



Renewal Enterprise District (RED)

Board Meeting

Regular Meeting

Date: August 26, 2020

Time: 1:00 P.M.

www.renewalenterprisedistrict.org

**In accordance with Executive Orders N-25-20 and N-29-20 the August 26, 2020
RED Board of Directors meeting will be held virtually.**

MEMBERS OF THE PUBLIC MAY NOT ATTEND THIS MEETING IN PERSON

The August 26, 2020 RED Board Meeting will be facilitated virtually through Zoom.

Members of the public can participate in, watch or listen to the meeting using one of the two following methods:

1. Join the Zoom meeting application on your computer, tablet or smartphone at:
<https://us02web.zoom.us/j/84863470798>
Meeting ID: 848 6347 0798
2. Call-in and listen to the meeting:
Dial 1 (669) 900-6833
Enter Meeting ID: 848 6347 0798
or
iPhone one-tap:
+16699006833,,84863470798#

PUBLIC COMMENT PRIOR TO THE BOARD MEETING: Public Comment may be submitted via recorded voice message or email.

VOICE RECORDED PUBLIC COMMENT: To submit public comment via recorded message, please call 707-477-5653 by 5pm Tuesday, August 25th. State your name and the item number(s) on which you wish to speak. The recordings will be limited to two minutes. These comments may be played at the appropriate time during the board meeting.

EMAIL PUBLIC COMMENT: To submit an emailed public comment to the Board, email michelle.whitman@renewalenterprisedistrict.org. Please provide your name, the agenda number(s) on which you wish to speak, and your comment. These comments will be emailed to all Board members.

PUBLIC COMMENT DURING THE BOARD MEETING USING ZOOM: Members of the public who join the Zoom meeting, either through the Zoom app or by calling in, will be able to provide live public comment at specific points throughout the meeting.

EMAIL PUBLIC COMMENT: One may also email public comment to michelle.whitman@renewalenterprisedistrict.org throughout the meeting. All emailed public comments will be forwarded to all Board Members.

DISABLED ACCOMMODATION: If you have a disability which requires an accommodation or an alternative format to assist you in observing and commenting on this meeting, please contact the Clerk of the Board at (707) 477-5653 or by emailing Michelle Whitman at michelle.whitman@renewalenterprisedistrict.org by 12 pm Tuesday, August 25th to ensure arrangements for accommodation.

The rules for public observation and comment supersede and replace the standard provisions on page four for the duration of the public health emergency.

1:00 P.M. CALL TO ORDER

1. **Call to Order, Roll Call and Approval of the Agenda**
(Items may be added or withdrawn from the agenda consistent with State law)
2. **Public comment on matters not listed on the agenda but within the subject matter jurisdiction of the Board**
3. **Consent Calendar**
 - a. **Approve minutes of July 22, 2020 Board meeting**
 - b. **Approve Year-to-date Financial Report**
 - c. **Authorize Executive Director to enter into Memorandum of Understanding to collaborate with Generation Housing for submission of grant applications supportive of shared housing goals**
 - d. **Authorize RED Executive Director to apply for a \$90,000 Kaiser Permanente fire recovery grant and if awarded, to receive funds to support Phase II Scope of Work to create a new Housing Fund (Fund) for Infill Housing Development in Santa Rosa and Sonoma County, and delegate authority to Executive Director to amend Professional Services Agreement with Forsyth Street Advisors to reflect revised Scope of Work.**
4. **Action Items–**
 - a. **Amendment to Bylaws and Resolution setting meeting dates and location:** Consider amendment to Bylaws to allow RED Board Meeting Dates and location to be adopted by resolution, and consider adoption of a resolution to set the Board Meeting dates and location and change the regular meeting date
Recommended Actions:
 1. Approve an amendment to the bylaws.
 2. Adopt a resolution, setting the meeting time and location for regular Board meetings and changing the regular meeting time and place from the fourth Wednesday of every other month to the fourth Monday of every other month.
 - b. **Review and consider approval of Fiscal Year 2020-2021 Final Budget:** Review and consider approval of Fiscal Year 2020-2021 Final Budget
Recommended Action: Approve the Fiscal Year 2020-2021 Final Budget With Adjustments, and Approve Budget Resolution
5. **Executive Director Report**
6. **Closed Session –** The Renewal Enterprise District Board will consider the following in closed session: Public Employee Performance Evaluation – Executive Director
7. **Closed Session Report Out**
8. **Adjournment**

Member Agency	Directors
<i>City of Santa Rosa</i>	Victoria Fleming (Chair)
<i>County of Sonoma</i>	Shirlee Zane (Vice Chair)
<i>City of Santa Rosa</i>	Jack Tibbetts
<i>County of Sonoma</i>	David Rabbitt

Special Accommodations: If you have a disability which requires an accommodation, an alternative format, or requires another person to assist you while attending this meeting, please contact Michelle Whitman, (707) 477-5653, as soon as possible to ensure arrangements for accommodation.

Public Comment: Any member of the audience desiring to address the Board on a matter on the agenda: please complete a Speaker Card and hand it to staff at the beginning of the meeting or prior to the time the Board Chair closes public comment on the item about which you wish to speak. When called by the Chair, please walk to the podium, state your name and make your comments. The public may comment on closed session items prior to the Board adjourning to closed session. In order that all interested parties have an opportunity to speak, please be brief and limit your comments to the subject under discussion. Each person is usually granted 3 minutes to speak; time limitations are at the discretion of the Chair. While members of the public are welcome to address the Board, under the Brown Act Board members may not deliberate or take action on items not on the agenda, and generally may only listen.

Meeting Documents: The associated documentation is available at the offices of the JPA listed above and on the website at: www.RenewalEnterpriseDistrict.org

Any changes to the date of the hearing, or any other updates will be noticed on the above website. For more information, please contact Michelle Whitman, Michelle.Whitman@RenewalEnterpriseDistrict.org



Item 3a

Renewal Enterprise District (RED)

Board Meeting

Regular Meeting Minutes - DRAFT

Date: July 22, 2020

Time: 2:00 P.M.

www.renewalenterprisedistrict.org

**In accordance with Executive Orders N-25-20 and N-29-20 the July 22, 2020
RED Board of Directors meeting will be held virtually.**

MEMBERS OF THE PUBLIC MAY NOT ATTEND THIS MEETING IN PERSON

The July 22, 2020 RED Board Meeting will be facilitated virtually through Zoom.

Members of the public can watch or listen to the meeting using one of the two following methods:

1. Join the Zoom meeting application on your computer, tablet or smartphone at:
<https://us02web.zoom.us/j/83636795528>
Meeting ID: 836 3679 5528
2. Call-in and listen to the meeting:
Dial 1 (669) 900-6833
Enter Meeting ID: 836 3679 5528
or
iPhone one-tap:
+16699006833,,83636795528#

PUBLIC COMMENT PRIOR TO THE BOARD MEETING: Public Comment may be submitted via recorded voice message or email.

VOICE RECORDED PUBLIC COMMENT: To submit public comment via recorded message, please call 707-477-5653 by 5pm Tuesday, July 21st. State your name and the item number(s) on which you wish to speak. The recordings will be limited to two minutes. These comments may be played at the appropriate time during the board meeting.

EMAIL PUBLIC COMMENT: To submit an emailed public comment to the Board, email michelle.whitman@renewalenterprisedistrict.org. Please provide your name, the agenda number(s) on which you wish to speak, and your comment. These comments will be emailed to all Board members.

PUBLIC COMMENT DURING THE BOARD MEETING USING ZOOM: Members of the public who join the Zoom meeting, either through the Zoom app or by calling in, will be able to provide live public comment at specific points throughout the meeting.

EMAIL PUBLIC COMMENT: One may also email public comment to michelle.whitman@renewalenterprisedistrict.org throughout the meeting. All emailed public comments will be forwarded to all Board Members.

DISABLED ACCOMMODATION: If you have a disability which requires an accommodation or an alternative format to assist you in observing and commenting on this meeting, please contact the Clerk of the Board at (707) 477-5653 or by emailing Michelle Whitman at michelle.whitman@renewalenterprisedistrict.org by 12pm Tuesday, July 21st to ensure arrangements for accommodation.

The rules for public observation and comment supersede and replace the standard provisions on page four for the duration of the public health emergency.

2:00 P.M. CALL TO ORDER**1. Call to Order, Roll Call and Approval of the Agenda**

Chairperson Victoria Fleming called the meeting to order at 2:05 pm. Executive Director Michelle Whitman took roll call and noted that a quorum was present, consisting of the following Directors: Jack Tibbetts, Shirlee Zane, David Rabbitt and Victoria Fleming.

2. Public comment on matters not listed on the agenda but within the subject matter jurisdiction of the Board

Time open: 2:06

Public speakers: None; Chair invited public comment, no one came forward.

Time closed: 2:07

3. Consent Calendar

- a. **Approve minutes of April 23, 2020 Board meeting**
- b. **Approve Year-to-date Financial Report**
- c. **Authorize a \$15,000 grant to the City of Santa Rosa to complete a feasibility analysis of forming infrastructure financing district in Santa Rosa's urban core**
- d. **Authorize Executive Director to collaborate with Generation Housing (Gen H) and Sustainable Sonoma in submitting a letter of introduction in pursuit of grant funding from Providence St. Joseph Health Community Recovery and Resilience Initiative.**

Recommended Action: Approve items as presented.

Time open: 2:07

Public speakers: None; Chair invited public comment, no one came forward

No Board questions or comments on the Consent Calendar

Time closed: 2:08

Board action: Motioned, seconded, passed, items approved as presented

AYE Zane AYE Tibbetts AYE Rabbitt AYE Fleming

4. Information Items

- a. **Agency Insurance:** Executive Director will provide a brief update on the RED's insurance coverage and premium

Time open: 2:09

Public speakers: None; Chair invited public comment, no one came forward.

No Board questions or comments on this item.

Time closed: 2:14

Board action: None, informational only

- b. **Map One Sonoma:** Update on RED Executive Director's participation in Map One Sonoma, an initiative funded by Community Foundation Sonoma County

Time open: 2:15

Public speakers: Tom Robertson

No Board questions or comments on this item

Time closed: 2:22

Board action: None, informational only

Tom Robertson stated a desire to be interviewed by Map One Sonoma project coordinator to share his perspectives as a property owner/housing developer

5. Action Items –

- a. **Fiscal Year 2018-19 Financial Audit.** Receive report from Auditor and seek Board acceptance of report.
Recommended Action: Receive and accept the Fiscal Year 2018-19 audit and direct staff to implement any recommendations provided.

Time open: 2:23

Public speakers: None; Chair invited public comment, no one came forward

There were no Board comments or questions following the auditor's presentation

Time closed: 2:34

Board action: A motion was made, seconded and approved to receive and accept the Auditor's FY 18-19 report. There were no recommendations made by the Auditor and, therefore, none to implement or approve.

AYE Zane AYE Tibbetts AYE Rabbitt AYE Fleming

Pisenti and Brinker Senior Manager Kellin Gilbert presented the firm's opinion of the RED's FY18-19 financial statements, which were found to be free of material misstatement. To qualify this opinion, Pisenti and Brinker reviewed the RED's organizational documents, and tested transactions and year end balances. The statements were free of unusual accounting transactions and did not reveal any fraud or illegal acts. The auditors did not have any difficulties or disagreements with RED management in the course of the audit.

