Sacramento Housing & Redevelopment Agency

REPORT TO REDEVELOPMENT AGENCY AND CITY COUNCIL OF THE CITY OF SACRAMENTO

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www.CityofSacramento.org

PUBLIC HEARING
June 20, 2006

Honorable Mayor and
Members of the City Council and Redevelopment Agency of the City of Sacramento

Subject: Globe Mills Adaptive Reuse Project

Location/Council District: 1131 C Street, District 1
Alkali Flat Redevelopment Area

Recommendation: Staff recommends that the Redevelopment Agency adopt the resolution on pages 16-21 which authorizes the Executive Director or her designee to:

- amend the Agency budget to transfer $886,000 from Alkali Flat housing set-aside funds to the Globe Mills Adaptive Reuse Project;
- amend the Agency budget to transfer $1,764,000 in Merged Downtown Tax Allocation Bond funds to the Globe Mills Adaptive Reuse Project;
- reduce to $1,340,000 the previously approved allocation of $1,540,000 from Alkali Flat tax-exempt bond funds to pay for costs of City fees and toxic clean-up for the Project;
- execute the First Amendment to the Disposition and Development Agreement (DDA) and amended note with the GMA Investors, L.P., increasing the Agency tax increment loan amount from $2,030,000 to $4,680,000;
- amend the Regulatory Agreement to restrict an additional 31 units as moderate income;

In addition, staff recommends the following actions in the Agency resolution:

- commit a subordinate pledge of an additional $3.5 million in tax increment funds for the period 2006 through 2027 for total debt service of $5.5 million plus interest on the Section 108 loan previously approved for the project.
- approve an Addendum to the previously certified Environmental Impact Report and Environmental Assessment (EIR/EA) to document the project change involving the loss of the Barley Mill Building due to its deteriorated condition.

In further addition, staff recommends that the City Council adopt the attached resolution on page 15 which authorizes the Executive Director or her designee to:

- Amend the City Community Development Block Grant 2005 Action Plan to reflect changes to the lending and repayment of the BEDI/Section 108 portion of the loan in light of the Agency's assumption of the debt service, as further discussed in the body of this report.

Contact: Lisa Bates, Director of Community Development, 440-1316
Jim Hare, Program Manager, 440-1313

Presenters: Jim Hare, Program Manager, 440-1313

Department: Sacramento Housing and Redevelopment Agency

Summary: This report recommends additional financing for the previously-approved Globe Mills Adaptive Reuse Project to cover additional construction costs. The project was originally approved on March 1, 2005, and since that time demolition and clearing has commenced and construction bids for 81percent of the project have been received. To continue with the construction schedule, the Agency loan to the project must be increased by $2,650,000 to fill the current financing gap and ensure the project's timely completion. In addition, this report recommends assuming the full repayment of the $5.5 million HUD Section 108 loan that has been secured to finance the project. This is an additional $3.5 million Agency debt service obligation that was not anticipated in the previously approved DDA. Finally, the report recommends adoption of an Addendum to the EIR/EA to acknowledge the project change involving the infeasibility of preserving the Barley Mill building.

RAC Action: The Alkali Flat Redevelopment Advisory Committee reviewed the recommendations of this report at its June 1, 2006 meeting. The RAC's recommendation was reported to the Redevelopment Commission at its meeting on June 7, 2006 and will be reported to the City Council on June 20, 2006.

Committee/Commission Action: At its meeting of June 7, 2006, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolutions. The votes were as follows:

AYES: Burns, Coriano, Fowler, Gale, Gore, Hoag, Piatkowski, Shah, Simon, Stivers.
NOES: None.
ABSENT: Burruss.

Background Information: On March 1, 2005, the Redevelopment Agency of the City of Sacramento approved a Disposition and Development Agreement with GMA Investors, LP for the Globe Mills Adaptive Reuse Project (Location Map, Attachment I). The Agency committed two parcels and $12.5 million in financing to the project, which preserves a City landmark structure and which adds 112 affordable senior and 31 market rate housing infill units to the Alkali Flat Redevelopment Area. The City subsequently committed $500,000 to off-site improvements from its state Workforce Housing Incentive Grant and $171,000 from its sewer fee credit program.

Following the Agency's approval, the project received a competitive award of Low Income Housing Tax Credits. The tax credits bring $16 million in equity to the project.

A private bank construction loan and a $2.6 million permanent loan completed the project's financing based on the known project costs at that time.

In late August 2005, GMA Investors received City building permits and began bidding out the plans. The project manager, Vanir Construction Management (VCM), obtained three competitive bids on the overall project. The low construction bid came in at $33 million, a 36 percent increase over the original budget of $24.2 million and an increase of $8.8 million. Combined with increased soft costs and need for additional contingency, the total financing gap was $9.6 million. VCM cited several reasons for the construction cost increase including:

- The lapsed time between the initial estimate date (3rd and 4th quarter of 2004) and the actual bid process date (1st quarter of 2006).
- Unforeseen increased cost of construction materials due to high national and international demand.
- High demand for local construction work, leading contractors to be more selective and less likely to competitively bid complicated projects that have cost over-run potential for them.

Both the periodic shortages and increased costs of construction materials and the volume of construction work available in our region have been well documented in the local media.

For several months Agency staff has been engaged in discussions with the developer and City staff on measures that could be taken to fill the $9.6 million funding gap created by this cost overrun. All aspects of the project were examined, including the project scope, federal historic tax credits, general contractor profit and overhead, construction cost-savings, and re-financing the project. This report recommends in summary the following measures to close the gap, which are further discussed in detail below.

Cost Savings	
Modify project scope	$1.0 million
Reduce contractor overhead and profit	$1.5 million
Construction cost saving	$1.0 million
Additional Revenue	
Larger bank loan	$3.5 million
Additional Agency loan	$2.6 million
Total	$9.6 million

<u>Project Scope</u>

Multiple project concepts were initially considered by the Developer and three of these were evaluated in the project's Environmental Impact Report (EIR): Project Alternatives H, J, and M. Alternative H – Senior Housing and Self Storage Alternative, called for the most preservation of "historical fabric," including all the original grain silos and all the original mill buildings. The "Proposed Project" (Alternative J) called for the least preservation of historic fabric: it would have demolished the North Silos and most of the South Silos and the northernmost of the mill buildings, known as the Barley Mill. Concept M - Barley Mill and South Silos Preservation Alternative, was a compromise between the two, demolishing the North Silos, but leaving the South Silos and Barley Mill intact. (See Attachment II for a site plan detailing these features). Alternative M was approved by the City's Design Review and Preservation Board and later adopted by the City Council as the approved project. Alternative M was also approved by the State Historic Preservation Officer in a Memorandum of Agreement to which the City, the Agency, and the Developer are signatories.

When demolition commenced in August 2005, the demolition contractor became concerned about the stability of the severely deteriorated Barley Mill structure. The contractor performed some stability tests and then decided to pull off the job due to concerns for the safety of its workers. After an on-site conference the City's Preservation Director approved the dismantling of most of the Barley Mill because it was structurally infeasible to preserve the building as had been planned. The Barley Mill's east concrete wall was retained in place with steel bracing and the wooden silos were maintained in place by installing a combination of steel I-beams and wood blocking. The dismantled materials were labeled and cataloged in the event that future reassembly was feasible. Once this was completed, the demolition contractor returned to the site and completed the approved demolition work.

The cost estimate to re-assemble and rebuild the Barley Mill is $1.1 million. Staff recommends that, contingent on approval by Design Review and Preservation Board and the State Office of Historic Preservation, reconstruction of the Barley Mill not be required, saving $1 million. The original project scope was to preserve this building based on the assumption that the structure could be stabilized. When it was discovered that the building had deteriorated such that the walls would collapse, preservation was no longer feasible. Using the remaining $100,000, the braced concrete wall would be removed and grade would be lowered to the level of the surrounding site. Further evaluation will determine whether or not the wooden silos within the Barley Mill can be preserved. The space previously occupied by the Barley Mill would be reused as part of the recreational/open space component of the project.

