

**MODESTO REDEVELOPMENT AGENCY
RESOLUTION NO. 01-2011**

RESOLUTION APPROVING A SECOND AMENDED AND RESTATED DISPOSITION AND DEVELOPMENT AGREEMENT BETWEEN THE REDEVELOPMENT AGENCY OF THE CITY OF MODESTO AND EAH, INC. FOR THE PROPOSED DEVELOPMENT OF 76 UNITS OF THE AFFORDABLE HOUSING COMPLEX, ALSO KNOWN AS ARCHWAY COMMONS; AND AUTHORIZING THE EXECUTIVE DIRECTOR, OR HIS DESIGNEE, TO EXECUTE THE AGREEMENT AND ANY RELATED DOCUMENTS

WHEREAS, the Redevelopment Agency of the City of Modesto (the "Agency") is carrying out the Redevelopment Plan for the Modesto Redevelopment Project (the "Redevelopment Project"), and

WHEREAS, in conformance with Health and Safety Code Section 33490, the Agency adopted a five-year Implementation Plan (the "Implementation Plan") for the Redevelopment Project, and

WHEREAS, the Agency previously entered into a Disposition and Development Agreement ("Original DDA"), dated as of June 2, 2009, with EAH Inc. ("Developer") providing an option for Developer to either purchase or ground lease from Agency certain property ("Original Site") for the development of a 150-unit rental housing project (the "Housing Project"), and

WHEREAS, the Agency and Developer subsequently entered into an Amended and Restated Disposition and Development Agreement ("Amended DDA"), dated as of July 12, 2009, clarifying that the Developer would purchase the Original Site, and making other conforming changes related thereto, and

WHEREAS, in light of current facts, conditions and circumstances, the Agency and Developer have cooperated in the preparation of a Second Amended and Restated Disposition and Development Agreement (the "Second Amended Agreement") to allow

for the development of the Project in two phases, providing that the Developer would purchase a portion of the Original Site (the "Site") and develop the first 76 units of multi-family affordable housing on the Site, and

WHEREAS, the Second Amended Agreement also provides for an increase of \$2 million in the amount of Agency assistance to be provided for the entire Housing Project, for a total not to exceed amount of \$8,749,000.00, of which \$7,229,866 (the "Agency Loan") will be provided under the Second Amended Agreement, consisting of three elements, including the previously approved Predevelopment Loan in the amount of \$900,000; a Development Loan, not to exceed \$3,869,000, and a Purchase Loan for the purchase price for the Site in the amount of \$2,460,866, and

WHEREAS, the Community Redevelopment Law of the State of California (Health & Safety Code Section 33000, et seq.) provides in Section 33431 that any sale or lease of Agency property may be made only after a public hearing of the Agency after publication of notice as provided by law, and

WHEREAS, the Community Redevelopment Law further provides in Section 33433 that before any property acquired, in whole or in part, with tax increment monies, is sold or leased for development pursuant to a redevelopment plan, such sale or lease shall first be approved by the legislative body after a public hearing, that notice of the time and place of the hearing shall be published in a newspaper of general circulation in the community for at least two (2) successive weeks prior to the hearing, and that the Agency shall make available for public inspection a copy of the proposed sale or lease and a report containing specified information and the financial aspects of the proposal, and

WHEREAS, notice of a joint public hearing of the City Council of the City of Modesto (the "City Council") and the Agency was published on February 8, 2011, and February 15, 2011, and a joint public hearing was held on February 22, 2011, to consider and act on the sale of the Site pursuant to the Second Amended Agreement, and

WHEREAS, prior to approval of the Existing DDA, the Agency prepared a report pursuant to Section 33433 of the Health and Safety Code (the "Original Report"), describing the cost of the Original DDA to the Agency, the value of the property interest to be conveyed, the purchase price and other information required by said Section 33433, and subsequently prepared a Supplement to the Original Report ("Supplemental Report") addressing the changes made through the Amended DDA, and has also prepared a Second Supplement to the Summary Report ("Second Supplemental Report") addressing the changes made through the Second Amended Agreement, and the Original Report, Supplemental Report and Second Supplemental Report, together with the Second Amended Agreement, was made available to the public for inspection,

NOW, THEREFORE, BE IT RESOLVED by the Redevelopment Agency of the City of Modesto as follows:

Section 1. The Agency hereby finds and determines that the sale of the Site to the Developer and development of the Project on the Site as provided for in the Second Amended Agreement will assist in the elimination of blight and will provide housing for very-low and low-income households, and is consistent with the Five-Year Implementation Plan adopted by the Agency pursuant to Health and Safety Code Section 33490. This finding is based upon the facts and information contained in the Original Report, the Supplemental Report and the Second Supplemental Report prepared by the Agency pursuant to Health and Safety Code Section 33433.

Section 2. The Agency hereby finds and determines that the consideration for the Site to be paid by the Developer under the Second Amended Agreement is not less than the fair reuse value at the use and with the covenants and conditions and development costs authorized by the Second Amended Agreement. This finding is based upon the facts and information contained in the Original Report, the Supplemental Report and the Second Supplemental Report prepared by the Agency pursuant to Health and Safety Code Sections 33433.

Section 3. The Agency hereby approves the Second Amended Agreement in substantially the form on file with the Secretary of the Agency. The Agency further approves and authorizes the sale of the Site to the Developer and the funding of the Agency Assistance, all as provided for under the Second Amended Agreement.

Section 4. The Executive Director and Secretary of the Agency are hereby authorized and directed to execute the Second Amended Agreement on behalf of the Agency, subject to any minor conforming, technical or clarifying changes approved by Agency Counsel. The Executive Director and Secretary are hereby further authorized and directed to undertake such further actions and execute such documents as are necessary to carry out and complete the obligations of Agency under the Second Amended Agreement on behalf of the Agency, including without limitation the execution of deeds, and all other actions and documents necessary for the sale of the Site to the Developer, and funding of the remainder of the Agency Assistance, all as provided for in the Second Amended Agreement.

The foregoing resolution was introduced at a regular meeting of the Redevelopment Agency of the City of Modesto held on the 22nd day of February, 2011, by Agency member Hawn, who moved its adoption, which motion being duly seconded by Agency member Marsh, was upon roll call carried and the resolution adopted by the following vote:

AYES: Agency Members: Burnside, Geer, Hawn, Lopez, Marsh, Muratore, Mayor Ridenour

NOES: Agency Members: None

ABSENT: Agency Members: None

ATTEST: 
STEPHANIE LOPEZ, Agency Secretary

(SEAL)

APPROVED AS TO FORM:

By: 
SUSANA ALCALA WOOD, General Counsel

**MODESTO REDEVELOPMENT AGENCY
RESOLUTION NO. 02-2011**

RESOLUTION APPROVING THE SALE OF REAL PROPERTY LOCATED AT 17TH AND G STREETS, ALSO KNOWN AS "TOWER PARK," TO SATELLITE HOUSING AND APPROVING A DISPOSITION AND DEVELOPMENT AGREEMENT WITH AMERICAN BAPTIST HOMES OF THE WEST AND SATELLITE HOUSING, INC.; AND AUTHORIZING THE EXECUTIVE DIRECTOR, OR HIS DESIGNEE, TO EXECUTE THE AGREEMENT

WHEREAS, the Redevelopment Agency of the City of Modesto (the "Agency") is carrying out the Redevelopment Plan for the Modesto Redevelopment Project (the "Redevelopment Project"), and

WHEREAS, in conformance with Health and Safety Code Section 33490, the Agency adopted a five-year Implementation Plan (the "Implementation Plan") for the Redevelopment Project, and

WHEREAS, the Agency currently owns that certain real property, consisting of approximately 29,766 square feet, located generally at the southwesterly corner of 17th and G Streets in downtown Modesto (APN 106-006-013) (the "Site"), which the Agency acquired for purposes of development of affordable housing opportunities in the Redevelopment Project Area, and

WHEREAS, the Agency desires to enter into a Disposition and Development Agreement ("DDA") with American Baptist Homes of the West and Satellite Housing, Inc. (collectively, the "Developer") providing for the sale of the Site to the Developer for purposes of development of a 48-unit senior rental housing project (the "Housing Project"), and

WHEREAS, the Community Redevelopment Law of the State of California (Health and Safety Code Section 33000 et seq.) provides in Section 33431 that any sale or

lease of Agency property may be made only after a public hearing of the Agency after publication of notice as provided by law, and

WHEREAS, the Community Redevelopment Law further provides in Section 33433 that before any property acquired, in whole or in part, with tax increment monies, is sold or leased for development pursuant to a redevelopment plan, such sale or lease shall first be approved by the legislative body after a public hearing, that notice of the time and place of the hearing shall be published in a newspaper of general circulation in the community for at least two (2) successive weeks prior to the hearing, and that the Agency shall make available for public inspection a copy of the proposed sale or lease and a report containing specified information and the financial aspects of the proposal, and

WHEREAS, notice of a joint public hearing of the City Council of the City of Modesto (the "City Council") and the Agency was published on February 8, 2011, and February 15, 2011, and a joint public hearing was held on February 22, 2011, to consider and act on the sale of the Site pursuant to the DDA, and

WHEREAS, the Agency has prepared a report pursuant to Section 33433 of the Health and Safety Code (the "Report"), describing the cost of the DDA to the Agency, the value of the property interest to be conveyed, the purchase price and other information required by said Section 33433, and the Report, together with the DDA, was made available to the public for inspection,

NOW, THEREFORE, BE IT RESOLVED by the Redevelopment Agency of the City of Modesto as follows:

Section 1. The Agency hereby finds and determines that the sale of the Site to the Developer and development of the Housing Project on the Site as provided for in the

DDA will assist in the elimination of blight and will provide housing for low-income households, and is consistent with the Five-Year Implementation Plan adopted by the Agency pursuant to Health and Safety Code Section 33490. This finding is based upon the facts and information contained in the Report prepared by the Agency pursuant to Health and Safety Code Section 33433.

Section 2. The Agency hereby finds and determines that the consideration for the Site to be paid by the Developer under the DDA is not less than the fair reuse value at the use and with the covenants and conditions and development costs authorized by the DDA. This finding is based upon the facts and information contained in the Report prepared by the Agency pursuant to Health and Safety Code Section 33433.

Section 3. The Agency hereby approves the DDA in substantially the form on file with the Secretary of the Agency. The Agency further approves and authorizes the sale of the Site to the Developer as provided for under the DDA.