- b. **Report on Phase One of Feasibility Study exploring a new fund or financing program that could be implemented to support infill, mid to high density housing development near transit; consider next steps.** Final report on screening models and proposed products for financing infill housing development in the downtown Santa Rosa market and other urban areas of the County; provide direction on next steps

Recommended Actions:

1. Accept Options and Feasibility Assessment Report for New Housing Fund for Infill Housing Development in Santa Rosa and Sonoma County.
2. Provide Direction to Executive Director regarding commencement of Phase Two of Project.
3. Authorize Executive Director to identify or pursue funding for Phase Two of Project.

Time open: 2:34

Public speakers: Tom Robertson

Time closed: 4:30 (including a mid-point recess)

Board action: Motions were made, seconded and approved to 1) Accept Options and Feasibility Assessment Report for New Housing Fund for Infill Housing Development in Santa Rosa and Sonoma County, 2) Direct Executive Director to commence with Phase Two of Project, and 3) Authorize Executive Director to identify or pursue funding for Phase Two of Project.

AYE Zane Absent Tibbetts AYE Rabbitt AYE Fleming

Forsyth Street Advisors (FSA), consultants to this initiative, led the RED Board and public stakeholders through a presentation of their findings focused on the identification of barriers that prevent both affordable and market-rate projects from moving forward. FSA found financial obstacles stalling infill, higher density housing production in the Santa Rosa and Sonoma County market and recommended the development of a housing fund offering products to stimulate the production of these housing types. FSA has created housing funds for the purposes of spurring housing production in other areas experiencing housing crises, including those recovering from natural disasters. Recommended fund products include flexible, patient financing for affordable and middle-income housing. The presentation completed Phase I of the Options and Feasibility report showing both a need for a housing fund and a pathway to creating one. FSA recommended moving forward with fund formation, beginning with capitalization, followed by legal structure, and finally, governance, management and operations.

Board member questions and comments:

Rabbitt – Supportive of moving forward but questions risk profile, especially for public investors interested in fulfilling policy goals. FSA responds that in their experience, public sector investment usually takes highest risk position in the layered capital stack because the goal is achieving public policy goals. Rabbitt also asks what level of funding commitment is needed from the public sector, and is this a one time commitment or ongoing. FSA assumes \$20 million is needed in total to launch the fund to catalyze a handful of projects. If \$10 million is raised from philanthropic and private sector, then \$10 million needed from public sector. Rabbitt states that City and County have recently received settlements from PG&E, which he states is an appropriate source of funding for a housing fund. Other cities in the county don't have PG&E funds, have constrained budgets. If they join the RED in the future, how do we determine the buy in price to join the fund? FSA answers that it depends what is in the fund and what objectives the new member is trying to address under their unique conditions; not a final answer, just a frame for thinking about it. Rabbitt references ABAG RHNA requirements and if subregionalized, may have more RED buy-in from non-member county jurisdictions to achieve collective, mandated housing goals. Rabbitt finally asks if Phase II can be approached in steps and acknowledges that it is difficult to raise money in Sonoma County, particularly for big initiatives like this. Can we take interim steps toward the goal of creating the fund? Executive Director Whitman suggests that the first step is to identify funding for Phase II scope of work and then to pursue capital for the fund. If capital is committed then the effort advances. If the fund cannot be capitalized there would be no effort made around legal structure, governance, operations or maintenance.

Zane – Can we accelerate infill housing without seeding a housing fund? FSA states that the thesis of the fund is proving the market for higher density infill housing within a range of affordability. The Fund is needed to help support and prove the market; housing funds are created to take on a role

that conventional lenders cannot. When public budgets are constrained, a fund can cost effectively leverage public sector investment to achieve a greater level of benefit, create a lot of housing, even provide benefits beyond the scope of the fund. Public sector may be paying 5% of the project cost to stimulate the other 95%. Good return on investment. Once the fund has proven a market, funds can be reprogrammed toward other policy goals and the proven market continues to build without public investment, providing a zero-cost public benefit. Zane asks how FSA assists the RED in capitalization. RED and FSA each have roles in capitalization. FSA has experience doing this, has credibility with investors but the RED is the local presence with the local relationships.

Tibbetts – Like the San Francisco Housing Accelerator Fund, the opportunity to provide 0% financing over 20 years may be an option to consider as RED Board members go back to their Board and Council. FSA presentation looks good, appreciates the suggestion that the fund could take an equity position in the event of default since this is public money. Would like to avoid loans like those at the Community Development Commission, where loan proceeds may not be paid back for up to 30 years. FSA responds that the matter is in two different buckets—affordable and market rate. Market rate requires fixed payments; affordable depends on the goals of the RED. Want to be impactful, flexible, responsive. Each investor into the fund will have its own requirements we must factor in, honor obligations to. Tibbetts grateful for taking his previous recommendations and incorporating them into the final report. Says report is awesome; wishes he could participate in the vote but because of time constraints must leave the meeting before casting a vote.

Fleming – Is the fund scalable if the RED adds new member jurisdictions following its two-year anniversary? FSA responds that the fund is scalable and once a timeline is identified the fund can begin structuring the fund to accommodate new members. The question is whether this a short, medium- or long-term prospect. Public investors into the fund will be expecting a policy benefit, with first investors setting precedents. Fleming asks for clarification of the risk profile for public investments, given public policy goals, conditions, restrictions. FSA answers that by definition the fund takes on risks that a private lender is not comfortable with. Fleming asks how governing structures can evolve and adapt to adding new members. FSA answers that fund's legal structures and governance are set to the operating environment; some are stand alone 501(c)(3) organizations; some are LLCs; others are a hybrid.

Public Comments: Tom Robertson, as a private developer, is excited about this initiative and would likely submit an application for his project if a housing fund is created.

6. Executive Director Report

Time open: 4:31

Public speakers: None; Chair invited public comment, no one came forward.

Time closed: 4:51

Board action: Receive report

Executive Director Michelle Whitman provided a verbal report on RED activities since the April 23, 2020 Board meeting, including highlights from two large grant awards to produce 345 units of housing, facilitating an audit, capacity building and resource development, attracting and pooling grants and other financial resources to accelerate higher density housing production near transit, services and other amenities. Looking forward, short term efforts to spur housing development are focused on partner agencies at the state level, including the Strategic Growth Council and Housing and Community Development, among others. However, the impacts of COVID-19 on federal, state and local budgets are not yet known. The State Senate appears to be fundamentally committed to housing production, however, financial resources must follow.

There may be federal recovery money available for infrastructure, which has housing advocates working to have housing officially defined as infrastructure. The overall financial impacts of COVID-19 on local housing production remain uncertain. Nonetheless, there is a spirit of cautious optimism among developers active in Sonoma County, with several projects expected to break ground in 2020 and 2021.

Board member comments and questions:

Rabbitt: Good collaborative effort in Sonoma County around housing initiatives. Equity is connected to planning.

Zane: Would like to see more media focused on housing progress, funding awards. Housing has everything to do with health, equity. Has literally become a life and death issue.

Fleming: In addition to the RED, City and County staff are due credit for taking steps to establish both jurisdictions as ‘pro-housing.’ Agrees that housing is health.

7. Adjournment

The meeting was adjourned at 4:53 p.m.

Member Agency	Directors
<i>City of Santa Rosa</i>	Victoria Fleming (Chair)
<i>County of Sonoma</i>	Shirlee Zane (Vice Chair)
<i>City of Santa Rosa</i>	Jack Tibbetts
<i>County of Sonoma</i>	David Rabbitt

Special Accommodations: If you have a disability which requires an accommodation, an alternative format, or requires another person to assist you while attending this meeting, please contact Michelle Whitman, (707) 477-5653, as soon as possible to ensure arrangements for accommodation.

Public Comment: Any member of the audience desiring to address the Board on a matter on the agenda: please complete a Speaker Card and hand it to staff at the beginning of the meeting or prior to the time the Board Chair closes public comment on the item about which you wish to speak. When called by the Chair, please walk to the podium, state your name and make your comments. The public may comment on closed session items prior to the Board adjourning to closed session. In order that all interested parties have an opportunity to speak, please be brief and limit your comments to the subject under discussion. Each person is usually granted 3 minutes to speak; time limitations are at the discretion of the Chair. While members of the public are welcome to address the Board, under the Brown Act Board members may not deliberate or take action on items not on the agenda, and generally may only listen.

Meeting Documents: The associated documentation is available at the offices of the JPA listed above and on the website at: www.RenewalEnterpriseDistrict.org

Any changes to the date of the hearing, or any other updates will be noticed on the above website. For more information, please contact Michelle Whitman, Michelle.Whitman@RenewalEnterpriseDistrict.org

Agenda Item: 3b
Meeting Date: August 26, 2020

Renewal Enterprise District Consent Item

TO: Board of Directors
FROM: Michelle Whitman, Executive Director
SUBJECT: Financial Report through July 31, 2020

Summary: The Renewal Enterprise District's (RED) total YTD revenue is \$0 and \$2,559 in expenses were incurred through July 31, 2020.

Background

This report covers the full fiscal year 2020/21 through July 31, 2020
The RED's budget for FY 20/21 is \$608,930
Income for FY20/21 is \$0
Expenses for FY20/21 is \$2,559
Net income balance for FY20/21 is \$2,559

Staff Recommendation

Accept the financial report

List of Attachments

Exhibit A - Agency Budget Performance as of July 31, 2020.

Contact

Michelle Whitman, Executive Director, 707-543-3087 Michelle.Whitman@RenewalEnterpriseDistrict.org

Exhibit A

Account	Title	Adjusted Budget	Year-To-Date 7/31/20 Actual	Year-To-Date Remaining Balance	% of Budget
Fund Code 74751 -- Renewal Enterprise Distr JPA					
Account Type 00004 -- All Revenues					
44002	Interest on Pooled Cash	3,000.00	-	3,000.00	0%
46215	Other Grants	596,190.00	-	596,190.00	-
Total All Revenues		599,190.00	-	599,190.00	0%
Account Type 00005 -- All Expense/Expenditure Accts					
51201	Administration Services	13,930.00	2,559.00	11,371.00	18%
51226	Consulting Services	295,000.00	-	295,000.00	0%
53501	Contributions	300,000.00	-	300,000.00	0%
Total All Expense/Expenditure Accts		608,930.00	2,559.00	606,371.00	0%
Net Income		9,740.00	2,559.00	7,181.00	26%

Renewal Enterprise District Consent Item

TO: Board of Directors
FROM: Michelle Whitman, Executive Director
SUBJECT: Authorize Executive Director to enter into a Memorandum of Understanding (MOU) with Generation Housing for the purpose of submitting grant applications to support shared housing goals.

Summary: Authorize Executive Director to enter into a Memorandum of Understanding (MOU) with Generation Housing for submission of joint and/or separate grant applications to increase the supply, affordability, and diversity of homes throughout Sonoma County.

Background

The RED leverages its efforts through collaboration across sectors and disciplines to accelerate the production of mid-to-high density, infill housing that puts equity, affordability and climate solutions in the center of local economic strategies.

Generation Housing (Gen H) shares and advance the goals of the RED by advocating for and supporting the action to build the housing our community needs to thrive. Working together, Gen H and the RED have higher potential to move forward pro-housing activity and smart, community-minded housing production needed to support a healthy and prosperous Sonoma County in the coming decades.

