Agenda

City Council Regular Meeting

Folsom City Hall | City Council Chambers, First Floor

50 Natoma Street, Folsom, CA 95630

October 13, 2026, 6:30 PM

Welcome to Your City Council Meeting

We welcome your interest and involvement in the city's legislative process. This agenda includes information about topics coming before the City Council and the action recommended by city staff. You can read about each topic in the staff reports, which are available on the city website and in the Office of the City Clerk. The City Clerk is also available to answer any questions you have about City Council meeting procedures.

Participation

If you would like to provide comments to the City Council, please:

- Fill out a blue speaker request form, located at the back table.
- Submit the form to the City Clerk before the item begins.
- When it's your turn, the City Clerk will call your name and invite you to the podium.
- Speakers generally have three minutes, unless the presiding officer (usually the mayor) changes that time.

Reasonable Accommodations

In compliance with the Americans with Disabilities Act, if you are a person with a disability and you need a disability-related modification or accommodation to participate in this meeting, please contact the City Clerk's Office at (916) 461-6035, (916) 355-7328 (fax) or CityClerkDept@folsom.ca.us. Requests must be made as early as possible and at least two full business days before the start of the meeting.

How to Watch

The City of Folsom provides three ways to watch a City Council meeting:

In Person	Online	On TV
		
City Council meetings take place at City Hall, 50 Natoma Street	Watch the livestream and replay past meetings on the city website, www.folsom.ca.us	Watch live and replays of meetings on Sac Metro Cable TV, Channel 14

More information about City Council meetings is available at the end of this agenda

City Council Regular Meeting
Folsom City Hall | City Council Chambers, First Floor
50 Natoma Street, Folsom, CA 95630
www.folsom.ca.us

Tuesday, October 13, 2026 6:30 PM

Justin Raithel, Mayor

Sarah Aquino, Councilmember | *Barbara Leary, Councilmember*
Mike Kozlowski, Councilmember | *Anna Rohrbough, Vice Mayor*

AGENDA

Remote Participation via Zoom (Audio Only):
Telephone: (669) 254 5252 Online: zoomgov.com/join
Meeting ID: 165 368 8594 Meeting Passcode: 1946

CALL TO ORDER

ROLL CALL: Councilmembers: Rohrbough, Aquino, Kozlowski, Leary, Raithel

The City Council has adopted a policy that no new item will begin after 10:30 p.m. Therefore, if you are here for an item that has not been heard by 10:30 p.m., you may leave, as the item will be continued to a future Council meeting.

PLEDGE OF ALLEGIANCE

AGENDA UPDATE

BUSINESS FROM THE FLOOR:

Members of the public may address the City Council concerning any item within the Folsom City Council's jurisdiction. Public comments are generally limited to no more than three minutes. Except for certain specific exceptions, the City Council is prohibited from discussing or taking action on any item not appearing on the posted agenda.
In person speakers: please fill out a blue speaker request form located at the back table and submit the form to the City Clerk before the item begins.
Remote speakers: Use Zoom's "Raise Hand" feature (*9 via phone) once the Council begins discussion of the item you wish to comment on. When called on, you'll be asked to unmute (*6 via phone).

CONSENT CALENDAR:

Items appearing on the Consent Calendar are considered routine and may be approved by one motion. Councilmembers may pull an item for discussion.

1. Approval of the September 8, 2026 City Council Special and Regular Meeting Minutes
2. Approval of the September 22, 2026 City Council Regular Meeting Minutes
3. Resolution No. 11728 – A Resolution Approving the Historic District Commission's Recommendation to Determine that the Granite House Modifications Project is Exempt from CEQA and Approving Design Review for that Project
4. Ordinance No. 1378 - An Uncodified Ordinance of the City of Folsom Approving the Second Amended and Restated Development Agreement by and Between the City of Folsom and Folsom Railroad Block Developers, LLC Relative to the Historic Folsom Station (Second Reading and Adoption)
5. Ordinance No. 1379 – An Uncodified Ordinance Levying Special Taxes for the Fiscal Year 2026-27 and Following Fiscal Years Solely within and Relating to the City of Folsom Community Facilities District No. 22A (Folsom Heights) (Second Reading and Adoption)
6. Resolution No. 11725- A Resolution Authorizing the City Manager to Accept a Selective Traffic Enforcement Program (STEP) Grant offered by the State of California Office of Traffic Safety (OTS) in the amount of $110,000, to Reduce and Mitigate the Impacts of Impaired Driving, Distracted Driving, Seat Belt Enforcement and Training, and Appropriation of Funds in the General Grant Fund (Fund 012)
7. Resolution No. 11727 – A Resolution Authorizing the City Manager to Execute Amendment No. 2 to the Agreement (Contract No. 046-21 23-018) with Lhoist North America of Arizona, Inc. for $90,000 from the Water Operating Fund (Fund 520) for the Supply of Hydrated Lime for the Water Treatment Plant and Approval of the Associated Waiver of Bid

PUBLIC HEARING:

8. Resolution No. 11729 – A Resolution to Adopt and Approve the Nexus Study for the Folsom Plan Area Specific Plan Public Facilities Fee Update (Continued to December 8, 2026)

NEW BUSINESS:

9. Resolution No. 11715 – A Resolution Authorizing the City Manager to Execute a Consultant and Professional Services Agreement with Mintier Harnish for $248,372 funded from the General Fund (Fund 010) to Complete the Folsom Zoning Code Update Project
10. Resolution No. 11724 – A Resolution Approving a Credit of Development Agreement Fees and Certain Legal Fees Charged for the Second Amended and Restated Development Agreement for the Historic Folsom Station, and a Partial Credit for Building Permit Fees for the Granite House Project
11. Resolution No. 11726 - A Resolution Initiating Proceedings for the Formation of a Landscaping and Lighting Assessment District to be Known as the Briggs Ranch Maintenance Assessment District No. 2026-1 and Ordering the Formation of an Engineer's Report

12. Resolution No. 11730 - A Resolution Ratifying the Execution of an Emergency Repair Contract with Central Valley Engineering Asphalt Inc. in an amount Not to Exceed $364,011, an On-Call Construction Management Services Contract with Dewberry, Inc. in an amount Not to Exceed $8,872, and Appropriation of Funds from Gas Tax 2105 (Fund 247) in the amount of $372,883 for the White Rock Road Emergency Culvert Replacement Project

13. Resolution No. 11731- A Resolution Authorizing the City Manager to Execute a Construction Agreement with Arrow Drillers Inc. DBA Arrow Construction for the Parkway Neighborhood Crack Seal Project in the amount of $185,000, and Appropriation of Funds in the amount of $220,000 from the Road Maintenance and Rehabilitation Fund (Fund 235)

CITY MANAGER REPORTS

COUNCIL COMMENTS

ADJOURNMENT

NOTICE: Members of the public are entitled to directly address the City Council concerning any item that is described in the notice of this meeting, before or during consideration of that item. If you wish to address Council on an issue, which is on this agenda, please complete a blue speaker request card, and deliver it to a staff member at the table on the left side of the Council Chambers prior to discussion of the item. When your name is called, stand to be recognized by the Mayor and then proceed to the podium. If you wish to address the City Council on any other item of interest to the public, when the Mayor asks if there is any "Business from the Floor," follow the same procedure described above. Please limit your comments to three minutes or less.

NOTICE REGARDING CHALLENGES TO DECISIONS: Pursuant to all applicable laws and regulations, including without limitation, California Government Code Section 65009 and or California Public Resources Code Section 21177, if you wish to challenge in court any of the above decisions (regarding planning, zoning and/or environmental decisions), you may be limited to raising only those issues you or someone else raised at the public hearing(s) described in this notice/agenda, or in written correspondence delivered to the City at, or prior to, the public hearing.

As presiding officer, the Mayor has the authority to preserve order at all City Council meetings, to remove or cause the removal of any person from any such meeting for disorderly conduct, or for making personal, impertinent, or slanderous remarks, using profanity, or becoming boisterous, threatening or personally abusive while addressing said Council, and to enforce the rules of the Council.

PERSONS INTERESTED IN PROPOSING AN ITEM FOR THE CITY COUNCIL AGENDA SHOULD CONTACT A MEMBER OF THE CITY COUNCIL.

This meeting of the City Council is recorded with closed captioning. The recording will be cablecast on Metro Cable Channel 14, the local government affairs channel on the Comcast and DirecTV U-Verse cable system, and will be shown in its entirety on the Friday and Saturday following the meeting, both at 9 a.m. The recording will also be video streamed at metro14live.saccounty.gov.The City does not control scheduling of this telecast and persons interested in watching the televised meeting should confirm this schedule with Metro Cable TV, Channel 14. The City of Folsom provides live and archived webcasts of regular City Council meetings. The webcasts can be found on the online services page of the City's website www.folsom.ca.us.

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Any documents produced by the City and distributed to the City Council regarding any item on this agenda will be made available at the City Clerk's Counter at City Hall located at 50 Natoma Street, Folsom, California and at the Folsom Public Library located at 411 Stafford Street, Folsom, California during normal business hours.

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CITY OF
FOLSOM
DISTINCTIVE BY NATURE

City Council Special Meeting

MINUTES

Tuesday, September 8, 2026 6:00 PM

CALL TO ORDER

The special City Council meeting was called to order at 6:01 pm with Mayor Raithel presiding.

ROLL CALL:

Councilmembers Present:	Barbara Leary, Councilmember Sarah Aquino, Councilmember Justin Raithel, Mayor
Councilmembers Absent:	Michael Kozlowski, Councilmember Anna Rohrbough, Vice Mayor *(arrived 6:02 pm)*

ADJOURNMENT TO CLOSED SESSION FOR THE FOLLOWING PURPOSES:

1. Conference with Legal Counsel – Anticipated Litigation – Initiation of Litigation Pursuant to Government Code section 54956.9(d)(4): One Potential Case

Motion by Councilmember Aquino, second by Mayor Raithel to adjourn to closed session. Motion passed by the following roll-call vote:

AYES: **Leary, Rohrbough Aquino, Raithel**
NOES: **None**
ABSENT: **Kozlowski**
ABSTAIN: **None**

RECONVENE

City Attorney Sari Dierking announced that no final action was taken during closed session.

ADJOURNMENT

There being no further business to come before the City Council, the meeting was adjourned at 6:32 pm.

SUBMITTED BY:

_____
Christa Freemantle, City Clerk

ATTEST:

_____
Justin Raithel, Mayor

City Council Regular Meeting

MINUTES

Tuesday September 8, 2026 6:30 PM

CALL TO ORDER

The regular City Council meeting was called to order at 6:32 pm with Mayor Raithel presiding.

ROLL CALL:

Councilmembers Present:	Michael Kozlowski, Councilmember Barbara Leary, Councilmember Anna Rohrbough, Vice Mayor Sarah Aquino, Councilmember Justin Raithel, Mayor
Councilmembers Absent:	None

PLEDGE OF ALLEGIANCE

The pledge of allegiance was recited.

AGENDA UPDATE

City Attorney Sari Dierking advised that there was a revised staff report transmittal for Item No. 15.

BUSINESS FROM THE FLOOR:

None

SCHEDULED PRESENTATION:

The following items were taken out of order:

2. Presentation of the 13th Annual Folsom Community Service Day

Recreation and Community Services Manager Tom Hellmann and Chair of the Folsom Community Service Day Steering Committee Sandy Econome made a presentation.

1. Presentation of Spirit of Folsom Awards

Communications Director Christine Brainerd made a presentation, and the 2026 Spirit of Folsom Award Winners were presented as follows:

Brian Wallace, nominated by Mayor Justin Raithel

Friends of Folsom Parkways represented by Special Projects Director Glenn Hermanson, nominated by Vice Mayor Anna Rohrbough

Jim Snook, nominated by Councilmember Mike Kozlowski

Paul Romero, nominated by Councilmember Barbara Leary

Vijay Bhaskar Jonnalagadda, nominated by Councilmember Sarah Aquino

CONSENT CALENDAR:

Items appearing on the Consent Calendar are considered routine and may be approved by one motion. Councilmembers may pull an item for discussion.

3. Approval of the August 25, 2026 City Council Special and Regular Meeting Minutes

4. Nomination of the Joint Representative for the Cities of Folsom, Isleton, and Galt to the Sacramento Environmental Commission for a Three Year Term Ending August 2029

5. Resolution No. 11691 - A Resolution Approving a Policy for Remote Participation in City Council Meetings in Compliance with Senate Bill 707- *pulled for discussion*

6. Resolution No. 11694 – A Resolution Approving the Historic District Commission's Recommendation for Approval of a Design Review and Density Bonus Application for the Sutter Lofts Project Located at 807 and 809 Sutter Street and Determination that the Project is Exempt from CEQA- *pulled for discussion*

7. Resolution No. 11695 – A Resolution Approving the Historic District Commission's Recommendation for Approval of a Design Review for a New Custom Home Project Located at 315 Sutter Street and Determination that the Project is Exempt from CEQA

8. Resolution No. 11696 - A Resolution Authorizing the City Manager to Execute Amendment No. 2 to the Agreement (Contract No. 173-21 19-072) with Williams Scotsman, Inc. for $80,166.24 from the Solid Waste Operating Fund (Fund 540) for the Lease of a Modular building Occupied by the Waste and Recycling Division

9. Resolution No. 11698 - A Resolution Authorizing the City Manager to Execute a Professional Services Agreement with Pinnacle Project Management for Owner's Representative Services for the Folsom Plan Area

10. Resolution No. 11702 - A Resolution Authorizing the City Manager to Execute an Agreement with Univar Solutions USA LLC for $410,000 from the Water Operating Fund (Fund 520) for the Supply of Sodium Hypochlorite for the Water Treatment Plant and $110,000 from the General Fund (Fund 010) for the Supply of Sodium Hypochlorite for the Steve Miklos Aquatic Center

11. Resolution No. 11703 - A Resolution Authorizing the City Manager to Execute a Reimbursement Agreement in an amount Not to Exceed $360,000 with Vintage at Folsom, LP, and Appropriation of Funds from Road Maintenance and Rehabilitation Fund (Fund 235)

in the amount of $360,000 for supplemental paving as part of the Vintage Senior Apartments Project

12. Resolution No. 11706 - A Resolution Authorizing the City Manager to Execute an Agreement with Affordable Quality Painting Inc. in the Amount of $200,000 for the City Hall Campus Exterior Painting Project and Add Alternates from the Facility Rehabilitation Fund (Fund 602)

13. Resolution No. 11707 – A Resolution Rescinding Resolution No. 8990 and Adopting a Revised Policy Governing the Receipt and Distribution of Tickets and/or Passes- *pulled for discussion*

14. Resolution No. 11708 - A Resolution Authorizing the Addition of One Permanent Full-Time Administrative Assistant to the City Attorney's Office and Appropriation of Funds

Motion by Councilmember Kozlowski second by Vice Mayor Rohrbough to approve Item Nos. 3-4, 7-12, and 14 of the Consent Calendar. Motion passed by the following roll-call vote:

AYES: Kozlowski, Leary, Rohrbough, Aquino, Raithel
NOES: None
ABSENT: None
ABSTAIN: None

PULLED FOR DISCUSSION:

5. Resolution No. 11691 - A Resolution Approving a Policy for Remote Participation in City Council Meetings in Compliance with Senate Bill 707

This item was pulled at the request of Mayor Raithel, who suggested the Council ask speakers to identify themselves by name and state if they are Folsom residents. The City Council discussed the item further and City Attorney Sari Dierking provided additional information about in person and remote participation.

Motion by Mayor Raithel second by Vice Mayor Rohrbough to approve Resolution No. 11691 with addition to the policy to request (but not to require) that speakers identify whether they are a resident or not. Motion passed by the following roll-call vote:

AYES: Kozlowski, Leary, Rohrbough, Aquino, Raithel
NOES: None
ABSENT: None
ABSTAIN: None

6. Resolution No. 11694 – A Resolution Approving the Historic District Commission's Recommendation for Approval of a Design Review and Density Bonus Application for the Sutter Lofts Project Located at 807 and 809 Sutter Street and Determination that the Project is Exempt from CEQA

This item was pulled for public comment.

The following individual addressed the council:

- Paul Kerfeld

Community Development Director Pam Johns responded to questions from the City Council. City Attorney Sari Dierking provided further information regarding the density bonus and Planning Manager Desmond Parrington gave additional information regarding parking.

Motion by Mayor Raithel second by Councilmember Leary to approve Resolution No. 11694. Motion passed by the following roll-call vote:

AYES: Kozlowski, Leary, Rohrbough, Aquino, Raithel
NOES: None
ABSENT: None
ABSTAIN: None

13. Resolution No. 11707 – A Resolution Rescinding Resolution No. 8990 and Adopting a Revised Policy Governing the Receipt and Distribution of Tickets and/or Passes

This item was pulled for public comment.

The following individual addressed the council:

- Chad Vander Veen

City Manager Bryan Whitemyer responded to questions from the City Council and City Attorney Sari Dierking provided additional information regarding the policy and FPPC Form 802.

Motion by Mayor Raithel second by Vice Mayor Rohrbough to approve Resolution No. 11707. Motion passed by the following roll-call vote:

AYES: Kozlowski, Leary, Rohrbough, Aquino, Raithel
NOES: None
ABSENT: None
ABSTAIN: None

PUBLIC HEARING:

15. Ordinance No. 1374 – An Ordinance of the City of Folsom for the Repeal and Re-Enactment of Chapter 17.102 (Density Bonus) of the Folsom Municipal Code (Introduction and First Reading), and Determination that the Action is Not Subject to Environmental Review Under the California Environmental Quality Act (CEQA)

Housing Manager Stephanie Henry made a presentation and responded to questions from the City Council. City Attorney Sari Dierking provided additional information regarding the density bonus law and Community Development Director Pam Johns clarified further.

Hearing no requests to speak, the public hearing was opened and closed at 7:58 p.m.

Motion by Councilmember Aquino second by Councilmember Leary to introduce and conduct the first reading of Ordinance No. 1374 and determine that the action is not subject to environmental review under CEQA. Motion passed by the following roll-call vote:

AYES: Kozlowski, Leary, Rohrbough Aquino, Raithel
NOES: None
ABSENT: None
ABSTAIN: None

OLD BUSINESS:

16. Castle Park Playground Renovation Project

i. Resolution No. 11699 - A Resolution Ratifying the City Manager's Authorization to Execute a Contract Amendment with Leathers & Associates for the Castle Park Playground Renovation Project (PK2501) in the Amount of $19,537.20, for a New Total Contract Amount Not-to-Exceed $131,106.20, Funded by the Parks & Recreation Equipment/Capital Fund 609 and Appropriation of Funds

ii. Resolution No. 11700 - A Resolution Ratifying the City Manager's Authorization to Execute Construction Contract Change Orders 1-6 with KYA for the Castle Park Playground Renovation Project (PK2501) in the Amount of $56,300, and Authorizing the City Manager to Execute Construction Contract Change Order No. 7 with KYA for the Castle Park Playground Renovation Project (PK2501) in the Amount of $36,960, for a New Total Contract Amount Not-to-Exceed $401,569.00, Funded by the Parks & Recreation Equipment/Capital Fund 609 and Appropriation of Funds

iii. Resolution No. 11701 - A Resolution Authorizing an Appropriation of $68,409 in Donation Revenue and an Additional Appropriation of $37,875.80 from the Parks & Recreation Equipment/Capital Fund (Fund 609), for a Total Appropriation of $106,284.80 for Project Support Costs for the Castle Park Playground Renovation Project (PK2501)

Parks and Recreation Park Planning Manager Brad Neslon made a presentation and responded to questions from the City Council. City Manager Bryan Whitemyer provided additional information.

Motion by Councilmember Kozlowski second by Vice Mayor Rohrbough to approve Resolution No. 11699. Motion passed by the following roll-call vote:

AYES: Kozlowski, Leary, Rohrbough, Aquino, Raithel
NOES: None
ABSENT: None
ABSTAIN: None

Motion by Vice Mayor Rohrbough second by Councilmember Kozlowski to approve Resolution No. 11700. Motion passed by the following roll-call vote:

AYES: Kozlowski, Leary, Rohrbough, Aquino, Raithel
NOES: None
ABSENT: None
ABSTAIN: None

Motion by Councilmember Kozlowski second by Vice Mayor Rohrbough to approve Resolution No. 11701 with the modification to the two values to read appropriation of $88,409 in donation revenue and additional appropriation of $17,875.80 for Parks and Recreation Equipment Capital fund (Fund 609). Motion passed by the following roll-call vote:

AYES: Kozlowski, Leary, Rohrbough, Aquino, Raithel
NOES: None
ABSENT: None
ABSTAIN: None

NEW BUSINESS:

17. Receive and Consider a Proposal from the Rotary Club of Folsom for Placement of an American Flagpole in the Historic Folsom Station Plaza and Provide Direction to Staff and Determination that the Project is Exempt from CEQA

Prior to the presentation of the item, Mayor Raithel and Vice Mayor Rohrbough stated for the record that they are members of the Rotary Club of Folsom, but do not serve on the Board.

Public Works Director Rebecca Neves introduced the item and Rotary Club of Folsom President John Baciocco and members Chuck and Connie Thompson made a presentation and responded to questions from the City Council and the City Manager Bryan Whitemyer.

The following individual addressed the City Council:

- Jerry Bernau

Motion by Councilmember Kozlowski second by Councilmember Leary to approve the Rotary Club project to place an American flagpole and flag in the Historic District and waive the regular permit fees for building.

The motion was amended further to include that the project is exempt from CEQA.

The motion was again amended further, adding the Rotary Club of Folsom would not be charged for the permits.

The City Council made additional comments.

The motion (with amendments) passed by the following roll-call vote:

AYES: Kozlowski, Leary, Rohrbough, Aquino, Raithel
NOES: None
ABSENT: None
ABSTAIN: None

18. Presentation on AB 626 Micro-Enterprise Home Kitchen Operations and Direction to Staff

Community Development Director Pam Johns made a presentation. Additionally, Sacramento County Environmental Management Department Director Jennea Monasterio and Division Chief Rolando Villareal made a presentation and responded to questions from the City Council. Community Development Director Pam Johns provided further information and responded to questions from the City Council. The City Council made further comments.

Motion by Councilmember Kozlowski second by Councilmember Aquino to maintain the opt-out position on the MEHKO consideration. Motion passed by the following roll-call vote:

AYES: Kozlowski, Leary, Rohrbough, Aquino,
NOES: Raithel
ABSENT: None
ABSTAIN: None

19. Resolution No. 11697- A Resolution Accepting the Notice of Completion for the Community Facilities District No. 18 Phase 2 Water Improvements Project (Phase 2A) with a Construction Total of $18,552,386, Authorizing an Appropriation of $44,778 from the Road Maintenance and Rehabilitation Fund (Fund 235), and Authorizing the Chief Financial Officer/Finance Director to Release All Remaining Retention for Said Project

Utilities Director Marcus Yasutake made a presentation.

Motion by Councilmember Aquino second by Councilmember Leary to approve Resolution No. 11697. Motion passed by the following roll-call vote:

AYES: Leary, Rohrbough, Aquino, Raithel
NOES: None
ABSENT: Kozlowski (*temporarily stepped away from the dais*)
ABSTAIN: None

20. Ordinance No. 1376 - An Ordinance of the City of Folsom Adding Chapter 10.44 of the Folsom Municipal Code Regarding E-bikes and E-Conveyances (Introduction and First Reading)

Police Chief Adam Green made a presentation and responded to questions from the City Council. City Attorney Sari Dierking provided additional information.

The following individuals addressed the council:

- Jim Kirstein
- Kaemveed Khurmi
- Fred Michel
- Paul Kerfeld

Police Chief Adam Green responded further to questions from the City Council. City Attorney Sari Dierking provided additional information.

Motion by Councilmember Kozlowski second by Councilmember Aquino to continue the introduction and first reading of Ordinance No. 1376 to a future meeting to allow staff to develop an amended version. Motion passed by the following roll-call vote:

AYES: Kozlowski, Leary, Rohrbough, Aquino, Raithel
NOES: None
ABSENT: None
ABSTAIN: None

21. Ordinance No. 1377 - An Ordinance of the City of Folsom Amending Chapter 10.40 "Use of Electric Assist Mobility Devices on Class I Trails" of the Folsom Municipal Code to Prohibit Unsafe Riding on the Class I Bicycle Path Network (Introduction and First Reading)

Due to the 10:30 rule, the following motion was made to continue the item.

Motion by Councilmember Kozlowski second by Vice Mayor Rohrbough to continue the introduction and first reading of Ordinance No. 1377. Motion passed by the following roll-call vote:

AYES: Kozlowski, Leary, Rohrbough, Aquino, Raithel
NOES: None
ABSENT: None
ABSTAIN: None

CITY MANAGER REPORTS

City Manager Bryan Whitemyer announced the reopening of Engine 39, thanking Chief Solak and the Fire Department for the Single Role Program. He also expressed his gratitude for the team he works with daily.

COUNCIL COMMENTS

Councilmember Kozlowski had no comments.

Vice Mayor Rohrbough asked City Manager Bryan Whitemyer to follow up with Police Chief Adam Green about the e-bike enforcement plan.

Mayor Raithel had no comments.

Councilmember Aquino expressed appreciation for the Police Department's enforcement efforts at Prospector Park.

Councilmember Leary had no comments.

ADJOURNMENT

There being no further business to come before the City Council, the meeting was adjourned at 10:42 p.m.

SUBMITTED BY:

_____
Christa Freemantle, City Clerk

ATTEST:

_____
Justin Raithel, Mayor

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CITY OF
FOLSOM
DISTINCTIVE BY NATURE

City Council Regular Meeting

MINUTES

Tuesday September 22, 2026 6:30 PM

CALL TO ORDER

The regular City Council meeting was called to order at 6:32 pm with Mayor Raithel presiding.

ROLL CALL:

Councilmembers Present:	Sarah Aquino, Councilmember Michael Kozlowski, Councilmember Barbara Leary, Councilmember Anna Rohrbough, Vice Mayor Justin Raithel, Mayor
Councilmembers Absent:	None

PLEDGE OF ALLEGIANCE

The pledge of allegiance was recited.

AGENDA UPDATE

City Attorney Sari Dierking advised that Item no. 13 was continued off calendar at the request of City staff.

BUSINESS FROM THE FLOOR:

The following individuals addressed council:

- Brian David
- Sarah Perrin

SCHEDULED PRESENTATIONS:

1. Welcoming Delegates from Folsom's Italian Sister City Pieve del Grappa to the City of Folsom

Councilmember Aquino introduced the Muir House Language Teacher Jim Hartley who presented the delegates.

CONSENT CALENDAR:

Items appearing on the Consent Calendar are considered routine and may be approved by one motion. Councilmembers may pull an item for discussion.

2. Ordinance No. 1374– An Ordinance of the City of Folsom for the Repeal and Re-Enactment of Chapter 17.102 (Density Bonus) of the Folsom Municipal Code (Second Reading and Adoption)

3. Resolution No. 11709 - A Resolution Replacing Resolution No. 11285 and Designating Conflict of Interest Filing Positions and Disclosure Categories

4. Resolution No. 11716 – A Resolution Ratifying the City Manager's Authorization to Purchase a Replacement Server from Sidepath, Inc. for the Police Department for a Total Not-to-Exceed Amount of $299,800 funded through the General Fund (Fund 010) Using American Rescue Plan Act (ARPA) Grant Proceeds

5. Resolution No. 11717 - A Resolution Authorizing the City Manager to Execute Contract Amendment 1 with Kimley Horn and Associates, Inc. for the Folsom Lake Crossing Safety Improvements Phase 2 Project, Project No. PW2601, in the Amount of $33,000 from the Transportation Improvement Fund (Fund 446)

6. Resolution No. 11720- A Resolution Authorizing the City Manager to Execute a Cooperative Service Agreement with the State Department of Transportation (Caltrans) for Plans, Specifications, and Estimate Design Oversight of the Empire Ranch Road Interchange Project, Project No. PW1804- *pulled for discussion*

7. Resolution No. 11721 - A Resolution Approving the Establishment of a New Classification and the Associated Salary Range: Property & Evidence Supervisor

8. Resolution No. 11722 – A Resolution Accepting the Fiscal Year 2026-27 Sacramento Metropolitan Cable Television Commission (SMCTC) Public, Educational, and Governmental (PEG) Fee Funding and Appropriation of Funds in the General Grants Fund (Fund 012)

Motion by Councilmember Kozlowski second by Councilmember Leary to approve item Nos. 2-5 and 7-8 of the Consent Calendar. Motion passed by the following roll-call vote:

AYES: Aquino, Kozlowski, Leary, Rohrbough, Raithel
NOES: None
ABSENT: None
ABSTAIN: None

PULLED FOR DISCUSSION

6. Resolution No. 11720- A Resolution Authorizing the City Manager to Execute a Cooperative Service Agreement with the State Department of Transportation (Caltrans) for Plans, Specifications, and Estimate Design Oversight of the Empire Ranch Road Interchange Project, Project No. PW1804

The item was pulled at the request of Vice Mayor Rohrbough to have the department provide an update on this project.

Public Works Director Rebecca Neves made a presentation and responded to questions from the City Council.

Motion by Vice Mayor Rohrbough, second by Councilmember Leary to approve Resolution No. 11720. Motion passed by the following roll-call vote:

AYES: Aquino, Kozlowski, Leary, Rohrbough, Raithel
NOES: None
ABSENT: None
ABSTAIN: None

PUBLIC HEARING

9. Historic Folsom Station Development Agreement Amendment (DEVA26-00036) and Determination that No Further Environmental Review is Required

   i. Ordinance No. 1378 - An Uncodified Ordinance of the City of Folsom Approving the Second Amended and Restated Development Agreement by and Between the City of Folsom and Folsom Railroad Block Developers, LLC Relative to the Historic Folsom Station (Introduction and First Reading)

Planning Manager Desmond Parrington made a presentation and responded to questions from the City Council. City Manager Bryan Whitemyer provided further information.

The public hearing was opened at 7:15 p.m.

The following individuals addressed council:

- Loretta Hettinger
- Jim Snook
- Mike Reynolds

The public hearing was closed at 7:19 p.m.

The applicant, Jerry Bernau, Bernau Development Corporation /managing member of the Folsom Railroad Block Developers addressed the Council and responded to their questions. The City Council made further comments.

Motion by Councilmember Kozlowski, second by Vice Mayor Rohrbough to introduce and conduct the first reading of Ordinance No. 1378.

Councilmember Leary made an additional comment before the roll call vote.

Motion passed by the following roll-call vote:

AYES: Aquino, Kozlowski, Leary, Rohrbough, Raithel
NOES: None
ABSENT: None
ABSTAIN: None

10. City of Folsom Community Facilities District No. 22A (Folsom Heights)

i. Resolution No. 11710- A Resolution of the City Council of the City of Folsom to Form a Community Facilities District, to Designate Improvement Areas within the District, to Designate a Future Annexation Area therein and to Levy Special Taxes therein

ii. Resolution No. 11711- A Resolution of the City Council of the City of Folsom Deeming it Necessary to Incur Bonded Indebtedness in and for City of Folsom Community Facilities District No. 22A (Folsom Heights)

iii. Resolution No. 11712- A Resolution of the City Council of the City of Folsom Calling Special Mailed-Ballot Election in the City of Folsom Community Facilities District No. 22A (Folsom Heights)

iv. Resolution No. 11713- A Resolution of the City Council of the City of Folsom Declaring Election Results in the City of Folsom Community Facilities District No. 22A (Folsom Heights)

v. Resolution No. 11714- A Resolution of the City Council of the City of Folsom Determining that the Special Tax of City of Folsom Community Facilities District No. 22 (Folsom Heights) Shall Cease to be Levied and Authorizing and Directing the Recordation of a Notice of Cessation of Special Tax

vi. Ordinance No. 1379- An Uncodified Ordinance Levying Special Taxes for the Fiscal Year 2026-27 and Following Fiscal Years Solely within and Relating to the City of Folsom Community Facilities District No. 22A (Folsom Heights) (Introduction and First Reading)

Chief Financial Officer Stacey Tamagni made a presentation and responded to questions from the City Council.

Mayor Raithel opened the public hearing at 7:30 p.m., hearing no requests to speak the public hearing was closed at 7:30 p.m.

City Clerk Christa Freemantle confirmed that no written protests were received, therefore a majority protest does not exist for any of the improvement areas.

Motion by Councilmember Aquino, second by Councilmember Kozlowski to approve Resolution No. 11710. Motion passed by the following roll-call vote:

AYES: Aquino, Kozlowski, Leary, Rohrbough, Raithel
NOES: None
ABSENT: None
ABSTAIN: None

Motion by Councilmember Aquino, second by Councilmember Kozlowski to approve Resolution No. 11711. Motion passed by the following roll-call vote:

AYES: Aquino, Kozlowski, Leary, Rohrbough, Raithel
NOES: None
ABSENT: None
ABSTAIN: None

Motion by Councilmember Leary, second by Councilmember Aquino to approve Resolution No. 11712. Motion passed by the following roll-call vote:

AYES: Aquino, Kozlowski, Leary, Rohrbough, Raithel
NOES: None
ABSENT: None
ABSTAIN: None

Mayor Raithel opened the separate election at 7:31 p.m.

City Clerk Christa Freemantle confirmed that all ballots for each improvement area have been received, declaring the election closed at 7:31 p.m.

City Clerk Christa Freemantle canvassed the ballots.

Motion by Councilmember Leary, second by Vice Mayor Rohrbough to approve Resolution No. 11713. Motion passed by the following roll-call vote:

AYES: Aquino, Kozlowski, Leary, Rohrbough, Raithel
NOES: None
ABSENT: None
ABSTAIN: None

Motion by Councilmember Aquino, second by Councilmember Kozlowski to approve Resolution No. 11714. Motion passed by the following roll-call vote:

AYES: Aquino, Kozlowski, Leary, Rohrbough, Raithel
NOES: None
ABSENT: None
ABSTAIN: None

Motion by Mayor Raithel, second by Councilmember Leary to introduce and conduct the first reading of Ordinance No. 1379. Motion passed by the following roll-call vote:

AYES: Aquino, Kozlowski, Leary, Rohrbough, Raithel
NOES: None
ABSENT: None
ABSTAIN: None

NEW BUSINESS

11. Resolution No. 11723 – A Resolution Authorizing the City Manager to Execute a Memorandum of Understanding with Sacramento County Related to Interim Design, Construction, and Maintenance for Prairie City Road

Public Works Director Rebecca Neves made a presentation and responded to questions from the City Council.

Motion by Councilmember Leary, second by Councilmember Kozlowski to approve Resolution No. 11723. Motion passed by the following roll-call vote:

AYES: Aquino, Kozlowski, Leary, Rohrbough, Raithel
NOES: None

ABSENT: None
ABSTAIN: None

12. Direction to Staff on Prairie City Road Right-of-Way Annexation for Jurisdictional Boundary Realignment

Community Development Director Pam Johns made a presentation and responded to questions from the City Council. Additionally, Sacramento LAFCO Executive Officer Jose Henriquez made a presentation and responded to questions from the City Council. Public Works Director Rebecca Neves provided additional information.

Motion by Mayor Raithel, second by Councilmember Kozlowski giving direction to staff to proceed with coordination with Sacramento County and LAFCO to realign the jurisdictional boundary on Prairie City Road. Motion passed by the following roll-call vote:

AYES: Aquino, Kozlowski, Leary, Rohrbough, Raithel
NOES: None
ABSENT: None
ABSTAIN: None

13. Housing Program Implementation Workshop: City Council Priorities for the Next Two Years

City Clerk Freemantle reminded everyone that this item was continued off calendar as stated earlier.

14. Empire Ranch Neighborhood Crack Seal Project

i. Resolution No. 11718 - AA Resolution Authorizing the City Manager to Execute a Construction Agreement with Doug Veerkamp General Engineering, Inc. for the Empire Ranch Crack Seal Project in the amount of $218,600, and Appropriation of Funds in the amount of $258,600 from the Road Maintenance and Rehabilitation Fund (Fund 235)

ii. Resolution No. 11719 – A Resolution Authorizing the City Manager to Execute a No-Cost Contract Amendment No. 1 with Dewberry Engineers, Inc. for Construction Management and Inspection Services Expanded Scope

Public Works Director Rebecca Neves made a presentation and responded to questions from the City Council.

Motion by Councilmember Aquino, second by Councilmember Leary to approve Resolution No. 11718. Motion passed by the following roll-call vote:

AYES: Aquino, Kozlowski, Leary, Rohrbough, Raithel
NOES: None
ABSENT: None
ABSTAIN: None

Motion by Councilmember Aquino, second by Councilmember Leary to approve Resolution No. 11719. Motion passed by the following roll-call vote:

AYES: Aquino, Kozlowski, Leary, Rohrbough, Raithel
NOES: None

ABSENT: None
ABSTAIN: None

CITY MANAGER REPORTS

City Manager Bryan Whitemyer thanked and expressed appreciation for those who participated in Community Service Day. He highlighted the upcoming tree planting event, hosted by the City of Folsom in partnership with the Sacramento Tree Foundation and West Coast Arborist. He commended city crews for their work in preparation for the rainy season and apologized for delays caused by PG&E utility work on Folsom Boulevard and Greenback Lane. He also highlighted the upcoming East Bidwell Pedestrian Overcrossing Workshop and announced that the city is now accepting applications for the Teen Council.

COUNCIL COMMENTS

Councilmember Kozlowski spoke about volunteer opportunities for the upcoming Soap Box Derby as well as the need for assistance with hanging Christmas lights.

Vice Mayor Rohrbough had no comments

Councilmember Leary had no comments.

Councilmember Aquino echoed appreciation to volunteers, city staff and the Steering Committee for their contributions to Community Service Day. She spoke about the upcoming Sacramento Metro Air District tree planting event and thanked the Folsom Police Department for their assistance at Folsom Ranch and Prospector Park.

Mayor Raithel expressed gratitude to participants of Community Service Day and highlighted the drone show at the bridge dinner event. He also expressed appreciation to Councilmember Leary for joining him at the upcoming California League of Cities conference. Additionally, he announced his selection as the Vice Chair of the Revenue and Tax Policy Committee for the California League of Cities.

ADJOURNMENT

There being no further business to come before the City Council, the meeting was adjourned at 8:29 p.m.

SUBMITTED BY:

_____
Christa Freemantle, City Clerk

ATTEST:

_____
Justin Raithel, Mayor

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CITY OF
FOLSOM
DISTINCTIVE BY NATURE

Folsom City Council
Staff Report

MEETING DATE:	10/13/2026
AGENDA SECTION:	Consent Calendar
ITEM TITLE:	Resolution No. 11728 – A Resolution Approving the Historic District Commission's Recommendation to Determine that the Granite House Modifications Project is Exempt from CEQA and Approving Design Review for that Project
FROM:	Community Development Department

RECOMMENDATION / CITY COUNCIL ACTION

Staff recommends that the City Council:

Approve Resolution No. 11728- A Resolution Approving the Historic District Commission's Recommendation to Determine that the Granite House Modifications Project is Exempt from CEQA and Approving Design Review for that Project

BACKGROUND / ISSUE

The Historic District Commission (HDC) previously approved a Height Variance, Parking Variance, Conditional Use Permit and Building Design Review for the Granite House project, located at 900-918 Sutter Street, in 2007. The building was approved at a height of up to 40 feet with 6,197 square feet of retail/office space and 30 parking spaces on the ground level and 32 residential units on the second and third levels. Once approved, these entitlements were vested pursuant to the terms of the 2011 disposition and development agreement between the developer and the City. The disposition and development agreement contained specific provisions that governed how to address proposed changes to any of the vested entitlements, including the approved design of the Granit House building.

The proposed project (DRCL24-00191) consists of modifying the design of the Granite House building. Project modifications include removing the 30 parking spaces on the lower level of the building (as allowed by Assembly Bill 2097 [Statutes of 2021-2022], as described below) and replacing the 10,517 square feet of this parking area with commercial uses including office, retail and restaurants.

Notwithstanding AB 2097, the project is subject to the 2011 First Amended and Restated Disposition and Development Agreement, which required the City to grant the Developer the rights to 23 reserved parking spaces in the City Parking Garage in addition to those spaces approved as a part of the original project itself. The disposition and development agreement requires that any proposed change to the approved parking requires City Council approval. As described in the Analysis section, the Developer has proposed to increase the number of reserved spaces in the City Garage. This proposal was considered by the Council at its September 22, 2026 meeting, as a part of the proposal to approve the Second Amended and Restated Development Agreement by and between the City of Folsom and Folsom Railroad Block Developers, LLC relative to the Historic Folsom Station. The second reading and adoption of the uncodified ordinance approving that agreement will be considered by the City Council as a separate item on October 13, 2026. Please note that contrary to what is stated in the October 2, 2024 HDC staff report (refer to Attachment 2), the parcel at 825 Leidesdorff Street will remain as public parking until it is developed.

Physical changes proposed for the building include new windows and door features on the lower level, modified window detailing, modified railing size, and modified colors. The approved building footprint and height are not proposed to change. Site changes include new plazas around the building and additional landscaping and a pedestrian bridge over the drainage swale. The project narrative, as well as project plans (including the site plan and approved and proposed elevations), are provided in Attachment 2. The project site is located within the Sutter Street Subarea of the Historic Commercial Primary Area of the Historic District.

The Historic District Commission held a public meeting to consider the proposed modifications to the Granite House project on October 2, 2024. Specifically**,** the Commission reviewed the proposed change to the ground floor of the Granite House project from parking to office, retail, and restaurant uses. The Commission unanimously recommended the proposed changes to the City Council. The Commission further recommended modifying Condition No. 12 (Coordination with Public and Private Utilities) for additional clarity and adding Condition No. 13, to revise the existing easement and maintenance agreement. These proposed modifications are reflected in Attachment 3 of this report.

POLICY / RULE

State

Assembly Bill 2097 was signed into law by the Governor on September 22, 2022 and became effective on January 2, 2023. Government Code section 65863.2, a new statute enacted as a part of AB 2097 (statutes of 2021-2022), prohibits public agencies (City of Folsom in this case) from imposing minimum parking requirements on residential, commercial, or other development projects located within a half mile of a major transit stop. As relevant here, state law defines a site containing an existing light rail station as a major transit stop.

Local
Folsom Municipal Code (FMC) Section 17.52.330 states that, in reviewing projects, the Historic District Commission shall consider the following criteria:

a) Project compliance with the General Plan and any applicable zoning ordinances;

b) Conformance with any city-wide design guidelines and historic district design and development guidelines adopted by the city council;

c) Conformance with any project-specific design standards approved through the planned development permit process or similar review process; and

d) Compatibility of building materials, textures and colors with surrounding development and consistency with the general design theme of the neighborhood.

Compliance with Development Agreement
The First Amended and Restated Disposition and Development Agreement (DDA) for the Historic Folsom Station (also known as the Railroad Block) from 2011 requires City Council approval for any substantial change to the project. Substantial changes include any increase or decrease in the amount of parking.

ANALYSIS

Staff have determined that the project complies with the standards of the Folsom Municipal Code and the Historic District Design and Development Guidelines, as discussed in the attached staff report for the project for the October 2, 2024 Historic Commission meeting.

At the HDC meeting in late 2024, the Developer requested a change in the number of reserved parking spaces requested in the City Parking Garage from 23 reserved spaces as set forth in the 2011 agreement to 30 reserved spaces since they had replaced their parking area in the project with ground floor retail, restaurant and office space. Since that HDC meeting in 2024, the Developer requested that the City consider granting the project 2 additional reserved parking spaces in the City Parking garage so that the number of spaces match the number of residential units included in the project.. As a result, this would increase the number of reserved spaces from 30 spaces to 32 spaces or 1 space per housing unit. Staff are supportive of this minor change given the improvements to the first floor of the building, which will help to activate the public plaza and are expected to result in additional business activity as well as sales and property tax revenue to the City. As noted earlier, the Developer proposed an amendment to the 2011 agreement to increase the number of reserved parking spaces in the City parking garage to 32 and to make other changes.

FINANCIAL IMPACT

There is no direct financial impact on the General Fund with the approval of this project.

ENVIRONMENTAL REVIEW

The Folsom Historic Railroad Block Implementation Plan Addendum to the 1997 Railroad Block Master Plan Mitigated Negative Declaration and Mitigation Monitoring Program was approved in January 2006 and determined to be in conformance with California Environmental Quality Act (CEQA). The CEQA analysis accounted for development of up to 120,200 square feet for two- to three-story mixed-use buildings on the four sites, including the Granite House project. The buildings themselves were approved in 2007 by the HDC (PN07-080) for 102,851 square feet of mixed-use development. The 10,517 square feet of additional commercial and office space in the proposed project would result in a total of 113,368 square feet of mixed-use development. The proposed project therefore does not exceed the amount and type of development identified in the environmental document. Furthermore, staff did not identify any new substantial changes or information that would require additional CEQA review, per CEQA Guidelines Section 15162. The applicant is required to comply with the mitigation measures identified in the approved environmental document, per Condition No. 4 in the attached conditions of approval (refer to Attachment 3) from the HDC meeting.

ATTACHMENTS

1. Resolution No. 11728 – A Resolution Approving the Historic District Commission's Recommendation to Determine that the Granite House Modifications Project is Exempt from CEQA and Approving Design Review of That Project

2. Historic District Commission Staff Report and Attachments, dated October 2, 2024

3. Commission Revised Conditions of Approval, dated October 2, 2024

Submitted,



PAM JOHNS
Community Development Director

ATTACHMENT 1
Resolution No. 11728 – A Resolution Approving the Historic District Commission's Recommendation to Determine that the Granite House Modifications Project is Exempt from CEQA and Approving Design Review of That Project

RESOLUTION NO. 11728

A RESOLUTION APPROVING THE HISTORIC DISTRICT COMMISSION'S RECOMMENDATION TO DETERMINE THAT THE GRANITE HOUSE MODIFICATIONS PROJECT IS EXEMPT FROM CEQA AND APPROVING DESIGN REVIEW FOR THAT PROJECT

WHEREAS, the Historic District Commission on October 2, 2024, held a public meeting on the proposed design review application for the Granite House Modifications Project (DRCL24-00191), reviewed the staff report as well as the associated exhibits and attachments, considered public comment, and provided a recommendation to City Council; and

WHEREAS notice has been given at the time and in the manner required by State Law and City Code; and

WHEREAS the Historic District Commission determined that the proposed project would require no additional review under the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15162;

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Folsom hereby confirms the recommendation of the Historic District Commission and approves a design review application for the Granite House Modifications Project. This approval is subject to the conditions of approval presented to the City Council as Attachment 3, which include revisions recommended by the Historic District Commission.

BE IT FURTHER RESOLVED that the City Council of the City of Folsom hereby makes the following findings in support of this Resolution:

GENERAL FINDINGS

A. NOTICE OF PUBLIC MEETING HAS BEEN GIVEN AT THE TIME AND IN THE MANNER REQUIRED BY STATE LAW AND CITY CODE.

B. THE PROJECT IS CONSISTENT WITH THE GENERAL PLAN AND ZONING CODE OF THE CITY.

CEQA FINDINGS

C. AN INITIAL STUDY AND MITIGATED NEGATIVE DECLARATION WERE APPROVED FOR THE RAILROAD BLOCK IMPLEMENTATION PLAN IN JANUARY 2006 IN CONFORMANCE WITH THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA).

D. THIS PROJECT DOES NOT INCLUDE SUBSTANTIAL CHANGES OR NEW INFORMATION OF SUBSTANTIAL IMPORTANCE THAT WOULD REQUIRE ADDITIONAL CEQA REVIEW.

DESIGN REVIEW FINDINGS

E. THE BUILDING MATERIALS, TEXTURES AND COLORS USED IN THE PROPOSED PROJECT ARE COMPATIBLE WITH SURROUNDING DEVELOPMENT AND ARE CONSISTENT WITH THE GENERAL DESIGN THEME OF THE NEIGHBORHOOD.

F. THE PROPOSED PROJECT IS IN CONFORMANCE WITH THE HISTORIC DISTRICT DESIGN AND DEVELOPMENT GUIDELINES ADOPTED BY CITY COUNCIL.

PASSED AND ADOPTED this 13th day of October, 2026, by the following roll-call vote:

AYES: Councilmember(s):
NOES: Councilmember(s):
ABSENT: Councilmember(s):
ABSTAIN: Councilmember(s):

_____
Justin Raithel, MAYOR

ATTEST:

_____
Christa Freemantle, CITY CLERK

ATTACHMENT 2
Historic District Commission Staff Report and Attachments, dated October 2, 2024

AGENDA ITEM NO. 4
Type: Public Meeting
Date: October 2, 2024

Historic District Commission Staff Report

50 Natoma Street, Council Chambers
Folsom, CA 95630

Project:	Granite House Modifications
File #:	DRCL24-00191
Request:	Design Review
Location:	900-918 Sutter Street
Parcel(s):	070-0052-024
Staff Contact:	Josh Kinkade, Associate Planner, 916-461-6209 jkinkade@folsom.ca.us

Property Owner
Name: Folsom Railroad Block Developers, LLC
Address: 921 Sutter Street, Suite 100
Folsom, CA 95630

Applicant
Name: Bernau Development Corporation
Address: 921 Sutter Street, Suite 100
Folsom, CA 95630

Recommendation Conduct a public meeting, and upon conclusion recommend City Council approval of an application for Design Review to modify the design of the previously approved Granite House building located at 900-918 Sutter Street, as illustrated on Attachments 5 and 6 for the Granite House Modifications project (DRCL24-00191) based on the findings included in this report (Findings A-G) and subject to the attached conditions of approval (Conditions 1-12).

Project Summary: The proposed project consists of removing the 30 parking spaces on the lower level of the previously approved Granite House mixed use building and replacing the 10,517 square feet of this space with commercial space and associated exterior modifications and site improvements. The project site is located within the Sutter Street Subarea of the Historic Commercial Primary Area of the Historic District.

Attachments:

1. Description/Analysis
2. Background
3. Conditions of Approval
4. Vicinity Map
5. Applicant's Narrative
6. Site Plan
7. Approved and Proposed Elevations

AGENDA ITEM NO. 4
Type: Public Meeting
Date: October 2, 2024

8. Project Rendering
9. Color Board
10. SMUD Conditions
11. Public Comments

Submitted,



PAM JOHNS
Community Development Director

ATTACHMENT 1
DESCRIPTION/ANALYSIS

APPLICANT'S PROPOSAL

As described in greater detail in Attachment 2 (Background), the Historic District Commission (HDC) previously approved a Height Variance, Parking Variance, Conditional Use Permit and Building Design Review for the Granite House project, located at 900-918 Sutter Street, in 2007. The building was approved at a height of up to 40 feet with 6,197 square feet of retail/office space and 30 parking spaces on the ground level and 32 residential units on the second and third levels.

The proposed project consists of modifying the design of the Granite House building. Project modifications include removing the 30 parking spaces on the lower level of the building (as allowed by Assembly Bill 2097 [Statutes of 2021-2022], as described below) and replacing the 10,517 square feet of this space with commercial uses. Parking is proposed to be accommodated on the 825 Leidesdorff Street parcel to the north until development is proposed there. Physical changes to the building include new windows and door features on the lower level, modified window detailing, modified railing size, and modified colors. The approved building footprint and height are not proposed to change. Site changes include new plazas around the building and additional landscaping and a pedestrian bridge over the drainage swale. Project plans, including the site plan and approved and proposed elevations, are provided in Attachments 6 and 7. The applicant's project narrative is provided in Attachment 5. The project site is located within the Sutter Street Subarea of the Historic Commercial Primary Area of the Historic District.

POLICY/RULE

State

Assembly Bill 2097 was signed into law by the Governor on September 22, 2022 and became effective on January 2, 2023. Government Code section 65863.2, a new statute enacted as a part of AB 2097 (statutes of 2021-2022), prohibits public agencies (City of Folsom in this case) from imposing minimum parking requirements on residential, commercial, or other development projects located within a half mile of a major transit stop. As relevant here, state law defines a site containing an existing light rail station as a major transit stop.

Local

Section 17.52.300 of the Folsom Municipal Code (FMC) states that the Historic District Commission shall have final authority relating to the design and architecture of all exterior renovations, remodeling, modification, addition or demolition of existing structures within the Historic District. FMC Section 17.52.330 states that, in reviewing projects, the Commission shall consider the following criteria:

a) Project compliance with the General Plan and any applicable zoning ordinances;

b) Conformance with any city-wide design guidelines and historic district design and development guidelines adopted by the city council;

c) Conformance with any project-specific design standards approved through the planned development permit process or similar review process; and

d) Compatibility of building materials, textures and colors with surrounding development and consistency with the general design theme of the neighborhood.

ANALYSIS

General Plan and Zoning Consistency

The General Plan land use designation for the project site is HF (Historic Folsom Mixed Use), and the zoning district for the project site is HD (Historic Folsom), within the Sutter Street Subarea of the Historic Commercial Primary Area of the Historic District. The proposed commercial uses are allowed by right in the Sutter Street Subarea. The height and footprint of the building remain unchanged from what was previously approved by the HDC in 2007.

Parking

The Historic Folsom Station project, which included the Granite House, was granted a parking variance by the HDC in 2007. As part of that parking discussion, staff found that for the Historic Folsom Station buildings 60 parking spaces were required for residential uses and 131 spaces were required for commercial uses, including 50 spaces for the Granite House. However, under the parking variance, 81 parking spaces were approved in the buildings of Historic Folsom Station, including 30 spaces within the Granite House. Additionally, per the Disposition and Development Agreement for the Historic Folsom Station/Railroad Block project (DDA 405.3), 23 parking spaces within the adjacent City parking garage are reserved for office uses within this project.

FMC Section 17.52.510(F) requires a parking ratio of one parking space per 350 square feet of retail, office, restaurant, museums, and similar uses. The proposed project will not change the residential portion of the project, but the commercial portion of the project is proposed to increase by 10,517 square feet. As such, this results in an additional parking demand of 30 spaces.

The applicant is seeking to replace the previously approved 30 parking spaces from the Granite House building with commercial space and relocate the previously approved 30 spaces to the developer-owned parcel located at 825 Leidesdorff Street, just northeast of the building across the plaza and commercial space. This lot is currently used as public parking but will serve only the Granite House tenants after the Granite House is built. Note that the parcel on which the parking is proposed was approved for a 22,526-square-

foot mixed-use building as part of the DDA, and design of that building was approved in 2007. However, no building permit applications have been submitted for that project at this point.

Per AB 2097, the City generally cannot impose minimum parking requirements on residential, commercial, or other development projects located within a half mile of a major transit stop. However, AB 2097 allows cities to impose or enforce minimum parking requirements on such projects under certain limited circumstances. For example, if certain procedural requirements are met, Government Code section 65863.2(b)(3) could allow the City to enforce minimum parking requirements on such projects if it finds that failing to do so would have a substantially negative impact on existing residential or commercial parking within one-half mile of the housing development project.

Under the terms of AB 2097, this exception only applies to housing development projects. For purposes of this analysis, a housing development project is defined as a use consisting of any of the following: (a) residential units only; (b) mixed use developments consisting of residential and nonresidential uses with at least two-thirds of the square footage designated for residential use; or (c) transitional housing or supportive housing.

Subsection b, regarding mixed use developments, is relevant here. While the proposed project is a mixed-use development consisting of residential and nonresidential uses, less than two-thirds of the square footage is designated for residential use. As a result, the proposed project does not meet the definition of a housing development project as stated in Government Code sections 65863.2(e)(1) and 65589.5(h)(2).

Because the proposed project does not meet the definition of a housing development project, the exception to the new rules does not apply. Therefore, staff has determined that the proposed project is not required to provide any on-site or off-site parking spaces.

Nevertheless, staff acknowledges that there may be concerns about the loss of parking associated with the project. As a result, staff reviewed the Historic District Parking Implementation Plan Update (last updated in 2018), which determined that sufficient parking would be available beyond existing peak-hour demands. Staff found that the long-term decrease in 60 parking spaces as part of the proposed project (assuming development of the 825 Leidesdorff lot) would not trigger a reduction of available parking below existing supply. Apart from the recent approval of 603 Sutter Street, the conditions in the Sutter Street subarea have not changed substantially since 2018. The 603 Sutter Street project would have required 27 off-street parking spaces, but it was also subject to AB 2097 and did not have to provide that parking. Nonetheless, even with the loss of those 27 parking spaces and the loss of 60 parking spaces, there would still be sufficient parking available in the Historic District based on Kimley-Horn's study.

Building Design/Architecture

The project site is located in the Sutter Street subarea of the Historic District Commercial Primary Area. The Sutter Street subarea encompasses Folsom's original central business

district, the area first zoned for historic preservation. Retail shops and restaurants have been the predominant uses in recent history. Overall, the Sutter Street subarea represents a mixture of development that is representative of the 1850 to early 1950s timeframe. Folsom Municipal Code section 17.52.510(B) explains that the design concept for the Sutter Street subarea is to preserve existing pre-1900 buildings, and to require new or replacement structures to be of a pre-1900 design, unless a post-1900 building is unique and/or representative of 1850-1950 architectural styles.

The original design of the three-story mixed-use Granite House building was approved by the HDC in 2007. The building was intended to be reminiscent of a historic hotel called the Granite House that once stood on the north side of Sutter Street near Decatur Street. The approved windows were wood framed with metal clad exteriors. The Commission determined that the applicant succeeded in breaking up the massing of the proposed building with the various architectural features, and concluded that the building was well-articulated, and that the design met the Historic District Design and Development Guidelines.

As stated previously, the applicant is proposing to replace the lower-level parking with retail and office uses. In doing so, several of the first-story elements have been modified, which include a more active lower level with additional storefront windows, a new entry on the north elevation, outdoor plazas on three sides of the building, and landscaping and a pedestrian bridge over the drainage swale on the north side of the building. Throughout the building, the applicant has also proposed longer second story balconies on the north elevation, new railing designs, modified window detailing, modified railing size, and modified colors, all of which are consistent with the previously approved design. The new windows and doors are all in line with the previously approved street-level windows and doors in terms of form and materials. The site plan, approved and proposed elevations, project rendering, and color board are provided in Attachments 6, 7, 8 and 9 respectively. The applicant’s narrative is provided in Attachment 5.

Staff supports the proposed activation of the lower level. Previously, the design had limited retail on the street level. While the applicant was previously able to provide an attractive street-level design, staff believes that opening the street level up to additional retail tenants and providing outdoor spaces would be beneficial for both the building design and the plaza as a whole by further activating the area.

Staff has determined that the overall design, colors and materials of the proposed modified project are consistent with Folsom Municipal Code Chapter 17.52, the design and development guidelines for the Sutter Subarea, and the building materials, textures and colors are consistent with surrounding development and with the general design theme of the neighborhood. Staff has therefore concluded that the applicant has met the design standards identified in the Folsom Municipal Code and the guidelines contained in the DDGs.

DISPOSITION AND DEVELOPMENT AGREEMENT

The applicant entered into a Disposition and Development Agreement (DDA) with the City's Redevelopment Agency for development of the four mixed-use buildings in the Railroad Block. The DDA states that if the developer desires to propose any substantial changes (including changes in the layout, elevation, design, or square footage substantially affecting architectural appearance or functional use or operation or changes in size or design affecting parking), such changes are subject to review by the responsible agency, and the DDA would have to be amended to reflect these changes.

Within the DDA is a requirement that six of the residential units within the Railroad Block be deed restricted as affordable to families of moderate income or that the Housing Assistance funds given to the developer be repaid. To be consistent with DDA requirements, staff has provided Condition No. 10, which states that the DDA shall be amended to reflect the project modifications prior to issuance of a building permit for the Granite House project, and that the DDA shall retain an updated schedule of performance and affordable housing requirements for the Railroad Block project as a whole.

PUBLIC COMMENTS

A notice was posted on the project site five days prior to the Historic District Commission meeting of October 2, 2024, that meets the requirements of FMC Section 17.52.320. Staff also routed the initial plans to the Folsom Heritage Preservation League (HPL) and Historic Folsom Residents Association (HFRA). HPL did not provide comments. HFRA stated that they support the proposed design changes, but wanted acknowledgement that relocating the 30 parking spots will result in a net loss of parking both in the short-term and the long-term. This comment is provided in Attachment 11.

ENVIRONMENTAL REVIEW

The Folsom Historic Railroad Block Implementation Plan Addendum to the 1997 Railroad Block Master Plan Mitigated Negative Declaration and Mitigation Monitoring Program was approved in January 2006 and determined to be in conformance with California Environmental Quality Act (CEQA) regulations. The CEQA analysis accounted for development of up to 120,200 square feet for two- to three-story mixed-use buildings on the four sites. The buildings themselves were approved in 2007 by the HDC (PN07-080) for 102,851 square feet of mixed-use development. The 10,517 square feet of additional commercial and office space in the proposed project would result in a total of 113,368 square feet of mixed-use development. The proposed project therefore does not exceed the amount and type of development identified in the environmental document. Furthermore, staff did not identify any new substantial changes or information that would require additional CEQA review, per CEQA Guidelines Section 15162. The applicant is required to comply with the mitigation measures identified in the approved environmental document, per Condition No. 4 of this staff report.

RECOMMENDATION

Staff recommends that the HDC recommend approval of the proposed project to City Council, based on the findings included in this report (Findings A-G) and subject to the attached conditions of approval (Conditions 1-12).

HISTORIC DISTRICT COMMISSION ACTION

Move to recommend City Council approval of the Design Review application (DRCL24-00191) to modify the design of the previously approved Granite House building located at 900-918 Sutter Street, as illustrated on Attachments 6 and 7 for the Granite House Design Review Modifications project, based on the findings included in this report (Findings A-G) and subject to attached conditions of approval (Conditions 1-12).

GENERAL FINDINGS

A. NOTICE OF PUBLIC MEETING HAS BEEN GIVEN AT THE TIME AND IN THE MANNER REQUIRED BY STATE LAW AND CITY CODE.

B. THE PROJECT IS CONSISTENT WITH THE GENERAL PLAN AND ZONING CODE OF THE CITY.

CEQA FINDINGS

C. AN INITIAL STUDY AND MITIGATED NEGATIVE DECLARATION WERE APPROVED FOR THE RAILROAD BLOCK 2004 IMPLEMENTATION PLAN IN JANUARY 2006 IN CONFORMANCE WITH THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) REGULATIONS. NO NEW SUBSTANTIAL CHANGES OR INFORMATION THAT WOULD REQUIRE ADDITIONAL CEQA REVIEW HAS BEEN IDENTIFIED.

D. THE CUMULATIVE IMPACT OF SUCCESSIVE PROJECTS OF THE SAME TYPE IN THE SAME PLACE, OVER TIME IS NOT SIGNIFICANT IN THIS CASE.

E. THE PROPOSED PROJECT WILL NOT CAUSE A SUBSTANTIAL ADVERSE CHANGE IN THE SIGNIFICANCE OF A HISTORICAL RESOURCE.

DESIGN REVIEW FINDINGS

F. THE BUILDING MATERIALS, TEXTURES AND COLORS USED IN THE PROPOSED PROJECT ARE COMPATIBLE WITH SURROUNDING DEVELOPMENT AND ARE CONSISTENT WITH THE GENERAL DESIGN THEME OF THE NEIGHBORHOOD.

G. THE PROPOSED PROJECT IS IN CONFORMANCE WITH THE HISTORIC DISTRICT DESIGN AND DEVELOPMENT GUIDELINES ADOPTED BY CITY COUNCIL.

ATTACHMENT 2
BACKGROUND

The Folsom Redevelopment Agency (RDA) purchased the Railroad Block site in 1990. A draft urban design master plan and the associated Initial Study and Mitigated Negative Declaration (IS/MND) were approved in 1997. In 2001, the RDA selected the Folsom Railroad Block Developers, LLC to complete the private development portion of the Railroad Block. The project is a joint City/private project where the Public Works Department constructed a parking garage at the northwest corner of the site, the Redevelopment Agency developed the Sutter Street streetscape and plaza area, and the developer developed the roundhouse building, which houses a wine bar and restaurant, and has agreed to develop three mixed-use buildings.

A master conceptual plan was approved in 2004, and an IS/MND was approved for the Railroad Block 2004 and an Implementation Plan was approved in January 2006. Included with the environmental review was the anticipated build-out of the Railroad Block area consisting of four mixed-use, civic-oriented developments surrounding a large public plaza area.

The policies that were set forth in the 2004 Implementation Plan were intended to guide the future development of the Railroad Block and included the general location and footprint of the structures; the general configuration of the open space; limited ground level uses to retail and restaurant only; preserved the historic rail right-of-way, interpretive center, Southern Pacific and Ashland Depots; maintained two-way traffic on Reading Street to provide a connection between Sutter Street and Leidesdorff Street; limited the maximum floor area for development to 120,200 square feet; provided for a new railroad display pavilion, and allowed for a maximum of 60 residential units.

Based on these policies and criteria, the City identified the following uses to be constructed and operated on the Railroad Block:

- Four-level parking structure containing 320 to 340 parking spaces (Final design includes 315 spaces);
- Four two- to three-story mixed-use buildings with a maximum floor area of 120,200 square feet with general location and footprints of the structures established;
- A new public square and landscaped amphitheater focused on the historic turntable;
- Renovated interpretive center;
- Renovated SP Depot;
- New engine display building with rail spur;
- Commemorative paving in the alignment of the historic Sacramento Valley Railroad; and
- Commemorative garden at the west side of the Railroad Block.

In 2006, the City entered into a Disposition and Development Agreement (DDA) between the RDA and Folsom Railroad Block Developers, LLC to effectuate the Redevelopment

Plan for the redevelopment of the Railroad Block.
In 2007, the Historic District Commission approved a Height Variance, Parking Variance, Conditional Use Permit and Building Design Review for the Railroad Block, including 60 residential units, 45,959 square feet of commercial space and 81 parking spaces. That approval included the Granite House, which was approved at a height of up to 40 feet with 6,197 square feet of retail/office space, 32 residential units, and 30 parking spaces.

GENERAL PLAN DESIGNATION	HF, Historic Folsom Mixed Use
ZONING	SUTR, Sutter Street Subarea of the Historic Commercial Primary Area, HD (Historic Folsom)
ADJACENT LAND USES/ZONING	North: Leidesdorff Street with the Gold Lakes Shopping Center (HD/C-2) beyond South: Sutter Street with Mixed Commercial Uses (HD/C-2) beyond East: Wool Street with Mixed Commercial Uses (HD/C-2) beyond West: Reading Street with the Historic Folsom light rail Station (HD/C-2) beyond
SITE CHARACTERISTICS	The subject property is 0.48 acres in size and currently includes uncovered parking.
APPLICABLE CODES	FMC Chapter 17.52 HD, Historic District FMC Section 17.52.300, Design Review FMC Section 17.52.330, Plan Evaluation FMC Section 17.52.340, Approval Process FMC Section 17.52.400, Design Standards FMC Section 17.52.510, Sutter Street Subarea Special Use and Design Standards Historic District Design and Development Guidelines Government Code § 65863.2, Minimum Automobile Parking Requirements (AB 2097)

ATTACHMENT 3
Conditions of Approval

CONDITIONS OF APPROVAL FOR THE GRANITE HOUSE MODIFICATIONS (DRCL24-00191)

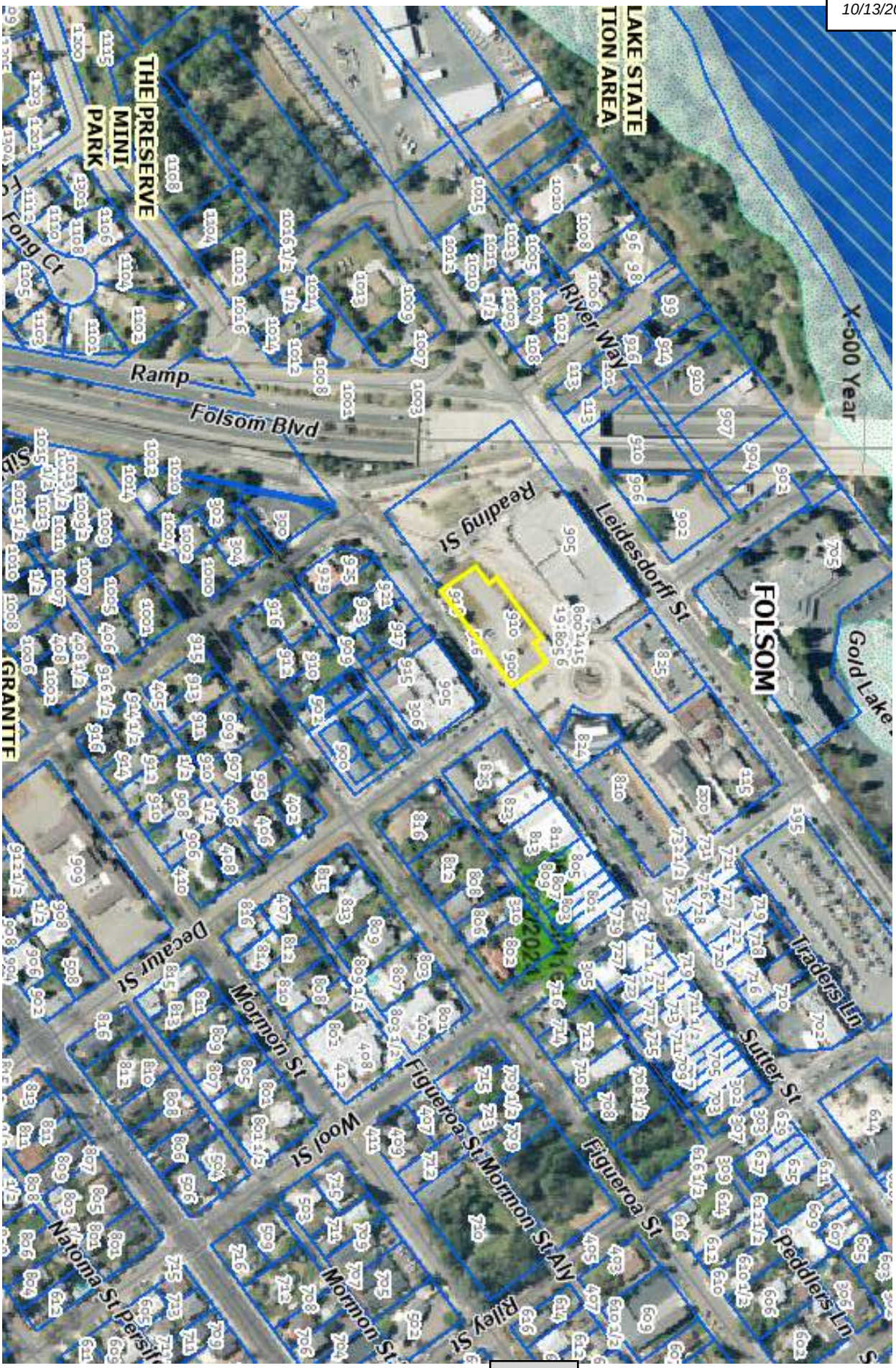
Cond. No.	Mitigation Measure	GENERAL REQUIREMENTS	When Required	Responsible Department
1.		Issuance of a Building Permit is required. The applicant shall submit final building plans to the Community Development Department that substantially conform to the proposed site plan and color elevations included in Attachments 6 and 7. Implementation of this project shall be consistent with the above referenced items as modified by these conditions of approval.	B	CD (B)
2.		Compliance with all local, state and federal regulations pertaining to building construction and demolition is required.	OG	CD (B)
3.		This approval is for modifications to the Granite House project. The applicant shall submit building plans that comply with this approval and the site plan included in Attachment 6 and color building elevations included in Attachment 7. All Conditions of Approval as outlined herein shall be made as a note or separate sheet on the Construction Drawings.	B	CD (P)
4.		The conditions of approval for the Historic Folsom Station Height Variance, Parking Variance, Conditional Use Permit and Building Design Review (including mitigation measures from the associated CEQA documents) (PN07-080), as modified by the conditions of approval of this project (DRCL24-00191) shall continue to apply, and are hereby incorporated by reference.	OG	CD (P) (E) (B)
5.		The owner/applicant shall pay all applicable taxes, fees and charges at the rate and amount in effect at the time such taxes, fees and charges become due and payable.	B	CD (P)(E)
6.		The City, at its sole discretion, may utilize the services of outside legal counsel to assist in the implementation of this project, including, but not limited to, drafting, reviewing and/or revising agreements and/or other documentation for the project. If the City utilizes the services of such outside legal counsel, the applicant shall reimburse the City for all outside legal fees and costs incurred by the City for such services. The applicant may be required, at the sole discretion of the City Attorney, to submit a deposit to the City for these services prior to initiation of the services. The applicant shall be responsible for reimbursement to the City for the services regardless of whether a deposit is required.	B	CD (P)(E)

		If the City utilizes the services of consultants to prepare special studies or provide specialized design review or inspection services for the project, the applicant shall reimburse the City for actual costs it incurs in utilizing these services, including administrative costs for City personnel. A deposit for these services shall be provided prior to initiating review of the improvement plans or beginning inspection, whichever is applicable.	B	CD (P)(E)
8.		This project shall be subject to all City-wide development impact fees, unless exempt by previous agreement. This project shall be subject to all City-wide development impact fees in effect at such time that a building permit is issued. These fees may include, but are not limited to, fees for fire protection, park facilities, park equipment, Quimby, Humbug-Willow Creek Parkway, Light Rail, TSM, capital facilities and traffic impacts. The 90-day protest period for all fees, dedications, reservations or other exactions imposed on this project has begun. The fees shall be calculated at the fee rate in effect at the time of building permit issuance.	B	CD (P)(E), PW, PR
9.		The project approval granted under this staff report shall remain in effect for one year from final date of approval (expiring **October 2, 2025**). If a building permit is not issued within the identified time frame and/or the applicant has not demonstrated substantial progress towards completion of the project, this approval shall be considered null and void. The owner/applicant may file an application with the Community Development Department for an extension not less than 60 days prior to the expiration date of the approval, along with appropriate fees and necessary submittal materials pursuant to Section 17.52.350 of the Folsom Municipal Code. If after approval of this project, a lawsuit is filed which seeks to invalidate any approval, entitlement, demolition permit, or other construction permit required in connection with any of the activities or construction authorized by the project approvals, or to enjoin the project contemplated herein, or to challenge the issuance by any governmental agency of any environmental document or exemption determination, the one year period for submitting a complete permit application referenced in FMC Section 17.52.350(A) shall be tolled during the time that any litigation is pending, including any appeals.	B	CD (P)
10.		The existing amended Disposition and Development Agreement for the Historic Folsom Station/Railroad Block project shall be further amended to reflect the project modifications approved by City Council and shall retain a schedule of performance and affordable housing requirements for the Railroad Block project as a whole. The second amended DDA shall be approved prior to the applicant obtaining building permits for the Granite House project.	B	CD (P)

		Both the domestic line and the fire line for the Granite House project shall be protected with the appropriate Reduced Pressure Principle Assembly (RPPA) and Reduced Pressure Detector Assembly (RPDA) USC-certified device as close to the Right of Way as possible, to the satisfaction of the City of Folsom Community Development Department and Environmental and Water Resources Department. Once the required manifold is in place, the associated valves, meters and RPPA and RPDA devices shall be installed directly behind the manifold. Additional coordination between the Environmental and Water Resources Department and the applicant shall occur to understand how the placement of the manifold, meters and RPPA and RPDA devices would affect the site layout and location.	I, DC	CD (E)
12.		~~**The applicant shall comply with the conditions of the SMUD comment letter provided in Attachment 10**~~. **The owner/applicant shall coordinate the planning, development and completion of this project with the various utility agencies including SMUD, PG&E, etc.** *(This condition was modified at the October 2, 2024 Historic District Commission meeting.)*	OG	CD (E) (B) (P)
13.		**To the extent necessary and feasible, the applicant shall work with the City of Folsom to revise the existing Easement and Maintenance Agreement, including establishment of any transfers, land exchanges, and easement dedications to support the proposed revised design as presented to the satisfaction of the City Engineer.** *(This condition was added at the October 2, 2024 Historic District Commission meeting.)*	I, B	CD (E)

RESPONSIBLE DEPARTMENT		WHEN REQUIRED	
CD (P) (E) (B) (F)	Community Development Department Planning Division Engineering Division Building Division Fire Division	I	Prior to approval of Improvement Plans
		M	Prior to approval of Final Map
		B	Prior to issuance of first Building Permit
		O	Prior to approval of Occupancy Permit
		G	Prior to issuance of Grading Permit
PW	Public Works Department	DC	During construction
PR	Park and Recreation Department	OG	On-going requirement
PD	Police Department		

Attachment 4
Vicinity Map


LAKE STATE
TION AREA
THE PRESERVE
MINI
PARK
Fong Ct
Ramp
Folsom Blvd
River Way
Reading St
Leidesdorff St
FOLSOM
X-500 Year
Gold Lake
Traders Ln
Sutter St
Figueroa St
Figueroa St Mormon St Aly
Mormon St
Wool St
Decatur St
Riley St
Peddlers Ln
Natoma St
GRANITE

Attachment 5
Applicant's Narrative

The Granite House at Historic Folsom Station

1. Design Revision Request.

Folsom Railroad Block Developers, LLC is requesting approval of a design revision for the Granite House at Historic Folsom Station.

The 30 spaces or 10,517 SF of residential parking located within the first level of the building will be relocated to the developer's owned parcel at 825 Leidesdorff Street just NE of the building across the plaza and commercial space will replace this area.

The reason for this request is that building is no longer economically viable given the 65% increase in construction costs since the building was originally set to commence construction in 2011. In addition, increases in condo values and commercial lease revenue have not offset the increase in construction costs, fees and financing costs.

Currently, the Granite House plans are ready for permit issuance and contain approximately 29,328 SF of residential space, 6,670 SF of commercial space and 10,517 SF of parking totaling 46,515 SF, not including corridors, stairs and other non-leasable areas.

Since the parking is located within the building, the cost to construct the parking is equal to the cost to construct the retail shell space yet no revenue is generated from the parking. Based on a third-party general contractor, the cost to construct the parking is now approximately $3.8 million or $361 PSF. Allocating the parking cost to the residential units would add $126,667 to each unit ($3.8 million/30 units).

Since the parking percentage of 22.5% (10,517 SF/46,515 SF) of the building square footage is so large, a thorough value engineering effort did not yield savings sufficient to offset this cost.

With the revision, the residential square footage remains the same but the commercial square footage would increase from approximately 6,670 SF to approximately 15,980 SF.

There are several benefits to this change.

a. The first level north elevation and 50% of the first level west elevation was parking with no engagement or interaction with the public plaza and Reading Street. Now, all four elevations of the building will contain commercial space fronting the public plaza, Reading and Sutter Streets.
b. With extensive landscaping in the drainage swale on the north side of Granite House, the drainage swale will become an amenity rather than an eyesore.

c. With the pedestrian bridge across the swale, there will now be more direct access from the building to the plaza and parking garage.
d. This will add much needed commercial space in the Historic District without exceeding the commercial square footage approved in the Railroad Block Masterplan.
e. Extend the retail experience to the west entry of the District and around the plaza.

2. Description of the first level commercial space.

1. 900 Sutter Street-East end cap

   Facing the Roundhouse at the entry to the plaza with south frontage on Sutter Street and east and north frontage on the plaza, this **3,850 SF** space benefits from having an outside dining area of **3,150 SF** wrapping the space. It is intended for a small restaurant or café like the local Selland's Market-Café or Elephant's Delicatessen in Portland.

2. 904 Sutter Street-Southeast of the lobby

   Facing Sutter Street immediately east of the building lobby, this **1,400 SF** space will likely be a retail business or boutique.

3. 908 Sutter Street-Northeast of the lobby

   Without Sutter Street frontage, this **2,250 SF** space is intended to be a design center and office for the developer and their affiliated general contractor, Kensington Homes, Inc.

4. 910 Sutter Street-Residential lobby and lofts

   Fronting both Sutter Street and the plaza, this is the first level lobby and elevator access for the residential units located on the second and third floors.

5. 916 Sutter Street-west of the lobby

   This **4,630 SF** space provides flexibility to attract a larger retail tenant. The entire space fronts Sutter Street and the plaza. However, there will be an option to divide the space. Tenants targeted for this space included women's or children's apparel, specialty home furnishings, kitchenware and cooking classes. If divided, the space facing the plaza may be an office and/or studio, since it won't have the visibility that most retail tenants require.

6. 918 Sutter Street-West end cap

   At the corner of Sutter and Reading Street, this **3,850 SF** space has excellent visibility entering the Historic District. With its outside area of **1,635 SF**, tall ceilings and adjacent parking, it is very desirable for a restaurant, small market, or the sale recreational products, rentals and services.

3. Historic Folsom Station Timeline.

2004 Railroad Block Master Conceptual Plan approved by the City of Folsom

2006 Bernau Development Corporation joins development entity

Development and Disposition Agreement (DDA) approved by City of Folsom

2007 Historic Folsom Station (formerly Railroad Block) design review approved by HDC

Developer and City commence plaza design

Developer submits all four building plans to the City of Folsom building department

2008 Developer excavates, adds structural fill and re-compacts Granite House building pad 9-15' below existing grade to correct soils condition.

Developer submits and City approves condo application

City of Folsom completes parking garage for the public's and HFS's use

Public plaza conceptual design approved by HDC

Historic District Revitalization Program commences

Since plaza infrastructure is needed for the Granite House occupancy, Granite House construction is planned to commence with plaza construction

2009 Sutter Streetscape design approved including HFS frontage improvements

2010 Sutter Streetscape improvement plans completed, bid and construction commenced

Public plaza plans completed, and construction contract awarded

Developer pre-sells residential lofts and the building plans are approved for issuance.

