



REPORT TO COUNCIL City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www.CityofSacramento.org

CONSENT

February 24, 2009

Honorable Mayor and
Members of the City Council

Title: Agreements: Stanford Settlement, Inc. for Carl R. Hansen Teen Center

Location/Council District: 521 Cleveland Avenue / Council District 1

Recommendation: Adopt a **Resolution:** 1) establishing a new Capital Improvement Program (CIP) for Stanford Settlement, Inc. for the Carl R. Hansen Teen Center (L19009000); 2) authorizing the City Manager or his designee to execute the Agreement Relating to the Stanford Settlement Carl. R. Hansen Teen Center Regarding a \$500,000 Capital Improvement Grant and use of 1.2 Million Dollars from the South Natomas Community Infrastructure Fund and to accept a deed of trust to secure the obligations in the agreement; 3) waiving, for the purposes of this project only, the policy directive that CRCIP bond funds will not be advanced until such time that fifty percent (50%) of the needed external funding is achieved; and 4) appropriating \$1.2 million from Fund 2020 (South Natomas Community Infrastructure Fund) for L19009000.

Contact: Tim Hopper, Administrative Officer, 808-8173;
J.P. Tindell, Park Planning & Development Manager, 808-1955

Presenters: J.P. Tindell, Park Planning & Development Manager, 808-1955

Department: Parks and Recreation

Division: Park Planning & Development Services

Organization No: 19001121

Description/Analysis

Issue: On April 18, 2006, the City Council approved the Community Reinvestment Capital Improvement Program (CRCIP) project list which included funding for Tier 1 priority projects. The list included \$1.5 million for District 1 improvements, of which \$500,000 was allocated to Stanford Settlement, Inc. (SS) for the Carl R. Hansen Teen Center project. The proposed location for this project is 521 Cleveland Avenue, a 0.43 acre

site.

As part of City Council's direction for this CRCIP project, staff proposes an Agreement concerning \$500,000 of City CRCIP bond funds to be used for the Carl R. Hansen Teen Center project as part of a collaborative relationship between the City of Sacramento and SS and reflects a commitment to the project's implementation. SS does not have the resources required to achieve the needed 50% external funding requirement. However, given the substantial public benefit that will result from the development of this project, e.g., potential decrease in crime as well as improvement of the quality of life for the teens who utilize services at SS and the greater community, it is in the best interest of the City for the City Council to waive the policy directive that City bond funds will not be advanced until such time that fifty percent (50%) of the needed external funding is achieved.

In order for the construction project to proceed, additional funds beyond the initial \$500,000 CRCIP allocation are needed and City Council's approval is required. The construction cost for the Teen Center is estimated to be \$1.86 million. As part of the Agreement, in order for the construction project to proceed, \$1.2 million is also requested from the South Natomas Community Infrastructure Fund (SCNIF) (Fund 2020).

City funds will be used to construct the building, SS will provide the furnishings, equipment, and staff needed to run the center. If SS receives donated materials and volunteer labor that are used for the building construction costs, some of the City funds (specifically CRCIP) would be used for some of the other "Project Costs". Project costs would be the building construction costs and other costs that Stanford Settlement considers necessary to operate the building as a teen center (see Background, page 6).

Policy Considerations: The SS project is consistent with the City of Sacramento Strategic Plan goals to improve and expand public safety and expand economic development throughout the City. Providing recreation facilities is also consistent with the City's strategic plan to enhance livability in Sacramento's neighborhoods by expanding park, recreation, and trail facilities throughout the City. SS has been a longstanding collaborator with the City on services provided in this community.

Environmental Considerations:

California Environmental Quality Act (CEQA): The actions of establishing a new Capital Improvement Program (CIP), appropriating funds, authorizing an agreement between the City of Sacramento and

SS secured by a deed of trust do not have the potential for causing a significant effect on the environment under Section 15061 (b) (3) of the CEQA. Section 15061(b) (3) applies when it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment; and therefore, the project is exempt from CEQA. The Carl R. Hansen Teen Center project (Z08-047) was reviewed by the Environmental Planning Services Division of Development Services Department and was determined to be exempt under CEQA Section 15332, as an Infill Development Project.

Sustainability Considerations: The new teen center at the SS project is consistent with the goals of the City Sustainability Master Plan (SMP) by helping improve the health of residents by providing access to recreation and wellness activities and by providing a healthier urban environment. Due to the location near alternative transportation facilities, the project will also help reduce dependence on private automobiles, use of fossil fuels and carbon dioxide emissions, and will help to meet air quality standards by the variety of commuting alternatives to this location.

Committee/Commission Action: Not applicable.

Rationale for Recommendation: On May 23, 2006, the City Council authorized the issuance of approximately \$150 million of the 2006 Capital Improvement Revenue Bond (CIRB) and adopted policy directives for the CRCIP. The SS's proposed the Carl R. Hansen Teen Center was one of the priority projects listed to be funded out of the bond allocation under the District 1 Improvements. One of the policy directives states that MOUs with grantee organizations should be in place to ensure project objectives are met before funding is awarded. The MOU in this report will allow for the transfer of funds to SS as authorized by the City Council. Part of the CRCIP requirements is for the grantee to provide a 50% external funding match; however, SS does not have the resources required to achieve that requirement. Given the substantial public benefit that will result from the development of the project (refer to Background Information), it is in the best interest of the City for the City Council to waive the policy directive that City bond funds will not be advanced until such time that fifty percent (50%) of the needed external funding is achieved.

Funds in the SNCIF account are considered available for capital improvement projects located within the South Natomas Community Plan area, as is consistent with the historical use of the funds. The SNCIF funds have been used historically to construct capital improvements of the City on either City property or on property which the city has rights of use through easements of other legal vehicles. Any use of SNCIF funds are to

be approved by City Council.

To qualify this project for SCNIF funds, a deed of trust (a lien on the property that secures the amount owed) will be recorded against the property and building to protect the City's legal interest in the project. Only if SS is unable to construct the facility would the City require the funds to be returned to the City by foreclosing on the deed of trust. Within thirty (30) years, the lien will be removed and SS will be the sole owner. City funds will not be disbursed to SS until: 1) SS provides a deed of trust (including notarized signatures); and 2) SS demonstrates to the satisfaction of the City Manager that all necessary funding for construction of the Teen Center is available, SS has employed a licensed contractor to construct the Teen Center and such a contract contains provisions consistent with Section 8 and Section 13(F) of the Agreement. The City will disburse the City funds in two payments: half (\$600,000) when Stanford Settlement begins construction and half (\$600,000) when 40% of the Teen Center has been completed. Stanford Settlement has a contractor, Commercial Building Specialists, to construct the teen center for a Guaranteed Maximum Price (GMP) of \$1.74 million. Though this is not a public works project, the contractor will use prevailing wage rates.

Stanford Settlement estimates that they will be able to double the number of teens served by their program, from approximately 150 to 300 teens per year, and be open five days per week. After school programs are critical because they enable kids to have safe places to be and provide structure in a supportive learning environment. Research has proven that juveniles are at the highest risk of being a victim of violence between 2 and 6 p.m.; the peak hour for juvenile crime is from 3 to 4 p.m., the first hour that most students are dismissed from school. Stanford Settlement's Teen Center is currently open four days per week from 3:00 - 7:00 p.m.

SS anticipates beginning construction in March 2009 and completion within eight months.

Financial Considerations: The proposed \$500,000 CRCIP to SS for the Carl R. Hansen Teen Center was approved as part of the District 1 Improvements Projects. The funds for this project were obtained from the City's 2006 Capital Improvement Revenue Bonds (CIRBs), borrowed in June of 2006 and are available now for this purpose. They will be allocated accordingly upon execution of the MOU.

As part of the Agreement, in order for the construction project to proceed, \$1.2 million will also be used from the South Natomas Community Infrastructure Fund (SCNIF) (Fund 2020).

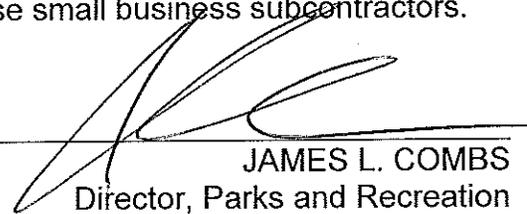
Stanford Settlement is expected to receive a grant of \$196,000 from the U.S. Department of Housing and Urban Development for the construction of the teen center. Stanford Settlement expects to use donated services and materials as well as other pledges, contributions, and cash donations to cover the rest of the non-construction related projected costs.

The total funding is \$1,896,000 to date. The estimated costs are \$1,860,662. CBS construction guaranteed maximum price contract is \$1,740,000, building permit fees are \$86,662, and Monighan construction management cost is \$36,000.

The City anticipates the funding will be sufficient to cover the construction costs of the building. If Stanford Settlement receives donated materials and volunteer labor that will go toward the building construction costs, some of the City funds (specifically CRCIP) will be used for some of the other "Project Costs." (see Background, page 6).

Emerging Small Business Development (ESBD): This is not a public works project but the contractor is encouraged to use small business subcontractors.