Collaborative members bring different strengths to our initiatives and grant proposals. GenH has a county-wide reach and an explicit focus on housing advocacy. The RED is skilled at leveraging funding and governmental support to accelerate climate friendly, infill housing across the affordability spectrum.

The RED and Gen H are each dedicated to increasing the supply, affordability, and diversity of homes throughout Sonoma County. In pursuit of these goals, the RED and Gen H seek to apply for grants, separately and in some cases jointly, to build capacity, will and funding for housing, and ensure that such support results in action. One potential grant maker has requested that collaborating entities formalize their relationship with a Memorandum of Understanding (MOU). The RED Executive Director requests Board authority to enter into an MOU for the explicit purpose of formally recognizing that the RED and Gen H are working collaboratively on shared housing goals.

Staff Recommendation

Authorize Executive Director to enter into Memorandum of Understanding (MOU) with Generation Housing for the purpose of submitting grant applications to support shared housing goals.

Fiscal Impact

None

Agenda Item: 3c
Meeting Date: August 26, 2020

List of Attachments

Exhibit A, RED, Generation Housing Memorandum of Understanding

Contact

Michelle Whitman, Executive Director, 707-543-3087 Michelle.Whitman@RenewalEnterpriseDistrict.org

Exhibit A

Memorandum of Understanding

Between Generation Housing and The Renewal Enterprise District

This Memorandum of Understanding (MOU) establishes a type of partnership between **Generation Housing (“GEN H”)** and **The Renewal Enterprise District (“The RED”)**

I. MISSION

Gen H champions opportunities to increase the supply, affordability, and diversity of homes throughout Sonoma County. We promote effective policy, sustainable funding resources, and collaborative efforts to create an equitable, healthy, and resilient community for everyone.

The RED proposes building not just homes, but communities to support sustainable living in a rapidly changing world. The RED is structured to be efficient, effective and sustainable organization prepared to facilitate creation of housing that meets our shared public policy goals including increased density, transit-oriented development, protection of open space and community separators, improved energy efficiency, climate resilience and affordability, and equity. The RED will jumpstart the shared vision of the City, the County, and the State to harness regional action to meet our community’s diverse housing needs and to protect the environment, support economic vitality, and improve the quality of life for all County residents.

II. PURPOSE AND SCOPE

Gen H and **The RED** are each dedicated to increasing the supply, affordability, and diversity of homes throughout Sonoma County. Sonoma County is the most housing cost burdened county in the Bay Area as 57 percent of local households pay unaffordable rents.¹ Positive social change at scale cannot be achieved without a dramatic shift in the public’s attitude toward affordable housing.

The **Campaign to Build Public Will for Affordable Housing** in Sonoma County will serve as the main vehicle for increasing public and political will in support of pro-housing projects and policies is necessary to solve our housing crisis. The results of addressing this pressing community need means having local families be stably housed in a vibrant community. Towards that end, both organizations are committed to advancing the work required for an inclusive and affordable Sonoma County for all residents.

Each organization of this MOU is responsible for its own expenses related to this MOU. There will not be an exchange of funds between the parties for tasks associated with this MOU.

////

¹ Bay Area Equity Atlas, PolicyLink

III. RESPONSIBILITIES

Each party will appoint a person to serve as the official contact and coordinate the activities of each organization in carrying out this MOU. The initial appointees of each organization are:

Gen H: *Jen Klose*

The RED: *Michelle Whitman*

The organizations agree to the following tasks for this MOU: **Gen H** will:

- Maintain a regular flow of communication with the **The RED** about updates and information relevant to the campaign.
- Provide facilitation, materials, and adequate preparation for meetings and ensure fair participation of the **The RED** in the Campaign's cross-sector committee.
- Provide messaging and content of the Campaign is shared with The RED

The RED will:

- Participate in a cross-sector leadership committee that will be created to help test and hone content and messaging about housing for the Campaign.
- Amplify the Campaign's messaging by sharing with networks across social media, email list serves, and other outreach and awareness vehicles available to the organization.

IV. TERMS OF UNDERSTANDING

The term of this MOU is for a period of twelve (12) months from the effective date of this agreement and may be extended upon written mutual agreement. It shall be reviewed at least annually to ensure that it is fulfilling its purpose and to make any necessary revisions.

Either organization may terminate this MOU upon thirty (30) days written notice without penalties or liabilities.

Authorization

The signing of this MOU is not a formal undertaking. It implies that the signatories will strive to reach, to the best of their ability, the objectives stated in the MOU.

On behalf of the organization I represent, I wish to sign this MOU and contribute to its further development.

--- Signature Page to Follow ---

Date: August____, 2020

Jen Klose, Executive Director
Generation Housing

Michelle Whitman, Executive Director
The Renewal Enterprise District

Renewal Enterprise District Consent Item

TO: Board of Directors
FROM: Michelle Whitman, Executive Director
SUBJECT: Authorize RED Executive Director to apply for a \$90,000 Kaiser Permanente fire recovery grant and if awarded, to receive funds to support Phase II Scope of Work to create a new Housing Fund (Fund) for Infill Housing Development in Santa Rosa and Sonoma County, and delegate authority to Executive Director to amend Professional Services Agreement with Forsyth Street Advisors to reflect revised Scope of Work.

Summary: Authorize the RED Executive Director to accept an invitation to apply for a \$90,000 Kaiser Permanente fire recovery grant and if awarded, to receive funds to support Phase II Scope of Work to take a measured approach toward creating a new Housing Fund (Fund) for Infill Housing Development in Santa Rosa and Sonoma County; and delegate authority to Executive Director to amend the Professional Services Agreement with Forsyth Street Advisors in consideration of the revised Scope of Work.

Background:

In response to the well-documented, unmet need for affordable and market rate infill housing in urban areas of Sonoma County, the RED launched an initiative to design and implement a new Fund or financing program that could help accelerate the creation of infill, mid-to-high density housing near transit, jobs, services and other amenities that help build healthy, complete communities.

In October 2019, the Renewal Enterprise District (RED) Executive Director met with Enterprise Community Partners (Enterprise), a national nonprofit organization that brings together nationwide and local partners, policy leadership and investment to multiply the impact of affordable housing development. Discussions continued regarding financial barriers potentially inhibiting the pace of infill, mid-to-high density, transit-oriented, mixed income housing in Santa Rosa and Sonoma County's urban areas. Enterprise suggested that Forsyth Street Advisors (Forsyth), a firm that has established housing funds across the state and country, take the lead on developing and testing possible financing approaches for feasibility.

Forsyth is an advisory and asset management firm with a national practice focused on assisting municipal and philanthropic clients with creating new funds for affordable housing, including, nearby, the [San Francisco Housing Accelerator Fund](#).

In February 2020, Community Foundation Sonoma County (CFSC) awarded a \$30,000 grant that launched Phase I of the Forsyth Scope of Work to:

- Explore the landscape for Infill Development in downtown Santa Rosa and other urban areas across the County;

Agenda Item: 3d

Meeting Date: August 26, 2020

- Develop and test financing methods for catalyzing this type of development, and evaluate and present an overview of these strategies to the RED;
- Screen models for financing infill development for their feasibility in the downtown Santa Rosa market and other urban, infill areas of the City and County; and
- Evaluate whether a new Fund or financing program could be implemented to support mid-to-high density infill development near transit.

The Phase I Scope of Work was completed in June 2020. At the July 22, 2020 Board Meeting, the RED Board of Directors accepted the Phase I deliverable, an Options and Feasibility Assessment Report for a new Housing Fund for Infill Housing Development in Santa Rosa and Sonoma County. The Assessment Report indicates that creation of a Fund is feasible, pending the outcome of the next steps in the process. Upon receipt of the Report, the RED Board gave direction to its Executive Director to identify funding to proceed in measured steps with Phase II of the project, starting with capitalization, then legal structure and, finally, governance, management and operations of the proposed Fund. The Executive Director subsequently reached out to Kaiser Permanente, among other potential funders, requesting financial support for the Phase II Scope of Work. Kaiser Permanente has invited the RED to apply for a \$90,000 fire recovery grant in support this initiative.

Forsyth Street Advisors anticipates that the Phase II workplan would take approximately one year to complete, up to and including creation of the Fund. However, there are significant uncertainties with respect to this timeline. Availability of capital for the Fund, in particular, will inform whether and how the Fund could be established. The novel coronavirus may also have significant and unforeseen effects on the availability of resources for the Fund and the pace of the workplan. Given these uncertainties, Forsyth Street proposes a flexible and responsive workplan, with periodic reevaluation of progress with the RED to confirm that creation of the Fund continues to be achievable and realistic.

Cost for Forsyth Street's Phase II workplan, up to and including creation of the Fund, if advisable, is estimated at \$150,000. If at any point the workplan needs to be paused, or if at any point creation of the Fund is determined to be infeasible due to lack of availability of capital or other reasons and the workplan needs to be set aside, only a portion of the fee would be payable. Legal, accounting, and other specialized services would need to be obtained at additional cost, as required. Legal costs in particular can be a significant and highly variable additional expense for Fund formation, affected by factors such as the preferred legal structure for the Fund, the complexity of the Fund's capital structure, and the willingness of capital providers to cover their own legal costs.

Over the estimated one-year timeline to establish the Fund, numerous tasks will need to be completed. These include immediate next steps, with respect to evaluating alternatives for, and determining, as noted above, the capitalization, legal, governance, management, and

Agenda Item: 3d

Meeting Date: August 26, 2020

operations structures of the Fund, as well as subsequent activities to document, close on, and operationalize the Fund.

No final decision on Fund creation has been made by the RED Board, and such a decision is not the subject of today's agenda item. Authorizing Phase II work to proceed does not obligate the RED Board to create a Fund. A final decision on Fund creation will depend on the successful conclusion of the activities identified above. As Phase II work progresses, regular updates, reports and key policy decisions will be brought to the RED Board for public deliberation in the course of its regular Board meetings.

Staff Recommendation

Authorize Executive Director to apply for a \$90,000 Kaiser Permanente Grant and if awarded, to receive funds to be applied to Phase II Scope of Work, and delegate authority to Executive Director to amend Professional Services Agreement with Forsyth Street Advisors to reflect revised Scope of Work.

Fiscal Impact

No net impact. Anticipated revenue increase will be offset by equivalent expenditures.