2011 Sutter Street Streetscape construction completed

Public Plaza construction commences

Amended and restated DDA approved

Redevelopment Agencies terminated, and assets taken over by State of California

Granite House delayed indefinitely

2012 Scott's Seafood expresses interest in relocating to the Roundhouse

2014 Historic Folsom Station DDA ratified by State, parcels re-appraised, air and use easements completed and Developer purchases parcels on December 24, 2014.

2015 Developer and Scott's Seafood negotiate and sign lease

Scott's Seafood commences TI plans

2016 Scott's Seafood TI plans submitted to the City of Folsom building department

Developer submits new building shell plans for the Roundhouse to the building department

2017 The Roundhouse building shell and Scott's Seafood plans are approved for issuance

Developer commences construction on Roundhouse building shell

2018 Developer and Willamette Wineworks negotiate and sign lease

Willamette Wineworks designs and submits TI plans to the City of Folsom building department

2019 Roundhouse building shell complete

Scott's Seafood and Willamette Wineworks commence tenant improvements

2020 Willamette Wineworks opens February 20, 2020

Scott's Seafood opens July 18, 2020

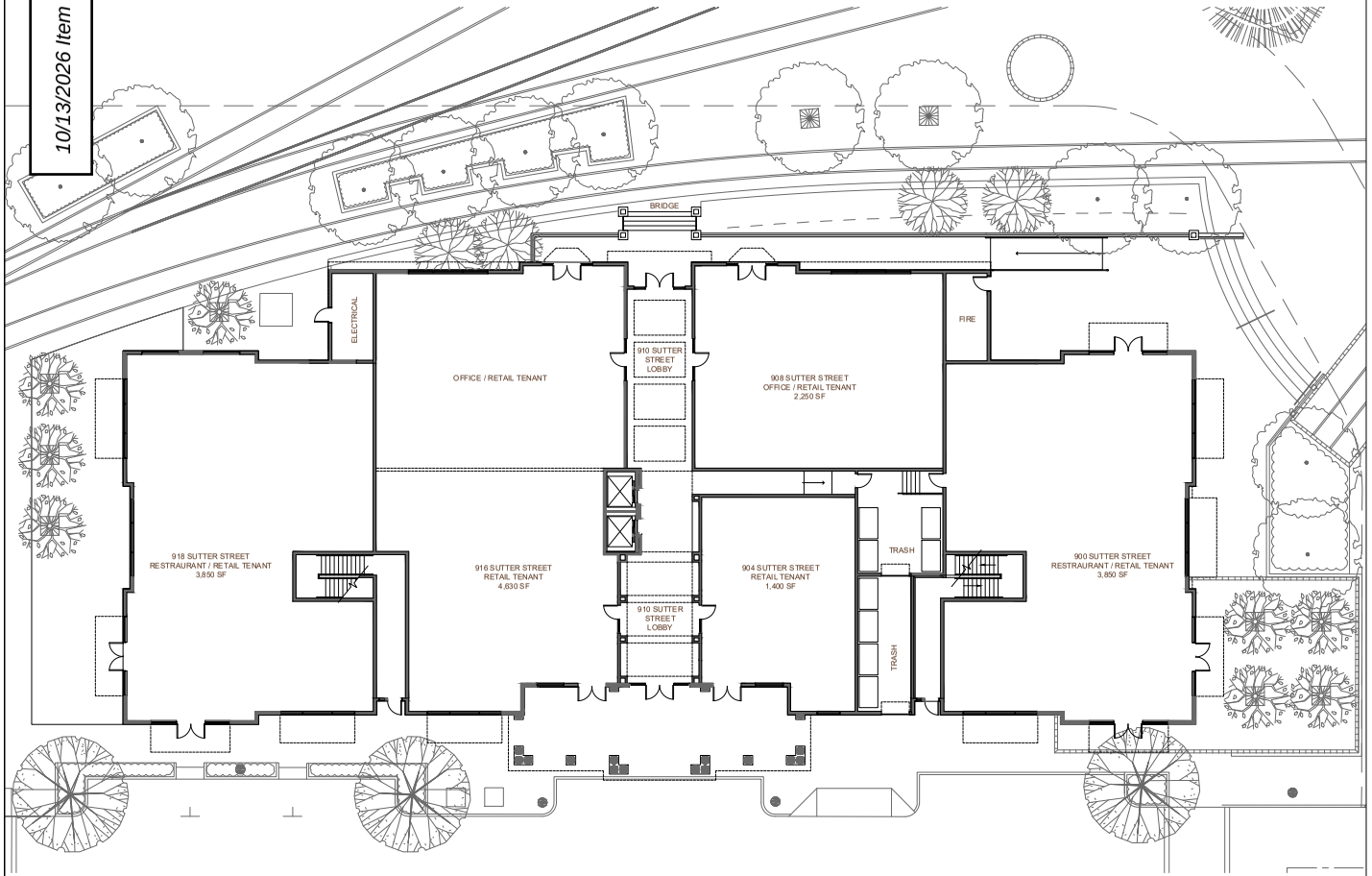
2021 Developer commences preparation of new Granite House building plans

2022 Developer submits Granite House building plans to City of Folsom building department

2023 City of Folsom approves Granite House building plans for permit issuance

2024 Granite House bidding complete, value-engineering complete, and 1st level of the Granite House re-designed to substitute commercial space for parking

Attachment 6
Site Plan



Historic Folsom Station Building D "GRANITE HOUSE"
...tect, (900-918) Folsom, California Folsom.
...ck Developers, LLC Managing Member:
...mau Development Corporation

MARK	DATE	DESCRIPTION
1	05/07/25	PLAN CHECK COMMENTS
2	06/02/25	PLAN CHECK COMMENTS 2
3	07/17/25	PLAN CHECK COMMENTS #3
4	07/31/24	PROPOSED CHANGES
5		
6		

DATE
JOB
FILE
DRAWN
CHECKED

SHEET TITLE
PROPOSED
FIRST FLOOR PLAN

SHEET NO.
A-2.01

Attachment 7
Approved and Proposed Elevations



PROPOSED NEW SOUTH ELEVATION



ORIGINAL SOUTH ELEVATION



PROPOSED NEW NORTH ELEVATION



ORIGINAL NORTH ELEVATION

PROPOSED NEW WEST ELEVATION



ORIGINAL WEST ELEVATION



PROPOSED NEW EAST ELEVATION



ORIGINAL EAST ELEVATION



Attachment 8
Project Rendering



ARTIST'S RENDERING BY
stevehubbardstudios.com

Attachment 9
Color Board



WINSTON
HEBRON BRICK

RIDGETOP 18
EL DORADO STONE

TRIM
CLASSIC LIGHT BLUE
SW0050

WINDOWS/DOORS
BRONZE
MILGARD ULTRA SERIES

ACCENTS
DOWNING STONE
SW2821

RAILINGS
BLACK

AWNINGS
BLACK

Attachment 10
SMUD Conditions

SMUD®

Sent Via E-Mail

August 12, 2024

Josh Kinkade
City of Folsom
50 Natoma Street
Folsom, CA 95630

Subject: **Granite House Modifications (Project No. DRCL24-00191)**

Dear Josh Kinkade:

The Sacramento Municipal Utility District (SMUD) appreciates the opportunity to provide comments on the Design Review for the Granite House Modifications (Project, DRCL24-00191), located at 900-918 Sutter Street. SMUD is the electric utility provider for Sacramento County, including the proposed Project area. SMUD's vision is to empower our customers with solutions and options that increase energy efficiency, protect the environment, reduce global warming, and lower the cost to serve our region, all while maintaining best-in-class safety and reliability. As a reviewing agency, SMUD is committed to providing reliable service to meet our customers' growing needs.

Folsom Railroad Block Developers, LLC/Bernau Development Corporation (Applicant) has requested to modify the design of the Granite House project, including removing the 30 parking spaces on the lower level of the building (as allowed by Assembly Bill 2097) and replacing the 10,517 square feet of this space with commercial space.

SMUD requests the following conditions on the Applicant's Project to minimize impacts to SMUD facilities on or adjacent to the Project site.

1. SMUD has existing underground 12kV facilities on the project site as well as along Sutter St. that will need to remain. The Applicant shall be responsible for maintaining all CalOSHA and State of California Public Utilities Commission General Order No. 128 safety clearances during construction and upon building completion. If the required clearances cannot be maintained, the Applicant shall be responsible for the cost of relocation.

2. Any necessary future SMUD facilities located on the Applicant's property shall require a dedicated SMUD easement. This will be determined prior to SMUD performing work on the Applicant's property.

3. In the event the Applicant requires the relocation or removal of existing SMUD facilities on or adjacent to the subject property, the Applicant shall coordinate with SMUD. The Applicant shall be responsible for the cost of relocation or removal.

4. SMUD reserves the right to use any portion of its easements on or adjacent to the subject property that it reasonably needs and shall not be responsible for any damages to the developed property within said easement that unreasonably interferes with those needs.

5. The Applicant shall comply with SMUD siting requirements (e.g., panel size/location, clearances from SMUD equipment, transformer location, service conductors). Information regarding SMUD siting requirements can be found at: https://www.smud.org/en/Business-Solutions-and-Rebates/Design-and-Construction-Services.

6. The Applicant shall locate, verify, and provide a drawing to SMUD identifying all electrical utility infrastructure for the existing structures. If necessary, any existing onsite electrical infrastructure that serves existing structures shall be relocated to the satisfaction of SMUD.

7. The Applicant shall dedicate a 12.5-foot public utility easement for overhead and/or underground facilities and appurtenances adjacent to all public street rights-of-ways.

8. The Applicant shall dedicate any private drive, ingress and egress easement, (and 10-feet adjacent thereto) as a public utility easement for (overhead and) underground facilities and appurtenances. All access roads shall meet minimum SMUD requirements for access roads.

9. The Applicant shall dedicate and provide all-weather vehicular access for service vehicles that are up to 26,000 pounds. At a minimum: (a) the drivable surface shall be 20-feet wide; and (b) all SMUD underground equipment and appurtenances shall be within 15-feet from the drivable surface.

SMUD aims to be partners in the efficient and sustainable delivery of the proposed Project. To that end, SMUD recommends that California Environmental Quality Act (CEQA) documents for proposed Project activities include adequate evaluation of cumulative impacts to utility systems, the utility facilities needed to serve the Project, and any potential environmental issues associated with extending utility service to the proposed Project. This will ensure the Project's compliance with CEQA and reduce potential delays in Project schedule.

SMUD appreciates the opportunity to provide input on the Design Review for Granite House Modifications. Please ensure that the conditions and considerations in this response are conveyed to the Project planners and the appropriate Project Applicants. Any revisions or deletions relative to the above conditions must be submitted in writing to the Real Estate section of SMUD. No verbal or other written agreements should be accepted by City of Folsom. For additional information regarding approvals, acceptable uses and clearances for SMUD facilities, please contact SMUD's Land Agent, Amber Montijo, at Amber.Montijo@smud.org or (916)732-6005.

Sincerely,



Sara Christian
Regional & Local Government Affairs
Sacramento Municipal Utility District
6201 S Street, MS B404
Sacramento, CA 95817
entitlements@smud.org

cc: Amber Montijo

Attachment 11
Public Comments

Josh Kinkade

From: The HFRA <thehfra@gmail.com>
Sent: Tuesday, August 6, 2024 8:11 AM
To: Josh Kinkade
Cc: Mike Reynolds; Carrie Lane; Paul Keast; Robert (Bob) Walter
Subject: Re: Granite House Modifications Request for Comments

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Josh,

Thank you for giving HFRA the opportunity to provide comments. We support the proposed design changes and believe the relationship between the building and the plaza has been improved. However, we'd like the City and the developer to acknowledge that relocating the 30 parking spots associated with the residential condos from the building to an existing parking lot will result in a net loss of parking spots both in the short term and the long term when development is completed on the Leidesdorff Street parcel. We understand that the project is not required to provide parking, however, allowing this change will have potential impact on the availability of parking in the Historic District's commercial area as well as potential impact to the adjacent residential neighborhoods.

Sincerely,
The HFRA Board of Directors

On Thu, Jul 25, 2024 at 4:26 PM Josh Kinkade <jkinkade@folsom.ca.us> wrote:

> All,
>
> Please see the attached request for comments and associated plans for the Granite House Modifications project that will be going in front of the Historic District Commission. Please send me any comments or questions by 8/8/24 if possible.
>
> Thanks,

CITY OF FOLSOM
DISTINCTIVE BY NATURE

Josh Kinkade
Associate Planner

City of Folsom
50 Natoma Street, Folsom, CA 95630
jkinkade@folsom.ca.us
o:916-461-6209

www.folsom.ca.us

ATTACHMENT 3
Commission Revised Conditions of Approval, dated October 2, 2024

CONDITIONS OF APPROVAL FOR THE GRANITE HOUSE MODIFICATIONS (DRCL24-00191)

Cond. No.	Mitigation Measure	GENERAL REQUIREMENTS	When Required	Responsible Department
1.		Issuance of a Building Permit is required. The applicant shall submit final building plans to the Community Development Department that substantially conform to the proposed site plan and color elevations included in Attachments 6 and 7. Implementation of this project shall be consistent with the above referenced items as modified by these conditions of approval.	B	CD (B)
2.		Compliance with all local, state and federal regulations pertaining to building construction and demolition is required.	OG	CD (B)
3.		This approval is for modifications to the Granite House project. The applicant shall submit building plans that comply with this approval and the site plan included in Attachment 6 and color building elevations included in Attachment 7. All Conditions of Approval as outlined herein shall be made as a note or separate sheet on the Construction Drawings.	B	CD (P)
4.		The conditions of approval for the Historic Folsom Station Height Variance, Parking Variance, Conditional Use Permit and Building Design Review (including mitigation measures from the associated CEQA documents) (PN07-080), as modified by the conditions of approval of this project (DRCL24-00191) shall continue to apply, and are hereby incorporated by reference.	OG	CD (P) (E) (B)
5.		The owner/applicant shall pay all applicable taxes, fees and charges at the rate and amount in effect at the time such taxes, fees and charges become due and payable.	B	CD (P)(E)
6.		The City, at its sole discretion, may utilize the services of outside legal counsel to assist in the implementation of this project, including, but not limited to, drafting, reviewing and/or revising agreements and/or other documentation for the project. If the City utilizes the services of such outside legal counsel, the applicant shall reimburse the City for all outside legal fees and costs incurred by the City for such services. The applicant may be required, at the sole discretion of the City Attorney, to submit a deposit to the City for these services prior to initiation of the services. The applicant shall be responsible for reimbursement to the City for the services regardless of whether a deposit is required.	B	CD (P)(E)

		If the City utilizes the services of consultants to prepare special studies or provide specialized design review or inspection services for the project, the applicant shall reimburse the City for actual costs it incurs in utilizing these services, including administrative costs for City personnel. A deposit for these services shall be provided prior to initiating review of the improvement plans or beginning inspection, whichever is applicable.	B	CD (P)(E)
8.		This project shall be subject to all City-wide development impact fees, unless exempt by previous agreement. This project shall be subject to all City-wide development impact fees in effect at such time that a building permit is issued. These fees may include, but are not limited to, fees for fire protection, park facilities, park equipment, Quimby, Humbug-Willow Creek Parkway, Light Rail, TSM, capital facilities and traffic impacts. The 90-day protest period for all fees, dedications, reservations or other exactions imposed on this project has begun. The fees shall be calculated at the fee rate in effect at the time of building permit issuance.	B	CD (P)(E), PW, PR
9.		The project approval granted under this staff report shall remain in effect for one year from final date of approval (expiring **October 2, 2025**). If a building permit is not issued within the identified time frame and/or the applicant has not demonstrated substantial progress towards completion of the project, this approval shall be considered null and void. The owner/applicant may file an application with the Community Development Department for an extension not less than 60 days prior to the expiration date of the approval, along with appropriate fees and necessary submittal materials pursuant to Section 17.52.350 of the Folsom Municipal Code. If after approval of this project, a lawsuit is filed which seeks to invalidate any approval, entitlement, demolition permit, or other construction permit required in connection with any of the activities or construction authorized by the project approvals, or to enjoin the project contemplated herein, or to challenge the issuance by any governmental agency of any environmental document or exemption determination, the one year period for submitting a complete permit application referenced in FMC Section 17.52.350(A) shall be tolled during the time that any litigation is pending, including any appeals.	B	CD (P)
10.		The existing amended Disposition and Development Agreement for the Historic Folsom Station/Railroad Block project shall be further amended to reflect the project modifications approved by City Council and shall retain a schedule of performance and affordable housing requirements for the Railroad Block project as a whole. The second amended DDA shall be approved prior to the applicant obtaining building permits for the Granite House project.	B	CD (P)

		Both the domestic line and the fire line for the Granite House project shall be protected with the appropriate Reduced Pressure Principle Assembly (RPPA) and Reduced Pressure Detector Assembly (RPDA) USC-certified device as close to the Right of Way as possible, to the satisfaction of the City of Folsom Community Development Department and Environmental and Water Resources Department. Once the required manifold is in place, the associated valves, meters and RPPA and RPDA devices shall be installed directly behind the manifold. Additional coordination between the Environmental and Water Resources Department and the applicant shall occur to understand how the placement of the manifold, meters and RPPA and RPDA devices would affect the site layout and location.	I, DC	CD (E)
12.		~~**The applicant shall comply with the conditions of the SMUD comment letter provided in Attachment 10**~~. **The owner/applicant shall coordinate the planning, development and completion of this project with the various utility agencies including SMUD, PG&E, etc.** *(This condition was modified at the October 2, 2024 Historic District Commission meeting.)*	OG	CD (E) (B) (P)
13.		**To the extent necessary and feasible, the applicant shall work with the City of Folsom to revise the existing Easement and Maintenance Agreement, including establishment of any transfers, land exchanges, and easement dedications to support the proposed revised design as presented to the satisfaction of the City Engineer.** *(This condition was added at the October 2, 2024 Historic District Commission meeting.)*	I, B	CD (E)

RESPONSIBLE DEPARTMENT		WHEN REQUIRED	
CD (P) (E) (B) (F)	Community Development Department Planning Division Engineering Division Building Division Fire Division	I	Prior to approval of Improvement Plans
		M	Prior to approval of Final Map
		B	Prior to issuance of first Building Permit
		O	Prior to approval of Occupancy Permit
		G	Prior to issuance of Grading Permit
PW	Public Works Department	DC	During construction
PR	Park and Recreation Department	OG	On-going requirement
PD	Police Department		

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CITY OF
FOLSOM
DISTINCTIVE BY NATURE

Folsom City Council
Staff Report

MEETING DATE:	10/13/2026
AGENDA SECTION:	Consent Calendar
SUBJECT:	Historic Folsom Station Development Agreement Amendment (DEVA26-00036) i. Ordinance No. 1378 - An Uncodified Ordinance of the City of Folsom Approving the Second Amended and Restated Development Agreement by and between the City of Folsom and Folsom Railroad Block Developers, LLC Relative to the Historic Folsom Station (Second Reading and Adoption)
FROM:	Community Development Department

RECOMMENDATION / CITY COUNCIL ACTION

Move to conduct the second reading and adopt Ordinance No. 1378 - An Uncodified Ordinance of the City of Folsom Approving the Second Amended and Restated Development Agreement by and between the City of Folsom and Folsom Railroad Block Developers, LLC Relative to the Historic Folsom Station.

BACKGROUND / ISSUE

In 1983, the Folsom City Council adopted the Redevelopment Plan for the Central Folsom Redevelopment Project. A master conceptual plan for the Historic Folsom Station (also known as the Railroad Block), located on four parcels within the square block bound by Leidesdorff Street, Reading Street, Sutter Street, and Wool Street, was approved in 2004, and an Implementation Plan was approved in 2006. The City, through the former Redevelopment Agency, entered into a Disposition and Development Agreement (DDA) with Folsom Railroad Block Developers, LLC (the Developer) in 2006 which provided for the sale of the private parcels to the Developer for development of office, retail, and residential uses within the Historic Folsom Station and development by the City on the remaining portion of the site. The

City approved entitlements for the four mixed-use buildings in 2007. The DDA was amended in 2011 (refer to Attachment 3), and the Developer completed construction of the first building (the Folsom Roundhouse, which includes Scott's Seafood and Willamette Wineworks) in 2020.

A second building, known as the Granite House, was originally approved for building permits in 2009 and included retail and residential space on the upper floors with parking on the ground floor. However, due to various factors described in the attached recitals, construction did not occur. The plans for the Granite House were later modified to include commercial uses on the first floor instead of parking, as well as associated exterior modifications and site improvements. Those plans were recommended for approval by the Historic District Commission in 2024 and submitted to the City for review. As a condition of approval, the Developer was required to update the agreement to reflect the Granite House modifications and update the schedule of performance for the Historic Folsom Station project as a whole. Since the disposition or sale of the properties to the Developer already occurred, the agreement is now referred to as a Development Agreement (DA) and is included in this report as Attachment 2.

On September 22, 2026, the City Council conducted their first reading of the ordinance for the Historic Folsom Station Development Agreement Amendment. The City Council heard public comments in support of the project and asked questions regarding the potential for the City to buy back the parcels, what kind of development would be allowed if the sites were subject to the Surplus Land Act, and if the spaces in the City's parking garage reserved for the Granite House project could be located on the top floor of the garage and have improvements and long-term maintenance and patrolling be the responsibility of the Developer. The City Council ultimately voted (5-0-0-0) to introduce and conduct first reading of Ordinance No. 1378 (An Uncodified Ordinance of the City of Folsom Approving the Second Amended and Restated Development Agreement by and Between the City of Folsom and Folsom Railroad Block Developers, LLC Relative to the Historic Folsom Station). No changes to the ordinance have been made since the first reading.

POLICY / RULE

As set forth in the State Planning and Zoning Law, approval of, or amendments to, a Development Agreement is a legislative act which requires approval by the planning agency and legislative body. The City Council serves as the legislative body for the City of Folsom, and also currently serves as the planning agency for properties within the Historic District.

ANALYSIS

As part of the updates to the DA, the Developer is proposing several modifications, both at the request of City staff and at their own request. A summary of the key modifications along with staff's analysis and recommendation for each modification is provided below:

1. **Removal of Disposition and Redevelopment Agency:** The Developer has removed

references to terms related to disposition of the property and the Redevelopment Agency of the City of Folsom.

Staff Recommendation: Since the sale and disposition of the properties under the agreement has already occurred and the Redevelopment Agency was dissolved in 2012 and replaced by the City of Folsom as Successor Agency, staff supports removing terms regarding the disposition from the updated agreement and replacing references to the Redevelopment Agency.

2. **Updated Recitals:** The Developer has included several additional recitals to the agreement to describe events that have occurred between the previous Amendment and the present. The Developer has stated that it is very important to him to have these recitals, as they present a complete picture of the challenges the project has faced over the years, thereby necessitating updated terms.

   Staff Recommendation: Staff has reviewed the proposed updated recitals and has verified the accuracy of all the statements. Staff has also included additional recitals based on guidance from legal counsel to which the Developer was agreeable.

3. **Granite House Modifications:** The Developer has updated the elevations and floor plans for the Granite House to reflect retail uses on the first floor rather than a parking garage.

   Staff Recommendation: Staff reviewed these modifications as part of a Design Review application. Replacing the parking garage provides multiple benefits to the area despite the loss of parking. First, it places restaurants, offices and retails on the plaza area thereby helping to activity that space, encourage activity and enhance security by providing eyes on that area. Second, from a visual standpoint it removes a series of parking garage doors from the plaza area and replaces it with storefronts and outdoor seating. As a result, staff recommended approval of the modifications and presented the project to the Historic District Commission, who also recommended approval to City Council. As such, staff supports inclusion of the revised Granite House project in the updated DA. This recommendation assumes approval of the updated building by City Council, which is scheduled for the October 13, 2026 meeting.

4. **Additional Parking Spaces in City Garage:** The original Agreement included 23 parking spaces reserved for tenants of the Granite House project within the 315-space City-owned public parking garage located in the Historic Folsom Station. The Developer is now requesting that 32 spaces be made available for the use of any of their tenants (office, commercial, or residential).

   Staff Recommendation: The updated Granite House building would no longer contain a parking garage and would instead contain new retail and office space on the ground level (if approved by City Council as proposed). Residents, tenants, employees, and customers that may have otherwise used the parking within the Granite House building

would therefore have to seek parking elsewhere. As noted earlier, staff sees the modification of the parking within the Granite House to retail uses as a major improvement since the additional retail facing the City's plaza would help improve security and encourage activity in that area. Furthermore, staff believes that if the request for additional parking spaces within the City garage were denied, the Developer would instead use the surface parking lot on Leidesdorff Street that they own but has allowed the City to use for public parking. Staff sees the use of nine additional spaces in the parking garage as a superior alternative to this.

5. **Extensions:** The updated DA now includes an allowed one-year extension to the Schedule of Performance for each mixed-use parcel by the City Manager before City Council approval of a change to the Schedule of Performance is required.

   Staff Recommendation: Previously, the Developer could request an extension from the City Manager and the City Manager could approve such a request without Council authorization. Given the desire by both the Developer and the City to develop the projects in a timely manner, staff has limited the request to a one-year extension for each development project. Any extension beyond that except for a failure by the City to adhere to its review timeline would require the Developer to request further extensions from the City Council. If the City fails to complete its review of Developer's plans for any given Mixed-Use Parcel within the timelines set forth in the Amended Schedule of Performance, the City Manager can authorize an additional extension, commensurate with the length of City delay up to a maximum of an additional 365 days, without Council approval.

6. **Performance Standards:** Performance standards have been added that require the Developer to provide a construction feasibility report and updated financing plan to the City if construction does not start after 270 days from the commencement date shown in the Schedule of Performance in the Agreement, and that failure to provide a satisfactory report and plan will constitute a default of the Agreement. Similarly, as referenced above, if the City fails to meet its review timelines under the Schedule of Performance, the developer could then request the City Manager to grant up to a one-year extension without Council approval.

   Staff Recommendation: Given concerns about the timeline for the development of the mixed-use parcels by the City and the Developer, performance standards for both parties were included as part of the DA Amendment. Staff found that requiring a construction feasibility report and updated financing plan from the Developer was a reasonable measure to ensure development as proposed is still viable. In turn, staff concluded that if the City does not meet the agreed review timelines, the Developer should have the right to request an extension without having to go to City Council. As such, staff is supportive of these new performance standards.

7. **City Buyback Provisions Removed:** In the original grant deed, the language included a provision that gave the City the right to re-purchase the four mixed-use parcels in the event of a default by the Developer.

   Staff Recommendation: If the City were to re-purchase the parcels they would be subject to the Surplus Land Act requirements, which would mean that the sites would need to be developed for affordable housing. As a result, staff recommends removing that requirement as well as the associated Form of Grant Deed that was contained in the original Agreement.

8. **2019 Building Code Cycle Requirements:** The Developer has requested to comply with the 2019 Building Code cycle requirements for the Granite House project for up to two years rather than comply the most recent 2025 code cycle requirements, which would require updates to the existing building plans.

   Staff Recommendation: The Granite House project was submitted and reviewed under the 2019 Building Code cycle. Since that submittal, the Developer has continued to make progress on the project and recently amended the approved plans to remove the parking and replace it with restaurants, retail and office space. Since requiring the Developer to upgrade their plans to the 2025 Building Code cycle and resubmit would result in more delays and costs to the Granite House project, staff supports an extension of allowing the Developer to utilize the 2019 code cycle. Ultimately, staff found that the cost and delay associated with updating the plans to the 2025 code cycle outweigh the costs associated with further project delays. If the project is stalled beyond two years, the Developer would be required to resubmit and bring their plans into compliance with the 2025 code.

Additional economic benefit is expected for the City with approval of the DA Amendment, as the amendment incorporates modifications to the Granite House building that includes new floor-level retail, restaurants, and office where a parking garage was previously approved. Despite the economic development potential of the project, the changes to the Granite House project result in a loss of 30 parking spaces for that development. As identified in the 2011 First Amended and Restated DDA, the four mixed use parcels were to have 80 off-street parking spaces. Under the new amendment, this amount will be reduced to 50 off-street spaces plus a reservation of 32 spaces in the City's parking garage for tenants of the Granite House project. With the passage of AB 2097, which went into effect on January 1, 2023, the City can no longer require residential or commercial projects within ½-mile of a light rail station. Due to this new law, if the Developer were to exit the agreement, the City would not be able to impose any parking requirements on the project.

Despite the reduction in off-street parking, staff anticipates that these new uses will bring additional business into the area and generate additional sales tax for the City. The updated agreement also provides a clear path forward for the Developer to complete the overall project in a timely manner and bring additional property and sales tax to the City once completed. No

other financial impacts to the City are anticipated with the proposed modifications to the Development Agreement, as all subsequent buildings remain unchanged.

In summary, City staff has conducted a thorough review of the proposed modifications to the Development Agreement and is supportive of the DA Amendment as proposed.

Credit of Development Agreement, Legal, and Building Permit Fees: While not covered under the DA Amendment itself, the Developer has requested that the City credit the fees associated with the Development Agreement application review and processing, the City's legal fees for outside counsel associated with preparation of the DA Amendment, and a portion of the building permit fees for the Granite House against the amount owed by the City to him since the Developer paid the property tax on his Leidesdorff lot while it has been used for public parking under an agreement with the City. This request will be presented to the City Council on October 13, 2026 under a separate staff report and resolution, but staff wanted to make you aware of this request as you consider the changes to the DA.

ENVIRONMENTAL REVIEW

An Initial Study/Mitigated Negative Declaration was prepared for the Folsom Historic Railroad Block 1997 Urban Design Master Plan project area in accordance with the California Environmental Quality Act (Public Resources Code Section 21000 et seq) and the CEQA Guidelines, and the City Council, as the lead agency, adopted the Mitigated Negative Declaration and a Mitigation Monitoring Plan. This request does not include any substantial changes to the project, and substantial changes have not occurred with respect to the circumstances under which the project is undertaken, nor is there any new information of substantial importance. Therefore, this request is exempt from CEQA pursuant to Section 21166 of CEQA and Section 15162(a) of the CEQA Guidelines.

FINANCIAL IMPACT

There is no direct financial impact on the General Fund with the approval of this Ordinance.

ATTACHMENTS

1. Ordinance No. 1378 - An Uncodified Ordinance of the City of Folsom Approving the Second Amended and Restated Development Agreement by and Between the City of Folsom and Folsom Railroad Block Developers, LLC Relative to the Historic Folsom Station

2. Second Amended and Restated Development Agreement by and between the City of Folsom and Folsom Railroad Block Developers, LLC Relative to the Historic Folsom Station

3. Amended and Restated Disposition and Development Agreement (Historic Folsom Station/Railroad Block) by and between Redevelopment Agency of the City of Folsom and Folsom Railroad Block Developers, LLC- Central Folsom Redevelopment Project

Submitted,



PAM JOHNS
Community Development Director

Attachment 1

ORDINANCE NO. 1378

AN UNCODIFIED ORDINANCE OF THE CITY OF FOLSOM APPROVING THE SECOND AMENDED AND RESTATED DEVELOPMENT AGREEMENT BY AND BETWEEN THE CITY OF FOLSOM AND FOLSOM RAILROAD BLOCK DEVELOPERS, LLC RELATIVE TO THE HISTORIC FOLSOM STATION

WHEREAS, on November 29, 1983, the City Council of the City of Folsom (the "City Council") adopted Ordinance No. 512 approving and adopting the Redevelopment Plan (the "Redevelopment Plan") for the Central Folsom Redevelopment Project (the "Redevelopment Project" or "Redevelopment Project Area"); and

WHEREAS, on October 20, 2006, the Redevelopment Agency (the "Redevelopment Agency") and Folsom Railroad Block Developers, LLC (the "Developer") entered into a Disposition and Development Agreement (the "DDA") which provided for the sale of certain real property (the "Mixed-Use Sites") by the Redevelopment Agency to the Developer for the development of office, retail and residential uses (the "Developer Improvements") and the development by the Redevelopment Agency on the remaining portion of the Site (the "Public-Use Site") of certain public improvements, including a public parking structure and public plaza improvements; and

WHEREAS, an Amended and Restated Disposition and Development Agreement (the "Amended and Restated DDA") between the Redevelopment Agency and the Developer for the Redevelopment Project was executed on March 8, 2011; and

WHEREAS, on February 1, 2012, the Redevelopment Agency was dissolved, at which time the City of Folsom became the Successor Agency for any existing development agreements previously under the Redevelopment Agency per City of Folsom Resolution 8891; and

WHEREAS, the disposition of all property under the DDA by the Agency to the Developer has occurred as approved by Folsom Successor Agency Oversight Board Resolution No. 014-FSAOB; and

WHEREAS, the Developer has completed construction on the first building of the site (Folsom Roundhouse), is ready to commence construction of the second building (Granite House); and has proceeded with planning the development of remaining Mixed-Use Sites (now called the "Historic Folsom Station"); and

WHEREAS, changes in conditions have prompted the need for changes to the DDA affecting development of the Mixed-Use Sites, in particular removing references to the Redevelopment Agency, disposition, and overall project timeline; and

WHEREAS, the proposed amendments to the DDA have been incorporated into a proposed Second Amended and Restated Development Agreement (the "Second Amended and Restated DA"); and

WHEREAS, an Initial Study/Mitigated Negative Declaration (the "Mitigated Negative Declaration") was prepared for the Folsom Historic Railroad Block 1997 Urban Design Master Plan project area in accordance with the California Environmental Quality Act (Public Resources Code Section 21000 et seq.; "CEQA") and the CEQA Guidelines (Cal. Code of Regulations Section 15000 et seq.; "CEQA Guidelines"), and on December 9, 1997, the City Council, as the lead agency, adopted the Mitigated Negative Declaration and a Mitigation Monitoring Plan; and

WHEREAS, in connection with modifications made to the public plaza, including relocation of an engine display building, adding sound and lighting systems to the public amphitheater and relocating the amphitheater within the public plaza site, the City of Folsom prepared a second addendum to the Mitigated Negative Declaration (the "Second Addendum"), which was approved by the City of Folsom Historic District Commission on March 5,2008, and concluded that the modifications are within the scope of the previously adopted Mitigated Negative Declaration, and

WHEREAS, Section 21166 of CEQA and Section 15162(a) of the CEQA Guidelines state that following the certification of an environmental impact report or approval of a negative declaration, no subsequent environmental review shall be required unless substantial changes are proposed in the project, substantial changes occur with respect to the circumstances under which the project is undertaken, or new information of substantial importance becomes available; and

WHEREAS, pursuant to the authority in Sections 65864 through 65869.5 of the Government Code, the City Council, following a duly notified public hearing on September 22, 2026, approved the Second Amended and Restated Development Agreement by and between the City of Folsom and Folsom Railroad Block Developers, LLC Relative to the Historic Folsom Station; and

WHEREAS, all notices have been given at the time and in the manner required by State Law and the Folsom Municipal Code.

NOW, THEREFORE, the City Council of the City of Folsom hereby does ordain as follows:

SECTION 1 FINDINGS

A. The above recitals are true and correct and incorporated herein by reference.

B. The City finds in adopting this Agreement:

(1) the original redevelopment disposition process was substantially completed through the post-dissolution conveyance process in or around December 2014, when all four Mixed-Use Parcels were conveyed to the Developer;

(2) no new redevelopment property is being conveyed by this Agreement;

(3) no new redevelopment subsidy is being granted;

(4) the Project has remained continuously active since execution of the original DDA; and

(5) this Agreement is intended to implement, update, and complete an existing, partially-completed redevelopment-derived project, and preserves rather than eliminates the core public-benefit framework that originally justified redevelopment participation.

C. The Second Amended and Restated DA is consistent with the objectives, policies, general land uses and programs specified in the City's General Plan and the Folsom Zoning Code.

D. The Second Amended and Restated DA is in conformity with public convenience, general welfare, and good land use practices.

E. The Second Amended and Restated DA will not be detrimental to the health, safety, and general welfare of persons residing in the immediate area, nor be detrimental or injurious to property or persons in the general neighborhood or to the general welfare of the residents of the City as a whole.

F. The Second Amended and Restated DA will not adversely affect the orderly development of property or the preservation of property values.

G. The Second Amended and Restated DA has been prepared in accordance with, and is consistent with, Government Code Sections 65864 through 65869.5, and City Council Resolution No. 2370.

H. All notices have been given at the time and in the manner required by State Law and the Folsom Municipal Code.

I. The environmental impact of the development of the Railroad Block pursuant to the Second Amended and Restated DA has been previously studied by the Mitigated Negative Declaration, the First Addendum and the Second Addendum; none of the circumstances described in Section 15162(a) of the CEQA Guidelines exist that would require preparation of a subsequent environmental impact report; and development of the Railroad Block pursuant to the Second Amended and Restated DA will not cause a significant effect on the environment because the mitigation measures adopted with the Mitigated Negative Declaration have been included as part of the Second Amended and Restated DA and reduce any potential impacts to an insignificant level. From an environmental perspective, no substantial changes to the project requiring further environmental review have been proposed.

SECTION 2 APPROVAL OF AMENDMENT TO DEVELOPMENT AGREEMENT

The Mayor is hereby authorized and directed to execute the Second Amended and Restated Development Agreement by and between the City of Folsom and Folsom Railroad Block Developers, LLC Relative to the Historic Folsom Station in substantially the form attached to the staff report accompanying this Ordinance on behalf of the City after the effective date of this Ordinance.

SECTION 3 SEVERABILITY

If any section, subsection, sentence, clause, or phrase in this Ordinance or any part thereof is for any reason held to be unconstitutional, invalid, or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this Ordinance or any part thereof. The City Council declares that it would have passed each section irrespective of the fact that any one or more section, subsection, sentence, clause, or phrase be declared unconstitutional, invalid, or ineffective.

SECTION 4 EFFECTIVE DATE

This ordinance shall become effective thirty (30) days from and after its passage and adoption, provided it is published in full or in summary within twenty (20) days after its adoption in a newspaper of general circulation in the City.

This ordinance was introduced and the title thereof read at the regular meeting of the City Council on September 22, 2026 and the second reading occurred at the regular meeting of the City Council on October 13, 2026.

On a motion by Councilmember _____ seconded by Councilmember _____, the foregoing ordinance was passed and adopted by the City Council of the City of Folsom, State of California, this 13th day of October, 2026, by the following roll-call vote:

AYES: Councilmember(s):
NOES: Councilmember(s):
ABSENT: Councilmember(s):
ABSTAIN: Councilmember(s):

_____
Justin Raithel, MAYOR

ATTEST:

_____
Christa Freemantle, CITY CLERK

Attachment 2

FOR THE BENEFIT OF THE CITY OF FOLSOM PURSUANT TO GOVERNMENT CODE §6103

RECORDING REQUESTED BY AND WHEN RECORDED, MAIL TO:

CITY CLERK CITY OF FOLSOM
50 NATOMA STREET
FOLSOM, CALIFORNIA 95630Attn:

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

Second Amended and Restated Development Agreement
by and between

City of Folsom

and

Folsom Railroad Block Developers, LLC

HISTORIC FOLSOM STATION

SECOND AMENDED AND RESTATED DEVELOPMENT AGREEMENT

by and between

CITY OF FOLSOM

and

FOLSOM RAILROAD BLOCK DEVELOPERS, LLC

Historic Folsom Station

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DEVELOPMENT AGREEMENT

(Historic Folsom Station)

THIS **SECOND AMENDED AND RESTATED DEVELOPMENT AGREEMENT** (this **"Agreement"**) is entered into by and between the **CITY OF FOLSOM**, a charter city and a municipal corporation (the **"City"**), and **FOLSOM RAILROAD BLOCK DEVELOPERS, LLC**, a Delaware limited liability company (the **"Developer"**).

RECITALS

The following recitals are a substantive part of this Agreement:

A. The real property subject to this Agreement is commonly known as the Railroad Block, consisting of approximately 4.9 acres within the Folsom Historic District, more particularly described in Attachment No. 1 and shown on Attachment No. 2 (the "Railroad Block"). The master conceptual plan and development guidelines for the site were originally approved pursuant to Resolution No. 207-R, dated June 8, 2004 ("Master Conceptual Plan"), attached hereto as Attachment No. 3.

B. The complex project history described in more detail in these recitals originated with a Disposition and Development Agreement executed on October 20, 2006 ("Original DDA") by and between the Developer and the former Redevelopment Agency of the City of Folsom ("Agency"), which was subsequently amended and restated on March 8, 2011 ("Amended and Restated DDA") to guide the public-private development of the Railroad Block.

C. Following the statutory dissolution of the Agency in 2011 under Assembly Bill x1 26, the City elected to serve as the Successor Agency. As described in more detail below, on December 24, 2014, fee title to the four reconfigured private development parcels (Parcels A, C, D, and E, collectively the "Mixed-Use Parcels") was formally conveyed to the Developer via a post-dissolution transfer framework approved by the California Department of Finance. Concurrently therewith, the parties recorded a Grant Deed, Restrictive Covenant, and an Easement and Maintenance Agreement assigning the former Agency's surviving rights and enforcement obligations to the City.

D. The public and private components of the broader site plan have progressed in phases. The City completed the primary public plaza and streetscape enhancements on the retained balance of the site (the "Public-Use Site"). On the Mixed-Use Parcels, the Developer successfully completed construction and commercial build-out of the building on Mixed-Use Parcel D (the "Roundhouse") in 2019–2020. Additionally, on March 14, 2018, the parties recorded a temporary easement agreement permitting the City to position a temporary public restroom structure on a portion of Mixed-Use Parcel E pending future phase construction.

E. To address macroeconomic changes and ensure structural project feasibility, the Developer applied for a design modification for the unbuilt building on Mixed-Use Parcel C ("Granite House"), which was recommended for approval by the Historic District Commission on October 2, 2024 under Project No. DRCL24-00191. This design modification reallocated space previously designated for internal parking into active retail and office uses.

F. As is more fully set forth in this Agreement, the Developer will finance and undertake

the development, operation and maintenance of improvements on the Mixed-Use Parcels, consisting of office, retail, restaurant, and residential uses (the "Developer Improvements"), and the City has financed and undertaken the development of public improvements on the Public-Use Site, consisting of public plaza and streetscape improvements (the "City Improvements"). The Developer Improvements and the City Improvements are collectively referred to herein as the "Historic Folsom Station Project." The residential component of the Developer Improvements requires that the Developer comply with the affordable housing requirements set forth herein.

G. The development of the Mixed-Use Parcels by the Developer, and the improvement of the Railroad Block by the City and the Developer pursuant to the terms of this Agreement, are in the vital and best interests of the City and the health, safety, and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local laws and requirements under which the redevelopment of the Railroad Block is being undertaken.

H. The City finds that in adopting this Agreement: (1) the original redevelopment disposition process was substantially completed through the post-dissolution conveyance process in or around December 2014, when all four Mixed-Use Parcels were conveyed to the Developer; (2) no new redevelopment property is being conveyed by this Agreement; (3) no new redevelopment subsidy is being granted; (4) the Project has remained continuously active since the original DDA; and (5) this Agreement is intended to implement, update, and complete an existing, partially-completed redevelopment-derived project, and preserves rather than eliminates the core public-benefit framework that originally justified redevelopment participation.

J. Historic Folsom Station Project History:

1. Development of the Historic Folsom Station Project was previously considered in the Folsom Historic Railroad Block 1997 Urban Design Master Plan (the "1997 Urban Design Master Plan"). Pursuant to the California Environmental Quality Act (Public Resources Code Section 21000 *et seq.;* "CEQA") and its implementing guidelines (14 Cal. Code Regs. Section 15000 *et seq.;* "CEQA Guidelines"), an initial study was performed, which determined that a mitigated negative declaration (the "Initial Study/Mitigated Negative Declaration") should be adopted for the 1997 Urban Design Master Plan. The City of Folsom adopted the 1997 Urban Design Master Plan and the Initial Study/Mitigated Negative Declaration on December 9, 1997.

2. Following the adoption of the 1997 Urban Design Master Plan, the City undertook the construction of Lake Natoma Crossing, which included creating a grade level separation between Folsom Boulevard and Leidesdorff Street with a block-long 'lid' overcrossing. Lake Natoma Crossing was completed in 1999.

3. In 2000, the Agency issued a Request for Proposals for the Railroad Block. After reviewing several proposals, the Agency selected Developer to redevelop the Railroad Block.

4. After receiving and reviewing two development proposals for the Railroad Block from the Developer, in 2003, the Agency determined that a public outreach effort

was necessary in order to provide guidance to the Developer beyond what had been presented in the 1997 Urban Design Master Plan. A series of community workshops to discuss development concepts for the Railroad Block culminated in the preparation of a master conceptual plan and development guidelines for the Railroad Block that would combine a mixed-use development with a large public plaza area. The master conceptual plan and development guidelines were approved by the Agency pursuant to Resolution No. 207-R, dated June 8, 2004 ("Master Conceptual Plan"). A copy of the Master Conceptual Plan is attached hereto as Attachment No. 3, and incorporated herein.

5. Development of the Railroad Block pursuant to the Master Conceptual Plan was determined to be within the scope of the Initial Study/Mitigated Negative Declaration adopted for the 1997 Urban Design Master Plan of the Railroad Block, pursuant to an addendum to the Initial Study/Mitigated Negative Declaration prepared by the City and approved by the City on January 24, 2006 (the "2006 Addendum to the IS/MND"). Federal funding was obtained for the public plaza component of the Master Conceptual Plan, which required separate review of the public plaza pursuant to the National Environmental Policy Act (42 U.S.C. Section 4321 *et seq.)* and its implementing guidelines (40 C.F.R. Section 1500 *et seq.).* On April 11, 2006, the Federal Transit Administration approved a categorical exclusion from NEPA for the public plaza portion of the Master Conceptual Plan.

6. Following approval of the Master Conceptual Plan, the Agency and Developer restarted negotiations regarding the development of the Railroad Block pursuant to the guidelines of the Master Conceptual Plan. In October 2006, Bernau Development Corporation joined the Developer.

7. On October 20, 2006, the Agency and the Developer entered into a Disposition and Development Agreement (the "Original DDA") providing for the development of the Railroad Block. The Original DDA identified three non-contiguous parcels within the Railroad Block as parcels designated for private development, required the Developer to acquire all three parcels in a single purchase transaction, and set forth a schedule for the development of the Railroad Block. Under the Original DDA, Developer was to construct three buildings, one on each of the three non-contiguous parcels, and Agency was to construct the Public Parking Garage and a public plaza.

8. Prior to the execution of the Original DDA, the City and Agency completed two public works projects adjacent to the Railroad Block: the realignment of Reading Street (which forms the southern boundary of the Railroad Block) and the construction of the light rail plaza for the Folsom Historic District Light Rail Station (located across Reading Street from the Railroad Block), which were both completed in October 2005.

9. The Agency commenced construction of the Public Parking Garage in December 2006. Completion of the Public Parking Garage was a condition precedent under the Original DDA to the close of escrow of the sale of the three parcels to the Developer. Construction of the Public Parking Garage was completed in April 2008.

10. In February 2007, the Developer prepared and submitted to the Historic District Commission of the City of Folsom (the "Historic District Commission") its designs for

four buildings on three non-contiguous parcels within the Railroad Block. The Developer's design plans were approved by the City on June 6, 2007. The Developer submitted its construction plans for all four buildings of the Developer's proposed improvements in November 2007.

11. After discussions with the Developer during Spring 2007, the Agency began redesigning the public plaza to include an amphitheater that would include a sound system, seating for performances and could be fenced off from the rest of the public plaza; prior conceptual designs of the public plaza had included a less formal amphitheater. The new amphitheater incorporated certain design elements in order to meet standards set by the City's Noise Ordinance, which also required certain additional sound dampening measures for the Developer's proposed buildings. A noise impact study was performed by The Acoustics & Vibration Group, Inc., in February 2008 (the "TAVG Noise Impact Study") that determined limitations for the amphitheater as well as specifications for Developer's buildings in compliance with the City's Noise Ordinance.

12. The public plaza design changes necessitated a review of prior environmental reviews pursuant to CEQA and NEPA. The Agency prepared a second addendum to the Initial Study/Mitigated Negative Declaration for the 1997 Urban Design Master Plan, dated February 14, 2008 (the "2008 Addendum to the ISMND"), which determined that the public plaza modifications were within the scope of the Initial Study/Mitigated Negative Declaration for the 1997 Urban Design Master Plan. The City approved the redesigned public plaza design on March 5, 2008. A categorical exclusion for the redesigned public plaza was approved by the California Department of Transportation (which had been delegated authority over the project by the Federal Transit Administration) on December 23, 2008.

13. In early 2008 the Developer obtained a geotechnical study from the Youngdahl Consulting Group, Inc. ("Youngdahl"), dated March 17, 2008, which focused primarily on the proposed parcels to be acquired by Developer (the "2008 Youngdahl Soils Analysis"). The 2008 Youngdahl Soils Analysis found that the soils of the portions of the Railroad Block would need to be over excavated and replaced with engineered fill beyond what had been anticipated in order to support the Developer's proposed buildings.

14. In June 2008, based on the TAVG Noise Impact Study and the 2008 Youngdahl Soils Analysis, the Developer resubmitted plans for the Developer's first planned building, known as the "Granite House" on the proposed parcel to be conveyed to Developer, defined as Parcel D in the Original DDA, and as Parcel C in this Agreement.

15. By Fall 2008, as a result of the further planning of the Railroad Block by both the Agency and the Developer, the Agency and Developer were in the process of preparing substantive amendments to the Original DDA. However, at the same time the Developer desired to enter onto the Railroad Block to perform certain site preparation work needed for the development of the Granite House; if the site preparation work was delayed until the anticipated approval of the amendments of the DDA, construction of the Granite House would be substantially delayed. To permit the

Developer to enter onto the Railroad Block and begin construction prior to acquiring the Granite House property, the Agency and Developer entered into an Implementation Agreement dated October 13, 2008 (the "Implementation Agreement"),, which authorized the Developer to enter upon the Railroad Block to perform certain site preparation work pursuant to rough grading plans for the Granite House property approved by the City on October 10, 2008. The Implementation Agreement also authorized financial assistance to the Developer in the amount of $250,000 (the "Housing Assistance") in exchange for the Developer's commitment to provide six (6) units of affordable housing as part of the development of the Railroad Block, which commitment and Housing Assistance are now more specifically provided for in Section 403.1 of this Agreement. The Developer completed the site preparation work by November 2008.

16. The real estate appraisal firm of Seevers, Jordan and Ziegenmeyer ("Seevers") completed an initial appraisal of the Granite House parcel in October 2008. After review by both the Agency and Developer, it was determined that a peer review of the Seevers appraisal of the Granite House parcel was necessary. In March 2009, the Agency contacted the firm of Bender Rosenthal, Inc.("Bender"), to prepare a peer review; it was instead determined to be more cost effective to have Bender prepare a second appraisal of the Granite House property, which was completed on May 3, 2009.

17. The Developer's building permit for the Granite House property was ready for issuance in June 2009.

18. Based on the results of the 2008 Youngdahl Soils Analysis, the Agency requested that Youngdahl prepare a new soils analysis for the public plaza improvements, which was completed on July 31, 2009 (the "2009 Youngdahl Soils Analysis"). The 2009 Youngdahl Soils Analysis found that the soil beneath the public plaza would need to be excavated and replaced with engineered fill in order to support the planned hardscape of the public plaza to an extent far greater than had been previously anticipated based on earlier soils analyses. The Agency retained the firm of Kleinfelder to perform a peer review of the 2008 Youngdahl Soils Analysis and the 2009 Youngdahl Soils Analysis, which was completed in September 2009 and concurred with the Youngdahl Soils Analyses. The Agency subsequently began working with responsible governmental entities to revise construction plans for the public plaza.

19. In July 2009, the Agency publicly advertised its Sutter Street Streetscape Project for construction bids. The Sutter Street Streetscape Project involved the removal of medians and trees, relocating traffic lanes, making certain drainage improvements, creating limited on-street parking and delivery areas, removing certain shed roofs and widening sidewalks to accommodate shoppers, outdoor cafes and shade trees along Sutter Street and portions of cross streets, including the portion of Sutter Street that serves as the eastern boundary of the Railroad Block. All bids received by the Agency in July 2009 were rejected as being too expensive. A second round of bidding occurred in December 2009, and the Agency accepted a bid in January 2010. Construction of the Sutter Street Streetscape Project improvements began in February 2010 and were completed in May 2011.

20. On April 29, 2010, the Parcel Map for Historic Folsom Station, Subdivision No. PN 07-485 was recorded in Book 910402, at page 1151 of the official records of Sacramento County creating private development parcels A, C, D and E and public parcel B. The assessor parcel numbers for these are: 070-0052-022-0000 (Parcel A – Leidesdorff Building); 070-0052-024-0000 (Parcel C – Granite House); 07000520250000 (Parcel D - Roundhouse); 070-0052-026-0000 (Parcel E – Sutter Row) and 070-0052-023-0000 (Parcel B – Public Plaza). In light of current conditions and the further planning and decisions of the parties, the City and Developer reconfigured the three private development parcels into four parcels and have determined that a phased approach to the purchase and development of the private development parcels is now appropriate.

21. In the spring of 2010, as mobilization, staging, demolition and construction commenced for the Sutter Street Streetscape Project, the Agency and Developer agreed to delay construction of the Granite House to avoid exacerbating the significant construction impacts to Historic District businesses. Additionally, since the plaza improvements would be required for occupancy of the Granite House, it was also agreed that construction of Granite House should not begin until construction commenced for the Historic Folsom Station Plaza Improvements.

22. In December 2010, the City accepted a bid for construction of the public plaza, which includes substantial archeological investigation and earthwork to commence in spring 2011. Except for lighting and landscaping the public plaza improvements were completed in April 2012.

23. To summarize, since the Original DDA was adopted in 2006, the following events had taken place by December 2010:|

February 2007:	Developer submits design documents
June 2007:	HDC approves Developer design documents
November 2007:	Developer submits building plans
February 2008:	TAVG Noise Impact Study completed
March 2008:	2008 Youngdahl Soils Analysis completed
April 2008:	Public Parking Garage opens
June 2008:	Developer re-submits Granite House building plans
October 2008:	Seevers appraisal of Granite House property completed
October 2008:	Implementation Agreement executed
	Agency provides payment of $250,000 in Housing Assistance to Developer
November 2008:	Rough grading of Granite House property completed
May 2009:	Bender appraisal of Granite House property completed
June 2009:	Granite House building permit ready for issuance
July 2009:	2009 Youngdahl Soils Analysis completed

September 2009:	Kleinfelder Peer Review of Youngdahl Soils Analyses completed
December 2009:	Sutter Street Streetscape Project advertised for bids
February 2010:	Sutter Street Streetscape Project construction begins
December 2010:	Public Plaza construction bid awarded

24. In January of 2011, the Governor of the State of California proposed statewide elimination of redevelopment agencies (RDAs) beginning with the fiscal year (FY) 2011-12 State budget.

25. On March 8, 2011, the Amended and Restated Disposition and Development Agreement (DDA) was executed by the Developer, Folsom Railroad Block Developers, LLC, and the Seller, the Redevelopment Agency of the City of Folsom. By that time, the Developer had already completed the Granite House building pad grading, construction drawings for the Granite House were ready for issuance, the Developer had obtained a Public Report from the California Department of Real Estate, and successfully marketed and received purchase deposits from qualified buyers for 75% of the loft condominiums as required by the Developer's lender.

26. On June 28, 2011, the Governor's proposal to dissolve redevelopment agencies was incorporated into Assembly Bill 26 (ABX1 26, Chapter 5, Statutes of 2011, First Extraordinary Session), which was passed by the Legislature, and signed into law by the Governor. As a result of that change to state law, Folsom Railroad Block Developers, LLC was not allowed to proceed with acquisition of the parcel and development of the Granite House until the Successor Agency and the State Department of Finance ratified the development agreement, reappraised the parcels and allowed the sale to proceed. Since the Redevelopment Agency of the City of Folsom was no longer in existence and the Successor Agency would be merged with other area Successor Agencies over time, the City of Folsom and the Developer agreed that it was in their mutual best interest for the Developer to acquire all four parcels initially rather than wait to acquire each parcel immediately prior to commencement of construction of each building.

27. On August 23, 2011, the City of Folsom elected to become the Successor Agency.

28. On February 1, 2012, after a period of litigation, redevelopment agencies were officially dissolved, and assets transferred to successor agencies.

29. On June 27, 2012, AB1484 passed clarifying the dissolution process and requirements for Successor Agencies.

30. On January 9, 2013, via Resolution No. 14-FSAOB, Folsom's Successor Agency approved the sale and disposition of the Mixed-Use Parcels to the Folsom Railroad Block Developers, LLC pursuant to Enforceable Obligation (DDA).

31. On December 23, 2013, the California Department of Finance issued a final determination letter approving Folsom's Successor Agency's Long Range Property Management Plan, which includes the Mixed-Use Parcels.

32. While the developer had obtained all land use and other discretionary entitlements, permits and approvals from the City and any other governmental agency applicable to the development of the Mixed-Use Parcels and submitted complete construction plans (i.e. civil, landscaping, and building) for development of the Mixed-Use Parcels to the City (see Schedule of Performance, Attachment 7, DOA), the Developer and the City needed to complete additional items on the Schedule of Performance to prepare for the Developer's acquisition of all four parcels. The additional items below were completed by December 2014:

a. Escrow Opened.

b. Agency (now Successor Agency) gives appraiser direction to proceed to prepare complete appraisal of the Mixed-Use Parcels.

c. Developer submits Evidence of Financing.

d. Developer Submits Air Space Easements for Mixed-Use Parcels.

e. Appraiser completes appraisal of the Mixed-Use Parcels.

f. Agency (now Successor Agency) Approves Developer's Evidence of Financing.

g. Agency (now Successor Agency) Approves Developer's Air Space

h. Easements for the Mixed-Use Parcels.

i. Close Escrow for Mixed-Use Parcels.

33 On January 29, 2014, Bender Rosenthal completed an updated appraisal of the four private development parcels for the Successor Agency completing items 2 and 5 of the Schedule of Performance from the 2011 First Amended and Restated DDA.

34. In December 2014, escrow was opened, the Developer deposited funds, the title company sent confirmation of funding to the Successor Agency, and the Developer closed on all four Mixed-Use parcels on December 24, 2014, completing items 1, 3, 6, and 8.

35. Concurrently with closing on December 24, 2014, the Easement and Maintenance Agreement between the City of Folsom and Folsom Railroad Block Developers, LLC was recorded to complete items 4. and 7. above.

36. The Developer acknowledged and agreed that the City had undertaken engineering costs a portion of which were attributable to the Developer Improvements and that the Developer's share of the engineering costs was $65,980.00, as described in City Resolution No. 261-R adopted on May 22, 2007. The Developer reimbursed the Developer's share of the engineering costs to the City, at the Closing of the Mixed-Use Parcels on December 24, 2014.

37. In addition to items 1-8 on the Schedule of Performance, the City of Folsom and the

Developer recorded a Grant Deed and Restrictive Covenant on December 24, 2014. The Grant Deed and Restrictive Covenant assigned all rights of the Agency provided for in the DDA to be transferred to the City of Folsom as expressly provided in Section 603.5 of the DDA. Also, the Grant Deed and Restrictive Covenant set forth the uses and types of businesses that shall not be permitted on the Mixed-Use Parcels by the owners, occupants or tenants of the parcels and other conditions and provisions of the DDA.

38. The Developer and Scott's Seafood, the Roundhouse anchor tenant, executed a lease for the first level of the Roundhouse in June 2015. As a result, City and Developer agreed to change the order of the development for the Mixed-Use Parcels so that the Roundhouse site (Mixed-Use Parcel D) could be developed first. Since the building codes had changed since the Roundhouse plans were originally submitted to the City of Folsom, the Developer was required to prepare and submit new plans. Both the Roundhouse building shell plans, and the Scott's Seafood tenant improvement plans were completed and submitted to the City of Folsom in 2016 and approved for issuance in 2017. The Developer commenced construction of the Roundhouse in late 2017.

39. In 2018, the Developer executed a lease with Willamette Wineworks for a portion of the Roundhouse and Willamette prepared and submitted tenant improvement plans to the City of Folsom.

40. In January 2019, the Developer completed the building shell and Scott's Seafood and Willamette Wineworks commenced tenant improvements. In the midst of the pandemic, Willamette and Scott's Seafood opened in February and July 2020, respectively.

41. On February 26, 2018, the City of Folsom and the Developer executed an Easement and Maintenance Agreement so the City of Folsom could place, on a temporary basis, a manufactured restroom facility on a portion of the Developer's Parcel E. There are two easements covered by the agreement, a 5' x 20' easement for placement of a two-restroom building with one toilet and sink each and a 10' wide easement extending from the rear center of the temporary restroom to the existing electrical meter. The easements shall continue until commencement of construction of the Sutter Row building or until termination by the City of Folsom, whichever occurs first. This agreement was recorded in the official records of Sacramento County on March 14, 2018, Document #210803140370.

42. Because multiple standard building code updates had occurred since building permits for the Granite House were ready for issuance in June 2009, the City of Folsom required the Developer to prepare and submit new construction drawings for the Granite House. Given the pandemic, the new plans were completed and submitted to Folsom's Building Department in 2022, and the City of Folsom approved the plans for issuance in 2023. After bidding was complete, the construction cost and fees had increased over 65% from the cost in 2011 and Developer represented to the City that condo values and retail rents had not increased commensurately. Value engineering could not yield the savings necessary to make the Granite House financially feasible. To address this Developer proposed to City to convert the non-revenue generating parking space in the Granite House to retail and office to support the higher construction cost

43. July 5, 2024, the Developer applied to the City of Folsom for the proposed change. On October 2, 2024, the Historic District Commission recommended approval to the City Council

for the Granite House Modification Project (DRCL24-00191), changing the parking to retail and office uses including exterior revisions to the building elevations to accommodate the modification.

44. Pursuant to the terms of the DDA, on September 30, 2024, the City of Folsom and the Developer agreed to amend Attachment No. 7, Schedule of Performance to extend the commencement and completion dates of the Developer improvements of the remaining three parcels at Historic Folsom Station including the Granite House, Sutter Row and the Leidesdorff buildings.

45. On April 25, 2025, the Developer submitted revised building plans for the Granite House to the City of Folsom for plan review reflecting the modification that had been recommended for approval to the City Council by the Historic District Commission. On June 11, 2025, the Developer received the first round of plan check comments from the City of Folsom. On July 25, 2025, the Developer submitted responses and/or corrections. On October 9, 2025, the Developer received the second round of plan check comments from the City of Folsom. On November 14, the Developer submitted responses and/or corrections. On November 21, 2025, the City approved the building and structural review. On January 15, 2026, the Developer received a third round of engineering comments. On January 22, 2026, the Developer submitted engineering responses and/or corrections. On April 16, 2026, City approved the Granite House Site Improvement Plans, and the Developer obtained grading permit consistent with the original approved and pending plans.

46. This Agreement amends, restates and supersedes in their entirety both the Original DDA, the Amended and Restated DDA and the Implementation Agreement, and is designed to achieve the co- development of the Railroad Block by the City and the Developer in a coordinated and comprehensive manner.

47. To summarize, since adoption of the Amended and Restated DDA in March 2011, the following events have taken place:

April 2011	City commences construction of Historic Folsom Station Public Plaza
May 2011	City completes Sutter Street Streetscape project
June 2011	Folsom Redevelopment Agency was terminated Developer not allowed to acquire and develop Mixed-use parcels
April 2012	Historic Folsom Station Public Plaza construction substantially complete
January 2013	Successor Agency approved sale and disposition to Developer subject to State approval
December 2013	State approves Successor Agency's Long Range Property Management Plan, including the sale and disposition of the Mixed-Use Parcels to Developer
January 2014	Appraisal completed of Mixed-use parcels for Successor Agency
December 2014	Developer and City complete and record the Easement and Maintenance Agreement Escrow is opened

	Developer deposits funds for purchase of the four Mixed-Use Parcels Developer deposits funds to reimburse Agency for share of engineering costs Sale of Mixed-use parcels close
June 2015	Developer and Scott's Seafood execute Roundhouse lease and Scott's begins tenant improvement (TI) plans
April 2016	Scott's Seafood submits TI plans to City
December 2016	Developer submits updated Roundhouse building shell plans to City
May 2017	City approves Scott's Seafood TI plans and Scott's obtains permit (17-939)
June 2017	City approves Roundhouse plans and Developer obtains permit (16-4845)
December 2017	Developer acquires Kolokotronis and River Rock LLC membership interests
March 2018	Developer and Willamette Valley Vineyards sign Roundhouse lease
November 2018	Willamette submits Roundhouse TI plans to the City (18-4628)
May 2019	City approves Willamette TI plans and Willamette obtains permit (18-4628)
February 2020	Willamette Wineworks receives Certificate of Occupancy (C of O) and opens for business
May 2020	Developer signs contract with architect to update Granite House plans
July 2020	Scott's Seafood receives C of O and opens for business
December 2022	Developer submits updated Granite House plans to City (MULT22-07428)
July 2023	City approves Granite House plans for permit
May 2024	After bidding and value engineering, Developer meets with City Manager re: economic viability
July 2024	Developer submits revised first floor plan and elevations to City for Historic District Commission review and recommendation for City Council approval
September 2024	Developer and City Manager revise the Schedule of Performance, pursuant to the terms of the DDA
October 2024	Historic District Commission recommends approval first floor and elevation revisions of the Granite House to the City Council
April 2025	Developer submits updated Granite House plans to City (REVS25-04967)
March 2026	Developer submits Second Amended and Restated Development Agreement for City review and approval
April 2026	On April 16, 2026, the City approves the Granite House Site Improvement Plans and Developer obtains the grading permit
May 2026	Commencing on May 4, 2026, Developer regrades building pad per approved Site Improvement Plans and re-opens public parking lot on May

8, 2026

48. As the Historic Folsom Station Project proceeds, the City may also determine to undertake renovations to the SP Depot and the Interpretive Center, provided, however, that nothing in this Agreement shall be deemed or construed to require or obligate the City as to any such renovations.

49. The development of the Mixed-Use Parcels by the Developer, and the improvement of the Railroad Block by the City and the Developer pursuant to the terms of this Agreement, are in the vital and best interests of the City of Folsom (the "City") and the health, safety, and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local laws and requirements under which the redevelopment of the Railroad Block is being undertaken.

AGREEMENTS

NOW, THEREFORE, the City and the Developer hereby agree as follows:

100. DEFINITIONS

101. Definitions

"Affordable Housing Cost" has the same meaning as defined in Section 50052.5 of the Health and Safety Code.

"Affordable Rent" has the same meaning as defined in Section 50053 of the Health and Safety Code.

"Affordable Units" means residential units affordable to persons and families of moderate income as defined by Health and Safety Code Section 50093, in accordance with Section 403 hereof.

"Agency" means the Redevelopment Agency of the City of Folsom, a public body, corporate and politic, which exercised governmental functions and powers and organized and existed under Chapter 2 of the California Redevelopment Law ("CRL"), and any assignee of or successor to its rights, powers and responsibilities. The Agency was terminated in June 2011.

"Agreement" means this Second Amended and Restated Disposition and Development Agreement between the City and the Developer.

"Basic Concept Drawings" means the drawings attached as Exhibit A to the Scope of Development (Attachment No. 4), as set forth in Section 302.1 hereof.

"***City"*** City means the City of Folsom, California.

"***City Improvements***" means the improvements constructed by the City on the Public-Use Site pursuant to this Agreement, as more particularly described in the Scope of Development (Attachment No. 4).

"City Manager" means the City Manager of the City of Folsom, California.

"Date of Agreement" means the date upon which this Second Amended and Restated Development Agreement shall have been signed by the City and Developer, as further defined in Section 620 of this Agreement.

"Default" means the failure of a party to perform any action or covenant required by this Agreement within the time provided herein following notice and opportunity to cure, as set forth in Section 501 hereof.

"Design Development Application" means those plans and drawings to be submitted to the City for its review and approval, pursuant to the terms of this Agreement.

"Developer" means Folsom Railroad Block Developers, LLC, a Delaware limited liability company.

"Developer Improvements" means the new improvements to be constructed by the Developer upon the Mixed-Use Parcels pursuant to this Agreement and all approvals, inspections and permits required for completion of the new improvements, as more particularly described in the Scope of Development (Attachment No. 4).

"Governmental Requirements" means all laws, ordinances, statutes, codes, rules, regulations, orders and decrees of the United States, the state, the county, the City, or any other political subdivision in which the Railroad Block is located, and of any other political subdivision, agency or instrumentality exercising jurisdiction over the City, the Developer or the Railroad Block.

"Hazardous Materials" means any substance, material, or waste which is or becomes, regulated by any local governmental authority, the State of California, or the United States Government, including, but not limited to, any material or substance which is (i) defined as a "hazardous waste," "extremely hazardous waste," or "restricted hazardous waste" under Section 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law), (ii) defined as a "hazardous substance" under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 *(Carpenter-Presley-Tanner Hazardous Substance Account Act),* (iii) defined as a "hazardous material," hazardous substance," or "hazardous waste" under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) petroleum, (vi) asbestos, (vii) polychlorinated biphenyls, (viii) defined as "hazardous" or "extremely hazardous" pursuant to Title 22 of the California Code of Regulations, Division 4.5, Chapter 11, (ix) designated as "toxic pollutants" pursuant to Section 311 of the *Clean Water Act* (33 U.S.C. §1317), (x) defined as a "hazardous waste" pursuant to Section 1004 of the *Resource Conservation and Recovery Act,* 42 U.S.C. §6901 *et seq.* (42 U.S.C. §6903) or (xi) defined as a "hazardous substance" pursuant to Section 101 of the *Comprehensive Environmental Response, Compensation, and Liability Act,* 42 U.S.C. §9601 *et seq.*

"Historic Folsom Station Project" refers to the Railroad Block and means the development of the Railroad Block pursuant to this Agreement consisting of the City Improvements and the Developer Improvements.

"Housing Assistance" means the $250,000 paid by the City to the Developer pursuant to the Implementation Agreement.

"Implementation Agreement" means the agreement entered into by the Developer and the Agency on October 13, 2008, in which the Agency (1) permitted the Developer to enter upon the Railroad Block to perform certain site preparation work and (2) provided $250,000 in Housing Assistance to the Developer in exchange for the Developer's commitment to provide six (6) units affordable to persons or families of moderate income.

"Map of the Railroad Block" means the map of the Railroad Block that is attached hereto as Attachment No. 2.

"Member" shall mean any of the members of Folsom Railroad Block Developers, LLC, including, without limitation: Bernau Development Corporation, a California corporation

and Jeremy G. Bernau, an individual.

"Notice" shall mean a notice in the form prescribed by Section 601 hereof.

"Public Parking Garage" means the four-story, 315-space public parking garage constructed on the Railroad Block by the Agency and the City.

"Reciprocal Easement Agreement" or *"REA"* means the agreement described in Section 405.5 hereof.

"Redevelopment Plan" means the Redevelopment Plan for the Central Folsom Redevelopment Project, adopted by the City Council of the City of Folsom on November 29, 1983, by Ordinance No. 512, as amended on December 13, 1994, by Ordinance No. 811, and on April 8, 2003, by Ordinance No. 992, and on December 9, 2003, by Ordinance No. 1010, on August 23, 2005, by Ordinance No. 1045, and on October 10, 2006, by Ordinance No. 1065. Redevelopment Agency and its associated plans were formally terminated February 1, 2012.

"Release of Construction Covenants" means the document that evidences the Developer's satisfactory completion of the Developer Improvements, as set forth in Section 311 hereof, in the form of Attachment No. 8 hereto.

"RR Turntable" means the historic train turntable located on the Railroad Block.

"Schedule of Performance" means the Schedule of Performance (Attachment No. 7) setting out the dates and/or time periods by which certain obligations set forth in this Agreement must be accomplished.

"Scope of Development" means the Scope of Development (Attachment No. 4) describing the scope, amount and quality of development of the Developer Improvements to be constructed by the Developer pursuant to the terms and conditions of this Agreement.

200. CITY IMPROVEMENTS AND CONVEYANCE OF THE SITE

201. Public-Use Site.

201.1. City Improvements. Within the times set forth in the Schedule of Performance (Attachment No. 7) of the Amended and Restated DDA, the Agency or City have developed and constructed the Agency or City Improvements in accordance with the Scope of Development (Attachment No. 4) of the Amended and Restated DDA and as set forth herein.

201.2. Conveyance of Public-Use Site and Assignment of Agency Interests. Following the completion of the Agency Improvements, the Successor Agency has conveyed the Public-Use Site to the City and assigned to the City its rights and obligations under the REA.

202. Purchase and Sale of Mixed-Use Parcels.

202.1 Purchase and Sale. Developer has completed the purchase of all four of the Mixed-Used Parcels from the Successor Agency in accordance with the terms of the Amended and Restated DDA. For reference to those previous provisions, see the Amended and Restated DDA

recorded at the Sacramento County Recorder on April 7, 2011 in Book 2011407 at Page 0.

203. Environmental Covenants.

203.1 Environmental Covenants Remain in Perpetuity. The environmental covenants set forth below shall remain in full force and effect in perpetuity and are binding upon the Developer and every successor in interest to the Mixed-Use Parcels or any part thereof, notwithstanding the issuance of any Release of Construction Covenants, or any other event occurring under this Agreement.

203.2 Developer Precautions After Closing. Upon the Closing for a Mixed-Use Parcel, the Developer shall take all necessary precautions to prevent the release into the environment of any Hazardous Materials which are located in, on or under the Mixed-Use Parcels. Such precautions shall include compliance with all Governmental Requirements with respect to Hazardous Materials. In addition, the Developer shall install and utilize such equipment and implement and adhere to such procedures as are consistent with commercially reasonable standards as respects the disclosure, containment, storage, use, removal and disposal of Hazardous Materials.

203.3 Required Disclosures After Closing. After the Closing for a Mixed-Use Parcel, the Developer shall notify the City, and provide to the City a copy or copies, of all environmental permits, disclosures, applications, entitlements or inquiries relating to the Mixed-Use Parcels, including notices of violation, notices to comply, citations, inquiries, clean-up or abatement orders, cease and desist orders, reports filed pursuant to self-reporting requirements and reports filed or applications made pursuant to any Governmental Requirements relating to Hazardous Materials and underground tanks. The Developer shall report to the City as soon as possible after each incident, any unusual or potentially important incidents with respect to the environmental condition of the Mixed-Use Parcels.

203.4 Developer Indemnity. From and after the Closing for a Mixed-Use Parcel, Developer agrees to indemnify, defend and hold City harmless from and against any claim, action, suit, proceeding, loss, cost, damage, liability, deficiency, fine, penalty, punitive damage, or expense (including, without limitation, attorneys' fees), resulting from, arising out of, or based upon (i) the presence, release, use, generation, discharge, storage or disposal of any Hazardous Materials on, under, in or about, or the transportation of any such Hazardous Materials to or from, the Mixed-Use Parcel, (ii) the violation, or alleged violation, of any statute, ordinance, order, rule, regulation, permit, judgment or license relating to the use, generation, release, discharge, storage, disposal or transportation of Hazardous Materials on, under, in or about, to or from, the Mixed-Use Parcel. This indemnity shall include, without limitation, any damage, liability, fine, penalty, cost or expense arising from or out of any claim, action, suit or proceeding for personal injury (including sickness, disease or death), tangible or intangible property damage, compensation for lost wages, business income, profits or other economic loss, damage to the natural resources or the environment, nuisance, contamination, leak, spill, release or other adverse effect on the environment.

203.5 No Modification or Waiver. Nothing in this Agreement shall be construed to modify, limit, waive, or terminate the environmental covenants set forth in this Section 203. To the extent any provision of this Agreement could be interpreted to conflict with the environmental covenants incorporated herein, the environmental covenants shall control.

203.6 Survival. The obligations set forth in this Section 203 shall survive the termination or expiration of this Agreement, the issuance of a final Release of Construction Covenants, and any transfer of title to any Mixed-Use Parcel, and shall run with the land as covenants appurtenant to the Mixed-Use Parcels for the benefit of the City and the public.

300. DEVELOPMENT OF THE MIXED-USE PARCELS

301. Scope of Development.

301.1 Developer's Obligation to Construct Improvements. Within the times respectively set forth therefor in the Amended Schedule of Performance (Attachment No. 7), the Developer shall commence and diligently prosecute to completion the construction of the Developer Improvements on each of the Mixed-Use Parcels in accordance with the Scope of Development (Attachment No. 4) and the plans, drawings and documents submitted by the Developer and approved by the City as set forth herein.

302. Design Review.

302.1 Basic Concept Drawings. Conceptual drawings for the development of the Developer Improvements on all of the Mixed-Use Parcels (the "Basic Concept Drawings") have been approved by the City and are attached to the Scope of Development (Attachment No. 4) as Exhibit A.

302.2 Design Development Application. The Developer has submitted to the City, and the City approved on June 6, 2007 and then the Developer subsequently revised and resubmitted the plans which were approved by the City on October 13, 2026, the following plans and drawings with respect to the Developer Improvements on all of the Mixed-Use Parcels (collectively, the "Design Development Application"):

a. Site plans.

b. Preliminary landscape plan.

c. Floor plans.

d. Roof plans.

e. Elevations and project sections (submitted in both black-and-white and color).

f. Tabulation of areas/uses.

g. Materials samples.

302.3 Revisions. If the Developer desires to propose any substantial changes (defined below) to the City-approved Design Development Application, it shall submit such proposed changes to the City, and shall also proceed in accordance with any and all State and local laws and regulations regarding such revision. Any and all change orders or revisions required by the City and its inspectors which are required under the *Folsom Municipal Code* and all other applicable Uniform Codes (e.g., Building, Plumbing, Fire, Electrical, etc.) and under other applicable laws and regulations shall be included by the Developer in its Design Development Application and completed during the construction of the Developer Improvements.

The City shall have the right to review any and all aspects of substantial changes proposed by the Developer, and shall have the right to reasonably approve or disapprove of substantial changes proposed by the Developer. The Developer acknowledges and agrees that the City is entitled to approve or disapprove any proposed substantial changes in order to satisfy the City's obligation to promote the sound development and redevelopment of land, to integrate the Developer Improvements with the City Improvements, to promote a high level of design which will impact the surrounding development, and to provide an environment for the social, economic and psychological growth and well-being of the citizens of the City and to comply with state and local laws and regulations governing development projects. The Developer shall not be entitled to any monetary damages or compensation as a result of the City's disapproval or failure to approve substantial changes proposed by the Developer.

On July 5, 2024, the Developer applied to the City of Folsom for a proposed change to the Granite House building. On October 2, 2024, the Historic District Commission recommended approval of the Granite House Modification Project (DRCL24-00191), changing the parking to retail and office uses including exterior revisions to the building elevations to accommodate the modification. (see Attachment No. 4, Exhibit A). City Council approved the modification project on October 13, 2026.

302.4 Substantial Change. A "substantial change" shall include, without limitation, the following:

a. Changes in the layout, elevation, design, or square footage substantially affecting architectural appearance or functional use and operation.

b. Changes in the exterior finishing materials substantially affecting architectural appearance or functional use and operation.

c. Changes in size or design affecting parking, bulk, building coverage or floor area ratio, building height or number of floors, frontage, size or placement of public service facilities; or changes in general pedestrian or vehicular circulation in, around or through the Mixed-Use Parcels, layout of passenger loading zones, or, retaining walls.

d. Any changes requiring approval of any city, county or state board, body, or commission, or any change required by any city, county or state board, body, or commission.

e. Any change that would preclude or materially reduce the ability to use the Mixed-Use Parcels as intended by this Agreement.

If the Developer requests any change in the permitted uses of a Mixed-Use Parcel provided for in this Agreement, the Developer shall submit to the City appropriate evidence, as determined by the City, substantiating the need for any such change, including a current market analysis, together with documentation detailing the Developer's good faith efforts to market and finance the Mixed-Use Parcel for the uses provided for in this Agreement. The City agrees to reasonably consider the Developer's request for a change in permitted uses, provided, however, that no change shall be presented that proposes residential uses on the ground floor. If the City agrees that a change in the uses for a particular Mixed-Use Parcel may be necessary, the Developer shall bear the sole responsibility for and cost of processing an amendment to the Master Conceptual Plan, including community meetings in connection therewith, and related amendments to this

Agreement. The Developer expressly acknowledges and agrees that nothing in this paragraph shall be deemed or construed to limit the discretion of the Historic District Commission and the City Council in their consideration of an amendment to the Master Conceptual Plan and related amendments to this Agreement.

302.5 Defects in Plans. The City shall not be responsible either to the Developer or to third parties in any way for any defects in the Basic Concept Drawings (Exhibit A of the Scope of Development, Attachment No. 4) or the Design Development Application, nor for any structural or other defects in any work done according to the approved Basic Concept Drawings or Design Development Application. The Developer shall hold harmless, indemnify and defend the City and its officials, officers, employees, agents and representatives from and against any claims, suits for damages to property or injuries to persons arising out of or in any way relating to defects in the Basic Concept Drawings or Design Development Application, including without limitation the violation of any laws, and for defects in any work done according to the approved Basic Concept Drawings and Design Development Application whether or not the City, or its officials, officers, employees, agents or representatives reviewed, accepted or approved the Basic Concept Drawings, Design Development Application, or any other Developer submittals and whether or not such liabilities are litigated, settled, or reduced to judgment.

303. Land Use Approvals. Within the times respectively set forth therefor in the Schedule of Performance (Attachment No. 7), the Developer has, at its own cost and expense, secured or cause to be secured any and all land use and other discretionary entitlements, permits and approvals which may be required for the Developer Improvements on a Mixed-Use Parcel by the City or any other governmental agency affected by such construction or work. The Developer has, without limitation, applied for and secured the following, and had paid all costs, charges and fees associated therewith:

a. Conditional Use Permit;

b. Parking Variance;

c. Design Review Approval;

d. All other permits and fees required by the City, County of Sacramento, and other governmental agencies with jurisdiction over the Developer Improvements; and

e. Any environmental studies and documents required pursuant to the California Environmental Quality Act.