Section 4. The Executive Director and Secretary of the Agency are hereby authorized and directed to execute the DDA on behalf of the Agency, subject to any minor conforming, technical or clarifying changes approved by Agency Counsel. The Executive Director and Secretary are hereby further authorized and directed to undertake such further actions and execute such documents as are necessary to carry out and complete the obligations of Agency under the DDA on behalf of the Agency, including without limitation the execution of deeds, and all other actions and documents necessary for the sale of the Site to the Developer, as provided for in the DDA.

The foregoing resolution was introduced at a regular meeting of the Redevelopment Agency of the City of Modesto held on the 22nd day of February, 2011, by Agency member Hawn, who moved its adoption, which motion being duly seconded by Agency member Marsh, was upon roll call carried and the resolution adopted by the following vote:

AYES: Agency Members: Burnside, Geer, Hawn, Lopez, Marsh, Muratore, Mayor Ridenour

NOES: Agency Members: None

ABSENT: Agency Members: None

ATTEST: 
STEPHANIE LOPEZ, Agency Secretary

(SEAL)

APPROVED AS TO FORM:

By: 
SUSANA ALCALA WOOD, General Counsel

**REDEVELOPMENT AGENCY
RESOLUTION NO. 03-2011**

**A RESOLUTION ADOPTING THE ANNUAL REDEVELOPMENT AGENCY
OPERATING AND CAPITAL IMPROVEMENT (CIP) BUDGET FOR THE
FISCAL YEAR ENDING JUNE 30, 2012**

WHEREAS, pursuant to Health & Safety Code Section 33606, a proposed budget for the 2011-2012 Fiscal Year has been submitted to the Redevelopment Agency by the Executive Director, and the Redevelopment Agency has made such revisions as it has deemed advisable and is **attached** hereto as **Exhibit "A"** and made a part hereof by this reference, and

WHEREAS, the proposed budget was reviewed by the Finance Committee on May 23, 2011, and the Committee recommended the budget to the Agency for approval which approval includes, but is not limited to, the following specific recommendations more particularly described in the Budget Summary located on Page 11 of the budget document:

- A. The Tax Increment revenues for FY 11-12 are budgeted in the amount of \$5,856,000 and will be allocated between the following funds in the amount stated:
 - a. Debt Service Fund 9020 (Debt Service) - \$3,337,170
 - b. Debt Service Fund 9020 (Pass-throughs) - \$1,136,499
 - c. Administration Fund 9050 - \$146,360
 - d. Housing Set-Aside Fund 9060 - \$1,171,200
 - e. RDA Projects Fund 9080 - \$64,771

- B. No General Fund loan is needed for Fiscal Year 2011-2012

C. Transfer funds into the existing Capital Improvement Project Account – Archway Commons K743 for the purpose of assisting with multi-family affordable housing units for the budgeted amount of \$1,552,541 from Account No. 9060-140-1491

WHEREAS, the Citizens Redevelopment Advisory Commission reviewed the proposed budget on May 13, 2011, and recommended its adoption, and

WHEREAS, in accordance with Health & Safety Code Section 33606, a public hearing was held on June 28, 2011 to review the proposed Agency budget and allow for public comment, and

WHEREAS, copies of the proposed budget have been and are available for inspection by the public at the office of the Agency Secretary, and

WHEREAS, the Agency has reviewed the budgetary control and authority policy report prepared by staff,

NOW, THEREFORE, BE IT RESOLVED by the Redevelopment Agency of the City of Modesto that the Operating and Capital Improvement Budget for the Fiscal Year ending June 30, 2012 is hereby adopted.

BE IT FURTHER RESOLVED that the Tax Increment Revenues for FY 11-12 budgeted in the amount of \$5,856,000 shall be allocated between the Agency funds as set forth in said budget document and this resolution.

BE IT FURTHER RESOLVED that no General Fund loan is needed for Fiscal Year 2011-2012.

BE IT FURTHER RESOLVED that for the purpose of assisting with multi-family affordable housing units, funds shall be transferred into the existing Capital Improvement

Project Account – Archway Commons K743 for the budgeted amount of \$1,552,541 from Account No. 9060-140-1491.

BE IT FURTHER RESOLVED that the Treasurer is hereby authorized to take the necessary steps to implement the provisions of this resolution.

BE IT FURTHER RESOLVED that the budgetary control and authority policy defined in **Exhibit “B”**, which is **attached** hereto and made a part hereof by this reference, is hereby adopted for the Fiscal Year 2011-2012.

The foregoing resolution was introduced at a special meeting of the Redevelopment Agency of the City of Modesto, held on the 28th day of June, 2011, by Agency member Lopez, who moved its adoption, which motion being duly seconded by Agency member Muratore, was upon roll call carried and the resolution adopted by the following votes:

AYES: Agency Members: Burnside, Geer, Hawn, Lopez, Marsh, Muratore, Chair Ridenour

NOES: Agency Members: None

ABSENT: Agency Members: None

ATTEST:


STEPHANIE LOPEZ, Agency Secretary

(SEAL)

APPROVED AS TO FORM:

By:

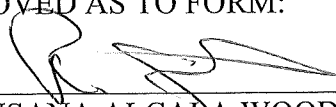
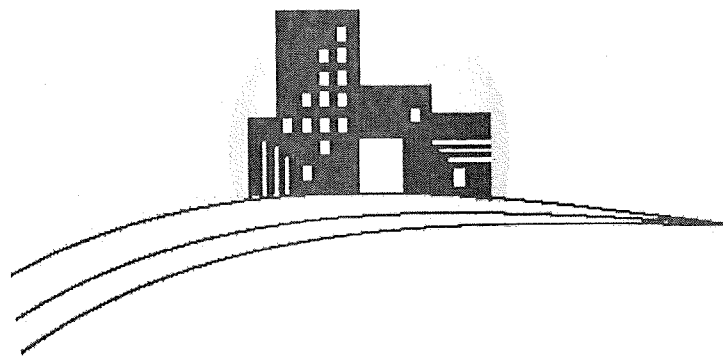

SUSANA ALCALEA WOOD, General Counsel

EXHIBIT A

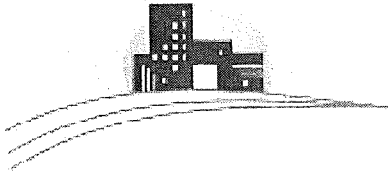
**FY 2011-2012 REDEVELOPMENT AGENCY
OPERATING AND CIP BUDGET**

ModestoRedevelopmentAgency



Proposed Budget

Fiscal Year 2011-12



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June 28, 2011

To: Chair and Members of the Modesto Redevelopment Agency

I am pleased to present the Agency with the Modesto Redevelopment Agency budget for Fiscal Year 2011-2012. In accordance with State Health & Safety Code Section 33606 et seq., the Agency's FY 11-12 budget includes the following:

- (1) The proposed expenditures of the Agency, including administrative expenses
- (2) The proposed indebtedness of the Agency
- (3) The anticipated revenues of the Agency
- (4) The proposed work program for Fiscal Year 2011-2012, including goals
- (5) A review of FY 2010-2011 achievements and a comparison of these achievements with the goals set by the Agency in FY 2009-2010

We have provided the Agency with a budget that accurately reflects Redevelopment Law and details the requirements for each fund. The budget document is organized into three major sections: (1) History, Work Program, Accomplishments and Future Plans; (2) Proposed budget for FY 2011-2012; and (3) Capital Improvement Project Programs. These sections define each of the Agency's projects and detail the corresponding funds needed to complete these projects. The enclosed Executive Summary outlines the overall revenues, expenditures and projects.

A budget summary detailing the revenue and expenditures for Fiscal Year 2011-2012 is shown on Page 11. The fiscal picture for next year has been significantly impacted by the Supplemental Education Revenue Augmentation Fund (SERAF) payment to the State of California and the Governor's proposal to eliminate redevelopment agencies. In July 2009, the State legislature and Governor approved budget bill ABX4-26 as part of the 2009 State budget which authorized taking \$2.05 billion from local redevelopment agencies. This included \$1.7 billion in FY 09-10 and another \$350 million in FY 10-11. On October 20, 2009 the California Redevelopment Association (CRA) and two member agencies filed a lawsuit challenging the constitutionality of this action. On May 4, 2010 the Superior Court ruled against CRA and in favor of the State. As a result, the Modesto Redevelopment Agency was required to pay \$2,015,341 in FY 09-10 and \$414,522 in FY 10-11. An appeal of this ruling is pending with the Third District Court of Appeal.

Funding to pay the FY 09-10 SERAF payment came from several sources. First, \$1,176,704 from the CIP budget established for the acquisition of the FMC property (for the development of Kansas/Woodland Business Park) was used for the payment. These funds were designated for the land

June 28, 2011
Page Two

acquisition and hazard insurance expenses. In addition, loans from the Housing Set-Aside fund were used to make up the remaining balance of \$836,689. In order to make the FY 10-11 payment an additional loan of \$365,100 was required from the Housing Set-Aside fund. Repayment of these loans has been scheduled into the proposed budget.

Because of the SERAF payments and the Governor's proposal to eliminate redevelopment agencies, the proposed budget does not contain funding for any existing or new projects outside of the Housing Set-Aside fund. There is, however, activity in housing that will continue through the next fiscal year.

Sincerely,

A handwritten signature in cursive script, appearing to read "Greg Nyhoff".

Greg Nyhoff
RDA Executive Director

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Executive Summary

The Modesto Redevelopment Agency was formed to eliminate physical and economic blight in Modesto's downtown, as well as areas west of State Route 99 and along Scenic Drive. Since 1983, the Agency has accomplished many of the strategies set forth in the Implementation Plan, which is the framework used to guide the Agency's activities.

The Agency budget for FY2011-12 is outlined below.

• REVENUES •

The estimated gross tax increment for FY 2011-12 is \$5,856,000, which is 4% less than the actual gross tax increment projected for FY 2010-11. In addition, the Agency will receive approximately \$222,012 in miscellaneous revenue from property leases and interest from funds within the RDA reserves. Total carryover reserves for all funds equal \$601,740. From the gross tax increment revenue of \$5,856,000, we deduct the following non-discretionary, statutory payments:

1. \$1,136,499 - Tax revenue pass-throughs to outside agencies
2. \$1,171,200 - 20% revenue transfer to the Housing Set-aside fund
3. \$ 113,502 - County administrative expenses

After these deductions, it is estimated that the Agency will net approximately \$4,258,551.

