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915 I Street, 1st Floor, Sacramento

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SUPPLEMENTAL MATERIAL

Description: The attached staff report was not available at the time of publishing.

For the Meeting of: Tuesday, April 6, 2021 at 5:00 p.m.

Agenda Item: Discussion Item 28

28. Approval of 1) a Community Benefits Partnership Agreement with the Regents of the University of California on behalf of its Davis Campus and Wexford Development, LLC and 2) a Preliminary Term Sheet for Public Financing Assistance for Aggie Square Phase 1 [TO BE DELIVERED]

File ID: 2021-00349

Location: University of California Davis Sacramento Campus, Stockton Boulevard and 2nd Avenue, District 5 and District 6

Recommendation: 1) Adopt a **Resolution** authorizing the City Manager or the City Manager's designee to enter into the following agreements for the Aggie Square Project on the City's behalf: a) a Community Benefits Partnership Agreement with the Regents of the University of California on behalf of its Davis campus ("Regents") and Wexford Development, LLC ("Wexford"); and b) a Preliminary Term Sheet for Public Financing Assistance of Aggie Square Phase 1 with the Regents and Wexford; and 2) adopt a **Resolution** approving an Addendum to the Environmental Impact Report for the University of California Davis Sacramento Campus 2020 Long Range Development Plan.

Contact: Michael Jasso, Assistant City Manager, (916) 808-1380; Leslie Fritzsche, Economic Investment Manager, (916) 808-5450, Office of Innovation and Economic Development, Office of the City Manager; John Dangberg, (916) 995-1222, Dangberg Consulting Services



City Council Report

915 I Street, 1st Floor

Sacramento, CA 95814

www.cityofsacramento.org

File ID: 2021-00349

April 6, 2021

Discussion Item 28

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Presenter: Leslie Fritzsche, Economic Investment Manager, (916) 808-5450, Office of Innovation and Economic Development, Office of the City Manager

Attachments:

- 1-Description/Analysis
- 2-Regional Economic and Fiscal Impact Study Summary
- 3-Resolution (EIR Addendum)
- 4-Exhibit A (EIR Addendum)
- 5-Exhibit B (Statement of Overriding Policy Considerations)
- 6-Resolution (Community Benefits Partnership Agreement and Preliminary Business Term Sheet)
- 7-Exhibit A (Community Benefits Partnership Agreement)
- 8-Exhibit B (Preliminary Business Term Sheet)

Description/Analysis

Issue Detail: The City has been in discussion with UC Davis, Wexford, and community stakeholders over the past two years regarding a partnership for the development of the Aggie Square project located on the UC Davis Sacramento Medical Center Campus, home to UC Davis Health. On October 27, 2020, the Council declared its intention to form the Aggie Square Enhanced Infrastructure Financing District to assist with the financing of the infrastructure for the project (the “**Aggie Square EIFD**”); the Council established the Public Finance Authority that serves as the Aggie Square EIFD’s governing board. Work on the Aggie Square EIFD formation has been continuing and the Infrastructure Financing Plan for the Aggie Square EIFD is the subject of a companion report on the Council Agenda (Item #2021-00255).

Paramount in the discussions on the Aggie Square project has been a focus on the benefits the project can provide for the community. The project’s success is tied to how it manifests inclusive economic development and improves the economic opportunities and growth potential for Sacramento, particularly for residents in neighborhoods adjacent to the project. UC Davis, Wexford, and the City have held over 90 community meetings to talk about the project and to learn the concerns and issues of residents and the larger Sacramento community. This report includes a product of those discussions: a Community Benefits Partnership Agreement (Attachment 7 - Exhibit A to the Resolution) that (1) addresses issues and creates opportunities discussed during the community-input process and (2) advances commitments for project employment, workforce training, housing, youth engagement, and community access to resources, including establishment of an Aggie Square Community Fund.

The development of Phase 1 of the Aggie Square project requires Wexford to design and construct substantial new public infrastructure that is beyond the project’s financial capacity. The City, in recognition of the economic and community benefits from Aggie Square, has reached a preliminary understanding with Wexford and UC Davis on the terms of the public-private effort to fund the infrastructure. This effort will support the financial viability of the \$1.1 billion project, serve as a catalyst for project implementation and ensure that the community benefits are broadly distributed to the residents of Sacramento. The Preliminary Term Sheet for Public Financing Assistance of Aggie Square Phase 1 (the “**Term Sheet**”) (Attachment 8 - Exhibit B to the Resolution) outlines the key elements of the negotiated business transaction with Wexford and UC Davis, including the provision of funding from the Aggie Square EIFD and a new Mello-Roos Community Facilities District.

Policy Considerations: The City’s recently adopted “Scale Up” plan highlights the importance of the existing and emerging health-care and life-sciences industry in the Sacramento region. Scale Up, along with the regional Prosperity Strategy, recommends leveraging opportunities to tie together, accelerate, and scale growth by enabling industry stakeholders to coordinate

more effectively, collaboratively innovate, and invest in workforce, supply-chain, new-technology, and market development. The Aggie Square project will create such a hub and position Sacramento nationally as a leader in the health-care and life-sciences industry.

Community benefits under consideration are also consistent with the Council-adopted Inclusive Economic Development Investment Guidelines, which provide a framework to ensure that City investments result in economic development and job-growth opportunities for all of Sacramento's residents.

Economic Impacts: Aggie Square will generate significant economic benefits to the community, the City, and the region. A Regional Economic and City Fiscal Impact Study completed by Economic Planning Systems in July 2020 (the "**EPS Study**"), a summary of which is included as Attachment 2, estimates that the project, when built out, would bring about the following benefits:

- Approximately \$5 billion annually and 25,000 ongoing jobs would be added to the six-county region. Of those on-going regional economic impacts, approximately \$3.3 billion annually and 15,600 ongoing jobs would be added to the Sacramento County economy.
- It is estimated that the construction of Aggie Square would generate a one-time economic impact of \$2.6 billion added to the six-county region. Of these one-time regional economic impacts, approximately \$1.8 billion would be added to the Sacramento County economy.
- Finally, City of Sacramento revenues are estimated to be increased by approximately \$5 million annually.

In addition, the EPS Study highlights the wide-ranging employment opportunities generated by the project and includes the following number of direct jobs created by Aggie Square.

- 7,100 construction period (direct jobs calculated by job years)
- 3,591 permanent jobs (direct jobs calculated by job years)

A summary of the EPS Study is included as Attachment 2.

Environmental Considerations:

California Environmental Quality Act (CEQA): The action would approve a Community Benefits Partnership Agreement and Preliminary Term Sheet.

UC Davis has prepared and approved an update to its Long Range Development Plan (the "**LRDP Update**") and completed a supplemental environmental impact report (the "**SEIR**") for LRDP (see Attachment 4 – Exhibit A to Resolution and Attachment 5 –

Statement of Overriding Policy Considerations). The LRDP Update is discussed on the UC Davis website at—

<https://campusplanning.ucdavis.edu/campus-planning/2018-ucdavis-lrdp>.

The SEIR is available online at—

<https://environmentalplanning.ucdavis.edu/sacramento>.

The City of Sacramento is relying on the information and analysis in the SEIR as the basis for CEQA review of the Aggie Square EIFD. Because only minor technical changes were necessary to do so, the City has prepared an Addendum to the SEIR. The Addendum is posted on the Community Development EIR web site at—

<http://www.cityofsacramento.org/Community-Development/Planning/Environmental/Impact-Reports>

Sustainability: Development of Aggie Square and formation of the proposed Aggie Square EIFD are expected to create new jobs and to balance the jobs and housing impacts of development in the area.

Commission/Committee Action: None

Rationale for Recommendation: Located on the UC Davis Medical Center Sacramento Campus, along the Stockton Boulevard corridor, the Aggie Square project is envisioned as an innovation hub for the Sacramento region, driving commercialization of university research, growing local companies, bringing new employment opportunities to Sacramento, and adding vitality to the Stockton Boulevard corridor.

Aggie Square will provide a state-of-the-art collaborative hub for research, innovation development, and education unlike anything currently in the Sacramento Region. The project will combine the key elements of a successful innovation ecosystem, including publicly and privately funded research, commercial office and lab space, convening space, housing, and public spaces, with abundant opportunities for learning and growth. The project exemplifies best practices in innovation and inclusive economic development by leveraging the research strengths of UC Davis to create opportunities for academic, industry and community collaboration.

Phase 1 will consist of approximately 1.2 million square feet in four buildings that will contain a variety of UC Davis and private-sector uses, including science, technology, data and research, co-working space, community-serving retail, and residential. Each of these important

elements—from the shared office and lab space, to the turnkey commercial labs, to the public “living room” infrastructure of Innovation Hall—allows for entrepreneurial collisions and connections, ongoing community engagement, commercial co-location clustering with startups, and new job creation and workforce development.

The projected total development cost for Phase 1 of Aggie Square is estimated at \$1.1 billion, with delivery currently projected for early 2024.

Community Benefits

UC Davis, Wexford, and the City have been negotiating over the past six months on specific community-benefit components that can be memorialized into an Aggie Square Community Partnership Benefits Agreement (the “**CBPA**”). For UC Davis, these elements reflect the university’s transition from a traditional campus and health system to a broader more-inclusive role as an anchor institution for the Sacramento community. Wexford brings years of experience in working with other communities and universities to provide a pragmatic and proven approach to community collaboration and delivery of local-community benefits. The City’s focus on inclusive economic development is imbedded throughout the CBPA, which commit the parties to affordable housing and links employment opportunities in the project with local residents. The development team’s general contractor has also entered into a Workforce Partner Collaborative to ensure strong linkages between the work at Aggie Square and the Sacramento workforce.

Here are some key provisions of the CBPA:

Housing Development and Assistance:

- Establishment of a \$50 million Stockton Boulevard Area Affordable Housing Fund to be used for affordable housing assistance, neighborhood stabilization and new development. The components of this fund include the following:
- A significant portion of this fund is envisioned to be generated from the project itself with a potential \$16 million present value (or \$29 million over the life of the Aggie Square EIFD) coming from the Aggie Square EIFD funds.
- A commitment from the City and SHRA to provide \$29 million in funds.
- A \$5 million affordable fund-raising effort for area housing assistance and anti-displacement efforts. This consists of a \$2.5 million in philanthropic contributions matched by \$25 million from UC Davis. The fund-raising effort will be coordinated by the City with assistance from UC Davis.
- Development of 200 beds of student-oriented housing on the Aggie Square site.

Jobs and Workforce Development and Career Pathways:

- Community Workforce Training Agreement (Workforce Partner Collaborative) with Contractor with local hiring through construction.
- Local hire goal of 20% of available Aggie Square jobs for the first 10 years and 25% of available Aggie Square jobs thereafter.
- “One Stop” Approach led by the Sacramento Employment and Training Agency to bring together workforce partners from local community-based organizations to labor entities to cooperate into a unique collaborative focused on specific outcomes for neighborhood residents.

Youth Opportunities and Educational Support:

- Expanded opportunities for youth providing access to educational support and programs which promote career readiness.
- K-12 Youth Engagement activities including internships and mentoring.
- Regular events with STEM practitioners including after school STEM programs.

Aggie Square Community Partnership and Fund and Connections to Business Districts:

- Establishment of Ongoing Community Fund paid through rent surcharge.
- Establishment of Aggie Square Community Partnership – to ensure neighborhood participation and priority setting in use of Community Fund
- Alignment of efforts with Stockton Blvd. businesses and neighborhood
- Wexford’s financial consideration to support a new Stockton Boulevard EIFD to bring additional resources to the Boulevard
- Active Involvement with the Stockton Boulevard Specific Planning Process

Neighborhood Transportation Connection and Street Enhancements:

- Implementation of intersection improvements at 2nd and 3rd Street and Stockton Boulevard including bicycle access improvements.
- Up to \$1.1. million in funding (based on the fair share methodology) for Broadway/Stockton Intersection Improvements.
- Granting of an easement to the City and construction of improvements along Aggie Square’s Stockton Boulevard frontage for off-site walking, bicycling and transit elements identified in the City’s March 2021 Draft Stockton Boulevard Corridor Study.

Community Access to Space and Resource:

- Access to space, valued at \$1 million annually by offering discounts and fee of discounted space for community use.

- Outdoor programming and open space.
- Space for ongoing cohorts for under-represented entrepreneurs. Annual reporting and an ongoing community dashboard will be provided to ensure there is accountability for performance on the Partnership elements.

The elements of the CBPA provide a framework for the road ahead. The strategies for their implementation represent the real work and rely on working closely with the community and partner organizations to build next steps that balance achievability and aspiration. Aggie Square's true measure of success will be how it serves as a catalyst for neighborhood enrichment and opportunity.

Preliminary Term Sheet

The proposed Preliminary Term Sheet for Public Financing Assistance of Aggie Square Phase 1 (the "**Term Sheet**") outlines the business elements of the public-private financial partnership required for the project. UC Davis owns the Aggie Square property and will lease the land to Wexford (or an affiliated entity) for development of the project. Wexford will lease space in the new facilities to both UC Davis and private interests. The City's role will be to establish the Aggie Square EIFD and an Aggie Square Community Facilities District (the "**Aggie Square CFD**"). Both districts will utilize the revenues they generate to reimburse Wexford for \$30 million of the costs it incurs to design and construct infrastructure during Phase 1 of the Aggie Square Project (plus interest accruing on any unreimbursed balance until paid). The total infrastructure cost for Phase 1 of the project is estimated to be over \$100 million with a total development cost of \$1.1 billion. The Term Sheet describes the proposed process and timing for the reimbursement to Wexford for up to \$30 million in funds advanced by Wexford for the infrastructure (plus interest accruing on any unreimbursed balance until paid). It is currently envisioned that the City use the Aggie Square CFD to issue two series of bonds as the buildings within Phase 1 are completed and use the bond proceeds to reimburse Wexford for the infrastructure. The Aggie Square EIFD will provide tax-increment revenue generated by the development of Aggie Square to pay principal and interest on the bonds as well as costs of issuance and costs incurred to form the Aggie Square CFD. To the extent bond proceeds are inadequate to reimburse the full \$30 million, the City will repay the unreimbursed costs to Wexford from tax-increment revenues the Aggie Square EIFD receives over time; tax-increment revenues would also be used to pay Wexford annual interest rate of 3% on the unreimbursed (interest will not accumulate in tax increment is insufficient to pay it; at the end of each year, any accrued-but-unpaid interest will be cancelled). The City will have no obligation to repay the up to \$30 million beyond the tax-increment revenue generated by the project.

Financial Considerations: The Term Sheet includes a reimbursement to Wexford of \$30 million (plus interest accruing on any unreimbursed balance until paid) from the tax-increment revenue generated by property within the boundaries of the Aggie Square EIFD.

The City has no additional financial obligation if the tax revenue generated is insufficient to cover the cost of the proposed improvements or to pay debt service on bonds.

The project financing structure contemplates the formation of the Aggie Square CFD will be the subject of future Council action.

The projects and programs outlined in the CBPA may require future Council funding allocations. No funding allocations are proposed at this time.

Local Business Enterprise (LBE): The CBPA includes a commitment to provide opportunities for local business utilization during construction and once the project is completed. UC Davis's Small Business First Program is focused on providing contracting and procurement opportunities to local, small businesses, micro-businesses, and disabled-veteran business enterprises.

The Economics of Land Use



Aggie Square Phase 1 and 2 Regional Economic Impact and City Fiscal Analysis

Prepared for:
University of California, Davis

Prepared by:
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July 6, 2020

EPS #192137

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Executive Summary

| | | |
|----|--|----|
| 1. | Introduction..... | 1 |
| 2. | Project Overview | 5 |
| | Phase 1 Project Land Uses | 6 |
| | Phase 2 Project Land Uses | 7 |
| 3. | Summary of Economic Impact Analysis | 9 |
| | Economic Impact Analysis Findings | 9 |
| 4. | Summary of City Fiscal Impact Analysis | 15 |
| | Fiscal Impact Analysis Findings | 15 |
| | Discussion of Key Revenue Considerations | 17 |
| 5. | Conclusion..... | 21 |

List of Figure and Tables

| | | |
|----------|---|----|
| Figure 1 | Economic Impact Analysis Components | 2 |
| Table 1 | Summary of One-Time and Ongoing Impacts | 10 |
| Table 2 | Fiscal Impact Analysis Summary | 16 |

List of Technical Attachments

Attachment 1: Phase 1 Scenario 1—Base Scenario Technical Appendices

Attachment 2: Phase 1 Scenario 2—Hotel Expansion Scenario Technical Appendices

Attachment 3: Phase 2 Technical Appendices

1. Introduction

The University of California Davis (UC Davis or Project Proponent) retained Economic & Planning Systems, Inc. (EPS) to prepare a Regional Economic Impact and City Fiscal Analysis (Analysis) of the Aggie Square Project (Project), a proposed mixed-use innovation and research center in the City of Sacramento (City). Located on the UC Davis Health Science Campus in Sacramento, along the City's Stockton Boulevard corridor, the Aggie Square Project is envisioned as a Knowledge Community that creates an innovation hub for the Sacramento region – driving commercialization of University research, hosting Sacramento start-ups, growing local companies, and bringing new companies to Sacramento.

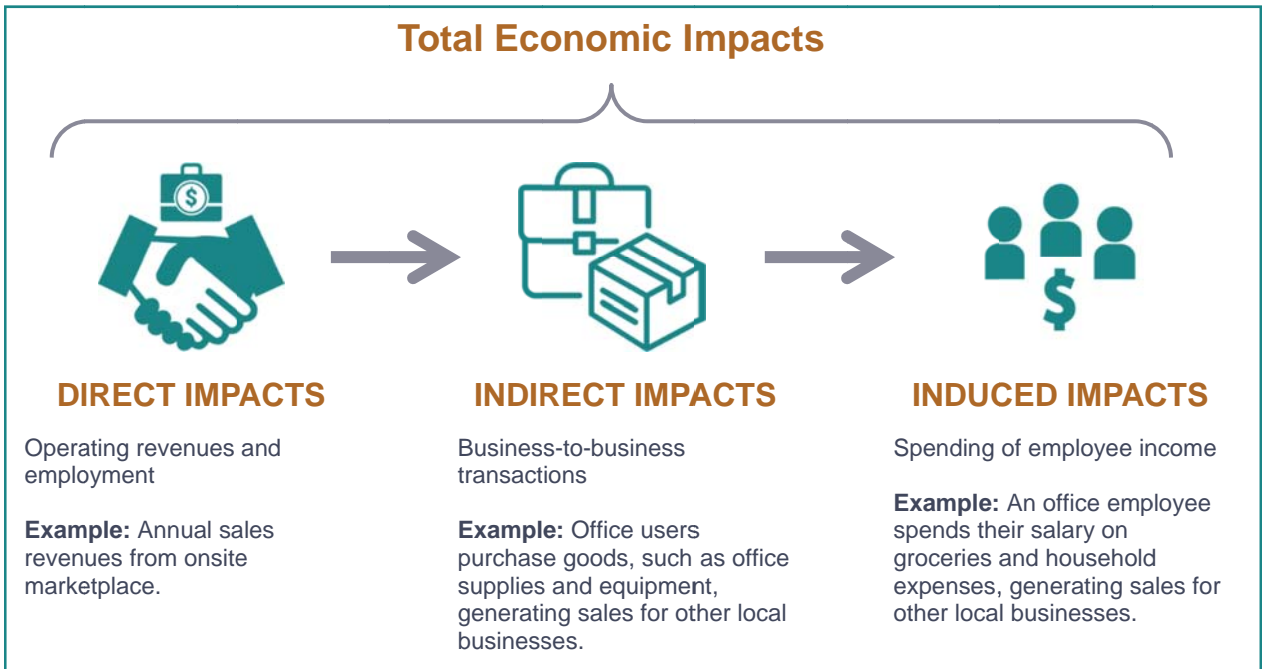
UC Davis and its selected Development partner, Wexford Science + Technology, are creating Aggie Square as a public-private partnership. The Project will be a significant collaborative hub for research, development, and education unlike anything currently located in the City or the Region. Aggie Square will couple all of the key elements of a thriving innovation ecosystem: publicly and privately funded research, commercial office and lab space, convening space, housing, public spaces, and ample opportunities for learning and connecting. The Project exemplifies best practices in innovation and inclusive economic development by leveraging the research strengths of UC Davis to create opportunities for academic, industry and community collaboration in a vibrant setting, to the benefit of UC Davis, the City, Sacramento County and the entire Region.

The purpose of the Regional Economic Impact Analysis is to estimate the quantifiable one-time construction and ongoing operational impacts of the proposed Project on the local economy with respect to jobs, income, and total economic output. The economic stimulus generated by the Project will have a multiplying effect throughout the economy as local businesses, consumers, and employees associated with the Project make local expenditures. This Analysis quantifies these impacts using an input/output (I/O) economic modeling system, which measures the change in regional economic activity resulting from a specific economic stimulus.