List of Attachments

Exhibit A – Options and Feasibility Report, including Phase II Scope of Work

Exhibit B – Forsyth Street Advisors draft Professional Services Agreement

Contact

Michelle Whitman, Executive Director, 707-543-3087 Michelle.Whitman@RenewalEnterpriseDistrict.org

Exhibit A



Renewal Enterprise District

Options and Feasibility Assessment: Promoting Infill Development in Sonoma County

July 22, 2020

Photo credit: Downtown Specific Plan Update 2020

TABLE OF CONTENTS

TABLE OF CONTENTS	2
I. INTRODUCTION	4
II. OUR MISSION & LANDSCAPE REVIEW	5
A. PURPOSE AND BACKGROUND	5
B. LANDSCAPE REVIEW	7
III. CHALLENGES FACING DEVELOPMENT	9
A. COST AND REVENUE ASSUMPTIONS	9
B. FINANCING IMPLICATIONS	10
IV. POTENTIAL FUND PRODUCTS	12
A. PRODUCTS FOR AFFORDABLE DEVELOPMENTS	12
B. PRODUCTS FOR MARKET-RATE DEVELOPMENTS	13
V. FUND FORMATION	17
A. CAPITALIZATION	17
B. LEGAL STRUCTURE	18
C. GOVERNANCE, MANAGEMENT, AND OPERATIONS	19
D. ESTIMATED COST AND TIMING OF PHASE II	20
VI. RECOMMENDED NEXT STEPS	22
A. IMMEDIATE NEXT STEPS	22
B. ADDITIONAL ANTICIPATED TASKS	23
VII. APPENDIX 1: FEASIBILITY STUDY INTERVIEW PARTICIPANTS	24

*This document was produced by Forsyth Street Advisors
with assistance from the Renewal Enterprise District and Enterprise Community Partners
as part of the firm's engagement with the Renewal Enterprise District.*

I. INTRODUCTION

For its assignment with the Renewal Enterprise District (the “RED”), Forsyth Street Advisors (“Forsyth Street”) is exploring the feasibility of creating a new housing fund (the “Fund”) for infill housing development in Sonoma County. Initially focused on urban Santa Rosa, the Fund will look to catalyze the emergence of more dense, vibrant infill communities by providing powerful new investment tools to deliver capital for affordable and market rate housing.

This Options and Feasibility Assessment (the “Report”) presents an overview of the Fund’s mission and goals; the existing development landscape within Sonoma County, the current challenges developers face in completing their projects, and why a new Fund is suited to deliver these missing capacities; and the types of products and mechanisms for delivery that could meet developers’ financing needs.

Process

The concept for a new Fund was researched and tested through extensive outreach to Santa Rosa and Sonoma County’s housing development community. This outreach sought to identify ways in which additional affordable and market-rate housing could be generated, and to identify the funding gaps and challenges developers face when looking to create more dense infill housing in an emerging market.

The process for conceptualizing a new Fund and identifying products that would help to move projects forward was informed by interviews with over 25 local and regional stakeholders. These included representatives from the public sector, for-profit and nonprofit housing developers, and local capital providers from the private sector. With their input, our organizations were collectively able to assess the market need for a new fund and identify products that meet developers’ needs.

The process to date has culminated in the completion of this Report. Next steps for a possible Phase II include continued refinement around the contemplated product set, as well as moving to “stand up” the Fund by developing its legal structure, governance, management, operations, and capitalization.

II. OUR MISSION & LANDSCAPE REVIEW

A. Purpose and Background

Why Santa Rosa?

Santa Rosa is the largest city in Sonoma County and is home to more than one-third of the County's population. Located roughly 50 miles north of San Francisco, Santa Rosa has developed into a major hub for North Bay Area government, commerce, medical facilities and tourism, with major economic drivers for the region being the nearby wineries, vineyards, parks and recreational facilities. Historically the region has experienced year-over-year population growth, with unemployment rates lower than the California and national averages¹ (though between 2017-2019 the County's population declined by approximately 4,700 or almost 1% due in part to high housing costs and impacts of the fires²). This, combined with historically low vacancy rates in both rental and single-family homes, has created a shortage of housing units for individuals at all income levels. Rising rental rates and home prices have made it difficult for individuals and families with lower to moderate incomes to obtain housing, while various policy and economic components have continued to impede development.

Exacerbating these housing conditions was the 2017 Tubbs Fire, which greatly devastated the existing housing stock within Santa Rosa and Sonoma County. Already experiencing a housing shortage, the fire destroyed more than 5,300 homes in the region, including entire neighborhoods in Santa Rosa. The housing gains the County had made in the years prior were severely diminished, with the City's residential stock expanding by approximately 870 net new units over an eight-year period (2010-2017)³. When compared to the stated goal of adding 5,000 new units by 2023, conveyed in the City's 2016 Housing Action Plan, the City is faced with the major challenge of the dearth of housing being built in a high-cost environment.

As a response, the City of Santa Rosa has taken significant measures to increase housing production while changing the historical pattern of development. Priorities of Santa Rosa residents have shifted as a result of these fires – where single-family homes and properties were once idealized, some residents have now expressed desires to live in denser, more centrally-located neighborhoods that are closer to both workplaces and lifestyle amenities. Local employers have also expressed support for additional infill development that could attract a workforce that increasingly prefers to settle in denser, more urban and walkable communities. Recognizing these changing housing and lifestyle priorities, both the City and County have taken several steps to support the policies, efforts, and initiatives that support infill development downtown and near transit corridors.

¹ BBG Appraisal Group, 2019.

² The Press Democrat: *Sonoma County Population Declines Sharply*, January 2020.

³ City of Santa Rosa; *Downtown Specific Plan Market Demand Study*; 2019.

Steps Taken by the City and County to Promote Greater Development

In the face of these community challenges, the City of Santa Rosa and the County of Sonoma have taken aggressive actions to reform and align policy, infrastructure, civic leadership, and investment strategies to create a supportive environment for reinvesting and refocusing development in infill, urban areas. Some examples of this include:

Creation of the Renewal Enterprise District. As a response to the County’s severe housing shortages, the City of Santa Rosa and the County of Sonoma authorized the creation of the Renewal Enterprise District (“RED”), a Joint Power Authority in which the two municipalities are the initial members. Public stakeholders acknowledged that their housing challenges represented a more regional crisis, rather than contained in one municipality. Intended to catalyze and facilitate housing development in targeted infill areas, the RED is able to leverage public and private financing to support housing development that conforms to a set of project criteria. Acting at the intersection of public stakeholders, developers, and capital providers, the RED is poised to aggregate capital and knowledge from these sources in order to promote the targeted types of infill development throughout the City and the County.

Increasing Development Feasibility. To incentivize infill development the City has taken a number of steps to reduce fees and implement policies that would improve a project’s costs. This includes implementing the Downtown High-Density Residential Incentive Program, which reduces impact fees and defers water and wastewater fees; and introducing an aggressive density bonus of up to 100% in the in the Downtown Station Area Specific Plan area to allow for more units.

Streamlined Review and Permitting Processes. Lengthy, bureaucratic processes for project review and approvals have harmed projects – as developers wait for these processes to complete, associated project costs often rise, creating additional financing shortages for their respective projects. In order to prevent this from occurring, the City has curtailed discretionary action for design review and is creating clearer design guidelines for housing projects located downtown and in four other Priority Development Areas. The City has also created an “express permitting” process for downtown infill projects, aiming to reduce the typical 18-month process down to approximately six months. Separately, the County has also enacted some, and is in process of updating other, new zoning ordinances and simplified development standards to clear the way for higher density housing in other urban areas near jobs and transit.

With the local agencies maximizing and leveraging available tools and resources to move infill development forward, development seems poised to jumpstart in the downtown core. However, due to a number of challenges faced by developers, projects have failed to progress at the rate needed to counteract the County’s housing shortage.

Why a New Fund?

Santa Rosa is Investment Ready. As noted above, the Santa Rosa community has invested heavily over the past few years in both policy and infrastructure changes to incentivize and streamline priority types of development in infill areas. The actions taken by public stakeholders and pro-housing advocacy groups have positioned Santa Rosa for new infill development, an initial step in creating a more vibrant, livable urban core.

The Fund Will Fill Existing Funding Gaps and Have the Ability to Leverage Additional Resources. Further articulated in the following sections of this Report, the Fund’s primary purpose will be to deliver the types of investment products that are able to catalyze infill development in a way that

has not been traditionally possible. Projects in Santa Rosa, especially those located downtown, have been challenging to finance with traditional debt and equity sources. With capital supplied by the Fund, these projects will create a more complete urban core, and will ideally prove that a market for this dense, infill residential housing typology exists. In addition, the Fund will seek to be structured in a way so that it is able to leverage capital from a variety of public, philanthropic, and private sources.

The Situation is Urgent. The ramifications from the Sonoma Complex Fires are still being felt within the Santa Rosa community and throughout the County. The income gap between wealthy and workforce residents continues to widen, and in a market where construction costs are high, in part due to disaster recovery and the mass rebuild underway, projects face increasing amounts of financial and political pressure to move forward, albeit with ever-constrained financial resources. The City and County desperately need new tools through which to increase the pace of development, and with financing provided by a new Fund, projects that have historically been stalled or abandoned due to increasing costs or the inability to locate sufficient funding may be able to progress.

B. Landscape Review

The Current Development Market

Historical Development Patterns. Single-family homes have long dominated development in Santa Rosa. However, recent studies have indicated that rental residences have been accepted and favored by a growing proportion of Santa Rosa residents⁴. In addition, many residents have expressed the desire for a more central, sustainable, transit-oriented community after experiencing the impact from the devastating Tubbs Fire. While there will always be a demand for single-family homes, the growing proportion of renter households within Santa Rosa suggests that there is also demand for a denser, infill product located within the City's urban areas.

Projects Under Consideration. As part of this landscape review, our analysis included conducting interviews with a number of affordable and market-rate developers based within and around Sonoma County. Some of these developers had active projects in various stages of predevelopment, with some specifically focused on densifying downtown Santa Rosa. The cost and market data provided by these developers influenced considerations on appropriate products for the Fund, how the Fund would be capitalized and how these products would interact with other sources of project financing. Characteristics from the set of reviewed projects included:

- **Affordable Projects:** Projects were at least 75 units, with the majority of units affordable to individuals at or below 80% of area median income (AMI). Projects discussed were in various stages of predevelopment, with most in the process of applying for Low Income Housing Tax Credits. Although projects use some conventional construction and permanent debt from both local and national banks, project financing is heavily reliant on “subsidized” sources including tax credit equity and subordinated debt from governmental agencies or foundations. Developers project public sources from the City, County and State.
- **Market-Rate Projects:** Projects averaged approximately 100 units in size. Projects discussed were in various stages of predevelopment. Construction loans for these projects are typically supplied by local banks with some of these lenders also providing permanent loans. The

⁴ City of Santa Rosa; *Downtown Specific Plan Market Demand Study*; 2019.

remainder of the project's financing is comprised of equity from the developer/owner, "friends and family", and regional equity investors. National lenders and institutional investors are not particularly common in the market.