Respectfully Submitted by:


JAMES L. COMBS
Director, Parks and Recreation

Recommendation Approved:

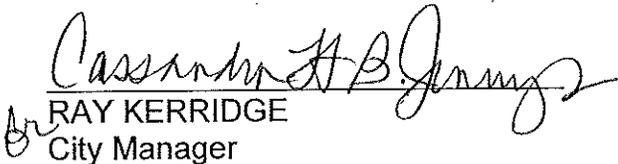

RAY KERRIDGE
City Manager

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Attachment 1**Background Information**

There is a high rate of gang activity, substance abuse, and poverty in the North Sacramento and South Natomas communities. Between September and November 2008, nearly 120 criminal incidents (e.g., traffic offenses, drugs, burglary, theft, assault, etc.) were reported within 800 meters of Stanford Settlement. The 2000 Census data states that over 9% of the families in the area surrounding Stanford Settlement live below the poverty line. In addition, many of the youth who attend the Teen Center program come from "multi-problem" families whose situations can seem overwhelming (reported by Stanford Settlement, Inc.). Guidance from reasonable, emotionally present adults is needed to help lead and support the teens in the community.

A research brief, "America's After-School Choice: Juvenile Crime or Safe Learning Time" by FIGHT CRIME: INVEST IN KIDS, states the hours from 3 and 6 p.m. are the peak hours for teens to: 1) commit crimes; 2) be victims of crime; 3) be in or cause a car crash; and 4) smoke, drink, or use drugs. After school programs are critical because they enable kids to have safe places to be and provide structure and guidance within a supportive learning environment. Stanford Settlement's Teen Center is currently open four days per week from 3:00 - 7:00 p.m. There are planned and purposeful recreational activities for the kids, along with snacks, free play, and groups. There are more kids in the community than are able to take advantage of the current programs. Additionally, there is no other Teen Center program available to youth in the Gardenland/Northgate area.

Stanford Settlement's Teen Center programs (<http://stanfordsettlement.org/>) provide delinquency prevention for youth in the North Sacramento and Natomas communities. The programs are open to all youth in 7th through 12th grades; current programming primarily focuses on 7th, 8th, and 9th graders. Staff social workers connect with participants' schools to check on attendance and also any behavior concerns that may get in the way of being successful at school.

The Carl R. Hansen Teen Center Capital Campaign Committee was established in September 2004. Since that time, the committee has been working to establish contacts with businesses and corporations on a local, national and international level. They have worked with county, city, and federal offices and officials to acquire and put in place the avenues of project funding. Groundbreaking took place on April 24, 2008, resulting in articles in *The Sacramento Bee*, *Natomas Journal*, and other media publications. With groundbreaking having taken place, the Public Appeal Campaign has been launched.

On October 11, 2005, City Council authorized the City Manager to identify projects for a Community Reinvestment Capital Improvement Program (CRCIP)

bond issuance. On December 12, 2005, staff presented a list of community projects. On January 10, 2006, City Council held a financial planning workshop and developed a CRCIP project list. Each project was evaluated and ranked in priority order as either a Tier 1 or Tier 2 project. On February 7, 2006, City Council approved the CRCIP project list; Stanford Settlement's Hansen Teen Center was on that list. On March 21, 2006, City Council directed staff on which final projects to include in the Tier 1 or Tier 2 lists. On April 18, 2006, City Council approved the Final Tier 1 and Tier 2 project list and bridge financing. On May 23, 2006, City Council authorized the issuance of approximately \$150 million in 2006 bonds, authorized funding for the Tier 1 CRCIP projects and adopted policy directives. Policy directive number three requires that agreements or MOUs with grantee organizations be put in place to ensure project objectives will be met before funding is awarded.

In what was once a classroom serves as the program's current after-school center, where boys and girls gather to do arts and crafts, to play video games and to get help with homework. At 800 square feet, the room is usually overcrowded. At 10,000 square feet, the new teen center will be more than 10 times bigger than the existing one.

The teen center will be on a now-vacant lot directly behind the Stanford Settlement complex. The lot, near the corner of Cleveland Avenue and Northgate Boulevard, was recently purchased by Stanford Settlement with a \$45,000 grant from the Sacramento Housing and Redevelopment Agency.

Stanford Settlement has a contractor, Commercial Building Specialists (CBS), to construct the teen center for a Guaranteed Maximum Price (GMP) of \$1.74 million. CBS expects to begin the construction in March and complete it in seven months. All center services will continue to be free.

The Teen Center is expected to have the following amenities: an indoor basketball court; a large game room; smaller areas which may be used for offices or for activities such as counseling, studying, and tutoring; and a kitchen. There will also be space available where the following activities to empower the teens may take place: job training, independent study/tutoring, and teen parenting classes. SS will provide the furnishings, equipment, and staff needed to run the center. If money is available after the construction is complete, SS would use available funds to further furnish the center with couches, chairs, study and office furniture, and additional equipment. SS has spent \$237,000 on engineering and architectural fees, survey fees, utility, water district, school and sewer fees.

RESOLUTION NO. 2009-

Adopted by the Sacramento City Council

February 24, 2009

APPROVING AGREEMENT: STANFORD SETTLEMENT, INC. FOR CARL R. HANSEN TEEN CENTER

BACKGROUND

- A. In September 2004, the Carl R. Hansen Teen Center Capital Campaign Committee was established. Since that time, the City of Sacramento has collaborated with Stanford Settlement, Inc. to ensure the success of this project.
- B. On October 11, 2005, City Council authorized the City Manager to identify projects for a Community Reinvestment Capital Improvement Program (CRCIP) bond issuance.
- C. On April 18, 2006, City Council approved the Final Tier 1 and Tier 2 project list and bridge financing. The list included District 1 improvements of which \$500,000 was allocated to Stanford Settlement, Inc. for the Carl R. Hansen Teen Center.
- D. On May 23, 2006, City Council authorized the issuance of approximately \$150 million in 2006 bonds, authorized funding for the Tier 1 CRCIP projects, and adopted policy directives. Policy directive number three requires that agreements or Memorandums of Understanding with grantee organizations be put in place to ensure project objectives will be met before funding is awarded.
- E. Stanford Settlement, Inc. does not have the resources required to achieve the needed 50% external funding requirement for bond funds. However, given the substantial public benefit that will result from the development of this project, e.g., improvement of the quality of life for the teens who utilize services at Stanford Settlement, Inc. and the greater community, it is in the best interest of the City for the City Council to waive the policy directive that City bond funds will not be advanced until such time that fifty percent (50%) of the needed external funding is achieved. Stanford Settlement is engaged in an ongoing capital campaign to raise money for the Teen Center. Stanford Settlement is also working to get labor and materials donated to the project.
- F. Any use of SNCIF funds are to be approved by City Council.

- G. After school programs are critical because they enable youth to have safe places to be and provide structure in a supportive learning environment.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. A new Capital Improvement Program (CIP) is established for Stanford Settlement, Inc. regarding the Carl R. Hansen Teen Center (L19009000).
- Section 2. The City Manager or his designee is authorized to execute the Agreement Relating to the Stanford Settlement Carl R. Hansen Teen Center Regarding a \$500,000 Capital Improvement Grant and use of 1.2 Million Dollars from the South Natomas Community Infrastructure Fund and to accept a deed of trust to secure the obligations in the agreement.
- Section 3. For the purposes of this project only, the policy directive that CRCIP bond funds will not be advanced until such time that fifty percent (50%) of the needed external funding is achieved will be waived.
- Section 4. That \$1.2 million is appropriated from Fund 2020 (South Natomas Community Infrastructure Fund) for L19009000.

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Exhibit A – Agreement Relating to the Stanford Settlement Carl R. Hansen Teen Center Regarding a \$500,000 Capital Improvement Grant and use of 1.2 Million Dollars from the South Natomas Community Infrastructure Fund

Exhibit B – Deed of Trust

EXHIBIT A

AGREEMENT RELATING TO THE STANFORD SETTLEMENT CARL R. HANSEN TEEN CENTER REGARDING A \$500,000 CAPITAL IMPROVEMENT GRANT AND USE OF 1.2 MILLION DOLLARS FROM THE SOUTH NATOMAS COMMUNITY INFRASTRUCTURE FUND

This Agreement relating to the Stanford Settlement Carl R. Hansen Teen Center regarding a \$500,000 Capital Improvement grant and use of 1.2 Million Dollars from the South Natomas Community Infrastructure Fund ("SNCIF") (the "Agreement") is entered into on _____, by and between the CITY OF SACRAMENTO, a charter municipal corporation ("City"), and STANFORD SETTLEMENT, INC., a nonprofit corporation ("Stanford Settlement") (collectively "the Parties"), with respect to the following facts:

RECITALS

- A. Stanford Settlement is a non profit corporation founded in 1936 whose mission is to provide assistance to those living in challenging circumstances and to build healthy communities. Stanford Settlement provides a variety of programs in support of its mission for all age groups, from children to senior citizens.
- B. Included in the many programs that Stanford Settlement operates to further its mission are providing Christmas baskets, toys and gifts through operation Cratchit, a program in operation since 1969; various programs for children ages six to eleven, including after school groups and summer day camps; neighborhood outreach programs including income tax assistance programs; editing, mailing and publishing an agency newsletter; hosting as well as participating in community meetings; various senior services including brown bag lunch programs, providing a senior nutrition service site, door to door transportation for lunch for seniors, senior activities and senior home visits.
- C. In addition to the above programs, Stanford Settlement operates numerous programs designed specifically for teenagers to provide support and encouragement for teenagers to stay in school, set and strive toward goals, and build healthy relationships with peers, parents, schools and the community.
- D. Currently, Stanford Settlement's programs for teenagers operate out of its facility at 450 West El Camino Avenue, Sacramento. The facility can only operate between the hours of 3:00 and 7:00 p.m. and serves 15-23 youths per day, approximately 150 youths annually. The location is old and dilapidated and does not provide the community with a sufficient level of service.