In this Analysis, the economy is defined in both a broader regional and local context. The broader regional economy included in this Analysis is defined as the six county Sacramento Region (Region or Six County Region), composed of Sacramento, El Dorado, Placer, Sutter, Yolo, and Yuba counties, and the local economy is defined as Sacramento County. The economic impacts measured include the direct contributions of the Project, as well as indirect and induced impacts resulting from Project construction and ongoing annual operations in the Region and Sacramento County. The on-going, annual economic impact estimates do not capture the spin-off economic benefits and shared wealth creation that will come from start-ups that "go big," business growth extending beyond Aggie Square, company relocations to the region at sites other than Aggie Square, and catalytic innovations and inventions sparked by the ecosystem at Aggie Square. In addition, the estimates of on-going annual economic impact and the one-time

economic impact from construction do not include any development that occurs on surrounding properties outside the boundaries of Aggie Square. **Figure 1** illustrates the activities captured by this Analysis.

Figure 1 Economic Impact Analysis Components



Source: EPS.

In addition to the economic impacts discussed above, the Analysis includes a Fiscal Impact Analysis, which estimates incremental City of Sacramento revenues generated by the Project. Again, these estimates do not include revenues generated by the spin-off economic benefits referred to above or by development that occurs on properties outside the boundaries of the Project. The incremental revenues estimated in this Analysis include only the revenue categories included in the City's General Fund and are based on the published Fiscal Year (FY) 2019-20 Annual City Budget, assuming stabilized Project operations.

Aggie Square is anticipated to be developed over two phases, with Phase 1 breaking ground in 2021, and being completed in 2023, and Phase 2 assumed to be developed within a few years thereafter.

Due to additional demand for hotel rooms in Sacramento that can be expected as a result of Aggie Square, two scenarios were developed for Phase 1: Scenario 1 is the "Base" development scenario; and Scenario 2 is the "Hotel Expansion" development scenario. These alternative analyses are described in greater detail in Section 2, Project Overview, below. There is only one development scenario included for Phase 2.

All results of this Analysis are presented independently and cumulatively for both Project phases. The cumulative totals reported in this Executive Summary reflect Phase 1 Scenario 2, including the hotel expansion, and Phase 2. At the end of this Executive Summary are three attachments containing the full technical analyses completed for each Phase 1 scenario and for Phase 2.

In addition to the Regional Economic Impact and City Fiscal Analysis described herein, EPS has completed a Sacramento County Fiscal Analysis under separate cover, which estimates the potential incremental Sacramento County General Fund revenues generated by ongoing operations of the Project.

The analysis included in this report is based on information collected in late 2019 and early 2020, primarily before the current COVID-19 pandemic. As the related long-term effects on any specific land uses are unknown at this time, this report is predicated on then-available information. While EPS has no reason to believe that the fundamental economic dynamics and data described in this Technical Memorandum have been altered as a result of the pandemic, it should be recognized that specific outcomes will be reliant on outside forces (e.g., viral behavior and related societal/policy responses) that cannot be predicted with certainty as economic recovery occurs.

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2. Project Overview

Located on the UC Davis Health Science Campus in Sacramento, the Project is anticipated as a mixed-use collaborative innovation center and research hub. The Project is located at the intersection of Stockton Boulevard and 2nd Street, south of the existing UC Davis Medical Center. The Project contains a variety of UC Davis and private sector uses, including science, technology, data and research uses, co-working space, community-serving retail, and housing. Each of these important elements, from the shared office and lab space, to the turnkey commercial labs, to the public “living room” infrastructure of Innovation Hall, allows for entrepreneurial collisions and connections, ongoing community engagement, commercial co-location clustering with startups, and new job creation/workforce development.

The Project is anticipated to be developed in two phases as described in more detail in the following sections. Phase 1 of Aggie Square will consist of approximately 1.2 million square feet across four buildings with a mix of innovation elements: academic research and learning, industry innovation and commercialization, shared office and lab suites, continuing education and training facilities, community convening space, housing, primarily for students, and public spaces for gathering and events. Other Phase 1 project elements outside the above include the Mobility Hub being developed by the university, a rehabilitation hospital already under construction, and future potential expansion of the hotel within the project boundaries. Occupancy of Phase 1 is currently projected for late 2023.

Phase 2 of the Project is anticipated to include 600,000 square feet in two additional buildings, consisting primarily of science, technology, and research uses, including additional shared office and lab space.

Additional demand for hotel rooms in Sacramento can be expected as a result of Aggie Square. For that reason, an additional sensitivity scenario was prepared for Phase 1 of the Project, illustrating the effects of a potential future expansion of the existing hotel that sits within the Aggie Square project boundaries on University-owned land, if such expansion were to occur as an outgrowth of the anticipated Aggie Square development. The Hotel Expansion Scenario assumes an expansion of the existing hotel from 139 rooms to approximately 250 rooms.

There is only one development scenario included for Phase 2.

Phase 1 Project Land Uses

Phase 1: Base Development Scenario

For purposes of this analysis, Phase 1 of the Project consists of four buildings and associated public spaces fostering an environment for community interaction and collaboration between disciplines. In addition, Phase 1 includes development of a rehabilitation hospital located adjacent to the site of the four Project buildings. Phase 1 includes 1,204,000 square feet anticipated to include the following mix of land uses.

Science and Technology East and West Buildings

- 388,000 square feet of science and technology uses
- 177,000 square feet of university research space
- 43,000 square feet of coworking space

Lifelong Learning Building

- 122,000 square feet of university offices and classrooms
- 118,000 square feet of data sciences uses
- 60,000 square feet of coworking space

Mixed-Use Housing and Community-Serving Retail Building

- 203,000 square feet of housing uses, accommodating 285 housing units
- 16,000 square feet of community-serving retail
- 12,000-square-foot Alice Waters Institute for Edible Education
- 12,000 square feet of UC Davis catering uses

Rehabilitation Hospital

- 53,000-square-foot rehabilitation hospital

Phase 1 includes consideration of the anticipated on-site Project parking structure, but does not include any offsite parking structures anticipated to develop as a result of the Project.

Phase 1: Hotel Expansion Scenario

An existing hotel with 139 rooms is located adjacent to the Project, north of 2nd Street. In addition to the Base Development Scenario included for Phase 1, the Analysis assesses the impacts of a potential update and expansion of this hotel to 250 rooms.

This Hotel Expansion adds 187,500 square feet of hotel uses to the development program, bringing the total development area of Phase 1 to 1,392,000 square feet.¹

¹ Estimated hotel square footage is based on an assumed square footage of 750 square feet per room applied to the total anticipated number of rooms. This assumption is based on data obtained for similar hotels located in the Region.

Phase 2 Project Land Uses

Phase 2 of the Project includes 600,000 square feet in two additional Project buildings, consisting primarily of science, technology, and research uses. The land uses included in Phase 2 of the Project include the following uses:

- 370,000 square feet of science and technology uses
- 200,000 square feet of university research space
- 22,000 square feet of coworking space
- 8,000 square feet of community-serving retail

Appendix A in each attachment includes more detail regarding the proposed land uses and assumptions used in this Analysis for each phase and scenario.

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3. Summary of Economic Impact Analysis

The Analysis includes a detailed Economic Impact Analysis of each phase of development of the Project in the form of an I/O analysis, which estimates the direct economic contributions of the Project, as well as the associated multiplier or “ripple” effect (indirect and induced impacts) that could be generated through demand on suppliers of goods and services and employee spending in the economy.

The Analysis estimates both one-time construction impacts and ongoing, annual economic impacts associated with the buildout operations of the Project, using three economic measures: total output (total market value of goods and services generated by affected industries, inclusive of labor income), employment (jobs), and labor income (total compensation associated with employment, including employee compensation, proprietors income, and other profits, rents, and royalties income). The Analysis assesses the economic impacts of the Project on both the Sacramento County and the Region.

Table 1 shows the economic impacts of Phase 1 and Phase 2 independently, as well as the combined cumulative impacts of Phases 1 and 2. **Appendix E** in each attachment includes detailed economic impact estimating tables.

Economic Impact Analysis Findings

One-Time Construction Economic Impact

One-time economic impacts are generated during the Project construction period.²

Construction impacts are based on the estimated construction costs for each phase of the proposed Project, based on data provided by the Project Proponent. Included in the construction cost estimates is additional spending pertaining to one-time purchase of fixed equipment for all uses. In addition, the Analysis includes the construction impacts generated by infrastructure improvement projects undertaken by the Sacramento Department of Utilities and the Sacramento Regional County Sanitation District directly resulting from impact fee revenues to be paid by the Project.³ **Table D-1** in each attachment shows the estimated hard construction costs for each phase and scenario of the Project.

² To the extent that construction activity is short term and construction labor markets are tight, construction impacts often entail a shift of resources from other projects in a Region. This report therefore estimates gross economic impacts, not accounting for potential shifts in resources. Due to the extent that construction labor is used temporarily and laborers may live outside of the Sacramento County, this Analysis is based on the assumption that construction activities will not generate induced impacts.

³ Impact fee revenue estimates are based on calculations of impact fee revenue generated by each phase of the Project, prepared by RSC Engineering.

Table 1
Aggie Square Phase 1 Analysis
Regional Economic Impact and City Fiscal Analysis
Summary of One-Time and Ongoing Impacts (Rounded 2020\$)

| Activity/Impact Categories | Estimated Economic Impact | | | | |
|--|------------------------------|--------------------------------|-------------|------------------------------|--------------------------------|
| | Phase 1 | | Phase 2 | Total Phase 1 and 2 | |
| | Scenario 1: Base Scenario | Scenario 2: Hotel Expansion | | Scenario 1: Base Scenario | Scenario 2: Hotel Expansion |
| Six County Region | | | | | |
| One-Time Economic Impacts | | | | | |
| One-Time Construction Impacts [1] | \$1,600.3 M | \$1,665.7 M | \$943.6 M | \$2,543.9 M | \$2,609.4 M |
| One-Time Construction Jobs (Job Years) [2] | 9,584 | 9,993 | 5,754 | 15,338 | 15,747 |
| Annual Ongoing Economic Impacts | | | | | |
| Annual Ongoing Operational Impacts [3] | \$2,992.6 M | \$3,021.8 M | \$1,877.0 M | \$4,869.6 M | \$4,898.8 M |
| Annual Ongoing Operational Jobs (Annual Average) [4] | 15,703 | 15,909 | 9,109 | 24,813 | 25,018 |
| Sacramento County | | | | | |
| One-Time Economic Impacts | | | | | |
| One-Time Construction Impacts [1] | \$1,124.6 M | \$1,170.3 M | \$661.2 M | \$1,785.8 M | \$1,831.5 M |
| One-Time Construction Jobs (Job Years) [2] | 7,070 | 7,374 | 4,260 | 11,330 | 11,634 |
| Annual Ongoing Economic Impacts | | | | | |
| Annual Ongoing Operational Impacts [3] | \$1,988.9 M | \$2,009.1 M | \$1,248.4 M | \$3,237.3 M | \$3,257.5 M |
| Annual Ongoing Operational Jobs (Annual Average) [4] | 9,861 | 10,014 | 5,542 | 15,403 | 15,555 |

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Source: IMPLAN, 2018 Dataset; Project Proponent; EPS.

[1] Includes direct and indirect impacts.

[2] Employment includes both full-time and part-time workers. Job years refer to the number of jobs in each year summed over the entire construction period of the Project.

[3] Includes direct, indirect, and induced impacts of the anticipated land uses within the Project.

[4] Reflects stabilized operational employment for the Project assuming a frictional vacancy rate.

One-Time Construction Impacts of Phase 1

- Under the **Base Scenario**, one-time economic activities stemming from construction of Phase 1 of the Project are estimated to generate **total output of \$1.6 billion** and generate the equivalent of **9,600 jobs lasting 1 year (job years)** within the Six County Region.⁴
 - Of the \$1.6 billion of economic activity generated in the Six County Region under the Base Scenario, is it estimated that **\$1.1 billion in total output** and **7,100 job years** occur in the Sacramento County.
- Under the **Hotel Expansion Scenario**, construction of Phase 1 of the Project is estimated to generate a **total output of \$1.7 billion** and generate approximately **10,000 job years** in the Six County Region.
 - Of the \$1.7 billion of economic activity generated in the Six County Region under the Hotel Expansion Scenario, is it estimated that **\$1.2 billion in total output** and **7,400 job years** occur in the Sacramento County.

One-Time Construction Impacts of Phase 2

- One-time economic activity stemming from construction of Phase 2 of the Project is estimated to generate **total output of \$944 million** and generate approximately **5,800 job years** in the Six County Region.
 - Of the \$944 million of economic activity generated in the Six County Region, it is estimated that **\$661 million in total output** and **4,300 job years** occur in the Sacramento County.

Combined One-Time Construction Impacts of All Phases

- Combined one-time economic activities stemming from construction of Phases 1 and 2 of the Project are estimated to generate a **total output of \$2.6 billion** and generate approximately **15,700 job years** in the Six County Region.⁵
 - Of the \$2.6 billion of economic activity generated in the Six County Region, is it estimated that **\$1.8 billion in total output** and **11,600 job years** occur in the Sacramento County.

Ongoing Economic Impact Results

Ongoing economic impacts capture the direct, indirect, and induced impacts generated by the operational activities of all land uses included in the Project, as described in the previously discussed Project Overview. Impacts associated with these economic activities are estimated based on Project employment estimates. Total employment estimates are

⁴ Note that the employment figures reported for construction impacts represent total job years lasting over the duration of the Project and could reflect the same job that extends over multiple years. For instance, a general laborer employed for 2 years during construction activity would represent 2 job years.

⁵ Combined totals reflect inclusion of Phase 1 Scenario 2 and Phase 2.

based on approximate employment counts for each nonresidential land use suggested by the Project Proponent and informed by EPS industry experience.

As estimated in the Analysis, Phase 1 of the Project is anticipated to generate from 3,600 to 3,700 on-site jobs, under the Base Scenario and Hotel Expansion Scenario, respectively.

Phase 2 of the Project is anticipated to generate an additional 1,700 new on-site jobs, for a total number of jobs generated by both phases of development ranging from 5,300 to 5,400.

Table D-2 in each attachment shows the total jobs generated by each phase of development of the Project by use.

Ongoing Economic Impacts of Phase 1

- Under the **Base Scenario**, ongoing economic impacts stemming from operations of Phase 1 of the Project are estimated to generate **total annual output of \$2.99 billion** and generate approximately **15,700 jobs** in the Six County Region annually.⁶
 - Of the \$2.99 billion of economic activity generated annually in the Six County Region under the Base Scenario, is it estimated that **\$1.99 billion in total annual output** and **9,900 jobs** occur in the Sacramento County.
- Under the **Hotel Expansion Scenario**, ongoing operations of Phase 1 of the Project are estimated to generate a **total annual output of \$3.02 billion** and generate approximately **15,900 jobs** in the Six County Region annually.
 - Of the \$3.02 billion of economic activity generated annually in the Six County Region under the Hotel Expansion Scenario, is it estimated that **\$2.01 billion in total annual output** and **10,000 jobs** occur in the Sacramento County.

Ongoing Economic Impacts of Phase 2

- Ongoing operations of Phase 2 of the Project are estimated to generate **total annual output of \$1.88 billion** and generate approximately **9,100 jobs** in the Six County Region annually.
 - Of the \$1.88 billion generated in the Six County Region, is it estimated that **\$1.25 billion in total annual output** and **5,500 job years** occur in the Sacramento County.

⁶ Direct employment relates to full time employee estimates employed within the Project. Indirect and induced employment estimates include both full and part time job estimates.

Combined Ongoing Economic Impacts of All Phases

- Ongoing operations of uses included in both Phases 1 and 2 of the Project are estimated to generate a **total annual output of \$4.90 billion** and generate approximately **28,000 jobs** in the Six County Region.⁷
 - Of the \$4.90 billion generated in the Six County Region, is it estimated that **\$3.26 billion in total annual output** and **15,600 job years** occur in the Sacramento County.

⁷ Combined totals reflect inclusion of Phase 1 Scenario 2 and Phase 2.

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4. Summary of City Fiscal Impact Analysis

In addition to the Economic Impact Analysis described in the previous section, the Analysis includes a City Fiscal Impact Analysis, which estimates the potential incremental revenues to the City of Sacramento's General Fund based on development of the Project at buildout of each phase and scenario. The objective of the Analysis is to catalog the significant potential for growth to City revenues resulting from the Project and illustrate the Project's ability to support and bolster municipal services performed in the Project area and the remainder of the City. At this time, no evaluation of marginal public services costs potentially driven by the Project has been conducted. Because of the infill nature of the Project and the presence of UC-dedicated public safety personnel, it is expected that many typical service costs may be minimal; however, this should be further evaluated at the appropriate time.

The Analysis examines the General Fund revenues of Phase 1 of the Project under the Base Scenario and the Hotel Expansion Scenario, as well as buildout of Phase 2. **Table 2** shows the estimated General Fund revenues generated by the Project for each phase and scenario.

Fiscal Impact Analysis Findings

- 1. Phase 1 of the Project is anticipated to generate gross revenues ranging from approximately \$3.0 million to \$3.7 million annually to the City General Fund.***

Under the **Base Scenario**, Phase 1 of the Project is anticipated to generate nearly **\$3.0 million** annually to the City's General Fund. The largest sources of revenue anticipated from the Project are property tax-related revenues (including property tax and property tax in lieu of vehicle license fees) and sales tax, estimated at \$1.9 million and \$509,000, respectively.

Under the **Hotel Expansion Scenario**, Phase 1 of the Project is anticipated to generate over **\$3.7 million** annually to the City's General Fund. The largest sources of revenue anticipated from the Project are property tax-related revenues and transient occupancy tax, estimated at \$2.0 million and \$1.0 million, respectively.

- 2. Phase 2 of the Project is anticipated to generate additional revenues of approximately \$1.4 million annually to the City General Fund.***

Phase 2 of the Project is anticipated to generate approximately **\$1.4 million** annually to the City's General Fund. The largest sources of revenue anticipated from the Project are property tax-related revenues and sales tax, estimated at \$1.0 million and \$256,000, respectively.

Table 2
Aggie Square Phase 1 Analysis
Regional Economic Impact and City Fiscal Analysis
City General Fund Revenue Analysis (2020\$)

| Item | Detailed Annual Fiscal Impacts (Rounded) | | | | |
|---|--|--------------------------------|--------------------|------------------------------|--------------------------------|
| | Phase 1 | | Phase 2 | Total Phase 1 and 2 | |
| | Scenario 1: Base Scenario | Scenario 2: Hotel Expansion | | Scenario 1: Base Scenario | Scenario 2: Hotel Expansion |
| City General Fund | | | | | |
| Annual Revenues | | | | | |
| Property Tax | \$1,374,000 | \$1,428,000 | \$741,000 | \$2,115,000 | \$2,169,000 |
| Property Tax in lieu of VLF | \$552,000 | \$574,000 | \$298,000 | \$850,000 | \$872,000 |
| Sales Tax | \$247,000 | \$248,000 | \$124,000 | \$371,000 | \$372,000 |
| Sales Tax - Measure U | \$247,000 | \$248,000 | \$124,000 | \$371,000 | \$372,000 |
| Sales Tax - Prop. 172 (Public Safety) | \$15,000 | \$15,000 | \$8,000 | \$23,000 | \$23,000 |
| Transient Occupancy Tax (TOT) | \$343,000 | \$996,000 | \$6,000 | \$349,000 | \$1,002,000 |
| Utility Taxes | \$95,000 | \$97,000 | \$38,000 | \$133,000 | \$135,000 |
| Business Operations Tax | \$73,000 | \$75,000 | \$35,000 | \$108,000 | \$110,000 |
| Licenses and Permits | \$21,000 | \$21,000 | \$8,000 | \$29,000 | \$29,000 |
| Total Annual General Fund Revenues | \$2,967,000 | \$3,702,000 | \$1,382,000 | \$4,349,000 | \$5,084,000 |

text fia

Source: EPS.

Note: All values are rounded to the nearest \$1,000.

3. Including both phases, the Project is anticipated to generate revenues of approximately \$5.1 million annually to the City General Fund at buildout of both phases of development.⁸

Combined, Phases 1 and 2 of the Project are anticipated to generate **\$5.1 million** annually to the City's General Fund. The largest sources of revenue anticipated from the Project are property tax-related revenues and transient occupancy tax, estimated at \$1.5 million and \$1.0 million, respectively.

Discussion of Key Revenue Considerations

EPS used either an average-revenue approach or a marginal-revenue case-study approach to estimate Project-related General Fund revenues:

- The **average-revenue approach** uses the City's FY 2019-20 budgeted revenue amounts on a citywide per capita, per employee, or per-persons-served basis to forecast revenues derived from estimated Project residents, employees, or persons served. The average revenue approach is used to estimate utility taxes, business operations tax, and licenses and permits.
- The **marginal-revenue case-study approach** simulates actual revenue generation resulting from new development. Case studies used in this Analysis are discussed in greater detail in the following section.