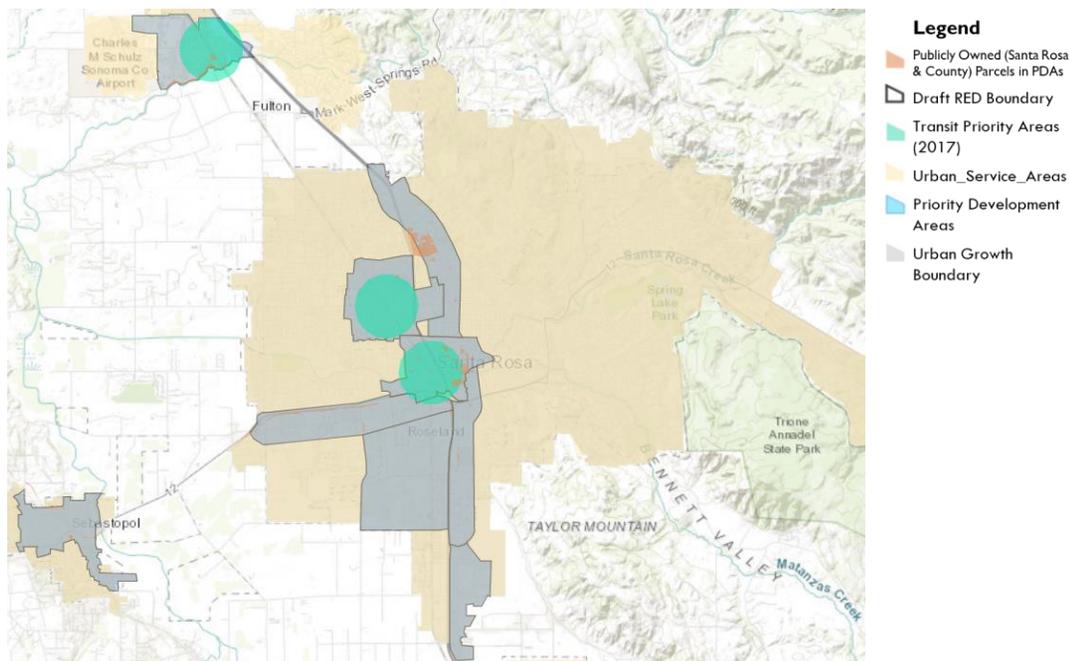
Promoting Infill Development

Defining Infill Development. Products offered by the Fund will seek to activate priority infill projects located in planning areas targeted by the RED. More concretely, the Fund will look to support projects located in dense, urban areas of Sonoma County, with a natural focus on Santa Rosa's urban core. Projects will be principally multifamily residential, possibly with a mixed-use component (e.g., ground floor commercial space), and will be targeted to a range of income levels, including affordable, middle-income/workforce, and market-rate.

RED-Adopted Project Criteria. Shortly after its formation, the RED adopted project criteria to help determine the types of projects the RED would support (and eventually, help to determine the types of projects a new Fund would finance). Intentionally broad, these criteria are flexible so as not to exclude any projects that are aligned with the following core principles:

- **Located on an Infill Site:** Projects must be on urban sites within Santa Rosa or unincorporated Sonoma County that have either been previously developed or are currently vacant but are adjacent to sites with qualified urban uses.
- **Provides Mid- to High-Density:** Project density is at least at the middle of a jurisdiction's qualified zoning for a site.
- **Located in a Transit-Rich/Planned Area:** Projects must be located entirely within Transit Priority Areas, Priority Development Areas, Rural Community Investment Areas, Specific Plan Areas, High-Quality Transit Corridors and/or Qualified Opportunity Zones.
- **Are Either Residential or Mixed-Use Residential:** At least 75% of the total building square footage for the project consists of residential uses.

In addition, projects must incorporate one or more of the following criteria: include affordable units (determined by the income limits published for Sonoma County by the State Department of Housing and Community Development), include on-site workforce housing, include on-site "affordable by design" units (e.g., units are smaller than typical market-rate units, are more efficient and have fewer amenities), be closely located to transit, are energy efficient, are water efficient, and include an innovative design component, among others.



III. CHALLENGES FACING DEVELOPMENT

Over the course of our interviews with developers, many were in the predevelopment phases of their projects, with these projects stalled before moving towards construction. Developers face a variety of factors that impact a project's construction costs and rental revenue, two critical factors in determining a project's financial feasibility and ability to move forward.

A. Cost and Revenue Assumptions

High Construction Costs

A number of factors impact a developer's construction costs. Within Santa Rosa, our interviews with developers spoke to the following construction cost barriers:

Contractor Costs. The largest cost of a project is the contractor's construction budget. California especially has seen rapidly rising costs over the last decade – a recent study found that hard costs per square foot, which includes labor and materials, increased 25% between 2008-2018⁵. Inflated construction costs are exacerbated by the high demand for labor and materials as the County rebuilds homes and businesses lost during the 2017 and 2019 wildfires in addition to the 2018 floods. Furthermore, infill development is inherently more expensive to build due to the typology: multiple stories require higher-cost materials such as concrete and steel, parking garages, elevators, higher fire-rated materials, etc. Affordable housing can have even higher construction costs due to prevailing wage and other labor requirements that are driven by government funding. While these changes alone will not solve the high cost of construction, developers are exploring, and in some cases moving forward on methods that may reduce construction costs slightly, including using in-house general contractor capabilities to cut fees, hiring out-of-area labor, and using modular construction.

Offsite Costs. In some projects, developers are required to pay for adjacent infrastructure or streetscape costs, which further increase a project's hard costs. Where public funding can cover these costs, this will help a project's feasibility.

Land Costs. As the California real estate market has become more competitive, landowners demand high prices for infill parcels. In some cases, developers may have acquired parcels years ago at a lower cost, though there are ongoing holding costs such as property taxes and interest. If public agencies that own land are able to offer their parcels to developers at low-cost, this ultimately can support a project's feasibility.

Local Policies. Local policies, including permitting, zoning requirements, and approval processes, can further add to a project's costs. Although there are still costs such as permitting and impact fees that some developers hope could be reduced even further for project feasibility, local agencies have taken meaningful steps to reform processes and curtail costs. Steps already taken include:

- *Reform Design Review and Streamline Permitting:* The City has reduced discretionary reviews and shortened the design review and permitting timeline. These clear design guidelines and shorter timeframes can reduce cost escalation risk.
- *Modify Zoning Requirements:* Updated requirements allow for reduced parking and more density.

⁵ Turner Center, US Berkeley: *Hard Construction Costs, March 2020.*

Limited Revenue Assumptions

When a developer assembles projections for the project, they are generally limited with respect to the range of revenues and rent levels they expect their project to command.

Unproven Market/Lack of Comparable Projects (Market-Rate). Beyond high costs, a big challenge for market-rate projects is that Santa Rosa represents a new market for a denser, urban, infill product. The existing housing stock in Santa Rosa is primarily single-family homes and low-rise garden-style apartments. There are currently no comparable projects in the local market to verify the rents required to cover the higher cost of development inherent in a denser infill project.

Capped Rents (Affordable Housing). Alternatively, the demand for affordable housing is almost limitless. In order to qualify for tax credits and public agency funds, affordable housing projects offer below-market rents that are affordable to lower-income households. Because of these low rent levels, the public subsidy provided is essential to the project's financial feasibility.

B. Financing Implications

Financing for Market-Rate and Affordable Projects

Market-Rate Financing. While developers are optimistic that changing demographics and attitudes will attract sufficient demand and higher rents for an infill project, lenders and investors view this unproven market with uncertainty. For example, a construction lender may lend at the lesser of 70% of cost ("Loan to Cost" or "LTC") or 80% of projected value when leased ("Loan to Value" or "LTV"). In order to determine Loan to Value the lender must project future rents. Because there are no precedent projects to prove the market, the lender takes a conservative approach and uses rents lower than the developer's assumptions. The result is that the lender's projected value can be lower than the project cost, which limits the construction loan to an even lower amount (to the equivalent of 60% LTC for example).

- In this example, the remaining 40% of the project's construction costs must then be financed with equity. Equity is more expensive than debt because a construction lender may charge 4% interest, while an equity investor may require a 12-15% rate of return ("IRR"). The combination of high construction costs and unproven rent assumptions makes it infeasible to meet the equity IRR requirements as it becomes a larger percentage of the capital stack. The developer is unable to meet the required rate of return for the equity within their current model of construction costs and projected rent levels.
- As a result, there is a need for a lower cost mezzanine (second-position) debt product that can work alongside traditional loan products to bridge the gap between developer and lender expectations and achieve a higher total combined loan amount. Ideally this would jumpstart "pioneer projects" that could be catalytic in proving the market and ultimately stimulate more infill development under traditional financing mechanisms.

Affordable Housing Financing. High development costs and low rents make it impossible for an affordable housing development to be financially feasible without permanent "subsidized" financing. Besides federal and state tax credits (which are allocated by the federal and state

governments and purchased by banks), most developments rely on subordinated debt from governmental agencies or foundations. Typically, repayment amounts are flexible as they are repaid based on a specified percentage of “residual receipts” or cash flow after expenses and must-pay bank debt. Interest rates are low (0-4% simple) with a very long loan term (e.g. 55 years). In a few cases, particularly where a project offers units to tenants at higher AMIs while still qualifying as affordable or middle income, the associated higher revenue may allow for a small tranche of subordinate debt to be repaid as a fixed monthly amount.

- Developers apply for these loans through City, County, and State programs. Funds are extremely limited at the City and County level, but projects that apply for competitive State programs benefit when they have local commitments first (projects receive “leveraging” points for bringing other public funds to the table). The more funds that can be made available to developers in Sonoma County, the more affordable housing can be built.
- As a result, there is a need for additional sources of both mezzanine and residual receipt debt that can fill in gaps at any point in the development process beginning with predevelopment and can stay in the project long-term.

IV. POTENTIAL FUND PRODUCTS

Through a mix of initial products targeted to both affordable and market-rate developments, the Fund will seek to activate projects in urban Santa Rosa initially before expanding to other RED designated planning areas within Sonoma County. As the market within Santa Rosa for multifamily residential buildings matures, the Fund may look to change its product offerings to be more responsive to future market needs and/or additional interventions and gaps in the market.

The products described below have been identified and structured as a result of the conversations and interviews conducted to inform this Report. In addition, these products have been vetted with various Santa Rosa stakeholders, developers, and other capital providers and lending intermediaries within the community.

Prioritization of Projects. All projects financed by the Fund will be aligned with RED criteria. Designed to be flexible, these criteria are supportive of a range of different project types, but all enforce the goal to create a more dense, livable and vibrant urban Santa Rosa. However, because these criteria are broad, and the Fund will likely have a limited amount of capital to support projects, the Fund may need to further identify criteria beyond the RED's to help prioritize certain projects. For example, the Fund may look to prioritize projects that are led by experienced local developers, are in need of immediate financing, or are, with additional financing from the Fund, financially ready to begin construction and have assembled all remaining construction and/or permanent financial sources. At a later date, a governing body for the Fund may need to determine how to prioritize projects further.

A. Products for Affordable Developments

Affordable project developers require capital that is able to be patient and stay in a project for as long as needed to make the project fully feasible. This could mean capital provided only at the predevelopment stage (and repaid by the project's construction financing) or capital that is able to stay in the project after construction completion and support the project permanently. The Fund will seek to offer highly flexible financing to affordable projects that meets the developers' specific financing needs.

Affordable Product Term Sheet:

DESCRIPTION:	Financing able to fill gaps in a project's capital stack at all phases of the development process.
MARKET NEED:	High project costs and below-market rents result in projects requiring a source of highly flexible, long-term, subordinated debt.
PROJECT ANALYSIS:	Initial underwriting at origination to determine appropriate size/term
ELIGIBILITY:	Affordable (typically up to 80% AMI, 80-140% AMI negotiable) multifamily rental projects that align with RED Criteria
ILLUSTRATIVE TERMS:	<ul style="list-style-type: none"> • Term: To be determined; depends on project specifics • Amount: To be determined • Rate: Target [1.0-4.0% simple]

	<ul style="list-style-type: none"> • Lien: First position on predevelopment/acquisition; second position on construction or permanent; limited recourse. • Eligible Uses: Flexible; predevelopment, acquisition, construction and permanent financing
REPAYMENT TERMS:	<p>Flexible; determined by project specifics.</p> <p>Predevelopment/construction interest may be paid current by borrower or capitalized to the loan amount.</p>

Potential Projects. Developers and stakeholders indicated that this type of product could also be useful for “adaptive re-use” projects, in which a developer would use the Fund’s financing to acquire and repurpose distressed assets. The COVID-19 pandemic has severely crippled tourism and hospitality industries across the nation. Sonoma County, like elsewhere, may encounter distressed hotels or other assets that could become potential acquisition targets for affordable housing. Depending on the quality of the asset and potential purchase prices, the Fund’s affordable product may be also used to support the acquisition and rehabilitation of these assets.