E. Stanford Settlement owns the real property located at 521 Cleveland Avenue, Sacramento, California 95883 (the "Property") described in the attached Exhibit A and depicted in the attached Exhibit B. The Property is encumbered by a deed of trust in favor of the Sacramento Housing and Redevelopment Agency ("SHRA") securing a conditional grant in the amount of \$45,000. Provided Stanford Settlement complies with the terms of the SHRA conditional grant, it will become unconditional on January 1, 2015.

F. Stanford Settlement intends to construct, operate and maintain on the Property a facility to be commonly known as the Carl R. Hansen Teen Center ("Teen Center" or "Project"). The Teen Center building will have a total gross square footage of 10,689 feet. The Teen Center will generally assist Stanford Settlement in providing better services to the community and is expected to have an indoor basketball court, a large game room, a kitchen, and smaller areas that may be used for offices or activities such as studying and tutoring. There will also be space available where the following activities to empower teens may take place: job training, independent study/tutoring, and teen parenting classes. The Teen Center will also include restrooms, storage areas and a lobby. Site improvements will include a new paved parking area at the rear of the building, new concrete walks/ramps, new striping and signage for accessible parking spaces, an entry arbor, and landscaping. The center will provide a safe environment with meaningful activities, for teens to grow and develop. Finally, the Teen Center will be able to serve approximately 300 youths annually, doubling the number served by the current facility.

G. The City recognizes and acknowledges the benefit a teen center will bring to citizens in the City of Sacramento, especially teenagers. The center will provide a location for teenagers and other citizens to gather and socialize and will provide assistance and programs to help teenagers and others. Further, the Teen Center will provide a place for teens to gather after school to help build self-esteem and to provide assistance with homework.

H. Currently, there is not a City facility available in the vicinity of the proposed Teen Center that provides the citizens of the City of Sacramento with the programs that will be provided through the Teen Center.

I. On May 23, 2006, the Sacramento City Council authorized the 2006 Community Reinvestment Capital Improvement Program ("CRCIP"). The CRCIP provides for issuance of Capital Improvement Revenue Bonds ("Bonds") for the funding of various CRCIP community projects to:

- Improve the quality of life for members of the community;
- Ensure future generations enjoy the City as much as the present generation; and

- Support organizations dedicated to the creation of cultural, leisure and educational activities within the City.

J. In order to achieve the objectives of the Sacramento City Council, ensure fiscal responsibility and accountability in the management of the CRCIP and the Project, the City Council has adopted six policy directives regarding the use of Bond proceeds. These directives state:

1. Preliminary Work: Projects that have not begun preliminary work which may include acquisition, community outreach, environmental, design, etc. within twelve (12) months of July 1, 2006, will be reassessed for continued funding or substitution of other projects.
2. External Funding Sources: City bond funds will not be advanced until such time that fifty percent (50%) of the needed external funding is achieved.
3. Grant Funds: Agreements or MOUs with grantee organizations should be put in place to ensure project objectives will be met before funding is awarded.
4. General Fund Loans: Loan or Development Agreements with grantee organizations must be put in place prior to award of funding.
5. Contingency: Contingency is earmarked for Tier 1 construction projects and should not be reprogrammed to Tier II or other projects until assurance can be made that all Tier I projects have sufficient funding to be completed; and the contingency can be reduced at the time of bond sale of an amount not less than twelve percent (12%) of the Tier I projects that have a contingency; if such reduction is necessary to maintain project funds for all Tier I projects originally approved by City Council. City Council must approve all use of contingency. This project is part of the 24 Tier I projects for the City and Community non-profit organizations.
6. Bond Proceeds Management: The City Treasurer's Office will report back to City Council semi-annually on the availability and programming of investment earnings and the status of projects as they relate to compliance with tax-exempt regulations and policy directives, and City Council authorize the use of investment earnings from the 2006 CIRB (excluding the SHRA component) unspent lease revenue bond funds to restore all Tier I projects should interest rates increase prior to the bond issue and a reduction in contingency funds previously described not be sufficient to offset the loss of project funds due to potential interest rate increases.

K. The Sacramento City Council has awarded Stanford Settlement up to \$500,000 from the CRCIP Bond proceeds for the purpose of constructing and operating the Teen Center provided the Teen Center subject to the terms of this Agreement including the requirement that the Teen Center shall be made

available for public use as provided for herein in Section 5.

L. In addition and separate from the CRCIP bond funds, the South Natomas Community Infrastructure Fund (SNCIF) is available for use in the South Natomas Community Plan Area for capital improvement projects of the City. Stanford Settlement has requested, and the City has agreed, to provide \$1.2 million dollars from SNCIF subject to the terms of this Agreement and separate deed of trust for the construction of the Teen Center including the requirement that the Teen Center shall be made available for public use as provided for herein in Section 5.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and the mutual promises contained herein, City and Stanford Settlement hereby agree as follows:

1. Recitals Incorporated. The foregoing recitals are true and correct, and are part of this Agreement for all purposes.

2. Project Description. Stanford Settlement shall develop and construct the Teen Center to be located at 521 Cleveland Avenue, Sacramento, California 95883. The Teen Center building will have a total gross square footage of 10,689 feet. The Teen Center is expected to have an indoor basketball court, a large game room, a kitchen, and smaller areas that may be used for offices or activities such as studying and tutoring. There will also be space available where the following activities to empower teens may take place: job training, independent study/tutoring, and teen parenting classes. The Teen Center will also include restrooms, storage areas and a lobby. The center will provide a safe environment with meaningful activities, for teens to grow and develop. Finally, the Teen Center will be able to serve approximately 300 youths annually, doubling the number served by the current facility.

3. City Funding. Pursuant to the terms of this Agreement, the City agrees to provide up to \$1,200,000 from SNCIF and up to \$500,000 of CRCIP bond funds ("City Funds") to Stanford Settlement for the "Project Costs" associated with the Teen Center. In addition to the Project Costs, on condition that Stanford Settlement obtain donated materials and/or volunteer services to be applied toward Project Costs, excess CRCIP funds not necessary for Project Costs, may be used for other costs necessary to operate the Teen Center such as furniture purchases and equipment purchases. Within thirty (30) days after disbursement of the CRCIP bond funds by the City, from the CRCIP bond funds, Stanford Settlement will repay to the City the \$86,661.24 that the City advanced to Stanford Settlement pursuant to City Agreement 2008-1135 dated December 5, 2008 in order for Stanford Settlement to pay the fees necessary to obtain a building permit for the Project.

A. Project Costs. Project Costs shall mean and include costs

related to all contracts for the construction of the Project, and costs associated with all other contracts for professional and other services necessary, in the City's judgment, to implement and complete construction, together with all planning and design costs. Project Costs also shall include, but not be limited to, the engineering estimates and the Project elements included therein, building permit fees, construction inspection fees, and whichever of the following costs or fees, if any, may be applicable: environmental documentation (whether prepared by outside consultants or City staff), City project administration, plan check and inspection fees.

- B. **External Funding** Stanford Settlement does not have the resources required to achieve the needed 50% external funding requirement as required for CRCIP funding. However, given the substantial public benefit that will result from the development of the Project, e.g., improvement of the quality of life for the citizens who will utilize services at the Teen Center, it is in the best interest of the City for the City Council waive the policy directive that City CRCIP Bond funds will not be advanced until such time that fifty percent (50%) of the needed external funding is achieved.

4. **Project Budget.** Stanford Settlement previously obtained and expended approximately \$237,000 in cash grants, contributions, and in kind donations toward Project Costs such as engineering and architectural fees, survey fees, utility, water district, school and sewer fees. The remaining Project Costs are estimated to be \$1,862,000. Stanford Settlement has indicated to the City that it has secured a Federal Grant from the United States Department of Housing and Urban Development, Consolidated Appropriations Act 2008 (PL 110-161) in the amount of \$196,000 to be applied to the remaining Project Costs. This Federal money cannot be disbursed until physical construction of specific portions of the Project have been completed.

5. **Use of Teen Center.** In consideration for the City Funds, for a period of thirty (30) years after execution of this Agreement, Stanford Settlement agrees that the Teen Center shall be used for the following purposes:

- A.) the Teen Center shall be open to the public one hundred and ninety (190) days out of the year (open four (4) days a week, closed two (2) or three (3) weeks a year for holidays and training) to provide a location for teenagers and other citizens in the City of Sacramento to gather for social support and educational purposes;

- B) the Teen Center shall not be utilized for "for profit" purposes including

leasing, licensing or providing a staging area for private businesses; and

C) Stanford Settlement shall construct, operate and maintain the Teen Center in compliance with all applicable laws, statutes and ordinances.

