



CITY COUNCIL
HOUSING AUTHORITY AND
SUCCESSOR AGENCY TO THE EL CAJON
REDEVELOPMENT AGENCY

Council Chamber
200 Civic Center Way
El Cajon, CA 92020

Agenda

FEBRUARY 11, 2020, 3:00 p.m.

Bill Wells, Mayor
Phil Ortiz, Deputy Mayor
Steve Goble, Councilmember
Gary Kendrick, Councilmember
Bob McClellan, Councilmember

Graham Mitchell, City Manager
Vince DiMaggio, Assistant City Manager
Morgan Foley, City Attorney
Angela Cortez, City Clerk

CALL TO ORDER: Mayor Bill Wells

ROLL CALL: City Clerk Angela Cortez

PLEDGE OF ALLEGIANCE TO FLAG AND MOMENT OF SILENCE

POSTINGS: The City Clerk posted Orders of Adjournment of the January 28, 2020, Meeting and the Agenda of the February 11, 2020, Meetings in accordance to State Law and Council/Authority/Successor Agency to the Redevelopment Agency Policy.

PRESENTATIONS:

Presentation: Teen Coalition Mid-Year Report

AGENDA CHANGES:

CONSENT ITEMS:

Consent Items are routine matters enacted by one motion according to the RECOMMENDATION listed below. With the concurrence of the City Council, a Council Member or person in attendance may request discussion of a *Consent Item* at this time.

1. Minutes of the City Council/Housing Authority/Successor Agency to the El Cajon Redevelopment Agency Meetings

RECOMMENDATION:

That the City Council/Housing Authority/Successor Agency to the El Cajon Redevelopment Agency approves Minutes of the January 28, 2020, Meeting of the El Cajon City Council/Housing Authority/Successor Agency to the El Cajon Redevelopment Agency.

2. Warrants

RECOMMENDATION:

That the City Council approves payment of Warrants as submitted by the Finance Department.

3. Approval of Reading Ordinances by Title Only

RECOMMENDATION:

That the City Council approves the reading by title and waives the reading in full of all Ordinances on the Agenda.

4. Progress Report - Emergency Storm Damage Repairs

RECOMMENDATION:

That the City Council determines that there continues to be a State of Emergency to facilitate repairs to sinkhole conditions at the intersection of Jackman Street and Petree Street, and that the necessity requires the immediate expenditure of public money to safeguard life, health, and property per Public Contract Code Section 22050.

5. Contract Amendment for Overlay (Various Locations) Multi-year Contract

RECOMMENDATION:

That the City Council adopts the next Resolutions, in order, to:

1. Authorize the reappropriation of surplus funding from the Overlay 2019 (PW50019) project, once deemed complete, to the Overlay 2020 (PW50020) project; and
2. Increase the overlay multi-year contract in the not-to-exceed amounts of \$1,816,454.65 for Option Period 1, \$1,707,277.38 for Option Period 2, \$1,592,641.25 for Option Period 3, and \$1,472,273.31 for Option Period 4.

6. Conflict of Interest Code - Interim Review

RECOMMENDATION:

That the City Council adopts the next Resolution, in order, approving changes to the designated employee and official positions required to be filed under the City's Conflict of Interest Code.

7. Community Event - 2020 July 4th Picnic at Kennedy Park

RECOMMENDATION:

That the City Council approves the sale of merchandise by vendors at Kennedy Park associated with the annual July 4th picnic and fireworks display; and authorizes the City Manager, or designee, to execute the necessary agreements and forms for the annual July 4th fireworks display at Granite Hills High School.

8. ADA Concrete Improvements (Various Locations) Multi-Year Project Acceptance

RECOMMENDATION:

That the City Council:

1. Accepts the ADA Concrete Improvements (Various Locations) Multi-Year Project; PW53019, Bid No. 014-19; and
2. Authorizes the City Clerk to record a Notice of Completion and release the bonds in accordance with the contract terms.

9. October – December 2019 Quarterly Treasurer's Report

RECOMMENDATION:

That the City Council receives the Treasurer's Report for the quarter ending December 31, 2019.

PUBLIC COMMENT:

At this time, any person may address a matter within the jurisdiction of the City Council/Housing Authority/Successor Agency to the El Cajon Redevelopment Agency that is not on the Agenda. Comments relating to items on today's docket are to be taken at the time the item is heard. State law prohibits discussion or action on items not on the Agenda; however, Council, Authority and Agency Members may briefly respond to statements or questions. An item may be placed on a future Agenda.

WRITTEN COMMUNICATIONS:

PUBLIC HEARINGS:

10. Approval for Termination of Existing Disposition and Development Agreement and Sale of the Leasehold Interest and new Disposition and Development Agreement (Lexington Avenue Senior Apartments)

RECOMMENDATION:

That the Authority Board:

1. Affirms the public hearing is still open and accepts public testimony;
2. Closes the public hearing;
3. Adopts the next Resolution, in order, APPROVING the proposed conditional termination of the existing Disposition and Development Agreement, Regulatory Agreement and Ground Lease (collectively the "Existing DDA") between the El Cajon Housing Authority ("Authority"), as housing successor in interest to the El Cajon Redevelopment Agency ("Agency") and Lexington Avenue Senior Apartments, LLC, ("Original Developer"); and approving the sale of the leasehold interest and a new Disposition and Development Agreement, Regulatory Agreement, and Ground Lease (collectively the "New DDA") with ECJ Housing LP, an affiliate of Thomas Safran & Associates Development, Inc. ("Developer/Operator");
4. Authorizes receipt of sales proceeds, appropriation of funds in the Low and Moderate Income Housing Asset Fund ("LMIHAF"), and the expenditures as outlined in this report; and
5. Authorizes the Executive Director or designee to execute all affiliated documents, in final form as approved by the City Attorney.

ADMINISTRATIVE REPORTS:

COMMISSION REPORTS:

ACTIVITIES REPORTS/COMMENTS OF MAYOR WELLS:

SANDAG (San Diego Association of Governments) Board of Directors; SANDAG – Audit Committee, San Diego Division; Heartland Fire Training JPA – Alternate; LAFCO.

11. Council Activity Report
12. LEGISLATIVE REPORT: None

ACTIVITIES REPORTS/COMMENTS OF COUNCILMEMBERS:

13. COUNCILMEMBER GARY KENDRICK
METRO Commission/Wastewater JPA; Heartland Communications; Heartland Fire Training JPA; East County Advance Water Purification Joint Powers Authority Board.
14. COUNCILMEMBER BOB MCCLELLAN
MTS (Metropolitan Transit System Board); Harry Griffen Park Joint Steering Committee; Heartland Communications – Alternate.
15. COUNCILMEMBER STEVE GOBLE
SANDAG – Board of Directors – Alternate; SANDAG Public Safety Committee – Alternate; METRO Commission/Wastewater JPA – Alternate; Chamber of Commerce – Government Affairs Committee; MTS (Metropolitan Transit System Board) – Alternate; East County Advance Water Purification Joint Powers Authority Board - Alternate.
16. DEPUTY MAYOR PHIL ORTIZ
East County Economic Development Council; League of California Cities, San Diego Division.

JOINT COUNCILMEMBER REPORTS:

GENERAL INFORMATION ITEMS FOR DISCUSSION:

17. Teen Coalition Status Report

RECOMMENDATION:
That the City Council receives and files the information-only Teen Coalition status report.

ORDINANCES: FIRST READING

ORDINANCES: SECOND READING AND ADOPTION

CLOSED SESSIONS:

ADJOURNMENT: The Regular Joint Meeting of the El Cajon City Council/ El Cajon Housing Authority/Successor Agency to the El Cajon Redevelopment Agency held this 11th day of February 2020, is adjourned to Tuesday, February 11, 2020, at 7:00 p.m.



City Council
Agenda Report

Agenda Item 1.

DATE: February 11, 2020

TO: Honorable Mayor and City Councilmembers

FROM: Angela Cortez, City Clerk

SUBJECT: Minutes of the City Council/Housing Authority/Successor Agency to the El Cajon Redevelopment Agency Meetings

RECOMMENDATION:

That the City Council/Housing Authority/Successor Agency to the El Cajon Redevelopment Agency approves Minutes of the January 28, 2020, Meeting of the El Cajon City Council/Housing Authority/Successor Agency to the El Cajon Redevelopment Agency.

Attachments

01-28-20 DRAFT Minutes - 3PM

JOINT MEETING OF THE EL CAJON CITY COUNCIL/HOUSING AUTHORITY/SUCCESSOR AGENCY TO THE EL CAJON REDEVELOPMENT AGENCY



MINUTES

CITY OF EL CAJON EL CAJON, CALIFORNIA

January 28, 2020

An Adjourned Regular Joint Meeting of the El Cajon City Council/Housing Authority/ Successor Agency to the El Cajon Redevelopment Agency, held Tuesday, January 28, 2020, was called to order by Mayor/Chair Bill Wells at 3:07 p.m., in the Council Chambers, 200 Civic Center Way, El Cajon, California.

ROLL CALL

Council/Agencymembers present: Goble and McClellan
Council/Agencymembers absent: Kendrick
Deputy Mayor/Vice Chair present: Ortiz
Mayor/Chair present: Wells
Other Officers present: Mitchell, City Manager/Executive Director
DiMaggio, Assistant City Manager
Foley, City Attorney/General Counsel
Cortez, City Clerk/Secretary

Mayor Wells invited Sean Maher, Live Nation General Manager to lead the PLEDGE OF ALLEGIANCE TO THE FLAG and MOMENT OF SILENCE. (The Courts have concluded that sectarian prayer as part of City Council Meetings is not permitted under the Constitution).

POSTINGS: The City Clerk posted Orders of Adjournment of the January 14, 2020, Meeting and the Agenda of the January 28, 2020, Meeting in accordance with State Law and El Cajon City/Housing Authority/Successor Agency to the El Cajon Redevelopment Agency Policy.

PRESENTATIONS:

Presentation: Live Nation & The Magnolia

Presentation: Meet Yara - Station Dog for Fire Department

AGENDA CHANGES: None

Councilmember McClellan invited students from Valhalla High School to introduce themselves.

CONSENT ITEMS: (1 – 9)

1. Minutes of El Cajon City Council/Housing Authority/Successor Agency to the El Cajon Redevelopment Agency Policy

Approves Minutes of the January 14, 2020, Meeting of the El Cajon City Council/Housing Authority/Successor Agency to the El Cajon Redevelopment Agency.

2. Warrants

Approves payment of Warrants as submitted by the Finance Department.

3. Approval of Reading Ordinances by Title only

Approves the reading by title and waives the reading in full of all Ordinances on the Agenda.

4. Cool Parks Funding

Approves to accept, appropriate and expend funds, per the terms of the agreement.

5. Target Corporation Youth Soccer Grant

Accepts a grant in the amount of \$1,000 from Target Corporation to purchase youth soccer equipment.

CONSENT ITEMS: (Continued)

6. Resolution Authorizing the City of San Diego Local Enforcement Agency to be the Lead Waste Agency for the Regional Tire Enforcement Program

Adopts Resolution No. 006-20, to authorize the City of San Diego Local Enforcement Agency (LEA) to apply for funds and administer the San Diego Regional Waste Tire Enforcement Program on behalf of the City of El Cajon.

7. Emergency Update for Storm Damage Repairs

Adopts Resolution No. 007-20, to establish a Declaration of Emergency, and determine that the public interest and necessity requires the immediate expenditure of public money to safeguard life, health, or property per Public Contract Code section 22050.

DISCUSSION

In answer to a question by Bonnie Price, City Manager Mitchell stated that old corrugated metal pipes created a sink hole. An emergency ordinance is required to expedite the repairs.

8. Award of RFQ No. 301378 – Water Feature Maintenance and Repair

Adopts Resolution No. 008-20, to award to the sole responsive, responsible bidder, California Waters Development, Inc., in the amount of \$47,020 for the initial one-year term, with up to four additional one-year renewal options.

9. Contract Amendment for Mechanical Door and Gate Repair

Adopts Resolution No. 009-20, to increase the contract for mechanical door and gate repair in the not-to-exceed amount of \$21,951.52.

MOTION BY WELLS, SECOND BY ORTIZ, to APPROVE Consent Items 1 to 9.

**MOTION CARRIED BY UNANIMOUS VOTE OF THOSE PRESENT
(KENDRICK – Absent).**

PUBLIC COMMENT:

Sunshine Horton spoke about her absence from several council meetings, and encouraged love and non-discrimination.

Bonnie Price spoke in support of The Magnolia and recommended Susan Boyle for a show.

WRITTEN COMMUNICATIONS: None

PUBLIC HEARINGS:

10. Lexington Senior Apartments - Termination of Existing DDA and Sale of Leasehold Interest

RECOMMENDATION:

That the City Council/El Cajon Housing Authority continues the Public Hearing to the February 11, 2020 meeting at the request of the Developer/Operator.

DISCUSSION

Assistant City Manager, Vince DiMaggio and City Attorney Foley recommended that Mayor Wells open the public hearing and for the motion to be to continue the item to a future meeting.

Mayor Wells opened the public hearing.

No one came forward to speak.

MOTION BY WELLS, SECOND BY GOBLE, to CONTINUE the Public Hearing to the February 11, 2020 meeting.

**MOTION CARRIED BY UNANIMOUS VOTE OF THOSE PRESENT
(KENDRICK – Absent).**

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ADMINISTRATIVE REPORTS:

11. Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2019, and Other Written Communication from the City's Independent Auditor

RECOMMENDATION:

That the City Council receives and accepts the Comprehensive Annual Financial Report and other written communication from the independent accounting firm of Rogers, Anderson, Malody & Scott, LLP, for the fiscal year ended June 30, 2019.

DISCUSSION

Director of Finance, Clay Schoen, provided a summary of the Item and introduced Luca Gonzales, Senior Accountant, who provided detailed information of the Item.

Laura Arvizu and Louis Fernandez, auditors of the Rogers, Anderson, Malody & Scott, LLP firm, explained the audit process.

Discussion ensued among the City Council, Staff and Ms. Arvizu in reference to the benefits to taxpayers from a transparent and positive audit.

No one came forward to speak.

MOTION BY McCLELLAN, SECOND BY GOBLE, to RECEIVE and accept the Comprehensive Annual Financial Report and other written communication from the independent accounting firm of Rogers, Anderson, Malody & Scott, LLP, for the fiscal year ended June 30, 2019.

**MOTION CARRIED BY UNANIMOUS VOTE OF THOSE PRESENT
(KENDRICK – Absent).**

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ADMINISTRATIVE REPORTS: (Continued)

12. Debris Collection Services with the East County Transitional Living Center

RECOMMENDATION:

That the City Council adopts the next Resolution, in order, to execute an agreement for debris collection services with the East County Transitional Living Center in the not-to-exceed amount of \$39,000.

DISCUSSION

City Manager Mitchell provided detailed information of the Item.

No one came forward to speak.

MOTION BY McCLELLAN, SECOND BY GOBLE, to ADOPT Resolution No. 010-20, to execute an agreement for debris collection services with the East County Transitional Living Center in the not-to-exceed amount of \$39,000.

MOTION CARRIED BY UNANIMOUS VOTE OF THOSE PRESENT (KENDRICK – Absent).

COMMISSION REPORTS: None

ACTIVITIES REPORTS/COMMENTS OF MAYOR WELLS:

SANDAG (San Diego Association of Governments) Board of Directors; SANDAG – Audit Committee, San Diego Division; Heartland Fire Training JPA – Alternate; LAFCO.

13. Council Activities Report/Comments

Report as stated.

14. Legislative Update: None

ACTIVITIES REPORTS OF COUNCILMEMBERS:

15. COUNCILMEMBER GARY KENDRICK
METRO Commission/Wastewater JPA; Heartland Communications; Heartland Fire Training JPA; East County Advance Water Purification Joint Powers Authority Board.

Council Activities Report/Comments.

Report as stated.

16. COUNCILMEMBER BOB MCCLELLAN
MTS (Metropolitan Transit System Board); Harry Griffen Park Joint Steering Committee; Heartland Communications – Alternate.

Council Activities Report/Comments.

In addition to the submitted report, Councilmember McClellan spoke about adopting a street smart concept, which can help deter crimes and provide safer streets.

In response to Councilmember McClellan's recommendation, City Manager Mitchell advised that staff is currently reviewing a pilot program on smarter street lights and how to best utilize the technology to present to Council in a future meeting.

17. COUNCILMEMBER STEVE GOBLE
SANDAG – Board of Directors – Alternate; SANDAG Public Safety Committee – Alternate; METRO Commission/Wastewater JPA – Alternate; Chamber of Commerce – Government Affairs Committee; MTS (Metropolitan Transit System Board) – Alternate; East County Advance Water Purification Joint Powers Authority Board - Alternate.

Council Activities Report/Comments.

In addition to the submitted report, Councilmember Goble praised the work by all personnel, and stated that the City is moving in a positive direction.

18. DEPUTY MAYOR PHIL ORTIZ
East County Economic Development Council; League of California Cities, San Diego Division.

Council Activities Report/Comments.

Report as stated.

JOINT COUNCILMEMBER REPORTS: None

GENERAL INFORMATION ITEMS FOR DISCUSSION:

19. El Cajon Animal Shelter Donations for December 2019

RECOMMENDATION:

In accordance with City Council Policy B-2, staff informs the City Council about receiving the following donations for the El Cajon Animal Shelter for the month of December:

Anonymous Person - \$200

ORDINANCES: FIRST READING - None

ORDINANCES: SECOND READING AND ADOPTION - None

CLOSED SESSIONS:

RECOMMENDATION: That the City Council/Housing Authority/Successor Agency to the El Cajon Redevelopment Agency adjourned Closed Session as follows:

20. Closed Session - Conference with Legal Counsel - Existing Litigation - pursuant to paragraph (1) of subdivision (d) of Government Code section 54956.9: El Cajon Police Officers Association vs. City of El Cajon
San Diego Superior Court Case No. 37-2019-00005450-CU-WM-CTL

MOTION BY WELLS, SECOND BY ORTIZ, to ADJOURN to Closed Session at 4:14 p.m.

**MOTION CARRIED BY UNANIMOUS VOTE OF THOSE PRESENT
(KENDRICK – Absent).**

RECONVENE TO OPEN SESSION AT 4:30 p.m.

City Attorney Foley reported the following actions:

- City Council heard the report on the Item. The City reached a settlement with the media interveners and information is available for public review.

Adjournment: Mayor Wells adjourned the Adjourned Regular Joint Meeting of the El Cajon City Council/Housing Authority/Successor Agency to the El Cajon Redevelopment Agency held this 28th day of January, 2020, at 4:31 p.m., to Tuesday, February 11, 2020, at 3:00 p.m.

ANGELA L. CORTEZ, CMC
City Clerk/Secretary

D R A F T



City Council Agenda Report

Agenda Item 4.

DATE: February 11, 2020
TO: Honorable Mayor and City Councilmembers
FROM: Dirk Epperson, Director of Public Works
SUBJECT: Progress Report - Emergency Storm Damage Repairs

RECOMMENDATION:

That the City Council determines that there continues to be a State of Emergency to facilitate repairs to sinkhole conditions at the intersection of Jackman Street and Petree Street, and that the necessity requires the immediate expenditure of public money to safeguard life, health, and property per Public Contract Code Section 22050.

BACKGROUND:

This report is intended to update the City Council on the emergency repair project located at the intersection of Jackman Street and Petree Street, which provides critical repairs to damaged facilities resulting from recent storms. City Council approved Resolution 007-20 on January 28, 2020, declaring a State of Emergency and authorizing expenditures to make repairs necessary to remediate the situation.

Following the approval of emergency declaration, the following is an update on the project:

Intersection of Jackman Street / Petree Street: on December 2, 2019, two sinkholes were discovered at the subject intersection and immediate measures were taken to prevent further damage, which included installing traffic control devices and traffic-rated plates to cover areas that were exposed. Concurrently, an investigation was conducted to determine the cause and develop an appropriate course of action for the repairs. With the risk that existing utilities, street and sidewalk infrastructure could potentially collapse, the City Manager declared an emergency on January 7, 2020, and a contractor was procured to repair the storm drain system, backfill voids, and restore surface improvements.

Following initial repairs, the contractor ordered the required pipe and materials, mobilized crews and equipment, and completed repairs to the first of two critical areas, which was located along the easterly portion of the intersection. The aforementioned repairs account for approximately fifty-percent (50%) of the project scope. The second work area will be completed once the remaining pipe and material orders are fulfilled and delivered to the site, which is expected to occur within the next two weeks. The project area has been secured and is monitored by staff on a daily basis.

Final acceptance by City Council is anticipated for the March 10, 2020 City Council Meeting. A second progress report will be provided to the City Council on February 25, 2020 as stipulated under the emergency project protocol.

FISCAL IMPACT:

Funding in the amount of \$75,000 has been allocated to the project through Account #650900, CIP Project No. WW3519.

Prepared By: Dirk Epperson, Director of Public Works

Reviewed By: Vince DiMaggio, Assistant City Manager

Approved By: Graham Mitchell, City Manager



City Council
Agenda Report

DATE: February 11, 2020
TO: Honorable Mayor and City Councilmembers
FROM: Nahid Razi, Purchasing Agent
SUBJECT: Contract Amendment for Overlay (Various Locations) Multi-year Contract

RECOMMENDATION:

That the City Council adopts the next Resolutions, in order, to:

1. Authorize the reappropriation of surplus funding from the Overlay 2019 (PW50019) project, once deemed complete, to the Overlay 2020 (PW50020) project; and
2. Increase the overlay multi-year contract in the not-to-exceed amounts of \$1,816,454.65 for Option Period 1, \$1,707,277.38 for Option Period 2, \$1,592,641.25 for Option Period 3, and \$1,472,273.31 for Option Period 4.

BACKGROUND:

On July 24, 2018, the City Council awarded Bid No. 006-19 – Overlay (Various Locations) Multi-year Contract to Superior Ready Mix Concrete dba SRM Contracting & Paving for a one-year term in the amount of \$2,079,567, with the option to renew for four (4) additional one-year periods.

Since the initial award, the City has received additional funding related to SB1 in order to address basic road maintenance and rehabilitation. Due to this funding, the City is now able to increase the annual scope of work for the remaining optional renewal periods to rehabilitate approximately 15 additional miles, if all renewal periods are exercised.

As detailed in the attached memorandum, staff is requesting annual increases in the following amounts:

	Original Award Amount	Requested Increase	Total Amount with Increase
Initial Year	\$2,079,567.00	\$0	\$2,079,567
Optional Renewal Period 1	\$2,183,545.35	\$1,816,454.65	\$4,000,000
Optional Renewal Period 2	\$2,292,722.62	\$1,707,277.38	\$4,000,000
Optional Renewal Period 3	\$2,407,358.75	\$1,592,641.25	\$4,000,000

Optional Renewal Period 4	\$2,527,726.69	\$1,472,273.31	\$4,000,000
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FISCAL IMPACT:

This action reappropriates approximately \$600,000 of project funding from the Overlay 2019 (PW50019) project to the Overlay 2020 (PW50020) project.

Approval of the \$1,816,454.65 increase will supplement the existing contract, for a total annual amount of \$4,000,000 for the current term (Option Period 1). Sufficient funds are available in Fiscal Year 2019-20 Annual Budget: Overlay 2019 project (PW50019).

If approved, the increases in the amount of \$1,707,277.38 for Option Period 2, \$1,592,641.25 for Option Period 3, and \$1,472,273.31 for Option Period 4 will result in remaining 3-years costs to be \$12,000,000 if all renewal options are exercised.

Prepared By: Nahid Razi, Purchasing Agent

Reviewed By: Dirk Epperson, Director of Public Works

Approved By: Graham Mitchell, City Manager

Attachments

Reso - Reappropriate Money

Reso - Amend Contract

Memorandum

RESOLUTION NO. __-20

A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF EL CAJON APPROVING
REAPPROPRIATION OF SURPLUS FUNDING FROM THE
OVERLAY 2019 (VARIOUS LOCATIONS) MULTI-YEAR PROJECT
(Bid 006-19)

WHEREAS, on July 24, 2018, the City Council awarded a public works contract to Superior Ready Mix Concrete, L.P., doing business as SRM Contracting & Paving ("SRM"), for reconstruction and resurfacing of street collectors and thoroughfares at various locations throughout the City of El Cajon (the "City") for a term of one (1) year, in the not-to-exceed amount of \$2,079,567.00, with the option to renew for four (4) additional one-year renewal periods (the "Project"); and

WHEREAS, since the initial award, the City has received additional funding related to SB1 in order to address basic road maintenance and rehabilitation, and due to this funding is now able to increase the annual scope of work for the remaining optional renewal periods to rehabilitate approximately fifteen (15) additional miles, if all renewal periods are exercised.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL CAJON AS FOLLOWS:

1. The above recitals are true and correct, and are the findings of the City Council.
2. The City Council hereby authorizes the reappropriation of surplus funding from the Overlay 2019 (PW50019) project, once deemed complete, to the Overlay 2020 (PW50020) project.

02/11/20 CC Agenda

Reso - SRM Overlay (Various Locations) Multi-Year Contract – Reappropriate Money 020420

RESOLUTION NO. __-20

A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF EL CAJON
APPROVING AMENDMENT OF THE
OVERLAY (VARIOUS LOCATIONS) MULTI-YEAR CONTRACT
(Bid 006-19)

WHEREAS, on July 24, 2018, the City Council awarded a public works contract to Superior Ready Mix Concrete, L.P., doing business as SRM Contracting & Paving ("SRM"), for reconstruction and resurfacing of street collectors and thoroughfares at various locations throughout the City of El Cajon (the "City") for a term of one (1) year, in the not-to-exceed amount of \$2,079,567.00, with the option to renew for four (4) additional one-year renewal periods (the "Project"); and

WHEREAS, on August 29, 2018, the City entered into a public works contract between the City of El Cajon and Superior Ready Mix Concrete, L.P. dba SRM Contracting & Paving for the period of September 1, 2018 through August 31, 2019 ("the Contract"); and

WHEREAS, on October 30, 2019, the City and SRM entered into a First Amendment to the Contract to extend the term for one (1) additional one-year renewal period, to approve additional compensation in the not-to-exceed amount of \$2,183,545.35, and to designate a new contact for City; and

WHEREAS, since the initial award, the City has received additional funding related to SB1 in order to address basic road maintenance and rehabilitation, and due to this funding is now able to increase the annual scope of work for the remaining optional renewal periods to rehabilitate approximately fifteen (15) additional miles, if all renewal periods are exercised.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL CAJON AS FOLLOWS:

1. The above recitals are true and correct, and are the findings of the City Council.
2. The City Council hereby approves amendment of the City's contract with SRM for the Project, and authorizes increases of the overlay multi-year contract in the not-to-exceed amounts of \$1,816,454.65 for Option Period 1; \$1,707,277.38 for Option Period 2; \$1,592,642.25 for Option Period 3; and \$1,472,273.31 for Option Period 4; for a total annual amount of \$4,000,000.00 for each optional renewal period, as a result of the reappropriation of surplus funding from the Overlay 2019 (PW50019) project, once deemed complete, to the Overlay 2020 (PW50020) project.
3. The City Manager, or the City Manager's designee, is hereby authorized to execute such amendments to the Contract as may be necessary to approve any renewal

terms as contemplated therein, and to make such other changes as may be necessary, in the determination of the City Manager.

02/11/20 CC Agenda

Reso - SRM Overlay (Various Locations) Multi-Year Contract – Amend Contract 020420

CITY OF EL CAJON



MEMORANDUM

DATE: February 6, 2020

TO: Nahid Razi, Purchasing Agent

FROM: Christian Felix, Assistant Engineer

VIA: Yazmin Arellano,
Deputy Director of Public Works/City Engineer

SUBJECT: Contract Amendment to Overlay (Various Locations) Multi-year Contract
Bid No. 006-19

On July 24, 2018 Superior Ready Mix Concrete dba SRM Contracting & Paving was awarded Bid No. 006-19 – Overlay (Various Locations) Multi-Year Contract. The initial contract was for one year in the amount of \$2,079,567.00, with a renewal option that includes up to four additional one-year extensions.

SRM Contracting and the City have mutually agreed to renew the contract for one additional year. Per the executed contract, pre-approved annual contract limits have been established in the following amounts: \$2,183,545.35 for Year 2; \$2,292,722.62 for Year 3; \$2,407,357.75 for Year 4; and \$2,527,726.69 for Year 5, respectively.

Since the initial contract award, the City has received additional funding from State Bill 1 (SB1) to address road maintenance and rehabilitation on local streets. The additional funding was appropriated and approved by City Council on June 25, 2019. As a result, staff is able to increase the scope of work in the subject project by means of adding more streets to receive resurfacing. The added funds are estimated to rehabilitate approximately 11 additional centerline miles.

The Public Works Department requests to amend the Overlay (Various Locations) Multi-year Contract in accordance with funds newly appropriated in the budget, and for each fiscal year.

The amendment shall modify the annual limits as follows:

	<u>Current</u>	<u>Proposed*</u>
Option Year 2	\$2,183,545.35	\$4,000,000.00
Option Year 3	\$2,292,722.62	\$4,000,000.00
Option Year 4	\$2,407,358.75	\$4,000,000.00
Option Year 5	\$2,527,726.69	\$4,000,000.00

*Proposed figures are based on the numbers provided by TransNet 2019 RTIP (Regional Transportation Improvement Program) and RMRA (Road Maintenance & Rehabilitation Account).

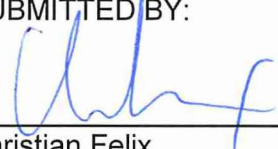
Additionally, the Public Works Department requests to replace Section 29 of the contract with the following:

Item vii.

The edition of the Standard Specifications for Public Works Construction (the "Greenbook"), including any edition of the San Diego County Regional Supplement (the "Regional Supplement") and any edition of the San Diego County Regional Standard Drawings (the "Regional Drawings") to the latest adoption by City Council on 9/10/2019 Resolution 086-19.

Furthermore, an amount of \$600,000.00 will be reallocated to the Overlay Multi-Year Contract.

SUBMITTED BY:



Christian Felix
Assistant Engineer

APPROVED BY:



Yazmin Arellano
Deputy Director of Public Works/
City Engineer



City Council
Agenda Report

DATE: February 11, 2020
TO: Honorable Mayor and City Councilmembers
FROM: Morgan Foley, City Attorney
SUBJECT: Conflict of Interest Code - Interim Review

RECOMMENDATION:

That the City Council adopts the next Resolution, in order, approving changes to the designated employee and official positions required to be filed under the City's Conflict of Interest Code.

BACKGROUND:

The Political Reform Act requires that the City review its conflict of interest code every two (2) years to determine if it is accurate or, in the alternative, if it needs to be amended. Once the determination has been made, the City must then submit notice of any changes to the Fair Political Practices Commission (the "FPPC").

Because the City Council has previously incorporated by reference the Model Conflict of Interest Code, promulgated by the FPPC, any amendments by the Commission automatically apply to our Conflict of Interest Code. We have determined, however, that the list of Designated Employees and Officials (last updated on September 25, 2018 by City Council Resolution No. 095-18) must be amended to reflect changes in positions due to re-classifications, deleted titles of positions no longer maintained, and new classifications added since the 2018 biennial review.

While this interim review will not eliminate the need to conduct the next biennial review (in the Fall of 2020), it does make those changes necessary to keep the City's Conflict of Interest Code up to date and complete.

Attachments

Resolution
Disclosure Categories list (redlined)

RESOLUTION NO. ___-20

RESOLUTION UPDATING AND DESIGNATING THOSE CERTAIN
EMPLOYEE AND OFFICIAL POSITIONS WITHIN THE
CITY OF EL CAJON WHICH ARE SUBJECT TO DISCLOSURE
OF CERTAIN ECONOMIC INTERESTS, AND ALSO
UPDATING AND ESTABLISHING CATEGORIES OF
DISCLOSABLE ECONOMIC INTERESTS AS PART OF THE
CITY OF EL CAJON CONFLICT OF INTEREST CODE

WHEREAS, Chapter 2.75 of the El Cajon Municipal Code establishes the City of El Cajon conflict of interest code ("Conflict of Interest Code"); and

WHEREAS, the Conflict of Interest Code provides that the City Council shall, from time to time, adopt appropriate resolutions to establish and update the list of designated employee and other official positions within the City which are subject to disclosure of certain economic interests as provided in the City's Conflict of Interest Code (the "Designated Employees and Officials"); and

WHEREAS, by Resolution No. 176-00, the City Council initially established a list of Designated Employees and Officials, which are subject to the provisions of the City's Conflict of Interest Code, as well as a list of the categories of economic interests which are required to be disclosed by Designated Employees and Officials, as provided by the City's Conflict of Interest Code (the "Disclosure Categories"); and

WHEREAS, the Conflict of Interest Code must include both "Designated Employees and Officials" and "Disclosure Categories."

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL CAJON AS FOLLOWS:

1. That City Council hereby establishes a list of Designated Employees and Officials, as set forth in Attachment A, attached hereto and incorporated herein by this reference, which are subject to the provisions of the City's Conflict of Interest Code.

2. That City Council hereby establishes a list of Disclosure Categories, as set forth in Attachment B, attached hereto and incorporated herein by this reference, as required by provisions of the City's Conflict of Interest Code.

ATTACHMENT A

Position	Disclosure Categories
<u>City Staff under City Manager:</u>	
Accountant	1, 4, 5, 7
Accounting Technician	1, 4, 5, 7
Administrative Analyst for Human Resources/City Manager's Office	1, 3, 5, 7
Animal Control Manager	1, 3, 5, 7
Assistant City Manager	1, 3, 5, 7
Assistant to the City Manager	1, 3, 5, 7
Assistant Engineer	1, 3, 5, 7
Assistant Planner	1, 3, 5, 7
Associate Engineer	2, 4, 6, 8
Associate Planner	1, 3, 5, 7
Building and Fire Safety Inspector	1, 4, 5, 7
Building Official/Fire Marshal	1, 3, 5, 7
Buyer	1, 4, 5, 7
City Clerk	1, 4, 5, 7
City Engineer/Deputy Director of Public Works	1, 3, 5, 7
City Traffic Engineer	2, 4, 6, 8
Code Compliance Officer	2, 4, 6, 8
Communications Center Manager	2, 4, 6, 8
Crime Lab Manager	1, 3, 5, 7
Deputy City Clerk	1, 4, 5, 7
Deputy Director of Community Development	1, 3, 5, 7
Deputy Director of Public Works	1, 4, 5, 7
Deputy Fire Chief	2, 4, 6, 8
Deputy Fire Marshal	1, 4, 5, 7
Director of Community Development	1, 3, 5, 7
Director of Finance	1, 3, 5, 7
Director of Finance/City Treasurer	1, 3, 5, 7
Director of Human Resources	1, 3, 5, 7
Director of Information Technology	1, 3, 5, 7
Director of Public Works	1, 3, 5, 7
Director of Recreation	1, 4, 6
Engineering Technician	1, 3, 5, 7
Facilities Manager	2, 4, 6, 8
Financial Operations Manager	1, 4, 5, 7
Fire Battalion Chief	2, 4, 6, 8
Fire Chief	1, 3, 5, 7
Fire Division Chief	2, 4, 6, 8
Fire Inspector	1, 4, 5, 7
Fleet Manager	2, 4, 6
GIS Analyst	1, 3, 5, 7
Housing Manager	1, 3, 5, 7

Human Resources Analyst	2, 4, 6, 8
Information Technologies Manager	1, 4, 5, 7
Junior Engineer	1, 3, 5, 7
Licensed Land Surveyor	1, 3, 5, 7
Maintenance Supervisor	2, 4, 6, 8
Management Analyst	1, 3, 5, 7
Network Administrator	1, 4, 5, 7
Operations Manager	2, 4, 6, 8
Planning Manager	1, 3, 5, 7
Plans Examiner	1, 4, 5, 7
Police Captain	2, 4, 6, 8
Police Chief	1, 3, 5, 7
Police Lieutenant	2, 4, 6, 8
Police Records Manager	2, 4, 6, 8
Principal Civil Engineer	1, 3, 5, 7
Principal Human Resources Analyst	1, 3, 5, 7
Public Information Officer	1, 4, 5, 7
Public Works Inspector	2, 4, 6, 8
Public Works Superintendent	2, 4, 6, 8
Purchasing Agent	1, 3, 5, 7
Recreation Services Manager	2, 4, 6, 8
Senior Accountant	1, 4, 5, 7
Senior Accounting Technician	1, 4, 5, 7
Senior Building and Fire Safety Inspector	1, 4, 5, 7
Senior Buyer	1, 4, 5, 7
Senior Engineering Technician	1, 3, 5, 7
Senior Human Resources Analyst	1, 3, 5, 7
Senior Management Analyst	1, 3, 5, 7
Senior Planner	1, 3, 5, 7
Senior Risk Management Analyst	1, 3, 5, 7
Supervising Building and Fire Safety Inspector	1, 3, 5, 7
Supervising Engineering Technician	1, 3, 5, 7

City Attorney Staff:

Assistant City Attorney	1, 3, 5, 7
Deputy City Attorney	1, 3, 5, 7
Retained Attorney	1, 3, 5, 7
Staff Attorney	1, 3, 5, 7

Boards/Commissions/Committees/Consultants

Personnel Commission Members	2, 3, 5, 7
Public Safety Facility Financing Oversight Committee	2, 4, 6, 8
Relocation Appeals Board Members	2, 3, 6, 8
Successor Agency Oversight Board	1, 3, 5, 7
Veterans' Commission Members	2, 4, 6, 8
Consultants	2, 4, 6, 8

ATTACHMENT B

DISCLOSURE CATEGORIES

Category 1. All-Inclusive Reportable Investments

A designated employee in this category shall disclose all investments (worth more than \$2,000) in a City-related business entity which are:

- (a) Owned by the designated employee, his or her spouse or dependent child;
- (b) Owned by an agent on behalf of the designated employee;
- (c) Owned by any business entity controlled by the designated employee (i.e., any business entity in which the designated employee, his or her agents, spouse and dependent children hold more than a 50% ownership interest);
- (d) Owned by a trust in which the designated employee has a substantial interest (i.e., a trust in which the designated employee, his or her spouse and dependent children have a present or future interest worth more than \$2,000);
- (e) Representing the pro rata share (worth more than \$2,000) of the designated employee, his or her spouse and dependent children, of investments of any business entity or trust in which the designated employee, his or her spouse and dependent children own, directly, indirectly or beneficially, a 10% interest or greater.

