No. __-2014;

6.4 The Large Lot Tentative Subdivision Map approved on _____ by City Resolution No. __-2014 (attached hereto as **Exhibit 1**);

6.5 The Small Lot Tentative Subdivision Map approved on _____ by City Resolution No. __-2014 (attached hereto as **Exhibit 2**);

6.6 The Development Agreement adopted on May 15, 2006, by City Ordinance No. 19-2006 (the "**Adopting Ordinance**") as amended on _____, 2014 by City Ordinance No. __-2014 adopting the First Amendment to the Development Agreement."

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 _____, 2029, which date is a period of fifteen (15) years from the date that City Ordinance No. __-2014 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 City approvals for the 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." City and Landowner agree that Section 6.4.1 of the Agreement is hereby deleted and replaced with the following:

"6.4.1 Park Development Obligation.

(i) Dedication of Park Land:

Landowner's obligation to dedicate a total of 2.05 acres of park 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 Landowner's use of 1.76 acres of Quimby credits, granted for park land dedication within the Sunridge Specific Plan area, and payment of in lieu fees for the remaining 0.29 acres of park land dedication requirement pursuant to City of Rancho Cordova Municipal Code Chapter 22.40 in effect on the date of this Agreement.

(ii) Dedication of Open Space Land:

Landowner's obligation to dedicate open space land to the City shall be satisfied by the payment of in lieu fees for the 0.41 acres calculated by 139 DUE x .00295 (factor) (amount of land dedication required as determined by Rancho General Plan). The amount of the in lieu fee and the timing for the appraisal and payment of the in lieu fee shall be determined in accordance with Rancho Cordova Municipal Code Sections 22.40.040 and 22.40.045 in effect on the date of this Agreement.

(iii) 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 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 Forty-one Dollars ($10,041.00) for each single-family residential parcel or residential parcel equivalent. Of the Ten Thousand Forty-one Dollars ($10,041.00) Park Development Impact Fee, Eight Thousand Seven Hundred Eighty-four Dollars ($8,784.00) is for parks and One Thousand Two Hundred Fifty-seven Dollars ($1,257.00) to the City is for neighborhood greens, trails, landscaping, community gathering places, and other type of open space improvements as determined appropriate by the City.

The Park Development Impact Fee shall be adjusted on January 1, 2015 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.

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 City agree to explore adjustments to the Park Development Impact Fee. Under no circumstances shall the Landowner be required to pay any new Citywide/ Area-Wide Park Improvement Fee in addition to the Park Development Impact Fee as set forth in this First Amendment."

5. Restatement of Section 6.4.3 Concerning the "In-fill Park and Open Space Renovation and Acquisition Fee." 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 City the total sum of One Thousand Twenty Dollars and Thirty-three Cents ($1,020.33) for each residential parcel shown on the small lot final maps for the Property. Beginning January 1, 2015, 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 City no later than prior to issuance of the building permit for each residential parcel for the Property. It shall be used by 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 E 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 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."

6. Restatement of Section 6.4.4 Concerning the "Police Tax." 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 City agree that the Property shall be subject to the Police Tax enacted by City Ordinance No. 29-2006 pertaining to Police Tax Zone 31. Within 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). 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 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 60 days of the annexation of the Project into Police Services CFD, the City Council will rescind City Ordinance No. 29-2006 pertaining to Police Tax Zone 31. 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 City, Landowner shall be obligated to pay under this Agreement the difference between the amount of the Police Special Tax before the Landowner's vote to repeal or amend the tax, and the amount of the proposed Police Special Tax set forth above."

7. Restatement of Section 6.4.5 Concerning the "Supplemental Development Fee." City and Landowner agree that Section 6.4.5 of the Agreement is hereby deleted and replaced with the following:

"6.4.5 Supplemental Fee. Landowner shall pay a supplemental fee in the amount of Five Thousand and Sixty dollars ($5,060) for each of the 139 lots shown on the final maps for the Property (the "Supplemental Fee"). Landowner shall pay the Supplemental Fee in the following increments: (i) Eight Hundred and Sixty-Five dollars ($865) for each residential lot at the time of the final map approval; and (ii) Four Thousand One Hundred and Ninety-Five dollars ($4,195) at the time of the issuance of a building permit for each lot. By agreeing to pay the Supplemental Fee, City agrees that Landowner and the Property will have satisfied all obligations 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. Landowner shall be entitled to fee credits against and/or reimbursements from the Supplemental Fee should Landowner construct any improvements otherwise intended to be funded by such Supplemental Fee. The above Supplemental Fee will not be subject to increase or decrease as a result of changes in any City traffic impact fees."

(i) Use of Supplemental Fee. The Supplemental Fee shall be used by the City to fund certain roadway improvements and by the Cordova Recreation and Park District to fund the shortfall for park improvements for the Anatolia I, II, III, and IV, Sunridge Park, and North Douglas projects located within the City. The City shall enter into a separate agreement with the Cordova Recreation and Park District to provide for the allocation of the Supplemental Fee for the above described uses. A minimum of Five Hundred Eighty-Three Thousand One Hundred Five Dollars ($583,105) of the Supplemental Fee for the entire Property shall be utilized by the Cordova Recreation and Park District to fund the shortfall for park improvements. The portion of the Supplemental Fee to be utilized by the Cordova Recreation and Park District shall be treated as an increase to the amount of the Park Development Impact Fee required under Section 6.4.1 of the Agreement.

8. Addition of New Section 6.4.6 Concerning the "Road Maintenance Conditions." City and Landowner agree to add a new Section 6.4.6 of the Agreement as follows:

"**6.4.6 Streets, Street Lighting and Landscaping Maintenance.** Landowner and 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 6.4.7 "Stormwater Utility Fee." City and Landowner agree to add a new Section 6.4.7 of the Agreement as follows:

"**6.4.7 Stormwater Utility Fee**. Landowner and 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 Project's 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 Five Thousand Dollars ($5,000)."

10. Addition of New Section 6.4.8 "Phasing Plan." City and Landowner agree to add a new Section 6.4.8 of the Agreement as follows:

"**6.4.8 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 and other utilities, and shall be prepared 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 City a "small lot phasing plan" that addresses full build-out of all secondary streets and utility infrastructure. The 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."

11. Deletion. City and Landowner agree that Section 10 of the Agreement is hereby deleted.

12. Exhibits. Exhibit B ("Anatolia Large Lot/Small Lot Tentative Subdivision Map"), **Exhibit C-1** ("Land Use Map") and **Exhibit C-2** ("Land Use Summary") are all replaced by **Exhibit 1** ("Anatolia IV Large Lot Tentative Map") and **Exhibit 2** ("Anatolia IV Small Lot Tentative Subdivision Map"). **Exhibit 1** and **Exhibit 2** to this First Amendment include all of the

categories of information previously provided or addressed in the three replaced exhibits in the Agreement. **Exhibit D** ("Dedicated Land") is replaced by **Exhibit 3**.

13. 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.

14. 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.

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

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

17. 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.

18. Entire Agreement. The Agreement and this First Amendment set 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. _____, adopted by the Council of the City on _____ day of _____, 20__, and Landowner has caused this Amendment to be executed.

"**CITY**"	"**LANDOWNER**"
CITY OF RANCHO CORDOVA, a municipal corporation	SUNRIDGE – ANATOLIA, LLC, a California limited liability company
By:_____	By:_____
Name:_____	Name: _____
Its:_____	Its: _____

(Signatures continue on next page.)

ATTEST:

_____
City Clerk

APPROVED AS TO FORM:

_____
Adam U. Lindgren
City Attorney

EXHIBIT 1B

EXHIBIT "1"

Anatolia IV Large Lot Tentative Map

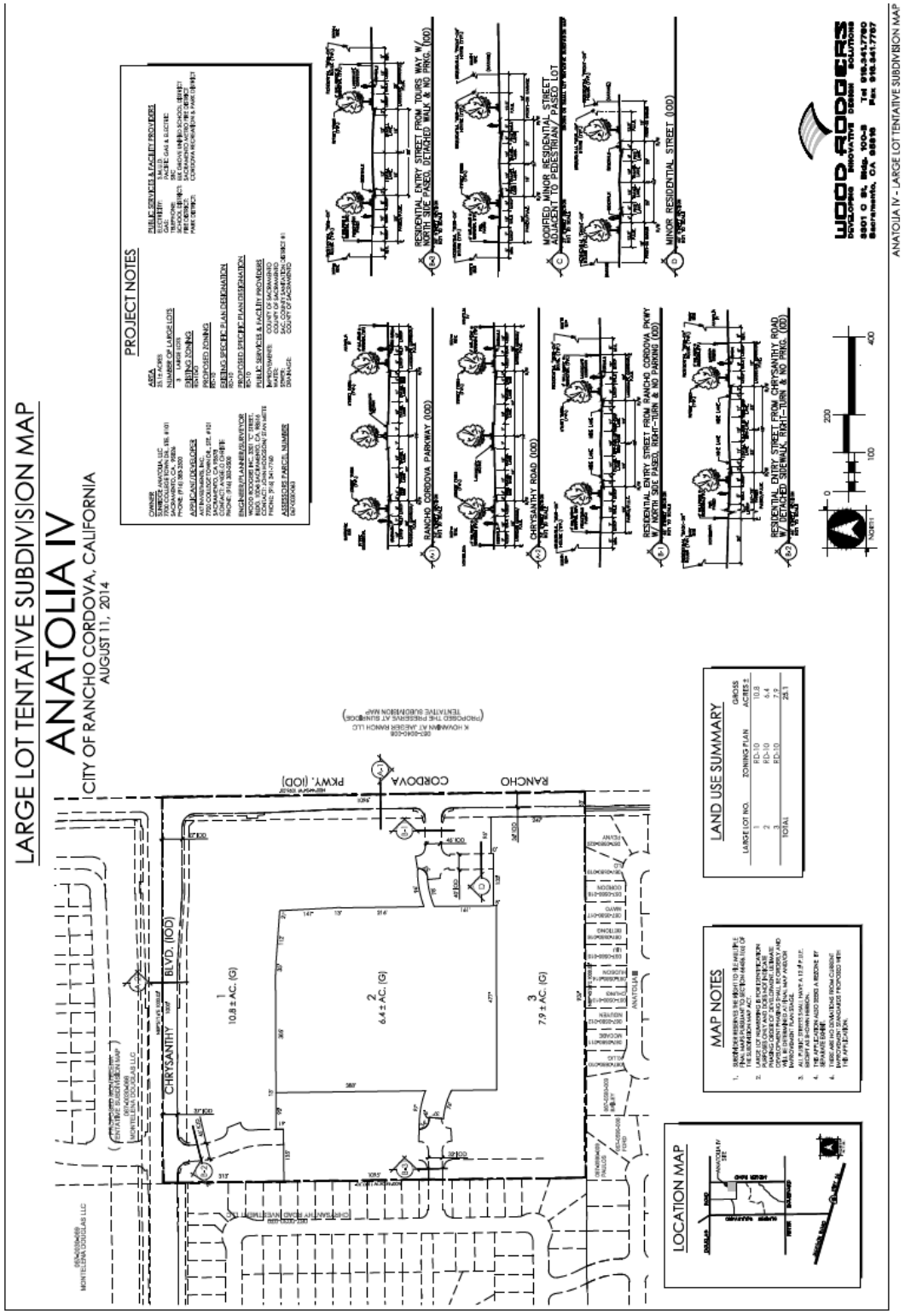


EXHIBIT 1B

EXHIBIT "2"

Anatolia IV Small Lot Tentative Subdivision Map

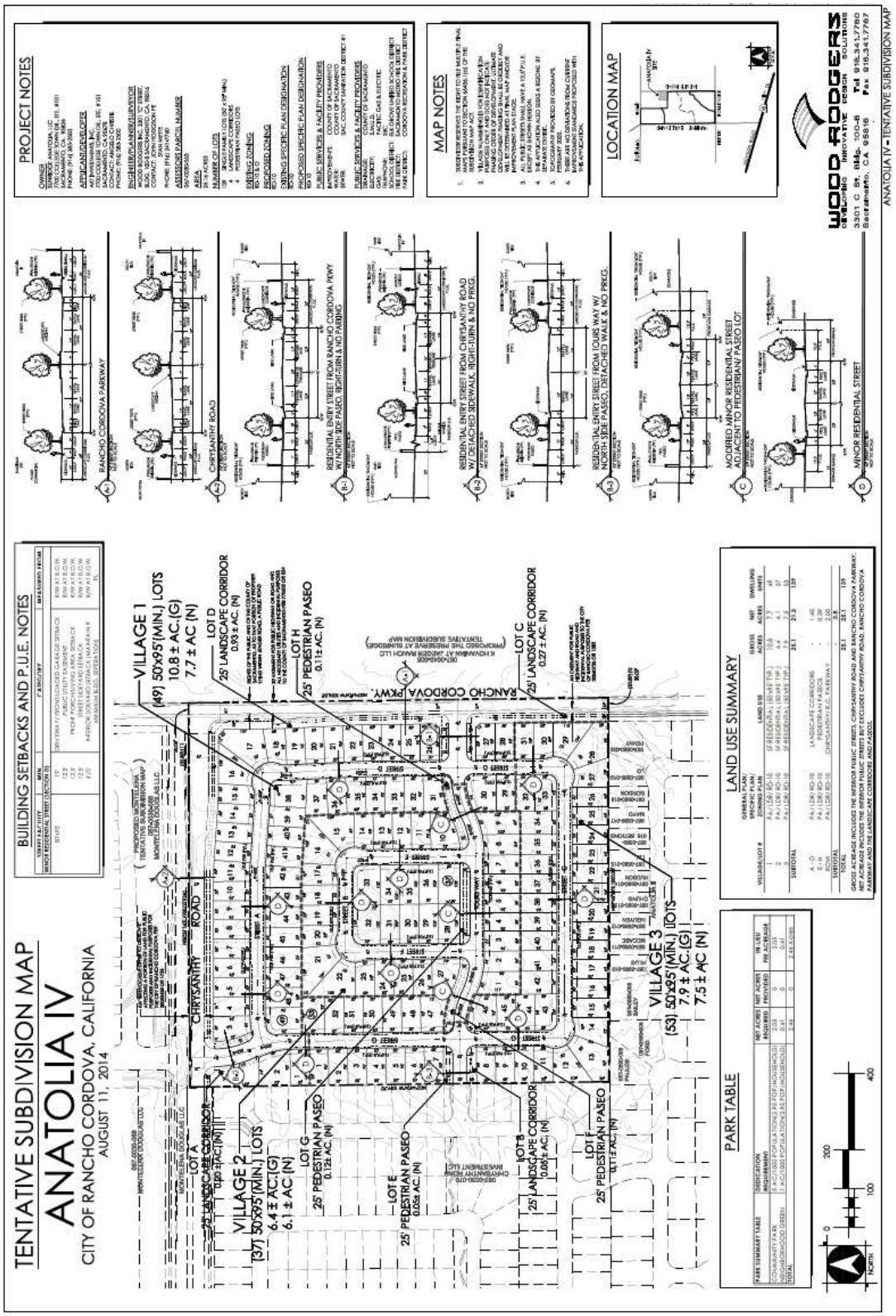
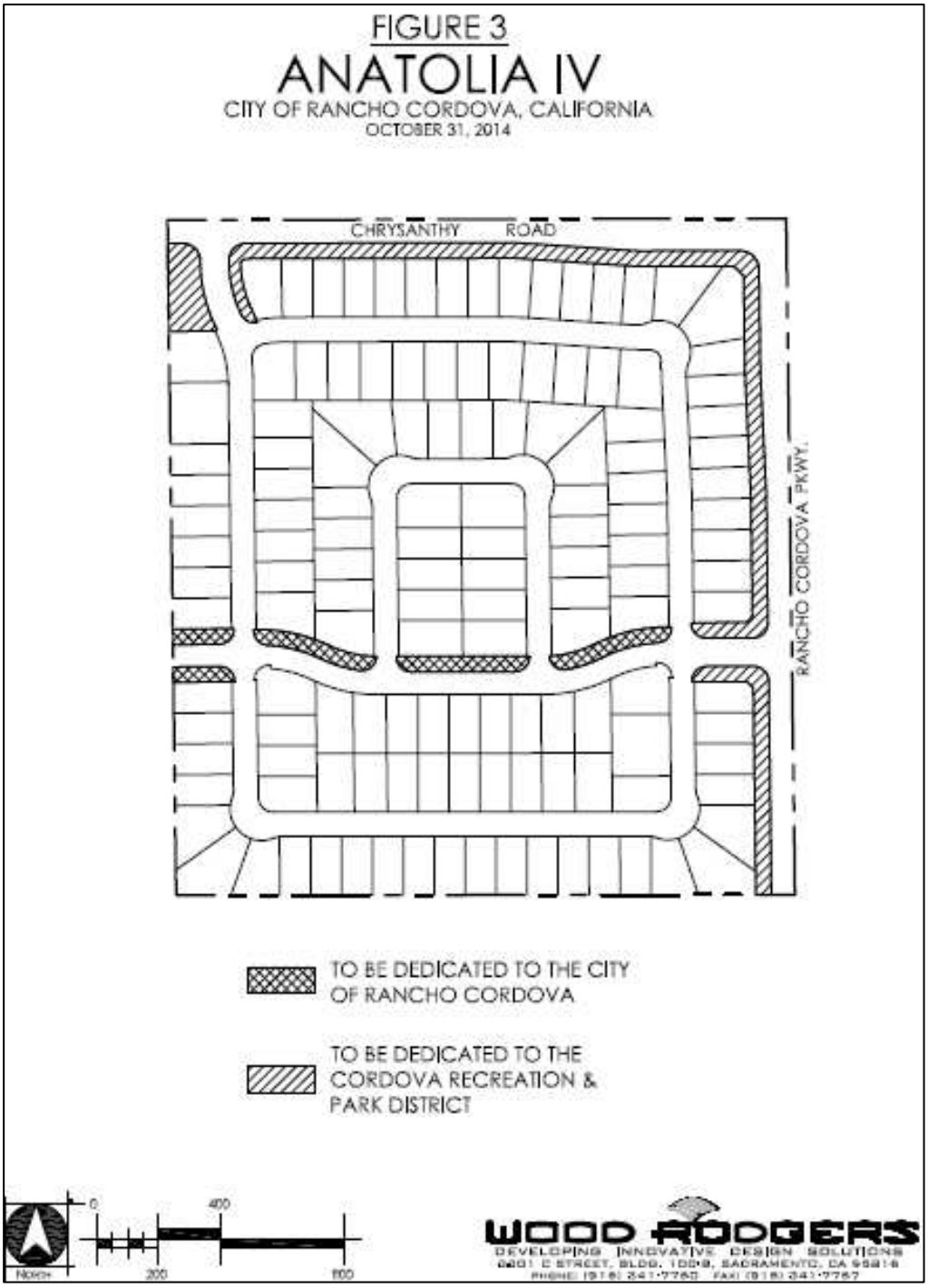