6. Disbursement of Funding. City funds will not be disbursed to Stanford Settlement until 1) Stanford Settlement provides a Deed of Trust in the form as attached in recordable form (including notarized signatures); and 2) Stanford Settlement demonstrates to the satisfaction of the City Manager that Stanford Settlement has gathered all necessary funding (including City Funds) for construction of the Teen Center; and 3) Stanford Settlement demonstrates to the satisfaction of the City Manager, through an executed written contract, that Stanford Settlement has employed a licensed contractor to construct the Teen Center and such contract contains provisions consistent with Section 8 and Section 13(F) of this Agreement. The City shall disburse the CRCIP bond funds to Stanford Settlement upon completion of the three conditions listed above in this Section 6. The City shall disburse the SNCIF funds to Stanford Settlement upon completion of the three conditions listed above in this Section 6. In addition, the SNCIF funds will be disbursed to Stanford Settlement in two payments. The City shall disburse the first payment of \$600,000 when Stanford Settlement begins construction. The City shall disburse the second payment of \$600,000 when 40% of the Teen Center is complete.

7. Commencement of Construction. Stanford Settlement shall start construction of the Project in compliance with the definition of "start of construction" found in Federal Emergency Management Act regulations (44 CFR 59.1). However, such construction cannot commence until Stanford Settlement complies with all provisions of Section 6 above.

8. Project Construction. Construction contracts shall include: (i) provisions mandating compliance with all requirements applicable to the construction of a "public project" under the Sacramento City Code, as well as all other applicable laws and regulations, including without limitation the payment of prevailing wages and compliance with all applicable provisions of the Americans With Disabilities Act; and (ii) bonding, insurance and indemnity provisions as may be required by the City. All work shall be performed in a good and workman-like manner, shall substantially comply with any plans and specifications approved by the City, and shall comply with all applicable governmental permits, laws, ordinances, and regulations. Stanford Settlement shall obtain building permits for the Project and shall have construction inspected as required by applicable law and obtain final approval under the permits and a certificate of occupancy prior to allowing use of the facility.

9. Reporting Requirements. Stanford Settlement shall submit the following reports to the Director in both written and electronic forms:

- A. Project budget 10 days prior to funding of the Project by the City. Thereafter, a monthly Project budget report by the 15th of each month for the preceding month.
- B. Project income and expense statements in conformance with generally accepted accounting principles by the 15th of each month for the preceding month.
- C. An initial Project status report, within six months of the issuance of the building permit indicating compliance with "start of construction" as defined by Federal Emergency Management Act regulations (44 CFR 59.1).
- D. Semi-annual Project status reports, including a brief narrative of activities, due on the first day of January and July of each year.
- E. Final Project status report, including photographs of completed Project, to be submitted within 30 days of Project completion.

10. Maintenance and Inspection of Records. The City funds shall be used for construction of the Teen Center only and for which there shall be a separate accounting by Stanford Settlement. During performance of this Agreement, and for a period of three (3) years after completing the Teen Center, Stanford Settlement shall maintain all accounting and financial records related to the Project and this Agreement and shall keep and make such records available for inspection and audit by representatives of the City upon reasonable written notice.

11. Licenses, Permits, Etc. Stanford Settlement represents and warrants that Stanford Settlement has all licenses, permits, City Business Operations Tax Certificate, qualifications, and approvals of whatsoever nature that are legally required for Stanford Settlement to perform the terms of this Agreement. Stanford Settlement represents and warrants that Stanford Settlement shall, at its sole cost and expense, keep in effect or obtain at all times during the term of this Agreement any licenses, permits, and approvals that are legally required for Stanford Settlement to provide such performance.

12. Indemnity and Hold Harmless.

- A. Indemnity: Stanford Settlement shall indemnify and hold harmless, City, its officers and employees, and each and every one of them, from and against all actions, damages, costs, liability, claims, demands, losses, judgments, penalties, costs and expenses of every type and description, including, but not limited to, any fees and/or costs reasonably incurred by City's staff attorneys or outside attorneys and any fees and expenses

incurred in enforcing this provision (hereafter collectively referred to as "Liabilities"), to the extent such Liabilities are caused by or arise from any negligent act or omission, recklessness or willful misconduct of Stanford Settlement, its contractors, subcontractors or agents, and their respective officers and employees, in connection with the performance or nonperformance of this Agreement, whether or not (i) such Liabilities also are caused in part by the passive negligence of the City, its officers or employees, (ii) the City, its officers or employees reviewed, accepted or approved any service or work product performed or provided by the Stanford Settlement, its contractors, subcontractors or agents, and their respective officers and employees, or (iii) such Liabilities are litigated, settled or reduced to judgment.

- B. Obligation to Defend: Stanford Settlement shall, upon City's request, defend at Stanford Settlement's sole cost any action, claim, suit, cause of action or portion thereof that asserts or alleges Liabilities caused by or arising from any negligent act or omission, recklessness or willful misconduct of Stanford Settlement, its contractors, subcontractors or agents, and their respective officers and employees, in connection with the performance or nonperformance of this Agreement, whether such action, claim, suit, cause of action or portion thereof is well founded or not.
- C. Insurance Policies; Intellectual Property Claims: Except as may be expressly provided in this Section, the existence or acceptance by City of any of the insurance policies or coverages described in this Agreement shall not affect or limit any of City's rights under this Section, nor shall the limits of such insurance limit the liability of Stanford Settlement hereunder. The provisions of this Section shall survive any expiration or termination of this Agreement.

13. Insurance. During the entire term of this Agreement, Stanford Settlement shall maintain the insurance coverage described in this Section.

Stanford Settlement, at its sole cost and expense and for the full term of this Agreement, shall obtain and maintain at least all of the following minimum insurance requirements prior to commencing any activities under this Agreement.

It is understood and agreed by Stanford Settlement that its liability to the City shall not in any way be limited to or affected by the amount of insurance coverage required or carried by Stanford Settlement in

connection with this Agreement.

A. Minimum Scope & Limits of Insurance Coverage

- (1) Commercial General Liability Insurance, providing coverage at least as broad as ISO CGL Form 00 01 on an occurrence basis for bodily injury, including death, of one or more persons, property damage and personal injury, with limits of not less than one million dollars (\$1,000,000) per occurrence. The policy shall provide contractual liability and products and completed operations coverage for the term of the policy.
- (2) Automobile Liability Insurance providing coverage at least as broad as ISO Form CA 00 01 on an occurrence basis for bodily injury, including death, of one or more persons, property damage and personal injury, with limits of not less than one million dollars (\$1,000,000) per occurrence. The policy shall provide coverage for owned, non-owned and/or hired autos as appropriate to the operations of the Stanford Settlement.

No automobile liability insurance shall be required if Stanford Settlement completes the following certification:

"I certify that a motor vehicle will not be used in the performance of any work or services under this Agreement." _____ (Stanford Settlement initials)

- (3) Workers' Compensation Insurance with statutory limits, and Employers' Liability Insurance with limits of not less than one million dollars (\$1,000,000). The Worker's Compensation policy shall include a waiver of subrogation for contracts involving construction or maintenance, or if required by the City by selecting the option below:

_____ Workers' Compensation waiver of subrogation in favor of the City is required for all work performed by the Stanford Settlement.

No Workers' Compensation insurance shall be required if Stanford Settlement completes the following certification:

"I certify that my business has no employees,

and that I do not employ anyone. I am exempt from the legal requirements to provide Workers' Compensation insurance."

_____ (Stanford Settlement initials)

- (4) Professional Liability Insurance providing coverage on a claims made basis for errors, omissions or malpractice with limits of not less than one million (\$1,000,000) dollars if required by the City by selecting the option below:

_____ Professional liability insurance is required and must be continued for at least _____ year(s) following the performance of the terms of this Agreement.

- (5). All Risk Property Insurance. Stanford Settlement shall maintain all risk property insurance against loss or damage including fire, flood or other acts of nature and vandalism for buildings and improvements located on or about the premises for the term of the deed of trust. Buildings and improvements shall be insured for replacement value. The proceeds from any such policy shall be used by Stanford Settlement for replacement of buildings and improvements.
- (6). Builder's Risk Property Insurance. Stanford Settlement shall require Stanford Settlement's contractor to maintain builder's risk property insurance coverage in the amount of replacement value of the work. Such property insurance shall be maintained until final payment has been made under the contract with Stanford Settlement or until no entity other than Stanford Settlement has an insurable interest in the property. This insurance shall include the interests of the owner, contractor and subcontractors of every tier as their interests may appear.

This property insurance shall be on an all risk or equivalent policy form including flood, theft, vandalism, malicious mischief, collapse, windstorm, falsework, temporary buildings and debris removal including demolition occasioned by enforcement of any applicable legal requirements and shall cover reasonable compensation for owner's and contractor's services and expenses required as a result of such

insured loss.

Stanford Settlement shall provide the City with a certificate of insurance showing proof of the contractor's builders risk coverage prior to commencement of the work.

B. Additional Insured Coverage

- (1) Commercial General Liability Insurance: The City, its officials, employees and volunteers shall be covered by policy terms or endorsement as additional insureds as respects general liability arising out of activities performed by or on behalf of Stanford Settlement, products and completed operations of Stanford Settlement, and premises owned, leased or used by Stanford Settlement. The general liability additional insured endorsement must be signed by an authorized representative of the insurance carrier for contracts involving construction or maintenance, or if required by the City by selecting the option below:

_____ Additional insured endorsement must be signed by an authorized representative of the insurance carrier.

If the policy includes a blanket additional insured endorsement or contractual additional insured coverage, the above signature requirement may be fulfilled by submitting that document with a signed declaration page referencing the blanket endorsement or policy form.