"Investment" means any financial interest in or security issued by a City-related business entity, including, but not limited to, common stock, preferred stock, rights, warrants, options, debt instruments, and any partnership or other ownership interest.

A business entity is "City-related" if, and only if, the business entity or any parent, subsidiary or otherwise related business entity (i) has an interest in real property within the jurisdiction, (ii) does business in the City, or (iii) did business or plans to do business in the City at any time during the period commencing two years prior to and ending one year after the time the designated employee is required by this Code to file his or her next Statement of Economic Interests or to disqualify himself or herself with respect to a City decision. (The term "parent, subsidiary, or otherwise related business entity" shall be construed as specifically defined by the Commission.)

No asset is deemed an "investment" unless its fair market value exceeds \$2,000.

The term "investment" does not include a time or demand deposit in a financial institution, shares in a credit union, any insurance policy, or any bond or other debt instrument issued by any government or government agency.

Category 2. Less-Inclusive Reportable Investments

A designated employee in this category shall disclose those, and only those, Category 1 reportable investments which pertain to a business entity, a business activity which is that of:

- (a) Providing within the last two years, or foreseeably in the future, services, supplies, materials, machinery or equipment to the City;
- (b) Conducting a business in the City which requires a business license therefore pursuant to ordinances of the City;
- (c) Sale, purchase, exchange, lease or rental, or financing, for its own account or as broker, of real property or the development, syndication or subdivision of real property or construction thereon of buildings or structures.

Category 3. All-Inclusive Reportable Interests in Real Property

A designated employee in this category shall disclose all interests (worth more than \$2,000) in real property located within the jurisdiction if the interests are:

- (a) Held or owned by the designated employee, his or her spouse, or dependent child;
- (b) Owned by an agent on behalf of the designated employee;
- (c) Owned by any business entity controlled by the designated employee (i.e., any business entity in which the designated employee, his or her agents, spouse and dependent children hold more than a 50% ownership interest);
- (d) Owned by a trust in which the designated employee has a substantial interest (i.e., a trust in which the designated employee, his or her spouse and dependent children have a present or future interest worth more than \$2,000);
- (e) Representing the pro rata share (worth more than \$2,000) of the designated employee, his or her spouse and dependent children, of investments of any business entity trust in which the designated employee, his or her spouse and dependent children own, directly, indirectly or beneficially, a 10% interest or greater.

"Interest" in real property includes any leasehold, beneficial or ownership interest, or any option to acquire such an interest, in real property, but does not include the principal residence of the filer.

Real property shall be deemed to be "located within the jurisdiction" if the property or any part of it is located within or not more than two miles outside the boundaries of the City or within two miles of any land owned or used by the City.

Category 4. Less-Inclusive Reportable Interests in Real Property

A designated employee in this category shall disclose those, and only those, Category 3 reportable interests in real property where the property or any part of it is located within or not more than 500 feet outside the boundaries of the City.

Category 5. All-Inclusive Reportable Income

A designated employee in this category shall disclose all income of the designated employee from any City-related source aggregating \$500 or more (or \$50 or more in the case of gifts) during the reporting period.

"Income" means, except as provided below, income of any nature from any City-related source, including but not limited to, any salary, wage, advance payment, honorarium, award, gift, including any gift of food or beverage, loan forgiveness or payment of indebtedness, discount in the price of anything of value unless the discount is available to members of the general public without regard to official status, rebate, reimbursement for expenses, per diem, or contribution to an insurance or pension program paid by any person other than an employer, and including any community property interest in income of a spouse from any City-related source. Income of an individual also includes a pro rata share of any income of any City-related business entity or trust in which the individual or spouse owns, directly, indirectly or beneficially, a 10% interest or greater.

A source, business entity or trust is "City-related" if, and only if, he, she or it (i) resides in the jurisdiction, (ii) has an interest in real property within the jurisdiction, (iii) does business in the City, or (iv) did business or plans to do business in the City at any time during the period commencing two years prior to and ending one year after the time the designated employee is required by this Code to file his or her next Statement of Economic Interests or to disqualify himself or herself with respect to a City decision.

"Income" does not include:

- (a) Campaign contributions required to be reported under Chapter 4 of the Act;

(b) Salary and reimbursement for expenses or per diem received from a state or local government agency and reimbursement for travel expenses and per diem received from a bona fide educational, academic or charitable organization;

(c) Gifts of informational material, such as books, pamphlets, reports, calendars or periodicals;

(d) Gifts which are not used and which, within thirty days after receipt, are returned to the donor or delivered to a charitable organization without being claimed as a charitable contribution for tax purposes;

(e) Gifts from an individual's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, aunt, uncle, or first cousin or the spouse of any such person, provided that a gift from any such person shall be considered income if the donor is acting as an agent or intermediary for any person not covered by this paragraph;

(f) Gifts of hospitality involving food, beverages, or lodging provided to the designated employee, if such hospitality has been reciprocated within the filing period. "Reciprocity" as used in this subsection includes the providing by the designated employee to the host of any consideration, including entertainment or household gift of a reasonably similar benefit or value;

(g) Any devise or inheritance;

(h) Interest, dividends or premiums on a time or demand deposit in a financial institution, shares in a credit union or any insurance policy, payments received under any insurance policy, or any bond or other debt instrument issued by any government or government agency;

(i) Dividends, interest or any other return on a security which is registered with the Securities and Exchange Commission of the United States Government;

(j) Loans by a commercial lending institution in the regular course of business.

"Honorarium" means a payment for speaking at any event, participating in a panel or seminar or engaging in any similar activity. For purposes of this subsection, free admission, food, beverages and similar nominal benefits provided to a filer at an event at which he or she speaks, participates in a panel or seminar, or performs a similar service, and reimbursement or advance for actual intrastate travel and for necessary accommodations provided directly in connection with the event are not payment and need not be reported by the designated employee.

A prize or an award shall be disclosed as a gift unless the prize or award is received on the basis of a bona fide competition not related to the designated

employee's official status. Prizes or awards which are not disclosed as gifts shall be disclosed as income.

Category 6. Less-Inclusive Types of Reportable Income

A designated employee in this category shall disclose those, and only those types of Category 5 reportable income which are derived from a source, an activity which is that of:

- (a) Providing within the last two years, or foreseeably in the future, services, supplies, materials, machinery or equipment to the City.
- (b) Conducting a business in the City which requires a business license therefore pursuant to ordinances of the City.
- (c) Sale, purchase, exchange, lease or rental, or financing, for its own account or as broker, of real property or the development, syndication or subdivision of real property or construction thereon of buildings or structures.

Category 7. All-Inclusive Types of Business Positions

A designated employee in this category shall disclose all business positions held within the jurisdiction held by the designated employee, his or her spouse, or dependent child.

A business position shall be deemed to be "located within the jurisdiction" if the position is held in a business entity which is located within or not more than two miles outside the boundaries of the City or within two miles of any land owned or used by the City.

"Business Position" includes: the name and address of each business entity in which the designated employee is a director, officer, partner, trustee, employee, or in which he or she holds any position of management, a description of the business activity in which the business entity is engaged, and the designated employee's position with the business entity.

Category 8. Less-Inclusive Types of Business Positions

A designated employee in this category shall disclose those, and only those types of Category 7 business positions which are part of business entities which:

- (a) Provided within the last two years, currently provide, or will foreseeably in the future provide, services, supplies, materials, machinery or equipment to the City.

(b) Conduct business in the City requiring a business license therefore pursuant to ordinances of the City.

(c) Sell, purchase, exchange, lease or rent, or finance, for its own account or as broker, real property or the development, syndication or subdivision of real property or construction thereon of buildings or structures.

Conflict of Interest Disclosure Categories

**Marked version
With changes redlined**

ATTACHMENT A

Position	Disclosure Categories
<u>City Staff under City Manager:</u>	
Accountant	1, 4, 5, 7
Accounting Technician	1, 4, 5, 7
Administrative Analyst for Human Resources/City Manager's Office	1, 3, 5, 7
Animal Control Manager	1, 3, 5, 7
Assistant City Manager	1, 3, 5, 7
Assistant to the City Manager	1, 3, 5, 7
Assistant Engineer	1, 3, 5, 7
Assistant Planner	1, 3, 5, 7
Associate Civil Engineer	2, 4, 6, 8
Associate Engineer	2, 4, 6, 8
Associate Planner	1, 3, 5, 7
Building and Fire Safety Inspector	1, 4, 5, 7
Building Official/Fire Marshal	1, 3, 5, 7
Business License Inspector	2, 4, 6, 8
Buyer	1, 4, 5, 7
City Clerk	1, 4, 5, 7
City Engineer/Deputy Director of Public Works	1, 3, 5, 7
City Traffic Engineer	2, 4, 6, 8
Code Compliance Officer	2, 4, 6, 8
Communications Center Manager	2, 4, 6, 8
Crime Lab Manager	1, 3, 5, 7
Deputy City Clerk	1, 4, 5, 7
Deputy Director of Community Development	1, 3, 5, 7
Deputy Director of Public Works	1, 4, 5, 7
Deputy Fire Chief	2, 4, 6, 8
Deputy Fire Marshal	1, 4, 5, 7
Director of Community Development	1, 3, 5, 7
Director of Finance	1, 3, 5, 7
Director of Finance/City Treasurer	1, 3, 5, 7
Director of Human Resources	1, 3, 5, 7
Director of Information Technology	1, 3, 5, 7
Director of Public Works	1, 3, 5, 7
Director of Recreation	1, 4, 6
Engineering Technician	1, 3, 5, 7
Facilities Manager	2, 4, 6, 8
Financial Operations Manager	1, 4, 5, 7
Fire Battalion Chief	2, 4, 6, 8
Fire Chief	1, 3, 5, 7
Fire Division Chief	2, 4, 6, 8
Fire Inspector	1, 4, 5, 7
Fleet Manager	2, 4, 6
GIS Analyst	1, 3, 5, 7

Housing Manager	1, 3, 5, 7
Human Resources Analyst	2, 4, 6, 8
Information Technologies Manager	1, 4, 5, 7
Junior Engineer	1, 3, 5, 7
Licensed Land Surveyor	1, 3, 5, 7
Maintenance Supervisor	2, 4, 6, 8
Management Analyst	1, 3, 5, 7
Network Administrator	1, 4, 5, 7
Operations Manager	2, 4, 6, 8
Planning Manager	1, 3, 5, 7
Plans Examiner	1, 4, 5, 7
Police Captain	2, 4, 6, 8
Police Chief	1, 3, 5, 7
Police Lieutenant	2, 4, 6, 8
Police Records Manager	2, 4, 6, 8
Principal Civil Engineer	1, 3, 5, 7
Principal Human Resources Analyst	1, 3, 5, 7
Public Information Officer	1, 4, 5, 7
Public Works Inspector	2, 4, 6, 8
Public Works Superintendent	2, 4, 6, 8
Purchasing Agent	1, 3, 5, 7
Recreation Services Manager	2, 4, 6, 8
Senior Accountant	1, 4, 5, 7
Senior Accounting Technician	1, 4, 5, 7
Senior Building and Fire Safety Inspector	1, 4, 5, 7
Senior Buyer	1, 4, 5, 7
Senior Engineering Technician	1, 3, 5, 7
Senior Human Resources Analyst	1, 3, 5, 7
Senior Management Analyst	1, 3, 5, 7
Senior Planner	1, 3, 5, 7
Senior Risk Management Analyst	1, 3, 5, 7
Supervising Building and Fire Safety Inspector	1, 3, 5, 7
Supervising Engineering Technician	1, 3, 5, 7
<u>City Attorney Staff:</u>	
Assistant City Attorney	1, 3, 5, 7
Deputy City Attorney	1, 3, 5, 7
Retained Attorney	1, 3, 5, 7
Staff Attorney	1, 3, 5, 7
<u>Boards/Commissions/Committees/Consultants</u>	
Personnel Commission Members	2, 3, 5, 7
Public Safety Facility Financing Oversight Committee	2, 4, 6, 8
Relocation Appeals Board Members	2, 3, 6, 8
Successor Agency Oversight Board	1, 3, 5, 7
Veterans' Commission Members	2, 4, 6, 8
Consultants	2, 4, 6, 8

ATTACHMENT B

DISCLOSURE CATEGORIES

Category 1. All-Inclusive Reportable Investments

A designated employee in this category shall disclose all investments (worth more than \$2,000) in a City-related business entity which are:

- (a) Owned by the designated employee, his or her spouse or dependent child;
- (b) Owned by an agent on behalf of the designated employee;
- (c) Owned by any business entity controlled by the designated employee (i.e., any business entity in which the designated employee, his or her agents, spouse and dependent children hold more than a 50% ownership interest);
- (d) Owned by a trust in which the designated employee has a substantial interest (i.e., a trust in which the designated employee, his or her spouse and dependent children have a present or future interest worth more than \$2,000);
- (e) Representing the pro rata share (worth more than \$2,000) of the designated employee, his or her spouse and dependent children, of investments of any business entity or trust in which the designated employee, his or her spouse and dependent children own, directly, indirectly or beneficially, a 10% interest or greater.

"Investment" means any financial interest in or security issued by a City-related business entity, including, but not limited to, common stock, preferred stock, rights, warrants, options, debt instruments, and any partnership or other ownership interest.

A business entity is "City-related" if, and only if, the business entity or any parent, subsidiary or otherwise related business entity (i) has an interest in real property within the jurisdiction, (ii) does business in the City, or (iii) did business or plans to do business in the City at any time during the period commencing two years prior to and ending one year after the time the designated employee is required by this Code to file his or her next Statement of Economic Interests or to disqualify himself or herself with respect to a City decision. (The term "parent, subsidiary, or otherwise related business entity" shall be construed as specifically defined by the Commission.)

No asset is deemed an "investment" unless its fair market value exceeds \$2,000.

The term "investment" does not include a time or demand deposit in a financial institution, shares in a credit union, any insurance policy, or any bond or other debt instrument issued by any government or government agency.

Category 2. Less-Inclusive Reportable Investments

A designated employee in this category shall disclose those, and only those, Category 1 reportable investments which pertain to a business entity, a business activity which is that of:

- (a) Providing within the last two years, or foreseeably in the future, services, supplies, materials, machinery or equipment to the City;
- (b) Conducting a business in the City which requires a business license therefore pursuant to ordinances of the City;
- (c) Sale, purchase, exchange, lease or rental, or financing, for its own account or as broker, of real property or the development, syndication or subdivision of real property or construction thereon of buildings or structures.

Category 3. All-Inclusive Reportable Interests in Real Property

A designated employee in this category shall disclose all interests (worth more than \$2,000) in real property located within the jurisdiction if the interests are:

- (a) Held or owned by the designated employee, his or her spouse, or dependent child;
- (b) Owned by an agent on behalf of the designated employee;
- (c) Owned by any business entity controlled by the designated employee (i.e., any business entity in which the designated employee, his or her agents, spouse and dependent children hold more than a 50% ownership interest);
- (d) Owned by a trust in which the designated employee has a substantial interest (i.e., a trust in which the designated employee, his or her spouse and dependent children have a present or future interest worth more than \$2,000);
- (e) Representing the pro rata share (worth more than \$2,000) of the designated employee, his or her spouse and dependent children, of investments of any business entity trust in which the designated employee, his or her spouse and dependent children own, directly, indirectly or beneficially, a 10% interest or greater.

"Interest" in real property includes any leasehold, beneficial or ownership interest, or any option to acquire such an interest, in real property, but does not include the principal residence of the filer.

Real property shall be deemed to be "located within the jurisdiction" if the property or any part of it is located within or not more than two miles outside the boundaries of the City or within two miles of any land owned or used by the City.

Category 4. Less-Inclusive Reportable Interests in Real Property

A designated employee in this category shall disclose those, and only those, Category 3 reportable interests in real property where the property or any part of it is located within or not more than 500 feet outside the boundaries of the City.

Category 5. All-Inclusive Reportable Income

A designated employee in this category shall disclose all income of the designated employee from any City-related source aggregating \$500 or more (or \$50 or more in the case of gifts) during the reporting period.

"Income" means, except as provided below, income of any nature from any City-related source, including but not limited to, any salary, wage, advance payment, honorarium, award, gift, including any gift of food or beverage, loan forgiveness or payment of indebtedness, discount in the price of anything of value unless the discount is available to members of the general public without regard to official status, rebate, reimbursement for expenses, per diem, or contribution to an insurance or pension program paid by any person other than an employer, and including any community property interest in income of a spouse from any City-related source. Income of an individual also includes a pro rata share of any income of any City-related business entity or trust in which the individual or spouse owns, directly, indirectly or beneficially, a 10% interest or greater.

A source, business entity or trust is "City-related" if, and only if, he, she or it (i) resides in the jurisdiction, (ii) has an interest in real property within the jurisdiction, (iii) does business in the City, or (iv) did business or plans to do business in the City at any time during the period commencing two years prior to and ending one year after the time the designated employee is required by this Code to file his or her next Statement of Economic Interests or to disqualify himself or herself with respect to a City decision.

"Income" does not include:

- (a) Campaign contributions required to be reported under Chapter 4 of the Act;

(b) Salary and reimbursement for expenses or per diem received from a state or local government agency and reimbursement for travel expenses and per diem received from a bona fide educational, academic or charitable organization;

(c) Gifts of informational material, such as books, pamphlets, reports, calendars or periodicals;

(d) Gifts which are not used and which, within thirty days after receipt, are returned to the donor or delivered to a charitable organization without being claimed as a charitable contribution for tax purposes;

(e) Gifts from an individual's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, aunt, uncle, or first cousin or the spouse of any such person, provided that a gift from any such person shall be considered income if the donor is acting as an agent or intermediary for any person not covered by this paragraph;

(f) Gifts of hospitality involving food, beverages, or lodging provided to the designated employee, if such hospitality has been reciprocated within the filing period. "Reciprocity" as used in this subsection includes the providing by the designated employee to the host of any consideration, including entertainment or household gift of a reasonably similar benefit or value;

(g) Any devise or inheritance;

(h) Interest, dividends or premiums on a time or demand deposit in a financial institution, shares in a credit union or any insurance policy, payments received under any insurance policy, or any bond or other debt instrument issued by any government or government agency;

(i) Dividends, interest or any other return on a security which is registered with the Securities and Exchange Commission of the United States Government;

(j) Loans by a commercial lending institution in the regular course of business.

"Honorarium" means a payment for speaking at any event, participating in a panel or seminar or engaging in any similar activity. For purposes of this subsection, free admission, food, beverages and similar nominal benefits provided to a filer at an event at which he or she speaks, participates in a panel or seminar, or performs a similar service, and reimbursement or advance for actual intrastate travel and for necessary accommodations provided directly in connection with the event are not payment and need not be reported by the designated employee.

A prize or an award shall be disclosed as a gift unless the prize or award is received on the basis of a bona fide competition not related to the designated

employee's official status. Prizes or awards which are not disclosed as gifts shall be disclosed as income.

Category 6. Less-Inclusive Types of Reportable Income

A designated employee in this category shall disclose those, and only those types of Category 5 reportable income which are derived from a source, an activity which is that of:

(a) Providing within the last two years, or foreseeably in the future, services, supplies, materials, machinery or equipment to the City.

(b) Conducting a business in the City which requires a business license therefore pursuant to ordinances of the City.

(c) Sale, purchase, exchange, lease or rental, or financing, for its own account or as broker, of real property or the development, syndication or subdivision of real property or construction thereon of buildings or structures.

Category 7. All-Inclusive Types of Business Positions

A designated employee in this category shall disclose all business positions held within the jurisdiction held by the designated employee, his or her spouse, or dependent child.

A business position shall be deemed to be "located within the jurisdiction" if the position is held in a business entity which is located within or not more than two miles outside the boundaries of the City or within two miles of any land owned or used by the City.

"Business Position" includes: the name and address of each business entity in which the designated employee is a director, officer, partner, trustee, employee, or in which he or she holds any position of management, a description of the business activity in which the business entity is engaged, and the designated employee's position with the business entity.

Category 8. Less-Inclusive Types of Business Positions

A designated employee in this category shall disclose those, and only those types of Category 7 business positions which are part of business entities which:

(a) Provided within the last two years, currently provide, or will foreseeably in the future provide, services, supplies, materials, machinery or equipment to the City.

(b) Conduct business in the City requiring a business license therefore pursuant to ordinances of the City.

(c) Sell, purchase, exchange, lease or rent, or finance, for its own account or as broker, real property or the development, syndication or subdivision of real property or construction thereon of buildings or structures.



City Council
Agenda Report

DATE: February 11, 2020
TO: Honorable Mayor and City Councilmembers
FROM: Frank Carson, Director of Recreation
SUBJECT: Community Event - 2020 July 4th Picnic at Kennedy Park

RECOMMENDATION:

That the City Council approves the sale of merchandise by vendors at Kennedy Park associated with the annual July 4th picnic and fireworks display; and authorizes the City Manager, or designee, to execute the necessary agreements and forms for the annual July 4th fireworks display at Granite Hills High School.

BACKGROUND:

The annual City-hosted July 4th picnic and 9:00 p.m. fireworks show at Kennedy Park will have a patriotic theme and include live bands, synchronized music to coincide with the fireworks display, games and children's crafts. All vendors will be required to provide a business license, a special event vending permit (if applicable), and approved insurance certificates.

Event-related agreements and forms for the fireworks display include the completion and submission of Grossmont Union High School District's *Request for Use of School Facilities*. The school district has agreed to allow the City use of fields at Granite Hills High School for the fireworks display. As in the past, the City will be responsible for providing additional assistance with cleaning the site.

FISCAL IMPACT:

Funding for the anticipated daylong event is included in the Fiscal Year 2019 – 2020 budget, account 103000.

Prepared By: Julie Alon
Reviewed By: Frank Carson, Director of Parks & Recreation
Approved By: Graham Mitchell, City Manager



City Council
Agenda Report

Agenda Item 8.

DATE: February 11, 2020
TO: Honorable Mayor and City Councilmembers
FROM: Dirk Epperson, Director of Public Works
SUBJECT: ADA Concrete Improvements (Various Locations) Multi-Year Project Acceptance

RECOMMENDATION:

That the City Council:

1. Accepts the ADA Concrete Improvements (Various Locations) Multi-Year Project; PW53019, Bid No. 014-19; and
2. Authorizes the City Clerk to record a Notice of Completion and release the bonds in accordance with the contract terms.

BACKGROUND:

On January 22, 2019, the City Council awarded a contract for the ADA Concrete Improvements (Various Locations) Multi-Year Project to Aster Construction Services. The project upgraded 93 pedestrian curb ramps along major routes such as Main Street and Magnolia Avenue to meet Americans with Disabilities Act (ADA) standards. The project also replaced 11,000 square feet of deteriorated sidewalk and curb and gutter in an effort to reduce tripping hazards and improve storm water conveyance. This bid was originally awarded as a one-year term with four optional one-year renewals. The City and contractor agreed not to exercise any renewal terms and staff will solicit a new bid for these services. The work was successfully completed on January 14, 2020 and acceptance of the project is recommended.

FISCAL IMPACT:

The project is budgeted in Transportation Projects (550000-PW53019) with Community Development Block Grant and TransNet funding. The total construction contract expenditure is \$389,957.00, which is below the approved contract amount of \$424,650.00 for this project.

Prepared By: Dirk Epperson, Director of Public Works
Reviewed By: Vince DiMaggio, Assistant City Manager
Approved By: Graham Mitchell, City Manager



City Council
Agenda Report

DATE: February 11, 2020
TO: Honorable Mayor and City Councilmembers
FROM: Clay Schoen, Director of Finance
SUBJECT: October – December 2019 Quarterly Treasurer’s Report

RECOMMENDATION:

That the City Council receives the Treasurer’s Report for the quarter ending December 31, 2019.

BACKGROUND:

Per the City’s investment policy, the latest quarterly Treasurer’s Report is presented for Council receipt and approval.

Investment Trends/Economy – The Federal Open Market Committee (FOMC) summarized its view of the economy with the following comments from their January 29, 2020 Monetary Policy press release.

“Job gains have been solid, on average, in recent months, and the unemployment rate has remained low. Although household spending has been rising at a moderate pace, business fixed investment and exports remain weak. On a 12-month basis, overall inflation and inflation for items other than food and energy are running below 2 percent. Market-based measures of inflation compensation remain low; survey based measures of longer-term inflation expectations are little changed.”

Recent releases from the Bureau of Economic Analysis reported continued increases in Gross Domestic Product and Personal Income. The Department of Commerce reported increases in New Residential Construction Starts and New Home Sales. Additionally, the S&P/Case-Schiller Home Price Index indicates home values have continued to increase both nationally and in the San Diego market on an annual basis.

U.S. Treasuries – As of December 31, 2019 the daily yield was 1.57% for a 2-year Treasury and 1.69% for a 5-year Treasury. Compared to the prior year, the 2-year Treasuries decreased 92 basis points and the 5-year Treasuries decreased 82 basis points.

U.S. Government Agencies – At quarter end, the yield was 1.58% for a 2-year and 1.74% for a 5-year Federal Agency investment, respectively. The City’s investment portfolio, in large part, is comprised of U.S. Government Agency securities because they offer a higher return than U.S. Treasuries.

LAIF, County, and CAMP Pools –The quarter to date yield for LAIF in the fourth quarter of fiscal year 2019 was 2.11%, while the County and CAMP Pools were 2.14% and 1.91%, respectively.

Outlook & Strategy – The current strategy is to maintain flexibility in order to take advantage of higher investment returns when they materialize. As opportunities become available and the City's cash flow needs are met, investing funds in securities will continue with the City's investment advisors, Public Financial Management (PFM). The CAMP pool is currently rated AAA. No rating is provided for LAIF, but it is expected it would also achieve an AAA rating.

Report Presentation – This report is presented into the following sections:

Operating Cash – The Union Bank Master Account is the City's main checking account. The City also utilizes a merchant account with U.S. Bank for receiving credit card payments. Funds are automatically transferred daily from U.S. Bank to the City's main checking account at Union Bank.

Operating Investments – The City's operating investments are invested in CAMP portfolio investments (76.91%) earning 2.12%, LAIF (14.85%) earning 2.11%, and the County pool (5.28%) earning 2.14%. The remainder in the CAMP investment pool (2.97%) earning 1.91%. The investment portfolio make-up of LAIF and CAMP are attached. In addition to maximizing yield, these investments provide for safety and liquidity in meeting the City's operational needs.

Successor Agency Investments – The Successor Agency no longer holds operating investments. The Bank of New York Mellon is the Trustee, the required bond accounts have a combined market value of \$1,305,615.

FISCAL IMPACT:

Interest earned for the first quarter of the fiscal year, on a cash basis, was \$514,309. Market value is slightly higher than the original investment cost.

Prepared By: Clay Schoen, Director of Finance

Reviewed By: N/A

Approved By: Graham Mitchell, City Manager

Attachments

OCT-DEC 2019 Treasurers Report



CITY OF EL CAJON TREASURER'S REPORT AS OF DECEMBER 31, 2019

Cash Basis

	Balance as of <u>December 31, 2019</u>	Quarter to Date		Fiscal Year to Date Interest Earnings	Market Value*
		Yield/Interest Rate	Interest Earnings		
<u>Operating Cash</u>					
UBOC Checking (Master)	\$ 6,683,000	0.55%	\$ 6,010	\$ 17,098	\$ 6,683,000
US Bank (Merchant Processing)	162,967	n/a	-	-	162,967
Petty Cash	4,845	n/a	-	-	4,845
Total Operating Cash	\$ 6,850,812		\$ 6,010	\$ 17,098	\$ 6,850,812
<u>Operating Investments</u>					
LAIF ⁽¹⁾ - City Pool	\$ 13,547,960	2.11%	\$ 120,795	\$ 277,480	\$ 13,571,944
County ⁽²⁾ - Investment Pool	4,812,828	2.14%	28,381	75,107	4,817,966
CAMP ⁽³⁾ Cash Management	2,704,739	1.91%	687	1,603	2,704,739
CAMP Managed Portfolio	70,149,451	2.12%	351,164	821,501	70,911,751
Total Operating Investments	\$ 91,214,978		\$ 501,027	\$ 1,175,691	\$ 92,006,400
Total Operating Cash and Investments	\$ 98,065,790		\$ 507,037	\$ 1,192,789	\$ 98,857,212
<u>Successor Agency Investments</u>					
The Bank of New York Mellon Trust Co.:					
Bond Reserve Fund	1,301,354	1.25%	4,642	10,649	1,301,354
Bond Debt Service Fund	754	1.25%	754	774	754
Tax Allocation Refunding Bond Debt Service Fund	3,339	1.55%	1,875	6,521	3,339
Interest Ac Fund	168	1.55%	1	2	168
Total Successor Agency	\$ 1,305,615		\$ 7,272	\$ 17,946	\$ 1,305,615
Grand Total Cash and Investments	\$ 99,371,405		\$ 514,309	\$ 1,210,735	\$ 100,162,827

I certify that all investments under the management of the City are in compliance with the City's adopted investment policy, and I certify the City's investments plus projected revenues, are sufficiently liquid to meet the City's next six (6) months cash flow requirements per the adopted budget.

Clay Schoen, Director of Finance and Treasurer

January 31, 2020

Date

*Source: Bank and Trustee Statements

Note (1): The Local Agency Investment Fund (LAIF) is a voluntary investment alternative for California's local governments and special districts authorized by the California Government Code. LAIF is managed by the State Treasurer's Office with oversight by the Local Agency Investment Advisory Board. All securities in LAIF are purchased under the authority of Government Code Sections 16430 and 16480.8. LAIF is part of the State Treasurer's Pooled Money Investment Account (PMIA). The PMIA Investment Policy is guided by the goals of portfolio safety/diversification, liquidity, and yield.

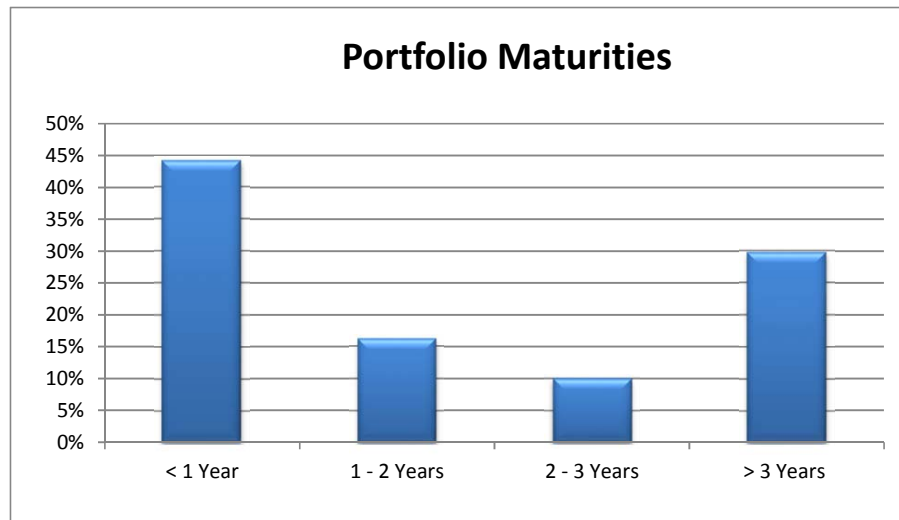
Note (2): The San Diego County Investment Pool (Pool) is a local government money fund originally created in 1853 by the County Board of Supervisors to invest the assets of the County, 42 K-12 school districts, 5 community colleges, and over 160 other public agencies located within the County. The Pool is managed by the County's Treasurer's Office in accordance with State law and is reviewed by a ten-member Oversight Committee. The Pool limits investments to fixed-income securities and maintains liquidity needs through maturity requirements.

Note (3): The California Asset Management Program (CAMP) is a California Joint Powers Authority established in 1989 to provide California public agencies with professional investment services. The CAMP Pool is a permitted investment for all local agencies under California Government Code Section 53601(p). CAMP is directed by a Board of Trustees, which is made up of experienced local government finance directors and treasurers.