EXHIBIT 1B

EXHIBIT "3"

Dedicated Land



ATTACHMENT 2

CITY OF RANCHO CORDOVA

RESOLUTION 129-2014

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA APPROVING A LARGE LOT TENATIVE SUBDIVIONS MAP AND A SMALL LOT TENTATIVE SUBDIVISION MAP FOR ANATOLIA IV - PROJECT NO. DD8471

WHEREAS, the Anatolia IV 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, the City Council originally approved a Specific Plan Amendment, Rezone, Development Agreement, and Tentative Subdivision Map for the Anatolia IV Project in February and April 17, 2006. The City adopted a Mitigated Negative Declaration as the CEQA environmental review for these approvals ("Anatolia IV MND") which relied upon the SDCP/SRSP EIR that was incorporated by reference into the Anatolia IV MND; and

WHEREAS, in 2006, the City Council approved an Mitigated Negative Declaration pursuant to CEQA ("Anatolia IV 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 adopted its General Plan and certified the General Plan EIR in June 2006 which included the SRSP and the Existing Project; and

WHEREAS, in May 2014, Sunridge-Anatolia, 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 Anatolia IV project (collectively, "Project"); and

WHEREAS, the City Council is the appropriate authority to hear and take action on this Project; and

WHEREAS, On July 29, 2014 the City Council reviewed the proposal at a study session to provide general comment on design; 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 Declaration or EIR) have occurred or are met for the Project. The Project impacts are

identified in the SDCP/SRSP EIR, Anatolia IV 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 November 17, 2014 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, Anatolia IV 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, Anatolia IV MND, 2006 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, Anatolia IV 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 3.5 acres of open space to residential land for new housing 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 203 to 139. 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.

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 remove the minimal park acres developed within the Anatolia IV 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 139 single family dwelling lots, a reduction of 64 lots less than the original approval of 203, subject to the Conditions of Approval (**Exhibit 2C**) for the Anatolia IV 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.

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 64 lots for a new total of 139 lots.

2. The proposed Project would provide park and open space obligations through 1.76 acre parkland credit received through prior dedication and would pay in-lieu fees consistent with all City and Park's District standards for the remaining 0.29 acre of Quimby parkland requirement. The applicant has agreed to pay in-lieu fees to meet their Open Space obligation of 0.41 acres and will dedicated all improved landscaping corridors to both the City and the Park's District.

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 203 to 139. 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 Anatolia IV 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 Anatolia IV Project.

EFFECTIVE DATE: This Resolution shall take effect upon the effective date of Ordinance No. 24-2014 rezoning a portion of the new Anatolia IV Project and amending the original Development Agreement for the Anatolia IV Project.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on this _____ day of _____, 2014.

AYES:

NOES:

ABSENT:

ABSTAIN:

_____
Dan Skoglund, Mayor

ATTEST:

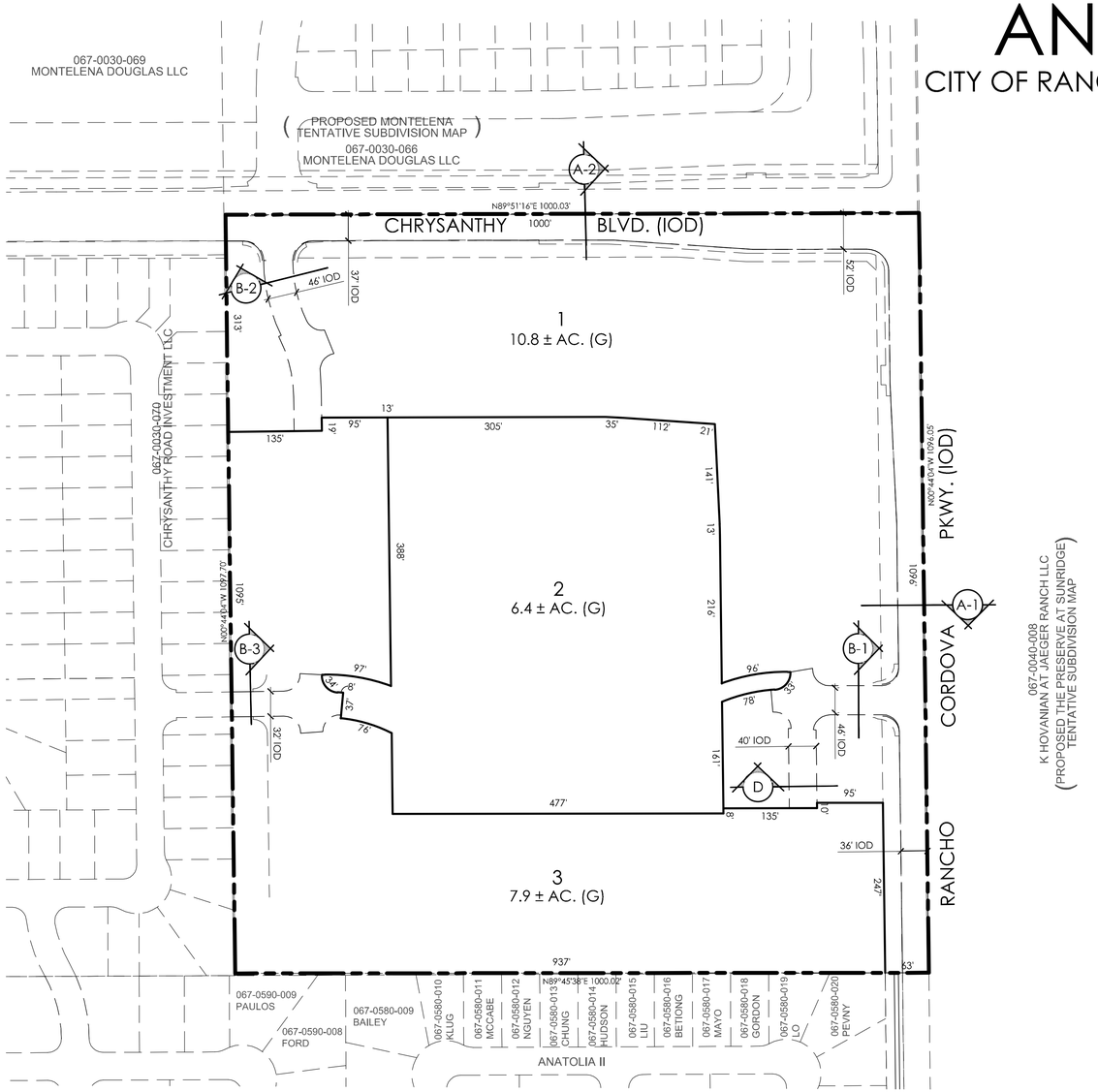
_____
Mindy Cuppy, MMC, City Clerk

LARGE LOT TENTATIVE SUBDIVISION MAP

ANATOLIA IV

CITY OF RANCHO CORDOVA, CALIFORNIA

AUGUST 11, 2014



PROJECT NOTES

OWNER
SUNRIDGE ANATOLIA, LLC
7700 COLLEGE TOWN DR., STE. #101
SACRAMENTO, CA. 95826
PHONE: (916) 383-2500

APPLICANT/DEVELOPER
AKT INVESTMENTS, INC.
7700 COLLEGE TOWN DR., STE. #101
SACRAMENTO, CA 95678
CONTACT: ANGELO CHRISTIE
PHONE: (916) 383-2500

ENGINEER/PLANNER/SURVEYOR
WOOD RODGERS INC. 3301 "C" STREET, BLDG. 100-B SACRAMENTO, CA. 98516
CONTACT: JOHN HODGSON/ STAN METTE
PHONE: (916) 341-7760

ASSESSORS PARCEL NUMBER
067-0030-063

AREA
25.1± ACRES

NUMBER OF LARGE LOTS
3 LARGE LOTS

EXISTING ZONING
RD-10-O

PROPOSED ZONING
RD-10

EXISTING SPECIFIC PLAN DESIGNATION
RD-10

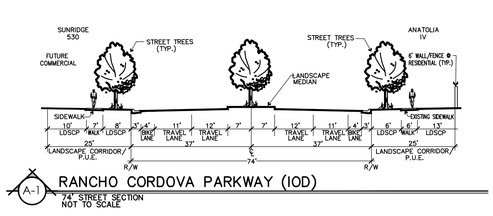
PROPOSED SPECIFIC PLAN DESIGNATION
RD-10

PUBLIC SERVICES & FACILITY PROVIDERS

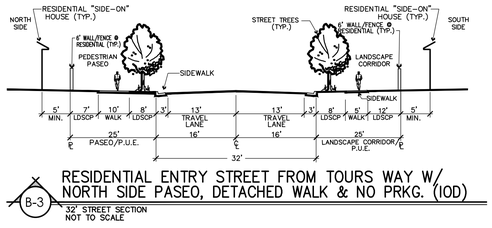
IMPROVEMENTS:	COUNTY OF SACRAMENTO
WATER:	COUNTY OF SACRAMENTO
SEWER:	SAC. COUNTY SANITATION DISTRICT #1
DRAINAGE:	COUNTY OF SACRAMENTO

PUBLIC SERVICES & FACILITY PROVIDERS

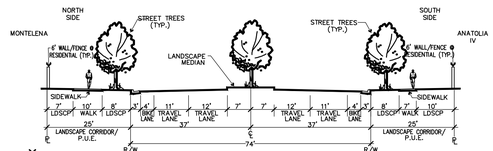
ELECTRICITY:	S.M.U.D.
GAS:	PACIFIC GAS & ELECTRIC
TELEPHONE:	SBC
SCHOOL DISTRICT:	ELK GROVE UNIFIED SCHOOL DISTRICT
FIRE DISTRICT:	SACRAMENTO METRO FIRE DISTRICT
PARK DISTRICT:	CORDOVA RECREATION & PARK DISTRICT



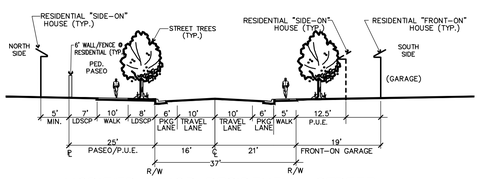
A-1 RANCHO CORDOVA PARKWAY (IOD)
74' STREET SECTION
NOT TO SCALE



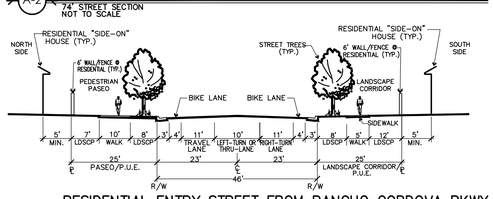
B-3 RESIDENTIAL ENTRY STREET FROM TOURS WAY W/ NORTH SIDE PASEO, DETACHED WALK & NO PRKG. (IOD)
32' STREET SECTION
NOT TO SCALE



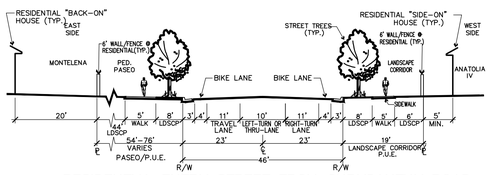
A-2 CHRYSANTHY ROAD (IOD)
74' STREET SECTION
NOT TO SCALE



C MODIFIED MINOR RESIDENTIAL STREET ADJACENT TO PEDESTRIAN/ PASEO LOT
37' STREET SECTION
NOT TO SCALE
SHOWN ON SMALL LOT TENTATIVE SUBDIVISION MAP



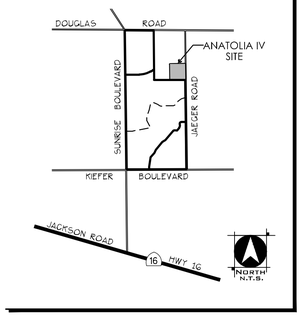
B-1 RESIDENTIAL ENTRY STREET FROM RANCHO CORDOVA PKWY W/ NORTH SIDE PASEO, RIGHT-TURN & NO PARKING (IOD)
46' STREET SECTION
NOT TO SCALE



B-2 RESIDENTIAL ENTRY STREET FROM CHRYSANTHY ROAD W/ DETACHED SIDEWALK, RIGHT-TURN & NO PRKG. (IOD)
46' STREET SECTION
NOT TO SCALE

D MINOR RESIDENTIAL STREET (IOD)
40' STREET SECTION
NOT TO SCALE

LOCATION MAP



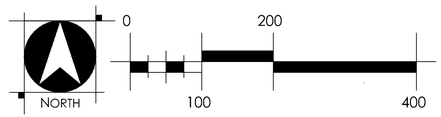
AGENDA ITEM 10.3

MAP NOTES

1. SUBDIVIDER RESERVES THE RIGHT TO FILE MULTIPLE FINAL MAPS PURSUANT TO SECTION 66456.1(a) OF THE SUBDIVISION MAP ACT.
2. LARGE LOT NUMBERING IS FOR IDENTIFICATION PURPOSES ONLY AND DOES NOT INDICATE PHASING ORDER OF DEVELOPMENT. ULTIMATE DEVELOPMENT PHASING SHALL BE ORDERLY AND WILL BE DETERMINED AT FINAL MAP AND/OR IMPROVEMENT PLAN STAGE.
3. ALL PUBLIC STREETS SHALL HAVE A 12.5' P.U.E. EXCEPT AS SHOWN HEREON.
4. THIS APPLICATION ALSO SEEKS A REZONE BY SEPARATE EXHIBIT.
6. THERE ARE NO DEVIATIONS FROM CURRENT IMPROVEMENT STANDARDS PROPOSED WITH THIS APPLICATION.