• EXPENDITURES •

Approximately \$3.1M is budgeted for annual debt service in FY 2011-12. Approximately \$244,759 is budgeted for staff services and is shown in the form of service credits from the Agency to the City. The Agency does not employ staff. Instead, the Agency provides service credits to certain City staff for needed services including legal, financial and administrative.

In addition, approximately \$50,000 is budgeted for administrative costs and contracts with outside service providers including Best, Best and Krieger for legal review and Keyser-Marston for financial consultation.

• FY 2010-11 WORK PROGRAM •

The Agency has identified the following projects and programs for FY 2011-2012. For detailed descriptions and objectives of the Capital Improvement Project (CIP) accounts, please refer to the Capital Improvement Project section in this budget document.

Total CIP Expenditures for FY 11-12: \$3,773,459. See CIP Section for details.

Executive Summary

(cont.)

Project 1:	Archway Commons - 150 Unit Affordable Housing Project (Multi-family)	Start Date:	Dec 2010	Est. Comp.:	Feb 2012
Status:	Project is ready to start construction pending the award of Federal & State Tax Credits.				
Details:	Please refer to the description included in the Capital Improvement Program Section of this Budget.				

Project 2:	416 & 412 Downey Avenue - 11 Unit Affordable Housing Project (Senior)	Start Date:	Spring 2011	Est. Comp.:	Spring 2012
Status:	The Request for Proposals is currently being reviewed in order to select a potential developer.				
Details:	Please refer to the description included in the Capital Improvement Program Section of this Budget.				

Project 3:	17th & G Streets "Tower Park" - 48 Unit Affordable Housing Project (Senior)	Start Date:	Nov 2012	Est. Comp.:	Nov 2013
Status:	A developer has been selected. The goal is to have all design & construction documents completed by November 2011 and have all permanent sources of financing secured by November 2012 with construction to follow shortly after.				
Details:	Please refer to the description included in the Capital Improvement Program Section of this Budget.				

Project 4:	Kansas-Woodland Business Park	Start Date:	2002	Est. Construction Start:	Unknown
Status:	Purchase Agreement lapsed. No further agency action required.				
Details:	Construction of business park at Kansas and Woodland Avenues.				

Project 5:	Mixed-Use Project - 10th & H Streets	Est. Start:	Delayed	Est. Comp.:	Delayed
Status:	On hold				
Details:	<p>This Mixed-use Project is intended to meet several Agency objectives, including: (1) Add covered public parking; (2) Add retail space; (3) Add office space; and (4) Add market-rate residential. The proximity of this project to existing destinations is critical to its success. The Gallo Center for the Arts is directly across 10th Street and the main theater and restaurant district is within one block of this location.</p> <p>The Agency owns four (4) parcels of land at the southwest corner of 10th & H Streets, which is the Project Site. The Agency Board distributed a Request for Proposal (RFP) to solicit a public-private partnership for the development of a high-quality, Mixed-Use Project on this 31,500 square-foot Site. The Agency selected a developer ("Team Modesto") for this project and entered into an Agreement to Negotiate Exclusively with Team Modesto. The goal is to deliver the desired development and provide for the redevelopment of this critical corner property. Team Modesto has negotiated with the Agency to expand the project to include the east side of the block between 9th & 10th Streets and G & H Streets.</p>				

Project 6:	Public Parking Garages in Downtown Area	Est. Start:	Delayed	Est. Comp.:	Delayed
Status:	On hold				
Details:	Parking within the Downtown Area is in extremely short supply. This project is intended to meet the Agency objective of providing needed infrastructure to support the variety of uses within the Downtown Core, including proposed residential, commercial and entertainment. There is a severe parking shortage in the downtown and the Agency will continue to utilize partnerships to develop additional spaces to meet the growing demand.				

Executive Summary

(cont.)

Project 7:	Implement amendments to the City of Modesto Zoning Code to encourage mixed-use development in the Downtown Core	Est. Start:	Jan 2009	Est. Comp.:	Complete
Status:	Completion of the Downtown Core Form Based Code is anticipated for July 2010				
Details:	The RDA will encourage mixed-use development by working with the City of Modesto to create and adopt a Downtown Core Form Based Code. A form based code allows the City to adopt more comprehensive and detailed development standards that facilitate intensification of the downtown core, while ensuring a human-scaled, pedestrian-oriented environment. The form based code includes development provisions that address, at a minimum, specifications for building placement, building massing and heights, the public/private interface, parking, and signage. Application of new development standards should dictate that the Downtown Core will include the highest residential densities and the greatest intensity of land uses in the city.				

Project 8:	Conduct a Land Use & Business Survey on Carpenter Road, including Modesto Junior college West	Est. Start:	Delayed	Est. Comp.:	Delayed
Status:	On hold				
Details:	The Agency intends to initiate several steps to foster the development of the Carpenter Road Corridor as a cohesive commercial corridor with mutually supporting uses. The preponderance of home improvement businesses on North Carpenter Road suggests that this market niche could be expanded. The Agency will conduct a land use survey of North Carpenter Road to determine what types of businesses are present. In addition, business owners will be surveyed to determine what type of new development they believe would complement and support existing development. These surveys will help to determine whether there is an adequate cluster of businesses that warrants further recruitment in a particular niche, such as home improvement. If so, the Agency could actively target new development that expands this niche.				

Project 9:	Implement streetscape improvements on 10th Street, from J Street to the Tuolumne River	Est. Start:	Sept 2009	Est. Comp.:	Delayed
Status:	On hold				
Details:	Produce a Design Plan for implementation of streetscape improvements on 10th Street, from J Street to the Tuolumne River. The ultimate goal is to have a Plan in place that can be used as a partnership document between the Agency and private sector developers. A companion goal is to use the Plan to receive and target future funding. The streetscape will promote shade, walkability, and public gathering places. Streetscape improvements will be designed to fit the context of the block as well as the street. The Plan will also consider the installation of traffic calming measures on I Street, particularly at the intersections of 10th and I Streets, to promote pedestrian access and safety.				

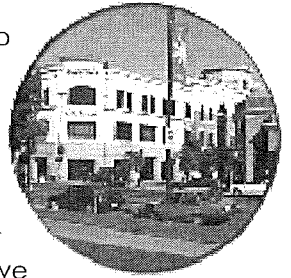
Project 10:	Modification of Project Area Boundaries	Est. Start:	Delayed	Est. Comp.:	Delayed
Status:	On hold				
Details:	Three areas have been identified for possible expansion of the Project Area: McHenry Avenue, between Needham Street and Briggsmore Avenue; Yosemite Avenue to El Vista Avenue; and the area formerly occupied by the Modesto Tallow Plant. This project has been delayed pending consideration of the Governor's proposal to eliminate redevelopment agencies.				

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Why Have Redevelopment?

The purpose of forming a Redevelopment Agency is to eliminate physical and economic blight in a specific area of a community. The State of California enacted the Redevelopment Law for the specific purpose of assisting cities and counties in breathing new life into those targeted areas of cities that had fallen into economic and physical ruin. The heart of Modesto, our downtown, was one of those targeted areas. Modestans remember what the downtown was like before 1999. Back then, many were hesitant to walk alone in certain areas of the downtown because of the vacant buildings and seedy areas that seemed to be everywhere.

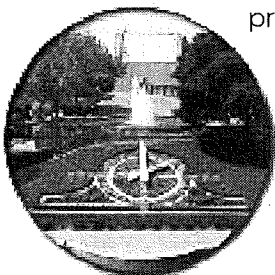
The only way to bring a blighted area to life is to attract private investment dollars to rebuild and redevelop the blighted properties. But, as one can imagine, investors are not anxious to put money into a dilapidated area with high risk and a very low rate of return. Understanding this, a Redevelopment Agency is formed for the specific purpose of providing a small amount of public funding to encourage investors to make a commitment within a blighted area. The Redevelopment Agency is given the role of using minimal public funds to leverage a much larger amount of private investment dollars to transform the blighted area from high risk to high activity --- which is what we have done with the new Tenth Street Place and other projects within the Redevelopment Project Area.



There are two key points to understand about a Redevelopment Agency. **First, the Agency is a distinct political body that is totally separate from the City.** In some cities, such as San Jose, the redevelopment agency is a separate board with separate offices and staff. In Modesto, as in many other California cities, the City Council is the Agency board. This provides a cost savings to the Agency since the same offices and staff are used for both the City and the Agency. But, while it is a cost savings, it can be confusing. It is important to remember that the Agency and the City are separate agencies with separate laws, separate budgets and separate funding sources.

The second key factor is the source of funding for the Redevelopment Agency. The funds for redevelopment come from the property taxes of only those properties within the Redevelopment Project Area. The Redevelopment Project Area was established by law when the Redevelopment Agency was formed and it includes the downtown and areas along Carpenter Road, Paradise Road and Scenic Drive. The Agency receives a specified percentage of the property taxes as properties are improved and then incurs debt by reinvesting this money back into the Project Area to improve even more properties. Again, the goal is to leverage a small amount of public funds with private investment dollars to redevelop the Project Area before the Agency is terminated. The Agency can operate for 40 years and then there is an additional 10 years to pay off all debt. For Modesto, the Agency will terminate in November 2031 and all debt will be paid by November 2041.