CITY OF EL CAJON
OPERATING INVESTMENTS PORTFOLIO MATURITIES BY DATE AND TYPE (AT PAR)
AS OF DECEMBER 31, 2019

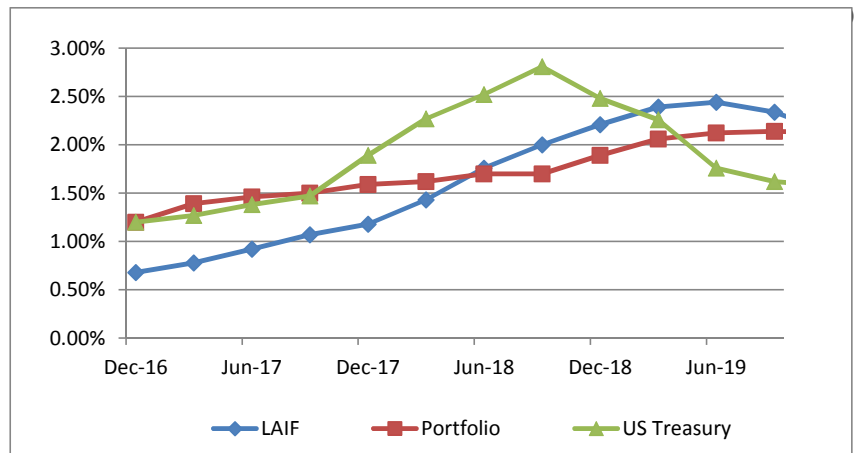
Type of Investment	< 1 Year	1 - 2 Years	2 - 3 Years	> 3 Years
LAIF - City Pool	13,547,960	-	-	-
County - Investment Pool	4,812,828	-	-	-
CAMP Cash Management	2,704,739	-	-	-
CAMP Managed Portfolio:				
FHLMC Notes	1,000,000	1,000,000	-	-
FMCC Global Notes	2,900,000	-	-	2,610,000
FNMA Benchmark/Global Notes	6,300,000	-	4,450,000	13,275,000
FHLB Notes/Global Bonds	2,005,000	1,815,000	-	2,650,000
US Treasury Notes	620,000	8,515,000	1,915,000	5,325,000
Corporate Bonds/Notes/CD	6,940,000	3,000,000	3,125,000	4,365,000
Commercial Paper	1,000,000	1,000,000	-	-
Totals	\$ 41,830,527	\$ 15,330,000	\$ 9,490,000	\$ 28,225,000

Portfolio Percentage **44.09%** **16.16%** **10.00%** **29.75%**



QUARTERLY YIELD COMPARISONS

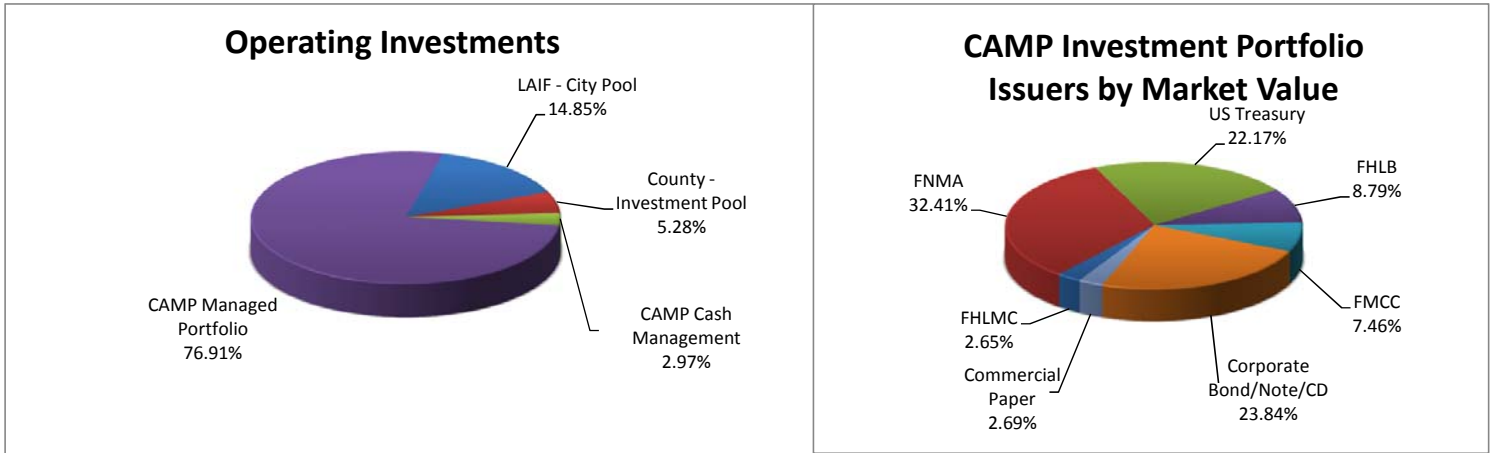
Quarter Ending	LAIF (1)	Portfolio (2)	US Treasury (3)
Dec-16	0.68%	1.20%	1.20%
Mar-17	0.78%	1.39%	1.27%
Jun-17	0.92%	1.46%	1.38%
Sep-17	1.07%	1.50%	1.47%
Dec-17	1.18%	1.59%	1.89%
Mar-18	1.43%	1.62%	2.27%
Jun-18	1.76%	1.70%	2.52%
Sep-18	2.00%	1.70%	2.81%
Dec-18	2.21%	1.89%	2.48%
Mar-19	2.39%	2.06%	2.26%
Jun-19	2.44%	2.12%	1.76%
Sep-19	2.34%	2.14%	1.62%
Dec-19	2.11%	2.12%	1.57%



(1) per State Treasurer's Office, LAIF-PMIA Earnings Yield Rate (average quarterly return)
(2) per CAMP Portfolio report
(3) per U.S. Treasury 2-year daily yield curve rate

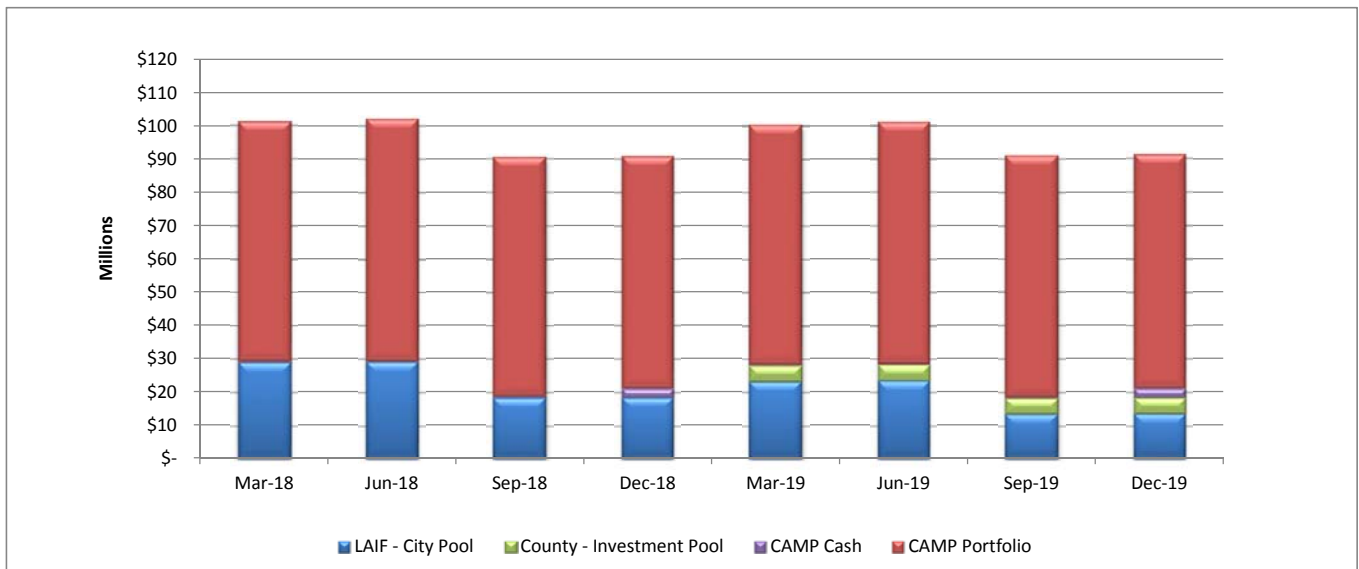
**CITY OF EL CAJON
OPERATING INVESTMENTS COMPOSITION (AT COST)
AS OF DECEMBER 31, 2019**

<u>Operating Investments</u>	<u>Type of Investment</u>	<u>Investment Amount</u>	<u>% of Total Investments</u>	<u>Prior Quarter Investment Amount</u>	<u>% Change From Prior Quarter</u>
LAIF - City Pool	(See attached graph)	\$ 13,547,960	14.85%	\$ 13,485,039	0.47%
County - Investment Pool	(See attached graph)	4,812,828	5.28%	4,804,299	0.18%
CAMP Cash Management	Cash Reserve Portfolio	2,704,739	2.97%	116,029	2231.09%
CAMP Managed Portfolio	Federal Agency & Corporate Bonds/Notes	70,149,451	76.91%	72,499,490	-3.24%
Total Operating Investments		\$ 91,214,978	100.00%	\$ 90,904,857	0.34%



HISTORICAL COMPOSITION

	<u>Quarter Ending</u>							
	<u>Mar-18</u>	<u>Jun-18</u>	<u>Sep-18</u>	<u>Dec-18</u>	<u>Mar-19</u>	<u>Jun-19</u>	<u>Sep-19</u>	<u>Dec-19</u>
LAIF - City Pool	\$ 28,945,747	\$ 29,210,172	\$ 18,394,840	\$ 18,451,187	\$ 23,317,884	\$ 23,518,248	\$ 13,485,039	\$ 13,547,960
County - Investment Pool	-	-	-	-	4,783,147	4,799,339	4,804,299	4,812,828
CAMP Cash	351,718	53,805	380,271	2,635,252	81,645	55,168	116,029	2,704,739
CAMP Portfolio	71,847,551	72,751,602	71,825,469	69,709,511	72,175,228	72,678,724	72,499,490	70,149,451
Total	\$ 101,145,016	\$ 102,015,579	\$ 90,600,580	\$ 90,795,950	\$ 100,357,904	\$ 101,051,479	\$ 90,904,857	\$ 91,214,978



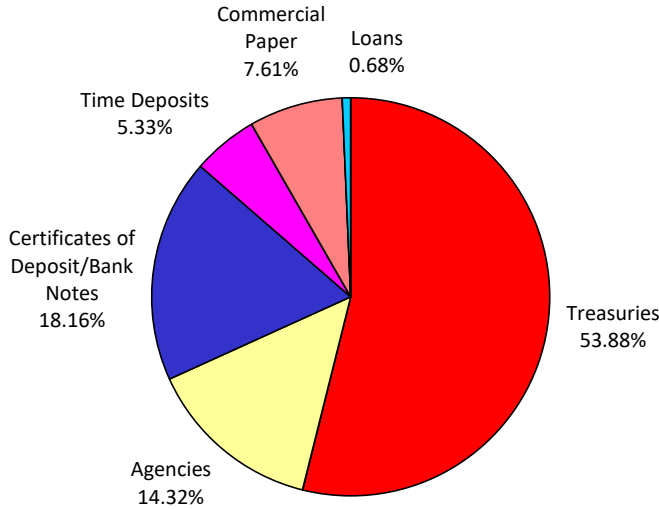


PMIA/LAIF Performance Report as of 01/29/2020



Pooled Money Investment Account Portfolio Composition ⁽¹⁾

12/31/19
\$88.9 billion



Percentages may not total 100% due to rounding

PMIA Average Monthly Effective Yields⁽¹⁾

Dec 2019	2.043
Nov 2019	2.103
Oct 2019	2.190

LAIF Quarterly Performance Quarter Ended 12/31/19

Apportionment Rate ⁽²⁾ :	2.29
Earnings Ratio ⁽²⁾ :	0.0000625008577897
Fair Value Factor ⁽¹⁾ :	1.001770298
Daily ⁽¹⁾ :	2.02%
Quarter to Date ⁽¹⁾ :	2.11%
Average Life ⁽¹⁾ :	226

PMIA Daily Rates⁽¹⁾

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
12/30/19	2.03	2.11	224
12/31/19	2.02	2.11	226
01/01/20	2.03	2.03	224
01/02/20	2.00	2.02	231
01/03/20	2.00	2.01	229
01/04/20	2.00	2.01	229
01/05/20	2.00	2.01	229
01/06/20	2.00	2.00	226
01/07/20	1.99	2.00	224
01/08/20	1.99	2.00	224
01/09/20	1.99	2.00	224
01/10/20	1.98	2.00	223
01/11/20	1.98	2.00	223
01/12/20	1.98	2.00	223
01/13/20	1.98	1.99	220
01/14/20	1.97	1.99	221
01/15/20	1.96	1.99	228
01/16/20	1.95	1.99	226
01/17/20	1.95	1.99	224
01/18/20	1.95	1.98	224
01/19/20	1.95	1.98	224
01/20/20	1.95	1.98	224
01/21/20	1.95	1.98	219
01/22/20	1.95	1.98	218
01/23/20	1.94	1.98	216
01/24/20	1.94	1.98	218
01/25/20	1.94	1.97	218
01/26/20	1.94	1.97	218
01/27/20	1.94	1.97	216
01/28/20	1.94	1.97	215
01/29/20	1.94	1.97	216

*Daily yield does not reflect capital gains or losses

[View Prior Month Daily Rates](#)

Notes: The apportionment rate includes interest earned on the CalPERS Supplemental Pension Payment pursuant to Government Code 20825 (c)(1) and interest earned on the Wildfire Fund loan pursuant to Public Utility Code 3288 (a).

Source:

(1) State of California, Office of the Treasurer

(2) State of California, Office of the Controller

PARTICIPANT CASH BALANCES

County of San Diego Pooled Money Fund

As of December 31, 2019

(\$000)

PARTICIPANT	FMV 10/31/19	FMV 11/30/19	FMV 12/31/19	% of Total	PARTICIPANT	FMV 10/31/19	FMV 11/30/19	FMV 12/31/19	% of Total
COUNTY	\$ 1,226,787	\$ 1,855,795	\$ 2,175,809	19.83%	Lake Cuyamaca Rec & Park District	187	169	138	
COUNTY - SPECIAL TRUST FUNDS	2,162,966	2,033,583	2,541,767	23.16%	Lakeside FPD	6,605	4,983	7,234	
NON-COUNTY INVESTMENT FUNDS	115,224	123,536	113,863	1.04%	Leucadia Wastewater District	3,882	3,841	3,903	
SCHOOLS - (K THRU 12)	4,126,589	3,899,358	4,663,461	42.49%	Lower Sweetwater FPD	614	611	743	
					Metropolitan Transit System	39,359	38,945	39,522	
COMMUNITY COLLEGES					Mission Resource Conservation District	187	158	152	
San Diego	124,447	106,850	154,680	1.42%	North County Cemetery District	5,809	5,768	5,983	
Grossmont-Cuyamaca	153,045	144,353	153,995	1.40%	North County Dispatch	4,360	4,271	4,409	
MiraCosta	90,953	82,122	110,810	1.01%	North County FPD	1,836	1,700	3,403	
Palomar	214,895	201,919	227,168	2.07%	Otay Water District	285	282	286	
Southwestern	145,942	132,906	147,154	1.34%	Pomerado Cemetery District	1,841	1,775	1,960	
Total Community Colleges	729,282	668,150	793,806	7.23%	Public Agencies Self-Insurance System	3,541	3,504	3,557	
					Ramona Cemetery District	915	890	935	
FIRST 5 COMMISSION	37,664	34,529	34,478		Rancho Santa Fe FPD	10,801	8,951	11,734	
SANCAL	3,958	3,916	3,869		Rincon del Diablo Municipal Water District	4,703	4,653	4,724	
SDCERA	614	5,630	5,656		SANDAG	99,936	98,885	101,044	
					SD County Regional Airport Authority	216,355	210,295	209,184	
CITIES					San Diego Housing Commission	21,619	21,391	21,715	
Chula Vista	52,692	52,138	44,042		San Diego Geographic Information Source	459	596	769	
Coronado	37,310	36,918	48,482		San Diego Law Library	3,967	3,962	4,108	
Del Mar	2,705	2,677	2,717		San Diego Local Agency Formation Comm	2,418	2,284	2,178	
El Cajon	5,062	5,009	5,084		San Diego Regional Training Center	682	543	537	
Encinitas	4,102	4,059	4,120		San Dieguito River Park	1,682	1,440	1,346	
National City	40,520	35,143	35,630		San Marcos FPD	1	1	1	
Oceanside	10,023	9,918	0		San Miguel Consolidated FPD	12,934	11,586	12,192	
					Santa Fe Irrigation District	4,401	4,355	4,421	
INDEPENDENT AGENCIES					Serra Cooperative Library System	2	2	2	
Alpine FPD	897	843	1,774		Upper San Luis Rey Resource Conserv Dist	61	60	64	
Bonita-Sunnyside FPD	4,783	4,852	5,977		Vallecitos Water District	5,406	5,349	5,430	
Borrego Springs FPD	839	800	1,159		Valley Center FPD	1,496	1,314	1,597	
Canebrake County Water District	53	53	54		Valley Center Cemetery District	443	440	459	
Deer Springs FPD	11,376	11,420	12,457		Valley Center Water District	21,203	19,110	21,774	
Fallbrook Public Utility District	15	15	15		Vista FPD	3,025	2,994	4,150	
Grossmont Healthcare District	2	2	2		Total Voluntary Participants	693,817	673,226	685,462	6.24%
Julian-Cuyamaca FPD	187	198	293						
					Pooled Money Fund Total	\$ 9,054,665	\$ 9,253,648	\$ 10,974,168	100.00%



Account Statement - Transaction Summary

For the Month Ending **December 31, 2019**

CITY OF EL CAJON - OPERATING FUNDS - 505-00

CAMP Pool

Opening Market Value	73,580.22
Purchases	2,636,890.33
Redemptions	(5,731.88)
Unsettled Trades	0.00
Change in Value	0.00

Closing Market Value **\$2,704,738.67**

Cash Dividends and Income 373.45

CAMP Managed Account

Opening Market Value	77,291,852.40
Purchases	0.00
Redemptions	(2,440,000.00)
Unsettled Trades	0.00
Change in Value	(24,572.95)

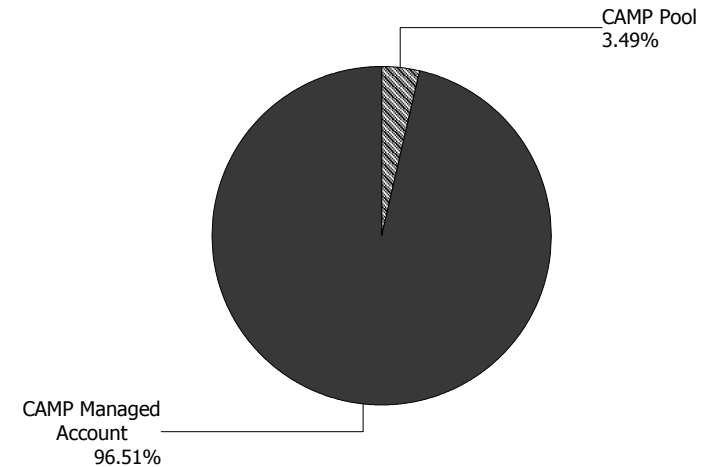
Closing Market Value **\$74,827,279.45**

Cash Dividends and Income 209,018.44

Asset Summary

	December 31, 2019	November 30, 2019
CAMP Pool	2,704,738.67	73,580.22
CAMP Managed Account	74,827,279.45	77,291,852.40
Total	\$77,532,018.12	\$77,365,432.62

Asset Allocation





Managed Account Summary Statement

For the Month Ending **December 31, 2019**

CITY OF EL CAJON - OPERATING FUNDS - 505-00 - (12510521)

Transaction Summary - Money Market		Transaction Summary - Managed Account		Account Total	
Opening Market Value	\$73,580.22	Opening Market Value	\$77,291,852.40	Opening Market Value	\$77,365,432.62
Purchases	2,636,890.33	Maturities/Calls	(2,440,000.00)		
Redemptions	(5,731.88)	Principal Dispositions	0.00		
		Principal Acquisitions	0.00		
		Unsettled Trades	0.00		
		Change in Current Value	(24,572.95)		
Closing Market Value	\$2,704,738.67	Closing Market Value	\$74,827,279.45	Closing Market Value	\$77,532,018.12
Dividend	373.45				

Earnings Reconciliation (Cash Basis) - Managed Account	
Interest/Dividends/Coupons Received	176,516.88
Less Purchased Interest Related to Interest/Coupons	0.00
Plus Net Realized Gains/Losses	32,501.56
Total Cash Basis Earnings	\$209,018.44

Cash Balance	
Closing Cash Balance	\$0.00

Earnings Reconciliation (Accrual Basis)	Managed Account	Total
Ending Amortized Value of Securities	74,028,296.40	76,733,035.07
Ending Accrued Interest	414,763.39	414,763.39
Plus Proceeds from Sales	0.00	5,731.88
Plus Proceeds of Maturities/Calls/Principal Payments	2,440,000.00	2,440,000.00
Plus Coupons/Dividends Received	176,516.88	176,516.88
Less Cost of New Purchases	0.00	(2,636,890.33)
Less Beginning Amortized Value of Securities	(76,468,427.66)	(76,542,007.88)
Less Beginning Accrued Interest	(455,469.90)	(455,469.90)
Dividends	0.00	373.45
Total Accrual Basis Earnings	\$135,679.11	\$136,052.56

Cash Transactions Summary- Managed Account	
Maturities/Calls	2,440,000.00
Sale Proceeds	0.00
Coupon/Interest/Dividend Income	176,516.88
Principal Payments	0.00
Security Purchases	0.00
Net Cash Contribution	(2,616,516.88)
Reconciling Transactions	0.00



Portfolio Summary and Statistics

For the Month Ending **December 31, 2019**

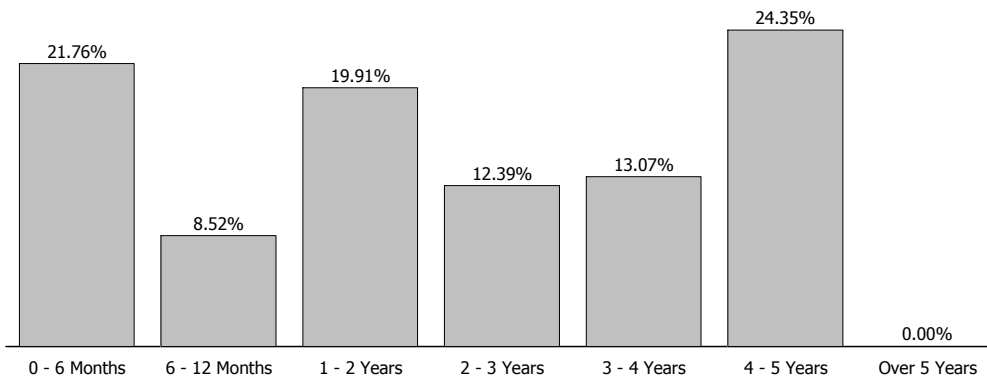
CITY OF EL CAJON - OPERATING FUNDS - 505-00 - (12510521)

Account Summary

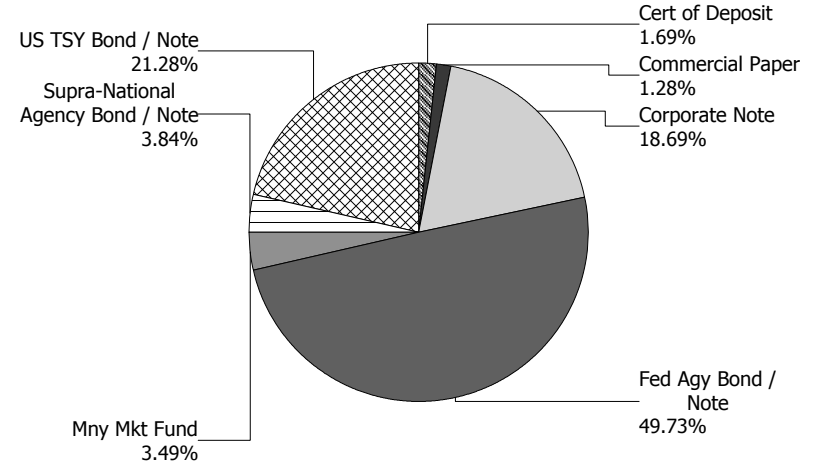
Description	Par Value	Market Value	Percent
U.S. Treasury Bond / Note	16,375,000.00	16,496,151.85	21.28
Supra-National Agency Bond / Note	2,975,000.00	2,980,235.60	3.84
Federal Agency Bond / Note	38,005,000.00	38,558,738.67	49.73
Corporate Note	14,155,000.00	14,488,822.63	18.69
Commercial Paper	1,000,000.00	995,350.00	1.28
Certificate of Deposit	1,300,000.00	1,307,980.70	1.69
Managed Account Sub-Total	73,810,000.00	74,827,279.45	96.51%
Accrued Interest		414,763.39	
Total Portfolio	73,810,000.00	75,242,042.84	
CAMP Pool	2,704,738.67	2,704,738.67	3.49
Total Investments	76,514,738.67	77,946,781.51	100.00%

Unsettled Trades **0.00** **0.00**

Maturity Distribution



Sector Allocation



Characteristics

Yield to Maturity at Cost	2.11%
Yield to Maturity at Market	1.70%
Duration to Worst	2.18
Weighted Average Days to Maturity	836



Managed Account Issuer Summary

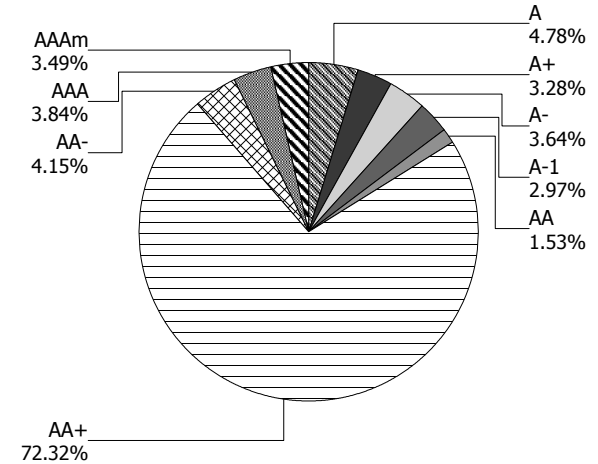
For the Month Ending **December 31, 2019**

CITY OF EL CAJON - OPERATING FUNDS - 505-00 - (12510521)

Issuer Summary

Issuer	Market Value of Holdings	Percent
APPLE INC	1,015,426.00	1.31
BANK OF AMERICA CO	1,066,693.00	1.38
BANK OF NOVA SCOTIA	1,307,980.70	1.69
BLACKROCK INC	1,166,041.13	1.50
CAMP Pool	2,704,738.67	3.49
FANNIE MAE	24,332,152.59	31.37
FEDERAL HOME LOAN BANKS	6,624,306.50	8.54
FREDDIE MAC	7,602,279.58	9.81
HSBC HOLDINGS PLC	1,665,850.82	2.15
IBM CORP	1,011,725.00	1.30
INTER-AMERICAN DEVELOPMENT BANK	1,479,920.60	1.91
INTL BANK OF RECONSTRUCTION AND DEV	1,500,315.00	1.94
JP MORGAN CHASE & CO	753,464.30	0.97
MITSUBISHI UFJ FINANCIAL GROUP INC	995,350.00	1.28
ORACLE CORP	1,015,288.00	1.31
PFIZER INC	1,038,596.00	1.34
THE BANK OF NEW YORK MELLON CORPORATION	1,027,437.00	1.33
TOYOTA MOTOR CORP	1,015,082.00	1.31
UNITED STATES TREASURY	16,496,151.85	21.28
US BANCORP	1,530,133.00	1.97
WAL-MART STORES INC	1,182,936.38	1.53
WELLS FARGO & COMPANY	1,000,150.00	1.29
Total	\$77,532,018.12	100.00%

Credit Quality (S&P Ratings)





Managed Account Detail of Securities Held

For the Month Ending **December 31, 2019**

CITY OF EL CAJON - OPERATING FUNDS - 505-00 - (12510521)

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note												
US TREASURY NOTES	DTD 09/30/2013 2.000% 09/30/2020	912828VZ0	620,000.00	AA+	Aaa	11/15/16	11/16/16	630,922.65	1.53	3,150.82	622,154.67	621,598.36
US TREASURY NOTES	DTD 12/31/2015 1.750% 12/31/2020	912828N48	990,000.00	AA+	Aaa	11/29/16	11/30/16	991,044.14	1.72	47.60	990,263.04	990,928.62
US TREASURY NOTES	DTD 12/31/2015 1.750% 12/31/2020	912828N48	1,575,000.00	AA+	Aaa	11/22/16	11/23/16	1,580,229.49	1.67	75.72	1,576,306.23	1,576,477.35
US TREASURY NOTES	DTD 02/29/2016 1.125% 02/28/2021	912828P87	1,000,000.00	AA+	Aaa	03/07/17	03/08/17	970,078.13	1.91	3,801.51	991,028.73	994,141.00
US TREASURY NOTES	DTD 03/31/2016 1.250% 03/31/2021	912828Q37	1,050,000.00	AA+	Aaa	11/29/16	11/30/16	1,028,466.80	1.74	3,335.04	1,043,645.42	1,045,201.50
US TREASURY NOTES	DTD 03/31/2016 1.250% 03/31/2021	912828Q37	1,900,000.00	AA+	Aaa	05/10/17	05/12/17	1,862,074.22	1.78	6,034.84	1,887,560.49	1,891,317.00
US TREASURY NOTES	DTD 06/02/2014 2.000% 05/31/2021	912828WN6	2,000,000.00	AA+	Aaa	01/04/17	01/05/17	2,011,796.88	1.86	3,497.27	2,003,895.46	2,011,016.00
US TREASURY NOTES	DTD 06/30/2017 1.750% 06/30/2022	912828XW5	955,000.00	AA+	Aaa	11/30/17	11/30/17	940,413.87	2.10	45.91	946,884.68	958,954.66
US TREASURY NOTES	DTD 09/30/2015 1.750% 09/30/2022	912828L57	960,000.00	AA+	Aaa	11/30/17	11/30/17	943,837.50	2.12	4,268.85	950,622.60	963,862.08
US TREASURY N/B NOTES	DTD 05/01/2017 2.000% 04/30/2024	912828X70	2,025,000.00	AA+	Aaa	06/20/19	06/24/19	2,048,888.67	1.75	6,898.35	2,046,433.03	2,052,764.78
US TREASURY N/B	DTD 07/31/2017 2.125% 07/31/2024	912828N9	1,000,000.00	AA+	Aaa	08/01/19	08/02/19	1,020,390.63	1.70	8,892.66	1,018,768.12	1,019,453.00
US TREASURY NOTES	DTD 08/15/2014 2.375% 08/15/2024	912828D56	600,000.00	AA+	Aaa	09/11/19	09/12/19	621,585.94	1.61	5,382.47	620,313.27	618,375.00
US TREASURY NOTES	DTD 08/15/2014 2.375% 08/15/2024	912828D56	1,700,000.00	AA+	Aaa	09/26/19	09/27/19	1,762,156.25	1.59	15,250.34	1,758,962.04	1,752,062.50
Security Type Sub-Total			16,375,000.00					16,411,885.17	1.77	60,681.38	16,456,837.78	16,496,151.85



Managed Account Detail of Securities Held

For the Month Ending **December 31, 2019**

CITY OF EL CAJON - OPERATING FUNDS - 505-00 - (12510521)

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Supra-National Agency Bond / Note												
INTL BANK OF RECONSTRUCTION AND DEV NOTE	DTD 09/19/2017 1.561% 09/12/2020	45905UP32	1,500,000.00	AAA	Aaa	09/12/17	09/19/17	1,496,400.00	1.64	7,089.54	1,499,142.24	1,500,315.00
INTER-AMERICAN DEVELOPMENT BANK	DTD 11/08/2013 2.125% 11/09/2020	4581X0CD8	1,475,000.00	AAA	Aaa	10/02/17	10/10/17	1,488,671.93	1.81	4,527.43	1,478,874.29	1,479,920.60
Security Type Sub-Total			2,975,000.00					2,985,071.93	1.73	11,616.97	2,978,016.53	2,980,235.60
Federal Agency Bond / Note												
FREDDIE MAC NOTES	DTD 01/17/2017 1.500% 01/17/2020	3137EAE5	1,000,000.00	AA+	Aaa	02/22/17	02/23/17	998,460.00	1.55	6,833.33	999,976.03	999,902.00
FREDDIE MAC NOTES	DTD 01/17/2017 1.500% 01/17/2020	3137EAE5	1,900,000.00	AA+	Aaa	05/10/17	05/12/17	1,895,649.00	1.59	12,983.33	1,899,926.83	1,899,813.80
FNMA NOTES	DTD 01/12/2015 1.625% 01/21/2020	3135G0A78	990,000.00	AA+	Aaa	01/21/16	01/22/16	1,001,236.50	1.33	7,150.00	990,159.83	990,026.73
FNMA NOTES	DTD 01/12/2015 1.625% 01/21/2020	3135G0A78	1,310,000.00	AA+	Aaa	08/28/15	08/31/15	1,317,113.30	1.50	9,461.11	1,310,092.76	1,310,035.37
FNMA NOTES	DTD 02/28/2017 1.500% 02/28/2020	3135G0T29	1,000,000.00	AA+	Aaa	08/31/17	08/31/17	1,001,020.00	1.46	5,125.00	1,000,065.70	999,807.00
FHLMC AGENCY NOTES	DTD 04/20/2017 1.375% 04/20/2020	3137EAEF2	1,000,000.00	AA+	Aaa	06/29/17	06/30/17	994,070.00	1.59	2,711.81	999,348.99	999,200.00
FNMA BENCHMARK NOTES	DTD 04/27/2015 1.500% 06/22/2020	3135G0D75	2,000,000.00	AA+	Aaa	10/26/15	10/27/15	2,002,180.00	1.48	750.00	2,000,230.64	1,998,594.00
FNMA NOTES	DTD 08/01/2017 1.500% 07/30/2020	3135G0T60	1,000,000.00	AA+	Aaa	07/28/17	08/01/17	996,970.00	1.60	6,291.67	999,401.95	999,068.00
FHLB NOTES	DTD 09/08/2017 1.375% 09/28/2020	3130ACE26	680,000.00	AA+	Aaa	09/07/17	09/08/17	677,817.20	1.48	2,415.42	679,461.00	678,754.92
FHLB NOTES	DTD 09/08/2017 1.375% 09/28/2020	3130ACE26	1,325,000.00	AA+	Aaa	09/15/17	09/15/17	1,316,082.75	1.60	4,706.51	1,322,782.55	1,322,573.93



Managed Account Detail of Securities Held

For the Month Ending **December 31, 2019**

CITY OF EL CAJON - OPERATING FUNDS - 505-00 - (12510521)

Security Type/Description	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Federal Agency Bond / Note											
FHLMC REFERENCE NOTE DTD 08/12/2016 1.125% 08/12/2021	3137EAEC9	1,000,000.00	AA+	Aaa	01/24/17	01/25/17	964,710.00	1.94	4,343.75	987,123.11	992,623.00
FEDERAL HOME LOAN BANKS NOTES DTD 10/12/2018 3.000% 10/12/2021	3130AF5B9	1,815,000.00	AA+	Aaa	10/31/18	10/31/18	1,814,419.20	3.01	11,948.75	1,814,654.97	1,859,394.90
FANNIE MAE NOTES DTD 01/09/2017 2.000% 01/05/2022	3135G0S38	1,000,000.00	AA+	Aaa	01/24/17	01/25/17	998,910.00	2.02	9,777.78	999,544.79	1,007,707.00
FANNIE MAE NOTES DTD 04/10/2017 1.875% 04/05/2022	3135G0T45	1,000,000.00	AA+	Aaa	05/30/17	05/31/17	1,000,380.00	1.87	4,479.17	1,000,185.24	1,006,443.00
FANNIE MAE NOTES DTD 04/10/2017 1.875% 04/05/2022	3135G0T45	1,000,000.00	AA+	Aaa	08/07/19	08/09/19	1,009,803.00	1.50	4,479.17	1,008,376.05	1,006,443.00
FANNIE MAE AGENCY NOTES DTD 10/06/2017 2.000% 10/05/2022	3135G0T78	1,450,000.00	AA+	Aaa	10/26/17	10/27/17	1,440,314.00	2.14	6,927.78	1,444,465.19	1,465,593.30
FREDDIE MAC NOTES DTD 06/11/2018 2.750% 06/19/2023	3137EAEN5	2,610,000.00	AA+	Aaa	01/02/19	01/03/19	2,628,531.00	2.58	2,392.50	2,624,593.95	2,710,740.78
FANNIE MAE NOTES DTD 09/14/2018 2.875% 09/12/2023	3135G0U43	1,390,000.00	AA+	Aaa	11/29/18	11/30/18	1,384,606.80	2.96	12,099.76	1,385,793.50	1,450,961.23
FANNIE MAE NOTES DTD 09/14/2018 2.875% 09/12/2023	3135G0U43	1,825,000.00	AA+	Aaa	10/31/18	10/31/18	1,807,315.75	3.09	15,886.37	1,811,351.72	1,905,039.03
FEDERAL HOME LOAN BANKS NOTES DTD 12/09/2013 3.375% 12/08/2023	3130A0F70	1,000,000.00	AA+	Aaa	01/28/19	01/29/19	1,027,730.00	2.76	2,156.25	1,022,763.42	1,062,276.00
FANNIE MAE NOTES DTD 02/08/2019 2.500% 02/05/2024	3135G0V34	1,600,000.00	AA+	Aaa	02/19/19	02/20/19	1,594,656.00	2.57	16,222.22	1,595,544.45	1,649,499.20
FANNIE MAE NOTES DTD 02/08/2019 2.500% 02/05/2024	3135G0V34	3,000,000.00	AA+	Aaa	02/26/19	02/27/19	2,991,300.00	2.56	30,416.67	2,992,727.49	3,092,811.00
FHLB BONDS DTD 02/15/2019 2.500% 02/13/2024	3130AFW94	1,650,000.00	AA+	Aaa	03/26/19	03/27/19	1,667,011.50	2.28	15,812.50	1,664,494.08	1,701,306.75
FANNIE MAE NOTES DTD 07/08/2019 1.750% 07/02/2024	3135G0V75	1,000,000.00	AA+	Aaa	08/05/19	08/06/19	1,006,430.00	1.61	8,409.72	1,005,924.12	1,001,140.00