Appendix B in each attachment shows the Fiscal Revenue calculations for each development phase and scenario.

Marginal-Revenue Case-Study Categories

Property Tax

Estimated annual property tax revenues resulting from Project development are derived from the estimated assessed valuation of the Project and the City General Fund's post-Educational Revenue Augmentation Fund (ERAF) share of the 1 percent ad valorem property tax rate. The total assessed value represents the Project's estimated land value and the value of Project improvements at buildout, based on information provided by the Project Proponent. It is assumed that property tax will only be assessed on privately owned portions of the Project, and no property tax revenues are estimated for the publicly owned or leased uses.⁹

⁸ Combined totals reflect inclusion of Phase 1 Scenario 2 and Phase 2.

⁹ Privately owned uses in this Analysis include long-term ground leases of university-owned property. The portion of the Project estimated to be occupied by private sector tenants have been included in the privately-owned uses. Based on input received from the Sacramento County, the duration of proposed ground leases results in treatment of said property as private ownership for all intents and purposes.

Property Tax in Lieu of Vehicle License Fee

The Analysis uses a formula provided by the State Controller's Office to forecast Property Tax in Lieu of Vehicle License Fees (PTIL VLF). PTIL VLF is calculated by taking the percentage increase in the City's assessed value resulting from the Project's estimated assessed value and applying that percentage increase to the City's current State allocation of PTIL VLF revenue, as shown in the City's FY 2019-20 budget.

Sales Tax

Sales tax revenue is based on estimated taxable sales, the Bradley-Burns local 1 percent Uniform Local Sales Tax rate, and the voter approved Measure U 1 percent rate.¹⁰

EPS uses a combination of methodologies to account for taxable sales generated by the Project.

Annual Taxable Sales from New Market Support

This Analysis estimates taxable retail expenditures of future residents, employees, and visitors in the Project and the share of expenditures estimated to be captured by retail outlets in the City.

This Analysis estimates retail expenditures of Project residents by estimating the total income of new households, based on projected annual rental rates for new multifamily units, housing costs, and estimated household income.

Taxable spending of Project employees is estimated by applying an average per day employee spending estimate to the anticipated Project employees.¹¹

Visitor spending estimates are based on the anticipated visitors from outside of the City drawn to the Project to attend weekly events sponsored by the Venture Café and for larger events held at the onsite Innovation Hall. A per day taxable spending estimate is applied to total nonlocal visitation estimates to arrive at a total taxable visitor spending estimate.

In total, Phase 1 of the Project is anticipated to generate approximately 95,000 annual visitors, including approximately 62,000 nonlocal annual visitors from outside of the City. Additional visitor generation for Phase 2 has not yet been forecast and as such no estimated taxable sales generated by visitors has been estimated by EPS at this time.

¹⁰ Measure U was a supplemental half-cent sales tax rate approved by voters in 2012 as a temporary tax. In November 2018, Sacramento voters approved a new version of the City's Measure U sales tax, extending it and raising it from a half-cent to a full cent.

¹¹ To avoid double counting and ensure the Analysis accurately captures net new activity, an adjustment is made to total employee estimates to exclude 7.5 percent of Project employment assumed to be offset by existing workforce levels in the City.

Direct Annual Taxable Sales from Commercial Uses

The commercial land uses in the Project will generate taxable retail sales beyond the taxable sales generated from Project residents, employees, and visitors (market support). That is, other consumers outside of the Project will purchase taxable goods and services from the Project's onsite retail, and the onsite commercial nonretail uses will generate additional taxable sales resulting from business-to-business transactions. To estimate taxable sales from commercial uses, EPS has applied an assumed taxable sales per square foot estimate to all retail, science and technology, coworking, and data science uses.

Transient Occupancy Tax

Under the Base Scenario of Phase 1, estimated annual transient occupancy tax revenues resulting from Project development are based on the assumption that a portion of visitors generated by the Project will require overnight accommodations and will stay at local hotels in the City. An average daily room rate based on average room rate for hotels in the Region is applied to out-of-Region visitor estimates. Under the Hotel Expansion Scenario, additional transient occupancy tax is estimated for the additional hotel rooms created in the Project and an assumed increase in the existing daily room rate of the Project hotel resulting from the anticipated expansion. Transient occupancy tax is estimated using a per persons served multiplier for Phase 2.

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5. Conclusion

The Project is poised to become a significant driver of economic activity in the City, Sacramento County, and Region. The unique partnership between UC Davis, the City, and private industry partners will result in a collaborative hub for science and research unlike anything located in the City and the Region. The Project exemplifies best practices in innovation center and economic development by leveraging the research strengths of the University of California to create opportunities for academic and industry collaboration in a vibrant setting, to the benefit of the Region. As shown in this Analysis, at buildout, the Project could result in one-time construction impacts of approximately \$2.61 billion and ongoing annual economic impacts of approximately \$4.90 billion to the Region.

The Project also represents a significant revenue driver for the City, with the potential to generate City General Fund revenues of approximately \$5.1 million annually. Because of the infill nature of the Project and the presence of UC-dedicated public safety personnel, it is expected that revenue generation of the Project will outweigh any anticipated expenditures related to municipal services required to serve the Project. The Project has potential to be a major factor in the advancement of the City's Stockton Corridor, a major focus of current City economic development efforts.

In addition to the Regional Economic Impact and City Fiscal Analysis described herein, EPS has completed a Sacramento County Fiscal Revenue Analysis under separate cover, which estimates the potential Sacramento County General Fund revenues generated by ongoing operations of the Project.

RESOLUTION NO. 2021-_____

Adopted by the Sacramento City Council

_____, 2021

A Resolution (1) Certifying that the City of Sacramento has considered the Supplemental Environmental Impact Report Prepared for the UC Davis Sacramento Campus 2020 Long Range Development Plan Update and Aggie Square Project (SEIR) and the Addendum to the SEIR, (2) Determining that the Project has No Feasible Alternatives or Mitigation Measures within the City's Jurisdiction that Would Substantially Lessen or Avoid Any of the Significant Effects Identified in the SEIR, (3) Adopting a Statement of Overriding Policy Considerations, and (4) Approving the Addendum to the SEIR

Background

- A. On November 19, 2020, in accordance with the California Environmental Quality Act ("**CEQA**"), and the CEQA Guidelines, the Board of Regents of the University of California (the "**UC Regents**"), on behalf of its Davis campus, certified a Supplemental Environmental Impact Report (the "**SEIR**"), adopted Findings of Fact and Statement of Overriding Policy Considerations, and approved the UC Davis Sacramento Campus 2020 Long Range Development Plan Update and Aggie Square project (the "**Original Project**"). The UC Regents filed the Notice of Determination for the Original Project on November 19, 2020.
- B. The City Council is taking four actions relative to the Original Project: it has (1) initiated the formation of the Aggie Square Enhanced Infrastructure Financing District (the "**Aggie Square EIFD**") and is approving (2) the Infrastructure Financing Plan for Aggie Square (the "**Aggie Square IFP**"); (3) the Community Benefit Partnership Agreement (the "**CBPA**"); and (4) the Preliminary Term Sheet for Public-Financing Assistance of Aggie Square Phase 1 (the "**Term Sheet**").
- C. The City prepared an Addendum to the SEIR addressing changes or additions to the SEIR related to the Aggie Square EIFD and the Aggie Square IFP (the "**Addendum**").

Based on the Facts Set Forth in the Background, the City Council resolves as follows:

Section 1. The statements in the Background are correct.

Section 1. Responsible Agency. The Aggie Square EIFD will fund portions of the Original Project infrastructure. The CBPA, among other things, commits the City, Wexford, and the UC Regents to the construction of infrastructure studied in the SEIR.

The City of Sacramento is a Responsible Agency under CEQA Guidelines section 15096 because it will approve the Aggie Square IFP for the Aggie Square EIFD, the CBPA, and the Term Sheet.

As a responsible agency, the City Council certifies that it has considered the environmental effects of the Original Project as well as the alternatives and mitigation measures as described in the SEIR and the Addendum. The City Council finds there are no mitigation measures or alternatives within the City's jurisdiction. Accordingly, in accordance with CEQA Guidelines section 15096(g), the City Council finds that there are no mitigation measures or project alternatives that can substantially lessen or avoid the Original Project's significant environmental effects. (*RiverWatch v. Olivenhain Mun. Water Dist.* (2009) 170 Cal.App.4th 1186, 1202.)

Section 3. Addendum. Based on its review and evaluation of the Original Project, staff has determined that the Aggie Square IFP, CBPA, and Term Sheet do not require the preparation of a subsequent or supplemental EIR. The Addendum, attached as Exhibit A to this resolution, documents this determination.

The City Council has reviewed and considered the information in the previously certified SEIR for the Original Project, the Addendum, and all oral and documentary evidence received during the hearing on the Aggie Square IFP, the CBPA, and the Term Sheet. The City Council has determined that the previously certified SEIR and the Addendum constitute an adequate, accurate, objective, and complete review of the proposed Aggie Square IFP, the CBPA, and the Term Sheet and finds that no additional environmental review is required based on the reasons set forth below:

- (a) No substantial changes are proposed by the Project that will require major revisions of the previously certified SEIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects.
- (b) No substantial changes have occurred with respect to the circumstances under which the Project will be undertaken which will require major revisions to the previously certified SEIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects.
- (c) No new information of substantial importance has been found that shows any of the following:
 - (1) The Project will have one or more significant effects not discussed in the previously certified SEIR.
 - (2) Significant effects previously examined will be substantially more severe than shown in the previously certified SEIR.

- (3) Mitigation measures previously found to be infeasible would in fact be feasible and would substantially reduce one or more significant effects of the Project.
- (4) Mitigation measures that are considerably different from those analyzed in the previously certified SEIR would substantially reduce one or more significant effects on the environment.

Based on its review of the previously certified SEIR, the previously adopted findings of fact and findings of overriding consideration, the addendum, and all oral and documentary evidence received during the hearing on the Original Project, the City Council finds that the Addendum reflects the City Council's independent judgment and analysis and hereby approves the Addendum for the Aggie Square IFP, the CBPA, and the Term Sheet.

Section 4. Statement of Overriding Considerations. CEQA Guidelines sections 15092 and 15093 do not require a statement of overriding considerations because the Original Project has no significant environmental effects within the City's jurisdiction and the Aggie Square IFP and the CBPA do not result in any additional significant impacts over and above those identified in the SEIR. Nonetheless, the City adopts the Statement of Overriding Policy Considerations set forth in Attachment A to this resolution.

Section 5. Notice of Determination. Upon approval of the Aggie Square IFP and the CBPA, the City Manager shall file or cause to be filed a Notice of Determination in compliance with the CEQA Guidelines and, if the Original Project requires a discretionary approval from any state agency, with the State Office of Planning and Research, in accordance with CEQA (specifically Pub. Resources Code, § 21152, subd. (a)) and the CEQA Guidelines.

Section 6. In accordance with CEQA Guidelines sections 15091 and 15093, and in support of its approval of the Original Project, the City Council hereby adopts the attached Findings of Fact and Statement of Overriding Policy Considerations in support of approval of the project as set forth in the attached Attachment A to this resolution.

Upon approval of the Aggie Square IFP and the CBPA, the City Manager shall file or cause to be filed a Notice of Determination in compliance with CEQA Guidelines and, if the Original Project requires a discretionary approval from any state agency, with the State Office of Planning and Research, in accordance with CEQA (specifically Pub. Resources Code, § 21152, subd. (a)) and the CEQA Guidelines.

In accordance with CEQA Guidelines section 15091(e), the documents and other materials that constitute the record of proceedings upon which the City Council has based its decision, including the previously-certified SEIR, are located in, and may be obtained from, the Office of the City Clerk at 915 I Street, Sacramento, California or by email at records@cityofsacramento.org

The SEIR certified by the UC Regents, with comments and responses and record of approval, is available at <https://environmentalplanning.ucdavis.edu/uc-davis-sacramento-campus-2020-lrdp-update>.



ADDENDUM TO AN ADOPTED ENVIRONMENTAL IMPACT REPORT

SCH # 2020020161

The City of Sacramento, California, a municipal corporation, and the Aggie Square Public Financing Authority, do hereby prepare, make declare, and publish the Addendum to a certified Environmental Impact Report for the following described project:

Project Name and Number: **Aggie Square Enhanced Infrastructure Finance District (EIFD) and Community Benefits Agreement**

Original Project: **University of California Davis Sacramento Campus 2020 Long Range Development Plan and Aggie Square Phase 1**

The City of Sacramento, Community Development Department, has reviewed the proposed project and on the basis of the whole record before it, has determined that there is no substantial evidence that the project, as identified in the attached Addendum, would have a significant effect on the environment beyond that which was evaluated in the previously certified Supplemental Environmental Impact Report (SEIR). A Subsequent EIR is not required pursuant to the California Environmental Quality Act of 1970 (Sections 21000, et. Seq., Public Resources Code of the State of California).

This Addendum to a certified Supplemental EIR has been prepared pursuant to Title 14, Section 15164 of the California Code of Regulations; and the Sacramento Local Environmental Regulations (Resolution 91-892) adopted by the City of Sacramento.

A copy of this document and all supportive documentation may be reviewed online at <http://www.cityofsacramento.org/Community-Development/Planning/Environmental/Impact-Reports> or by contacting the Manager, Environmental Planning Services as shown below. The UC Davis Long Range Development Plan Supplemental EIR and related materials are available online at <https://environmentalplanning.ucdavis.edu/uc-davis-sacramento-campus-2020-lrdp-update>.

Environmental Services Manager, City of Sacramento,
California, a municipal corporation

Date: March 26, 2021

By: **Tom Buford**

Tom Buford, Principal Planner

Email: tbuford@cityofsacramento.org

Digitally signed by Tom Buford
DN: cn=Tom Buford, o=ou,
email=tbuford@cityofsacramento.org, c=US
Date: 2021.03.26 09:18:31 -0700

Aggie Square Enhanced Infrastructure Finance District and Community Benefits Agreement

**Addendum to Environmental Impact Report
UC Davis LRDP (SCH # 2020020161)**

File Number/Project Name: **Aggie Square Enhanced Infrastructure Financing District (EIFD) and Community Benefits Agreement**

Original Project: **University of California Davis Sacramento Campus 2020 Long Range Development Plan and Aggie Square Phase 1**

Project Location: The Aggie Square Project is located on the University of California Davis (UC Davis) Sacramento Campus. The campus comprises approximately 146 acres in the City of Sacramento and is located approximately 2.5 miles southeast of downtown Sacramento and 17 miles east of the UC Davis main campus in Davis. The Sacramento Campus is bounded by V Street on the north, Stockton Boulevard on the west, Broadway to the south, and a residential neighborhood to the east.

The Aggie Square project area is located on the Sacramento Campus, along Stockton Boulevard, south of 2nd Avenue. Phase I of the Aggie Square project is located on a roughly 9.55-acre portion of the Aggie Square Project area, on a parcel owned by the University and currently utilized as a surface parking lot.

Existing Plan Designations and Zoning: University of California is a governmental entity that is not subject to the regulation by the City through the City's general plan and zoning standards. The Long Range Development Plan Update and the Aggie Square project are generally consistent with the land use planning conducted and implemented by the City of Sacramento.

Project Description: The Aggie Square Public Finance Authority, created by the City of Sacramento, proposes the creation and operation of an Enhanced Infrastructure Finance District (EIFD). An EIFD can finance traditional public works, such as transportation, transit, parks and libraries, water and sewer facilities, solid waste disposal, and flood control and drainage, and would be utilized to facilitate development of infrastructure required for Phase I of Aggie Square project. The City of Sacramento proposes to approve a Community Benefits Agreement (CBA), an agreement between Wexford Science and Technology, the entity developing Aggie Square Phase I, UC Davis, and the City of Sacramento.

UC Davis has prepared and approved an update to its Long Range Development Plan (LRDP Update). The LRDP Update guides future growth and development on the UC Davis Sacramento Campus. As part of the LRDP Update, UC Davis has proposed the development of Aggie Square. UC Davis has prepared and certified a two-volume Supplemental EIR (SEIR) in conjunction with the LRDP Update. Volume 1 includes a programmatic analysis of the potential physical environmental impacts that would be associated with full implementation of the 2020 LRDP Update (including Aggie Square Phase I); Volume 2 is a project-specific analysis for Phase I of the Aggie Square project. The LRDP Update is discussed on the UC Davis website at:

<https://campusplanning.ucdavis.edu/campus-planning/2018-ucdavis-lrdp>. The SEIR is available online at: <https://environmentalplanning.ucdavis.edu/sacramento>.

2020 Long Range Development Plan Update

The 2020 LRDP Update amends the existing 2010 LRDP to make minor adjustments to the land use designations and growth assumptions that were envisioned in the 2010 LRDP.

The 2020 LRDP Update proposes the following changes related to the Sacramento Campus:

- Include 4 acres of land for the Rehabilitation Hospital project (west of Stockton Boulevard and south of Broadway, as shown on Figure 2-8) and incorporate this land within the Sacramento Campus boundary. This land is already part of the Sacramento Campus, but has not been formally incorporated into the LRDP for the campus. With the 2020 LRDP Update, these 4 acres would be within the plan area for a total of 146 acres.
- Revise the Education and Research land use designation to include residential housing. This designation would now be Education, Research, and Housing. This land use is generally on the southwestern portion of the Sacramento Campus.
- Remove the former height restrictions by land use designation and proposes a campus-wide maximum height of 200 feet with setback requirements to ensure there is a buffer between the Sacramento Campus and the residential neighborhoods to the north and east of the campus.

Aggie Square Phase I

Aggie Square is anticipated to comprise roughly 25 acres, however details for future phases of Aggie Square have not yet been determined. The site for the Aggie Square Phase I project is a roughly 9.55-acre parcel owned by the University and currently utilized as a surface parking lot and site of the campus fleet services facility. The campus fleet services facility, which consists of a maintenance garage, would be demolished and Parking Structure 6 would be built in its place. The garage would not be reconstructed elsewhere, and fleet maintenance services would be incorporated by other existing buildings on campus in the future. (SEIR, V. 2, Figure 2-2)

The University would be a major tenant of the Aggie Square Phase I project, however significant demand for space is expected to result from the University's existing and future partners and other businesses that wish to take advantage of the co-location benefits of this innovation center.

The Aggie Square Phase I project extends 45th Street to become a central spine through the Sacramento Campus connecting the UC Davis Hospital, the Education, Housing, and Research land use designation, and Aggie Square. The 45th Street extension will run through the Aggie Square plaza. New streets in Aggie Square will connect with 3rd Avenue and 4th Avenue along Stockton Boulevard to simplify street circulation.

Aggie Square Phase I would also include four new buildings and improvements to the overall site. The buildings comprise approximately 1,233,290 gross square feet (gsf) of building space and an additional 549,996 gsf of parking structure space. Aggie Square Phase I also includes several

public areas, including the Market Plaza, Aggie Square plaza, and a Mobility Hub (SEIR, Volume 2, Figure 2-3). The daily onsite population associated with Aggie Square Phase I would be approximately 3,983.

SEIR Volume 2, Table 2-1 summarizes the logistics of the new buildings that are part of Aggie Square Phase I. A logistics plan and a site plan are provided in SEIR Volume 2, Figures 2-4 and 2-8, respectively.

UC Davis certified the Supplemental EIR (SEIR) and approved the update to the Long Range Development Plan on November 19, 2020.

Discussion

An Addendum to a certified environmental impact report may be prepared if only minor technical changes or additions are required, and none of the conditions identified in CEQA Guidelines Section 15162 are present. The following identifies the standards set forth in section 15162 as they relate to the project.

- 1. No substantial changes are proposed in the project which would require major revisions of the previous EIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects.**

Enhanced Infrastructure Financing District (EIFD)

The EIFD is an entity that would facilitate the financing of infrastructure required for development of the Aggie Square project. Approval of the EIFD would not constitute the approval of any individual project or program, but rather would provide economic support to development approved by the City of Sacramento or UC Davis. The EIFD would not result in any substantial changes in the LRDP Update or the Aggie Square project.

The EIFD would assist in providing financing for infrastructure associated with Phase I of the Aggie Square project. The infrastructure and facilities to be funded by the EIFD are described in the proposed Aggie Square EIFD Infrastructure Financing Plan. The discussion below identifies the infrastructure and public facilities to be funded by the EIFD, and provides references to the analysis and discussion of these improvements in the LRDP SEIR, in italics.