Federal Historic Tax Credits

In an effort to preserve the Alternative M project scope as originally approved, the developer has submitted the Part 1 statement required for a ruling on historical tax credits. However, staff has received informal advice from the State Office of Historic Preservation that the project will not qualify for federal tax credits due to the amount of historic building fabric that has been lost as a result of years of deterioration and the amount of demolition required for the project. Therefore, for the purposes of this report, it is assumed that federal funding will not be available to rebuild the Barley Mill. If the project should in fact receive an allocation of historic tax credits sufficient to fund the reconstruction of the Barley Mill, the Developer is committed to rebuilding the Barley Mill.

General Contractor Profit and Overhead

The Globe Mills project enjoys a somewhat unique relationship between the Developer and the project's General Contractor. The Developer is a single-asset entity, a Limited Partnership between CFY Development and Concentric Health Corporation. CFY Development is also the project's general contractor. Cyrus Youssefi, the principal of CFY Development, has agreed to forego $1.2 million in profit, which is 70 percent less than the $1.7 million profit that would be allowed under federal tax credit project rules. In addition, CFY Development has agreed to forgo $300,000 in contractor overhead, which is 50 percent of what would be allowed. This total $1.5 million savings represents a substantial contribution to the funding gap and a demonstration of goodwill and responsibility on the part of the Developer.

Construction Cost Savings

Since March 2006, an effort has been underway to reduce the project's construction cost through a combination of re-design and negotiated bids. The structural steel component in the two new buildings has been completely re-designed to achieve time savings, though anticipated cost savings did not materialize. Substantial savings have been achieved in the electrical, plumbing, and roofing line items. Overall, approximately $1 million has been saved as a result of the value-engineering process.

Re-Financing

Staff recommends that the remaining funding gap be filled by re-financing the project. The biggest share of new funding would come from increasing the Developer's private bank loan by $3.5 million, from $2.5 to $6 million. This increase is made possible by the Agency assuming all the debt service on the $5.5 million HUD Section 108 loan that was previously committed to the project. Under the previous financing structure the Agency was responsible for repayment of $2 million of the Section 108 loan, while the Developer was responsible for $3.5 million. Shifting the entire Section 108 debt service to the Agency allows the Developer to borrow an additional $3.5 million privately. The Developer's bank has agreed to provide this additional financing.

The remaining funding gap would be filled by adding $2.64 million in Downtown and Alkali Flat tax increment funding to the Agency's loan to the project. Under the previous financing structure, the direct Agency loan from these sources totaled $5.02 million. The additional funding would increase the Agency loan to $7.66 million. Please see the Financial Considerations section of this report for detailed discussion of the sources of tax-increment funding recommended for the added loan amount.

In summary, the funding gap identified in VCM's February 23, 2006 bid-based estimate has been closed by the measures described above. A detailed sources and uses of funds statement showing the August 2005, February 2006, and currently recommended sources and uses is included as Attachment III. It should be noted that the uses of funds includes $950,000 identified as "SHRA restricted reserve." This additional contingency was requested by the Developer and agreed to by staff to ensure that any additional cost overruns can be funded without delay. If the Developer is able to secure a lower than anticipated permanent financing rate or complete the project at lower than anticipated cost, the additional contingency may not be necessary and the Agency's additional loan to the project may be reduced.

<u>BEDI and Section 108 loan financing</u>

The Agency has received an award of $2 million in HUD Brownfields Economic Development Initiative Funding and $5.5 million in HUD Section 108 financing for the Globe Mills Project. This report recommends that the Agency and City assume the entire debt service on the $5.5 million Section 108 loan. Repayment of that loan will come from future tax increment or CDBG revenues over 20 years. Attachment IV shows the amortization schedule for repayment of the Section 108 loan.

Staff recommends advancing the draw down of the Section 108 loan by one year, to August 2006. Receiving the funding in August and disbursing it over the following year is estimated to save the project $320,000 in construction loan interest. It should be noted that the Agency is actually lending the $7.5 million in BEDI and Section 108 HUD funding to the project, albeit with a long (37 year) deferral period. A revised cash flow projection showing the amortization of all Agency loans is included as Attachment V.

<u>Special DDA Conditions</u>

Due to the increased tax increment funding, the Developer has agreed to record a regulatory agreement on 31 previously unregulated units in the rehabilitated mill buildings. These units will be regulated at moderate income rents (affordable to 110% of area median income) for 55 years.

The Developer will make a good faith effort to lease the units in the studio loft units in the mill building at the initial average proforma rent of $1100 per month. However, due to the small size of the units (700 to 800 square feet) this rent may not be achieved in the local market. In consideration of this possibility, staff has agreed to a condition in the DDA that allows for a one-time extension of the deferral period on the Agency loans. That extension would be triggered at the beginning of year seven only upon receipt of satisfactory evidence that an average of $1100 per month per unit rent plus a 2.5 annual escalation factor was not achieved over the previous six years. The extension would last only as long as necessary to achieve the total proforma rental income and for no more than two years.

Financial Considerations:

The sources of local and federal funds for the Globe Mills project both as previously approved and as now recommended are as follows:

	Previously Approved	Now Recommended
HUD BEDI grant	$ 2,000,000	$ 2,000,000
HUD Section 108 loan	5,500,000	5,500,000
Alkali Flat Tax Increment and Bond	3,570,000	4,256,000
HOME	1,450,000	1,450,000
Downtown Bond	0	1,764,000
Total	$12,520,000	$14,970,000

The sources of Alkali Flat tax increment and bond funds both as previously approved and now recommended are as follows:

	Previously Approved	Now Recommended
Housing set-aside funds	$ 600,000	$ 1,486,000
Non-housing tax increment funds	1,430,000	1,430,000
Non-housing tax exempt bond funds	1,540,000	1,340,000
Total	$3,570,000	$4,256,000

Note that while the increase in housing set-aside tax increment funds have added $886,000 to the total, the use of non-housing tax-exempt bond funds has been reduced by $200,000, resulting in a net additional $686,000 use of Alkali Flat funds. The savings of $200,000 was enabled by lower than expected City plan review and permit fees charged to the project.

The final change in funding for the project is the addition of $1,764,000 in Downtown housing bond funds. Loan repayments on all the tax increment sources will be deferred 20 years.

The final source of Agency funding is City HOME funds in the amount of $1,450,000. This funding source is unchanged.

Environmental Considerations: The Final EIR/EA for Globe Mills was certified by the Design Review and Preservation Board on January 5, 2005, and findings and mitigation measures were adopted by the Agency and the City Council on March 1, 2005. Alternative M was adopted and included preservation of the Barley Mill as a project component.

An Addendum to the EIR has been prepared to identify the project change due to the dismantling of the Barley Mill Building. The South Silos, a major historic and visual component of the mill, will be preserved, consistent with the adopted mitigation measures. There are no new impacts or mitigation measures needed that would require issuance of a supplemental or subsequent EIR. The EIR/EA did not require reconstruction of the Barley Mill Building if it became infeasible to preserve it, although reconstruction would be permitted if the Developer can obtain federal historic tax credit funding.

Policy Considerations: The actions recommended in this report are consistent with the goals and objectives of the Alkali Flat Redevelopment Plan to develop and rehabilitate housing for all income groups, restore historically and architecturally significant structures, and eliminate environmental deficiencies, including substandard alleys and sidewalks, and are consistent with the Implementation Plan.
This action is also consistent with the City's Strategic Plan goal to enhance and preserve neighborhoods. The proposed action supports the Guiding Principle of that goal which states that programs and strategies should promote the maintenance and development of the fullest range of housing choices in every community in the City of Sacramento.

This action is also consistent with numerous goals in the General Plan and the Central City Community Plan, both of which call for the preservation and reuse of abandoned structures, preservation of architecturally and historically significant structures, and housing opportunities to meet the needs of elderly persons and all income groups.