303.1 Granite House Project Plans. The plans for the Granite House Project located on Mixed-Use Parcel C were prepared under the 2019 California Building Code and submitted to the City in 2022. Since the Developer has continued to make progress on the plans including modifications to the plans to remove the parking and replace it with retail and office uses, the project plans may continue to remain under the 2019 Building Code. However, in addition to any other remedies available to the City as described in Article 500, in the event that the Developer does not proceed with construction or if the project stalls without any substantial forward progress for two (2) years from the date of the agreement then the plans shall be required to be updated and brought into compliance with the current building code in effect at the time and resubmitted to the City for review before construction of the Granite House may commence.

304. Amended Schedule of Performance. The Developer shall commence and complete all construction of the Developer Improvements on each Mixed-Use Parcel, and satisfy all other obligations and conditions of this Agreement within the times established therefor in the Amended Schedule of Performance (Attachment No. 7). The Amended Schedule of Performance is subject to revision from time to time as mutually agreed upon in writing between the Developer and the City Manager, and the City Manager is authorized to make such revisions as he or she deems reasonably necessary on behalf of the City, subject to the following limitations.

Upon receipt of a written request from the Developer received not less than 30 days before the applicable deadline, the City Manager shall have authority to grant extensions to the Schedule of Performance up to a cumulative total of three hundred and sixty-five days (365) days per Mixed-Use Parcel. Any extension beyond three hundred and sixty-five (365) days for any Mixed-Use Parcel shall require approval by the City Council by resolution at a duly noticed public meeting. Except as described in the following paragraph, any extension granted without the required Council approval shall be void and of no effect.

Notwithstanding the prior paragraph, upon receipt of a written request from the Developer received not less than 30 days before the applicable deadline, the City Manager shall have the authority to grant an extension of up to an additional three hundred and sixty-five (365) days without approval by the City Council in the event that the City fails to meet the review timelines set forth in the Schedule of Performance (Attachment No. 7). Any extension granted pursuant to this paragraph shall be equivalent to the delay in City review beyond the timelines stated in the Schedule of Performance (Attachment No. 7). Any extension granted beyond that time period without Council approval shall be void and of no effect.

305. Cost of Construction. Except to the extent otherwise expressly set forth in this Agreement, all costs and expenses of planning, designing, developing and constructing all of the Developer Improvements, demolition of existing improvements, and preparation and grading of the Mixed-Use Parcels shall be borne solely by the Developer.

306. Insurance Requirements. The Developer shall take out and maintain or shall cause its contractor to take out and maintain until the issuance of a final Release of Construction Covenants pursuant to Section 311 of this Agreement, a comprehensive general liability policy in the amount of Two Million Dollars ($2,000,000.00) combined single limit policy, and a comprehensive automobile liability policy in the amount of One Million Dollars ($1,000,000.00), combined single limit, and such other policies as the City may approve at its discretion, including contractual liability, to protect the Developer, and the City from claims for damages arising out of or related to development of the Mixed Use Parcels pursuant to this Agreement. Such policy or policies shall be written on an occurrence form. Claims-made coverage is not acceptable. The Developer shall furnish a certificate of insurance countersigned by an authorized agent of the insurance carrier on a form approved by the City setting forth the general provisions of the insurance coverage. This countersigned certificate shall name the City and its respective officials, officers, agents, and employees as additionally insured parties under these policies, and the certificate(s) shall be accompanied by a duly executed original endorsement evidencing such additional insured status. The certificate and endorsement by the insurance carrier shall contain a statement of obligation on the part of the carrier to notify City of any cancellation or termination of the coverage at least thirty (30) days in advance of the effective date of any such cancellation or termination. Coverage provided hereunder by the Developer shall be primary insurance and not be contributing with any insurance maintained by the City, and the policy shall contain such an

endorsement. The insurance policy or the endorsement shall contain a waiver of subrogation for the benefit of the City. The required certificate shall be furnished by the Developer at the time set forth therefor in the Schedule of Performance. The Developer shall also furnish or cause to be furnished to the City evidence satisfactory to the City that Developer and any contractor with whom it has contracted for the performance of work on the Mixed-Use Parcels or otherwise pursuant to this Agreement carries workers' compensation insurance as required by law. The workers' compensation coverage shall contain a statement of obligation on the part of the carrier to notify City of any cancellation or termination of the coverage at least thirty (30) days in advance of the effective date of any such cancellation or termination. The workers' compensation insurance policy or the endorsement shall contain a waiver of subrogation for the benefit of the City. All insurance is to be placed with insurers with a Bests' rating of no less than A:VII.

307. Indemnity. The Developer shall defend, indemnify, assume all responsibility for, and hold the City, and its representatives, volunteers, officials, officers, employees and agents, harmless from, all claims, demands, damages, defense costs or liability of any kind or nature (including attorneys' fees and costs) arising out of or relating to the subject matter of this Agreement or the implementation hereof and for any damages to property or injuries to persons, including but not limited to accidental death , which may be caused by any negligent, willful, or intentional acts or omissions of the Developer, or arising from strict liability, whether such activities or performance thereof be by the Developer or by anyone directly or indirectly employed or contracted with or by the Developer, its authorized agents, contractors, or subcontractors and whether such damage shall accrue or be discovered before or after termination of this Agreement. The Developer shall not be liable for property damage or bodily injury occasioned by the sole negligence of the City or its designated agents or employees. The City shall not be liable for any passive negligence of the City, or its officers, officials, agents, representatives or employees in reviewing, accepting or approving any action, service, or work performed or provided by the Developer.

308. Rights of Access. Prior to the issuance of a Release of Construction Covenants (as specified in Section 311 of this Agreement), for purposes of assuring compliance with this Agreement, representatives of the City shall have the right of access to any Mixed-Use Parcel owned by the Developer, without charges or fees, at normal construction hours during the period of construction for the purposes of this Agreement, including but not limited to, the inspection of the work being performed in constructing the Developer Improvements on such Mixed-Use Parcel so long as City representatives comply with all safety rules. The City (or its representatives) shall, except in emergency situations, make good faith efforts to notify the Developer prior to exercising its rights pursuant to this Section 308.

309. Compliance With Laws. The Developer shall carry out the design and construction of the Developer Improvements in conformity with all applicable laws, including all applicable state and federal labor standards and prevailing wage requirements, the City zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the *Folsom Municipal Code.* and all applicable disabled and handicapped access requirements, including without limitation the *Americans With Disabilities Act,* 42 U.S.C. Section 12101, *et seq.,* California Government Code Section 4450, *et seq.,* California Government Code Section 11135, *et seq.,* and the *Unruh Civil Rights Act,* California Civil Code Section 51, *et seq.*

When improvements that are considered to be public works under State law are constructed as part of the Developer Improvements, the Developer shall, and shall cause its general contractor to, pay

prevailing wages as those wages are determined pursuant to California Labor Code Sections 1720 *et seq.* and implementing regulations of the Department of Industrial Relations and comply with the other applicable provisions of California Labor Code Sections 1720 *et seq.* and implementing regulations of the Department of Industrial Relations. The Developer shall, and shall cause its general contractor to, keep and retain such records as are necessary to determine that prevailing wages have been paid as required by law. The Developer shall, and the construction agreement for any Mixed Use Parcel developed pursuant to the terms of this Agreement shall require its general contractor to, indemnify, hold harmless and defend (with counsel reasonably acceptable to the City) the City against any claim for damages, compensation, fines, penalties or other amounts arising out of the failure or alleged failure of any person or entity (including Developer, its general contractor, and their subcontractors, if any) to pay prevailing wages as required by law or to comply with the other applicable provisions of California Labor Code Sections 1720 *et seq.* and implementing regulations of the Department of Industrial Relations in connection with construction of the Developer Improvements.

310. Nondiscrimination in Employment. Developer certifies and agrees that all persons employed or applying for employment by it, its affiliates, subsidiaries, or holding companies, and all subcontractors, bidders and vendors, are and will be treated equally by it without regard to, or because of race, color, religion, ancestry, national origin, sex, age, pregnancy, childbirth or related medical condition, medical condition (cancer related) or physical or mental disability, and in compliance with Title VII of the *Civil Rights Act of 1964,* 42 U.S.C. Section 2000, *et seq.,* the *Federal Equal Pay Act of 1963,* 29 U.S.C. section 206(d), the *Age Discrimination in Employment Act of 1967,* 29 U.S.C. Section 621, *et seq.,* the *Immigration Reform and Control Act of 1986,* 8 U.S.C. Section 1324b, *et seq.,* 42 U.S.C. Section 1981, the *California Fair Employment and Housing Act,* California Government Code Section 12900, *et seq.,* the *California Equal Pay Law,* California Labor Code Section 1197.5, California Government Code Section 11135, the *Americans with Disabilities Act,* 42 U.S.C. Section 12101, *et seq.,* and all other anti-discrimination laws and regulations of the United States and the State of California as they now exist or may hereafter be amended. Developer shall allow representatives of the City access to its employment records related to this Agreement during regular business hours to verify compliance with these provisions when so requested by the City.

310.1 Taxes and Assessments. The Developer shall pay prior to delinquency all ad valorem real estate taxes and assessments on each of the Mixed-Use Parcels owned by the Developer, subject to the Developer's right to contest in good faith any such taxes. The Developer shall remove or have removed any levy or attachment made on any of the Developer- owned Mixed-Use Parcels, or assure the satisfaction thereof, within a reasonable time. The Developer shall not apply for or receive any exemption from the payment of property taxes or assessments on any interest in or to the Mixed-Use Parcels or the Developer Improvements.

310.2 Liens and Stop Notices. The Developer shall not allow to be placed on the Mixed-Use Parcels or any part thereof any lien or stop notice. If a claim of a lien or stop notice is given or recorded affecting the Developer Improvements, the Developer shall within thirty (30) days of such recording or service or within five (5) days of the City's demand whichever last occurs:

a. pay and discharge the same; or

b. affect the release thereof by recording and delivering to the City a surety bond in sufficient form and amount, or otherwise; or

c. provide the City with other assurances that the City deems, in its sole discretion, to be satisfactory for the payment of such lien or bonded stop notice and for the full and continuous protection of City from the effect of such lien or bonded stop notice.

311. Release of Construction Covenants. Promptly after completion of construction of the Developer Improvements upon a Mixed-Use Parcel in conformity with this Agreement, and upon the written request of the Developer, the City shall furnish the Developer with a "Release of Construction Covenants," substantially in the form of Attachment No. 8 hereto. The City shall not unreasonably withhold such Release of Construction Covenants. The Release of Construction Covenants shall be a conclusive determination of satisfactory completion of the Developer Improvements upon the respective Mixed-Use Parcel and the Release of Construction Covenants shall so state. Any party then owning or thereafter purchasing, leasing or otherwise acquiring any interest in the respective Mixed-Use Parcel shall not (because of such ownership, purchase, lease or acquisition) incur any obligation or liability under this Agreement except for those continuing covenants as set forth in Section 400 *et seq.* of this Agreement.

The City's issuance of a Release of Construction Covenants applicable to the last Mixed-Use Parcel to be acquired and developed by the Developer as set forth in the Schedule of Performance (Attachment No. 7) shall be deemed a "final" Release of Construction Covenants for purposes of this Agreement and the obligations of the Developer hereunder.

If the City refuses or fails to furnish a Release of Construction Covenants, after written request from the Developer, the City shall, within thirty (30) days of written request therefore, provide the Developer with a written statement of the reasons the City refused or failed to furnish the Release of Construction Covenants. The statement shall also contain the City's opinion of the actions the Developer must take to obtain the Release of Construction Covenants. Even if the City fails to provide such written statement within such thirty (30) day period, the Developer shall not be deemed entitled to the Release of Construction Covenants. The Release of Construction Covenants shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder of any mortgage, or any insurer of a mortgage securing money loaned to finance the Developer Improvements, or any part thereof. The Release of Construction Covenants is not a notice of completion as referred to in Section 3093 of California Civil Code.

Notwithstanding any other provision of this Agreement, the issuance of a Release of Construction Covenants for an individual Mixed-Use Parcel shall not be construed to waive, terminate, or modify any obligation arising under Section 203 (Environmental Constraints), Article 400 (Covenants and Restrictions) of this Agreement for the other remaining Mixed-Use Parcels, or any obligation, easement, covenant, or restriction contained in any recorded instrument affecting the Mixed-Use Parcels, including without limitation the First Amendment to Grant Deed and Restrictive Covenant recorded October __, 2026, the Easement and Maintenance Agreement recorded December 24, 2014, and the Easement and Maintenance Agreement recorded March 14, 2018 (Temporary Restroom).

Notwithstanding any other provision of this Agreement, the issuance of a Release of Construction Covenants for one Mixed-Use Parcel shall not be construed to waive, terminate, or modify an

obligation arising under any provision of this Agreement for any other Mixed-Use Parcel.

400. COVENANTS AND RESTRICTIONS

401. Use of Mixed-Use Parcels. The Developer covenants and agrees for itself, its successors, its assigns and every successor in interest to the Mixed-Use Parcels and any part thereof that such Mixed-Use Parcels and all parts thereof shall be devoted to the uses specified in this Agreement. Except as further limited by this Agreement, all uses conducted on the Mixed-Use Parcels or any part thereof, including, without limitation, all activities undertaken by the Developer pursuant to this Agreement, shall conform to all applicable provisions of the Folsom Municipal Code.

Notwithstanding provisions of the *Folsom Municipal Code,* the Developer herein expressly covenants and agrees, for itself, its successors, its assigns and every successor in interest that the uses and types of businesses set forth below shall not be permitted by owners, occupants or tenants of the Mixed-Use Parcels or parts thereof. These use restrictions shall run with the land and be disclosed in every sale or lease of a Mixed-Use Parcel or part thereof. Any alteration of such use restrictions shall require an amendment of this Agreement formally approved by the City Council:

- "Laundromat, Self-Service," as listed in the Commercial Use Table of the *Folsom Municipal Code,* Section 17.22.030E, Use #135, and defined as any establishment that contains coin or other pay operated laundry machines for use on-site, other than laundry facilities constructed and operated exclusively as an amenity serving the residential units constructed on the Mixed-Use Parcels; laundromats are not intended to include dry cleaning establishments;

- "Check-Casher Business," as defined in Civil Code Section 1789.31 as written or hereafter amended which reads as follows: "a 'check casher' means a person or entity that for compensation engages, in whole or in part, in the business of cashing checks, warrants, drafts, money orders, or other commercial paper serving the same purpose. 'Check casher' does not include a state or federally chartered bank, savings association, credit union, or industrial loan company. 'Check casher' also does not include a retail seller engaged primarily in the business of selling consumer goods, including consumables, to retail buyers that cashes checks or issues money orders for a fee not exceeding two dollars ($2) as a service to its customers that is incidental to its main purpose or business.";

- "Discount Store," defined as any establishment that sells a diverse range of products and in which at least eighty percent (80%) of the products for sale are priced at one dollar twenty-five cents ($1.25) or less per unit;

- "Liquor Store," as listed in the Commercial Use Table of the *Folsom Municipal Code,* Section 17.22.030E, Use #141, and defined as any establishment with sixty percent (60%) or more of its shelf space devoted to the sale of alcoholic beverages, other than beer, wine and fortified wines, for consumption elsewhere;

- "Tattoo Shop," as listed in the Commercial Use Table of the *Folsom Municipal Code,* Section 17.22.030E, Use #229, and defined as any establishment whose principal business activity is the placing of designs, letters, figures, symbols or other marks upon

or under the skin of a person using ink or other substances that result in the permanent coloration of the skin by means of the use of needles or other instruments designed to contact or puncture the skin;

- "Pawn Shop or Pawnbroker," as listed in the Commercial Use Table of the *Folsom Municipal Code,* Section 17.22.030E, Use #170, and as defined in California Finance Code Section 21000 as written or hereafter amended which reads as follows: "Every person engaged in the business of receiving goods, including motor vehicles, in pledge as security for a loan is a pawnbroker.";

- "Adult-related business," as defined in Chapter 5.21 of Title 5 of the *Folsom Municipal Code;*

- "Auto Minor Service-Repair-Replacement," as listed in the Commercial Use Table of the *Folsom Municipal Code,* Section 17.22.030E, Use #19;

- "Towing Service-No Storage of Vehicles," as listed in the Commercial Use Table of the *Folsom Municipal Code,* Section 17.22.030E, Use #237;

- "Furniture Cleaning, Refinishing and Reupholstery Shop," as listed in the Commercial Use . Table of the *Folsom Municipal Code,* Section 17.22.030E, Use #101;

- "Funeral Establishment," as listed in the Commercial Use Table of the *Folsom Municipal Code,* Section 17.22.030E, Use #103;

- "Taxi Cab Service and Storage Facility," as listed in the Commercial Use Table of the *Folsom Municipal Code.* Section 17.22.030E, Use #230:

- "Tool Reconditioning," as listed in the Commercial Use Table of the *Folsom Municipal Code,* Section 17.22.030E, Use #235.

402. Use and Operation Covenants. For a period of not less than twenty (20) years from the date a Certificate of Occupancy is granted for the Developer Improvements on a Mixed-Use Parcel, the Developer hereby covenants and agrees to use and continuously operate the respective Mixed-Use Parcel as follows:

a. The portion of the Mixed-Use Parcel developed with residential units shall continue to be used and operated as residential units only; however, the Affordable Units constructed pursuant to Section 403.1 hereof shall be used and operated as affordable residential units for the time period required by Section 403.1 hereof.

b. The portion of the Mixed-Use Parcel developed as ground-level retail (street level along Sutter Street and Wool Street frontages, and plaza level adjacent to the public plaza) shall continue to be used and operated for retail purposes only except that portion of the Granite House which faces the public parking garage and plaza that was originally approved as parking that has been changed to retail or office by the Granite House Modification Project (DRCL24-00191) and was recommended for approval to the City Council by the Historic District Commission on October 2, 2024. The City Council approved the project on October 13, 2026.

403. Affordable Housing.

403.1 Affordable Units. In consideration of receipt of the Housing Assistance from the Agency, the Developer covenants and agrees for itself, its successors, its assigns and every successor in interest that six (6) units of the residential units to be constructed as part of the Historic Folsom Station Project shall be and remain affordable to and occupied by persons and families of moderate income, as defined by Health and Safety Code Section 50093 (the "Affordable Units"). The Affordable Units may be either rental units or for-sale units. The Developer may elect at any time to repay the Housing Assistance in cash to City and be relieved of the obligation to construct the Affordable Units.

The Developer agrees to cooperate with the City in any subsidized loan program the City may, in its sole discretion, make available to purchasers of some or all of the Affordable Units. Covenant agreements shall be recorded against the Affordable Units providing for the use, maintenance and occupancy of the Affordable Units, which shall require the Affordable Units to remain affordable to and occupied by persons and families of moderate income for not less than forty-five (45) years for owner-occupied units and not less than fifty- five (55) years for rental units from the date of issuance of a certificate of occupancy by the City for the improvements containing the Affordable Units.

The Affordable Units shall be dispersed throughout the residential component of the Developer Improvements and shall not be concentrated. The Developer may choose to defer the Affordable Units until after the development of Mixed-Use Parcel C. If the Developer defers the Affordable Units until after the development of Mixed-Use Parcel C, prior to the construction of each remaining Mixed-Use Parcel, the Developer shall notify the City whether it will construct the Affordable Units on the Mixed-Use Parcel being constructed, defer constructing the Affordable Units to another Mixed-Use Parcel or repay the Housing Assistance to the City. Prior to the construction of the last Mixed-Use Parcel by the Developer, the Developer shall either identify the location of the Affordable Units on the Mixed-Use Parcel, or repay the Housing Assistance to the City. If the Developer chooses to construct the Affordable Units, the Developer shall identify whether the Affordable Units will be rental housing units or for-sale housing units.

403.2 Selection of Qualified Renters/Buyers. The Developer shall be solely responsible for the selection of qualified renters/buyers of the Affordable Units. The Developer shall use commercially reasonable efforts to ensure that the Affordable Units are leased/sold to persons and families of moderate income, as required by Section 403.1, that are able to lease/purchase such units at the maximum lease/sales price for the unit at an affordable rent/affordable housing cost (as defined in Section 101 of this Agreement) without any loan or subsidy from the City.

403.3 Income of Renters/Buyers. Prior to the rental or sale of any Affordable Unit to a renter or buyer, the Developer and any successor in interest to Developer shall submit or cause to be submitted to the City a completed income computation and certification form in the form that is provided by the City. The Developer shall certify, to the best of the Developer's knowledge, that each prospective renter/buyer renting or buying an Affordable Unit meets the eligibility requirements established for the Affordable Unit. The Developer shall obtain an income certification from the prospective renter/buyer of each Affordable Unit and shall certify that, to the best of the Developer's knowledge, the income of the prospective renter/buyer is truthfully set forth in the income certification form. The Developer shall verify the income certification of the

prospective renter/buyer in one or more of the following methods reasonably acceptable to the City:

a. obtain paycheck stubs from the prospective renter/buyer's two (2) most recent pay periods.

b. obtain a true copy of an income tax return from the prospective renter/buyer for the most recent tax year in which a return was filed.

c. obtain an income verification certification from the employer of the prospective renter/buyer.

d. obtain an income verification certification from the Social Security Administration or the California Department of Social Services if the prospective renter/buyer receives assistance from such agencies.

e. obtain an alternate form of income verification reasonably acceptable to the City, if none of the above forms of verification is available to the Developer.

403.4 Documentation. If the Developer determines that the Affordable Units will be rental housing units, prior to the construction of the Mixed-Use Parcel chosen for the Affordable Units, the Developer shall execute an affordable housing covenant agreement and such further documents reasonably required by the City, as approved by the City's legal counsel, to effectuate the Developer's covenant for itself, its successors, its assigns and every successor in interest to the subject Mixed-Use Parcel that the Affordable Units shall remain available to and occupied by persons and families of moderate income for a period of not less than fifty-five (55) years from the date of issuance of the Certificate of Completion for the Mixed-Use Parcel containing the Affordable Units.

If the Developer determines that the Affordable Units will be for-sale housing units, at the close of escrow for the purchase of an Affordable Unit, the City will require each purchaser of such unit to execute an affordable housing covenant agreement and such further documents reasonably required by the City, in forms approved by the City's legal counsel to address re-sale and any and all other issues required to comply with the terms and conditions of this Agreement and all other governmental requirements, including that the unit shall remain available to and occupied by persons and families of moderate income for a period of not less than forty-five (45) years from the date of issuance of the Certificate of Completion for the Mixed-Use Parcel containing the Affordable Units. The Developer covenants and agrees that no Affordable Unit shall be sold unless and until this condition has been satisfied as to such Affordable Unit.

403.5 Best Efforts to Rent/Sell Affordable Units. The Developer agrees to exercise reasonable efforts consistent with prudent business practices to rent/sell all of the Affordable Units to renters or owner-occupants as soon as practical following the completion of the construction of the Affordable Units. The Developer agrees that the Affordable Units shall not be leased or rented by the Developer or any party related to the Developer.

404. CC&Rs for Residential Units. If the residential units are to be made available for sale upon completion of construction pursuant to this Agreement, then prior to the sale of any residential unit, the Developer shall prepare and submit to the City for its approval, which approval shall not be unreasonably withheld, a Declaration of Covenants, Conditions and Restrictions

("CC&Rs") which establishes a homeowner's association (the "Association") for the residential units. The City's review of the CC&Rs shall be limited to compliance with the requirements of this Section 404. The CC&Rs shall require the owners of all dwelling units constructed on the Mixed-Use Parcels to be members of the Association. The CC&Rs shall entitle each owner to use of the common areas and facilities to be constructed on the Mixed-Use Parcels, and shall set forth an equitable apportionment of the costs of maintaining and operating such common areas and facilities. The CC&Rs shall also obligate the Association to maintain and assume all liability for any landscaping that is installed on the Mixed-Use Parcels. The location of such landscaping shall be set forth in a landscaping map attached to and incorporated into the CC&Rs. The CC&Rs shall also require compliance with Sections 401, 402, 406, and 407 of this Agreement. The CC&Rs shall be enforceable by the City, and no amendment to the CC&Rs which relates to the requirements of this Section 404 or Sections 401, 402, 406, or 407 of this Agreement shall be permitted or be effective prior to the written approval of the City.

405. Maintenance Covenants; Reserved Parking; Mutual Rights of Access and Use of the Railroad Block During Construction; Reciprocal Easement Agreement.

405.1 Maintenance of Mixed-Use Parcels. The Developer shall maintain the Developer-owned Mixed-Use Parcels and all improvements thereon, including all landscaping, in compliance with all applicable provisions of the *Folsom Municipal Code,* and with the Reciprocal Easement Agreement (the "REA").

405.2 Maintenance of Public-Use Site. The Developer shall be solely responsible and bear all costs for maintaining: (a) the portion of the Public-Use Site adjacent to Mixed-Use Parcel C, as shown on the map attached to this Agreement as Exhibit C to the Scope of Development (Attachment No. 4) (the "South Plaza"), and (b) the portion of the Sutter Street right-of-way adjacent to Mixed-Use Parcel C, as shown on the map attached to this Agreement as Exhibit C to the Scope of Development (Attachment No. 4) (the "Granite House-Adjacent Right-of-Way"). The Developer shall maintain the South Plaza and the Granite House-Adjacent Right-of-Way and all improvements thereon, including all landscaping, in compliance with all applicable provisions of the Folsom Municipal Code, and with the terms of the REA described in Section 405.5 hereof.

As to the remainder of the Public-Use Site, the Developer agrees to pay the assessments for the Historic Folsom Property and Business Improvement District which reimburses the City of Folsom for landscaping maintenance for the Historic Folsom Station Plaza and public areas within the PBID boundaries.

405.3 Reserved Parking. The City agrees to make available to the Developer, for the use of its tenants, up to thirty (32) parking spaces, on a reserved basis, in the Public Parking Garage. In the event that improvements to the Public Parking Garage are needed for those spaces, including but not limited to striping, paving, and gate installation, the Developer shall be responsible for those costs.

405.4 Mutual Rights of Access and Use of the Railroad Block During Construction. The City agrees that during construction of the Developer Improvements on a Mixed-Use Parcel, the Developer shall have the right, without any cost or charge therefor by the City to use and occupy such portions of the Public-Use Site as are reasonably necessary for (as determined by the City) construction staging (materials and equipment transportation, storage and

maneuvering) for the Developer Improvements and related activities. These mutual rights of access and use shall not interfere with any ongoing construction on or use of the Public-Use Site. These right of access and use of the Railroad Block during construction is more specifically set forth in the REA.

405.5 Reciprocal Easement Agreement. The Developer and the City have executed a Reciprocal Easement Agreement ("REA") setting forth the parties' respective grants of easements for vehicular and pedestrian ingress and egress over and across Mixed-Use Parcels and the Public-Use Site, mutual rights of access and use of the Railroad Block during construction of the City Improvements and the Developer Improvements on the Mixed-Use Parcels, maintenance obligations, and rights and obligations concerning reserved parking. Nothing in this Agreement shall be construed to modify, limit, or terminate any obligation, easement, or right established by the Easement and Maintenance Agreement recorded in the official records of Sacramento County on December 24, 2014, the Easement and Maintenance Agreement recorded March 14, 2018 (Document #210803140370), the First Amendment to Grant Deed and Restrictive Covenant recorded October __, 2026, or any other recorded instrument affecting the Mixed-Use Parcels or the Public-Use Site, or Right of Entry and License Agreement (Folsom File No. 174-21 14-069) except to the extent such instrument is expressly identified herein as being amended and except with respect to the DA a conforming amendment thereto is separately executed and recorded. In the event of conflict between this Agreement and the Easement and Maintenance Agreement, the terms of this Agreement shall control.

405.6 Air Space Easements. The design of the Developer Improvements includes balconies that extend over the public right-of-way of Sutter Street as well as the Public-Use Site. Developer has prepared air space easements for the encroachments of each Mixed-Use Parcel over the public right-of-way and Public-Use Site, which was submitted to the City for its review and approval. Consistent with Chapter 12.20 of the Folsom Municipal Code, Developer shall defend, indemnify, and hold harmless the City, its officials, officers, agents, employees, and representatives from and against any and all claims, demands, suits, causes of action, damages, costs, expenses, losses or liability, at law or in equity, of every kind and nature whatsoever arising out of or in connection with the Developer Improvements that extend over the public right-of-way. Developer understands and agrees that this indemnification and hold harmless clause shall apply to any damages or claims for damages whether or not Developer's insurance policies have been determined to apply. Developer further understands and agrees that this indemnification and hold harmless clause shall survive the expiration or termination of this Agreement.

405.7 Public Restrooms on Mixed-Use Parcel E. The Developer Improvements to be constructed on Mixed-Use Parcel E may include space, to be used for two public restrooms of similar size as the two public restrooms that the City has temporarily placed on Parcel E. If the City desires to have public restroom space, Developer shall enter into a lease with the City for the public restroom space, for a term not less than fifty (50) years at a rental amount of ONE DOLLAR ($1.00) per year prior to and as a condition of issuance of a Certificate of Completion for Mixed-Use Parcel E.

406. Nondiscrimination Covenants. The Developer covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of

the Mixed-Use Parcels, nor shall the Developer itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Mixed-Use Parcels or any part thereof. The foregoing covenants shall run with the land.

The Developer shall refrain from restricting the rental, sale or lease of the Mixed-Use Parcels or any part thereof on the basis of race, color, religion, sex, marital status, ancestry or national origin of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or non-segregation clauses:

a. **In deeds:** "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

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

'That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.'"

c. **In contracts:** "There shall be no discrimination against or segregation of, any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises, nor shall the transferee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the premises."

407. Effect of Violation of the Terms and Provisions of this Agreement After Completion of Construction. The City is deemed the beneficiary of the terms and provisions of

this Agreement and of the covenants running with the land, for and in its own right and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit this Agreement and the covenants running with the land have been provided, without regard to whether the City has been, remains or is an owner of any land or interest therein in the Mixed-Use Parcels. The City shall have the right, if the Agreement or covenants are breached, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Agreement and covenants may be entitled. The covenants contained in this Agreement shall remain in effect until the issuance of the Release of Construction Covenants for the completion of construction of the Developer Improvements, except for the following:

a. The environmental covenants set forth in Sections 209.3, 209.4 and 209.5 of the Amended and Restated DDA shall remain in effect in perpetuity.

b. Except for the Affordable Units (which shall be subject to and controlled by separate covenant agreements pursuant to Section 403.4), the covenants pertaining to the use and operation of the Mixed-Use Parcels set forth in Sections 401 and 402 shall remain in effect for the periods set forth therein.

c. The covenants pertaining to maintenance of the improvements on the Mixed-Use Parcels and all improvements thereon, as set forth in Section 405.1, shall remain in effect for the period of time set forth in the REA described in Section 405.5 hereof.

d. The covenants pertaining to the Developer's obligations to maintain the South Plaza and the Granite House-Adjacent Right-of-Way and to pay its annual assessments for the Historic Folsom Property and Business Improvement District which contribute to the annual costs for maintenance of the improvements on the remainder of the Public-Use Site, excluding the Public Parking Garage, shall remain in effect for the period of time set forth in the REA.

e. The covenants against discrimination, as set forth in Section 406, shall remain in effect in perpetuity.

500. DEFAULTS AND REMEDIES

501. Default. Subject to the extensions of time set forth in Section 602 of this Agreement, failure by either party to perform any action or covenant required by this Agreement within the time periods provided herein following notice and failure to cure as described hereafter, constitutes a "default" under this Agreement. A party claiming a default shall give written notice of default to the other party specifying the default complained of. Except as otherwise expressly provided in this Agreement, the claimant shall not institute any proceeding against any other party, and the other party shall not be in default if such party within thirty (30) days from receipt of such notice immediately, with due diligence, commences to cure, correct or remedy such failure or delay and shall complete such cure, correction or remedy with diligence.

In addition to the remedies set forth above, in the event Developer fails to commence construction on any Mixed-Use Parcel within two hundred seventy (270) days after the applicable commencement date set forth in the Schedule of Performance in Attachment No. 7, and after any

permitted extensions, the City shall have the right, exercisable upon thirty (30) days' written notice with no further cure period, to require Developer to submit to City a written construction feasibility report and updated financing plan for the applicable Mixed-Use Parcel within sixty (60) days of such notice. Failure to submit a satisfactory feasibility report and financing plan shall itself constitute a separate and independent default under this Agreement.

502. Institution of Legal Actions. In addition to any other rights or remedies and subject to the restrictions otherwise set forth in this Agreement, either party may institute an action at law or equity to seek specific performance of the terms of this Agreement, or to cure, correct or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the County of Sacramento, State of California, in an appropriate municipal court in that county, or in the District of the United States District Court in which such county is located.

503. Acceptance of Service of Process. In the event that any legal action is commenced by the Developer against the City, service of process on the City shall be made by personal service upon the City Manager of the City or in such other manner as may be provided by law. In the event that any legal action is commenced by the City against the Developer, service of process on the Developer shall be made by personal service upon any Member of the Developer or in such other manner as may be provided by law.

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

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

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

600. GENERAL PROVISIONS

601. Notices, Demands and Communications Between the Parties. Any approval, disapproval, demand, document or other notice ("notice") which either party may desire to give to the other party under this Agreement must be in writing and may be given by any commercially acceptable means to the party to whom the notice is directed at the address of the party as set forth below, or at any other address as that party may later designate by notice.

To City: City of Folsom
Attn: City Manager
50 Natoma Street
Folsom, California 95630

To Developer: Folsom Railroad Block Developers, LLC
Attn: Jeremy G. Bernau, Member
921 Sutter Street
Folsom, CA 95630

Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate as herein provided. Notices which are delivered by hand or overnight courier shall be deemed received upon delivery; notices which are deposited in the United States mail in accordance with the terms of this Section 601 shall be deemed received three (3) days after mailing. The inability to deliver any notice because of a changed address of which no notice was given, or rejection or other refusal to accept any notice, shall be deemed to be the receipt of the notice as of the date of such inability to deliver or rejection or refusal to accept.

602. Enforced Delay; Extension of Times of Performance. In addition to specific provisions of this Agreement, performance by either party hereunder shall not be deemed to be in default, and all performance and other dates specified in this Agreement shall be extended, where delays or defaults are due to: war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; governmental restrictions or priority; unusually severe weather; inability to secure necessary labor, materials or tools (provided that such inability is not the fault of the party claiming an extension of time to perform); delays of any contractor, subcontractor or supplier (provided that such delay(s) is not the fault of the party claiming an extension of time to perform); acts or omissions of the other party; acts or failures to act of the City or any other public or governmental agency or entity (other than the acts or failures to act of the City which shall not excuse performance by the City): or any other causes beyond the control or without the fault of the party claiming an extension of time to perform. Notwithstanding anything to the contrary in this Agreement, an extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) days of the commencement of the cause. Times of performance under this Agreement may also be extended in writing by the mutual agreement of City and Developer, except as limited by Section 304 of this Agreement. Notwithstanding any provision of this Agreement to the contrary, a lack of funding to complete the Developer Improvements shall not constitute grounds of enforced delay pursuant to this Section 602.

603. Transfers of Interest in Mixed-Use Parcels or Agreement.

603.1 Prohibition. The qualifications and identity of the Developer are of particular concern to the City. It is because of those qualifications and identity that the City has entered into this Agreement with the Developer. For the period commencing upon the date of this Agreement and until the issuance of a final Release of Construction Covenants pursuant to Section 311 hereof, no voluntary or involuntary successor in interest of the Developer shall acquire any rights or powers under this Agreement without the prior written approval of the City, except as expressly set forth herein. Additionally, for the period commencing upon the date of this Agreement and until issuance of a Release of Construction Covenants pursuant to Section 311 for the development of a Mixed-Use Parcel the Developer shall not make any total or partial sale,

transfer, conveyance, assignment, subdivision, or lease of the whole or any part of that Mixed-Use Parcel or the improvements thereon without prior written approval of the City, except as expressly set forth herein. Any proposed total or partial sale, transfer, conveyance, assignment, subdivision, or lease of the whole or any part of the Mixed-Use Parcels or the improvements thereon in violation hereof shall be void.

603.2 Permitted Transfers. Notwithstanding any other provision of this Agreement to the contrary, City approval of an assignment of this Agreement or conveyance of the Mixed-Use Parcels or Developer Improvements, or any part thereof, shall not be required in connection with any of the following:

a. Any transfers to an entity or entities in which the Developer retains a minimum of fifty-one percent (51%) of the ownership or beneficial interest and· retains management and control of the transferee entity or entities.

b. The conveyance or dedication of any portion of the Mixed-Use Parcels to the City (subject to City acceptance of such conveyance or dedication) or the granting of easements or permits to facilitate construction of the Developer Improvements (as defined herein).

c. Any requested assignment for financing purposes, including the grant of a deed of trust to secure the funds necessary for development, construction and permanent financing of the Developer Improvements.

d. Any rental or sale of the residential units to owner-occupants, pursuant to Section 403 hereof.

e. Any granting of easements or permits to facilitate the development of the any of the Mixed-Use Parcels.

f. Any leasing of any part or parts of the building or structure.

In the event of an assignment by Developer under subparagraph (a) above not requiring the City's prior approval, Developer nevertheless agrees that at least thirty (30) days prior to such assignment it shall give written notice to City of such assignment and evidence satisfactory to City that the assignee has assumed jointly with Developer the obligations of this Agreement.

603.3 City Consideration of Requested Transfer. Any request for approval of a transfer or assignment must be in writing. Such notice shall be accompanied by sufficient evidence regarding the proposed assignee's or purchaser's development and operational qualifications and experience, and its financial commitments and resources, in sufficient detail to enable the City to evaluate the proposed assignee or purchaser pursuant to the criteria set forth in this Section 603 and as reasonably determined by the City. The City shall evaluate each proposed transferee or assignee on the basis of its development and qualifications and experience in the operation of facilities similar to the Developer Improvements, and its financial commitments and resources, and may reasonably disapprove any proposed transferee or assignee, during the period for which this Section 603 applies, which the City, in its sole discretion, determines does not possess equal or better qualifications than the transferring Developer. An assignment and

assumption agreement in a form satisfactory to the City's legal counsel shall also be required for all proposed transfers and assignments. Within thirty (30) days after the receipt of the Developer's written notice requesting City approval of an assignment or transfer pursuant to this Section 603, the City shall, in its sole discretion, either approve or disapprove such proposed assignment or transfer or shall respond in writing by stating what further information, if any, the City reasonably requires in order to determine the request complete and determine whether or not to grant the requested approval. Upon receipt of such a response, the Developer shall promptly furnish to the City such further information as may be reasonably requested.

603.4 Successors and Assigns. All of the terms, covenants and conditions of this Agreement shall be binding upon the Developer and its permitted successors and assigns. Whenever the term "Developer" is used in this Agreement, such term shall include any other permitted successors and assigns as herein provided.

603.5 Assignment by City. The City may assign or transfer any of its rights or obligations under this Agreement with the approval of the Developer, which approval shall not be unreasonably withheld.

604. Non-Liability of Officials and Employees of the City. No member, official or employee of the City shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach by the City or for any amount which may become due to the Developer or its successors, or on any obligations under the terms of this Agreement.

605. Relationship Between City and Developer. It is hereby acknowledged that the relationship between the City and the Developer is not that of a partnership or joint venture and that the City and the Developer shall not be deemed or construed for any purpose to be the agent of the other. Accordingly, except as expressly provided herein or in the attachments hereto, the City shall have no rights, powers, duties or obligations with respect to the development, operation, maintenance or management of the Mixed-Use Parcels or the Developer Improvements. The Developer agrees to indemnify, hold harmless and defend the City from any claim made against the City arising from a claimed relationship of partnership or joint venture between the City and the Developer with respect to the development, operation, maintenance or management of the Mixed-Use Parcels or the Developer Improvements.

606. City Approvals and Actions. Whenever a reference is made herein to an action or approval to be undertaken by the City, the City Manager, or his or her designee, is authorized to act on behalf of the City unless specifically provided otherwise or the context should require otherwise.

607. Counterparts. This Agreement may be signed in multiple counterparts which, when signed by all parties, shall constitute a binding agreement.

608. Integration. This Agreement contains the entire understanding between the parties relating to the transaction contemplated by this Agreement. All prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged in this Agreement and shall be of no further force or effect. Each party is entering this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material. This Agreement includes pages 1 through 38 and Attachment Nos. 1 through 8, all of which are incorporated herein by this reference.

This Agreement and said attachments constitute the entire understanding and agreement of the parties, notwithstanding any previous negotiations or agreements between the parties or their predecessors in interest with respect to all or any part of the subject matter hereof. Notwithstanding the foregoing, nothing herein shall be construed to supersede, modify, or limit the recorded First Amendment to Grant Deed and Restrictive Covenant, Restrictive Covenant, Easement and Maintenance Agreement, or other instrument recorded in the official records of Sacramento County affecting the Mixed-Use Parcels or the Public-Use Site, all of which shall continue in full force and effect, other than the DDA and the Amended and Restated DDA, which are both expressly amended and restated upon execution of this Agreement. In the event of conflict between this Agreement and the Easement and Maintenance Agreement, the terms of this Agreement shall control.

609. Attorneys' Fees. In any action between the parties to interpret, enforce, reform, modify, rescind, or otherwise in connection with any of the terms or provisions of this Agreement, the prevailing party in the action shall be entitled, in addition to damages, injunctive relief, or any other relief to which it might be entitled, reasonable costs and expenses including, without limitation, litigation costs and reasonable attorneys' fees.

610. Titles and Captions. Titles and captions are for convenience of reference only and do not define, describe or limit the scope or the intent of this Agreement or of any of its terms. Reference to section numbers is to sections in this Agreement, unless expressly stated otherwise.

611. Interpretation. As used in this Agreement, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others where and when the context so dictates. The word "including" shall be construed as if followed by the words "without limitation." This Agreement shall be interpreted as though prepared jointly by both parties.

612. No Waiver. A waiver by either party of a breach of any of the covenants, conditions or agreements under this Agreement to be performed by the other party shall not be construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions of this Agreement.

613. Modifications. Any alteration, change or modification of or to this Agreement, in order to become effective, shall be made in writing and in each instance signed on behalf of each party.

614. Severability. If any term, provision, condition or covenant of this Agreement or its application to any party or circumstances shall be held, to any extent, invalid or unenforceable, the remainder of this Agreement, or the application of the term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law.

615. Computation of Time. The time in which any act is to be done under this Agreement is computed by excluding the first day, and including the last day, unless the last day is a holiday or Saturday or Sunday, and then that day is also excluded. The term "holiday" shall mean all holidays as specified in Sections 6700 and 6701 of the California Government Code. If any act is to be done by a particular time during a day, that time shall be Pacific Time Zone time.

616. Legal Advice. Each party represents and warrants to the other the following: they have carefully read this Agreement, and in signing this Agreement, they do so with full knowledge of any right which they may have; they have received independent legal advice from their respective legal counsel as to the matters set forth in this Agreement, or have knowingly chosen not to consult legal counsel as to the matters set forth in this Agreement; and, they have freely signed this Agreement without any reliance upon any agreement, promise, statement or representation by or on behalf of the other party, or their respective agents, employees, or attorneys, except as specifically set forth in this Agreement, and without duress or coercion, whether economic or otherwise.

617. Time of Essence. Time is expressly made of the essence with respect to the performance by the City and the Developer of each and every obligation and condition of this Agreement.

618. Cooperation. Each party agrees to cooperate with the other in this transaction and, in that regard, to sign any and all documents which may be reasonably necessary, helpful, or appropriate to carry out the purposes and intent of this Agreement including, but not limited to, releases or additional agreements.

619. Conflicts of Interest. No officer, official or employee of the City shall have any personal or financial interest, direct or indirect, in this Agreement, nor shall any such member, official or employee participate in any decision relating to the Agreement which affects his or her personal or financial interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested. Developer shall not employ any City officer, official or employee in the work performed pursuant to this Agreement. No official, officer or employee of City shall have any financial interest in this Agreement in violation of the applicable provisions of the California Government Code. Developer warrants and covenants that no officer, official or employee of City, nor any business entity in which a officer, official or employee of City is interested, (l) has been employed or retained to solicit or aid in the procuring of this Agreement; or (2) will be employed in the performance of this Agreement without the immediate divulgence of such fact to the City Manager and City Attorney.

620. Date of Agreement. The date of this Agreement shall be the date when it shall have been signed by the City.

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

[SIGNATURES CONTAINED ON FOLLOWING PAGES]

IN WITNESS WHEREOF, this Agreement was executed by the parties on the day and year set out in the last date set out below.

CITY OF FOLSOM, a Municipal Corporation

By: _____

Dated: _____

Justin Raithel, Mayor

FOLSOM RAILROAD BLOCK DEVELOPERS, LLC,
a Delaware limited liability company

Bernau Development Corporation, a California corporation, Its Managing Member

By: _____

Dated: _____

Jeremy G. Bernau, President

APPROVED AS TO CONTENT:

_____
Bryan Whitemyer, City Manager

_____
Pam Johns, Director of Community Development

_____
Stacey Tamagni, Finance Director

APPROVED AS TO FORM:

_____
Sari Myers Dierking, City Attorney

ATTESTS:

_____
Christa Freemantle, City Clerk

NOTICE: SIGNATURE(S) ON BEHALF OF DEVELOPER MUST BE NOTARIZED.
A certificate of acknowledgment in accordance with the provisions of civil code section 1189 must be attached for each person executing this agreement on behalf of consultant. California Civil Section provides, at part (b): "Any certificate of acknowledgment taken in another place shall be sufficient in this state if it is taken in accordance with the laws of the place where the acknowledgment is made."

ATTACHMENTS

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ATTACHMENT NO. 1
LEGAL DESCRIPTION OF THE RAILROAD BLOCK

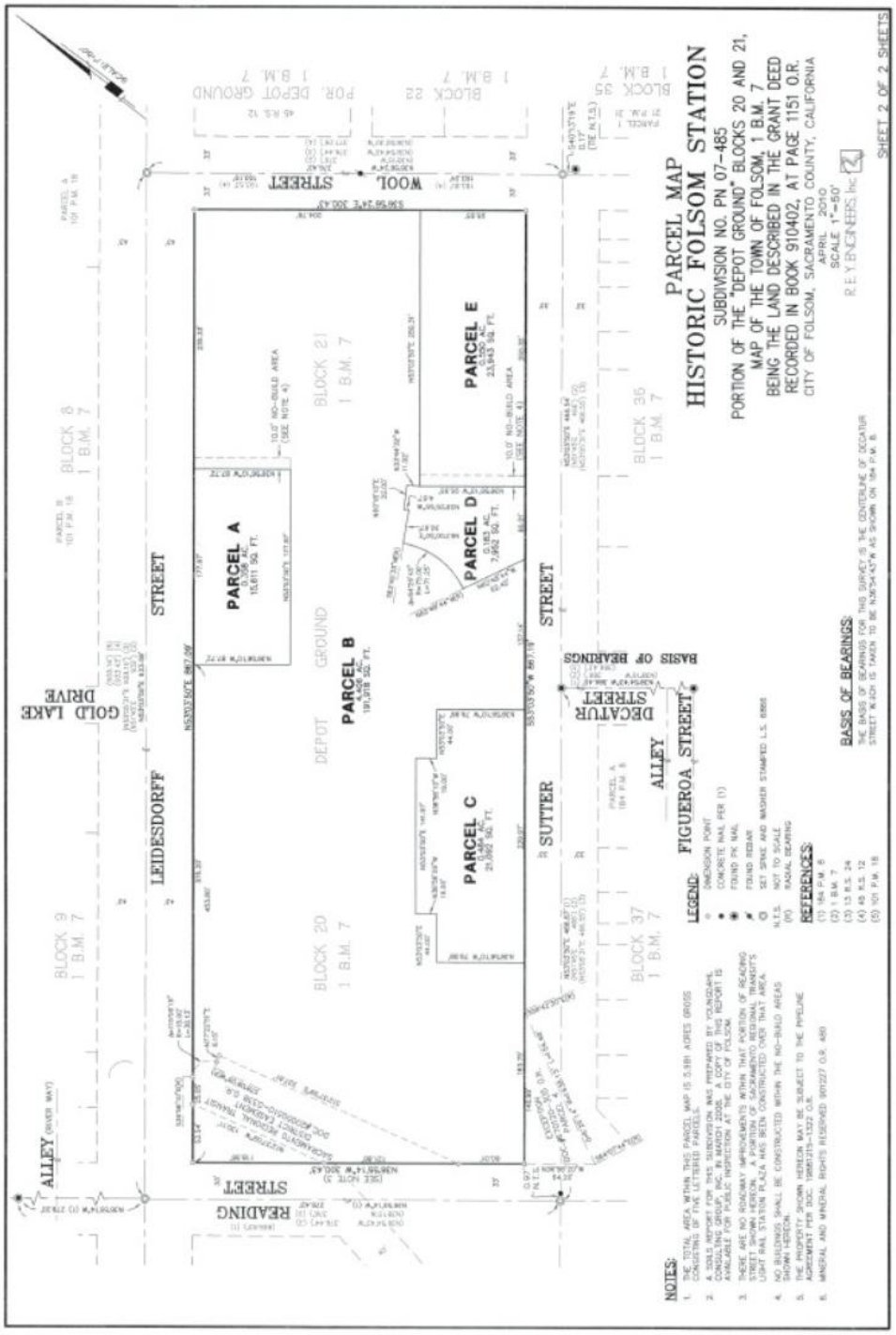
A PIECE OR PARCEL OF LAND SITUATE IN THE CITY OF FOLSOM, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, BEING THAT PORTION OF THE TOWN OF FOLSOM NUMBERED 20 AND 21 AND DESIGNATED "DEPOT GROUND" MAP OF SAID TOWN FILED DECEMBER 27, 1855 IN THE OFFICE OF THE COUNTY RECORDER OF SACRAMENTO COUNTY, NOW RECORDED IN BOOK I OF MAPS, MAP NO. 7, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST WESTERLY CORNER OF THE AREA NUMBERED 20 OF SAID "DEPOT GROUND", DISTANT SOUTH 74°25'14" EAST 54.21 FEET FROM THE GRANITE MONUMENT MARKING THE INTERSECTION OF THE CENTER LINES OF LEIDESDORFF AND READING STREETS, AS SAID STREETS ARE SHOWN ON SAID MAP OF THE TOWN OF FOLSOM,· THENCE SOUTH 36°54'43" EAST ALONG THE SOUTHWESTERLY LINE OF SAID DEPOT GROUND, BEING ALSO ALONG THE NORTHEASTERLY LINE OF READING STREET AND THE SOUTHEASTERLY PROLONGATION THEREOF, A DISTANCE OF 364.21 FEET TO A POINT IN THE WESTERLY LINE OF THAT CERTAIN STREET LYING ADJACENT TO AND WESTERLY OF BLOCK 37 AS SAID BLOCK AND STREET ARE SHOWN ON SAID MAP; THENCE NORTHERLY ALONG SAID WESTERLY LINE ON A CURVE TO THE RIGHT HAVING A RADIUS OF 1638.15 FEET AND CENTRAL ANGLE OF 5°25'14" (TANGENT TO SAID CURVE AT LAST MENTIONED POINT BEARS NORTH 25°53'53" EAST AND CHORD OF SAID CURVE BEARS NORTH 28°36'30" EAST 154.92 FEET) AN ARC DISTANCE OF 154.98 FEET TO A POINT OF INTERSECTION WITH THE NORTHWESTERLY LINE OF SUTTER STREET AS SHOWN ON SAID MAP; THENCE NORTH 53°05'31" EAST ALONG SAID NORTHWESTERLY LINE, BEING ALSO ALONG THE SOUTHWESTERLY LINE OF SAID DEPOT GROUND, A DISTANCE OF 725.00 FEET TO THE SOUTHWESTERLY LINE OF WOOL STREET AS SAID STREET JS SHOWN ON SAID MAP; THENCE NORTH 36°54'43" WEST ALONG SAID SOUTHWESTERLY LINE AND THE NORTHWESTERLY PROLONGATION THEREOF, BEING ALSO ALONG THE NORTHEASTERLY LINE OF SAID DEPOT GROUND, A DISTANCE OF 300.00 FEET TO THE SOUTHEASTERLY LINE OF SAID LEIDESDORFF STREET; THENCE SOUTH 53°05'31" WEST ALONG LAST SAID LINE, BEING ALSO ALONG THE NORTHWESTERLY LINE OF SAID DEPOT GROUND, A DISTANCE OF 866.00 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION OF PARCEL 4 AS DESCRIBED IN THE DEED FROM SOUTHERN PACIFIC COMPANY, A DELAWARE CORPORATION, TO THE CITY OF FOLSOM, A BODY CORPORATE AND POLITIC, LYING SOUTHEASTERLY FROM THE SOUTHEASTERLY LINE OF READING STREET, WHICH DEED WAS RECORDED JANUARY 20, 1967, IN BOOK 67-01-20, PAGE 305 OF OFFICIAL RECORDS.

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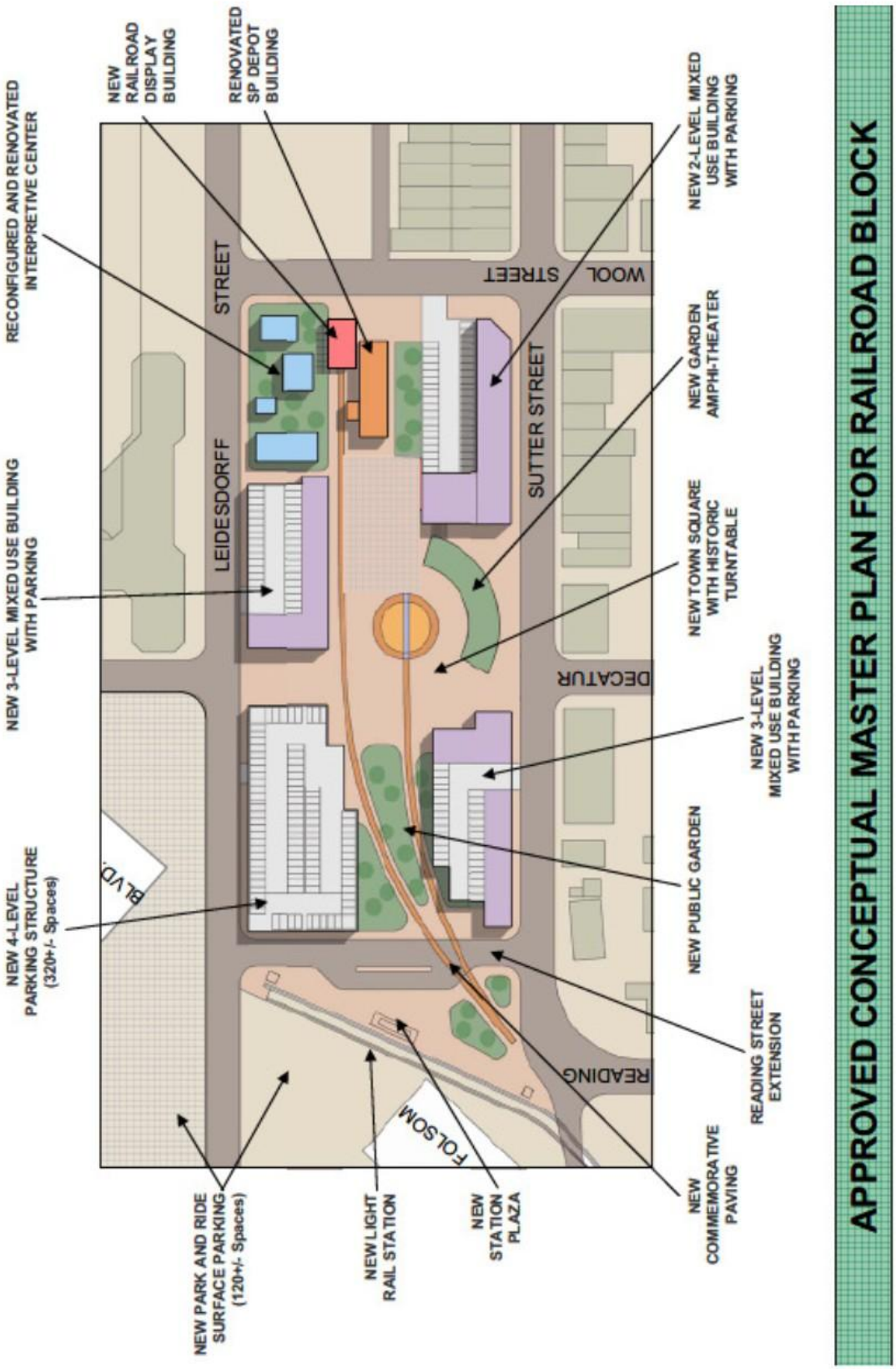
ATTACHMENT NO. 2
MAP OF THE RAILROAD BLOCK



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ATTACHMENT NO. 3
MASTER CONCEPTUAL PLAN

[See Attached.]



APPROVED CONCEPTUAL MASTER PLAN FOR RAILROAD BLOCK

Folsom, CA

ATTACHMENT NO. 4
SCOPE OF DEVELOPMENT

I. PRIVATE DEVELOPMENT

A. General

The Developer agrees that the Mixed-Use Parcels shall be developed and improved in accordance with the provisions of this Agreement and the plans, drawings and related documents approved by the City pursuant hereto, including, in particular, the Basic Concept Drawings attached to this Scope of Development as Exhibit A. The Developer, its supervising architect, engineer and contractor, shall work with City staff to coordinate the overall design, architecture and color of the improvements on the Railroad Block and the Developer Improvements. For purposes of the Basic Concept Drawings and this Scope of Development, the term "floor area" shall be defined as the leasable floor area within a building or structure, calculated as the overall gross floor area in square feet (all building floor area enclosed by the exterior walls of the building) *minus* all common building and shared space floor areas, including, but not limited to, lobbies, hallways, stairwells, elevators, restrooms, electrical rooms, mechanical rooms, utility rooms, janitorial rooms, trash enclosures, and parking areas. Leasable floor area shall be measured from the following points:

- For walls between tenant space and the exterior of the building, the exterior side of the wall shall be used such that 100% of the wall is counted as leasable floor area;
- For walls between tenant space and building common area, the common area side of the wall shall be used such that 100% of the wall is counted as leasable floor area; and
- For walls between adjacent tenants, the centerline of the wall shall be used such that 100% of the wall shall be counted as leasable floor area (split equally between the two tenants).

B. Developer Improvements

As more specifically shown on the Design Development Application for the Historic Folsom Station Project, the Developer shall construct, or cause to be constructed, a two- or three-story building or buildings on each of the four parcels comprising the Mixed-Use Parcels, together with not less than eighty (50) surface parking spaces. The total floor area of all buildings shall contain not more than 116,700 square feet of retail, office and residential space of which approximately 46,000 square feet shall be retail and office space and approximately 70,700 square feet shall be residential space within no more than sixty (62) dwelling units.

As shown on the Map of the Railroad Block (Attachment No. 2), the four parcels comprising the Mixed-Use Parcels are identified as "Parcel C," "Parcel A," "Parcel E," and "Parcel D."

1. Mixed Use Parcel C (also referred to as "Granite House") shall be developed with a three-story building containing approximately 16,000 square feet of ground-level retail and office space. On the second and third levels, approximately thirty (32) residential units shall be constructed containing approximately 36,500 square feet.

2. Mixed-Use Parcel A (also referred to as the "Leidesdorff Building") shall be developed with a two- to three-story building containing approximately 12,500 square feet of second-level retail and office space. The percentage of retail and office space may vary, however, commercial frontage on the plaza level must remain retail space. On the third level, approximately thirteen (13) residential units are allowed containing approximately 13,000 square feet. At least one ground-level parking space shall be required for each residential unit.

3. Mixed-Use Parcel E (also referred to as "Sutter Row") shall be developed with a three-story building containing approximately 24,500 square feet of first- and second-level retail and office space. The percentage of retail and office space may vary, however, commercial frontage on either the Sutter Street level or the plaza level must remain retail space. On the second or third level, approximately seventeen (17) residential units are allowed containing approximately 22,000 square feet. At least one ground-level parking space shall be required for each residential unit. The building on Parcel E shall also include an approximately 165 to 250 square foot space on the plaza level, facing the public plaza, to be leased to the City for use as public restrooms pursuant to Section 405.7 of the DA. The Developer shall construct the shell of the public restroom space as shown on Developer's plans for the Sutter Row, including separate water and sewer connections from the rest of the Sutter Row. The City shall be responsible for installing all fixtures and tenant improvements within the public restrooms and the payment of all fees related to the installation of the restrooms, including the regional sanitation connection fee, if any.

4. Mixed-Use Parcel D (also referred to as the "Roundhouse") has been developed with a two-story building containing approximately 8,470 square feet of restaurant space.

In addition to the requirements of the Design Development Application for the Historic Folsom Station Project, the Developer Improvements shall be constructed pursuant to requirements contained in the Noise Impact Study of Historic Folsom Station Public Plaza Modifications and Criteria to Meet Folsom Noise Limits, prepared by The Acoustics & Vibration Group, Inc., dated February 25, 2008.

C. Architecture and Design

The Developer Improvements shall be of high architectural quality, shall be well-landscaped, and shall be effectively and aesthetically designed. The shape, scale of volume, exterior design and exterior finish of each of the buildings must be consonant with, visually related to, physically related to, and an enhancement of adjacent buildings within the Sutter Street subarea of the Historic District. The exterior design and exterior finish of each of the four buildings constructed on the Mixed-Use Parcels must be individual and distinct from the others. The Developer's plans submitted to the City shall describe in detail the architectural character intended for the Developer Improvements.

D. All signs on the exterior of the buildings are of special concern to the City and must be approved by the City (which approval shall not be unreasonably withheld).

E. Screening

Trash areas shall be screened on at least three (3) sides and have movable doors or other devices to obscure such areas from view. All fire standpipes and such other fire related mechanical devices shall be screened with plant materials. Rooftop equipment shall be reasonably hidden so as to mitigate views from principal elevations surrounding the development.

F. Applicable Codes

The Developer Improvements shall be constructed in accordance with the Uniform Building Code (with City modifications) and the *Folsom Municipal Code.*

II. SITE CLEARANCE AND PREPARATION

A. On-Site Demolition and Clearance

1. The Developer shall remove, plug and/or crush in place utilities, such as storm sewers, sanitary sewers, water systems, electrical overhead and underground systems and telephone and gas systems located on the Mixed-Use Parcels, as may be required following any necessary relocation of the utilities.

B. Compaction. Finish Grading and Site Work

Pursuant to the Implementation Agreement, the Developer has, prior to the execution of this Agreement, performed on Mixed-Use Parcel C, excavation, fill, compaction and grading work pursuant to plans entitled "Rough Grading Plans for the Improvement of Historic Folsom Station Granite House," approved by the City of Folsom on October 10, 2008.

The City has over-excavated and rough graded the Public-Use Site and Mixed- Use Parcels A, C, D and E pursuant to grading plans included in the plans entitled "City of Folsom Redevelopment Department Plans for the Improvement of Historic Folsom Station, PN #2613," dated October 13, 2010, and approved by the City of Folsom on November 2, 2010 (the "Grading and Plaza Plans"). The Grading and Plaza Plans are based on soils analyses undertaken by Youngdahl Consulting Group, Inc., on both the Public-Use Site, which analysis was paid for by the Agency, and Mixed-Use Parcels A, C, D and E, which analysis was paid for by the Developer.

III. CITY IMPROVEMENTS

On March 8, 2008, the City of Folsom approved a design for a public plaza on the Public-Use Site, which design is shown on the drawing attached to this Scope of Development as Exhibit B; construction plans for a public plaza pursuant to this design are included in the Grading and Plaza Plans. The City has constructed, or caused to be constructed, a public plaza on the Public-Use Site as shown on Exhibit B, except that the public plaza shall not include the interactive water fountain; included as part of the public plaza are lighting and landscaping, a stage for the amphitheater, and a cover for the stage.

The City has constructed, or cause to be constructed, streetscape improvements adjacent to the Railroad Block, including sidewalks, curbs, gutters, driveways, on-street parking spaces, street lighting and other pedestrian amenities. These improvements were constructed pursuant to the Agency's Sutter Street Streetscape Project, which has also completed the frontage improvements

in each of the 600, 700, 800 and 900 blocks of Sutter Street.

IV. MISCELLANEOUS

A. Parcel Map(s)

The Agency, at the time specified in the Schedule of Performance (Attachment No. 7), has prepared and recorded, or caused to be prepared and recorded, a parcel map or maps with respect to the Railroad Block designating each of the parcels comprising the Mixed- Use Parcels and the remaining Public-Use Site. The Developer, at its sole expense, provided the Agency with all plans, data, records and other information relating to the Mixed-Use Parcels necessary for the preparation of the parcel map(s).

B. Environmental Mitigation Measures

The following mitigation measures were required in connection with the approval of the Railroad Block 1997 Urban Design Master Plan Initial Study/Mitigated Negative Declaration (the "IS/MND") and were not modified by, nor were new mitigation measures added by, the Addendum to the IS/MND approved on January 24, 2006:

Mitigation Measure 1: The City of Folsom shall require a Phase II Environmental Site Assessment prior to construction activities for developments within the Railroad Block and the proposed parking areas. The Phase II sampling program should be conducted to determine what degree of contamination exists. This mitigation measure has been completed; the City obtained a Phase I and Phase II Environmental Site Assessment Report in June 2005.

Mitigation Measure 2: If contamination is identified in construction areas, then appropriate remediation of the site should be completed prior to construction. Successful completion of remediation should be determined in coordination with the Sacramento County Environmental Management Department.

Mitigation Measure 3: Regulation of the loudness and duration of warning horns for excursion trains is outside the jurisdiction of the City of Folsom. However, the City shall require that excursion train operators use warning devices of the minimum loudness required by law, and such devices shall only be sounded for the minimum lawful warning period, except in cases of emergency.

Mitigation Measure 4: Prior to initiation of any grading, clearing, excavation, or ground disturbance within the Railroad Block or proposed parking areas, the Agency, City or the Developer shall consult with a qualified archeologist to determine the archeological sensitivity of the proposed development site. This determination shall be based on archival research, interviews, and other accepted research methods. If the likelihood of encountering cultural resources is high, and such resources cannot be avoided by site design, the City shall require the establishment and implementation of an approved research plan. Such a plan may include measuring, describing, and photographing the resources; collecting any artifactual materials; excavating deposits; and reporting on the finds.

If the likelihood of encountering cultural resources is low, ground disturbance may be permitted. If, at any point during construction, should any cultural resources, such as structural features, unusual amounts of bone or shell, artifacts, human remains, or architectural remains be encountered, work shall be suspended and the City of Folsom shall be notified. The City shall consult with a qualified

archeologist to determine if the encountered resources are "important" cultural resources within the definition of CEQA Appendix K. The consulting archeologist shall develop, if necessary, further mitigation measures consistent with CEQA Appendix K to reduce any cultural resource impact to less than a significant level.

In addition, pursuant to §5097.98 of the State Public Resources Code, and Section 7050.5 of the State Health and Safety Code, in the event of the discovery of any human remains, all work is to stop and the County Coroner shall be immediately notified. If the remains are determined to be Native American, guidelines of the Native American Heritage Commission shall be adhered to in the treatment and disposition of the remains.

In implementation of this mitigation measure, PAR Environmental Services, Inc., has prepared a Cultural Resources Management Plan, Folsom Railroad Block, Historic District, City of Folsom, Sacramento County, California, dated August 2006. The City and the Developer shall comply with the Cultural Resources Management Plan in connection with the development of the Railroad Block.

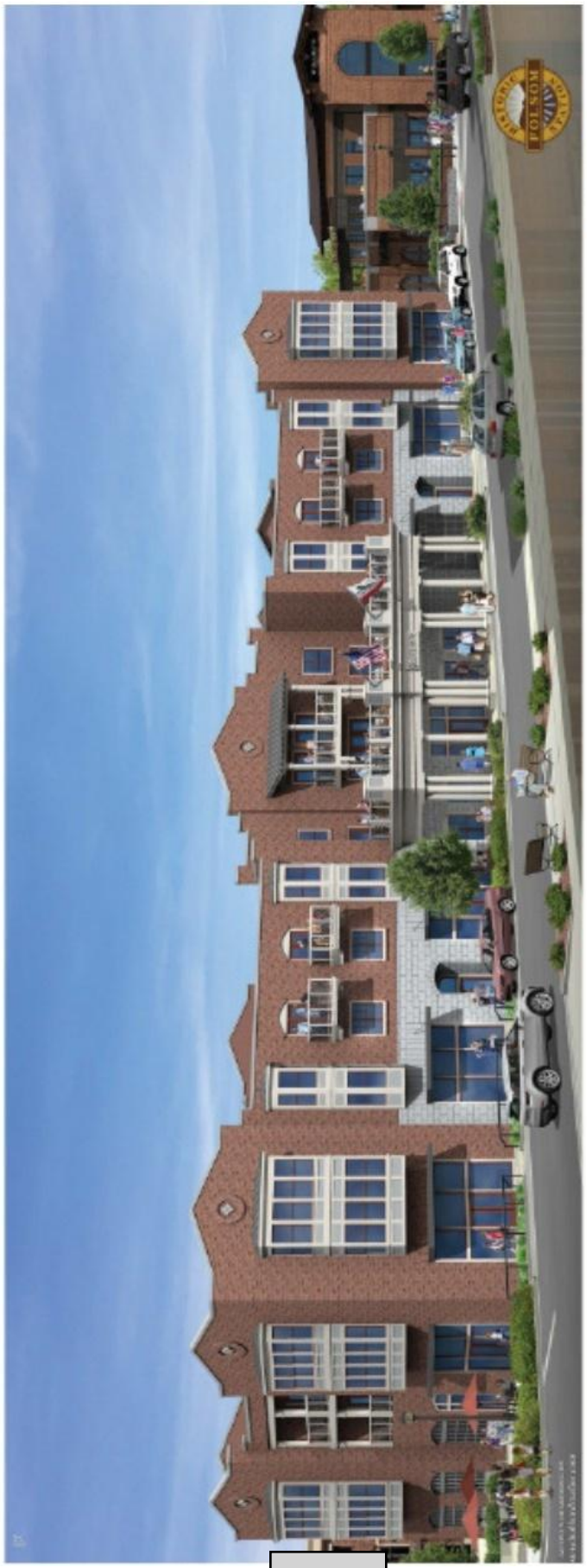
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ATTACHMENT NO. 4

EXHIBIT A

BASIC CONCEPT DRAWINGS

[See Attached.]


HISTORIC FOLSOM STATION
FOLSOM, CALIFORNIA
GRANITE HOUSE
BERNAU



NEW SOUTH ELEVATION - GRANITE HOUSE



ORIGINAL SOUTH ELEVATION - GRANITE HOUSE

HISTORIC FOLSOM STATION
FOLSOM, CALIFORNIA

BERNAU



NEW NORTH ELEVATION - GRANITE HOUSE



ORIGINAL NORTH ELEVATION - GRANITE HOUSE

HISTORIC FOLSOM STATION

FOLSOM, CALIFORNIA

BERNAU



NEW WEST ELEVATION - GRANITE HOUSE



ORIGINAL WEST ELEVATION - GRANITE HOUSE

HISTORIC FOLSOM STATION

BERNAU



NEW EAST ELEVATION - GRANITE HOUSE



ORIGINAL EAST ELEVATION - GRANITE HOUSE



HISTORIC FOLSOM STATION
FOLSOM, CALIFORNIA

ROUNDHOUSE

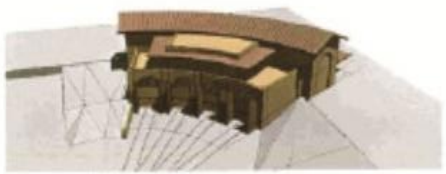
BERNAU



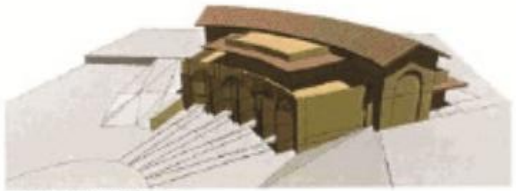
EAST ELEVATION



WEST ELEVATION



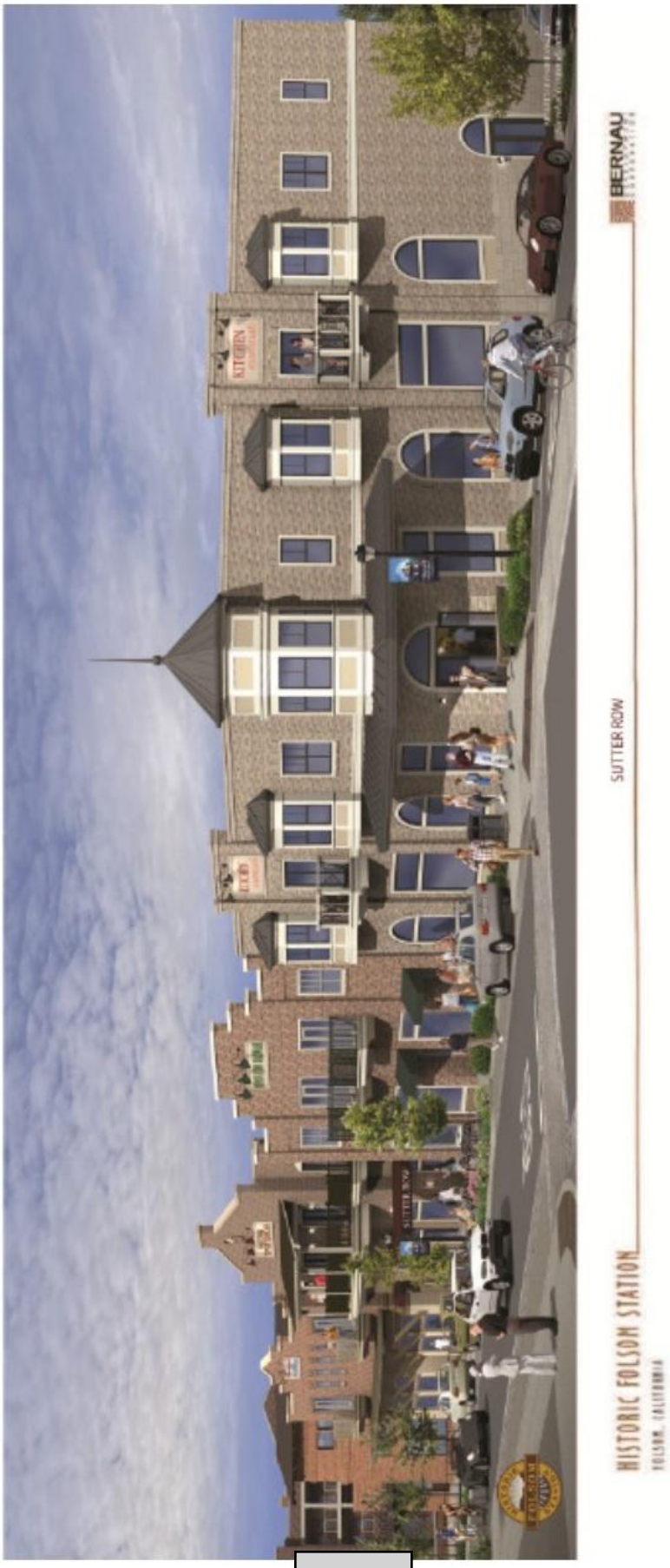
CONCEPTUAL AERIAL SKETCH #1



CONCEPTUAL AERIAL SKETCH #2



CONCEPTUAL AERIAL SKETCH #3


HISTORIC FOLSOM STATION
SUTTER ROW
BERNAU

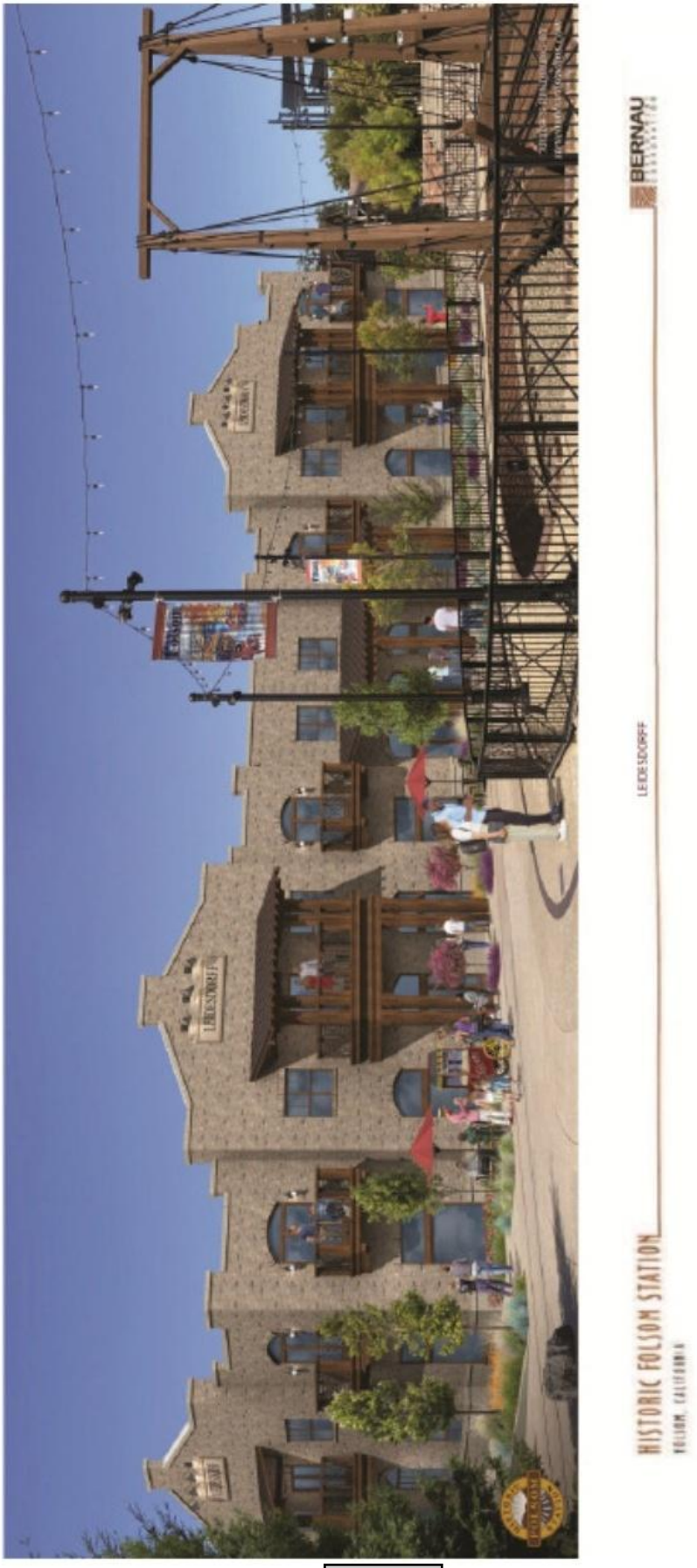

BERNAU
SUTTER ROW ELEVATIONS
HISTORIC FOLSOM STATION



EAST ELEVATION



WEST ELEVATION


BERNAU
LEDESDORFF
HISTORIC FOLSOM STATION



NORTH ELEVATION



SOUTH ELEVATION

HISTORIC FOLSOM STATION

FOLSOM, CALIFORNIA

LEIDESDORFF ELEVATIONS

BERNAL



EAST ELEVATION



WEST ELEVATION

HISTORIC FOLSOM STATION

FOLSOM, CALIFORNIA

LEIDESDORFF ELEVATIONS

BERNAU

ATTACHMENT NO. 4

EXHIBIT B

PUBLIC PLAZA DESIGN

[See Attached.]



BMS

"The Layers of History"

Historic Folsom Station

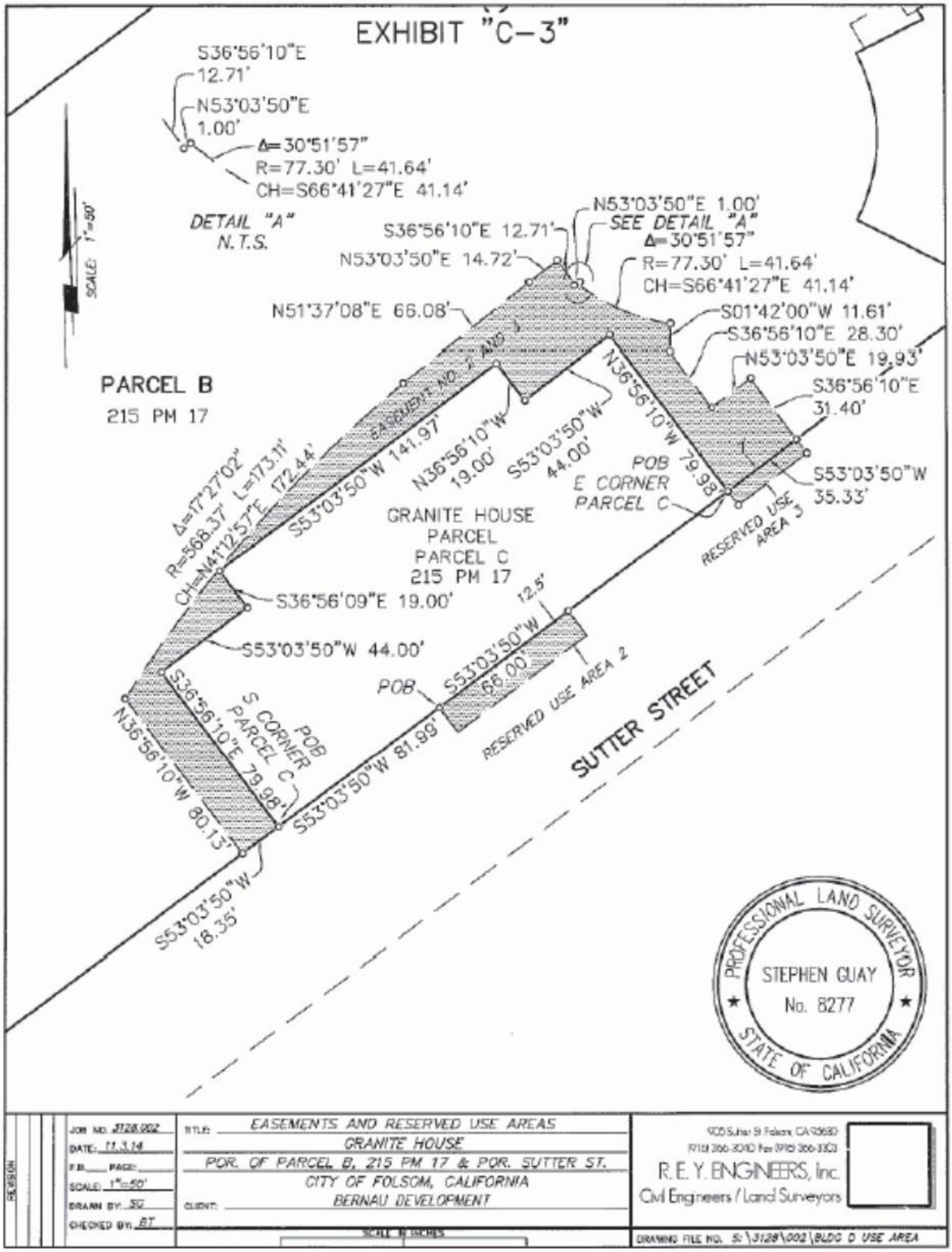
Illustrative Plan
Folsom, California

ATTACHMENT NO. 4

EXHIBIT C

PUBLIC PLAZA MAINTENANCE OBLIGATION MAP

[See Attached.]