State law allows a redevelopment agency to invest in very specific uses. For example, a redevelopment agency cannot build a new city hall nor can they use the funds for operation or maintenance of any private or government-owned facility. The Redevelopment Agency can invest in many types of private projects including office buildings, parking garages and retail centers within the Project Area. For example, Modesto's Agency has partnered with the private sector to construct Tenth Street Place and two new office buildings on Tenth Street and 12th Street. Also, the Agency has joined with the private sector and Stanislaus County to construct the Gallo Center for the Arts. This Center will not only provide a benefit to the downtown but it will also increase the assessed value of the properties in the Project Area that, in turn, will increase the assessed property value. When the assessed value goes up, the taxes go up which means there is more money for the Agency to repay the debt they

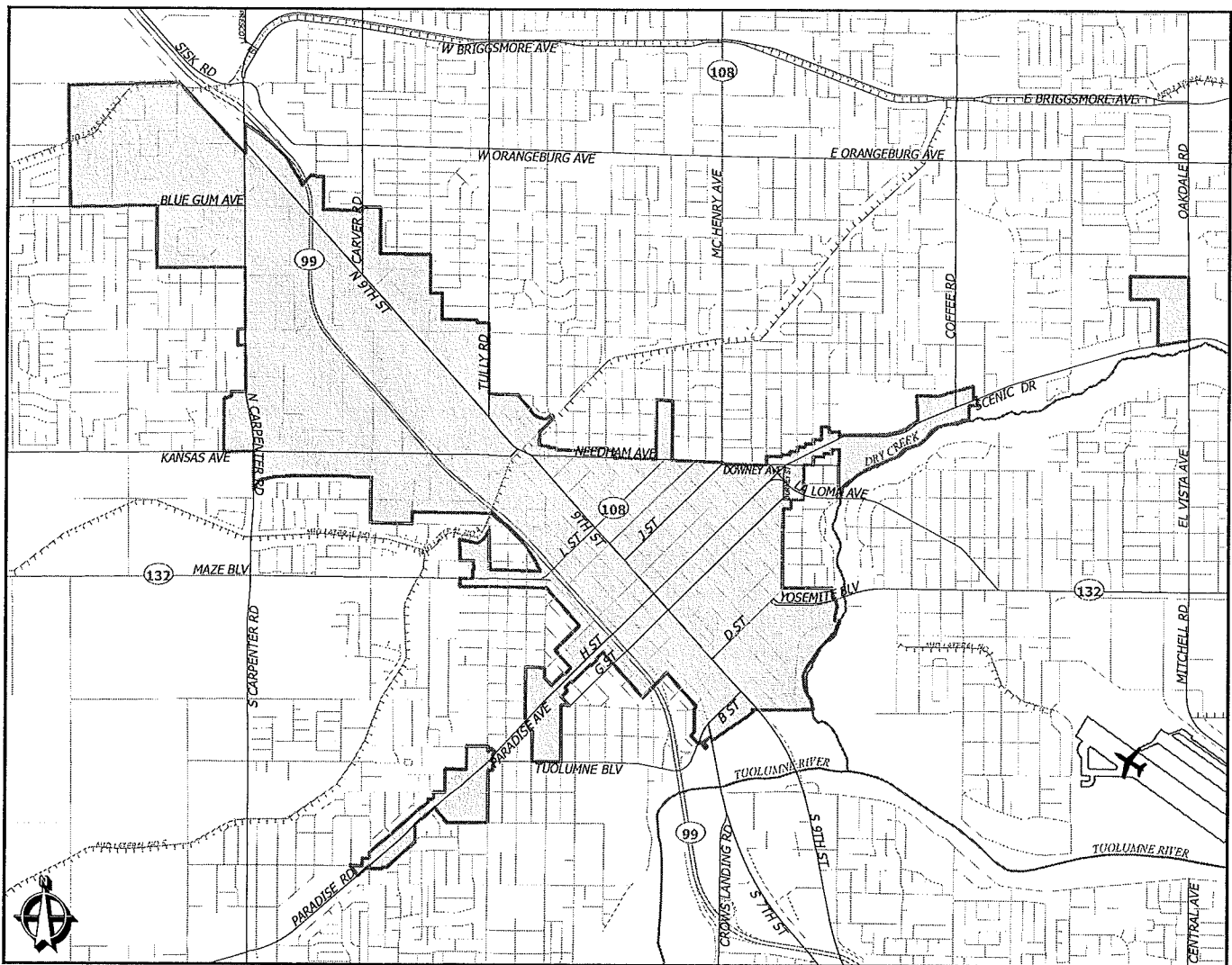


Why Have Redevelopment?

(cont.)

have incurred and contribute towards future projects. This is a perfect example of the redevelopment funding cycle and the role of redevelopment in a community.

Redevelopment has been an important and successful tool in renovating many cities. In Modesto, we think that it has been the main reason for attracting new investors into the downtown and for creating alliances between the City and the County to provide better services for our citizens in a central location. Also, we have added entertainment destinations in the downtown along with restaurants and new retail stores. All in all, redevelopment is performing its job well here in Modesto. Beyond the projects now under construction, housing is another objective for the Redevelopment Agency and we expect to see new housing projects starting within the next year.



Implementation Plan

The Redevelopment Agency's goal is to eliminate blighting influences and stimulate new private and public investment in the Redevelopment Area. The Agency can help to stimulate investment through land assembly, construction of upgraded public improvements, incentive programs for building renovation, participation in catalyst projects aimed at spurring other complementary private investments, and expenditure of its low and moderate income housing funds for development of affordable housing.

To create a framework to guide the Agency's activities, the Agency has adopted a Vision and an Implementation Plan.

GOALS

This Plan was approved in March 2010 for the period of 2010-2014.

THE VISION

- Modesto's parks, plazas, and greenways contribute to a public realm that provides an attractive, inviting "Oasis in the Valley."
- Modesto's unique history and character are preserved to make the city a pleasant place to live, and are actively promoted to attract new investment.
- The downtown is a vibrant mixed-use area with an established residential element.
- Transportation opportunities are multi-modal and well-connected throughout the Redevelopment Area, city, and region.

1. Create a unique and recognizable image for Modesto and use it to strenuously promote the City.
2. Promote the economic viability of the Redevelopment Area by attracting new development.
3. Implement higher density, mixed-use development to create a balanced, vibrant downtown and active neighborhood centers.
4. Provide the rationale and impetus for the City to update its development standards to support the goals identified in this document.
5. Develop a variety of housing types in the Redevelopment Area, including affordable housing, particularly in the downtown, to act as a catalyst for other types of development.
6. Enhance the visual appeal of Modesto's public spaces by upgrading existing parks, plazas, and streets, and by creating new parks and plazas that offer public access.
7. Develop historic I and 10th Streets as an attractive, pedestrian-oriented zone. Create a clear sense of arrival at Modesto's downtown by enhancing the 6th and I Street Gateway and the intersection of I and 10th Streets.
8. Promote efficient automobile, bicycle, and pedestrian circulation and linkages into and through the Redevelopment Area.

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Agency Achievements

Completed Projects



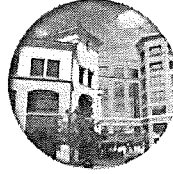
- Modesto Centre Plaza
- DoubleTree Hotel
- 9th Street Garage



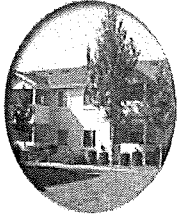
- Master Plan and EIR
- Facade Grants
- Wayfinding Signage



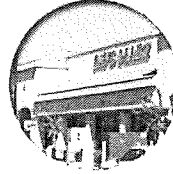
- Gallo Center for the Arts
- City Towers Offices
- Renaissance Office & Garage



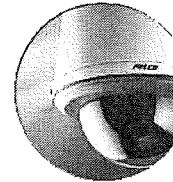
- Tenth Street Place
 - Parking Garage
 - Brenden Theatres
 - First Floor Retail



- Affordable Housing
 - Gateway
 - Ashwood Village
 - Woodstone
 - Dan West Court
 - Town Center
 - Palm Valley



- Shopping Center on Paradise Road



- Downtown Cameras

FY 2010 - 2011 Project Goals

- Kansas-Woodland Business Park - Approval of Parcel Acquisition
- 10th & H Street Mixed-Use Project: CEQA Review and Planned Development Zone Application
- Downtown Parking Garage: Create parking garage plan in conjunction with private projects
- Amendments to Zoning Code to encourage mixed-use development in the Downtown Core
- Land use & business survey on Carpenter Road, including Modesto Junior College West
- Streetscape improvements on 10th Street, from J Street to Tuolumne River
- Modification of Project Area Boundaries
- Affordable Housing Projects - refer to Capital Improvement Program section beginning on page 21 for more details

FY 2010- 2011 Goals Achieved

- Amended Zoning Code to create Downtown Mixed-Use Zoning Plan:
 - Completed
- Affordable Housing Projects - refer to Capital Improvement Program section beginning on page 21 for more details

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Budget Summary

FY2011-12		Debt Service 9020	Administration 9050	Housing Set-aside 9060	Project Plan 9080
Estimated Beginning Working Capital(1)	\$		13,309	202,751	385,680
Adjusted Reserves	\$		13,309	202,751	385,680
Bond Reserve Fund (COPS) (2)	\$	1,977,050			
Revenues		Projected Total TI: \$ 5,856,000			
TI - Revenue Received	\$	3,337,170	146,360	1,171,200	64,771
TI for Pass-thrus (3)	\$	1,136,499			
Interest (4)	\$	1,000	2,000	5,000	10,000
JPA Common Area Maintenance (5)	\$	62,847			
Miscellaneous - Mobile Home Assistance	\$			28,000	
Loan Repayment from Fund 9020	\$			186,796	
Loan Repayment from Fund 9080	\$			200,000	
Leases (6)	\$	113,165			
Total	\$	4,650,681	161,669	1,793,747	460,451
Expenditures:					
9th Street Garage Lease (7)	\$	1,952,810			
Debt - Tenth Street Place Bond - 2007 Re-ft: (8)	\$	1,148,839			
County Administrative Costs (9)	\$	81,500	1,800	28,202	2,000
Administration	\$				
Professional and Admin Services	\$		50,000	3,090	100,000
Staff/Service Credits (10)	\$	16,485	68,181	88,822	71,271
City Internal Cost Allocations	\$	20,905	41,688	15,092	1,500
Pass-thrus	\$	1,136,499			
TI Rebate - Renaissance Project (11)	\$	44,000			
JPA Common Area Maintenance (12)	\$	62,847			
ERAF (Estimate)	\$				
Refund loan to Fund 9060	\$				
Loan Repayment to Fund 9060 from Fund 9020 (13)	\$	186,796			
Loan Repayment to Fund 9060 from Fund 9080 (13)	\$				200,000
Loan Repayment - City General Fund (416 Downey)	\$			50,000	
Mobile Home Rental Assistance	\$			56,000	
Transfer Out: Housing CIP's	\$			1,552,541	
Loan Repayment to the General Fund	\$				
Total	\$	4,650,681	161,669	1,793,747	374,771
Available Working Capital	\$				85,680
Transfer to Reserves	\$				85,680
MULTI-YEAR BUDGETS		Beginning Budget	Expenses to Date*	Budget Increase/ (Decrease)	Anticipated Expenditures
CIP Program:					
Public Improvement - K732 (Fund 9080)	\$	143,094	143,094		
Housing - Q244 (Fund 9060)	\$	106,214	72,254		33,960
Archway Commons - K743 (Fund 9060)	\$	6,797,031	4,651,624	1,552,541	3,697,948
Palm Valley - K745 (Fund 9060)	\$	130,000	125,000		5,000
Tower Park - K077 (Fund 9060)	\$	286,438	266,264		20,174
Downey Avenue - K746 (Fund 9060)	\$	535,000	518,623		16,377
Developer Funded Projects		Beginning Budget (Developer Funds)	Expenses to Date*	Budget Increase/ (Decrease)	Anticipated Expenditures
10th & H Mixed Use - 9080 - 1494	\$	90,833	88,277		
Archway Commons - 9060 - 1495	\$	73,150	69,827		3,323
KWBP - TT Modesto - 9060 - 1496	\$	1,000			