M/WBE Considerations: Minority and Women's Business Enterprise requirements will be applied to all activities to the extent required by federal funding.

Respectfully Submitted by: [signature]
ANNE M. MOORE
Executive Director

Recommendation Approved:

Cassandra H.B. Jennings
for RAY KERRIDGE
City Manager

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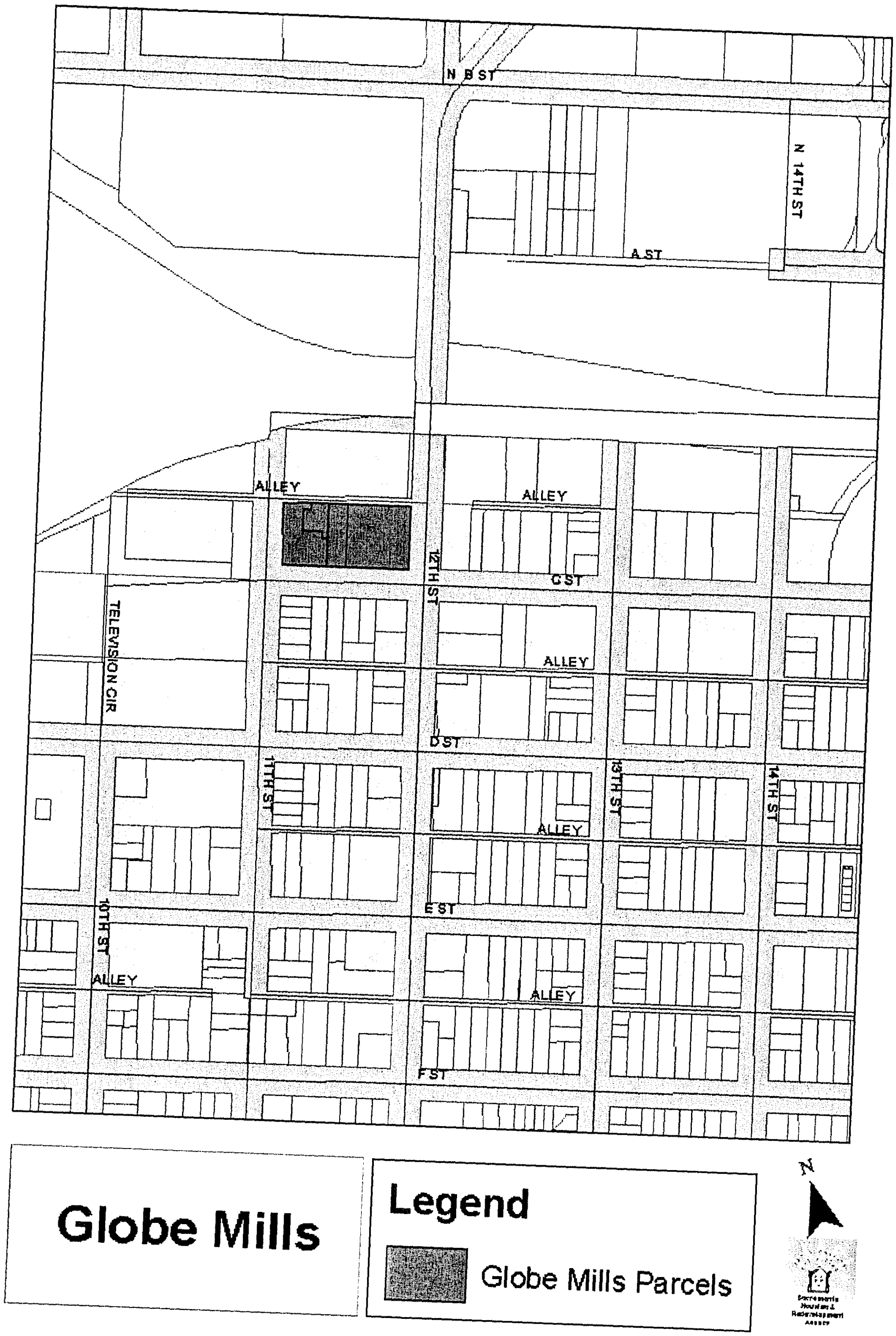
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12TH ST
C ST
TELEVISION CIR
ALLEY
D ST
11TH ST
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E ST
10TH ST
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Globe Mills
Legend
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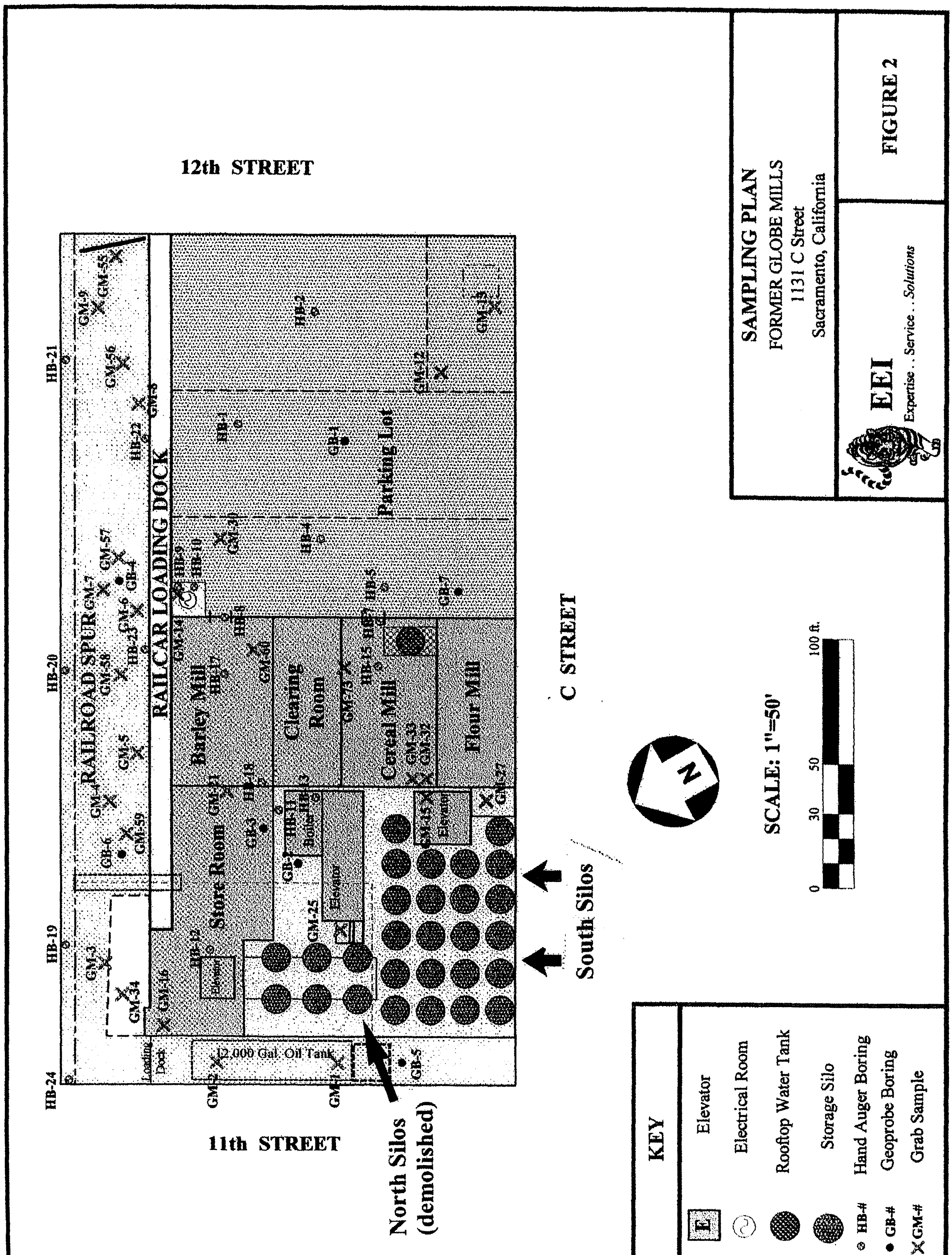
12th STREET
11th STREET
C STREET
RAILROAD SPUR
RAILCAR LOADING DOCK
Parking Lot
Barley Mill
Clearing Room
Cereal Mill
Flour Mill
Store Room
Boiler
Elevator
12,000 Gal. Oil Tank
Loading Dock
South Silos
North Silos (demolished)
HB-1
HB-2
HB-4
HB-5
HB-8
HB-9
HB-10
HB-11
HB-12
HB-13
HB-15
HB-17
HB-18
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GM-30
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GM-34
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GM-56
GM-57
GM-58
GM-59
GM-60
SCALE: 1"=50'
0
30
50
100 ft.
N
KEY
Elevator
Electrical Room
Rooftop Water Tank
Storage Silo
HB-# Hand Auger Boring
GB-# Geoprobe Boring
GM-# Grab Sample
SAMPLING PLAN
FORMER GLOBE MILLS
1131 C Street
Sacramento, California
EEI
Expertise . . Service . . Solutions
FIGURE 2