Managed Account Detail of Securities Held

For the Month Ending **December 31, 2019**

CITY OF EL CAJON - OPERATING FUNDS - 505-00 - (12510521)

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Federal Agency Bond / Note											
FANNIE MAE NOTES DTD 07/08/2019 1.750% 07/02/2024	3135G0V75	1,635,000.00	AA+	Aaa	07/18/19	07/19/19	1,623,211.65	1.90	13,749.90	1,624,239.21	1,636,863.90
FANNIE MAE NOTES DTD 10/18/2019 1.625% 10/15/2024	3135G0W66	2,825,000.00	AA+	Aaa	10/22/19	10/24/19	2,815,705.75	1.69	9,308.77	2,816,040.94	2,812,120.83
Security Type Sub-Total		38,005,000.00					37,975,633.40	2.08	226,839.24	37,999,268.51	38,558,738.67
Corporate Note											
WELLS FARGO & CO CORP BONDS DTD 02/02/2015 2.150% 01/30/2020	94974BGF1	1,000,000.00	A-	A2	10/26/15	10/29/15	1,001,560.00	2.11	9,018.06	1,000,031.00	1,000,150.00
HSBC USA INC NOTES DTD 03/05/2015 2.350% 03/05/2020	40428HPR7	1,665,000.00	A	A2	03/29/16	03/31/16	1,642,372.65	2.72	12,607.75	1,663,928.64	1,665,850.82
TOYOTA MOTOR CREDIT CORP NOTES DTD 04/13/2018 2.950% 04/13/2021	89236TEU5	1,000,000.00	AA-	Aa3	04/10/18	04/13/18	999,600.00	2.96	6,391.67	999,824.68	1,015,082.00
APPLE INC CORP NOTES DTD 05/06/2014 2.850% 05/06/2021	037833AR1	1,000,000.00	AA+	Aa1	02/13/17	02/16/17	1,023,040.00	2.27	4,354.17	1,007,595.10	1,015,426.00
ORACLE CORP BONDS DTD 07/08/2014 2.800% 07/08/2021	68389XBA2	1,000,000.00	A+	A1	02/13/17	02/16/17	1,020,940.00	2.30	13,455.56	1,007,483.33	1,015,288.00
BONY MELLON GLOBAL NOTES (CALLABLE) DTD 09/23/2011 3.550% 09/23/2021	06406HBY4	1,000,000.00	A	A1	02/13/17	02/16/17	1,044,650.00	2.52	9,663.89	1,016,837.77	1,027,437.00
IBM CORP BONDS DTD 01/27/2017 2.500% 01/27/2022	459200JO5	1,000,000.00	A	A2	02/13/17	02/16/17	1,005,280.00	2.39	10,694.44	1,002,289.87	1,011,725.00
US BANCORP (CALLABLE) NOTE DTD 03/02/2012 3.000% 03/15/2022	91159HHC7	1,000,000.00	A+	A1	05/28/19	05/30/19	1,011,170.00	2.58	8,833.33	1,008,835.81	1,023,173.00
BLACKROCK INC CORP NOTES DTD 05/25/2012 3.375% 06/01/2022	09247XAJ0	1,125,000.00	AA-	Aa3	04/15/19	04/17/19	1,148,861.25	2.66	3,164.06	1,143,654.77	1,166,041.13
JPMORGAN CHASE & CO CORP NOTES DTD 05/18/2016 2.700% 05/18/2023	46625HRL6	740,000.00	A-	A2	09/11/19	09/13/19	751,314.60	2.26	2,386.50	750,437.49	753,464.30
WAL-MART STORES INC CORP NOTES DTD 06/27/2018 3.400% 06/26/2023	931142EK5	1,125,000.00	AA	Aa2	04/15/19	04/17/19	1,155,015.00	2.72	531.25	1,150,222.84	1,182,936.38



Managed Account Detail of Securities Held

For the Month Ending **December 31, 2019**

CITY OF EL CAJON - OPERATING FUNDS - 505-00 - (12510521)

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note											
BANK OF AMERICA CORP NOTES DTD 07/23/2013 4.100% 07/24/2023	06053FAA7	1,000,000.00	A-	A2	03/15/19	03/19/19	1,041,710.00	3.07	17,880.56	1,034,619.55	1,066,693.00
PFIZER INC CORP NOTES DTD 03/11/2019 2.950% 03/15/2024	717081ES8	1,000,000.00	AA-	A1	04/02/19	04/04/19	1,012,190.00	2.68	8,686.11	1,010,469.48	1,038,596.00
US BANCORP DTD 07/29/2019 2.400% 07/30/2024	91159HHX1	500,000.00	A+	A1	08/01/19	08/05/19	503,300.00	2.26	5,066.67	503,045.91	506,960.00
Security Type Sub-Total		14,155,000.00					14,361,003.50	2.56	112,734.02	14,299,276.24	14,488,822.63
Commercial Paper											
MUFG BANK LTD/NY COMM PAPER DTD 09/30/2019 0.000% 03/30/2020	62479LCW3	1,000,000.00	A-1	P-1	09/30/19	09/30/19	989,787.78	2.04	0.00	995,006.11	995,350.00
Security Type Sub-Total		1,000,000.00					989,787.78	2.04	0.00	995,006.11	995,350.00
Certificate of Deposit											
BANK OF NOVA SCOTIA HOUSTON CD DTD 06/07/2018 3.080% 06/05/2020	06417GU22	1,300,000.00	A-1	P-1	06/05/18	06/07/18	1,299,506.00	3.10	2,891.78	1,299,891.23	1,307,980.70
Security Type Sub-Total		1,300,000.00					1,299,506.00	3.10	2,891.78	1,299,891.23	1,307,980.70
Managed Account Sub-Total		73,810,000.00					74,022,887.78	2.11	414,763.39	74,028,296.40	74,827,279.45
Money Market Mutual Fund											
CAMP Pool		2,704,738.67	AAAm	NR			2,704,738.67		0.00	2,704,738.67	2,704,738.67
Money Market Sub-Total		2,704,738.67					2,704,738.67		0.00	2,704,738.67	2,704,738.67
Securities Sub-Total		\$76,514,738.67					\$76,727,626.45	2.11%	\$414,763.39	\$76,733,035.07	\$77,532,018.12
Accrued Interest											\$414,763.39
Total Investments											\$77,946,781.51



Managed Account Fair Market Value & Analytics

For the Month Ending **December 31, 2019**

CITY OF EL CAJON - OPERATING FUNDS - 505-00 - (12510521)

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	Duration to Worst at Mkt	YTM
U.S. Treasury Bond / Note												
US TREASURY NOTES	DTD 09/30/2013 2.000% 09/30/2020	912828VZ0	620,000.00	CITIGRP		100.26	621,598.36	(9,324.29)	(556.31)	0.74	0.74	1.65
US TREASURY NOTES	DTD 12/31/2015 1.750% 12/31/2020	912828N48	990,000.00	CITIGRP		100.09	990,928.62	(115.52)	665.58	0.99	0.99	1.66
US TREASURY NOTES	DTD 12/31/2015 1.750% 12/31/2020	912828N48	1,575,000.00	MORGANST		100.09	1,576,477.35	(3,752.14)	171.12	0.99	0.99	1.66
US TREASURY NOTES	DTD 02/29/2016 1.125% 02/28/2021	912828P87	1,000,000.00	BARCLAYS		99.41	994,141.00	24,062.87	3,112.27	1.15	1.15	1.63
US TREASURY NOTES	DTD 03/31/2016 1.250% 03/31/2021	912828O37	1,050,000.00	MORGANST		99.54	1,045,201.50	16,734.70	1,556.08	1.23	1.23	1.62
US TREASURY NOTES	DTD 03/31/2016 1.250% 03/31/2021	912828O37	1,900,000.00	MORGAN_S		99.54	1,891,317.00	29,242.78	3,756.51	1.23	1.23	1.62
US TREASURY NOTES	DTD 06/02/2014 2.000% 05/31/2021	912828WN6	2,000,000.00	HSBC		100.55	2,011,016.00	(780.88)	7,120.54	1.39	1.39	1.60
US TREASURY NOTES	DTD 06/30/2017 1.750% 06/30/2022	912828XW5	955,000.00	MERRILL		100.41	958,954.66	18,540.79	12,069.98	2.44	2.44	1.58
US TREASURY NOTES	DTD 09/30/2015 1.750% 09/30/2022	912828L57	960,000.00	HSBC		100.40	963,862.08	20,024.58	13,239.48	2.66	2.66	1.60
US TREASURY N/B NOTES	DTD 05/01/2017 2.000% 04/30/2024	912828X70	2,025,000.00	MORGAN_S		101.37	2,052,764.78	3,876.11	6,331.75	4.13	4.13	1.67
US TREASURY N/B	DTD 07/31/2017 2.125% 07/31/2024	9128282N9	1,000,000.00	RBC		101.95	1,019,453.00	(937.63)	684.88	4.32	4.32	1.68
US TREASURY NOTES	DTD 08/15/2014 2.375% 08/15/2024	912828D56	600,000.00	BNP_PARI		103.06	618,375.00	(3,210.94)	(1,938.27)	4.34	4.34	1.68
US TREASURY NOTES	DTD 08/15/2014 2.375% 08/15/2024	912828D56	1,700,000.00	MERRILL		103.06	1,752,062.50	(10,093.75)	(6,899.54)	4.34	4.34	1.68
Security Type Sub-Total			16,375,000.00				16,496,151.85	84,266.68	39,314.07	2.34	2.34	1.64

Supra-National Agency Bond / Note												
INTL BANK OF RECONSTRUCTION AND DEV NOTE	DTD 09/19/2017 1.561% 09/12/2020	45905UP32	1,500,000.00	HSBC		100.02	1,500,315.00	3,915.00	1,172.76	0.69	0.69	1.53



Managed Account Fair Market Value & Analytics

For the Month Ending **December 31, 2019**

CITY OF EL CAJON - OPERATING FUNDS - 505-00 - (12510521)

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	Duration to Worst at Mkt	YTM
Supra-National Agency Bond / Note												
INTER-AMERICAN DEVELOPMENT BANK		4581X0CD8	1,475,000.00	HSBC		100.33	1,479,920.60	(8,751.33)	1,046.31	0.84	0.84	1.73
DTD 11/08/2013 2.125% 11/09/2020												
Security Type Sub-Total			2,975,000.00				2,980,235.60	(4,836.33)	2,219.07	0.77	0.77	1.63
Federal Agency Bond / Note												
FREDDIE MAC NOTES		3137EAEE5	1,000,000.00	MORGAN_S		99.99	999,902.00	1,442.00	(74.03)	0.05	0.05	1.61
DTD 01/17/2017 1.500% 01/17/2020												
FREDDIE MAC NOTES		3137EAEE5	1,900,000.00	BMO		99.99	1,899,813.80	4,164.80	(113.03)	0.05	0.05	1.61
DTD 01/17/2017 1.500% 01/17/2020												
FNMA NOTES		3135G0A78	990,000.00	MORGANST		100.00	990,026.73	(11,209.77)	(133.10)	0.06	0.06	1.49
DTD 01/12/2015 1.625% 01/21/2020												
FNMA NOTES		3135G0A78	1,310,000.00	BARCLAYS		100.00	1,310,035.37	(7,077.93)	(57.39)	0.06	0.06	1.49
DTD 01/12/2015 1.625% 01/21/2020												
FNMA NOTES		3135G0T29	1,000,000.00	MERRILL		99.98	999,807.00	(1,213.00)	(258.70)	0.16	0.16	1.61
DTD 02/28/2017 1.500% 02/28/2020												
FHLMC AGENCY NOTES		3137EAEF2	1,000,000.00	WELLS_FA		99.92	999,200.00	5,130.00	(148.99)	0.30	0.30	1.62
DTD 04/20/2017 1.375% 04/20/2020												
FNMA BENCHMARK NOTES		3135G0D75	2,000,000.00	NOMURA		99.93	1,998,594.00	(3,586.00)	(1,636.64)	0.47	0.47	1.64
DTD 04/27/2015 1.500% 06/22/2020												
FNMA NOTES		3135G0T60	1,000,000.00	BARCLAYS		99.91	999,068.00	2,098.00	(333.95)	0.57	0.57	1.66
DTD 08/01/2017 1.500% 07/30/2020												
FHLB NOTES		3130ACE26	680,000.00	BARCLAYS		99.82	678,754.92	937.72	(706.08)	0.73	0.73	1.62
DTD 09/08/2017 1.375% 09/28/2020												
FHLB NOTES		3130ACE26	1,325,000.00	DEUTSCHE		99.82	1,322,573.93	6,491.18	(208.62)	0.73	0.73	1.62
DTD 09/08/2017 1.375% 09/28/2020												
FHLMC REFERNCE NOTE		3137EAEC9	1,000,000.00	GOLDMAN		99.26	992,623.00	27,913.00	5,499.89	1.58	1.58	1.59
DTD 08/12/2016 1.125% 08/12/2021												
FEDERAL HOME LOAN BANKS NOTES		3130AF5B9	1,815,000.00	MKTX		102.45	1,859,394.90	44,975.70	44,739.93	1.72	1.72	1.60
DTD 10/12/2018 3.000% 10/12/2021												
FANNIE MAE NOTES		3135G0S38	1,000,000.00	TD		100.77	1,007,707.00	8,797.00	8,162.21	1.95	1.95	1.61
DTD 01/09/2017 2.000% 01/05/2022												
FANNIE MAE NOTES		3135G0T45	1,000,000.00	GOLDMAN		100.64	1,006,443.00	6,063.00	6,257.76	2.20	2.20	1.58
DTD 04/10/2017 1.875% 04/05/2022												



Managed Account Fair Market Value & Analytics

For the Month Ending **December 31, 2019**

CITY OF EL CAJON - OPERATING FUNDS - 505-00 - (12510521)

Security Type/Description				Next Call	Market	Market	Unreal G/L	Unreal G/L	Effective	Duration	YTM
Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Date	Price	Value	On Cost	Amort Cost	Duration	to Worst at Mkt	
Federal Agency Bond / Note											
FANNIE MAE NOTES DTD 04/10/2017 1.875% 04/05/2022	3135G0T45	1,000,000.00	TD		100.64	1,006,443.00	(3,360.00)	(1,933.05)	2.20	2.20	1.58
FANNIE MAE AGENCY NOTES DTD 10/06/2017 2.000% 10/05/2022	3135G0T78	1,450,000.00	NOMURA		101.08	1,465,593.30	25,279.30	21,128.11	2.67	2.67	1.60
FREDDIE MAC NOTES DTD 06/11/2018 2.750% 06/19/2023	3137EAEN5	2,610,000.00	BARCLAYS		103.86	2,710,740.78	82,209.78	86,146.83	3.30	3.30	1.60
FANNIE MAE NOTES DTD 09/14/2018 2.875% 09/12/2023	3135G0U43	1,390,000.00	MORGAN_S		104.39	1,450,961.23	66,354.43	65,167.73	3.48	3.48	1.65
FANNIE MAE NOTES DTD 09/14/2018 2.875% 09/12/2023	3135G0U43	1,825,000.00	TD		104.39	1,905,039.03	97,723.28	93,687.31	3.48	3.48	1.65
FEDERAL HOME LOAN BANKS NOTES DTD 12/09/2013 3.375% 12/08/2023	3130A0F70	1,000,000.00	WELLS_FA		106.23	1,062,276.00	34,546.00	39,512.58	3.69	3.69	1.73
FANNIE MAE NOTES DTD 02/08/2019 2.500% 02/05/2024	3135G0V34	1,600,000.00	WELLS_FA		103.09	1,649,499.20	54,843.20	53,954.75	3.85	3.85	1.71
FANNIE MAE NOTES DTD 02/08/2019 2.500% 02/05/2024	3135G0V34	3,000,000.00	AMHERST		103.09	3,092,811.00	101,511.00	100,083.51	3.85	3.85	1.71
FHLB BONDS DTD 02/15/2019 2.500% 02/13/2024	3130AFW94	1,650,000.00	MORGAN_S		103.11	1,701,306.75	34,295.25	36,812.67	3.87	3.87	1.71
FANNIE MAE NOTES DTD 07/08/2019 1.750% 07/02/2024	3135G0V75	1,000,000.00	NOMURA		100.11	1,001,140.00	(5,290.00)	(4,784.12)	4.28	4.28	1.72
FANNIE MAE NOTES DTD 07/08/2019 1.750% 07/02/2024	3135G0V75	1,635,000.00	JEFFERIE		100.11	1,636,863.90	13,652.25	12,624.69	4.28	4.28	1.72
FANNIE MAE NOTES DTD 10/18/2019 1.625% 10/15/2024	3135G0W66	2,825,000.00	TD		99.54	2,812,120.83	(3,584.92)	(3,920.11)	4.57	4.57	1.72
Security Type Sub-Total		38,005,000.00				38,558,738.67	583,105.27	559,470.16	2.39	2.39	1.64
Corporate Note											
WELLS FARGO & CO CORP BONDS DTD 02/02/2015 2.150% 01/30/2020	94974BGF1	1,000,000.00	US BANK		100.02	1,000,150.00	(1,410.00)	119.00	0.08	0.08	1.95
HSBC USA INC NOTES DTD 03/05/2015 2.350% 03/05/2020	40428HPR7	1,665,000.00	KEYBAN		100.05	1,665,850.82	23,478.17	1,922.18	0.18	0.18	2.01
TOYOTA MOTOR CREDIT CORP NOTES DTD 04/13/2018 2.950% 04/13/2021	89236TEU5	1,000,000.00	JPM_CHAS		101.51	1,015,082.00	15,482.00	15,257.32	1.25	1.25	1.76



Managed Account Fair Market Value & Analytics

For the Month Ending **December 31, 2019**

CITY OF EL CAJON - OPERATING FUNDS - 505-00 - (12510521)

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	Duration to Worst at Mkt	YTM
Corporate Note												
APPLE INC CORP NOTES	05/06/2014 2.850% 05/06/2021	037833AR1	1,000,000.00	US_BANCO		101.54	1,015,426.00	(7,614.00)	7,830.90	1.32	1.32	1.69
ORACLE CORP BONDS	07/08/2014 2.800% 07/08/2021	68389XBA2	1,000,000.00	CITIGRP		101.53	1,015,288.00	(5,652.00)	7,804.67	1.47	1.47	1.78
BONY MELLON GLOBAL NOTES (CALLABLE)	09/23/2011 3.550% 09/23/2021	06406HBY4	1,000,000.00	RBC	08/23/21	102.74	1,027,437.00	(17,213.00)	10,599.23	1.59	1.58	1.93
IBM CORP BONDS	01/27/2017 2.500% 01/27/2022	459200JQ5	1,000,000.00	RBC		101.17	1,011,725.00	6,445.00	9,435.13	1.99	1.99	1.92
US BANCORP (CALLABLE) NOTE	03/02/2012 3.000% 03/15/2022	91159HHC7	1,000,000.00	CSFB	02/15/22	102.32	1,023,173.00	12,003.00	14,337.19	2.05	2.04	1.92
BLACKROCK INC CORP NOTES	05/25/2012 3.375% 06/01/2022	09247XAJ0	1,125,000.00	WELLS_FA		103.65	1,166,041.13	17,179.88	22,386.36	2.32	2.32	1.82
JPMORGAN CHASE & CO CORP NOTES	05/18/2016 2.700% 05/18/2023	46625HRL6	740,000.00	RBC		101.82	753,464.30	2,149.70	3,026.81	3.21	3.21	2.14
WAL-MART STORES INC CORP NOTES	06/27/2018 3.400% 06/26/2023	931142EK5	1,125,000.00	DEUTSCHE		105.15	1,182,936.38	27,921.38	32,713.54	3.29	3.29	1.87
BANK OF AMERICA CORP NOTES	07/23/2013 4.100% 07/24/2023	06053FAA7	1,000,000.00	MITSU		106.67	1,066,693.00	24,983.00	32,073.45	3.27	3.27	2.15
PFIZER INC CORP NOTES	03/11/2019 2.950% 03/15/2024	717081ES8	1,000,000.00	TD		103.86	1,038,596.00	26,406.00	28,126.52	3.92	3.92	1.99
US BANCORP	07/29/2019 2.400% 07/30/2024	91159HHX1	500,000.00	MKTX		101.39	506,960.00	3,660.00	3,914.09	4.28	4.28	2.08
Security Type Sub-Total			14,155,000.00				14,488,822.63	127,819.13	189,546.39	2.00	2.00	1.92
Commercial Paper												
MUFG BANK LTD/NY COMM PAPER	09/30/2019 0.000% 03/30/2020	62479LCW3	1,000,000.00	MITSU		99.54	995,350.00	5,562.22	343.89	0.24	0.24	1.87
Security Type Sub-Total			1,000,000.00				995,350.00	5,562.22	343.89	0.24	0.24	1.87
Certificate of Deposit												
BANK OF NOVA SCOTIA HOUSTON CD	06/07/2018 3.080% 06/05/2020	06417GU22	1,300,000.00	GOLDMAN		100.61	1,307,980.70	8,474.70	8,089.47	0.43	0.43	1.62



Managed Account Fair Market Value & Analytics

For the Month Ending **December 31, 2019**

CITY OF EL CAJON - OPERATING FUNDS - 505-00 - (12510521)

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	Duration to Worst at Mkt	YTM
Security Type Sub-Total		1,300,000.00				1,307,980.70	8,474.70	8,089.47	0.43	0.43	1.62
Managed Account Sub-Total		73,810,000.00				74,827,279.45	804,391.67	798,983.05	2.18	2.18	1.70
Money Market Mutual Fund											
CAMP Pool		2,704,738.67			1.00	2,704,738.67	0.00	0.00	0.00	0.00	
Money Market Sub-Total		2,704,738.67				2,704,738.67	0.00	0.00	0.00	0.00	
Securities Sub-Total		\$76,514,738.67				\$77,532,018.12	\$804,391.67	\$798,983.05	2.18	2.18	1.70%
Accrued Interest						\$414,763.39					
Total Investments						\$77,946,781.51					



Managed Account Security Transactions & Interest

For the Month Ending **December 31, 2019**

CITY OF EL CAJON - OPERATING FUNDS - 505-00 - (12510521)

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
INTEREST										
12/01/19	12/01/19	BLACKROCK INC CORP NOTES DTD 05/25/2012 3.375% 06/01/2022	09247XAJ0	1,125,000.00	0.00	18,984.38	18,984.38			
12/05/19	12/05/19	BANK OF NOVA SCOTIA HOUSTON CD DTD 06/07/2018 3.080% 06/05/2020	06417GU22	1,300,000.00	0.00	20,020.00	20,020.00			
12/08/19	12/08/19	FEDERAL HOME LOAN BANKS NOTES DTD 12/09/2013 3.375% 12/08/2023	3130A0F70	1,000,000.00	0.00	16,875.00	16,875.00			
12/19/19	12/19/19	FREDDIE MAC NOTES DTD 06/11/2018 2.750% 06/19/2023	3137EAEN5	2,610,000.00	0.00	35,887.50	35,887.50			
12/22/19	12/22/19	FNMA BENCHMARK NOTES DTD 04/27/2015 1.500% 06/22/2020	3135G0D75	2,000,000.00	0.00	15,000.00	15,000.00			
12/26/19	12/26/19	WAL-MART STORES INC CORP NOTES DTD 06/27/2018 3.400% 06/26/2023	931142EK5	1,125,000.00	0.00	19,125.00	19,125.00			
12/31/19	12/31/19	US TREASURY NOTES DTD 06/30/2017 1.750% 06/30/2022	912828XW5	955,000.00	0.00	8,356.25	8,356.25			
12/31/19	12/31/19	US TREASURY NOTES DTD 12/31/2014 1.625% 12/31/2019	912828G95	2,440,000.00	0.00	19,825.00	19,825.00			
12/31/19	12/31/19	US TREASURY NOTES DTD 12/31/2015 1.750% 12/31/2020	912828N48	1,575,000.00	0.00	13,781.25	13,781.25			
12/31/19	12/31/19	US TREASURY NOTES DTD 12/31/2015 1.750% 12/31/2020	912828N48	990,000.00	0.00	8,662.50	8,662.50			
Transaction Type Sub-Total				15,120,000.00	0.00	176,516.88	176,516.88			
MATURITY										
12/31/19	12/31/19	US TREASURY NOTES DTD 12/31/2014 1.625% 12/31/2019	912828G95	2,440,000.00	2,440,000.00	0.00	2,440,000.00	32,501.56	0.00	
Transaction Type Sub-Total				2,440,000.00	2,440,000.00	0.00	2,440,000.00	32,501.56	0.00	
Managed Account Sub-Total					2,440,000.00	176,516.88	2,616,516.88	32,501.56	0.00	
Total Security Transactions					\$2,440,000.00	\$176,516.88	\$2,616,516.88	\$32,501.56	\$0.00	



Account Statement

For the Month Ending **December 31, 2019**

CITY OF EL CAJON - OPERATING FUNDS - 505-00

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Total Shares Owned
CAMP Pool					
Opening Balance					73,580.22
12/02/19	12/02/19	Purchase - Interest 09247XAJ0	1.00	18,984.38	92,564.60
12/02/19	12/02/19	Purchase - Interest 912828WN6	1.00	20,000.00	112,564.60
12/05/19	12/05/19	Purchase - Interest 06417GU22	1.00	20,020.00	132,584.60
12/09/19	12/09/19	Purchase - Interest 3130A0F70	1.00	16,875.00	149,459.60
12/19/19	12/19/19	Purchase - Interest 3137EAEN5	1.00	35,887.50	185,347.10
12/23/19	12/23/19	Purchase - Interest 3135G0D75	1.00	15,000.00	200,347.10
12/26/19	12/26/19	Purchase - Interest 931142EK5	1.00	19,125.00	219,472.10
12/26/19	12/26/19	IP Fees November 2019	1.00	(5,466.76)	214,005.34
12/26/19	12/26/19	U.S. Bank Fees October 2019	1.00	(265.12)	213,740.22
12/31/19	12/31/19	Purchase - Interest 912828G95	1.00	19,825.00	233,565.22
12/31/19	12/31/19	Purchase - Interest 912828N48	1.00	13,781.25	247,346.47
12/31/19	12/31/19	Purchase - Interest 912828N48	1.00	8,662.50	256,008.97
12/31/19	12/31/19	Purchase - Interest 912828XW5	1.00	8,356.25	264,365.22
12/31/19	12/31/19	Purchase - Principal 912828G95	1.00	2,440,000.00	2,704,365.22
12/31/19	01/02/20	Accrual Income Div Reinvestment - Distributions	1.00	373.45	2,704,738.67



Account Statement

For the Month Ending **December 31, 2019**

CITY OF EL CAJON - OPERATING FUNDS - 505-00

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Total Shares Owned
Closing Balance					2,704,738.67
		Month of December	Fiscal YTD January-December		
Opening Balance		73,580.22	2,635,251.82	Closing Balance	2,704,738.67
Purchases		2,636,890.33	31,645,086.29	Average Monthly Balance	243,615.42
Redemptions (Excl. Checks)		(5,731.88)	(31,575,599.44)	Monthly Distribution Yield	1.80%
Check Disbursements		0.00	0.00		
Closing Balance		2,704,738.67	2,704,738.67		
Cash Dividends and Income		373.45	5,339.67		



City Council Agenda Report

Agenda Item 10.

DATE: February 11, 2020
TO: Honorable Mayor and City Councilmembers
FROM: Jamie Van Ravesteyn, Housing Manager
SUBJECT: Approval for Termination of Existing Disposition and Development Agreement and Sale of the Leasehold Interest and new Disposition and Development Agreement (Lexington Avenue Senior Apartments)

RECOMMENDATION:

That the Authority Board:

1. Affirms the public hearing is still open and accepts public testimony;
2. Closes the public hearing;
3. Adopts the next Resolution, in order, APPROVING the proposed conditional termination of the existing Disposition and Development Agreement, Regulatory Agreement and Ground Lease (collectively the "Existing DDA") between the El Cajon Housing Authority ("Authority"), as housing successor in interest to the El Cajon Redevelopment Agency ("Agency") and Lexington Avenue Senior Apartments, LLC, ("Original Developer"); and approving the sale of the leasehold interest and a new Disposition and Development Agreement, Regulatory Agreement, and Ground Lease (collectively the "New DDA") with ECJ Housing LP, an affiliate of Thomas Safran & Associates Development, Inc. ("Developer/Operator");
4. Authorizes receipt of sales proceeds, appropriation of funds in the Low and Moderate Income Housing Asset Fund ("LMIHAF"), and the expenditures as outlined in this report; and
5. Authorizes the Executive Director or designee to execute all affiliated documents, in final form as approved by the City Attorney.

BACKGROUND:

The Lexington Avenue Senior Apartments is a 100-unit senior housing project, located on the north side of East Lexington Avenue and adjacent to the San Diego County Library. The project consists of 88 one-bedroom and 12 two-bedroom units for very low-income seniors. The project was completed in 1995, and is subject to the Existing DDA. The project improvements are currently leased and managed by the Original Developer, under a Management Agreement with Goldrich Kest & Associates, general partner.

The project was originally developed and financed entirely by the Agency, including site assembly, demolition and construction. In 2012, the asset was transferred to the Authority, following the dissolution of the Agency. The Existing DDA provides that the Original Developer will lease the project from the Authority, as successor in interest to the Agency, for a 40-year period (until 2035), with an optional 25-year extension. The Original Developer has continuously

operated and maintained the original improvements in compliance with the Existing DDA since completion.

When the project was originally developed, the rent structure for tenants was deliberately set very low to assist extremely low-income seniors and to help the Agency meet its very low-income requirements. Since then and in accordance with the Existing DDA, rents have only been allowed to increase by changes in the Consumer Price Index (CPI) and are well under rents charged in other similar affordable projects. It is clear the current rent schedule does not provide sufficient operating income to allow the project to build reserves for major capital repairs.

The Original Developer recently entered into discussions with the Authority and Developer/Operator for the sale of the leasehold interest in the project, citing the Board's changing direction to move away from managing properties they do not own, among other reasons. The proposed Developer/Operator is highly skilled and experienced at operating senior projects and seeking outside financing, including both tax credit reservations and HUD-insured financing, in order to finance the rehabilitation of aging projects.

Proposed Sale

The Developer/Operator is proposing to acquire the leasehold interest in the project from the Original Developer and the Authority, for a transfer price of \$4.956 million, and to renovate and operate the project for 75 years. Terms of the sale and subsequent operations are outlined below and the attached Summary Report. The sale is conditioned upon the following: 1) entering into a New DDA and related documents, with financing and modified operating terms as outlined below and in the attached Summary Report; 2) receipt by the Developer/Operator of a HUD-insured first mortgage and a reservation of 9% Low Income Housing Tax Credits ("Tax Credits"); and 3) the termination of the Existing DDA simultaneous with the close of escrow. The completion of the sale is also conditioned upon the Authority's written approval for the transfer and its agreement to modified terms, including a \$3.95 million commitment to provide Project Based Rental Assistance, in support of a Tax Credit application. The \$3.95 million will be paid from the proceeds of the sale and will not impact the current LMIHAF balance.

Proposed Transaction Structure

Developer/Operator proposes to apply for a 9% tax credit allocation and a HUD-Insured First Mortgage (construction-to-permanent loan) to renovate the existing development. The terms of the sale are designed to maximize the competitiveness of an application for reservation of 9% tax credits, and to improve the valuation of the project to qualify for the HUD-Insured First Mortgage. The terms include, among other things:

- A total transfer price of \$4.956 million payable to the Authority;
- Payment by the Authority of a termination fee to the Original Developer of \$550,000;
- The commitment of \$3.95 million in Authority funds from the sales proceeds for Project-Based Rental Assistance ("PBRA") for a 15-year period;
- Payment of the remaining \$250,000 to the Authority at closing; and
- Assignment/assumption by the Developer/Operator of an outstanding Note in the amount of \$206,250, with a modified repayment schedule and terms that will include not less than 3% simple interest. The final terms of the modified Note will be based on the requirements of the HUD-Insured First Mortgage loan to be obtained by the Developer/Operator.

Proposed Development Budget

The total project budget is expected to be approximately \$17.9 million. The Developer's budget includes \$4.956 million to acquire the leasehold interest, hard construction costs of \$9.5 million, and other soft costs and contingency reserves of \$1.8 million. Developer/Operator will apply for a 9% tax credit allocation (\$10,679,695) and the HUD-Insured First Mortgage (construction-to-permanent loan) of \$4.565 million to pay for the renovations to the project. The Authority will commit \$3.95 million to subsidize the rents for 40 Extremely Low-Income tenant households for a period of 15 years.

Developer/Operator is anticipating over \$9 million in substantial rehabilitation to the now 25-year-old project. The final scope of work will include in-unit, corridor, common area and exterior building improvements; landscaping; fencing; and overall security improvements. In addition, excess proceeds, if any, will be applied to additional community benefits to be determined, but may include improvements to neighboring parking lots, (shade structures or solar covers), or as determined by the Executive Director.

Proposed Amendments to Ground Lease

Developer/Operator proposes that, concurrent with the purchase of the leasehold interest, the Authority and Developer/Operator would agree to modify the Ground Lease and Regulatory Agreement. A summary of the most significant terms are as follows:

- Extension of the affordability and lease terms of the project for an additional 60 years until 2095;
- Establishment of new rent limitation schedules (HCD or TCAC), with no financial impact to current residents; and
- Receipt of annual lease payments from the project, based on sharing of available surplus cash from operations (also referred to as "residual receipts" paid to the Housing Authority), with fixed percentages that will increase over time, as follows:
 - 25% first 15 years (payments to begin after 100% of the tax credit developer fee is paid, in approximately Year 6)
 - 35% years 16-25
 - 50% thereafter

This is anticipated to result in approximately \$12.7 million in lease income to the Authority over the next 55 years. These funds will be used to provide additional affordable housing opportunities in the future.

Proposed Amendments to Affordable Rent Restrictions

- Unit Mix: Under the New DDA,
 - 40 units will be designated as HCD/ELI and TCAC-30% units, reserved for extremely low-income ("ELI") senior households earning up to 30% of Area Median Income ("AMI");
 - The remaining 60 units will be reserved for senior households earning at or below 60% of AMI (excluding one manager's unit);
- "Grandfathered" units: Under the New DDA,
 - All existing tenants will continue to pay their current rent levels (with annual adjustments based only on CPI as outlined in Existing DDA). Once a unit turns over or if a new household member is added, new rent limitations will apply as outlined

below and in the attached Summary Report.

- ECHA Project-based Rental Assistance ("PBRA"):
 - The 40 HCD/ELI and TCAC-30% units will be designated for receipt of PBRA from the Authority ("subsidized units") for 15 years. The unit rent for these 40 subsidized units will remain constant at \$1,025 for the 15-year period. The PBRA will be paid as the difference between the tenant portion of the rent and the unit rent amount of \$1,025. To illustrate, as the tenant portion of the rent increases over time, whether through annual adjustments allowed under the Existing DDA or by unit turnover, the PBRA amount will decrease. If funds reserved for PBRA still remain after the 15-year period, the Authority, in its sole discretion, will have the option to continue or discontinue the PBRA.
- Unit Turnover: All existing tenants will continue to pay their current rent levels (with annual adjustments based only on CPI as outlined in Existing DDA). Once a unit turns over or when a new household member is added, the rent may be increased as follows:
 - **40 HCD/ELI/TCAC-30% units**: Once a unit turns over or when a new household member is added, the rent may be increased to the lesser of HCD or TCAC 30% rent limits then in effect, and rent increases will be limited to the maximum rent allowed as published by HCD and TCAC (whichever is lower).
 - **Remaining 60 units**: Once a unit turns over or when a new household member is added, the rent may be increased to the TCAC rent limits then in effect, and rent increases will be limited to the maximum rent allowed as published by TCAC.