B. Products for Market-Rate Developments

As expressed in earlier sections of this Report there are a number of infill market-rate developments in the predevelopment phase that are in need of cost-effective financing to start construction and ideally spur infill development. After discussing and reviewing projects with market-rate developers, Forsyth Street identified two products working in conjunction with each other, that could support market-rate projects.

Subordinate Construction Loan Product:

DESCRIPTION:	Subordinate construction financing with the ability to convert to permanent mezzanine debt or equity (see following product).
MARKET NEED:	<p>The market uncertainty faced by both developers and traditional market-rate capital providers in downtown Santa Rosa, for example, has resulted in developers being unable to secure sufficient construction financing.</p> <p>Construction lenders often size their project loans according to two metrics; lenders will offer financing at the lower of (for example) 80% of the project’s value, or 70% of the project’s total cost. Since there are no precedent projects to prove the market, the lender’s appraiser undervalues the project (e.g., the project is not as valuable as the developer expects it to be), and in a market environment of extremely high construction costs, this almost always results in a smaller construction loan than what the developer needs to fund the project’s construction.</p> <p>As a result, the developer is either forced to raise an additional loan or higher cost equity to fully fund</p>

	the project. The developer may be unable to raise enough capital in this situation, or additional capital may only be available at terms that make the project infeasible. The Fund's loan is able to fund the lending gap at a lower cost than equity.
PROJECT ANALYSIS:	Upfront underwriting of the construction financing and variability of permanent loan sizing. The Fund will analyze how different rental rates at lease-up would affect the sizing of the first position permanent loan and the ability of the Fund's construction loan to be repaid, or the need to be converted to permanent mezzanine debt or equity.
ELIGIBILITY:	Market-rate and workforce multifamily rental projects that align with RED criteria.
ILLUSTRATIVE TERMS:	<ul style="list-style-type: none"> • Term: Up to [5] years • Amount: Up to total of [70%] loan-to-cost (LTC) when combined with the first lien construction loan • Rate: Target [4.0%] fixed • Lien: Second position, guarantees follow first position loan • Eligible Use: Site acquisition, hard construction costs and/or rehabilitation
REPAYMENT TERMS:	<p>Flexible; to be determined based on project specifics.</p> <ul style="list-style-type: none"> • If sufficient permanent financing is available upon project completion, then the Fund's loan will be fully repaid from permanent financing sources • If the borrower is unable to raise a sufficient amount of permanent financing to fully repay the Fund's loan, then a portion of the loan is repaid while the remaining balance converts to a permanent mezzanine loan or equity (see following product). <p>Interest to be paid current by borrower.</p>

Mezzanine Permanent Loan:

DESCRIPTION:	Gap-filling, permanent loan sized to the project's available cash flow after payment of required debt service on the project's first position permanent loan. Convertible to equity in limited circumstances.
MARKET NEED:	<p>Developers have indicated that they may require a source of financing that is able to stay in the project long-term and is lower cost than the project's equity.</p> <p>Permanent lenders will size their permanent loans based on a debt coverage ratio ("DCR", or how much debt the project can support), for example, at 1.15. This means that the loan will be sized so that the income after operating expenses is at least 115% of the project's annual debt service payments.</p>

	Depending on the resulting rents at lease-up, the first position permanent loan may be as projected (if rents hit the developer’s target), or the loan may be resized downward (if rents achieved are lower). If the latter, this results in a funding gap between the first position permanent loan and the raised equity. In this scenario the Fund’s mezzanine permanent loan, which has a lower DCR requirement than the first position loan, would be available to fund the gap.
ELIGIBILITY:	Market-rate and workforce multifamily rental projects that align with RED criteria.
ILLUSTRATIVE TERMS:	<ul style="list-style-type: none"> • Term: Up to [15] years • Amount: Sized to available cash flow after payment of required debt service, down to a minimum debt service coverage ratio of [1.05] • Rate: Target [4.0%] fixed • Lien: Second position; guarantees follow first position loan • Eligible Uses: Refinance construction financing • If rents at lease up are significantly less than projected and the project is unable to meet the Fund’s permanent loan DCR sizing, the Fund may convert all or a portion of its outstanding construction loan to equity.
REPAYMENT TERMS:	Fully self-amortizing over the loan term. Partial amortization with a balloon payment possible subject to Fund underwriting and approval. If converted to equity, Fund receives a portion of cash flow and sale proceeds.

A Coordinated Product Offering

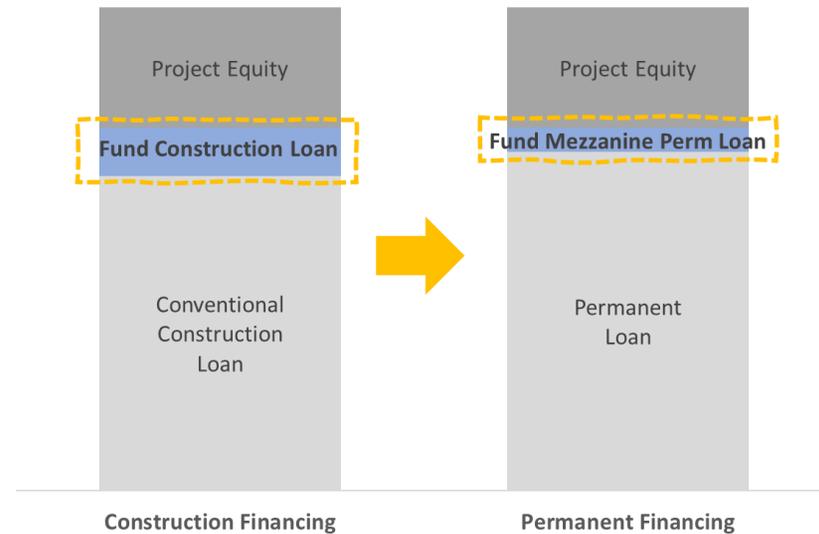
A Coordinated Approach. It is anticipated that certain market-rate projects will require both products to be financially feasible. At the time of underwriting the Fund’s construction loan, the Fund will analyze the potential need for a portion of its subordinate construction loan to stay in the project on a permanent basis based on several scenarios:

- *The building is fully leased at rents at or higher than what the developer expected.* In this situation, the developer may not require that a portion of the Fund’s construction loan stay in the project as permanent capital. The developer is able to fully repay the Fund’s construction loan from the permanent loan and/or equity contributions, and the Fund is able to recycle its funds for additional projects.
- *The building is leased at rents slightly below what the developer expected.* Lower-than-expected rents will require the developer raise additional permanent capital to fill the gap between the actual rent levels and the permanent debt/equity on the building. With the first position permanent loan sized downward, a portion of the Fund’s mezzanine construction loan is repaid with permanent proceeds, while the remainder converts to the Fund’s permanent mezzanine loan. The project’s cash flow will be required to pay debt service on the first position permanent loan first, and then the Fund’s loan before payment of equity.

- *The building is leased at rents significantly below what the developer expected.* In this scenario, a greater portion of the Fund's construction loan is required to stay in the project as permanent capital. If the project is unable to meet the Fund's DCR sizing and required fixed loan payments, the Fund may look to convert its permanent financing to equity, in which the Fund would have an ownership interest in the project and receive cash flow and sale proceeds along other equity investors.

Prudent Underwriting. While a forward commitment on the Fund's permanent loan will be made at the time of the construction loan closing based on underwriting, the Fund will need to be flexible enough in case the permanent loan needs to be resized or restructured as equity once the project is fully leased and stabilized. Due to the limited resources available to capitalize the Fund, project underwriting will seek to be highly critical in finding the "right" types of projects to support. These projects will likely be close to being fully financially feasible on their own, with the Fund providing the last remaining portion of critical financing to move it forward.

If after the first few market-rate projects financed by the Fund are able to help build and prove a market for this infill product, this type of market-rate financing product may no longer be needed for projects in downtown Santa Rosa. As the number of completed projects in downtown Santa Rosa rises, developers, appraisers and capital providers will have a better sense of what actual lease-up rates and rent levels are for multifamily units. With this knowledge, capital providers may be able to better assess what a multifamily rental project located downtown requires financially, and could offer terms on their loans and/or investments that more accurately reflect the market in downtown Santa Rosa once several projects have been completed. At this point, the Fund may retire these products and allocate its capital to fund a different type of product that accurately responds to the current market's needs.



V. FUND FORMATION

To deliver the above financial products to the market, a new Fund will need to be created. Creation of the new Fund would be the focus of the Phase 2 workplan. The new Fund will seek to deliver the financial products as efficiently as possible. To do so, the following will need to be accomplished:

- Confirmation of availability of sufficient capital that is low-cost, flexible, and long-term enough to be used by the Fund to make available the financial products;
- Identification of an appropriate legal structure for the Fund; and
- Development of a suitable governance, management, and operating structure for the Fund.

This section of the report is intended to highlight key considerations and criteria for the formation of the Fund, which would be further explored in Phase 2.

A. Capitalization

Types of Capital

The Fund will require several different types of capital:

Investment Capital. The Fund will need to raise flexible, low-cost, long-term capital that it can use to provide its products to infill development projects. The products intended to be provided by the Fund are flexible, low-cost, and long-term in nature, and will only be possible for the Fund to provide if it can raise capital that also has these characteristics.

Operating Capital. On an ongoing basis, the Fund will need to be able to cover the costs of its operations. Revenue generated from the Fund's investment activities may cover much of these costs; to the extent there is a shortfall in available revenue, public or private grant funding will be needed.

Start-Up Capital. Launching the Fund will incur legal, accounting, and other start-up costs that will need to be paid for from public or private grant funding.

Sources of Capital

The Fund will seek to raise its capital from a mix of the following sources:

Public Sector. Frequently, financing entities similar to the proposed Fund are seeded with public capital. A role of the public sector in similar funds is to lead the way for other investors to participate. In general, the public sector is more able than either the philanthropic or private sector to invest in programs that seek to achieve a policy goal, rather than generate a financial return. Typically, public capital is subordinate to other sources of capital on a fund's balance sheet, providing credit enhancement to other participating investors.

Philanthropic Sector and Other Local Stakeholders. Local philanthropies and employers that also share the policy goals of the Fund are another possible source of investment capital for the Fund. These entities may also be able to provide grant funding to support the start-up and operations of the Fund.

Other Private Investors. Due to the nature of the financial products intended to be provided by the Fund, which are significantly more flexible than lenders are currently able to provide, the Fund is unlikely to raise significant investment capital from national financial institutions or other private investors that require a market rate of return. However, some of these entities may be interested in supporting the start-up or operation of the Fund with grants.

Proceeding to Phase 2. As next steps in Phase 2, the Forsyth Street team will:

- Build out a capitalization model for the Fund, showing anticipated sources of capital and how they support the Fund’s investment program;
- Develop a start-up budget;
- Seek to identify lead investors in the Fund. The team anticipates that the Fund will require about \$[20] million in flexible, long-term, low-cost investment capital to be able to provide its intended products to an initial set of projects. The team will reach out to the public and philanthropic sectors, and to other local stakeholders, to identify possible sources of funding.
- Raise grant funding. The Fund will require grant funding for start-up and operating costs. The team will seek to raise this funding from philanthropic and private sources supportive of the mission of the Fund.