GLOBE MILLS
ADAPTIVE REUSE

ATTACHMENT III

Sources and Uses

		SOURCES AND USES OF FUNDS COMPARISON		
	August 2005 DDA	VCM Feb 23 Estimate	May 2006 Refinance	Notes
Sources				
L/M Tax Credit Equity	$ 15,903,000	15,903,000	15,903,000	
Deferred Dev. Fee	700,000	700,000	700,000	
Bank Loan	2,549,000	2,549,000	**6,050,000**	+3.5 million
BEDI Grant/Section 108 loan	7,500,000	7,500,000	7,500,000	
HOME loan	1,450,000	1,450,000	1,450,000	
Alkali TI Grant	1,540,000	1,540,000	**1,340,000**	-200,000
Akali TI Loan	2,030,000	2,030,000	2,030,000	
City Grant	500,000	500,000	500,000	
Increase in Agency Loan			**2,650,000**	
TOTAL	**$ 32,172,000**	32,172,000	**38,123,000**	
Uses				
Land Acquisition	$ 626,500	626,500	626,500	
Off-sites	592,800	592,800	592,800	
Site Work	1,853,000	**2,963,635**	2,963,635	
Rehab Hard Cost	5,343,374	**7,351,514**	**6,351,514**	-1.0 million (Barley Mill)
New Construction Hard Cost	10,732,572	**16,625,161**	**15,886,212**	-888,949
General Requirements	1,075,737	**2,090,000**	**1,621,650**	
Contractor Overhead	358,579	**615,442**	**315,442**	-300,000
Contractor Profit	1,075,737	**1,741,819**	**541,819**	-1,200,000
Architect	550,000	550,000	**575,000**	+25,000
Survey and Engineering	701,400	701,400	**753,400**	+52,000
Construction Loan Interest	500,000	**620,000**	**300,000**	-320,000 for early infusion of Sec. 108
Construction Loan Orig. Fee	60,000	60,000	**90,000**	+30,000
Credit Enhanc. & App. Fee	15,000	15,000	**90,000**	+75,000 for historic tax credit consultant
Insurance	150,000	150,000	150,000	
Title, Escrow, etc.	50,000	50,000	50,000	
Permanent Loan Org. Fee	15,000	15,000	15,000	
BEDI/Section 108 Loan Fee	35,000	35,000	35,000	
Paramount Legal Fee	25,000	25,000	25,000	
City Property Lien	104,000	104,000	104,000	
Lender Legal Fee	20,000	20,000	20,000	
Borrower Attorney	150,000	150,000	150,000	
Restricted Reserve SHRA	300,000	300,000	**950,000**	
Capitalized Rent Reserves	225,000	225,000	**0**	-225,000
3-month Operating Reserve	238,847	238,847	238,847	
Appraisal Cost	5,000	5,000	5,000	
Construction Contingency	3,821,273	**1,569,379**	**2,074,000**	
TCAC Application Fee	124,381	124,381	124,381	
Environmental Audit	7,800	7,800	57,800	+50,000
City Permits/fees	1,540,000	1,540,000	1,540,000	
Soft Cost Contigency	100,000	100,000	100,000	
Security System	140,000	140,000	140,000	
Marketing	145,000	145,000	145,000	
Furnishings	75,000	75,000	75,000	
Market Study	5,000	5,000	5,000	
Consultant Audit	11,000	11,000	11,000	
Developer Fee	1,400,000	1,400,000	1,400,000	
TOTAL	**$ 32,172,000**	**40,988,678**	**38,123,000**	

ATTACHMENT IV

Section 108 Loan Amortization

			Principal		5,500,000
			Interest years 6-20		6.25%
			Term		20
Year		Agency pmt.			
			Interest	Principal	Principal Balance
9/06-8/07	1	(489,292)	343,750	145,542	5,354,458
9/07-8/08	2	(489,292)	334,654	154,639	5,199,819
9/08-8/9	3	(489,292)	324,989	164,304	5,035,515
9/9-8/10	4	(489,292)	314,720	174,573	4,860,942
9/10-8/11	5	(489,292)	303,809	185,484	4,675,458
9/11-8/12	6	(489,292)	292,216	197,076	4,478,382
9/12-8/13	7	(489,292)	279,899	209,394	4,268,989
9/13-8/14	8	(489,292)	266,812	222,481	4,046,508
9/14-8/15	9	(489,292)	252,907	236,386	3,810,122
9/15-8/16	10	(489,292)	238,133	251,160	3,558,962
9/16-8/17	11	(489,292)	222,435	266,857	3,292,105
9/17-8/18	12	(489,292)	205,757	283,536	3,008,569
9/18-8/19	13	(489,292)	188,036	301,257	2,707,312
9/19-8/20	14	(489,292)	169,207	320,085	2,387,227
9/20-8/21	15	(489,292)	149,202	340,091	2,047,136
9/21-8/22	16	(489,292)	127,946	361,346	1,685,789
9/22-8/23	17	(489,292)	105,362	383,931	1,301,859
9/23-8/24	18	(489,292)	81,366	407,926	893,932
9/24-8/25	19	(489,292)	55,871	433,422	460,511
9/25-8/26	20	(489,292)	28,782	460,511	(0)
		(9,785,850)	4,285,850	5,500,000	

ATTACHMENT V

GLOBE MILLS

30 Year Cash Flow

Unit Type	Number	Sq. Feet		Total Sq. Feet	Monthly Rent	Rent Per Sq. Foot	Annual Rent
1BR/1BA Senior 30% Tax Credit	12	800		9,600	$ 331	$ 0.41	$ 47,664
1BR/1BA Senior 45% Tax Credit	23	800		18,400	$ 515	$ 0.64	$ 142,140
1BR/1 BA Senior 50% Tax Credit	56	800		44,800	$ 577	$ 0.72	$ 387,744
1BR/1 BA Senior 60% Tax Credit	21	800		16,800	$ 699	$ 0.87	$ 176,148
1BR/1 BA - market rate	30	800		24,000	$ 1,100	$ 1.38	$ 396,000
Total/Average	142	4000	0	113600	$ 3,222.00	$ 4.03	$1,149,696