- a. Aggie Square site work and site development, including the following:
 - i. Construction of 3rd Avenue from Stockton Boulevard to the parking garage, including curbs, gutters, sidewalks, street lighting, and landscaping. *The proposed Aggie Square Phase I project would extend 3rd Avenue easterly from Stockton Boulevard into the UC Davis Sacramento Campus (SEIR, Volume 1, page 2-10; Volume 2, page 2-5.)*
 - ii. Stockton Boulevard/3rd Avenue intersection improvements. *See i, above.*
 - iii. Extension of 45th Street from 2nd Avenue to 3rd Avenue, including curbs, gutters, sidewalks, and landscaping. *Volume 2 of the SEIR included this improvement in the project description; impacts were considered in the various issue areas of the SEIR. (SEIR, Volume 2, page 2-5)*

- iv. Construction of access drive at Stockton Boulevard between 2nd Avenue and 3rd Avenue to provide access for loading and drop off to the mixed use/residential and West Science and Technology buildings. *Aggie Square Phase I would be accessible to the north from 2nd Avenue at 45th Street, to the east by 2nd and 3rd Avenues, and to the West from one driveway on Stockton Boulevard between 2nd and 3rd Avenues. (SEIR, Volume 2, page 2-5.)*
- v. Improvements to Stockton Boulevard, including curbs, gutters, landscaping, and lighting. See *i, above)*
- vi. Storm water management improvements. *The environmental effects of constructing the onsite storm drain system are addressed the following sections of the SEIR, Volume 2: Section 3.2, Air Quality; Section 3.3, Biological Resources; Section 3.4, Cultural Resources; and Section 3.1, Noise, Section 3.9, Hydrology and Water Quality. (SEIR, Volume 2, p. 3.16-3.)*
- vii. Utility (water, sewer) connections and relocations as required.

Water: The existing water infrastructure throughout the Sacramento Campus would provide the distribution infrastructure necessary to provide water service for future uses, including Aggie Square Phase I. Individual distribution water lines would be needed as shown in Figure 3.16-1. New water points of connection would occur on both sides of LSTE East and LSTE West running north-south to the existing city public water main line in 2nd Avenue and from 3rd Avenue (proposed) to the existing city public water main in Stockton Boulevard per city standards. (SEIR, Volume 2, p. 3.16-2.)

Sewer: No major improvements to the City's combined storm-sewer lines would be required to serve Aggie Square Phase I, but new connections would be required as described on SEIR, Volume 2, p. 3.16-3.

b. Design and construction of transit, transportation, pedestrian, and connectivity improvements, including parking facilities. *Parking structure square footage would increase by 2,012,897 gsf by 2040, and there would be 4,324 additional parking spaces on campus between parking structures and surface parking. (SEIR Volume 2, page 2-7; see also page 2-9) The PS4 project includes the construction and operation of a new parking structure at the northeast corner of 48th Street and X Street (DEIR Volume 1, page 2-14)*

c. Design and construction of public gathering areas, education, and public open spaces (including but not limited to Aggie Square Plaza, Market Plaza, and the Alice Waters Edible Education Institute). *Total building space on the 146-acre campus, excluding parking structures, would increase from approximately 6.57 million gsf under the 2.010 LRDP to 7.07 million gsf upon full implementation of the 2020 LRDP Update (SEIR Volume 2, page 2-7)*

The SEIR analysis includes new building construction, parking and mobility improvements, existing building renovations and demolition, and new open space.

d. Innovation infrastructure support, including but not limited to construction of Innovation Hall. *Rather than being a separate building, Innovation Hall is a moniker for some of the ground floor and second floor uses in the office/classroom Lifelong Learning Tower (the southeast building) evaluated as part of the project-specific analysis in the Aggie Square Phase 1 review. (SEIR Volume 2, p. 2-3.)*

e. Campus Housing. *Aggie Square Phase I would include approximately 324 multi-family apartment units in 283,500 gsf targeted toward University-affiliated populations. The residential population is expected to be approximately 411 people. The building would be up to seven stories tall. (SEIR, Volume 2, page 2-3.) The SEIR also includes a discussion of housing characteristics, including project impacts on surrounding neighborhoods. (See SEIR Volume 1, Chapter 3.12.)*

f. Affordable housing development. *While campus housing was analyzed in the SEIR, additional affordable housing was not. The EIFD contains funding for additional affordable housing, but approval of the EIFD does not constitute the approval of any additional affordable housing projects. Such projects will receive the appropriate level of environmental review if and when they are proposed and unless otherwise compelled by state or local law to approve such housing projects, the City may decline to approve them based on environmental review.*

Community Benefits Agreement (CBA)

The CBA contains commitments and aspirational goals, as well as commitments to complete the following physical improvements, which are analyzed in the SEIR, as noted in the italicized language:

- Develop new parking structure four. (*SEIR, Volume 1, p. 2-14*)
- Develop on-site pedestrian/bike/vehicular infrastructure. (*SEIR, Volume 1, p. 2-10*)
- Implement 2nd Ave/Stockton Boulevard improvements. (*SEIR, Volume 2, p. 2-5.*)
- Implement 3rd Ave/Stockton Boulevard improvements (Wexford). (*SEIR, Volume 2, p. 3.15-18*)
- Build new parking structure to serve Aggie Square (*SEIR, Volume 2, p. 2-2.*)
- Develop a minimum of 200 beds of affordable student housing on the Aggie Square campus (*SEIR, Volume 2, p. 2-3*)

2. **No substantial changes have occurred with respect to circumstances under which the project is undertaken that would require major revisions of the previous environmental impact report due to the involvement of new significant environmental effect or a substantial increase in the severity of previously identified significant effects.**

The SEIR identified existing site conditions for the project site and surrounding land uses. No substantial change in these conditions have occurred since certification of the SEIR.

3. **No new information of substantial importance, which was not known and could not have been known with the exercise of reasonable diligence at the time the previous environmental impact report was certified as complete or adopted, shows any of the following:**

- a) **The project will have one or more significant effects not discussed in the previous EIR;**

- b) **Significant effects previously examined will be substantially more severe than shown in the previous EIR;**
- c) **Mitigation measures or alternatives previously found not to be feasible would in fact be feasible, and would substantially reduce one or more significant effects of the project, but the project proponents decline to adopt the mitigation measure or alternative, or;**
- d) **Mitigation measures or alternatives which are considerable different from those analyzed in the previous would substantially reduce on or more significant effects on the environment, but the project proponents decline to adopt the mitigation measure or alternative.**

The EIFD and CBA would assist with funding and construction of infrastructure improvements in and around the Aggie Square site. The activities associated with the EIFD and the CBA would be consistent with the revised UC Davis Long Range Development Plan Update and Aggie Square Phase I. No new information of substantial importance has been received that would affect the analysis of impacts associated with the EIFD and CBA.

Based on the above analysis, this Addendum to the previously-certified environmental impact report for the project has been prepared.

STATEMENT OF OVERRIDING POLICY CONSIDERATIONS

CEQA requires the decision-making agency to balance, as applicable, the economic, legal, social, technological, or other benefits of a proposed project against its unavoidable environmental risks when determining whether to approve the project. If the specific economic, legal, social, technological, or other benefits of a proposed project outweigh the unavoidable adverse environmental effects, the adverse environmental effects may be considered “acceptable.” (CEQA Guidelines § 15093.) When the lead or responsible agency approves a project which will result in the occurrence of significant effects which are identified in the final EIR but are not avoided or substantially lessened, the agency must state in writing the specific reason to support its actions based on the final EIR and/or other information in the record. The statement of overriding considerations shall be supported by substantial evidence in the record. (*Ibid.*)

Having determined that none of the mitigation measures applicable to the Original Project are within the City’s jurisdiction, that none of the Original Project’s significant impacts are within the City’s jurisdiction, that under CEQA Guidelines section 15162 the Aggie Square IFP and the CBPA will not result in any substantial changes to the Original Project or the circumstances in which the Original Project is undertaken, and that no significant new information is available—and having balanced the benefits of the Original Project against its significant and unavoidable impacts—the City finds that the Original Project’s benefits outweigh and override its significant unavoidable impacts for the reasons stated below. Each benefit set forth below constitutes an overriding consideration warranting approval of the Original Project, independent of the other benefits, despite each and every unavoidable impact.

1. The Original Project supports the City’s efforts to revitalize the Stockton Boulevard area through the Stockton Boulevard Specific plan by driving economic investments into the area.
2. The Original Project creates an innovation hub for the Sacramento region by combining the key elements of a thriving innovation ecosystem: publicly and privately funded research, commercial office and lab space, convening space, housing, public spaces, and ample opportunities for learning and connecting. The Original Project exemplifies best practices in innovation and inclusive economic development by leveraging the research strengths of UC Davis to create opportunities for academic, industry and community collaboration in a vibrant setting, to the benefit of UC Davis, the City, Sacramento County, and the entire Sacramento region.
3. The Original Project will constitute a significant economic benefit to the Sacramento region. UC Davis has a significant economic impact on the area’s economy.

4. The Original Project will generate significant economic benefits to the community, the City, and the region. The total economic impact of UC Davis in the region is much greater than the sum of the direct expenditures made by UC Davis and its affiliated organizations and populations. Each dollar spent locally by UC Davis cycles through the area's economy, generating additional income and employment. The Regional Economic and City Fiscal Impact Analysis completed by Economic Planning Systems in July 2020 (the "EPS Study") estimates that the Original Project when fully built out would add approximately \$5 billion annually and 25,000 ongoing jobs to the six-county region. Of these regional economic benefits, approximately \$3.3 billion annually and 15,600 ongoing jobs would be added to the Sacramento County economy. In addition, it is estimated that the construction of Aggie Square will generate a one-time economic benefit of approximately \$2.6 billion, with \$1.8 billion of that occurring in Sacramento County. Finally, City of Sacramento revenues are estimated to be increased by approximately \$5 million annually.
5. The Original Project would create state-of-the-art facilities for science, technology, engineering, and research as well as office space and education and would create access pathways for extending basic research discoveries to product commercialization through innovation and entrepreneurship to foster the creation of new businesses and associated workforce opportunities.
6. The Original Project would provide housing for students to allow co-location of learning and living opportunities.
7. The Original Project would establish public spaces for a wide range of public activities that serve UC Davis Sacramento Campus employees, residents, and THE broader community to provide venues for people from diverse communities of interest to meet, interact, share ideas, and spark new partnerships.
8. The Original Project would also ensure appropriate facility adjacencies, improve campus open space, and improve pedestrian and bicycle facilities to achieve a connected campus supporting bike and pedestrian mobility and avoiding use of single occupancy vehicles to help reduce overall vehicle miles travelled (VMT). These benefits would also contribute to the low VMT designation of the campus and nearby neighborhoods to support the VMT goals of the City of Sacramento, Sacramento Area Council of Governments, and the State of California.

RESOLUTION NO. 2021-_____

Adopted by the Sacramento City Council

_____, 2021

Approving the Community Benefits Partnership Agreement and the Preliminary Term Sheet for Aggie Square

BACKGROUND

- A. California Government Code sections 53398.50 through 53398.88 (the “**EIFD Law**”) authorizes the City Council to initiate the process for establishing an enhanced infrastructure financing district and approving an infrastructure financing plan that allocates property-tax revenues to the enhanced infrastructure financing district.
- B. In accordance with the EIFD Law, on October 27, 2020, the City Council adopted Resolution 2020-0352 (the “**Resolution of Intention**”), by which the City Council, among other things, (1) declared its intention to establish the “City of Sacramento Aggie Square Enhanced Infrastructure Financing District” (the “**EIFD**”) having the proposed boundaries and financing the type of public facilities and development set forth therein; (2) approved the establishment of the “Aggie Square Public Financing Authority” (the “**Authority**”) as the governing board of the EIFD, to be responsible for directing the preparation and implementation of the infrastructure financing plan for the EIFD (the “**Infrastructure Financing Plan**”); and (3) declared that, in accordance with the EIFD Law and if approved by further resolution of the City Council adopted under section 53398.68 of the EIFD Law, incremental property-tax revenue from the City within the boundary of the EIFD would be used to finance the activities of the EIFD.
- C. On November 18, 2020, by Resolution No. 2020-0001 (the “**Authority Resolution**”), the Authority directed the Executive Director of the EIFD (the City Manager or his or her designee) to work with the necessary City staff and professionals to prepare the Infrastructure Financing Plan and make the Infrastructure Financing Plan available to interested parties as required by the EIFD Law.
- D. The Infrastructure Financing Plan is on file with the City Clerk and has been presented to the City Council for its review and approval.

- E. The City Council desires to adopt the *Community Benefits Partnership Agreement* with UC Davis and Wexford (the “**CBPA**”), which outlines commitments for employment, workforce training, housing, youth engagement, and transportation.
- F. The City Council desires to adopt the *Preliminary Term Sheet for Public-Financing Assistance of Aggie Square Phase 1* with Wexford and UC Davis (the “**Term Sheet**”), which sets forth a non-binding framework for City and the EIFD to provide \$30 million to Wexford to partly reimburse the cost of public infrastructure Wexford constructs within the Aggie Square EIFD.
- G. Before approving this resolution, the City Council, acting as a “responsible agency” under the California Environmental Quality Act (“**CEQA**”), adopted a separate resolution (1) certifying that the City Council had considered the Final Supplemental Environmental Impact Report for the UC Davis Sacramento Campus 2020 Long Range Development Plan Update (SCH No. 2020020161) (the “**SEIR**”); (2) approving the City’s Addendum to the SEIR; and (3) making certain findings, determinations, and statements required by CEQA.

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

- Section 1. The City Council finds and determines that background statements A through G are true.
- Section 2. The City Council hereby approves the CBPA in the form attached hereto as Exhibit A to this resolution.
- Section 3. The City Council hereby approves the Term Sheet in the form attached as Exhibit B to this resolution.
- Section 4. The Mayor, the City Manager, the City Treasurer, the City Attorney, the City Clerk, and all other City officers are hereby authorized and directed, on the City’s behalf, to do all things and take all actions that they, or any of them, consider necessary or advisable to implement this resolution, including nonsubstantive revisions of the CBPA and the Term Sheet. Whenever in this resolution any City officer is directed to execute or attest any document or take any other action, that execution, attestation, or action may be taken on behalf of that officer by any person he or she designates to act on his or her behalf if the officer is absent or unavailable.
- Section 5. This resolution takes effect when adopted.

Table of Contents:

Exhibit A: Aggie Square Community Benefits Partnership Agreement

Exhibit B: Preliminary Term Sheet for Public-Financing Assistance of Aggie Square
Phase 1

Adopted by the City of Sacramento City Council on _____, 2021, by the following
vote:

Ayes:

Noes:

Abstain:

Absent:

Attest:

Mindy Cuppy, City Clerk

*The presence of an electronic signature certifies that the foregoing is a true and
correct copy as approved by the Sacramento City Council*

AGGIE SQUARE – COMMUNITY BENEFITS PARTNERSHIP AGREEMENT

This Community Benefits Partnership Agreement (this “**Agreement**”), dated as of April 6, 2021, for reference, is between the CITY OF SACRAMENTO, a California municipal corporation and charter city (the “**City**”); THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, on behalf of its Davis campus (“**UC Davis**”); and WEXFORD DEVELOPMENT, LLC, a Delaware limited liability company, and its permitted assignees under this Agreement (collectively, “**Wexford**”). The parties have entered into this Agreement in connection with UC Davis’s and Wexford’s implementation of Aggie Square Phase 1 (“**Aggie Square**”) at UC Davis’s Sacramento Campus, which includes the UC Davis Medical Center, School of Medicine, and School of Nursing. This Agreement is intended to be integral to, and align with, the following:

- The establishment of the Aggie Square Enhanced Infrastructure Financing District (the “**Aggie Square EIFD**”) and approval by the Aggie Square Public Finance Authority (the “**PFA**”) and the Sacramento City Council of the Aggie Square EIFD’s Infrastructure Financing Plan.
- The execution of a Community Workforce Training Agreement between Wexford’s contractor and the Sacramento Sierra Building and Construction Trades.
- The dedication of 20% of the Aggie Square EIFD’s tax increment (resulting from the value created by Aggie Square) for providing affordable housing in the Stockton Boulevard area.

Background

- A. This Agreement reflects the City’s work to strengthen and guarantee the connections between UC Davis and Wexford and the local community to promote inclusive economic development and improve physical and economic opportunities for neighborhoods and local residents, particularly those adjacent to Aggie Square and those lower-income neighborhoods that historically have not benefitted from economic development. For purposes of this Agreement, “**Neighborhoods**” and “**Local Residents**” refer to the Elmhurst, Oak Park, and Tahoe Park areas of Sacramento and cover the residents living in the zip codes 95817, 95820, 95824, and 95828.
- B. The parties are entering into this Agreement to recognize their mutual interests and goals; to address community concerns expressed during the extensive community-input process with respect to Aggie Square; and to advance commitments related to the community, especially for Neighborhoods and communities of interest. For purposes of this Agreement, “**Communities of Interest**” refers to the Meadowview, Del Paso Heights, and other key areas of Sacramento and covers the residents in the zip codes 95811, 95814, 95815, 95818, 95823, 95832, 95833, and 95838.
- C. The City, UC Davis, and Wexford believe that this Agreement is an important first step to ensuring and prioritizing the community’s long-term success. Aggie Square cannot thrive without making the community a priority and a partner: one cannot be successful without the other. The commitments in this Agreement are based on the feedback received from the

community, and the parties look forward to establishing sustainable structures and agreements needed for coordination and collaboration to support our local residents and communities. This Agreement presents a framework of community benefits. The parties are committed to working with the community on the development of the next steps towards successful implementation of the strategies outlined.

- D. Launched in 2018, Aggie Square is a collaboration that will (1) transform Sacramento’s innovation economy; (2) promote inclusive economic development, jobs, and workforce training for residents in our Neighborhoods; (3) spur affordable housing, stability and community development; and (4) create shared public places and events encouraging interaction among members of the university, industry, and the community.
- E. Aggie Square will bring over a million square feet of space, comprising a lifelong learning office and classroom building; two science and technology buildings; housing for students, community-serving uses, a parking structure, and public spaces. Aggie Square is anchored by UC Davis programs and configured to host private-industry tenants and investment. It is anticipated that Aggie Square will generate approximately 5,000 construction jobs and create 3,500 to 4,000 permanent jobs.
- F. UC Davis, one of the nation’s leading public universities and research institutions, is part of the University of California, a constitutionally created entity of the State of California, with “full powers of organization and government” (Cal. Const., art. IX, § 9). UC Davis is one of the most academically comprehensive universities in the University of California system, with a premier Medical Center and ten schools and colleges:
 - College of Agricultural and Environmental Sciences
 - College of Biological Sciences
 - College of Engineering
 - College of Letters and Sciences
 - School of Education
 - School of Law
 - Graduate School of Management
 - School of Medicine (primarily on the Sacramento campus)
 - Betty Irene Moore School of Nursing (primarily on the Sacramento campus)
 - School of Veterinary Medicine
- G. UC Davis’ two campuses—in Davis and Sacramento—constitute the second-largest individual employer in the Sacramento region, behind only the State of California. An economic analysis found that, in 2013-14, for every two jobs at UC Davis, an additional job was created in other economic sectors of the Sacramento region. UC Davis is a powerful economic engine for California, generating \$8.1 billion in statewide economic activity. UC Davis Health is home to a National Cancer Institute designated comprehensive cancer center, an international institute for neurodevelopmental disorders, a leading-edge stem-cell program, a top-ranked comprehensive children’s hospital, and other nationally prominent

centers. As a top research institution, UC Davis has provided innovation and cures that benefit the nation and the world.