LAND USE SUMMARY

LARGE LOT NO.	ZONING PLAN	GROSS ACRES ±
1	RD-10	10.8
2	RD-10	6.4
3	RD-10	7.9
TOTAL		**25.1**



WOOD RODGERS
DEVELOPING INNOVATIVE DESIGN SOLUTIONS
3301 C St, Bldg. 100-B Tel 916.341.7760
Sacramento, CA 95816 Fax 916.341.7767

adobe\1145-Anatolia--IV--0A\Planning\Exhibits\LLTSM-Anatolia4.dwg 8/11/2014 2:24 PM Stan Mette

TENTATIVE SUBDIVISION MAP

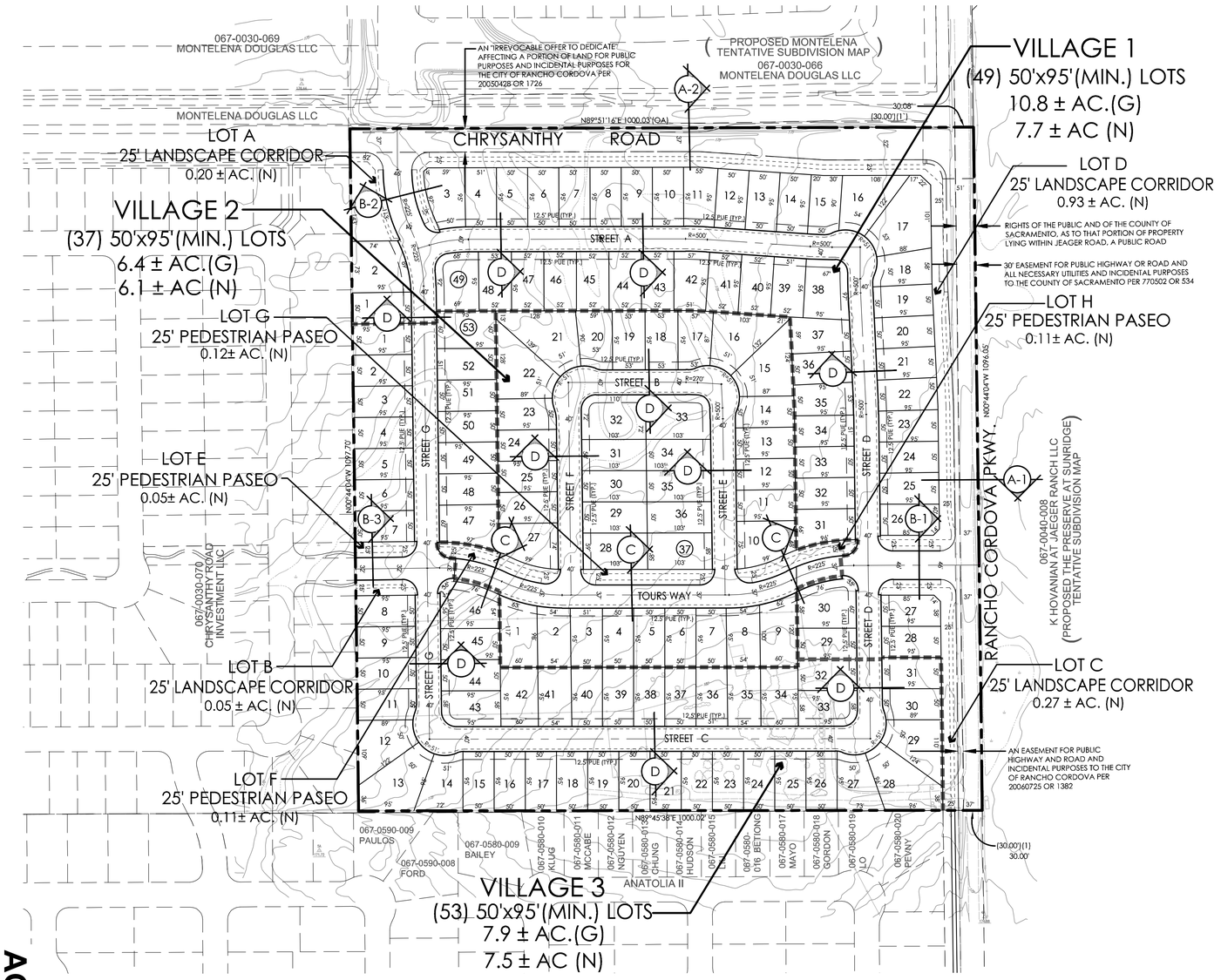
ANATOLIA IV

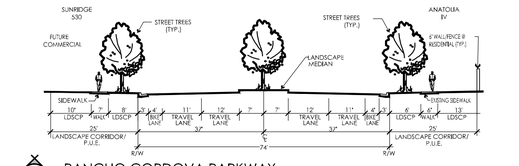
CITY OF RANCHO CORDOVA, CALIFORNIA

AUGUST 11, 2014

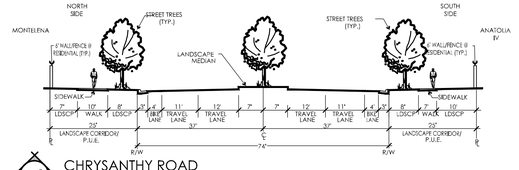
BUILDING SETBACKS AND P.U.E. NOTES

STREET FACILITY	MIN.	CATEGORY	MEASURED FROM
MINOR RESIDENTIAL STREET (SECTION D)			
50'x95'	19'	DRIVEWAY/ FRONT-LOADED GARAGE SETBACK	R/W AT B.O.W.
	12.5'	PUBLIC UTILITY EASEMENT	R/W AT B.O.W.
	12.5'	FRONT PORCH/LIVING AREA SETBACK	R/W AT B.O.W.
	12.5'	STREET SIDEYARD SETBACK	R/W AT B.O.W.
	4'/5'	INTERIOR SIDEYARD SETBACK (MAINTAIN 9' MINIMUM BLDG. SEPERATION)	R/W AT B.O.W. PL

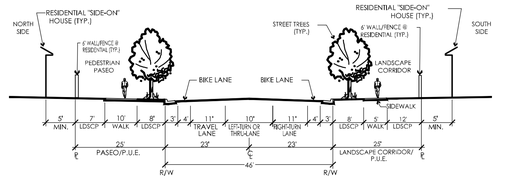




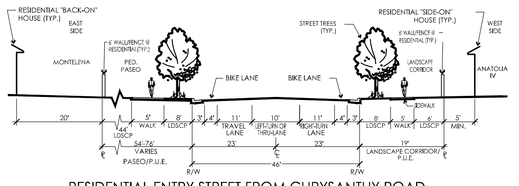
A-1 RANCHO CORDOVA PARKWAY
74' STREET SECTION
NOT TO SCALE



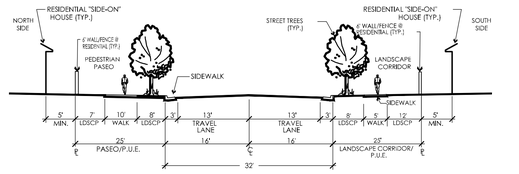
A-2 CHRYSANTHY ROAD
74' STREET SECTION
NOT TO SCALE



B-1 RESIDENTIAL ENTRY STREET FROM RANCHO CORDOVA PKWY W/ NORTH SIDE PASEO, RIGHT-TURN & NO PARKING
46' STREET SECTION
NOT TO SCALE



B-2 RESIDENTIAL ENTRY STREET FROM CHRYSANTHY ROAD W/ DETACHED SIDEWALK, RIGHT-TURN & NO PRKG.
46' STREET SECTION
NOT TO SCALE



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32' STREET SECTION
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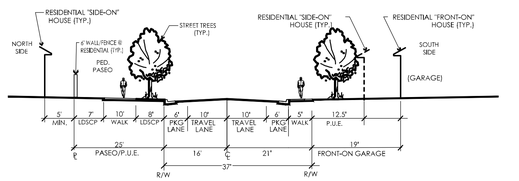
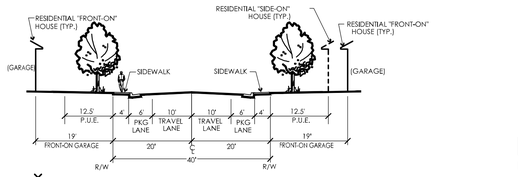


C MODIFIED MINOR RESIDENTIAL STREET ADJACENT TO PEDESTRIAN/ PASEO LOT
37' STREET SECTION
NOT TO SCALE



D MINOR RESIDENTIAL STREET
40' STREET SECTION
NOT TO SCALE

PROJECT NOTES

OWNER
SUNRIDGE ANATOLIA, LLC
7700 COLLEGE TOWN DR., STE. #101
SACRAMENTO, CA. 95826
PHONE: (916) 383-2500

APPLICANT/DEVELOPER
AKT INVESTMENTS, INC.
7700 COLLEGE TOWN DR., STE. #101
SACRAMENTO, CA 95678
CONTACT: ANGELO CHRISTIE
PHONE: (916) 383-2500

ENGINEER/PLANNER/SURVEYOR
WOOD RODGERS INC. 3301 "C" STREET, BLDG. 100-B SACRAMENTO, CA. 98516
CONTACT: JOHN HODGSON PE
STAN METTE
PHONE: (916) 341-7760

ASSESSORS PARCEL NUMBER
067-0030-063

AREA
25.1± ACRES

NUMBER OF LOTS
139 SINGLE FAMILY LOTS (50' x 95' MIN.)
4 LANDSCAPE CORRIDORS
4 PEDESTRIAN PASEO LOTS

EXISTING ZONING
RD-10 & O

PROPOSED ZONING
RD-10

EXISTING SPECIFIC PLAN DESIGNATION
RD-10

PROPOSED SPECIFIC PLAN DESIGNATION
RD-10

PUBLIC SERVICES & FACILITY PROVIDERS

IMPROVEMENTS:	COUNTY OF SACRAMENTO
WATER:	COUNTY OF SACRAMENTO
SEWER:	SAC. COUNTY SANITATION DISTRICT #1

PUBLIC SERVICES & FACILITY PROVIDERS

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

MAP NOTES

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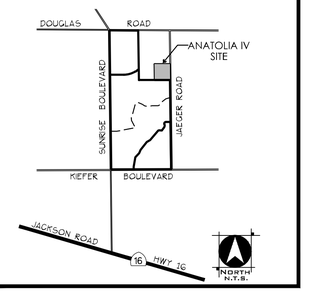
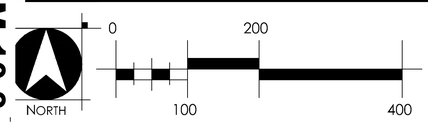
3. ALL PUBLIC STREETS SHALL HAVE A 12.5' P.U.E. EXCEPT AS SHOWN HEREON.
4. THIS APPLICATION ALSO SEEKS A REZONE BY SEPARATE EXHIBIT.
5. TOPOGRAPHY PROVIDED BY GEOMAPS, FEBRUARY 2002.
6. THERE ARE NO DEVIATIONS FROM CURRENT IMPROVEMENT STANDARDS PROPOSED WITH THIS APPLICATION.

LOCATION MAP



PARK TABLE

'ARK SUMMARY TABLE	DEDICATION REQUIREMENT	NET ACRES REQUIRED	NET ACRES PROVIDED	IN-LIEU FEE ACREAGE
COMMUNITY PARK	5 AC/1000 POPULATION(2.95 POP/HOUSEHOLD)	2.05	0	2.05
NEIGHBORHOOD GREEN	1 AC/1000 POPULATION(2.95 POP/HOUSEHOLD)	0.41	0	0.41
'OTAL		2.46	0	2.46 Acres



LAND USE SUMMARY

VILLAGE/LOT #	GENERAL PLAN/ SPECIFIC PLAN/ ZONING PLAN	LAND USE	GROSS ACRES	NET ACRES	DWELLING UNITS
1	PA / LDR/ RD-10	SF RESIDENTIAL (50'x95' TYP.)	10.8	7.7	49
2	PA / LDR/ RD-10	SF RESIDENTIAL (50'x95' TYP.)	6.4	6.1	37
3	PA / LDR/ RD-10	SF RESIDENTIAL (50'x95' TYP.)	7.9	7.5	53
SUBTOTAL			**25.1**	**21.3**	**139**
A - D	PA / LDR/ RD-10	LANDSCAPE CORRIDORS	-	1.45	
E - H	PA / LDR/ RD-10	PEDESTRIAN PASEOS	-	0.39	
ROW	PA / LDR/ RD-10	CHRYSANTHY/ R.C. PARKWAY	-	2.00	
SUBTOTAL			**-**	**3.8**	
TOTAL			**25.1**	**25.1**	**139**

GROSS ACREAGE INCLUDES THE INTERIOR PUBLIC STREETS, CHRYSANTHY ROAD AND RANCHO CORDOVA PARKWAY. NET ACREAGE INCUDES THE INTERIOR PUBLIC STREETS BUT EXCLUDES CHRYSANTHY ROAD, RANCHO CORDOVA PARKWAY AND THE LANDSCAPE CORRIDORS AND PASEOS.

AGENDA ITEM 10.3

WOOD RODGERS
DEVELOPING INNOVATIVE DESIGN SOLUTIONS
3301 C St, Bldg. 100-B Tel 916.341.7760
Sacramento, CA 95816 Fax 916.341.7767

	Action/Task	Timing/ Implementation	Enforcement/ Monitoring	Verification (date and Signature)
1.	The project approval is for the "Anatolia IV" located within the SunRidge Specific Plan area. The project is comprised of 25.1 acres and proposes the construction of 139 dwelling units (du) on 21.3 acres and other landscaped areas comprising 1.84 acres. A Development Agreement will accompany the project approval.	On-Going	Planning	
2.	The Tentative Subdivision 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.	Three years, commencing with the date of approval.	Planning	
3.	The Applicant shall hold harmless the City, its Council Members, its Planning Commission, 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	
4.	The applicant shall comply with all applicable mitigation measures included in the Mitigated Negative Declaration dated August, 2005, and pay the costs of any technical consultant services incurred during implementation of the MMRP. This includes maintenance of the $5,000 balance to ensure annual review of the Development Agreement required by State Law.	On-Going	Planning	

	Action/Task	Timing/ Implementation	Enforcement/ Monitoring	Verification (date and Signature)
5.	Repair all damage to existing road system attributed to the construction of the project, as determined by the Public Works Director.	On-Going	Public Works	
6.	As described in Section 6.4.1.i of the Amended Development Agreement, the Landowner's obligation to dedicate open space land to the City shall be satisfied by the payment of in lieu fees for the 0.41 acres calculated by 139 DUE x .00295 (factor) (amount of land dedication required as determined by Rancho General Plan). The amount of the in lieu fee and the timing for the appraisal and payment of the in lieu fee shall be determined in accordance with Rancho Cordova Municipal Code Sections 22.40.040 and 22.40.045 in effect on the date of this Agreement.	On-Going	Planning/Finance	
7.	The Applicant shall submit payment as needed for Development Review, Plan Review/ Plan Check Fees required by the Cordova Recreation and Parks District (CRPD).	On-Going	CRPD	
8.	There shall be no parking on Tours Way between Street D and Rancho Cordova Parkway.	On-Going	Metro Fire	
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.	On-Going	Finance	

	Action/Task	Timing/ Implementation	Enforcement/ Monitoring	Verification (date and Signature)
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.	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.	Prior to Issuance of Improvement Plans, grading permit or recordation of any map.	Planning	
12.	Applicant agrees to submit payment of In Lieu fee directly to Cordova Recreation and Park District (CRPD) as per RCMC 22.40.025. CRPD will provide the City with written receipt of the in-lieu fee and conformation 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 RCMC 22.40.040 according to the formula A x V = M. 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.	Prior to approval of final map.	CRPD	

	Action/Task	Timing/ Implementation	Enforcement/ Monitoring	Verification (date and Signature)
13.	Sacramento Area Sewer District (SASD) shall require an 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. The sewer study shall demonstrate the quantity of discharge and any "flow through sewage" along with appropriate pipe sizes and related appurtenances from this subject and other upstream areas and shall be done in accordance with the SASD's most recent "Minimum Sewer Study Requirements". The study shall be done on a no "Shed-Shift" basis unless approved by SASD in advance and in compliance with the SASD Design Standards.	Prior to Improvement Plans or Final Map, whichever comes first.	SASD (formerly reviewed as CSD-1)	
14.	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.	Prior to Improvement Plans or Final Map, whichever comes first.	SASD	
15.	Sewer infrastructure shall be constructed as per the approved sewer study.	Prior to Improvement Plans or Final Map, whichever comes first.	SASD	
16.	Complete and implement a master drainage study for the project, with approval from City of Rancho Cordova.	Prior to Improvement Plans or Final Map, whichever comes first.	Public Works	
17.	Dedicate the rights-of-way for Rancho Cordova Parkway and	Prior to	Public Works	

	Action/Task	Timing/ Implementation	Enforcement/ Monitoring	Verification (date and Signature)
	Chrysanthy Blvd, within the project boundary, based on the designed width shown on the map, and pursuant the City Improvement Standards and to the satisfaction of the City Engineer.	Recordation of the Subdivision Map		
18.	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 District 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 improvements. All costs associated with the annexation or other financial mechanism as may be proposed shall be borne by the Property Owner/Applicant.	Prior to recording of the final map.	Public Works	
19.	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 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	Prior to final map or issuance of building permit, whichever occurs first	Public Works	

	Action/Task	Timing/ Implementation	Enforcement/ Monitoring	Verification (date and Signature)
	drainage and flood protection system. All costs associated with the annexation or other financial mechanism as may be proposed shall be borne by the Property Owner/Applicant.			
20.	Applicant/Developer shall deliver to the City a certificate from CRPD stating that the required fees have been paid and agreements have been executed.	Prior to recordation of first Small Lot Final Subdivision Map	CRPD, Public Works	
21.	Dedicate to the City all the right-of-ways as shown on the Tentative Map and install or bond for public street improvements, to the satisfaction of the City Engineer.	Prior to Recordation of the Subdivision Map	Public Works	
22.	Unless otherwise permitted by SMUD dedicate a standard 12.5-foot public utility easement, for underground facilities and appurtenances adjacent to all public street rights of ways. 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.	Prior to Recordation of the Subdivision Map	Public Works	
23.	Dedicate a 12.5-foot public utility easement for underground facilities and appurtenances adjacent to all public street rights of ways.	Prior to recordation of the subdivision map	SMUD	
24.	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	Prior to Recordation of the Subdivision Map	SMUD	

	Action/Task	Timing/ Implementation	Enforcement/ Monitoring	Verification (date and Signature)
	appurtenances.			
25.	The final map shall show easements or other mapped provisions for the placement of centralized mail delivery units.	Prior to Recordation of the Subdivision Map	Public Works	
26.	Offsite drainage improvements and easements shall be provided pursuant to the Sacramento County Floodplain Management Ordinance, and the City of Rancho Cordova Improvement Standards.	Prior to Recordation of the Subdivision Map	Public Works	
27.	Property Owner/Applicant shall participate in the provision of funding to provide transit-related services by voting to approve a special tax for the parcels created by this subdivision approval. The tax shall be the per parcel annual amount (with appropriate annual inflation adjustment) as established at the time of voting by the City Council. The election to provide for the tax shall be completed prior to the recording of the final map. The property owner shall be responsible for paying all costs associated with holding the election. The tax shall be due at the time specified in the ordinance imposing the tax. In addition, the Owner of the property shall hold a deed assessment in the form of Conditions, Covenants & Restrictions against the property, or other form as shall be approved by the City, which assessment will take effect in the event the special tax described in this Condition of Approval is reduced or repealed. Contact: Elizabeth Sparkman at (916) 851-8714 as there may be a 1-2 month lead time to satisfy this condition.	Prior to final map or issuance of building permit, whichever occurs first.	Public Works	
28.	Provide drainage easements and install or bond for facilities,	Prior to	Public Works	