EXHIBIT "C-3"
S36°56'10"E
12.71'
N53°03'50"E
1.00'
Δ=30°51'57"
R=77.30' L=41.64'
CH=S66°41'27"E 41.14'
DETAIL "A"
N.T.S.
SCALE: 1"=50'
N53°03'50"E 1.00'
SEE DETAIL "A"
Δ=30°51'57"
R=77.30' L=41.64'
CH=S66°41'27"E 41.14'
S36°56'10"E 12.71'
N53°03'50"E 14.72'
N51°37'08"E 66.08'
S01°42'00"W 11.61'
S36°56'10"E 28.30'
N53°03'50"E 19.93'
S36°56'10"E
31.40'
S53°03'50"W
35.33'
PARCEL B
215 PM 17
EASEMENT NO. 1
S53°03'50"W 141.97'
N36°56'10"W
19.00'
S53°03'50"W
44.00'
N36°56'10"W 79.98'
POB
E CORNER
PARCEL C
RESERVED USE
AREA 3
Δ=17°27'02"
R=568.37' L=173.11'
CH=N41°12'57"E 172.44'
GRANITE HOUSE
PARCEL
PARCEL C
215 PM 17
S36°56'09"E 19.00'
S53°03'50"W 44.00'
12.5'
S53°03'50"W
66.00'
POB
RESERVED USE AREA 2
SUTTER STREET
S36°56'10"E 79.98'
POB
S CORNER
PARCEL C
N36°56'10"W 80.13'
S53°03'50"W 81.99'
S53°03'50"W
18.35'
PROFESSIONAL LAND SURVEYOR
STEPHEN GUAY
No. 8277
STATE OF CALIFORNIA
JOB NO. 3128.002
DATE: 11.3.14
F.B. ___ PAGE: ___
SCALE: 1"=50'
DRAWN BY: SG
CHECKED BY: BT
REVISION
TITLE: EASEMENTS AND RESERVED USE AREAS
GRANITE HOUSE
POR. OF PARCEL B, 215 PM 17 & POR. SUTTER ST.
CITY OF FOLSOM, CALIFORNIA
CLIENT: BERNAU DEVELOPMENT
SCALE IN INCHES
925 Sutter St Folsom CA 95630
(916) 366-3040 Fax (916) 366-3303
R.E.Y. ENGINEERS, Inc.
Civil Engineers / Land Surveyors
DRAWING FILE NO. S:\3128\002\BLDG D USE AREA

ATTACHMENT NO. 5
LEGAL DESCRIPTION OF THE MIXED-USE PARCELS

ALL THAT REAL PROPERTY LOCATED IN THE CITY OF FOLSOM, SACRAMENTO COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

PARCELS A, C, D & E AS SHOWN ON THAT PARCEL MAP FILED IN THE SACRAMENTO COUNTY RECORDERS OFFICE IN BOOK 215 OF PARCEL MAPS, AT PAGE 17.

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ATTACHMENT NO. 6
INTENTIONALLY OMITTED

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ATTACHMENT NO. 7
SCHEDULE OF PERFORMANCE

Action	Date
A. MIXED-USE PARCEL D ("ROUNDHOUSE")	
Developer submits revised Granite House plans	Complete
City estimated plan approval	Complete
Developer commences construction	Complete
Building ready for occupancy	Complete
B. MIXED-USE PARCEL C ("GRANITE HOUSE")	
Developer submits revised Granite House plans	April 2025
Insurance certificate provided to City	March 2026
City plan approval	April 2026
Recordation of the Second Amended and Restated Development Agreement	October 2026
Developer commences construction	April 2027
Building ready for occupancy (18 months)	September 2028
C. MIXED-USE PARCEL E ("SUTTER ROW")	
Developer submits Sutter Row plans	October 2028
City estimated plan approval (9 months)	August 2029
Insurance certificate provided to City	February 2030
Developer commences construction	March 2030
Building ready for occupancy (18 months)	October 2031

D. MIXED-USE PARCEL A ("LEIDESDORFF BLDG")	
Developer submits Leidesdorff plans	November 2031
City estimated plan approval (9 months)	September 2032
Insurance certificate provided to City	March 2033
Developer commences construction	April 2033
Building ready for occupancy (18 months)	November 2034

ATTACHMENT NO. 8
FORM OF RELEASE OF CONSTRUCTION COVENANTS

RECORDING REQUESTED BY AND
AFTER RECORDATION TO:

Folsom Railroad Block Developers, LLC
ATTN: Jeremy G. Bernau, Member
921 Sutter Street
Folsom, CA 95630

RELEASE OF CONSTRUCTION COVENANTS

THIS RELEASE OF CONSTRUCTION COVENANTS (the "Release") is made as of the _____ day of _____,20___ , by the CITY OF FOLSOM AS SUCCESSOR TO THE REDEVELOPMENT AGENCY OF THE CITY OF FOLSOM, a charter city and a municipal corporation (the "City"), in favor of FOLSOM RAILROAD BLOCK DEVELOPERS, LLC, a Delaware limited liability company (the "Developer").

A. The City and the Developer have entered into that certain Second Amended and Restated Development Agreement (the "DA") dated _____, 2026, concerning the redevelopment of certain real property (the "Mixed-Use Parcels") situated in the City of Folsom, California, as more fully described in Exhibit A, attached hereto and made a part hereof.

B. As referenced in Section 311 of the DA, the City is required to furnish the Developer with a Release of Construction Covenants upon completion of construction of the Developer Improvements (as defined in Section 101 of the DA) upon each of the Mixed-Use Parcels, which Release is required to be in such form as to permit it to be recorded in the Recorder's office of Sacramento County. This Release is a conclusive determination of satisfactory completion of the construction and development required by the DA upon Mixed- Use Parcel __.

C. The City has conclusively determined that such construction and development upon Mixed-Use Parcel __ has been satisfactorily completed.

NOW, THEREFORE, the City hereby certifies as follows:

1. The Developer Improvements to be constructed by the Developer upon Mixed-Use Parcel __ have been fully and satisfactorily completed in conformance with the DA. Any operating requirements and all use, maintenance or nondiscrimination covenants contained in the DA shall remain in effect and enforceable according to their terms.

2. Nothing contained in this instrument shall modify in any other way any other provisions of the DA.

IN WITNESS WHEREOF, the City has executed this Release as of the date set forth above.

CITY OF FOLSOM AS THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY,

By [Not for Execution/Form Only]
City Manager

APPROVED:

By [Not for Execution/Form Only]
City Attorney

Attachment 3

FOR THE BENEFIT OF THE CITY OF FOLSOM
PURSUANT TO GOVERNMENT CODE §6103

RECORDING REQUESTED BY CITY CLERK

WHEN RECORDED MAIL TO:

CITY CLERK
CITY OF FOLSOM
50 NATOMA STREET
FOLSOM, CALIFORNIA 95630

Sacramento County Recorder
Craig A. Kramer, Clerk/Recorder
BOOK 20110407 PAGE 0766
Thursday, APR 07, 2011 1:31:19 PM
Ttl Pd $0.00 Nbr-0006763671
MLB/11/1-101

SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE

TITLE(S)

Amended and Restated Disposition and Development Agreement (Historic Folsom Station / Railroad Block)

By and Between

Redevelopment Agency of the City of Folsom and Folsom Railroad Block Developers, LLC

CENTRAL FOLSOM REDEVELOPMENT PROJECT

AMENDED AND RESTATED DISPOSITION AND DEVELOPMENT AGREEMENT (Historic Folsom Station)

by and between

REDEVELOPMENT AGENCY OF THE CITY OF FOLSOM

and

FOLSOM RAILROAD BLOCK DEVELOPERS, LLC

Central Folsom Redevelopment Project

Folsom File No. 174-21 06-009

24730

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DISPOSITION AND DEVELOPMENT AGREEMENT
(Historic Folsom Station)

THIS AMENDED AND RESTATED DISPOSITION AND DEVELOPMENT AGREEMENT (this "Agreement") is entered into by and between the **REDEVELOPMENT AGENCY OF THE CITY OF FOLSOM,** a public body, corporate and politic (the "Agency"), and **FOLSOM RAILROAD BLOCK DEVELOPERS, LLC,** a Delaware limited liability company (the "Developer").

RECITALS

The following recitals are a substantive part of this Agreement:

A. The purpose of this Agreement is to effectuate the Redevelopment Plan (the "Redevelopment Plan") for the Central Folsom Redevelopment Project (the "Redevelopment Project") by providing for the disposition and redevelopment by public and private action of certain real property, designated and referred to herein as the "Railroad Block," located within the boundaries of the Redevelopment Project (the "Redevelopment Project Area"). The Railroad Block is approximately 4.9 acres within the Folsom Historic District, and is bounded by Leidesdorff Street to the west, Wool Street to the north, Sutter Street to the east, and Reading Street to the south. The Railroad Block, is more particularly described in the Legal Description of the Railroad Block (Attachment No. 1) and shown on the Map of the Railroad Block (Attachment No. 2).

B. The Railroad Block is owned by the Agency and is currently improved with an historical interpretive center (the "Interpretive Center"), a railroad depot (the "SP Depot"), a historic railroad turntable (the "RR Turntable"), railroad tracks, a four-story, 315-space public parking garage (the "Public Parking Garage") and paved parking areas.

C. Development of the Railroad Block was previously considered in the Folsom Historic Railroad Block 1997 Urban Design Master Plan (the "1997 Urban Design Master Plan"). Pursuant to the California Environmental Quality Act (Public Resources Code Section 21000 *et seq.*; "CEQA") and its implementing guidelines (14 Cal. Code Regs. Section 15000 *et seq.*; "CEQA Guidelines"), an initial study was performed, which determined that a mitigated negative declaration (the "Initial Study/Mitigated Negative Declaration") should be adopted for the 1997 Urban Design Master Plan. The City of Folsom adopted the 1997 Urban Design Master Plan and the Initial Study/Mitigated Negative Declaration on December 9, 1997.

D. Following the adoption of the 1997 Urban Design Master Plan, the City undertook the construction of Lake Natoma Crossing, which included creating a grade level separation between Folsom Boulevard and Leidesdorff Street with a block-long 'lid' overcrossing. Lake Natoma Crossing was completed in 1999.

E. In 2000, the Agency issued a Request for Proposals for the Railroad Block. After reviewing several proposals, the Agency selected Developer to redevelop the Railroad Block.

F. After receiving and reviewing two development proposals for the Railroad Block from the Developer, in 2003, the Agency determined that a public outreach effort was necessary in order to provide guidance to the Developer beyond what had been presented in the 1997 Urban Design Master Plan. A series of community workshops to discuss development concepts for the Railroad Block culminated in the preparation of a master conceptual plan and development guidelines for the Railroad Block that would combine a mixed-use development with a large public plaza area. The master conceptual plan and development guidelines were

approved by the Agency pursuant to Resolution No. 207-R, dated June 8, 2004 ("Master Conceptual Plan"). A copy of the Master Conceptual Plan is attached hereto as Attachment No. 3, and incorporated herein.

G. Development of the Railroad Block pursuant to the Master Conceptual Plan was determined to be within the scope of the Initial Study/Mitigated Negative Declaration adopted for the 1997 Urban Design Master Plan of the Railroad Block, pursuant to an addendum to the Initial Study/Mitigated Negative Declaration prepared by the City and approved by the Agency on January 24, 2006 (the "2006 Addendum to the IS/MND"). Federal funding was obtained for the public plaza component of the Master Conceptual Plan, which required separate review of the public plaza pursuant to the National Environmental Policy Act (42 U.S.C. Section 4321 *et seq.*) and its implementing guidelines (40 C.F.R. Section 1500 *et seq.*). On April 11, 2006, the Federal Transit Administration approved a categorical exclusion from NEPA for the public plaza portion of the Master Conceptual Plan.

H. Following approval of the Master Conceptual Plan, the Agency and Developer restarted negotiations regarding the development of the Railroad Block pursuant to the guidelines of the Master Conceptual Plan. In October 2006, Bernau Development Corporation joined the Developer.

I. On October 20, 2006, the Agency and the Developer entered into a Disposition and Development Agreement (the "Original DDA") providing for the development of the Railroad Block. The Original DDA identified three non-contiguous parcels within the Railroad Block as parcels designated for private development, required the Developer to acquire all three parcels in a single purchase transaction, and set forth a schedule for the development of the Railroad Block. Under the Original DDA, Developer was to construct three buildings, one on each of the three non-contiguous parcels, and Agency was to construct the Public Parking Garage and a public plaza.

J. Prior to the execution of the Original DDA, the City and Agency completed two public works projects adjacent to the Railroad Block: the realignment of Reading Street (which forms the southern boundary of the Railroad Block) and the construction of the light rail plaza for the Folsom Historic District Light Rail Station (located across Reading Street from the Railroad Block), which were both completed in October 2005.

K. The Agency commenced construction of the Public Parking Garage in December 2006. Completion of the Public Parking Garage was a condition precedent under the Original DDA to the close of escrow of the sale of the three parcels to the Developer. Construction of the Public Parking Garage was completed in April 2008.

L. In February 2007, the Developer prepared and submitted to the Historic District Commission of the City of Folsom (the "Historic District Commission") its designs for four buildings on three non-contiguous parcels within the Railroad Block. The Developer's design plans were approved by the Historic District Commission on June 6, 2007. The Developer submitted its construction plans for all four buildings of the Developer's proposed improvements in November 2007.

M. After discussions with the Developer during Spring 2007, the Agency began redesigning the public plaza to include an amphitheater that would include a sound system, seating for performances and could be fenced off from the rest of the public plaza; prior conceptual designs of the public plaza had included a less formal amphitheater. The new amphitheater incorporated certain design elements in order to meet standards set by the City's Noise Ordinance, which also required certain additional sound dampening measures for the

Developer's proposed buildings. A noise impact study was performed by The Acoustics & Vibration Group, Inc., in February 2008 (the "TAVG Noise Impact Study") that determined limitations for the amphitheater as well as specifications for Developer's buildings in compliance with the City's Noise Ordinance.

N. The public plaza design changes necessitated a review of prior environmental reviews pursuant to CEQA and NEPA. The Agency prepared a second addendum to the Initial Study/Mitigated Negative Declaration for the 1997 Urban Design Master Plan, dated February 14, 2008 (the "2008 Addendum to the IS/MND"), which determined that the public plaza modifications were within the scope of the Initial Study/Mitigated Negative Declaration for the 1997 Urban Design Master Plan. The Historic District Commission approved the redesigned public plaza design on March 5, 2008. A categorical exclusion for the redesigned public plaza was approved by the California Department of Transportation (which had been delegated authority over the project by the Federal Transit Administration) on December 23, 2008.

O. In early 2008 the Developer obtained a geotechnical study from the Youngdahl Consulting Group, Inc. ("Youngdahl"), dated March 17, 2008, which focused primarily on the proposed parcels to be acquired by Developer (the "2008 Youndahl Soils Analysis"). The 2008 Youngdahl Soils Analysis found that the soils of the portions of the Railroad Block would need to be overexcavated and replaced with engineered fill beyond what had been anticipated in order to support the Developer's proposed buildings.

P. In June 2008, based on the TAVG Noise Impact Study and the 2008 Youngdahl Soils Analysis, the Developer resubmitted plans for the Developer's first planned building, known as the "Granite House" on the proposed parcel to be conveyed to Developer, defined as Parcel D in the Original DDA, and as Parcel C in this Agreement.

Q. By Fall 2008, as a result of the further planning of the Railroad Block by both the Agency and the Developer, the Agency and Developer were in the process of preparing substantive amendments to the Original DDA. However, at the same time the Developer desired to enter onto the Railroad Block to perform certain site preparation work needed for the development of the Granite House; if the site preparation work was delayed until the anticipated approval of the amendments of the DDA, construction of the Granite House would be substantially delayed. To permit the Developer to enter onto the Railroad Block and begin construction prior to acquiring the Granite House property, the Agency and Developer entered into an Implementation Agreement dated October 13, 2008 (the "Implementation Agreement"), , which authorized the Developer to enter upon the Railroad Block to perform certain site preparation work pursuant to rough grading plans for the Granite House property approved by the City on October 10, 2008. The Implementation Agreement also authorized financial assistance to the Developer in the amount of $250,000 (the "Housing Assistance") in exchange for the Developer's commitment to provide six (6) units of affordable housing as part of the development of the Railroad Block, which commitment and Housing Assistance are now more specifically provided for in Section 403.1 of this Agreement. The Developer completed the site preparation work by November 2008.

R. The real estate appraisal firm of Seevers, Jordan and Ziegenmeyer ("Seevers") completed an initial appraisal of the Granite House parcel in October 2008. After review by both the Agency and Developer, it was determined that a peer review of the Seevers appraisal of the Granite House parcel was necessary. In March 2009, the Agency contacted the firm of Bender Rosenthal, Inc. ("Bender"), to prepare a peer review; it was instead determined to be more cost effective to have Bender prepare a second appraisal of the Granite House property, which was completed on May 3, 2009.

S. The Developer's building permit for the Granite House property was ready for issuance in June 2009.

T. Based on the results of the 2008 Youngdahl Soils Analysis, the Agency requested that Youngdahl prepare a new soils analysis for the public plaza improvements, which was completed on July 31, 2009 (the "2009 Youngdahl Soils Analysis"). The 2009 Youngdahl Soils Analysis found that the soil beneath the public plaza would need to be excavated and replaced with engineered fill in order to support the planned hardscape of the public plaza to an extent far greater than had been previously anticipated based on earlier soils analyses. The Agency retained the firm of Kleinfelder to perform a peer review of the 2008 Youngdahl Soils Analysis and the 2009 Youngdahl Soils Analysis, which was completed in September 2009 and concurred with the Youngdahl Soils Analyses. The Agency subsequently began working with responsible governmental entities to revise construction plans for the public plaza.

U. In July 2009, the Agency publicly advertised its Sutter Street Streetscape Project for construction bids. The Sutter Street Streetscape Project involves the removal of medians and trees, relocating traffic lanes, making certain drainage improvements, creating limited on-street parking and delivery areas, removing certain shed roofs and widening sidewalks to accommodate shoppers, outdoor cafes and shade trees along Sutter Street and portions of cross streets, including the portion of Sutter Street that serves as the eastern boundary of the Railroad Block. All bids received by the Agency in July 2009 were rejected as being too expensive. A second round of bidding occurred in December 2009, and the Agency accepted a bid in January 2010. Construction of the Sutter Street Streetscape Project improvements began in February 2010.

V. In December 2010, the Agency accepted a bid for construction of the public plaza, which includes substantial archeological investigation and earthwork to commence in spring 2011.

W. To summarize, since the Original DDA was adopted in 2006, the following events have taken place:

- February 2007: Developer submits design documents
- June 2007: HDC approves Developer design documents
- November 2007: Developer submits building plans
- February 2008: TAVG Noise Impact Study completed
- March 2008: 2008 Youngdahl Soils Analysis completed
- April 2008: Public Parking Garage opens
- June 2008: Developer re-submits Granite House building plans
- October 2008: Seevers appraisal of Granite House property completed
- October 2008: Implementation Agreement executed
- November 2008: Rough grading of Granite House property completed
- May 2009: Bender appraisal of Granite House property completed
- June 2009: Granite House building permit ready for issuance
- July 2009: 2009 Youngdahl Soils Analysis completed
- September 2009: Kleinfelder Peer Review of Youngdahl Soils Analyses completed
- December 2009: Sutter Street Streetscape Project advertised for bids
- February 2010: Sutter Street Streetscape Project construction begins
- December 2010: Public Plaza construction bid awarded

X. In light of current conditions and the further planning and decisions of the parties, the Agency and Developer have reconfigured the private development parcels into four non-

contiguous parcels and have determined that a phased approach to the purchase and development of the private development parcels is now appropriate.

Y. This Agreement amends, restates and supersedes in their entirety both the Original DDA and the Implementation Agreement, and is designed to achieve the co-development of the Railroad Block by the Agency and the Developer in a coordinated and comprehensive manner. The parties intend that certain interests in the Railroad Block will be sold by the Agency to the Developer (the "Mixed-Use Parcels") and that the balance of the Railroad Block will be retained by the Agency (the "Public-Use Site"). As is more fully set forth in this Agreement, the Developer will finance and undertake the development, operation and maintenance of improvements on the Mixed-Use Parcels, consisting of office, retail and residential uses (the "Developer Improvements"), and the Agency will finance and undertake the development of public improvements on the Public-Use Site, consisting of public plaza and streetscape improvements (the "Agency Improvements"). The Developer Improvements and the Agency Improvements are collectively referred to herein as the "Historic Folsom Station Project." The residential component of the Developer Improvements requires that the Developer comply with affordable housing requirements of the Redevelopment Plan and the Community Redevelopment Law of the State of California ("CRL").

Z. As the Historic Folsom Station Project proceeds, the City and Agency may also determine to undertake renovations to the SP Depot and the Interpretive Center, provided, however, that nothing in this Agreement shall be deemed or construed to require or obligate the City or Agency as to any such renovations.

AA. The sale of the Mixed-Use Parcels to Developer, and the improvement of the Railroad Block by the Agency and the Developer pursuant to the terms of this Agreement, are in the vital and best interests of the City of Folsom (the "City") and the health, safety, and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local laws and requirements under which the redevelopment of the Railroad Block is being undertaken.

AGREEMENTS

NOW, THEREFORE, the Agency and the Developer hereby agree as follows:

100. DEFINITIONS

101. Definitions.

"Actual knowledge" is defined in Section 209.1 hereof.

"Affordable Housing Cost" has the same meaning as defined in Section 50052.5 of the Health and Safety Code.

"Affordable Rent" has the same meaning as defined in Section 50053 of the Health and Safety Code.

"Affordable Units" means residential units affordable to persons and families of moderate income as defined by Health and Safety Code Section 50093, in accordance with Section 403 hereof.

"Agency" means the Redevelopment Agency of the City of Folsom, a public body, corporate and politic, exercising governmental functions and powers and organized and existing under Chapter 2 of the CRL, and any assignee of or successor to its rights, powers and responsibilities.

"Agency Improvements" means the improvements to be constructed by the Agency on the Public-Use Site pursuant to this Agreement, as more particularly described in the Scope of Development (Attachment No. 4).

"Agency Phase I and Phase II Report" means the report of the investigation of the environmental condition of the Railroad Block, as more particularly described in Section 209.1 hereof.

"Agency's Conditions Precedent" means the conditions precedent to a Mixed-Use Parcel Closing for the benefit of the Agency, as set forth in Section 206.1 hereof.

"Agreement" means this Amended and Restated Disposition and Development Agreement between the Agency and the Developer.

"Basic Concept Drawings" means the drawings attached as Exhibit A to the Scope of Development (Attachment No. 4), as set forth in Section 302.1 hereof.

"City" means the City of Folsom, a California municipal corporation.

"Closing" means the close of Escrow for the conveyance of a Mixed-Use Parcel from the Agency to the Developer, as set forth in Section 203.4 hereof.

"Closing Date" means the date of the Closing for a Mixed-Use Parcel, as set forth in Section 203.4 hereof.

"CRL" or ***"Community Redevelopment Law"*** means the Community Redevelopment Law of the State of California, as set forth in the California Health and Safety Code, Section 33000 *et seq*.

"Date of Agreement" means the date upon which this Agreement shall have been signed by the Agency.

"Default" means the failure of a party to perform any action or covenant required by this Agreement within the time provided herein following notice and opportunity to cure, as set forth in Section 501 hereof.

"Design Development Application" means those plans and drawings to be submitted to the Agency for its review and approval, pursuant to Section 302.2 hereof.

"Developer" means Folsom Railroad Block Developers, LLC, a Delaware limited liability company.

"Developer Improvements" means the new improvements to be constructed by the Developer upon the Mixed-Use Parcels pursuant to this Agreement and all approvals, inspections and permits required for completion of the new improvements, as more particularly described in the Scope of Development (Attachment No. 4).

"Developer's Conditions Precedent" means the conditions precedent to a Mixed-Use Parcel Closing for the benefit of the Developer, as set forth in Section 206.2.

"Escrow" is defined in Section 203 hereof.

"Escrow Agent" is defined in Section 203 hereof.

"Governmental Requirements" means all laws, ordinances, statutes, codes, rules, regulations, orders and decrees of the United States, the state, the county, the City, or any other political subdivision in which the Railroad Block is located, and of any other political subdivision, agency or instrumentality exercising jurisdiction over the Agency, the Developer or the Railroad Block.

"Grant Deeds" means the grant deeds for the conveyance of the Mixed-Use Parcels from the Agency to the Developer, in the form of Attachment No. 6 hereto which is incorporated herein.

"***Hazardous Materials"*** means any substance, material, or waste which is or becomes, regulated by any local governmental authority, the State of California, or the United States Government, including, but not limited to, any material or substance which is (i) defined as a "hazardous waste," "extremely hazardous waste," or "restricted hazardous waste" under Section 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law), (ii) defined as a "hazardous substance" under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (*Carpenter-Presley-Tanner Hazardous Substance Account Act*), (iii) defined as a "hazardous material," hazardous substance," or "hazardous waste" under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) petroleum, (vi) asbestos, (vii) polychlorinated biphenyls, (viii) defined as "hazardous" or "extremely hazardous" pursuant to Title 22 of the California Code of Regulations, Division 4.5, Chapter 11, (ix) designated as "toxic pollutants" pursuant to Section 311 of the *Clean Water Act* (33 U.S.C. §1317), (x) defined as a "hazardous waste" pursuant to Section 1004 of the *Resource Conservation and Recovery Act*, 42 U.S.C. §6901 *et seq.* (42 U.S.C. §6903) or (xi) defined as a "hazardous substance" pursuant to Section 101 of the *Comprehensive Environmental Response, Compensation, and Liability Act*, 42 U.S.C. §9601 *et seq.*

"Historic Folsom Station Project" means the development of the Railroad Block pursuant to this Agreement consisting of the Agency Improvements and the Developer Improvements.

"Housing Assistance" means the $250,000 paid by the Agency to the Developer pursuant to the Implementation Agreement.

"Implementation Agreement" means the agreement entered into by the Developer and the Agency on October 13, 2008, in which the Agency (1) permitted the Developer to enter upon the Railroad Block to perform certain site preparation work and (2) provided $250,000 in Housing Assistance to the Developer in exchange for the Developer's commitment to provide six (6) units affordable to persons or families of moderate income.

"Interpretive Center" means the portion of the Railroad Block currently used as an historical interpretive center.

"Lender" is defined in Section 311.2 hereof.

"Map of the Railroad Block" means the map of the Railroad Block that is attached hereto as Attachment No. 2.

"Member" shall mean any of the members of Folsom Railroad Block Developers, LLC, including, without limitation: Sotiris K. Kolokotronis, Trustee of the Sotiris and Matina Kolokotronis Family Trust; River Rock Development Company, a California corporation; and Bernau Development Corporation, a California corporation.

"Notice" shall mean a notice in the form prescribed by Section 601 hereof.

"Outside Date" shall mean the last date a Mixed-Use Parcel Closing shall occur, as set forth in Section 203.4 hereof.

"Public Parking Garage" means the four-story, 315-space public parking garage constructed on the Railroad Block by the Agency.

"Purchase Price" means the fair market value to be paid by the Developer to the Agency in consideration for the conveyance of fee title to a Mixed-Use Parcel, as set forth in Section 202 hereof.

"Reciprocal Easement Agreement" or ***"REA"*** means the agreement described in Section 405.5 hereof.

"Redevelopment Plan" means the Redevelopment Plan for the Central Folsom Redevelopment Project, adopted by the City Council of the City of Folsom on November 29, 1983, by Ordinance No. 512, as amended on December 13, 1994, by Ordinance No. 811, and on April 8, 2003, by Ordinance No. 992, and on December 9, 2003, by Ordinance No. 1010, on August 23, 2005, by Ordinance No. 1045, and on October 10, 2006, by Ordinance No. 1065.

"Redevelopment Project" means the Central Folsom Redevelopment Project.

"Redevelopment Project Area" means the real property located within the boundaries of the Redevelopment Project and subject to the Redevelopment Plan.

"Release of Construction Covenants" means the document that evidences the Developer's satisfactory completion of the Developer Improvements, as set forth in Section 310 hereof, in the form of Attachment No. 8 hereto.

"RR Turntable" means the historic train turntable located on the Railroad Block.

"Schedule of Performance" means the Schedule of Performance (Attachment No. 7) setting out the dates and/or time periods by which certain obligations set forth in this Agreement must be accomplished.

"Scope of Development" means the Scope of Development (Attachment No. 4) describing the scope, amount and quality of development of the Developer Improvements to be constructed by the Developer and the Agency Improvements to be constructed by the Agency pursuant to the terms and conditions of this Agreement.

"SP Depot" means the former railroad depot building on the Railroad Block currently used as general office space.

"Title Company" is defined in Section 205 hereof.

"Title Policy" is defined in Section 205 hereof.

"Unconveyed Parcels" means any of the Mixed-Use Parcels owned by the Agency that have not yet been conveyed to the Developer pursuant to this Agreement.

200. AGENCY IMPROVEMENTS AND CONVEYANCE OF THE SITE

201. Public-Use Site.

201.1. Agency Improvements. Within the times set forth in the Schedule of Performance (Attachment No. 7), the Agency shall develop and construct the Agency Improvements in accordance with the Scope of Development (Attachment No. 4) and as set forth herein.

201.2. Conveyance of Public-Use Site and Assignment of Agency Interests. Following the completion of the Agency Improvements, the Agency shall convey the Public-Use Site to the City and assign to the City its rights and obligations under the REA. Following the installation of the public restrooms within Mixed-Use Parcel E, the Agency shall assign to the City the Agency's leasehold interest in the public restrooms.

202. Purchase and Sale of Mixed-Use Parcels.

202.1 Purchase and Sale. Subject to all of the terms and conditions of this Agreement, the Agency agrees to sell each of the Mixed-Use Parcels to the Developer, and the Developer agrees to purchase each of the Mixed-Use Parcels from the Agency, for the amount determined to be the fair market value of the respective Mixed-Use Parcel as established by appraisal in the manner set forth below (the "Purchase Price"); provided, however, that the Purchase Price shall not be less than $500 for a Mixed-Use Parcel. The Mixed-Use Parcels consist of four separate parcels within the Railroad Block, as generally shown on the Map of the Railroad Block (Attachment No. 2) and described in the Legal Description of the Mixed-Use Parcels (Attachment No. 5). The exact description of each Mixed-Use Parcel shall be determined and agreed to by the Agency and the Developer following preparation of the parcel map or maps as required in the Scope of Development (Attachment No. 4). If determined to be necessary and appropriate by the Agency, the boundaries and descriptions of each of the Mixed-Use Parcels may be changed to reflect changes in the plans and drawings as hereafter approved by the Agency under this Agreement, and, if applicable, an amended Map of the Railroad Block (Attachment No. 2) and amended Legal Description of the Mixed-Use Parcels (Attachment No. 5) will be substituted therefor in this Agreement and related documents pursuant to this Agreement. Upon completion of construction of all of the improvements on the Railroad Block, the boundaries and descriptions of the Public-Use Site and of each of the Mixed-Use Parcels may be changed to reflect the final "as built" location and relationship among one another if determined to be necessary and appropriate by the Agency, and, if applicable, an amended parcel map(s), amended Map of the Railroad Block (Attachment No. 2) and amended Legal Description of the Mixed-Use Parcels (Attachment No. 5) will be substituted therefor in this Agreement and related documents pursuant to this Agreement, including particularly the Grant Deeds for the Mixed-Use Parcels.

202.2 Appraisal. The Agency has retained the firms of Seevers, Jordan & Ziegenmeyer ("Seevers") and Bender Rosenthal, Inc. ("Bender") to prepare initial appraisals of the fair market value of the Mixed-Use Parcels and a final appraisal of the fair market value of Mixed-Use Parcel C. Within the times respectively set forth therefor in the Schedule of Performance (Attachment No. 7), the Agency shall direct Seevers, Bender, or such other qualified appraisal firm selected by the Agency, to prepare an appraisal in accordance with the scope of work set forth in Section 202.5 hereof for the other three Mixed-Use Parcels.

Upon receipt of a completed appraisal report, the Agency shall provide written notice to the Developer of the appraisal results, specifying whether the Agency has any objections thereto. If the Agency is satisfied with the appraisal results, then the fair market value determined by the appraisal shall constitute the fair market value for the respective Mixed-Use Parcel, unless objected to by the Developer in writing to the Agency within ten (10) business days of the notice of the appraisal results.

202.3 Mutual Resolution of Objections to Appraisal Results. In the event that either the Agency or the Developer objects to the result of any of the appraisals, then the parties agree to meet in good faith to attempt to mutually resolve the objections to the appraisal results and agree upon the fair market value of the subject Mixed-Use Parcel. If no mutual resolution is reached within sixty (60) days after the Agency's notice of appraisal results, then either party may terminate this Agreement, but only as it pertains to any Mixed-Use Parcels owned by the Agency that have not yet been conveyed to the Developer pursuant to this Agreement (the "Unconveyed Parcels"), in the manner set forth in Section 503 or 504 hereof, as the case may be.

202.4 Appraisal Costs. The Agency shall initially pay the fees and expenses applicable to each appraisal. On the Closing Date for the purchase and sale of a Mixed-Use Parcel, the Developer shall reimburse the Agency for that portion of the fees and expenses charged by Seevers, Bender and/or such other appraiser selected by the Agency attributable to preparation of the appraisal of the fair market value of the respective Mixed-Use Parcel. With respect to the appraisal of Mixed-Use Parcel C, the Agency has paid Seevers the sum of $10,000.00 and has paid Bender the sum of $10,503,75 for a total of $20,503.75 to be reimbursed by the Developer on the Closing Date for Mixed-Use Parcel C. If this Agreement is terminated by either party prior to the Closing for Mixed-Use Parcel C, the Developer shall be required to pay to the Agency the total amount expended on appraisals stated in this paragraph.

202.5 Appraisal Scope. The Agency and the Developer desire and intend that each appraisal serve to establish the Purchase Price to be paid by the Developer to the Agency for each Mixed-Use Parcel. The appraiser shall be instructed to provide the assumed completed value of the proposed development of each Mixed-Use Parcel and related information typically relied upon by lenders providing construction financing. Therefore, the appraiser shall be instructed to provide estimates of the following: (a) the hypothetical market value of the Mixed-Use Parcel, assuming completion of construction and stabilized occupancy; (b) the hypothetical market value of the Mixed-Use Parcel, assuming completion of construction, but prior to stabilized occupancy, and (c) the fair market value of the Mixed-Use Parcel determined at the highest and best uses permitted under the Redevelopment Plan for the Central Folsom Redevelopment Project.

202.6 Payment of the Purchase Price. The Purchase Price for each Mixed-Use Parcel shall be payable by the Developer by cash or cashier's check in the total amount of the Purchase Price at the Closing.

203. Escrow. Within the times respectively set forth therefor in the Schedule of Performance (Attachment No. 7), the parties shall open an escrow ("Escrow") with Old Republic Title Company, or another escrow company mutually satisfactory to both parties (the "Escrow Agent"), for each separate purchase and sale of a Mixed-Use Parcel. Each Escrow shall be subject to this Section 203.

203.1 Costs of Escrow. Agency and Developer shall each pay their respective shares of the premium for the Title Policy for each Mixed-Use Parcel as set forth in Section 205 hereof. The Agency shall pay for the documentary transfer taxes, if any, due with respect to the conveyance of the Mixed-Use Parcel, and Developer and Agency each agree to pay one-half of all other usual fees, charges, and costs which arise from each Escrow.

203.2 Escrow Instructions. This Agreement constitutes the joint escrow instructions of Developer and Agency applicable to each purchase and sale of a Mixed-Use Parcel, and the Escrow Agent to whom these instructions are delivered is hereby empowered to act under this Agreement. The parties hereto agree to do all acts reasonably necessary to close each Escrow in the shortest possible time. Insurance policies for fire or casualty are not to be transferred, and Agency will cancel its own policies after the Closing for each Mixed-Use Parcel. All funds received in an Escrow shall be deposited with other escrow funds in a general escrow account(s) and may be transferred to any other such escrow trust account in any State or National Bank doing business in the State of California. All disbursements shall be made by check from such account.

If it is necessary or convenient in order to accomplish the Closing of an Escrow, the parties may issue supplemental or amended escrow instructions. Such supplemental or amended escrow instructions shall only be effective if in writing and executed by both parties. The parties agree to execute such other and further documents as may be reasonably necessary, helpful or appropriate to effectuate the provisions of this Agreement. The Closing for each Mixed-Use Parcel shall take place when both the Agency's Conditions Precedent and the Developer's Conditions Precedent as set forth in Section 206 have been satisfied.

203.3 Authority of Escrow Agent. Escrow Agent is authorized to, and shall:

a. Pay and charge Agency for the Agency's portion of the Title Policy costs in accordance with Section 205 of this Agreement.

b. Pay and charge Developer and Agency for their respective shares of any Escrow fees, charges, and costs payable under Section 203.1 of this Agreement.

c. Pay and charge Developer for the Developer's portion of the Title Policy costs in accordance with Section 205 of this Agreement.

d. Disburse funds, and deliver and record the Grant Deed and Reciprocal Easement Agreement when both the Developer's Conditions Precedent and the Agency's Conditions Precedent have been fulfilled or waived in writing by Developer or Agency, as applicable.

e. Do such other actions as necessary, including obtaining the Title Policy, to fulfill its obligations under this Agreement.

f. Within the discretion of Escrow Agent, direct Agency and Developer to execute and deliver any instrument, affidavit, and

statement, and to perform any act reasonably necessary to comply with the provisions of FIRPTA and any similar state act and regulation promulgated thereunder. Agency agrees to execute a Certificate of Non-Foreign Status by individual transferor and/or a Certification of Compliance with Real Estate Reporting Requirement of the *1986 Tax Reform Act* as may be required by Escrow Agent, on the form to be supplied by Escrow Agent.

g. Prepare and file with all appropriate governmental or taxing authorities a uniform settlement statement, closing statement, tax withholding forms including an IRS 1099-S form, and be responsible for withholding taxes, if any such forms are provided for or required by law.

203.4 Closing. Each Escrow shall close ("Closing") within thirty (30) days of the parties' satisfaction of all of Agency's and Developer's Conditions Precedent to Closing as set forth in Section 206 hereof, but in no event later than the dates respectively set forth therefor in the Schedule of Performance (for each Closing, the "Outside Date"), unless mutually extended by the Agency and the Developer. The Closing shall occur at a location within Sacramento County at a time and place reasonably agreed on by the parties. The "Closing" shall mean the time and day the Grant Deed for the subject Mixed-Use Parcel is filed for record with the Sacramento County Recorder. "Closing Date" shall mean the day on which a Closing occurs.

203.5 Termination. If an Escrow is not in condition to close by the Outside Date, then either party that has fully performed under this Agreement may, in writing, demand the return of its money or property and terminate this Agreement, but only as it pertains to any Unconveyed Parcels. If either party makes a written demand for return of documents or properties, this Agreement shall not terminate as to any Unconveyed Parcels until five (5) days after Escrow Agent shall have delivered copies of such demand to the other party at the address shown in this Agreement. If any objections are raised within said five (5) day period, the Escrow Agent is authorized to hold all papers and documents until instructed by a court of competent jurisdiction or by mutual written instructions of the parties. Termination of this Agreement as to any Unconveyed Parcels shall be without prejudice as to whatever legal rights either party may have against the other arising from this Agreement. If no demands are made, the Escrow Agent shall proceed with the Closing as soon as possible.

203.6 Closing Procedure. The Escrow Agent shall close each Escrow as follows:

a. Record the Grant Deed and Reciprocal Easement Agreement with instructions for the Recorder of Sacramento County, California, to deliver the Grant Deeds to Developer, with copies to Agency, and to deliver the Reciprocal Easement Agreement to Agency, with copies to Developer;

b. Instruct the Title Company to deliver the Title Policy to Developer, with a copy to Agency;

c. File any informational reports required by Internal Revenue Code Section 6045(e), as amended, and any other applicable requirements;

d. Deliver the FIRPTA Certificate, if any, to Developer; and

e. Forward to both Developer and Agency a separate accounting of all funds received and disbursed for each party and copies of all executed and recorded or filed documents deposited into Escrow, with such recording and filing date and information endorsed thereon.

204. Condition of Title. Upon opening an Escrow, Agency shall obtain, and deliver fo the Developer, a preliminary title report for the applicable Mixed-Use Parcel. Title to each of the Mixed-Use Parcels shall be conveyed by the Agency subject to easements of record, the Redevelopment Plan and all other exceptions to title identified in the preliminary title report for the applicable Mixed-Use Parcel except those disapproved by Developer in a written notice to Agency made within fifteen (15) days of Developer's receipt of the preliminary title report.

205. Title Insurance. Concurrently with recordation of the Grant Deeds conveying title to a Mixed-Use Parcel, there shall be issued to Developer an ALTA owner's policy of title insurance (the "Title Policy"), together with such endorsements as are reasonably requested by the Developer, issued by First American Title Company or another title company mutually satisfactory to both parties (the "Title Company") insuring that the title to the Mixed-Use Parcel is vested in Developer in the condition required by Section 204 of this Agreement. The Title Company shall provide the Agency with a copy of the Title Policy. The Title Policy shall be for the amount of the Purchase Price. The Agency shall only pay that portion of the premium for the Title Policy equal to the cost of a CLTA standard coverage title policy in the amount of the Purchase Price. Any additional costs, including the cost of an ALTA policy or any endorsements requested by the Developer, shall be borne by the Developer.

206. Conditions of Closing. Each Closing is conditioned upon the satisfaction of the following terms and conditions within the times designated below:

206.1 Agency's Conditions of Closing. Agency's obligation to proceed with the Closing of the sale of a Mixed-Use Parcel is subject to the fulfillment, or waiver in writing by Agency, of each and all of the conditions precedent a. through j., inclusive, described below ("Agency's Conditions Precedent"), which are solely for the benefit of Agency:

a. **No Default.** The Developer is not in default in any of its obligations under the terms of this Agreement and all representations and warranties of Developer contained herein shall be true and correct in all material respects.

b. **Payment of Purchase Price.** The Developer has paid the Purchase Price into Escrow.

c. **Execution of Documents.** The Developer shall have executed the Grant Deed and the Reciprocal Easement Agreement described in Section 405.5 hereof and any other documents required hereunder, and has delivered such documents into Escrow.

d. **Payment of Closing Costs.** The Developer has paid all required costs of Closing into Escrow in accordance with Section 203 hereof.

e. **Payment of Costs to be Reimbursed on Closing.** The Developer has paid into Escrow the amount required to reimburse appraisal

costs as set forth in Section 202.4 hereof and the amount required to reimburse the Developer's share of the engineering costs of the Agency as set forth in Section 305 hereof.

f. **Design Approval.** The Developer has obtained approval by the Agency of the Design Development Application as set forth in Section 302 hereof.

g. **Land Use Approvals.** The Developer has obtained all land use and other discretionary entitlements, permits and approvals required for development of the subject Mixed-Use Parcel pursuant to Section 303 hereof.

h. **Insurance.** The Developer has provided proof of insurance as required by Section 306 hereof.

i. **Financing.** The Agency has approved the Developer's financing as provided in Section 311.1 hereof.

j. **Construction Plans.** The Developer has obtained approval by the City of the Developer's complete construction plans for development of the subject Mixed-Use Parcel.

206.2 Developer's Conditions of Closing. Developer's obligation to proceed with the purchase of a Mixed-Use Parcel is subject to the fulfillment, or waiver by Developer, of each and all of the conditions precedent a. through h., inclusive, described below ("Developer's Conditions Precedent"), which are solely for the benefit of Developer:

a. **No Default.** The Agency is not in default in any of its obligations under the terms of this Agreement and all representations and warranties of Agency contained herein shall be true and correct in all material respects.

b. **Execution of Documents.** The Agency has executed the Grant Deed and the Reciprocal Easement Agreement described in Section 405.5 hereof and any other documents required hereunder, and has delivered such documents into Escrow.

c. **Payment of Closing Costs.** The Agency has paid all required costs of Closing into Escrow in accordance with Section 203 hereof.

d. **Title Policy.** The Title Company shall have agreed, upon payment of Title Company's regularly scheduled premium, to issue the Title Policy for the subject Mixed-Use Parcel upon the Closing, in accordance with Section 205 hereof.

e. **Design Approval.** The Developer has obtained approval by the Agency of the Design Development Application as set forth in Section 302 hereof.

f. **Land Use Approvals.** The Developer has obtained all land use and other discretionary entitlements, permits and approvals

required for development of the subject Mixed-Use Parcel pursuant to Section 303 hereof.

g. **Financing.** The Agency has approved the Developer's financing as provided in Section 311.1 hereof.

h. **Construction Plans.** The Developer has obtained approval by the City of the Developer's complete construction plans for development of the subject Mixed-Use Parcel.

207. Representations and Warranties.

207.1 Agency Representations. Agency represents and warrants to Developer as follows:

a. **Authority.** Agency is a public body, corporate and politic, organized and existing pursuant to the CRL. Agency has full right, power and lawful authority to grant, sell and convey the Mixed-Use Parcels as provided herein and the execution, performance and delivery of this Agreement by Agency has been fully authorized by all requisite actions on the part of Agency.

b. **FIRPTA.** Agency is not a "foreign person" within the parameters of FIRPTA or any similar state statute.

c. **No Conflict.** To the best of Agency's knowledge, Agency's execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which Agency is a party or by which it is bound.

Until the Closing for a Mixed-Use Parcel, the Agency shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 207.1 not to be true as of that Closing, immediately give written notice of such fact or condition to Developer. Such exception(s) to a representation shall not be deemed a breach by Agency hereunder, but shall constitute an exception which Developer shall have a right to approve or disapprove if such exception would have a material effect on the value and/or operation of the subject Mixed-Use Parcel. If the Developer elects to close Escrow following disclosure of such information, the Agency's representations and warranties contained herein shall be deemed to have been made as of the Closing, subject to such exception(s). If, following the disclosure of such information, the Developer elects not to close Escrow, then this Agreement as it pertains to any Unconveyed Parcels and the Escrow for the subject Mixed-Use Parcel shall automatically terminate, , and neither party shall have any further rights, obligations or liabilities hereunder with respect to the Unconveyed Parcels. The representations and warranties set forth in this Section 207.1 shall survive the Closing.

207.2 Developer Representations. Developer represents and warrants to Agency as follows:

a. **Authority.** Developer is a duly organized limited liability company formed in accordance with and in good standing under the laws of the State of California. The copies of the documents evidencing the organization of the Developer which have been

delivered to the Agency are true and complete copies of the originals, as amended to the date of this Agreement. Developer has full right, power and lawful authority to purchase and accept the conveyance of the Mixed-Use Parcels and undertake all obligations as provided herein and the execution, performance and delivery of this Agreement by Developer has been fully authorized by all requisite actions on the part of the Developer.

b. **No Conflict.** To the best of Developer's knowledge, Developer's execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which the Developer is a party or by which it is bound.

c. **No Developer or Member Bankruptcy.** Developer and/or any Member is not the subject of any bankruptcy proceeding, has not made a general assignment for the benefit of creditors, suffered the filing of an involuntary petition by its creditors, suffered the appointment of a receiver to take possession of substantially all of its assets, suffered the attachment or other judicial seizure of substantially all of its assets, admitted its inability to pay its debts as they come due or made an offer of settlement, extension or composition to its creditors generally.

Until the Closing for a Mixed-Use Parcel, the Developer shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 207.2 not to be true as of that Closing, immediately give written notice of such fact or condition to Agency. Such exception(s) to a representation shall not be deemed a breach by Developer hereunder, but shall constitute an exception which Agency shall have a right to approve or disapprove if such exception would have an effect on the financing, timing of construction, cost, value and/or operation of the Historic Folsom Station Project and/or the Railroad Block and/or any of the Mixed-Use Parcels or Public-Use Site. If the Agency elects to close Escrow following disclosure of such information, the Developer's representations and warranties contained herein shall be deemed to have been made as of the Closing, subject to such exception(s). If, following the disclosure of such information, Agency elects not to close Escrow, then this Agreement as it pertains to any Unconveyed Parcels and the Escrow for the subject Mixed-Use Parcel shall automatically terminate, neither party shall have any further rights, obligations or liabilities hereunder with respect to the Unconveyed Parcels. The representations and warranties set forth in this Section 207.2 shall survive the Closing.

208. Studies and Reports. Prior to each Closing, the Developer and its representatives shall have the right of access to all portions of the Mixed-Use Parcels owned by the Agency for the purpose of obtaining data and making surveys and tests necessary to carry out this Agreement. Any testing, data gathering or preliminary work undertaken on the Mixed-Use Parcels by the Developer and its representatives shall be done at the sole cost and expense of the Developer, and shall require the Developer's execution of a right of entry agreement to be provided by the Agency. Any testing, data gathering or preliminary work shall be undertaken only after securing any necessary permits from the appropriate governmental agencies.

209. Condition of the Mixed-Use Parcels.

209.1 Disclosure.

a. **Phase I and Phase II Investigation.** Prior to the execution of this Agreement, Agency has caused a "Phase I" and "Phase II" investigation of the environmental condition of the Railroad Block to be undertaken by Jacobson Helgoth Consultants, dated June 2005 ("Agency Phase I & Phase II Report"), with the cost of such investigation at the expense of Agency. Developer acknowledges that it has been provided a copy of the Agency Phase I & Phase II Report and associated test results. Agency hereby discloses to Developer all of the information contained in the Agency Phase I & Phase II Report, including the following: the former use of the Railroad Block and the parcels adjacent to the Railroad Block for commercial, industrial and mining purposes may pose some potential for hidden contamination, in particular, the following uses were formerly present upon the Mixed-Use Parcels: railroad operations; gold mining; and commercial enterprises (including a gas station and auto or motorcycle repair shops). Except for the information set forth in the Agency Phase I & Phase II Report, the Agency and the Developer hereby represent and warrant, each to the other, that they have no actual knowledge, and have not received any notice or communication from any government agency having jurisdiction over the Mixed-Use Parcels, notifying such party of the presence of surface or subsurface Hazardous Materials in, on, or under the Mixed-Use Parcels, or any portion thereof. "Actual knowledge," as used herein, shall not impose a duty of investigation, and shall be limited to the actual knowledge of the Agency and Developer employees and agents who have participated in the preparation of this Agreement.

b. **Geotechnical Engineering Studies and Grading Plans.** Prior to the execution of this Agreement, both the Agency and the Developer caused geotechnical engineering studies to be performed for the Railroad Block, both of which were performed by Youngdahl Consulting Group, Inc. The Developer caused a study of the Mixed-Use Parcels, dated March 17, 2008 (the "2008 Youngdahl Soils Analysis"), and the Agency caused a study of the Public-Use Site, dated July 2009 (the "2009 Youngdahl Soils Analysis"). The Agency retained the firm of Kleinfelder to perform a peer review of both the 2008 Youngdahl Soils Analysis and the 2009 Youngdahl Soils Analysis, which was completed in September 2009 and concurred with the Youngdahl Soils Analyses. The Agency and the Developer hereby acknowledge that each has been provided a copy of the other's geotechnical study and acknowledge the concurrence of Kleinfelder's peer review of the studies, and each hereby discloses to the other the information and recommendations of the other's geotechnical study for the preparation of the Mixed-Use Parcels and the Public-Use Site for future development.

Based on the 2008 and 2009 Youngdahl Soils Analyses, the Agency has prepared grading plans for the Mixed-Use Parcels and the Public-Use Site, included in the plans dated October 13, 2010, and titled "City of Folsom Redevelopment Department Plans for the Improvement of Historic Folsom Station, PN #2613" (the "Grading and Plaza Plans"). Pursuant to the Scope of Development (Attachment No. 4), the Agency is responsible for rough grading the Mixed-Use Parcels and will do so pursuant to the Grading and Plaza Plans. The Developer hereby acknowledges that it has reviewed the Grading and Plaza Plans and approves of the work outlined in the Grading and Plaza Plans.

209.2 No Warranties As To Mixed-Use Parcels. The physical condition, possession and title of each of the Mixed-Use Parcels is and shall be delivered from Agency to Developer in an "as-is" condition, with no warranty expressed or implied by Agency, including without limitation, the presence of Hazardous Materials or the condition of the soil, its geology, the presence of known or unknown seismic faults, or the suitability of the Mixed-Use Parcels for the development required hereunder.

209.3 Developer Precautions After Closing. Upon the Closing for a Mixed-Use Parcel, the Developer shall take all necessary precautions to prevent the release into the environment of any Hazardous Materials which are located in, on or under the Mixed-Use Parcels. Such precautions shall include compliance with all Governmental Requirements with respect to Hazardous Materials. In addition, the Developer shall install and utilize such equipment and implement and adhere to such procedures as are consistent with commercially reasonable standards as respects the disclosure, containment, storage, use, removal and disposal of Hazardous Materials.

209.4 Required Disclosures After Closing. After the Closing for a Mixed-Use Parcel, the Developer shall notify the Agency, and provide to the Agency a copy or copies, of all environmental permits, disclosures, applications, entitlements or inquiries relating to the Mixed-Use Parcels, including notices of violation, notices to comply, citations, inquiries, clean-up or abatement orders, cease and desist orders, reports filed pursuant to self-reporting requirements and reports filed or applications made pursuant to any Governmental Requirements relating to Hazardous Materials and underground tanks. The Developer shall report to the Agency, as soon as possible after each incident, any unusual or potentially important incidents with respect to the environmental condition of the Mixed-Use Parcels.

209.5 Developer Indemnity. From and after the Closing for a Mixed-Use Parcel, Developer agrees to indemnify, defend and hold Agency and City harmless from and against any claim, action, suit, proceeding, loss, cost, damage, liability, deficiency, fine, penalty, punitive damage, or expense (including, without limitation, attorneys' fees), resulting from, arising out of, or based upon (i) the presence, release, use, generation, discharge, storage or disposal of any Hazardous Materials on, under, in or about, or the transportation of any such Hazardous Materials to or from, the Mixed-Use Parcel, (ii) the violation, or alleged violation, of any statute, ordinance, order, rule, regulation, permit, judgment or license relating to the use, generation, release, discharge, storage, disposal or transportation of Hazardous Materials on, under, in or about, to or from, the Mixed-Use Parcel, or (iii) the condition or geology of the soils of the Mixed-Use Parcel following rough grading pursuant to the Grading and Plaza Plans described in Section 209.1 hereof. This indemnity shall include, without limitation, any damage, liability, fine, penalty, cost or expense arising from or out of any claim, action, suit or proceeding for personal injury (including sickness, disease or death), tangible or intangible property damage, compensation for lost wages, business income, profits or other economic loss, damage to the natural resources or the environment, nuisance, contamination, leak, spill, release or other adverse effect on the environment.

300. DEVELOPMENT OF THE MIXED-USE PARCELS

301. Scope of Development.

301.1 Developer's Obligation to Construct Improvements. Within the times respectively set forth therefor in the Schedule of Performance (Attachment No. 7), the Developer shall commence and diligently prosecute to completion the construction of the Developer Improvements on each of the Mixed-Use Parcels in accordance with the Scope of Development (Attachment No. 4) and the plans, drawings and documents submitted by the Developer and approved by the Agency as set forth herein.

302. Design Review.

302.1 Basic Concept Drawings. Conceptual drawings for the development of the Developer Improvements on all of the Mixed-Use Parcels (the "Basic Concept Drawings")

have been approved by the Agency and are attached to the Scope of Development (Attachment No. 4) as Exhibit A.

302.2 Design Development Application. The Developer has submitted to the Agency, and the Agency approved on June 6, 2007, the following plans and drawings with respect to the Developer Improvements on all of the Mixed-Use Parcels (collectively, the "Design Development Application"):

a. Site plans.

b. Preliminary landscape plan.

c. Floor plans.

d. Roof plans.

e. Elevations and project sections (submitted in both black-and-white and color).

f. Tabulation of areas/uses.

g. Materials samples.

The submission of the Design Development Application to and approval by the Agency for approval is separate and apart from the City design and development approval processes, and the Developer agrees to meet all City requirements for design and development approval.

302.3 Revisions. If the Developer desires to propose any substantial changes (defined below) to the Agency-approved Design Development Application, it shall submit such proposed changes to the Agency, and shall also proceed in accordance with any and all State and local laws and regulations regarding such revision. Any and all change orders or revisions required by the City and its inspectors which are required under the *Folsom Municipal Code* and all other applicable Uniform Codes (e.g., Building, Plumbing, Fire, Electrical, etc.) and under other applicable laws and regulations shall be included by the Developer in its Design Development Application and completed during the construction of the Developer Improvements.

The Agency shall have the right to review any and all aspects of substantial changes proposed by the Developer, and shall have the right to reasonably approve or disapprove of substantial changes proposed by the Developer. The Developer acknowledges and agrees that the Agency is entitled to approve or disapprove any proposed substantial changes in order to satisfy the Agency's obligation to promote the sound development and redevelopment of land within the Redevelopment Project, to integrate the Developer Improvements with the Agency Improvements, to promote a high level of design which will impact the surrounding development, and to provide an environment for the social, economic and psychological growth and well-being of the citizens of the City and the Redevelopment Project Area. The Developer shall not be entitled to any monetary damages or compensation as a result of the Agency's disapproval or failure to approve substantial changes proposed by the Developer.

302.4 Substantial Change. A "substantial change" shall include, without limitation, the following changes, excluding those items generally considered to be tenant improvements:

a. Changes in the layout, elevation, design, or square footage substantially affecting architectural appearance or functional use and operation.

b. Changes in the use of exterior finishing materials substantially affecting architectural appearance or functional use and operation.

c. Changes in size or design affecting parking, bulk, building coverage or floor area ratio, building height or number of floors, frontage, signage, accessibility of public spaces, size or placement of public service or handicapped facilities; or changes in the number of elevators, stairs and ramps; or changes in general pedestrian or vehicular circulation in, around or through the Mixed-Use Parcels, layout of passenger loading zones, landscaping or size or quality of exterior pavement, retaining walls, pedestrian amenities, and exterior lighting.

d. Any changes requiring approval of any city, county or state board, body, commission or officer, or any change required by any city, county or state board, body, commission or officer.

e. Any change that would preclude or materially reduce the ability to use the Mixed-Use Parcels as intended by this Agreement.

If the Developer requests any change in the permitted uses of a Mixed-Use Parcel provided for in this Agreement, the Developer shall submit to the Agency appropriate evidence, as determined by the Agency, substantiating the need for any such change, including a current market analysis, together with documentation detailing the Developer's good faith efforts to market and finance the Mixed-Use Parcel for the uses provided for in this Agreement. The Agency agrees to reasonably consider the Developer's request for a change in permitted uses, provided, however, that no change shall be presented that proposes residential uses on the ground floor. If the Agency agrees that a change in the uses for the Mixed-Use Parcel may be necessary, the Developer shall bear the responsibility for and cost of processing an amendment to the Master Conceptual Plan, including community meetings in connection therewith, and related amendments to this Agreement. The Developer expressly acknowledges and agrees that nothing in this paragraph shall be deemed or construed to limit the discretion of the Agency Board and/or the City Council in their consideration of an amendment to the Master Conceptual Plan and related amendments to this Agreement.

302.5 Defects in Plans. The Agency shall not be responsible either to the Developer or to third parties in any way for any defects in the Basic Concept Drawings (Exhibit A of the Scope of Development, Attachment No. 4) or the Design Development Application, nor for any structural or other defects in any work done according to the approved Basic Concept Drawings or Design Development Application. The Developer shall hold harmless, indemnify and defend the Agency, the City and their officers, employees, agents and representatives from and against any claims, suits for damages to property or injuries to persons arising out of or in any way relating to defects in the Basic Concept Drawings or Design Development Application, including without limitation the violation of any laws, and for defects in any work done according to the approved Basic Concept Drawings and Design Development Application whether or not the Agency, the City, or their officials, officers, agents or employees reviewed, accepted or approved the Basic Concept Drawings, Design Development Application, or any

other Developer submittals and whether or not such liabilities are litigated, settled, or reduced to judgment.

303. Land Use Approvals. Within the times respectively set forth therefor in the Schedule of Performance (Attachment No. 7), the Developer shall, at its own cost and expense, secure or cause to be secured any and all land use and other discretionary entitlements, permits and approvals which may be required for the Developer Improvements on a Mixed-Use Parcel by the City or any other governmental agency affected by such construction or work. The Developer shall, without limitation, apply for and secure the following, and pay all costs, charges and fees associated therewith:

a. Conditional Use Permit;

b. Parking Variance;

c. Design Review Approval;

d. All other permits and fees required by the City, County of Sacramento, and other governmental agencies with jurisdiction over the Developer Improvements; and

e. Any environmental studies and documents required pursuant to the California Environmental Quality Act.

304. Schedule of Performance. The Developer shall commence and complete all construction of the Developer Improvements on each Mixed-Use Parcel, and satisfy all other obligations and conditions of this Agreement within the times established therefor in the Schedule of Performance (Attachment No. 7). The Schedule of Performance is subject to revision from time to time as mutually agreed upon in writing between the Developer and the Agency's Executive Director, and the Agency's Executive Director is authorized to make such revisions as he or she deems reasonably necessary.

305. Cost of Construction. Except to the extent otherwise expressly set forth in this Agreement, all costs and expenses of planning, designing, developing and constructing all of the Developer Improvements, demolition of existing improvements, and preparation and grading of the Mixed-Use Parcels shall be borne solely by the Developer, and all of the costs of planning, designing, developing and constructing all of the Agency Improvements shall be borne solely by the Agency. The Developer acknowledges and agrees that the Agency has undertaken engineering costs a portion of which are attributable to the Developer Improvements and that the Developer's share of the engineering costs is the amount of $65,980.00, as described in Agency Resolution No. 261-R adopted on May 22, 2007. The Developer agrees to reimburse the Developer's share of the engineering costs by paying to the Agency, at the Closing of each Mixed-Use Parcel, a percentage of the Developer's share of the engineering costs determined by dividing the square footage of the Mixed-Used Parcel being sold by the total square footage of all Mixed-Use Parcels. If this Agreement is terminated by either party prior to the full repayment to the Agency by the Developer of the Developer's share of the engineering costs, the Developer shall be required to pay to the Agency the remainder of the Developer's share of the engineering costs then owed to the Agency.

306. Insurance Requirements. The Developer shall take out and maintain or shall cause its contractor to take out and maintain until the issuance of a final Release of Construction Covenants pursuant to Section 310 of this Agreement, a comprehensive general liability policy in the amount of Two Million Dollars ($2,000,000.00) combined single limit policy, and a

comprehensive automobile liability policy in the amount of One Million Dollars ($1,000,000.00), combined single limit, or such other policy limits as the Agency may approve at its discretion, including contractual liability, as shall protect the Developer, City and Agency from claims for such damages. Such policy or policies shall be written on an occurrence form. The Developer shall furnish a certificate of insurance countersigned by an authorized agent of the insurance carrier on a form approved by the Agency setting forth the general provisions of the insurance coverage. This countersigned certificate shall name the City and the Agency and their respective officials, officers, agents, and employees as additionally insured parties under this policy, and the certificate shall be accompanied by a duly executed original endorsement evidencing such additional insured status. The certificate and endorsement by the insurance carrier shall contain a statement of obligation on the part of the carrier to notify City and the Agency of any cancellation or termination of the coverage at least thirty (30) days in advance of the effective date of any such cancellation or termination. Coverage provided hereunder by the Developer shall be primary insurance and not be contributing with any insurance maintained by the Agency or City, and the policy shall contain such an endorsement. The insurance policy or the endorsement shall contain a waiver of subrogation for the benefit of the City and the Agency. The required certificate shall be furnished by the Developer at the time set forth therefor in the Schedule of Performance. The Developer shall also furnish or cause to be furnished to the Agency evidence satisfactory to the Agency that Developer and any contractor with whom it has contracted for the performance of work on the Mixed-Use Parcels or otherwise pursuant to this Agreement carries workers' compensation insurance as required by law. Insurance is to be placed with insurers with a Bests' rating of no less than A:VII.

307. Developer's Indemnity. The Developer shall defend, indemnify, assume all responsibility for, and hold the Agency and the City, and their representatives, volunteers, officials, officers, employees and agents, harmless from, all claims, demands, damages, defense costs or liability of any kind or nature relating to the subject matter of this Agreement or the implementation hereof and for any damages to property or injuries to persons, including accidental death (including attorneys' fees and costs), which may be caused by any negligent or willful acts or omissions of the Developer under this Agreement, whether such activities or performance thereof be by the Developer or by anyone directly or indirectly employed or contracted with by the Developer and whether such damage shall accrue or be discovered before or after termination of this Agreement. The Developer shall not be liable for property damage or bodily injury occasioned by the sole negligence of the Agency or its designated agents or employees and the Agency and the City shall not be liable for any passive negligence of the Agency, the City, or their officers, agents, or employees in reviewing, accepting or approving any action, service, or work performed or provided by the Developer.

308. Rights of Access. Prior to the issuance of a Release of Construction Covenants (as specified in Section 310 of this Agreement), for purposes of assuring compliance with this Agreement, representatives of the Agency shall have the right of access to any Mixed-Use Parcel owned by the Developer, without charges or fees, at normal construction hours during the period of construction for the purposes of this Agreement, including but not limited to, the inspection of the work being performed in constructing the Developer Improvements on such Mixed-Use Parcel so long as Agency representatives comply with all safety rules. The Agency (or its representatives) shall, except in emergency situations, notify the Developer prior to exercising its rights pursuant to this Section 308.

309. Compliance With Laws. The Developer shall carry out the design and construction of the Developer Improvements in conformity with all applicable laws, including all applicable state and federal labor standards and prevailing wage requirements, the City zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the *Folsom Municipal Code*, and all applicable disabled and handicapped access

requirements, including without limitation the *Americans With Disabilities Act*, 42 U.S.C. Section 12101, *et seq.*, California Government Code Section 4450, *et seq.*, California Government Code Section 11135, *et seq.*, and the *Unruh Civil Rights Act*, California Civil Code Section 51, *et seq.*

When improvements that are considered to be public works under State law are constructed as part of the Developer Improvements, the Developer shall, and shall cause its general contractor to, pay prevailing wages as those wages are determined pursuant to California Labor Code Sections 1720 *et seq.* and implementing regulations of the Department of Industrial Relations and comply with the other applicable provisions of California Labor Code Sections 1720 *et seq.* and implementing regulations of the Department of Industrial Relations. The Developer shall, and shall cause its general contractor to, keep and retain such records as are necessary to determine that prevailing wages have been paid as required by law. The Developer shall, and the construction agreement shall require its general contractor to, indemnify, hold harmless and defend (with counsel reasonably acceptable to the Agency and the City) the Agency and the City against any claim for damages, compensation, fines, penalties or other amounts arising out of the failure or alleged failure of any person or entity (including Developer, its general contractor, and their subcontractors, if any) to pay prevailing wages as required by law or to comply with the other applicable provisions of California Labor Code Sections 1720 *et seq.* and implementing regulations of the Department of Industrial Relations in connection with construction of the Developer Improvements.

309.1 Nondiscrimination in Employment. Developer certifies and agrees that all persons employed or applying for employment by it, its affiliates, subsidiaries, or holding companies, and all subcontractors, bidders and vendors, are and will be treated equally by it without regard to, or because of race, color, religion, ancestry, national origin, sex, age, pregnancy, childbirth or related medical condition, medical condition (cancer related) or physical or mental disability, and in compliance with Title VII of the *Civil Rights Act of 1964*, 42 U.S.C. Section 2000, *et seq.*, the *Federal Equal Pay Act of 1963*, 29 U.S.C. section 206(d), the *Age Discrimination in Employment Act of 1967*, 29 U.S.C. Section 621, *et seq.*, the *Immigration Reform and Control Act of 1986,* 8 U.S.C. Section 1324b, *et seq.*, 42 U.S.C. Section 1981, the *California Fair Employment and Housing Act*, California Government Code Section 12900, *et seq.*, the *California Equal Pay Law*, California Labor Code Section 1197.5, California Government Code Section 11135, the *Americans with Disabilities Act,* 42 U.S.C. Section 12101, *et seq.*, and all other anti-discrimination laws and regulations of the United States and the State of California as they now exist or may hereafter be amended. Developer shall allow representatives of the Agency access to its employment records related to this Agreement during regular business hours to verify compliance with these provisions when so requested by the Agency.

309.2 Taxes and Assessments. The Developer shall pay prior to delinquency all ad valorem real estate taxes and assessments on each of the Mixed-Use Parcels owned by the Developer, subject to the Developer's right to contest in good faith any such taxes. The Developer shall remove or have removed any levy or attachment made on any of the Developer-owned Mixed-Use Parcels, or assure the satisfaction thereof, within a reasonable time. The Developer shall not apply for or receive any exemption from the payment of property taxes or assessments on any interest in or to the Mixed-Use Parcels or the Developer Improvements.

309.3 Liens and Stop Notices. The Developer shall not allow to be placed on the Mixed-Use Parcels or any part thereof any lien or stop notice. If a claim of a lien or stop notice is given or recorded affecting the Developer Improvements, the Developer shall within thirty (30) days of such recording or service or within five (5) days of the Agency's demand whichever last occurs:

a. pay and discharge the same; or

b. affect the release thereof by recording and delivering to the Agency a surety bond in sufficient form and amount, or otherwise; or

c. provide the Agency with other assurances that the Agency deems, in its sole discretion, to be satisfactory for the payment of such lien or bonded stop notice and for the full and continuous protection of Agency from the effect of such lien or bonded stop notice.

310. Release of Construction Covenants. Promptly after completion of construction of the Developer Improvements upon a Mixed-Use Parcel in conformity with this Agreement, and upon the written request of the Developer, the Agency shall furnish the Developer with a "Release of Construction Covenants," substantially in the form of Attachment No. 8 hereto. The Agency shall not unreasonably withhold such Release of Construction Covenants. The Release of Construction Covenants shall be a conclusive determination of satisfactory completion of the Developer Improvements upon the respective Mixed-Use Parcel and the Release of Construction Covenants shall so state. Any party then owning or thereafter purchasing, leasing or otherwise acquiring any interest in the respective Mixed-Use Parcel shall not (because of such ownership, purchase, lease or acquisition) incur any obligation or liability under this Agreement except for those continuing covenants as set forth in Section 400 *et seq*. of this Agreement.

The Agency's issuance of a Release of Construction Covenants applicable to the last Mixed-Use Parcel to be acquired and developed by the Developer as set forth in the Schedule of Performance (Attachment No. 7) shall be deemed a "final" Release of Construction Covenants for purposes of this Agreement and the obligations of the Developer hereunder.

If the Agency refuses or fails to furnish a Release of Construction Covenants, after written request from the Developer, the Agency shall, within thirty (30) days of written request therefore, provide the Developer with a written statement of the reasons the Agency refused or failed to furnish the Release of Construction Covenants. The statement shall also contain the Agency's opinion of the actions the Developer must take to obtain the Release of Construction Covenants. Even if the Agency fails to provide such written statement within such thirty (30) day period, the Developer shall not be deemed entitled to the Release of Construction Covenants. The Release of Construction Covenants shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder of any mortgage, or any insurer of a mortgage securing money loaned to finance the Developer Improvements, or any part thereof. The Release of Construction Covenants is not a notice of completion as referred to in Section 3093 of California Civil Code.

311. Financing of the Improvements.

311.1 Approval of Financing. As a condition of Closing for each Mixed-Use Parcel, and within the time set forth in the Schedule of Performance (Attachment No. 7), Developer shall submit to Agency evidence that Developer has obtained sufficient equity capital or has obtained firm and binding commitments for construction and permanent financing necessary to undertake the development of such Mixed-Use Parcel and the construction of the Developer Improvements thereon in accordance with this Agreement. Agency shall approve or disapprove such evidence of financing commitments within thirty (30) days of receipt of a complete submission. Approval shall not be unreasonably withheld or conditioned. If Agency shall disapprove any such evidence of financing, Agency shall do so by notice to Developer

stating the reasons for such disapproval and Developer shall promptly obtain and submit to Agency new evidence of financing. Agency shall approve or disapprove such new evidence of financing in the same manner and within the same time established in this Section 311.1 for the approval or disapproval of the evidence of financing initially submitted to Agency.

Such evidence of financing shall include the following: (a) a copy of a legally binding, firm and enforceable loan commitment(s) obtained by Developer from unrelated financial institutions for the mortgage loan or loans for financing to fund the construction, completion, operation and maintenance of the Developer Improvements on the respective Mixed-Use Parcel, subject to such lenders' reasonable, customary and normal conditions and terms, and/or (b) a certification from the chief financial officer of Developer that Developer has sufficient funds for such construction, and that such funds have been committed to such construction, and/or other documentation satisfactory to the Agency as evidence of other sources of capital sufficient to demonstrate that Developer has adequate funds to cover the difference between the total cost of the construction and completion of the Developer Improvements, less financing authorized by those loans set forth in subparagraph (a) above.

311.2 No Encumbrances Except Mortgages, Deeds of Trust, or Sale and Lease-Back for Development. Mortgages, deeds of trust and sales and leases-back are to be permitted before completion of the construction of the Developer Improvements with the Agency's prior written approval, which shall not be unreasonably withheld or delayed, but only for the purpose of securing loans of funds to be used for financing acquisition of the Mixed-Use Parcels and construction of the Developer Improvements (including architecture, engineering, legal, and related direct costs as well as indirect costs) on or in connection with the Mixed-Use Parcels, permanent financing, and any other purposes necessary and appropriate in connection with development under this Agreement. The Developer shall notify the Agency in advance of any mortgage, deed of trust or sale and lease-back financing, if the Developer proposes to enter into the same before completion of the construction of the Developer Improvements. The words "mortgage" and "trust deed" as used hereinafter shall include sale and lease-back. The Developer shall not enter into any such conveyance for financing without the prior written approval of the Agency, which approval Agency agrees to give if any such conveyance for financing is given to a responsible financial lending institution or person or entity ("Lender"). The Developer may enter into a conveyance for financing after the completion of the Developer Improvements in accordance with the terms of this Agreement, as evidenced by the Agency's issuance of the Release of Construction Covenants pursuant to Section 310 hereof, without the approval of the Agency.

311.3 Holder Not Obligated to Construct Improvements. The holder of any mortgage or deed of trust authorized by this Agreement shall not be obligated by the provisions of this Agreement to construct or complete the Developer Improvements or any portion thereof, or to guarantee such construction or completion; nor shall any covenant or any other provision in this Agreement be construed so to obligate such holder. Nothing in this Agreement shall be deemed to construe, permit or authorize any such holder to devote a Mixed-Use Parcel to any uses or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement.

311.4 Notice of Default to Mortgagee or Deed of Trust Holders; Right to Cure. With respect to any mortgage or deed of trust granted by Developer as provided herein, whenever the Agency may deliver any notice or demand to Developer with respect to any breach or default by the Developer in completion of construction of the Developer Improvements, the Agency shall at the same time deliver to each holder of record of any mortgage or deed of trust authorized by this Agreement a copy of such notice or demand. Each such holder shall (insofar as the rights granted by the Agency are concerned) have the right, at its option, within thirty (30)

days after the receipt of the notice, to cure or remedy or commence to cure or remedy and thereafter to pursue with due diligence the cure or remedy of any such default. Nothing contained in this Agreement shall be deemed to permit or authorize such holder to undertake or continue the construction or completion of the Developer Improvements, or any portion thereof (beyond the extent necessary to conserve or protect the improvements or construction already made) without first having expressly assumed the Developer's obligations to the Agency by written agreement reasonably satisfactory to the Agency. The holder, in that event, must agree to complete, in the manner provided in this Agreement, the improvements to which the lien or title of such holder relates. Any such holder properly completing such improvements shall be entitled, upon compliance with the requirements of Section 310 of this Agreement, to a Release of Construction Covenants. It is understood that a holder shall be deemed to have satisfied the thirty (30) day time limit set forth above for commencing to cure or remedy a Developer default which requires title and/or possession of a Mixed-Use Parcel if and to the extent any such holder has within such thirty (30) day period commenced proceedings to obtain title and/or possession and thereafter the holder diligently pursues such proceedings to completion and cures or remedies the default.

311.5 Failure of Holder to Complete Improvements. In any case where, thirty (30) days after the holder of any mortgage or deed of trust creating a lien or encumbrance upon a Mixed-Use Parcel or any part thereof receives a notice from Agency of a default by the Developer in completion of construction of any of the Developer Improvements on such Mixed-Use Parcel under this Agreement, and such holder has not exercised the option to construct as set forth in this Section 311, or if it has exercised the option but has defaulted hereunder and failed to timely cure such default, the Agency may purchase the mortgage or deed of trust by payment to the holder of the amount of the unpaid mortgage or deed of trust debt, including principal and interest and all other sums secured by the mortgage or deed of trust. If the ownership of the Mixed-Use Parcel has vested in the holder, the Agency, if it so desires, shall be entitled to a conveyance from the holder to the Agency upon payment to the holder of an amount equal to the sum of the following:

a. The unpaid mortgage or deed of trust debt at the time title became vested in the holder (less all appropriate credits, including those resulting from collection and application of rentals and other income received during foreclosure proceedings);

b. All expenses with respect to foreclosure including reasonable attorneys' fees;

c. The net expenses, if any (exclusive of general overhead), incurred by the holder as a direct result of the subsequent management of the Mixed-Use Parcel;

d. The costs of any authorized improvements made by such holder; and

e. An amount equivalent to the interest that would have accrued on the aggregate of such amounts had all such amounts become part of the mortgage or deed of trust debt and such debt had continued in existence to the date of payment by the Agency.

311.6 Right of the Agency to Cure Mortgage or Deed of Trust Default. In the event of a mortgage or deed of trust default or breach by the Developer prior to the issuance of a Release of Construction Covenants for any of the Developer Improvements on a Mixed-Use

Parcel, the Developer shall immediately deliver to Agency a copy of any mortgage holder's notice of default. If the holder of any mortgage or deed of trust has not exercised its option to construct, the Agency shall have the right but no obligation to cure the default. In such event, Developer will reimburse Agency for all costs and expenses incurred by the Agency in curing such default. The Agency shall also be entitled to a lien upon the respective Mixed-Use Parcel to the extent of such costs and disbursements. Any such lien shall be junior and subordinate to the mortgages or deeds of trust permitted under this Section 311.

312. Payment and Performance Bonds. As a condition precedent to the commencement of construction on a Mixed-Use Parcel, the Developer shall provide the Agency with a copy of a performance bond obtained by the Developer or its contractor in favor of the Developer as a named obligee, in form and amount as approved by the Agency insuring the faithful completion of the Developer's obligations to develop the Mixed-Use Parcel as set forth in this Agreement, and a copy of a payment bond obtained by the Developer or its contractor in favor of the Developer as a named obligee, in form and amount as approved by the Agency securing the payment of all labor and material suppliers and subcontractors for the work stated in the construction contract(s) for the development of the respective Mixed-Use Parcel as set forth in this Agreement. The bonds shall be written with a surety listed as acceptable to the federal government on its most recent list of sureties. The Developer shall assure compliance with all requirements of the surety. The Developer shall permit no changes in the work to be performed by the contractor and shall make no advance payments to the contractor without prior written notice to the surety and the Agency, if such change or payment could release the surety of its obligations under the bonds.

400. COVENANTS AND RESTRICTIONS

401. Use of Mixed-Use Parcels. The Developer covenants and agrees for itself, its successors, its assigns and every successor in interest to the Mixed-Use Parcels and any part thereof that such Mixed-Use Parcels and parts thereof shall be devoted to the uses specified in the Redevelopment Plan, this Agreement, and the grant deeds for the Mixed-Use Parcels for the periods of time specified therein. Except as further limited by this Agreement, all uses conducted on the Mixed-Use Parcels or any part thereof, including, without limitation, all activities undertaken by the Developer pursuant to this Agreement, shall conform to the Redevelopment Plan and all applicable provisions of the *Folsom Municipal Code* and the CRL.