1. Estimated distribution of Ending Working Capital from FY 10-11.
2. 1993 Certificates of Participation (COPS) - Trustee requires set aside of the Reserve Requirement.
3. Estimated projections for annual Pass-Through costs.
4. Interest is estimated based on cash balances.
5. Revenue is received from Civic Partners and is paid out again by the RDA directly to the County for JPA Operating Maintenance Costs.
6. Lease for First Floor Retail of Tenth Street Place Project.
7. Includes \$6500 Trustee Fee; See Reimbursement Agreement for Agency to City reimbursement.
8. Includes \$1015 Trustee Fee.
9. County Administration Costs projected at 1.8% of Gross TI Revenues and allocated per Fund.
10. Operating duties are performed by City staff and paid per Service Credits.
11. Agreement with developer of Renaissance Project for rebate of tax increment per their Parking Garage agreement with the County.
12. Amount paid to JPA for Tenth Street Place for Operating Maintenance Costs. Paid directly to the County.
13. Loan Repayment to Fund 9060 for loans provided in order to pay the FY 10-11 SERAF payment.

Repayment Schedules

Repayment Schedules for Agency Loans

REPAYMENT SCHEDULE FOR LOANS FROM HOUSING FUND 9060

Fiscal Year	Payment
2009 - 2010	\$103,096
2010 - 2011	\$422,167
2011 - 2012	\$386,769
2012 - 2013	\$184,523
2013 - 2014	\$103,096
2015 - 2015	\$103,096
Total Principal:	\$1,302,747

REPAYMENT SCHEDULE FOR CITY LOAN TO REDEVELOPMENT AGENCY

1. Minimum of \$1M in Net Revenue required in a given FY before loan repayment is considered for that FY
2. If Net TI equals \$1M in a given FY, then minimum annual repayment is \$100K or set 10%, whichever is greater
3. The last 10 years of Net TI (2032 - 2042) will go entirely to loan repayment to ensure that loan is not repaid before 2042

Projection: First Year of Repayment is FY 14-15 (Estimate)

Redevelopment FACTS

1. The Redevelopment Agency of the City of Modesto is commonly referred to as the "RDA" or the "Agency". You will see these references used in many reports and budget documents related to the Redevelopment Agency.
2. The primary source of revenue to the Agency comes from Tax Increment funding. This is funding that is generated from new development within the RDA Project Area. As each parcel is developed, the property taxes increase. A designated portion of these increased taxes flows to the Agency to promote more new development within the Project Area.
3. Another source of revenue to the Agency is property lease revenue. Currently, the Agency is receiving bi-annual lease payments from Civic Partners, who lease space to the retail shops located on the First Floor of the City-County Government Building located at 1010 Tenth Street within the Tenth Street Place project.
4. A smaller source of revenue to the Agency is the interest earned on each account through investments made by the Agency's Treasurer.
5. The Agency does not hire staff independently. As is common in California, the Agency pays City staff to oversee the day to day operations and administration of the Agency. These services are paid for through the use of service credits between the Agency and the City. In addition, the Agency contracts with private professional firms who provide a variety of services, from legal review to property appraisal.
6. The Bond Reserve Fund of \$1,977,050 is included in the RDA's budget as part of the legal requirements for the Modesto Centre Plaza Certificates of Participation ("COPs"). The COPs is the type of bonding mechanism that was used to fund the Modesto Centre Plaza. The Bond Trustee requires the RDA to maintain a specific account including one (1) year of payment for the on-going debt. This Reserve Fund will no longer be maintained once the debt is paid in full.
7. Stanislaus County charges the Agency for processing the property tax revenue each year. This Administration charge is estimated at 1.8% of the total revenue collected and is shown under County Administration Costs in the Agency's budget.
8. Stanislaus County collects property taxes on all parcels throughout the RDA Project Area. Generally, parcels owned by the Agency do not pay property taxes. However, when the Agency leases a parcel and/or building to a private company, then there is a required property tax collected called a "Possessory Interest Tax".

This is the case for the 9th Street Garage, between K Street and L Street. The Agency owns the garage and leases it to the City of Modesto for use in downtown parking. The City, in turn, sub-leases a large portion of the garage to the Doubletree Hotel for their private customers. The Doubletree Hotel is located just across 9th Street from the garage and the two structures are connected by way of a pedestrian bridge. The use of the garage by this private business creates a Possessory Interest Tax. As required by the Lease between the Agency and the City, the City pays any Possessory Interest Tax that is due as a result of this private use.

Debt Service

9020-DS92

Revenue	Actual 2010	Adopted 2011	Estimated 2011	Proposed 2012
Tax Increment	\$ 3,156,942	\$ 3,227,214	\$ 3,227,214	\$ 3,337,170
Tax Increment/Pass-thrus	\$ 1,259,176	\$ 1,136,499	\$ 1,136,499	\$ 1,136,499
Interest	\$ 14,647	\$ 1,000	\$ 1,000	\$ 1,000
Leases	\$ 171,118	\$ 110,590	\$ 110,590	\$ 113,165
JPA Common Area Maintenance	\$	\$ 72,310	\$ 72,310	\$ 62,847
Transfer in from 9080 (Loan)	\$ 1,948	\$ 365,100	\$ 365,100	\$
Total Source of Funds	\$ 4,603,831	\$ 4,912,713	\$ 4,912,713	\$ 4,650,681
Expenditures				
Debt - Centre Plaza	\$ 1,947,518	\$ 1,952,810	\$ 1,952,810	\$ 1,952,810
Debt - TSP	\$ 1,029,843	\$ 1,148,839	\$ 1,148,839	\$ 1,148,839
County Admin Costs	\$ 81,105	\$ 80,906	\$ 80,906	\$ 81,500
Staff/Service Credits	\$ 29,674	\$ 36,295	\$ 36,295	\$ 16,485
City Internal Cost Allocations	\$ 29,467	\$ 24,365	\$ 24,365	\$ 20,905
Trustee Fees	\$ 2,750	\$	\$	\$
Pass-thrus	\$ 1,259,176	\$ 1,136,499	\$ 1,136,499	\$ 1,136,499
TI Rebate - Renaissance Project	\$ 77,356	\$ 44,000	\$ 44,000	\$ 44,000
JPA Common Area Maintenance	\$	\$ 72,310	\$ 72,310	\$ 62,847
Loan Repayment to Housing Fund	\$ 103,096	\$ 422,167	\$ 422,167	\$ 186,796
SERAF Payment (AB 1389)	\$ 2,015,341	\$ 414,522	\$ 414,522	\$
Transfer Out: KWBP Land - CIP # Q243	\$ 170,000	\$	\$	\$
Total Use of Funds	\$ 6,745,326	\$ 5,332,713	\$ 5,332,713	\$ 4,650,681

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Explanation

This fund maintains the accumulation of resources for and the payment of general long-term debt principal and interest. It also receives tax increment designated for the pass-throughs to various taxing agencies, including Stanislaus County, school districts and special districts.

Administration

9050-1490

Revenue	Actual 2010	Adopted 2011	Estimated 2011	Proposed 2012
Estimated Beginning Working Capital	\$ 19,174	\$	\$	\$ 13,309
Tax Increment	\$ 154,795	\$ 188,683	\$ 188,263	\$ 146,360
Interest	\$ -1,519	\$ 2,000	\$ -12	\$ 2,000
Miscellaneous Revenue	\$	\$	\$ 362	\$
Total Source of Funds	\$ 172,450	\$ 190,683	\$ 188,613	\$ 161,669

Expenditures				
County Admin Charges	\$ 3,166	\$ 1,782	\$ 1,800	\$ 1,800
Administration	\$	\$	\$	\$
Professional Services	\$ 21,776	\$ 20,285	\$ 12,000	\$ 50,000
Staff Charges	\$ 104,189	\$ 127,080	\$ 120,000	\$ 68,181
City Internal Cost Allocations	\$	\$ 41,536	\$ 41,536	\$ 41,688
Total Use of Funds	\$ 129,131	\$ 190,683	\$ 175,336	\$ 161,669

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Explanation

This fund contains expenditures for services provided to the Redevelopment Agency by City staff in Community & Economic Development, Finance and the City Attorney's office.

Housing Set-aside

9060-1491

Revenue	Actual 2010	Adopted 2011	Estimated 2011	Proposed 2012
Estimated Beginning Working Capital	\$ 1,416,317	\$ 1,246,081	\$ 1,265,077	\$ 202,751
Tax Increment	\$ 1,304,303	\$ 1,173,600	\$ 1,173,600	\$ 1,171,200
Interest	\$ 2,137	\$ 30,000	\$ 4,500	\$ 5,000
Direct Loan Interest	\$ 30,868	\$	\$	\$
General Fund Loan	\$	\$	\$	\$
Misc - Mobile Home Assistance	\$ 26,400	\$ 28,000	\$ 26,290	\$ 28,000
Reserves - 9060	\$	\$	\$ 231,412	\$
Loan Repayment from Fund 9020	\$ 103,096	\$ 422,167	\$ 206,352	\$ 386,796
Total Source of Funds	\$ 2,878,847	\$ 2,899,848	\$ 3,034,714	\$ 1,793,747
Expenditures				
Administrative Costs	\$ 26,583	\$ 21,759	\$ 27,380	\$ 28,202
Professional Services	\$ 4,165	\$ 30,000	\$ 3,000	\$ 3,090
Staff Charges	\$ 77,271	\$ 115,757	\$ 66,206	\$ 88,822
City Internal Cost Allocations	\$ 1,144	\$ 50,794	\$ 50,794	\$ 15,092
Loan to Fund 9020	\$ 422,167	\$ 365,100	\$ 365,100	\$
Loan Repayment - City GF	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Excess Surplus Refund	\$	\$	\$	\$
Mobile Home Rental Assistance	\$ 52,148	\$ 56,000	\$ 52,580	\$ 56,000
Transfer Out Housing CIP's	\$ 852,809	\$ 2,210,438	\$ 2,899,848	\$ 1,552,541
Total Use of Funds	\$ 1,486,287	\$ 2,899,848	\$ 3,514,908	\$ 1,793,747

Explanation

This is a special revenue fund created pursuant to the Health & Safety Code Section 33334.3. All transactions related to Housing Set-Aside projects must be accounted for in this separate fund.