	Per Year		Per Unit	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17
Annualized Gross Income	2.50%	143	8,040	$ 1,149,696	$ 1,178,438	$ 1,207,899	$ 1,238,097	$ 1,269,049	$ 1,300,775	$ 1,333,295	$ 1,366,627	$ 1,400,793	$ 1,435,813	$ 1,471,708	$ 1,508,501	$ 1,546,213	$ 1,584,869	$ 1,624,490	$ 1,665,103	$ 1,706,730
Other Income (Laundry)	2.50%	143	7.00	$ 12,012	$ 12,312	$ 12,620	$ 12,936	$ 13,259	$ 13,590	$ 13,930	$ 14,278	$ 14,635	$ 15,001	$ 15,376	$ 15,761	$ 16,155	$ 16,559	$ 16,973	$ 17,397	$ 17,832
Other Income (Vending, Interest)	2.50%	143	3.00	$ 5,148	$ 5,277	$ 5,409	$ 5,544	$ 5,682	$ 5,824	$ 5,970	$ 6,119	$ 6,272	$ 6,429	$ 6,590	$ 6,755	$ 6,923	$ 7,097	$ 7,274	$ 7,456	$ 7,642
Commercial Rental Income	2.50%	5000	0.25	$ 15,000	$ 15,375	$ 15,759	$ 16,153	$ 16,557	$ 16,971	$ 17,395	$ 17,830	$ 18,276	$ 18,733	$ 19,201	$ 19,681	$ 20,173	$ 20,678	$ 21,195	$ 21,724	$ 22,268
Residential Vacancy	-5.00%	143	(401.99)	$ (57,485)	$ (58,922)	$ (60,395)	$ (61,905)	$ (63,452)	$ (65,039)	$ (66,665)	$ (68,331)	$ (70,040)	$ (71,791)	$ (73,585)	$ (75,425)	$ (77,311)	$ (79,243)	$ (81,225)	$ (83,255)	$ (85,337)
Commercial Vacancy	-15.00%	950	(2.37)	$ (2,250)	$ (2,306)	$ (2,364)	$ (2,423)	$ (2,484)	$ (2,546)	$ (2,609)	$ (2,675)	$ (2,741)	$ (2,810)	$ (2,880)	$ (2,952)	$ (3,026)	$ (3,102)	$ (3,179)	$ (3,259)	$ (3,340)
Effective Gross Income			**$ 7,646**	**$ 1,122,121**	**$ 1,150,174**	**$ 1,178,929**	**$ 1,208,402**	**$ 1,238,612**	**$ 1,269,577**	**$ 1,301,317**	**$ 1,333,849**	**$ 1,367,196**	**$ 1,401,376**	**$ 1,436,410**	**$ 1,472,320**	**$ 1,509,128**	**$ 1,546,856**	**$ 1,585,528**	**$ 1,625,166**	**$ 1,665,795**
Expenses																				
Tax Credit Investor Fee				10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000							
Management Fees	3.50%		$ 445	$ 63,160	$ 65,371	$ 67,659	$ 70,027	$ 72,478	$ 75,014	$ 77,640	$ 80,357	$ 83,170	$ 86,081	$ 89,093	$ 92,212	$ 95,439	$ 98,779	$ 102,237	$ 105,815	$ 109,519
Administration	3.50%		$ 211	$ 30,000	$ 31,050	$ 32,137	$ 33,262	$ 34,426	$ 35,631	$ 36,878	$ 38,168	$ 39,504	$ 40,887	$ 42,318	$ 43,799	$ 45,332	$ 46,919	$ 48,561	$ 50,260	$ 52,020
Payroll	3.50%		$ 380	$ 54,000	$ 55,890	$ 57,846	$ 59,871	$ 61,966	$ 64,135	$ 66,380	$ 68,703	$ 71,108	$ 73,596	$ 76,172	$ 78,838	$ 81,598	$ 84,454	$ 87,410	$ 90,469	$ 93,635
Maintenance	3.50%		$ 879	$ 124,800	$ 129,168	$ 133,689	$ 138,368	$ 143,211	$ 148,223	$ 153,411	$ 158,780	$ 164,338	$ 170,090	$ 176,043	$ 182,204	$ 188,581	$ 195,182	$ 202,013	$ 209,084	$ 216,401
Utilities	3.50%		$ 423	$ 60,000	$ 62,100	$ 64,274	$ 66,523	$ 68,851	$ 71,261	$ 73,755	$ 76,337	$ 79,009	$ 81,774	$ 84,636	$ 87,598	$ 90,664	$ 93,837	$ 97,122	$ 100,521	$ 104,039
Insurance	3.50%		$ 282	$ 40,000	$ 41,400	$ 42,849	$ 44,349	$ 45,901	$ 47,507	$ 49,170	$ 50,891	$ 52,672	$ 54,516	$ 56,424	$ 58,399	$ 60,443	$ 62,558	$ 64,748	$ 67,014	$ 69,359
Service Amenities	3.50%		$ 50	$ 7,050	$ 7,297	$ 7,552	$ 7,816	$ 8,090	$ 8,373	$ 8,666	$ 8,970	$ 9,284	$ 9,608	$ 9,945	$ 10,293	$ 10,653	$ 11,026	$ 11,412	$ 11,811	$ 12,225
Commercial Space Amenities	3.50%		$ 127	$ 18,000	$ 18,630	$ 19,282	$ 19,957	$ 20,655	$ 21,378	$ 22,127	$ 22,901	$ 23,703	$ 24,532	$ 25,391	$ 26,279	$ 27,199	$ 28,151	$ 29,137	$ 30,156	$ 31,212
PILOT Fee	2.00%		$ 282	$ 40,000	$ 40,799	$ 41,614	$ 42,445	$ 43,292	$ 44,157	$ 45,039	$ 45,938	$ 46,856	$ 47,791	$ 48,746	$ 49,719	$ 50,712	$ 51,725	$ 52,758	$ 53,812	$ 54,886
Replacement Reserves		300	$ 300	$ 42,900	$ 42,900	$ 42,900	$ 42,900	$ 42,900	$ 42,900	$ 42,900	$ 42,900	$ 42,900	$ 42,900	$ 42,900	$ 42,900	$ 42,900	$ 42,900	$ 42,900	$ 42,900	$ 42,900
Total Expenses			$ 3,450	**$ 489,910**	**$ 504,604**	**$ 519,801**	**$ 535,517**	**$ 551,770**	**$ 568,580**	**$ 585,965**	**$ 603,946**	**$ 622,542**	**$ 641,775**	**$ 651,668**	**$ 672,242**	**$ 693,522**	**$ 715,531**	**$ 738,296**	**$ 761,842**	**$ 786,196**
Total Expenses not including reserves			3,056.01																	
Net Operating Income			**$ 11,096**	**$ 632,211**	**$ 645,570**	**$ 659,128**	**$ 672,885**	**$ 686,841**	**$ 700,997**	**$ 715,351**	**$ 729,904**	**$ 744,654**	**$ 759,600**	**$ 784,742**	**$ 800,078**	**$ 815,607**	**$ 831,325**	**$ 847,232**	**$ 863,324**	**$ 879,599**