Notwithstanding provisions of the *Folsom Municipal Code*, the Developer herein expressly covenants and agrees, for itself, its successors, its assigns and every successor in interest that the uses and types of businesses set forth below shall not be permitted by owners, occupants or tenants of the Mixed-Use Parcels or parts thereof. These use restrictions shall run with the land and be disclosed in every sale or lease of a Mixed-Use Parcel or part thereof. Any alteration of such use restrictions shall require an amendment of this Agreement formally approved by the members of the Agency's Board:

- "Laundromat, Self-Service," as listed in the Commercial Use Table of the *Folsom Municipal Code*, Section 17.22.030E, Use #135, and defined as any establishment that contains coin or other pay operated laundry machines for use on-site, other than laundry facilities constructed and operated exclusively as an amenity serving the residential units constructed on the Mixed-Use Parcels; laundromats are not intended to include dry cleaning establishments;

- "Check-Casher Business," as defined in Civil Code Section 1789.31 as written or hereafter amended which reads as follows: "a 'check casher'

means a person or entity that for compensation engages, in whole or in part, in the business of cashing checks, warrants, drafts, money orders, or other commercial paper serving the same purpose. 'Check casher' does not include a state or federally chartered bank, savings association, credit union, or industrial loan company. 'Check casher' also does not include a retail seller engaged primarily in the business of selling consumer goods, including consumables, to retail buyers that cashes checks or issues money orders for a fee not exceeding two dollars ($2) as a service to its customers that is incidental to its main purpose or business.";

- "Discount Store," defined as any establishment that sells a diverse range of products and in which at least eighty percent (80%) of the products for sale are priced at one dollar ($1.00) or less per unit;

- "Liquor Store," as listed in the Commercial Use Table of the *Folsom Municipal Code*, Section 17.22.030E, Use #141, and defined as any establishment with sixty percent (60%) or more of its shelf space devoted to the sale of alcoholic beverages, other than beer, wine and fortified wines, for consumption elsewhere;

- "Tattoo Shop," as listed in the Commercial Use Table of the *Folsom Municipal Code*, Section 17.22.030E, Use #229, and defined as any establishment whose principal business activity is the placing of designs, letters, figures, symbols or other marks upon or under the skin of a person using ink or other substances that result in the permanent coloration of the skin by means of the use of needles or other instruments designed to contact or puncture the skin;

- "Pawn Shop or Pawnbroker," as listed in the Commercial Use Table of the *Folsom Municipal Code*, Section 17.22.030E, Use #170, and as defined in California Finance Code Section 21000 as written or hereafter amended which reads as follows: "Every person engaged in the business of receiving goods, including motor vehicles, in pledge as security for a loan is a pawnbroker.";

- "Adult-related business," as defined in Chapter 5.21 of Title 5 of the *Folsom Municipal Code*;

- "Auto Minor Service-Repair-Replacement," as listed in the Commercial Use Table of the *Folsom Municipal Code*, Section 17.22.030E, Use #19;

- "Towing Service-No Storage of Vehicles," as listed in the Commercial Use Table of the *Folsom Municipal Code*, Section 17.22.030E, Use #237;

- "Furniture Cleaning, Refinishing and Reupholstery Shop," as listed in the Commercial Use Table of the *Folsom Municipal Code*, Section 17.22.030E, Use #101;

- "Funeral Establishment," as listed in the Commercial Use Table of the *Folsom Municipal Code*, Section 17.22.030E, Use #103;

- "Taxi Cab Service and Storage Facility," as listed in the Commercial Use Table of the *Folsom Municipal Code*, Section 17.22.030E, Use #230;

- "Tool Reconditioning," as listed in the Commercial Use Table of the *Folsom Municipal Code*, Section 17.22.030E, Use #235.

402. Use and Operation Covenants. For a period of not less than twenty (20) years from the date a Certificate of Occupancy is granted for the Developer Improvements on a Mixed-Use Parcel, the Developer hereby covenants and agrees to use and continuously operate the respective Mixed-Use Parcel as follows:

a. The portion of the Mixed-Use Parcel developed with residential units shall continue to be used and operated as residential units only; however, the Affordable Units constructed pursuant to Section 403.1 hereof shall be used and operated as affordable residential units for the time period required by Section 403.1 hereof.

b. The portion of the Mixed-Use Parcel developed as ground-level retail (street level along Sutter Street and Wool Street frontages, and plaza level adjacent to the public plaza) shall continue to be used and operated for retail purposes only.

403. Affordable Housing.

403.1 Affordable Units. In consideration of receipt of the Housing Assistance from the Agency, the Developer covenants and agrees for itself, its successors, its assigns and every successor in interest that six (6) units of the residential units to be constructed as part of the Historic Folsom Station Project shall be and remain affordable to and occupied by persons and families of moderate income, as defined by Health and Safety Code Section 50093 (the "Affordable Units"). The Affordable Units may be either rental units or for-sale units. The Developer may elect at any time to repay the Housing Assistance in cash to Agency and be relieved of the obligation to construct the Affordable Units. If this Agreement is terminated by either party prior to the close of escrow for Mixed-Use Parcel C, the Developer shall be deemed to have repaid the Housing Assistance through the Developer's site remediation and rough grading work performed on Mixed-Use Parcel C pursuant to the Implementation Agreement. In the event the Developer is in default pursuant to this Agreement or this Agreement is terminated for any reason following the close of escrow for Mixed-Use Parcel C, the Housing Assistance shall be repaid to the Agency, provided, however, that if the Agency exercises its option to purchase or right of reverter and title to Mixed-Use Parcel C is revested in the Agency, the Housing Assistance shall be deemed to have been repaid through the Developer's site remediation and rough grading work performed on Mixed-Use Parcel C pursuant to the Implementation Agreement.

The Developer agrees to cooperate with the Agency in any subsidized loan program the Agency may, in its sole discretion, make available to purchasers of some or all of the Affordable Units. Covenant agreements shall be recorded against the Affordable Units providing for the use, maintenance and occupancy of the Affordable Units, which shall require the Affordable Units to remain affordable to and occupied by persons and families of moderate income for not less than forty-five (45) years for owner-occupied units and not less than fifty-five (55) years for rental units from the date of issuance of a certificate of occupancy by the City for the improvements containing the Affordable Units.

The Affordable Units shall be dispersed throughout the residential component of the Developer Improvements and shall not be concentrated. The Developer may choose to defer the Affordable Units until after the development of Mixed-Use Parcel C. If the

Developer defers the Affordable Units until after the development of Mixed-Use Parcel C, prior to the Closing for each remaining Mixed-Use Parcel, the Developer shall notify the Agency whether it will construct the Affordable Units on the Mixed-Use Parcel being sold, defer constructing the Affordable Units to another Mixed-Use Parcel, or repay the Housing Assistance to the Agency. Prior to the Closing of the last Mixed-Use Parcel to be purchased by the Developer under to this Agreement pursuant to the Schedule of Performance (Attachment No. 7), the Developer shall either identify the location of the Affordable Units on the Mixed-Use Parcel or repay the Housing Assistance to the Agency. If the Developer chooses to construct the Affordable Units, the Developer shall identify whether the Affordable Units will be rental housing units or for-sale housing units.

403.2 Selection of Qualified Renters/Buyers. The Developer shall be solely responsible for the selection of qualified renters/buyers of the Affordable Units. The Developer shall use commercially reasonable efforts to ensure that the Affordable Units are leased/sold to persons and families of moderate income, as required by Section 403.1, that are able to lease/purchase such units at the maximum lease/sales price for the unit at an affordable rent/affordable housing cost (as defined in Section 101 of this Agreement) without any loan or subsidy from the Agency.

403.3 Income of Renters/Buyers. Prior to the rental or sale of any Affordable Unit to a renter or buyer, the Developer shall submit to the Agency a completed income computation and certification form in the form that is provided by the Agency. The Developer shall certify, to the best of the Developer's knowledge, that each prospective renter/buyer renting or buying an Affordable Unit meets the eligibility requirements established for the Affordable Unit. The Developer shall obtain an income certification from the prospective renter/buyer of each Affordable Unit and shall certify that, to the best of the Developer's knowledge, the income of the prospective renter/buyer is truthfully set forth in the income certification form. The Developer shall verify the income certification of the prospective renter/buyer in one or more of the following methods reasonably acceptable to the Agency:

a. obtain paycheck stubs from the prospective renter/buyer's two (2) most recent pay periods.

b. obtain a true copy of an income tax return from the prospective renter/buyer for the most recent tax year in which a return was filed.

c. obtain an income verification certification from the employer of the prospective renter/buyer.

d. obtain an income verification certification from the Social Security Administration and/or the California Department of Social Services if the prospective renter/buyer receives assistance from such agencies.

e. obtain an alternate form of income verification reasonably acceptable to the Agency, if none of the above forms of verification is available to the Developer.

403.4 Documentation. If the Developer determines that the Affordable Units will be rental housing units, prior to the Closing of the Mixed-Use Parcel chosen for the Affordable Units, the Developer shall execute an affordable housing covenant agreement and such further documents reasonably required by the Agency, in forms approved by the Agency

and Agency legal counsel, to effectuate the Developer's covenant for itself, its successors, its assigns and every successor in interest to the subject Mixed-Use Parcel that the Affordable Units shall remain available to and occupied by persons and families of moderate income for a period of not less than fifty-five (55) years from the date of issuance of the Certificate of Completion for the Mixed-Use Parcel containing the Affordable Units.

If the Developer determines that the Affordable Units will be for-sale housing units, at the close of escrow for the purchase of an Affordable Unit, the Agency will require each purchaser of such unit to execute an affordable housing covenant agreement and such further documents reasonably required by the Agency, in forms approved by the Agency and Agency legal counsel to address re-sale and any and all other issues required to comply with the terms and conditions of this Agreement and all other governmental requirements, including that the unit shall remain available to and occupied by persons and families of moderate income for a period of not less than forty-five (45) years from the date of issuance of the Certificate of Completion for the Mixed-Use Parcel containing the Affordable Units. The Developer covenants and agrees that no Affordable Unit shall be sold unless and until this condition has been satisfied as to such Affordable Unit.

403.5 Best Efforts to Rent/Sell Affordable Units. The Developer agrees to exercise reasonable efforts consistent with prudent business practices to rent/sell all of the Affordable Units to renters or owner-occupants as soon as practical following the completion of the construction of the Affordable Units. The Developer agrees that the Affordable Units shall not be leased or rented by the Developer or any party related to the Developer.

404. CC&Rs for Residential Units. If the residential units are to be made available for sale upon completion of construction pursuant to this Agreement, then prior to the sale of any residential unit, the Developer shall prepare and submit to the Agency for its approval, which approval shall not be unreasonably withheld, a Declaration of Covenants, Conditions and Restrictions ("CC&Rs") which establishes a homeowner's association (the "Association") for the residential units. The Agency's review of the CC&Rs shall be limited to compliance with the requirements of this Section 404. The CC&Rs shall require the owners of all dwelling units constructed on the Mixed-Use Parcels to be members of the Association. The CC&Rs shall entitle each owner to use of the common areas and facilities to be constructed on the Mixed-Use Parcels, and shall set forth an equitable apportionment of the costs of maintaining and operating such common areas and facilities. The CC&Rs shall also obligate the Association to maintain and assume all liability for any landscaping that is actually installed on the Mixed-Use Parcels. The location of such landscaping shall be set forth in a landscaping map attached to and incorporated into the CC&Rs. The CC&Rs shall be enforceable by the Agency, and no amendment to the CC&Rs which relates to the requirements of this Section 404 shall be permitted or be effective prior to the written approval of the Agency.

405. Maintenance Covenants; Reserved Parking; Mutual Rights of Access and Use of the Railroad Block During Construction; Reciprocal Easement Agreement.

405.1 Maintenance of Mixed-Use Parcels. The Developer shall maintain the Developer-owned Mixed-Use Parcels and all improvements thereon, including all landscaping, in compliance with the terms of the Redevelopment Plan, with all applicable provisions of the *Folsom Municipal Code*, and with the Reciprocal Easement Agreement (the "REA") described in Section 405.5 hereof to be executed by the Agency and the Developer prior to the Closing for Mixed-Use Parcel C.

405.2 Maintenance of Public-Use Site. The Developer shall be solely responsible and bear all costs for maintaining (a) the portion of the Public-Use Site adjacent to Mixed-Use Parcel C, as shown on the map attached to this Agreement as Exhibit C to the Scope of Development (Attachment No. 4) (the "South Plaza"), and (b) the portion of the Sutter Street right-of-way adjacent to Mixed-Use Parcel C, as shown on the map attached to this Agreement as Exhibit C to the Scope of Development (Attachment No. 4) (the "Granite House-Adjacent Right-of-Way"). The Developer shall maintain the South Plaza and the Granite House-Adjacent Right-of-Way and all improvements thereon, including all landscaping, in compliance with the terms of the Redevelopment Plan, with all applicable provisions of the *Folsom Municipal Code*, and with the terms of the REA described in Section 405.5 hereof.

As to the remainder of the Public-Use Site, the Developer agrees to pay its proportionate share of the annual costs to the Agency or the City of maintaining the Public-Use Site, exclusive of the Public Parking Garage. The annual costs of maintaining the Public-Use Site, exclusive of the Public Parking Garage, shall not include costs associated directly with special events conducted on the Public-Use Site by or under a permit of the Agency or the City. Payment by the Developer shall be made within thirty (30) days of receipt of an invoice therefor from the Agency or the City. In no event shall the Developer's proportionate share exceed fifty percent (50%) of the total annual costs of maintaining the Public-Use Site, exclusive of the Public Parking Garage. The Developer further agrees that it will consent to and cooperate in all aspects related to the establishment of a Mello-Roos Community Facilities District, or similar district, on the Railroad Block for the purpose of funding the maintenance of the Public-Use Site, should such a district be proposed by the City.

The Developer's obligations to maintain the South Plaza and the Granite House-Adjacent Right-of-Way and pay its proportional share for the maintenance of the remainder of the Public-Use Site shall be set forth in the REA described in Section 405.5 hereof to be executed by the Agency and the Developer prior to the Closing for Mixed-Use Parcel C. The Agency and the Developer further agree that, concurrently with the Closing for Mixed-Use Parcel D and/or E the Agency and the Developer will pre-fund the first two years of maintenance costs of the remainder of the Public-Use Site (exclusive of the Public Parking Garage) by depositing into an account to be maintained by the Agency each party's proportional share of the estimated costs thereof.

405.3 Reserved Parking. The Agency agrees to make available to the Developer, for the use of its office tenants, up to twenty-three (23) parking spaces, on a reserved basis, in the Public Parking Garage. The reserved status of the parking spaces shall apply only on weekdays and shall not be applicable on weekends and holidays. The Developer shall be obligated to pay to the Agency the prevailing rate charged by the Agency for reserved parking spaces in the Public Parking Garage or, if no prevailing rate has then been established, the rate reasonably established by the Agency. The Agency's obligation to provide reserved parking spaces to the Developer and the Developer's obligation to pay for said reserved parking spaces shall be more specifically set forth in the REA described in Section 405.5 hereof to be executed by the Agency and the Developer prior to the Closing for Mixed-Use Parcel C.

405.4 Mutual Rights of Access and Use of the Railroad Block During Construction. The Developer agrees that the Agency shall have the right, without any cost or charge therefor by the Developer, to use and occupy such portions of the Developer-owned Mixed-Use Parcels as are reasonably necessary for (as determined by the Developer) construction staging (materials and equipment transportation, storage and maneuvering) for the Agency Improvements and related activities. The Agency agrees that during construction of the Developer Improvements on a Mixed-Use Parcel, the Developer shall have the right, without any cost or charge therefor by the Agency, to use and occupy such portions of the Public-Use Site as

are reasonably necessary for (as determined by the Agency) construction staging (materials and equipment transportation, storage and maneuvering) for the Developer Improvements and related activities. These mutual rights of access and use shall not interfere with any ongoing construction on or use of a party's property. These mutual rights of access and use of the Railroad Block during construction shall be more specifically set forth in the REA described in Section 405.5 hereof to be executed by the Agency and the Developer prior to the Closing for Mixed-Use Parcel C.

405.5 Reciprocal Easement Agreement. Prior to the Closing for Mixed-Use Parcel C, the Developer and the Agency shall execute a Reciprocal Easement Agreement ("REA") setting forth the parties' respective grants of easements for vehicular and pedestrian ingress and egress over and across Mixed-Use Parcel C and the Public-Use Site, mutual rights of access and use of the Railroad Block during construction of the Agency Improvements and the Developer Improvements on Mixed-Use Parcel C, maintenance obligations, and rights and obligations concerning reserved parking. The REA shall also describe the rights and obligations of the parties with respect to any proposed encroachments of the uses on the Mixed-Use Parcels onto the Public-Use Site for outdoor dining or other purposes. The decision whether or not to allow any proposed encroachments shall be in the Agency's sole and absolute discretion. Execution of the REA shall be one of the Agency's and Developer's Conditions Precedent to Closing for Mixed-Use Parcel C. The REA shall be amended in connection with and as a condition to Closing for each subsequent purchase of a Mixed-Use Parcel by the Developer so that the REA accurately reflects the changes in ownership and corresponding rights and obligations of the parties thereunder.

405.6 Air Space Easements. The design of the Developer Improvements includes balconies that extend over the public right-of-way of Sutter Street as well as the Public-Use Site. Developer shall prepare air space easements for the encroachments of each Mixed-Use Parcel over the public right-of-way and Public-Use Site, which shall be submitted to the Agency for its review and approval prior to the Closing of a Mixed-Use Parcel. Agency approval of the air space easements is separate and apart from any City approval required of the air space easements, and the Developer agrees to submit the air space easements to the City for its separate approval.

405.7 Public Restrooms on Mixed-Use Parcel E. The Developer Improvements to be constructed on Mixed-Use Parcel E shall include space, more particularly described in the Scope of Development (Attachment No. 4), to be used as public restrooms, which will be open only when special events are being held on the public plaza. Prior to and as a condition of issuance of a Certificate of Completion for Mixed-Use Parcel E, Developer shall enter into a lease with the Agency for the public restroom space, for a term not less than fifty (50) years at a rental amount of ONE DOLLAR ($1.00) per year.

406. Nondiscrimination Covenants. The Developer covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Mixed-Use Parcels, nor shall the Developer itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Mixed-Use Parcels or any part thereof. The foregoing covenants shall run with the land.

The Developer shall refrain from restricting the rental, sale or lease of the Mixed-Use Parcels or any part thereof on the basis of race, color, religion, sex, marital status, ancestry or national origin of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or non-segregation clauses:

a. **In deeds:** "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

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

'That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.'"

c. **In contracts:** "There shall be no discrimination against or segregation of, any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises, nor shall the transferee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the premises."

407. Effect of Violation of the Terms and Provisions of this Agreement After Completion of Construction. The Agency is deemed the beneficiary of the terms and provisions of this Agreement and of the covenants running with the land, for and in its own right and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit this Agreement and the covenants running with the land have been provided, without regard to whether the Agency has been, remains or is an owner of any land or interest therein in the Mixed-Use Parcels or in the Redevelopment Project. The Agency shall have the right, if the Agreement or covenants are breached, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Agreement and covenants may be entitled. The covenants contained in this Agreement shall remain in effect

until the issuance of the Release of Construction Covenants for the completion of construction of the Developer Improvements, except for the following:

a. The environmental covenants set forth in Sections 209.3, 209.4 and 209.5 shall remain in effect in perpetuity.

b. Except for the Affordable Units (which shall be subject to and controlled by separate covenant agreements pursuant to Section 403.4), the covenants pertaining to the use and operation of the Mixed-Use Parcels set forth in Sections 401 and 402 shall remain in effect for the periods set forth therein.

c. The covenants pertaining to maintenance of the improvements on the Mixed-Use Parcels and all improvements thereon, as set forth in Section 405.1, shall remain in effect for the period of time set forth in the REA described in Section 405.5 hereof.

d. The covenants pertaining to the Developer's obligations to maintain the South Plaza and the Granite House-Adjacent Right-of-Way and to pay its proportionate share of the annual costs for maintenance of the improvements on the remainder of the Public-Use Site, excluding the Public Parking Garage, shall remain in effect for the period of time set forth in the REA described in Section 405.5 hereof.

e. The covenants against discrimination, as set forth in Section 406, shall remain in effect in perpetuity.

500. DEFAULTS AND REMEDIES

501. Default. Subject to the extensions of time set forth in Section 602 of this Agreement, failure by either party to perform any action or covenant required by this Agreement within the time periods provided herein following notice and failure to cure as described hereafter, constitutes a "default" under this Agreement. A party claiming a default shall give written notice of default to the other party specifying the default complained of. Except as otherwise expressly provided in this Agreement, the claimant shall not institute any proceeding against any other party, and the other party shall not be in default if such party within thirty (30) days from receipt of such notice immediately, with due diligence, commences to cure, correct or remedy such failure or delay and shall complete such cure, correction or remedy with diligence.

502. Institution of Legal Actions. In addition to any other rights or remedies and subject to the restrictions otherwise set forth in this Agreement, either party may institute an action at law or equity to seek specific performance of the terms of this Agreement, or to cure, correct or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the County of Sacramento, State of California, in an appropriate municipal court in that county, or in the District of the United States District Court in which such county is located.

503. Termination by the Developer. In the event that the Developer is not in default under this Agreement and the Agency does not tender title to a Mixed-Use Parcel by Grant Deed in the manner and condition and by the date provided in this Agreement; or one or more of the Developer's Conditions Precedent to the Closing for a Mixed-Use Parcel is not fulfilled on or before the times set forth in Section 206.2 hereof and such failure is not caused by the

Developer; or in the event of any default of the Agency prior to the Closing for a Mixed-Use Parcel which is not cured within the time set forth in Section 501 hereof, then this Agreement may, at the option of the Developer, be terminated as to any Unconveyed Parcels by written notice thereof to the Agency. From the date of the written notice of termination of this Agreement by the Developer to the Agency, and thereafter, this Agreement shall be deemed terminated as to any Unconveyed Parcels and there shall be no further rights or obligations between the parties with respect to any Unconveyed Parcels, except that the parties may pursue any other remedies they may have hereunder.

504. Termination by the Agency. In the event that the Developer (or any successor in interest) assigns or attempts to assign this Agreement or any rights herein or in any of the Mixed-Use Parcels or the improvements thereon in violation of this Agreement; or one or more of the Agency's Conditions Precedent to the Closing for a Mixed-Use Parcel is not fulfilled on or before the time set forth in the Schedule of Performance and such failure is not caused by the Agency or City; or the Developer is otherwise in default of this Agreement and fails to cure such default within the time set forth in Section 501 hereof, then this Agreement and any rights of the Developer or any assignee or transferee with respect to or arising out of this Agreement or the Mixed-Use Parcels, shall, at the option of the Agency, be terminated as to any Unconveyed Parcels by the Agency by written notice thereof to the Developer. From the date of the written notice of termination of this Agreement by the Agency to the Developer, and thereafter, this Agreement shall be deemed terminated as to any Unconveyed Parcels and there shall be no further rights or obligations between the parties with respect to any Unconveyed Parcels, except that the parties may pursue any other remedies they may have hereunder.

505. Option to Purchase the Mixed-Use Parcels. After the conveyance of title to a Mixed-Use Parcel to the Developer and prior to the issuance of a Release of Construction Covenants for the development of that Mixed-Use Parcel, the Agency shall have the additional right at its option to purchase that Mixed-Use Parcel, with all improvements thereon, if the Developer (or its successors in interest) shall:

a. Fail to start the construction of the Developer Improvements on that Mixed-Use Parcel as required by this Agreement for a period of thirty (30) days after written notice thereof from the Agency; or

b. Abandon or substantially suspend construction of the Developer Improvements on that Mixed-Use Parcel for a period of thirty (30) days after written notice thereof from the Agency; or

c. Contrary to the provisions of Section 603 hereof, transfer or suffer any involuntary transfer of that Mixed-Use Parcel in violation of this Agreement.

Such right to purchase, to the extent provided in this Agreement, shall be subordinate and subject to and be limited by and shall not defeat, render invalid or limit:

a. Any mortgage, deed of trust or other security instrument permitted by this Agreement; or

b. Any rights or interests provided in this Agreement for the protection of the holder of such mortgages, deeds of trust or other security instruments.

To exercise its right to purchase with respect to a Mixed-Use Parcel, the Agency shall pay to the Developer in cash an amount equal to:

a. The Purchase Price paid by the Developer for that Mixed-Use Parcel; plus

b. The costs incurred by the Developer for on-site labor and materials for the construction of the improvements existing on that Mixed-Use Parcel at the time of the Agency's purchase; less

c. Any gains or income withdrawn or made by the Developer from that Mixed-Use Parcel or the improvements thereon.

506. Reentry and Revesting of Title in the Agency After the Closing and Prior to Completion of Construction. The Agency has the right, at its election, to reenter and take possession of any Mixed-Use Parcel, with all improvements thereon, and terminate and revest in the Agency the estate conveyed to the Developer if after the Closing for that Mixed-Use Parcel and prior to the issuance of the Release of Construction Covenants for the development of that Mixed-Use Parcel, the Developer (or its successors in interest) shall:

a. Fail to start the construction of the Developer Improvements on that Mixed-Use Parcel as required by this Agreement for a period of thirty (30) days after written notice thereof from the Agency; or

b. Abandon or substantially suspend construction of the Developer Improvements on that Mixed-Use Parcel required by this Agreement for a period of thirty (30) days after written notice thereof from the Agency; or

c. Contrary to the provisions of Section 603 hereof, transfer or suffer any involuntary transfer of that Mixed-Use Parcel in violation of this Agreement.

Such right to reenter, terminate and revest shall be subject to and be limited by and shall not defeat, render invalid or limit:

a. Any mortgage, deed of trust or other security instrument permitted by this Agreement; or

b. Any rights or interests provided in this Agreement for the protection of the holders of such mortgages, deeds of trust or other security instruments.

The Grant Deeds for the Mixed-Use Parcels shall contain appropriate reference and provision to give effect to the Agency's right as set forth in this Section 506, under specified circumstances prior to recordation of a Release of Construction Covenants for the development of a Mixed-Use Parcel, to reenter and take possession of that Mixed-Use Parcel, with all improvements thereon, and to terminate and revest in the Agency the estate conveyed to the Developer. Upon the revesting in the Agency of title to a Mixed-Use Parcel as provided in this Section 506, the Agency shall, pursuant to its responsibilities under state law, use its reasonable efforts to resell the Mixed-Use Parcel as soon and in such manner as the Agency shall find feasible and consistent with the objectives of such law and of the Redevelopment Plan, as it exists or may be amended, to a qualified and responsible party or parties (as determined by the Agency) who will assume the obligation of making or completing the Developer Improvements, or such improvements in their stead as shall be satisfactory to the Agency and in accordance with the uses specified for such Mixed-Use Parcel in the Redevelopment Plan. Upon such resale of a Mixed-Use Parcel, the net proceeds thereof after repayment of any mortgage or deed of trust encumbering the Mixed-Use Parcel which is permitted by this Agreement, shall be applied:

i. First, to reimburse the Agency, on its own behalf and/or on behalf of the City, all costs and expenses incurred by the Agency including, but not limited to, any expenditures by the Agency or the City in connection with the recapture, management and resale of the Mixed-Use Parcel (but less any income derived by the Agency from the Mixed-Use Parcel in connection with such management); all taxes, assessments and utility charges with respect to the Mixed-Use Parcel which the Developer has not paid (or, in the event the Mixed-Use Parcel is exempt from taxation or assessment of such charges during the period of ownership thereof by the Agency, an amount, if paid, equal to such taxes, assessments, or charges as would have been payable if the Mixed-Use Parcel was not so exempt); any payments made or necessary to be made to discharge any encumbrances or liens existing on the Mixed-Use Parcel at the time of revesting of title thereto in the Agency, or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults or acts of the Developer, its successors or transferees; any expenditures made or obligations incurred with respect to the making or completion of the improvements or any part thereof on the Mixed-Use Parcel; and any amounts otherwise owing the Agency, and in the event additional proceeds are thereafter available, then

ii. Second, to reimburse the Developer, its successor or transferee, up to the amount equal to the sum of (a) the costs incurred for the acquisition and development of the Mixed-Use Parcel and for the improvements existing on the Mixed-Use Parcel at the time of the reentry and possession, less (b) any gains or income withdrawn or made by the Developer from the Mixed-Use Parcel or the improvements thereon.

Any balance remaining after such reimbursements shall be retained by the Agency as its property. The rights established in this Section 506 are not intended to be exclusive of any other right, power or remedy, but each and every such right, power, and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy authorized herein or now or hereafter existing at law or in equity. These rights are to be interpreted in light of the fact that the Agency will have conveyed the Mixed-Use Parcels to the Developer for redevelopment purposes, particularly for development of a mixed-use development, including office, retail, residential and affordable housing, and appurtenant uses, and not for speculation in undeveloped land.

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

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

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

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

600. GENERAL PROVISIONS

601. Notices, Demands and Communications Between the Parties. Any approval, disapproval, demand, document or other notice ("notice") which either party may desire to give to the other party under this Agreement must be in writing and may be given by any commercially acceptable means to the party to whom the notice is directed at the address of the party as set forth below, or at any other address as that party may later designate by notice.

To Agency: Folsom Redevelopment Agency
Attn: Executive Director
50 Natoma Street
Folsom, California 95630

To Developer: Folsom Railroad Block Developers, LLC
ATTN: Jeremy G. Bernau, Member
915 Sutter Street, Suite 110
Folsom, CA 95630

With a copy to:
Folsom Railroad Block Developers, LLC
7700 College Town Drive, Suite 250
Sacramento, CA 95826

Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate as herein provided. Notices which are delivered by hand or overnight courier shall be deemed received upon delivery; notices which are deposited in the United States mail in accordance with the terms of this Section 601 shall be deemed received three (3) days after mailing. The inability to deliver any notice because of a changed address of which no notice was given, or rejection or other refusal to accept any notice, shall be deemed to be the receipt of the notice as of the date of such inability to deliver or rejection or refusal to accept.

602. Enforced Delay; Extension of Times of Performance. In addition to specific provisions of this Agreement, performance by either party hereunder shall not be deemed to be in default, and all performance and other dates specified in this Agreement shall be extended, where delays or defaults are due to: war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; governmental restrictions or priority; unusually severe weather; inability to secure necessary labor, materials or tools (provided that such inability is not the fault of the party claiming an extension of time to perform); delays of any contractor, subcontractor or supplier (provided that such delay(s) is not the fault of the party claiming an extension of time to perform); acts or omissions of the other party; acts or failures to act of the City or any other public or governmental agency or entity (other than the acts or failures to act of the Agency which shall not excuse performance by the Agency); or any other causes beyond the control or

without the fault of the party claiming an extension of time to perform. Notwithstanding anything to the contrary in this Agreement, an extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) days of the commencement of the cause. Times of performance under this Agreement may also be extended in writing by the mutual agreement of Agency and Developer. Notwithstanding any provision of this Agreement to the contrary, a lack of funding to complete the Developer Improvements shall not constitute grounds of enforced delay pursuant to this Section 602.

603. Transfers of Interest in Mixed-Use Parcels or Agreement.

603.1 Prohibition. The qualifications and identity of the Developer are of particular concern to the Agency. It is because of those qualifications and identity that the Agency has entered into this Agreement with the Developer. For the period commencing upon the date of this Agreement and until the issuance of a final Release of Construction Covenants pursuant to Section 310 hereof, no voluntary or involuntary successor in interest of the Developer shall acquire any rights or powers under this Agreement without the prior written approval of the Agency, except as expressly set forth herein. Additionally, for the period commencing upon the date of this Agreement and until issuance of a Release of Construction Covenants pursuant to Section 310 for the development of a Mixed-Use Parcel the Developer shall not make any total or partial sale, transfer, conveyance, assignment, subdivision, refinancing or lease of the whole or any part of that Mixed-Use Parcel or the improvements thereon without prior written approval of the Agency, except as expressly set forth herein. Any proposed total or partial sale, transfer, conveyance, assignment, subdivision, refinancing or lease of the whole or any part of the Mixed-Use Parcels or the improvements thereon in violation hereof shall be void and will entitle the Agency to its option to repurchase as set forth in Section 505 hereof and its right of reentry and revesting as set forth in Section 506 hereof.

603.2 Permitted Transfers. Notwithstanding any other provision of this Agreement to the contrary, Agency approval of an assignment of this Agreement or conveyance of the Mixed-Use Parcels or Developer Improvements, or any part thereof, shall not be required in connection with any of the following:

a. Any transfers to an entity or entities in which the Developer retains a minimum of fifty-one percent (51%) of the ownership or beneficial interest and retains management and control of the transferee entity or entities.

b. The conveyance or dedication of any portion of the Mixed-Use Parcels to the City (subject to City acceptance of such conveyance or dedication) or the granting of easements or permits to facilitate construction of the Developer Improvements (as defined herein).

c. Any requested assignment for financing purposes (subject to such financing being considered and approved by the Agency pursuant to Section 311 herein), including the grant of a deed of trust to secure the funds necessary for land acquisition, construction and permanent financing of the Developer Improvements.

d. Any rental or sale of the residential units to owner-occupants, pursuant to Section 403 hereof.

In the event of an assignment by Developer under subparagraph (a) above not requiring the Agency's prior approval, Developer nevertheless agrees that at least thirty (30) days prior to such assignment it shall give written notice to Agency of such assignment and evidence satisfactory to Agency that the assignee has assumed jointly with Developer the obligations of this Agreement.

603.3 Agency Consideration of Requested Transfer. Any request for approval of a transfer or assignment must be in writing. Such notice shall be accompanied by sufficient evidence regarding the proposed assignee's or purchaser's development and/or operational qualifications and experience, and its financial commitments and resources, in sufficient detail to enable the Agency to evaluate the proposed assignee or purchaser pursuant to the criteria set forth in this Section 603 and as reasonably determined by the Agency. The Agency shall evaluate each proposed transferee or assignee on the basis of its development and/or qualifications and experience in the operation of facilities similar to the Developer Improvements, and its financial commitments and resources, and may reasonably disapprove any proposed transferee or assignee, during the period for which this Section 603 applies, which the Agency, in its sole discretion, determines does not possess equal or better qualifications than the transferring Developer. An assignment and assumption agreement in a form satisfactory to the Agency's legal counsel shall also be required for all proposed transfers and assignments. Within thirty (30) days after the receipt of the Developer's written notice requesting Agency approval of an assignment or transfer pursuant to this Section 603, the Agency shall, in its sole discretion, either approve or disapprove such proposed assignment or transfer or shall respond in writing by stating what further information, if any, the Agency reasonably requires in order to determine the request complete and determine whether or not to grant the requested approval. Upon receipt of such a response, the Developer shall promptly furnish to the Agency such further information as may be reasonably requested.

603.4 Successors and Assigns. All of the terms, covenants and conditions of this Agreement shall be binding upon the Developer and its permitted successors and assigns. Whenever the term "Developer" is used in this Agreement, such term shall include any other permitted successors and assigns as herein provided.

603.5 Assignment by Agency. The Agency may assign or transfer any of its rights or obligations under this Agreement with the approval of the Developer, which approval shall not be unreasonably withheld; provided, however, that the Agency may assign or transfer any of its interests hereunder to the City at any time without the consent of the Developer. In the event the Agency is terminated by state action, this Agreement shall be automatically assigned to the City.

604. Non-Liability of Officials and Employees of the Agency and the City. No member, official or employee of the Agency or the City shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach by the Agency (or the City) or for any amount which may become due to the Developer or its successors, or on any obligations under the terms of this Agreement.

605. Relationship Between Agency and Developer. It is hereby acknowledged that the relationship between the Agency and the Developer is not that of a partnership or joint venture and that the Agency and the Developer shall not be deemed or construed for any purpose to be the agent of the other. Accordingly, except as expressly provided herein or in the attachments hereto, the Agency shall have no rights, powers, duties or obligations with respect to the development, operation, maintenance or management of the Mixed-Use Parcels or the Developer Improvements. The Developer agrees to indemnify, hold harmless and defend the Agency from any claim made against the Agency arising from a claimed relationship of

partnership or joint venture between the Agency and the Developer with respect to the development, operation, maintenance or management of the Mixed-Use Parcels or the Developer Improvements.

606. Agency Approvals and Actions. Whenever a reference is made herein to an action or approval to be undertaken by the Agency, the Executive Director of the Agency, or his or her designee, is authorized to act on behalf of the Agency unless specifically provided otherwise or the context should require otherwise.

607. Counterparts. This Agreement may be signed in multiple counterparts which, when signed by all parties, shall constitute a binding agreement.

608. Integration. This Agreement contains the entire understanding between the parties relating to the transaction contemplated by this Agreement. All prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged in this Agreement and shall be of no further force or effect. Each party is entering this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material. This Agreement includes pages 1 through 41 and Attachment Nos. 1 through 9, all of which are incorporated herein by this reference. This Agreement and said attachments constitute the entire understanding and agreement of the parties, notwithstanding any previous negotiations or agreements between the parties or their predecessors in interest with respect to all or any part of the subject matter hereof.

609. Real Estate Brokerage Commission. The Agency and the Developer each represent and warrant to the other that no broker or finder is entitled to any commission or finder's fee in connection with the Developer's acquisition of the Mixed-Use Parcels from the Agency. The parties agree to defend and hold harmless the other party from any claim to any such commission or fee from any broker, agent or finder with respect to this Agreement which is payable by such party. The parties acknowledge that Jeremy G. Bernau is a California licensed real estate broker acting on his own behalf in this transaction and that he is not representing the City of Folsom, the Agency, the Folsom Railroad Block Developers, LLC, or their individual members or employees.

610. Attorneys' Fees. In any action between the parties to interpret, enforce, reform, modify, rescind, or otherwise in connection with any of the terms or provisions of this Agreement, the prevailing party in the action shall be entitled, in addition to damages, injunctive relief, or any other relief to which it might be entitled, reasonable costs and expenses including, without limitation, litigation costs and reasonable attorneys' fees.

611. Titles and Captions. Titles and captions are for convenience of reference only and do not define, describe or limit the scope or the intent of this Agreement or of any of its terms. Reference to section numbers is to sections in this Agreement, unless expressly stated otherwise.

612. Interpretation. As used in this Agreement, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others where and when the context so dictates. The word "including" shall be construed as if followed by the words "without limitation." This Agreement shall be interpreted as though prepared jointly by both parties.

613. No Waiver. A waiver by either party of a breach of any of the covenants, conditions or agreements under this Agreement to be performed by the other party shall not be

construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions of this Agreement.

614. Modifications. Any alteration, change or modification of or to this Agreement, in order to become effective, shall be made in writing and in each instance signed on behalf of each party.

615. Severability. If any term, provision, condition or covenant of this Agreement or its application to any party or circumstances shall be held, to any extent, invalid or unenforceable, the remainder of this Agreement, or the application of the term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law.

616. Computation of Time. The time in which any act is to be done under this Agreement is computed by excluding the first day (such as the day escrow opens), and including the last day, unless the last day is a holiday or Saturday or Sunday, and then that day is also excluded. The term "holiday" shall mean all holidays as specified in Sections 6700 and 6701 of the California Government Code. If any act is to be done by a particular time during a day, that time shall be Pacific Time Zone time.

617. Legal Advice. Each party represents and warrants to the other the following: they have carefully read this Agreement, and in signing this Agreement, they do so with full knowledge of any right which they may have; they have received independent legal advice from their respective legal counsel as to the matters set forth in this Agreement, or have knowingly chosen not to consult legal counsel as to the matters set forth in this Agreement; and, they have freely signed this Agreement without any reliance upon any agreement, promise, statement or representation by or on behalf of the other party, or their respective agents, employees, or attorneys, except as specifically set forth in this Agreement, and without duress or coercion, whether economic or otherwise.

618. Time of Essence. Time is expressly made of the essence with respect to the performance by the Agency and the Developer of each and every obligation and condition of this Agreement.

619. Cooperation. Each party agrees to cooperate with the other in this transaction and, in that regard, to sign any and all documents which may be reasonably necessary, helpful, or appropriate to carry out the purposes and intent of this Agreement including, but not limited to, releases or additional agreements.

620. Conflicts of Interest. No member, official or employee of the Agency or City shall have any personal or financial interest, direct or indirect, in this Agreement, nor shall any such member, official or employee participate in any decision relating to the Agreement which affects his or her personal or financial interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested. Developer shall not employ any Agency or City member, official or employee in the work performed pursuant to this Agreement. No member, officer or employee of Agency or City shall have any financial interest in this Agreement in violation of the applicable provisions of the California Government Code. Developer warrants and covenants that no member, official or employee of Agency or City, nor any business entity in which a member, official or employee of Agency or City is interested, (1) has been employed or retained to solicit or aid in the procuring of this Agreement; or (2) will be employed in the performance of this Agreement without the immediate divulgence of such fact to the Agency Executive Director and Agency Attorney. For breaches or violation of this

Section, Agency shall have the right both to terminate this Agreement without liability and, in its discretion, recover the full amount of any such compensation paid to such official, employee or business entity.

621. Date of Agreement. The date of this Agreement shall be the date when it shall have been signed by the Agency.

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

[SIGNATURES CONTAINED ON FOLLOWING PAGES]

DEVELOPER:
FOLSOM RAILROAD BLOCK DEVELOPERS, LLC, a Delaware limited liability company

By: Bernau Development Corporation, a California corporation, **Member**

Dated: MARCH 7, 2011 By: Jeremy G. Bernau, President

Dated: March 7, 2011 By: Lynn P. Bernau, Secretary

Dated: _____, 2011 By: ***executed in counterparts***
Sotiris K. Kolokotronis, Trustee of the Sotiris and Matina Kolokotronis Family Trust, **Member**

By: River Rock Development Company, a California corporation, **Member**

Dated: _____, 2011 By: ***executed in counterparts***
Ryan Fong, President

Dated: _____, 2011 By: ***executed in counterparts***
Catherine F. Douglas, _____

AGENCY:
REDEVELOPMENT AGENCY OF THE CITY OF FOLSOM, a public body, corporate and politic

Dated: 3/7, 2011 By: _____
Executive Director

ATTEST:

Christa Freemantle
Agency Secretary 3/7/11

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

State of California
County of Sacramento }

On April 5, 2011, before me, Christa Freemantle , Notary Public,

Personally appeared Kerry L. Miller

who proved to me on the basis of satisfactory evidence to be the person~~(s)~~ whose name~~(s)~~ is~~/are~~ subscribed to the within instrument and acknowledged to me that he~~/she/they~~ executed the same in his~~/her/their~~ authorized capacity~~(ies),~~ and that by his~~/her/their~~ signature~~(s)~~ on the instrument the person~~(s),~~ or the entity upon behalf of which the person~~(s)~~ acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of State of California that the foregoing paragraph is true and correct.

CHRISTA FREEMANTLE
Commission # 1905579
Notary Public - California
Sacramento County
My Comm. Expires Sep 26, 2014

WITNESS my hand and official seal.

SIGNATURE Christa Freemantle

PLACE NOTARY SEAL ABOVE

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of attached document

Title or type of document: Amended and Restated Disposition and Development Agreement – Between Redevelopment Agency of the City of Folsom and Folsom Railroad Block Developers, LLC

Document Date: March 3, 2011 Number of Pages:

Signer(s) Other than Named Above: various

DEVELOPER:
FOLSOM RAILROAD BLOCK DEVELOPERS, LLC,
a Delaware limited liability company

By: Bernau Development Corporation, a California corporation, **Member**

Dated: _____, 2011 By: ***executed in counterparts***
Jeremy G. Bernau, President

Dated: _____, 2011 By: ***executed in counterparts***
Lynn P. Bernau, Secretary

Dated: March 8, 2011 By: _____
Sotiris K. Kolokotronis, Trustee of the Sotiris and Matina Kolokotronis Family Trust, **Member**

By: River Rock Development Company, a California corporation, **Member**

Dated: March 8, 2011 By: _____
Ryan Fong, President

Dated: March 8, 2011 By: _____
Catherine F. Douglas, Secretary

AGENCY:
REDEVELOPMENT AGENCY OF THE CITY OF FOLSOM, a public body, corporate and politic

Dated: _____, 2011 By: ***executed in counterparts***

Executive Director

ATTEST:

_____
Agency Secretary

APPROVED AS TO CONTENT:

Evert Palmer
Assistant City Manager

FUNDING AVAILABLE:

Jim Francis, Finance Officer

APPROVED AS TO FORM:

3/7/11

Bruce Cline, Agency Attorney

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California
County of Sacramento

On 3/7/2011 (Date) before me, Sharon N Marshall Notary Public (Here Insert Name and Title of the Officer),

personally appeared Jeremy C Bernau and Lynn P. Bernau (Name(s) of Signer(s)),

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Sharon Marshall (Signature of Notary Public)

SHARON MARSHALL
Commission # 1839605
Notary Public - California
Sacramento County
My Comm. Expires Mar 6, 2013

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Amended & Restated Disposition & Development Agreement

Document Date: 3/7/11 Number of Pages: 45

Signer(s) Other Than Named Above: —

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____
Signer Is Representing: _____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

Signer's Name: _____
☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____
Signer Is Representing: _____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

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CALIFORNIA CERTIFICATE OF ACKNOWLEDGMENT

STATE OF CALIFORNIA

COUNTY OF Sacramento ss.

ON March 7, 2011 (Date) BEFORE ME, Allison DePaoli (Name) NOTARY PUBLIC

PERSONALLY APPEARED Ryan Curtis Fong, Catherine Flowers Douglas & Sotiris K. Kolokotronis,

WHO PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE TO BE THE PERSON (S) WHOSE NAME (S) IS/ARE SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE/SHE/THEY EXECUTED THE SAME IN HIS/HER/THEIR AUTHORIZED CAPACITY (IES) AND THAT BY HIS/HER/THEIR SIGNATURE (S) ON THE INSTRUMENT THE PERSON (S), OR THE ENTITY UPON BEHALF OF WHICH THE PERSON (S) ACTED, EXECUTED THE INSTRUMENT.

ALLISON LYNN DEPAOLI
Commission # 1893216
Notary Public - California
Sacramento County
My Comm. Expires Jun 19, 2014

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS MY HAND AND OFFICIAL SEAL.

Allison DePaoli
Signature of Notary

OPTIONAL INFORMATION

The information below is not required by law, but it may prove to be important to persons relying on the document and could prevent fraudulent removal and reattachment of this form to some other document.

DESCRIPTION OF ATTACHED DOCUMENT

TITLE OR TYPE OF DOCUMENT: _____

DOCUMENT DATE: _____ **NUMBER OF PAGES** _____

SIGNER (S) OTHER THAN NAMED ABOVE: _____

CAPACITY (IES) CLAIMED BY SIGNER (S)

SIGNER'S NAME: _____

___ INDIVIDUAL
___ CORPORATE OFFICER
TITLE (S): _____
___ PARTNER
___ LIMITED ___ GENERAL
___ ATTORNEY-IN-FACT
___ TRUSTEE
___ GUARDIAN OR CONSERVATOR
___ OTHER: _____

SIGNER IS REPRESENTING: _____

RIGHT THUMBPRINT OF SIGNER

SIGNER'S NAME: _____

___ INDIVIDUAL
___ CORPORATE OFFICER
TITLE (S): _____
___ PARTNER
___ LIMITED ___ GENERAL
___ ATTORNEY-IN-FACT
___ TRUSTEE
___ GUARDIAN OR CONSERVATOR
___ OTHER: _____

SIGNER IS REPRESENTING: _____

RIGHT THUMBPRINT OF SIGNER

ATTACHMENT NO. 1

LEGAL DESCRIPTION OF THE RAILROAD BLOCK

A PIECE OR PARCEL OF LAND SITUATE IN THE CITY OF FOLSOM, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, BEING THAT PORTION OF THE TOWN OF FOLSOM NUMBERED 20 AND 21 AND DESIGNATED "DEPOT GROUND" MAP OF SAID TOWN FILED DECEMBER 27, 1855 IN THE OFFICE OF THE COUNTY RECORDER OF SACRAMENTO COUNTY, NOW RECORDED IN BOOK 1 OF MAPS, MAP NO. 7, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

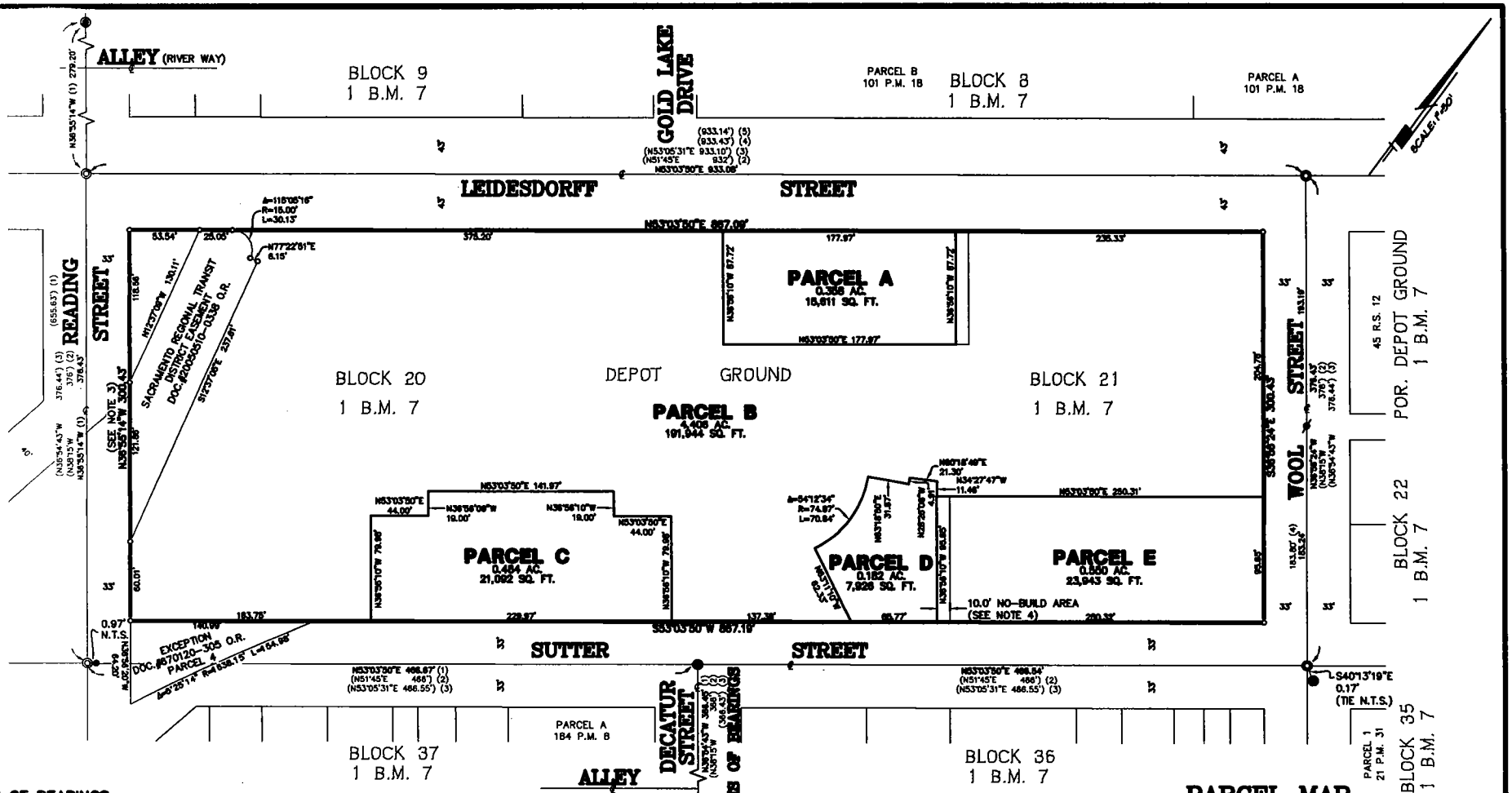
BEGINNING AT THE MOST WESTERLY CORNER OF THE AREA NUMBERED 20 OF SAID "DEPOT GROUND", DISTANT SOUTH 74°25'14" EAST 54.21 FEET FROM THE GRANITE MONUMENT MARKING THE INTERSECTION OF THE CENTER LINES OF LEIDESDORFF AND READING STREETS, AS SAID STREETS ARE SHOWN ON SAID MAP OF THE TOWN OF FOLSOM; THENCE SOUTH 36°54'43" EAST ALONG THE SOUTHWESTERLY LINE OF SAID DEPOT GROUND, BEING ALSO ALONG THE NORTHEASTERLY LINE OF READING STREET AND THE SOUTHEASTERLY PROLONGATION THEREOF, A DISTANCE OF 364.21 FEET TO A POINT IN THE WESTERLY LINE OF THAT CERTAIN STREET LYING ADJACENT TO AND WESTERLY OF BLOCK 37 AS SAID BLOCK AND STREET ARE SHOWN ON SAID MAP; THENCE NORTHERLY ALONG SAID WESTERLY LINE ON A CURVE TO THE RIGHT HAVING A RADIUS OF 1638.15 FEET AND CENTRAL ANGLE OF 5°25'14" (TANGENT TO SAID CURVE AT LAST MENTIONED POINT BEARS NORTH 25°53'53" EAST AND CHORD OF SAID CURVE BEARS NORTH 28°36'30" EAST 154.92 FEET) AN ARC DISTANCE OF 154.98 FEET TO A POINT OF INTERSECTION WITH THE NORTHWESTERLY LINE OF SUTTER STREET AS SHOWN ON SAID MAP; THENCE NORTH 53°05'31" EAST ALONG SAID NORTHWESTERLY LINE, BEING ALSO ALONG THE SOUTHWESTERLY LINE OF SAID DEPOT GROUND, A DISTANCE OF 725.00 FEET TO THE SOUTHWESTERLY LINE OF WOOL STREET AS SAID STREET IS SHOWN ON SAID MAP; THENCE NORTH 36°54'43" WEST ALONG SAID SOUTHWESTERLY LINE AND THE NORTHWESTERLY PROLONGATION THEREOF, BEING ALSO ALONG THE NORTHEASTERLY LINE OF SAID DEPOT GROUND, A DISTANCE OF 300.00 FEET TO THE SOUTHEASTERLY LINE OF SAID LEIDESDORFF STREET; THENCE SOUTH 53°05'31" WEST ALONG LAST SAID LINE, BEING ALSO ALONG THE NORTHWESTERLY LINE OF SAID DEPOT GROUND, A DISTANCE OF 866.00 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION OF PARCEL 4 AS DESCRIBED IN THE DEED FROM SOUTHERN PACIFIC COMPANY, A DELAWARE CORPORATION, TO THE CITY OF FOLSOM, A BODY CORPORATE AND POLITIC, LYING SOUTHEASTERLY FROM THE SOUTHEASTERLY LINE OF READING STREET, WHICH DEED WAS RECORDED JANUARY 20, 1967, IN BOOK 67-01-20, PAGE 305 OF OFFICIAL RECORDS.

ATTACHMENT NO. 2

MAP OF THE RAILROAD BLOCK

[See Attached.]



BASIS OF BEARINGS:

THE BASIS OF BEARINGS FOR THIS SURVEY IS THE CENTERLINE OF DECATUR STREET WHICH IS TAKEN TO BE N36°54'43"W AS SHOWN ON 184 P.M. 8.

NOTES:

1. THE TOTAL AREA WITHIN THIS PARCEL MAP IS 5.981 ACRES GROSS CONSISTING OF FIVE LETTERED PARCELS.
2. A SOILS REPORT FOR THIS SUBDIVISION WAS PREPARED BY YOUNGDAHL CONSULTING GROUP, INC. IN MARCH 2008. A COPY OF THIS REPORT IS AVAILABLE FOR PUBLIC INSPECTION AT THE CITY OF FOLSOM.
3. THERE ARE NO ROADWAY IMPROVEMENTS WITHIN THAT PORTION OF READING STREET SHOWN HEREON. A PORTION OF SACRAMENTO REGIONAL TRANSIT'S LIGHT RAIL STATION PLAZA HAS BEEN CONSTRUCTED OVER THAT AREA.
4. NO BUILDINGS SHALL BE CONSTRUCTED WITHIN THE NO-BUILD AREAS SHOWN HEREON.
5. THE PROPERTY SHOWN HEREON MAY BE SUBJECT TO THE PIPELINE AGREEMENT PER DOC. 19981215-1322 O.R.
6. MINERAL AND MINERAL RIGHTS RESERVED 901227 O.R. 480

LEGEND:

- ○ DIMENSION POINT
- ● CONCRETE NAIL PER (1)
- ● FOUND PK NAIL
- ⌀ FOUND REBAR
- ⊙ SET SPIKE AND WASHER STAMPED L.S. 6866
- N.T.S. NOT TO SCALE

REFERENCES:

(1) 184 P.M. 8
(2) 1 B.M. 7
(3) 13 R.S. 24
(4) 45 R.S. 12
(5) 101 P.M. 18

PARCEL MAP
HISTORIC FOLSOM STATION

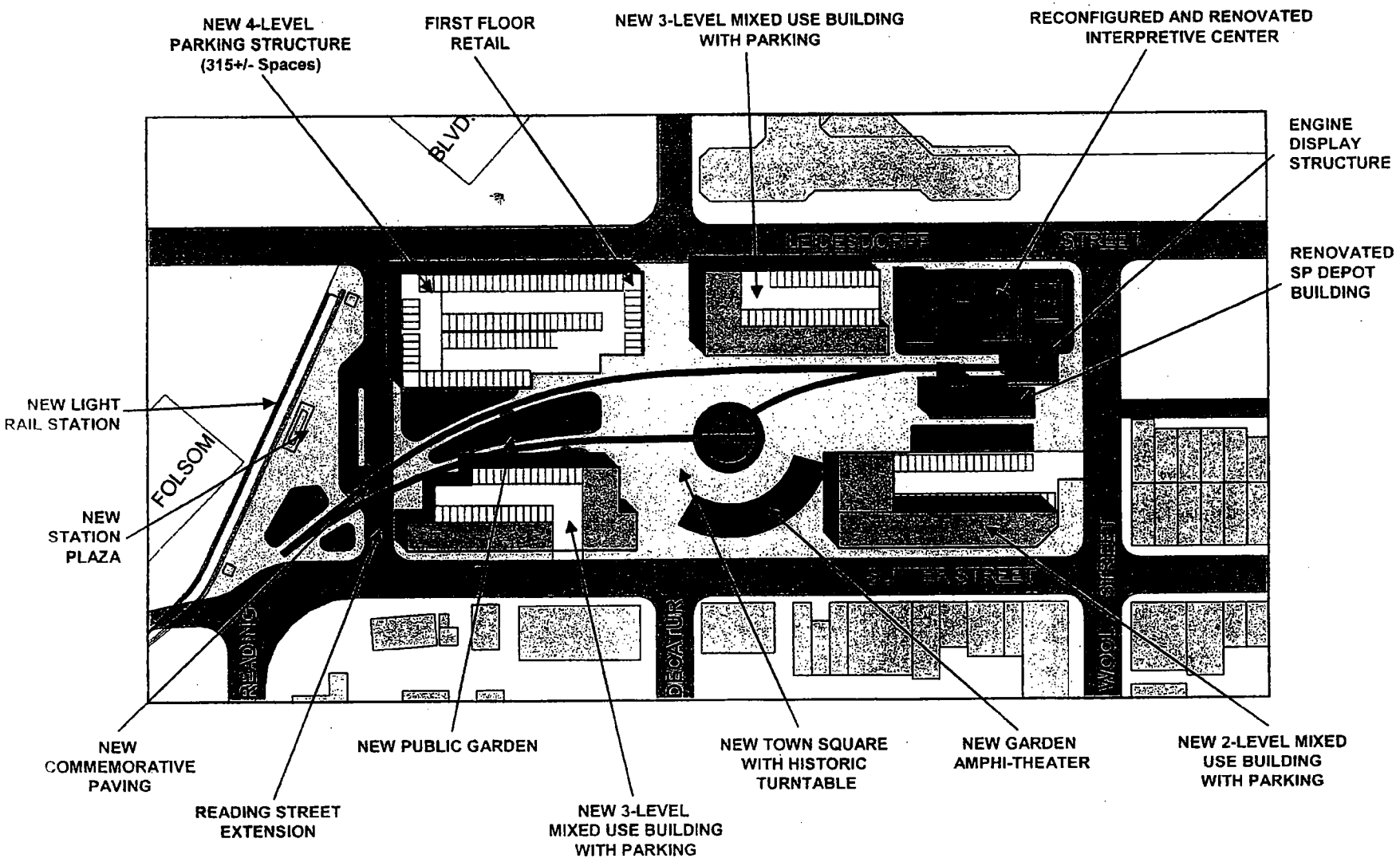
SUBDIVISION NO. PN 07-485
PORTION OF THE "DEPOT GROUND", LOTS 20 AND 21,
PLAT OF THE TOWN OF FOLSOM, 1 B.M. 7
BEING THE LAND DESCRIBED IN THE GRANT DEED
RECORDED IN BOOK 910402, AT PAGE 1151 O.R.
CITY OF FOLSOM, SACRAMENTO COUNTY, CALIFORNIA
OCTOBER 2008
SCALE 1"=50'
R.E.Y. ENGINEERS, Inc.

SHEET 2 OF 2 SHEETS

ATTACHMENT NO. 3

MASTER CONCEPTUAL PLAN

[See Attached.]



APPROVED CONCEPTUAL MASTER PLAN FOR RAILROAD BLOCK

Folsom, CA

ATTACHMENT NO. 4

SCOPE OF DEVELOPMENT

I. PRIVATE DEVELOPMENT

A. General

The Developer agrees that the Mixed-Use Parcels shall be developed and improved in accordance with the provisions of this Agreement and the plans, drawings and related documents approved by the Agency pursuant hereto, including, in particular, the Basic Concept Drawings attached to this Scope of Development as Exhibit A. The Developer, its supervising architect, engineer and contractor, shall work with Agency staff to coordinate the overall design, architecture and color of the improvements on the Railroad Block. For purposes of the Basic Concept Drawings and this Scope of Development, the term "floor area" shall be defined as the leaseable floor area within a building or structure, calculated as the overall gross floor area in square feet (all building floor area enclosed by the exterior walls of the building) *minus* all common building and shared space floor areas, including, but not limited to, lobbies, hallways, stairwells, elevators, restrooms, electrical rooms, mechanical rooms, utility rooms, janitorial rooms, trash enclosures, and parking areas. Leaseable floor area shall be measured from the following points:

- For walls between tenant space and the exterior of the building, the exterior side of the wall shall be used such that 100% of the wall is counted as leaseable floor area;
- For walls between tenant space and building common area, the common area side of the wall shall be used such that 100% of the wall is counted as leaseable floor area; and
- For walls between adjacent tenants, the centerline of the wall shall be used such that 100% of the wall shall be counted as leaseable floor area (split equally between the two tenants).

B. Developer Improvements

As more specifically shown on the Design Development Application for the Historic Folsom Station Project, the Developer shall construct, or cause to be constructed, a two- or three-story building or buildings on each of the four parcels comprising the Mixed-Use Parcels, together with not less than eighty (80) surface parking spaces. The total floor area of all buildings shall contain not more than 116,700 square feet of retail, office and residential space of which approximately 46,000 square feet may be retail and office space and approximately 70,700 square feet may be residential space within no more than sixty (60) dwelling units.

As shown on the Map of the Railroad Block (Attachment No. 2), the four parcels comprising the Mixed-Use Parcels are identified as "Parcel C," "Parcel A," "Parcel E," and "Parcel D."

1. Mixed Use Parcel C (also referred to as "Granite House") shall be developed with a three-story building containing approximately 6,700 square feet of ground-level retail space. On the second and third levels,

approximately thirty (30) residential units are allowed containing approximately 36,500 square feet. At least one ground-level parking space will be required for each residential unit.

2. Mixed-Use Parcel A (also referred to as the "Leidesdorff Building") shall be developed with a two- to three-story building containing approximately 12,500 square feet of second-level retail and office space. The percentage of retail and office space may vary, however, commercial frontage on the plaza level must remain retail space. On the third level, approximately thirteen (13) residential units are allowed containing approximately 13,000 square feet. At least one ground-level parking space will be required for each residential unit.

3. Mixed-Use Parcel E (also referred to as "Sutter Row") shall be developed with a three-story building containing approximately 24,500 square feet of first- and second-level retail and office space. The percentage of retail and office space may vary, however, commercial frontage on either the Sutter Street level or the plaza level must remain retail space. On the second or third level, approximately seventeen (17) residential units are allowed containing approximately 22,000 square feet. At least one ground-level parking space will be required for each residential unit. The building on Parcel E shall also include an approximately 2,500 square feet space on the plaza level, facing the public plaza, to be leased to the Agency for use as public restrooms pursuant to Section 405.7 of the DDA. The Developer shall construct the shell of the public restroom space as shown on Developer's plans for the Granite House, including separate water and sewer connections from the rest of the Granite House. The Agency shall be responsible for installing all fixtures and tenant improvements within the public restrooms and the payment of all fees related to the installation of the restrooms, including the regional sanitation connection fee, if any.

4. Mixed-Use Parcel D (also referred to as the "Roundhouse") shall be developed with a two-story building containing approximately 8,470 square feet of restaurant space.

In addition to the requirements of the Design Development Application for the Historic Folsom Station Project, the Developer Improvements shall be constructed pursuant to requirements contained in the Noise Impact Study of Historic Folsom Station Public Plaza Modifications and Criteria to Meet Folsom Noise Limits, prepared by The Acoustics & Vibration Group, Inc., dated February 25, 2008.

C. Architecture and Design

The Developer Improvements shall be of high architectural quality, shall be well-landscaped, and shall be effectively and aesthetically designed. The shape, scale of volume, exterior design and exterior finish of each of the buildings must be consonant with, visually related to, physically related to, and an enhancement of adjacent buildings within the Project Area. The exterior design and exterior finish of each of the four buildings constructed on the Mixed-Use Parcels must be individual and distinct from the others. The Developer's plans submitted to the Agency shall describe in detail the architectural character intended for the Developer Improvements.

D. Signs

All signs on the exterior of the buildings are of special concern to the Agency and must be approved by the Agency (which approval shall not be unreasonably withheld).

E. Screening

Trash areas shall be screened on at least three (3) sides and have movable doors or other devices to obscure such areas from view. All fire standpipes and such other fire related mechanical devices shall be screened with plant materials. Rooftop equipment shall be reasonably hidden so as to mitigate views from principal elevations surrounding the development.

F. Applicable Codes

The Developer Improvements shall be constructed in accordance with the Uniform Building Code (with City modifications) and the *Folsom Municipal Code*.

II. SITE CLEARANCE AND PREPARATION

A. On-Site Demolition and Clearance

1. The Agency shall clear, grub and remove any on-site improvements existing on the Mixed-Use Parcels prior to conveyance thereof; and

2. The Developer shall remove, plug and/or crush in place utilities, such as storm sewers, sanitary sewers, water systems, electrical overhead and underground systems and telephone and gas systems located on the Mixed-Use Parcels, as may be required following any necessary relocation of the utilities.

B. Compaction, Finish Grading and Site Work

Pursuant to the Implementation Agreement, the Developer has, prior to the execution of this Agreement, performed on Mixed-Use Parcel C, excavation, fill, compaction and grading work pursuant to plans entitled "Rough Grading Plans for the Improvement of Historic Folsom Station Granite House," approved by the City of Folsom on October 10, 2008.

The Agency shall over-excavate and rough grade the Public-Use Site and Mixed-Use Parcels A, C, D and E pursuant to grading plans included in the plans entitled "City of Folsom Redevelopment Department Plans for the Improvement of Historic Folsom Station, PN #2613," dated October 13, 2010, and approved by the City of Folsom on November 2, 2010 (the "Grading and Plaza Plans"). The Grading and Plaza Plans are based on soils analyses undertaken by Youngdahl Consulting Group, Inc., on both the Public-Use Site, which analysis was paid for by the Agency, and Mixed-Use Parcels A, C, D and E, which analysis was paid for by the Developer.

III. AGENCY IMPROVEMENTS

On March 8, 2008, the Historic District Commission of the City of Folsom approved a design for a public plaza on the Public-Use Site, which design is shown on the drawing attached to this Scope of Development as Exhibit B; construction plans for a public plaza pursuant to this design are included in the Grading and Plaza Plans. The Agency shall construct, or cause to be

constructed, a public plaza on the Public-Use Site as shown on Exhibit B, except that the public plaza shall not include the interactive water fountain; included as part of the public plaza are lighting and landscaping, a stage for the amphitheater, cover for the stage and a sound system. As configured, the cost of the public plaza is estimated to be $8,090,000.

The Agency shall also construct, or cause to be constructed, streetscape improvements adjacent to the Railroad Block, including sidewalks, curbs, gutters, driveways, on-street parking spaces, street lighting and other pedestrian amenities. These improvements are being constructed pursuant to the Agency's Sutter Street Streetscape Project, which has also completed the frontage improvements in each of the 600, 700, 800 and 900 blocks of Sutter Street.

IV. MISCELLANEOUS

A. Parcel Map(s)

The Agency, at the time specified in the Schedule of Performance (Attachment No. 7), shall prepare and record, or shall cause to be prepared and recorded, a parcel map or maps with respect to the Railroad Block designating each of the parcels comprising the Mixed-Use Parcels and the remaining Public-Use Site. The Developer, at its sole expense, shall be responsible for providing the Agency with all plans, data, records and other information relating to the Mixed-Use Parcels necessary for the preparation of the parcel map(s).

B. Environmental Mitigation Measures

The following mitigation measures were required in connection with the approval of the Railroad Block 1997 Urban Design Master Plan Initial Study/Mitigated Negative Declaration (the "IS/MND") and were not modified by, nor were new mitigation measures added by, the Addendum to the IS/MND approved on January 24, 2006:

Mitigation Measure 1: The City of Folsom shall require a Phase II Environmental Site Assessment prior to construction activities for developments within the Railroad Block and the proposed parking areas. The Phase II sampling program should be conducted to determine what degree of contamination exists. This mitigation measure has been completed; the City obtained a Phase I and Phase II Environmental Site Assessment Report in June 2005.

Mitigation Measure 2: If contamination is identified in construction areas, then appropriate remediation of the site should be completed prior to construction. Successful completion of remediation should be determined in coordination with the Sacramento County Environmental Management Department.

Mitigation Measure 3: Regulation of the loudness and duration of warning horns for excursion trains is outside the jurisdiction of the City of Folsom. However, the City shall require that excursion train operators use warning devices of the minimum loudness required by law, and such devices shall only be sounded for the minimum lawful warning period, except in cases of emergency.

Mitigation Measure 4: Prior to initiation of any grading, clearing, excavation, or ground disturbance within the Railroad Block or proposed parking areas, the Agency or the Developer shall consult with a qualified archeologist to determine the archeological sensitivity of the proposed development site. This determination shall be based on archival research, interviews, and other accepted research methods. If the likelihood of encountering cultural resources is high, and such resources cannot be avoided by site design, the City shall require the

establishment and implementation of an approved research plan. Such a plan may include measuring, describing, and photographing the resources; collecting any artifactual materials; excavating deposits; and reporting on the finds.

If the likelihood of encountering cultural resources is low, ground disturbance may be permitted. If, at any point during construction, should any cultural resources, such as structural features, unusual amounts of bone or shell, artifacts, human remains, or architectural remains be encountered, work shall be suspended and the City of Folsom shall be notified. The City shall consult with a qualified archeologist to determine if the encountered resources are "important" cultural resources within the definition of CEQA Appendix K. The consulting archeologist shall develop, if necessary, further mitigation measures consistent with CEQA Appendix K to reduce any cultural resource impact to less than a significant level.

In addition, pursuant to §5097.98 of the State Public Resources Code, and Section 7050.5 of the State Health and Safety Code, in the event of the discovery of any human remains, all work is to stop and the County Coroner shall be immediately notified. If the remains are determined to be Native American, guidelines of the Native American Heritage Commission shall be adhered to in the treatment and disposition of the remains.

In implementation of this mitigation measure, PAR Environmental Services, Inc., has prepared a Cultural Resources Management Plan, Folsom Railroad Block, Historic District, City of Folsom, Sacramento County, California, dated August 2006. The Agency and the Developer shall comply with the Cultural Resources Management Plan in connection with the development of the Railroad Block.

ATTACHMENT NO. 4

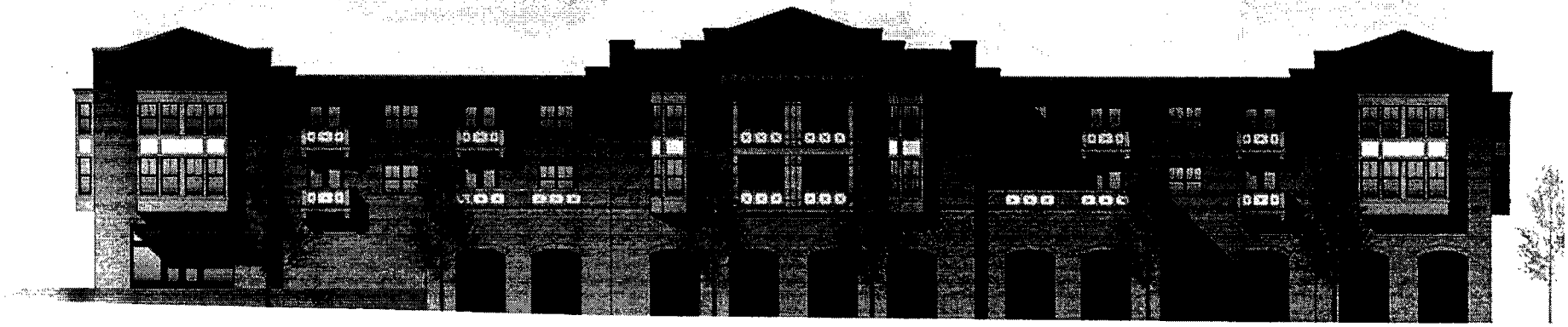
EXHIBIT A

BASIC CONCEPT DRAWINGS

[See Attached.]