	Action/Task	Timing/ Implementation	Enforcement/ Monitoring	Verification (date and Signature)
	including any fee, to the satisfaction of the City.	Recordation of the Subdivision Map		
29.	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. The project shall provide separate public water service to each parcel. 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.	Prior to Recordation of the Subdivision Map	SCWA	
Prior to Issuance of Improvement Plans/Grading Permit				
30.	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.	Prior to issuance of Improvement Plans/Grading Permit	Public Works	
31.	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.	Prior to issuance of Improvement Plans/Grading Permit	Public Works	
32.	Dedicate the improved landscaped lots, if any, to the City of	Prior to	Public Works	

	Action/Task	Timing/ Implementation	Enforcement/ Monitoring	Verification (date and Signature)
	Rancho Cordova as shown on the approved tentative map and provide a maintenance entity with an ongoing funding source.	Recordation of the Subdivision Map		
33.	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 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. Potable water supply will be provided by the Sacramento County Water Agency.	Prior to issuance of Improvement Plans/Grading Permit	Environmental Health, SCWA	
34.	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.	Prior to issuance of Improvement Plans/Grading Permit	SCWA	
35.	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. The following specifications shall be applied to trails in the project: § Trails must be located above the 10-year flood plain. § 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.	Prior to issuance of Improvement Plans/Grading Permit	Public Works	

	Action/Task	Timing/ Implementation	Enforcement/ Monitoring	Verification (date and Signature)
36.	Final geometry and alignments of drainage facilities will be finalized based on subsequent analysis and engineering performed by the applicant to the satisfaction of the City of Rancho Cordova.	Prior to issuance of Improvement Plans/Grading Permit	Public Works	
37.	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 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.	Prior to issuance of Improvement Plans/Grading Permit	Public Works	
38.	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 four intersections of Tours Way, to be determined based on further analysis at the time of the improvement plans.	Prior to issuance of Improvement Plans/Grading Permit	Planning, Public Works	
39.	Structural setbacks from the public right-or-way of less than 12.5 feet may create clearance issues. The developer shall meet with all utilities to ensure adequate setbacks are maintained.	Prior to issuance of Improvement Plans/Grading Permit	SMUD	
Prior to Issuance of Building Permits				
40.	CRPD agrees to accept In Lieu fees as prescribed under the	Prior to issuance	CRPD	

	Action/Task	Timing/ Implementation	Enforcement/ Monitoring	Verification (date and Signature)
	Quimby Act.	of building permit		
41.	Landscape Corridors and Improvements: 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 CRPD prior to construction. Construction shall be to CRPD standards. 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 interpreted and defined as stated in RCMC 22.40.025. New construction requirements do not apply to the existing Rancho Cordova Parkway.	Prior to issuance of building permit	CRPD	
42.	Transfer of Title and Assumption of Maintenance: The Developer must obtain the written approval of the District for all plans and specifications, including the location of all utility service points, as well as the inspection by the District of construction, for any improvements to real property which the Developer intends to transfer to the District for maintenance and operation as shown in the Development Agreement.	Prior to issuance of building permit	CRPD	
43.	Upon acceptance of the deed or deeds to the landscaped corridors shown in Exhibit C of the Development Agreeement, District shall assume the responsibility for all maintenance, repair and operation thereof. The District 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 District in writing as complete for any landscape corridor. This project is already within the boundaries of CRPD's CFD	Prior to issuance of building permit	CRPD	

	Action/Task	Timing/ Implementation	Enforcement/ Monitoring	Verification (date and Signature)
	#04-01 Sunridge and will be maintained upon acceptance.			
44.	Applicant shall submit improvement plans to the satisfaction of the Public Works Department. Improvement plans shall include, but shall not be limited to, all streets, water, sewer, storm drain, lighting, signage and striping, and other associated facilities for all streets and other public areas depicted on the tentative map or tentative map phase. Number, size, and location of driveways are 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.	Prior to issuance of the first building permit within phase	Public Works	
45.	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	Prior to issuance of the first building permit within phase or sub-phase	Public Works	

	Action/Task	Timing/ Implementation	Enforcement/ Monitoring	Verification (date and Signature)
	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 for depicting the infrastructure and on-site improvements to be constructed for the 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.			
46.	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	Prior to final building inspection of the first unit	Public Works and Planning	

	Action/Task	Timing/ Implementation	Enforcement/ Monitoring	Verification (date and Signature)
	documentation to the Planning Department will delay final approval/occupancy of the project.			
47.	Applicant shall pay any outstanding staff costs associated with the preparation of the improvement plans and/or final map.	Prior to Issuance of first Building Permit.	Finance	
48.	The developer shall submit complete landscape planting and irrigation plans for corridor landscaping for review and approval by the Planning Director. In accordance with local landscaping requirements.	Prior to the Issuance of Building Permits	Planning/SCWA	
49.	Provide access arrangements and install working fire hydrants which meet the required fire flow demands pursuant to the requirements of Metro Fire District, prior to any combustible construction or combustible materials storage on site for any phase or sub-phase.	Prior to the Issuance of Building Permits	Metro Fire	
50.	Developing this property will require payment of sewer impact fees to both SASD and SRCSD, in accordance with each District's Ordinances. Applicant should contact Permit Services Unit at (916) 876-6100 for sewer impact fee information.	Prior to the Issuance of Building Permits	SASD	
51.	Destroy all wells on the proposed project site, in accordance with the requirements of the Sacramento County Environmental Health Division, to the satisfaction of the Building Official.	Prior to the Issuance of Building Permits	Building Official, SCWA	
52.	Provide separate public water service to each parcel and dedicate maintenance easements in all public and private streets over all water lines to the satisfaction of the Sacramento County Water Agency (SCWA).	Prior to the Issuance of Building Permits	SCWA	

	Action/Task	Timing/ Implementation	Enforcement/ Monitoring	Verification (date and Signature)
53.	The project developer/owner shall pay Zone 40 development fees applicable at the time of building permit issuance in accordance with Sacramento County Water Agency Ordinance No. 18.	Prior to the Issuance of Building Permits	SCWA	
Prior to Final Inspection(s)/Completion of Project				
54.	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.	Prior to Final Inspection	Planning	
55.	Construct a minimum 6-foot high sound barrier in accordance with Zoning Code 23.731, as measured from the adjacent top of curb, along the property lines of all lots bordering Rancho Cordova Parkway and Chyrsanthy Blvd. All landscape corridor walls shall be of masonry construction using graffiti resistant materials. Where the noise barrier approaches the entrance drives to the neighborhood, the barrier shall be wrapped around the corner to the satisfaction of Planning 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. Wall design and materials shall be subject to City's approval and according to the design standards in the SunRidge Specific Plan.	Prior to Final Inspection of the first unit	Planning	

	Action/Task	Timing/ Implementation	Enforcement/ Monitoring	Verification (date and Signature)
56.	Prior to completion of 40th-residential unit, Sacramento Metro Fire requires a second fire apparatus road. This condition may be satisfied consistent with the phasing plan milestones.	Prior to Final Inspection of the 40th-unit	Metro Fire, Public Works, Planning	
57.	All roads providing access to the completed homes shall be fully constructed and accepted by the City Engineer.	Prior to Final Inspection of the first unit	Public Works	
58.	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 constructed by applicant.	Prior to Final Inspection of the first unit	SASD	
59.	Any existing 12kV pole lines and associated easements are to remain unless otherwise planned or negotiated with SMUD's approval.	Prior to Final Inspection	SMUD	
60.	Improve all the landscaped lots according to the approved plans. Layout of the sidewalk shall be reviewed and approved by the Public Works Director. All improvements shall be reviewed and accepted by public works prior to assuming maintenance responsibility.	Prior to final inspection of the first unit	Public Works	
61.	Developer shall construct all necessary street frontage improvements including, but not limited to, on street parallel parking, vertical curb, gutter, street paving, utilities (water, sewer, electrical, storm drain, phone, and gas), street lights, and sidewalks. Credits and/or reimbursements shall be available as provided in the Fee Nexus Study and /or Park Improvement Agreement.	Prior to Final Inspection	Public Works and CRPD	
62.	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.)	Prior to Issuance of Building Permits	SMUD	

	Action/Task	Timing/ Implementation	Enforcement/ Monitoring	Verification (date and Signature)
	for their specific clearance requirements if located outside the SMUD trench.			

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. Though not required, it is recommended that all single-family dwellings be equipped with an automatic fire sprinkler system. As approximately 80% of all fire deaths occur in residential dwellings, these life safety systems drastically improve the occupant's chance of surviving a fire. (Metro Fire)
2. 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)
3. 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 District and the water purveyor having jurisdiction. (Metro Fire)
4. The installation of addresses, landscaping, tree wells and/or traffic islands are subject to the standards outlined by the Metro Fire District.
5. Gas service may be available to this project if desired. The developer should contact PG & E's Service Planning Department as soon as possible to coordinate construction so as not to delay the project. (PG&E)
6. 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)
7. Homes that have attached garages with secondary access doors will have solid core or metal covered doors with dead bolt locks. (Police Department)
8. 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)
9. 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)
10. 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)
11. 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).

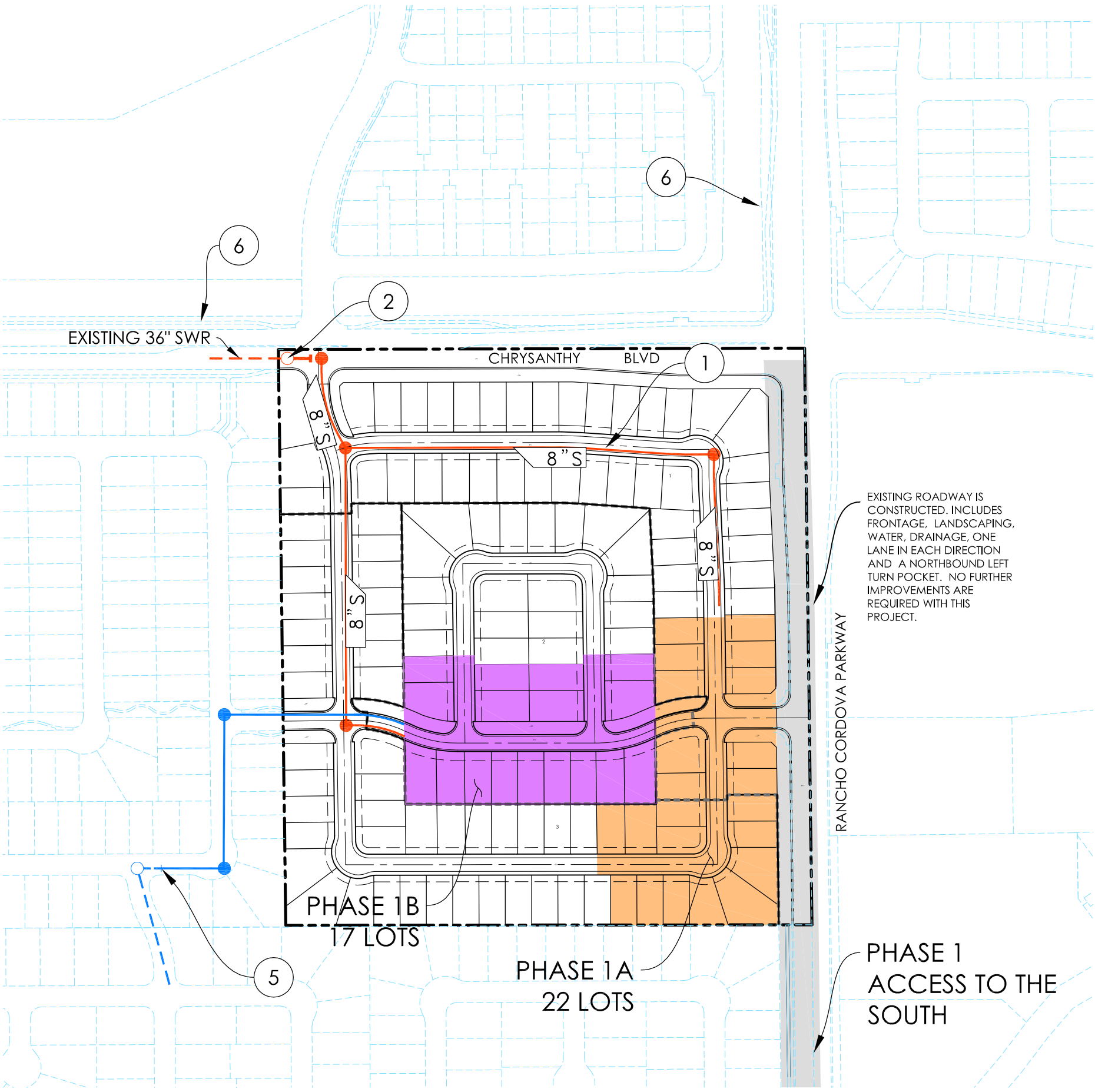
12. Project proponents and/or future successors of interests shall comply with all 'Water Supply' provisions established in Ordinance No. SZC 2002-0014, Control No. 93-0243.
13. All pedestrian access ramps affected by this project must be installed/upgraded pursuant to the State of California Title 24 Code of Regulations and to the satisfaction of the Department of Transportation of the Public Works Agency.

PHASE 1 INFRASTRUCTURE & ACCESS PLAN

ANATOLIA IV

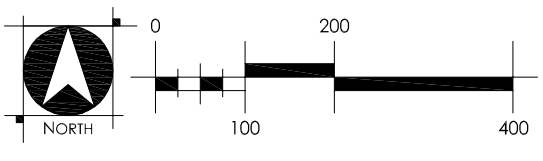
CITY OF RANCHO CORDOVA, CALIFORNIA

NOVEMBER 10, 2014



PHASE 1 INFRASTRUCTURE IMP'S

1. CONSTRUCT 8" SEWER TO EXISTING 8" STUB IN CHRYSANTHY BOULEVARD.
2. CONNECT TO EXISTING 8" SEWER STUB.
3. PRIOR TO ISSUANCE OF THE FIRST BUILDING PERMIT WITHIN A PHASE: ALL STREETS AND IMPROVEMENTS SHOWN ON THE PHASING PLAN AND ALL STREETS NECESSARY FOR ACCESS TO THE PROPOSED HOMES SHALL BE SUBSTANTIALLY COMPLETE TO THE SATISFACTION OF THE PUBLIC WORKS DEPARTMENT. PRIOR TO OCCUPANCY WITHIN A PHASE: ALL STREETS AND IMPROVEMENTS SHOWN ON THE PHASING PLAN SHALL BE FULLY CONSTRUCTED AND COMPLETED TO THE SATISFACTION OF THE CITY ENGINEER.
4. SEWER AND WATER PHASING IS CONCEPTUAL ONLY. SUBJECT TO FUTURE REVIEW AND APPROVAL BY COUNTY OF SACRAMENTO SEWER AND WATER DEPARTMENTS.
5. DRAINAGE CONNECTION TO EXISTING SYSTEM IN ANATOLIA II. THIS MAY BE CONSTRUCTED BY MONTELENA.
6. PRIOR TO ISSUANCE OF THE FIRST BUILDING PERMIT A CONTRACT SHALL BE LET FOR CONSTRUCTION OF TWO THROUGH LANES OF RANCHO CORDOVA PARKWAY FROM CHRYSANTHY BOULEVARD TO DOUGLAS ROAD **OR** TWO THROUGH LANES OF CHRYSANTHY BOULEVARD FROM RANCHO CORDOVA PARKWAY TO THE WEST TO CONNECT TO EXISTING CHRYSANTHY BOULEVARD.