- H. UC Davis acknowledges the community feedback over the past three years and is transforming its community engagement efforts. In 2019, UC Davis Health, which includes the UC Davis Medical Center, School of Medicine, and School of Nursing, formally launched its Anchor Institution Mission for Community Health. Anchor institutions are nonprofit or public place-based entities, such as universities and hospitals, that are rooted in their local communities by mission, invested capital, and relationships to customers, residents, and employees. As one of the leading institutions in both higher education and health care in the region, UC Davis Health is committed to leveraging its economic power and human and intellectual resources to increase the economic vitality of our surrounding nearby communities, thereby improving the health welfare and wellbeing of its residents. Based on UC Davis Health's commitment, future goals related to hiring and investing in community will expand from Aggie Square to an institution-wide focus, embracing the Anchor Institution Mission. As part of the Anchor Institution Mission, \$5 million dollars is being raised for an affordable-housing program funded with \$2.5 million in philanthropic contributions and matched by \$2.5 million over five years from UC Davis. This fund-raising effort will be coordinated by the City with the assistance of UC Davis. The City and UC Davis are working together to bring partners to assist with this effort.
- I. Wexford Science & Technology, LLC, the parent company of Wexford, is a real estate company exclusively focused on partnering with universities, academic medical centers, and research institutions. Wexford was selected—in a highly competitive process by UC Davis—to develop Aggie Square based upon its unparalleled experience developing innovation districts with leading universities.
- J. A crucial role that Wexford plays as the Aggie Square developer is to provide the infrastructure, spaces, and places required for entrepreneurial activity and significant programming, and to foster community inclusion and engagement. Wexford will include in Aggie Square more than 50,000 square-feet of innovation space, including life sciences, health, and tech collaboration space, and Innovation Hall, a community-focused gathering and convening place.
- K. In addition to developing the Aggie Square buildings, Wexford plays an active role in bringing together the innovation elements that comprise a “**Knowledge Community**,” which is both (1) a vibrant, mixed-use community built on a foundation of discovery, innovation, and entrepreneurial activity to create visible, concrete outcomes in the form of substantial economic growth, new and diverse jobs, and community transformation; and (2) a physical space that consists of academic research, industry tenants, community programming, and indoor and outdoor public spaces.
- L. One critical piece of Wexford's involvement is the identification of a community non-profit or similar organization (the “**Innovation Convener**”) to facilitate, operate, and coordinate community-facing programs.
- M. Another critical element of a Knowledge Community is an organizational entity that will implement certain innovation and programming elements within Aggie Square. To that end,

Wexford and UC Davis intend to create an organization (the details will be determined later) to be named the “**Aggie Square Innovation District.**”

- N. Aggie Square is the first innovation district in the Sacramento region to bring together academic, industry, and community partners in one place. The City, UC Davis, and Wexford anticipate that Aggie Square will—
- transform Sacramento’s innovation economy;
 - provide a platform for new companies and industries to leverage university research and draw investment to the Sacramento region;
 - improve the civic life of the Stockton Boulevard Corridor with vibrant public space that connects people across economic sectors;
 - find new inventions and cures that advance the public good; and
 - improve the economic health of existing Local Residents and Communities of Interest.
- O. For the City, the success of Aggie Square will be measured—
- in the commitment of the City, UC Davis, and Wexford to bring jobs, research opportunities, education, innovation entrepreneurship, and business development to the region;
 - in Aggie Square’s ability to enhance the health and quality of life of Sacramento residents, specifically in the Neighborhoods adjoining Aggie Square; and
 - by the increase in resources for affordable housing development and stabilization along Stockton Boulevard.
- P. For UC Davis and Wexford, success includes developing an innovation center that advances the public good by—
- providing a home for state of the art university research;
 - hosting industry, educational, and community-based partners that connect with university research, teaching, and community-engaged work;
 - integrating university teaching and learning into a network of lifelong learning that serves multiple communities;
 - building stronger relationships and improving the economic health for the surrounding neighborhoods, the city, and the region; and
 - developing a public-private partnership that is financially stable and earns funds for continuous reinvestment and expansion.
- Q. In 2018, UC Davis began a planning process to gain an understanding of community needs related to Aggie Square, which involved engagement with various community stakeholders, campus constituents, and the City. The City and UC Davis established a Community Engagement Advisory Group that met between September 2018 and June 2020 to solicit input on Aggie Square. Additionally, UC Davis, Wexford, and the City held over 90 meetings, open houses, town halls, and community forums.

- R. From fall 2020 through spring 2021, the City hosted community forums and outreach to directly solicit input regarding the community benefits that could derive from Aggie Square and how they could be captured in this Agreement. The forums focused on workforce development, youth opportunities, housing, and traffic and transportation.
- S. With this Agreement, the parties recognize their mutual interest and goals; address community concerns expressed during the extensive community-input process with respect to Aggie Square; and advance commitments related to the community, especially for Neighborhoods and Communities of Interest.
- T. UC Davis, Wexford, and the City entered voluntarily into this Agreement. The community investments described in this Agreement are in addition to Aggie Square’s Mitigation Monitoring and Reporting Program required by the California Environmental Quality Act (“CEQA”) and are not part of the CEQA process related to Aggie Square.

With these background facts in the mind, the parties hereby agree as follows:

1. Community Engagement.

- (a) The Aggie Square Innovation District and the City will conduct community engagement meetings for the general public and interested stakeholders regarding Aggie Square (1) quarterly until construction of the first building in Aggie Square is completed; (2) semi-annually during the first three years after construction of the first building is completed; and (3) annually during the fourth through tenth years after construction of the first building is completed. The community meetings will focus on sharing updates on the community-benefit goals and soliciting feedback from the community on the next steps. The community-engagement commitments in this section 1(a) are in addition to any public process required by CEQA for Aggie Square.
- (b) The Aggie Square Innovation District and the City will make information about Aggie Square readily accessible to the public through online platforms (including but not limited to the Aggie Square website, electronic newsletters, and other digital platforms) and will work with community partners to share information and updates about Aggie Square throughout the construction of the buildings and implementation of this Agreement.
- (c) The parties shall continue to leverage existing opportunities and create new opportunities for partnership and engagement with community-based organizations (“CBOs”), neighborhood and business organizations, and other stakeholders as part of the implementation of this Agreement.

2. Accountability and Transparency. Accountability and transparency for all parties are critical to building trust. Reporting on Aggie Square will include achievement goals for UC Davis, Wexford, and the City to address and be responsive to residents and communities, measured by outcomes from a project-generated community fund, employment (which includes Aggie Square and the region), youth engagement, access to space, revenue enhancements to the City’s budget, and other areas as outlined in this Agreement. The outcomes will be included in an annual report, prepared by the Aggie Square Innovation District during each of the first ten years after completion of construction of the first

building. The annual report will be shared at the community-engagement meetings and with the general public. Baseline metrics will be shared with the community in 2022 for the annual report.

3. Commitments by the Parties.

- (a) ***Affordable Housing Development and Assistance.*** The parties recognize the need to address housing for students, Neighborhoods, and the Sacramento region. The City has identified housing as a key priority and will focus on development of additional housing and stabilization support for existing residents within the Stockton Boulevard and Aggie Square areas. The City shall provide a report on activities for residential stabilization and housing development pipeline to be made public semiannually. To achieve these housing goals, the parties shall implement the following strategies and initiatives:
- (1) The City shall establish a Stockton Boulevard Affordable Housing Fund of at least \$50 million to fund programs to assist in stabilizing the residential fabric and developing new housing around Aggie Square. The fund will include the following components:
 - (A) \$16 million present value (\$29 million over 45 years) from Aggie Square EIFD revenues created by the new taxes generated by Aggie Square;
 - (B) \$29 million from the City and SHRA-administered affordable-housing resources (the allocation of these funds will require further approvals by the Sacramento City Council or SHRA, or by both);
 - (C) \$5 million affordable housing program funded with \$2.5 million in philanthropic contributions and matched by \$2.5 million over five years from UC Davis. The City shall coordinate this fund-raising effort with the assistance of UC Davis. The fund would be used specifically for anti-displacement efforts and residential-stabilization activities.
 - (2) The City shall include, in the housing element of its general plan, policies to evaluate and mitigate displacement.
 - (3) The City shall work with community representatives to identify affordable housing needs and develop programs to stabilize existing residential uses around Aggie Square. These could include housing-rehabilitation programs, down-payment assistance, and a homelessness-prevention program in the area surrounding Aggie Square.
 - (4) Wexford shall develop a minimum of 200 beds of housing in Aggie Square with the primary goal of addressing housing needs for undergraduate and graduate (includes medical and nursing) students and easing the demand for off-campus housing in Sacramento.

- (5) UC Davis shall promote its website that highlights UC Davis employee discounts and offerings related to housing (e.g., reduction in closing costs), automobile purchases, and other services.

(c) *Investment in Fund and Aggie Square Community Partnership.*

- (1) The Aggie Square Innovation District will create the Aggie Square Community Partnership (“ASCP”) to set priorities for an Aggie Square Community Fund (“**Community Fund**”), a monthly assessment, at the rate of \$0.015 per rentable square foot, on all leased space within Aggie Square. This equates to a target amount of approximately \$150,000 a year based on full occupancy. For the first three years after Aggie Square opens (i.e., within the three years after UC Davis issues the first certificate of occupancy or equivalent for a building in Aggie Square), Wexford shall seed the fund to cover the gap that might exist between the assessed amount and the annual target. In addition, Wexford shall provide \$75,000 per year during the first two years of construction, with the initial contribution at initiation of construction. If the City, Wexford, and UC Davis jointly decide to use these initial funds specifically to support the One-Stop Hiring Center in partnership with the City, then Wexford shall make an additional \$50,000 available at the start of construction to be used for youth programming the City and Wexford jointly approve. The ASCP may also seek additional funding from other sources as needed (e.g., public funds, philanthropic funds).
- (2) The parties share a mutual commitment to enable community participation and engagement. To enable a community-centered voice in community benefits, the Aggie Square Innovation District will convene the ASCP, which serves as a focal point for community participation and engagement. The ASCP will include Neighborhood voices in the deployment of a community fund dedicated to local benefits. The ASCP will provide an annual report that outlines how funds were used and distributed, level of participation by each member, and level of activity for targeted priorities identified below. The Aggie Square Innovation District will implement the following strategies and initiatives to achieve this objective:
 - (A) The ASCP will consist of at least five members representing institutional partners, including UC Davis, UC Davis Health, Wexford, and possible anchor coalition partners (such as the community college), and at least five seats will be filled by Neighborhood partners (as determined by community residents and business owners).
 - (B) The ASCP will set priorities for the community fund using agreed-upon criteria with a focus on the following (or other criteria as determined by the community and ASCP membership): youth opportunities, workforce development and training, place-making, public art, and entrepreneurial support.

(d) ***Jobs, Workforce Development and Career Pathways.***

- (1) The parties share a desire to create inclusive economic development and job opportunities for residents in the surrounding community, the City of Sacramento, and the Sacramento region. Aggie Square will focus on inclusive economic development in partnership with the City and its communities. It will bring more jobs to the Sacramento region along with workforce programs to create pipelines into those jobs.
- (2) Aggie Square's Lifelong Learning Building will be a focal point for workforce development involving UC Davis Continuing and Professional Education, partners from across UC Davis's two campuses, industry, and the Sacramento region.
- (3) Aggie Square's workforce development efforts shall include outreach, training, and preparation to help Local Residents and members of Communities of Interest compete successfully for jobs. Subject to any and all applicable obligations under state and federal law, collective bargaining agreements, and the university's or other employers' policies, the Aggie Square Innovation District shall ensure that 20% of the available jobs in Aggie Square that are the focus of the project's workforce development efforts are offered to qualified Local Residents and members of Communities of Interest over the initial 10 years of the project. After the initial 10 years of operation, again subject to any and all applicable obligations under state and federal law, collective bargaining agreements, and the university's or other employers' policies pertaining to hiring, retention, and diversity, equity, and inclusion, 25% of the available jobs shall be offered to qualified Local Residents and members of Communities of Interest. For purposes of this section 3(d)(3), the term "jobs" means the number of individuals working for any employer at the Aggie Square Innovation District at occupancy of Aggie Square. Aggie Square Innovation District shall transmit to the City and make public an annual report to the community that describes the number and type of jobs to address this requirement during the period this agreement is in effect. The parties hereby affirm their mutual commitment to their respective policies supporting principles of diversity, equity, and inclusion, prohibiting discrimination on the basis of any legally protected category, as well as their commitment to maintaining fair, equitable and merit based hiring and promotion practices. Successful job placements and outcomes in the region from Aggie Square's outreach and training will also be tracked. This provision may not be used in any individual hiring decision to compel a hiring authority to select a particular candidate, nor shall this provision be used to deny a UC Davis graduate or undergraduate student the opportunity to participate in a work-study, internship, or other form of paid training program located at Aggie Square. In the event the percentages are not met, the parties agree to engage additional community participation and develop new workforce development strategies to meet these percentages consistent with state and federal law, collective bargaining agreements, and employer hiring policies. The parties shall implement the following strategies and initiatives to achieve the goals in this paragraph:

- (A) Prepare Local Residents and members of Communities of Interest for access to jobs and training opportunities.
- (i) Leveraging existing one-stop hiring solutions, the City and the Aggie Square Innovation District will create a One Stop Hiring Portal for employment opportunities at Aggie Square. The portal, which is envisioned to be a physical location, would involve local community-based workforce providers (i.e., including but not limited to Asian Resources, Inc., the Greater Sacramento Urban League, La Familia Counseling Center, and PRO Youth and Families), organized labor (i.e., including but not limited to University of California bargaining groups and Central Labor Council representatives), trades (i.e., including but not limited to the Sacramento Sierra Building and Construction Trades Council), community colleges, and industry. This commitment includes review of local hiring goals, a short-term and long-term strategy for partnership with workforce and training stakeholders, and implementation via technical support for residents in preparing job applications, and listing of job opportunities. This portal would serve as an important resource for Aggie Square and related industry employers and job seekers.
 - (ii) As of the Effective Date (defined in section 4(a)), UC Davis's practice is to hold job talks and fairs with workforce and CBOs, such as the Sacramento Employment and Training Agency. As part of this effort, UC Davis shall continue to hold job talks and fairs with CBOs at least annually.
 - (iii) UC Davis shall complete an initial assessment (e.g., types, skills) of the jobs available in Aggie Square as of the Effective Date and the jobs anticipated to become available in Aggie Square.
 - (iv) The City and UC Davis shall work with local CBOs and workforce-investment organizations to pilot workforce-development efforts with the objective of helping Local Residents and members of Communities of Interest prepare for jobs
 - (v) The City shall be a lead participant in identifying funding for the capital needs of the development of the adult school pre-apprenticeship program at Hiram Johnson High School.
 - (vi) The City shall work closely with Mark A. Sanders Career Center (2901 50th Street), to further enhance local workforce services being offered at that location, creating more collaboration between Mark Sanders Career Center and local workforce providers to serve the surrounding communities and increase job preparedness and access.
 - (vii) Wexford's third-party contractor selected to construct Aggie Square shall enter into a community-workforce agreement with the

Sacramento Sierra Building and Construction Trades Council and its affiliated unions, regarding certain wage terms, individual trade separations, local contracting, local hiring, apprenticeship programs, and other labor-specific benefits related to construction of Aggie Square.

(B) Expand efforts to increase regional workforce-development opportunities.

- (i) The City shall foster a network of workforce providers and CBOs, known as a Workforce Partner Collaborative, focused on inclusive job training, skill development, and career pathways for inclusive economic growth. The City shall also support ongoing alignment and coordination with these organizations to help prepare and inform local residents of the current and emerging job opportunities.
- (ii) The City shall work with stakeholders on regional workforce-development opportunities focusing on the health and biomedical fields and supporting career pathways into those fields.
- (iii) The Aggie Square Innovation District and the City will expand work with local CBOs and workforce investment organizations to explore ways to provide access and navigation resources to help Local Residents and members of the Communities of Interest prepare for regional jobs.
- (iv) The City and UC Davis shall continue piloting workforce-development programs by partnering with CBOs, workforce organizations, K-12 education systems, community colleges, and industry.
- (v) The City shall standardize and centralize workforce resources to get consistent details to the local jobseekers; ensure that all workforce partners are using consistent information; coordinate alignment of job-training programs to meet the skillset requirements of employer's current job openings; and create greater coordination of supportive services for jobseekers enrolled in training programs to achieve higher completion rates.
- (vi) The City shall create an annual workforce summit, hosted at Aggie Square, that showcases emerging trends and current and upcoming workforce practices, and provides statistics and outcomes from the Aggie Square workforce collaborative efforts (including job placements).

(C) Implement sustainable workforce-development programs.

- (i) Wexford shall use good-faith efforts to identify the Innovation Convener, which will hold regular events to discuss the skills necessary for open positions, provide opportunities to meet hiring managers, and provide information about skill development.

Information on these positions will be made available through the TalentPortal, an online tool that lists innovation-related jobs within the region. This will align with the City's centralized system and One Stop Hiring Portal described above in section 1(d)(3)(A)(i).

- (ii) Wexford shall work with the Aggie Square Innovation District and the Innovation Convener with the goal of developing an Aggie Square-wide internship program.
- (iii) Wexford shall work with the Innovation Convener with the goal of partnering with local accelerator programs with a focus on supporting underrepresented entrepreneurs to foster the local Sacramento ecosystem.
- (iv) Throughout Aggie Square, the Aggie Square Innovation District and the City shall continue to develop and implement Aggie Square sustainable workforce-development programs.

(e) ***Youth Opportunities and Educational Support.***

- (1) The parties recognize UC Davis's longstanding commitment and support of pathway and pipeline programs that target elementary-school, middle-school, and high-school students, through partnerships with school districts and CBOs, to increase the number of underserved, low-income students' exposure to educational and career pathways.
- (2) The parties are focused on maximizing youth education and employment opportunities by strengthening partnerships with K-12 education systems, community colleges, and industry. The parties shall continue and expand the opportunities for youth, especially in the Neighborhoods, enabling access to educational support and programs that support career readiness. Beginning in 2022, UC Davis shall develop baseline metrics that show current youth educational opportunities and participation in the schools in the Neighborhoods. Annually, the Aggie Square Innovation District will share the usage of the youth programs by neighbors. The parties shall implement the following strategies and initiatives to achieve the goals in this paragraph:
 - (A) Continue youth opportunities. UC Davis shall continue K-12 youth-engagement efforts across the region. Current examples of these efforts include the following:
 - Health Equity Academy – Leaders for Tomorrow's Healthcare
 - College Opportunity Program
 - Early Academic Outreach Program (EAOP)
 - Summer Mathematics and Science Honors Academy (SMASH)
 - Girls in Robotics Leadership (GIRL)
 - Young Scholars Program

- School of Medicine Tours for High Schools and Community Colleges
- (B) Identify opportunities to expand or pilot new youth programs. UC shall pilot youth-opportunity programs by partnering with community colleges, the City, and industry. As part of this effort, the parties shall determine if an assessment should be performed on related UC Davis programs, school district programs, or other educational programs to identify opportunities and gaps.
- (C) Implement sustainable youth programs.
- (i) To keep the community informed, the Aggie Square Innovation District will share with neighbors, the City, and other stakeholders an annual youth-engagement plan and calendar highlighting programs available for neighborhood youths.
 - (ii) Wexford shall work with the Innovation Convener with the goal of holding monthly youth-focused programming as part of the Thursday events known as the Thursday Gathering. This programming is aimed at exposing K-12 students to innovation-related careers, as well as providing opportunities for their parents to connect to the innovation and start-up community at the same time.
 - (iii) Wexford shall work with the Innovation Convener with the goal of convening an event twice a year with STEM educators and practitioners to share best practices and to engage with the industry.
 - (iv) The Aggie Square Innovation District shall implement new youth opportunities by partnering with K-12 education systems, community colleges, the City, and/or industry.
 - (v) The parties acknowledge that the needs of the community may change over time. Programs identified and outlined in this section 1(e) are subject to change if the needs of the community change or if other areas of focus surface as community-identified priorities.

(f) ***Community Access to Space and Resources at Aggie Square.***

- (1) The parties are committed to providing the community with access to space and resources at Aggie Square. Wexford shall create an open and flexible environment that includes space for tenants and the broader community to convene and connect in an effort to drive greater innovation and entrepreneurship throughout the region. Spaces, such as the ones planned, bring together various stakeholder groups across multiple industries. The parties shall implement the following strategies and initiatives to achieve these access goals:
- (A) Access to Aggie Square space.

- (i) Wexford or its operator shall publish standard rates and fee schedule for the Innovation Hall space. Through discounts and waiving of fees, Wexford, through the operator of Innovation Hall, shall provide discounts and fee waivers for use of the meeting space valued at up to \$1 million annually in Innovation Hall, which will be made available to the community on a non-exclusive basis.
 - (ii) UC Davis shall complete a feasibility study of renovating the UC Davis owned Governor's Hall for UC Davis and community-serving uses.
 - (iii) Wexford, through the operator of Aggie Square's co-working space, shall identify areas within the co-working space for a recurring cohort of startups led by under-represented entrepreneurs.
 - (iv) The Aggie Square Innovation District will host Aggie Square community meetings in Aggie Square.
- (B) Access to Aggie Square resources.
- (i) UC Davis shall provide a community-engagement portal at Aggie Square to help community members access the resources of the university; provide better visibility to university jobs; give guidance for local businesses seeking to do business with the university; and facilitate non-profit groups seeking sponsorship funding for capacity building in their organizations and securing volunteers to assist in their communities.
 - (ii) Wexford shall fund recurring outdoor programming for the community (e.g., outdoor movies, concert series, job fairs). UC Davis shall provide such programming in the outdoor spaces of Aggie Square.
 - (iii) Wexford shall work with the Innovation Convener with the goal of leveraging the Thursday Gathering to feature and promote startups from the surrounding communities.
 - (iv) Wexford shall work with the Innovation Convener with the goal to provide the weekly Thursday Gathering with 12 to 15 free educational sessions or workshops each week with a goal of a minimum of 500 sessions or workshops annually. These free public-education sessions offered by the Innovation Convener will cover topics such as civic engagement, entrepreneurial education, youth mentoring in entrepreneurship, and innovation-talent nights.
 - (v) The City shall provide information to the residents of the larger community and the Neighborhoods to make them aware of opportunities for use of space and resources at Aggie Square.