- (2) Automobile Liability Insurance: The City, its officials, employees and volunteers shall be covered by policy terms or endorsement as additional insureds as respects auto liability.

C. Other Insurance Provisions

The policies are to contain, or be endorsed to contain, the following provisions:

- (1) Except for professional liability, Stanford Settlement's insurance coverage shall be primary insurance as respects City, its officials, employees and volunteers. Any insurance or self-insurance maintained by City, its officials, employees or volunteers shall be in excess of Stanford Settlement's insurance and shall not contribute with it.
- (2) Any failure to comply with reporting provisions of the policies shall not affect coverage provided to City, its officials, employees or volunteers.
- (3) Coverage shall state that Stanford Settlement's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- (4) City will be provided with thirty (30) days written notice of cancellation or material change in the policy language or terms.

D. Acceptability of Insurance

Insurance shall be placed with insurers with a Bests' rating of not less than A:V. Self-insured retentions, policy terms or other variations that do not comply with the requirements of this Section must be declared to and approved by the City Risk Management Division in writing prior to execution of this Agreement.

E. Verification of Coverage

- (1) Stanford Settlement shall furnish City with certificates and required endorsements evidencing the insurance required. The certificates and endorsements shall be forwarded to the Director. Copies of policies shall be delivered to the City on demand. Certificates of insurance shall be signed by an authorized representative of the insurance carrier.
- (2) The City may withdraw its offer of contract or cancel this Agreement if the certificates of insurance and endorsements required have not been provided prior to execution of this Agreement. The City may withhold payments to Stanford Settlement and/or cancel the Agreement if the insurance is canceled or Stanford Settlement otherwise ceases to be insured as required herein.

F. Consultants and Contractors

Stanford Settlement shall require and verify that all consultants, sub-consultants, contractors and subcontractors maintain insurance coverage that meets the minimum scope and limits of insurance coverage specified in subsection A, above.

14. Regulations and Ordinances. Stanford Settlement shall, at all times, comply with and abide by all pertinent or applicable regulations and ordinances of the City of Sacramento and County of Sacramento and the laws of the State of California and the United States insofar as the same or any of them are applicable and shall obtain and keep in effect all necessary permits and licenses required for any and all operations permitted herein.

15. Equal Employment Opportunity. During the performance of this Agreement, Stanford Settlement, for itself, its assignees and successors in interest, agrees as follows:

A. Compliance With Regulations: Stanford Settlement shall comply with the Executive Order 11246 entitled "Equal Opportunity in Federal Employment", as amended by Executive Order 11375 and 12086, and as supplemented in Department of Labor regulations (41 CFR Chapter 60), hereinafter collectively referred to as the "Regulations".

B. Nondiscrimination: Stanford Settlement, with regard to the Project, shall not discriminate on the ground of race, color, religion, sex, national origin, age, marital status, physical handicap or sexual orientation in selection and retention of consultants, contractors and subcontractors, including procurement of materials and leases of equipment. Stanford Settlement shall not participate either directly or indirectly in discrimination prohibited by the Regulations.

C. Solicitations for Contractors or Subcontractors, Including Procurement of Materials and Equipment: In all solicitations either by competitive bidding or negotiations made by Stanford Settlement for work to be performed under any contract or subcontract, including all procurement of materials or equipment, each potential contractor or subcontractor or supplier shall be notified by Stanford Settlement of Stanford Settlement's obligation under this Agreement and the Regulations relative to nondiscrimination on the ground of race, color, religion, sex, national origin, age, marital status, physical handicap or sexual orientation.

D. Information and Reports: Stanford Settlement shall provide all information and reports required by the Regulations, or by any orders or instructions issued pursuant thereto, and shall permit access to its books, records, accounts, other sources of information and its facilities as may be determined by the City to be pertinent to ascertain compliance with such Regulations, orders and instructions.

Where any information required of Stanford Settlement is in the exclusive possession of another who fails or refuses to furnish this information, Stanford Settlement shall so certify to the City, and shall set forth what efforts it has made to obtain the information.

E. Sanctions for Noncompliance: In the event of noncompliance by Stanford Settlement with the nondiscrimination provisions of this Agreement, the City shall impose such sanctions as it may determine to be appropriate including, but not limited to:

- (1) Withholding of Bond funds to Stanford Settlement until Stanford Settlement complies;
- (2) Cancellation, termination, or suspension of the Agreement, in whole or in part.

F. Incorporation of Provisions: Stanford Settlement shall include the provisions of subsections A through E, above, in every contract and subcontract, including procurement of materials and leases of equipment, unless exempted by the Regulations, or by any order or instructions issued pursuant thereto. Stanford Settlement shall take such action with respect to any contract or subcontract or procurement as the City may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event Stanford Settlement becomes involved in, or is threatened with, litigation with a contractor, subcontractor or supplier as a result of such direction, Stanford Settlement may request City to enter such litigation to protect the interests of City.

16. Waiver. Neither City approval of the Project, nor grant of City funds for the Project, nor any acceptance by the City of the performance of Stanford Settlement, its contractors, subcontractors or agents, and their respective officers and employees under this Agreement, nor any waiver by City of any default, breach or condition precedent, shall be construed as a waiver of any provision of this Agreement, nor as a waiver of any other default, breach or condition precedent or any other right hereunder.

17. Severability. If any portion of this Agreement or the application thereof to any person or circumstance shall be held invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

18. Assignment Prohibited. Stanford Settlement shall not assign any right or obligation pursuant to this Agreement without the written consent of the City. Any attempted or purported assignment without City's written consent shall be void and of no effect.

19. No Agency. Neither party, nor any of its agents, contractors or employees are or shall be considered to be the agents of any other party in

connection with the performance of any of act under this Agreement.

20. No Partnership Relationship. It is understood and agreed that Stanford Settlement is an independent organization and that no relationship of employer-employee, partnership or joint venture exists between the Parties hereto for any purpose whatsoever. Except as expressly provided in this Agreement, Stanford Settlement and Stanford Settlement's personnel shall have no authority, express or implied, to act on behalf of City in any capacity whatsoever as an agent, nor to bind City to any obligations whatsoever. City shall not control the activities of Stanford Settlement, and City and City's personnel shall have no authority, express or implied, to act on behalf of Stanford Settlement in any capacity whatsoever as an agent, nor to bind Stanford Settlement to any obligations whatsoever.

21. Restriction of Use. Stanford Settlement shall use the City Funds disbursed under this Agreement only for the purposes set forth in Section 2 of this Agreement.

22. Binding Effect. This Agreement shall be binding on the heirs, executors, administrators, successors and assigns of the Parties, subject to the provisions of Section 20, above.

23. Time of Essence. Time is expressly declared to be in the essence of this Agreement.

24. Entire Agreement. This document contains the entire agreement between the Parties concerning the Project and supersedes whatever oral or written understanding they may have had prior to the execution of this Agreement. No alteration to the terms of this Agreement shall be valid unless approved in writing by Stanford Settlement, and by City, in accordance with applicable provisions of the Sacramento Municipal Code.

25. Breach of Agreement. The benefit to be derived by the City from the full performance by Stanford Settlement of the terms of this Agreement is the development, improvement and operation of the Teen Center in compliance with the terms of this Agreement intended to benefit members of the public. Stanford Settlement agrees that the return of the City Funds disbursed under this Agreement would be inadequate compensation to the City for any breach of this Agreement by Stanford Settlement. Stanford Settlement further agrees therefore, that the appropriate remedy in the event of a breach of this Agreement by the Stanford Settlement shall be the specific performance of this Agreement. Notwithstanding, City remedies in event of breach are cumulative. In event of breach of any provisions of this Agreement, at the City's option, the \$1,200,000 will become due and owing.

26. Term; Suspension; Termination.

A. This Agreement shall become effective on the date that it is approved by both Parties, and shall continue in effect until both Parties have fully performed their respective obligations under this Agreement, unless sooner terminated as provided herein.

B. City shall have the right to terminate this Agreement at any time by giving a written notice of termination to Stanford Settlement. If the City terminates this Agreement:

(1) Stanford Settlement shall, not later than five days after such notice of termination, deliver to City copies of all writings, documents or reports prepared pursuant to this Agreement.

(2) Return all City Funds received from the City within thirty (30) days of the notice of termination.

27. Disputes. The Parties shall attempt to resolve any disputes they may have in good faith, beginning with the Director and Stanford Settlement's Project Representative. Should they be unable reach resolution, they shall refer the dispute to the City of Sacramento's City Manager (currently Ray Kerridge), , and Stanford Settlement's Board Chair (currently Kenneth A. Luttrell) Should the City Manager and the Board Chair be unable to reach resolution, they shall refer the dispute to non-binding mediation before a mutually agreeable mediator. If the Parties are unable to agree upon the mediator, the Parties will request appointment of a mediator by the American Arbitration Association. Each party shall pay its own costs and be responsible to pay one-half of the mediator's costs.