WOOD RODGERS
DEVELOPING INNOVATIVE DESIGN SOLUTIONS
3301 C St, Bldg. 100-B Tel 916.341.7760
Sacramento, CA 95816 Fax 916.341.7767

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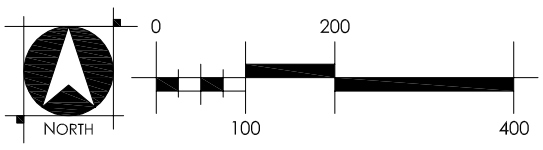
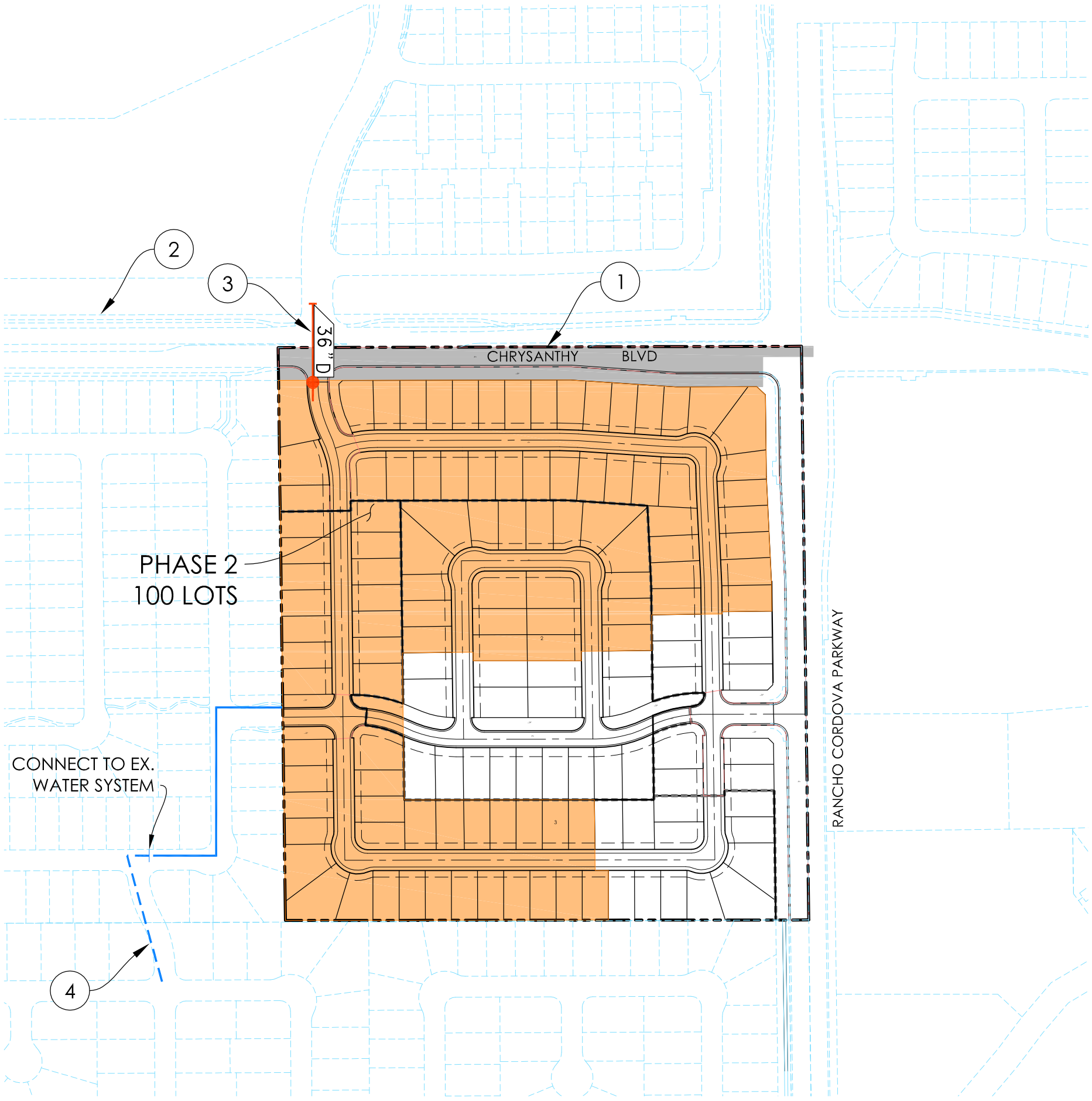
PHASE 2 INFRASTRUCTURE & ACCESS PLAN

ANATOLIA IV

CITY OF RANCHO CORDOVA, CALIFORNIA

NOVEMBER 10, 2014





PHASE 2 INFRASTRUCTURE IMP'S

1. CONSTRUCT SOUTHERLY SIDE OF CHRYSANTHY ALONG PROJECT FRONTAGE INCLUDING CURB, GUTTER, SIDEWALK, MEDIAN AND THE TWO CENTER LANES. MEDIAN AND CENTER LANES SHALL BE SUBJECT TO CITY REIMBURSEMENT. A PORTION OF THIS MAY BE CONSTRUCTED BY MONTELENA.
2. PRIOR TO ISSUANCE OF THE 40TH BUILDING PERMIT A CONTRACT SHALL BE LET FOR CONSTRUCTION OF THE CENTER LANES AND MEDIAN OF CHRYSANTHY BOULEVARD FROM PROJECT BOUNDAY TO THE WEST TO CONNECT TO EXISTING CHRYSANTHY BOULEVARD. CENTER LANES AND MEDIAN SHALL BE SUBJECT TO CITY REIMBURSEMENT. CHRYSANTHY SHALL BE SUBSTANTIALLY COMPLETE PRIOR TO ISSUANCE OF THE 100TH BUILDING PERMIT UNLESS OTHERWISE AGREED TO BY THE CITY ENGINEER.
3. DRAINAGE OUTFALL TO CHANNEL OR DRAIN FACILITY CONSTRUCTED BY MONTELENA.
4. WATER MAIN TO CONNECT TO EXISTING SYSTEM IN ANATOLIA II. IF A CONNECTION EXISTS AT CHRYSANTHY BOULEVARD THIS IS NOT REQUIRED. THIS MAY BE CONSTRUCTED BY MONTELENA.
5. PRIOR TO ISSUANCE OF THE FIRST BUILDING PERMIT WITHIN A PHASE: ALL STREETS AND IMPROVEMENTS SHOWN ON THE PHASING PLAN AND ALL STREETS NECESSARY FOR ACCESS TO THE PROPOSED HOMES SHALL BE SUBSTANTIALLY COMPLETE TO THE SATISFACTION OF THE PUBLIC WORKS DEPARTMENT. PRIOR TO OCCUPANCY WITHIN A PHASE: ALL STREETS AND IMPROVEMENTS SHOWN ON THE PHASING PLAN SHALL BE FULLY CONSTRUCTED AND COMPLETED TO THE SATISFACTION OF THE CITY ENGINEER.
6. SEWER AND WATER PHASING IS CONCEPTUAL ONLY. SUBJECT TO FUTURE REVIEW AND APPROVAL BY COUNTY OF SACRAMENTO SEWER AND WATER DEPARTMENTS.

WOOD RODGERS
DEVELOPING INNOVATIVE DESIGN SOLUTIONS
3301 C St, Bldg. 100-B Tel 916.341.7760
Sacramento, CA 95816 Fax 916.341.7767

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ATTACHMENT 3

ANATOLIA IV

Anatolia IV Project Modifications

CEQA Addendum

City of Rancho Cordova
2729 Prospect Park Drive
Rancho Cordova, CA 95670

November 2014

CEQA ADDENDUM

FOR THE

ANATOLIA IV 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 Anatolia IV project.

The Anatolia IV 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 Anatolia IV Project in April 2006. The City adopted a Mitigated Negative Declaration as the CEQA environmental review for these approvals ("Anatolia IV MND") which relied upon the SDCP/SRSP EIR that was incorporated by reference into the Anatolia IV 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 Anatolia IV project.

Currently, a revised project has been proposed that includes 64 fewer dwelling units than previously approved. Project approvals would include a Rezone, Large Lot Tentative Subdivision Map, Small Lot Tentative Subdivision Map, and a Development Agreement. The intent of this addendum is to analyze the project modifications and to determine if further environmental review is necessary.

PROJECT DESCRIPTION

The proposed project modifications consist of the following:

- The new plan includes 139 single family dwelling units, 64 dwellings less than the original approval of 203 (See **Attachment 2**, **Exhibit 2B** of the Staff Report for the proposed Amended Tentative Subdivision Map). The reduced density is mainly due to the increased size of the lots, the removal of the approved on-site park, and minor changes to the street configuration. The project as proposed meets the Cordova Recreation and Parks District's criteria for payment of an in-lieu park dedication fee versus development of the on-site 2 acre park.

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 Anatolia IV modifications relate to the prior analysis conducted for the Anatolia IV project. The proposed modifications would result in 139 single family dwelling units, a reduction of 64 dwelling units than the original approval of 203 dwelling units.

The development footprint of the project site has not changed in relationship to the previously approved Anatolia IV project. Therefore, impacts relating to Aesthetics, Agricultural Resources, Biological Resources, Cultural Resources, Geology and Soils, Hazards and Hazardous Materials, Hydrology and Water Quality, Land Use and Planning, Mineral Resources, Population and Housing, and Recreation would be equal to impacts previously disclosed in the EIR and MND.

With the reduction of dwelling units proposed by the project impacts relating to Air Quality, Greenhouse Gas Emissions (GHGs), Noise, Public Services, Traffic and Circulation, and Utilities/Service Systems would be less than previously disclosed in the EIR and MND.

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 Anatolia IV MND are still applicable and would reduce impacts to the furthest extent feasible.

Conclusion

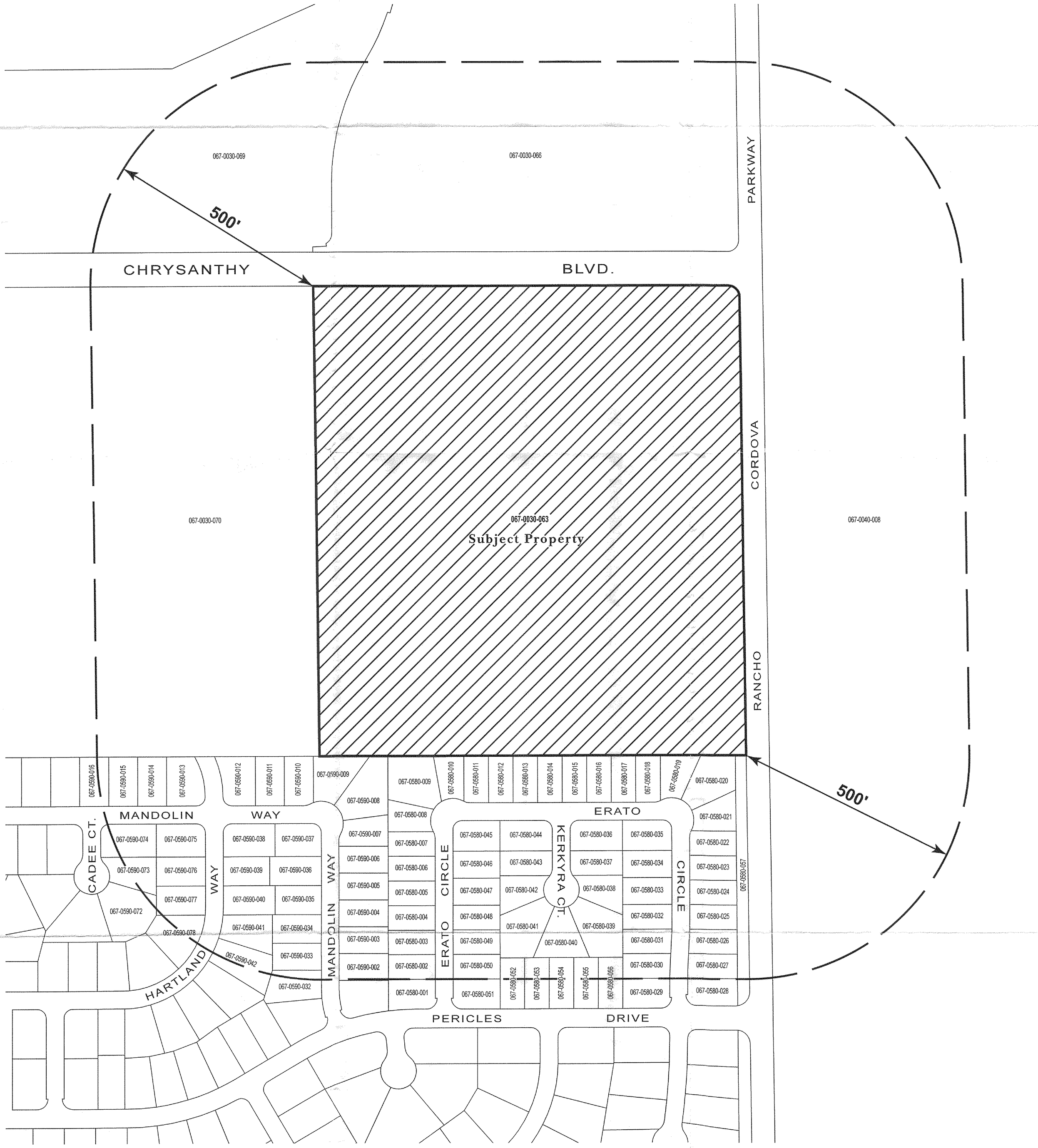
The City has reviewed the potential environmental impacts related to proposed modifications to the Anatolia IV project. The City finds that no new or substantially more severe impacts would result from these modifications and that prior analysis contained in the originally certified EIR and adopted MND 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.*

Anatolia IV Mitigated Negative Declaration (MND). *April, 2006.*



NORTH

0 50 100 200

SCALE IN FEET

500 FT. RADIUS MAP

APN 067-0030-063-0000

MAY 10, 2014

AGENDA ITEM 10.3

067-0030-063
SUNRIDGE ANATOLLA LLC
7700 COLLEGE TOWN DR 101
SACRAMENTO CA 95826

067-0030-066
MONTELENA DOUGLAS LLC
5241 ARNOLD AVE
MCCLELLAN CA 95652

067-0030-069
MONTELENA DOUGLAS LLC
5241 ARNOLD AVE
MCCLELLAN CA 95652

067-0030-070
CHRYSANTHY RD INV LLC
5241 ARNOLD AVE
MCCLELLAN CA 95652

067-0040-008
K HOVNANIAN AT JAEGER RANCH LLC
1375 EXPOSITION BLVD 300
SACRAMENTO CA 95815

067-0580-001
TALWAKAR GHANASHYAM D
11991 ERATO CIR
RANCHO CORDOVA CA 95742

067-0580-002
HAYAT ALKHATIB
11995 ERATO CIR
RANCHO CORDOVA CA 95742

067-0580-003
MARTIN ROBERT R
11999 ERATO CIR
RANCHO CORDOVA CA 95742

067-0580-004
HONGBO YANG
12003 ERATO CIR
RANCHO CORDOVA CA 95742

067-0580-005
KIMBROW SCOTT & SHERRY
12007 ERATO CIR
RANCHO CORDOVA CA 95742

067-0580-006
AARON G BUTTON
12011 ERATO CIR
RANCHO CORDOVA CA 95742

067-0580-007
VASQUEZ SERGIO M & LOURDES P
12015 ERATO CIR
RANCHO CORDOVA CA 95742

067-0580-008
OLSEN JOHN PATRICK
12019 ERATO CIR
RANCHO CORDOVA CA 95742

067-0580-009
JOSEPH L BAILEY REVOCABLE FAMILY TRUST
12023 ERATO CIR
RANCHO CORDOVA CA 95742

067-0580-010
KLUG BRANDON M
12027 ERATO CIR
RANCHO CORDOVA CA 95742

067-0580-011
RYAN & SARAH MCCABE
12031 ERATO CIR
RANCHO CORDOVA CA 95742

067-0580-012
NGUYEN NHUT H & THANH S
5369 BRENTFORD WAY
EL DORADO HILL CA 95762

067-0580-012
OCCUPANT
12035 ERATO CIR
RANCHO CORDOVA CA 95742

067-0580-013
JAMES & JUNGHYUN CHUNG
12039 ERATO CIR
RANCHO CORDOVA CA 95742

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HUDSON GLORIA
12043 ERATO CIR
RANCHO CORDOVA CA 95742

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LIU JEI ING
12047 ERATO CIR
RANCHO CORDOVA CA 95742

067-0580-016
BETIONG TRUSTEI
55 SAN JUAN GRADE RD #113
SALINAS CA 93906

067-0580-016
OCCUPANT
12051 ERATO CIR
RANCHO CORDOVA CA 95742

067-0580-017
SANDRA RINCON
12055 ERATO CIR
RANCHO CORDOVA CA 95742

067-0580-018
GORDON & MIKEL KERRY
11230 GOLD EXPRESS DR
GOLD RIVER CA 95670

067-0580-018
OCCUPANT
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RANCHO CORDOVA CA 95742

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LO CHAMOND
12063 ERATO CIR
RANCHO CORDOVA CA 95742

067-0580-020
MICHAEL E PEVNY
12067 ERATO CIR
RANCHO CORDOVA CA 95742

067-0580-021
ANGELYNE L BORROMEO
12071 ERATO CIR
RANCHO CORDOVA CA 95742

067-0580-022
COCHRAN MICHAEL A
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RANCHO CORDOVA CA 95742

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DEES LINDSAY S & KENNETH N
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RANCHO CORDOVA CA 95742

067-0580-025
JUN WANG
4076 MORNINGVIEW WAY
EL DORADO HILL CA 95762

067-0580-025
OCCUPANT
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VIVIAN CHEN
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RANCHO CORDOVA CA 95742

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RALPH J SR
12095 ERATO CIR
RANCHO CORDOVA CA 95742

067-0580-028
SUJELA JAVED
12099 ERATO CIR
RANCHO CORDOVA CA 95742

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WESTLING JOSHUA PETER & AMY E
12098 ERATO CIR
RANCHO CORDOVA CA 95742

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AGRAWAL TRUST
612 PICASSO TER
SUNNYVALE CA 94087

067-0580-030
OCCUPANT
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RANCHO CORDOVA CA 95742

067-0580-031
ALLISON P & TIMOTH M GUERRERO
LIVING TRUST
12090 ERATO CIR
RANCHO CORDOVA CA 95742

067-0580-032
BUFFALO THOMAS ANDREW
12086 ERATO CIR
RANCHO CORDOVA CA 95742

067-0580-033
COTTOR MARK R & GIGI N
12082 ERATO CIR
RANCHO CORDOVA CA 95742

067-0580-034
HSIN CHU TSAI
200 SOCRATES PL
EL DORADO HILL CA 95762

067-0580-034
OCCUPANT
12078 ERATO CIR
RANCHO CORDOVA CA 95742

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BULAONG FAMILY REVOCABLE
TRUST
12074 ERATO CIR
RANCHO CORDOVA CA 95742

067-0580-036
ONEAL SHAWN
4321 KERKYRA CT
RANCHO CORDOVA CA 95742

067-0580-037
BRAUTIGAM NICHOLAS
4325 KERKYRA CT
RANCHO CORDOVA CA 95742

067-0580-038
PURNAMA LIVING TRUST
7141 TAMARACK DR
DUBLIN CA 94568

067-0580-038
OCCUPANT
4329 KERKYRA CT
RANCHO CORDOVA CA 95742

067-0580-039
ALLISON M RATHBURN
4333 KERKYRA CT
RANCHO CORDOVA CA 95742

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YIQING WANG
3159 HASTINGS WAY
SAN RAMON CA 94582