- (vi) The parties acknowledge that the needs of the community may change over time. Programs identified and outlined in this section 1(f) are subject to change if the needs of the community change or if other areas of focus surface as community-identified priorities.
- (g) ***Connections to Adjacent Business Districts.*** The parties are committed to connecting to adjacent business districts, especially to small, minority-owned, and veteran-owned businesses. Aggie Square will create positive impacts to and growth for businesses and commercial areas within Aggie Square and the surrounding business districts, particularly for small, minority-owned, and veteran-owned local businesses. This includes opportunities for growing companies to secure space along the existing corridors, supporting local businesses through procurement of goods and services, and cross promotion of key events. On an annual basis, the Aggie Square Innovation District will report on the growth of companies emerging from Aggie Square as it relates to their space needs. The ASCP will maintain a pipeline report to share with existing business-district leadership. The report must include annual procurement activities by participating industry partners. The parties shall implement the following strategies and initiatives to achieve the goals in this paragraph:
 - (1) Through the ASCP, the Aggie Square Innovation District will develop a strategy to align efforts with the nearby business districts to support the growth of companies emerging from incubators and accelerator programs within Aggie Square to potentially locate on Stockton Boulevard or an adjacent commercial corridor.
 - (2) The ASCP will maintain a shared event calendar to cross-promote events in surrounding business districts.
 - (3) The Innovation Convener will feature local food and beverage providers during Aggie Square industry-popups events and programming.
 - (4) For two years after the commencement of construction of Aggie Square, Wexford shall, upon the City's written request, advance up to \$400,000 to the City to fund third-party start-up cost for the formation of an Enhanced Infrastructure Financing District for the greater Stockton Boulevard area (the "**Stockton Boulevard EIFD**"). These start-up costs must be reimbursed to Wexford from the Stockton Boulevard EIFD (from tax increment or tax-increment bond proceeds, or a combination of both) on a first-priority basis after formation of the Stockton Boulevard EIFD or, if the Stockton Boulevard EIFD is not formed, in accordance with a reimbursement agreement to be negotiated in good faith by Wexford and the City that is acceptable to them in their reasonable discretion.
 - (5) UC Davis shall increase awareness of the University of California's Small Business First program, which is focused on providing contracting and procurement opportunities with certified Small Businesses, Microbusinesses, and Disabled Veteran Business Enterprises.

- (6) By 2023, the City shall complete a Stockton Boulevard Specific Plan, which will include for approval by the Sacramento City Council, policies to promote additional development along Stockton Boulevard and the support of existing local businesses. This includes CEQA review of the elements in the plan and completion of any required environmental document for the Sacramento City Council's review and action.

(h) ***Neighborhood Transportation Connection and Street Enhancements.*** The parties' goal is to enhance community connectivity, improve transportation options, and enhance vehicular traffic-reduction measures. UC Davis shall provide annual reporting of key transportation projects and transportation demand management efforts. The City shall also provide regular updates on related Stockton Boulevard projects. The parties shall implement the following strategies and initiatives to achieve this goal:

- (1) UC Davis will implement Transportation Demand Management Measures. While focused on enhancing community connectivity and vehicular traffic reduction measures, UC Davis will strive to achieve the following by 2025:
 - (A) Zero-emission vehicles ("ZEV") or hybrid vehicles will account for at least 50% of all new light-duty UC Davis vehicle acquisitions.
 - (B) Reduce its percentage of UC Davis employees and students commuting by single-occupancy vehicles ("SOV") by 10% relative to UC Davis 2015 SOV commute rates.
 - (C) Have at least 4.5% of commuter vehicles are ZEV.
- (2) At the time of construction, UC Davis shall contribute funds to the planned improvements at the Broadway and Stockton Boulevard intersection using fair-share methodology, not to exceed 50% of the cost of intersection improvements. As outlined in the Stockton Boulevard Corridor Study, these improvements are intended to enhance walking, bicycling and transit safety, and effectiveness. The fair-share methodology will be based on the percentage of UC Davis-related vehicles in relation to total volumes expected at the intersection for peak hour periods for the 2040 LRDP forecast. Improvements are estimated at \$2.2 million. UC Davis's contribution is based on the fair-share methodology percentage and is not to exceed \$1.1 million.
- (3) UC Davis shall grant an easement to the City and construct improvements along Aggie Square's Stockton Boulevard frontage for preferred off-street walking, bicycling, and transit elements identified in the City's March 2021 Draft Stockton Boulevard Corridor Study.
- (4) UC Davis shall (A) undertake and complete a campus access study with the City's Transportation Planning and Traffic Engineering Design Sections and neighborhood associations, with a goal of creating better access from Neighborhoods to and through UC Davis's Sacramento Campus so that the Campus better provides for walking and bicycling and neighborhood

connectivity, and (B) UC Davis shall implement the recommendations of the study.

- (5) UC Davis shall complete new parking structure four, which is closer to the UC Davis Medical Center and will help replace parking spaces displaced by Aggie Square.
- (6) Wexford shall build on-site pedestrian, bike, and vehicle-infrastructure improvements.
- (7) Wexford shall construct improvements at the intersection of 2nd Avenue and Stockton Boulevard.
- (8) Wexford shall construct improvements at the intersection of 3rd Avenue and Stockton Boulevard.
- (9) Wexford shall design and build a 1,300 space new parking structure to serve Aggie Square.
- (10) The City shall complete the Stockton Boulevard Corridor Study, which covers the area between Alhambra Boulevard and 47th Avenue, by December 2021.
- (11) The City shall seek funding for the next phase of, and for preliminary engineering and federal and state environmental clearance for, the Envision Broadway in Oak Park Plan covering Broadway between Franklin and Martin Luther King Jr. Boulevard to the extent that project conforms to citywide priorities.
- (12) The City shall encourage the Sacramento Regional Transit District to provide enhanced comfortable, convenient, frequent, and fast bus service on and near Stockton Boulevard.
- (13) The City shall seek funding to implement the recommendations in the study identified in section 3(h)(11) and the plan identified in section 3(h)(12), as well as the Vision Zero Top 5 Corridors Study, to the extent these projects conform to the citywide priorities.

4. General Provisions

- (a) **Effective Date.** This Agreement becomes effective on the date when all the following have occurred (the “Effective Date”):
 - (1) The PFA has approved the Aggie Square EIFD’s Infrastructure Financing Plan and established the Aggie Square EIFD; and the PFA has approved (or, if necessary, the PFA and the City have approved) an agreement between the PFA and Wexford (or, if necessary, between the PFA, Wexford, and the City) that commits the Aggie Square EIFD tax increment to Aggie Square.
 - (2) The City has formed the Aggie Square Community Facilities District (“CFD”) and authorized the issuance of bonds through the CFD.

- (A) The City and UC Davis have entered into a joint community facilities agreement for any CFD-financed improvements that UC Davis will own or operate.
- (B) The City, UC Davis, and Wexford have entered into an acquisition agreement, under which the City and UC Davis will acquire specified CFD-financed improvements from Wexford.
- (3) No actions challenging any of the matters described in the sections 4(a)(1) and 4(a)(2) have been filed in any court with jurisdiction; or, if any such actions have been filed, they have been resolved in a manner acceptable to Wexford in its sole discretion.
- (4) An action to validate the actions and matters relating to the Aggie Square EIFD, as described in the section 4(a)(1), has been filed by the appropriate party in accordance with California Code of Civil Procedure section 860, California Government Code section 53511, or any other applicable California law or statute; the trial court has entered a final judgment in favor of the plaintiff or petitioner named in the action; and either the time to appeal from the trial court's final judgment has expired with no appeals timely filed or, if appeals have been timely filed, all appeals have been resolved in a manner acceptable to Wexford in its sole discretion, so that the trial court's judgment validating the actions and matters described in the section 4(a)(1) has become final in all respects.
- (5) Any and all actions challenging Aggie Square for noncompliance with CEQA or otherwise have been resolved in a manner acceptable to UC Davis and Wexford.
- (b) **Term.** Unless otherwise noted, the initial term of this Agreement is ten years after the Effective Date, after which the parties will reevaluate this Agreement. This allows flexibility as the needs of the community evolve over time.
- (c) **No Waiver of Authority.** By entering into this Agreement, the City is in no way modifying or limiting the obligations of UC Davis to develop Aggie Square in accordance with all laws applicable to UC Davis. Nothing in this Agreement is a waiver by UC Davis of its constitutional status, its sovereignty, or the exemptions available to it as a California constitutional corporation, including its exemption from compliance with local regulations or other local laws that related to Aggie Square. UC Davis's meeting of its obligations under the Agreement is separate and apart from, and cannot be related in any form to, its constitutional status.
- (d) **Enforcement of Agreement; Default; Remedies.**
 - (1) **Enforcement.** As of the Effective Date, the only parties to this Agreement are the City, UC Davis, and Wexford. This Agreement is not intended, and shall not be construed, to benefit or be enforceable by any other person or entity.
 - (2) **Meet-and-Confer Process.** Before sending a notice of default, the party asserting that another party has failed to perform or fulfill its obligations under this Agreement must first attempt to meet and confer with the other party to discuss

the alleged failure and must permit that party a reasonable period, but not less than ten days, to respond to or cure alleged failure. The party asserting such a failure must request that the meeting and conference occur within 21 days following the request. If, despite the good-faith efforts of the requesting party, such a meeting has not occurred within 30 days of after the request, then the requesting party will have satisfied the requirements of this section 4(d)(1).

- (3) **Dispute Resolution.** If a dispute arises regarding Aggie Square and the parties' obligations under this Agreement, the parties shall meet within 30 days to discuss the dispute and try in good faith to resolve it.

- (4) ***Remedies.***

- (A) **No Damages.** The parties agree that it would be extremely difficult and impractical to fix or determine the actual damages suffered by a party because of a default and that, as a result, monetary damages are inappropriate as a remedy for any default under this Agreement. The parties further agree that equitable remedies, not including damages but including demands for specific performance, are the appropriate remedies for enforcement of this Agreement. Accordingly, neither the City nor Wexford will be liable to UC Davis for damages under this Agreement, neither UC Davis nor the City will be liable to Wexford for damages under this Agreement, and neither UC Davis nor Wexford will be liable to the City for damages under this Agreement. The City, UC Davis, and Wexford each expressly waives its right to recover damages under this Agreement.
 - (B) **Time Limits; Waiver; Remedies Cumulative.** A party's failure to insist on strict performance of this Agreement or to exercise any right or remedy upon breach of this Agreement will not constitute a waiver of the performance, right, or remedy. A party's waiver of another party's breach of any provision in this Agreement will not constitute a continuing waiver or a waiver of any subsequent breach of the same or any other provision. A waiver is binding only if set forth in a writing signed by an authorized representative of the waiving party.

- (e) ***Other General Provisions.***

- (1) ***Miscellaneous.***

- (A) This Agreement may be amended or modified only by a writing signed by the parties.
 - (B) All approvals and determinations of City requested, required, or permitted under this Agreement may be made in the sole and absolute discretion of the head of the City department with jurisdiction over the matter. Any approvals requested, required, or permitted by the City must not be unreasonably withheld.

- (C) This Agreement contains the entire agreement between the parties, and all prior written or oral negotiations, discussions, understandings, and Agreements are merged into this Agreement.
- (D) The section and other headings of this Agreement are for convenience of reference only and are to be disregarded in the interpretation of this Agreement.
- (E) Time is of the essence.
- (F) This Agreement is to be governed in accordance with California law, except that the rule of interpretation in California Civil Code section 1654 will not apply. Exhibits A, B, C, and D are part of this Agreement.
- (G) The parties may sign this Agreement with electronic or digital signatures. In addition, the parties may sign this Agreement in counterparts, each of which will be considered an original, but all of which will constitute the same Agreement. Delivery of a signed counterpart may be accomplished by email transmission of a pdf file as follows:

For delivery to the City, LFritzsche@cityofsacramento.org

For delivery to Wexford, Danielle.howarth@wexfordscitech.com

For delivery to UC Davis, smdommes@ucdavis.edu

- (2) *Contingent Obligations.* The obligations contained in this Agreement are contingent on UC Davis and Wexford proceeding together with Aggie Square as contemplated and securing successful leasing, entitlement, and requisite approvals to implement Aggie Square.
- (3) *Environmental Review.* This Agreement does not commit the parties to any action or project in advance of the environmental review required by CEQA. Depending on the result of the environmental review, an action or project might be changed from what is described in this Agreement or might not be carried out. Upon request, the parties shall meet and confer to ensure that all environmental review required by CEQA has been completed before any commitment to a specific action or project.
- (4) *Notices.* All notices sent by one party to the others, including notices of a change in address, will be effective only when delivered to the following addresses (see the next page):

If to the City:

City of Sacramento
Office of Innovation and Economic
Development
915 I Street, Fourth Floor
Sacramento, California 95814
Attention: Leslie Fritzsche,
Economic Investment Manager

If to UC Davis:

University of California, Davis One
Shields Avenue
Davis, California 95616
Attention: Michael Sweeney, Chief
Campus Counsel

If to Wexford:

Wexford Development, LLC
801 W. Baltimore Street, Suite 505
Baltimore, Maryland 21201
Attention: Danielle Howarth, Senior
Vice President and General Counsel
and Mark Korczakowski, Senior
Vice President, Asset Management

- (5) *Force Majeure.* If a party's performance of any act required by this Agreement is delayed, hindered, or prevented by reason of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, governmental moratorium or other governmental action or inaction (including a declaration of emergency and a failure, refusal, or delay in issuing permits, inspections, approvals, and authorizations), injunction or court order, riots, insurrection, war, terrorism, bioterrorism, fire, epidemic or pandemic, quarantine, earthquake, flood or other natural disaster, or other similar reason of a like nature that is beyond the reasonable control of the party Agreement, then the party's performance of the act will be excused for the duration of the delay, and the time for the performance of the act will be extended for a period equal to the duration of the delay.
- (6) *Assignment.* Wexford intends to develop Aggie Square through one or more limited-liability companies (each, a "**Project LLC**") that will hold leasehold interests to portions of the land on which Aggie Square will be located under a number of long-term ground leases (each, a "**Ground Lease**"). The Project LLCs will be initially owned directly or indirectly by affiliates of Wexford and one or more third-party equity providers. Without the consent of the City or UC Davis, Wexford may assign its rights and obligations under this Agreement to one or more Project LLCs, either collectively or individually, upon the execution of the Ground Leases. Each of the Project LLCs may subsequently assign its rights and obligations under this Agreement to any assignee of its interest in its Ground Lease. Notwithstanding anything to the contrary in this Agreement, the obligations of any Project LLC under this Agreement will terminate upon the termination of its Ground Lease.

(Signature Page Follows)

Each party is signing this agreement on the date under the party's signature.

City of Sacramento

The Regents of the University of California

By: _____
Darrell Steinberg, Mayor
Date: April __, 2021

By: _____
Gary S. May, Chancellor
Date: April __, 2021

By: _____
Howard Chan, City Manager
Date: April __, 2021

Attest
Sacramento City Clerk

By: _____
Signature

Wexford Development, LLC

Approved as to Form
Sacramento City Attorney

By: _____
Douglas Woodruff, Senior Vice President
Date: April __, 2021

By: _____
Joseph Cerullo
Senior Deputy City Attorney

Preliminary Term Sheet for Public-Financing Assistance of Aggie Square Phase 1

April 6, 2021

City of Sacramento | Wexford Development, LLC | University of California, Davis

The University of California, Davis (“**UC Davis**”) and Wexford Development, LLC (together with its affiliates, “**Wexford**”) desire to enter into a public-private partnership for the development of Aggie Square, a proposed knowledge community and innovation district that will be located on the UC Davis Sacramento Campus* and will provide employment, business-expansion, and economic-development opportunities to the Sacramento region.

UC Davis owns the fee interest in the land that is the site of the Sacramento Campus. During the first phase of the Aggie Square project (“**Phase 1**”), one or more special-purpose entities owned by affiliates of Wexford and its investor (each such entity or its successor-in-interest, a “**Wexford Entity**”) will lease parcels of the land from UC Davis under one or more ground leases (each, a “**Ground Lease**”) and construct the following (each, a “**Phase 1 Building**”):

- A garage with approximately 1,300 parking spaces (the “**Garage**”).
- The Life-Long Learning Building (the “**LLL Building**”)
- The Life Science, Technology & Engineering East Building (the “**LSTE East Building**”)
- The Life Science, Technology & Engineering West Building (the “**LSTE West Building**”)
- The Residential/Food & Health Building (the “**RFH Building**”)

The development of Phase 1 requires the Wexford Entities to design and construct substantial new public infrastructure, generally described in Exhibit A to this term sheet, that is beyond the project’s current financial capacity (the “**Required Facilities**”). The City of Sacramento (the “**City**”), in recognition of the community benefits from Aggie Square, has reached a preliminary understanding with Wexford and UC Davis on the terms of a public-private effort to fund the Required Facilities. This effort will support the financial viability of the Aggie Square project; promote the investment and reinvestment in, and expansion of, the project; and ensure that the community benefits are broadly distributed to the residents of Sacramento. Those benefits are described in the *Aggie Square Community Benefits Partnership Agreement* between the City, UC Davis, and Wexford, a copy of which is attached as Exhibit B to this term sheet (the “**CBPA**”).

As described below in detail, the City’s role in this public-private effort is to establish two public-financing mechanisms: the Aggie Square Enhanced Infrastructure Financing District (“**Aggie Square EIFD**”), which will receive the additional ad valorem property tax (including property tax in lieu of the motor-vehicle-license fee) and possessory-interest tax resulting from the development of Aggie Square (collectively, “**Tax Increment**”); and the Aggie Square

* The UC Davis Sacramento Campus, generally located east of Stockton Boulevard and north of Broadway, is the site of the UC Davis Medical Center.

Community Facilities District (“**Aggie Square CFD**”), which will levy a special tax on the Wexford Entities’ leaseholds under the Ground Leases and issue bonds backed by the special tax. The revenue generated by the Aggie Square EIFD and the Aggie Square CFD will be used to reimburse the Wexford Entities for \$30 million of the verified eligible costs they incur to design and construct the Required Facilities (“**Eligible Costs**”) and to fund affordable housing.

So that the Wexford Entities will share equitably in the reimbursement of the Eligible Costs, the City will allocate the Eligible Costs to the Phase 1 Buildings in accordance with the Tax Increment each of the Wexford Entities’ parcels is expected to generate when the Phase 1 Buildings are constructed. This allocation will occur in stages: an initial allocation will be done when the Aggie Square CFD is formed; that allocation will then be adjusted each time bonds are issued through the Aggie Square CFD (see sections 1(c), 1(d)(1), and 1(e)(1)).

Importantly, this Preliminary Term Sheet creates no binding obligations for the City, Wexford, the Wexford Entities, and UC Davis. It merely sets forth a proposed, non-binding framework for negotiating and drafting one or more potential agreements that will not be binding and enforceable unless and until duly approved, signed, and delivered by the appropriate parties. As to the City in particular, those agreements will not be enforceable unless and until duly approved by the Sacramento City Council in accordance with California law, the Sacramento City Charter, and the Sacramento City Code.

1. **Aggie Square Community Facilities District.** In accordance with California’s Mello-Roos Community Facilities Act of 1982, the City will form the Aggie Square CFD, which will encompass the area subject to the Ground Leases, as shown on Exhibit C to this term sheet. The Aggie Square CFD will provide funding for the Required Facilities by levying a special tax on each Wexford Entity’s leasehold interest at Aggie Square (the “**Special Tax**”); and the City, acting through the Aggie Square CFD, will issue one or more series of bonds payable from the Special Tax (“**CFD Bonds**”) levied on the Wexford Entities’ leaseholds. The proceeds of the CFD Bonds will be used to reimburse the Wexford Entities for their shares of the Eligible Costs, with total reimbursement equal to \$30 million, not including interest paid under sections 1(d)(6) and 2(d)(6). The City and Wexford will cooperate in the adoption of a resolution of intention to form the Aggie Square CFD on a schedule that will enable the City to issue the first series of CFD Bonds when UC Davis has issued the first certificate of occupancy (or equivalent) for a Phase 1 Building.

(a) *The Special Tax.* The Special Tax revenue will be used as follows:

- (1) To pay the City’s ongoing costs of administering the Aggie Square CFD to the extent the costs are not paid from Tax Increment revenue under section 2(d)(2)(A).
- (2) To pay debt service on the CFD Bonds (i.e., principal, interest, and mandatory sinking-fund payments) to the extent debt service is not paid from Tax Increment revenue in accordance with section 2(d)(2)(B).
- (3) To cure any delinquencies and replenish any reserve funds for the CFD Bonds.