Due diligence

Developer/Operator has submitted documentation that reasonably demonstrates its financial capability and overall competence and experience to acquire, renovate, and operate the project. Staff also contacted references from local housing consultants and other Southern California governments in which Developer/Operator has current projects and received positive feedback. Financial statements and operating plans were reviewed, and staff is confident in Developer/Operator's ability to secure the funding, acquire, renovate and operate the project as a quality affordable senior housing development.

Public Hearing Notice

The public notice for this hearing was published in the East County Gazette on January 9 and January 16, 2020, and the hearing was opened on January 28, 2020. During the hearing, the City Attorney recommended, and the Authority voted, to continue the hearing to February 11, 2020, to allow additional time for completion of the proposed agreements and related documents. Courtesy copies of the Notice listing the date for the continuation of the hearing were provided to each resident at Lexington Avenue Senior Apartments on February 4, 2020.

Recommendations

The Authority's approval of the sale and modified terms of the New DDA will result in many benefits to the Authority, the City, and the project in general, including but not limited to:

- Construction of approximately \$9.5 million in renovations to the project (which is not currently possible given the current project finances);
- Sale transaction will result in net revenue to the Authority, and no new Authority funds will be required;
- The Authority will continue to own the land and building, and at the end of the affordability

period, the project will revert to the Authority;

- Extension of the affordability covenants in the project for an additional 60 years, from 2035 to 2095;
- New rent limitation schedules for new tenants only, which will deliver positive cash flow in the project, with no financial impact to current residents;
- Increase in the receipt of annual lease income to the Authority, from \$1 per year currently, to more than \$12.7 million over 55 years;
- The project shall continue to generate property taxes, based on an assessed value of not less than \$5,000,000;
- Initial replacement reserves of \$50,000 will be established, and deposits of no less than \$30,000 each year (increasing by 1.5% annually) from operations for future capital repair needs will be required; and
- This project will assist the Authority to meet its 30% AMI expenditure requirements as outlined in California Health & Safety Code section 34176.1(a)(3)(A).

Staff recommends approval of the conditional termination of the existing DDA and Ground Lease between the Authority, as housing successor in interest to the Agency, and the Lexington Avenue Senior Apartments, and approval for the concurrent sale of the leasehold interest and a new DDA, Ground Lease, and related documents with ECJ Housing LP, an affiliate of Thomas Safran & Associates Development, Inc., including terms as outlined above.

Alternative actions

Absent the Authority's approval, the Original Developer will not be relieved from its obligation to perform under the Existing DDA and Ground Lease. Should the Authority decline to approve the termination of the Existing DDA and Ground Lease, and the concurrent sale of the leasehold interest and a New DDA, Ground Lease, and related documents with ECJ Housing LP, an affiliate of Thomas Safran & Associates Development, Inc., the Original Developer will be obligated to continue to operate the project in its current configuration.

CALIFORNIA ENVIRONMENTAL QUALITY ACT:

This project is exempt pursuant to CEQA Guidelines subsection 15061(b)(3), the "Common Sense Rule," which states that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The proposed project results in a new operator and rehabilitation of an existing senior housing development, and therefore does not raise this project to a level of significance that warrants CEQA analysis because the intensity of the existing development does not change and there are no potentially significant environmental effects.

FISCAL IMPACT:

There is no impact to the General Fund. The approval and completion of this transaction will result in revenue and expenditures in the Low and Moderate Income Housing Asset Fund (298900). Staff is requesting authorization from Authority Board to approve the sale of leasehold interest for \$4.96 million and appropriate \$4.5 million of the proceeds to project expenditures. The remaining proceeds from the sale will be deposited in the LMIHAF to be used for future housing projects.

Proceeds from the Sale of Leasehold Interest
Assumption of Existing Note Receivable

\$4,956,000
(\$206,250)

Net proceeds from the sale	\$4,749,750
LESS Appropriations:	
Project Expenditures	\$3,950,000
Termination Fee	\$550,000
Total Appropriations	\$4,500,000

If approved, the Developer/Operator will make its first application to TCAC in March of 2020, and the earliest this escrow could close would be December of 2020.

Prepared By: Jamie van Ravesteyn, Housing Manager

Reviewed By: Anthony Shute, Director of Community Development

Approved By: Graham Mitchell, City Manager

Attachments

Resolution

Summary Report

Developer/Operator Proposal dated 12/13/19

Draft DDA and Related Documents

Draft Termination Agreement

Public Hearing Notice

RESOLUTION NO. __-ECHA-20

A RESOLUTION OF THE BOARD OF THE
EL CAJON HOUSING AUTHORITY APPROVING
THE TERMINATION OF AN EXISTING
DISPOSITION AND DEVELOPMENT AGREEMENT,
SALE OF THE LEASEHOLD INTEREST, AND A
NEW DISPOSITION AND DEVELOPMENT AGREEMENT
FOR LEXINGTON AVENUE SENIOR APARTMENTS

WHEREAS, the Lexington Avenue Senior Apartments is a 100-unit senior housing project, located on the north side of East Lexington Avenue and adjacent to the San Diego County Library, and consists of 88 one-bedroom and 12 two-bedroom units for very low income seniors (the "Project") that was completed in 1995; and

WHEREAS, the Project improvements are currently leased to Lexington Avenue Senior Apartments, L.P., a California limited partnership (the "Original Developer"), and managed by the Original Developer under a Management Agreement with Goldrich Kest & Associates, general partner; and

WHEREAS, the project was originally developed and financed entirely by the El Cajon Redevelopment Agency (the "Agency"), including site assembly, demolition and construction, but in 2012, the asset was transferred to the El Cajon Housing Authority (the "Authority") following the dissolution of the Agency; and

WHEREAS, an existing Disposition and Development Agreement (the "Existing DDA") provides that the Original Developer will lease the project from the Authority, as successor in interest to the Agency, for a 40-year period (until 2035), with an optional 25-year extension; and

WHEREAS, the Original Developer recently entered into discussions with the Authority and Thomas Safran & Associates Development, Inc. a California corporation (the "Developer/Operator") for the sale of the leasehold interest in the project; and

WHEREAS, the Developer/Operator, through its controlled or managed affiliates, is highly skilled and experienced at operating senior projects and seeking outside financing, including both tax credit reservations and HUD-insured financing, in order to finance the rehabilitation of aging projects; and

WHEREAS, the Developer/Operator is proposing to acquire the leasehold interest in the project from the Original Developer and the Authority, for a transfer price of \$4.956 million, and to renovate and operate the project for 75 years; and

WHEREAS, the sale is conditioned upon the following: (1) entering into a new Disposition and Development Agreement (the "New DDA") and related documents, with financing and modified operating terms as outlined below and in the attached Summary Report; (2) receipt by the Developer/Operator of a HUD-insured first mortgage and a reservation of 9% Low Income Housing Tax Credits ("Tax Credits"); and (3) the

termination of the Existing DDA simultaneous with the close of escrow; and

WHEREAS, the completion of the sale is also conditioned upon the Authority's written approval for the transfer and its agreement to modified terms, including a \$3.95 million commitment to provide Project Based Rental Assistance, in support of a Tax Credit application, with the \$3.95 million to be paid from the proceeds of the sale, which will not impact the current Low and Moderate Income Housing Asset Fund ("LMIHAF") balance; and

WHEREAS, Developer/Operator has submitted documentation that reasonably demonstrates its financial capability and overall competence and experience to acquire, renovate, and operate the project, and staff also contacted references from local housing consultants and other Southern California governments in which Developer/Operator has current projects and received positive feedback; and

WHEREAS, financial statements and operating plans were reviewed, and staff is confident in Developer/Operator's ability to secure the funding, acquire, renovate and operate the project as a quality affordable senior housing development; and

WHEREAS, the public notice for this hearing was published in the East County Gazette on January 9 and January 16, 2020, and the hearing was opened on January 28, 2020; and

WHEREAS, during the hearing, the City Attorney recommended and the Authority voted to continue the hearing to February 11, 2020, to allow additional time for completion of the proposed agreements and related documents, and courtesy copies of the Notice listing the date for the continuation of the hearing were provided to each resident at Lexington Avenue Senior Apartments on February 4, 2020; and

WHEREAS, staff recommends approval of the conditional termination of the existing DDA and Ground Lease between the Authority, as housing successor in interest to the Agency, and the Lexington Avenue Senior Apartments, and approval for the concurrent sale of the leasehold interest and a new DDA, Ground Lease, and related documents with ECJ Housing LP, an affiliate of Thomas Safran & Associates Development, Inc., including terms as outlined above; and

WHEREAS, this project is exempt pursuant to CEQA Guidelines subsection 15061(b)(3), the "Common Sense Rule," which states that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The proposed project results in a new operator and rehabilitation of an existing senior housing development, and therefore does not raise this project to a level of significance that warrants CEQA analysis because the intensity of the existing development does not change and there are no potentially significant environmental effects; and

WHEREAS, there is no impact to the General Fund, and the approval and

completion of this transaction will result in revenue and expenditures in the Low and Moderate Income Housing Asset Fund (298900), and staff is requesting authorization from Authority Board to approve the sale of leasehold interest for \$4.96 million and appropriate \$4.5 million of the proceeds to project expenditures, with the remaining proceeds from the sale to be deposited in the LMIHAF to be used for future housing projects.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF THE EL CAJON HOUSING AUTHORITY AS FOLLOWS:

1. The above recitals are true and correct, and are the findings of the Board of Commissioners.

2. The Authority Board hereby approves the proposed conditional termination of the existing Disposition and Development Agreement, Regulatory Agreement and Ground Lease (collectively the "Existing DDA") between the Authority, as housing successor in interest to the Agency and the Original Developer; and approves the sale of the leasehold interest to, and a new Disposition and Development Agreement, Regulatory Agreement, Leasehold Deed of Trust, and Ground Lease (collectively the "New DDA") with, ECJ Housing LP, an affiliate of Thomas Safran & Associates Development, Inc., substantially in the forms as presented to the Authority Board at this meeting, with such changes as may be approved by the Executive Director.

3. The Authority Board hereby authorizes receipt of sales proceeds, appropriation of funds in the LMIHAF, and the expenditures as outlined.

4. The Executive Director, or the Executive Director's designee, is hereby authorized to execute the New DDA and all affiliated documents as contemplated herein and in order to complete the transaction, with such changes as may be necessary, in the determination of the Executive Director, in final form as approved by the City Attorney. The Secretary is hereby authorized to attest the Executive Director's signature, or the signature of such person designated by the Executive Director, and to record the New DDA, including a memorandum of lease, a leasehold deed of trust, and such other documents necessary to complete the transaction.

SUMMARY REPORT

FOR THE TERMINATION OF THE EXISTING DISPOSITION AND DEVELOPMENT AGREEMENT AND GROUND LEASE BETWEEN THE EL CAJON HOUSING AUTHORITY, AS SUCCESSOR IN INTEREST TO THE EL CAJON REDEVELOPMENT AGENCY AND LEXINGTON AVENUE SENIOR APARTMENTS, LLC, AND APPROVAL FOR THE SALE OF THE LEASEHOLD INTEREST AND A NEW DISPOSITION AND DEVELOPMENT AGREEMENT AND GROUND LEASE WITH THOMAS SAFRAN & ASSOCIATES DEVELOPMENT, INC.

Property address: 250 E. Lexington Avenue, El Cajon, CA
(APN: 488-212-21-00)

Public Hearing Date: January 28, 2020

INTRODUCTION

This document is the Summary Report (“Report”) of the termination of the existing Disposition and Development Agreement, Regulatory Agreement and Ground Lease (collectively the “Existing DDA”) between the El Cajon Housing Authority (“Authority”), as successor in interest to the El Cajon Redevelopment Agency (“Agency”) and Lexington Avenue Senior Apartments, (“Original Developer”), the reversion of the site and building improvements from the Original Developer to the Authority, and the sale of the leasehold interest and a new Disposition and Development Agreement, Regulatory Agreement and Ground Lease (collectively the “New DDA”) with Thomas Safran & Associates Development, Inc., or any assignee controlled by Thomas L. Safran or Thomas Safran & Associates Development, Inc., including, without limitation ECJ Housing LP, a California limited partnership (“Developer/Operator”).

The Existing DDA was executed in 1993 and included the development and operation of a 100-unit senior citizen complex, located at 250 E. Lexington Avenue, El Cajon, CA, referred to as the Lexington Avenue Senior Apartments (the “Project”). The development improvements were completed in 1995. The Existing DDA provides that the Original Developer will lease the Project from the Authority, as successor in interest to the Agency, for a 40-year period (until 2035), with an optional 25-year extension. The Original Developer has continuously operated and maintained the original improvements in compliance with the Existing DDA since completion.

The Original Developer, Authority and Developer/Operator have recently entered into discussions for the termination of the Original Developer’s leasehold interest in the Project, reversion of interest in the Project to the Authority and then entering into a New DDA between the Authority and Developer/Operator. Completion of the transaction requires the written approval of the Authority, and is further contingent upon the receipt by the Developer/Operator of a reservation

of Low Income Housing Tax Credits (“Tax Credits”) as detailed below. Following the termination of the Existing DDA and Original Developer’s leasehold interest in the Project, Developer/Operator is proposing to acquire the leasehold interest in the Project pursuant to a new DDA with financing and modified operating terms as outlined in this report.

The terms of the sale and the new DDA include, among other things: total transfer price of \$4.956 million payable to the Authority (with a portion payable to the Original Developer) as outlined in this report; payment of a termination fee to the Original Developer of \$550,000; provision of \$3.95 million in Authority funds set-aside from proceeds from the sale for Project-Based Rental Assistance (PBRA); the payment of annual Lease Payments to the Authority based on the availability of surplus cash resulting from operations and increasing over time (also referred to as “residual receipts”); construction of approximately \$9 million in renovations to the Project; the establishment of new rent and occupancy standards to meet the regulatory requirements of the various funding agencies, with no financial impact to current residents; and extension of the affordability and lease terms of the Project for an additional 60 years until 2095. In addition, in connection with the execution of the new ground lease, the Developer/Operator will assume the outstanding Authority Construction Loan balance from the Original Developer (\$206,250). The provision of funds for PBRA from the proceeds of the sale will be provided in the form of an operating subsidy to the Project which is not required to be repaid. No additional Authority funds are required.

This report has been prepared pursuant to section 33433 of the California Health and Safety Code (California Community Redevelopment Law), and sets forth the following:

- The cost of the DDA to the Authority, including land acquisition cost, site clearance cost, relocation cost, the costs of any improvements to be provided by the Agency, plus the expected interest expense on any loans or bonds to finance the DDA.
- The estimated value of the interest to be conveyed or leased, determined at the highest uses permitted under the City of El Cajon’s General Plan and the Agency’s Redevelopment Plan.
- The sum of the lease payments which the Developer/Operator will be required to make, as well as an explanation of the reason, if any, the lease amount is less than fair market value.
- The estimated return of principal and interest to the Authority for financing a portion of the Project.

LEXINGTON AVENUE SENIOR APARTMENTS SENIOR CITIZENS PROJECT

Project Initiation: The Project was originally initiated in April of 1991, when the Agency adopted a Design for Development calling for a senior citizens residential project. The Agency then commenced with site acquisition and assembly, solicited development proposals, and entered into the Existing DDA with the

Original Developer in 1993. The Existing DDA provided that the Original Developer would construct a 100-unit, 4-story senior citizen rental complex, and then lease the Project from the Agency and operate it for a 40-year period, with an option for an additional 25 years. Further, the Original Developer would also construct 125 parking spaces and an open space/pedestrian walkway in the abandoned Prescott Avenue right-of-way. The total value of the Project was projected to be \$5.0 million, not including land cost.

The development improvements were completed in 1995. The Original Developer has continuously operated and maintained the original Improvements in compliance with the Existing DDA since completion.

Original Project Funding: The Agency financed 100% of the Project development costs, including site acquisition, relocation of existing businesses and tenants, demolition, and construction of the 100-unit senior citizen complex and adjacent parking area. Original funding sources involved a combination of Federal HOME housing funds, and the Agency's 20% set-aside housing funds. The Federal HOME monies funded approximately \$910,000 of the Project activities, with the \$7,359,993 balance being funded with Agency housing set-aside monies. In 1992, the Agency issued a \$35,600,000 tax exempt bond issue and set-aside approximately 20% of the bond proceeds to fund site acquisition and Project development activities (see the table below). The bond proceeds were the source of the Agency's housing set-aside funding commitment. The Agency funded 100% of the Project development costs, as follows:

Agency Project Costs:

Site Assembly:	
Acquisition	\$2,500,193
Relocation	563,200
Asbestos Removal/Demolition	146,600
Utility Relocation	60,000
	<u>\$3,269,993</u>
Project Construction (per DDA)	\$5,000,000
Interest Expense on Bonds (\$7.36 million of 30-year term tax exempt bonds @ 6.597% interest)	\$11,503,765
TOTAL PROJECT COSTS	<u>\$19,773,758</u>

Sources of Funds:

1992 Bond Proceeds	\$7,359,993
HOME Funds	910,000
Future Tax Increment Revenue (to fund bond interest expense)	11,503,765
TOTAL SOURCES	<u>\$19,773,758</u>

Agency funds were provided to finance 100% of Project development costs, including site assembly, demolition and construction. A portion of the funds (\$550,000) was provided to the Original Developer as a loan ("Construction Loan"). The Construction Loan was provided interest-free, and is repayable in forty (40) equal installments, except that if the Original Developer is determined to be in compliance with the provisions of the Existing DDA for the one-year immediately preceding the due date, the installment is forgiven each year. Original Developer has continuously operated and maintained the Project in compliance with the Existing DDA since completion, and the installment payments of \$13,750 have been forgiven each year. The current outstanding balance of the Construction Loan is \$206,250.

The remainder of the Agency funds were provided as a grant, with no obligation to repay the funds ("Construction Grant").

Replacement Housing Benefit: The original development of the Project resulted in the demolition of 32 affordable housing units with a total of 47 bedrooms during the site acquisition and assembly phase. Under the California Community Redevelopment Law, the Agency was required to replace the aforementioned units and bedrooms within four years of their destruction, and cause the construction of replacement units that featured the same number of bedrooms that were housed in the demolished units. The completion of this Project included the construction of 100 affordable housing units with a total of 112 bedrooms. The entire replacement obligation was satisfied upon Project completion in 1995.

Project Development and Rental Summary

Development: 100-unit, 4-story senior citizen rental housing complex:

- 88 one bedrooms
- 12 two bedrooms
- 45-space secured parking for resident use only
- 80-space guest/overflow parking for resident/visitor/general public use
- Outdoor recreation areas, vegetable garden, patios and walkways

Eligible

Occupants: One to three person extremely low-, very low- and low-income senior citizen (62 years or older) households; persons 45 years or older may reside in units if they are a spouse, cohabitant, or a primary economic support provider to a qualifying resident.

Existing Tenant

Rent/Utility

Costs: The rent restrictions in the Existing DDA were originated in 1995 and were deliberately set very low. This was initiated to

assist extremely low-income seniors (many of whom were former residents of the area displaced by the Project) with quality affordable housing, and presumably to help the Agency to meet its Very Low Income requirements. The rents were allowed to increase only by the annual changes in CPI.

Current 2019 rent limits, including utilities, are as follows:

Tier 1 (1 bdrm):	\$459
Tier 2 (1 bdrm):	\$545
Tier 3 (1 bdrm):	\$631
Tier 3 (2 bdrm):	\$631

*New Tenant
Rent/Utility
Costs:*

Under the New DDA and Regulatory Agreement, rent restrictions will start and most likely remain below affordable extremely low-, very low- income, low-income and moderate-income rent levels for the (100) one- and two-bedroom units as delineated by federal, state, and redevelopment housing statutes. Under the New DDA, tenant rents will be established utilizing a combination of Project-based Rental Assistance (PBRA), HCD rent restrictions and Tax Credit rent restrictions.

Grandfathering of Existing Tenants: Under the New DDA, all existing tenants will continue to pay their current rent levels (with annual adjustments based on CPI as outlined in Existing DDA). Upon unit turnover or whenever a new household member is added, new rent limitations will apply as noted below.

Project-based Rental Assistance (PBRA): Under the New DDA, forty (40) units will be designated as both HCD/ELI and TCAC-30% units and will be available to extremely-low income households (ELI) earning at or below 30% of Area Median Income (AMI). These ELI units will be assisted with PBRA from funds set-aside by the Authority for this Project for 15 years, or longer if funds set-aside for this purpose still remain, at the Authority’s option.

1st Year Rents on HCD/ELI (PBRA-subsidized) units: Unit rents will be set at \$1,025 per month and will not change. Existing tenants will continue to pay their current rent levels (adjusted annually based on CPI increases), and PBRA will fund the difference. Once an HCD/ELI unit turns over, or

when a new household member is added, the rent level will be set to then-current HCD/ELI rent limits (adjusted annually based on allowable HCD rent limit increases or TCAC-30% rent limits, whichever is lower), and PBRA will fund the difference. As the tenant portion of the rent increases (due to annual adjustments based on CPI or allowable HCD increases), the PBRA subsidy amount will decrease.

1st Year Rents on TCAC-60% (non-subsidized, non-ELI) units: Under the New DDA, the remaining sixty (60) units will be designated as TCAC-50% or TCAC-60% units and must be rented to low income households earning at or below 50% or 60% of AMI, respectively. Existing tenants will continue to pay their current rent levels (adjusted annually based on CPI increases). Once a TCAC-50% or TCAC-60% unit turns over, or a new household member is added, the rent level will be set to then-current TCAC rent limits for that level (adjusted annually based on allowable TCAC rent limit increases).

All utility costs (electricity, water and sewer) are paid by the Developer/Operator and are included in the maximum rent limits that may be charged.

Units shall be leased to elderly families, defined by HUD as “a family whose head of household is 62 plus years of age and any others including children living in such household.”

THE NEW DDA-ITS PURPOSE

The New DDA is a contractual agreement between the Authority and the Developer/Operator that sets forth the responsibilities, time frame, and financing of Project development activities, and the terms for the subsequent Project operations. The responsibilities for each of the Authority and Developer/Operator are set forth below.

Authority’s Responsibilities

1. Approve the sale of the leasehold interest in the land and fee interest in the improvements constituting the Project from the Authority to the Developer/Operator for a transfer price of \$4,956,000, and enter into a New DDA and Ground Lease with the Developer/Operator.
2. Concurrently execute the New DDA and a conditional Termination Agreement providing for (i) early termination of the Existing DDA, Regulatory Agreement and existing Ground Lease between the Original Developer and the Authority, as successor in interest to the Agency, and (ii) providing for the payment of a termination fee to Original Developer of

not to exceed \$550,000 from the proceeds of the sale by the Authority. The execution of the Termination Agreement will be conditioned upon the Developer/Operator subsequently obtaining financing and acquiring the leasehold interest from the Authority through the close of an escrow.

3. Execute a new Ground Lease for the Project to the Developer/Operator for term expiring in 2095, with annual lease payments equal to a percentage of Surplus Cash available as defined by HUD Program Obligations (also referred to as "residual receipts") on a scaling basis as follows: 25% during the first 15 years, 35% during years 16 through 25, and 50% of residual receipts thereafter (payments to begin after 100% of the tax credit developer fee is paid).
4. Set-aside an amount not to exceed \$3,950,000 in project-based rental assistance for 40 Extremely Low-income units over 15 years, or longer if funds set-aside for this purpose still remain, at the Authority's option.
5. Provide and execute a TCAC Lease Rider as required for leasehold interests receiving tax credits.
6. Provide and execute a HUD Multi-Family Lease Addendum for leasehold interest receiving a HUD-insured first mortgage.
7. Any affordability covenants of the New DDA, the Lease and any other Authority agreements including but not limited to the DDA shall be subordinated to the HUD-Insured First Mortgage in compliance with HUD Program Obligations. All documents associated with the existing \$206,250 Authority Construction Loan will be subordinated to the HUD-insured first mortgage using the HUD form subordination agreement in compliance with HUD Program Obligations.
8. Annually, review Project financials (including operating budget, income and expense statements, and annual replacement reserve balances), and conduct rental compliance monitoring.
9. In addition to the documents expressly enumerated above enter into such subordination agreement and/or amendments, with respect to the terms of the transaction as may be required by HUD, the Developer/Operator's conventional lenders, and/or tax credit investor, subject to approval of the Authority's counsel as to form and content.

Developer/Operator's Responsibilities

1. Apply for and use best efforts to secure a 9% tax credit allocation (of approximately \$10,679,695) and a HUD-Insured First Mortgage (construction-to-permanent loan of approximately \$4,565,600) to purchase the leasehold interest and renovate the project.

2. Assume operation of the Project and site improvements, and lease the Project for a 75-year term or until 2095. After the 75-year Ground Lease term, the Project and site improvements shall revert to the Authority or its successor in interest. This reversion at the expiration of the lease term shall occur without any compensation to the Developer/Operator.
3. Assume the outstanding Authority Construction Loan from Original Developer, with a modified repayment schedule to be determined by Authority staff.
4. Establish the first-year unit rent schedule, subject to annual increases, as outlined above.
5. Annually make lease payments to the Authority equal to a percentage of Surplus Cash available as defined by HUD Program Obligations (also referred to as "residual receipts") on a scaling basis as follows: 25% during the first 15 years, 35% during years 16 through 25, and 50% of residual receipts thereafter (payments to begin after 100% of the tax credit developer fee is paid, in approximately Year 6).
6. Construct substantial renovations at the Project (also referred to as "substantial rehabilitation") to extend the useful life of the Project for a minimum of 53 years (as defined by HUD Program Guidelines). "Substantial rehabilitation" shall include rehabilitation, the value of which constitutes at least 25 percent of the after-rehabilitation value of the Project, inclusive of the land value, as outlined in California Health & Safety Code section 33413(b)(2)(iv)). Substantial rehabilitation shall include the replacement of all major building systems, exterior and landscaping improvements, in-unit and corridor fixtures, and community rooms and areas upgrades. Renovations are also to include community improvements related to the Project, including the addition of solar carports to the adjacent public parking lot which is available as overflow parking for the Project's residents.
7. Provide temporary relocation benefits to residents that are displaced by the renovations.
8. Annually fund a replacement reserve fund for Project capital repairs; deposits shall be \$30,000 per year in the first year, and shall increase by 1.5% in each subsequent year during the term of the new Ground Lease .
9. Annually pay property tax on the Project, site improvements and the leasehold interest, based on an assessed value of not less than \$5,000,000; provided, however, the foregoing shall not prohibit Developer/Operator from seeking a welfare tax exemption with respect to any assessed value in excess of \$5,000,000. In 2018, the property was valued at \$5,879,571 with annual taxes of \$58,796.

10. Maintain Project site improvements in accordance with the requirements of the new Regulatory Agreement. If this does not occur, the Authority has the right to cure maintenance defaults and charge the Developer/Operator for costs incurred. If defaults under the Regulatory Agreement continue beyond all notice and cure periods, the Authority or its successor in interest (the City) has the right to terminate the lease and assume Project ownership.
11. Maintain insurance on the Project and all accessory site improvements. All insurance policies shall name the El Cajon Housing Authority, as successor in interest and, where applicable, the City as additional insureds.
12. Permit the recordation of affordability covenants to maintain 100 units of rental housing affordable for extremely low-, very low- low-and moderate income households for 75 years.

THE COST OF THE AGREEMENT TO THE AUTHORITY

The costs of the New DDA to the Authority involve the following components, which are further discussed below.

- Payment of a Termination Fee to Original Developer
- Provision of Project-based Rental Assistance

Termination Fee to Original Developer

Pursuant to the terms of an early termination agreement, the Authority will pay a termination fee to the Original Developer from the proceeds of its sale of the leasehold interest to Developer/Operator. No other payments to the Original Developer or any other party will be paid. The total termination fee cost is \$550,000.

Provision of Project-based Rental Assistance

The Authority will provide an amount not to exceed \$3,950,000 in project-based rental assistance, from the proceeds of the sale of the leasehold interest to Developer/Operator, to subsidize the rents for forty (40) Extremely Low-Income (ELI) units over 15 years, or longer, at the Authority's option, if funds still remain.

Project Construction Funding

Developer/Operator will obtain both HUD-insured financing and federal tax credits to fund all Project construction costs and associated improvements. The New DDA provides that the Developer/Operator will secure these funding sources and shall pay a transfer price equal to \$4.956 million to the Authority. The Developer/Operator will use HUD and tax credit funding to pay all costs of renovations, including design, construction and off-site community improvement activities associated with the Project. Authority funding will be used for project-

based rental assistance only which will permit subsequent unit rents to be lower than federal and state prescribed affordable rents for forty (40) extremely low income households, for 15 years.

A portion of the original development funding (\$550,000) was provided as a loan ("Authority Construction Loan"). Developer/Operator shall assume the outstanding balance of the Construction Loan (\$206,250) with a modified repayment schedule and terms that will include not less than 3% simple interest. The final terms of the modified Note will be based on the requirements of the HUD-insured FHA loan to be obtained. The total repayment on the Construction Loan is unknown at this time.

No additional Authority funds will be required.

ESTIMATED VALUE OF PROPERTY TO BE CONVEYED

The Developer/Operator commissioned an appraisal by Novogradac Consulting LLP to determine the final estimated Market and land value for the Project. This firm was selected due to their experience of preparing real estate appraisals for federal tax credit applications, reuse appraisals and familiarity with the real estate market. The appraiser's analysis involved extensive review of the Existing DDA and Developer/Operator's proposal, the proposed new rent restrictions that establish rental rates that will be affordable to extremely low-, very low-, and low-income households, and the resultant impact on Project rental income. Based upon the Project's proposed rental income, combined with the restrictions imposed by the New DDA on rental rate increases (the requirement that the rents for the 75-year term of the Ground Lease must be affordable to extremely low-, very low, and low-income senior citizen households), the appraisal indicated that the resulting value of the Project land and improvements would be \$15,500,000 (based upon the income the Project generates at the restricted rental rates).

PROPERTY LEASE PAYMENTS-WHY LESS THAN FAIR MARKET VALUE

The Developer/Operator will pay the Authority annual lease payments equal to a percentage of Surplus Cash available as defined by HUD Program Obligations (also referred to as "residual receipts") on a scaling basis as follows: 25% during the first 15 years, 35% during years 16 through 25, and 50% of residual receipts thereafter (payments to begin after 100% of the tax credit developer fee is paid, in approximately Year 6). This is expected to result in approximately \$12.7 million of rental income to the Authority over 55 years.

The Authority is electing to lease the Project for less than Fair Market Value during the new Ground Lease period in order to reduce the cost of operating the Project. By reducing these costs, the Developer/Operator can rent the 100 units at rental rates that are at or below the affordable rents for extremely low, very low, low, and moderate income senior households. The Agency desires to do this in order to provide affordable housing opportunities for extremely low, very low, low and moderate income senior households.



December 13, 2019

Anthony Shute & Jamie van Ravesteyn
El Cajon Housing Authority & City of El Cajon
Community Development – Housing, Third Floor
200 Civic Center Way
El Cajon, CA 92020
Via Email

Re: Lexington Avenue Senior Apartments

Dear Mr Shute & Ms. Van Ravestyn:

Thomas Safran & Associates Development Inc. (“TSA”) is pleased to present the following proposal to acquire the leasehold interest in Lexington Avenue Senior Apartments. Our proposal is contingent upon El Cajon Housing Authority terminating the existing Disposition and Development Agreement and Lease and to enter into a new lease for the site and improvements with TSA. TSA would be the Developer and its Affiliate will serve as property management agent and as a general partner of the Lessee.

This updated Proposal is organized as follows:

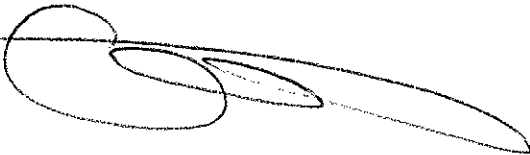
1. Terms of Development and Disposition Agreement & Lease
2. Proposal to City of El Cajon Housing Authority as Lessor
 - o Extension of Lease Term
 - o Residual Receipts Lease Payment
 - o Amended Rent Restrictions & “Grandfathering of Rents”
 - o Enter into the form of TCAC Lease Rider and HUD Lease Addendum
 - o Review of Benefits to the City
3. Discussion of Transaction Structure
 - o Project Based Rental Assistance

- Assignment, Assumption & Modification of City of El Cajon Re-Development Agency Loan - Fund 290
- 9% Low-Income Housing Tax Credits
- HUD Insured Financing
- Scope of Renovation

4. Enclosures/Exhibits Related to the Proposal

- Affordability Designations, Restrictive Covenants & PBRA
- Tax Credit Syndication Sources & Uses
- Tax Credit Development Budget
- 15-Year ProForma

Sincerely,

A handwritten signature in black ink, appearing to read 'Anthony Yannatta', written over a horizontal line.

Anthony Yannatta

1. Terms of Development and Disposition Agreement with El Cajon Housing Authority

Thomas Safran & Associates Development Inc. (“TSA”), with rights to assign to a to-be-formed affiliated California limited partnership entity, will enter into a Development and Disposition Agreement (the “DDA”) with the City and Authority to acquire a leasehold interest in the site and the building improvements.

The DDA acknowledge and/or provide for the following:

- (i) The El Cajon Housing Authority & G&K will execute a termination agreement providing for an early termination of the Original Ground Lease (between El Cajon Housing Authority & G&K (the “Termination” Agreement”)with respect to the site and upon termination of the Original Ground Lease, the site and improvements revert to the Authority
- (ii) The Termination Agreement will provide that the Authority will pay G&K a termination fee equal to \$550,000 (the “Termination Fee”) upon execution of the Lease (as defined below) and concurrently with execution of the Lease, G&K shall assign the existing Redevelopment Agency Fund 290 Loan to G&K (in an approximate amount of \$206,000) (the “Existing RDA Loan”);
- (iii) Concurrently with termination of the Original Ground Lease, the Authority and TSA will execute a new Ground Lease (the “Lease”) with a lease term through 2095, and a new regulatory agreement containing rent restrictions and a.
- (iv) The City will provide project based rental assistance to the Project consistent with this proposal;

As consideration for the Lease, TSA shall pay capitalized ground rent to the Authority i in an amount equal to \$4,956,000 at execution of the Lease (the “Capitalized Rent Payment”). In addition, the Buyer shall assume the existing RDA Loan. Proceeds from the Capitalized Rent Payment will be used by the Authority to pay the Termination Fee, and to fund a project based rental subsidy for the Project in accordance with the DDA.

<i>Sales Proceeds Waterfall</i>		
Transfer Price		\$ 4,956,000
Assumption of Fund 290 Loan		\$ (206,000)
Cash Consideration to El Cajon Housing Authority		\$ 4,750,000
Lease Termination Fee		\$ (550,000)
15-Year Project Based Subsidy Funding		\$ (3,950,000)
Balance El Cajon Housing Authority		\$ 250,000

2. New Lease

TSA proposes New Ground Lease contain the following terms:

- Term: Lease Term to 2095
- Rent: In addition to the Capitalized Rent Payment, annual Lease Payments shall be a percentage of residual receipts, subject to the availability of “Surplus Cash” as defined by HUD Program Obligations. Residual receipts payment shall be on a scaling basis: 25% for the first 15 years, 35% of residual receipts during years 16 through 25 and 50% of residual receipts thereafter. Repayment of the tax credit program calculated developer fee would be a priority payment before any residual receipt payment. Any affordability restrictions under the Lease will be subordinated to the FHA loan per HUD Program Obligations.
- “Grandfathering” of Existing Tenants: All existing tenants’ current tenant-paid rent levels will not change and annual increases for all existing tenants would be based on the same “CPI Adjustment” used in the current project Development & Disposition Agreement (the “DDA”). If any new members are added to a household, (i.e. the tenant mix in a household changes) then rents could be increased in compliance with tenant leases and landlord tenant law and applicable HUD and LIHTC rules and requirements.
- Unit Turnover: The tenant portion of Housing Authority-subsidized ELI units shall be set at then-current ELI rent limits and adjusted annually by the allowable HCD increase (but shall not decrease). The rents for the non-subsidized, non-ELI units

shall be set at TCAC rent limits and adjusted annually by the allowable TCAC increase.