Fiscal Years 2011-2012

Low and Moderate Income Housing Fund

Expenditures for Planning and Administrative Activities

The Agency is required to adopt annual determinations that consider the necessity and proportionality of Low and Moderate Income Housing Fund (LMIHF) expenditures for planning and administrative activities.

Expenditures from the LMIHF for planning and administrative costs, relative to the total budget for Fiscal Years 2011-2012 and expenses are noted below:

Housing Set-aside

9060-1491
(cont.)

Percent of Planning and Administrative Expenditures of LMIHF Budget

Expenditures from the LMIHF for planning and administrative costs (Admin), and their relationship to the total budget are noted below:

Fiscal Year	LMIHF Budget	Admin Expenditures	Admin % of Budget
FY 06/07	\$1,060,704	\$98,308	9.27%
FY 07/08	\$1,162,764	\$65,502	5.63%
FY 08/09	\$1,245,726	\$82,275	6.60%
FY 09/10	\$1,304,303	\$77,271	5.92%
FY 10/11 Est.	\$1,173,600	\$66,206	5.64%
FY 11/12 Est.	\$1,171,200	\$88,822	7.58%

Percent of Planning and Administrative Expenditures of LMIHF Expenditures

Expenditures from the LMIHF for planning and administrative costs (Admin), and their relationship to actual LMIHF expenditures are noted below:

Fiscal Year	LMIHF Expended	Admin Expenditures	Admin % of LMIHF
FY 06/07	\$ 884,917**	\$98,308	11.10%
FY 07/08	\$ 870,255**	\$65,502	7.53%
FY 08/09	\$ 6,389,943***	\$82,275	1.29%
FY 09/10	\$1,486,287***	\$77,271	5.19%
FY 10/11 Est.	\$ 646,235***	\$66,206	10.24%
FY 10/11 Est.	\$ 3,985,680***	\$88,822	2.22%

* The Administrative and Planning expenditures for FY 2005-2006 were for legal review, only, of proposed affordable housing developments and compliance issues.

** Beginning with FY 2006-2007 and continuing through FY 2009-2010, the Agency has worked with the City of Modesto to evaluate several sites for possible affordable housing projects. The Agency has identified the following projects and continues to work with the owner/developers to increase the affordable housing units in Modesto:

- 1 Town Center (Roselle/Belharbour) - 20 rental units; 7 single-family units
- 2 Archway Commons (N. 9th St) - 76 rental units
- 3 Palm Valley Apartments (201 E. Coolidge) - 40 units, including rehabilitation of unit to handicapped standards and other security upgrades
- 4 Downey Avenue Senior Housing (412-416 Downey) - 12 units
- 5 Tower Park (17th & G) - Potential mixed-use project including affordable housing component

*** See Capital Improvement Project Pages

Legislative Regulations and Associated Guidelines:

Criteria: Health and Safety Code Section 33334.3(d) expresses the Legislature's intent that LMIHF expenditures for general planning and administrative activities not be disproportionate to actual costs for housing production, improvement, and preservation; and requires agencies to determine annually that planning and administrative expenses are necessary for the projection, improvement, or preservation of low- and moderate-income housing.

State Controller's Office, Guidelines for Compliance Audits of California Redevelopment Agencies, November 1998, requires independent auditors to test for a written annual determination concerning the necessity and appropriateness of any planning and administrative expenditures from the LMIHF.

Health and Safety Code Section 33334.3(e) provides that the planning and administrative costs that may be paid by the LMIHF are those expenses incurred by the Agency which are directly related to the programs and activities authorized by Section 33334.2(e) and are limited to: (A) costs incurred for salaries, wages, and related costs of the Agency's staff or for services provided through interagency agreements and agreements with contractors; and (B) costs incurred by a nonprofit organization not directly attributable to a specific project.

Project Plan

9080-1493

Revenue	Actual 2010	Adopted 2011	Estimated 2011	Proposed 2012
Estimated Beginning Working Capital	\$ 93,181	\$	\$	\$ 385,680
Tax Increment	\$ 114,607	\$ 142,004	\$ 142,004	\$ 64,771
Interest	\$ 8,622	\$ 10,000	\$ 10,000	\$ 10,000
Total Source of Funds	\$ 216,410	\$ 152,004	\$ 152,004	\$ 460,451

Expenditures				
County Admin Costs	\$ 2,344	\$ 1,811	\$ 1,811	\$ 2,000
Professional Services	\$ 14,268	\$ 21,889	\$ 21,889	\$ 100,000
Staff/Service Credits	\$ 83,046	\$ 118,128	\$ 118,128	\$ 71,271
City Internal Cost Allocations	\$	\$ 10,176	\$ 10,176	\$ 1,500
Transfer to Fund 9020	\$ 1,948	\$	\$	\$
Transfer to Fund 9060	\$	\$	\$	\$ 200,000
Total Use of Funds	\$ 101,606	\$ 152,004	\$ 152,004	\$ 374,771

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Explanation

This fund pays for various services associated with the Agency's project planning and project implementation. Services provided include funding for market studies, feasibility studies, funds for project partnerships pursuant to adopted development agreements and other Project Area Revitalization projects.

Modesto **Redevelopment** Agency

Capital Improvement Program
Fiscal Year 11-12 • Proposed

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Capital Improvement Program

CIP Program	Project Beginning Budget	Project-to-Date Expense	Transfers In	Anticipated Expenditures
Public Improvement - K732	\$ 143,094	\$ 143,094	\$	\$
Housing - Q244	\$ 106,214	\$ 72,254	\$	\$ 33,960
Archway Commons - K743	\$ 6,797,031	\$ 4,651,624	\$ 1,552,541	\$ 3,697,948
Palm Valley - K745	\$ 130,000	\$ 125,000	\$	*\$ 5,000
Downey Avenue - K746	\$ 535,000	\$ 518,623	\$	\$ 16,377
Tower Park - K077	\$ 286,438	**\$ 266,264	\$	\$ 20,174
Developer-Funded Projects	Beginning Budget (Developer Funds)	Project-to-Date Expense	Transfers In	Anticipated Expenditures
10th & H Mixed Use - 9080 - 1494	\$ 90,833	\$ 88,277	\$	\$
Archway Commons - 9060 - 1495	\$ 73,150	\$ 69,827	\$	***\$ 3,323
KWBP - TT Modesto - 9080 - 1496	\$ 1,000	\$	\$	\$

* \$5,000 will be transferred to Archway Commons - K743

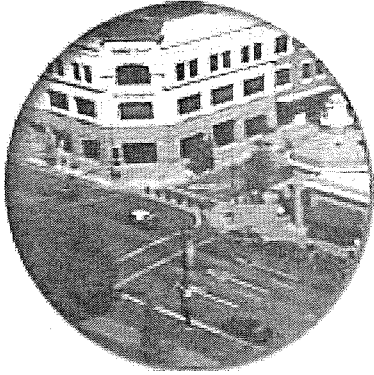
** \$261,438 was transferred to Archway Commons - K743

***\$3,323 will be refunded back to the developer of Archway Commons - K743

Capital Improvement Project

9080-K732

Project Area Public Improvements



Project Manager: Brent Sinclair

Budget: No funding available

Construct various public improvements within the RDA Project Area to support public-private development partnerships. Improvements may include, but are not limited to, various types of construction such as: street construction, streetscape, signage, public garages, land acquisition/disposition.

◀ HISTORY ▶

Over the past several years, the Agency has focused on assisting commercial and retail businesses within the Project Area in various ways. These programs have included the Façade Improvement Rebate Program that assisted commercial/industrial property owners and tenants with improvements to the exterior appearance of commercial buildings located in the Redevelopment Project Area. This program offered rebates ranging from 10% to 50% (maximum \$10,000 per project) of improvement costs for each property. In addition, the Agency has produced designs for wayfinding signage and will be constructing signage throughout the Downtown area to guide visitors to specific landmarks and destinations.

When funding is available, the Agency will focus on a variety of public works projects that will include street construction, streetscape, signage, public garages, land acquisition/disposition and other projects that will grow from public-private partnerships in accordance with the Redevelopment law. These projects may include mixed-use projects, public parking, public amenities for market-rate housing, etc.

◀ NEXT STEPS ▶

1. 10th & H Street Mixed-Use Project: The Agency owns four parcels of land at the southwest corner of 10th & H Streets. The Agency Board selected a developer ("Team Modesto") for development of a mixed use project on this block and has entered into a Memorandum of Understanding with Team Modesto to develop the site plan and to complete the environmental review. It is the Agency's desire to partner with Team Modesto, negotiate an acceptable development agreement (including a detailed scope of development and respective responsibilities of both the Agency and the Developer), determine financing needs and details, and initiate development within a two-year period ending Summer 2010. In addition to the land value of the four parcels, the Agency may also consider other funding options per the Project Area Improvements CIP Account that may include streetscape construction and assistance with parking.

2. Implement streetscape improvements on 10th Street, from J Street to the Tuolumne River: The Agency will produce a Design Plan for implementation of streetscape improvements on 10th Street, from J Street to the Tuolumne River. The ultimate goal is to have a Plan in place that can be used as a partnership document between the Agency and private sector developers. A companion goal is to use the Plan to receive and target future funding per the Project Area Improvements CIP Account. The streetscape will promote shade, walkability, and public gathering places. Streetscape improvements will be designed to fit the context of the block as well as the street. The Plan will also consider the installation of traffic calming measures on I Street, particularly at the intersections of 10th and I Streets, to promote pedestrian access and safety.