				1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Debt Service	**Amount**	**Rate**	**Term**	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Bank Loan	$ 6,050,000	7.50%	30	$507,630	$507,630	$507,630	$507,630	$507,630	$507,630	$507,630	$507,630	$507,630	$507,630	$507,630	$507,630	$507,630	$507,630	$507,630	$507,630	$507,630
Cash Available				**$124,581**	**$137,940**	**$151,498**	**$165,255**	**$179,212**	**$193,367**	**$207,721**	**$222,274**	**$237,024**	**$251,971**	**$277,113**	**$292,449**	**$307,977**	**$323,695**	**$339,602**	**$355,694**	**$371,969**
Deferred Developer Fee	$ 700,000	4.00%	10	$ 700,000	$ 603,419	$ 489,615	$ 357,701	$ 206,754	$ 35,813											
Interest				$28,000	$24,137	$19,585	$14,308	$8,270	$1,433											
Payment			795,732	124,581	137,940	151,498	165,255	179,212	37,245											
Loan Balance				$ 603,419	$ 489,615	$ 357,701	$ 206,754	$ 35,813	$ -											
HOME loan (def.6 years, int. accruing)	$ 1,450,000	4.00%	12							$ 1,798,000	$ 1,767,553	$ 1,724,975	$ 1,670,083	$ 1,602,938	$ 1,514,834	$ 1,413,958	$ 1,298,695	$ 1,165,720	$ 1,014,168	$ 843,143
Interest										$58,000	$58,000	$58,000	$58,000	$58,000	$58,000	$56,558	$51,948	$46,629	$40,567	$33,726
Payment										$ 88,447	$ 100,578	$ 112,892	$ 125,145	$ 146,104	$ 158,877	$ 171,821	$ 184,923	$ 198,181	$ 211,592	$ 225,151
Loan Balance										$ 1,767,553	$ 1,724,975	$ 1,670,083	$ 1,602,938	$ 1,514,834	$ 1,413,958	$ 1,298,695	$ 1,165,720	$ 1,014,168	$ 843,143	$ 651,717
Monthly HOME Payment										$ 7,371	$ 8,381	$ 9,408	$ 10,429	$ 12,175	$ 13,240	$ 14,318	$ 15,410	$ 16,515	$ 17,633	$ 18,763
Alkali Flat TI loan (deferred 18 years, int. accruing)	$ 4,680,000	3.00%	37																	
Interest																				
Payment																				
Loan Balance																				
BEDI/Section 108 loan	7,500,000	1%	40																	
Interest																				
Payment																				
Loan Balance																				
DCR										*1.20*	*1.20*	*1.20*	*1.20*	*1.20*	*1.20*	*1.20*	*1.20*	*1.20*	*1.20*	*1.20*
NET CASH FLOW (ten years)			$ 491,928							$ 119,274	$ 121,696	$ 124,132	$ 126,825	$ 131,009	$ 133,572	$ 136,156	$ 138,772	$ 141,421	$ 144,103	$ 146,818

ATTACHMENT V

GLOBE MILLS

30 Year Cash Flow

Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30	Year 31	Year 32	Year 33	Year 34	Year 35	Year 36	Year 37	Year 38	Year 39	Year 40
$ 1,749,398	$ 1,793,133	$ 1,837,962	$ 1,883,911	$ 1,931,009	$ 1,979,284	$ 2,028,766	$ 2,079,485	$ 2,131,472	$ 2,184,759	$ 2,239,378	$ 2,295,362	$ 2,352,746	$ 2,411,565	$ 2,471,854	$ 2,533,651	$ 2,596,992	$ 2,661,917	$ 2,728,465	$ 2,796,676	$ 2,866,593	$ 2,938,258	$ 3,011,714
$ 18,278	$ 18,735	$ 19,203	$ 19,683	$ 20,175	$ 20,680	$ 21,197	$ 21,726	$ 22,270	$ 22,826	$ 23,397	$ 23,982	$ 24,581	$ 25,196	$ 25,826	$ 26,472	$ 27,133	$ 27,812	$ 28,507	$ 29,220	$ 29,950	$ 30,699	$ 31,466
$ 7,833	$ 8,029	$ 8,230	$ 8,436	$ 8,646	$ 8,863	$ 9,084	$ 9,311	$ 9,544	$ 9,783	$ 10,027	$ 10,278	$ 10,535	$ 10,798	$ 11,068	$ 11,345	$ 11,629	$ 11,919	$ 12,217	$ 12,523	$ 12,836	$ 13,157	$ 13,486
$ 22,824	$ 23,395	$ 23,980	$ 24,579	$ 25,194	$ 25,824	$ 26,469	$ 27,131	$ 27,809	$ 28,504	$ 29,217	$ 29,947	$ 30,696	$ 31,464	$ 32,250	$ 33,056	$ 33,883	$ 34,730	$ 35,598	$ 36,488	$ 37,400	$ 38,335	$ 39,294
$ (87,470)	$ (89,657)	$ (91,898)	$ (94,196)	$ (96,550)	$ (98,964)	$ (101,438)	$ (103,974)	$ (106,574)	$ (109,238)	$ (111,969)	$ (114,768)	$ (117,637)	$ (120,578)	$ (123,593)	$ (126,683)	$ (129,850)	$ (133,096)	$ (136,423)	$ (139,834)	$ (143,330)	$ (146,913)	$ (150,586)
$ (3,424)	$ (3,509)	$ (3,597)	$ (3,687)	$ (3,779)	$ (3,874)	$ (3,970)	$ (4,070)	$ (4,171)	$ (4,276)	$ (4,383)	$ (4,492)	$ (4,604)	$ (4,720)	$ (4,838)	$ (4,958)	$ (5,082)	$ (5,209)	$ (5,340)	$ (5,473)	$ (5,610)	$ (5,750)	$ (5,894)
$ 1,707,440	**$ 1,750,126**	**$ 1,793,879**	**$ 1,838,726**	**$ 1,884,694**	**$ 1,931,812**	**$ 1,980,107**	**$ 2,029,610**	**$ 2,080,350**	**$ 2,132,359**	**$ 2,185,668**	**$ 2,240,309**	**$ 2,296,317**	**$ 2,353,725**	**$ 2,412,568**	**$ 2,472,882**	**$ 2,534,704**	**$ 2,598,072**	**$ 2,663,024**	**$ 2,729,599**	**$ 2,797,839**	**$ 2,867,785**	**$ 2,939,480**
$ 113,352	$ 117,319	$ 121,425	$ 125,675	$ 130,074	$ 134,626	$ 139,338	$ 144,215	$ 149,263	$ 154,487	$ 159,894	$ 165,490	$ 171,282	$ 177,277	$ 183,482	$ 189,904	$ 196,550	$ 203,430	$ 210,550	$ 217,919	$ 225,546	$ 233,440	$ 241,610
$ 53,840	$ 55,725	$ 57,675	$ 59,694	$ 61,783	$ 63,945	$ 66,183	$ 68,500	$ 70,897	$ 73,379	$ 75,947	$ 78,605	$ 81,356	$ 84,204	$ 87,151	$ 90,201	$ 93,358	$ 96,626	$ 100,008	$ 103,508	$ 107,131	$ 110,880	$ 114,761
$ 96,912	$ 100,304	$ 103,815	$ 107,449	$ 111,209	$ 115,102	$ 119,130	$ 123,300	$ 127,615	$ 132,082	$ 136,705	$ 141,489	$ 146,441	$ 151,567	$ 156,872	$ 162,362	$ 168,045	$ 173,926	$ 180,014	$ 186,314	$ 192,835	$ 199,585	$ 206,570
$ 223,976	$ 231,815	$ 239,928	$ 248,326	$ 257,017	$ 266,013	$ 275,323	$ 284,959	$ 294,933	$ 305,256	$ 315,940	$ 326,997	$ 338,442	$ 350,288	$ 362,548	$ 375,237	$ 388,370	$ 401,963	$ 416,032	$ 430,593	$ 445,664	$ 461,262	$ 477,406
$ 107,681	$ 111,449	$ 115,350	$ 119,387	$ 123,566	$ 127,891	$ 132,367	$ 137,000	$ 141,795	$ 146,758	$ 151,894	$ 157,210	$ 162,713	$ 168,408	$ 174,302	$ 180,402	$ 186,717	$ 193,252	$ 200,015	$ 207,016	$ 214,262	$ 221,761	$ 229,522
$ 71,787	$ 74,300	$ 76,900	$ 79,592	$ 82,377	$ 85,260	$ 88,245	$ 91,333	$ 94,530	$ 97,838	$ 101,263	$ 104,807	$ 108,475	$ 112,272	$ 116,201	$ 120,268	$ 124,478	$ 128,834	$ 133,344	$ 138,011	$ 142,841	$ 147,840	$ 153,015
$ 12,652	$ 13,095	$ 13,554	$ 14,028	$ 14,519	$ 15,027	$ 15,553	$ 16,097	$ 16,661	$ 17,244	$ 17,848	$ 18,472	$ 19,119	$ 19,788	$ 20,480	$ 21,197	$ 21,939	$ 22,707	$ 23,502	$ 24,324	$ 25,176	$ 26,057	$ 26,969
$ 32,304	$ 33,435	$ 34,605	$ 35,816	$ 37,070	$ 38,367	$ 39,710	$ 41,100	$ 42,538	$ 44,027	$ 45,568	$ 47,163	$ 48,814	$ 50,522	$ 52,291	$ 54,121	$ 56,015	$ 57,975	$ 60,005	$ 62,105	$ 64,278	$ 66,528	$ 68,857
$ 55,983	$ 57,101	$ 58,241	$ 59,404	$ 60,590	$ 61,800	$ 63,035	$ 64,294	$ 65,578	$ 66,887	$ 68,223	$ 69,585	$ 70,975	$ 72,393	$ 73,838	$ 75,313	$ 76,817	$ 78,351	$ 79,916	$ 81,512	$ 83,140	$ 84,800	$ 86,494
$ 42,900	$ 42,900	$ 42,900	$ 42,900	$ 42,900	$ 42,900	$ 42,900	$ 42,900	$ 42,900	$ 42,900	$ 42,900	$ 42,900	$ 42,900	$ 42,900	$ 42,900	$ 42,900	$ 42,900	$ 42,900	$ 42,900	$ 42,900	$ 42,900	$ 42,900	$ 42,900
$ 811,387	**$ 837,442**	**$ 864,393**	**$ 892,270**	**$ 921,105**	**$ 950,932**	**$ 981,784**	**$ 1,013,698**	**$ 1,046,709**	**$ 1,080,857**	**$ 1,116,180**	**$ 1,152,720**	**$ 1,190,518**	**$ 1,229,618**	**$ 1,270,065**	**$ 1,311,906**	**$ 1,355,189**	**$ 1,399,965**	**$ 1,446,285**	**$ 1,494,202**	**$ 1,543,773**	**$ 1,595,054**	**$ 1,648,104**
$ 896,053	**$ 912,684**	**$ 929,486**	**$ 946,456**	**$ 963,589**	**$ 980,880**	**$ 998,323**	**$ 1,015,912**	**$ 1,033,641**	**$ 1,051,502**	**$ 1,069,487**	**$ 1,087,589**	**$ 1,105,799**	**$ 1,124,107**	**$ 1,142,503**	**$ 1,160,976**	**$ 1,179,515**	**$ 1,198,107**	**$ 1,216,739**	**$ 1,235,397**	**$ 1,254,067**	**$ 1,272,732**	**$ 1,291,376**
18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40
2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
$507,630	$507,630	$507,630	$507,630	$507,630	$507,630	$507,630	$507,630	$507,630	$507,630	$507,630	$507,630	$507,630										
$388,424	**$405,054**	**$421,856**	**$438,826**	**$455,959**	**$473,250**	**$490,693**	**$508,282**	**$526,011**	**$543,872**	**$561,858**	**$579,960**	**$598,170**	**$1,124,107**	**$1,142,503**	**$1,160,976**	**$1,179,515**	**$1,198,107**	**$1,216,739**	**$1,235,397**	**$1,254,067**	**$1,272,732**	**$1,291,376**
$ 651,717	$ 438,929	$ 203,763																				
$26,069	$17,557	$8,151																				
$ 238,856	$ 252,724	$ 211,914																				
$ 438,929	$ 203,763	$ -																				
$ 19,905	$ 21,060																					
		$ 7,347,600	$ 7,433,068	$ 7,292,416	$ 7,137,659	$ 6,968,498	$ 6,784,798	$ 6,586,439	$ 6,373,303	$ 6,145,108	$ 5,902,252	$ 5,643,992	$ 5,370,644	$ 4,574,349	$ 3,759,579	$ 2,905,001	$ 2,009,315	$ 1,071,837	$ 90,142			
		140,400	140,400	140,400	140,400	140,400	140,400	140,400	140,400	140,400	140,400	140,400	140,400	137,230	112,787	87,150	60,279	32,155	2,704			
		54,932	281,053	295,156	309,562	324,100	338,759	353,536	368,594	383,257	398,659	413,749	936,695	952,001	967,365	982,836	997,757	1,013,850	92,846			
		7,433,068	7,292,416	7,137,659	6,968,498	6,784,798	6,586,439	6,373,303	6,145,108	5,902,252	5,643,992	5,370,644	4,574,349	3,759,579	2,905,001	2,009,315	1,071,837	90,142	-			
																			10,500,000	9,638,021	8,667,974	7,682,407
																			75,000	75,000	75,000	75,000
																			936,979	1,045,046	1,060,567	1,076,000
																			9,638,021	8,667,974	7,682,407	6,681,407
1.20	*1.20*	*1.20*	*1.20*	*1.20*	*1.20*	*1.20*	*1.20*	*1.20*	*1.20*	*1.20*	*1.20*	*1.20*	*1.20*	*1.20*	*1.20*	*1.20*	*1.20*	*1.20*	*1.20*	*1.20*	*1.20*	*1.20*
$ 149,567	$ 152,331	$ 155,011	$ 157,774	$ 160,803	$ 163,688	$ 166,594	$ 169,523	$ 172,475	$ 175,278	$ 178,601	$ 181,300	$ 184,421	$ 187,413	$ 190,502	$ 193,611	$ 196,679	$ 200,350	$ 202,889	$ 205,572	$ 209,021	$ 212,165	$ 215,375