- Amended Rent & Occupancy Restrictions: The New Regulatory Agreement the 40 1-BR Units are designated as HCD/ELI and TCAC-30% and the balance of units shall be at or below TCAC 60% and subject to TCAC rent limits for 1br and 2br units (HCD rent limits are not applicable). (See below for a discussion of the project based rental assistance on the 40 ELI 1BR units. See above for a discussion of rent increases). Units shall be leased to elderly families, defined by HUD as “ a family whose head of household is 62 plus years of age and any others including children living in such household
- TCAC Rider: City, as Lessor, shall enter into the TCAC Form of Lease Rider required for leasehold interests receiving tax credits. See Enclosures.
- HUD Lease Addendum & Subordination: The project will utilize a HUD-insured first mortgage which requires the public agency Lessor to execute the HUD Lease Addendum (Form-92070). Any affordability covenants of the Regulatory Agreement, the Lease and any other City agreements including but not limited to the DDA shall be subordinated to the HUD-Insured First Mortgage in compliance with HUD Program Obligations. The Redevelopment Agency Fund 290 Loan will be subordinated to the HUD-insured first mortgage using the HUD form subordination agreement in compliance with HUD Program Obligations.
- Review of Benefits to the Housing Authority & City
 - \$250,000 payment to Housing Authority at closing. No additional authority or city funds are being requested; transaction will utilize federal low-income housing tax credits.
 - Lease Payments: Subject to Surplus Cash as set forth above, 25%, 35% and then 50% of residual receipts (after tax credit developer fee). Same percentages apply to net capital proceeds from a capital event.
 - Preservation of affordability (grandfathering rents of existing tenants) and extension of affordability through 2095.
 - Proven and reputable owner/operator of affordable housing with repeat success in securing 9% tax credits. Develops and manages affordable housing communities to the highest standards. Highly experienced in combining tax credits with HUD-insured mortgage financing.

- \$9+ million renovation budget paying federal prevailing wage will create jobs in El Cajon.
- No financial impact on current residents.

3. Transaction Structure

The project will utilize a combination of project based rental assistance, assumption and modification of the Redevelopment Agency Loan (Fund 290), 9% federal low-income housing tax credits and a HUD-insured first mortgage.

- Project Based Rental Assistance (“PBRA”): At closing, utilizing proceeds from the proposed transaction, the Housing Authority shall set aside \$3.95MM of funds for PBRA dedicated to the Project. The \$3.95MM shall be used for a period of 15 years and applied to the 40 HCD/ELI 1-BR units at the project. The Contract Rent for each of the 40 1BR unit shall be set at \$1,025 and shall remain constant over the term of the 15 year-subsidy contract. The \$3.95MM will fund the difference between the tenant portion of rent and \$1,025. As the tenant portion increases due to annual rent increases and turnover, the subsidy amount per unit will decrease. If funds are left over after 15 years the Housing Authority shall have the option of continuing the project based rental assistance.
- Assignment, Assumption & Modification of City of El Cajon Re-Development Agency Loan (Fund 290): The Loan would be assigned by G &K to and assumed by the TSA owner entity affiliate at closing. The FY '93-'94 Loan in the amount of \$550,000 and bearing 0% simple interest matures in FY 2033-34. If required by HUD this loan will be extended to a maturity date on or after the maturing date of the HUD-insured FHA loan. The current loan requires an \$13,750 annual payment, payment of which is forgiven each year provided the project is operated in accordance with the Regulatory Agreement. TSA’s proposal requires four modifications:
 - The Agency Loan maturity date shall be extended by approx. 42 years to a date outside that of the maturity date of the HUD-insured first mortgage
 - The Agency Loan shall require no payments (nor any payment forgiveness for a period of 15 years). Beginning in year 16, the balance of accrued interest and principal shall be forgiven in equal installments through the modified maturity date, if the project is determined to be in compliance with the DDA and Ground Lease.
 - The simple interest rate (currently 0%) shall be increased to be the equivalent of a simple interest rate that permits the Loan to be included in

tax credit acquisition basis or the applicable minimum federal compounding rate at the time of closing.

- Subordination of the loan documents to the HUD-insured first mortgage in accordance with HUD Program Obligations and subordination of affordability covenants, if any, in accordance with HUD Program Obligations.
- 9% Federal Tax Credits: The PSA allows for multiple attempts at securing a 9% tax credit award. The project will be competitive based on the lease and the project based rental assistance. agreement. A federal tax credit award requires the Lessor execute the TCAC Lease Rider (see Enclosures).
- HUD-Insured First Mortgage: A 9% tax credit award does not require use of tax-exempt debt financing (a 4% award does use tax-exempt financing). The HUD/FHA taxable HUD 221(d)(4) offers an interest-only construction/rehab term plus 40-year permanent term and amortization. We are underwriting to a 3.95% rate (plus 0.25% of mortgage insurance), which is reflective of the current market. TSA is highly experienced in combining HUD insured debt financing with federal low-income housing tax credits.
- Scope of Renovations: The HUD insured mortgage requires that the post-rehab remaining economic useful life be at least 53 years. The final scope of work would be determined based on the results of the HUD-required capital needs assessment, TSA's renovation experience, and input from City staff. Based on our site visits to date and our relevant experiences with similar buildings, the substantial renovation would include replacement and/or upgrade of major building systems (roof, windows, HVAC, boilers, etc.), in-unit and corridor fixtures, community room and fitness center upgrades, and new landscape and site improvements. Unit interior improvement work is anticipated to result in temporary relocation (3 to 4 days) of residents to nearby hotels while work is performed. The development budget includes a \$150,000 estimate that covers hotel, food per diem and relocation consultant costs. HUD will review and approve the temporary relocation plan and consultant as part of its loan application review and approval process.
- Community Benefit: The Lessor shall permit the City to host community meetings in the newly renovated community room. As part of the renovations it will add security cameras on the perimeter of the property with a direct feed to public safety officials. And, if necessary, it will update the site fencing surrounding the property. The scope of renovations will also include adding solar carports to the adjacent

city-owned property upon which residents have been allowed to park (City and Project shall enter into an easement agreement if one does not already exist).

4. Enclosures/Exhibits Related to the Proposal

- Enclosures for Review:
 - Affordability Designations, Restrictive Covenants & PBRA
 - Tax Credit Syndication Sources & Uses
 - Development Budget
 - 15-Year ProForma
 - Form of TCAC Lease Rider and HUD Lease Addendum, HUD form Subordination Agreement, and HUD Closing Guide affordability covenant rider.

Sources & Uses

Lexington Apartments
El Cajon, CA
100 Units

Permanent Uses

Acquisition	4,956,000
Hard Costs	8,700,000
Hard Costs Contingency	870,000
Soft Costs	804,500
Financing Costs	409,097
Reserves	249,319
Soft Cost Contingency	118,553
Developer Fee	1,820,246
Total Uses	17,927,715

CONSTRUCTION SOURCES

Tax Credit Equity	80%	10,008,173
Construction Loan - HUD 221D4		4,565,600
Deferred Developer Fee		1,671,146
Redevelopment Agency Loan (Fund 290)		206,000
Total Construction Sources		16,450,919
<i>Developer Fee Paid During Construction</i>		149,100

PERMANENT SOURCES

Tax Credit Equity	12,510,216
Permanent Loan - 221D4	4,565,600
Deferred Developer Fee	645,899
Redevelopment Agency Loan (Fund 290)	206,000
Total Permanent Sources	17,927,715
<i>Developer Fee Paid During Through 8609</i>	1,174,347

Lexington Avenue Senior Apartments - Affordability Covenants & Project Based Rental Assistance

A. Lexington Ave. Rent Summary - Current

	Unit Count		Rent
Tier 1 / 1br	40	\$	459
Tier 2 / 1br	30	\$	545
Tier 3 / 1br	18	\$	631
Tier 1 / 2br	-	\$	442
Tier 2/ 2br	-	\$	525
Tier 3/ 2br	12	\$	631

San Diego County LIHTC & CA H&SC Rents - 2018 - For Comparison

		<u>ELI</u>		<u>30%-TCAC</u>		<u>50%-TCAC</u>		<u>60%-TCAC</u>
1br	\$	517.00	\$	601	\$	1,003	\$	1,203
2br	\$	582.00	\$	722	\$	1,203	\$	1,444

Lexington Ave. Rent Summary - Proposed - Grandfathered Rents with 49 Units with Project Based Rental Assistance

	<u>Contract Rents</u>	<u># of Units</u>
1br - Project Based Contract Rent	\$ 1,025	40

	<u># of units</u>	<u>Charge</u>	<u>Subsidy</u>	<u>Tenant Portion</u>
Tier 1 / 1br Project-Based (All Subsidy)	40	\$ 1,025	\$ 566	\$ 459
Tier 2 / 1br	30	\$ 545	\$ -	\$ 545
Tier 3 / 1br	18	\$ 631	\$ -	\$ 631
Tier 3 / 2br	12	\$ 631	\$ -	\$ 631
	100			
Monthly Rent		\$ 76,280		\$ 53,640
Annual - GPR		\$ 915,360		\$ 643,680
HAP Units			40 Per Unit Monthly Subsidy	
Monthly Project Based Subsidy		\$ 22,640	\$ 566	
Annual Project Based Subsidy		\$ 271,680		
15 Years of Annual Subsidy		\$ 4,075,200		

As units turnover the tenant paid rent portion will increase and subsidy payment will reduce, thereby funding the difference between \$4,075,200

& \$3,950,000

Amended Regulatory Agreement Unit Set Aside Designation Summary

	# of Units	Max. Restricted Rent	CA H&SC Unit Count	
1br-30%TCAC- HCD ELI	40	\$ 517	1br-ELI	40
			1br-VLI	0
			1br-LI	0
1br 50% TCAC	8	\$ 1,003	1br-MOD	0
1br 60% TCAC	40	\$ 1,203		
			2br-VLI	0
			2br-LI	0
			2br-MOD	0
2br-60%TCAC	12	\$ 1,444	Total	40
Max. Restricted Rent - Monthly		\$94,152		
Max. Restricted Rent - Annual		\$1,129,824		

Lexington Senior Apartments - Development Budget

LAND COSTS / ACQUISITION		Cost		<u>Eligible Basis</u>
Land		0	0.0%	0
Building		4,956,000	100.0%	4,956,000
Acquisition Period Interest				0
Acquisition Period Capex				
 Total Acquisition Costs		4,956,000		
 HARD CONSTRUCTION COSTS				
Residential Construction Costs	75,000 / Unit	7,500,000		7,500,000
 Insurance and Bond	2%	150,000		150,000
General Requirements	6%	450,000		450,000
GC Overhead	4%	300,000		300,000
GC Profit	4%	300,000		300,000
Other				
Other				
Other				
Other				
Hard Cost Contingency	10%	870,000		870,000
 TOTAL HARD COSTS	<i>95,700</i>	9,570,000		9,570,000
 <i>Hard Costs Less Contingency</i>	<i>87,000 / Unit</i>	8,700,000		
<i>Hard Costs+Contingency-GC Load</i>	<i>83,700 / Unit</i>	8,370,000		
 SOFT COSTS				
<u>Architectural / Engineering</u>				
Architectural Design		150,000		150,000
Landscape Architect		40,000		40,000
Civil Engineering		25,000		25,000
MEP Engineering		25,000		25,000
Structural Engineering		25,000		25,000
Interior Design		10,000		10,000
Otther (LEED, Soils, Deputy)		0		0
Construction Management		0		0
 Architectural / Engineering		<hr/> 275,000		<hr/> 275,000
 <u>Permits / Government Fees Detail</u>				
Plan Check / Building Permits		50,000		50,000
Local Development Impact Fees		0		0
Other Government & Utility Fees		0		0
Other		0		0
Other		0		0
 Permits / Government Fees		<hr/> 50,000		<hr/> 50,000

Developer Legal

Developer Counsel - Syndication	12,500	0
Developer Counsel - Loans / Purchase & Sale	35,000	35,000
HCA Admin Fees	0	0
HUD Legal	30,000	30,000
Other		
Other		
Other		
Other		

Developer Legal	<u>77,500</u>	<u>65,000</u>
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Third-Party Reports

Appraisal	4,750	4,750
Market Study	4,750	4,750
Environmental - Phase 1	2,000	2,000
Environmental - Lead/Asbestos	3,000	3,000
Environmental - Phase II	0	0
Physical Needs Assessment	3,500	3,500
Soils Report	2,500	2,500
Survey	10,500	10,500

Third-Party Reports	<u>31,000</u>	<u>31,000</u>
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Other Soft Costs

Accounting / Audit	30,000	30,000
Additional Furnishings	75,000	75,000
Rent Up & Marketing	0	0
Leasing	0	0
Model Complex / Unit	0	0
Organizational / Filing Fees	5,000	5,000
Consultants	0	0
Title & Recording	30,000	30,000
Printing / Copying / Mailing	2,000	2,000
Mailing	2,000	2,000
Misc. Exp / Travel	2,000	2,000
Property Taxes	30,000	0
Construction Period Insurance	45,000	45,000
Relocation	150,000	0
Hold Period Owner Advances - Repayment	0	0
Other		
Other		

Other Soft Costs	<u>371,000</u>	<u>191,000</u>
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TOTAL SOFT COSTS	804,500	612,000
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FINANCING COSTS

<u>Tax-Exempt Bonds</u>		0 Loan		
Origination Fees	0.500%		0	0
Legal Fees			0	0
Third-Party Reports			0	0
Lender Inspection Fees			0	0
Letter of Credit Fees			0	0
Construction Period Interest	12 months	0.00%	0	0
				0
Construction Loan Fees			<u>0</u>	<u>0</u>
<u>Permanent Loan</u>		4,519,900 Loan		
Lender Financing Fee	1.00%		45,656	11,414
HUD Application Fee	0.30%		13,697	3,424
Lender Processing Fee			5,000	1,250
First Year MIP	0.25%		22,828	5,707
Mortgagee Legal Fees			30,000	7,500
Third-Party Reports			40,000	0
Lender Arch Inspection Fees	0.30%		28,710	28,710
Construction Period Amortization		0.00%	0	0
Construction Period Interest	14 months	4.75%	<u>124,416</u>	<u>124,416</u>
Subtotal		50.00%	<u>310,307</u>	<u>182,421</u>
<u>Tax Credit</u>				
Tax Credit Reservation Amount				0
TCAC Application Fee			2,200	0
4% TCAC Reservation Fee	5% of Allocation		0	0
9% TCAC Allocation Fee	4% of Allocation		56,000	0
TCAC Compliance Monitoring Fee	410 / Unit		40,590	0
Other				0
Other				0
Tax Credit Fees			<u>98,790</u>	<u>0</u>
<u>Reserves, Escrows & Guaranties</u>				
Debt Service Reserve	3 months		56,819	0
Operating Reserve	3 months		142,500	0
Insurance Escrow			0	0
Tax Escrow			0	0
Rate Cap Escrow			0	0
HUD Contingency Reserve - Completion (HUD)			0	0
Initial Deposit to Replacement Reserves			50,000	0
HUD Working Capital	0.00%		0	0
Reserves & Escrows			<u>249,319</u>	<u>0</u>
TOTAL FINANCING COSTS			658,416	182,421
SOFT COST CONTINGENCY	10.00%		118,553	118,553
DEVELOPER FEE	15%		1,820,246	1,820,246
TOTAL DEVELOPMENT BUDGET			17,927,715	17,259,221

DRAFT

DISPOSITION AND DEVELOPMENT AGREEMENT

by and between the

EL CAJON HOUSING AUTHORITY,

(AUTHORITY),

and

ECJ HOUSING LP,

(DEVELOPER)

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DISPOSITION AND DEVELOPMENT AGREEMENT

THIS DISPOSITION AND DEVELOPMENT AGREEMENT (the "Agreement") is entered into by and between the EL CAJON HOUSING AUTHORITY, a public body corporate and politic (the "Authority"), and ECJ HOUSING LP, a California limited partnership (the "Developer"), an affiliate of Thomas Safran & Associates Development, Inc., a California corporation. The Authority and the Developer hereby agree as follows:

I. 100. SUBJECT OF AGREEMENT

A. 101. Purpose of Agreement

1. The purpose of this Agreement is to effectuate the continued implementation of the Redevelopment Plan (as hereinafter defined) for the El Cajon Redevelopment Project (the "Project") by providing for the development of affordable housing on certain property situated within the territory (the "Project Area") of the Project. Completing the development on the Site (as hereinafter defined) pursuant to this Agreement is in the vital and best interest of the City of El Cajon, California (the "City") and the Authority and the health, safety and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local laws and requirements under which the Project has been undertaken.

2. The El Cajon Redevelopment Agency (the "Agency") was required by California Health and Safety Code Section 33334.2, et seq., to expend a certain percentage of property taxes allocated to it for the purpose of increasing, improving and preserving the City of El Cajon's supply of low- and moderate-income housing available at an affordable housing cost (the "Set-Aside Fund").

3. The Agency was also required by California Health and Safety Code Section 33413 to provide for the replacement of dwelling units housing persons and families of low- and moderate-income which are destroyed or removed from the low- and moderate-income housing market as part of a redevelopment project, and to provide that at least 15% of all new or rehabilitated dwelling units developed by the persons or entities other than the Authority be available at affordable housing cost to persons and families of low- and moderate-income.

4. The Agency and Lexington Avenue Senior Apartments, a California limited partnership (the "Original Developer"), have entered into that certain Development and Disposition Agreement dated November 30, 1993 (the "Existing DDA"), pursuant to which the Original Developer acquired a ground lease of the Site for an initial period of 40 years (the "Existing Ground Lease"), with the agreement to construct on the Site a one hundred (100) unit senior citizen housing project, a forty-five (45) space secured parking lot designated for the housing project's exclusive use, and an eighty (80) space parking lot to handle overflow parking of the housing project (the "Original Improvements").

5. The Original Developer has completed the Original Improvements as required by the Original DDA, and has continuously maintained and operated the Original Improvements in compliance with the Original DDA since completion. Pursuant to a Lease Termination Agreement, dated _____, 2020 (the "Lease Termination Agreement"), the Original Developer and Agency have agreed to terminate the Existing DDA and the Existing Ground Lease upon the terms and conditions set forth in the Lease Termination Agreement.

6. Pursuant to the terms of the Lease Termination Agreement, Developer has agreed to assume Original Developer's obligations with respect to that certain loan in the original principal amount of Five Hundred Fifty Thousand Dollars (\$550,000) made by the Authority to the Original Developer pursuant to the terms of the Original DDA (the "Existing Authority Loan") and Authority has consented to the assignment by Original Developer and assumption by Developer of the Existing Authority Loan.

7. By this Agreement, the parties desire for (1) the Authority and the Original Developer to terminate the Existing DDA; (2) the Authority to lease the Site to Developer for the redevelopment and rehabilitation thereon of the existing one hundred (100) unit housing project for low-income senior citizens (the "Improvements", as further defined in Section 302 hereof), (3) modify the terms of the Existing Authority Loan, and (4) for the Developer to operate the Improvements subject to the rent restrictions and other requirements set forth herein.

B. 102. The Redevelopment Plan

The Redevelopment Plan was approved and adopted by the City Council of the City of El Cajon on December 28, 1971 by Ordinance No. 2437, as amended by the City of El Cajon on July 14, 1987 by Ordinance No. 4038; said ordinance and the Redevelopment Plan as so approved (the "Redevelopment Plan") are incorporated herein by reference.

C. 103. The Site

The Site is that portion of the Project Area designated on the "Site Map" which is attached hereto as Attachment No. 1, and described in the "Legal Description", which is attached hereto as Attachment No. 2, both of which are incorporated herein by reference. The Site is located in downtown El Cajon immediately east of the Ronald Reagan Community Center and the El Cajon library. The Site is generally bounded by Douglas Avenue on the north, Claydelle Avenue on the east, Lexington Avenue on the south and Prescott Promenade to the west. The Site does not include the two story office building located at the southwest corner of Douglas Avenue and Claydelle Avenue. The Authority owns fee title to the Site.

D. 104. Parties to the Agreement

1. 105. The Authority

The Authority is a public body, corporate and politic, exercising governmental functions and powers and organized and existing under Chapter 2 of the Community Redevelopment Law of the State of California. The principal office of the Authority is located at 200 Civic Center Way, El Cajon, California 92020.

"Authority", as used in this Agreement, includes the El Cajon Housing Authority, and any assignee of or successor to its rights, powers and responsibilities. Whenever the Agreement refers to approvals or other actions to be taken by the Authority, such approval or other action may be performed by the Executive Director of the Authority or his or her designee.

2. 106. The Developer

The Developer is ECJ Housing LP, a California limited partnership. The principal office and mailing address of the Developer for the purposes of this Agreement is 11811

San Vicente Blvd., Los Angeles, California, 90049. The Developer represents and warrants to the Authority as follows:

(a) The Developer is a duly established limited partnership and in good standing under the laws of the State of California; and has duly authorized, executed and delivered this Agreement and any and all other agreements and documents required to be executed and delivered by the Developer in order to carry out, give effect to, and consummate the transactions contemplated by this Agreement.

(b) The Developer does not have any material contingent obligations or any material contractual agreements which could materially adversely affect the ability of the Developer to carry out its obligations hereunder.

(c) There are no material pending or, so far as is reasonably known to the Developer, threatened, legal proceedings to which the Developer is or may be made a party or to which any of its property is or may become subject, which has not been fully disclosed in the documentation submitted to the Authority which could materially adversely affect the ability of the Developer to carry out its obligations hereunder.

(d) There is no action or proceeding pending or, to the Developer's best knowledge, threatened, relating to the dissolution or liquidation of the Developer, and there is no action or proceeding pending or, to the Developer's best knowledge, threatened by or against the Developer which could affect the validity and enforceability of the terms of this Agreement, or materially and adversely affect the ability of the Developer to carry out its obligations hereunder.

(e) The Developer has performed all of its obligations to be performed in accordance with the "Schedule of Performance", which is attached hereto as Attachment No. 3 and incorporated herein, and is not in default hereunder, subject to any applicable notice and cure periods.

Each of the foregoing items (a) to (e), inclusive, shall be deemed to be ongoing representations and warranties. The Developer shall advise the Authority in writing if there is any material change pertaining to any matters set forth or referenced in the foregoing items (a) to (e), inclusive.

E. 107. Prohibition Against Change in Ownership, Management and Control of Developer

(a) The qualifications and identity of the Developer and its principals are of particular interest and concern to the City and the Authority. It is because of these qualifications and identities that the Authority has entered into this Agreement with the Developer. Consequently, except as expressly set forth in this Section 107, no person, whether a voluntary or involuntary successor in interest of the Developer, shall acquire any rights or powers under this Agreement or the Ground Lease (Attachment No. 4) nor shall the Developer assign or transfer all or any part of this Agreement or any rights hereunder or the Ground Lease (Attachment No. 4) without the prior written approval of the Authority. Written approval of the Authority shall also be required prior to any and all changes whatsoever in the identity of the person in control of the Developer, including any change in, or addition of, general partners of the Developer. The voluntary or involuntary sale or transfer of any interest of the Developer shall be deemed to constitute an assignment for the purposes of this Section 107 and the written approval of the Authority shall be required prior to affecting such a transfer. Any purported transfer,

voluntary, involuntary, or by operation of law, except with the prior written consent of the Authority in accordance with this Section 107, shall constitute a default of Developer and shall confer no rights whatsoever upon any purported assignee or transferee.

(b) Notwithstanding any other provision of this Agreement to the contrary, Authority approval of an assignment of this Agreement or conveyance of the Site or Improvements, or any part thereof, shall not be required in connection with any of the following:

(i) Any transfers of interests in the administrative general partner of Developer provided that a TSA Entity (as hereinafter defined) retains management and control of the administrative general partner.

(ii) The conveyance or dedication of any portion of the Site to the City or other appropriate governmental agency, or the granting of easements or permits to facilitate construction or rehabilitation of the Improvements (as defined herein).

(iii) The lease of any completed units or the eighty (80) space parking lot for the purposes and use contemplated by the parties under this Agreement.

(iv) Any transfer creating a security financing interest approved by the Authority or any transfer directly resulting from the foreclosure of a security financing interest or the granting of a deed in lieu of foreclosure of a security financing interest.

(v) Any transfer to a TSA Entity. For purposes hereof, "TSA Entity" means collectively, any one or more of (i) Thomas Safran & Associates, Inc., a California corporation and/or president thereof (or its successors), (ii) Thomas Safran & Associates, a California sole proprietorship (or its successors), (iii) Thomas L. Safran, an individual, or his administrators, executors and heirs, or (iv) any other senior executive employee of Thomas Safran & Associates, a California sole proprietorship, or (v) any corporation, limited liability company or limited partnership wholly owned or controlled by, or which owns and controls, any the persons or entities identified in (i) through (v) above; or

(vi) Admission of Housing Corporation of America or another nonprofit corporation as the managing general partner of Developer; or

(vii) A conveyance of a security interest in the Site in connection with any loan and any subsequent transfer of title by foreclosure, deed or other conveyance in lieu of foreclosure in connection therewith; or

(viii) The inclusion of equity participation by Borrower by addition of limited partners to Borrower's limited partnership; or

(ix) The sale, transfer or assignment of limited partnership interests in Developer; or

(x) The withdrawal, removal and/or replacement of general partner of Borrower's partnership, as the case may be, pursuant to the terms of the Borrower's partnership agreement.

In the event of an assignment by Developer under subparagraphs (i) through (vi), inclusive, above not requiring the Authority's prior approval, Developer nevertheless agrees that at least ten (10)

days prior to such assignment it shall give written notice to Authority of such assignment and satisfactory evidence that the assignee has assumed jointly with Developer the obligations of this Agreement.

(c) The Authority agrees that it will not unreasonably withhold approval of a request for assignment made pursuant to this Section 107, provided that the Developer delivers written notice to the Authority requesting such approval. Such notice shall be accompanied by evidence regarding the proposed assignee's or purchaser's qualifications and experience and its financial commitments and resources sufficient to enable the Authority to evaluate the proposed assignee or purchaser pursuant to criteria set forth in this Section 107 and other criteria as reasonably determined by the Authority.

(d) All of the terms, covenants and conditions of this Agreement shall be binding upon and shall inure to the benefit of the Developer and the permitted successors and assigns of the Developer. Whenever the term "Developer" is used herein, such term shall include any other permitted successors and assigns as herein provided.

II. 200. CONVEYANCE OF THE SITE

A. 201. Lease Terms

Subject to the satisfaction of all of the conditions precedent to commencement of the Ground Lease set forth in Section 202 hereof, the Authority shall lease the Site to the Developer for a term of Seventy-five (75) years at a rental amount of One Dollar (\$1.00) per year, together with the "Additional Rent" as set forth in Section 404 hereof. The terms and conditions of such lease shall be set forth in a "Ground Lease" to be executed by the Authority and the Developer in the form of Attachment No. 4, which is attached hereto and incorporated herein by reference. The Ground Lease shall provide that during the term of the Ground Lease the Developer will rehabilitate and own the Improvements to be located on the Site, but that ownership of such Improvements will revert to the Authority at the end of the term, including any extensions to the Ground Lease, as it may be extended pursuant to the Ground Lease and this Agreement.

202. Conditions Precedent to Commencement of Ground Lease

Prior to and as conditions to the Authority's execution of and the commencement of the Ground Lease, the Developer shall complete each of the following items (a) to (e), inclusive, subject to Section 503 of this Agreement, by the respective times established therefor in the Schedule of Performance:

(a) The Developer shall not be in material default of this Agreement.

(b) The Developer shall have executed the Ground Lease (Attachment No. 4) and the Regulatory Agreement (Attachment No. 10).

(c) The Developer shall have provided proof of insurance (certificates) conforming to Section 308 of this Agreement.

(d) The Developer shall have delivered to the Authority a copy of the contract(s) between the Developer and one or more general contractors for the construction of the Improvements.

III. 300. DEVELOPMENT OF THE SITE

A. 301. Development of the Site by the Developer

1. 302. Scope of Development

(a) Developer shall rehabilitate the Improvements in accordance with the Scope of Development, and the approved plans, drawings and documents for the Improvements. In the event of any inconsistency between the Scope of Development and the plans for the Improvements which have been approved by City, the approved Development plans shall control.

(b) Developer Submissions. Before commencement of rehabilitation of the Improvements or other works of improvement upon the Site, Developer shall submit to City any renovation scope, plans and drawings (collectively, the "Design Development Drawings") which may be required by City with respect to any permits and entitlements which are required to be obtained to develop the Improvements, which City shall comment on and return to Developer within fifteen (15) business days from the date of receipt thereof. Developer, on or prior to the date set forth in the Schedule of Performance, shall submit to City such plans for the Improvements as required by City in order for Developer to obtain building permits for the Improvements. Within fifteen (15) days after City's disapproval or conditional approval of such plans, Developer shall revise the portions of such plans identified by City as requiring revisions and resubmit the revised plans to City.

(c) City Review and Approval. City shall have all rights to review and approve or disapprove all Design Development Drawings and other required submittals in accordance with the City Code, and nothing set forth in this Agreement shall be construed to constitute City's approval of any or all of the Design Development Drawings or to limit or affect City's review and right to approve, approve subject to conditions, or disapprove Design Development Drawings, plans, drawings, applications, or submittals.

(d) Revisions. Any and all change orders or revisions required by City and its inspectors under the City Code and under other applicable laws and regulations shall be included by Developer in its Design Development Drawings and other required submittals and shall be completed during the rehabilitation of the Improvements.

2. 303. Defects in Plans. City shall not be responsible either to Developer or to third parties in any way for any defects in the Design Development Drawings, nor for any structural or other defects in any work done according to the approved Design Development Drawings, nor for any delays reasonably caused by the review and approval processes established by Section 302.

3. 304. Time of Performance; Progress Reports. Developer shall complete all rehabilitation of the Improvements, and satisfy all other obligations and conditions of this Agreement within the times established therefor in this Agreement. Once rehabilitation of the

Improvements is commenced, it shall continuously and diligently be pursued to completion and shall not be abandoned for more than fifteen (15) days except when due to causes beyond the control and without the fault of Developer as set forth in Section 503. Developer shall complete rehabilitation of all of the Improvements on the Site on or before the first anniversary of the earlier to occur of (i) commencement of rehabilitation or (ii) the time established by this Agreement for commencement of rehabilitation.

4. 305. Cost of Development. The cost of planning, designing, developing, and rehabilitating the Improvements shall be borne solely by Developer. All fees imposed by any governmental entity in connection with the acquisition of a leasehold interest in the Site or the development of the Improvements shall be borne by Developer and shall be paid when due by Developer.

(a) Developer shall not permit to be placed against the Site, or any part thereof, any design professionals', mechanics', materialmen's, contractors' or subcontractors' liens. Developer shall indemnify, defend and hold Authority, the City of El Cajon and their respective elected and appointed officers, employees, agents and representatives harmless from all liability for any and all liens, claims and demands, together with the costs of defense and reasonable attorneys' fees, related to same. Notwithstanding anything to the contrary set forth above, if Developer in good faith desires to contest the validity of any lien, then Developer shall procure, record and furnish to Authority a surety bond or other security satisfactory to Authority in an amount equal to at least 125% times the amount of the contested lien, claim or demand, which bond or other security shall discharge the lien of record and hold the Site free from the effect of the lien or claim, or such alternate form of security as is reasonably satisfactory to the Authority and the Developer. Authority reserves the right, at any time and from time to time, to post and maintain on the Site, or any portion thereof, or on the improvements on the Site, any notices of nonresponsibility or other notice as may be desirable to protect Authority against liability. In addition to and not in limitation of Authority's other rights and remedies under this Agreement, should Developer fail, within thirty (30) days of a written request from Authority, either to discharge any lien or claim related to Developer's use of the Property or to bond for any lien or claim as provided above, or to indemnify, hold harmless and defend Authority from and against any loss, damage, injury, liability or claim arising out of Developer's use of the Property as provided above, then Authority, at its option, may elect to pay any lien, claim, loss, demand, injury, liability or damages, or settle or discharge any action or satisfy any judgment and all costs, expenses and attorneys' fees incurred in doing so shall be paid to Authority by Developer upon written demand, together with interest thereon at the rate of ten percent (10%) per annum from the date incurred or paid through and including the date of payment.

(b) The Developer shall file with the Authority a performance bond and a labor and materials bond in a form acceptable to the Authority. Such bonds shall contain the terms and conditions set forth in Chapter 5 (commencing with section 9550) of Title 3 of Part 6 of Division 4 of the Civil Code and shall be subject to the provisions of that chapter.

(i) The Authority and its authorized representatives shall, at all times, have access for the purpose of audit or inspection to any and all books, documents, papers, records, property, and premises of the Developer which in any manner relate to the costs of the Improvements under this Agreement and the Developer's obligations hereunder. The Developer's staff shall cooperate fully with authorized auditors when they conduct audits and examinations of Authority funded programs. Within thirty (30) days of the submittal of such audit report, the Developer shall provide a written response to all conditions or findings reported in such audit report. The response must discuss each condition or finding and set forth

a proposed resolution, including a schedule for correcting any deficiency. All conditions or correction actions shall take place within six (6) month's after receipt of the audit report unless the Authority Executive Director or his designee authorizes an extension of time to submit such corrections. If indications of misrepresentation of or erroneous reporting of expenses and/or revenues is found in an amount which exceeds two and one-half percent (2-1/2%) of the total amount of expenses and/or revenues, as applicable, the cost of the audit shall be borne by the Developer, and the Developer shall reimburse the Authority the amount of direct construction management expenses which have been overpaid, and/or any other overpayments discovered pursuant to such audit, together with interest at the maximum legal rate.

5. 306. Rehabilitation Schedule

The Developer shall promptly begin and thereafter diligently prosecute to completion the rehabilitation of the Improvements, with all construction commencing and being completed within the times specified therefor in the Schedule of Performance (Attachment No. 3), subject to extensions permitted by Section 503 of this Agreement.

6. 307. Bodily Injury and Property Damage Insurance

The Developer shall defend, indemnify, assume all responsibility for and hold the Authority, its officers and employees, harmless from all claims or suits for, and damages to, property and injuries to persons, including accidental death (including reasonable attorneys' fees and costs), which may be caused by any of the Developer's activities under this Agreement, whether such activities or performance thereof be by the Developer or anyone directly or indirectly employed or contracted with by the Developer and whether such damage shall accrue or be discovered before or after termination of this Agreement. The Developer shall take out and maintain during the life of this Agreement a commercial general liability policy in the amount of Five Million Dollars (\$5,000,000) aggregate limit and a One Million Dollar (\$1,000,000) per occurrence limit as shall protect the Developer, City and Authority from claims for such damages.

The Developer shall furnish a certificate of insurance countersigned by an authorized agent of the insurance carrier on a form of the insurance carrier setting forth the general provisions of the insurance coverage certified by an endorsement to the policy as stated in the certification. This countersigned certificate and policy endorsement shall name the City and the Authority (and their respective officers, agents, representatives, consultants and employees) as additional insureds under the policy. The certificate by the insurance carrier and policy endorsement shall contain a statement of obligation on the part of the carrier to notify City and the Authority of any material change, cancellation or termination of the coverage at least thirty (30) days in advance of the effective date of any such material change, cancellation or termination. Coverage provided hereunder by the Developer shall be primary insurance and not contributing with any insurance maintained by the Authority or City, and the policy shall contain such an endorsement. The insurance policy or endorsement shall contain a waiver of subrogation for the benefit of the City and the Authority. The required certificate shall be furnished by the Developer at the time set forth therefor in the Schedule of Performance (Attachment No. 5).

The Developer shall also furnish or cause to be furnished to the Authority evidence satisfactory to the Authority that any contractor with whom it has contracted for the performance of work on the Site or otherwise pursuant to this Agreement carries workers' compensation insurance as required by law.