28. Party Representatives. The representatives for the Parties with respect to this Agreement are:

For Stanford Settlement: Jeanne Felion, Executive Director
Stanford Settlement, Inc.
450 West El Camino Avenue
Sacramento, California 95833
Telephone: (916) 927-1303
Facsimile: (916) 922-1694

For City: James L. Combs, Director
Parks & Recreation Department
915 "I" Street, 5th Floor
Sacramento, California 95814
Telephone: (916) 808-8526
Facsimile: (916) 808-7643

29. Notices. All notices and orders that may be given under this Agreement may be served by first class mail or in person to City at the Parks & Recreation Department, 915 "I" Street, 5th Floor, Sacramento, California 95814; and to Stanford Settlement 450 West El Camino Avenue, Sacramento, CA 95833 or such address as either may provide to the other in writing. Service shall be deemed complete upon deposit in the mail or upon delivery.

30. Authority. The person signing this Agreement for Stanford Settlement hereby represents and warrants that he/she is fully authorized to sign this Agreement on behalf of Stanford Settlement and to bind Stanford Settlement to the performance of its obligations hereunder.

CITY OF SACRAMENTO

STANFORD
SETTLEMENT, INC.,
a California non-profit
corporation

RAY KERRIDGE, City Manager

Sister Jeanne Felion
Executive Director

Patricia Pennisi
Assistant Director

APPROVED AS TO FORM:

Senior Deputy City Attorney

ATTEST:

CITY CLERK

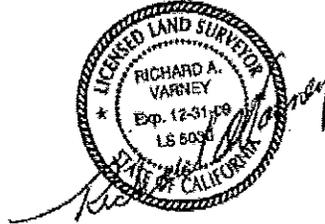
EXHIBIT "A"
Legal Description

Parcel 1

All that real property situate in the City of Sacramento, County of Sacramento, State of California, described as follows:

All of Lot 122 as shown on that certain "Map of Gardenland", recorded in the Office of the County Recorder of Sacramento County on January 25, 1926, in Book 18 of Maps, Map No. 55

End of Description



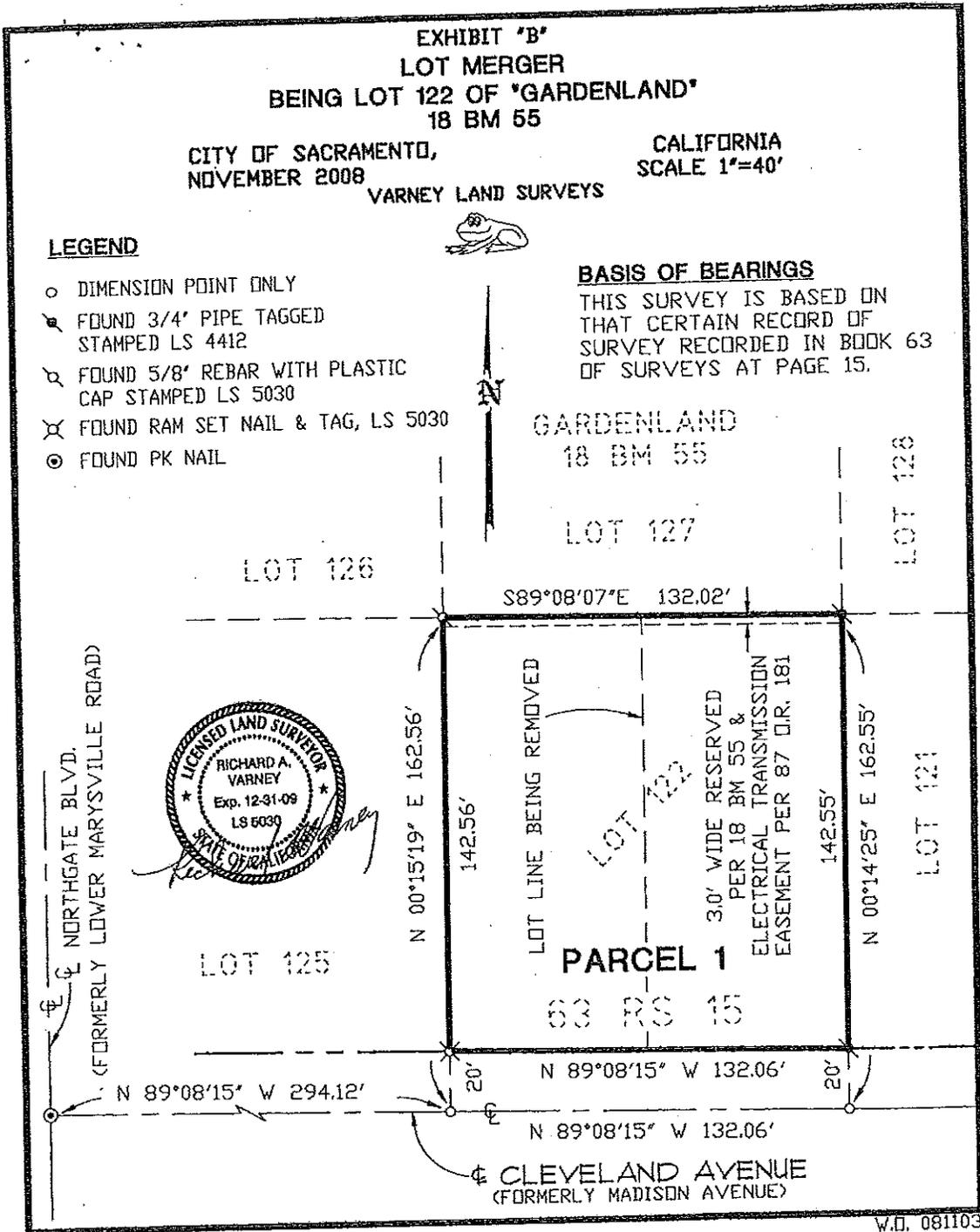


Exhibit B

Recording Requested by
and when Recorded, return to:
City of Sacramento
Mail Tax Statements to:
City of Sacramento

City of Sacramento

EXEMPT FROM RECORDING FEES PER GOVERNMENT CODE
§§6103, 27383

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

**DEED OF TRUST
(to secure performance of obligations, conditions and covenants)**

This DEED OF TRUST to secure performance of obligations, conditions and covenants ("**Deed of Trust**") is made as of _____, 2009, between Stanford Settlement, Inc., a California 501(c)(3) Corporation ("**Trustor**") whose address is 450 West El Camino Avenue, Sacramento, CA 95833, in favor of the City of Sacramento ("**Trustee**"), for the benefit of the City of Sacramento ("**Beneficiary**") whose address is 915 I Street, Sacramento, CA 95814.

1. Agreement. Beneficiary and Trustor have entered into an Agreement Relating to the Stanford Settlement Carl. R. Hanson Teen Center Regarding a \$500,000 Capital Improvement Grant and use of \$1,200,000 from the South Natomas Community Infrastructure Fund, pursuant to which Beneficiary promised, among other things, to comply with all the terms of the Agreement including the terms in section 5 of the Agreement related to use of the teen center.

2. Placement into Trust. For the purpose of securing performance of every obligation contained in the Agreement, including but not limited to the obligations in Section 5, and performance of every obligation in this Deed of Trust, Trustor irrevocably grants, transfers, conveys, and assigns to trustee, in trust, with power of sale:

a. Trustor's fee interest in and to that real property located in the County of Sacramento, State of California, more specifically described in Exhibit A attached hereto and incorporated herein by this reference and depicted in Exhibit B attached hereto and incorporated herein by this reference (the "**Property**"); and

b. All buildings and improvements now or later on the Property and all right, title, and interest (including any claim or demand in law or equity) which Trustor now has or may hereafter acquire in or to such property; all easements

and rights of way appurtenant to such property; all crops growing or to be grown on such property; all water and water rights (whether or not appurtenant to such property) and shares of stock pertaining to such water or water rights, ownership of which affects such property.

3. Maintenance of the Property. Trustor will: (a) keep the Property in good condition; (b) not permit any mechanic's or materialmen's lien to arise against the Property; (c) comply with all laws having a material effect on the Property; and (d) not commit or permit waste on or to the Property.

4. Warranty of Title. Trustor warrants that Trustor is the lawful owner of the Property free and clear of any other lien, claim, or encumbrance asserted by a third party (except those duly recorded and reflected in the title search result received by Beneficiary in connection with this Security Instrument) and will maintain and preserve the lien created by this Security Instrument. Further, Trustor warrants that Trustor has the right to irrevocably grant, convey, transfer and assign the Property to Trustee, in trust, with the power of sale and conveyance, for the benefit of Beneficiary.

5. Taxes and Other Sums Due. Trustor will promptly pay, satisfy and discharge when due: (a) prior to delinquency, all general or special taxes and assessments, water and sewer district charges, rents and premiums affecting the Property; and (b) all encumbrances, charges and liens on the Property, with interest thereon, which are prior or superior to the lien of this Deed of Trust. Upon request by Beneficiary, Trustor will promptly furnish Beneficiary with all notices of sums due for any amounts specified in subparagraph (a) hereof, and upon payment of any such sum by Trustor, Trustor will promptly furnish Beneficiary with written evidence of such payment. Should Trustor fail to promptly make any payment required hereunder, Beneficiary may (but is not obligated to), at Beneficiary's sole expense, make such payment. Trustor will notify Beneficiary immediately upon receipt of notice of any increase in the assessed value of the Property and agrees that Beneficiary, in the name of Trustor, may (but is not obligated to), at Beneficiary's expense, contest by appropriate proceedings such increase in assessment.