B. Legal Structure

Structural Options. Options for the legal structure of the Fund that will need to be evaluated include:

- Establishing the Fund as a new subsidiary, affiliate, or program of the RED.
- Establishing the Fund as a new subsidiary or program of another existing organization. Aside from the RED, other existing organizations that could be evaluated as possible sponsor organizations to the Fund include community development financial institutions (CDFIs) and local philanthropies.
- Establishing the Fund as a new, stand-alone nonprofit.

Evaluation Criteria. Criteria for evaluating each alternative include:

- *Compatibility of the Fund’s legal structure with the Fund’s purpose.* A subsidiary or program of an existing entity would need to be compatible with its sponsor organization’s mission and other requirements. To the extent additional requirements would attach to the Fund if it were established as a subsidiary or program, those requirements would need to be evaluated for their effect on the utility of the financial products provided by the Fund. For example, if the Fund were established as a program or subsidiary of a public entity, public funding requirements

may attach to loans provided by the Fund, which could increase project costs; or if established as a program or subsidiary of a CDFI, aspects of the CDFI's governance, accounting, lending, and underwriting policies may attach to the Fund. A stand-alone entity would have more flexibility to be customized for maximum compatibility with the Fund's purpose.

- *Existing capacities that can be brought to the Fund.* Existing entities may have organizational and operational systems with which the Fund could coordinate.
- *Fund stakeholder requirements.* Stakeholders providing capital to the Fund may have requirements for the Fund's legal structure. They may, for example, require or prefer that the Fund's capital be kept apart and not commingled with another organization's balance sheet, or may only be able to provide funds to a nonprofit.
- *Complexity and timeline for standing up the Fund.* Establishing a new, standalone nonprofit, for example, would require significant lead-time, possibly exceeding a year, to be incorporated and receive nonprofit designation. Alternatively, establishing the Fund as a program within an existing entity, or as a subsidiary of an existing entity, may be more time efficient. If established as a subsidiary to a nonprofit organization, the Fund may also be able to benefit from its parent organization's nonprofit status.

Proceeding to Phase 2. As next steps in Phase 2, the team will need to explore and compare:

- Whether the Fund could feasibly be established as a program or subsidiary of the RED, and what the process for doing so would be;
- Possible partnerships with existing CDFIs, local philanthropies, or other organizations; and
- Process and timeline for establishing the Fund as a standalone entity.

C. Governance, Management, and Operations

Supporting the Fund's Mission. The Fund's governance, management, and operations will also need to be built out in a way that supports the Fund's mission, allows stakeholder input and oversight over Fund activities, and supports efficient delivery of the Fund's financing to infill development projects. Operationally, the Fund will need to have the capacity to source, underwrite, originate, service, and report on its investments; to raise and manage investment capital; and to provide periodic programmatic and financial reports to its stakeholders.

- If the Fund is established as a subsidiary or program of an existing entity, the Fund will inherit some of its sponsor organization's governance, management, and operations; and to the extent it needs to build out additional governance, management, and operating capacity, it will need to do so in a way that conforms with its sponsor organization's requirements while also supporting the Fund's mission.
- If the Fund is established as a stand-alone entity, it will need to build its governance, management, and operations from scratch.

Evaluation Criteria. Criteria for evaluating alternatives will include:

- *Compatibility.* The desired model for Fund governance, management and operations will need to be compatible with and support the Fund’s mission.
- *Stakeholder requirements.* Fund governance, management, and operations will need to balance the interests of all stakeholders participating in the Fund, which may span the public, private, and philanthropic sectors. Stakeholders will need to feel confident that they can continue to exercise oversight over the activities of the Fund, that the Fund will be a careful steward of all capital invested in it, and that the Fund will have strong capacity to underwrite and evaluate all investment opportunities. Stakeholders may require representation in the Fund’s governance structure, for example, with a seat on the Fund’s Board of Directors or through some other means.
- *Cost.* To the extent possible, the Fund will seek to support its operations with revenue generated from the Fund’s investment activities. Any gap between the costs of operating the Fund and available revenues will need to be covered with grant funding.
- *Complexity and timeline.* The Fund’s governance, management, and operations will need to be streamlined to be as responsive as possible to both its stakeholders and its borrowers. As for any financing entity providing loans and investments to real estate projects, the Fund will need to be able to move at the pace of the market and in sync with other financing sources supporting a project.

Proceeding to Phase 2. As next steps in Phase 2, the team will need to:

- Evaluate which governance, management, and operational capacities will be available to the Fund from its sponsor organizations;
- Which capacities can be provided by “in-house” staff either already on-staff at the sponsor organization, or newly hired to support the Fund;
- Identify which additional capacities will need to be provided by third parties/consultants; and
- Build out a financial model for the Fund, showing how the Fund’s operations are paid for from revenues from projected investment activity, grant funding, and any other available sources.

D. Estimated Cost and Timing of Phase II

Forsyth Street anticipates that the Phase II workplan would take approximately one year to complete, up to and including creation of the Fund. However, there are significant uncertainties with respect to this timeline. Availability of capital for the Fund, in particular, will inform whether and how the Fund could be established. The novel coronavirus may also have significant and unforeseen effects on the availability of resources for the Fund and the pace of the workplan. Given these uncertainties, Forsyth Street would propose a flexible and responsive workplan, with periodic reevaluation of progress with the RED to confirm that creation of the Fund continues to be achievable and realistic.

Cost for Forsyth Street’s Phase II workplan, up to and including creation of the Fund, is estimated at \$150,000. If at any point the workplan needs to be paused, or if at any point creation of the Fund is determined to be infeasible due to lack of availability of capital or other reasons and the workplan needs to be set aside, only a portion of the fee would be payable. Legal, accounting, and other specialized services would need to be obtained at additional cost, as needed. Legal costs in particular can be a significant and highly variable additional expense for Fund formation,

affected by factors such as the preferred legal structure for the Fund, the complexity of the Fund's capital structure, and the willingness of capital providers to cover their own legal costs.

VI. RECOMMENDED NEXT STEPS

Over the estimated one-year timeline to establish the Fund, numerous tasks will need to be completed. These include immediate next steps, with respect to evaluating alternatives for, and determining, the capitalization, legal, governance, management, and operations structures of the Fund; as well as subsequent activities to document, close on, and operationalize the Fund.

A. Immediate Next Steps

Immediate next steps for Fund formation, summarized from the preceding section, include:

Capitalization. With respect to capitalization:

- Build out a capitalization model for the Fund, showing anticipated sources of capital and how they support the Fund's investment program;
- Develop a start-up budget;
- Seek to identify lead investors in the Fund. The team anticipates that the Fund will require about \$[20] million in flexible, long-term, low-cost investment capital to be able to provide its intended products to an initial set of projects. The team will reach out to the public and philanthropic sectors, and to other local stakeholders, to identify possible sources of funding.
- Raise grant funding. The Fund will require grant funding for start-up and operating costs. The team will seek to raise this funding from philanthropic and private sources supportive of the mission of the Fund.

Legal Structure. For the Fund's legal structure, explore and compare:

- Whether the Fund could feasibly be established as a program or subsidiary of the RED, and what the process for doing so would be;
- Possible partnerships with existing CDFIs, local philanthropies, or other organizations; and
- Process and timeline for establishing the Fund as a standalone entity.

Governance, Management and Operations. With respect to governance, management, and operations:

- Evaluate which governance, management, and operational capacities will be available to the Fund from its sponsor organizations;
- Which capacities can be provided by "in-house" staff either already on-staff at the sponsor organization, or newly hired to support the Fund;
- Identify which additional capacities will need to be provided by third parties/consultants; and
- Build out a financial model for the Fund, showing how the Fund's operations are paid for from revenues from projected investment activity, grant funding, and any other available sources.

B. Additional Anticipated Tasks

As Phase II proceeds, **additional anticipated tasks** to create the Fund would be anticipated to include:

- Development of the Fund's underwriting manual, underwriting guidelines, and other investing and operating policies and procedures.
- Drafting and review of legal documentation, including:
 - Organizational legal documents, such as Articles of Incorporation, Bylaws, Operating Agreement, or others, as applicable;
 - Agreements with all capital providers to the Fund;
 - Agreements with all service providers to the Fund; and
 - Set of model loan and investment documents for financing the Fund provides to specific projects.
- Identification of representatives who could participate in the Fund's governance structure, for example, as board members if the Fund is established as a nonprofit.
- Creation of a programmatic and financial reporting framework acceptable to all Fund stakeholders.
- Identification of third-party service providers who can provide ongoing legal, accounting, underwriting, and other support to the Fund, as needed.
- Fundraising for costs of Fund start-up and operations.

VII. APPENDIX 1: FEASIBILITY STUDY INTERVIEW PARTICIPANTS

In order to produce this report, Forsyth Street conducted interviews with various City and regional stakeholders, developers and capital providers. A full roster of interviewees is listed below:

1. Michelle Whitman – Renewal Enterprise District
2. Vice Mayor Victoria Fleming - City of Santa Rosa and RED Chairperson
3. Supervisor David Rabbitt - County of Sonoma and RED Boardmember
4. Councilmember Jack Tibbetts –City of Santa Rosa and RED Boardmember
5. Supervisor Shirlee Zane – County of Sonoma and RED Vice Chairperson
6. Karin Demarest – Community Foundation of Sonoma County
7. Andrea Garfia – Sutter Health
8. David Guhin – City of Santa Rosa
9. Jesús Guzmán – Generation Housing
10. Jen Klose – Generation Housing
11. Alena Ritch-Wall – Kaiser Permanente
12. Peter Rumble – Santa Rosa Metro Chamber
13. Dan Schurman – Providence/St. Joseph Health
14. Robin Stephani – 8th Wave
15. Ben Wickham – Burbank Housing
16. Tony Ghisla – Poppy Bank
17. Jeff Owen – Exchange Bank
18. Eric Anderson – Urban Green Builders
19. Zack Berkowitz & Ed Khakbaz – Developers
20. Loren Brueggemann – Phoenix Development Co
21. Chris Dart – Danco Communities
22. Larry Florin, Efren Carrillo & Rich Wallach – Burbank Housing
23. Hugh Futrell – Hugh Futrell Corporation
24. Ali Gaylord – MidPen Housing
25. Keith McCoy & Scott Ward – Urban Mix Development
26. Tom Robertson & Rob Robinson – IGH Partners
27. Peter Stanley – Cornerstone Development/ArchilOGIX
28. John Stewart, Jack Gardner & Don Lusty – John Stewart Company
29. Robin Zimble – Freebird Development

Exhibit B

RENEWAL ENTERPRISE DISTRICT JOINT POWERS AUTHORITY PROFESSIONAL SERVICES AGREEMENT FORSYTH STREET ADVISORS

This "Agreement" is made as of this ____ day of _____, 2020, by and between the Renewal Enterprise District Joint Powers Authority, a public entity created pursuant to the provisions of California Government Code sections 6500 *et seq.*, ("RED"), and Forsyth Street Advisors ("Consultant"), an advisory and asset management firm with a national practice focused on assisting municipal and philanthropic clients with creating new funds for affordable housing (together, the "Parties").