RESOLUTION NO. 2006 -

Adopted by the Sacramento City Council

ON DATE OF

APPROVING AMENDING THE CDBG ACTION PLAN AND RESTRUCTURING THE DEBT SERVICE FOR THE GLOBE MILLS ADAPTIVE REUSE PROJECT'S BROWNFIELDS ECONOMIC DEVELOPMENT INITIATIVE GRANT AND SECTION 108 LOAN

BACKGROUND

A. On March 1 and August 23, 2005, the City Council committed $2.0 million in future Alkali Flat tax increment funding for payment of the debt service for the U.S. Housing and Urban Development ("HUD") Brownfields Economic Development Initiative and Section 108 loan funds ("HUD Loan") used to help finance the Globe Mills Adaptive Reuse Project ("Project").

B. Due to unforeseen increases in construction costs, the Project cost has increased by $9.6 million. As a result, the Redevelopment Agency of the City of Sacramento ("Agency") has agreed to assume additional HUD Loan debt service of $3.5 million with repayment from tax increment revenues, in addition to the $2 million obligation previously pledged, for a total obligation of $5.5 million plus interest.

C. If the Agency is unable to make the HUD Loan debt payment due to insufficient tax increment revenues, then the City's CDBG funding would be required to cover that deficit.

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

Section 1. The City of Sacramento hereby approves amending the loan for the Project with GMA Investors, LP ("Developer") to restructure the debt service to forgive repayment of the HUD Loan in light of the Agency's commitment of an additional $3.5 million in tax increment revenues for said purpose.

Section 2. The City's Community Development Block Grant Action Plan is hereby amended to allow for forgiveness of the Developer's obligation to repay the HUD Loan consistent with the restructured debt service, and to pledge the City's CDBG funds for repayment of the HUD Loan in the event that the Agency's tax increment funds are insufficient to make the required payments.

RESOLUTION NO. 2006 -

Adopted by the Redevelopment Agency of the City of Sacramento

ON DATE OF

APPROVING ADDENDUM TO THE FINAL ENVIRONMENTAL IMPACT REPORT FOR THE GLOBE MILLS ADAPTIVE REUSE PROJECT, AN ADDITIONAL $2.650 MILLION IN PROJECT FUNDING AND $3.5 MILLION IN DEBT SERVICE, AMENDMENTS TO DISPOSITION AND DEVELOPMENT AGREEMENT, LOAN NOTE, AND REGULATORY AGREEMENT; AND RELATED BUDGET AMENDMENT

BACKGROUND

A. On March 1, 2005, the Agency accepted the Final Environmental Impact Report/Environmental Assessment ("EIR/EA"), which had been certified by the City of Sacramento's Design Review and Preservation Board, for the Globe Mills Adaptive Reuse Project ("Project") and adopted Findings of Fact and Statement of Overriding Considerations.