05



NORTH ELEVATION



SOUTH ELEVATION

HISTORIC FOLSOM STATION

FOLSOM, CALIFORNIA | JUNE 6, 2007

BUILDING "D" ELEVATIONS

BERNAU DEVELOPMENT CORPORATION

ANKROM MOISAN ARCHITECTS

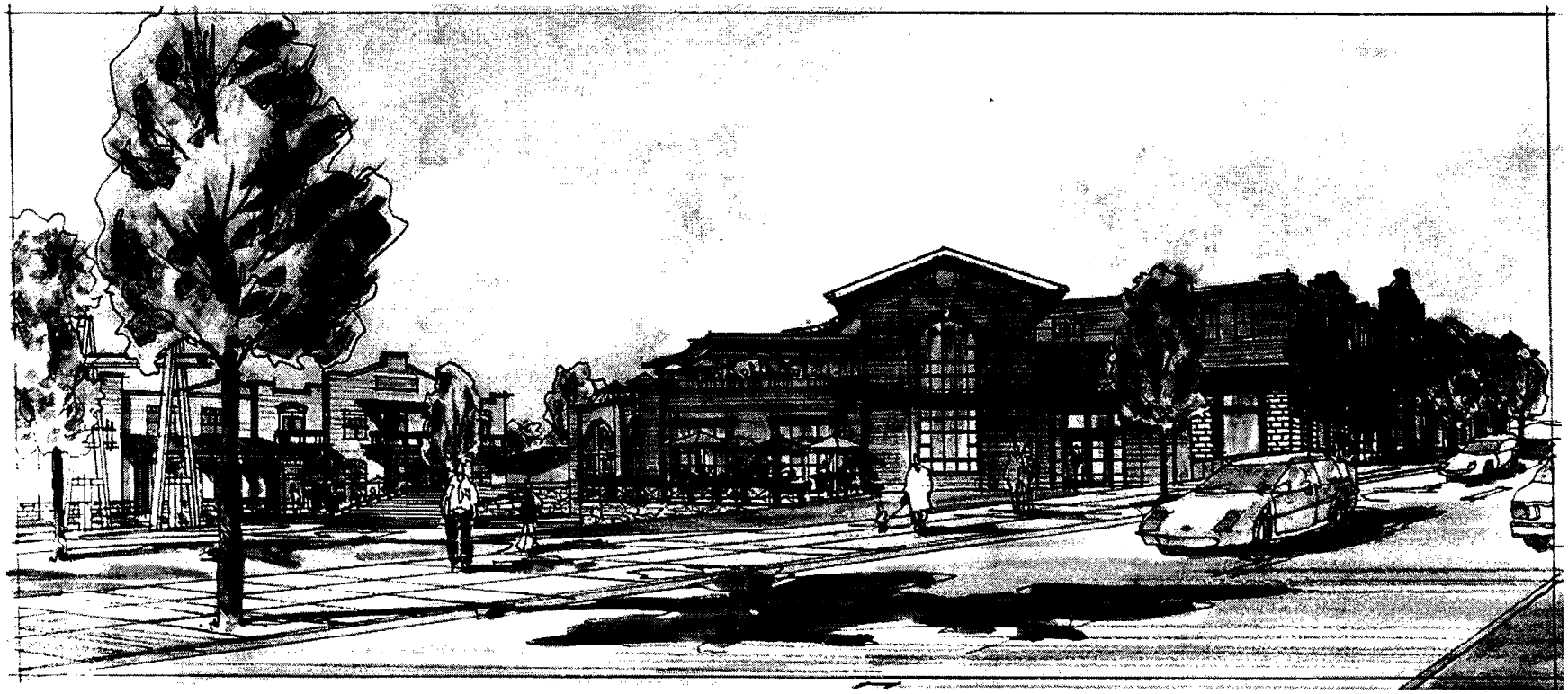


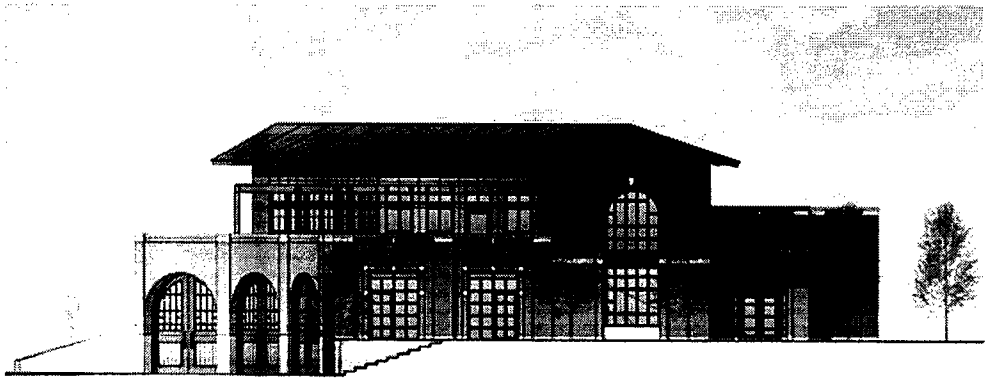
WEST ELEVATION



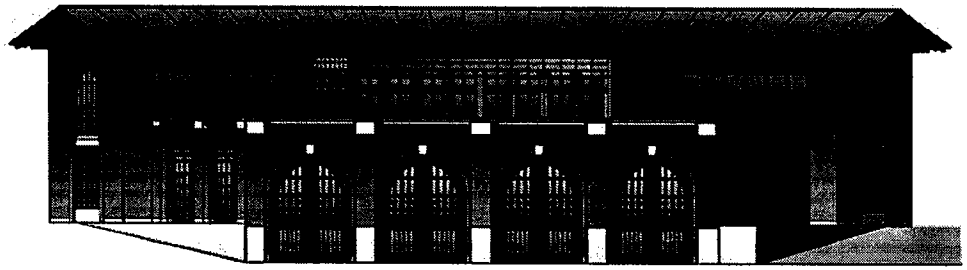
EAST ELEVATION

10





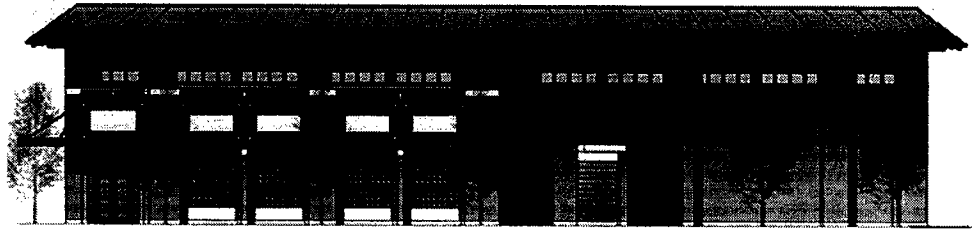
SOUTHWEST ELEVATION



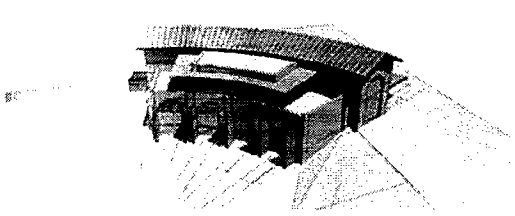
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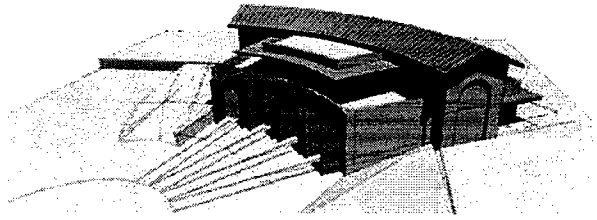
NORTHEAST ELEVATION



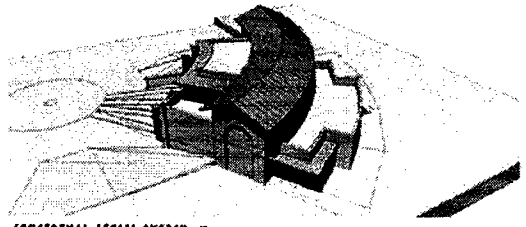
SOUTHEAST ELEVATION



CONCEPTUAL AERIAL SKETCH #1



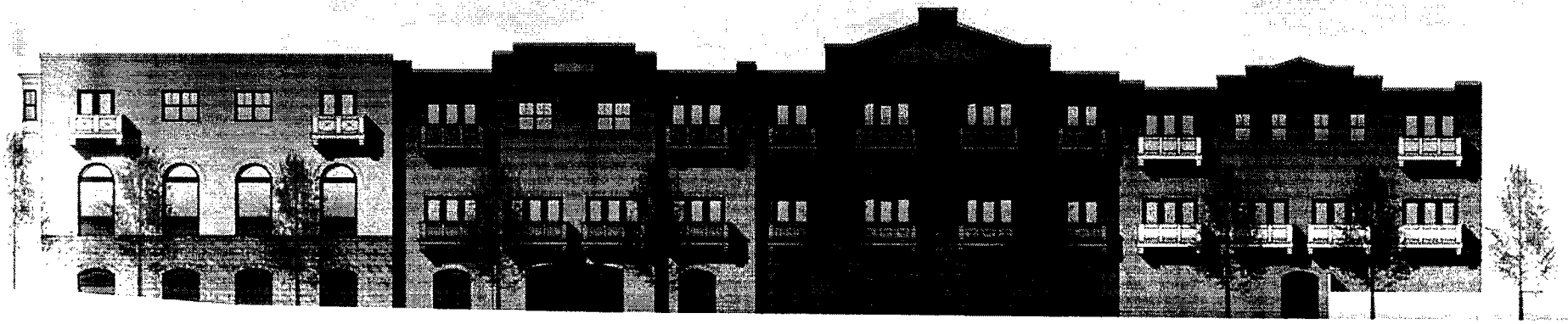
CONCEPTUAL AERIAL SKETCH #2



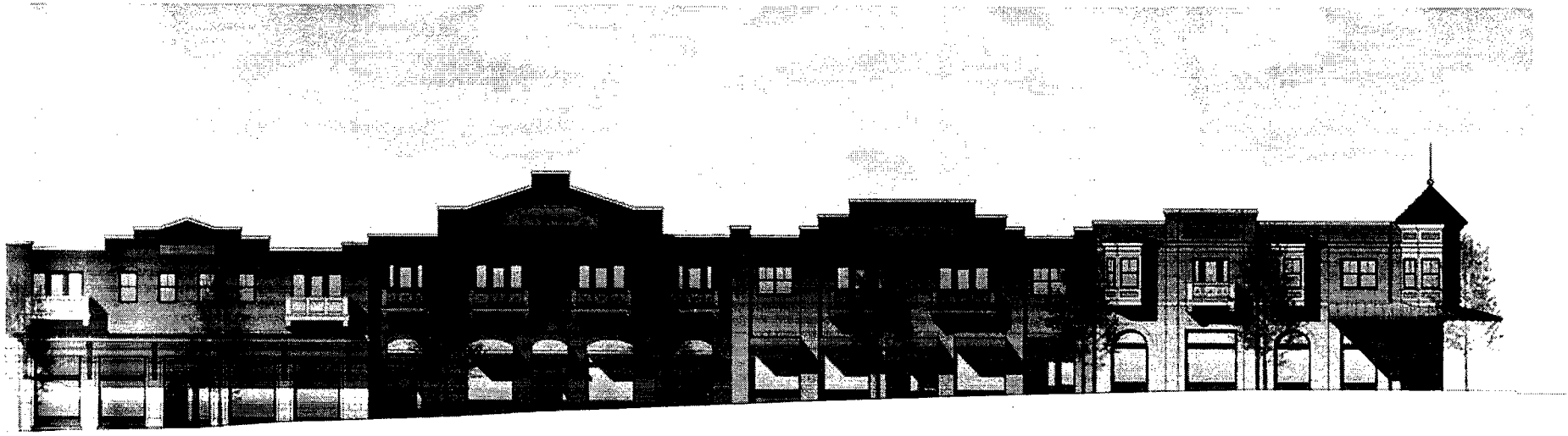
CONCEPTUAL AERIAL SKETCH #3



14



NORTH ELEVATION



SOUTH ELEVATION

HISTORIC FOLSOM STATION

FOLSOM, CALIFORNIA | JUNE 6, 2007

BUILDING "G" ELEVATIONS

BERNAU DEVELOPMENT CORPORATION

ANKROM MOISAN ARCHITECTS



EAST ELEVATION



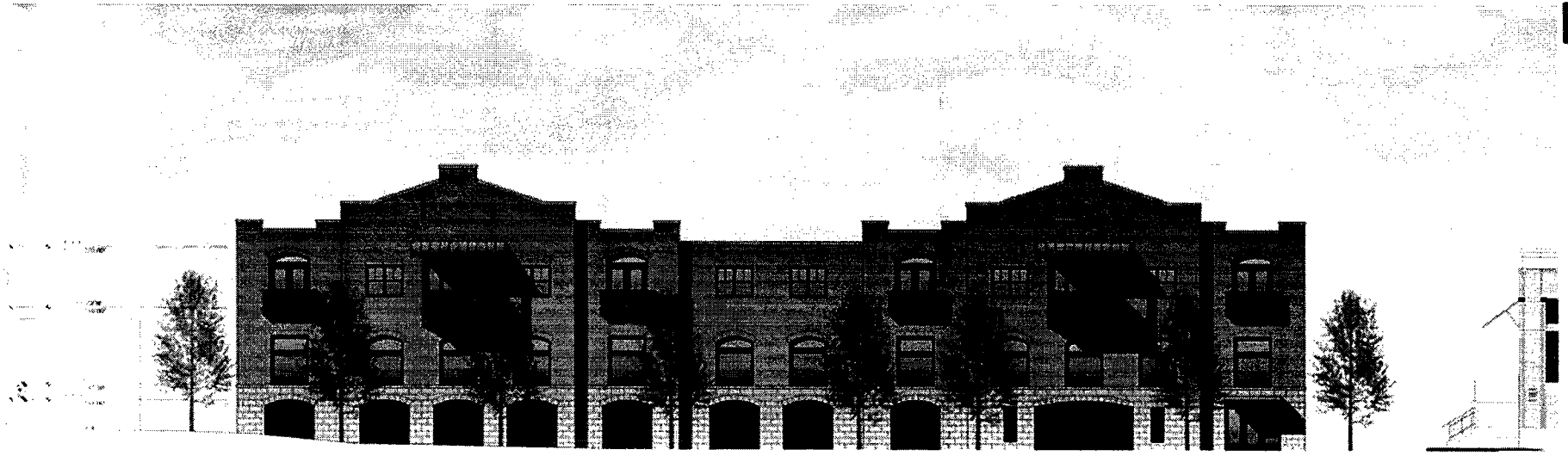
WEST ELEVATION



HISTORIC FOLSOM STATION
FOLSOM, CALIFORNIA | JUNE 6, 2007

PERSPECTIVE

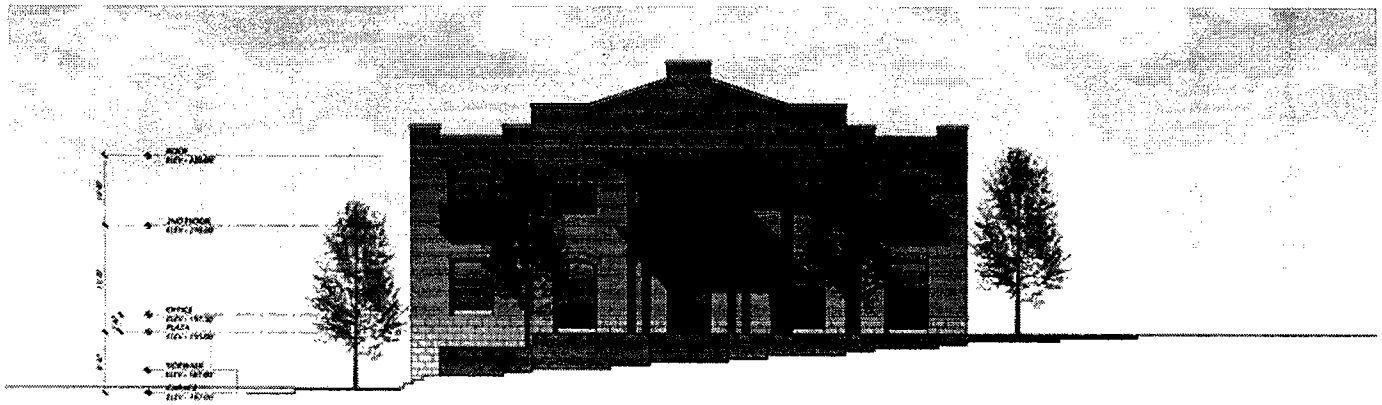
BERNAU DEVELOPMENT CORPORATION
ANKROM MOISAN ARCHITECTS



NORTH ELEVATION



SOUTH ELEVATION



WEST ELEVATION



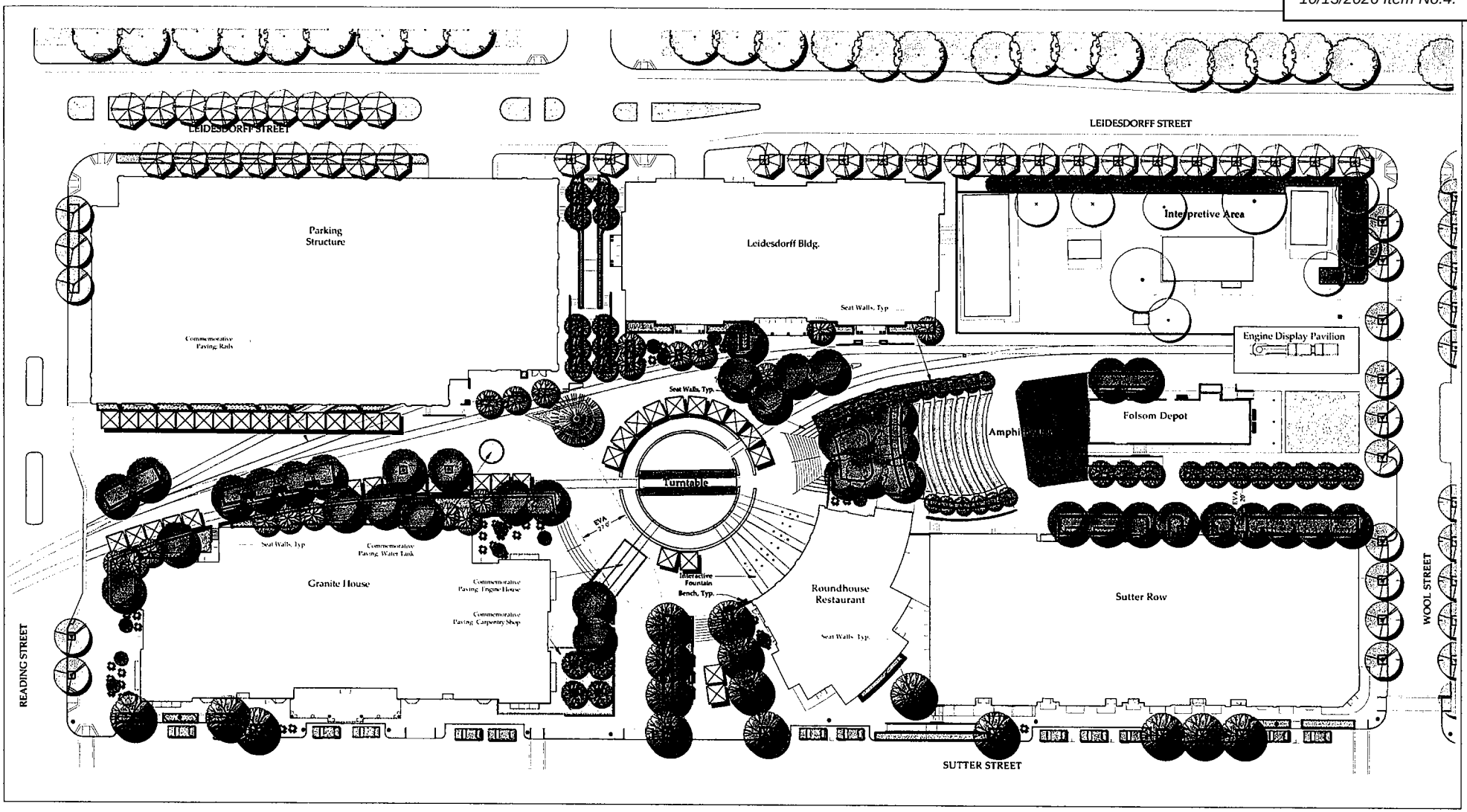
EAST ELEVATION

ATTACHMENT NO. 4

EXHIBIT B

PUBLIC PLAZA DESIGN

[See Attached.]



"The Layers of History"

Historic Folsom Station

Illustrative Plan
Folsom, California

0 20' 40' 60'

March, 2008

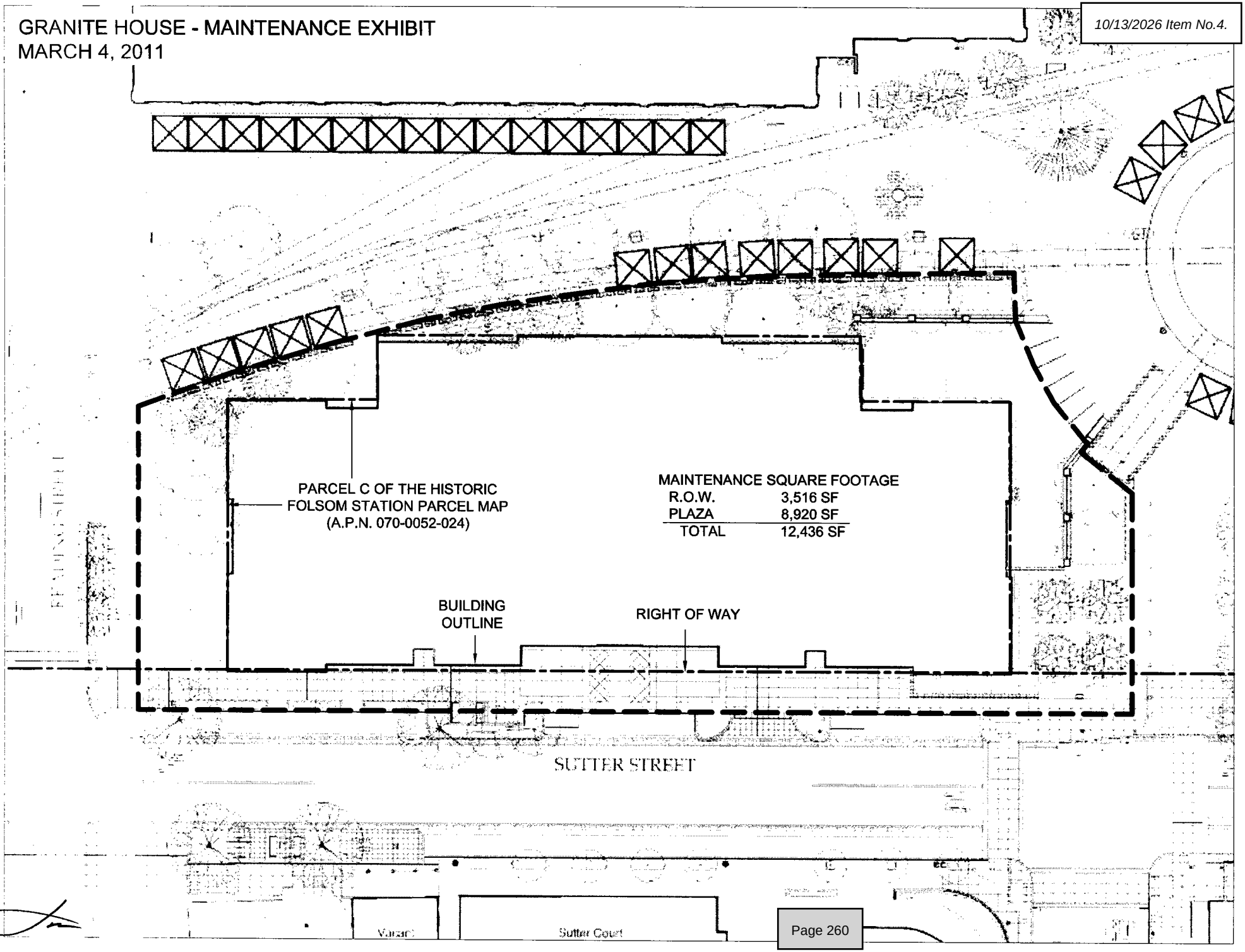
ATTACHMENT NO. 4

EXHIBIT C

PUBLIC PLAZA MAINTENANCE OBLIGATION MAP

[See Attached.]

GRANITE HOUSE - MAINTENANCE EXHIBIT
MARCH 4, 2011



ATTACHMENT NO. 5

LEGAL DESCRIPTION OF THE MIXED-USE PARCELS

ALL THAT REAL PROPERTY LOCATED IN THE CITY OF FOLSOM, SACRAMENTO COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

PARCELS A, C, D & E, AS SHOWN ON THAT PARCEL MAP FILED IN THE SACRAMENTO COUNTY RECORDERS OFFICE IN BOOK 215 OF PARCEL MAPS, AT PAGE 17.

ATTACHMENT NO. 6

FORM OF GRANT DEED

RECORDING REQUESTED BY:

Folsom Redevelopment Agency
50 Natoma Street
Folsom, CA 95630

AFTER RECORDATION, MAIL TO:

Folsom Railroad Block Developers, LLC
ATTN: Jeremy G. Bernau, Member
915 Sutter Street, Suite 110
Folsom, CA 95630

GRANT DEED

For valuable consideration, the receipt of which is hereby acknowledged,

THE REDEVELOPMENT AGENCY OF THE CITY OF FOLSOM, a public body, corporate and politic, of the State of California (herein called "Grantor"), acting to carry out the Redevelopment Plan (herein called "Redevelopment Plan") for the Central Folsom Redevelopment Project in the City of Folsom, California, in accordance with the Community Redevelopment Law of the State of California, hereby grants to FOLSOM RAILROAD BLOCK DEVELOPERS, LLC (herein called "Grantee"), the real property (the "Mixed-Use Parcel") legally described in the document attached hereto, labeled Exhibit A, and incorporated herein by this reference.

1. The Mixed-Use Parcel is conveyed subject to the Redevelopment Plan and pursuant to an Amended and Restated Disposition and Development Agreement (the "DDA") entered into by and between the Grantor and the Grantee and dated _____, 2011. The Mixed-Use Parcel is also conveyed subject to easements of record.

2. The Grantee covenants and agrees for itself, its successors, its assigns and every successor in interest to the Mixed-Use Parcel and any part thereof that such Mixed-Use Parcel shall be devoted to the uses specified in the Redevelopment Plan, the DDA, and this Grant Deed for the periods of time specified therein. Except as further limited by the DDA and this Grant Deed, all uses conducted on the Mixed-Use Parcel or any part thereof, including, without limitation, all activities undertaken by the Grantee pursuant to the DDA, shall conform to the Redevelopment Plan and all applicable provisions of the *Folsom Municipal Code* and the Community Redevelopment Law of the State of California.

Notwithstanding provisions of the *Folsom Municipal Code*, the Grantee herein expressly covenants and agrees, for itself, its successors, its assigns and every successor in interest that the uses and types of businesses set forth below shall not be permitted by owners, occupants or tenants of the Mixed-Use Parcel or parts thereof. These use restrictions shall run with the land and be disclosed in every sale or lease of a Mixed-Use Parcel or part thereof. Any

alteration of such use restrictions shall require an amendment of the DDA and this Grant Deed formally approved by the members of the Agency's Board:

- "Laundromat, Self-Service," as listed in the Commercial Use Table of the *Folsom Municipal Code*, Section 17.22.030E, Use #135, and defined as any establishment that contains coin or other pay operated laundry machines for use on-site, other than laundry facilities constructed and operated exclusively as an amenity serving the residential units constructed on the Mixed-Use Parcels; laundromats are not intended to include dry cleaning establishments;

- "Check-Casher Business," as defined in Civil Code Section 1789.31 as written or hereafter amended which reads as follows: "a 'check casher' means a person or entity that for compensation engages, in whole or in part, in the business of cashing checks, warrants, drafts, money orders, or other commercial paper serving the same purpose. 'Check casher' does not include a state or federally chartered bank, savings association, credit union, or industrial loan company. 'Check casher' also does not include a retail seller engaged primarily in the business of selling consumer goods, including consumables, to retail buyers that cashes checks or issues money orders for a fee not exceeding two dollars ($2) as a service to its customers that is incidental to its main purpose or business.";

- "Discount Store," defined as any establishment that sells a diverse range of products and in which at least eighty percent (80%) of the products for sale are priced at one dollar ($1.00) or less per unit;

- "Liquor Store," as listed in the Commercial Use Table of the *Folsom Municipal Code*, Section 17.22.030E, Use #141, and defined as any establishment with sixty percent (60%) or more of its shelf space devoted to the sale of alcoholic beverages, other than beer, wine and fortified wines, for consumption elsewhere;

- "Tattoo Shop," as listed in the Commercial Use Table of the *Folsom Municipal Code*, Section 17.22.030E, Use #229, and defined as any establishment whose principal business activity is the placing of designs, letters, figures, symbols or other marks upon or under the skin of a person using ink or other substances that result in the permanent coloration of the skin by means of the use of needles or other instruments designed to contact or puncture the skin;

- "Pawn Shop or Pawnbroker," as listed in the Commercial Use Table of the *Folsom Municipal Code*, Section 17.22.030E, Use #170, and as defined in California Finance Code Section 21000 as written or hereafter amended which reads as follows: "Every person engaged in the business of receiving goods, including motor vehicles, in pledge as security for a loan is a pawnbroker.";

- "Adult-related business," as defined in Chapter 5.21 of Title 5 of the *Folsom Municipal Code*;

- "Auto Minor Service-Repair-Replacement," as listed in the Commercial Use Table of the *Folsom Municipal Code*, Section 17.22.030E, Use #19;
- "Towing Service-No Storage of Vehicles," as listed in the Commercial Use Table of the *Folsom Municipal Code*, Section 17.22.030E, Use #237;
- "Furniture Cleaning, Refinishing and Reupholstery Shop," as listed in the Commercial Use Table of the *Folsom Municipal Code*, Section 17.22.030E, Use #101;
- "Funeral Establishment," as listed in the Commercial Use Table of the *Folsom Municipal Code*, Section 17.22.030E, Use #103;
- "Taxi Cab Service and Storage Facility," as listed in the Commercial Use Table of the *Folsom Municipal Code*, Section 17.22.030E, Use #230;
- "Tool Reconditioning," as listed in the Commercial Use Table of the *Folsom Municipal Code*, Section 17.22.030E, Use #235.

Additionally, for a period of not less than twenty (20) years from the date a Certificate of Occupancy is granted for the Developer Improvements on the Mixed-Use Parcel (as said Developer Improvements are described in the DDA), the Grantee hereby covenants and agrees to use and continuously operate the Mixed-Use Parcel as follows:

a. The portion of the Mixed-Use Parcel developed with residential units shall continue to be used and operated as residential units only; however, Affordable Units constructed pursuant to Section 403.1 of the DDA, if any, shall be used and operated as affordable residential units for the time period required by the covenants recorded against such Affordable Units pursuant to Section 403.4 of the DDA.

b. The portion of the Mixed-Use Parcel developed as ground-level retail (street level along Sutter Street and Wool Street frontages, and plaza level adjacent to the public plaza) shall continue to be used and operated for retail purposes only.

3. Prior to the issuance of a Release of Construction Covenants by the Grantor as provided in the DDA, the Grantee shall not, except as permitted by the DDA, sell, transfer, convey, assign or lease the whole or any part of the Mixed-Use Parcel without the prior written approval of the Grantor. This prohibition shall not apply subsequent to the issuance of a Release of Construction Covenants with respect to the improvements upon the Mixed-Use Parcel. This prohibition shall not be deemed to prevent the granting of easements or permits to facilitate the development of the Mixed-Use Parcel or to prohibit or restrict the leasing of any part or parts of a building or structure when said improvements are completed.

4. Subject to the provisions of Section 505 of the DDA, the Grantor shall have the additional right, at its option, to repurchase, reenter and take possession of the Mixed-Use Parcel hereby conveyed, or such portion thereof, with all improvements thereon, if after conveyance of title and prior to issuance of a Release of Construction Covenants therefor, the Grantee or successor in interest shall:

a. Fail to start the construction of the improvements to be constructed on the Mixed-Use Parcel as required by the DDA for a period of thirty (30) days after written notice thereof from the Grantor; or

b. Abandon or substantially suspend construction of the improvements to be constructed on the Mixed-Use Parcel as required by the DDA for a period of thirty (30) days after written notice of such abandonment or suspension from the Grantor; or

c. Transfer or suffer any involuntary transfer of the Mixed-Use Parcel in violation of the DDA.

Such right to repurchase, reenter and repossess, to the extent provided in this paragraph 4, shall be subordinate and subject to and be limited by and shall not defeat, render invalid or limit:

a. Any mortgage, deed of trust or other security instrument permitted by the DDA; or

b. Any rights or interests provided in the DDA for the protection of the holder of such mortgages, deeds of trust or other security instruments.

5. Subject to the provisions of Section 506 of the DDA, the Grantor shall have the right, at its election, to reenter and take possession of the Mixed-Use Parcel hereby conveyed, or such portion thereof, with all improvements thereon, and revest in the Grantor the estate conveyed to the Grantee, if after conveyance of title and prior to issuance of a Release of Construction Covenants therefor, the Grantee or successor in interest shall:

a. Fail to start the construction of the improvements to be constructed on the Mixed-Use Parcel as required by the DDA for a period of thirty (30) days after written notice thereof from the Grantor; or

b. Abandon or substantially suspend construction of the improvements to be constructed on the Mixed-Use Parcel as required by the DDA for a period of thirty (30) days after written notice of such abandonment or suspension from the Grantor; or

c. Transfer or suffer any involuntary transfer of the Mixed-Use Parcel in violation of the DDA.

Such right to reenter, repossess and revest, to the extent provided in this paragraph 5, shall be subordinate and subject to and be limited by and shall not defeat, render invalid or limit:

a. Any mortgage, deed of trust or other security instrument permitted by the DDA;

b. Any rights or interests provided in the DDA for the protection of the holder of such mortgages, deeds of trust or other security instruments.

6. The Grantee covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of any person or group of persons on account of

any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Mixed-Use Parcel, nor shall the Grantee itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the Mixed-Use Parcel.

All deeds, leases or contracts made relative to the Mixed-Use Parcel, the improvements thereon or any part thereof, shall contain or be subject to substantially the following nondiscrimination clauses:

a. In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

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

"That there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the land herein leased, nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the land herein leased."

c. In contracts: "There shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code in the sale, lease, sublease,

transfer, use, occupancy, tenure or enjoyment of the land, nor shall the transferee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the land."

7. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Grant Deed shall defeat or render invalid or in any way impair the lien or charge of any mortgage, deed of trust or other financing or security instrument permitted by the DDA; provided, however, that any successor of Grantee to the Mixed-Use Parcel shall be bound by such remaining covenants, conditions, restrictions, limitations and provisions, whether such successor's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

8. Except as otherwise provided, the covenants contained in paragraph 2 of this Grant Deed shall remain in effect until the termination date of the Redevelopment Plan. The covenants against discrimination contained in paragraph 6 of this Grant Deed shall remain in perpetuity. The covenants contained in paragraphs 3, 4 and 5 shall remain in effect until issuance of a Release of Construction Covenants pursuant to Section 310 of the DDA.

9. The covenants contained in paragraphs 2, 3, 4, 5 and 6 of this Grant Deed shall be binding for the benefit of the Grantor, its successors and assigns, the City of Folsom and any successor in interest to the Mixed-Use Parcel or any part thereof, and such covenants shall run in favor of the Grantor and such aforementioned parties for the entire period during which such covenants shall be in force and effect, without regard to whether the Grantor is or remains an owner of any land or interest therein to which such covenants relate. The Grantor and such aforementioned parties, in the event of any breach of any such covenants, shall have the right to exercise all of the rights and remedies, and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach. The covenants contained in this Grant Deed shall be for the benefit of and shall be enforceable only by the Grantor, its successors and such aforementioned parties.

10. In the event of any express conflict between this Grant Deed or the DDA, the provisions of this Grant Deed shall control.

11. Any amendments to the Redevelopment Plan that change the uses or development permitted on the Mixed-Use Parcel or change the restrictions or controls that apply to the Mixed-Use Parcel or otherwise affect the Mixed-Use Parcel shall require the written consent of the Grantee. Amendments to the Redevelopment Plan applying to other property in the Project Areas shall not require the consent of the Grantee.

IN WITNESS WHEREOF, the Grantor and Grantee have caused this instrument to be executed on their behalf by their respective officers thereunto duly authorized, this _____ day of _____, 20__.

REDEVELOPMENT AGENCY OF THE
CITY OF FOLSOM, "GRANTOR"

By _____[Not for Execution/Form Only]_____
Executive Director

APPROVED:

By [Not for Execution/Form Only]
Counsel for Grantor

The provisions of this Grant Deed are hereby approved and accepted by the Grantee.

FOLSOM RAILROAD BLOCK
DEVELOPERS, LLC, "GRANTEE"

By [Not for Execution/Form Only]

By [Not for Execution/Form Only]

By [Not for Execution/Form Only]

ATTACHMENT NO. 7

SCHEDULE OF PERFORMANCE

Action	**Date**
Amended and Restated DDA Executed	Not later than April 1, 2011.
Agency Commences Construction of Public Plaza Improvements (§201)	By April 1, 2011.
Agency Completes Construction of Public Plaza Improvements (§201)	By December 31, 2012.
A. MIXED-USE PARCEL C ("GRANITE HOUSE")	
Developer shall have obtained all land use and other discretionary entitlements, permits, and approvals from the City and any other governmental agency applicable to the development of Mixed-Use Parcel C, other than Air Space Easements (§§ 303, 405.6)	COMPLETED.
Developer Submits Complete Construction Plans (i.e., civil, landscaping, and building) for development of Mixed-Use Parcel C to City	COMPLETED.
Parcel Map(s) Prepared by Agency (Scope of Development, Attachment No. 4, §IV.A.)	COMPLETED.
City Approves Developer's Construction Plans for development of Mixed-Use Parcel C	COMPLETED.
Escrow Opened (§203)	Within 30 days after the execution of this Agreement by the Agency.
Agency gives appraiser direction to proceed to prepare complete appraisal of Mixed-Use Parcel C (§202.2)	Promptly following the opening of Escrow for conveyance of Mixed-Use Parcel C to the Developer.

Action	Date
Developer Submits Evidence of Financing (§311.1)	Within 90 days after the appraisal of Mixed-Use Parcel C is completed.
Developer Submits Air Space Easements for Mixed-Use Parcel C (§405.6)	Within 60 days after the opening of Escrow for conveyance of Mixed-Use Parcel C.
Appraiser completes appraisal of Mixed-Use Parcel C	FOR INFORMATION ONLY — Estimated to occur within 60 days after Agency gives appraiser direction to proceed.
Agency Approves Developer's Evidence of Financing (§311.1)	Within 30 days after submission thereof by the Developer.
Agency Approves Developer's Air Space Easements for Mixed-Use Parcel C (§405.6)	Within 30 days after submission thereof by the Developer.
Close Escrow for Mixed-Use Parcel C (§203.4)	Within 30 days after satisfaction or waiver of all of the Agency's Conditions Precedent and Developer's Conditions Precedent, but in no event later than January 1, 2012.
Developer Commences Construction of Developer Improvements on Mixed-Use Parcel C (§301.1)	Within 30 days after the Closing Date for conveyance of Mixed-Use Parcel C to the Developer (not later than February 1, 2012).
Developer Completes Construction of Developer Improvements on Mixed-Use Parcel C (§301.1)	Within 12 months after commencement of construction (not later than February 1, 2013).
B. MIXED-USE PARCEL D ("ROUNDHOUSE")	
Escrow Opened (§203)	Within 30 days after completion of construction on Mixed-Use Parcel C, unless an earlier opening of Escrow is requested by the Developer.

Action	Date
Developer shall have obtained all land use and other discretionary entitlements, permits, and approvals from the City and any other governmental agency applicable to the development of Mixed-Use Parcel D (§303)	COMPLETED.
Developer Submits Complete Construction Plans (i.e., civil, landscaping, and building) for development of Mixed-Use Parcel D to City	COMPLETED.
Developer Obtains City Approval of Developer's Construction Plans for development of Mixed-Use Parcel D	Prior to the Close of Escrow for Mixed Use-Parcel D.
Agency gives appraiser direction to proceed to prepare complete appraisal of Mixed-Use Parcel D (§202.2)	Promptly following the opening of Escrow for conveyance of Mixed-Use Parcel D to the Developer.
Appraiser completes appraisal of Mixed-Use Parcel D	FOR INFORMATION ONLY — Estimated to occur within 60 days after Agency gives appraiser direction to proceed.
Developer Submits Evidence of Financing (§311.1)	Within 90 days after the appraisal of Mixed-Use Parcel D is completed.
Agency Approves Developer's Evidence of Financing (§311.1)	Within 30 days after submission thereof by the Developer.
Close Escrow for Mixed-Use Parcel D (§203.4)	Within 30 days after satisfaction or waiver of all of the Agency's Conditions Precedent and Developer's Conditions Precedent, but in no event later than December 1, 2013 (unless extended by mutual agreement of the parties).
Developer Commences Construction of Developer Improvements on Mixed-Use Parcel D (§301.1)	Within 30 days after the Closing Date for conveyance of Mixed-Use Parcel D to the Developer (not later than January 1, 2014).

Action	Date
Developer Completes Construction of Developer Improvements on Mixed-Use Parcel D (§301.1)	Within 12 months after commencement of construction (not later than January 1, 2015).
C. MIXED-USE PARCEL E ("SUTTER ROW")	
Escrow Opened (§203)	Within 30 days after completion of construction on Mixed-Use Parcel C, unless an earlier opening of Escrow is requested by Developer.
Developer shall have obtained all land use and other discretionary entitlements, permits, and approvals from the City and any other governmental agency applicable to the development of Mixed-Use Parcel E (§303)	COMPLETED.
Developer Submits Complete Construction Plans (i.e., civil, landscaping, and building) for development of Mixed-Use Parcel E to City	COMPLETED.
Developer Obtains City Approval of Developer's Construction Plans for development of Mixed-Use Parcel E	Prior to the Close of Escrow for Mixed-Use Parcel D.
Agency gives appraiser direction to proceed to prepare complete appraisal of Mixed-Use Parcel E (§202.2)	Promptly following the opening of Escrow for conveyance of Mixed-Use Parcel E to the Developer.
Appraiser completes appraisal of Mixed-Use Parcel E	FOR INFORMATION ONLY — Estimated to occur within 60 days after Agency gives appraiser direction to proceed.
Developer Submits Evidence of Financing (§311.1)	Within 90 days after the appraisal of Mixed-Use Parcel E is completed.
Agency Approves Developer's Evidence of Financing (§311.1)	Within 30 days after submission thereof by the Developer.

Action	Date
Close Escrow for Mixed-Use Parcel E (§203.4)	Within 30 days after satisfaction or waiver of all of the Agency's Conditions Precedent and Developer's Conditions Precedent, but in no event later than December 1, 2013 (unless extended by mutual agreement of the parties).
Developer Commences Construction of Developer Improvements on Mixed-Use Parcel E (§301.1)	Within 30 days after the Closing Date for conveyance of Mixed-Use Parcel E to the Developer (not later than January 1, 2014).
Developer Completes Construction of Developer Improvements on Mixed-Use Parcel E (§301.1)	Within 12 months after commencement of construction (not later than January 1, 2015).
D. MIXED-USE PARCEL A ("LEIDESDORFF BUILDING")	
Escrow Opened (§203)	Within 30 days after completion of construction on Mixed-Use Parcel E, unless an earlier opening of Escrow is requested by Developer.
Developer shall have obtained all land use and other discretionary entitlements, permits, and approvals from the City and any other governmental agency applicable to the development of Mixed-Use Parcel A (§303)	COMPLETED.
Developer Submits Complete Construction Plans (i.e., civil, landscaping, and building) for development of Mixed-Use Parcel A to City	COMPLETED.
Developer Obtains City Approval of Developer's Construction Plans for development of Mixed-Use Parcel A	Prior to the Close of Escrow for Mixed-Use Parcel A.
Agency gives appraiser direction to proceed to prepare complete appraisal of Mixed-Use Parcel A (§202.2)	Promptly following the opening of Escrow for conveyance of Mixed-Use Parcel A to the Developer.

Action	Date
Appraiser completes appraisal of Mixed-Use Parcel A	FOR INFORMATION ONLY — Estimated to occur within 60 days after Agency gives appraiser direction to proceed.
Developer Submits Evidence of Financing (§311.1)	Within 90 days after the appraisal of Mixed-Use Parcel A is completed.
Agency Approves Developer's Evidence of Financing (§311.1)	Within 30 days after submission thereof by the Developer.
Close Escrow for Mixed-Use Parcel A (§203.4)	Within 30 days after satisfaction or waiver of all of the Agency's Conditions Precedent and Developer's Conditions Precedent, but in no event later than November 1, 2015 (unless extended by mutual agreement of the parties).
Developer Commences Construction of Developer Improvements on Mixed-Use Parcel A (§301.1)	Within 30 days after the Closing Date for conveyance of Mixed-Use Parcel A to the Developer (not later than December 1, 2015).
Developer Completes Construction of Developer Improvements on Mixed-Use Parcel A (§301.1)	Within 12 months after commencement of construction (not later than December 1, 2016).

ATTACHMENT NO. 8

FORM OF RELEASE OF CONSTRUCTION COVENANTS

RECORDING REQUESTED BY AND
AFTER RECORDATION MAIL TO:

Folsom Railroad Block Developers, LLC
ATTN: Jeremy G. Bernau, Member
921 Sutter Street
Folsom, CA 95630

RELEASE OF CONSTRUCTION COVENANTS

THIS RELEASE OF CONSTRUCTION COVENANTS (the "Release") is made as of the _____ day of _____, 20__, by the REDEVELOPMENT AGENCY OF THE CITY OF FOLSOM, a public body, corporate and politic (the "Agency"), in favor of FOLSOM RAILROAD BLOCK DEVELOPERS, LLC, a Delaware limited liability company (the "Developer").

Recitals

A. The Agency and the Developer have entered into that certain Amended and Restated Disposition and Development Agreement (the "DDA") dated _____, 2011, concerning the redevelopment of certain real property (the "Mixed-Use Parcels") situated in the City of Folsom, California, as more fully described in Exhibit A, attached hereto and made a part hereof.

B. As referenced in Section 310 of the DDA, the Agency is required to furnish the Developer with a Release of Construction Covenants upon completion of construction of the Developer Improvements (as defined in Section 101 of the DDA) upon each of the Mixed-Use Parcels, which Release is required to be in such form as to permit it to be recorded in the Recorder's office of Sacramento County. This Release is a conclusive determination of satisfactory completion of the construction and development required by the DDA upon Mixed-Use Parcel __.

C. The Agency has conclusively determined that such construction and development upon Mixed-Use Parcel __ has been satisfactorily completed.

NOW, THEREFORE, the Agency hereby certifies as follows:

1. The Developer Improvements to be constructed by the Developer upon Mixed-Use Parcel __ have been fully and satisfactorily completed in conformance with the DDA. Any operating requirements and all use, maintenance or nondiscrimination covenants contained in the DDA shall remain in effect and enforceable according to their terms.

2. Nothing contained in this instrument shall modify in any other way any other provisions of the DDA.

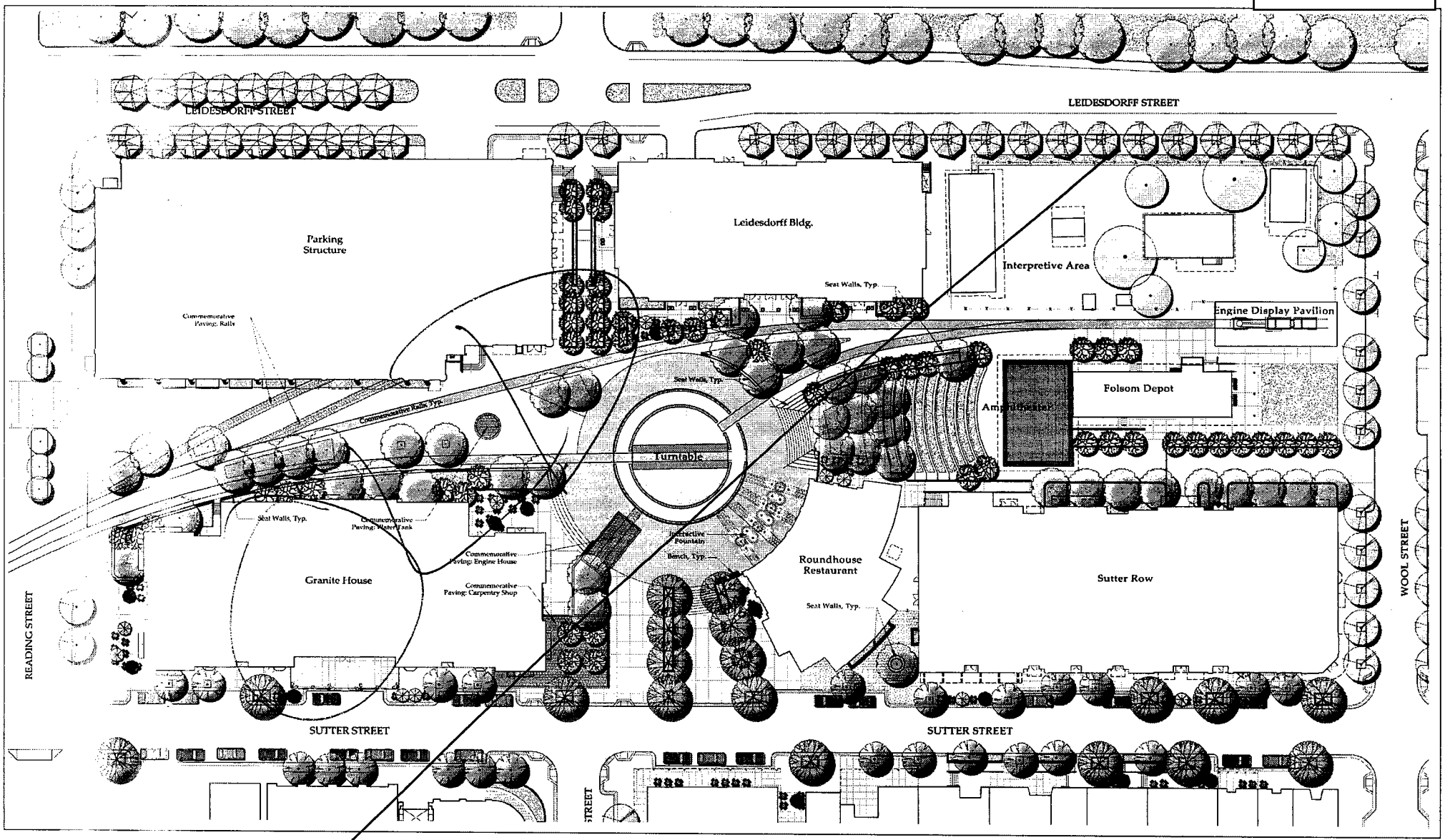
IN WITNESS WHEREOF, the Agency has executed this Release as of the date set forth above.

REDEVELOPMENT AGENCY OF THE
CITY OF FOLSOM, "GRANTOR"

By _____[Not for Execution/Form Only]_____
Executive Director

APPROVED:

By____[Not for Execution/Form Only]_____
Counsel for Grantor



Historic Folsom Station

Design Concept
Folsom, California

0 20' 40' 60'

September, 2007

DELETED

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CITY OF
FOLSOM
DISTINCTIVE BY NATURE

Folsom City Council
Staff Report

MEETING DATE:	10/13/2026
AGENDA SECTION:	Consent Calendar
SUBJECT:	Ordinance No. 1379 – An Uncodified Ordinance Levying Special Taxes for the Fiscal Year 2026-27 and Following Fiscal Years Solely within and Relating to the City of Folsom Community Facilities District No. 22A (Folsom Heights) (Second Reading and Adoption)
FROM:	Finance Department

RECOMMENDATION / CITY COUNCIL ACTION

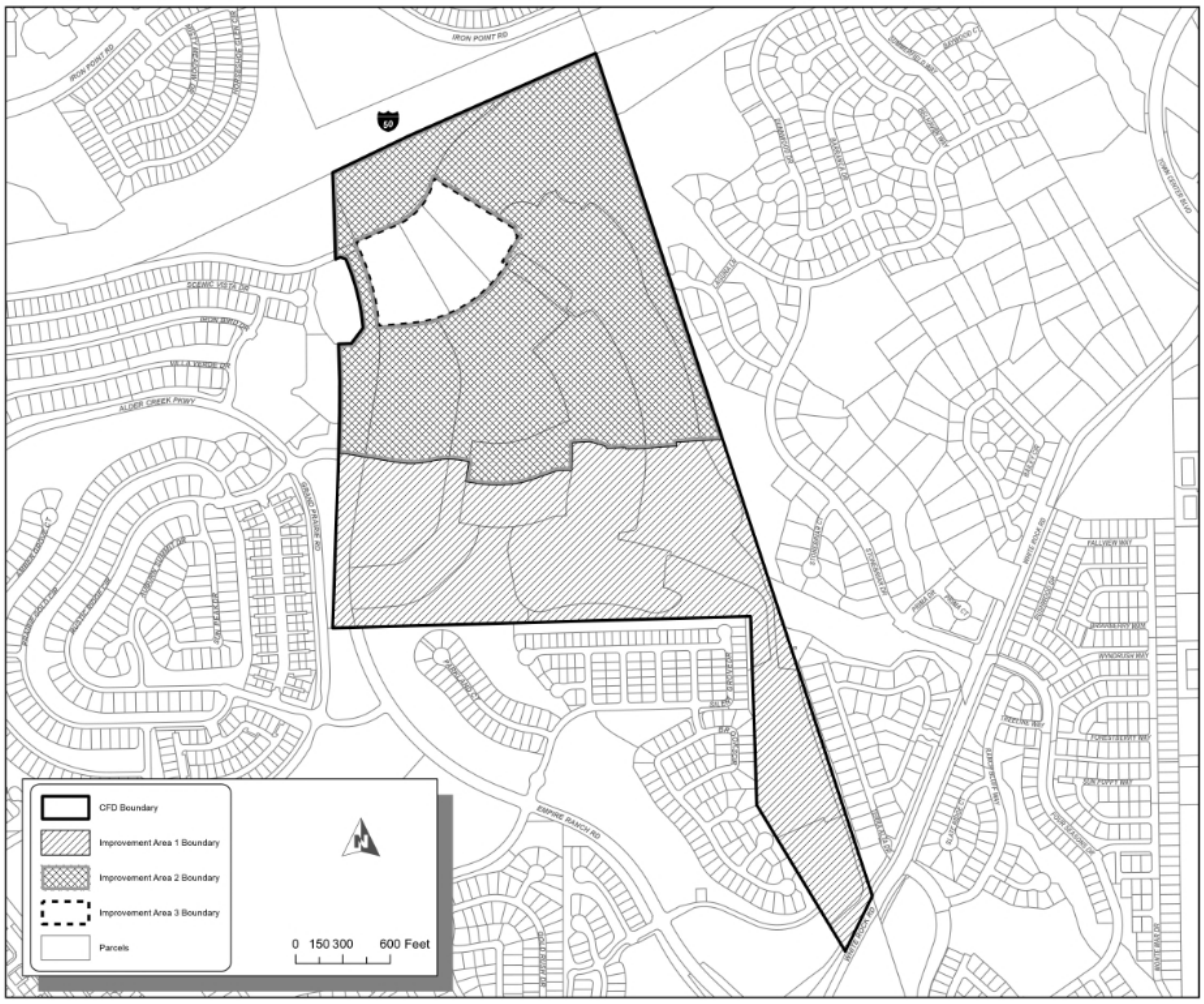
It is recommended that the City Council conduct the second reading and move to adopt the following ordinance:

Ordinance No. 1379 – An Uncodified Ordinance Levying Special Taxes for the Fiscal Year 2026-27 and Following Fiscal Years Solely within and Relating to the City of Folsom Community Facilities District No. 22A (Folsom Heights)

BACKGROUND / ISSUE

The Folsom Plan Area Specific Plan Public Facilities Financing Plan ("PFFP"), approved by the City Council on January 28, 2014 via Resolution 9298, is an $877 million plan that describes the backbone infrastructure and facility requirements, presents a comprehensive financing strategy, and sets forth the estimated time horizon for the development of the Folsom Plan Area ("FPA"). In 2018, at the request of the landowners, City of Folsom Community Facilities District No. 22 (Folsom Heights) ("CFD No. 22") was formed and special tax revenues generated from CFD No. 22 would have helped fund all or a portion of the project's share of PFFP backbone infrastructure and facilities. Now, at the request of the landowners, CFD No. 22 will be terminated in connection with this formation and replaced by CFD 22A.

Landowners within the FPA requested to form the proposed City of Folsom Community Facilities District No. 22A (Folsom Heights) ("CFD No. 22A"), including three separate Improvement Areas ("IA"), designated as Improvement Area No. 1, Improvement Area No. 2 and Improvement Area No. 3. A boundary map showing the proposed CFD 22A and the three separate improvement areas is below.



Special tax revenues generated from each IA within CFD No. 22A will help fund all or a portion of the project's share of PFFP backbone infrastructure and facilities. A detailed list of authorized facilities can be found under Exhibit A of Resolution No. 11710. A summary of the facilities authorized to be funded by CFD No. 22A include, but are not limited to:

- Transportation Improvements including all public roadway improvement designed to meet the needs of development within CFD No. 22A, including internal subdivision streets and related underground utilities.
- Water System Improvements
- Recycled Water System Improvements
- Drainage System Improvements
- Wastewater System Improvements

- Park, Parkway and Open Space Improvements
- Specific Plan Infrastructure Fee Infrastructure
- Other Incidental Expenses and Bond Issuance Costs

In addition, the following project-specific services are anticipated to be funded by CFD No. 22A special taxes:

- Open space maintenance
- Landscape corridors and paseos
- Street light maintenance
- Medians, entries and entry monumentation
- Neighborhood park maintenance, repair and replacement
- Community amenities
- Storm water management
- Other miscellaneous costs related to any of the items described above
- Anticipated future repairs or replacements costs.
- Public Services for Police, Fire and other emergency services

The proposed CFD No. 22A is located within the FPA and is generally bounded by U.S. Highway 50 on the north, the El Dorado County line on the east, and White Rock Road on the south. Each IA within CFD No. 22A includes several Assessor's Parcel Numbers, which are identified in the proposed boundary map for CFD No. 22A. The proposed development plan for each IA within CFD No. 22A includes the following:

Improvement Area	SF/SFHD Units	MLD Units	Non-Residential Lots	Total Residential Units	Total Lots
IA 1	209	53	0	262	262
IA 2	196	72	0	268	268
IA 3	0	0	3	0	3
Total	**405**	**125**	**3**	**530**	**533**

The CFD No. 22A funding stream will be a combination of bonded indebtedness and pay-as-you-go ("PAYGO") funding, both secured by the levy of special taxes upon property within the boundaries of CFD No. 22A.

On August 11, 2026, the City Council approved a proposed boundary map and declared the intention to form CFD No. 22A and to levy special taxes within CFD No. 22A by passage of Resolution No. 11679. On that same date, the City Council declared the necessity for incurring bonded indebtedness in and for CFD No. 22A and in and for each IA designated therein by passage of Resolution No. 11680.

A Public Hearing and landowner election were conducted on September 22, 2026. At that time, the following resolutions were approved by the Council:

- Resolution No. 11710, the Resolution of Formation, which formed CFD No. 22A and designated three Improvement Areas and authorizes the levy of special taxes within each Improvement Area
- Resolution No. 11711, which deemed it necessary to incur bonded indebtedness within Improvement Area No. 1 and No. 2
- Resolution No. 11712, which called for a special mailed ballot election within each Improvement Area
- Resolution No. 11713, which declared the results of the special mailed ballot election within each Improvement Area
- Resolution No. 11714, which determined the cessation of special tax for the previously formed CFD 22

The results of the landowner elections were as follows:

Improvement Area No. 1: 55 in favor of the ballot measure and zero opposed
Improvement Area No. 2: 54 in favor of the ballot measure and zero opposed
Improvement Area No. 3: 12 in favor of the ballot measure and zero opposed

POLICY / RULE

Chapter 5 of the Folsom Plan Area Public Facilities Financing Plan authorizes the formation of CFDs to finance the construction, acquisition, and servicing of FPA backbone infrastructure and public facilities

Section 2.5.3 of the First Amended and Restated Tier 1 Development Agreement authorizes the formation of infrastructure CFDs

Resolution No. 9282 – A Resolution of the City Council of the City of Folsom Approving Goals and Policies for Community Facilities Districts

Mello-Roos Community Facilities Act of 1982

ANALYSIS

CFD No. 22A will be structured as an extended-term CFD and will provide the necessary funding to help fund all or a portion of the project's share of PFFP backbone infrastructure and facilities, including related environmental mitigation obligations. The PFFP backbone infrastructure and facilities will be financed using both bond proceeds and PAYGO special tax revenues. The extended-term CFD structure is proposed to help to meet the challenge of high-cost infrastructure and facilities while also aligning the timing of future funding availability with the need for such funding.

The PFFP backbone facilities to be funded via CFD No. 22A, and listed above, were originally anticipated to be funded by either Community Facilities District No. 18 (Folsom Plan Area -

Area-Wide Improvements and Services) or funded as part of project specific CFDs established for each development within the FPA.

The special tax revenue generated from taxable parcels within each IA of CFD No. 22A will be comprised of a special tax to fund facilities and a special tax to fund services. The 2026/27 maximum facilities special tax rates, set forth in each IA's Rate and Method of Apportionment (RMA), for each land use category are provided in the table below:

Land Use Category	Lot Size	Improvement Area	2026/27 Maximum Facilities Special Tax Rate	Per
Single-Family Detached Property – SF Zoning	Any	1	$3,500	Lot
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	1	$2,800	Lot
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	1	$2,600	Lot
Single-Family Detached Property – MLD Zoning	Any	1	$2,000	Lot
Other Taxable Property	Any	1	$15,000	Acre
Permit Ready Multi-Family/Non-Residential Property	Any	1	$15,000	Acre
Large Lot Property	Any	1	$15,000	Acre
Undeveloped Property	Any	1	$15,000	Acre
Single-Family Detached Property – SF Zoning	Any	2	$3,770	Lot
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	2	$3,067	Lot
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	2	$2,959	Lot
Single-Family Detached Property – MLD Zoning	Any	2	$2,357	Lot
Other Taxable Property	Any	2	$15,000	Acre
Permit Ready Multi-Family/Non-Residential Property	Any	2	$15,000	Acre
Large Lot Property	Any	2	$15,000	Acre
Undeveloped Property	Any	2	$15,000	Acre
Single-Family Detached Property – SF Zoning	Any	3	$0	Lot
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	3	$0	Lot
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	3	$0	Lot
Single-Family Detached Property – MLD Zoning	Any	3	$0	Lot
Other Taxable Property	Any	3	$0	Acre
Permit Ready Multi-Family/Non-Residential Property	Any	3	$0	Acre
Large Lot Property	Any	3	$0	Acre
Undeveloped Property	Any	3	$0	Acre

The CFD No. 22A facilities special tax can be levied and collected through Fiscal Year 2086/87. Each fiscal year, commencing with 2027/28, the maximum facilities special tax rate will be increased by 2% annually.

The 2026/27 maximum services special tax rates, set forth in each IA's RMA for each land use category are provided in the table below:

Land Use Category	Lot Size	Improvement Area	2026/27 Maximum Services Special Tax Rate	Per
Single-Family Detached Property – SF Zoning	Any	1	$137	Lot
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	1	$137	Lot
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	1	$137	Lot
Single-Family Detached Property – MLD Zoning	Any	1	$117	Lot
Other Taxable Property	Any	1	$645	Acre
Permit Ready Multi-Family/Non-Residential Property	Any	1	$645	Acre
Large Lot Property	Any	1	$645	Acre
Undeveloped Property	Any	1	$645	Acre
Single-Family Detached Property – SF Zoning	Any	2	$137	Lot
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	2	$137	Lot
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	2	$137	Lot
Single-Family Detached Property – MLD Zoning	Any	2	$117	Lot
Other Taxable Property	Any	2	$659	Acre
Permit Ready Multi-Family/Non-Residential Property	Any	2	$659	Acre
Large Lot Property	Any	2	$659	Acre
Undeveloped Property	Any	2	$659	Acre
Single-Family Detached Property – SF Zoning	Any	3	$137	Lot
Single-Family Detached Property – SFHD Zoning	> = 5,775 Sq Ft	3	$137	Lot
Single-Family Detached Property – SFHD Zoning	< 5,775 Sq Ft	3	$137	Lot
Single-Family Detached Property – MLD Zoning	Any	3	$117	Lot
Other Taxable Property	Any	3	$474	Acre
Permit Ready Multi-Family/Non-Residential Property	Any	3	$474	Acre
Large Lot Property	Any	3	$474	Acre
Undeveloped Property	Any	3	$474	Acre

The CFD No. 22A services special tax can be levied and collected until the bonds mature, or the "Transition Event", per the RMA. Each fiscal year, commencing with 2027/28, the

maximum services special tax rate will be increased by the maximum of two percent (2%) or the June annualized percentage change of the Consumer Price Index for all Urban Consumers, for the San Francisco-Oakland-San Jose area, not to exceed four percent (4%).

After the Transition Event, both the facilities special tax and services special tax levies will cease, and a transition services special tax will replace the prior funding. The transition services special tax will be an amount equal to 50% of the maximum facilities special tax rate the year prior to the Transition Event plus the maximum services special tax rate the year prior to the Transition Event. Each fiscal year, commencing with the transition year, the maximum transition services special tax rate will be increased by the maximum of two percent (2%) or the June annualized percentage change of the Consumer Price Index for all Urban Consumers, for the San Francisco-Oakland-San Jose area, not to exceed four percent (4%).

As described above, CFD No. 22A will include an extended-term in order to provide the financing to fund CFD No. 22A authorized facilities through multiple CFD bond issues and the generation of PAYGO special tax revenue from the levy and collection of the special tax. The primary pledge of CFD No. 22A special tax revenues will be to service outstanding CFD No. 22A debt. Special tax revenues in excess of the annual debt service and administrative expenses will be used on a PAYGO basis. 100% of the PAYGO revenue beginning with CFD No. 22A formation through the 20th fiscal year is intended to be available to the landowners to fund eligible facilities. After that, any PAYGO revenues may be used at the City's discretion to continue to fund or acquire eligible facilities, or the City may elect to reduce the special tax levy amount to eliminate PAYGO revenues.

Ordinance No. 1379 authorizes the applicable special tax to be levied within CFD No. 22A for fiscal year 2026/27 and following fiscal years. The Ordinance was introduced for the first reading on September 22, 2026. No changes have been made to the ordinance since the first reading.

FINANCIAL IMPACT

The services special tax for CFD No. 22A was structured to include police, fire, and other emergency services as project-specific services.

The CFD No. 22A formation, bonded indebtedness, and expenses are solely the responsibility of CFD No. 22A.

ENVIRONMENTAL REVIEW

An Initial Study and Mitigated Negative Declaration prepared for the Folsom Plan Area Backbone Infrastructure Project were previously prepared for, and adopted by the City Council on February 24, 2015, in accordance with the requirements of the California Environmental Quality Act. Pursuant to CEQA Guidelines section 15378(c), the term "project" does not mean each separate governmental approval for an approved activity which may be subject to several discretionary approvals by governmental agencies. Additionally, the creation of government

funding mechanisms which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment is not defined as a "project" under CEQA. CEQA Guidelines Section 15378(b)(4) and 15061(b)(3).

ATTACHMENTS

1. Ordinance No. 1379 – An Uncodified Ordinance Levying Special Taxes for the Fiscal Year 2026-27 and Following Fiscal Years Solely within and Relating to the City of Folsom Community Facilities District No. 22A (Folsom Heights) (Second Reading and Adoption)

Submitted,

_____

Stacey Tamagni
Finance Director/CFO

Attachment 1

ORDINANCE NO. 1379

AN UNCODIFIED ORDINANCE LEVYING SPECIAL TAXES FOR THE FISCAL YEAR 2026-27 AND FOLLOWING FISCAL YEARS SOLELY WITHIN AND RELATING TO THE CITY OF FOLSOM COMMUNITY FACILITIES DISTRICT NO. 22A (FOLSOM HEIGHTS)

The City Council of the City of Folsom hereby ordains as follows:

SECTION 1 PURPOSE

The City Council of the City of Folsom hereby finds, determines and declares based on the record before it that:

1. The City is authorized to establish a community facilities district pursuant to the terms of the Mello-Roos Community Facilities Act of 1982, Chapter 2.5 of Division 2 of Title 5 of the California Government Code, commencing with Section 53311 (the "Act"); and

2. On September 22, 2026, the City Council adopted its Resolution No. 11710 (the "Resolution of Formation") establishing the City of Folsom Community Facilities District No. 22A (Folsom Heights) (the "District") and designated three separate improvement areas therein (the "Improvement Areas"), pursuant to the Act; and

3. In accordance with the separate Rate and Method of Apportionment for each Improvement Area, the Resolution of Formation approved the annual levy, subject to voter approval, of a special tax in connection with each Improvement Area of the District (the "Special Tax"); and

4. The Resolution of Formation proposed the establishment of an appropriations limit for each Improvement Area of the District (the "Appropriations Limit"); and

5. On September 22, 2026, the City Clerk, as elections official, conducted an election of the landowners of each Improvement Area of the District (the "Elections"); and

6. On September 22, 2026, the City Council adopted its Resolution No. 11713 certifying that, at the Elections, the landowners of each Improvement Area of the District approved the Special Tax and the Appropriations Limit for each respective Improvement Area; and

7. The City Council desires to levy and impose the Special Tax and to take other related actions.

SECTION 2

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF FOLSOM RESOLVES:

1. The recitals set forth in Section 1 are true and correct.

2. A special tax is hereby levied on all Taxable Property (as defined in the respective Rate and Method of Apportionment) within each Improvement Area of the District, for the 2026-27 fiscal year and for all subsequent fiscal years in the amount of the maximum authorized tax, provided that this amount may be adjusted annually, subject to the maximum authorized special tax limit, by resolution of the City Council.

3. The Finance Director of the City of Folsom or designee thereof (the "CFD Administrator") is authorized and directed, to determine each year, without further action of the City Council, the Special Tax, to prepare the annual Special Tax roll in the amount of the Special Tax in accordance with the related exhibit and, without further action of the City Council, to provide all necessary and appropriate information to the Sacramento County Auditor-Controller's Office (the "County") in proper form, and in proper time, necessary to effect the correct and timely billing and collection of the Special Tax on the secured property tax roll of the County; provided, that as provided in the Resolution of Formation and Section 53340 of the California Government Code, the City has reserved the right to utilize any method of collecting the Special Tax which it shall, from time to time, determine to be in the best interests of the City of Folsom (the "City"), including but not limited to, direct billing by the City to the property owners and supplemental billing.

4. The appropriate officers and agents of the City are authorized to make adjustments to the Special Tax roll prior to the final posting of the Special Tax to the County tax roll each fiscal year, as may be necessary to achieve a correct match of the Special Tax levy with the assessor's parcel numbers finally utilized by the County in sending out property tax bills.

5. The City agrees that, in the event the Special Tax is collected on the secured tax roll of the County, the County may deduct its reasonable and agreed charges for collecting the Special Tax from the amounts collected, prior to remitting the Special Tax collections to the City.

6. Taxpayers who have requested changes or corrections of the Special Tax pursuant to Section J of the respective Rate and Method of Apportionment and who are not satisfied with the decision of the CFD Administrator (whether the CFD Administrator disagrees with the taxpayer or concludes that the City is not authorized to consider the change requested), may appeal to the City Council. The appeal must be in writing and fully explain the grounds of appeal, and must be based solely on the correction of mistakes in the levy based upon the status of the property, and no other appeals will be allowed. The CFD Administrator shall schedule the appeal for consideration within a reasonable time at a City Council meeting.

SECTION 3 SEVERABILITY

If for any cause any portion of this ordinance is found to be invalid, or if the Special Tax is found inapplicable to any particular parcel by a court of competent jurisdiction, the balance of this ordinance, and the application of the Special Tax to the remaining parcels, shall not be affected.

SECTION 4 EFFECTIVE DATE

This ordinance shall take effect and be in force as a tax measure thirty (30) days following its second reading and adoption at a meeting of the City Council; and before the expiration of twenty (20) days after its passage the same shall be published, with the names of the members voting for and against the same, at least once in a newspaper of general circulation published and circulated in the District.

This ordinance was introduced and the title thereof read at the regular meeting of the City Council on September 22, 2026, and the second reading is to occur at the regular meeting of the City Council on October 13, 2026.

On a motion by Councilmember _____ seconded by Councilmember _____, the foregoing ordinance was passed and adopted by the City Council of the City of Folsom, State of California, this 13th day of October 2026 by the following roll-call vote:

AYES: Councilmember(s):

NOES: Councilmember(s):

ABSENT: Councilmember(s):

ABSTAIN: Councilmember(s):

_____
Justin Raithel, MAYOR

ATTEST:

_____
Christa Freemantle, CITY CLERK

Folsom City Council
Staff Report

MEETING DATE:	10/13/2026
AGENDA SECTION:	Consent Calendar
SUBJECT:	Resolution No. 11725 A Resolution Authorizing the City Manager to Accept a Selective Traffic Enforcement Program (STEP) Grant offered by the State of California Office of Traffic Safety (OTS) in the amount of $110,000, to Reduce and Mitigate the Impacts of Impaired Driving, Distracted Driving, Seat Belt Enforcement and Training, and Appropriation of Funds in the General Grant Fund (Fund 012)
FROM:	Police Department

RECOMMENDATION / CITY COUNCIL ACTION

Staff recommends that the City Council pass and adopt Resolution No. 11725 – A Resolution Authorizing the City Manager to Accept a Selective Traffic Enforcement Program (STEP) Grant offered by the State of California Office of Traffic Safety (OTS) in the amount of $110,000, to Reduce and Mitigate the Impacts of Impaired Driving, Distracted Driving, Seat Belt Enforcement and Training, and Appropriation of Funds in the General Grant Fund (Fund 012).

BACKGROUND / ISSUE

Enhancing Road Safety Through Proactive Measures

From 2020 to 2024, Folsom experienced collisions involving impaired drivers, resulting in injuries and fatalities. However, in 2025, thanks to grant-funded proactive saturation patrols and DUI checkpoints, the city saw a **66% decrease in DUI-related traffic collisions**. Officers conducted 212 arrests for driving under the influence during patrol operations and dedicated enforcement efforts. These efforts are part of a broader commitment to ensuring our streets are safe for everyone.

In 2025, Folsom experienced 1,534 vehicle collisions, resulting in 549 investigations, 328 people injured and 6 fatalities. In addition to DUI related collisions, unsafe speed continues to represent the highest primary collision factor in these cases, and in 2025, 1,256 citations were issued for speed. Furthermore, distracted driving continued to present safety concerns in Folsom, and in 2025, 192 citations were issued for distracted driving. These efforts are part of a broader commitment to ensuring our streets are safe for everyone.

Securing Funding for Future Initiatives

To further these safety goals, the Folsom Police Department successfully applied for a **State of California grant** from the Office of Traffic Safety (OTS). In September 2026, the department was awarded **$110,000**. This funding is crucial and will be used for:

- **DUI checkpoints** and other enforcement activities
- **Pedestrian and bicycle enforcement**
- **Motorcycle safety enforcement**
- **Distracted driving and seatbelt enforcement**
- **Traffic safety educational presentations** to promote safe driving
- **Training for officers in DUI detection**

This grant will allow the police department to continue its proactive approach to road safety, building on the progress already made and ensuring Folsom remains a safe community.

POLICY / RULE

City Council Resolution 8367 states that grant applications, including any requiring an ongoing commitment of resources or staff, shall be reviewed and approved by the City Council prior to submittal.

ANALYSIS

Law Enforcement grants provide financial assistance to allied agencies for the education, prevention, and the enforcement of laws related to dangerous driving, including speeding, distracted driving and driving under the influence of alcohol and other drugs. The intent of these programs is to educate the public and enforcement of driving laws on the roadway, to improve the Organization/Agency's effectiveness through training and development of new strategies. Each of these action items will help reduce the number of vehicle collisions.

FINANCIAL IMPACT

The State of California through the Office of Traffic Safety awarded the City grant funding in the amount of $110,000 with no matching funds required. If accepted, the grant award would

increase revenue estimates and appropriations by $110,000 in the General Grant Fund (Fund 012). Costs would be funded initially through the General Grant Fund (Fund 012) and reimbursed by the State of California, Office of Traffic Safety.

ATTACHMENTS

1. Resolution No. 11725 – A Resolution Authorizing the City Manager to accept a Selective Traffic Enforcement Program (STEP) Grant offered by the State of California Office of Traffic Safety (OTS) in the amount of $110,000, to Reduce and Mitigate the Impacts of Impaired Driving, Distracted Driving, Seat Belt Enforcement and Training, and Appropriation of Funds in the General Grant Fund (Fund 012)
2. California Office of Traffic Safety Grant Agreement, Grant No. PT27058

Submitted,

_____

Adam Green, Chief of Police

Attachment 1

RESOLUTION NO. 11725

A RESOLUTION AUTHORIZING THE CITY MANAGER TO ACCEPT A SELECTIVE TRAFFIC ENFORCEMENT PROGRAM (STEP) GRANT OFFERED BY THE STATE OF CALIFORNIA OFFICE OF TRAFFIC SAFETY (OTS) IN THE AMOUNT OF $110,000, TO REDUCE AND MITIGATE THE IMPACTS OF IMPAIRED DRIVING, DISTRACTED DRIVING, SEAT BELT ENFORCEMENT AND TRAINING, AND APPROPRIATION OF FUNDS IN THE GENERAL GRANT FUND (FUND 012)

WHEREAS, the City of Folsom Police Department is requesting the City Council authorize the acceptance of a grant titled, "Selective Traffic Enforcement Program (STEP)" for the Period of October 1, 2026, through September 30, 2027, from the State of California, Office of Traffic Safety in the amount of $110,000; and,

WHEREAS, selective enforcement of the primary causes of collisions are an effective way to deter motorists who would speed, drive while under the influence of alcohol and other drugs, drive while distracted, or otherwise drive unsafe, thereby reducing fatal and injury collisions; and,

WHEREAS, the grant monies will be used to reimburse personnel overtime costs associated with selective traffic enforcement and the training of officers in the detection, apprehension and prosecution of impaired drivers; and,

WHEREAS, the grant monies will be used to conduct community outreach programs through educational presentations and campaigns; and,

WHEREAS, the grant monies require no local matching funds.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Folsom hereby authorizes the acceptance of a grant titled, "Selective Traffic Enforcement Program (STEP) grant from the State of California, Office of Traffic Safety (OTS) in the amount of $110,000, which will provide funding to conduct selective traffic enforcement geared at reducing the number of fatal and injury collisions in the City and training.

BE IT FURTHER RESOLVED that the City Council of the City of Folsom authorizes the Finance Director to increase revenue estimates and appropriate the grant amount of $110,000 in the General Grant Fund (Fund 012).

PASSED AND ADOPTED this 13th day of October 2026, by the following roll call vote:

AYES: Councilmembers:
NOES: Councilmembers:
ABSENT: Councilmembers:
ABSTAIN: Councilmembers:

_____
Justin Raithel, MAYOR

ATTEST:

_____
Christa Freemantle, CITY CLERK

Attachment 2

State of California – Office of Traffic Safety
GRANT AGREEMENT **PT27058**

1. GRANT TITLE **Selective Traffic Enforcement Program (STEP)**	
2. NAME OF AGENCY **Folsom**	**3. Grant Period** From: 10/01/2026 To: 09/30/2027
4. AGENCY UNIT TO ADMINISTER GRANT **Folsom Police Department**	

5. GRANT DESCRIPTION

Best practice strategies will be conducted to reduce the number of persons killed and injured in crashes involving alcohol and other primary crash factors. The funded strategies may include impaired driving enforcement, enforcement operations focusing on primary crash factors, distracted driving, night-time seat belt enforcement, special enforcement operations encouraging motorcycle safety, enforcement and public awareness in areas with a high number of bicycle and pedestrian crashes, and educational programs. These strategies are designed to earn media attention thus enhancing the overall deterrent effect.

6. Federal Funds Allocated Under This Agreement Shall Not Exceed: $110,000.00
Allocation is contingent upon availability of federal funds.

7. TERMS AND CONDITIONS: The parties agree to comply with the terms and conditions of the following which are by this reference made a part of the Agreement:

- Schedule A – Problem Statement, Goals and Objectives and Method of Procedure
- Schedule B – Detailed Budget Estimate and Sub-Budget Estimate (if applicable)
- Schedule B-1 – Budget Narrative and Sub-Budget Narrative (if applicable)
- Exhibit A – Certifications and Assurances
- Exhibit B* – OTS Grant Program Manual
- Exhibit C – Grant Electronic Management System (GEMS) Access

*The item shown with an asterisk (*), is hereby incorporated by reference and made a part of this agreement as if attached hereto. This document can be viewed at the OTS home web page under Grants: www.ots.ca.gov.

Use of OTS Grant Agreement template in lieu of the California Model Agreement (CMA)
The California Office of Traffic Safety (OTS) utilizes its standardized OTS Grant Agreement template for awards. The format, structure, and uniformity of the OTS Grant Agreement template allows for processing through Grant Electronic Management System (GEMS). OTS's approach to using the OTS Grant Agreement template is consistent with the California Model Agreement (CMA) developed by University of California Office of the President (UCOP) and directed by the Department of General Service (DGS). For more information, please review the OTS Grant Program Manual.

Pre-Agreement Work
No work shall commence and no costs shall be incurred prior to the grant start date or the grant agreement being fully signed and executed. Any such costs are incurred at the grantee's own risk and may not be reimbursed.

8. Approval Signatures

We, the officials named below, hereby swear under penalty of perjury under the laws of the State of California that we are duly authorized to legally bind the Grant recipient to the grant terms and conditions described herein.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

A. Grant Director

NAME: Paul Rice
TITLE: Sergeant
EMAIL: price@folsom.ca.us
PHONE: (916) 355-7230
ADDRESS: 46 Natoma Street
Folsom, CA 95630

Paul Rice (Sep 21, 2026 08:07:38 PDT) — Sep 21, 2026

(Signature) *(Date)*

B. Authorizing Official

NAME: Adam Green
TITLE: Chief
EMAIL: agreen@folsom.ca.us
PHONE: (916) 461-6451
ADDRESS: 46 Natoma Street
Folsom, CA 95630

Adam Green (Sep 23, 2026 11:43:08 PDT) — Sep 23, 2026

(Signature) *(Date)*

C. Fiscal Official

NAME: Laura Dehaan
TITLE: Administrative Technician
EMAIL: ldehaan@folsom.ca.us
PHONE: 916-461-6452
ADDRESS: 46 Natoma Street
Folsom, CA 95630

LAURA DEHAAN (Sep 21, 2026 08:59:53 PDT) — Sep 21, 2026

(Signature) *(Date)*

D. Authorizing Official of Office of Traffic Safety

NAME: Stephanie Dougherty
TITLE: Director
EMAIL: stephanie.dougherty@ots.ca.gov
PHONE: (916) 509-3030
ADDRESS: 2208 Kausen Drive, Suite 300
Elk Grove, CA 95758

Stephanie Dougherty — Sep 30, 2026

(Signature) *(Date)*

E. Accounting Officer of Office of Traffic Safety

NAME: Mary Khang
ADDRESS: 2208 Kausen Drive Suite 300
Sacramento, CA 95758

9. SAM Information

SAM #: MKCYAV8HZR29
REGISTERED ADDRESS: 46 Natoma Street
CITY: Folsom
ZIP+4: 95630-2614

10. PROJECTED EXPENDITURES						
FUND	**CFDA**	**ITEM/APPROPRIATION**	**F.Y.**	**CHAPTER**	**STATUTE**	**PROJECTED EXPENDITURES**
405e DDA-	20.616	0521-0890-101	2026	19/26	BA/26	$19,800.00
402PT-27	20.600	0521-0890-101	2026	19/26	BA/26	$30,000.00
164ID-27	20.608	0521-0890-101	2026	19/26	BA/26	$60,200.00
				AGREEMENT TOTAL		**$110,000.00**
				AMOUNT ENCUMBERED BY THIS DOCUMENT **$110,000.00**		
I CERTIFY upon my own personal knowledge that the budgeted funds for the current budget year are available for the period and purpose of the expenditure stated above, notwithstanding allocations contingent on availability of federal funds.				PRIOR AMOUNT ENCUMBERED FOR THIS AGREEMENT **$ 0.00**		
OTS ACCOUNTING OFFICER'S SIGNATURE Mary Kang		DATE SIGNED Sep 24, 2026		TOTAL AMOUNT ENCUMBERED TO DATE **$110,000.00**		

1. PROBLEM STATEMENT

Describe the city, county, or jurisdiction this grant will impact.
The City of Folsom, California is located in eastern Sacramento County. Folsom incorporated in 1946 with 34 square miles of land and became the third city in Sacramento County. The estimated population of the City of Folsom is 91,705 citizens at the beginning of 2026 which is an approximately 2% increase from 2025. Folsom is the third highest populated city in Sacramento County. The City of Folsom of Folsom is boarded by Folsom Lake to the north and Lake Natoma to the west, both of which draw numerous visitors and motorist throughout the year. Folsom also has a major arterial roadway (Folsom-Auburn Road) which is heavily used by commuters traveling to and from El Dorado County to the east and Placer County to the north. Highway 50 runs through the City of Folsom and El Dorado County boarders Folsom to the east. Folsom's roadways are heavily traveled not only by Folsom residents, commuter traffic, but also by motorists traveling to and from the Lake Tahoe area.

Describe the problem(s) to be addressed, supported by current and relevant crash data. (most recent calendar year data/stats).
Overall Crash Statistics
In 2025, the Folsom Police Department received reports of 1,534 crashes, resulting in 549 investigations being completed. These crashes resulted in 328 people injured and 6 fatalities.

Driving Under the Influence
Driving under the influence of alcohol continues to be a problem in Folsom, as with the Sacramento County and the State of California. In 2024, Folsom PD responded to 389 reports of possible DUI drivers and made 212 alcohol related driving arrests. Driving under the influence showed to be the 3th highest primary crash factors, with a total of 55 crashes, equating to 10.32% of Folsom's total number of crashes. 9 people were injured in alcohol related crashes with 0 fatalities. Although the DUI increased as a primary crash factor in 2025, the total number of injury crashes and injuries caused by drunk driver's reduced by 66%.

Traffic Safety
Unsafe speed continues to be the highest primary crash factor in the City of Folsom. In 2025, there were 102 crashes (19.14.% of the total number of crashes) with unsafe speed as the primary crash factor, resulting in 74 injuries, and 1 fatality. During 2025, 1,256 citations were issued for speed, equating to 22.2% of the total number of citations issued in Folsom. Typically, citizens reporting reckless drivers often lack knowledge of the elements of what must be met to constitute reckless driving and in most cases, speeding tends to be the main complaint regarding reckless drivers. In 2024, Folsom PD had reports of 1059 reckless drivers.

In 2025, Folsom PD issued 192 citations for distracted driving, a decrease of 9.3% (15 cites) from 2024. Last year, Folsom PD issued 571 seatbelt citations, an increase of 17.8% (86 cites) from 2024.

In 2025, Folsom had 25 crashes involving motorcycles, resulting in 21 persons being injured. Right-of-way violations in general were the 5th highest primary crash factor in 2025, resulting in 41 crashes, 7.69% of our total crashes, resulting in 33 persons injured.

Last year, Folsom PD had 20 crashes involving pedestrians, resulting in 18 injuries and 2 fatalities. We also had 25 crashes involving bicyclists, resulting in 20 injuries. There was no statistically significant change from 2024 to 2025 in these types of crashes, however Folsom also experienced a rise in motorized bicycle and motor driven scooter crashes. A total of 13 crashes with 12 injuries occurred in 2025 compared to 1 crash with 1 injury in 2024.

Define the target population the grant intends to serve and how they are affected by the problem(s).
The City of Folsom has annexed a significant portion of land south of our city and residential construction has been taking place at a very accelerated rate since the last Census was completed, thus not accounting for a large population growth to our city. This residential growth has added a significant number of vehicles

on the roadway and additional roadways and traffic control devices deserving of our traffic enforcement. We have also observed an increase in commute traffic utilizing our roadways while driving from neighboring jurisdiction to jurisdiction.

OTS funded checkpoints and DUI saturation patrols will focus on these commuter arterial roadways as a large portion of our alcohol arrested subjects do not have origination or termination points within our city, but a utilizing City of Folsom roadways in effort to avoid the California Highway Patrol personnel on state highways.

Additionally, we will conduct targeted traffic operations during prime commute times when a greater number of vehicles are on the roadway and when we are likely to have the greatest amount of commute traffic taking place. We will utilize SWITRS (Statewide Integrated Traffic Records System) to identify high crash areas and primary crash factors in an effort to reduce crashes and make our roadways safer.