6. Leases of the Property by Trustor. Trustor shall not enter into a lease for all or any portion of the Property.

7. Defense of Deed of Trust; Litigation. Trustor will give Beneficiary immediate written notice of any action or proceeding (including, without limitation, any judicial or non-judicial proceeding to foreclose the lien of a junior or senior mortgage or deed of trust) affecting or purporting to affect the Property or this Deed of Trust. Trustor shall commence, appear in, prosecute, defend, compromise and settle, and incur necessary costs and expenses, including reasonable attorneys' fees, in so doing, any action or proceeding, whether judicial or non-judicial, deemed necessary in Beneficiary's reasonable judgment

to preserve or protect the Property or this Deed of Trust. Trustor will pay all costs and expenses of Beneficiary and Trustee, including costs of evidence of title and reasonable attorneys' fees, in any such action or proceeding in which Beneficiary or Trustee may appear or for which legal counsel is sought, whether by virtue of being made a party defendant or otherwise, and whether or not the interest of Beneficiary or Trustee in the Property is directly questioned in such action or proceeding, including, without limitation, any action for the condemnation or partition of all or any portion of the Property and any action brought by Beneficiary to foreclose this Deed of Trust or to enforce any of its terms or provisions.

8. Failure of Trustor to Comply with Deed of Trust. Should Trustor fail to do any act required by this Deed of Trust, or should there be any action or proceeding (including, without limitation, any judicial or non-judicial proceeding to foreclose the line of a junior or senior mortgage or deed of trust) affecting or purporting to affect the Property or this Deed of Trust, Beneficiary or Trustee may (but is not obligated to):

a. Make any such payment or do any such act in such manner and to such extent as either deems necessary to preserve or protect the Property or this Deed of Trust, Beneficiary and Trustee being authorized to enter upon the Property for any such purpose; and

b. In exercising any such power, pay necessary expenses, employ attorneys and pay reasonable attorneys' fees incurred in connection therewith, without notice to or demand upon Trustor and without releasing Trustor from any obligation hereunder.

9. Default. Each of the following shall constitute a "**Default**" under this Deed of Trust:

a. failure to comply with any of the terms or conditions of the Agreement, including, but not limited to the terms in Section 5;

b. The filing by Trustor of any petition or action for relief under any bankruptcy, reorganization, insolvency or moratorium law, or any other law or laws for the relief of, or relating to, debtors; or

c. In the event that after the date hereof Trustor sells, contracts to sell, gives an option to purchase, conveys, transfers or alienates the Property, or suffers its title to, or any interest in the Property to be divested, whether voluntarily or involuntarily.

10. Remedies on Default. In the event of any Default hereunder which remains uncured, Beneficiary, at Beneficiary's option, may (i) commence an action to foreclose this Deed of Trust in the manner provided by law for the

foreclosure of mortgages of real property; or (ii) exercise any other remedy at law or in equity.

11. Obligation to Inform Beneficiary of Default. Trustor will notify Beneficiary in writing, at or prior to the time of the occurrence of any Default event described in Section 9 hereof, of such event and will promptly furnish Beneficiary with any and all information concerning such event which Beneficiary may request.

12. Proof of Default. If there is a sale of the Property, or any part of it, and the execution of a deed for it, the recital of default and of the recording notice of breach and election of sale, and of the elapsing of the required time between the recording and the following notice, and of the giving of notice of sale, and of a demand by Beneficiary that the sale should be made, will be conclusive proof of the default, recording, election, elapsing of time, and the due giving of notice, and that the sale was regularly and validly made on proper demand by Beneficiary. Any deed with these recitals will be effectual and conclusive against Trustor, its successors, and assigns, and all other persons. The receipt for the purchase money recited or in any deed executed to the purchaser will be sufficient discharge to the purchaser from all obligations to see to the proper application of the purchase money.

13. Option to Purchase in event of Default. In the event of default, Trustee or Beneficiary will provide Trustor with notice of default by first class mail. Trustor will have ninety (90) days subsequent to service of the notice of default to cure any and all defaults by payment to Beneficiary of one million two hundred thousand dollars (\$1,200,000) if the notice of default is served within the first seven (7) years after the City issues a certificate of occupancy for the Teen Center; \$900,000 if the notice of default is served between the seventh (7) and fifteenth (15) year after the City issues a certificate of occupancy for the Teen Center; \$600,000 if the notice of default is served between the fifteenth (15) year and the twenty second (22) year after the City issues a certificate of occupancy for the teen center; and \$300,000 if the notice of default is served between the twenty-second (22) and thirtieth (30) year after the City issues a certificate of occupancy for the teen center. Upon payment pursuant to this Section 13, the Property shall be reconveyed to Trustor pursuant to the provisions of Section 17 "Reconveyance."

14. Environmental Laws and Hazardous Substances. As used in this Section, (1) Environmental Law means, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA, 42 U.S.C. 9601 et seq.), and all other federal, state and local laws, regulations, ordinances, court orders, attorney general opinions or interpretative letters concerning the public health, safety, welfare, environment or a hazardous substance; and (2) Hazardous Substance means any toxic, radioactive or hazardous material, waste, pollutant or contaminant which has characteristics that render the substance dangerous or potentially dangerous to the public health, safety,

welfare or environment. The term includes, without limitation, any substances defined as "hazardous material," "toxic substances," "hazardous waste," or "hazardous substance" under any Environmental Law. Trustor represents, warrants and agrees that:

a. Except as previously disclosed and acknowledged in writing to Beneficiary, no Hazardous Substance is or will be located, stored or released on or in the Property.

b. Except as previously disclosed and acknowledged in writing to Beneficiary, Trustor and every tenant have been, are, and shall remain in full compliance with any applicable Environmental Law.

c. Trustor shall immediately notify Beneficiary of any release or threatened release of a Hazardous Substance on, under or about the Property or if there is a violation of any Environmental Law concerning the Property. In such event, Trustor shall take all necessary remedial action in accordance with any Environmental Law.

d. Trustor will immediately notify Beneficiary in writing of any pending or threatened investigation, claim, or proceeding concerning any purported violation of any Environmental Law.

15. Remedies Cumulative. Each remedy provided by this Deed of Trust is separate and distinct and is cumulative to all other rights and remedies provided hereby or by applicable law, and each may be exercised concurrently, independently or successively, in any order whatsoever.

16. Trustee. The Trustee shall be deemed to have accepted the terms of this Trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. Trustee shall not be obligated to notify any party hereto of any pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee is a party, unless such sale relates to or reasonably might affect the Property or this Deed of Trust, or unless such action or proceeding has been instituted by Trustee against the Property, Trustor or Beneficiary.

17. Reconveyance. Upon fulfillment of all obligations of the Agreement, including those in Section 5 for a period of thirty (30) years or upon payment of \$1,200,000 within seven (7) years after the City issues a certificate of occupancy for the Teen Center; \$900,000 between the seventh (7) and fifteenth (15) year after the City issues a certificate of occupancy for the Teen Center; \$600,000 between the fifteenth (15) year and the twenty-second (22) year after the City issues a certificate of occupancy for the teen center; and \$300,000 between the twenty-second (22) and thirtieth (30) year after the City issues a certificate of occupancy for the teen center, Beneficiary will deliver to Trustee a written

request for reconveyance, and will surrender to Trustee for cancellation this Deed of Trust and any note or instrument evidencing the obligations of the Agreement. However, Beneficiary will have no obligation to deliver the written request and documents until Beneficiary has been paid by Trustor, in immediately available funds, all escrow, closing, and recording costs, the costs of preparing and issuing the reconveyance, and any trustee's or reconveyance fees. On Trustee's receipt of the written request by Beneficiary and the documents, Trustee will reconvey, without warranty, the Property or that portion then held. To the extent permitted by law, the reconveyance may describe the grantee as the person or persons legally entitled and the recitals of any matters or facts in any reconveyance will be conclusive proof of the truthfulness of them.

Neither Beneficiary nor Trustee will have any duty to determine the rights of persons claiming to be rightful grantees of any reconveyance. When the Property has been fully reconveyed, the last reconveyance will operate as a reassignment of all future rents, issues, and profits of the Property to the person legally entitled.

18. Substitution of Trustee. Beneficiary, at Beneficiary's option, may remove Trustee or any successor trustee at any time and appoint a successor trustee by recording a written substitution in the county where the Property is located, or in any other manner permitted by law. Upon that appointment, all of the powers, rights, and authority of Trustee will immediately become vested in the successor.

19. No Waiver by Beneficiary. No waiver by Beneficiary of any right or remedy provided by this Deed of Trust or applicable law shall be effective unless such waiver is in writing and subscribed by Beneficiary. Waiver by Beneficiary of any right or remedy granted to Beneficiary under the Declaration of Restrictions or any provision thereof, this Deed of Trust or applicable law as to any transaction or occurrence shall not be deemed a waiver as to any future transaction or occurrence. The assertion by Beneficiary of any right or remedy provided by this Deed of Trust shall not constitute a waiver of Beneficiary's right to require prompt performance of the Secured Obligation and Trustor's obligations under this Deed of Trust.

20. Consents and Approvals to be in Writing. Whenever the consent or approval of Beneficiary or Trustor is specified as a condition of any provision of this Deed of Trust, such consent or approval by Beneficiary or Trustor, as applicable, shall not be effective unless such consent or approval is in writing, subscribed by Beneficiary or Trustor, as applicable. Such consent shall not be unreasonably withheld, delayed, or conditioned.