Capital Improvement Project

9080 - K732
Continued

Project Area Public Improvements, Continued

3. Project Area Expansion: Three areas have been identified for possible expansion of the Project Area:
- McHenry Avenue, between Needham Street and Briggsmore Avenue. The area is primarily auto-oriented commercial/retail
 - Yosemite Boulevard, East of Dry Creek. The area is primarily commercial/retail frontage on the north side of the Yosemite Boulevard, and light industrial on the south side
 - The area of the former Modesto Tallow Plant at Crowslanding and Zeff Roads. The area is primarily residential with some agricultural uses. A blight analysis is proposed for the 2010-2014 Redevelopment Implementation Plan period.

Capital Improvement Project

9060 - Q244

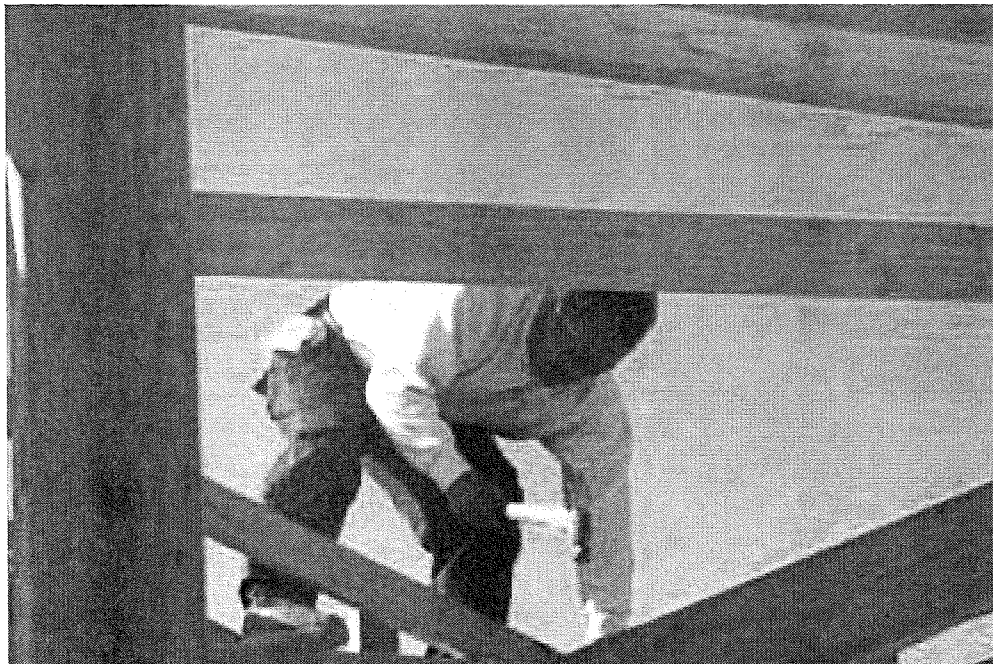
Housing General Account



Project Manager:	Scott Humphries
Est. FY 11-12 Expenditures:	\$ 33,960
RDA Budget/RDA Cost:	\$ 106,214
Total Project Cost:	\$ 72,254

◊ HISTORY ◊

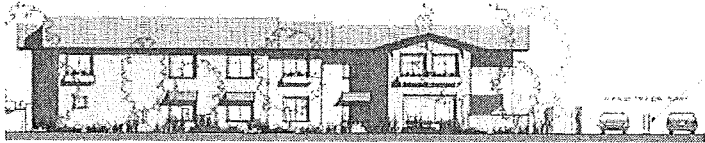
The Housing General Account is used to explore new potential housing projects and to pay for additional staff time, attorney fees, and testing for potential future sites for affordable housing. The Housing General Account is also used for the cost of monthly routine maintenance for 17th & G Streets, 416 Downey Avenue and Archway Commons. This account will continue to pay for such activities until the projects break ground and it will also help aid in the development for new projects for the future.



Capital Improvement Project

9060 - K743

Archway Commons - 76 Units



Project Manager:	Scott Humphries
Est. FY 11-12 Expenditures:	\$ 3,697,948
RDA Budget/RDA Cost:	\$ 4,651,624
Total Project Cost:	\$ 20,384,171

↳ HISTORY ↵

On March 21, 2007, the Agency and the City of Modesto were contacted by EAH, Inc., proposing construction of a seventy six (76) unit affordable housing development ("Archway Commons") at North 9th and Carver Street in the City of Modesto. Agency and City staff met jointly in preliminary discussions to review options for financial assistance toward the development of "Archway Commons". Some of the major milestones achieved to date have been:

- The Agency has purchased all the necessary land to develop Archway Commons totaling \$3,980,000
- The Agency and the developer EAH, Inc. have executed a Disposition and Development Agreement (DDA)
- Through the executed DDA, the Agency has released \$900,000 to the developer for pre-development activities such as site design, engineering, etc.
- The developer has secured all permanent sources of financing for the project with an exception of Federal & State Tax Credits
- The developer has submitted three applications for Federal & State Tax Credits. In the current economy this process has become extremely difficult but the Agency remains confident that the developer will be successful in obtaining the final piece of funding

On February 22, 2011, the Agency worked with the developer EAH, Inc. to split the project into two phases and added an additional \$2 million to the project. This was done in an effort to strengthen the developers' Federal & State Tax Credit application. The Agency has allocated a total of \$8,947,093 to the project. Through an executed DDA a loan has been established which consist of the remaining \$3,869,000 that still needs to be spent for construction activities, \$900,000 for pre-development activities and \$2,460,866 for land acquisition cost for phase one and the remaining \$1,519,134 for phase two. The total loan amount is \$7,229,866 for phase one and \$1,519,134 for phase two. On March 22, 2011, the developer applied for Federal & State Tax Credits worth an estimated \$4,267,338.

↳ NEXT STEPS ↵

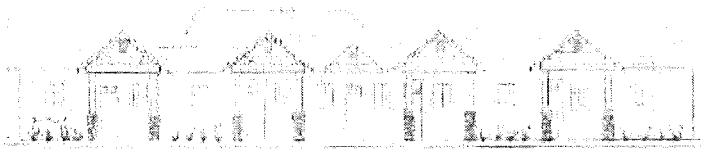
The Tax Credit award announcements will be made by June 25, 2011. At this time Archway Commons is ready to break ground and is just awaiting this information. If Archway Commons is successful in securing the necessary Tax Credits the project could break ground as early as December, 2011.



Capital Improvement Project

9060 - K746

416 & 412 Downey Avenue - 11 Units



Project Manager:	Scott Humphries
Est. FY 11-12 Expenditures:	\$ 16,377
RDA Budget/RDA Cost:	\$ 535,000
Total Project Cost:	\$ 2,372,560

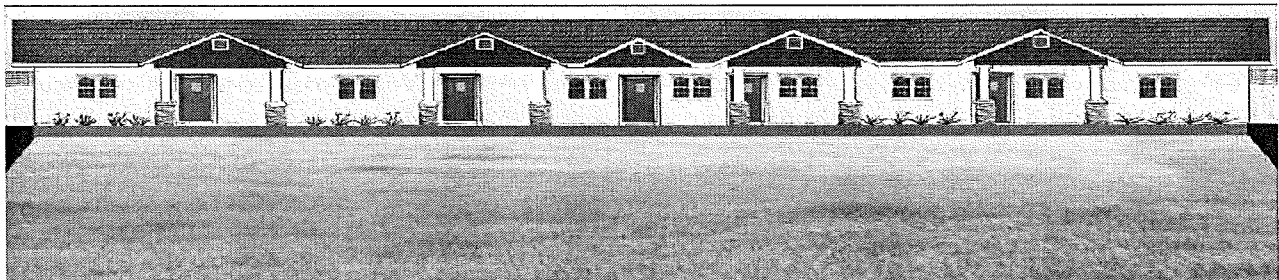
HISTORY

In Fiscal Year 2008 & 2009 the Agency purchased 416 Downey Avenue from the City of Modesto for \$525,000. Previously, the property was home to fire station number one which was decommissioned in the 1980's. The property was operated by building services and used to provide homeless services up until the Agency acquired the property. The property was determined to be unsafe and therefore the building was demolished to pave the way for the future development of 11 units of senior affordable housing.

Shortly after the Agency acquired 416 Downey Avenue, the City of Modesto's Community Development Block Grant (CDBG) funds were used to acquire the adjacent property located at 412 Downey Avenue. The property was purchased so 416 & 412 Downey Avenue could be joined together to make one parcel to provide the necessary building space needed to build the 11 units of senior affordable housing.

NEXT STEPS

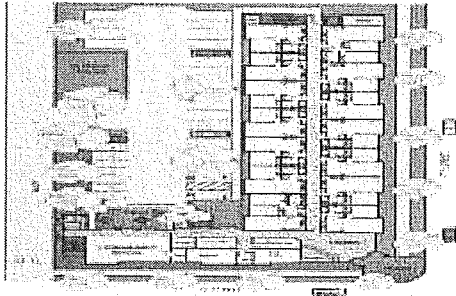
CDBG funds has demolished 412 Downey Avenue. Demolition is now complete and the site is ready for development. The Agency released a Request for Proposal (RFP) soliciting for affordable housing developers and on April 6, 2010 the RFP closed. As a result the Housing Authority of Stanislaus County has been chosen as the developer. Over the next year the Agency will be working with the developer to develop the project and will assist in the financing components of the project.



Capital Improvement Project

9060 - K077

17th & G Streets "Tower Park" - 50 Units



Project Manager: Scott Humphries

Est. FY 11-12 Expenditures: \$ 20,174

RDA Budget/RDA Cost: \$ 784,826

Total Project Cost: \$ 13,247,420

◊ HISTORY ◊

In Fiscal Year 2007 & 2008 the Agency purchased property located at 17th & G Streets for \$780,000.00. The property is home to the infamous "Water Tower" which must be removed if the property is to be a viable location for affordable housing. The delay behind this project is due to the securing of funding needed to allow the water tank to be removed. Community Development Block Grant (CDBG) funding has currently budgeted \$120,000.00 towards the removal of the water tower allowing the project to move forward in developing affordable housing.

Last fiscal year the Agency released a Request for Qualifications (RFQ) for the development of 17th & G Streets. This RFQ did not require the very detailed and specific plans typically requested in this type of process, but rather focused on having the proposers submit information demonstrating their ability to build a complex project on a difficult property (in this case very small). This saved the proposers money while producing options for the Agency. Once a developer was selected then the chosen developer was required to submit a full proposal with all specifics contained within its second submittal.

Through the RFQ process, Satellite Housing & American Baptist Homes of the West was selected as the developer. The developer has proposed 50 units of Senior Affordable Housing on this site serving seniors who are at 50% or below the area median income. The project has a timeframe of breaking ground by November 2012.