7. 308. Rights of Access

For the purpose of assuring compliance with this Agreement, representatives of the Authority and the City shall have the right of access to all portions of the Site without charges or fees, at normal construction hours during the period of construction including, but not limited to, the inspection of the work being performed in constructing the Improvements, so long as they comply with all safety rules. Such representatives of the Authority or the City shall be those who are so identified in writing by the Executive Director of the Authority. The Authority shall indemnify and hold the Developer harmless from any bodily injury or related damages arising out of the activities of the Authority and the City as referred to in this Section 308.

The Developer and the Authority agree to cooperate in placing and maintaining on the Site during rehabilitation of the Improvements one sign indicating the respective roles of the Developer and the Authority in the Improvements. The cost of the sign shall be a Hard Cost of the Improvements.

8. 309. Local, State and Federal Laws

(a) General Compliance. The Developer shall carry out the rehabilitation of the Improvements in conformity with all applicable laws, including all applicable federal and state labor standards; provided, however, Developer and its contractors, successors, assigns, transferees, and lessees do not waive their rights to contest any such laws, rules or standards.

9. 310. Antidiscrimination During Rehabilitation

The Developer, for itself and its successors and assigns, agrees that in the rehabilitation of the Improvements provided for in this Agreement, the Developer will not discriminate against any employee or applicant for employment because of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, sex, or age.

10. 311. Taxes, Assessments, Encumbrances and Liens

The Developer shall, upon commencement of the Ground Lease, pay prior to delinquency all ad valorem taxes and assessments on the Site. The Site shall be assessed and taxed in the same manner as privately owned property, and Developer shall pay taxes upon the assessed value of the Site and not merely the assessed value of Developer's leasehold interest. The Developer shall not challenge or contest any assessment of the Site in which the assessed value of the Improvements on the Site is Five Million Dollars (\$5,000,000) or less. If the value of the Improvements is greater than (\$5,000,000), the Developer may challenge the assessment but shall not assert that the value of the Improvements is less than Five Million Dollars (\$5,000,000). Within thirty (30) days of the commencement of the Ground Lease of the Site, the Authority shall deliver to the San Diego County Assessor the notice required by Health and Safety Code section 33673.1. The Developer shall remove or have removed any mechanic's lien or other levy or attachment made on any of the Site or any part thereof, or assure the satisfaction thereof within a reasonable time. Nothing herein contained shall be deemed to prohibit the Developer from contesting the validity or amounts of any mechanic's lien, nor to limit the remedies available to the Developer in respect thereto.

11. 312. Project Manager: Prohibition on Subcontracting

Relativity Architects shall be employed by Developer to provide all design and architectural services hereunder. Developer may terminate the above contractors and may replace such contractors, upon obtaining the Authority's consent to such replacement, which consent shall not be unreasonably withheld. Developer may contract with Lena Construction as the general contractor for rehabilitation to be performed hereunder.

To the greatest extent feasible, with due regard for quality of work and reliability, contracts and subcontracts for work required to be performed pursuant to this Agreement shall be awarded to business concerns which are located in, or owned in substantial part by persons residing in, the Project Area, to business concerns or persons who hold a valid business license issued by the City.

12. 313. Environmental Matters

The Authority shall save, protect, defend, indemnify and hold harmless the Developer and its partners, employees and agents from and against any liabilities, suits, actions, claims, demands, penalties, damages, losses, costs or expenses (including without limitation, consultants' fees, investigation and laboratory fees, reasonable attorneys' fees and remedial and response costs (the "Liabilities")) which may now or in the future be incurred or suffered by the Developer and its officers, directors, shareholders, employees and agents by reason of the presence of any hazardous materials or hazardous materials contamination which is present on the Site as of the date of execution of this Agreement and/or the date of commencement of the Ground Lease.

13. 314. Project-Based Voucher HAP Contract. The Authority shall set aside \$3,950,000 of funds for Project Based Rental Assistance dedicated to the Project (the "Authority Assistance"). Concurrent with Closing, the Authority shall enter into a new Project-Based Voucher HAP Contract (the "PBV HAP Contract") with the Developer with an initial term of no less than fifteen (15) total years. The Authority Assistance shall be used for a period of 15 years and shall be applied to the 40 1BR units ("ELI Units" as hereinafter defined) at the Project. The contract rent for each of the 40 1BR units shall be set at \$1,025 and shall remain constant over the term of the PBV HAP Contract. The Authority Assistance will fund the difference between the tenant portion of rent and \$1,025. As the tenant portion increases due to annual rent increases and turnover, the subsidy amount per unit will decrease. If funds are left over after 15 years, the Authority shall have the option of continuing the PBV HAP Contract.

14. 315. Modification of Existing Authority Loan

a. Existing Authority Loan. Concurrently with the execution of the Ground Lease, Developer will execute an amendment to the existing promissory note for the Existing Authority Loan (the "Amended Note") in the amount of the existing principal balance and accrued interest payable under the Existing Authority Loan. Developer and Authority each hereby acknowledge and agree that: (i) prior to the date of this Agreement, City has disbursed all sums that City was obligated to provide in connection with the Existing Authority Loan, (ii) City has no obligation to disburse additional funds to Developer, and (iii) prior to the date of this Agreement, Original Developer repaid to City certain sums to Authority such that the outstanding balance of the Existing Authority Loan as of the date of this Agreement is \$_____.

b. Modification of Loan Terms. City agrees to modify the terms of the Existing Authority Loan to provide that: (i) interest on the Amended Note shall accrue at the Applicable Federal Rate for long-term debt compounded annually as published in the Federal

Register for the month in which the closing for Developer's acquisition of the Site pursuant to the Ground Lease (the "Close of Escrow"), but shall be no less than 3%; (ii) the maturity date shall be extended to fifty-seven (57) years from the date of the Close of Escrow; (iii) interest accrued to the date of Close of Escrow shall be included in the principal balance on the Existing Authority Loan; and (iv) modify the terms of repayment of the Existing Authority Loan. Developer's obligation to repay the Existing Authority Loan shall be evidenced by the Amended Note. Performance of the obligations under Amended Note shall be secured by this DDA, which shall be recorded at the Close of Escrow in the Official Records of San Diego County.

IV. 400. USE OF THE SITE

A. 401. Use In Conformance with Plan and Agreement

The Developer covenants and agrees for itself, its successors, its assigns and every successor in interest to the Site or any part thereof that, during rehabilitation and thereafter, the Developer, such successors and such assignees, shall use, operate and maintain the Site and the Improvements thereon in conformity with this Agreement and shall devote the Site and the Improvements thereon to the uses specified in the Redevelopment Plan and this Agreement for the periods of time specified therein.

B. 402. Affordable Rental Housing

1. Number of Units. The Developer covenants and agrees to rehabilitate and own the one hundred (100) multifamily housing units on the Site in conformance with the Scope of Development (Attachment No. 4). Eighty-eight (88) of the units shall be one bedroom units, and twelve (12) shall be two bedroom units. Upon the commencement of the Ground Lease, the Developer agrees to make available, restrict occupancy to, and rent to Qualified Households as follows: (i) 40 one bedroom units to "Extremely Low Income Households," (the "ELI Units"), and (ii) the balance of the units on the Site to households earning no more than 60% San Diego County Area Median Income (as determined by the United States Department of Housing and Urban Development ("AMI")), including no less than 8 one bedroom units at or below 50% AMI, and subject to rent limitations set forth by the California Tax Credit Allocation Commitment for one bedroom and two bedroom units (the "LI Units" and together with the ELI Units, the "Affordable Units").

"Extremely Low Income Household" shall mean a household earning not greater than 30% of San Diego County area median income, as determined by the United States Department of Housing and Urban Development, which is set forth in Health and Safety Code section 50106.

2. Existing Tenants Grandfathered. Notwithstanding anything to the contrary contained in this DDA, tenants residing at the Improvements as of the date of the execution of the Ground Lease (the "Existing Tenants") will be grandfathered for purposes of this Section 400 and Section 6 of the Ground Lease, and all income eligibility and rent restrictions otherwise applicable pursuant to the DDA or Ground Lease will not apply to Existing Tenants. All Existing Tenants' current tenant-paid rent levels will not change except that annual increases for all Existing Tenants would be based on the same "CPI Adjustment" used in the Original DDA. If any new members are added to an Existing Tenant household, (i.e. the tenant mix in a household changes) (a "Unit Turn-over"), then the household would no longer be grandfathered and rent charged to such Existing Tenant may be increased in compliance with tenant leases and landlord

tenant law and applicable HUD, HCD and LIHTC rules and requirements and otherwise in accordance with Section 402 (7) of this Agreement.

3. Lease Requirements. Prior to rental of any of the Affordable Units, the Developer shall submit a standard lease form to the Authority for the Authority's approval. The Authority shall reasonably approve such lease form upon finding that such lease form is consistent with this Agreement. The Developer shall enter into a lease, in the form approved by the Authority, with each tenant of an Affordable Unit.

4. Duration of Affordability Requirements. The Affordable Units shall be subject to the requirements of this Section 402 for a period coextensive with the term of the Ground Lease (the "Commencement Date"). The duration of this requirement shall be known as the "Affordability Period." All tenants residing in the Affordable Units during the last two (2) years of the Affordability Period shall be given notice at least once every six (6) months of the expiration date of this requirement, and that the rent payable on the Affordable Unit may be raised to a market rate rent at the end of the Affordability Period. The Developer warrants to the Authority that it intends to operate the Improvements during the Affordability Period.

5. Selection of Tenants. Each Affordable Unit shall be leased to tenants selected by the Developer who meet all of the requirements provided herein. The Authority may, from time to time, assist in the leasing of the Improvements by providing to the Developer names of persons who have expressed interest in renting Affordable Units. The Developer shall adopt a tenant selection system, which shall be approved by the Authority, which ensures that applicants with the lowest incomes are provided units with the lowest rents (as provided in paragraph 6 of this Section 402), applicants with the highest incomes are provided units with the highest rents, and applicants with median incomes are provided units with the median rents. Highest priority in the selection of tenants shall be given to those applicants who have been displaced by Authority Projects.

6. Income of Tenants. Prior to the rental or lease of any Affordable Unit to a tenant, and annually thereafter within thirty (30) days of the anniversary date of the tenant's occupancy of the Affordable Unit, the Developer shall submit to the Authority a completed income computation and certification form, in the form of Attachment No. 8 hereto or such other form as may be provided by the Authority. The Developer shall certify, or shall cause its management agent to certify, that each tenant leasing an Affordable Unit meets the eligibility requirements established for the Affordable Unit in accordance with this Section 402. The Developer shall obtain an income certification from the tenant of each Affordable Unit and shall certify that, to the best of the Developer's knowledge, the income of the tenant is truthfully set forth in the income certification form. The Developer shall verify the income certification of the tenant in one or more of the following methods:

(1) Obtain two (2) paycheck stubs from the tenant's two (2) most recent pay periods, if any.

(2) Obtain a true copy of an income tax return from the tenant for the most recent tax year in which a return was filed.

(3) Obtain an income verification certification from the employer of the tenant.

(4) Obtain an income verification certification from the Social Security Administration and/or the California Department of Social Services if the tenant receives assistance from such agencies.

(5) Obtain an alternate form of income verification reasonably requested by the Developer, if none of the above forms of verification is available to the Developer.

If Developer is notified that tax credits have been secured for this project, the Developer shall instead verify the gross income of prospective and existing households as required by TCAC. Prior to the rental or lease of any Affordable Unit to a Qualified Household and annually thereafter, Developer shall cause a Qualified Household to execute the Tenant Income Certification Form, as provided in Attachment No. 8, or other form as may be required by TCAC which shall be kept in the tenant files at the Site. Within ninety (90) days after the end of each calendar year, the Developer shall submit to the Agency an Annual Income Certification Summary Report, as provided in Attachment No. 9 that summarizes which units are occupied by Qualified Extremely Low-, Very Low- and Low- Income Households, each respective unit's rent, household size and the respective Qualified Household's income. This report shall be accompanied by a certification from the Developer and includes a Developer certification that, to the best of the Developer's knowledge, the income is truthfully set forth in the report and in the corresponding income certification forms.

A household which at initial occupancy qualifies as an eligible household in accordance with this Section 402 (an "Eligible Household"), the household shall be treated as continuing to be in their original such income category so long as the household's gross income does not exceed one hundred forty percent (140%) of the applicable income limit. In the event that the gross household income of a household that qualified as an Eligible Household at initial occupancy exceeds the applicable income limit for a unit, that unit will continue to be considered as satisfying the applicable income limit if the unit remains rent-restricted. In addition, the Developer shall annually submit to the Authority a certification of the number of Affordable Units actually occupied by low-income households in accordance with this Section 402 in the form of Attachment No. 9 hereto or such other form as may be provided by the Authority.

7. Determination of Affordable Rent for the Affordable Units. Each Affordable Unit shall be rented at an "Affordable Rent" to be established by the Authority as provided herein. The initial maximum monthly rental amount for the Affordable Units shall be established as set forth in Attachment 12 to this Agreement, which sets forth the applicable maximum incomes and rents (including utilities) as of the date of this Agreement, and which rents shall be adjusted annually as follows: (i) the tenant portion of rent for ELI Units for Existing Tenants shall be initially adjusted annually by the percentage change during the preceding year in the United States Department of Labor Bureau of Labor Statistics, Consumer Price Index for Urban Wage Earners and Clerical Workers, Subgroup "All Items," which is applicable to the El Cajon area at the time of determination ("CPI") and upon the Unit Turn-over for any ELI Unit, the tenant portion of rent for such ELI Unit shall thereafter be adjusted in accordance with HCD and TCAC permitted changes, whichever limit is lower. For LI Units, the rent of the LI Units for Existing Tenants initially shall be adjusted annually by the CPI, and upon the Unit Turn-over for any LI Unit, the rent for such LI Unit shall thereafter be adjusted per TCAC allowed increases.

THE DEVELOPER UNDERSTANDS AND KNOWINGLY AGREES THAT THE MAXIMUM RENTAL PRICE TO BE ESTABLISHED BY THIS FORMULA IS NOT NECESSARILY EQUAL TO THE FAIR MARKET

RENT AMOUNT OF THE AFFORDABLE UNITS, AND IS PROBABLY ESTABLISHED AT A PRICE WHICH IS SUBSTANTIALLY BELOW THE FAIR MARKET RENT AMOUNT.

Developer Initials: _____

8. Senior Citizen Units. All of the units in the Improvements shall be independent living units specially designed for the physical and social needs of "Senior Citizens" (persons sixty-two (62) years or older, subject to applicable law). The Developer shall state, in a prominent location in all advertising and marketing materials, that the Improvements are designed for use and occupancy by Senior Citizens. Furthermore, the Developer shall restrict occupancy to Senior Citizens and "Qualified Permanent Residents" (as defined in section 51.3 of the California Civil Code) in the rental of all units in the Improvements. Except as otherwise provided herein, at least one person in residence in each dwelling unit must be a Senior Citizen.

C. 403. Management and Maintenance

The Developer shall manage and maintain the Improvements on the Site in conformity with the El Cajon Municipal Code.

The following standards shall be complied with by Developer and its maintenance staff, contractors or subcontractors:

1. Developer shall maintain the Improvements, including individual Affordable Units, all common areas, all interior and exterior façades, and all exterior project site areas, in a safe and sanitary fashion suitable for a first class senior citizen housing project. The Developer agrees to provide utility services, administrative services, supplies, contract services, maintenance, maintenance reserves, and management for the entire project including both interior and exterior tenant spaces, common area spaces and exterior common areas and public rights-of-way for the related projects. The services provided by the Developer shall include, but not be limited to, providing all electricity, gas, water, television, property, fire and liability insurance in the amounts set forth in the Ground Lease, all property taxes and personal property taxes, any and all assessments, maintenance and replacement of all exterior landscaping, all administration and overhead required for the property manager, accounting and program directors for the senior citizens' center, associated program supplies, a day porter required for the project, and supplies for the project. The Developer is not required to provide telephone or cable television services.

2. Landscape maintenance shall include, but not be limited to: watering/irrigation; fertilization; mowing, edging, and trimming of grass; tree and shrub pruning; trimming and shaping of trees and shrubs to maintain a healthy, natural appearance and safe road and sidewalk conditions and visibility, and optimum irrigation coverage; replacement, as needed, of all plant materials; control of weeds in all planters, shrubs, lawns, ground covers, or other planted areas; and staking for support of trees.

3. Clean-up maintenance shall include, but not be limited to: maintenance of all private paths, parking areas, driveways and other paved areas in clean and weed-free condition; maintenance of all such areas clear of dirt, mud, trash, debris or other matter, which is unsafe or unsightly; removal of all trash, litter and other debris from improvements and landscaping prior to mowing; clearance and cleaning of all areas maintained prior to the end of the day on which the maintenance operations are performed to ensure that all cuttings, weeds, leaves and other debris are properly disposed of by maintenance workers.

4. The Improvements shall be maintained in conformance and in compliance with the approved construction and architectural plans and design scheme, as the same may be amended from time to time with the approval of the City (and Authority, if such approval is required).

5. All maintenance work shall conform to all applicable federal and state Occupation Safety and Health Act standards and regulations for the performance of maintenance.

6. Any and all chemicals, unhealthful substances, and pesticides used in and during maintenance shall be applied only by persons possessing valid California applicators licenses, and in strict accordance with all governing regulations. Precautionary measures shall be employed recognizing that all areas are open to public access.

7. Parking lots, lighting fixtures, trash enclosures, and all areas visible from the adjacent streets shall be kept free from any accumulation of debris or waste materials by regularly scheduled maintenance.

8. Developer shall maintain a separate reserve fund for capital repairs, and shall deposit not less than Fifty Thousand Dollars (\$50,000) upon commencement of the term of the Ground Lease, and thereafter commencing on a date which is no more than six months from substantial completion of the rehabilitation, Developer shall deposit an amount equal to \$300 per unit per year, increasing annually by 1.5%, or such greater amount as may be required by any lender of Developer. Such funds shall be expended only for capital repairs to and replacement of the Improvements and shall not be expended upon normal maintenance and operations of the Improvements. Such funds shall be deposited annually and shall be in addition to any balances remaining from prior-year deposits that were not fully expended for capital repairs or replacement of Improvements. Capital repairs to and replacement of the Improvements shall include only those items with a long useful life, including the following:

- (1) Carpet and drape replacement;
- (2) Appliance replacement;
- (3) Exterior painting, including exterior trim;
- (4) Hot water heater replacement;
- (5) Plumbing fixtures replacement, including tubs and showers, toilets, lavatories, sinks, faucets;
- (6) Air conditioning and heating replacement;
- (7) Asphalt repair and replacement, and seal coating;
- (8) Roofing repair and replacement;
- (9) Landscape tree replacement and irrigation pipe and controls replacement;
- (10) Gas line pipe replacement;

- (11) Lighting fixture replacement;
- (12) Elevator replacement and upgrade work;
- (13) Miscellaneous motors and blowers; and
- (14) Common area furniture replacement, and common area repainting.

Management and maintenance shall be overseen by the Authority or its designee and, if the above standards are breached, after notice and opportunity to cure within the time set forth in this paragraph, the Authority or its designee may in its reasonable discretion direct the Developer to and the Developer shall hire a management company acceptable to the Authority to manage the Improvements. If, at any time, the Developer or the management company fails to adequately maintain such areas, and such condition is not corrected immediately upon notice of an imminent threat to health and safety or after expiration of thirty (30) days from the date of written notice from the Authority for all other violations, the Authority may (but shall not be obligated to) perform the necessary maintenance and Developer shall pay such costs as are reasonably incurred for such maintenance.

A. 404. Project Operating Costs

The Authority and its authorized representatives shall, at all times, have access for the purpose of audit or inspection to any and all books, documents, papers, records, property, and premises of the Developer which in any manner relate to the expenses and revenues of the Improvements under this Agreement and the Developer's obligations hereunder, including expenditures from the separate reserve fund for capital repairs. The Developer's staff shall cooperate fully with Authority staff and authorized auditors when they conduct audits and examinations of Authority funded programs. Within thirty (30) days of the submittal of such audit report, the Developer shall provide a written response to all conditions or findings reported in such audit report. The response must discuss each condition or finding and set forth a proposed resolution, including a schedule for correcting any deficiency. All conditions or correction actions shall take place within six (6) months after receipt of the audit report unless the Authority Executive Director or his designee authorizes an extension of time to submit such corrections. If indications of misrepresentation of or erroneous reporting of expenses and/or revenues is found in an amount exceeding two and one-half percent (2 1/2%) of the total amount of expenses and/or revenues, as applicable, the cost of the audit shall be borne by the Developer, and the Developer shall reimburse the Authority the amount of Additional Rent due hereunder, together with interest at the maximum legal rate.

F. 405. Rights of Access

The Authority, for itself and for the City and other public agencies, at their sole risk and expense, shall have the right to enter the Site or any part thereof, which is occupied or by the Developer, at all reasonable times for the purpose of construction, reconstruction, maintenance, repair or service of any public improvements or public facilities located on the Site. Any such entry shall be made only after reasonable notice to Developer. Upon receipt of such notice the Developer agrees to cooperate with the Authority in making the Site available for inspection by the Authority and/or City. Developer acknowledges and agrees that in the event that if for any reason the Developer fails to consent to such entry or inspection, the Authority may obtain an administrative inspection warrant or take such other legal actions as may be necessary

to gain entry to and inspect the Site. Authority shall indemnify and hold Developer harmless from any costs, claims, damages or liabilities pertaining to any entry.

G. 406. Effect of Violation of the Terms and Provisions of this Agreement After Completion of Rehabilitation

The covenants established in this Agreement shall, without regard to technical classification and designation, be binding upon and for the benefit and in favor of the Developer and the Authority, their respective successors and assigns, as to those covenants which are for their benefit. The covenants contained in this Agreement shall remain in effect until the expiration of the Affordability Period (defined in Section 402 of this Agreement). The covenants against racial discrimination shall remain in perpetuity.

The Authority is deemed the beneficiary of the terms and provisions of this Agreement and of the covenants running with the land, for and in its own rights and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit this and the covenants running with the land have been provided. The Agreement and the covenants shall run in favor of the Authority, without regard to whether the Authority has been, remains or is an owner of any land or interest therein in the Site or in the Project Area. The Authority shall have the right, if the Agreement or covenants are breached, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Agreement and covenants may be entitled.

H. 407. Nondiscrimination

The Developer covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, disability, familial status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, nor shall the Developer itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Site. The foregoing covenants shall run with the land.

The Developer shall refrain from restricting the rental, sale or lease of the property on the basis of race, color, creed, religion, sex, marital status, disability, familial status, national origin or ancestry of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(a) In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, disability, familial status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee himself or herself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

(b) In leases: “The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

“There shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, disability, familial status, ancestry or national origin in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased.”

(c) In contracts: “There shall be no discrimination against or segregation of, any person, or group of persons on account of race, color, creed, religion, sex, marital status, disability, familial status, ancestry or national origin, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the transferee himself or herself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the premises.”

The covenants in this and the Ground Lease for the Site shall, without regard to technical classification and designation, be binding for the benefit and in favor of the Authority, its successors and assigns, the City and any successor in interest to the Site. The covenants against discrimination shall remain in effect in perpetuity. However, nothing in this Section 408 shall give the Developer any additional rights to convey a fee or leasehold interest in the Property except as otherwise authorized by this Agreement.

I. 408. Regulatory Agreement

The provisions of Section 400 through 408, inclusive, of this Agreement shall be recorded in the Official Records of San Diego County, California, in the form of the Regulatory Agreement which is attached hereto as Attachment No. 10 and incorporated herein by reference. Such Regulatory Agreement shall be executed, acknowledged and recorded concurrently with the conveyance of the Site to the Developer pursuant to the Ground Lease.

V. 500. GENERAL PROVISIONS

A. 501. Notices, Demands and Communications Between the Parties

Written notices, demands and communications between the Authority and the Developer shall be sufficiently given if delivered by hand (and a receipt therefor is obtained or is refused to be given) or dispatched by registered or certified mail, postage prepaid, return receipt requested, or sent by telecopy or overnight delivery service, to the principal offices of the Authority and the Developer. Such written notices, demands and communications may be sent in the same manner to the Authority and the Developer at the addresses provided pursuant to Sections 105 and 106 and to such other addresses as either party may from time to time designate by mail as provided in this Section 501.

Any written notice, demand or communication shall be deemed received immediately if delivered by hand or sent by telecopy, shall be deemed received on the third day from the date it is postmarked if delivered by registered or certified mail, and shall be deemed received on the next business day after it is sent if delivered by overnight delivery service.

B. 502. Conflicts of Interest

No member, official or employee of the Authority shall have any personal interest, direct or indirect, in this Agreement, nor shall any member, official or employee participate in any decision relating to the Agreement which affects his personal interests or the interests of any corporation, partnership or association in which he is directly or indirectly interested. No member, official or employee of the Authority shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach by the Authority, or for any amount which may become due to the Developer or successor or on any obligations under the terms of this Agreement.

The Developer warrants that it has not paid or given, and will not pay or give, any third party any money or other consideration for obtaining this Agreement.

C. 503. Enforced Delay: Extension of Times of Performance

In addition to specific provisions of this Agreement, performance by either party hereunder shall not be deemed to be in default, and all performance and other dates specified in this Agreement shall be extended, where delays or defaults are due to: war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor or supplier; acts or omissions of the other party; acts or failures to act of the City or any other public or governmental agency or entity (other than the acts or failures to act of the Authority) or any other causes beyond the control or without the fault of the party claiming an extension of time to perform. Notwithstanding anything to the contrary in this Agreement, an extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) days of the commencement of the cause. Any requests for extension shall be in writing. Times of performance under this Agreement may also be extended in writing by the mutual agreement of Authority and Developer.

VI. 600. DEFAULTS AND REMEDIES

A. 601. Defaults -- General

Subject to the extensions of time set forth in Section 503, failure or delay by either party to perform any term or provision of this Agreement constitutes a default under this Agreement. The party who so fails or delays must immediately commence to cure, correct, or remedy such failure or delay, and shall complete such cure, correction or remedy with diligence.

The injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. Except as required to protect against

further damages, the injured party may not institute proceedings for damages or specific performance against the party in default until thirty (30) days after giving such notice or, provided that the party is proceeding with diligence to cure, such greater time as may be necessary to cure given the nature of the default. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default.

B. 602. Legal Actions

1. 603. Institution of Legal Actions

In addition to any other rights or remedies and subject to the restrictions in Section 601, either party may institute legal action to cure, correct or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Agreement. Legal actions must be instituted in the Superior Court of the County of San Diego, State of California, or in the Federal District Court in the Southern District of California. Developer hereby waives any right to remove any such action from San Diego County as is otherwise allowed by California Code of Civil Procedure section 394.

2. 604. Applicable Law

The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

3. 605. Acceptance of Service of Process

In the event that any legal action is commenced by the Developer against the Authority, service of process on the Authority shall be made by personal service upon the Executive Director or in such other manner as may be provided by law.

In the event that any legal action is commenced by the Authority against the Developer, service of process on the Developer shall be made by personal service upon an officer or an agent designated for service of process as filed with the California Secretary of State and shall be valid whether made within or without the State of California or in such other manner as may be provided by law.

C. 606. Rights and Remedies Are Cumulative

Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

D. 607. Inaction Not a Waiver of Default

Any failures or delays by either party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies, or deprive either such party of its right to institute and maintain any actions or proceedings, which it may deem necessary to protect, assert or enforce any such rights or remedies.

E. 608. Attorneys' Fees

If any action at law or equity is brought to enforce or interpret the provisions of this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys' fees and other costs of litigation from the non-prevailing party.

F. 609. Termination by the Developer

In the event that:

(a) The Developer satisfies all of the Conditions Precedent to the Commencement of Ground Lease as set forth in Section 202 hereof, but the Authority does not tender possession of the Site in the manner and condition and by the date provided in this Agreement by the date required by the Schedule of Performance (Attachment No. 3), subject to the applicable cure period contained in Section 503 hereof; or

(b) the Authority is in material default of any of its obligations under this Agreement, and such default has not been cured in accordance with Section 601 hereof;

then this Agreement and the Ground Lease may, at the option of the Developer, and in addition to any other remedies available to Developer at law or in equity, be terminated by written notice thereof to the Authority.

G. 610. Termination by the Authority

In the event that:

(a) The Developer (or any successor in interest) assigns or attempts to assign this Agreement or any rights therein or in the Site, the Improvements or any portion thereof in violation of this Agreement; or

(b) There is a change in the ownership of the Developer contrary to the provisions of Section 107 hereof; or

(c) The Developer fails to satisfy any of the Conditions Precedent to the Commencement of the Ground Lease pursuant to Section 202 hereof, by the time established therefor in the Schedule of Performance (Attachment No. 3); or

(d) The Developer fails to commence the rehabilitation of the Project within the time frames established therefor in the Schedule of Performance (Attachment No. 3); or

(e) The Developer does not take possession to the Site under tender of possession by the Authority pursuant to this Agreement and such failure is not cured within the applicable cure period contained in Section 601 hereof; or

(f) The Developer is in material default of any of its obligations under this Agreement, and such default has not or is not being cured in accordance with Section 601 hereof;

then at the option of the Authority this Agreement and the Ground Lease and any rights of the Developer or any assignee or transferee in the Agreement and the Ground Lease shall, upon written notice from the Authority, be terminated by the Authority.

VII. 700 SPECIAL PROVISIONS

A. 701. Real Estate Commissions

The Authority and the Developer both represent to the other party that they have not engaged the services of any finder or broker and that they are not liable for any real estate commissions, broker's fees, or finder's fees which may accrue by means of the Developer's lease of the Site, and agree to indemnify and hold harmless the other party from such commissions or fees as are alleged to be due from the party making such representations.

B. 702. Successors in Interest

The terms, covenants, conditions and restrictions of this Agreement shall extend to and shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of the Authority and the Developer.

C. 703. Entire Agreement

This Agreement contains the entire agreement between the parties relating to the subject matter hereof. Any prior agreements, promises, negotiations or representations, including without limitation the Memorandum of Agreement between the parties dated as of _____, which are not expressly set forth in this Agreement are superseded and of no further force or effect. Subsequent modifications to this Agreement shall be in writing and signed by both the Authority and the Developer.

D. 704. Captions and Construction

Captions in this Agreement are for convenience only and shall not be used in construing meaning. This Agreement shall be construed as a whole and in accordance with its fair meaning.

E. 705. Severability

If any term, condition, or covenant of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions of this Agreement shall be valid and binding on the parties hereto.

F. 706. Cooperation

The Authority and the Developer agree to cooperate with each other so as to achieve the objectives of this Agreement in a timely and efficacious manner. In the event the Developer does not receive a reservation of 9% tax credits for the Project from the California Tax Credit Allocation Committee in the first funding round of 2020, the Authority and Developer agree to extend dates in the Schedule of Performance to the extent such extension is reasonably requested by Developer to permit an application by Developer to the California Tax Credit Allocation Committee in the second application round of 2020.

G. 707. Further Documents

Upon written request, the Authority and the Developer shall execute, deliver, or cause to be executed and delivered, such additional instruments and documents as are necessary to perform the terms of this Agreement.

VIII. 800. ENTIRE AGREEMENT, WAIVERS

This Agreement may be signed in counterparts, and is executed in three (3) duplicate originals, each of which is deemed to be an original. This Agreement includes pages 1 through ___ and Attachments 1 through __, which constitute the entire understanding and agreement of the parties.

All waivers of the provisions of this Agreement must be in writing by the appropriate authorities of the Authority and the Developer, and all amendments hereto must be in writing by the appropriate authorities of the Authority and the Developer.

In any circumstance where under this Agreement either party is required to approve or disapprove any matter, approval shall not be unreasonably withheld.

IX. 900. TIME FOR ACCEPTANCE OF AGREEMENT BY AUTHORITY

This Agreement, when executed by the Developer and delivered to the Authority, must be authorized, executed and delivered by the Authority on or before twenty (20) days after signing and delivery of this Agreement by Developer or this Agreement shall be void, except to the extent that the Developer shall consent in writing to a further extension of time for the authorization, execution and delivery of this Agreement. The date of this Agreement shall be the date when it shall have been signed by the Authority.

IN WITNESS WHEREOF, the Authority and the Developer have signed this Agreement on the respective dates set forth below.

EL CAJON HOUSING AUTHORITY,
a public body corporate and politic

Dated: _____

By: _____
Bills Wells, Authority Chair

ATTEST:

“AUTHORITY”

Angela L. Cortez, CMC, Secretary

APPROVED AS TO FORM:

Morgan L. Foley, General Counsel

ECJ HOUSING LP,
a California limited partnership

By: _____
Name: _____
Its: _____

“DEVELOPER”

ATTACHMENT NO. 1

SITE PLAN

ATTACHMENT NO. 2

LEGAL DESCRIPTION

All those portions of Lots 1 through 4 and Lots 8 through 13 of Block 3 of El Cajon City, in the City of El Cajon, County of San Diego, State of California, according to Map thereof No. 597, together with that portion of Prescott Avenue described as follows:

Beginning at the Southeast corner of Lot 8, Block 3 of said Map 597; thence South $89^{\circ} 59' 22''$ West along the South line of said Lot 8 a distance of 20.25 feet to the true point of beginning; thence continuing South $89^{\circ} 59' 22''$ West along the south line of said Block 3 of Map 597 and its Westerly extension thereof a distance of 344.57 feet to the Southwest corner of Parcel 2 of PM 16657, said point also being on the West right-of-way line of Prescott Avenue; thence North $24^{\circ} 26' 03''$ West along said West right-of-way line of Prescott Avenue a distance of 371.72 feet

to a point on the South right-of-way line of Douglas Avenue; thence north $89^{\circ} 59' 55''$ East along the said South right-of-way line of Douglas Avenue a distance of 367.63 feet to the Northeast corner of Lot 4, Block 3 of said Map 597; thence South $00^{\circ} 07' 14''$ East along the East line of said Lot 4 and its Southerly extension thereof a distance of 181.13 feet; thence North $89^{\circ} 59' 05''$ East a distance of 149.95 feet to the East line of said Lot 8, Block 3 of Map 597; thence South $00^{\circ} 09' 02''$ East along the Easterly line of said Lot 8 a distance of 137.23 feet to the beginning of a tangent curve concave Northwest and having a radius of 20.0 feet; thence Southerly and Westerly along the arc of said curve through an angle of $90^{\circ} 08' 24''$ a distance of 31.46 feet to the true point of beginning.

ATTACHMENT NO. 3

SCHEDULE OF PERFORMANCE

I. GENERAL PROVISIONS

Resolution of the El Cajon Housing Authority for Approval and Commitment to The Authority shall conduct a public hearing and approve the Termination of the Existing DDA, *** terms of Agreement February 11, 2020

Application for and Award of a Reservation of TCAC Funding. Developer shall submit an application for a reservation of tax credit funds from the California Tax Credit Allocation Committee, beginning with the first round of applications due in March 2020 (awards expected to be announced in June 2020). Within forty-five (45) days of approval of the Resolution, first application to be submitted to TCAC in March, 2020

Additional Application(s) for and Award of a Reservation of TCAC Funding. If a TCAC reservation is not awarded in the first round, Developer shall be permitted to make up to three (3) additional consecutive attempts to secure a reservation of tax credit funds from the California Tax Credit Allocation Committee, with a final attempt in the second round of funding due on July 2021 (awards expected to be announced in the fall of 2021). Within eighteen (18) months, and no later than the second round of funding to be submitted in July 2021.

Developer Application for First Mortgage Funding. Developer shall secure First Mortgage as outlined in its proposal. No later than the Close of Escrow.

II. CONVEYANCE

Execution of Agreements by the Parties. The Developer shall execute this Agreement and shall deliver three (3) duplicate originals to the Authority. Thereafter, Authority shall execute this Agreement and shall deliver one (1) duplicate original thereof to the Developer, and one (1) duplicate original thereof to Escrow. Within forty-five (45) days following notification of tax credit reservation and prior to Close of Escrow.

Satisfaction of Conditions Precedent to Ground Lease. The parties shall satisfy all of the conditions set forth in Section 202.

No later than the Close of Escrow for conditions (a) through (c).