- (4) To pay accrued interest as required by sections 1(d)(6) or 1(e)(6) to the extent interest is not paid from Tax Increment revenue in accordance with section 2(d)(2)(D).
 - (5) To reimburse the Wexford Entities for portions of the Phase 1A Allocations (see section 1(d)(1)) and the Phase 1B Allocations (see section 1(e)(1)) that are not reimbursed from the proceeds of CFD Bonds. Special Tax revenue will not be available for this purpose if it is needed to pay interest in accordance with section 1(d)(6) or 1(e)(6).
 - (6) To reimburse the Wexford Entities for CFD formation costs not reimbursed from proceeds of CFD Bonds.
- (b) *General Requirements for CFD Bonds.* The following apply to each series of CFD Bonds:
- (1) The City will issue CFD Bonds only if (A) construction of the Required Facilities has been completed, as evidenced by a certificate of occupancy or equivalent issued by UC Davis; and (B) the City has determined, after consulting with its municipal advisor and the bond underwriter, that issuance is financially feasible.
 - (2) The principal amount of the first series will include costs of CFD formation. The principal amount of each series will include costs of issuance and may include up to two years of capitalized interest.
 - (3) The City will size the CFD Bonds based on the projected Tax Increment revenue that will be available to pay the Special Tax, as explained more fully in sections 1(d), 1(e), and 2(d)(2)(B).
 - (4) The City and each Wexford Entity that constructs one or more components of the Required Facilities will negotiate and enter into an acquisition-and-shortfall agreement under which (A) the Wexford Entity will design and construct the components using its own funds and transfer the completed components to the City or to other public agencies; and (B) the City will reimburse the Wexford Entity from the proceeds of the CFD Bonds, in accordance with that agreement and this term sheet, for the Eligible Costs of the components.
 - (5) The City and each public agency that will acquire any component of the Required Facilities (e.g., UC Davis) will enter into a joint community facilities agreement* for the component, and Wexford will assist the City with each such agreement. An acquisition-and-shortfall agreement (see section 1(b)(4)) may be used to satisfy this requirement.
 - (6) The Notice of Special Tax Lien that is recorded against each parcel that is subject to a Ground Lease will prominently state that the Rate and Method of

* Under the Mello-Roos Community Facilities Act of 1982, the City must enter into a joint community facilities agreement with each public agency that will own or operate facilities financed by the Aggie Square CFD.

Apportionment for the Aggie Square CFD (the “**RMA**”) requires prepayment of the Special Tax or the proportional defeasance of any outstanding CFD bonds before (A) the Garage Owner (defined in section 3(a)(1)) transfers fee ownership of the Garage to UC Davis or (B) a Building Owner (defined in section 4(a)(1)) transfers ownership of a Phase 1 Building to UC Davis.

- (7) The City’s general fund and other funds and revenue will not be obligated, in law or equity, for credit enhancements, guarantees, payment of debt service, or debt-service coverage related to CFD Bonds except as provided in section 2(d).
- (c) *Initial Allocations of Eligible Costs.* The initial allocations to the Phase 1 Buildings of the Eligible Costs, set out in Table 1(c), are based on the estimated areas and uses of the Phase 1 Buildings as of the date of this term sheet (the “**Initial Allocations**”):

| Table 1(c): Initial Allocations | | | | |
|--|----------------------------------|---|---|----------------------------|
| Phase 1 Building | Area in Gross Square Feet | Estimated Percentage of Total Area | Estimated Rental Value Per Gross Square Foot | Initial Allocations |
| Garage | 360,400 | 27.0% | \$12.50 | \$4,505,000 |
| RFH | 189,020 | 14.2% | \$12.50 | \$2,362,750 |
| LLL | 267,811 | 20.1% | \$29.50 | \$7,899,347 |
| LSTE East | 280,898 | 21.1% | \$29.50 | \$8,285,361 |
| LSTE West | 235,542 | 17.7% | \$29.50 | \$6,947,542 |
| Total | 1,333,671 | 100.0% | | \$30,000,000 |

- (d) *First Series of CFD Bonds.* Wexford and the City will jointly determine when the projected Tax Increment from the subset of parcels on which the LLL Building, the LSTE East Building, and the RFH Building have been completed (the “**Phase 1A Parcels**”) will be adequate to pay debt service on a first series of CFD Bonds, with completion signified by UC Davis’s issuance of certificates of occupancy or the equivalent.
- (1) When the first series of CFD Bonds is issued, the City will total the Initial Allocations to the completed Phase 1 Buildings on the Phase 1A Parcels and reallocate the total to those buildings using their actual areas and actual rental values at the time (the “**Phase 1A Allocations**”). The Initial Allocations for the other Phase 1 Buildings will remain the same.
- (2) The City will size the first series of CFD Bonds so that the debt service in each year equals 80% of the year’s total projected Tax Increment from the Phase 1A Parcels after paying administrative costs (see section 2(d)(1)) divided by 1.1. Expressed mathematically (see the next page):

$$D = \frac{P \times 0.8}{1.1} \quad \text{where}$$

D means debt service on the first series, i.e., the principal and interest payments, due in a year.

P is the projected Tax Increment for the year from the Phase 1A Parcels, minus administrative costs.

- (3) The projection of Tax Increment will be based on the best information available at the time of sizing, as jointly determined by the City, the City's municipal advisor, Wexford, and the underwriter of the CFD Bonds. But the final decision on the sizing and terms of CFD Bonds will be in the City's sole discretion.
- (4) The Special Tax levied each year on the Phase 1A Parcels will be the amount needed to pay the year's debt service on the first series plus the Aggie Square CFD's annual administrative costs. The appropriate Wexford Entities will be obligated to pay the difference if the Tax Increment received in a year falls short of the year's Special Tax revenue.
- (5) The City will use the net proceeds of the first series to reimburse the appropriate Wexford Entities for the Phase 1A Allocations.
- (6) If the proceeds from the first series are inadequate to fully reimburse the Phase 1A Allocations, then reimbursement from the proceeds will be pro rata, and interest will accrue on the unreimbursed portion of each Phase 1A Allocation, at the annual rate of 3%, beginning on the date UC Davis issues a certificate of occupancy or equivalent for the Phase 1A Building associated with a Phase 1A Allocation.
 - (A) Each year, until the Phase 1A Allocations have been fully reimbursed, the City and the Aggie Square EIFD will pay the appropriate Wexford Entities the accrued interest for the year from any combination of Special Tax revenue available under section 1(a)(4) and Tax Increment revenue available under section 2(d)(2)(D).
 - (B) Any accrued interest not paid in accordance with section 1(d)(6)(A) because Tax Increment is not available will be cancelled rather than added to Eligible Costs or carried forward to the following year.
- (e) *Second Series of CFD Bonds.* Wexford and the City will jointly determine when the projected Tax Increment from the parcels, other than the Phase 1A Parcels, on which Phase 1 Buildings have been completed (the "**Phase 1B Parcels**") will be adequate to pay debt service on a second series of CFD Bonds, with completion signified by UC Davis's issuance of certificates of occupancy or the equivalent.
 - (1) When the second series of CFD Bonds is issued, the City will total the Initial Allocations to the completed Phase 1 Buildings on the Phase 1B Parcels and reallocate the total to those buildings using their actual areas and actual rental

values at the time (the “**Phase 1B Allocations**”). The Phase 1A Allocations will remain the same.

- (2) The City will size the second series so that both of the following are true:
- (A) The combined annual debt service in each year for both the first and the second series does not exceed 80% of the projected Tax Increment from the Phase 1A Parcels and the Phase 1B Parcels after paying administrative costs (see section 2(d)) divided by 1.1. Expressed mathematically:

$$D = \frac{P \times 0.8}{1.1} \quad \text{where}$$

D means debt service of the first and second series, i.e., total principal and interest payments, due in a year

P is the projected Tax Increment for the year from the Phase 1A Parcels and Phase 1B Parcels, minus administrative costs.

- (B) The amount of net proceeds from the second series does not exceed the difference between \$30 million and the amount of net proceeds from the first series that was used to reimburse the Phase 1A Allocations.
- (3) The projection of Tax Increment will be based on the best information available at the time of sizing, as jointly determined by the City, the City’s municipal advisor, Wexford, and the underwriter of the CFD Bonds. But the final decision on the sizing and terms of CFD Bonds will be in the City’s sole discretion.
- (4) The Special Tax levied each year on the Phase 1B Parcels will be the amount needed to pay the year’s debt service on the second series plus a share of the Aggie Square CFD’s annual administrative costs, which will be allocated to the first and second series in proportion to their principal amounts. The appropriate Wexford Entities will be obligated to pay the difference if the Tax Increment received in a year falls short of the year’s Special Tax revenue.
- (5) The City will use the net proceeds of the second series to reimburse the appropriate Wexford Entities for the Phase 1B Allocations plus, if appropriate, the Phase 1A Allocations to the extent they haven’t been fully reimbursed from proceeds of the first series and any payments of Tax Increment under section 2(d)(2)(E)).
- (6) If the proceeds from the second series are inadequate to fully reimburse the Phase 1B Allocations, then reimbursement from the proceeds will be pro rata, and interest will accrue on the unreimbursed portion of each Phase 1B Allocation, at the annual rate of 3%, beginning on the date UC Davis issues a certificate of occupancy or equivalent for the Phase 1 Building associated with the Phase 1B Allocation.

- (A) Each year, until the Phase 1B Allocations have been fully reimbursed, the City and the Aggie Square EIFD will pay the appropriate Wexford Entities the accrued interest for the year from any combination of Special Tax revenue available under section 1(a)(4) and Tax Increment revenue available under section 2(d)(2)(D). These payments of interest are in addition to, and on parity with, any payments of interest under section 1(d)(6).
- (B) Any accrued interest not paid in accordance with section 1(e)(6)(A) because Tax Increment is not available will be cancelled rather than added to Eligible Costs or carried forward to the following year.
- (f) *Compliance with Applicable Law.* The City will comply with all laws and regulations that apply to the Aggie Square CFD and the CFD Bonds, including the Mello-Roos Community Facilities Act of 1982, the City's local goals and policies concerning the use of that act, the guidelines promulgated by the California Debt Investment and Advisory Commission, and (if appropriate) the federal laws and regulations pertaining to tax-exempt debt.

2. ***Aggie Square Enhanced Infrastructure Financing District.***

- (a) *Establishment.* The City has initiated the process for establishing the Aggie Square EIFD. As part of that process, the City has—
 - (1) set the proposed boundaries of the Aggie Square EIFD, as shown on Exhibit D;
 - (2) established a Public Finance Authority to govern the Aggie Square EIFD (the “PFA”); and
 - (3) initiated the process for the PFA's preparation and adoption of the Infrastructure Financing Plan (the “IFP”), which will serve as the PFA's plan for carrying out the work of the Aggie Square EIFD, including funding for the Required Facilities in accordance with this term sheet.
- (b) *Target Date for Establishment.* The City, Wexford, and UC Davis will cooperate in completing the establishment of the Aggie Square EIFD and will continue to assist the PFA in the preparation and adoption of the IFP, with the goal of having the Aggie Square EIFD established and the IFP adopted by April 30, 2021.
- (c) *Validation.* As soon as is practicable after the Aggie Square EIFD is established, the City or the City and the Aggie Square EIFD will commence proceedings to obtain a judicial determination that all actions taken in connection with the Aggie Square EIFD were valid, legal, and binding.
- (d) *Tax Increment.* The Tax Increment revenue received by the Aggie Square EIFD will be used as follows:
 - (1) To pay the ongoing costs of implementing the IFP and administering the Aggie Square EIFD.

- (2) Of the Tax Increment remaining after payment of the costs identified in section 2(d)(1), 80% will be used for the following:
 - (A) To pay the City's ongoing costs of administering the Aggie Square CFD.
 - (B) To pay debt service on the CFD Bonds. Each calendar year, to the extent Tax Increment revenue is available, the Aggie Square EIFD will transfer to the trustee for the CFD Bonds, in a timely manner, the amount needed to pay principal and interest when due in that year. The trustee will deposit the transferred revenue in the fund established and maintained for payment of debt service on the CFD Bonds. At the end of each calendar year, after making the year's debt-service payments, the trustee will transfer back to the Aggie Square EIFD all remaining Tax Increment revenue.
 - (C) To pay debt service on any tax-allocation bonds the Aggie Square EIFD issues to finance or refinance the Eligible Costs (the **"EIFD Bonds"**).
 - (D) To pay any accrued interest required under sections 1(d)(6) and 1(e)(6).
 - (E) To reimburse the Wexford Entities for portions of the Phase 1A Allocations and Phase 1B Allocations that are not reimbursed from the proceeds of CFD Bonds, proceeds of EIFD Bonds, or Special Tax revenue. Tax Increment revenue will not be available for this purpose if it is needed to pay interest in accordance with section 1(d)(6) or 1(e)(6).
- (3) Of the Tax Increment revenue remaining after payment of the costs identified in section 2(d)(1), 20% will be deposited in the Aggie Square EIFD's Housing Fund (see section 6).
- (4) Tax Increment revenue not used in accordance with sections 2(d)(1), 2(d)(2), and 2(d)(3) will be used to reimburse a Wexford Entity for any Special Tax it pays (i.e., in any year that Tax Increment revenue is insufficient to fully pay debt service on the CFD Bonds in accordance with section 2(d)(1)(B)).
- (5) Tax Increment revenue not used in accordance with sections 2(d)(1), 2(d)(2), 2(d)(3), and 2(d)(4) may be used to fund other projects specified in the IFP as amended from time to time (including projects identified in the CBPA) that are of communitywide significance and will provide significant benefits to the Aggie Square EIFD or the surrounding community. The Aggie Square EIFD will transfer to the City any Tax Increment revenue not used to fund those projects.

3. **Public Financing of the Garage.**

(a) *Background Principles.*

- (1) The Wexford Entity that has a Ground Lease for the parcel that will be the site of the Garage (the **"Garage Owner"**) will construct the Garage, and the Ground Lease will, among other things, obligate the Garage Owner to pay the following

(the “**Garage Taxes**”): the Special Tax levied on the Ground Lease for the Garage, to the extent the Special Tax is not otherwise paid from Tax Increment revenue in accordance with this term sheet; the ad valorem property tax (including property tax in lieu of the motor-vehicle-license fee) levied on the parcel on which the Garage is constructed; and any possessory-interest tax levied on the Ground Lease.

- (2) UC Davis will lease (or otherwise acquire) space in the Garage from the Garage Owner and pay rent to the Garage Owner for that space under a master parking agreement.
- (3) UC Davis will have an option to purchase the Garage from the Garage Owner, subject to protections for holders of CFD Bonds as described in section 3(c), after the 10th anniversary of the commencement date of the master parking agreement.
- (4) The Ground Lease will also allow UC Davis to terminate it if the Garage Owner fails to pay rent, subject to, and limited by, a forbearance agreement that protects the security given to the holders of CFD Bonds, as described in section 5(a).
- (5) The City anticipates selling CFD bonds as set forth above in sections 1(d) and 1(e).

(b) *UC Davis’s Election to Seek a Refund, Abatement, or Exemption for Garage Taxes.*

- (1) UC Davis might obtain a refund or an abatement of, or an exemption from, the Garage Taxes in proportion to the space leased to (or otherwise acquired by) UC Davis relative to the total space in the Garage (e.g., if UC Davis leases or otherwise acquires 40% of the space, it might be able to obtain a refund or an abatement of, or an exemption from, 40% of the Garage Taxes).
- (2) If UC Davis obtains a refund, abatement, or exemption, then the following will apply:
 - (A) The amount of the Special Tax annually levied on the Ground Lease for the Garage will not be reduced.
 - (B) The annual rent that UC Davis pays the Garage Owner for the leased space in the Garage will be increased by an amount equal to 80% of the annual amount of the refunded, abated, or exempted Garage Taxes that would have been available to the Aggie Square EIFD.
 - (C) The Garage Owner will use the increased rent to pay the Special Tax annually levied on the Garage.
 - (D) UC Davis will promptly notify the Aggie Square EIFD of the amount of the increase in the annual rent, and the Aggie Square EIFD will reduce, by an amount equal to the increase in the annual rent, the Tax Increment used in

accordance with section 2(d)(2) to pay the Special Tax annually levied on the Garage.

- (E) UC Davis will annually pay to the Aggie Square EIFD, for deposit in the Housing Fund (see section 6), an amount equal to 20% of the annual amount of the refunded, abated, or exempted Garage Taxes that would have been available to the Aggie Square EIFD. The City, UC Davis, Wexford, the Wexford Entities, and the Aggie Square EIFD will treat these payments as if they were part of the 20% of Tax Increment revenue that is designated under section 2(d)(3).

(c) *UC Davis's Purchase Option.*

- (1) If UC Davis exercises its purchase option on the Garage, and if any CFD Bonds are outstanding, then, in addition to the purchase price determined under section 3(c)(2) below, UC Davis must simultaneously prepay the Special Tax on the Garage to redeem or defease the applicable amount of the outstanding CFD Bonds equal to the debt secured by the Special Tax associated with the Garage (and, if EIFD Bonds are outstanding, then UC Davis must simultaneously provide funds to the bond trustee sufficient to redeem or defease the applicable amount of the outstanding EIFD Bonds).
- (2) The Garage purchase price payable by UC Davis will be the greater of (A) the fair-market value of the Garage if the purchaser were an unrelated third-party that is not exempt from the Garage Taxes and (B) the Garage Owner's total initial costs to develop the Garage, as agreed upon by the Garage Owner and UC Davis, minus the reimbursements attributable to the Garage that the Garage Owner receives from the Aggie Square CFD and the Aggie Square EIFD for Required Facilities.

4. ***Public Financing of the Phase 1 Buildings other than the Garage.***

(a) *Background Principles.*

- (1) The Wexford Entity or Wexford Entities that have Ground Leases for the sites of the Phase 1 Buildings other than the Garage (each such Wexford Entity, a "**Building Owner**") will construct those Phase 1 Buildings, and each Ground Lease will, among other things, obligate the Building Owners to pay the following (the "**Building Taxes**"): the Special Tax levied on the Ground Leases for the Phase 1 Buildings other than the Garage, to the extent the Special Tax is not otherwise paid from Tax Increment revenue in accordance with this term sheet; the ad valorem property tax (including property tax in lieu of the motor-vehicle-license fee) levied on the Ground Leases for those Phase 1 Buildings; and any possessory-interest tax levied on the Ground Leases.
- (2) Each Ground Lease will grant UC Davis a right of first offer to purchase the associated Phase 1 Building if the Building Owner elects to sell the building at

any time during the term of the Ground Lease, subject to protections for holders of the CFD Bonds as described in section 4(c) below.

- (3) Each Ground Lease will also allow UC Davis to terminate it if the Building Owner fails to pay rent, but the right to terminate will be subject to, and limited by, a forbearance agreement that protects the security given to the holders of the CFD Bonds, as described below in section 5(a).
 - (4) UC Davis will lease a portion of the total leasable space in the LLL Building, the LSTE East Building, and the RFH Building from the Building Owners (the “**Initial Premises**”) and pay rent to the Building Owners for the Initial Premises.
 - (A) As of the date of this term sheet, UC Davis expects that the Initial Premises will comprise approximately 60% of the total leasable space in the LLL Building, the LSTE East Building, and a portion of the RFH Building. UC Davis and each Building Owner will determine the actual Initial Premises before the first series of CFD Bonds is issued.
 - (B) UC Davis also expects to lease a portion of the leasable space in the LSTE West Building if it is constructed, and that space will become part of the Initial Premises. UC Davis and the Building Owner will determine the actual Initial Premises in the LSTE West Building before the issuance of any CFD Bonds secured by a Special Tax on the Ground Lease associated with the building.
 - (5) UCD might obtain a refund or an abatement of, or an exemption from, the Building Taxes associated with the Initial Premises. When determining the amount of the CFD Bonds to be issued, the City will assume that such a refund, abatement, or exemption has been obtained and that the related Building Taxes will not be collected for the Initial Premises.
 - (6) The City anticipates selling CFD bonds as set forth above in sections 1(d) and 1(e).
- (b) *UC Davis’s Right to Lease or Acquire Additional Premises.*
- (1) UC Davis will have the right to lease space in the LLL Building, the LSTE East Building, the RFH Building, and the LSTE West Building in addition to the Initial Premises, and will also have the right to acquire and occupy one or more of the buildings in the Phase 1 Site (collectively, the “**Additional Premises**”). If UC Davis exercises that right, it might obtain a refund or an abatement of, or an exemption from, the Building Taxes associated with the Additional Premises.
 - (2) If UC Davis exercises its right to lease the Additional Premises and obtains a refund or an abatement of, or an exemption from the Building Taxes associated with the Additional Premises, then the following will apply:

- (A) The amount of Special Tax annually levied on the Ground Leases for the LLL Building, the LSTE East Building, the LSTE West Building, and the RFH Building will not be reduced.
 - (B) The annual rent that UC Davis pays the relevant Building Owners for the Additional Premises will be increased by an amount equal to 80% of the annual amount of the refunded, abated, or exempted Building Taxes that would have been available to the Aggie Square EIFD.
 - (C) The Building Owners will use the increased rent to pay the Special Tax annually levied on the LLL Building, the LSTE East Building, the LSTE West Building, and the RFH Building.
 - (D) As provided in section 6, UC Davis will annually pay to the Aggie Square EIFD, for deposit in the Housing Fund, an amount equal to 20% of the annual amount of the refunded, abated, or exempted Building Taxes that would have been available to the Aggie Square EIFD. The City, UC Davis, Wexford, the Wexford Entities, and the Aggie Square EIFD will treat these payments as if they were part of the 20% of Tax Increment revenue that is designated under section 2(d)(3).
 - (E) UC Davis will make payments to the Aggie Square EIFD as required by the agreement described in section 6.
- (c) *Sale of Phase 1 Buildings.* If UC Davis purchases the LLL Building, the LSTE East Building, the RFH Building, or (if it is constructed) the LSTE West Building when any CFD Bonds are outstanding, then UC Davis must simultaneously prepay the Special Tax on the purchased building to redeem or defease the applicable amount of outstanding CFD Bonds (and, if EIFD Bonds are outstanding, then UC Davis must simultaneously provide funds to the bond trustee sufficient to redeem or defease an applicable amount of the outstanding EIFD Bonds).