We will utilize directed bicycle enforcement operations surrounding our schools and on weekends when we are likely to have a greater number of bicycles on our roadways. We will continue to encourage all personnel working OTS directed traffic operations and patrol personnel as well to conduct strict seatbelt enforcement, as seatbelts save lives. We will continue to conduct highly publicized pedestrian sting operations in an effort to make roadways safer for pedestrians as well.

2. PERFORMANCE MEASURES

A. Goals:

1. Reduce the number of persons killed in traffic crashes.
2. Reduce the number of persons injured in traffic crashes.
3. Reduce the number of pedestrians killed in traffic crashes.
4. Reduce the number of pedestrians injured in traffic crashes.
5. Reduce the number of bicyclists killed in traffic crashes.
6. Reduce the number of bicyclists injured in traffic crashes.
7. Reduce the number of persons killed in alcohol-involved crashes.
8. Reduce the number of persons injured in alcohol-involved crashes.
9. Reduce the number of persons killed in drug-involved crashes.
10. Reduce the number of persons injured in drug-involved crashes.
11. Reduce the number of persons killed in alcohol/drug combo-involved crashes.
12. Reduce the number of persons injured in alcohol/drug combo-involved crashes.
13. Reduce the number of motorcyclists killed in traffic crashes.
14. Reduce the number of motorcyclists injured in traffic crashes.
15. Reduce hit & run fatal crashes.
16. Reduce hit & run injury crashes.
17. Reduce nighttime (2100 - 0259 hours) fatal crashes.
18. Reduce nighttime (2100 - 0259 hours) injury crashes.

B. Objectives:	Target Number
1. Issue a news release announcing the kick-off of the grant by December 31st. The kick-off news releases and media advisories, alerts, and materials must be emailed to the OTS Public Information Officer at pio@ots.ca.gov, and copied to your OTS Coordinator, for approval 7 days prior to the issuance date of the release.	1
2. Participate and report data (as required) in the following campaigns; Quarter 1: National Pedestrian Safety Month, National Walk to School Day, National Teen Driver Safety Week, NHTSA Winter Mobilization; Quarter 3: National Distracted Driving Awareness Month, National Motorcycle Safety Month, National Bicycle Safety Month, National Click it or Ticket Mobilization; Quarter 4: National Speed Prevention Campaigns, NHTSA Summer Mobilization, National Child Passenger Safety Week, and California's Pedestrian Safety Month.	12
3. Develop (by December 31) and/or maintain a "DUI BOLO" program to notify patrol and traffic officers to be on the lookout for identified repeat DUI offenders with a suspended or revoked license as a result of DUI convictions. Updated DUI BOLOs	12

should be distributed to patrol and traffic officers monthly. Report on the outcomes of the "DUI BOLO" program.	
4. Send law enforcement personnel to the NHTSA Standardized Field Sobriety Testing (SFST) (minimum 16 hours) POST-certified training.	4
5. Send law enforcement personnel to the NHTSA Advanced Roadside Impaired Driving Enforcement (ARIDE) 16 hour POST-certified training.	4
6. Send law enforcement personnel to the Drug Recognition Expert (DRE) training (classroom and field training must be completed).	1
7. Conduct DUI/DL Checkpoints. A minimum of 1 checkpoint should be conducted during the NHTSA Winter Mobilization and 1 during the Summer Mobilization. To enhance the overall deterrent effect and promote high visibility, it is recommended the grantee issue an advance press release and conduct social media activity for each checkpoint. For combination DUI/DL checkpoints, departments should issue press releases that mention DL's will be checked at the DUI/DL checkpoint. Signs for DUI/DL checkpoints should read "DUI/Driver's License Checkpoint Ahead." OTS does not fund or support independent DL checkpoints. Only on an exception basis and with OTS pre-approval will OTS fund checkpoints that begin prior to 1800 hours. When possible, DUI/DL Checkpoint screeners should be DRE- or ARIDE-trained.	2
8. Conduct DUI Saturation Patrol operation(s).	10
9. Conduct Traffic Enforcement operation(s), including but not limited to, primary crash factor violations.	12
10. Conduct highly publicized Distracted Driving enforcement operation(s) targeting drivers using hand held cell phones and texting.	20
11. Conduct highly publicized Motorcycle Safety enforcement operation(s) in areas or during events with a high number of motorcycle incidents or crashes resulting from unsafe speed, DUI, following too closely, unsafe lane changes, improper turning, and other primary crash factor violations by motorcyclists and other drivers.	3
12. Conduct Nighttime (1800-0559) Click It or Ticket enforcement operation(s).	2
13. Conduct highly publicized pedestrian and/or bicycle enforcement operation(s) in areas or during events with a high number of pedestrian and/or bicycle crashes resulting from violations made by pedestrians, bicyclists, and drivers.	4
14. Conduct Traffic Safety educational presentation(s) with an effort to reach community members. Note: Presentation(s) may include topics such as distracted driving, DUI, speed, bicycle and pedestrian safety, seat belts and child passenger safety.	2
15. Conduct Know Your Limit campaigns with an effort to reach members of the community.	4
16. Participate in highly visible collaborative DUI Enforcement operations.	4
17. Participate in highly visible collaborative Traffic Enforcement operations.	4

3. METHOD OF PROCEDURE

A. Phase 1 – Program Preparation (1st Quarter of Grant Year)

- The department will develop operational plans to implement the "best practice" strategies outlined in the objectives section.
- Conduct all training needed to implement the program, in the first quarter.
- Purchase all grant related supplies and materials to implement the program, in the first quarter.
- Items with a unit cost of $5,000 more (including tax and shipping) must comply with the Buy America Act.
- In order to develop/maintain the "DUI BOLOs," research will be conducted to identify repeat DUI offenders with a suspended or revoked license as a result of DUI convictions. The DUI BOLO may include the driver's name, last known address, DOB, description, current license status, and the number of times suspended or revoked for DUI. DUI BOLOs should be updated and distributed to traffic and patrol officers at least monthly.
- Implementation of the STEP grant activities will be accomplished by deploying personnel at high crash locations.

Media Requirements

Issue a news release approved by the OTS PIO announcing the kick-off of the grant by Dec[illegible] and after the grant is signed and executed, but no sooner than October 1, the start of the grant year. The kick-off release must be approved by the OTS PIO. If you are unable to meet the December 31 deadline to issue a kick-off press release, communicate the reasons to your OTS grant coordinator and OTS PIO.

B. Phase 2 – Program Operations (Throughout Grant Year)

Media Requirements

The following requirements are for all grant-related activities:

- Send all media advisories, alerts, videos, graphics, artwork, posters, radio/PSA/video scripts, storyboards, digital and/or print educational materials for grant-related activities to the OTS PIO at pio@ots.ca.gov for approval and copy your OTS grant coordinator. Optimum lead time would be 7 days before the scheduled release but at least 3 business days prior to the scheduled release date for review and approval is appreciated.
- Send all PowerPoint presentations, online presentations and trainings for grant-related activities to the OTS PIO at pio@ots.ca.gov for approval and copy your OTS grant coordinator. Certified training courses are EXEMPT from the approval process.
- The OTS PIO is responsible for the approval of the design and content of materials. The agency understands OTS PIO approval is not authorizing approval of budget expenditure or cost. Any cost approvals must come from the OTS grant coordinator.
- Pre-approval is not required when using any OTS-supplied template for media advisories, news releases, social media graphics, videos or posts, or any other OTS-supplied educational material. However, copy the OTS PIO at pio@ots.ca.gov and your OTS grant coordinator when any material is distributed to the media and public, such as a news release, educational material, or link to social media post.
- If an OTS-supplied template, educational material, social media graphic, post or video is substantially changed, the changes shall be sent to the OTS PIO at pio@ots.ca.gov for approval and copy your OTS grant coordinator.
- News releases, social media posts and alerts on platforms such as NextDoor and Nixle reporting immediate and time-sensitive grant activities (e.g. enforcement operations, day of event highlights or announcements, event invites) are EXEMPT from the OTS PIO approval process. The OTS PIO and your OTS grant coordinator should still be notified when the grant-related activity is happening (e.g. car seat checks, bicycle rodeos, community presentations, DUI checkpoints, etc.).
- Enforcement activities such as warrant and probation sweeps, court stings, etc. that are embargoed or could impact operations by publicizing in advance are EXEMPT from the PIO approval process. However, announcements and results of activities should still be copied to the OTS PIO at pio@ots.ca.gov and your OTS grant coordinator with the embargoed date and time or with "INTERNAL ONLY: DO NOT RELEASE" message in subject line of email.
- Any earned or paid media campaigns for TV, radio, digital or social media that are part of a specific grant objective, using OTS grant funds, or designed and developed using contractual services by a subgrantee, requires prior approval.
- Social media posts highlighting state or national traffic safety campaigns (Distracted Driving Month, Motorcycle Safety Awareness Month, etc.), enforcement operations (DUI checkpoints, etc.), or any other grant-related activity such as Bicycle rodeos, presentations, or events, are highly encouraged but do not require prior approval.
- Submit a draft or rough-cut of all digital, printed, recorded or video material (brochures, posters, scripts, artwork, trailer graphics, digital graphics, social posts connected to an earned or paid media campaign grant objective) to the OTS PIO at pio@ots.ca.gov and copy your OTS grant coordinator for approval prior to the production or duplication.
- Use the following standard language in all press, media, and printed materials, space permitting: Funding for this program was provided by a grant from the California Office of Traffic Safety, through the National Highway Traffic Safety Administration.
- Space permitting, include the OTS logo on all grant-funded print materials, graphics and paid or earned social media campaign grant objective; consult the OTS PIO and copy your OTS grant coordinator for specifics, format-appropriate logos, or if space does not permit the use of the OTS logo.

- Email the OTS PIO at pio@ots.ca.gov and copy your OTS grant coordinator at least 21 days in advance, or when first confirmed, a short description of any significant grant-related traffic safety event or program, particularly events that are highly publicized beforehand with anticipated media coverage so the OTS has sufficient notice to arrange for attendance and/or participation in the event. If unable to attend, email the OTS PIO at pio@ots.ca.gov and your OTS grant coordinator brief highlights and/or results, including any media coverage (broadcast, digital, print) of the event within 7 days following significant grant-related event or program. The OTS PIO and your OTS grant coordinator should still be notified in advance when the grant-related activity is happening (e.g. car seat checks, bicycle rodeos, community presentations, DUI checkpoints, etc.).
- Any news releases, work plans, scripts, storyboards, artwork, graphics, videos or any educational or informational materials that received OTS PIO approval in a prior grant year must be resubmitted for approval in the current grant year.
- For additional guidance, refer to the OTS Grants Materials Approval Process Guidelines and FAQs .
- Email the OTS PIO at pio@ots.ca.gov or your OTS grant coordinator for consultation when changes from any of the above requirements might be warranted.

C. Phase 3 – Data Collection & Reporting (Throughout Grant Year)

1. Prepare and submit grant claim invoices (due January 30, April 30, July 30, and October 30)
2. Prepare and submit Quarterly Performance Reports (QPR) (due January 30, April 30, July 30, and October 30)

- Collect and report quarterly, appropriate data that supports the progress of goals and objectives.
- Provide a brief list of activity conducted, procurement of grant-funded items, and significant media activities. Include status of grant-funded personnel, status of contracts, challenges, or special accomplishments.
- Provide a brief summary of quarterly accomplishments and explanations for objectives not completed or plans for upcoming activities.
- Collect, analyze and report statistical data relating to the grant goals and objectives.

4. METHOD OF EVALUATION

Using the data compiled during the grant, the Grant Director will complete the "Final Evaluation" section in the fourth/final Quarterly Performance Report (QPR). The Final Evaluation should provide a brief summary of the grant's accomplishments, challenges and significant activities. This narrative should also include whether goals and objectives were met, exceeded, or an explanation of why objectives were not completed.

5. ADMINISTRATIVE SUPPORT

This program has full administrative support, and every effort will be made to continue the grant activities after grant conclusion.

State of California – Office of Traffic Safety
GRANT AGREEMENT
Schedule B

GRANT NUMBER
PT27058

FUND NUMBER	CATALOG NUMBER (CFDA)	FUND DESCRIPTION	TOTAL AMOUNT
405e DDA-27	20.616	Distracted Driving Awareness	$19,800.00
402PT-27	20.600	State and Community Highway Safety	$30,000.00
164ID-27	20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	$60,200.00

COST CATEGORY	FUND NUMBER	UNIT COST OR RATE	UNITS	TOTAL COST TO GRANT
A. PERSONNEL COSTS				
Straight Time				$0.00
Overtime				
DUI/DL Checkpoints	164ID-27	$11,000.00	2	$22,000.00
DUI Saturation Patrols	164ID-27	$1,600.00	10	$16,000.00
Collaborative DUI Enforcement	164ID-27	$1,600.00	4	$6,400.00
Know Your Limit	164ID-27	$1,500.00	4	$6,000.00
Benefits 164ID OT @ 14.57%	164ID-27	$50,400.00	1	$7,343.00
Traffic Enforcement	402PT-27	$850.00	12	$10,200.00
Pedestrian and Bicycle Enforcement	402PT-27	$800.00	4	$3,200.00
Motorcycle Safety Enforcement	402PT-27	$800.00	3	$2,400.00
Night-Time Click it Or Ticket Enforcement	402PT-27	$800.00	2	$1,600.00
Collaborative Traffic Enforcement	402PT-27	$800.00	4	$3,200.00
Traffic Safety Educational Presentations	402PT-27	$450.00	2	$900.00
Benefits 402 OT @ 14.57%	402PT-27	$21,500.00	1	$3,133.00
Distracted Driving Enforcement	405e DDA-27	$864.10	20	$17,282.00
Benefits 405e OT @ 14.57%	405e DDA-27	$17,282.00	1	$2,518.00
Category Sub-Total				$102,176.00
B. TRAVEL EXPENSES				
In State Travel	402PT-27	$5,367.00	1	$5,367.00
				$0.00
Category Sub-Total				$5,367.00
C. CONTRACTUAL SERVICES				
				$0.00
Category Sub-Total				$0.00
D. EQUIPMENT				
				$0.00
Category Sub-Total				$0.00
E. OTHER DIRECT COSTS				
DUI Checkpoint Supplies	164ID-27	$2,457.00	1	$2,457.00
Category Sub-Total				$2,457.00
F. INDIRECT COSTS				
				$0.00

Category Sub-Total				$0.00
GRANT TOTAL				**$110,000.00**

BUDGET NARRATIVE
PERSONNEL COSTS DUI/DL Checkpoints - Overtime for grant funded law enforcement operations conducted by appropriate department personnel.
DUI Saturation Patrols - Overtime for grant funded law enforcement operations conducted by appropriate department personnel.
Collaborative DUI Enforcement - Overtime for grant funded Collaborative DUI Enforcement operations conducted by appropriate department personnel
Know Your Limit - Overtime for grant funded traffic safety presentations or campaigns conducted by appropriate department personnel.
Benefits 164ID OT @ 14.57% - Claimed amounts must reflect actual benefit costs for overtime hours charged to the grant.
Traffic Enforcement - Overtime for grant funded law enforcement operations conducted by appropriate department personnel.
Pedestrian and Bicycle Enforcement - Overtime for grant funded law enforcement operations conducted by appropriate department personnel.
Motorcycle Safety Enforcement - Overtime for grant funded law enforcement operations conducted by appropriate department personnel.
Night-Time Click it Or Ticket Enforcement - Overtime for grant funded law enforcement operations conducted by appropriate department personnel.
Collaborative Traffic Enforcement - Overtime for grant funded Collaborative Traffic Enforcement operations conducted by appropriate department personnel
Traffic Safety Educational Presentations - Overtime for grant funded traffic safety educational presentations conducted by appropriate department personnel.
Benefits 402 OT @ 14.57% - Claimed amounts must reflect actual benefit costs for overtime hours charged to the grant.
Distracted Driving Enforcement - Overtime for grant funded law enforcement operations conducted by appropriate department personnel.
Benefits 405e OT @ 14.57% - Claimed amounts must reflect actual benefit costs for overtime hours charged to the grant.
TRAVEL EXPENSES In State Travel - Costs are included for appropriate staff to attend conferences and training events supporting the grant goals and objectives and/or traffic safety. Anticipated travel may include the OTS Traffic Safety Summit – November 2026 – San Diego, CA, OTS Traffic Safety Law Enforcement Forum, and GHSA Annual Meeting – August 2027 – Anaheim, CA. Local mileage for grant activities and meetings is included. All conferences, seminars or training not specifically identified in the Budget Narrative must be approved by OTS. All travel claimed must be at the agency approved rate. Per Diem may not be claimed for meals provided at conferences when registration fees are paid with OTS grant funds.
CONTRACTUAL SERVICES -
EQUIPMENT -
OTHER DIRECT COSTS DUI Checkpoint Supplies - On-scene supplies needed to conduct sobriety checkpoints. Costs may include 28" traffic cones, MUTCD compliant traffic signs, MUTCD compliant high visibility vests (maximum of 10), traffic counters (maximum of 2), generator, gas for generators, lighting, reflective banners, electronic flares, PAS Device Supplies, PAS Calibration Supplies, heater, propane for heaters, fan, anti-fatigue mats, and canopies. Additional items may be purchased if approved by OTS. The cost of food and beverages will not be reimbursed.
INDIRECT COSTS

STATEMENTS/DISCLAIMERS

There will be no program income generated from this grant.

Salaries may include wages, salaries, special compensations, or authorized absences such as annual leave and sick leave provided the cost for the individual employee is (a) reasonable for the services rendered, and (b) follows an appointment made in accordance with state or local laws and rules and meets federal requirements.

Any non-grant funded vacancies created by reassignment to a grant-funded position must be filled at the expense of the grantee agency.

Nothing in this agreement shall be interpreted as a requirement, formal or informal, that a particular law enforcement officer issue a specified or predetermined number of citations in pursuance of the goals and objectives here under.

The OTS grant funded activities must be separate from other grant funded program activities and maintained under separate accounting tracking codes (example: the same DUI checkpoint may not be funded by both the CHP Cannabis Tax Fund and the OTS).

Benefits for personnel costs can only be applied to straight time or overtime hours charged to the grant.

Appendix A to Part 1300—Certifications and Assurances for Highway Safety Grants (23 U.S.C. Chapter 4 or Section 1906, Public Law 109-59, as amended by Section 25024, Public Law 117-58)

The officials named on the grant agreement, certify by way of signature on the grant agreement signature page, that the Grantee Agency complies with all applicable Federal statutes, regulations, and directives and State rules, guidelines, policies, and laws in effect with respect to the periods for which it receives grant funding. Applicable provisions include, but are not limited to, the following:

GENERAL REQUIREMENTS

The State will comply with applicable statutes and regulations, including but not limited to:

- 23 U.S.C. Chapter 4—Highway Safety Act of 1966, as amended;
- Sec. 1906, Public Law 109-59, as amended by Sec. 25024, Public Law 117-58;
- 23 CFR part 1300—Uniform Procedures for State Highway Safety Grant Programs;
- 2 CFR part 200—Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards;
- 2 CFR part 1201—Department of Transportation, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

NONDISCRIMINATION

(applies to subrecipients as well as States)

The State highway safety agency [and its subrecipients] will comply with all Federal statutes and implementing regulations relating to nondiscrimination ("Federal Nondiscrimination Authorities"). These include but are not limited to:

- *Title VI of the Civil Rights Act of 1964* (42 U.S.C. 2000d *et seq.*, 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin);
- *49 CFR part 21* (entitled *Non-discrimination in Federally-Assisted Programs of the Department of Transportation—Effectuation of Title VI of the Civil Rights Act of 1964*);
- *28 CFR 50.3* (U.S. Department of Justice Guidelines for Enforcement of Title VI of the Civil Rights Act of 1964);
- *The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970,* (42 U.S.C. 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
- *Federal-Aid Highway Act of 1973, (23 U.S.C. 324 et seq.), and Title IX of the Education Amendments of 1972,* as amended (20 U.S.C. 1681-1683 and 1685-1686) (prohibit discrimination on the basis of sex);
- *Section 504 of the Rehabilitation Act of 1973,* (29 U.S.C. 794 *et seq.*), as amended, (prohibits discrimination on the basis of disability) and 49 CFR part 27;
- *The Age Discrimination Act of 1975,* as amended, (42 U.S.C. 6101 *et seq.*), (prohibits discrimination on the basis of age);
- *The Civil Rights Restoration Act of 1987*, (Pub. L. 100-209), (broadens scope, coverage, and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms "programs or activities" to include all of the programs or activities of the
  Federal aid recipients, subrecipients and contractors, whether such programs or activities are Federally-funded or not);
- *Titles II and III of the Americans with Disabilities Act* (42 U.S.C. 12131-12189) (prohibits discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing) and 49 CFR parts 37 and 38

The preceding statutory and regulatory cites hereinafter are referred to as the "Acts" and "Regula
respectively.

GENERAL ASSURANCES

In accordance with the Acts, the Regulations, and other pertinent directives, circulars, policy, memoranda, and/or guidance, the Recipient hereby gives assurance that it will promptly take any measures necessary to ensure that:

"No person in the United States shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity, for which the Recipient receives Federal financial assistance from DOT, including NHTSA."

The Civil Rights Restoration Act of 1987 clarified the original intent of Congress, with respect to Title VI of the Civil Rights Act of 1964 and other non-discrimination requirements (the Age Discrimination Act of 1975, and Section 504 of the Rehabilitation Act of 1973), by restoring the broad, institutional-wide scope and coverage of these nondiscrimination statutes and requirements to include all programs and activities of the Recipient, so long as any portion of the program is Federally assisted.

SPECIFIC ASSURANCES

More specifically, and without limiting the above general Assurance, the Recipient agrees with and gives the following Assurances with respect to its Federally assisted Highway Safety Grant Program:

1. The Recipient agrees that each "activity," "facility," or "program," as defined in § 21.23(b) and (e) of 49 CFR part 21 will be (with regard to an "activity") facilitated, or will be (with regard to a "facility") operated, or will be (with regard to a "program") conducted in compliance with all requirements imposed by, or pursuant to the Acts and the Regulations.
2. The Recipient will insert the following notification in all solicitations for bids, Requests For Proposals for work, or material subject to the Acts and the Regulations made in connection with all Highway Safety Grant Programs and, in adapted form, in all proposals for negotiated agreements regardless of funding source:
   "The [name of Recipient], in accordance with the provisions of Title VI of the Civil Rights Act of 1964 (78 Stat. 252, 42 U.S.C 2000d to 2000d-4) and the Regulations, hereby notifies all bidders that it will affirmatively ensure that in any contract entered into pursuant to this advertisement, disadvantaged business enterprises will be afforded full and fair opportunity to submit bids in response to this invitation and will not be discriminated against on the grounds of race, color, or national origin in consideration for an award."
3. The Recipient will insert the clauses of appendix A and E of this Assurance (also referred to as DOT order 1050.2A) [1] in every contract or agreement subject to the Acts and the Regulations.
4. The Recipient will insert the clauses of appendix B of DOT Order 1050.2A, as a covenant running with the land, in any deed from the United States effecting or recording a transfer of real property, structures, use, or improvements thereon or interest therein to a Recipient.
5. That where the Recipient receives Federal financial assistance to construct a facility, or part of a facility, the Assurance will extend to the entire facility and facilities operated in connection therewith.
6. That where the Recipient receives Federal financial assistance in the form of, or for the acquisition of, real property or an interest in real property, the Assurance will extend to rights to space on, over, or under such property.
7. That the Recipient will include the clauses set forth in appendix C and appendix D of this DOT Order 1050.2A, as a covenant running with the land, in any future deeds, leases, licenses, permits, or similar instruments entered into by the Recipient with other parties:
   a. for the subsequent transfer of real property acquired or improved under the applicable activity, project, or program; and
   b. for the construction or use of, or access to, space on, over, or under real property acquired or improved under the applicable activity, project, or program.
8. That this Assurance obligates the Recipient for the period during which Federal financial assistance is extended to the program, except where the Federal financial assistance is to provide, or is in the

form of, personal property, or real property, or interest therein, or structures or improv
thereon, in which case the Assurance obligates the Recipient, or any transferee for the longer of the following periods:
    a. the period during which the property is used for a purpose for which the Federal financial assistance is extended, or for another purpose involving the provision of similar services or benefits; or
    b. the period during which the Recipient retains ownership or possession of the property.
9. The Recipient will provide for such methods of administration for the program as are found by the Secretary of Transportation or the official to whom he/she delegates specific authority to give reasonable guarantee that it, other recipients, sub-recipients, sub- grantees, contractors, subcontractors, consultants, transferees, successors in interest, and other participants of Federal financial assistance under such program will comply with all requirements imposed or pursuant to the Acts, the Regulations, and this Assurance.
10. The Recipient agrees that the United States has a right to seek judicial enforcement with regard to any matter arising under the Acts, the Regulations, and this Assurance.

By signing this ASSURANCE, the State highway safety agency also agrees to comply (and require any sub-recipients, sub-grantees, contractors, successors, transferees, and/or assignees to comply) with all applicable provisions governing NHTSA's access to records, accounts, documents, information, facilities, and staff. You also recognize that you must comply with any program or compliance reviews, and/or complaint investigations conducted by NHTSA. You must keep records, reports, and submit the material for review upon request to NHTSA, or its designee in a timely, complete, and accurate way. Additionally, you must comply with all other reporting, data collection, and evaluation requirements, as prescribed by law or detailed in program guidance.

The State highway safety agency gives this ASSURANCE in consideration of and for obtaining any Federal grants, loans, contracts, agreements, property, and/or discounts, or other Federal-aid and Federal financial assistance extended after the date hereof to the recipients by the U.S. Department of Transportation under the Highway Safety Grant Program. This ASSURANCE is binding on the State highway safety agency, other recipients, sub-recipients, sub-grantees, contractors, subcontractors and their subcontractors', transferees, successors in interest, and any other participants in the Highway Safety Grant Program. The person(s) signing below is/are authorized to sign this ASSURANCE on behalf of the Recipient.

THE DRUG-FREE WORKPLACE ACT OF 1988 (41 U.S.C. 8103)

The Subgrantee will provide a drug-free workplace by:
- a. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the grantee's workplace, and specifying the actions that will be taken against employees for violation of such prohibition;
- b. Establishing a drug-free awareness program to inform employees about:
    1. The dangers of drug abuse in the workplace;
    2. The grantee's policy of maintaining a drug-free workplace;
    3. Any available drug counseling, rehabilitation, and employee assistance programs;
    4. The penalties that may be imposed upon employees for drug violations occurring in the workplace;
    5. Making it a requirement that each employee engaged in the performance of the grant be given a copy of the statement required by paragraph (a);
- c. Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will—
    1. Abide by the terms of the statement;
    2. Notify the employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five days after such conviction;
- d. Notifying the agency within ten days after receiving notice under subparagraph (c)(2) from an employee or otherwise receiving actual notice of such conviction;
- e. Taking one of the following actions, within 30 days of receiving notice under subparagraph (c)(2), with respect to any employee who is so convicted—
    1. Taking appropriate personnel action against such an employee, up to and including termination;
    2. Requiring such employee to participate satisfactorily in a drug abuse assistance or

rehabilitation program approved for such purposes by a Federal, State, or local enforcement, or other appropriate agency;

f. Making a good faith effort to continue to maintain a drug-free workplace through implementation of all of the paragraphs above.

POLITICAL ACTIVITY (HATCH ACT)
(applies to subrecipients as well as States)

The State will comply with provisions of the Hatch Act (5 U.S.C. 1501-1508), which limits the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.

CERTIFICATION REGARDING FEDERAL LOBBYING
(applies to subrecipients as well as States)

CERTIFICATION FOR CONTRACTS, GRANTS, LOANS, AND COOPERATIVE AGREEMENTS

The undersigned certifies, to the best of his or her knowledge and belief, that:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions;
3. The undersigned shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, subgrants, and contracts under grant, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

   This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31,
   U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

RESTRICTION ON STATE LOBBYING
(applies to subrecipients as well as States)

None of the funds under this program will be used for any activity specifically designed to urge or influence a State or local legislator to favor or oppose the adoption of any specific legislative proposal pending before any State or local legislative body. Such activities include both direct and indirect (*e.g.*, "grassroots") lobbying activities, with one exception. This does not preclude a State official whose salary is supported with NHTSA funds from engaging in direct communications with State or local legislative officials, in accordance with customary State practice, even if such communications urge legislative officials to favor or oppose the adoption of a specific pending legislative proposal.

CERTIFICATION REGARDING DEBARMENT AND SUSPENSION
(applies to subrecipients as well as States)

INSTRUCTIONS FOR PRIMARY TIER PARTICIPANT CERTIFICATION (STATES)

1. By signing and submitting this proposal, the prospective primary tier participant is prov... certification set out below and agrees to comply with the requirements of 2 CFR parts 180 and 1200.
2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective primary tier participant shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective primary tier participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.
3. The certification in this clause is a material representation of fact upon which reliance was placed when the department or agency determined to enter into this transaction. If it is later determined that the prospective primary tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default or may pursue suspension or debarment.
4. The prospective primary tier participant shall provide immediate written notice to the department or agency to which this proposal is submitted if at any time the prospective primary tier participant learns its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
5. The terms **covered transaction, civil judgment, debarment, suspension, ineligible, participant, person, principal, and voluntarily excluded,** as used in this clause, are defined in 2 CFR parts 180 and 1200. You may contact the department or agency to which this proposal is being submitted for assistance in obtaining a copy of those regulations.
6. The prospective primary tier participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction.
7. The prospective primary tier participant further agrees by submitting this proposal that it will include the clause titled "Instructions for Lower Tier Participant Certification" including the "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion—Lower Tier Covered Transaction," provided by the department or agency entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions and will require lower tier participants to comply with 2 CFR parts 180 and 1200.
8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant is responsible for ensuring that its principals are not suspended, debarred, or otherwise ineligible to participate in covered transactions. To verify the eligibility of its principals, as well as the eligibility of any prospective lower tier participants, each participant may, but is not required to, check the System for Award Management Exclusions website
(*https://www.sam.gov/*).
9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
10. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate the transaction for cause or default.

CERTIFICATION REGARDING DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS—PRIMARY TIER COVERED TRANSACTIONS

1. The prospective primary tier participant certifies to the best of its knowledge and belief, that it and

its principals:

a. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participating in covered transactions by any Federal department or agency;
b. Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
c. Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
d. Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State, or local) terminated for cause or default.

2. Where the prospective primary tier participant is unable to certify to any of the Statements in this certification, such prospective participant shall attach an explanation to this proposal.

INSTRUCTIONS FOR LOWER TIER PARTICIPANT CERTIFICATION

1. By signing and submitting this proposal, the prospective lower tier participant is providing the certification set out below and agrees to comply with the requirements of 2 CFR parts 180 and 1200.
2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension or debarment.
3. The prospective lower tier participant shall provide immediate written notice to the person to which this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
4. The terms **covered transaction, civil judgment, debarment, suspension, ineligible, participant, person, principal, and voluntarily excluded,** as used in this clause, are defined in 2 CFR parts 180 and 1200. You may contact the person to whom this proposal is submitted for assistance in obtaining a copy of those regulations.
5. The prospective lower tier participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.
6. The prospective lower tier participant further agrees by submitting this proposal that it will include the clause titled "Instructions for Lower Tier Participant Certification" including the "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion—Lower Tier Covered Transaction," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions and will require lower tier participants to comply with 2 CFR parts 180 and 1200.
7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant is responsible for ensuring that its principals are not suspended, debarred, or otherwise ineligible to participate in covered transactions. To verify the eligibility of its principals, as well as the eligibility of any prospective lower tier participants, each participant may, but is not required to, check the System for Award Management Exclusions website
(*https://www.sam.gov/*).
8. Nothing contained in the foregoing shall be construed to require establishment of a system of

records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

9. Except for transactions authorized under paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension or debarment.

CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY AND VOLUNTARY EXCLUSION—LOWER TIER COVERED TRANSACTIONS

1. The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participating in covered transactions by any Federal department or agency.
2. Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

BUY AMERICA
(applies to subrecipients as well as States)

The State and each subrecipient will comply with the Buy America requirement (23 U.S.C. 313) when purchasing items using Federal funds. Buy America requires a State, or subrecipient, to purchase with Federal funds only steel, iron and manufactured products produced in the United States, unless the Secretary of Transportation determines that such domestically produced items would be inconsistent with the public interest, that such materials are not reasonably available and of a satisfactory quality, or that inclusion of domestic materials will increase the cost of the overall project contract by more than 25 percent. In order to use Federal funds to purchase foreign produced items, the State must submit a waiver request that provides an adequate basis and justification for approval by the Secretary of Transportation.

CERTIFICATION ON CONFLICT OF INTEREST
(applies to subrecipients as well as States)

GENERAL REQUIREMENTS
No employee, officer, or agent of a State or its subrecipient who is authorized in an official capacity to negotiate, make, accept, or approve, or to take part in negotiating, making, accepting, or approving any subaward, including contracts or subcontracts, in connection with this grant shall have, directly or indirectly, any financial or personal interest in any such subaward. Such a financial or personal interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or personal interest in or a tangible personal benefit from an entity considered for a subaward. Based on this policy:

1. The recipient shall maintain a written code or standards of conduct that provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents.
    a. The code or standards shall provide that the recipient's officers, employees, or agents may neither solicit nor accept gratuities, favors, or anything of monetary value from present or potential subawardees, including contractors or parties to subcontracts.
    b. The code or standards shall establish penalties, sanctions, or other disciplinary actions for violations, as permitted by State or local law or regulations.
2. The recipient shall maintain responsibility to enforce the requirements of the written code or standards of conduct.

DISCLOSURE REQUIREMENTS

No State or its subrecipient, including its officers, employees, or agents, shall perform or continue to perform under a grant or cooperative agreement, whose objectivity may be impaired because of any related past, present, or currently planned interest, financial or otherwise, in organizations regulated by NHTSA or in organizations whose interests may be substantially affected by NHTSA activities. Based on this policy:

1. The recipient shall disclose any conflict of interest identified as soon as reasonably possible, making an immediate and full disclosure in writing to NHTSA. The disclosure shall include a description of the action which the recipient has taken or proposes to take to avoid or mitigate such conflict.
2. NHTSA will review the disclosure and may require additional relevant information from the recipient. If a conflict of interest is found to exist, NHTSA may (a) terminate the award, or (b) determine that it is otherwise in the best interest of NHTSA to continue the award and include appropriate provisions to mitigate or avoid such conflict.
3. Conflicts of interest that require disclosure include all past, present, or currently planned organizational, financial, contractual, or other interest(s) with an organization regulated by NHTSA or with an organization whose interests may be substantially affected by NHTSA activities, and which are related to this award. The interest(s) that require disclosure include those of any recipient, affiliate, proposed consultant, proposed subcontractor, and key personnel of any of the above. Past interest shall be limited to within one year of the date of award. Key personnel shall include any person owning more than a 20 percent interest in a recipient, and the officers, employees or agents of a recipient who are responsible for making a decision or taking an action under an award where the decision or action can have an economic or other impact on the interests of a regulated or affected organization.

PROHIBITION ON USING GRANT FUNDS TO CHECK FOR HELMET USAGE
(applies to subrecipients as well as States)

The State and each subrecipient will not use 23 U.S.C. Chapter 4 grant funds for programs to check helmet usage or to create checkpoints that specifically target motorcyclists.

POLICY ON SEAT BELT USE

In accordance with Executive Order 13043, Increasing Seat Belt Use in the United States, dated April 16, 1997, the Grantee is encouraged to adopt and enforce on-the-job seat belt use policies and programs for its employees when operating company-owned, rented, or personally-owned vehicles. The National Highway Traffic Safety Administration (NHTSA) is responsible for providing leadership and guidance in support of this Presidential initiative. For information and resources on traffic safety programs and policies for employers, please contact the Network of Employers for Traffic Safety (NETS), a public-private partnership dedicated to improving the traffic safety practices of employers and employees. You can download information on seat belt programs, costs of motor vehicle crashes to employers, and other traffic safety initiatives at www.trafficsafety.org. The NHTSA website (www.nhtsa.gov) also provides information on statistics, campaigns, and program evaluations and references.

POLICY ON BANNING TEXT MESSAGING WHILE DRIVING

In accordance with Executive Order 13513, Federal Leadership On Reducing Text Messaging While Driving, and DOT Order 3902.10, Text Messaging While Driving, States are encouraged to adopt and enforce workplace safety policies to decrease crashes caused by distracted driving, including policies to ban text messaging while driving company-owned or rented vehicles, Government-owned, leased or rented vehicles, or privately-owned vehicles when on official Government business or when performing any work on or behalf of the Government. States are also encouraged to conduct workplace safety initiatives in a manner commensurate with the size of the business, such as establishment of new rules and programs or re-evaluation of existing programs to prohibit text messaging while driving, and education, awareness, and other outreach to employees about the safety risks associated with texting while driving.

INSTRUCTIONS FOR ADDING OR UPDATING GEMS USERS

1. Each agency is allowed a total of **FIVE (5) GEMS Users**.
2. GEMS Users listed on this form will be authorized to login to GEMS to complete and submit Quarterly Performance Reports (QPRs) and reimbursement claims.
3. Complete the form if adding, removing or editing a GEMS user(s).
4. The Grant Director must sign this form and return it with the Grant Agreement.

GRANT DETAILS	
Grant Number:	PT27058
Agency Name:	Folsom Police Department
Grant Title:	Selective Traffic Enforcement Program (STEP)
Agreement Total:	$110,000.00
Authorizing Official:	Adam Green
Fiscal Official:	Laura Dehaan
Grant Director:	Paul Rice

CURRENT GEMS USER(S)

1. Laura Dehaan
Title: Administrative Technician
Phone: 916-461-6452
Email: ldehaan@folsom.ca.us
Media Contact: No

2. Paul Rice
Title: Sergeant
Phone: (916) 355-7230
Email: price@folsom.ca.us
Media Contact: No

Complete the below information if adding, removing or editing a GEMS user(s)

GEMS User 1 Add/Change ☐ Remove Access ☐	Add as a media contact? Yes ☐ No ☐
Name	Job Title
Email address	Phone number
GEMS User 2 Add/Change ☐ Remove Access ☐	Add as a media contact? Yes ☐ No ☐
Name	Job Title
Email address	Phone number
GEMS User 3 Add/Change ☑ Remove Access ☐	Add as a media contact? Yes ☐ No ☐
Name Bethany Ulm	Job Title Officer
Email address	Phone number
GEMS User 4 Add/Change ☐ Remove Access ☐	Add as a media contact? Yes ☐ No ☐
Name	Job Title
Email address	Phone number
GEMS User 5 Add/Change ☐ Remove Access ☐	Add as a media contact? Yes ☐ No ☐
Name	Job Title
Email address	Phone number
Form completed by: Paul Rice (Sep 21, 2026 08:06:49 PDT)	Date: Sep 21, 2026
As a signatory I hereby authorize the listed individual(s) to represent and have GEMS user access.	
Paul Rice (Sep 21, 2026 08:07:38 PDT)	Paul Rice
Signature	Name
Sep 21, 2026	Grant Director
Date	Title

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CITY OF
FOLSOM
DISTINCTIVE BY NATURE

Folsom City Council
Staff Report

MEETING DATE:	10/13/2026
AGENDA SECTION:	Consent Calendar
ITEM TITLE:	Resolution No. 11727 – A Resolution Authorizing the City Manager to Execute Amendment No. 2 to the Agreement (Contract No. 046-21 23-018) with Lhoist North America of Arizona, Inc. for $90,000 from the Water Operating Fund (Fund 520) for the Supply of Hydrated Lime for the Water Treatment Plant and Approval of the Associated Waiver of Bid
FROM:	Utilities Department

RECOMMENDATION / CITY COUNCIL ACTION

The Utilities Department recommends the City Council pass and adopt Resolution No. 11727 – A Resolution Authorizing the City Manager to Execute Amendment No. 2 to the Agreement (Contract No. 046-21 23-018) with Lhoist North America of Arizona, Inc for $90,000 from the Water Operating Fund (Fund 520) for the Supply of Hydrated Lime for the Water Treatment Plant and Approval of the Associated Waiver of Bid.

BACKGROUND / ISSUE

The City of Folsom receives 100% of its water supply from Folsom Lake. The city's Water Treatment Plant treats up to 50 million gallons per day of this supply to provide potable water to its customers. To meet the California Department of Public Health's drinking water standards, the water treatment process uses a combination of flocculation/sedimentation pretreatment, conventional gravity media filters, and disinfection. Hydrated Lime is used to meet the required pH of the finished water to ensure the Corrosion Control Techniques are maximized to protect the city's distribution system. Lhoist North America of Arizona, Inc (Lhoist) is the only vendor within California that can deliver bulk amounts of pure hydrated lime for potable water usage.

In December 2024, the city executed an agreement with Lhoist for the supply of hydrated lime through October 31, 2026. With this agreement expiring, and the continued need to purchase

hydrated lime, the Utilities Department recommends executing an amendment to the agreement to extend the term for an additional year.
Operation of the lime feed system at the city's Water Treatment Plant requires use of bulk supplies of the most refined hydrated lime, for which Lhoist is the only supplier within California.

This resolution will authorize the City Manager to approve a waiver of bid and execute Amendment No. 2 to the Agreement (Contract No. 046-21 23-018) with Lhoist North America of Arizona, Inc. for the Supply of Hydrated Lime for the Water Treatment Plant.

POLICY / RULE

In accordance with Chapter 2.36 of the Folsom Municipal Code, supplies, equipment, services, and construction with a value of $77,426 or greater shall be awarded by City Council.

Section 2.36.140 of the Folsom Municipal Code states, in part, that when the requesting department determines there is only 1 source for the required supply, with approval of the City Manager, the requesting department shall prepare a waiver of bid and a contract shall be awarded without competition.

ANALYSIS

Hydrated lime is a required tool to adjust the pH of the finished water to aid in the corrosion control techniques of the city's distribution system. Due to the age and style of the lime feed system installed at the city's Water Treatment Plant, the most refined and cleanest hydrated lime is required to avoid clogging the equipment or leaving debris in the feed system. Lhoist is the only vendor within California that can deliver bulk amounts of the required type of hydrated lime.

Selection of an alternate vendor to supply hydrated lime to the city's Water Treatment Plant, would require plant operators to perform extensive analytical testing to confirm the quality and performance of the product. Additionally, city operators would need to inform and follow the State Water Resources Control Board, Division of Drinking Water (DDW) regulations to confirm that changing chemicals would not adversely affect the water quality produced. The DDW requires a year long trial period to confirm the performance, as well as a contingency plan.

Lhoist has quoted the following price for the requested 1-year term extension:

- Product: $439.09 per ton
- Delivery: $2,510 per load (10 tons) plus fuel surcharge

This quote includes a variable fuel surcharge in freight costs, which was not previously applied. Lhoist has stated that over the past 5 years, 95% or more of the time, their fuel surcharge has been between 20% and 50% of the base freight rate.

The following table shows costs associated with the purchase of hydrated lime for the Water Treatment Plant for the past 3 years, including anticipated costs for Fiscal Year 2026-27 based on approval of Amendment No.2 to the Agreement (Contract No. 046-21 23-018) with Lhoist.

HYDRATED LIME	FY 23-24	FY24-25	FY25-26	FY 26-27 *estimated
Average Unit Price ($/ton including delivery)	$534.12	$578.04	$544.10	$815.00
Total Cost for FY	$50,890.14	$52,510.03	$49,747.07	$77,425.00

**costs for FY26-27 are estimates, due to addition of a variable fuel surcharge.*

As the total cost for Fiscal Year 2026-27 shown in the table above is based on a variable rate, and to account for actual costs potentially being higher than those used to calculate the estimates, Water Treatment Plant staff request approval of the 1-year amendment in a not to exceed amount of $90,000.

The Utilities Department recommends approval of a waiver of bid and requests that the City Council authorize the City Manager to execute Amendment No.2 to the Agreement (Contract No. 046-21 23-018) with Lhoist North America of Arizona, Inc. for the supply of Hydrated Lime for the Water Treatment Plant in the amount of $90,000 and a new not-to-exceed total amount of $310,000.

FINANCIAL IMPACT

Sufficient funds are budgeted and are available in the Water Operating Fund (Fund 520) in Fiscal Year 2026-27 for this agreement.

In December 2023, the City executed an agreement (Contract No. 046-21 23-018) with Lhoist North America of Arizona, Inc. for the supply of hydrated lime for the Water Treatment Plant for a total amount not to exceed $70,000. The City Council approved Resolution No. 11301 at the December 10, 2024, City Council meeting authorizing the City Manager to execute Amendment No. 1 to the Agreement (Contract No. 046-21 23-018) to extend the term of agreement by 2 years and increasing compensation by $150,000 for a new not-to-exceed total amount of $220,000.

If approved, this amendment to the agreement with Lhoist North America of Arizona, Inc. would be funded through the Water Operating Fund (Fund 520). Sufficient funds are budgeted and available in the Fiscal Year 2026-27 Water Operating Fund (Fund 520) for the amendment. The department is requesting that the contract be authorized for an additional $90,000 for a new not-to-exceed total amount of $310,000.

ENVIRONMENTAL REVIEW

This action is exempt from environmental review under the California Environmental Quality Act (CEQA).

ATTACHMENTS

1. Resolution No. 11727 – A Resolution Authorizing the City Manager to Execute Amendment No. 2 to the Agreement (Contract No. 046-21 23-018) with Lhoist North America of Arizona, Inc for $90,000 from the Water Operating Fund (Fund 520) for the

Supply of Hydrated Lime for the Water Treatment Plant and Approval of the Associated Waiver of Bid

2. Quote from Lhoist North America of Arizona, Inc.

3. Waiver of Bid for Lhoist North America of Arizona, Inc.

Submitted,

_____

Marcus Yasutake, Director
UTILITIES DEPARTMENT

Attachment 1

RESOLUTION NO. 11727

A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE AMENDMENT NO. 2 TO THE AGREEMENT (CONTRACT NO. 046-21 23-018) WITH LHOIST NORTH AMERICA OF ARIZONA, INC. FOR $90,000 FROM THE WATER OPERATING FUND (FUND 520) FOR THE SUPPLY OF HYDRATED LIME FOR THE WATER TREATMENT PLANT AND APPROVAL OF THE ASSOCIATED WAIVER OF BID

WHEREAS, the City identifies that the purchase is critical to ensuring the treatment of high quality water to be delivered to all customers; and

WHEREAS, the City of Folsom has identified this purchase as a priority to maintain the integrity and operation of the water treatment system; and

WHEREAS, for many years, the City of Folsom has purchased chemicals from Lhoist North America of Arizona, Inc. that are specific with unique chemical purity optimal for the city's treatment process, requiring the city purchase these chemicals through a sole source procurement process; and

WHEREAS, the chemicals have proven to provide high water quality with the city's unique treatment process and variety of incoming water properties; and

WHEREAS, the Utilities Department has prepared a sole source waiver of bid for Lhoist North America of Arizona, Inc; and

WHEREAS, sufficient funds have been budgeted and are available in the Water Operating Fund (Fund 520); and

WHEREAS, the agreement will be in a form acceptable to the City Attorney:

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Folsom authorizes the City Manager to execute Amendment No. 2 to the agreement with Lhoist North America of Arizona, Inc for the supply of hydrated lime for the Water Treatment Plant for an amount not-to-exceed $90,000 and approve the associated waiver of bid.

PASSED AND ADOPTED this 13th day of October, 2026, by the following roll-call vote:

AYES: Councilmember(s):
NOES: Councilmember(s):
ABSENT: Councilmember(s):
ABSTAIN: Councilmember(s):

_____
Justin Raithal, MAYOR

ATTEST:

_____
Christa Freemantle, CITY CLERK

Attachment 2

Quote from Lhoist North American of Arizona, Inc.

From: SHELDON Kane (Martin Marietta) <Kane.SHELDON@lhoist.com>
Sent: Monday, August 31, 2026 7:30 AM
To: Emma Atkinson <eatkinson@folsom.ca.us>; Bryson Pearson <bpearson@folsom.ca.us>
Subject: Extension Pricing

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Bryson & Emma,

Sorry about the delay. Lhoist would like to extend for 1 year at $439.09/ton, FOB Industry, CA. Freight would be $2,510.00 per load plus fuel surcharge. The fuel surcharge varies monthly, over the past 5 years it has been between 20% and 50% of the base freight rate 95% of the time or more.

Kane D. Sheldon
Sales Manager
Lhoist North America
702-419-9972

All PO's are accepted under Lhoist North America of Arizona, Inc. Standard Terms, Conditions, Specifications and Pricing ***(T&Cs - LNA of Arizona, Inc.)***

Attachment 3

Memo

CITY OF FOLSOM

To: Christa Freemantle, City Clerk

From: Marcus Yasutake, Utilities Director

Date: August 31, 2026

Subject: **Sole Source Waiver of Bid – Lhoist North America of Arizona, Inc**

This shall serve as a "Waiver of Bid Notification" for Sole Source Procurement for the purchase of supplies, as required by Section 2.36.140 of the Folsom Municipal Code.

A variety of chemicals are used at the City of Folsom Water Treatment Plant in the processes to produce potable water for the citizens of Folsom. These chemicals are vital to the treatment processes and facilitate compliance with State regulatory requirements and industry best management practices.

The city currently uses a specific, very pure, hydrated lime in the treatment process, supplied by Lhoist North America of Arizona, Inc. For many years, this chemical has been successful in providing high water quality for the City's water customers. In addition to providing a consistent standard product, Lhoist North America provides good customer service, and a quick 24 hour response to any problems.

Any change in the chemicals used in the water treatment process would require Permit Amendments, and analytical tests to confirm performance in various conditions throughout the year. City operators would also need to inform and follow the State Water Resources Control Board, Division of Drinking Water (DDW) requirements requiring, in part, a year long trial period.

The Utilities Department requests approval of this waiver of bid for sole source procurement of chemicals from Lhoist North America of Arizona, Inc for use at the Water Treatment Plant. Funds are approved and available in the Fiscal Year 2026-27 budget for this purchase.

Memo

CITY OF FOLSOM

Marcus Yasutake, Utilities Director	Date
Stacey Tamagni, Finance Director	Date
Sari Dierking, City Attorney	Date
Bryan Whitemyer, City Manager	Date

cc: City Clerk, Original
City Manager
Chron File

Folsom City Council
Staff Report

MEETING DATE:	10/13/2026
AGENDA SECTION:	Public Hearing
SUBJECT:	Resolution No. 11729 – A Resolution to Adopt and Approve the Nexus Study for the Folsom Plan Area Specific Plan Public Facilities Fee Update (Continued to December 8, 2026)
FROM:	Finance Department

RECOMMENDATION / CITY COUNCIL ACTION

Staff Recommends the City Council continue the public hearing for this item until December 8, 2026.

BACKGROUND / ISSUE

At the request of stakeholders involved in the Folsom Plan Area Specific Plan, additional time is needed to review the updated nexus study supporting the proposed Folsom Plan Area Specific Plan Public Facilities Fee update. The public hearing for the nexus study and proposed fee update will be continued until December 8, 2026.

Submitted,

Stacey Tamagni
Chief Financial Officer

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CITY OF
FOLSOM
DISTINCTIVE BY NATURE

Folsom City Council
Staff Report

MEETING DATE:	10/13/2026
AGENDA SECTION:	New Business
ITEM TITLE:	Resolution No. 11715 – A Resolution Authorizing the City Manager to Execute a Consultant and Professional Services Agreement with Mintier Harnish for $248,372 funded from the General Fund (Fund 010) to Complete the Folsom Zoning Code Update Project
FROM:	Community Development Department

RECOMMENDATION / CITY COUNCIL ACTION

Staff requests that the City Council approve Resolution No. 11715 – A Resolution authorizing the City Manager to execute a Consultant and Professional Services Agreement with Mintier Harnish for $248,372 funded from the General Fund (Fund 010) to complete the Folsom Zoning Code Update Project.

BACKGROUND / ISSUE

The City of Folsom initiated a comprehensive update of its Zoning Code in February 2019. The scope of work, initially prepared in November 2018, included a broad range of topics typical for a comprehensive zoning code update. There was a particular focus on implementing the recently adopted 2035 General Plan. The City selected a consultant team (Mintier Harnish) through a competitive RFP process to assist with the update.

Working with Mintier Harnish, city staff developed a comprehensive first draft of Zoning Code updates. However, because of many changes in State law since 2019, shifts in priority workload due to COVID, and accelerated growth in the Folsom Plan Area, the Zoning Code Update was put on hold in 2022. Staff restarted the effort in the fourth quarter of 2025. After a review of progress with Mintier Harnish, it was determined that their existing scope of work needed to be updated and additional funding would be necessary to complete the project. Staff determined that this would also require that the City Council approve a new contract. The updated scope of work is attached to this report.

POLICY / RULE

The key 2035 General Plan policy that relates to the Zoning Code update is:

- Policy LU 1.1.1 Zoning Ordinance: Ensure that the Folsom Zoning Ordinance is consistent with the 2035 General Plan.

Folsom Municipal Code Section 2.36.120 requires that contracts more than $77,426 be awarded by the City Council.

ANALYSIS

Staff in coordination with the selected consultant team has prepared an extensive updated scope of work for the contract. This includes streamlining entitlement processes, updating use allowances and development standards, and ensuring code language reflects current State land use mandates. Workshops with the Commissions and Council are planned prior to the official public hearings at which the Commissions will make official recommendations on the proposed amendments and the Council will have the opportunity to adopt, modify, or reject the proposed amendments. The project schedule anticipates final approval of the Zoning Code Update in fourth quarter of 2027.

FINANCIAL IMPACT

If approved, the contract with Mintier Harnish would be a two-year agreement authorized for an amount not-to-exceed $248,372 to support the Zoning Code update project. The agreement would authorize expenditures of up to $204,289 during the first year and up to $44,083 during the second year, including any unspent funds carried forward from the first year, for a total contract amount not-to-exceed $248,372.

The Zoning Code update project currently has $84,882 in remaining General Fund (Fund 010) budget from prior year allocations. The Community Development Department proposes to utilize the existing $84,882 budget and allocate $119,407 from the current fiscal year Community Development Department Planning Contracts budget within the General Fund (Fund 010) Funding for the second year of the agreement, anticipated in FY 2027-28, will be requested through the City's annual standard budget adoption process.

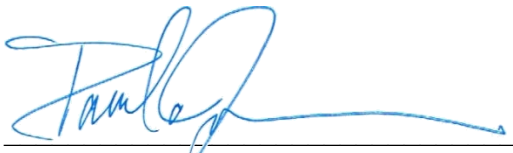
ENVIRONMENTAL REVIEW

Under Section 15061(b)(3) of the California Environmental Quality Act (CEQA) Guidelines, this activity will not have a significant effect on the environment and as such the project is exempt from environmental review under CEQA. Environmental review for the Zoning Code update itself will be conducted prior to the Commission recommendation and Council adoption hearings.

ATTACHMENTS

1. Resolution No. 11715 – A Resolution Authorizing the City Manager to Execute a Consultant and Professional Services Agreement with Mintier Harnish for $248,372 funded from the General Fund (Fund 010) to Complete the Folsom Zoning Code Update Project
2. Mintier Harnish Updated Scope of Work, Schedule, and Budget

Submitted,



Pam Johns, Community Development Director

ATTACHMENT 1
Resolution No. 11715 – A Resolution Authorizing the City Manager to Execute a Consultant and Professional Services Agreement with Mintier Harnish for $248,372 funded from the General Fund (Fund 010) to Complete the Folsom Zoning Code Update Project

RESOLUTION NO. 11715

A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A CONSULTANT AND PROFESSIONAL SERVICES AGREEMENT WITH MINTIER HARNISH FOR $248,372 FUNDED FROM THE GENERAL FUND (FUND 010) TO COMPLETE THE FOLSOM ZONING CODE UPDATE PROJECT

WHEREAS, the City Council adopted the 2035 General Plan on August 28, 2018, which set forth new goals and policies for future development and required in Policy LU 1.1.1 that the City's Zoning Ordinance be consistent with the General Plan; and

WHEREAS, the City's Zoning Ordinance has not been comprehensively updated in many decades; and

WHEREAS, the City issued a request for proposals on October 15, 2018, seeking consultant assistance with the Zoning Ordinance update. Four proposals were received and interviews were conducted. A team lead by Mintier Harnish was recommended by staff, given their extensive experience with preparing Zoning Ordinances; and

WHEREAS, the City Council approved Resolution No. 10237 on February 12, 2019, authorizing the City Manager to execute a professional services agreement with Mintier Harnish for the comprehensive update of the City's Zoning Code; and

WHEREAS, the California State Legislature in its 2019-2020 session enacted a number of new laws designed to increase affordable housing supply and, as a result, required additional update to the City's Zoning Code; and

WHEREAS, additional State laws approved in 2021 and 2022 required additional analysis in the Zoning Code that was not anticipated; and

WHEREAS, due to competing priority workload due to COVID and accelerated growth in the Folsom Plan Area, the Zoning Code Update was put on hold in 2022; and

WHEREAS, the City wishes to re-engage Mintier Harnish to complete the Zoning Code Update work, which requires approval of a new agreement with a revised scope of work; and

WHEREAS, the City desires to enter into a two-year agreement with Mintier Harnish to support the Zoning Code Update Project, in an amount not to exceed $248,372, consisting of up to $204,289 in the first year and $44,083 in the second year, including any unspent funds carried forward from the first year; and

WHEREAS, the Zoning Code Update Project has approximately $84,882 in remaining General Fund (Fund 010) budget from prior-year allocations; and

WHEREAS, the Community Development Department proposes to use the existing $84,882 project budget and utilize $119,407 from the current fiscal year's Community

Development Department Planning Contracts budget within the General Fund (Fund 010), with funding for the second year of the agreement, anticipated in FY 2027-28, will be requested through the City's annual budget adoption process; and

WHEREAS, approval of the agreement and the allocation of funding is not subject to the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15061(b)(3):

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Folsom authorizes the City Manager to execute a two-year Consultant and Professional Services Agreement with Mintier Harnish in an amount not-to-exceed $248,372 to complete the Folsom Zoning Code Update Project.

PASSED AND ADOPTED this 13th day of October, 2026, by the following roll-call vote:

AYES: Councilmember(s):
NOES: Councilmember(s):
ABSENT: Councilmember(s):
ABSTAIN: Councilmember(s):

_____
Justin Raithel, MAYOR

ATTEST:

_____
Christa Freemantle, CITY CLERK

ATTACHMENT 2
Mintier Harnish Updated Scope of Work, Schedule, and Budget

City of Folsom Zoning Code Update

UPDATED SCOPE OF WORK

Phase 1: Project Initiation

Task 1.1: Diagnostic Document Review. Mintier Harnish will thoroughly review all City documents relevant to the Zoning Code project, including the 2035 General Plan, the existing Zoning Code, the Folsom Plan Area Specific Plan, and other initiatives and priorities of the City.

Task 1.2: Revised Summary Matrix of Zoning Code Policy Issues. Mintier Harnish will prepare a revised Summary Matrix of Zoning Code Issues. This revised Matrix will fold in new policy direction and ordinance tracking changes since the initiation of the project in 2018. The Matrix will identify General Plan-driven changes, the likely solutions and revisions, and where the solutions/revisions will be addressed in the Code preparation process. Mintier Harnish will use the Matrix to track revisions to the Zoning Code and assist in the preparation of a staff report when adopting the Code.

Task 1.3: Revised Draft Zoning Code Format, Outline, and Style Guide. Mintier Harnish will finalize a revised annotated Zoning Code outline/table of contents, style sheet, list of common terms to use and not to use, and sample chapter format to illustrate the recommended format and style of the Zoning Code, which Mintier Harnish will design to maximize document organization and readability, resulting in a truly "user-friendly" updated document.

Phase 2: Revised Zoning District Provisions

Task 2.1: Revised Zoning District Provisions. Mintier Harnish will revise the previously prepared chapters of the new Zoning Code containing regulations applicable to specific residential, commercial, office, mixed-use, industrial, special purpose, miscellaneous/combining zoning districts, and any new districts. This revised draft will focus on updates to the format and style of the Article, revisions to the land use table and permit requirements reflecting current political direction and streamlining, and removal of sections covered by prior efforts. At a minimum, the revised provisions will address the following topics:

- **A description of each zoning district,** including a General Plan-driven "purpose" statement and an overview of the land uses allowed within each district.
- **A land use classification system** that clearly identifies uses allowed in each zoning district (including, but not limited to, residential, commercial, office, mixed-use, industrial, and special purpose). City staff and Mintier Harnish will review all allowed land uses with the goal/intent of specifying more uses allowed by right subject to codified clear and consistent development standards. Where discretionary permits are determined to be required, Mintier Harnish will craft a review process that is clear, efficient, appropriate to the requested entitlement, and easily accessible to public input. The classification system organized in tables will employ up-to-date terminology and an appropriate combination of specific and generic land use types. Mintier Harnish will provide definitions of all land use types included within the classification system.

- **Development standards** for each zoning district (e.g., building envelope standards, height limitations, setback requirements, floor area and site coverage requirements) organized in tables and graphically illustrated.
- **New provisions related to General Plan Implementation,** including Transit Priority Areas (TPAs) and Mixed-Use Overlay Areas.
- **Definitions** of land uses, technical terms and phrases, and abbreviations.

Task 2.2: **Staff Review.** Mintier Harnish will submit the Revised Administrative Draft Zoning District Provisions to City staff for review and comment. City staff will provide comments in a single set of consolidated comments (excluding City Attorney comments) in Microsoft Word "track-changes." Mintier Harnish will facilitate a series of meetings or conference calls to review and discuss staff comments on the Revised Administrative Draft Zoning District Provisions. Following these discussions, Mintier Harnish will prepare the Preliminary Draft Zoning District Provisions.

Phase 3: Revised General Site Planning and Specific Use Standards

Task 3.1: Revised General Site Planning and Specific Use Standards. Mintier Harnish will revise the previously prepared chapters of the new Zoning Code containing regulations that apply in multiple zoning districts and regulations for specific land uses. At a minimum, these chapters will address the following topics:

- **General site planning and development standards** that could apply to a variety of land uses regardless of the applicable zoning district. Additionally, these standards will address, as appropriate, site access requirements; fences, walls, and screening; noise regulations (cross-reference to the Noise Ordinance); outdoor lighting standards;; Crime Prevention Through Environmental Design; solid waste and recyclable storage standards; and
- **Affordable housing requirements**, including supportive, transitional, and employee housing; inclusionary housing; density bonus provisions (City to provide updated sections to incorporate); single-room occupancy (SRO) provisions; standards for large residential care facilities; and related incentives. All standards relating to affordable housing will be consistent with the City's certified 6th Cycle Housing Element.
- **Landscaping standards**, including water efficient standards, specific requirements for preliminary and final landscape plan submittal and review, and tree preservation and protection. As part of the preparation of landscaping standards, Mintier Harnish will include references to other pertinent landscaping sections in the Folsom Municipal Code including but not limited to the City Landscape Standards, Tree List, and MWELO provisions.
- **Off-street parking, loading, bicycle, and motorcycle standards**, including contemporary parking and loading area numbers, space and design requirements; pedestrian circulation requirements; blended parking requirements; motorcycle parking; and bicycle parking that at a minimum is consistent with CalGreen requirements.
- **Sign regulations** that provide clear standards for signs by zoning district and by sign type. Mintier Harnish will consider all types of allowable/desired signs for inclusion in the sign provisions, including temporary signs Mintier Harnish will provide extensive, illustrative graphics to clarify sign requirements. Mintier Harnish will ensure that sign provisions comply with content neutrality requirements. Consultation with the City Attorney would be desirable.

- **Standards for specific uses**. Mintier Harnish will address standards for specific uses as deemed appropriate by the City, including, among other topics, accessory dwelling units; accessory uses and structures; adult entertainment businesses; alcohol-related uses (e.g., liquor sales, breweries, taprooms, wineries); small-scale alternative energy facilities; childcare facilities; cottage food industries; emergency shelters, entertainment and recreation uses;; home occupations; interim uses in transition areas; massage therapy; mixed-use developments; mobile food vendors; mobile homes; outdoor merchandise display and activities; outdoor and personal storage facilities; recycling facilities; residential accessory uses and structures,; service stations; temporary uses; vehicle-oriented uses; and wireless telecommunications.
- **Medical and commercial marijuana**. The City has already established prohibitions on both medical and commercial marijuana enterprises. These provisions will not be changed unless alternative directions are given by the City Council.

Task 3.2: **Staff Review.** Mintier Harnish will submit the Revised Administrative Draft General Site Planning and Specific Use Standards to City staff for review and comment. City staff will provide comments in a single set of consolidated comments (excluding City Attorney comments) in Microsoft Word "track-changes." Mintier Harnish will facilitate a series of meetings or conference calls to review and discuss staff comments on the Revised Administrative Draft General Site Planning and Specific Use Standards. Following these discussions, Mintier Harnish will prepare the Preliminary Draft General Site Planning and Specific Use Standards.

Phase 4: Revised Administrative Provisions

Task 4.1: Revised Administrative Provisions. Mintier Harnish will revise the previously prepared chapters of the new Zoning Code containing administration and development application filing and processing procedures. This revised version will remove all of the optional approaches that we part of the prior approach for City staff consideration. At a minimum, these chapters will address the following:

- **Purpose and adoption of the Zoning Code**, applicability, responsibility and administrative authority, interpretation procedures, and provisions addressing applications deemed complete but not yet decided, that may be affected by adoption of, and future amendments to, the Zoning Code.
- **Definition of the roles** of each project review authority, including the Community Development Director, Planning Manager, the Zoning Administrator, the Planning Commission, the Historic District Commission, the City Council, and all other applicable entities.
- **Procedures for discretionary permits,** conditional and administrative use permits, planned development permits, design review, home occupations, reasonable accommodations, site plan review, temporary uses, variances, minor administrative modifications (outside Folsom Plan Area Specific Plan) zoning clearances, and other project review procedures, appeals, public notices and hearings, nonconforming use and structure provisions, and amendments, development agreements, and specific plans. Proposed procedures will emphasize efficiency, simplicity, certainty, clarity, and streamlined processing. Mintier Harnish will provide a comprehensive Review Authority table to clearly display the appropriate level of application review and appeal.
- **Enforcement provisions**. Mintier Harnish will cross-reference the existing Enforcement Provisions in Title 1.

Task 4.2: **Staff Review.** Mintier Harnish will submit the Revised Administrative Draft Administrative Provisions to City staff for review and comment. City staff will provide comments in a single set of consolidated comments (excluding City Attorney comments) in Microsoft Word "track-changes." Mintier Harnish will facilitate a series of meetings or conference calls to review and discuss staff comments on the Revised Administrative Draft Administrative Provisions. Following these discussions, Mintier Harnish will prepare the Preliminary Draft Administrative Provisions.

Phase 5: City Attorney Review

Mintier Harnish will submit the Preliminary Draft Zoning Code in its entirety for City Attorney review and confirmation. The City Attorney will provide comments in a single set of consolidated comments in Microsoft Word "track-changes." Mintier Harnish will facilitate a meeting with City staff to discuss City Attorney recommended edits for final incorporation into a Public Review Draft Zoning Code as described in Phase 5.

Phase 6: Public Review Draft Zoning Code

Task 6.1: Public Review Draft Zoning Code. Based on the Administrative Draft and Preliminary Draft efforts performed in Phases 2-4, Mintier Harnish will prepare a Public Review Draft Zoning Code which we will provide to the City for review by City staff, the Planning Commission and City Council, the community, and approval by the City Council. During this Phase Mintier Harnish will coordinate with City staff to formally release the Public Review Draft Zoning Code for a 45-day review period, where the City will collect public comments. Following the public comment period, Mintier Harnish will work with City staff to determine the applicable edits to carry forward into the Revised Public Review Draft.

Task 6.2: Historic District and **Planning Commission Study Sessions.** Mintier Harnish will facilitate two Planning Commission Study Sessions following the release of the Public Review Draft Zoning Code and 45-day review period. In addition, City staff will facilitate a Study Session with the Historic District Commission on minor modifications to Chapter 17.52, as well as other proposed zoning code changes. Mintier Harnish will not be in attendance at this meeting with the Historic District Commission, and City staff is responsible for meeting materials. The intent of these study sessions is for the Planning Commission to receive the feedback and input from the community and to make formal recommendations to include in the Revised Public Review Draft Zoning Code in Phase 6. Following the study sessions Mintier Harnish along with City staff will prepare the Revised Public Review Draft Zoning Code.

Phase 7: Revised Public Review Draft Zoning Code and Maps

Task 7.1: Revised Public Review Draft Zoning Code. Mintier Harnish will assemble the revised Public Review Draft Code sections based on City staff, Planning Commission, and Historic Commission direction and prepare the remaining parts of the revised Public Review Draft Zoning Code, including a detailed table of contents, graphics, and illustrations. Graphics will be incorporated throughout the Code wherever they may assist users in visualizing the meaning and applicability of development standards.

Task 7.2: Updated Zoning Map. Mintier Harnish will assist City staff to update the Zoning Map. Mintier Harnish will work with City staff to identify areas that will require map changes. It is anticipated changes may be required around light rail stations, in the East Bidwell Corridor Mixed-Use Overlay area, and in the

Historic District. City staff will be responsible for making necessary changes in GIS to prepare the final map, as well as the public notice and staff report preparation, for the required amendment hearings and Council adoption.

Phase 8: CEQA Compliance

Mintier Harnish will conduct an environmental review of the Revised Public Review Draft Zoning Code and updated Zoning Map consistent with the requirements of CEQA. The City recently (August 2024) certified a Final Subsequent Program Environmental Impact Report for the amendments to the 2035 General Plan. Mintier Harnish will prepare a technical memorandum supporting a finding of consistency of the new Zoning Code and Zoning Map with the 2035 General Plan. If the City determines an Addendum to the Program EIR is required, Mintier Harnish will discuss the additional cost for this work.

Phase 9: Public Review and Adoption

Mintier Harnish, in consultation with the City's Project Manager, will organize and facilitate the public review and adoption of the Zoning Code and Zoning Map. Mintier Harnish will prepare PowerPoint presentations and support materials for all workshops, meetings, and public hearings. City staff will prepare all necessary noticing materials, venue preparation, and staff reports, with support from Mintier Harnish.

Task 9.1: **Adoption Hearings:** City staff will facilitate one hearing with Historic District Commission prior to the hearings with the Planning Commission. Mintier Harnish will not be in attendance at this meeting with the Historic District Commission, and City staff is responsible for meeting materials. Mintier Harnish will attend two Planning Commission hearings and two City Council hearings related to the adoption of the new Zoning Code and Zoning Map (excluding the formal rezoning and rezoning hearing process, which will be facilitated by City staff following adoption of the Zoning Code). City staff will present the staff report at the hearings, and Mintier Harnish will be available to answer questions. If desired by the City, Mintier Harnish will attend additional hearings on a time-and-materials basis. Based on the Planning Commission recommendations, Mintier Harnish will prepare an errata sheet describing Planning Commission-recommended changes for review by the City Council.

Task 9.2: Final Zoning Code and Zoning Map. Mintier Harnish will prepare the Screencheck Final and Final Zoning Code for delivery to the City for codification and publication. The team will provide a digital copy of the Zoning Code in Microsoft Word. Mintier Harnish shall work with City staff, as well as its information technology vendors, to ensure the new code is easily accessible to the public, interactive, and searchable.

Phase 10: Implementation

Task 10.1: Zoning Code User Guide. Mintier Harnish will prepare a highly-graphical, simple-to-navigate User-Guide/Handbook for the public that explains how to use the new Zoning Code. The Handbook will be easy to understand and contain sample graphics, tables, and flow charts, along with helpful zoning code examples that demonstrate how the public can navigate the zoning code and find answers to frequently asked questions/information (e.g., residential setbacks, lot coverage, commercial building signage, accessory structure standards, Historic Folsom development standards, etc.). The Handbook will be organized in the following manner:

- Introduction
- Organization of the new Zoning Code
    - Purpose and Applicability of the Zoning Code
    - Zones, Allowable Uses, and Development Standards
    - Site Planning and General Development Standards
    - Standards for Specific Land Uses
    - Nonconformities
    - Permit Processing Procedures
    - Zoning Code Administration
    - Definitions
- Format of the new Zoning Code
- How to use the new Zoning Code
- Reference to other applicable regulations that play an important part in the development review process

Mintier Harnish will submit the working draft document to City staff for review and comment. Mintier Harnish will facilitate meetings and/or conference calls to review and discuss staff comments. Following these discussions, Mintier Harnish will prepare the Final Handbook and provide to the City.

The Handbook working drafts will be provided in Microsoft Word and the final document will be provided in PDF format that is internally hyperlinked for easy navigation within the Handbook.

Task 10.2: Staff Training. Mintier Harnish will conduct a one-day seminar with City staff to train them in the administration of the Zoning Code. In consultation with City staff, Mintier Harnish will prepare a training seminar agenda to cover all of the zoning administration issues of interest to staff. The Seminar will include all City staff responsible for administering and enforcing the Zoning Code.

Task 10.3: Update Planning Applications and Forms. Mintier Harnish will update planning applications and other forms, including permit application forms, other forms (e.g., sign permits, special event application) and application requirements. Following Zoning Code adoption, Mintier Harnish will work with City staff to prepare a list of permits and other actions requiring new forms, form content requirements, and formatting. Mintier Harnish will prepare draft forms for City staff review and revise the handouts based on City staff comments. Mintier Harnish will prepare up to 25 new forms.

Project Schedule

PROJECT PHASES	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
PHASE 1																	
PHASE 2																	
PHASE 3																	
PHASE 4																	
PHASE 5																	
PHASE 6																	
PHASE 7																	
PHASE 8																	
PHASE 9																	
PHASE 10																	

MONTHLY PROGRESS REPORT
December 1, 2025 through March 31, 2026
Invoice #FolsomZCU-23

CITY OF FOLSOM ZONING CODE UPDATE

PHASES/TASKS	Total Budget*	Amendment #1	Budget Reallocation	Amendment #2	Previously Invoiced	This Invoice	Total Invoiced	Remaining Budget	% Complete
PHASE 1: PROJECT INITIATION	$50,840.00	$50,840.00	$50,840.00	$62,130.00	$49,032.50	$0.00	$49,032.50	$13,097.50	79%
PHASE 2: REVISED ZONING DISTRICT PROVISIONS	$60,520.00	$92,020.00	$109,241.29	$117,841.29	$64,586.75	$0.00	$64,586.75	$53,254.54	55%
PHASE 3: REVISED GENERAL SITE PLANNING AND SPECIFIC USE STANDARDS	$59,820.00	$71,820.00	$71,820.00	$99,010.00	$69,854.30	$0.00	$69,854.30	$29,155.70	71%
PHASE 4: REVISED ADMINISTRATIVE DRAFT PROVISIONS	$53,220.00	$53,220.00	$53,220.00	$67,980.00	$44,856.25	$0.00	$44,856.25	$23,123.75	66%
PHASE 5: REVISED PUBLIC REVIEW DRAFT ZONING CODE AND MAPS	$16,710.00	$16,710.00	$16,710.00	$16,710.00	$0.00	$0.00	$0.00	$16,710.00	0%
PHASE 5A: CITY ATTORNEY REVIEW	$0.00	$0.00	$0.00	$4,120.00	$0.00	$0.00	$0.00	$4,120.00	0%
PHASE 6: PUBLIC REVIEW DRAFT ZONING CODE AND MAPS	$0.00	$0.00	$0.00	$18,960.00	$0.00	$0.00	$0.00	$18,960.00	0%
PHASE 7: PUBLIC REVIEW DRAFT ZONING CODE AND MAPS	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	0%
PHASE 8: CEQA COMPLIANCE	$10,025.00	$10,025.00	$10,025.00	$11,205.00	$577.50	$0.00	$577.50	$10,627.50	5%
PHASE 9: ADOPTION	$18,290.00	$18,290.00	$18,290.00	$18,290.00	$0.00	$0.00	$0.00	$18,290.00	0%
PHASE 10: IMPLEMENTATION	$20,220.00	$20,220.00	$15,820.00	$15,820.00	$0.00	$0.00	$0.00	$15,820.00	0%
								$0.00	
PROJECT MANAGEMENT	$24,510.00	$28,010.00	$38,010.00	$68,400.00	$29,404.50	$0.00	$29,404.50	$38,995.50	43%
								$0.00	
DIRECT COSTS	$15,200.00	$15,200.00	$12,378.71	$12,378.71	$6,161.41	$0.00	$6,161.41	$6,217.30	50%
PROJECT TOTAL	$ 329,355.00	$376,355.00	$ 396,355.00	$ 512,845.00	$264,473.21	$0.00	$264,473.21	$248,371.79	52%
10% CONTINGENCY	$ 20,000.00	$ 20,000.00	$ -	$ -			$0.00	$0.00	100%
	$ 349,355.00	$ 396,355.00	$ 396,355.00	$ 512,845.00	$ 264,473.21	$ -	$ 264,473.21	$ 248,371.79	52%
MINTIER HARNISH	$125,100.00	$160,100.00	$210,921.29	$286,991.29	$124,426.07	$0.00	$124,426.07	$162,565.22	43%
BRUCE JACOBSON	$86,600.00	$86,600.00	$50,778.71	$50,778.71	$50,778.71	$0.00	$50,778.71	$0.00	100%
MIG	$98,160.00	$110,160.00	$115,160.00	$155,580.00	$86,107.85	$0.00	$86,107.85	$69,472.15	55%
ASCENT ENVIRONMENTAL, INC.	$19,495.00	$19,495.00	$19,495.00	$19,495.00	$3,160.58	$0.00	$3,160.58	$16,334.42	16%
PROJECT TOTAL (W/O CONTINGENCY)	$329,355.00	$376,355.00	$396,355.00	$512,845.00	$264,473.21	$0.00	$264,473.21	$248,371.79	67%
CONTINGENCY	$20,000.00	$20,000.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	100%
PROJECT TOTAL (W/CONTINGENCY)	$349,355.00	$396,355.00	$396,355.00	$512,845.00	$264,473.21	$0.00	$264,473.21	$248,371.79	67%

Note: See attached project summary for details on work performed and outstanding issues.

Amendment #1 (Leap Grant) applied to Invoice #FolsomZCU-16

Amendment #2 ***$116,490.00***

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CITY OF
FOLSOM
DISTINCTIVE BY NATURE

Folsom City Council
Staff Report

MEETING DATE:	10/13/2026
AGENDA SECTION:	New Business
SUBJECT:	Resolution No. 11724 – A Resolution Approving a Credit of Development Agreement Fees and Certain Legal Fees Charged for the Second Amended and Restated Development Agreement for the Historic Folsom Station, and a Partial Credit for Building Permit Fees for the Granite House Project
FROM:	Community Development Department

RECOMMENDATION / CITY COUNCIL ACTION

Approve Resolution No. 11724 authorizing the credit of Development Agreement fees and certain legal fees charged for the Second Amended and Restated Development Agreement for the Historic Folsom Station, and a partial credit for Building Permit fees for the Granite House project.

BACKGROUND / ISSUE

In December 2014, the City of Folsom and Folsom Railroad Block Developers, LLC (the Developer) entered into a Right of Entry and License Agreement for four parcels (APNs 070-0052-022, -024, -025, and -026) located in the Historic Folsom Station/Railroad Block, known as the Folsom Roundhouse, Granite House, Sutter Row and Leidesdorff parcels. These parcels were slated for development by the Developer as part of the Historic Folsom Station project. The parcels had previously been City-owned and utilized for public parking, ice rink equipment storage, and pedestrian access. As part of this agreement, the City was allowed to continue using the parcels for these purposes until construction activity commenced on each parcel but would be responsible for paying property taxes, including the Folsom Historic District Property Based Improvement District (PBID) assessments, on each parcel until that time.

Since the agreement was signed on December 22, 2014, the City has continuously used the parcels for these purposes, and with the exception of the Folsom Roundhouse parcel which commenced construction in 2018, continues to utilize them as such. However, the Developer has been paying the property tax bills since 2014 and the City had not previously been billed by the

Developer as contemplated by the agreement. The Developer has therefore requested that the amount that they have paid in property taxes on the four parcels from the date of the original agreement through 2026 ($119,829.40) be credited towards existing fees they owe the City for projects associated with the Historic Folsom Station. Staff notes that for the Roundhouse which began construction in 2018, only property tax payment through the 2016-2017 fiscal year are being requested.

Staff recommends that City Council approve a credit of $119,829.40, to be allocated as follows:

1. $10,000 to cover the standard development agreement application fee for this development agreement amendment;
2. $16,442.13 to cover the City's legal fees and expenses for outside counsel to review, edit, and advise on the proposed development agreement amendment; and
3. $93,387.27 to account for the remaining amount of property taxes and assessments the Developer paid for parcels used by the City for public purposes as described in this report, to be applied towards building permit fees for the Granite House project.

POLICY / RULE

As set forth in the City Charter and the Folsom Municipal Code, the City Council has the authority to approve the requested credit and authorize the necessary budget adjustments for such a fee credit.

ANALYSIS

Staff found that the Developer produced the appropriate receipts to show how much property tax they had paid on the parcels since 2014. As such, staff agrees that a credit of $119,829.40 to the Developer is appropriate, given the terms of the Right of Entry and License Agreement and the City's ongoing use of three of the parcels. Staff also found that the parcels being used for public parking, pedestrian access, and ice rink storage continue to serve a public benefit.

FINANCIAL IMPACT

This proposal will result in $119,829.40 less in Building and Planning fees. However, this money will not be taken out of the existing General Fund but rather will be credited against fees the Developer owes to the City for the plan review and permitting for the Granite House project.

ENVIRONMENTAL REVIEW

The crediting of fees as described in this staff report against those amounts owed by the City to the Developer pursuant to an existing agreement is an administrative action and is not a project subject to environmental review pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15061(b)(3).