No later than thirty (30) days prior to the commencement of Rehabilitation for condition (d).

Execution and Commencement of Ground Lease. The parties shall execute the Ground Lease, and Developer shall immediately own and operate the Project upon Close of Escrow and commencement of the Ground Lease.

No later than the Close of Escrow.

Close of Escrow. Developer shall coordinate all required documents (from all lenders) to be executed and submitted to escrow. Escrow shall close on the Sale of the Leasehold Interest, the Regulatory Agreement and Subordination Agreement(s) shall be recorded, and the DDA and Ground Lease shall commence. The Close of Escrow and commencement of the Ground Lease date shall become the date for establishing the eligibility of Existing Tenants.

Within sixty (60) days following tax credit reservation.

III. REHABILITATION; BUILDING PERMITS

Submission of Complete Rehabilitation Drawings and Landscaping Plan. Developer shall submit to the City and Authority a Capital Needs Assessment or similar document, and complete Rehabilitation (working) Drawings.

Within thirty (30) days following tax credit reservation and prior to commencement of the Lease, the Developer shall be preparing architectural plans, a renovation scope, and submitting for building permits from the City, and in all events concurrently with submission to the lender and tax credit investor architectural & cost submissions. The Capital Needs Assessment report shall be submitted to the Authority for approval within 30 days of its completion.

Review of Complete Drawings and Plans. The City and Authority shall review the Complete Rehabilitation (working) Drawings, and provide comments.

Within fifteen (15) business days after submittal.

Revisions, if any. Developer shall prepare revised Rehabilitation (working)

Within fifteen (15) business days after receipt of City's comments.

Drawings as necessary, and submit them to Authority and City for review.

Final Review and Complete Drawings.
The Authority and City shall approve the revisions submitted by the Developer provided that the revisions necessary to accommodate the City's and Authority's comments have been made; said approvals constitute the last City and Authority approvals required in order for the Developer to obtain building permits.

Within fifteen (15) business days after submittal by Developer.

IV. REHABILITATION PHASE

Commencement of Rehabilitation.
Developer shall commence rehabilitation of the Improvements.

Within thirty (30) days after the last to occur of approval of scope of renovation by all applicable governmental authorities and issuance of building permits for the Improvements and commencement of the Ground Lease.

Completion of Rehabilitation. Developer shall complete rehabilitation of all of the Improvements.

The Developer is to use due diligence to complete the project within eighteen (18) months after commencement of the rehabilitation Improvements; however, provided the Developer may request up to three (3) one (1) month extensions to be granted by the Executive Director of the Authority. Approval for such three extensions (but no other extensions) is not to be unreasonably withheld; provided that, notwithstanding the foregoing, rehabilitation shall be completed not later than 24 months after the earlier of (i) the commencement of the rehabilitation Improvements or (ii) the time established in this Agreement for the commencement of rehabilitation of the Improvements.

V. OPERATIONS PHASE

Commencement of Operation of Project.
Developer shall commence leasing and occupancy of the Improvements to Low income Senior Citizen tenants as outlined in the Agreement and Ground Lease.

Immediately upon Close of Escrow.

ATTACHMENT NO. 4

GROUND LEASE

WITH EXHIBIT A (SITE PLAN)

EXHIBIT B (LEGAL DESCRIPTION)

EXHIBIT C (MEMORANDUM OF LEASE

WITH EXHIBIT A (SITE PLAN) AND EXHIBIT B (LEGAL DESCRIPTION)

EXHIBIT C

FREE GOVERNMENT
RECORDING PURSUANT TO
GOVERNMENT CODE SECTION
27384

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN
TO:

EL CAJON HOUSING AUTHORITY
200 CIVIC CENTER WAY
EL CAJON, CA 92020

[Space above for Recorder's use only]

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE ("Memorandum") is hereby entered into as of by and between the EL CAJON HOUSING AUTHORITY, a public body corporate and politic (the "Authority"), and ECJ HOUSING LP (the "Lessee").

RECITALS

A. Authority and Lessee have entered into a Ground Lease dated _____ for that certain parcel of real property which is legally described in Exhibit A attached hereto and incorporated herein by reference. A copy of the Ground Lease is available for public inspection at the Authority's office at 200 Civic Center Way, El Cajon, California.

B. The Ground Lease provides that a short form memorandum of the Ground Lease shall be executed and recorded in the Official Records of San Diego County, California.

NOW, THEREFORE, the parties hereto certify as follows:

1. Ground Lease. The Authority, pursuant to the Ground Lease, has leased the Property to the Lessee upon the terms and conditions provided for therein. This Memorandum of Lease is not a complete summary of the Ground Lease, and shall not be used to interpret the provisions of the Ground Lease.

EL CAJON HOUSING AUTHORITY,
a public body corporate and politic

Dated: _____

By: _____
Bill Wells, Authority Chair

"AUTHORITY"

ATTEST:

Angela L. Cortez, CMC, Secretary

APPROVED AS TO FORM:

Morgan L. Foley, General Counsel

ECJ HOUSING LP,
a California limited partnership

Dated: _____

By: _____

Name: _____

Its: _____

“DEVELOPER”

ATTACHMENT NO. 5
SCOPE OF DEVELOPMENT

ATTACHMENT NO. 6

Reserved

ATTACHMENT NO. 7

[Reserved]

ATTACHMENT NO. 8

INCOME COMPUTATION AND CERTIFICATION FORM
LEXINGTON AVENUE SENIOR APARTMENTS

Apartment Unit No. _____

Total Number of Tenants: _____

Current Rent: _____

Tenant No. 1

Name: _____

Age: _____

Estimated Annual Gross Income for upcoming year: \$ _____

Actual Gross Income for prior year: \$ _____

Tenant No. 2

Name: _____

Age: _____

Estimated Annual Gross Income for upcoming year: \$ _____

Actual Gross Income for prior year: \$ _____

Tenant No. 3

Name: _____

Age: _____

Estimated Annual Gross Income for upcoming year: \$ _____

Actual Gross Income for prior year: \$ _____

Tenant No. 4

Name: _____

Age: _____

Estimated Annual Gross Income for upcoming year: \$ _____

Please attach the following items to this form:

- (1) A true copy of the most recent federal income tax return, including W-2's
- (2) Copy of last 2 pay stubs for each employed member of the household

(I/We) acknowledge that (I/we) have been advised that the making of any misrepresentation or misstatement in this affidavit will constitute a material breach of (my/our) agreement with our landlord, Lexington Avenue Senior Apartments, to rent the unit and will additionally enable the land lord and/or El Cajon Redevelopment Agency to initiate and pursue all applicable legal and equitable remedies with respect to the unit and to me/us.

(I/We) do hereby swear under penalty of perjury that the information provided above is to (my/our) best knowledge truthful and accurate. This application shall be sent to the following address, or to such other address as may from time to time be designated for the El Cajon Redevelopment Agency for this purpose:

_____ Name: _____
Date Signature

_____ Name: _____
Date Signature

_____ Name: _____
Date Signature

_____ Name: _____
Date Signature

ATTACHMENT NO. 9

CERTIFICATION OF TENANT INCOME

The undersigned, _____, being duly authorized to execute this certificate on behalf of Lexington Avenue Senior Apartments, a California limited partnership, hereby represents and warrants that:

1. He/she has read and is thoroughly familiar with the provisions of the Disposition and Development Agreement (the "Agreement") by and between the El Cajon Housing Authority (the "Authority"), and Lexington Avenue Senior Apartments, a California limited partnership (the "Developer"), of which this certification is an attachment.

2. As of the date of this certificate, the following number of residential units within the senior citizen housing complex located at _____, El Cajon, California, (i) are currently occupied by tenants qualifying as an Extremely Low Income Household at not greater than the rents as required by the Agreement or (ii) are currently vacant and being held available for occupancy by Qualifying Renters and have been so held continuously since the date Qualifying Renters vacated such unit, as indicated: _____.

3. The unit size, the rental amount charged and collected by Developer, the number of occupants and the income of the occupants for each unit on the Rental Properties is set forth below. All units on the Rental Properties are rented at Affordable Rent:

<u>Unit No.</u>	<u>Number of Occupants</u>	<u>Income of Occupants</u>

Unit No.

Number of Occupants

Income of Occupants

Lexington Avenue Senior Apartments,
a California limited partnership

Dated: _____

By: _____
Its: _____

ATTACHMENT NO. 10
REGULATORY AGREEMENT
WITH EXHIBIT A (LEGAL DESCRIPTION)

ATTACHMENT NO. 11

AMENDMENT TO PROMISSORY NOTE

Loan Amount: \$206,250.00

Date: _____

THIS AMENDMENT TO A PROMISSORY NOTE ("Amendment") is made and entered into as of this _____ day of _____ 2020 ("Effective Date"), by and between ECJ HOUSING LP, a California limited partnership ("Borrower"), an affiliate of Thomas Safran & Associates Development, Inc., a California corporation, and the EL CAJON HOUSING AUTHORITY, a public body corporate and politic (the "Authority"), or order at the Agency's office at 200 Civic Center Way, El Cajon, California 92020.

RECITALS

WHEREAS, pursuant to that certain Disposition and Development Agreement (the "Original DDA") dated as of November 30, 1993, and executed by and between the Authority and Lexington Avenue Senior Apartments, a California limited partnership ("Original Borrower"), the Agency agreed to provide funds to provide partial financing for the development of 100 unit affordable multifamily residential development located (the "Project") in the City of El Cajon located at 250 E. Lexington Avenue, El Cajon, California (the "Property");

WHEREAS, the Loan was evidenced by a Promissory Note dated _____ (Note");

WHEREAS, Original Borrower has agreed to assign all of its rights, obligations and interest in the Loan, including the Note, to Borrower, and Borrower has agreed to assume all of Original Borrower's rights, obligations and interest in the Loan, which assignment and assumption shall occur effective at the close of escrow for Borrower's execution of a new ground lease with the Authority ("Close of Escrow"), and

WHEREAS, in consideration for the Close of Escrow, Borrower has agreed to amend certain terms and provisions of the Loan, as more fully set forth herein, and

NOW, THEREFORE, the Authority and Borrower desire to amend the Note as follows.

AGREEMENT

1. As of the date of this Amendment, the outstanding principal balance together with all accrued interest on the Note is \$_____.

2. Notwithstanding anything to the contrary contained in the Note, from and after the Close of Escrow, the principal balance of this Note shall accrue interest at the Long-term Applicable Federal Rate ("AFR") in effect at the Close of Escrow, but not less than three percent (3%), compounded annually. Interest shall be calculated on the actual number of days in the year.

3. Paragraph 2 of the Note, is hereby deleted in its entirety and replaced with the following:

“The entire principal balance outstanding under this Note, along with all accrued interest to the date of payment, shall be due and payable in one lump sum on the date (the “Maturity Date”) which is the fifty-seventh (57th) anniversary of the date of this Note. Borrower may, without premium or penalty, at any time and from time to time, prepay all or any portion of the outstanding principal balance due under this Note; provided, however, that Borrower agrees that it shall not make loan payments hereunder unless and until all Senior Debt has been paid in full. For purposes hereof, “Senior Debt” shall mean any indebtedness of Borrower secured by a lien senior in priority to the lien of the Deed of Trust.

4. Section 4 of the Note is hereby deleted in its entirety and replaced with the following:

This Note is secured by that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (the “Deed of Trust”) executed by Borrower, as trustor, for the benefit of Authority which shall be recorded against the Property. This Loan is a nonrecourse obligation of Borrower. Neither Borrower nor any other party shall have personal liability for repayment of this Loan. The sole recourse of Lender for any obligation of Borrower under the Loan Documents shall be the exercise of Lender’s rights against the Property.

5. The HUD Rider attached hereto as Exhibit ___ is appended to the Note and is hereby incorporated into the Note by reference.

6. This Amendment is governed by and construed in accordance with the laws of the State of California.

7. This Amendment may be signed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same amendment.

8. Except as modified by this Amendment, the terms of the Promissory Note date _____ shall remain unchanged and in full force and effect.

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

ECJ HOUSING LP,
a California limited partnership

Dated: _____

By: _____
Its: _____

“DEVELOPER”

EL CAJON HOUSING AUTHORITY,
a public body corporate and politic

Dated: _____

By: _____
Bill Wells, Authority Chair

“AUTHORITY”

ATTEST:

Angela L. Cortez, CMC, Secretary

APPROVED AS TO FORM:

Morgan L. Foley, General Counsel

DRAFT

LEASE AND DDA TERMINATION AGREEMENT

THIS LEASE AND DDA TERMINATION AGREEMENT (the "Termination Agreement") is made as of the ____ day of _____, 2020 by and between El Cajon Housing Authority, a public body, corporate and politic, as successor-in-interest to El Cajon Redevelopment Agency, a public body, corporate and politic ("**Landlord**"), LEXINGTON AVENUE SENIOR APARTMENTS, L.P., a California limited partnership ("**Tenant**"), and THOMAS SAFRAN & ASSOCIATES DEVELOPMENT, INC., a California corporation ("**Developer**").

RECITALS:

A. Landlord and Tenant are parties to (i) that certain Ground Lease dated September 15, 1995 (the "**Lease**") pursuant to which Landlord leased to Tenant certain premises located at 250 East Lexington Avenue in the City of El Cajon, County of San Diego, State of California as more particularly described in the Lease (the "**Premises**"), (ii) that certain Disposition and Development Agreement dated November 4, 1993 (the "**DDA**"), and (iii) Regulatory Agreement dated November 30, 1993 (the "Regulatory Agreement"), which was recorded in the Official Records of San Diego County, California (the "Official Records") as Document No. 2000-0256157 on May 17, 2000.

B. Landlord desires to enter into a new ground lease with Developer to facilitate the rehabilitation of the existing one hundred (100) unit senior housing project on the Premises (the "Project") and preserve the long term affordability of the Project. To facilitate the foregoing, Landlord and Tenant have agreed to such termination on the terms and conditions contained in this Termination Agreement.

C. The term of the Lease is currently scheduled to expire on September 14, 2035 (the "**Stated Termination Date**"), and Landlord desires to terminate the term of the Lease prior to the Stated Termination Date.

NOW, THEREFORE, in consideration of the above recitals which by this reference are incorporated herein, the mutual covenants and conditions contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord, Tenant and Developer agree as follows:

1. Effective upon the last to occur of (i) Developer or its affiliate's receipt and acceptance an allocation of tax credits with respect to the Premises from the California Tax Credit Allocation Committee ("**Tax Credit Reservation**"), (ii) Developer execution and delivery to First American Title Company, 777 South Figueroa Street, Fourth Floor, Los Angeles, California 90017, Attention: Maurice Neri ("Escrow Holder") of (A) a new form of Ground Lease for the Premises in a form approved by the Landlord and (B) any documentation necessary to effectuate the Loan Assumption (as defined below), and (iii) Tenant's delivery to escrow of any documentation necessary to effectuate the Loan Assumption (as defined below), and (iii) Developer's written confirmation to Landlord and Tenant that Developer's or its affiliate is prepared to close its construction loan with respect to the Project (the "**Early Termination Date**") and subject to the agreements, representations, warranties and indemnities contained in this Termination Agreement, (i) the term of the Lease shall expire with the same force and effect as

if the term of the Lease was, by the provisions thereof, fixed to expire on the Early Termination Date, (ii) the DDA and Regulatory Agreement shall terminate and be of no further force or effect, and (iii) Landlord shall accept the Premises in its "as-is", where-is, with all faults condition.

2. Subject to the agreements, representations, warranties and indemnities contained in this Termination Agreement, effective as of the Early Termination Date, Tenant quitclaims and surrenders to Landlord, its successors and assigns, the Lease and all of the estate and rights of Tenant in and to the Lease and the Premises, and Tenant forever releases and discharges Landlord from any and all claims, demands or causes of action whatsoever against Landlord or its successors and assigns with respect to any obligations to be observed or performed by Landlord under the Lease which arise from and after the Early Termination Date.
3. Subject to the agreements, representations, warranties and indemnities contained in this Termination Agreement, Landlord agrees to accept the surrender of the Lease and the Premises from and after the Early Termination Date and, effective as of the Early Termination Date, forever releases and discharges Tenant from any and all claims, demands or causes of action whatsoever against Tenant or its successors and assigns with respect to any obligations to be observed and performed by Tenant under the Lease, DDA, Regulatory Agreement or Loan (as defined below), which arise from and after the Early Termination Date.
4. Developer, on behalf of Landlord, shall deliver an initial deposit (the "**Deposit**") to Escrow Holder in the amount of Two Hundred Fifty Thousand Dollars (\$250,000), within three (3) business days of the execution of this Agreement by Landlord, Tenant and Developer. Upon receipt by Escrow Holder of the Deposit, the Deposit shall be non-refundable and be immediately released by Escrow Holder to Tenant, but shall be applied to the Termination Payment (as defined below).
5. On the Early Termination Date, Developer, on behalf of Landlord, shall pay to Tenant the sum of Five Hundred Fifty Thousand Dollars (\$550,000) as valuable and fair consideration for Tenant's agreement to terminate the term of the Lease prior to the Stated Termination Date (the "**Termination Payment**"). In addition, Tenant shall assign and Developer shall assume Tenant's obligation with respect to that certain loan in the original principal amount of \$206,000 made by Landlord to Tenant ("**Loan**") and secured by a deed of trust encumbering the Premises (the "**Loan Assumption**"). Landlord hereby consents to the Loan Assumption.
6. On or prior to the Early Termination Date, Tenant shall:
 - (a) Fulfill all covenants and obligations of Tenant under the Lease applicable to the period prior to the Early Termination Date.
 - (b) Vacate and surrender the Premises to Landlord in accordance with the terms of the Lease, subject to the rights of any tenants in possession. Landlord and Tenant hereby agree that Tenant shall not remove any furniture, fixtures or equipment which are affixed to the Premises.
7. Tenant represents and warrants that to its actual knowledge as of the date hereof and without inquiry, (a) Tenant is the rightful owner of all of the Tenant's interest in

the Lease; (b) Tenant has not made any disposition, assignment, sublease, or conveyance of the Lease or Tenant's interest therein (other than residential leases in the ordinary course of Tenant's business); (c) Tenant has no knowledge of any fact or circumstance which would give rise to any claim, demand, obligation, liability, action or cause of action arising out of or in connection with Tenant's occupancy of the Premises; (d) no other person or entity has an interest in Tenant's interest under the Lease, collateral or otherwise; (e) there are no outstanding contracts for the supply of labor or material and no work has been done or is being done in, to or about the Premises which has not been fully paid for and for which appropriate waivers of mechanic's liens have not been obtained; (f) Tenant has no existing claims, defenses or rights of offset whatsoever with respect to the Lease and that, to Tenant's actual knowledge, no event has occurred and no condition exists which would constitute a default by Landlord under the Lease, either with or without notice or lapse of time or both; and (g) Landlord has not waived any of its remedies under the Lease. The foregoing representations and warranties shall be deemed to be remade by Tenant as applicable, in full as of the Early Termination Date.

8. Notwithstanding anything in this Termination Agreement to the contrary, Tenant shall remain liable for the monetary obligations as Tenant under the Lease arising prior to the Early Termination Date.
9. Each signatory of this Termination Agreement represents hereby that he or she has the authority to execute and deliver the same on behalf of the party hereto for which such signatory is acting.
10. This Termination Agreement shall be binding upon and inure to the benefit of Landlord, Tenant, Developer and their respective successors, assigns and related entities.
11. Tenant agrees that, except as otherwise specifically required by law or as required by court order, neither Tenant nor any of its respective agents or any other parties acting on behalf of Tenant shall disclose any matters set forth in this Termination Agreement or disseminate or distribute any information concerning the terms, details or conditions hereof to any person, firm or entity without obtaining the express written consent of Landlord, and, if Tenant is required by applicable law or legal process to disclose any information contained in this Termination Agreement, Tenant will give Landlord written notice of such requirement promptly upon Tenant becoming aware of same and in any event prior to making any disclosure pursuant thereto, and Tenant will provide such assistance in seeking a protective order or other appropriate relief as Landlord may reasonably request. If Landlord is unable to obtain a protective order or other remedy with respect to such disclosure, Tenant (or such other persons to whom such disclosure request or requirement applies) will disclose or otherwise furnish only the information legally required to be disclosed, as advised by legal counsel, and such disclosure shall be made only to the necessary and appropriate governmental entities.
12. If any party to this Termination Agreement shall bring any action or proceeding in connection with this Termination Agreement, the prevailing party in such action shall be entitled to recover as a part of such action or proceeding its reasonable attorneys' fees, accountants' and experts' fees and court costs.

13. The parties hereto shall act reasonably, in good faith and fairly in performing their obligations under this Termination Agreement, and agree to cooperate with each other to accomplish the intent of this Termination Agreement and agree to execute any and all further documents and instruments as may be necessary or requested to carry out and accomplish the intent of this Termination Agreement.
14. This Termination Agreement constitutes the entire agreement and understanding between the parties hereto. This Termination Agreement supersedes all prior written or oral agreements or understandings between the parties as of the date hereof.
15. This Termination Agreement may not be modified or amended unless all of the parties to this Termination Agreement execute a written amendment thereto or modification thereof.
16. This Termination Agreement shall be deemed to have been executed and delivered within the State of California and the rights and obligations of the parties hereunder shall be construed and enforced in accordance with, and shall be governed by, the laws of the State of California.
17. This Termination Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. Facsimile or PDF signatures may be accepted as original signatures for all purposes.
18. If any paragraph, section, sentence, clause or phrase contained in this Termination Agreement shall be, or become illegal, null, or void, or against public policy for any reason, or shall be held by any court of competent jurisdiction to be illegal, null, or void, or against public policy, the remaining paragraphs, sections, sentences, clauses or phrases contained herein shall not be affected thereby.
19. Any party's failure to enforce any provision of this Termination Agreement shall not in any way be construed as a waiver of any such provision, nor prevent that party thereafter from enforcing each and every other provision of this Termination Agreement. The rights granted to each of the parties herein are cumulative and shall not constitute a waiver of said party's right to assert all other legal remedies available to it under the circumstances.
20. The subject headings of paragraphs and subparagraphs of this Termination Agreement are included for purposes of convenience only, and shall not affect the construction or interpretation of any of its provisions. This Termination Agreement and each of the terms and provisions contained herein has been fully negotiated by each of the parties hereto, each of which has been represented by competent, qualified counsel. Each of the parties hereto and its counsel has participated fully in the drafting of this Termination Agreement. Accordingly, if any provision of this Termination Agreement should require judicial or other third party interpretation or other construction, each of Landlord, Tenant and Developer hereby acknowledges and agrees that the court or other third party interpreting or construing the same shall not apply a presumption that the terms hereof or any ambiguity contained herein shall be more strictly construed against any party by reason of any rule of

construction to the effect that a document is to be construed more strictly against the party who itself or through its agents prepared the same.

21. Except as specifically modified by this Termination Agreement, the Lease is and remains in full force and effect and is not modified or amended in any respect, and each of Landlord and Tenant hereby reaffirms in all respects all of the covenants, agreements, terms and conditions set forth in the Lease, and all terms, conditions and provisions thereof shall continue to be and remain in full force and effect, except as specifically modified by this Termination Agreement. This Termination Agreement is hereby incorporated into the Lease, and after the date hereof all references to the Lease in any document, instrument or agreement shall be deemed to mean the Lease as modified by this Termination Agreement, regardless of whether or not any specific reference to this Termination Agreement is included therewith. Except to the extent otherwise expressly provided herein, all provisions of the Lease regarding its interpretation, enforcement, breach and remedies therefor and holdover by Tenant (applicable to times after the Early Termination Date) are hereby acknowledged and agreed by Landlord and Tenant to be applicable to this Termination Agreement, as if all of such provisions had been fully set forth herein, with such modifications as would be necessary to make each of those provisions applicable to this Termination Agreement.
22. Intentionally omitted.
23. This Termination Agreement is contingent upon receipt Developer of the Tax Credit Reservation. In the event such approval is not obtained on or before December 31, 2021, either Tenant or Landlord shall have the right to terminate this Termination Agreement upon written notice to the other prior to the date that such approval is obtained.

[SIGNATURES ARE ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Landlord, Tenant and Developer have executed this Termination Agreement on the day and year first above written.

LANDLORD:

EL CAJON HOUSING AUTHORITY,
a public body, corporate and politic

By: _____

Print Name: _____

Print Title: _____

TENANT:

LEXINGTON AVENUE SENIOR APARTMENTS,
L.P., a California limited partnership

By: SK Group GP LLC,
a California limited liability company,
a General Partner

By: _____

Ezra Kest, Manager

DEVELOPER:

THOMAS SAFRAN & ASSOCIATES
DEVELOPMENT INC.

By: _____

Name: _____

Title: _____



PO BOX 697., El Cajon, CA 92022
270 E. Douglas Ave., EL Cajon, CA 92020
Phone: (619) 444-5774 • Fax: (619) 444-5779
e-mail: legals@ecgazette.com

PROOF OF PUBLICATION

CITY OF EL CAJON

State of California)
County of San Diego) SS

Notice Type: LEGAL

Ad Description: EAST COUNTY GAZETTE



I am a citizen of the United States and a resident of the State of California: I am over the age of eighteen years. I am the owner and publisher of the EAST COUNTY GAZETTE, a newspaper published in the English language in the County of San Diego. The notice, of which the annexed is a printed copy, has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to-wit:

Executed on 01/16/2020
At San Diego County, California

I certify (or declare) under penalty of perjury that the foregoing is true and correct.

Signature

Debbie Norman

Debbie Norman

CITY OF EL CAJON

NOTICE OF JOINT PUBLIC HEARING

TO CONSIDER TERMINATION OF THE EXISTING DISPOSITION AND DEVELOPMENT AGREEMENT AND GROUND LEASE BETWEEN THE EL CAJON HOUSING AUTHORITY, AS SUCCESSOR IN INTEREST TO THE EL CAJON REDEVELOPMENT AGENCY AND LEXINGTON AVENUE SENIOR APARTMENTS, AND APPROVAL FOR THE SALE OF THE LEASEHOLD INTEREST AND A NEW DISPOSITION AND DEVELOPMENT AGREEMENT AND GROUND LEASE WITH THOMAS SAFRON & ASSOCIATES DEVELOPMENT, INC.

(LEXINGTON AVENUE SENIOR APARTMENTS)

On January 28, 2020, at 3:00 p.m., or soon thereafter as the matter may be heard, in the City Council Chambers, El Cajon City Hall, located at 200 Civic Center Way, El Cajon, California, the City Council of the City of El Cajon and the El Cajon Housing Authority ("Housing Authority") will hold a joint public hearing to consider the proposed sale of the leasehold interest held by Lexington Avenue Senior Apartments, LLC ("Lexington") to Thomas Safron & Associates Development, Inc. ("TSA"); the termination of the Existing Disposition and Development Agreement ("DDA") and Ground Lease currently between the Housing Authority and Lexington; and the concurrent approval of a new DDA and Ground Lease between the Housing Authority and TSA, all related to the property located at 250 E. Lexington Avenue, El Cajon, California, known as the Lexington Avenue Senior Apartments. The intent of the transaction would be to transfer the Ground Lease and operating agreement to TSA as a new lessee and operator, extending the ground lease for an additional 60 years to expire in 2095; to rehabilitate the units; and to subsidize rents through project-based rental assistance, including the use of Housing Authority funds, for a 15-year period.

The proposed Termination Agreement, Sale Agreement, DDA, Ground Lease and Summary Report have been prepared pursuant to California Health and Safety Code section 33433, and are available for public inspection at the City Clerk's Office, at the above address, during office hours (7:30 a.m. to 5:30 p.m., Monday through Thursday, and alternate Fridays). The documents will also be available on the City's website located at: <https://www.cityofelcajon.us/i-want-to-view/city-news>.

Further information concerning this matter may be obtained by contacting Jamie van Ravesteyn, Housing Manager, at (619) 441-1710. If you challenge this item in court, you may be limited to raising only those issues which you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the City Council and the Housing Authority prior to the public hearing.

The City of El Cajon is endeavoring to be in total compliance with the Americans with Disabilities Act. This material is available in alternate formats such as large print or computer disk for individuals with disabilities, and will also be made available in Spanish upon request. If you are a non-English speaking resident or a citizen with speech or hearing impairments, and wish to review the documents or comment at the Public Hearing or require any other form of assistance or auxiliary aids in order to participate at Public Hearings, please contact the City Clerk's Office at (619) 441-1763, as far in advance of the meeting as possible.



**City Council
Agenda Report**

DATE: February 11, 2020
TO: Honorable Mayor and City Councilmembers
FROM: Mayor Wells
SUBJECT: Council Activity Report

RECOMMENDATION:

That the City Council accepts and files the following report of Council/Mayor activities attended during the current agenda period.

BACKGROUND:

Government Code Section 53232.3(d) requires members of a legislative body to provide brief reports on meetings attended at the expense of the local agency at the next regular meeting of the legislative body.

REPORT:

Since the last City Council meeting, I have attended the following events on behalf of the City of El Cajon:

- January 28 - State of the City
- January 28 - KUSI Interview
- January 28 - Fox 5 Interview
- February 3 - Meeting with Robert Zakar, El Cajon Mortuary
- February 3 - Arkan Somo - Neighborhood Market Association
- February 10 - East County Chamber of Commerce Citizen of the Year
- February 11 - City Council Meetings

I am available to answer questions.

Submitted By: Bill Wells, Mayor



City Council
Agenda Report

DATE: February 11, 2020
TO: Honorable Mayor and City Councilmembers
FROM: Councilmember Kendrick
SUBJECT: COUNCILMEMBER GARY KENDRICK
METRO Commission/Wastewater JPA; Heartland Communications;
Heartland Fire Training JPA; East County Advance Water Purification Joint
Powers Authority Board.

RECOMMENDATION:

That the City Council accepts and files the following report of Council/Mayor activities attended during the current agenda period.

BACKGROUND:

Government Code Section 53232.3(d) requires members of a legislative body to provide brief reports on meetings attended at the expense of the local agency at the next regular meeting of the legislative body.

REPORT:

Since the last City Council meeting, I have attended the following events on behalf of the City of El Cajon:

February 11 - City Council Meetings

I am available to answer questions.

Submitted By: Gary Kendrick, Councilmember



City Council
Agenda Report

DATE: February 11, 2020
TO: Honorable Mayor and City Councilmembers
FROM: Councilmember McClellan
SUBJECT: COUNCILMEMBER BOB MCCLELLAN
MTS (Metropolitan Transit System Board); Harry Griffen Park Joint Steering
Committee; Heartland Communications – Alternate.

RECOMMENDATION:

That the City Council accepts and files the following report of Council/Mayor activities attended during the current agenda period.

BACKGROUND:

Government Code Section 53232.3(d) requires members of a legislative body to provide brief reports on meetings attended at the expense of the local agency at the next regular meeting of the legislative body.

REPORT:

Since the last City Council meeting, I have attended the following events on behalf of the City of El Cajon:

January 30 - Heartland Fire Training Meeting
February 10 - Citizen of the Year Award Lunch
February 11 - City Council Meetings

I am available to answer questions.

Submitted By: Bob McClellan, Councilmember



City Council
Agenda Report

Agenda Item 15.

DATE: February 11, 2020

TO: Honorable Mayor and City Councilmembers

FROM: Councilmember Goble

SUBJECT: COUNCILMEMBER STEVE GOBLE

SANDAG – Board of Directors – Alternate; SANDAG Public Safety Committee – Alternate; METRO Commission/Wastewater JPA – Alternate; Chamber of Commerce – Government Affairs Committee; MTS (Metropolitan Transit System Board) – Alternate; East County Advance Water Purification Joint Powers Authority Board - Alternate.

RECOMMENDATION:

That the City Council accepts and files the following report of Council/Mayor activities attended during the current agenda period.

BACKGROUND:

Government Code Section 53232.3(d) requires members of a legislative body to provide brief reports on meetings attended at the expense of the local agency at the next regular meeting of the legislative body.

REPORT:

Since the last City Council meeting, I have attended the following events on behalf of the City of El Cajon:

January 31 - Meeting with Adrian Salas of Crown Castle
February 1 - Attended MTS Board Meeting
February 1 - Attended St. Paul's Gala Dinner
February 3 - Emailed D. Landers regarding cleanup needed on Helix View Dr.
February 7 - Attended East County Chamber First Friday Breakfast
February 9 - Attended Crisis House Hearts of Gold Gala
February 10 - Meeting with City Manager
February 10 - Attended El Cajon Citizen of Year Luncheon
February 11 - City Council Meeting

I am available to answer questions.

Submitted By: Steve Goble, Councilmember



City Council
Agenda Report

Agenda Item 16.

DATE: February 11, 2020
TO: Honorable Mayor and City Councilmembers
FROM: Deputy Mayor Phil Ortiz
SUBJECT: DEPUTY MAYOR PHIL ORTIZ
East County Economic Development Council; League of California Cities,
San Diego Division.

RECOMMENDATION:

That the City Council accepts and files the following report of Council/Mayor activities attended during the current agenda period.

BACKGROUND:

Government Code Section 53232.3(d) requires members of a legislative body to provide brief reports on meetings attended at the expense of the local agency at the next regular meeting of the legislative body.

REPORT:

Since the last City Council meeting, I have attended the following events on behalf of the City of El Cajon:

2/3 - Republican Party of San Diego meeting
2/10 - League of California Cities Meeting
2/11 - City Council Meetings

I am available to answer questions.

Submitted By: Phil Ortiz, Deputy Mayor



City Council
Agenda Report

DATE: February 11, 2020
TO: Honorable Mayor and City Councilmembers
FROM: Frank Carson, Director of Parks & Recreation
SUBJECT: Teen Coalition Status Report

RECOMMENDATION:

That the City Council receives and files the information-only Teen Coalition status report.

BACKGROUND:

“Engage, educate and empower” continue to be the goals for the City of El Cajon Teen Coalition. Teen Coalition members work with staff liaison, Recreation Services Supervisor Fa’amalo Lutu, to learn about leadership. They are also provided opportunities to engage in community service.

FISCAL YEAR 2019-2020 RECRUITMENT:

Applications were actively circulated at El Cajon middle schools, high schools, recreation centers, libraries and local service organizations. Press releases were sent to local news media outlets and mass emails were sent to teens that were or have participated in the Recreation Department’s activities and/or instructional classes. Information was posted on social media outlets and the application was made available on the City’s website.

Nine applications were received and an interview panel consisting of two Recreation staff selected all nine to serve as members. Coalition members were selected based on their demonstrated level of commitment and their desire to develop leadership skills. Of those selected for 2019/2020, seven are returning members to the Teen Coalition and two are new members:

Alvin Mwangi, Chair	Dylan Garcia, Vice Chair	Blake Ballew, Treasurer
Vianca Margo, Secretary	Eric Ayala	Talya Al Sabahi
Reena Behnam	Eric Espinoza	Sage Ollison

FISCAL YEAR CALENDAR:

In addition to special events, the Teen Coalition will meet each month at Renette Park Community Center. Some of the activities and events the Teen Coalition will participate in include:

- March in the Mother Goose Parade
- Work with Public Works and outside organizations on the Cool Parks initiative
- Witness “government in action” at the February City Council meeting
- Seminars and training about the importance of trees and parks
- City of El Cajon Dance and Tumbling Recital
- City of El Cajon’s Arbor Day Celebration
- August Movies in the Park at Renette
- Ongoing community service
- Host an engaging event for teens that will include a community service component

The City of El Cajon Teen Coalition will also continue to sponsor the annual “Youth of the Year” award, as it further helps put a spotlight on those youth who go above and beyond in serving their community.

FISCAL YEAR 2019-2020 IMPACT STATEMENTS:

All members of the Teen Coalition exhibit a passion for volunteering, community involvement and development of leadership skills. The Teen Coalition is committed to providing safe teen activities as well as community service opportunities. In response, the Teen Coalition is developing activities and projects that would address these issues.

FISCAL IMPACT:

Current fiscal year budgeted amount of \$1,200 for training, meetings, events, and projects.

Prepared By: Frank Carson, Director of Parks & Recreation

Reviewed By: Vince DiMaggio, Assistant City Manager

Approved By: Graham Mitchell, City Manager