◊ NEXT STEPS ◊

The Agency is working with the developer on preliminary design issues. In February 2011, the commitment to sale the property for \$1.00 was made in-lieu of additional capital. Developer has Agency commitment and is now working on all other permanent sources of funding needed to make 17th & G Streets a reality. The goal is to have all design & construction documents completed by November 2011 and have all permanent sources of financing secured by November 2012 with construction to follow shortly after.



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EXHIBIT B

BUDGETARY CONTROL & AUTHORITY

The Redevelopment Agency's Budgetary Control & Authority policy is adopted by the Agency as a part of the resolution adopting the annual budget.

Basic Policy

The Agency budget is adopted at the fund level, and the authorized amount of expenditure for each fund is listed in Exhibit "A" of the budget resolution.

Multi-year appropriations authorized in previous years and not yet expended continue to be valid until explicitly revoked, notwithstanding the annual appropriation shown on Exhibit "A."

Executive Director's Authority

The Executive Director may take the following budgetary actions without Agency approval:

- Transfer appropriations between and within a fund
- Appropriate unbudgeted Agency revenues
- Appropriate reserves approved for litigation on a case-by-case basis
- Revoke multi-year appropriations and close CIP projects

Finance Officer's Authority

The Finance Officer may take the following budgetary actions without Agency approval:

- Appropriate unbudgeted grant interest
- Make technical budget corrections to implement the intent of Agency-approved actions and resolutions
- Transfer appropriations between sub-funds of a single fund

Assistant Executive Director's Authority

The Agency Assistant Executive Director may take the following budgetary actions without Agency approval:

- Transfer appropriations between non-salary line-items within a department, within a single fund

Actions Reserved to the Agency

All other budgetary actions require the approval of the Agency. In addition, the following specific actions always require Agency approval, any other provision of this policy notwithstanding:

- Appropriation of undesignated reserves
- Appropriation of revenues
- Budgeting of inter-fund transfers
- Budgeting of inter-fund loans
- Creating or increasing any multi-year appropriation including CIP projects

**MODESTO REDEVELOPMENT AGENCY
RESOLUTION NO. 04-2011**

RESOLUTION APPROVING THE TRANSFER OF FOUR (4) PARCELS (APNs 106-042-001, 106-042-002, 106-042-003 and 106-042-004) OWNED BY THE REDEVELOPMENT AGENCY TO THE CITY OF MODESTO, AND MAKING CERTAIN FINDINGS RELATING THERETO

WHEREAS, the City Council of the City of Modesto ("City") approved and adopted the Modesto Redevelopment Plan ("Redevelopment Plan") for the Modesto Redevelopment Project (the "Project Area"), and

WHEREAS, the Redevelopment Agency of the City of Modesto ("Agency") is engaged in activities to execute and implement the Redevelopment Plan pursuant to the provisions of the California Community Redevelopment Law (Health and Safety Code Section 33000, *et seq.*) ("CRL"), and

WHEREAS, for the improvement of the Project Area and the immediate neighborhoods in which the Project Area is located, the Agency has recognized the need for certain public improvements, which improvements are located within the boundaries of the Project Area, and

WHEREAS, in accordance with the CRL, the Agency has used its tax increment funds received pursuant to CRL Section 33670 to pay for all or part of the cost of the value of land for certain properties located within the Project Area (collectively, the "Agency Properties"), as listed on the **attached Exhibit A**, and

WHEREAS, in response to the Governor's proposed State budget package and proposals for FY 2011-2012, which include recommending the elimination of redevelopment agencies "to realign the delivery of state services to counties and local governments" and eliminate a projected State deficit of \$25.4 billion, the City Manager

and Agency Executive Director have proposed the transfer of the Agency Properties to the City to avoid losing control of these properties, and provide flexibility to preserve local public assets, and

WHEREAS, the Governor's budget proposal threatens the ability of the Agency to control the use of the Agency Properties, and control of the use of the Agency Properties is important to successful redevelopment of the Project Area, and

WHEREAS, transfer of the Agency Properties to the City is necessary in order to continue to carry out the Redevelopment Plan, and

WHEREAS, CRL Section 33430 authorizes a redevelopment agency to sell, lease, exchange, subdivide, transfer, assign, encumber and dispose of any real property or any interest in real property, and

WHEREAS, the City Council has considered all terms and conditions of the proposed transfer, and has determined that the proposed action is in the best interests of the City and in accord with the public purposes and provisions of applicable State and local laws, and

WHEREAS, the Agency is the lead agency pursuant to the California Environmental Quality Act (codified as Public Resources Code Sections 21000 *et seq*) ("CEQA") and the State CEQA Guidelines, and

WHEREAS, Agency staff has determined that the Agency's authorization of the transfer of the Agency Properties is exempt from CEQA, pursuant to the CEQA Guidelines set forth in California Code of Regulations, Title 14, Section 15378(b)(5), which provides that such authorizations are not considered a project subject to CEQA

review because the transfer of the Agency Properties is an organizational activity that will not result in direct or indirect physical changes in the environment,

NOW, THEREFORE, BE IT RESOLVED by the Redevelopment Agency of the City of Modesto as follows:

Section 1. Recitals: The Recitals set forth above are true and correct and incorporated herein.

Section 2. Findings: The Agency hereby finds and determines, based on the Recitals set forth above and the information made available in the staff report accompanying this resolution, the oral presentation of Agency staff, and all other written and oral evidence presented to the Agency, that the Agency's transfer of the Agency Properties is of benefit to the Project Area because the transfer of the Agency Properties to the City: (1) is in the best interest of the City and the health, safety, morals and welfare of its residents, businesses, tenants, and property owners, and (2) will assist in the elimination of one or more blighting conditions in the Project Area, stimulate economic development and minimize depreciated or stagnant property values and high business vacancies, while improving aesthetics and visibility in the Project Area.

Section 3. Transfer Authorization: In the event that the adoption of legislation is imminent, or legislation is adopted, whereby the Agency is disestablished, prohibited from continuing activities or making any new agreements for non-affordable housing related matters under the CRL, the Agency authorizes and directs the Executive Director of the Agency, with the concurrence of the Agency Counsel, to execute and deliver on behalf of the Agency, one or more grant deeds for the conveyance of the Agency Properties listed on **Exhibit A** to the City and to take any action and execute any other

documents as may be necessary to implement this Resolution. Should it be later discovered that the Agency owns other properties not shown on **Exhibit A**, the Agency further authorizes and directs that those properties be transferred to the City immediately upon discovery.

Section 4. CEQA: The Agency directs and authorizes that a Notice of Exemption shall be filed with the Clerk of the County of Stanislaus, California, within five (5) working days following the date of adoption of this resolution.

Section 5. Effective Date: This resolution shall take effect immediately upon its adoption.

Section 6. Certification: The Agency Secretary shall certify to the passage and adoption of this resolution and the same shall thereupon take effect and be in force immediately upon its adoption.

The foregoing resolution was introduced at a regular meeting of the Modesto Redevelopment Agency held on the 5th day of July, 2011, by Agency Member Lopez, who moved its adoption, which motion being duly seconded by Agency Member Hawn, was upon roll call carried and the resolution adopted by the following vote:

AYES: Agency Members: Burnside, Geer, Hawn, Lopez, Marsh,
Mayor Ridenour

NOES: Agency Members: None

ABSENT: Agency Members: Muratore

ATTEST: 
STEPHANIE LOPEZ, Agency Secretary

(SEAL)

APPROVED AS TO FORM:

By: 
SUSANA ALCALA WOOD, General Counsel



APN: 106042001 – Parking Lot

APN: 106042002 – Parking Lot

Council District: District 2
Zoning: DC
General Plan: RPD
CFD: None
Redevelopment Area: C, R, P
SOI: Modesto
Fire Management Areas: Station 1
Specific Plan: None
Annexation: Original City
Perimeter (Ft.): 430.04879223495
Square Footage: 10502.7489980067

Council District: District 2
Zoning: DC
General Plan: RPD
CFD: None
Redevelopment Area: C, R, P
SOI: Modesto
Fire Management Areas: Station 1
Specific Plan: None
Annexation: Original City
Perimeter (Ft.): 380.038722727459
Square Footage: 7001.78481590446

APN: 106042003 – Parking Lot

APN: 106042004 – Parking Lot

Council District: District 2
Zoning: DC
General Plan: RPD
CFD: None
Redevelopment Area: C, R, P
SOI: Modesto
Fire Management Areas: Station 1
Specific Plan: None
Annexation: Original City
Perimeter (Ft.): 380.039515499222
Square Footage: 7001.83721893764

Council District: District 2
Zoning: DC
General Plan: RPD
CFD: None
Redevelopment Area: C, R, P
SOI: Modesto
Fire Management Areas: Station 1
Specific Plan: None
Annexation: Original City
Perimeter (Ft.): 380.039584655545
Square Footage: 7001.82319021312

**MODESTO REDEVELOPMENT AGENCY
RESOLUTION NO. 5-2011**

**RESOLUTION ADOPTING THE ENFORCEABLE OBLIGATIONS PAYMENT
SCHEDULE AS PROVIDED FOR IN ASSEMBLY BILL AB 1X 26**

WHEREAS, On June 29, 2011 Governor Jerry Brown signed AB 1X 26 and AB 1X 27, and

WHEREAS, AB 1X 26 provides for the elimination the Agency and requires the adoption an Enforceable Obligation Payment Schedule,

NOW, THEREFORE, BE IT RESOLVED by the Redevelopment Agency of the City of Modesto that the Enforceable Obligations Payment Schedule is hereby adopted.

The foregoing resolution was introduced at a special meeting of the Modesto Redevelopment Agency held on the 23rd day of August, 2011, by Agency Member Hawn, who moved its adoption, which motion being duly seconded by Agency Member Lopez, was upon roll call carried and the resolution adopted by the following vote:

AYES: Agency Members: Burnside, Geer, Hawn, Lopez, Marsh, Muratore, Mayor Ridenour

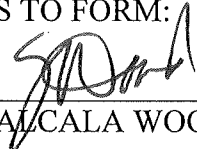
NOES: Agency Members: None

ABSENT: Agency Members: None

ATTEST: 
STEPHANIE LOPEZ, Agency Secretary

(SEAL)

APPROVED AS TO FORM:

By: 
SUSANA ALCALA WOOD, General Counsel