5. ***Principles Applicable to both the Garage and the Phase 1 Buildings.***

- (a) So long as any CFD Bonds are outstanding, UC Davis will forebear its right to terminate each Ground Lease that is encumbered by the Special Tax levied to pay debt service on the CFD Bonds. But UC Davis may terminate such a Ground Lease if, simultaneously with the termination, UC Davis either replaces the Ground Lease with a new ground lease that has a new ground lessee, on terms that will not materially impair the interests of the holders of the CFD Bonds, or defeases or redeems the outstanding CFD Bonds. The details of UC Davis's obligations under this section 5(a) will be set forth in a forbearance agreement. Nothing in the forbearance agreement will impair UC Davis's rights to sue the Garage Owner or the relevant Building Owner for damages related to a breach of the Ground Lease.
- (b) If UC Davis obtains a refund or an abatement of, or an exemption from, applicable Garage Taxes related to spaces it leases in the Garage or an interest it acquires in the

Garage (see section 3(b)), or if UC Davis obtains a refund or an abatement of, or an exemption from, applicable Building Taxes related to the Additional Premises (see section 4(b)(2)), then the amount of Tax Increment revenue annually deposited in the Aggie Square EIFD's Housing Fund (see sections 2(d)(3) and 6) will be decreased. To ensure that annual funding for affordable housing remains unaffected by such a decrease, the City and UC Davis will enter into a separate agreement on the terms set forth in section 6.

- (c) If UC Davis purchases the Garage or any other Phase 1 Building but, in conjunction with the purchase, either causes the Garage Owner or the relevant Building Owner to assign its interest in the Ground Lease directly to a new unaffiliated third-party ground lessee or enters into a new ground lease with a new ground lessee on terms that do not materially impair the interests of the holders of the CFD Bonds or of any EIFD Bonds, then the foregoing prepayment, redemption, and defeasance (see sections 3(c)(1) and 4(c)) will not be required, and the third-party assignee or new ground lessee will be subject to all provisions in the Ground Lease and any related documents that provide protection to the holders of outstanding CFD Bonds or EIFD Bonds.
- (d) Upon UC Davis's acquisition of the Garage or a Phase 1 Building by purchase or by termination of a Ground Lease, and the concurrent prepayment of the Special Tax and redemption or defeasance of outstanding CFD Bonds or EIFD Bonds, UC Davis, as successor in interest to the Garage Owner or the Building Owner, will be entitled to receive the Tax Increment—including the Tax Increment that would have been used to pay the Special Tax in accordance with section 2(d)(2)(A) or to pay debt service on EIFD Bonds in accordance with section 2(d)(2)(B)—that the Garage Owner or the Building Owner would have received but for the acquisition and pre-payment, redemption, or defeasance.
- (e) If, while CFD Bonds are outstanding but before the Special Tax levied on the applicable Ground Lease is prepaid or the CFD Bonds are proportionally defeased, the Garage Owner sells the Garage to UC Davis or a Building Owner sells one of the other Phase 1 Buildings to UC Davis, then the City will have legal and equitable remedies against the Garage Owner or Building Owner.

6. **Affordable Housing Fund.** To address certain community housing needs, the Aggie Square EIFD will establish and maintain an affordable-housing fund (the "**Housing Fund**") that will receive the 20% of the Tax Increment allocated to the Aggie Square EIFD in accordance with section 2(d)(3). To ensure that the Housing Fund will be adequately funded even if UC Davis obtains a refund or an abatement of, or an exemption from, property taxes levied on space it leases or acquires in the Phase 1 Buildings (collectively, a "**Tax Exemption**"), the City, UC Davis, and the Aggie Square EIFD will enter into an agreement on the following terms:

- (a) *Tax Increment from the Garage.* As required by section 3(b)(2)(E), if UC Davis leases space in the Garage or otherwise acquires a taxable interest in it, and if UC Davis

obtains a Tax Exemption for that space or interest, then, during each year the Tax Exemption applies, UC Davis will pay to the Aggie Square EIFD, for deposit in the Housing Fund, an amount equal to 20% of the Tax Increment that would have been attributable to and owed for the space or interest but for the Tax Exemption, based on information available from Sacramento County.

- (b) *Tax Increment from the LLL, LSTE East, LSTE West, and RFH Buildings.* Note: The specific methodology for the determinations and calculations in this section 6(b) will be set forth in a definitive agreement.
- (1) Within 30 days after UC Davis has issued certificates of occupancy or the equivalent for the LLL Building, the LSTE East Building, and the RFH Building, the Aggie Square EIFD will determine the following:
 - (A) The total rentable square footage in the LLL Building, the LSTE East Building, and the RFH Building that UC is then leasing and for which UC Davis has obtained or will obtain a Tax Exemption.
 - (B) The combined rentable square footage in those three buildings.
 - (2) If the square footage determined under section 6(b)(1)(A) exceeds 60% of the square footage determined under section 6(b)(1)(B), then each year afterward in which the square footage determined under section 6(b)(1)(A) exceeds 60% of the square footage determined under section 6(b)(1)(B), until the determination under section 6(b)(3) is done, UC Davis will pay to the Aggie Square EIFD an amount equal to 20% of the Tax Increment that, but for the Tax Exemption, would have been available to the Aggie Square EIFD in that year from the excess square footage determined under this section 6(b)(2), based on information available from Sacramento County.
 - (3) Within 30 days after UC Davis has issued a certificate of occupancy or the equivalent for the LSTE West Building, the Aggie Square EIFD will determine the following:
 - (A) The total rentable square footage of space in the LLL Building, the LSTE East Building, the RFH Building, and the LSTE West Building that UC is then leasing and for which UC Davis has obtained or will obtain a Tax Exemption.
 - (B) The combined rentable square footage in those four buildings.
 - (4) If the square footage determined under section 6(b)(3)(A) exceeds 60% of the square footage determined under section 6(b)(3)(B), then each year afterward in which the square footage determined under section 6(b)(3)(A) exceeds 60% of the square footage determined under section 6(b)(3)(B), UC Davis will pay to the Aggie Square EIFD an amount equal to 20% of the Tax Increment that, but for the Tax Exemption, would have been available to the Aggie Square EIFD in

that year from the excess square footage determined under this section 6(b)(4), based on information available from Sacramento County.

- (5) If a payment due from UC Davis under section 6(b)(2) or 6(b)(4) cannot be calculated because there is no assessed value on, and hence no Tax Increment revenue from, the excess square footage determined under those sections—which would occur if UC Davis acquires ownership of one or more of the four buildings—then the payment will be calculated using the assessed value of the excess square footage before UC Davis acquired ownership of it, increased by 2% annually.
 - (c) *Changes in Law.* The calculations in sections 6(a) and 6(b) are premised on California’s property-tax law not changing in a way that materially increases or decreases the Tax Increment revenue allocated to the Aggie Square EIFD. If such a change occurs, then the City and UC Davis will meet and negotiate in good faith to revise sections 6(a) and 6(b) so that UC Davis’s payments under those sections remain consistent with what they would have been without the change in property-tax law (e.g. the 2% annual increase required by section 6(b)(5) might be modified to reflect the change in law).
 - (d) *Early Termination of UC Davis’s Obligations.* UC Davis’s obligations under sections 6(a) and 6(b) will terminate when the City, Wexford, and the Aggie Square EIFD jointly determine that the 80% of Tax Increment allocated in accordance with section 2(d)(2) is no longer required for the purposes set forth in those sections.
 - (e) *Termination of UC Davis’s Obligations.* UC Davis’s obligations under sections 6(a) and 6(b), if not terminated sooner under section 6(d), will terminate 40 years after the date of formation of the Aggie Square EIFD.
7. **Use Tax Direct Payment.** The Wexford Entities will agree to require that all contractors and subcontractors obtain a Use Tax Direct Payment permit from the California Department of Tax and Fee Administration for contracts over \$5 million. Upon completion of each Phase 1 Building and third-party tax accounting for the building, the City will reimburse the Wexford Entities an amount equal to the net additional use taxes directly generated by construction of the building under the Use Tax Direct Payment permit and received by the City less any third-party fees and costs for tax accounting.
8. **Stockton Boulevard Corridor Enhanced Infrastructure Financing District.** The City will move forward as expeditiously as possible, consistent with community engagement and comment, to form a Stockton Boulevard Corridor Enhanced Infrastructure Financing District (the “**Stockton Boulevard EIFD**”) for the purpose of making investments in eligible infrastructure and facilities for the neighborhoods around Aggie Square, including the acquisition, construction, or rehabilitation of housing for persons of very low, low, and moderate income. To facilitate the formation of the Stockton Boulevard EIFD, the Wexford Entities will advance up to \$400,000 for the third-party costs (non-City staff costs) of forming the Stockton Boulevard EIFD, but only if the City obtains a judicial

determination that all actions taken in connection with the Aggie Square EIFD were valid, legal, and binding. If Wexford advances the costs of formation, then, when the Stockton Boulevard EIFD is formed, the City will propose that the infrastructure financing plan include reimbursement to Wexford, in an amount equal to the amount of the advance, for the eligible costs Wexford incurs to construct public infrastructure listed in the plan.

9. ***Responsibility for Unreimbursed Eligible Costs.*** The City is not obligated to reimburse or otherwise pay the Wexford Entities for Eligible Costs that are not reimbursed in accordance with this term sheet. The maximum amount of Eligible Costs that will be reimbursed to the Wexford Entities through the Aggie Square CFD and the Aggie Square EIFD is \$30 million. Tax Increment used for following purposes does not count as reimbursement: to pay the Special Tax, to reimburse a Wexford Entity for any Special Tax it pays, to pay interest under section 1(d)(6) or 1(e)(6), or to pay debt service on EIFD Bonds. The Wexford Entities will be solely responsible for paying all unreimbursed Eligible Costs.
10. ***Incentives to Attract Companies to Aggie Square.*** To help attract private-sector companies and jobs to Aggie Square, the City will work with Wexford and UC Davis to develop, by September 30, 2021, a package of economic incentives that are similar to the incentives the City provided to Centene for locating within the City.

Exhibits:

- A. List of Required Facilities
- B. Copy of Aggie Square Community Benefits Partnership Agreement
- C. Area of Aggie Square CFD
- D. Area of Aggie Square EIFD

EXHIBIT A

Required Facilities

(From pages 13 and 14 of the Infrastructure Financing Plan dated 2-26-21)

EIFD Public Facility and Development Projects

1. Aggie Square site work and site development, including the following:
 - Construction of 3rd Avenue from Stockton Boulevard to the Garage, including curbs, gutters, sidewalks, street lighting, and landscaping
 - Intersection improvements at Stockton Boulevard and 3rd Avenue
 - Extension of 45th Street from 2nd Avenue to 3rd Avenue, including curbs, gutters, sidewalks, and landscaping
 - Construction of access drive at Stockton Boulevard between 2nd Avenue and 3rd Avenue to provide access for loading and drop off to the RFH Building and the LSTE West Building
 - Improvements to Stockton Boulevard, including curbs, gutters, landscaping, and lighting
 - Improvements for storm-water management
 - Connections and relocations as required for water and sewer utilities
2. Design and construction of transit, transportation, pedestrian, and connectivity improvements, including parking facilities.
3. Design and construction of public gathering areas, education, and public open spaces (including but not limited to Aggie Square Plaza, Market Plaza, and the Alice Waters Edible Education Institute).
4. Innovation infrastructure support, including but not limited to construction of Innovation Hall.
5. Development of affordable housing.

Other Expenses

In addition to the direct costs of the above facilities, other incidental expenses if, as, and to the extent authorized by EIFD Law, including but not limited costs of the following:

- engineering, planning, and surveying costs
- construction-staking costs
- plan-check and inspection costs
- utility-relocation costs and demolition costs incidental to the construction of the Required Facilities
- construction-management costs
- accrued interest on unreimbursed Eligible Costs until the Wexford Entities are reimbursed

- costs of issuance for bonds or other debt issued or incurred by the Aggie Square EIFD, a community facilities district of the City, or any other public agency to finance the Required Facilities, and payment of debt service on such bonds and debt
- costs incurred by the County of Sacramento or the Aggie Square EIFD in connection with the division of taxes in accordance with Government Code section 53398.75
- costs otherwise incurred to carry out the authorized purposes of the Aggie Square EIFD
- any other expenses incidental to the Aggie Square EIFD and to the financing, construction, completion, inspection, and acquisition of the Required Facilities

Map Showing Locations of Required Facilities and Phase 1 Buildings

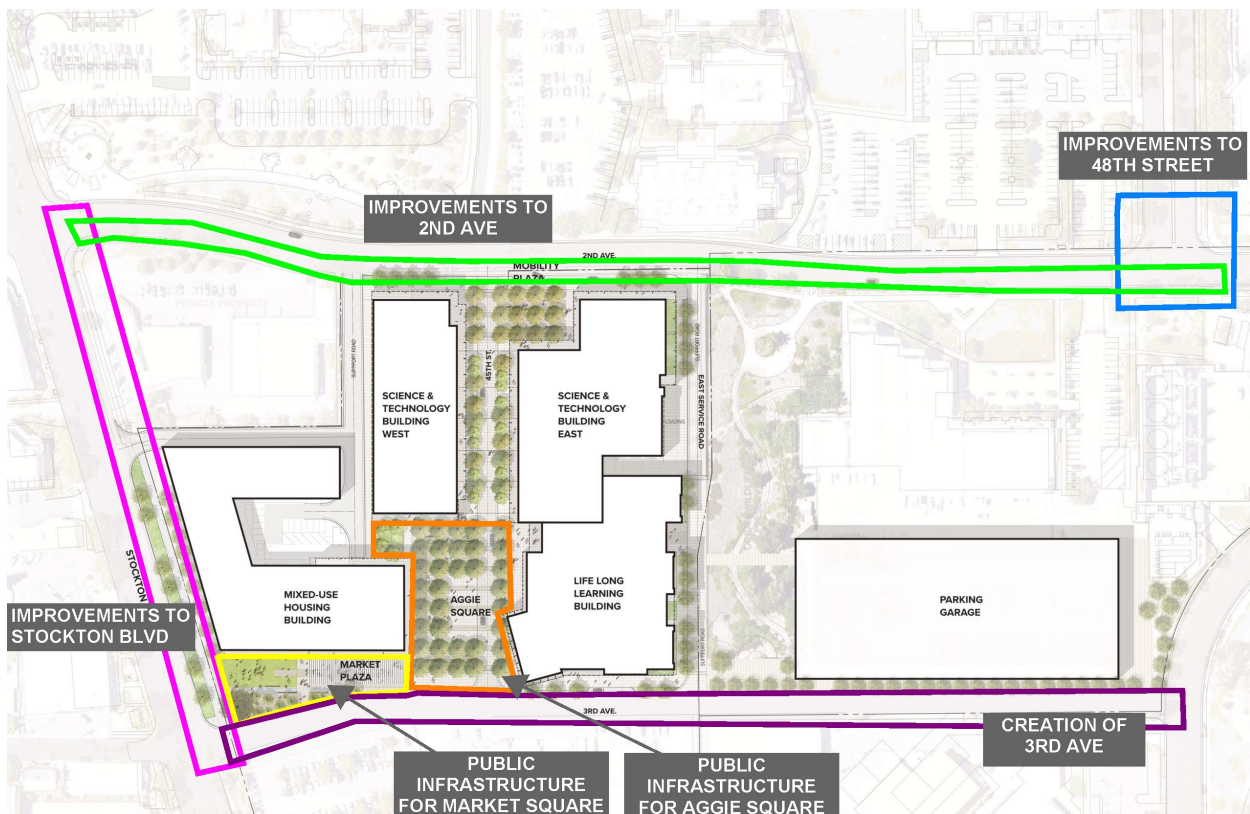


EXHIBIT B
Aggie Square Community Benefits Partnership Agreement

[Insert Copy of CBPA]

Exhibit C
Aggie Square CFD Proposed Boundaries

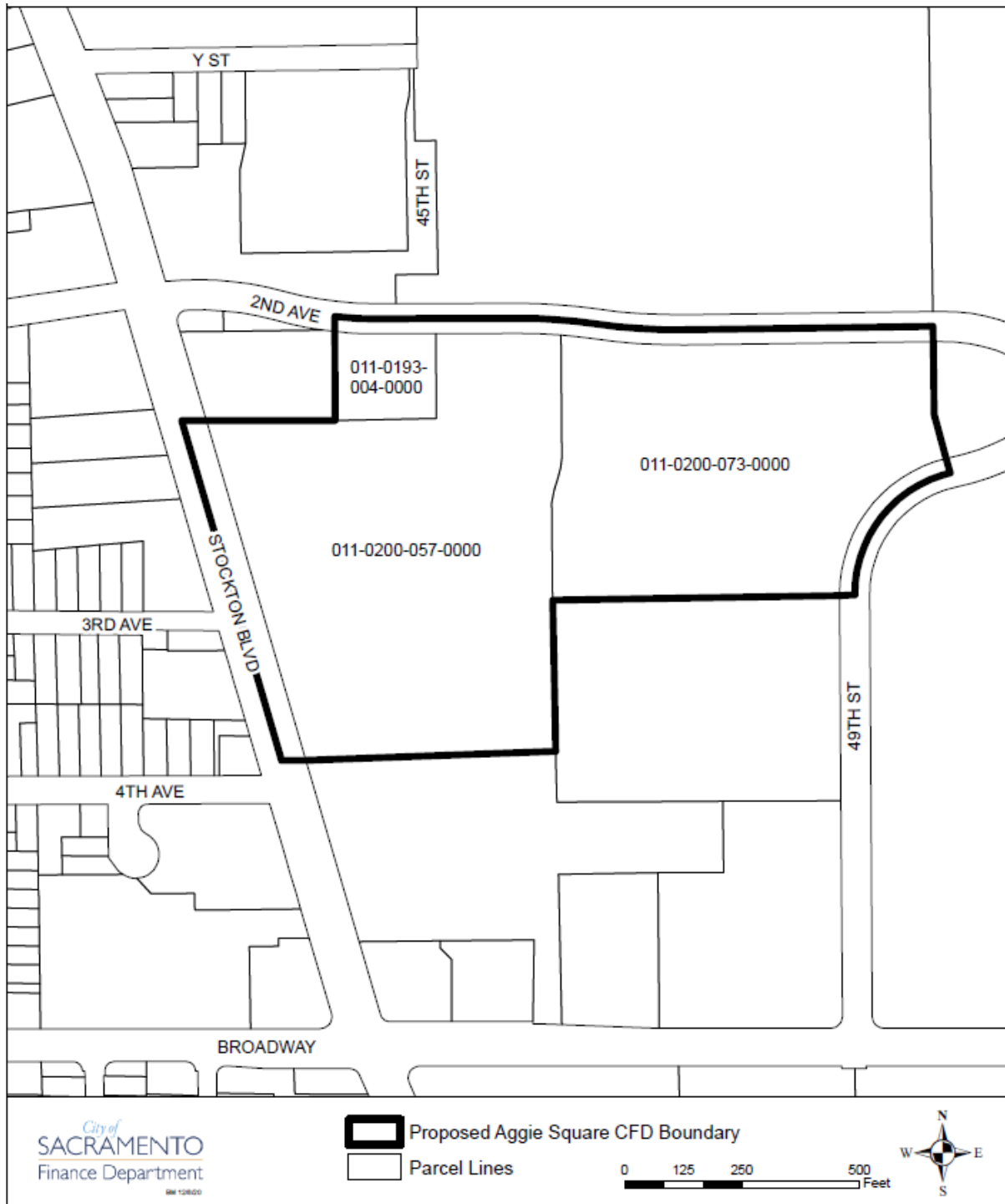


EXHIBIT D
Aggie Square EIFD Proposed Boundaries