ATTACHMENTS

1. Resolution No. 11724 – A Resolution Approving a Credit of Development Agreement Fees and Certain Legal Fees Charged for the Second Amended and Restated Development Agreement for the Historic Folsom Station, and a Partial Credit for Building Permit Fees for the Granite House Project

2. Right of Entry and License Agreement (Historic Folsom Station), dated December 22, 2014

Submitted,



Pam Johns, Community Development Director

ATTACHMENT 1
Resolution No. 11724 – A Resolution Approving a Credit of Development Agreement Fees and Certain Legal Fees Charged for the Second Amended and Restated Development Agreement for the Historic Folsom Station, and a Partial Credit for Building Permit Fees for the Granite House Project

RESOLUTION NO. 11724

A RESOLUTION APPROVING A CREDIT FOR DEVELOPMENT AGREEMENT FEES AND CERTAIN LEGAL FEES CHARGED FOR THE SECOND AMENDED AND RESTATED DEVELOPMENT AGREEMENT FOR THE HISTORIC FOLSOM STATION, AND A PARTIAL CREDIT FOR BUILDING PERMIT FEES FOR THE GRANITE HOUSE PROJECT

WHEREAS, Folsom Railroad Block Developers, LLC (the Developer) has owned the parcels located at APN 070-0052-022-0000, 070-0052-024-0000, 070-0052-025-0000, and 070-0052-026-0000 (the Parcels) since December 22, 2014; and

WHEREAS, the City of Folsom and the Developer entered into a Right of Entry and License Agreement for the parcels in December 2014 which allowed the City to continue using the Parcels as public parking lots, ice rink equipment storage, and pedestrian access in exchange for the City reimbursing the Developer for property taxes and assessments on those parcels until construction activities begin on each parcel; and

WHEREAS, the City of Folsom has continuously utilized the Parcels as described above; and

WHEREAS, the Developer has been paying property taxes on the Parcels amounting to $119,829.40 from when the Developer and City entered into the Right of Entry and License Agreement until June 30, 2026; and

WHEREAS, the Developer has requested a credit towards existing fees and costs owed to the City for projects associated with the subject parcels, in an amount equivalent to the property taxes and assessments the City agreed to pay to Developer in exchange for use of the subject parcels for public purposes as described in the 2014 Right of Entry and License Agreement; and

WHEREAS, the Developer is requesting a total credit of $119,829.40 from the City, which staff recommends be allocated to cover certain Developer-owed fees associated with the Second Amended and Restated Development Agreement for the Historic Folsom Station and a partial credit toward the building permit fees for the Granite House project as further described in the staff report.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Folsom hereby finds that approving a credit of fees owed to the City under the circumstances present here will support economic development, provide community benefit, and offset a separate City obligation to the Developer consistent with the 2014 Right of Entry and License Agreement.

BE IT FURTHER RESOLVED that the City Council of the City of Folsom hereby authorizes the City Manager to credit a total of $119,829.40 to Developer, to be allocated as

follows:

1. $10,000 to cover the standard development agreement application fee applicable to the development agreement amendment for the Second Amended and Restated Development Agreement for the Historic Folsom Station;

2. $16,442.13 to cover the City's legal fees and expenses for outside counsel to review, edit, and advise on the proposed development agreement amendment; and

3. $93,387.27 to account for the remaining amount of property taxes and assessments the Developer paid for parcels used by the City for public purposes as described above, to be applied towards building permit fees for the Granite House project.

BE IT FURTHER RESOLVED that the City Council of the City of Folsom hereby Authorizes the City Manager to make the necessary budget adjustments to cover staffing expenses associated with the development agreement amendment.

PASSED AND ADOPTED this 13th day of October, 2026, by the following roll-call vote:

AYES: Councilmember(s):
NOES: Councilmember(s):
ABSENT: Councilmember(s):
ABSTAIN: Councilmember(s):

_____
Justin Raithel, MAYOR

ATTEST:

_____
Christa Freemantle, CITY CLERK

ATTACHMENT 2
Right of Entry and License Agreement (Historic Folsom Station), dated December 22, 2014

RIGHT OF ENTRY AND LICENSE AGREEMENT
(Historic Folsom Station)

This RIGHT OF ENTRY AND LICENSE AGREEMENT **("Agreement"),** dated December 22, 2014 (the **"Effective Date")** is made by and between , by the **City of Folsom,** a California municipal corporation **("City"),** and **Folsom Railroad Block Developers, LLC,** a Delaware limited liability company **("Developer")** who agree as follows:

I. Background and General.

1.1. Developer's Property. Developer is the owner of that certain real property located in the City of Folsom, County of Sacramento, State of California, which is more particularly described in Exhibit 1, attached hereto and incorporated herein, and which is hereinafter called the **"Developer's Property."** Parcels A, C, D and E shown on the Parcel Map described in Exhibit 1 are each hereinafter referred to as a **"Parcel."**

1.2. Deed; Lease. The Grant Deed and Restrictive Covenant (the **"Deed")** pursuant to which Developer acquired the Developer's Property provides, among other things, that "unless and until a Restricted Parcel is released by the City with a recorded Release of Restrictive Covenant, the Restricted Parcel shall not be used for any purpose other than: (l) parking and other uses provided for in the lease between Grantee and the City with respect to the Restricted Parcel; (2) construction related purposes such as, by way of example rather than limitation, construction trailers, staging, and storage of construction equipment and materials for the active development of a Parcel for which a Release of Restricted Covenant has been recorded."

1.3. Existing Uses. Prior to Developer's acquisition of Developer's Property, City has been using the Parcels for the following interim municipal purposes (collectively, the **"Existing Uses."):**

> Parcels A, C and E for public parking; Parcel A is also used for placement of ice rink equipment; and Parcel D for public pedestrian access between the amphitheater located on Parcel B (as shown on the Parcel Map) and Sutter Street.

2. Purpose. The Developer and the City have not yet entered into the lease contemplated by the Deed. The purpose of this Agreement is to provide City with a right to enter onto the Developer's Property, for the limited purpose of continuing the Existing Uses on a Parcel by Parcel basis, for the "Term" as defined and described in Section 3.2 below

3. Right of Entry.

3.1. Grant; Consideration. In exchange for the City paying the Folsom Historic District Business Improvement District (FHBID) assessment and property taxes

assessed on each Parcel (including any supplemental property taxes applicable to the Term) (collectively, **"Taxes and Assessments"**), and for no further consideration, Developer grants to City the nonexclusive right to enter the Developer's Property (such area being called the **"Entry Area"** for the purpose of continuing the Existing Uses. City's right to enter shall be subject to the terms and conditions of this Agreement. This right of entry shall be exercisable by City and all "City Related Parties" (as hereinafter defined). Taxes and Assessments for each Parcel shall be prorated on a daily basis and payable prospectively from the date of this Agreement, and City shall pay Developer the amount applicable to each Parcel within 30 days of City's receipt of Developer's invoice for the same, accompanied by a copy of the tax statement from the Sacramento County Tax Assessor setting forth the amount of the Taxes and Assessments as well as the calculations allocating the same to the Parcel for the period covered by Developer's invoice.

3.2. Term; Transition. The term **("Term")** of this Agreement shall commence on the Effective Date, and shall expire, on a Parcel by Parcel basis, on the earliest of: ((a) the date the lease is executed by both parties hereto; or (b) the date specified in a written notice from the Developer to the City that the particular Parcel is needed for construction related purposes for the active development of a Parcel for which a Release of Restricted Covenant has been recorded, which date shall be no fewer than 60 days from the date the notice is received by the City. Developer and City shall cooperate in all reasonable respects to provide for an orderly transition of the Existing Use of each Parcel to its use by Developer.

3.3. Permitted Uses. City may use the Entry Area only for the Existing Uses and for purposes incidental thereto.

3.4. Prohibited Uses. City shall not use Developer's Property for any other purpose or business.

3.5. Costs: Liens. City shall bear all costs associated with its exercise of City's rights and obligations under this Agreement (such exercise of rights being collectively called the **"Activities").** City shall promptly pay when due all costs and charges associated with its exercise of this Agreement, whether directly, or through any employees, agents, contractors, subcontractors, consultants or other invitees of City (**"City Related Parties"**) and shall take all steps necessary to avoid the filing of any mechanics' or materialmen's liens against Developer's Property as a result of the Activities. In the event any such liens shall be filed against Developer's Property, City shall cause the same to be paid, discharged, released and satisfied and/or bonded of record within a commercially reasonable time.

3.6. Insurance. Prior to entry on Developer's Property by City Related Parties, City shall furnish Developer with a certificate of commercial general liability insurance from its self-insurance risk management pool covering: (a) the activity of the City Related Parties on or upon Developer's Property; and (b) City's indemnity obligations set forth in this Agreement. Such insurance shall have a per-occurrence limit of at least $1 Million and an aggregate limit of at least $2 Million, shall name Developer as additional insured, shall be primary and noncontributing with any other insurance available to Developer, and shall contain a full waiver of subrogation clause. In addition, prior to entry on Developer's Property, City shall provide Developer with evidence of Workers' Compensation Insurance in compliance with California

law, and Employer's Liability Insurance in an amount of not less than $1,000,000. Insurance coverages may be provided by any combination of the City Related Parties, so long as the coverages are provided in the amounts required by this Agreement, and Developer is named as an additional insured on all such policies.

3.7. Indemnity. City shall defend, indemnify and hold Developer harmless from and on account of any damage or injury to any person or personal or real property of any person arising from: (a) the use of Developer's Property by the City Related Parties; or (b) the failure of the City Related Parties to keep the portions of Developer's Property upon which the Activities occur in a safe condition. City shall pay for all physical damage to the remainder of Developer's Property caused by the City Related Parties.

4. Permits and Approvals; Compliance with Laws. City shall obtain the permits and governmental approvals necessary for City to engage in the Activities. City shall comply with all laws, ordinances, rules and regulations applicable to Developer's Property and to the Activities.

5. Miscellaneous.

5.1. Waiver of Trial by Jury. Developer and City hereby expressly covenant and agree to waive the right to trial by jury in connection with any litigation or judicial proceeding relating to, directly or indirectly, or concerning this Agreement or the conduct, omission, action, obligation, duty, right, benefit, privilege or liability of a party hereunder to the full extent permitted by law. This waiver of right to trial by jury is separately given and is knowingly, intentionally and voluntarily made by Developer and City, with and upon the advice of competent counsel. This waiver is intended to and does encompass each instance and each issue as to which the right to a jury trial would otherwise accrue. Developer and City further certify and represent to each other that no party, representative or agent of Developer or City (including, but not limited to, their respective counsel) has represented, expressly or otherwise to Developer or City or to any agent or representative of Developer or City (including, but not limited to, their respective counsel) that they will not seek to enforce this waiver of right to jury trial. This waiver shall apply to any future amendments, supplements or modifications of the Agreement.

5.2. Attorneys' Fees. In the event any of the parties shall commence legal proceedings for the purpose of enforcing any provision or condition hereof, or by reason of any breach arising under the provisions hereof, then the successful party in such proceeding shall be entitled to court costs and reasonable attorneys' fees to be determined by the Court or Arbitrator. Without limiting the generality of the foregoing, the prevailing party shall be entitled to recover its attorneys' fees and other legal expenses incurred in connection with a bankruptcy or other insolvency-related proceeding of the other party (and including such fees and expenses incurred in efforts, whether successful or not, to obtain adequate protection, annulment, modification or termination of the automatic stay).

5.3. Notices. Any notices, requests, demands or other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given on the date of service if served personally (FedEx and similar services

shall be considered to be personal service) or by telephone facsimile or other electronic transmission (provided that the sender of a telephone facsimile or other electronic transmission has received a return receipt signed by the party so notified, or has other written evidence of receipt), and upon the second business day after mailing, if mailed to the party to whom notice is to be given, by first-class mail, registered or certified, postage prepaid, return receipt requested, and properly addressed as follows:

DEVELOPER: Folsom Railroad Block Developers, LLC
915 Sutter Street, Suite 110
Folsom, CA 95630
Attention: Jeremy G. Bernau

CITY: City of Folsom
50 Natoma Street
Folsom, CA 95630
Attention: City Manager

with a copy to: City of Folsom
50 Natoma Street
Folsom, CA 95630
Attention: City Attorney

Any party may change its address for purposes of this section by giving the other party written notice of the new address in the manner set forth above.

5.4. Counterparts; Facsimile and PDF Signatures. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but which together shall constitute a single document. Signatures transmitted by facsimile and signatures transmitted by e-mail of "PDF" signatures shall be binding; provided, however, that any person transmitting his or her signature by facsimile or e-mail shall promptly send an original signature to the other parties.

CITY:

City of Folsom,
a California municipal corporation

By: _____
Name: Evert W. Palmer
Title: City Manager

DEVELOPER:

Folsom Railroad Block Developers, LLC
a Delaware limited liability company

BY: Bernau Development Corporation
a California corporation
Its Managing Member

By: _____
Jeremy G. Bernau
President

Folsom File No. 174-21 14-069

33378

Attest:

By: Christa Saunders 12/23/14
Name: Christa Saunders
Title: City Clerk

Approved as to Content:

By: David E. Miller
Name: David E. Miller
Title: Director of Public Works and
Community Development Department

Approved as to Form:

By: Bruce C Cline
Name: Bruce C. Cline
Title: City Attorney

Funding Available:

By: James Francis
Name: James W. Francis
Title: Finance Director

Exhibit 1
to
Right of Entry

Legal Description of Developer's Property

THE LAND DESCRIBED HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF SACRAMENTO, CITY OF FOLSOM, AND IS DESCRIBED AS FOLLOWS:

PARCELS A, C, D AND E AS SHOWN ON THAT CERTAIN PARCEL MAP "HISTORIC FOLSOM STATION SUBDIVISION NO. PN 07-485", FILED IN THE SACRAMENTO COUNTY RECORDERS OFFICE IN BOOK 215 OF PARCEL MAPS AT PAGE 17 AND AMENDED BY CERTIFICATE OF CORRECTION RECORDED MARCH 12, 2014, IN BOOK 20140312 PAGE 862, OFFICIAL RECORDS AND AMENDED BY CERTIFICATE OF CORRECTION, RECORDED OCTOBER 10, 2014, IN BOOK 20141010 PAGE 480 (AS AMENDED, THE "**PARCEL MAP**"). PARCELS A, C, D AND E INCLUDE THOSE PORTIONS OF ADJOINING STREETS, IF ANY, WHICH ARE APPURTENANT THERETO.

EXCEPTING THEREFROM ALL MINERALS AND MINERAL RIGHTS, INTERESTS AND ROYALTIES, INCLUDING BUT WITHOUT LIMITING THE GENERALITY THEREOF, OIL, GAS AND OTHER HYDROCARBON SUBSTANCES AS WELL AS METALLIC OR OTHER SOLID MINERALS IN AND UNDER SAID PROPERTY; HOWEVER, GRANTOR OR ITS SUCCESSORS AND ASSIGNS SHALL NOT HAVE THE RIGHT FOR ANY PURPOSE WHATSOEVER TO ENTER UPON, INTO OR THROUGH THE SURFACE OF SAID PROPERTY IN CONNECTION THEREWITH, AS RESERVED BY SOUTHERN PACIFIC TRANSPORTATION COMPANY IN DEED RECORDED DECEMBER 27, 1990, IN BOOK 901227 PAGE 480 OF OFFICIAL RECORDS.

APNS: 070-0052-022; 070-0052-024; 070-0052-025 AND 070-0052-026

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CITY OF
FOLSOM
DISTINCTIVE BY NATURE

Folsom City Council
Staff Report

MEETING DATE:	10/13/2026
AGENDA SECTION:	New Business
SUBJECT:	Resolution No. 11726 - A Resolution Initiating Proceedings for the Formation of a Landscaping and Lighting Assessment District to be Known as the Briggs Ranch Maintenance Assessment District No. 2026-1 and Ordering the Formation of an Engineer's Report
FROM:	Parks and Recreation Department

RECOMMENDATION / CITY COUNCIL ACTION

Staff recommends the City Council approve Resolution No. 11726 - A Resolution Initiating Proceedings for the Formation of a Landscaping and Lighting Assessment District to be known as the Briggs Ranch Maintenance Assessment District No. 2026-1 and Ordering the Formation of an Engineer's Report.

BACKGROUND / ISSUE

This action is for authorization to prepare the reports that will address the formation of a new landscaping and lighting district for the area known as Briggs Ranch. The new district would become Briggs Ranch Maintenance Assessment District No. 2026-1. If approved by a vote of the property owners, the new district would replace the existing Briggs Ranch Landscaping and Lighting District. Pursuant to Section 22611 of the Streets and Highways Code, all assets, liabilities, revenues, expenses, and installments of the original Briggs Ranch Landscaping and Lighting District shall be transferred to, and assumed by, the Briggs Ranch Maintenance Assessment District No. 2026-1 for the continued maintenance and servicing of the improvements.

The Briggs Ranch Landscaping and Lighting District (District) was formed in 1989 and is one of the older districts within the City. There has not been an increase in the assessment since its formation and there is no escalator authorized on the assessment as well. There are 642 single-family dwelling units within the district, and it was formed to maintain the landscaping and associated improvements along East Natoma, Blue Ravine, Manseau, Briggs Ranch Drive, and

Porto, as well as the subdivision's streetlights, landscape lighting, landscaping, irrigation systems, open space, monuments, fencing, retaining walls, soundwalls, and bike trail. To comply with Proposition 218 pertaining to new or increased assessments, the City's engineer for assessment district proceedings, NBS Government Finance Group, recommends the formation of a new landscaping and lighting district to fund the improvements and services that will convey a special benefit to the property within the proposed boundaries. The proposed district, which will replace the existing district upon voter approval, will cover the entire existing Briggs Ranch Landscaping and Lighting District.

POLICY / RULE

Formation of a new landscaping and lighting district is governed by the procedure set forth in Division 15, Part 2, Chapter 2, Sections 22585 *et. seq*. of the Streets and Highways Code.

ANALYSIS

Over the last several years, the City has been monitoring the revenue and expenses in the district. The current annual assessment of $122.28 per single family equivalent (SFE) unit does not have an escalator built into it, nor has it been increased since 1989. In addition, the current annual assessment rate has been unable to keep up with inflation or provide adequate revenue to maintain and service the improvements within the District.

The City has initiated a comprehensive public outreach program to inform Briggs Ranch parcel owners of the District's current financial condition and long-term funding shortfall. As part of this effort, the City mailed a letter to all parcel owners within the District notifying them that the District is underfunded and inviting them to attend the April 14, 2026 City Council meeting, where the Final Engineer's Report for Fiscal Year 2026-27 was presented to the City Council. Staff subsequently held a Community Outreach Meeting on August 27, 2026, at 6 p.m. at City Hall Council Chambers to educate the neighborhood about the District, its existing assets and services, current revenues and expenditures, and the financial challenges associated with the existing assessment. To provide broad notification of the meeting, postcards were mailed to all property owners, and yard signs were installed throughout the community. These outreach efforts are intended to provide transparency, educate property owners, gather community input, and develop a viable long-term funding option that may ultimately be presented to property owners for consideration through the Proposition 218 process.

The primary objective of forming a new district, which would have the same boundary as the existing district, is to specifically address deferred maintenance of the improvements within the district, debt repayment, plan for life-cycle replacements and repairs for years into the future, and provide for an annual inflationary adjustment as needed. Such deferred items include outdated and un-centralized irrigation systems, replacement of missing landscaping, addressing tree care, and implementation of water conservation measures such as replacing dead/dying trees and shrubs with water-wise plantings, and LED streetlight retrofits. Should the new landscaping and lighting district be formed, it is proposed to complete many of the deferred maintenance improvements over the first few years, as well as embark on the phased replacement plan for the older landscape areas.

The City has successfully created seven new overlay districts with similar objectives and a similar process within the last fifteen years for American River Canyon North No. 3 created in 2007, Blue Ravine Oaks No. 2 created in 2011, Folsom Heights No. 2 created in 2013, Broadstone No. 4 created in 2015, Willow Creek Estates East in 2017, Prairie Oaks Ranch No. 2 in 2021, and Natoma Station in 2026. This district is proposed to replace the original district; this will allow us to reduce the costs of engineering reports annually and work from one appropriately funded budget for all district assets. The attached resolution proposes the initiation of a formation proceeding for a new landscaping and lighting district and directs the engineer to prepare and file the report outlining the proposed assessment.

The next steps in the formation process include preparation of the Preliminary Engineer's Report and the proposed new assessment amount. Prior to formal consideration by the City Council, the City anticipates holding two community outreach meetings, tentatively scheduled for later January 2027, to present the Preliminary Engineer's Report, proposed assessment amount, anticipated service levels, and other key information to property owners. These meetings will provide the community with an opportunity to review the proposal, ask questions, and provide feedback before the formal Proposition 218 proceedings move forward.

Following the community outreach meetings, the Preliminary Engineer's Report is anticipated to be presented to the City Council in early 2027. If the City Council initiates the assessment proceedings, a formal notice describing the proposed formation of the district, the proposed assessment, and the date, time, and location of the public hearing will be mailed, along with an assessment ballot, to all affected property owners in early 2027.

The Final Engineer's Report and proposed assessments are anticipated to be considered at a public hearing in April 2027. Following the close of the public hearing, the assessment ballots received will be tabulated through a process overseen by the City Clerk and open to the public. If a majority protest does not exist, based on ballots weighted according to the proportional financial obligation of the affected properties, the City Council may consider adopting a resolution approving the Final Engineer's Report, forming the new assessment district, and authorizing the levy and collection of the new assessments. If a majority protest exists, the proceedings to impose the proposed assessment will not move forward.

Historically Expenses Have Exceeded Revenues

The existing revenue from the collected assessments has been unable to fund the expected day-to-day unscheduled costs, such as irrigation repairs, tree maintenance, and landscape replacements, as well as not being able to set aside funds for life-cycle costs in the district. As a result, the account balance as of December 31, 2025, was negative $276,809. Significant cuts to service have been proposed in the budget, which will slow the growth of the deficit, but without new assessment revenues, the deficit will continue to grow as the cost of services increases over time. Expenses have exceeded revenues for several years, which highlights the need for additional assessment.

Revenues vs. Expenditures

Briggs Ranch						
	Actual	Actual	Actual	Actual	Adopted	Projected
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Assessment Revenues	$ 80,041	$ 80,545	$ 80,181	$ 79,793	$ 80,576	$ 80,575
Expenditures	$ 111,850	$ 129,603	$ 149,784	$ 128,638	$ 205,812	$ 135,208
	$ (31,809)	$ (49,058)	$ (69,603)	$ (48,845)	$ (125,236)	$ (54,633)
Account Balance December 31, 2025	**$ (276,809)**					

FINANCIAL IMPACT

There may be a small fiscal impact to the general fund to provide for the proportion of the district that provides a general benefit; the majority of the costs associated with this district will be borne by the district and for the benefit of the district residents.

ENVIRONMENTAL REVIEW

The formation of a financing district maintaining and servicing existing landscaping and lighting improvements is not a project under the California Environmental Quality Act. No environmental review is required.

ATTACHMENT

1. Resolution No. 11726 - A Resolution Initiating Proceedings for the Formation of a Landscaping and Lighting Assessment District to be known as the Briggs Ranch Maintenance Assessment District No. 2026-1 and Ordering the Formation of an Engineer's Report.

Submitted,

Kelly Gonzalez, Director
Parks & Recreation Department

Attachment 1

RESOLUTION NO. 11726

A RESOLUTION INITIATING PROCEEDINGS FOR THE FORMATION OF A LANDSCAPING AND LIGHTING ASSESSMENT DISTRICT TO BE KNOWN AS THE BRIGGS RANCH MAINTENANCE ASSESSMENT DISTRICT NO. 2026-1 AND ORDERING THE FORMATION OF AN ENGINEER'S REPORT

WHEREAS, the City of Folsom desires to form and levy annual assessments for the Briggs Ranch Maintenance Assessment District No. 2026-1 ("District"), pursuant to the Landscaping and Lighting Act of 1972 (Part 2 of Division 15 of the California Streets and Highways Code) (hereafter referred to as the "Act") that provides for the levy and collection of assessments to pay the maintenance, operation and servicing of all improvements and facilities related thereto in the District; and,

WHEREAS, the City Council determines that the properties within the District boundaries will be specifically benefitted by the maintenance and servicing of said improvements; and

WHEREAS, once formed, the District will consolidate with the existing Landscaping and Lighting District known as the Briggs Ranch Landscaping and Lighting District; and

WHEREAS, Pursuant to Section 22611 of the Streets and Highways Code, all assets, liabilities, revenues, expenses, and installments of the original Briggs Ranch Landscaping and Lighting District shall be transferred to, and assumed by, the Briggs Ranch Maintenance Assessment District No. 2026-1 for the continued maintenance and servicing of the improvements; and

WHEREAS, the City of Folsom desires to retain an engineer of record to prepare an engineer's report for the purpose of assisting with the formation and annual levy of the District, and to prepare and file an engineer's report with the City Clerk in accordance with the Act.

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of Folsom as follows:

1. **Proposal:** The City hereby proposes the formation of the District pursuant to the Landscaping and Lighting Act of 1972, and the levy and collection of assessments, for the purpose of installing, servicing, and maintaining the improvements described in Section 3 below.

2. **Engineer's Report:** The City Council hereby designates and appoints NBS Government Finance Group (NBS) as its engineer of record and orders NBS to prepare and file with the City Clerk a report in accordance with Article 4 of Chapter 1 of the Act.

3. **Proposed Improvements**: Generally, the improvements within the District may include, but are not limited to:

(1) the maintenance, operation, and servicing of street trees and other landscaping throughout the boundary of the District including but not limited to: groundcover, turf, trees, weed and

pest management; shrubs, planters, street medians in the public right of way as well as open space, trails and green belt areas dispersed throughout the District; and may also include sidewalk and hardscape Improvements, entry monuments, fencing, soundwalls, retaining walls, masonry walls and associated appurtenant facilities. Eligible District costs may include, but are not limited to, personnel, furnishing electrical energy, utilities such as water, refuse and gas, materials, contracting services, and other items necessary for the satisfactory operation of these services;

(2) the maintenance, operation, and servicing of street lighting including theme light poles, ornamental lighting and other appurtenant facilities in the public right of way areas throughout the boundary of the District. The Improvements are generally described as: maintenance, operation, and servicing of public street lighting facilities, including all works or improvements used or useful for the lighting of any public places, including ornamental standards, luminaires, poles, supports, tunnels, manholes, vaults, conduits, pipes, wires, conductors, guys, stubs, platforms, braces, transformers, insulators, contacts, switches, capacitors, meters, communication circuits, appliances, attachments, and appurtenances;

4. **District Designation:** The proposed District shall be designated as Briggs Ranch Maintenance Assessment District No. 2026-1, City of Folsom, Sacramento County, California, and shall include that certain real property situated in the City generally shown and identified in Exhibit A attached to this Resolution.

PASSED AND ADOPTED this 13th day of October 2026, by the following roll-call vote:

AYES: Councilmember(s):
NOES: Councilmember(s):
ABSENT: Councilmember(s):
ABSTAIN: Councilmember(s):

_____
Justin Raithel, MAYOR

ATTEST:

_____
Christa Freemantle, CITY CLERK

ATTACHMENT A

Sheet 1 of 2

ASSESSMENT DIAGRAM
CITY OF FOLSOM
BRIGGS RANCH MAINTENANCE ASSESSMENT DISTRICT NO. 2026-1

CITY OF FOLSOM
COUNTY OF SACRAMENTO
STATE OF CALIFORNIA



FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF FOLSOM, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, THIS ____ DAY OF _____, 2026.

_____
CITY CLERK
CITY OF FOLSOM
COUNTY OF SACRAMENTO

RECORDED IN THE OFFICE OF THE SUPERINTENDENT OF STREETS OF THE CITY OF FOLSOM ON THE LOTS, PIECES AND PARCELS OF LAND ON THIS ASSESSMENT DIAGRAM ON THE ____ DAY OF _____, 2026.

_____
SUPERINTENDENT OF STREETS
CITY OF FOLSOM
COUNTY OF SACRAMENTO

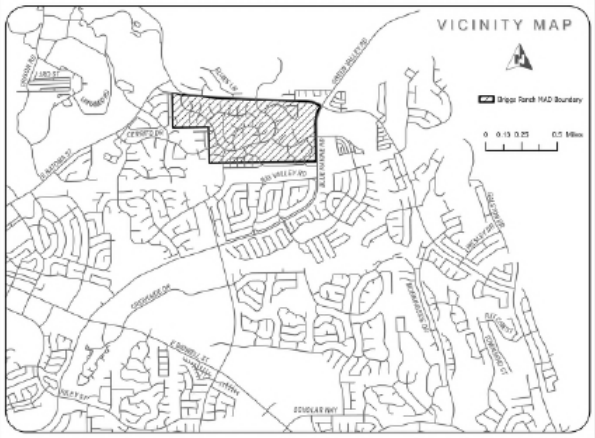
AN ASSESSMENT WAS LEVIED BY THE CITY COUNCIL OF THE CITY OF FOLSOM ON THE LOTS, PIECES, AND PARCELS OF LAND SHOWN ON THIS ASSESSMENT DIAGRAM. THE ASSESSMENT WAS LEVIED ON THE ____ DAY OF _____, 20__. THE ASSESSMENT DIAGRAM AND ASSESSMENT ROLL WERE RECORDED IN THE OFFICE OF THE PUBLIC WORKS DIRECTOR OF THAT CITY ON THE ____ DAY OF _____, 20__. REFERENCE IS MADE TO THE ASSESSMENT ROLL RECORDED IN THE OFFICE OF THE SUPERINTENDENT OF STREETS FOR THE EXACT AMOUNT OF EACH ASSESSMENT LEVIED AGAINST EACH PARCEL OF LAND SHOWN ON THIS ASSESSMENT DIAGRAM.

_____
CITY CLERK
CITY OF FOLSOM
COUNTY OF SACRAMENTO

FILED THIS ____ DAY OF _____, 20__, AT THE HOUR OF __ O'CLOCK _M. IN BOOK _____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGE _____, IN THE OFFICE OF THE COUNTY RECORDER IN THE COUNTY OF SACRAMENTO, STATE OF CALIFORNIA.

_____ _____ _____
COUNTY RECORDER DEPUTY FILE NO.
COUNTY OF SACRAMENTO

FOR PARTICULARS OF THE LINES AND DIMENSIONS OF ASSESSOR PARCELS, REFERENCE IS MADE TO THE MAPS OF THE ASSESSOR, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA.



Source: Sacramento County GIS
Geographic Coordinate Reference: GCS North American 1983
Projection: NAD 1983 StatePlane California II FIPS 0402 Feet

NBS

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CITY OF
FOLSOM
DISTINCTIVE BY NATURE

Folsom City Council
Staff Report

MEETING DATE:	10/13/2026
AGENDA SECTION:	New Business
SUBJECT:	Resolution No. 11730 - A Resolution Ratifying the Execution of an Emergency Repair Contract with Central Valley Engineering & Asphalt, Inc. in an amount Not to Exceed $364,011, and On-Call Construction Management Services Contract with Dewberry, Inc. in an amount Not to Exceed $8,872, and Appropriation of Funds from Gas Tax 2105 Fund (Fund 247) in the amount of $372,883 for the White Rock Road Emergency Culvert Replacement Project
FROM:	Public Works Department

RECOMMENDATION / CITY COUNCIL ACTION

The Public Works Department respectfully recommends that the City Council move to approve Resolution No. 11730 - A Resolution Ratifying the Execution of an Emergency Repair Contract with Central Valley Engineering & Asphalt, Inc. in an amount Not to Exceed $364,011, and On-Call Construction Management Services Contract with Dewberry, Inc. in an amount Not to Exceed $8,872, and Appropriation of Funds from Gas Tax 2105 Fund (Fund 247) in the amount of $372,883 for the White Rock Road Emergency Culvert Replacement Project.

BACKGROUND

On May 6, 2026, Public Works staff inspected three drainage culverts along White Rock Road between Savannah Parkway and the El Dorado County line and identified significant deterioration. Because White Rock Road is a shared facility between the City of Folsom and Sacramento County, the City began coordinating with the County regarding the condition of the culverts and necessary repairs.

On June 1, 2026, staff observed significant pavement settlement near one of the culverts. Temporary repairs were made, but the settlement indicated that the culvert was failing and that additional roadway failure could occur. Due to the potential safety impacts and the importance

of White Rock Road as a regional connection, staff determined that immediate repairs were necessary.

Central Valley Engineering & Asphalt, Inc. (CVEA) was available to immediately mobilize, and emergency work began on June 4, 2026. During construction, a significant amount of groundwater was discovered beneath and adjacent to the roadway. The City's construction management consultant, Dewberry, Inc., retained ENGEO Incorporated to evaluate the condition and recommend improvements to address the groundwater.

POLICY / RULE

In accordance with Chapter 2.36.150 of the Folsom Municipal Code (FMC), the City Manager shall make or authorize others to make emergency procurement of supplies, equipment, services, or construction items when there exists a threat to public health, welfare, or safety. Contracts greater than $77,426 shall be ratified by the City Council in accordance with FMC Chapter 2.36.

California Public Contract Code Sections 22035 and 22050 also authorize emergency contracting without compliance with standard competitive bidding procedures when immediate action is necessary to respond to an emergency and safeguard life, health, property, or essential public services.

ANALYSIS

The emergency work ultimately included the replacement of three culverts crossing White Rock Road, installation of approximately 950 linear feet of subdrain, and placement of approximately 300 tons of asphalt to repair and restore the roadway. The City reviewed and verified the work performed and determined the total amount due to CVEA to be $364,011.

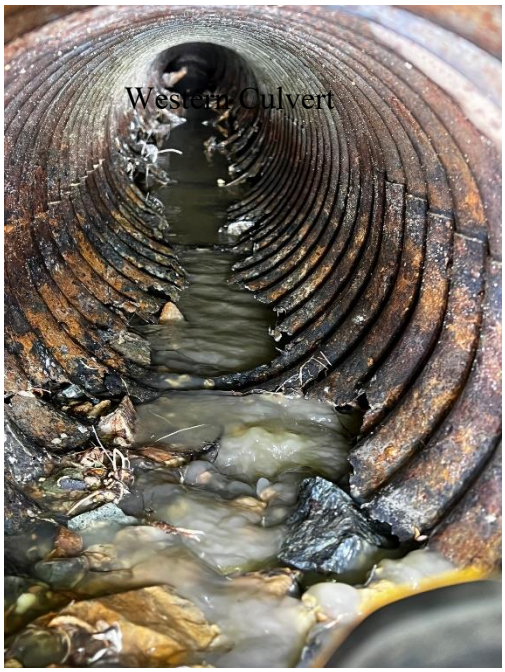
The subdrain was installed along the north side of White Rock Road to intercept groundwater before it reached the roadway. To date, the system is working as designed, and there has been a significant reduction in groundwater previously surfacing through the asphalt.

White Rock Road is a shared facility between the City and Sacramento County, with the jurisdictional boundary generally running along the center of the roadway in this area. The City coordinated with Sacramento County throughout the emergency work.

Due to the emergency and the need to proceed quickly, there was not adequate time to enter into a formal cost-sharing agreement with Sacramento County prior to beginning construction. Instead, the agencies agreed that the City would take the lead on the White Rock Road work and the County would perform work on another shared facility based on the appropriate cost share.

During the week of August 24, 2026, Sacramento County performed pavement repairs on the City's portion of Prairie City Road in an amount representing the County's agreed-upon share of the White Rock Road work.

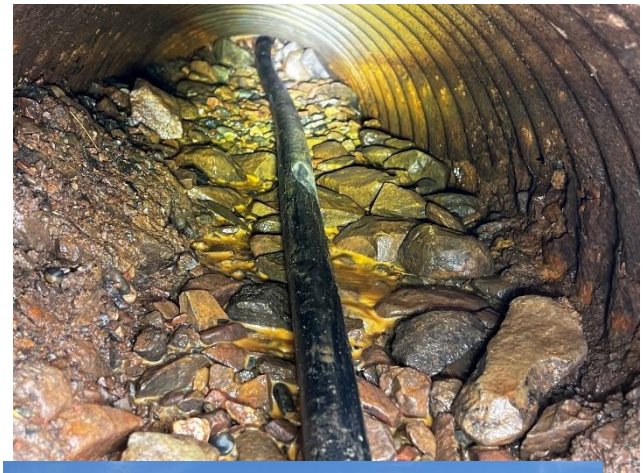
Given the roadway settlement, failed culverts, groundwater conditions, and potential for additional roadway failure, staff determined that the work could not reasonably be delayed for a traditional competitive bidding process. Immediate action was necessary to protect the traveling public and restore White Rock Road to a safe and serviceable condition.



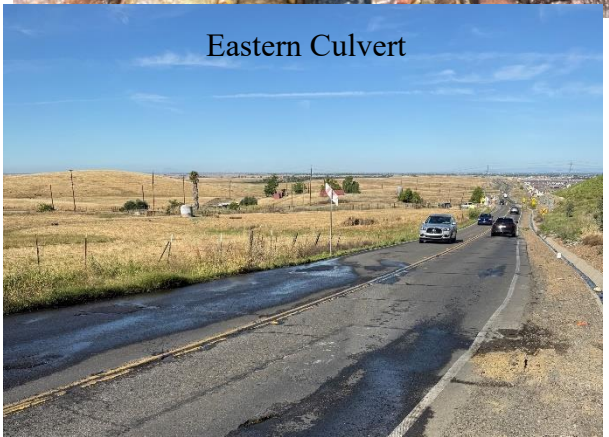
Western Culvert



Middle Culvert









Wet Pavement from Groundwater

Test Pit 1



Test Pit 3



Test Pit 5



Subdrain Trench



Trench with Pipe and Backfill



Culvert Installation



Connection to Existing Ditch

FINANCIAL IMPACT

Due to the urgent nature of the repairs, the City Manager authorized execution of an emergency repair agreement with Central Valley Engineering & Asphalt, Inc. in an amount not to exceed $364,011 and an On-Call Construction Management Services Contract with Dewberry, Inc. in an amount not to exceed $8,872 prior to City Council consideration.

A budget appropriation in the amount of $372,883 is required from the Gas Tax 2105 Fund (Fund 247) to fund the emergency repair and construction management agreements.

City Council ratification of the agreements will not result in any additional fiscal impact beyond the emergency repair costs already authorized and incurred. Ratification confirms the administrative actions previously taken by the City Manager.

ENVIRONMENTAL REVIEW

The project is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15269 (Emergency Repairs and Projects Exemption) of the CEQA Guidelines.

ATTACHMENTS

1. Resolution No. 11730 - A Resolution Ratifying the Execution of an Emergency Repair Contract with Central Valley Engineering & Asphalt, Inc. in an amount Not to Exceed $364,011, and On-Call Construction Management Services Contract with Dewberry, Inc. in an amount Not to Exceed $8,872, and Appropriation of Funds from Gas Tax 2105 Fund (Fund 247) in the amount of $372,883 for the White Rock Road Emergency Culvert Replacement Project.

2. Emergency Procurement – Waiver of Bid White Rock Road Culvert Failure

3. ENGEO Incorporated – White Rock Road Emergency Repair, Subdrain Recommendations, dated June 25, 2026.

Respectfully Submitted,



Rebecca Neves, Public Works Director/City Engineer

Attachment 1

RESOLUTION NO. 11730

A RESOLUTION RATIFYING THE EXECUTION OF AN EMERGENCY REPAIR CONTRACT WITH CENTRAL VALLEY ENGINEERING & ASPHALT, INC. IN AN AMOUNT NOT TO EXCEED $364,011, AN ON-CALL CONSTRUCTION MANAGEMENT SERVICES CONTRACT WITH DEWBERRY, INC. IN AN AMOUNT NOT TO EXCEED $8,872, AND APPROPRIATION OF FUNDS FROM GAS TAX 2105 FUND (FUND 247) IN THE AMOUNT OF $372,883 FOR THE WHITE ROCK ROAD EMERGENCY CULVERT REPLACEMENT PROJECT

WHEREAS, Public Works staff identified significant deterioration of three drainage culverts along White Rock Road between Savannah Parkway and the El Dorado County line, and on June 1, 2026, observed significant pavement settlement near one of the culverts, indicating an apparent failure and the potential for additional roadway instability; and

WHEREAS, the City Manager made a determination based on the recommendations from the Public Works Department for emergency procurement for construction services under the existence of a threat to public health, welfare, and safety, pursuant to Folsom Municipal Code Section 2.36.150 Emergency Procurement; and

WHEREAS, staff selected Central Valley Engineering & Asphalt, Inc. from a recently established On-Call Contractor List based on a Request for Qualifications that had been released in December of 2025; and

WHEREAS, the emergency work included replacement of three culverts crossing White Rock Road, installation of approximately 950 linear feet of subdrain to address groundwater conditions, and placement of approximately 300 tons of asphalt to repair and restore the roadway; and

WHEREAS, the City reviewed and verified the work performed and determined the total amount due to Central Valley Engineering & Asphalt, Inc. to be $364,011; and

WHEREAS, White Rock Road is a shared facility between the City of Folsom and Sacramento County, and due to the emergency nature of the work there was not adequate time to execute a formal cost-sharing agreement before construction began; the agencies therefore agreed that the City would take the lead on the White Rock Road work and Sacramento County would perform pavement repairs on another shared facility in an amount representing the County's appropriate share of the costs; and

WHEREAS, Sacramento County performed pavement repairs on the City's portion of Prairie City Road during the week of August 24, 2026, in an amount representing the County's agreed-upon share of the White Rock Road emergency work; and

WHEREAS, the project is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15269; and

WHEREAS, sufficient funding is available in the Gas Tax 2105 Fund (Fund 247); and

WHEREAS, the agreement will be in a form acceptable to the City Attorney:

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Folsom does hereby ratify the execution of an Emergency Repair Contract with Central Valley Engineering & Asphalt, Inc. in an amount Not to Exceed $364,011 and an On-Call Construction Management Services Contract with Dewberry, Inc. in an amount Not to Exceed $8,872.

NOW, THEREFORE, BE IT FURTHER RESOLVED that the Finance Director is authorized to appropriate $372,883 in the Gas Tax 2105 Fund (Fund 247) for the White Rock Road Emergency Culvert Replacement Project.

PASSED AND ADOPTED this 13th day of October, 2026, by the following roll-call vote:

AYES: Councilmember(s):
NOES: Councilmember(s):
ABSENT: Councilmember(s):
ABSTAIN: Councilmember(s):

_____
Justin Raithel, MAYOR

ATTEST:

_____
Christa Freemantle, CITY CLERK

Attachment 2

CITY OF FOLSOM
PUBLIC WORKS DEPARTMENT
OFFICE MEMORANDUM

DATE: July 13, 2026

TO: Bryan Whitemyer, City Manager

FROM: Rebecca Neves, Public Works Director / City Engineer

SUBJECT: **EMERGENCY PROCUREMENT - WAIVER OF BID**
White Rock Road Emergency Culvert Replacement Project

Project Title: White Rock Road Emergency Culvert Replacement Project

Location: White Rock Road from City of Folsom/El Dorado County line to the intersection of Savannah Parkway.

Background and Emergency Description:
White Rock Road is a critical two-lane arterial corridor connecting Sacramento and El Dorado counties, carrying substantial commuter, commercial, and emergency traffic. The road's centerline forms the jurisdictional boundary between the City of Folsom and Sacramento County, meaning both agencies share ownership and maintenance responsibilities for this segment.

On May 6, 2026, Operations Division staff inspected three drainage culverts along this segment. Their findings are documented in **Attachment A: White Rock Road – Existing Culvert Condition Investigation**. The report noted recent pavement settlement tied to the degrading culverts, as well as groundwater intrusion into the road base.

Based on these findings, City staff coordinated with the Sacramento County Department of Transportation to evaluate the culverts, discuss long-term replacement needs, and plan future improvements. During these discussions, one of the culverts failed abruptly, causing sudden roadway settlement. This created an immediate threat to public safety and infrastructure integrity that required emergency action.

Specifically, on June 1, 2026, at approximately 10:00 a.m., Operations staff noticed subsurface failure and road settlement near "Culvert 1" (refer to Attachment A). Staff applied temporary asphalt to maintain traffic access while mobilizing a contractor for the emergency replacement. With the City Manager's concurrence, the Public Works Department directed a qualified, licensed contractor to mobilize on June 4, 2026. Repairs are ongoing and expected to finish by July 31, 2026. The scope of work includes replacing the failed culvert and two adjacent near-failing culverts, installing a French drain system to manage groundwater, repairing the subgrade base, repaving, and replacing striping and pavement markings. To maximize construction efficiencies and economies of scale, the City is managing this project on behalf of both agencies at Sacramento County's request.

Both agencies agreed that the City of Folsom will lead the project in partnership with the County. The County will provide an in-kind reimbursement via paving work based on an equitable cost-share at other shared boundary locations. Folsom's expenditure on this emergency

repair will be factor into future discussions regarding long-term funding responsibilities and cost allocations between the two agencies.

Emergency Justification:
Pursuant to California Public Contract Code Sections 22035 and 22050, and per Folsom Municipal Code (FMC) §2.36.150, emergency procurement may be made without competitive bidding when there is a threat to life, property, or the continued functioning of public services. The current condition of the failed culvert and resultant surface depression pose:

- A hazard to public safety;
- A potential for further roadway collapse;
- A potential for utility interruptions to the surrounding neighborhoods if roadway collapse damages the exposed water lines and other utilities.
- A disruption to essential transportation routes; and
- An urgent need for immediate stabilization and repair.

Procurement Waiver:
In accordance with FMC §2.36.150, I hereby approve the waiver of formal bidding requirements for this emergency repair. The procurement of services from Central Valley Engineering and Asphalt Inc. (CVEA), is in the best interest of the City to promptly address the emergency and restore roadway and stormwater infrastructure integrity.

This work will be authorized under a Construction Agreement ratified by City Council at a future meeting and was performed on a Time and Materials basis to ensure flexibility in addressing unforeseen site conditions during the emergency repair. Public Works staff initially estimated that the total cost of the repair will likely range between $600,000 and $700,000. This effort will also include construction management and inspection services by the City's on-call consultant, Dewberry, Inc., which is estimated at $50,000.

Attachments:
Attachment A: White Rock Road Existing Culvert Condition Investigation, May 6, 2026

Your signature below signifies your approval of this waiver of bid for Emergency procurement.

If you have any questions, please feel free to contact Public Works.

Approved By:

7/15/26
Stacey Tamagni, Chief Financial Officer Date

7/20/26
Bryan Whitemyer, City Manager Date

7/16/26
Sari Dierking, City Attorney Date

ATTACHMENT A



White Rock Road

Savannah Parkway to the El Dorado County Line

Existing Culvert Condition Investigation

Performed by City of Folsom Streets Division
on 5/6/2026

CITY OF FOLSOM
PUBLIC WORKS DEPARTMENT



Culvert 1

Savannah Parkway to the El Dorado County Line





Culvert 1

Roadway settlement noticed on 6/1/26. Crews filled with temp asphalt.
Recommend emergency replacement of failed culvert





Culvert 1

Roadway settlement noticed on 6/1/26. Crews filled with temp asphalt.
Recommend emergency replacement of failed culvert



Culvert 2

Savannah Parkway to the El Dorado County Line





Culvert 3

Savannah Parkway to the El Dorado County Line

10/13/2026 Item No.12.

Attachment 3

ENGEO
Expect Excellence

ENVIRONMENTAL
WATER RESOURCES
CONSTRUCTION SERVICES
COASTAL/MARINE GEOTECHNICS

Project No.
26436.000.009

June 25, 2026

Mr. Kyle Cameron
Dewberry
11060 White Rock Road, Suite 200
Rancho Cordova, CA 95670

Subject: City of Folsom – White Rock Road Emergency Repair
White Rock Road
Folsom, California

SUBDRAIN RECOMMENDATIONS

Dear Mr. Cameron:

In this letter, we summarize our geotechnical observations and subdrain recommendations in support of the White Rock Road Emergency Repair project in Folsom, California. The purpose of our services was to provide geotechnical recommendations to mitigate seepage at the toe of an existing slope.

Our scope included review of geology maps, historical aerial photographs, and topographic maps, logging the subsurface conditions in test pits and developing the recommendations in this letter.

PROJECT DESCRIPTION AND SITE BACKGROUND

The area of concern involves a 1000-foot segment of White Rock Road, beginning roughly 500 feet east of the intersection with Savannah Parkway. We understand this portion of roadway has experienced ongoing seepage that has resulted in pavement failure, which reoccurred recently and required pavement subgrade repairs and repaving. Following recent pavement repairs, we understand water has inundated portions of the road and that the recent pavement is beginning to fail. To mitigate the ongoing damage from the seepage, the City elected to construct a subdrain to intercept and redirect the water.

Google Earth data shows this alignment of White Rock Road climbs from roughly Elevation 500 feet to Elevation 560 feet (WGS84) towards the east. White Rock Road appears to have been in the same approximate location since at least 1944. Prior to 2020, the area north of the road was an undeveloped hill that climbed roughly 100 feet above the road. Around 2020, the area to the north of the road was developed into a single-family residential subdivision with fill slopes and rockery retaining walls. Aerial photographs before and after the development show dark green vegetation on the south side of White Rock Road, suggesting the area has historically been a low-lying area that collects surface water. The regional geologic map shows this alignment of White Rock Road is mapped primarily as Alluvium (Qa) over Copper Hill Volanics (Jch).

EXHIBIT 1: Google Earth Imagery (October 2025)



EXHIBIT 2: Seepage Visible On Road (Google Earth April 2026)



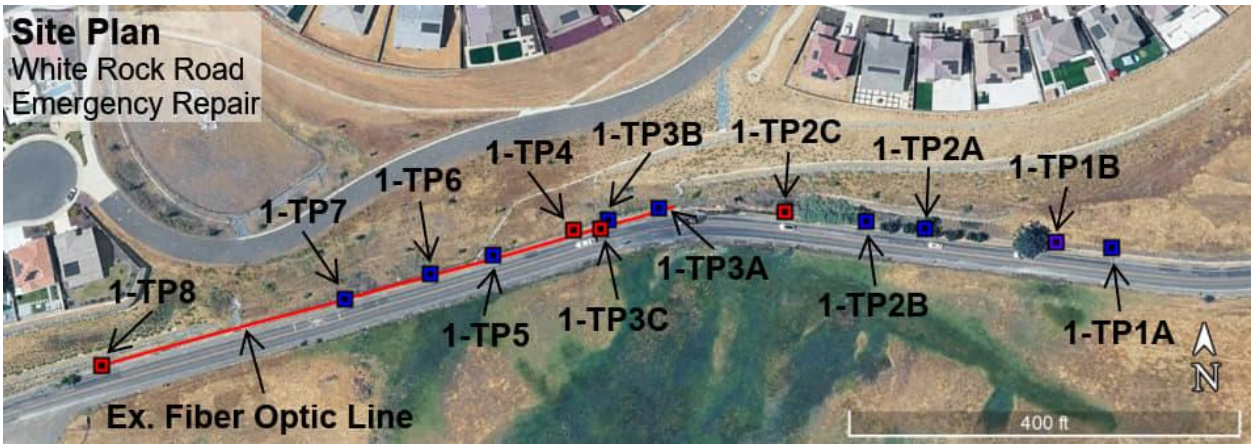
POTHOLING

We visited the site on June 22, 2026, to observe the surface conditions and the contractor excavating 13 test pits along the north side of White Rock Road. The purpose of the test pits was to characterize the subsurface conditions and evaluate the depth to groundwater. Potholing was performed adjacent to an existing concrete-lined V-ditch. For Test Pits 1-TP3A through 1-TP8, the excavations were located roughly above an existing fiber optic trench. The test pits were excavated by the general contractor, Central Valley Engineering & Asphalt, Inc., using a Yanmar mini-excavator equipped with a 12-inch bucket.

We observed groundwater during excavation in 8 of the 13 test pits (shown in blue in Exhibit 3) at depths of approximately 24 to 43 inches below the ground surface. Although groundwater was not observed in Test Pit 1-TP1B at the time of excavation, water was observed pooled at the bottom of the excavation by the end of the day. Test Pit 1-TP3C was excavated to a depth of approximately 4 feet and was reported dry by the contractor; it was backfilled immediately before our representative could observe the subsurface conditions.

We generally observed bedrock at depths ranging from ½ foot to 3 feet below ground surface, overlain by artificial fill and/or alluvium. West of Test Pit 1-TP3C, groundwater appeared to be flowing through the trench sand surrounding the existing fiber optic conduit. East of this location, groundwater seeped into the test pits through either the interface between the bedrock and overlying fill and/or alluvium, or through the weathered and fractured bedrock itself. Refer to the attached Summary of Subsurface Conditions table for specific information at each location along with photos.

EXHIBIT 3: Test Pit Locations (Blue = Groundwater Encountered, Red = No Groundwater)



CONCLUSIONS AND RECOMMENDATIONS

From a geotechnical perspective, the use of a perforated subdrain pipe to intercept the groundwater is feasible provided it extends deep enough and is continuous through the areas that have shallow groundwater. We recommend the perforated subdrain pipe be constructed along the uphill side of the V-ditch and at the areas shown in orange below. Refer to Figure 1, attached, for a typical subdrain detail. The subdrain should be converted to a solid pipe where it daylights inside of the V-ditch.

EXHIBIT 4: Recommended Subdrain Location



Caution should be taken to avoid damage to existing utilities. Where the existing trench sand from the fiber optic lines is present, we recommend maintaining a minimum horizontal separation of 2 feet from the edge of the existing trench sand to reduce the risk of trench sidewall instability.

LIMITATIONS

We strived to perform our professional services in accordance with generally accepted geotechnical engineering principles and practices currently employed in the area; no warranty is express or implied. Seepage through man-made fills, utility trench lines, and native soil and bedrock is complex and sometimes chaotic. Installation of an uphill subdrain should improve the

conditions but unknown drainage paths may be present that will not be intercepted by the subdrain. We recommend the area be monitored after installation of the subdrain to determine if further mitigation is necessary. If new information becomes available or if a more detailed assessment is desired, we should be retained to provide additional services and given the opportunity to review and potentially revise our conclusions.

If you have any questions or comments regarding this proposal, please call and we will be glad to discuss them with you.

Sincerely,

ENGEO Incorporated



Nick Broussard, GE

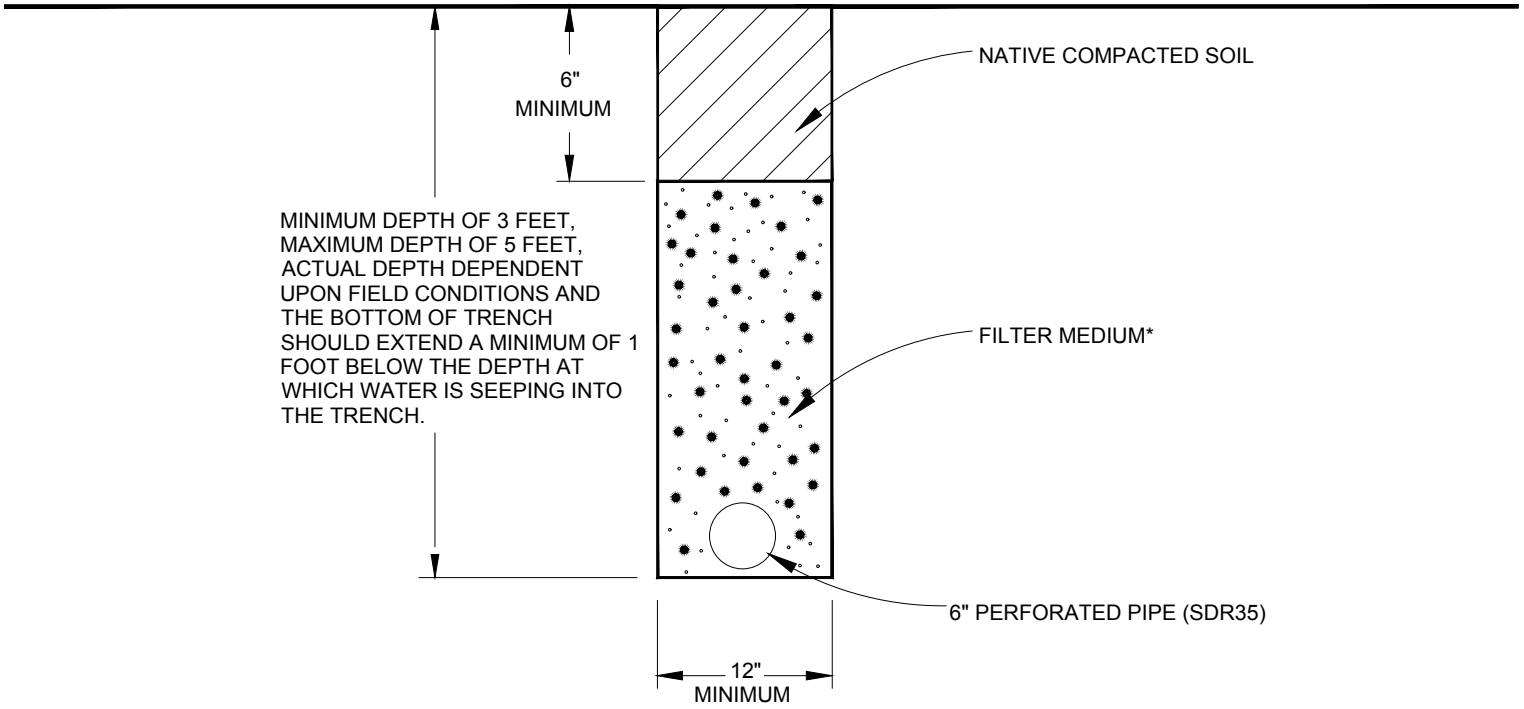
Mark Gilbert, GE

sa/nb/rhb/dt

Attachments: Figure 1 – Typical Subdrain Detail
Test Pit Logs

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NOTES:

1. *ALL PIPE JOINTS SHALL BE GLUED*
2. *ALL PERFORATED PIPE PLACED PERFORATIONS DOWN*
3. *1% FALL (MINIMUM) ON ALL TRENCHES AND DRAIN LINES*

**FILTER MEDIUM*

CLASS 2 PERMEABLE MATERIAL

MATERIAL SHALL CONSIST OF CLEAN, COARSE SAND AND GRAVEL OR CRUSHED STONE, CONFORMING TO THE FOLLOWING GRADING REQUIREMENTS:

SIEVE SIZE	% PASSING SIEVE
1"	100
3/4"	90-100
3/8"	40-100
#4	25-40
#8	18-33
#30	5-15
#50	0-7
#200	0-3

ENGEO Expect Excellence

TYPICAL SUBDRAIN DETAIL

CITY OF FOLSOM - WHITE ROCK ROAD EMERGENCY REPAIR

FOLSOM, CALIFORNI

PROJECT NO.: 26436.000.009

SCALE: NO SCALE

DRAWN BY: LL | CHECKED BY: NB

FIGURE NO. 1

ORIGINAL FIGURE PRINTED IN COLOR

TEST PIT 1-TP1A

Depth (feet)	Description
0 -½	CLAYEY SAND (SC), yellowish red, moist, fine- to coarse-grained sand, approximately 40% fines, trace subangular fine and coarse gravel [FILL]
½ - 4	BEDROCK, greenish gray to yellowish red, very weak to strong, moderately weathered to decomposed, highly fractured, breaks down variably to CLAYEY SAND WITH GRAVEL (SC) and CLAYEY GRAVEL WITH SAND (GC) [COPPER HILL VOLCANICS]

Test pit terminated at approximately 4 feet below ground surface. Groundwater was observed seeping into trench at a depth of approximately 30 inches.

PHOTO – 1-TP1A



TEST PIT 1-TP1B

Depth (feet)	Description
0 -1½	CLAYEY SAND WITH GRAVEL (SC), reddish brown, moist, fine- to coarse-grained sand, approximately 30% medium plasticity fines, fine and coarse subangular to angular gravel, abundant roots up to 1½ inches in maximum dimension, asphalt cuttings at approximately 12 inches [FILL]
1½ - 2½	POORLY GRADED GRAVEL WITH CLAY AND SAND (GP), reddish brown, moist, fine and coarse subangular to rounded gravel, cobbles up to 7 inches in maximum dimension, abundant roots, wet at bottom of layer [ALLUVIUM]
2½ - 3¾	BEDROCK, greenish gray to reddish brown, moist, very weak to strong, moderately weathered to decomposed, highly fractured with clay infill, breaks down variably to CLAYEY SAND WITH GRAVEL (SC) and CLAYEY GRAVEL WITH SAND (GC) [COPPER HILL VOLCANICS]

Test pit terminated at approximately 3¾ feet below ground surface. Groundwater was not observed at the time of excavation. By end of day, groundwater was observed to be pooling at the bottom of the excavation.

PHOTO – 1-TP1B



TEST PIT 1-TP2A

Depth (feet)	Description
0 -1	GRAVELLY LEAN CLAY WITH SAND (CL), dark brown, moist, medium plasticity, fine and coarse subangular to rounded gravel, approximately 20% fine- to coarse-grained sand, abundant roots and rootlets [FILL]
1 – 2½	CLAYEY GRAVEL (GC), dark brown, moist to wet, fine and coarse subangular to rounded gravel, cobble up to 12 inches in maximum dimension, fine- to coarse-grained sand, abundant roots, ceramic piece at approximately 24 inches [FILL]
2½ - 4	LEAN CLAY WITH SAND (CL), dark brown, moist, medium to high plasticity, approximately 15% fine- to coarse-grained sand, trace fine subangular gravel [RESIDUAL SOIL]

Test pit terminated at approximately 4 feet below ground surface. Groundwater was observed seeping into trench at an approximate depth of 30 inches.

PHOTO – 1-TP2A



TEST PIT 1-TP2B

Depth (feet)	Description
0 -1½	GRAVELLY LEAN CLAY WITH SAND (CL), dark brown, moist, medium plasticity, fine and coarse angular to rounded gravel, trace cobbles up to 9 inches in maximum dimension, approximately 25% fine- to coarse-grained sand, abundant rootlets [ALLUVIUM]
1½ - 3	LEAN CLAY WITH SAND (CL), grayish blue to yellowish red, low to medium plasticity, fine- to coarse-grained sand, iron oxidation [RESIDUAL SOIL]

Test pit terminated at approximately 3 feet below ground surface. Groundwater was observed by contractor seeping into trench at a depth of approximately 36 inches and pooled at an approximate depth of 24 inches.

PHOTO – 1-TP2B



TEST PIT 1-TP2C

Depth (feet)	Description
0 -2	SANDY LEAN CLAY WITH GRAVEL (CL), yellowish red, moist, medium plasticity, approximately 25% fine- to coarse-grained sand, approximately 15% fine and coarse subangular to rounded gravel, iron oxidation, apparently disturbed in upper 6 to 12 inches [ALLUVIUM]
2 – 4½	GRAVELLY LEAN CLAY (CL), light grayish blue to yellowish red, moist, medium to high plasticity, approximately 10% fine- to coarse-grained sand, fine and coarse subangular to subrounded rock fragments [RESIDUAL SOIL]

Test pit terminated at approximately 4½ feet below ground surface. Groundwater was not observed during excavation.

PHOTO – 1-TP2C



TEST PIT 1-TP3A

Depth (feet)	Description
0 -2	BEDROCK, grayish green to yellowish red, moderately strong to very weak, intensely weathered to decomposed, breaks down to GRAVELLY LEAN CLAY (CL). [COPPER HILL VOLCANICS]

Test pit excavated directly above existing fiber optic line and terminated at approximately 2½ feet below ground surface. Fiber optic trench sand encountered in the bottom of the excavation at approximately 2 feet; the Contractor hand dug further into the trench to expose the conduit. Groundwater was observed pooling near top of fiber optic trench at an approximate depth of 24 inches.

PHOTO – 1-TP3A



TEST PIT 1-TP3B

Depth (feet)	Description
0 -½	GRAVELLY LEAN CLAY WITH SAND (CL), reddish brown, fine and coarse angular to subrounded gravel, medium plasticity, approximately 20% fine- to coarse-grained sand, rootlets, woven fabric observed at bottom of layer [FILL]
½ - 2	BEDROCK, grayish green to yellowish red, moderately strong to very weak, intensely weathered to decomposed, breaks down to GRAVELLY LEAN CLAY (CL). [COPPER HILL VOLCANICS]

Test pit excavated directly above existing fiber optic line and terminated at approximately 2½ feet below ground surface. Fiber optic trench sand encountered in the bottom of the excavation at approximately 2 feet; the Contractor hand dug further into the trench to expose the conduit. Groundwater was observed pooling near top of fiber optic trench at an approximate depth of 24 inches.

PHOTO – 1-TP3B



TEST PIT 1-TP4

Depth (feet)	Description
0 -½	SANDY LEAN CLAY WITH GRAVEL (CL), reddish brown, moist, medium plasticity, fine- to coarse-grained sand, approximately 30% fine- to coarse-grained sand, fine and coarse subangular to rounded gravel [ALLUVIUM]
½ - 2½	BEDROCK, grayish brown, moderately weathered to decomposed, moderately strong to very weak, breaks down to CLAYEY SAND WITH GRAVEL (SC) [COPPER HILL VOLCANICS]

Test pit excavated directly above existing fiber optic line and terminated at approximately 2½ feet below ground surface. Fiber optic trench sand was encountered in the bottom of the excavation at approximately 2½ feet. Groundwater was not observed during the excavation.

PHOTO – 1-TP4



TEST PIT 1-TP5

Depth (feet)	Description
0 -1	SANDY LEAN CLAY WITH GRAVEL (CL), reddish brown, moist, medium to high plasticity, approximately 30% fine- to coarse-grained sand, fine and coarse angular to rounded gravel, iron oxidation, rootlets [FILL]
1 – 3½	BEDROCK, greenish gray to yellowish red, moderately weak to decomposed, intensely weathered to decomposed, breaks down variably to SANDY LEAN CLAY WITH GRAVEL (CL) or CLAYEY SAND WITH GRAVEL (SC) [COPPER HILL VOLCANICS]

Test pit excavated directly above existing fiber optic line and terminated at approximately 3¾ feet below ground surface. Fiber optic trench sand was encountered in the bottom of the excavation at approximately 3½ feet; the Contractor hand dug further into the trench to expose the conduit. Groundwater was observed pooling near top of fiber optic trench at an approximate depth of 42 inches.

PHOTO – 1-TP5



TEST PIT 1-TP6A

Depth (feet)	Description
0 -1¼	SANDY LEAN CLAY WITH GRAVEL (CL), reddish brown, moist, medium to high plasticity, approximately 30% fine- to coarse-grained sand, fine and coarse angular to rounded gravel, iron oxidation, rootlets, trace asphalt cuttings [FILL]
1¼ - 2	CLAYEY GRAVEL WITH SAND (GC), reddish brown, moist, fine and coarse angular to subrounded gravel, approximately 30% fines, fine- to coarse-grained sand [FILL]
2 – 3¼	GRAVELLY LEAN CLAY (CL), grayish brown, moist, medium to high plasticity, approximately 10% fine- to coarse-grained sand, fine and coarse subangular to subrounded rock fragments [RESIDUAL SOIL]

Test pit excavated directly above existing fiber optic line and terminated at approximately 4 feet below ground surface. Fiber optic trench sand was encountered in the bottom of the excavation at approximately 3¼ feet; the Contractor hand dug further into the trench to expose the conduit. Groundwater was observed pooling near top of fiber optic trench at an approximate depth of 40 inches.

PHOTO – 1-TP6



TEST PIT 1-TP7

Depth (feet)	Description
0 -3	GRAVELLY LEAN CLAY WITH SAND (CL), reddish brown, moist, medium to high plasticity, approximately 35% fine- to coarse-grained sand, fine and coarse angular to rounded gravel, iron oxidation, rootlets [FILL]
3 – 3½	BEDROCK, grayish brown, strong to moderately strong, moderately weathered, breaks down to CLAYEY GRAVEL WITH SAND (GC) [COPPER HILL VOLCANICS]

Test pit excavated directly above existing fiber optic line and terminated at approximately 3¼ feet below ground surface. Fiber optic trench sand was encountered in the bottom of the excavation at approximately 3½ feet; the Contractor hand dug further into the trench to expose the conduit. Groundwater was observed pooling near top of fiber optic trench at an approximate depth of 43 inches.

PHOTO – 1-TP7



TEST PIT 1-TP8

Depth (feet)	Description
0 -½	SANDY LEAN CLAY WITH GRAVEL (CL), reddish brown, moist, medium to high plasticity, approximately 35% fine- to coarse-grained sand, fine and coarse angular to rounded gravel, iron oxidation, rootlets [FILL]
½ – 3½	BEDROCK, grayish brown, moderately strong to very weak, moderately weathered to decomposed, breaks down to CLAYEY GRAVEL WITH SAND (GC) to GRAVELLY CLAY WITH SAND (CL) [COPPER RIDGE VOLCANICS]

Test pit excavated adjacent to existing fiber optic line and terminated at approximately 3¾ feet below ground surface. Fiber optic trench sand was encountered in the bottom of the excavation at approximately 3½ feet; the Contractor hand dug further into the trench to expose the conduit. Groundwater was not observed during the excavation

PHOTO – 1-TP8



Folsom City Council
Staff Report

MEETING DATE:	10/13/2026
AGENDA SECTION:	New Business
SUBJECT:	Resolution No. 11731 - A Resolution Authorizing the City Manager to Execute a Construction Agreement with Arrow Drillers Inc. DBA Arrow Construction for the Parkway Neighborhood Crack Seal Project in the amount of $185,000, and Appropriation of Funds in the amount of $220,000 from the Road Maintenance and Rehabilitation Fund (Fund 235)
FROM:	Public Works Department

RECOMMENDATION / CITY COUNCIL ACTION

The Public Works Department recommends that the City Council pass and adopt the following:

Resolution No. 11731 - A Resolution Authorizing the City Manager to Execute a Construction Agreement with Arrow Drillers Inc., DBA Arrow Construction for the Parkway Neighborhood Crack Seal Project in the amount of $185,000, and appropriation of funds in the amount of $220,000 from the Road Maintenance and Rehabilitation Fund (Fund 235)

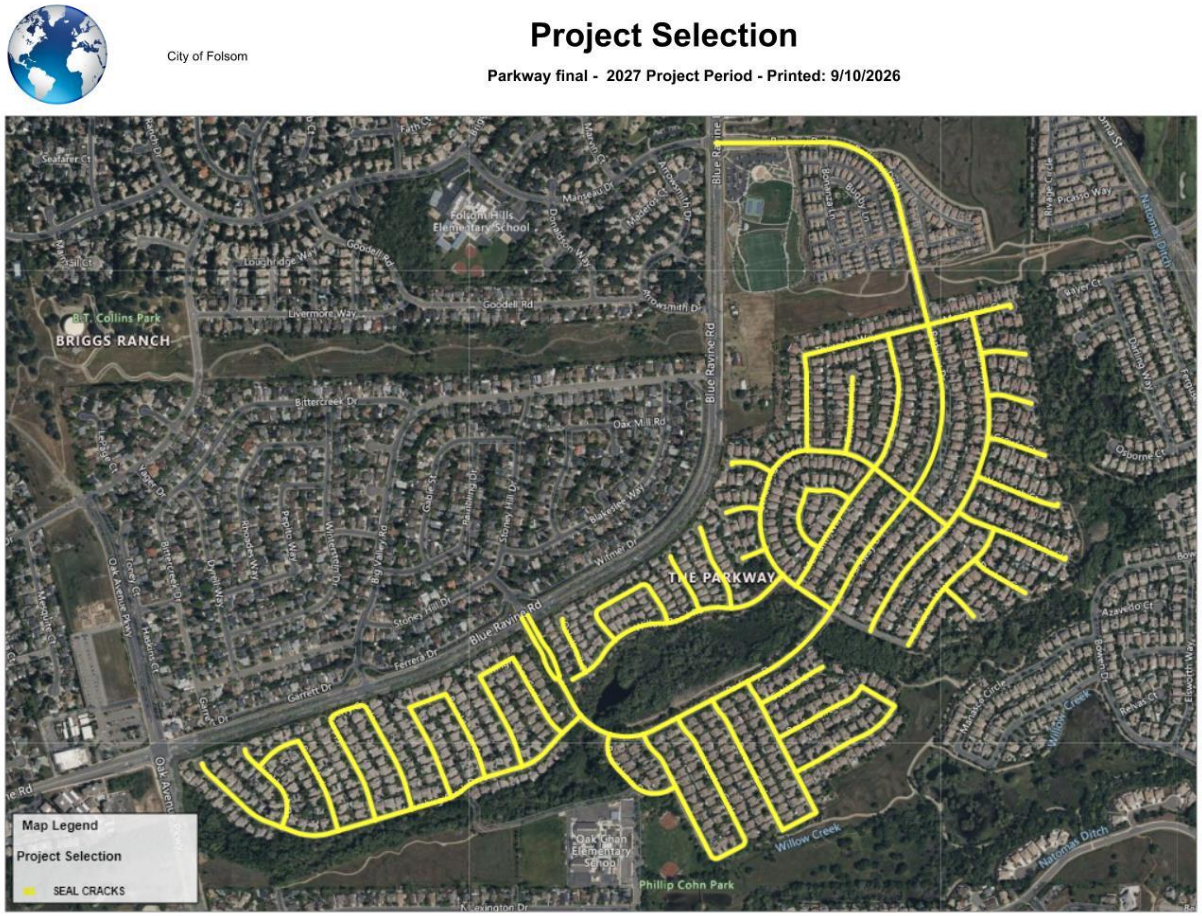
BACKGROUND / ISSUE

The Public Works Department is aggressively pursuing road maintenance, which includes a variety of measures such as routing and crack sealing in advance of winter. This simple but effective measure prevents water intrusion into the subgrade that ultimately leads to road base and asphalt failure if not addressed. Using the "fix-it-first" prioritization approach, road maintenance can reduce long-term costs of replacement when crack seal and other maintenance measures are implemented. Staff has identified several key neighborhoods that would benefit from this approach, with crack seal taking place this fall to be followed by slurry seal taking place the following spring as part of a larger effort.

In advance of the coming winter, this contract proposes to crack seal The Parkway neighborhood, which includes the following roads:

- Parkway Drive
- Humbug Creek Drive
- Willow Bend Road
- Pond View Drive
- Scheidegger Circle
- Kidder Way
- Thurman Way
- Connecting Courts and Secondary Drives

Below is an image of the neighborhood included in this project:



The project improvements include approximately:

- 20,000 pounds of crack seal material on residential streets
- 200 Tons of 3" Removal and Replacement of failed asphalt sections

The proposed improvements will preserve roadway life cycle as winter arrives, with planned slurry seal in the Spring of 2027 as part of a much larger contract. Residents within the project areas will

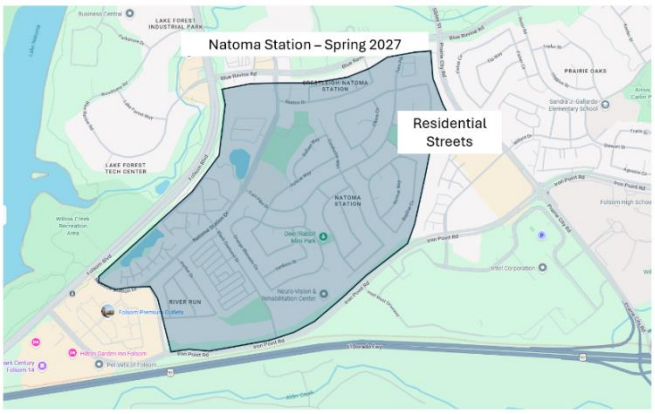
receive advance notification prior to construction activities. Temporary traffic control measures, parking restrictions, and short-duration rolling lane closures will be used during construction to safely complete the work while maintaining local access whenever feasible. Below are example photos of the roadway conditions within the neighborhoods to be crack sealed and repaired as part of this contract:

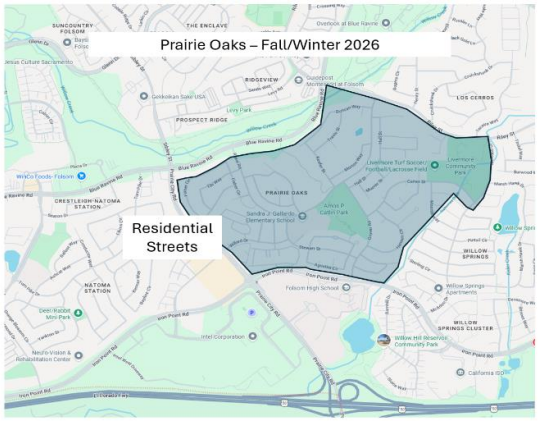




As maintenance efforts continue, future near-term crack seal contracts will include:

- Prairie Oaks – Fall/Winter 2026
- Natoma Station – Spring 2027





Bid documents for those areas are underway and will be brought forward at a future City Council meeting for consideration and approval. Staff is fully committed to the most cost-effective approach in maintaining Folsom's roads by retaining or improving its Pavement Condition Index (PCI) wherever possible to uphold the quality of life residents value and deserve within available funding.

POLICY / RULE

Section 2.36.120 of the Folsom Municipal Code states, in part, that contracts for supplies, equipment, services, and construction with an estimated value of $77,426 or greater shall be awarded by the City Council.

ANALYSIS

This project was informally bid utilizing the City's on-call contracting list. Bids were solicited in September, and on October 5, 2026, the City received the following bids:

1. Arrow Drillers Inc. DBA Arrow Construction.: $185,000
2. Granite Construction Company: $214,700
3. Doug Veerkamp General Engineering, Inc.: $225,600
4. Central Valley Engineering Asphalt, Inc.: $239,969
5. Rawles Engineering, Inc.: $281,100

Staff reviewed the bids submitted alongside the contractor stated exclusions against the requirements of Public Contract Code 22034 for Informal Bidding Procedures and has deemed Arrow Drillers Inc., DBA Arrow Construction as the lowest responsive and responsible bidder. Construction is anticipated to begin in November 2026 and will be completed by mid-December 2026 in advance of winter.

The proposed pavement rehabilitation work is consistent with the recommendations identified in the City's 2026 Pavement Management Program Update and supports the City's ongoing effort to preserve roadway infrastructure through preventative maintenance strategies that maximize pavement life and reduce long-term rehabilitation costs. Should City Council approve this contract, staff will use the City's standard Construction Agreement in a form acceptable to the City Attorney.

FINANCIAL IMPACT

If approved, the contract with Arrow Drillers Inc. DBA Arrow Construction, would be authorized for $185,000, with the project budgeted for a total of $220,000, which includes an 18.9% contingency amount of $35,000 for potential change orders at the recommendation of staff. An appropriation in the amount of $220,000 from the Road Maintenance and Rehabilitation Fund (Fund 235) would be required for the contract. The Road Maintenance and Rehabilitation Fund (Fund 235) has sufficient funding available to support the cost of the construction agreement.

ENVIRONMENTAL REVIEW

This project is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301(c) – Existing Facilities. CEQA Guidelines Section 15301(c) specifically exempts existing highways and streets, sidewalks, gutters, bicycle and pedestrian facilities, and similar roadway improvements, including the addition of bicycle lanes and other transportation safety improvements that do not create additional automobile travel lanes.

ATTACHMENT

Resolution No. 11731 - A Resolution Authorizing the City Manager to Execute a Construction Agreement with Arrow Drillers Inc., DBA Arrow Construction for the Parkway Neighborhood Crack Seal Project in the amount of $185,000, and Appropriation of Funds in the amount of $220,000 from the Road Maintenance and Rehabilitation Fund (Fund 235)

Respectfully Submitted,



Rebecca Neves, Public Works Director/City Engineer

RESOLUTION NO. 11731

A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A CONSTRUCTION AGREEMENT WITH ARROW DRILLERS, INC., DBA ARROW CONSTRUCTION FOR THE PARKWAY NEIGHBORHOOD CRACK SEAL PROJECT IN THE AMOUNT OF $185,000, AND APPROPRIATION OF FUNDS IN THE AMOUNT OF $220,000 FROM THE ROAD MAINTENANCE AND REHABILITATION FUND (FUND 235)

WHEREAS, the City of Folsom desires to repair and preserve the existing asphalt on various roadways within the City; and

WHEREAS, the project was informally bid utilizing provisions from Public Contract Code and the City's On-Call Contractor List, and five bids were received on October 5, 2026, with Arrow Drillers, Inc., DBA Arrow Construction being the lowest responsive and responsible bidder; and

WHEREAS, the Parkway Neighborhood Crack Seal Project was identified as a priority utilizing the "fix-it first" approach to road preservation and as identified in the City's Pavement Management Program; and

WHEREAS, sufficient funding is available in the Road Maintenance and Rehabilitation Fund (Fund 235) to support the recommended work and appropriation of $220,000; and

WHEREAS, the contract will be in a form acceptable to the City Attorney:

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Folsom Authorizes the City Manager to Execute a Construction Agreement with Arrow Drillers Inc., DBA Arrow Construction for the Parkway Neighborhood Crack Seal Project in the amount of $185,000, including a 18.9% contingency of $35,000 for a total not-to-exceed amount of $220,000 funded in the Road Maintenance and Rehabilitation Fund (Fund 235).

BE IT FURTHER RESOLVED that the Finance Director is authorized to appropriate $220,000 for this agreement in the Road Maintenance and Rehabilitation Fund (Fund 235).

PASSED AND ADOPTED on this 13th day of October 2026, by the following roll-call vote:

AYES: Councilmember(s):
NOES: Councilmember(s):
ABSENT: Councilmember(s):
ABSTAIN: Councilmember(s):

_____
Justin Raithel, MAYOR

ATTEST:

_____
Christa Freemantle, CITY CLERK

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CITY OF
FOLSOM
DISTINCTIVE BY NATURE