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4336 KERKYRA CT
RANCHO CORDOVA CA 95742

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WAINSCOTT JEFFREY A
4332 KERKYRA CT
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ROCKEY MICHAEL & NILDA L
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RANCHO CORDOVA CA 95742

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HELEN SHI
4324 KERKYRA CT
RANCHO CORDOVA CA 95742

067-0580-044
OLSON MARGARET TRIGGS
4320 KERKYRA CT
RANCHO CORDOVA CA 95742

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KAUR SURINDER
12014 ERATO CIR
RANCHO CORDOVA CA 95742

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MARLOW II REV TRUST
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RANCHO CORDOVA CA 95742

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CHERNAK CHARLOTTE A & GREG P
12006 ERATO CIR
RANCHO CORDOVA CA 95742

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13749 CONDESA DR
DEL MAR CA 92014

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OCCUPANT
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RANCHO CORDOVA CA 95742

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KEJING SONG
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RANCHO CORDOVA CA 95742

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REVOCABLE TRUST
13091 ARTHUR ST
SALINAS CA 93906

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OCCUPANT
11994 ERATO CIR
RANCHO CORDOVA CA 95742

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GERARDO B SEAN J
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RANCHO CORDOVA CA 95742

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CATHERINE Q WONG
8296 VIA ESCALADA
SAN DIEGO CA 92129

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OCCUPANT
12049 PERICLES DR
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RAVI CHENNURU
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RANCHO CORDOVA CA 95742

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DUCKWORTH MICHAEL M & YEONG S
440 N CIVIC DR #401
WALNUT CREEK CA 94596

067-0580-056
DONNA K SAUTER 2009 REVOCABLE TRUST
12065 PERICLES DR
RANCHO CORDOVA CA 95742

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CORDOVA RECREATION/PARK DISTRICT
2729 PROSPECT PARK DR 23
RANCHO CORDOVA CA 95670

067-0590-002
JYOTHSNA PATTI
12041 MANDOLIN WAY
RANCHO CORDOVA CA 95742

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TENNER JASON A
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WALTER JASON & KRISTINA
12033 MANDOLIN WAY
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MITH LO
12029 MANDOLIN WAY
RANCHO CORDOVA CA 95742

067-0590-006
CHENG WEI W & JUISHAN
849 POLARIS AVE
FOSTER CITY CA 94404

067-0590-006
OCCUPANT
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RANCHO CORDOVA CA 95742

067-0590-007
HUNG P YANG
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FORD ELIZABETH
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HUI FAMILY TRUST
3400 2ND AVE
CORONA DEL MAR CA 92625

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WILLIAMS CAMERON M & ANDREA M
12001 MANDOLIN WAY
RANCHO CORDOVA CA 95742

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MATSOYAN SAMVEL
11999 MANDOLIN WAY
RANCHO CORDOVA CA 95742

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LARRY & JANET
3941 PARK DR #472
EL DORADO HILL CA 95762

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OCCUPANT
11995 MANDOLIN WAY
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WILLIAMS JEFF C & KELLI S
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NATALIE SLIVINSKAYA
12040 MANDOLIN WAY
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12036 MANDOLIN WAY
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4480 MCROBERTS DR
MATHER CA 95655

067-0590-034
OCCUPANT
12032 MANDOLIN WAY
RANCHO CORDOVA CA 95742

067-0590-035
CHENG JUISHAN & WEI W
12028 MANDOLIN WAY
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067-0590-036
KIM GINA Y & GUEM S
22220 PRAIRIE LN
KILDEER IL 60047

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OCCUPANT
12024 MANDOLIN WAY
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FEI LIU
12020 MANDOLIN WAY
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HERNANDEZ EDWARD
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4309 HARTLAND WAY
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EL AJOU SUHAIL
4660 AMERICAN RIVER DR
SACRAMENTO CA 95864

067-0590-042
ZHANG LIJIA
4317 HARTLAND WAY
RANCHO CORDOVA CA 95742

067-0590-072
CHEN CHING NICK& WE FANG H
438 CRYSTALLINE DR
FREMONT CA 94539

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OCCUPANT
4319 CADEE CT
RANCHO CORDOVA CA 95742

067-0590-073
ROBERT T iii
4315 CADEE CT
RANCHO CORDOVA CA 95742

067-0590-074
WANG ERIC C & YUHING
4311 CADEE CT
RANCHO CORDOVA CA 95742

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GIBLIN ALAN R
4300 HARTLAND WAY
RANCHO CORDOVA CA 95742

067-0590-076
LY MARYANN & ANDY
4304 HARTLAND WAY
RANCHO CORDOVA CA 95742

067-0590-077
DELLORUSSO AUTUMN M & KEITH E
4308 HARTLAND WAY
RANCHO CORDOVA CA 95742

067-0590-078
HA STEVEN & HANNAH
4318 HARTLAND WAY
RANCHO CORDOVA CA 95742

WOOD RODGERS INC
3301 C ST BLDG 100-B
SACRAMENTO CA 95816

Anatolia IV Rezone, LLTSM, SLTSM, Development Agreement Amendment – Agenda Item 10.XX

Rancho Cordova City Council

Matthew Diaz, Project Planner

November 17, 2014

a fresh take. RANCHO CORDOVA CALIFORNIA

aFreshTake.org

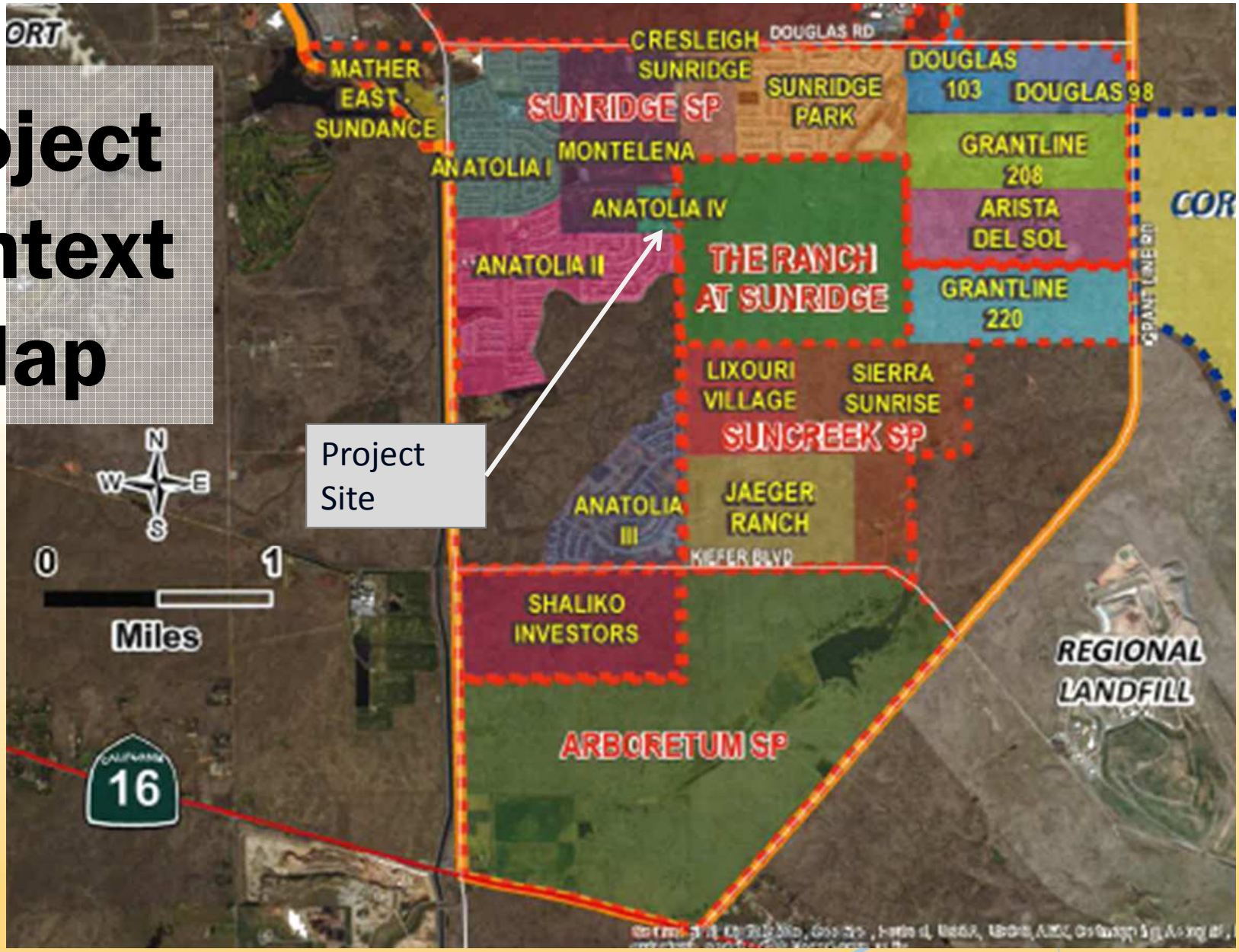
Requested Approvals

- Anatolia IV originally approved in 2006
- Applicants seeking to amend previous approvals.
- Actions Include:
  - Rezone
  - Large Lot and Small Lot Tentative Map
  - DA Amendments

Key Project Revisions

- Rezone to remove the 3.5 acre park feature and replace with similar housing
- Increase in residential lot size resulting in a reduction of units from 203 to 139 residential lots
- Development Agreement Amendment to reflect loss of parkland and current City policies and standards

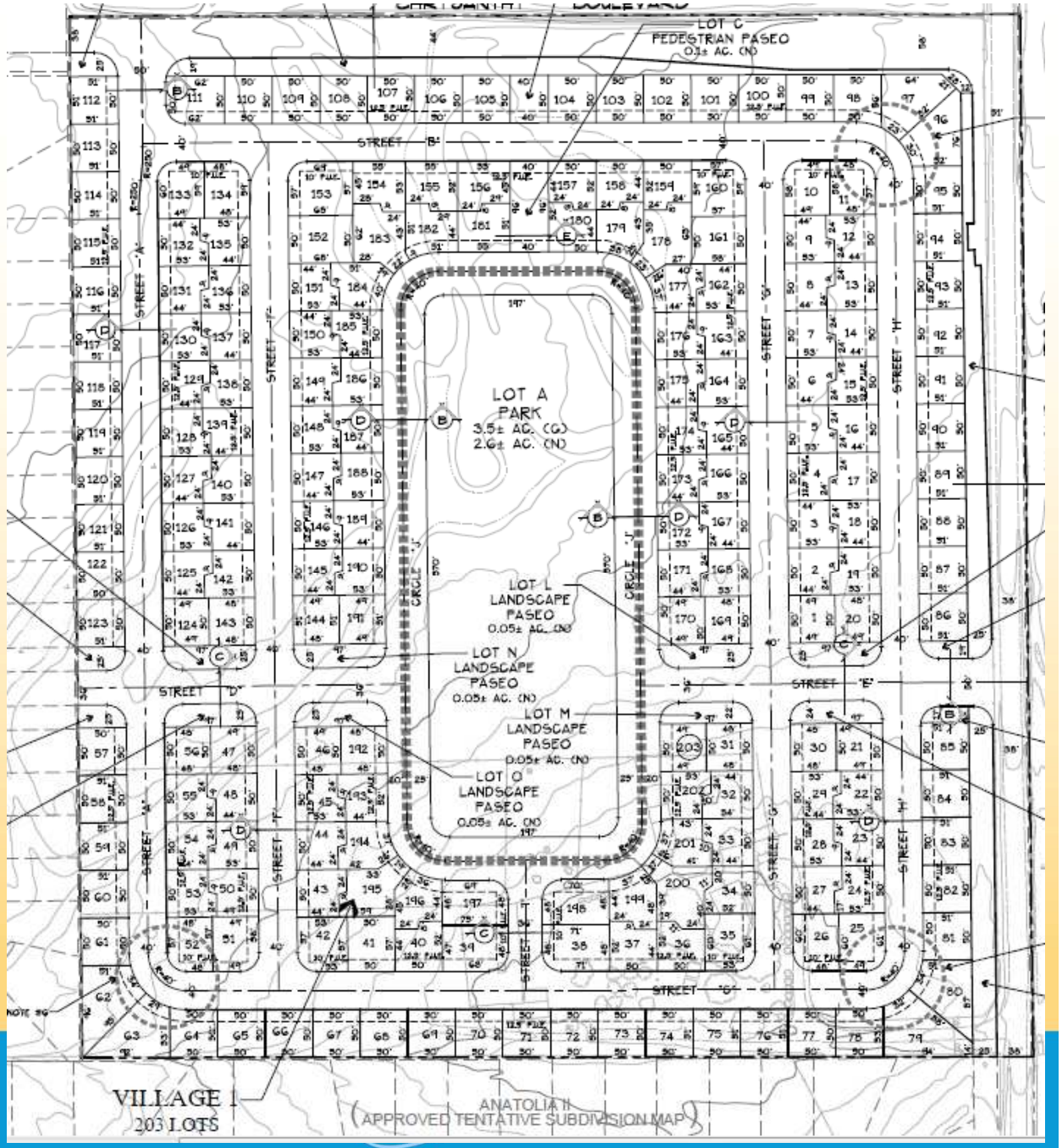
Project Context Map



Project Context-Existing Conditions

Approved Site Plan

- 203 Residential lots:
- Ave. lot size 50 foot x 50 foot/2,500 square feet
- 2.6 acre Park
- 1.5 acres of Landscape corridors



a fresh take. RANCHO CORDOVA CALIFORNIA

Project Background

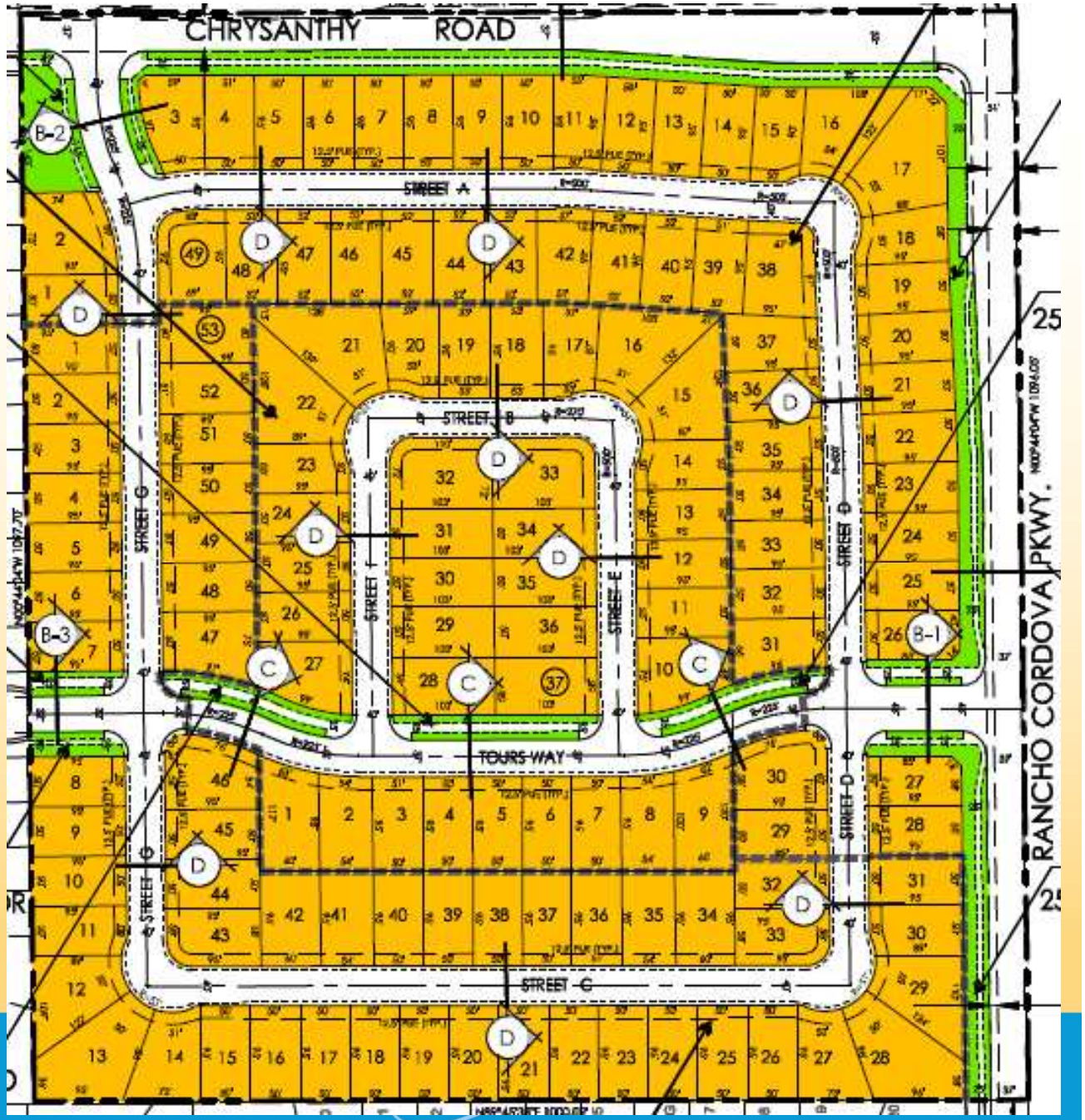
- Anatolia IV project was originally approved in 2006 with 203 single family lots and a 2.6 acre park site
- Due to changes in the housing market, the applicants are seeking to amend the project to reflect current market trends.