21. Notices. All notices, demands, consents, requests or other communications required to or permitted to be given pursuant to this Agreement shall be in writing, shall be given only in accordance with the provisions of this Section, shall be addressed to the parties in the manner set forth below, and

shall be conclusively deemed to have been properly delivered: (a) upon receipt when hand delivered during normal business hours (provided that notices which are hand delivered shall not be effective unless the sending party obtains a signature of a person at such address that the notice has been received); (b) upon receipt when sent by facsimile to the number set forth below (provided, however, that notices given by facsimile shall not be effective unless the sending party delivers the notice also by one other method permitted under this Section); (c) upon the day of delivery if the notice has been deposited in an authorized receptacle of the United States Postal Service as first-class, registered or certified mail, postage prepaid, with a return receipt requested (provided that the sender has in its possession the return receipt to prove actual delivery); or (d) one (1) business day after the notice has been deposited with either FedEx or United Parcel Service to be delivered by overnight delivery (provided that the sending party receives a confirmation of actual delivery from the courier).

The addresses to the parties to receive notices are as follows:

TO BENEFICIARY: City of Sacramento
Parks & Recreation Department
915 "I" Street, 5th Floor
Sacramento, California 95814
Attn: Director of Parks
Telephone:(916) 808-8526
Facsimile:(916) 808-7643

TO TRUSTOR: Stanford Settlement, Inc.
450 West El Camino Avenue
Sacramento, California 95833
Attn: Executive Director
Telephone :(916) 927-1303
Facsimile:(916) 922-1694

TO TRUSTEE: City of Sacramento
Parks & Recreation Department
915 "I" Street, 5th Floor
Sacramento, California 95814
Attn: Director of Parks
Telephone:(916) 808-8526
Facsimile:(916) 808-7643

22. Request for Notice of Default. The undersigned Trustor requests that a copy of any Notice of Default and any Notice of Sale hereunder be mailed to it at the address specified herein.

23. Governing Law. This instrument shall be governed by and construed in accordance with the laws of the State of California.

24. Severability. If any paragraph, clause or provision of this Deed of Trust is construed or interpreted by a court of competent jurisdiction to be void, invalid or unenforceable, such decision shall affect only those paragraphs, clauses or provisions so construed or interpreted and shall not affect the remaining paragraphs, clauses or provisions of this Deed of Trust.

25. Relationship. Nothing contained herein shall be deemed to create or construed to create a partnership, joint venture or any relationship other than that of a Trustor and Beneficiary. Trustor and Beneficiary expressly disclaim any intent to create a partnership or joint venture pursuant to this Deed of Trust.

26. Attorney Fees. If any party to this Deed of Trust shall bring any action for any relief against any other party, declaratory or otherwise, arising out of this Deed of Trust, the losing party shall pay to the prevailing party a reasonable sum for attorney fees incurred in bringing such suit and/or enforcing any judgment granted therein, all of which shall be deemed to have accrued upon commencement of such action and shall be paid whether or not such action is prosecuted to judgment. Any judgment or order entered in such action shall contain a specific provision providing for the recovery of attorney fees and costs incurred in enforcing such judgment. For the purpose of this Section, attorney fees shall include, without limitation, fees incurred in the following: (a) post-judgment motions; (b) contempt proceedings; (c) garnishment, levy and debtor and third party examinations; (d) discovery; and (e) bankruptcy litigation.

27. General Provisions.

(a) This Deed of Trust applies to, inures to the benefit of, and binds the respective heirs, legatees, devisees, administrators, executors, successors and assigns of each of the parties hereto.

(b) As used herein, the word "person" shall mean and include natural persons, corporations, partnerships, unincorporated associations, joint ventures and any other form of legal entity.

(c) As used herein, the word "Property" shall mean and include the Property and any part thereof.

(d) As used herein and unless the context otherwise provides, the words "herein," "hereunder," and "hereof" shall mean and include this Deed of Trust as a whole, rather than any particular provision hereof.

(e) In exercising any right or remedy, or taking any action provided herein, Beneficiary may act through its employees, agents or independent contractors, as authorized by Beneficiary.

(f) Wherever the context so requires herein, the masculine gender includes the feminine and neutral, the singular number includes the plural, and vice versa.

(g) Captions and paragraph headings used herein are for convenience only, are not a part of this Deed of Trust and shall not be used in construing it.

IN WITNESS WHEREOF, the parties hereto have entered into this Deed of Trust as of the date first written above.

STANFORD SETTLEMENT,
INC., a California non-profit
corporation

STANFORD SETTLEMENT,
INC., a California non-profit
corporation

Executive Officer
Sister Jeanne Felion

Assistant Director
Patricia Pennisi

ALL SIGNATURES MUST BE NOTARIZED

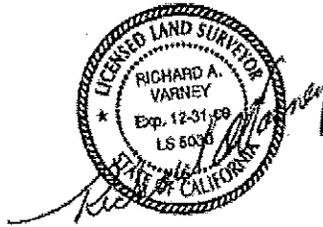
EXHIBIT "A"
Legal Description

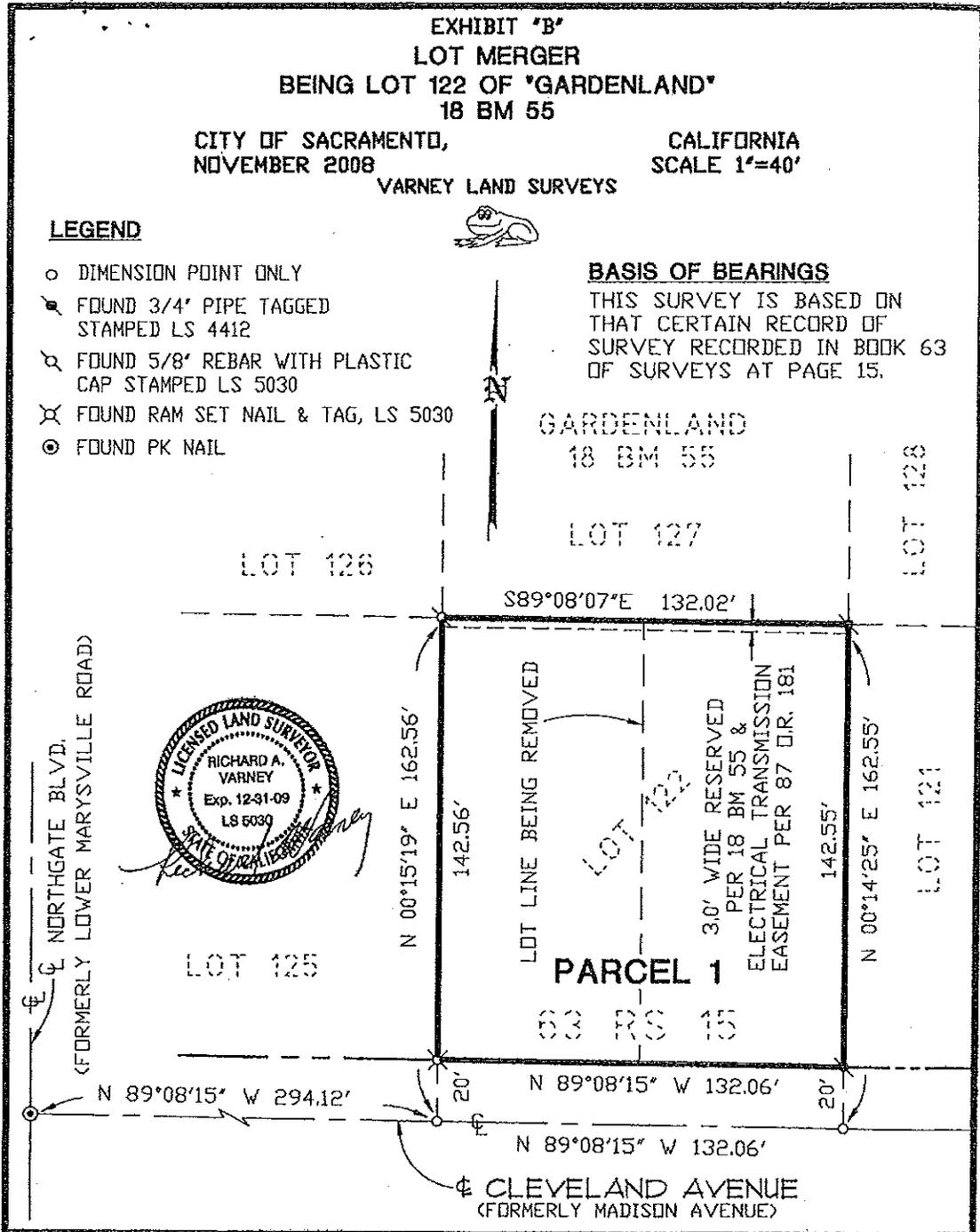
Parcel 1

All that real property situate in the City of Sacramento, County of Sacramento, State of California, described as follows:

All of Lot 122 as shown on that certain "Map of Gardenland", recorded in the Office of the County Recorder of Sacramento County on January 25, 1926, in Book 18 of Maps, Map No. 55

End of Description





W.D. 081103