B. The approved Project Alternative, Alternative M, called for preservation of the historic and contributing structures known as the South Silos and Barley Mill Building. Preservation of the Barley Mill Building has proved to be infeasible due to its deteriorated condition and the building has been dismantled. Further evaluation will determine whether or not the wooden silos within the Barley Mill can be preserved. The Barley Mill Building may be rebuilt if the State Office of Historic Preservation recommends approval of such reconstruction and federal funding in the form of historic tax credits are approved.

C. On August 23, 2005 Agency and GMA Investors, LP ("Developer") entered into an amended and restated Disposition and Development Agreement ("DDA") to convey Agency-owned property at the Globe Mills site and to provide financing to Developer for adaptive reuse of the site as senior and market rate housing; as more specifically described in the DDA, and which required improvements within the Property, as further described in the DDA (collectively, "Project").

D. Due to unforeseen increases in construction costs, the Project cost has increased by $9.6 million. The Agency is willing to provide additional financing in the amount of $2.65 million in consideration for restriction of an additional 31 units to be affordable to moderate income households. In addition, the Agency is willing assume an additional $3.5 million in the 108 loan debt service by pledging future City tax increment funding for such purpose.

E. Agency and Developer now mutually desire to change the terms of the approved DDA, loan and regulatory agreement pertaining to the Project scope in regards to possible reconstruction of the Barley Mill Building and the additional Project financing. The First Amendment to the DDA, Amended Note and Amended and Restated Regulatory Agreement are on file with the Agency Clerk.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO RESOLVES AS FOLLOWS:

Section 1. Approve the Addendum to the EIR/EA for the Project, as set out in Exhibit A, and the change in the Project scope to eliminate the Barley Mill Building as a Project component due to its dismantling because of its structural instability. The project change includes dismantling of the wooden silos if the evaluation determines that they also cannot be preserved due to their deteriorated condition. If the Developer is successful in obtaining historic tax credit federal funding to rebuild the Barley Mill Building, such reconstruction is hereby approved.

Section 2. The Executive Director is authorized to amend the Agency Budget to reduce by $200,000, from $1,540,000 to $1,340,000, the allocation of Alkali Flat Tax Exempt Bond funds to the Globe Mills Adaptive Reuse Project in light of the reduced cost for City fees and toxic clean-up costs.

Section 3. The Executive Director is authorized to amend the Agency Budget to transfer $886,000 from Alkali Flat Tax Allocation Bonds and $1,764,000 in Merged Downtown Tax Allocation Bond funds to the Globe Mills Adaptive Reuse Project.

Section 4. The Executive Director is authorized to execute the First Amendment to the Disposition and Development Agreement (DDA), the First Amended Note, and the Amended and Restated Regulatory Agreement with the GMA Investors, L.P., to provide and additional $2,650,000 in tax increment financing, from $2,030,000 to $4,680,000, in consideration for restriction of an additional 31 units for moderate income households.

Section 5. The Agency hereby commits future tax increment revenues, for a total amount not to exceed $9,790,000 (including interest), with payments commencing in 2006, as a pledge toward payment of the debt service for the U.S. Department of Housing and Urban Development Section 108 loan that was previously secured for the Project.

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Exhibit A: (TEXT) – 3 Pages

EXHIBIT A

CEQA ADDENDUM/
NEPA ENVIRONMENTAL REVIEW RECORD

FOR

GLOBE MILLS ADAPTIVE REUSE PROJECT
SACRAMENTO, CALIFORNIA

(State Clearinghouse Number 2004072068)

Prepared for the
Redevelopment Agency of the City of Sacramento
and the
City of Sacramento

Sacramento Housing and Redevelopment Agency

May 30, 2006

I. BACKGROUND

1. On March 1, 2005, the Agency accepted the Environmental Impact Report/Environmental Assessment for the Globe Mills Adaptive Reuse Project (herein EIR/EA) which consists of the Draft EIR/EA and Final EIR/EA, that was certified by the City of Sacramento Design Review and Preservation Board on January 5, 2005, and adopted findings and mitigation measures for Alternative M in accordance with the requirements of the California Environmental Quality Act. Alternative M included preservation of the Barley Mill as a contributing historical structure.

2. The Globe Mills complex was historically used as a grain depository and flour mill, but steadily declined after that use ceased in 1970. The Barley Mill was constructed in 1908 and was integrated into the Flour Mill Building as a part of the design and construction of the 1914 Phoenix Mill. The interior wooden grain bins/silos are a character-defining feature of the Barley Mill.

3. To avoid significant and unavoidable impacts to this historic resource, the City Council and the Agency approved Alternative M as the project. Alternative M is the adaptive reuse of the historic Globe Mills into a mixed-use residential complex. Certain structures in the mills complex including the Barley Mill would be rehabilitated, some demolished, and two new buildings constructed on the site for a total of 145 residential units and 5,560 square feet of retail and commercial over parking. The wood timber support structure of the Barley Mill was to be left exposed. Portions of the wooden silos were to be retained in place as historic artifacts. The most hazardous portions of the wooden silos were to be removed; it was expected that about 50% would be retained in place.

4. The following mitigation measures were adopted for Alternative M, although the measures were not required to reduce CEQA impacts to less than significant:

   6.4.2a Prior to any demolition, the exterior and intact original interior portions of the Mills Complex shall be recorded according to the Historic American Building Survey (HABS) standards. Recordation should consist of 4"x5" View camera photo-documentation and a written description of the building.

   6.4.2c The wooden silo/bin located in the Barley Mill is a character defining feature and should be retained and stabilized in situ.

   6.4.2d The retention and stabilization of the silo/bin in situ is the most desirable option; if this is infeasible it should be retained and stabilized on site as an artifact.

II. PROJECT CHANGE

1. The project construction commenced in August, 2005. Prior to any demolition, the HABS photography was completed as required, under the supervision of the City Preservation Director.

2. During the course of demolition of adjacent structures, the stability of the severely deteriorated Barley Mill came into question. The contractor performed some stability tests and determined that it was infeasible to perform demolition work on structures adjacent to the Barely Mill without placing his workers in danger or at risk of injury. The Barley Mill walls could collapse at any time even with installation of stabilizing and other protective measures.

3. The City's Preservation Director approved dismantling the Barley Mill building, stabilizing its east concrete wall and preserving the historical wooden silos at their original elevation. Preservation of the silos in situ will occur as required. The dismantled Barley Mill building materials were labeled and cataloged. Two of the silos will be lowered to the grade of the rest of the site (about four feet) and stabilized against the wall of the mill building. Further evaluation will determine whether or not the wooden silos within the Barley Mill can be preserved.

4. The space that was previously occupied by the Barley Mill would be incorporated into the recreational/open space portion of the project. The project would continue to include preservation of Flour and Cereal Mill building, and all of the south silos which were constructed to increase grain storage capacity during World War II. No other changes to Alternative M are proposed, nor are there any changes to the adopted mitigation measures.

III. FINDINGS

1. The Agency has reviewed this Addendum to the EIR/EA and considered the information contained herein prior to taking the action to approve additional project financing.

2. The Agency finds that pursuant to CEQA Guidelines Section 15164, an Addendum to the previously certified EIR/EA is appropriate to document this project change in regards to the Barely Mill building because this project change does not require or involve:

   (a) Any major revisions of the previous EIR/EA;
   (b) New significant impacts or a substantial increase in the severity of previously identified significant impacts;
   (c) Substantial changes with respect to the circumstances under which the project will be undertaken; or

(d) New information of substantial importance which was not known at the time the EIR/EA was certified, because the deteriorated condition of the Barley Mill was known at the time of project approval.