Council Study Session

- The newly reconfigured project was discussed at a City Council Study Session on July 29, 2014.
- Topics discussed included general project overview, change in housing type per lot size, loss of park acres, and pedestrian connectivity,
- The Council provided general support for the project.

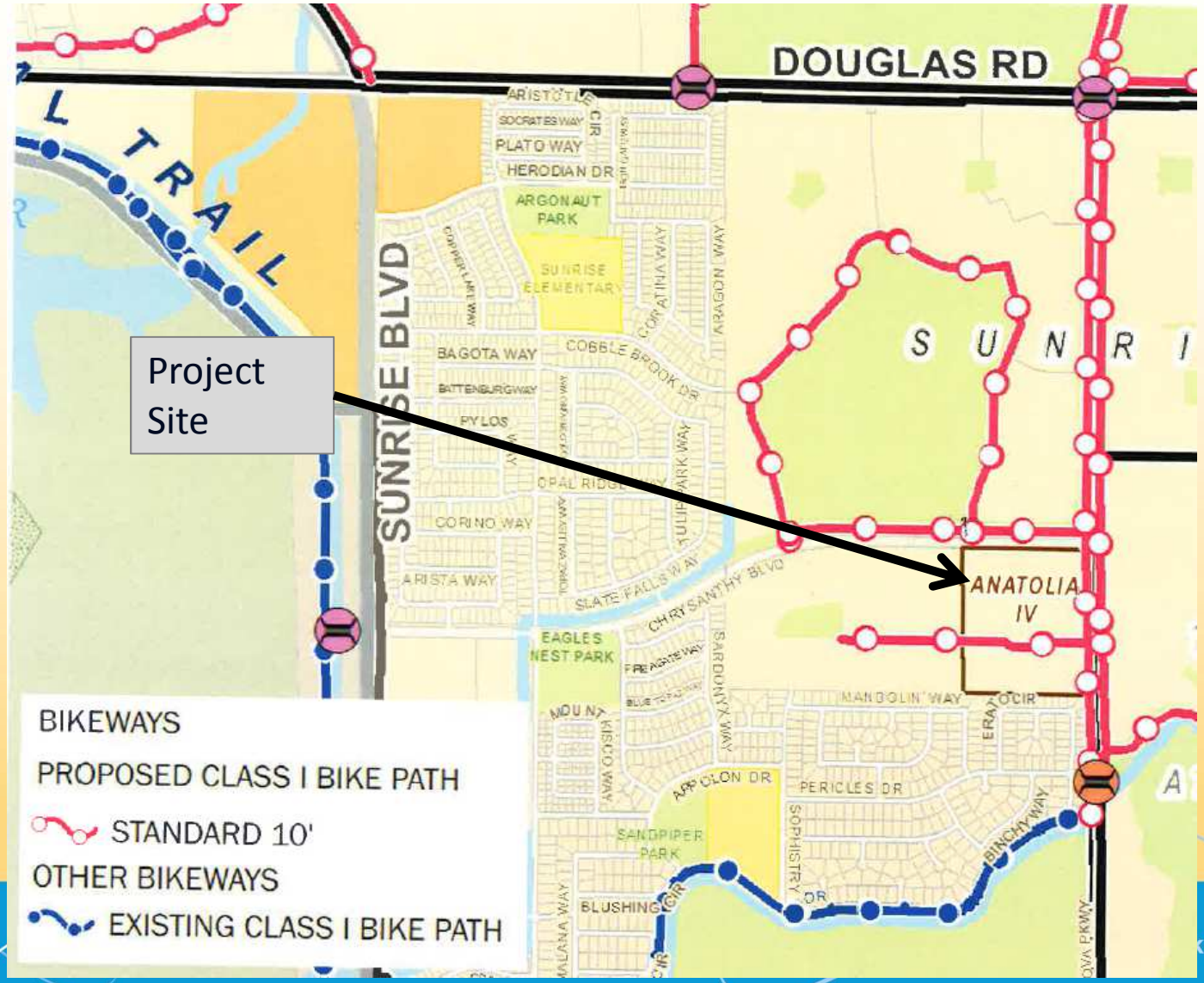
Proposed Site Plan

- 139 Residential lots:
- Ave. lot size 50 foot x 95 foot/4,500 square feet
- No Park
- 1.45 acres of Landscape corridors/paseo



a fresh take. RANCHO CORDOVA CALIFORNIA

Approved Bike Plan



Proposed Pedestrian Circulation

a fresh take. RANCHO CORDOVA CALIFORNIA

Analysis

- Rezone

Zoning Designation	Land Use	Existing Acres (N)	Proposed Acres (N)	Difference
RD-10	Single Family Residential	18.8	21.3	+2.5
RD-10	Landscape Corridors	0.5	1.45	+0.95
RD-10	Pedestrian/Landscape Paseos	1.0	0.39	-0.61
O	Parks and Open Space	2.6	0.0[1]	-2.6
	Roads	2.2	2.0	-0.2
		25.1	25.1	

1 – The proposed change is attributed to the rezone and removal of the park feature.

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 28-2014
- Adopt Resolution 129-2014

MEMORANDUM

DATE: November 17, 2014

TO: Honorable Mayor and Council Members

FROM: Adam U. Lindgren and Kate Cook, City Attorney's Office
Donna Silva, Finance Director
Kerry Simpson, Neighborhood Services Manager

SUBJECT: **ORDINANCE NO. 27-2014, AMENDING TITLE 1, TITLE 16, AND TITLE 23 OF THE MUNICIPAL CODE TO ESTABLISH PROCEDURES FOR IMPOSING SPECIAL ASSESSMENTS AND RECORDING LIENS AGAINST PROPERTIES WITH DELINQUENT CODE ENFORCEMENT FEES, CHARGES, PENALTIES AND RELATED COSTS**

RECOMMENDATION

Introduce and read by title only Ordinance No. 27-2014.

RESULT OF RECOMMENDED ACTION

Ordinance No. 27-2014 will come back to the City Council for a second reading and adoption at the next regular meeting. If approved, this Ordinance will establish procedures for the City to collect delinquent code enforcement fees (including fees for nuisance abatement, rental housing inspections, zoning code enforcement, weed and graffiti abatement) by recording liens and imposing special assessments (tax liens) against properties, allowing the City to be made whole for such costs. This will help shift the cost of enforcement of these laws to those who violate them.

BACKGROUND

The City has made great strides in the prevention and enforcement of nuisance property issues. The City has also greatly improved its rental housing inspection program to gain code compliance from these properties. The goals of the City's prevention, enforcement, and nuisance abatement efforts are compliance with the law, protection of the public health and welfare, and the retention and improvement of property values – all of which improve the quality of life for Rancho Cordova residents, businesses, and visitors.

However, costs related to these code enforcement efforts are not fully recovered because many property owners fail to pay the fees and charges owed for violations, inspections, and nuisance abatement.

Establishing clear procedures for the recovery of these delinquent accounts by recording liens or special assessments against properties will give the City a powerful cost recovery tool. This tool will enable the City to recover costs incurred in its code enforcement efforts. Cost recovery is an important part of deterring future code violations. It also helps maintain the integrity of the City's code enforcement system.

Although numerous provisions of the Municipal Code establish the authority for the City to use liens and special assessments to recover delinquent accounts, these are spread throughout the code and are not clear and cohesive. This is partly due to the fact that upon incorporation, the City adopted Sacramento County codes; and over the last thirteen years, numerous amendments and additions to the Municipal Code have been made. An overhaul of the lien and special assessment procedures is in order. It requires numerous complex and small changes to the Municipal Code. Ordinance 27-2014 accomplishes this by establishing a uniform section within the Municipal Code, Section 1.01.200, on cost recovery through liens and special assessments. The Ordinance also amends numerous provisions of the Municipal Code to prevent conflicts and ensure easy implementation of this cost recovery tool.

A public hearing notice for this Ordinance was published in the November 7th edition of The Grapevine.

Legal Authority

The authority to lien must come from either a contract or a statute. More than a dozen state statutes establish a city's authority to record a lien or impose a special assessment (a tax lien collected with municipal taxes) against properties with delinquent accounts. These laws give cities the authority to record a lien or impose a special assessment for delinquencies related to numerous items, including nuisance abatement, code enforcement, zoning code enforcement, weed and graffiti abatement.

However, these laws do not grant cities blanket authority to lien and assess properties. They dictate the circumstances under which a city may record a lien or impose an assessment, and even the types of properties for which this may be done. Owner-occupied residential properties, for example, may only have a lien or assessment imposed against them for nuisance abatement charges and related administrative costs. All other properties may have a lien or assessment imposed against them for nuisance abatement fees, as well as a wide array of code and zoning enforcement fines and fees, and costs related to inspections regarding housing and building laws and fire prevention activity carried out by a city. State laws also dictate particular noticing and hearing requirements, depending on the type of property and whether a lien or an assessment is being imposed. Under the procedures established by this Ordinance, all property owners would receive notice and the opportunity to come before the City Council or a hearing officer prior to a lien or assessment being placed on their property. The final action required before a lien or assessment is applied against a property is City Council approval of a resolution.

Implementation
In response to City Council direction that all new ordinances be the subject of adequate outreach so they may be fully implemented, this Ordinance has been drafted in a detailed and step-by-step manner, with extensive input from the City staff who will enforce it, to ensure easy and efficient implementation. Additionally, the City Attorney's office prepared an internal procedural checklist to assist with implementation of this Ordinance. In most cases, the City will likely utilize special assessments (tax liens) to implement this Ordinance; this occurs in the summer, as the County assessor's deadline to receive assessments is usually around August 1st.

This "Implementation" section will appear on all future staff reports related to new ordinances.

Summary
Ordinance No. 27-2014 is drafted to achieve the City's cost recovery and code compliance goals, to ensure compliance with the various state laws on this subject matter, and to allow for efficient implementation of these procedures by City staff.

ATTACHMENT

Ordinance No. 27-2014.

2349679.1

CITY OF RANCHO CORDOVA

ORDINANCE NO. 27-2014

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA AMENDING TITLE 1, TITLE 16 AND TITLE 23 OF THE MUNICIPAL CODE TO ESTABLISH PROCEDURES FOR IMPOSING SPECIAL ASSESSMENTS AND RECORDING LIENS AGAINST PROPERTIES WITH DELINQUENT CODE ENFORCEMENT FEES, CHARGES, PENALTIES AND RELATED COSTS

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

Section 1. Purpose and Declarations.

WHEREAS, the City Council desires to improve the quality of life in Rancho Cordova; and

WHEREAS, noncompliance with nuisance codes, housing and building codes, and zoning codes can create dangerous conditions, blight, and lower property values within the City; and

WHEREAS, the City Council finds that using all cost recovery tools available to capture costs incurred by the City related to code enforcement is important to deterring future violations and maintaining the integrity of the City's code enforcement system; and

WHEREAS, state laws, including Government Code sections 54988, 38773, 38773.1 and 38773.5 authorize the City Council to establish procedures for recording a lien against a property or imposing a special assessment against a property for delinquent fees, penalties, costs, and charges; and

WHEREAS, such state laws allow the City to record a lien or impose a special assessment against owner-occupied properties for fees and administrative costs related to nuisance abatement carried out by the City; and

WHEREAS, such state laws allow the City to record a lien or impose a special assessment against all properties, except for owner-occupied residential dwellings, for fees, costs, and charges related to nuisance abatement, housing and building code inspections and violations, fire prevention inspections, and zoning ordinance enforcement; and

WHEREAS, this Ordinance was considered at a properly noticed public hearing.

Section 2. Amendment of Code. Section 1.01.200, "Recovery of delinquent code enforcement fees, penalties, charges, and costs by lien or special assessment," shall be added to the Rancho Cordova Municipal Code to read as follows:

1.01.200 Recovery of delinquent code enforcement fees, penalties, charges and costs by lien or special assessment.

A. Purpose and definitions. This section establishes the procedures for the collection of delinquent code enforcement fees, penalties, charges, and costs including late charges and interest by recording a lien or imposing a special assessment against a subject property. This Section 1.01.200 may be used by the city to carry out lien and assessment procedures referenced in any provision of this municipal code when allowed under applicable laws. If the subject property is **not** an owner-

occupied dwelling, RCMC 1.01.200(C) shall be followed. If the subject property is an owner-occupied dwelling, RCMC 1.01.200(D) shall be followed. Whenever the delinquencies involve nuisance abatement activity by the city, RCMC 1.01.200(E) shall also apply. These recovery methods may be used by the city in addition to any and all other legal and equitable remedies related to cost recovery authorized by this code and state law.

1. In the event the procedures in this section 1.01.200 directly conflict with any other provision of this code, this section shall prevail.

2. The term “delinquent” or “delinquency” or “delinquencies” means any fee, penalty, cost, charge (including late charges and interest) or money owed to the city that has not been paid within 45 days of the first notice of it being due.

3. The term “designated hearing officer” means a hearing officer appointed by the city manager, or his or her designee, to carry out these procedures. Such appointment shall comply with RCMC 1.05.200.

B. These procedures shall be applied following any and all required notices, hearings, and procedures pertaining to violations, citations, inspections, enforcement, and abatement procedures under this code.

C. Recovery of delinquent fees, penalties, costs and charges associated with code enforcement and nuisance abatement for all properties in the city, **except for owner-occupied dwellings**.

1. Pursuant to Section 54988 of the Government Code and other applicable laws, the city may collect any delinquent fee, penalty, cost, or charge by making the amount a lien or a special assessment against the property that is the subject of the enforcement activity (“subject property”) pursuant to the applicable procedures set forth below in Sections 1.01.200(F) (for special assessments) or (G) (for liens).

2. This Section 1.01.200(C) shall apply to delinquent fees, penalties, costs and charges associated with all properties in the city, **except for owner-occupied dwellings**, for the following:

a. The abatement of public nuisances, including but not limited to nuisance abatement under RCMC 16.18, 16.20, 16.22, 16.23, graffiti and weed abatement under the RCMC.

b. Inspections and abatement of violations of the State Housing Law (commencing with Section 17910 of the Health and Safety Code) and regulations or ordinances pursuant to such laws.

c. Inspections and abatement of violations of Article 1 (commencing with Section 13100) of Chapter 1 of Part 2 of Division 12 of the Health and Safety Code related to fire protection and regulations and ordinances pursuant to such laws.

d. The correction of any violation of any law, regulation, or city ordinance that would also be a violation of Section 1941.1 of the Civil Code related to untenable dwellings.

e. Inspections and abatement of violations of the California Building Standards Code within the California Code of Regulations.

f. The enforcement of zoning ordinances adopted pursuant to Chapter 4 (commencing with Section 65800) of Division 1 of Title 7 of the Government Code or any other constitutional or statutory authority.

g. Sewer use charges, which may be collected via this Section 1.01.200 or via the procedures established in RCMC 15.05.

h. Storm drainage fees, which may be collected via this Section 1.01.200 or via the procedures established in Title 15 of the RCMC.

i. Abandoned vehicles fees, which may be collected via this Section 1.01.200 or via the procedures established in RCMC 6.56.

j. Inspections and abatement related to local ordinances and regulations that implement any of the foregoing or implement the abatement of any nuisance under the RCMC.

3. This Section 1.01.200(C) shall not apply to any enforcement, abatement, correction, or inspection activity regarding a violation for which the violation was evident on the plans that received a building permit.

D. Recovery of delinquent fees, penalties, charges and costs associated with nuisance abatement performed by the city for **owner-occupied dwellings**.

1. Pursuant to Government Code sections 38773, 38773.1, and 38773.5, and all other applicable laws, the city may collect any delinquent fee, penalty, cost, or charge related to nuisance abatement by making the amount a lien or special assessment against the property that is the subject of the enforcement activity pursuant to the applicable procedures set forth below in Sections 1.01.200(F) (for special assessments) or (G) (for liens).

2. This Section 1.01.200(D) shall apply to delinquent fees, penalties, costs and charges for **owner-occupied dwellings** for the following:

a. The abatement of nuisances by the city, including but not limited to nuisance abatement under RCMC 16.18, 16.20, 16.22, 16.23, and graffiti and weed abatement under the RCMC.

b. Administrative costs related to the abatement of nuisances by the city, including but not limited to those incurred in inspecting property, publication, mailing and posting of notices, conducting hearings, processing appeals and pursuing any judicial action and attorneys' fees.

c. Storm drainage fees, which may be collected via this Section 1.01.200 or via the procedures established in Title 15 of the RCMC.

d. Abandoned vehicles fees, which may be collected via this Section 1.01.200 or via the procedures established in RCMC 6.56.

e. Sewer use charges, which may be collected via this Section 1.01.200 or via the procedures established in RCMC 15.05.

3. Pursuant to Government Code section 38773.7, upon entry of a second subsequent civil or criminal judgment within a two-year period finding that an owner is responsible for a condition

that may be abated and such costs made a special assessment against the subject property, a court may order the owner to pay treble the costs of abatement. This section shall not apply to conditions abated pursuant to Section 17980 of the Health and Safety Code.

E. Confirmation of costs and hearing for delinquencies related to nuisance abatement performed by the city. Whenever the delinquent fees, penalties, costs, and charges involve nuisance abatement performed by the city, this Section 1.01.200(E) shall be followed in addition to the applicable sections of RCMC 1.01.200(F) or (G). The itemized accounting of expenses ("costs report") involved in the abatement shall be submitted to the city council or a hearing officer designated by the city manager or finance director for confirmation at a public hearing. Such costs reports may include but are not limited to those related to inspecting the property, publication, mailing and posting of notices, penalties, permit fees, fines, late charges, interest, nuisance abatement, conducting hearings, processing appeals and attorneys' fees associated with the abatement.

1. The costs report shall be filed with the city clerk no later than fifteen (15) calendar days in advance of the confirmation of costs hearing. The city clerk shall schedule the public hearing to receive protests and confirm the costs report no sooner than ten (10) calendar days from the date notice is sent to the property owner.

2. Notice to property owner. A statement showing the itemized accounting of expenses and the time and place of the public hearing to confirm the costs report shall be sent by certified mail to the owner of the subject property. Such notice shall state that the hearing is for the purpose of confirming the costs report associated with abatement and to hear any objections to such costs, and that such costs may become a lien or special assessment on the property if not paid within the required period after confirmation at the hearing. Notice shall be sent at least ten (10) calendar days prior to the hearing date. If the owner cannot be located, notice shall be posted conspicuously on the subject property for at least ten (10) days prior to the hearing date.

3. At the time fixed for the hearing on the confirmation of costs, the city council or the designated hearing officer shall consider the costs report, any testimony related thereto, and any protests or objections raised by those liable for the cost of abatement.

a. Protests and objections shall relate to expenses for abatement and related administrative costs and not to the merits of underlying violations.

b. The city council or hearing officer may revise, correct, or modify the costs report where it is determined to be just and shall thereafter confirm the costs report. The decision of the city council or hearing officer regarding the costs report shall be final.

c. If the city council is the reviewing body it shall confirm the costs report by resolution.

d. A hearing officer shall confirm the approved costs report with a signed version submitted to the finance director, who shall include it with the resolution submitted to city council regarding the proposed lien or assessment.

e. In the event the property owner fails to appear at the noticed hearing, the hearing shall be conducted in his or her absence and all rights to protest the costs report shall be considered waived by the property owner.

4. The liable individual shall have forty-five (45) days to pay the amount owed in the approved costs report and shall be informed of this in writing immediately following the hearing. If timely payment is not made, the delinquent amount may become a lien or a special assessment on the property pursuant to the procedures in Sections 1.01.200(F) or (G).

F. Special assessment procedures. This section establishes the procedures for the collection of delinquent fees and costs under Section 1.01.200(C) (for all properties except owner-occupied dwellings) and (D) (for owner-occupied dwellings) by imposing a special assessment against the subject property. If used, these procedures shall follow any required confirmation of costs hearing held pursuant to Section 1.01.200(E) for delinquencies related to nuisance abatement.

1. Notice of proposed special assessment and hearing. The city shall provide notice to the subject property owner of the proposed special assessment, a description of the basis for the amounts comprising the assessment, a minimum of forty-five (45) days after notice to pay the fee, cost, or charge, and an opportunity to appear before the city council or a hearing officer designated by the city manager regarding the amount of the proposed assessment. The date of the hearing shall be at least ten (10) calendar days from the notice date. This notice shall be sent by certified mail to the last known address of the owner of the property, and shall also include the subject property's street address, assessor's parcel number, the name and address of the recorded owner of the property, and the time, date and location of the hearing. Any notice of proposed special assessment may be recorded.

a. If the delinquencies relate to nuisance abatement and were the subject of a prior confirmation of costs hearing under Section 1.01.200(E), the notice of proposed special assessment shall not include language regarding a hearing. Such notice shall include a description of the basis for the amounts comprising the proposed special assessment, reference the confirmation of costs hearing outcome, and state that unless the delinquencies are paid in full within ten (10) calendar days, the city shall impose the special assessment against the subject property pursuant to Section 1.01.200(F)(3) below; no further hearing is required.

2. Hearing on proposed special assessment for delinquencies under Section 1.01.200(C) and (D). Unless Section 1.01.200(F)(1)(a) applies, no less than ten (10) calendar days after the notice date, the city council or designated hearing officer shall hold a hearing on the proposed special assessment and hear all objections and protests to the special assessment.

a. Protests and objections shall relate to the calculation of delinquencies and not to the merits of underlying violations.

b. The city council or hearing officer may revise, correct, or modify the proposed special assessment amount where it is determined to be just and shall thereafter confirm or modify the amount owed. The decision of the city council or hearing officer regarding the special assessment amount shall be final. A hearing officer shall confirm the proposed special assessment with a signed version submitted to the finance director, who shall include it with the resolution submitted to city council regarding the proposed assessment. The property owner shall receive a copy of the confirmed proposed assessment.

c. In the event the property owner fails to appear at the noticed hearing, the hearing shall be conducted in his or her absence and all rights to protest the proposed assessment shall be considered waived by the property owner.

3. Imposition of special assessment. Following the hearing required by RCMC 1.01.200(E) or (F)(2), the city council may cause the proposed special assessment to be imposed against the subject property by approval of a resolution at a regular or special meeting; no further hearing or notice for the council action is required. Such approval may occur at the same meeting at which the protest hearing was held. Such resolution, and supporting documents, shall be sent to the county assessor and county recorder following notice to the subject property owner pursuant to Section 1.01.200(F)(4) below. The notice of special assessment under Section 1.01.200(F)(4) shall accompany the resolution and supporting documents filed with the county recorder and county assessor.

4. Notice of special assessment. The city shall mail the owner of the subject property by certified mail, a certificate substantially in the following form:

NOTICE OF SPECIAL ASSESSMENT

Under the authority of [*Government Code Section 38773.5 and/or Government Code Section 54988*] and Section 1.01.200 of the Rancho Cordova Municipal Code, the City did [*abate a nuisance/conduct inspections/perform code enforcement/correct violations/issue citations*] upon the real property hereafter described and then on [*date of assessment*], did assess the cost of such actions upon the real property. The City of Rancho Cordova claims a special assessment on the real property for the expense of doing the work in the amount of [*enter dollar amount of special assessment*]. This amount is a special assessment against the real property until it is paid, with interest at the rate of ten percent (10%) a year from [*date of accrual of interest; date assessment added to tax roll*], and discharged of record. The real property may be sold after three years by the tax collector for unpaid delinquent assessments. The real property referred to above, and upon which the special assessment is claimed is that certain parcel of land situated in the City of Rancho Cordova, County of Sacramento, State of California, more particularly described as follows:

[*Legal description of property, address, and assessor's parcel number*]

Dated: [*Date of notice*]

City of Rancho Cordova:
By:

_____
[*Name of City Official]*
Finance Director

Attest:

_____
[*Name of City Clerk*]
City Clerk

5. Collection of special assessment. The county assessor (tax collector) may collect the amount of the special assessment at the same time and in the same manner as ordinary municipal taxes and ad valorem property taxes, and impose the same penalties and procedures, including the sale of property, in case of delinquency, as provided for ordinary municipal taxes. All laws applicable to the levy, collection, and enforcement of property taxes shall be applicable to the special assessment.

G. Lien procedures. This section establishes the procedures for the collection of delinquent fees, penalties, costs, and charges by proposing a lien against the subject property. If used, these procedures shall follow any required confirmation of costs hearing held pursuant to Section 1.01.200(E) for delinquencies related to nuisance abatement. All liens recorded under this section shall have the same force, priority, and effect as a judgment lien, not a tax lien. The city may foreclose on a lien by an action for money judgment.

1. Notice of proposed lien and hearing for delinquencies under Section 1.01.200(C) (regarding all types of property within the city except for owner-occupied dwelling units). The city shall provide notice to the subject property owner of the proposed lien, a description of the basis for the amounts comprising the lien, a minimum of forty-five (45) days after notice to pay the fee, penalty, cost, or charge, and an opportunity to appear before the city council or a hearing officer regarding the amount of the proposed lien. The date of the hearing shall be at least ten (10) calendar days from the date notice is sent to the property owner. This notice shall be sent by certified mail to the last known address of the owner of the property, and shall also include the subject property's street address, assessor's parcel number, and the name and address of the recorded owner of the property. Any notice of lien may be recorded.

a. If the delinquencies relate to nuisance abatement and were the subject of a prior confirmation of costs hearing under Section 1.01.200(E), the notice of lien shall not include language regarding a hearing. Such notice shall include a description of the basis for the amounts comprising the lien, reference the confirmation of costs hearing outcome, and state that unless the delinquencies are paid in full within ten (10) calendar days, the city shall record the lien against the property pursuant to Section 1.01.200(G)(2)(b)(i) below; no further hearing is required.

2. Hearing on proposed lien for delinquencies under Section 1.01.200(C) (regarding all types of property within the city except for owner-occupied dwelling units). Unless Section 1.01.200(G)(1)(a) applies, no less than ten (10) calendar days after the notice date, the city council or designated hearing officer shall hold a hearing on the proposed lien and hear all objections and protests to the lien.

a. Protests and objections shall relate to the calculation of delinquencies and not to the merits of underlying violations.

b. The city council or hearing officer may revise, correct, or modify the proposed lien amount where it is determined to be just and shall thereafter confirm or modify the amount owed. The decision of the city council or hearing officer regarding the lien amount shall be final. A hearing officer shall confirm the proposed lien with a signed version submitted to the finance director, who shall include it with the resolution submitted to city council regarding the proposed lien. The owner of the subject property shall receive a copy of the signed report.

c. In the event the property owner fails to appear at the noticed hearing, the hearing shall be conducted in his or her absence and all rights to protest the proposed lien shall be considered waived by the property owner.

3. Recordation of lien for delinquencies under Section 1.01.200(C) (regarding all types of property in the city except for owner-occupied dwellings). Following the hearing required by RCMC 1.01.200(E) or (G)(2), the city council may cause the proposed lien to be recorded against the subject property with the county recorder by approval of a resolution at a regular or special meeting; no further hearing or notice is required for the council action. Such approval may occur at the same

meeting at which the protest hearing was held. Following city council approval, notice of the lien shall be sent to the owner of the subject property owner pursuant to Section 1.01.200(G)(5).

4. Procedures for abatement liens for delinquencies under Section 1.01.200(D) (regarding owner-occupied dwellings). As an alternative to imposing a special assessment, and following the confirmation of costs hearing under Section 1.01.200(E), if the delinquent abatement and related administrative costs are not paid within forty-five (45) days of the confirmation of costs hearing, the city may cause the lien to be recorded against the subject property by submitting the proposed notice of lien and a report to the city council for approval by resolution at a regular or special meeting; no further hearing or notice of the council action is required. Upon city council approval, the notice of the lien shall be sent to the subject property owner pursuant to Section 1.01.200(G)(5) below.

5. Following approval of the lien, the city shall send the owner of the subject property a notice of lien. Such notice may be recorded.

a. The notice shall be served in the same manner as a summons in a civil action in accordance with Section 415.10 of the Code of Civil Procedure. If the recorded owner of the subject property cannot be located, the notice may be served by posting a copy in a conspicuous place on the subject property for a period of ten (10) days and publication in a newspaper of general circulation published in Sacramento County pursuant to Government Code section 6062.

b. The notice of lien shall be substantially in the following form:

NOTICE OF [*ABATEMENT/CODE ENFORCEMENT*] LIEN

Under the authority of Government Code section [*38773 and 38773.1 and/or 54988*] and Section 1.01.200 of the Rancho Cordova Municipal Code, the City did on [*date of abatement or inspection or code enforcement action*] [*abate a nuisance/conduct inspections/perform code enforcement/correct violations/issue citations*] upon the real property hereafter described and then on [*date of assessment*] did assess the cost of such actions and related administrative costs upon the real property. The City of Rancho Cordova claims and intends to record a lien on the real property for the expense of the above-described actions and the related administrative costs in the amount of [*enter dollar amount*]. This amount shall be a lien against the real property until it is paid, with interest at the rate of ten percent (10%) a year from the date the lien is recorded, and discharged of record. The real property referred to above, and upon which the assessment is claimed is that certain real property situated in the City of Rancho Cordova, County of Sacramento, State of California, more particularly described as

[*Legal description of property, address, and assessor's parcel number*]

Dated: [*Date of notice*]

City of Rancho Cordova:
By:

_____
[*Name of City Official]*
Finance Director

Attest:

_____
[*Name of City Clerk*]
City Clerk

6. Recording of lien. After notice is given in accordance with Section 1.01.200(G)(5), the lien shall be recorded in the county recorder's office. The lien shall specify the amount of the lien, that the City of Rancho Cordova is imposing the lien, the date of any abatement order, the street address, the legal description of the subject property, the assessor's parcel number of the subject property, and the name and address of the recorded owner of the property. The notice of lien under Section 1.01.200(G)(5) shall accompany the city council resolution and lien filed with the county recorder.

Section 3. Amendment of Code. Section 16.18.1001 of the Rancho Cordova Municipal Code is hereby amended to read as follows:

16.18.1001 Costs of abatement – Confirmation.

A. When proceedings under this chapter result in the correction of a violation of this code or in a final judgment that a violation exists subsequent to the date specified in any notice issued pursuant to the provisions of the Rancho Cordova Municipal Code or zoning code, costs of such proceedings incurred by the city may be assessed against the property by recording a lien or imposing a special assessment, pursuant to the procedures in RCMC 1.01.200. Such may include, but not by way of limitation, those incurred in inspecting property, publication, mailing and posting of notices, conducting hearings, processing appeals and pursuing any judicial action and attorneys' fees awarded to the prevailing party. It is the purpose of this section to allow the assessment against the property of costs of proceedings if a violation is corrected in any manner.

Section 4. Amendment of Code. Sections 16.18.1002 through 16.18.1007 of the Rancho Cordova Municipal Code are hereby repealed.

Section 5. Amendment of Code. Section 16.18.1424 of the Rancho Cordova Municipal Code is hereby amended to read as follows:

16.18.1424 Recovery of costs of abatement.
Recovery of costs of abatement are governed by RCMC 16.18.1001 and RCMC 1.01.200.

Section 6. Amendment of Code. Section 16.19.100(B) of the Rancho Cordova Municipal Code is hereby amended to read as follows:

B. Once the abatement is complete, the city may use all legally available procedures to collect any unpaid fee, cost, penalty or charge, including, but not limited to, collecting the unpaid fee on the tax roll or recording a lien against the property, consistent with applicable law and RCMC 1.01.200.

Section 7. Amendment of Code. Section 16.20.700(D) of the Rancho Cordova Municipal Code is hereby amended to read as follows:

D. Recovery of Costs of Enforcement and Abatement. In addition to those remedies provided in this chapter and RCMC 1.01.200, the city may use all legal remedies to recover all costs, including attorney's fees, enforcement and abatement costs and fees as set forth in this chapter.

Section 8. Amendment of Code. Section 16.18.750 of the Rancho Cordova Municipal Code is hereby amended to read as follows:

16.20.750 Recovery of costs of enforcement.

When proceedings under this chapter result in the correction of a violation of this code or in a final judgment that a violation exists subsequent to the date specified in any notice issued pursuant to the provisions of the Rancho Cordova Municipal Code, costs of such proceedings incurred by the city may be assessed against the subject property as a lien or special assessment, pursuant to RCMC 1.01.200. Such costs may include, but not by way of limitation, those incurred in inspecting property, publication, mailing and posting of notices, conducting hearings, processing appeals and pursuing any judicial action and attorneys' fees. It is the purpose of this section to allow the assessment against property of costs of proceedings if a violation is corrected in any manner.

Section 9. Amendment of Code. Section 16.20.755 of the Rancho Cordova Municipal Code is hereby repealed.

Section 10. Amendment of Code. Section 16.22.419(B) of the Rancho Cordova Municipal Code is hereby amended to read as follows:

B. Costs. The cost of such work may be made a personal obligation of the property owner, or may be made a special assessment or lien against the property involved pursuant to Article V of this chapter and RCMC 1.01.200.

Section 11. Amendment of Code. Section 16.22.500 of the Rancho Cordova Municipal Code is hereby amended to read as follows:

When proceedings under this code result in the correction of a violation of this code or in a final judgment that a violation exists subsequent to the date specified in any notice issued pursuant to the provisions of the Rancho Cordova Municipal Code, all costs of such proceedings and abatement incurred by the city may be assessed against the subject property as a lien or special assessment, pursuant to RCMC 1.01.200. Such costs may include, but not by way of limitation, those incurred in inspecting property, publication, mailing and posting of notices, conducting hearings, processing and defending challenges to decisions or actions and pursuing any judicial action. It is the purpose of this section to allow the assessment against property of costs of proceedings if a violation is corrected in any manner.

Section 12. Amendment of Code. Sections 16.22.501 through 16.22.505 of the Rancho Cordova Municipal Code are hereby repealed.

Section 13. Amendment of Code. Section 23.173.100(A)(4) is hereby added to the Rancho Cordova Municipal Code to read as follows:

4. Recovery. The city may pursue all applicable legal remedies to recover delinquent costs under this section, including those contained in RCMC 1.01.200 related to liens and special assessments.

Section 14. Amendment of Code. Sections 23.173.100(B) and (C) of the Rancho Cordova Municipal Code are hereby amended to read as follows:

B. Actions That Require a Permit. Any person who alters or establishes any land use or structure without first obtaining any permit required by this zoning code shall pay the additional permit processing fees as established by the city that result from this action. Delinquent fees may be made a lien or special assessment against the subject property, pursuant to RCMC 1.01.200.

C. Inspection Fee. An inspection fee as established by the city shall be imposed on each person who receives a notice of violation, notice and order, or letter of correction of any provision of this zoning code, adopted building code, or state law. The fee may be assessed for each inspection or reinspection conducted when the particular violation is not fully abated or corrected as directed. Delinquent fees may be made a lien or special assessment against the subject property, pursuant to RCMC 1.01.200.

Section 15. 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 16. 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 on the _____ day of _____, 2014 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

_____
Dan Skoglund, Mayor

ATTEST:

_____
Mindy Cuppy, MMC, City Clerk

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