RECITALS

- A. RED desires to obtain the professional services of an advisory and asset management firm with a national practice focused on assisting municipal and philanthropic clients with creating new funds for affordable housing to increase the overall pace and capacity of infill, mid to high density, transit oriented housing production county wide.
- B. RED desires to retain a qualified consultant to conduct the services described above in accordance with the Scope of Services attached hereto as Exhibit A ("Scope of Services").
- C. Consultant team represents to RED that they are highly trained professionals and are fully qualified to conduct the services described in the Scope of Services.
- D. The Parties have negotiated upon the terms pursuant to which Consultant will provide such services and have reduced such terms to writing.

AGREEMENT

NOW, THEREFORE, RED and Consultant agree as follows:

1. SCOPE OF SERVICES

Consultant shall provide to RED the services described in Exhibit A ("Scope of Services"). Consultant shall provide these services at the time, place, and in the manner specified in Exhibit A. Exhibit A is attached hereto for the purpose of defining the manner and scope of services to be provided by Consultant and is not intended to, and shall not be construed so as to, modify or expand the terms, conditions or provisions contained in this Agreement. In the event of any conflict between this Agreement and any terms or conditions of any document prepared or provided by Consultant and made a part of this Agreement, including without limitation any document relating to the scope of services or payment therefor, the terms of this Agreement shall control and prevail.

2. COMPENSATION

a. RED shall pay Consultant for services rendered pursuant to this Agreement at the rates, times and in the manner set forth in Exhibit A. Consultant shall submit monthly statements to RED which shall itemize the services performed as of the date of the statement and set forth a progress report,

including work accomplished during the period, percent of each task completed, and planned effort for the next period. Invoices shall identify personnel who have worked on the services provided and the percent of the total project completed, consistent with the rate and amount shown in Exhibit A.

b. The payments prescribed herein shall constitute all compensation to Consultant for all costs of services, including, but not limited to, direct costs of labor of employees engaged by Consultant, travel expenses, telephone charges, copying and reproduction, computer time, and any and all other costs, expenses and charges of Consultant, its agents and employees. In no event shall RED be obligated to pay late fees or interest, whether or not such requirements are contained in Consultant's invoice.

c. Notwithstanding any other provision in this Agreement to the contrary, the total maximum compensation to be paid for the satisfactory accomplishment and completion of all services to be performed hereunder shall in no event exceed the sum of one hundred and fifty thousand dollars and no cents (\$150,000.00). The RED's Treasurer is authorized to pay all proper claims from Charge Number 51226.

3. DOCUMENTATION; RETENTION OF MATERIALS

a. Consultant shall maintain adequate documentation to substantiate all charges as required under Section 2 of this Agreement.

b. Consultant shall keep and maintain full and complete documentation and accounting records concerning all extra or special services performed by it that are compensable by other than an hourly or flat rate and shall make such documents and records available to authorized representatives of RED for inspection at any reasonable time.

c. Consultant shall maintain the records and any other records related to the performance of this Agreement and shall allow RED access to such records during the performance of this Agreement and for a period of four (4) years after completion of all services hereunder.

4. INDEMNITY

a. Consultant shall, to the fullest extent permitted by law, indemnify, protect, defend and hold harmless RED, and its officials and agents ("Indemnified Parties") from all claims, demands, costs or liability (including liability for claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind, interest, defense costs, and expert witness fees), that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of Consultant, its officers, employees, or agents, in said performance of professional services under this Agreement, excepting only liability arising from the sole negligence, active negligence or intentional misconduct of RED.

b. The existence or acceptance by RED of any of the insurance policies or coverages described in this Agreement shall not affect or limit any of RED's rights under this Section 4, nor shall the limits of such insurance limit the liability of Consultant hereunder. This Section 4 shall not apply to any intellectual property claims, actions, lawsuits or other proceedings subject to the provisions of Section 17(b), below. The provisions of this Section 4 shall survive any expiration or termination of this Agreement.

5. INSURANCE

a. Consultant shall maintain in full force and effect all of the insurance coverage described in, and in accordance with, Attachment One, "Insurance Requirements." Maintenance of the insurance coverage set forth in Attachment One is a material element of this Agreement and a material part of the consideration provided by Consultant in exchange for RED's agreement to make the payments prescribed hereunder. Failure by Consultant to (i) maintain or renew coverage, (ii) provide RED notice of any changes, modifications, or reductions in coverage, or (iii) provide evidence of renewal, may be treated by RED as a material breach of this Agreement by Consultant, whereupon RED shall be entitled to all rights and remedies at law or in equity, including but not limited to immediate termination of this Agreement. Notwithstanding the foregoing, any failure by Consultant to maintain required insurance coverage shall not excuse or alleviate Consultant from any of its other duties or obligations under this Agreement. In the event Consultant, with approval of RED pursuant to Section 6 below, retains or utilizes any subcontractors or subconsultants in the provision of any services to RED under this Agreement, Consultant shall assure that any such subcontractor has first obtained, and shall maintain, all of the insurance coverages set forth in the Insurance Requirements in Attachment One.

b. Consultant agrees that any available insurance proceeds broader than or in excess of the coverages set forth in the Insurance Requirements in Attachment One shall be available to the additional insureds identified therein.

c. Consultant agrees that the insurance coverages and limits provided under this Agreement are the greater of: (i) the coverages and limits specified in Attachment One, or (ii) the broader coverages and maximum limits of coverage of any insurance policy or proceeds available to the name insureds.

6. ASSIGNMENT

Consultant shall not assign any rights or duties under this Agreement to a third party without the express prior written consent of RED, in RED's sole and absolute discretion. Consultant agrees that the RED shall have the right to approve any and all subcontractors and subconsultants to be used by Consultant in the performance of this Agreement before Consultant contracts with or otherwise engages any such subcontractors or subconsultants.

7. NOTICES

Except as otherwise provided in this Agreement, any notice, submittal or communication required or permitted to be served on a party, shall be in writing and may be served by personal delivery to the person or the office of the person identified below. Service may also be made by mail, by placing first-class postage, and addressed as indicated below, and depositing in the United States mail to:

RED Representative: Michelle Whitman Renewal Enterprise District 637 First Street Santa Rosa, CA 95404 (707) 543-3087 Michelle.whitman@	Consultant Representative: Julijs Liepins 588 Broadway, Suite 1208 New York, New York 10012 212-697-1640 jliepins@forsythstreet.com
---	--

8. INDEPENDENT CONTRACTOR

a. It is understood and agreed that Consultant (including Consultant's employees) is an independent contractor and that no relationship of employer-employee exists between the Parties hereto for any purpose whatsoever. Neither Consultant nor Consultant's assigned personnel shall be entitled to any benefits payable to employees of RED. RED is not required to make any deductions or withholdings from the compensation payable to Consultant under the provisions of this Agreement, and Consultant shall be issued a Form 1099 for its services hereunder. As an independent contractor, Consultant hereby agrees to indemnify and hold RED harmless from any and all claims that may be made against RED based upon any contention by any of Consultant's employees or by any third party, including but not limited to any state or federal agency, that an employer-employee relationship or a substitute therefor exists for any purpose whatsoever by reason of this Agreement or by reason of the nature and/or performance of any services under this Agreement.

b. It is further understood and agreed by the Parties hereto that Consultant, in the performance of Consultant's obligations hereunder, is subject to the control and direction of RED as to the designation of tasks to be performed and the results to be accomplished under this Agreement, but not as to the means, methods, or sequence used by Consultant for accomplishing such results. To the extent that Consultant obtains permission to, and does, use RED facilities, space, equipment or support services in the performance of this Agreement, this use shall be at the Consultant's sole discretion based on the Consultant's determination that such use will promote Consultant's efficiency and effectiveness. Except as may be specifically provided elsewhere in this Agreement, the RED does not require that Consultant use RED facilities, equipment or support services or work in RED locations in the performance of this Agreement.

c. If, in the performance of this Agreement, any third persons are employed by Consultant, such persons shall be entirely and exclusively under the direction, supervision, and control of Consultant. Except as may be specifically provided elsewhere in this Agreement, all terms of employment, including hours, wages, working conditions, discipline, hiring, and discharging, or any other terms of employment or requirements of law, shall be determined by Consultant. It is further understood and agreed that Consultant shall issue W-2 or 1099 Forms for income and employment tax purposes, for all of Consultant's assigned personnel and subcontractors.

d. The provisions of this Section 8 shall survive any expiration or termination of this Agreement. Nothing in this Agreement shall be construed to create an exclusive relationship between RED and Consultant. Consultant may represent, perform services for, or be employed by such additional persons or companies as Consultant sees fit.

9. ADDITIONAL SERVICES

Changes to the Scope of Services shall be by written amendment to this Agreement and paid as otherwise agreed upon by the parties in writing prior to the provision of any such additional services.

10. SUCCESSORS AND ASSIGNS

RED and Consultant each binds itself, its partners, successors, legal representatives and assigns to the other party to this Agreement and to the partners, successors, legal representatives and assigns of such other party in respect of all promises and agreements contained herein.

11. TERM, SUSPENSION, TERMINATION

a. This Agreement shall become effective on the date that it is made, set forth on the first page of the Agreement, and shall continue in effect until both parties have fully performed their respective obligations under this Agreement, unless sooner terminated as provided herein.

b. RED shall have the right at any time to temporarily suspend Consultant's performance hereunder, in whole or in part, by giving a written notice of suspension to Consultant. If RED gives such notice of suspension, Consultant shall immediately suspend its activities under this Agreement, as specified in such notice.

c. RED shall have the right to terminate this Agreement for convenience at any time by giving a written notice of termination to Consultant. Upon such termination, Consultant shall submit to RED an itemized statement of services performed as of the date of termination in accordance with Section 2 of this Agreement. These services may include both completed work and work in progress at the time of termination. RED shall pay Consultant for any services for which compensation is owed; provided, however, RED shall not in any manner be liable for lost profits that might have been made by Consultant had the Agreement not been terminated or had Consultant completed the services required by this Agreement. Consultant shall promptly deliver to RED all documents related to the performance of this Agreement in its possession or control. All such documents shall be the property of RED without additional compensation to Consultant.

12. TIME OF PERFORMANCE

The services described herein shall be provided during the period, in accordance with the schedule, set forth in Exhibit A. Consultant shall complete all the required services and tasks and complete and tender all deliverables to the reasonable satisfaction of RED.

13. STANDARD OF PERFORMANCE

Consultant shall perform all services performed under this Agreement in the manner and according to the standards currently observed by a competent practitioner of Consultant's profession in California. All products of whatsoever nature that Consultant delivers to RED shall be prepared in a professional manner and conform to the standards of quality normally observed by a person currently practicing in Consultant's profession, and shall be provided in accordance with any schedule of performance. Consultant shall assign only competent personnel to perform services under this Agreement. Consultant shall notify RED in writing of any changes in Consultant's staff assigned to perform the services under this Agreement prior to any such performance. In the event that RED, at any time, desires the removal of any person assigned by Consultant to perform services under this Agreement, because RED, in its sole discretion, determines that such person is not performing in accordance with the standards required herein, Consultant shall remove such person immediately upon receiving notice from RED of the desire of RED for the removal of such person.

14. CONFLICTS OF INTEREST

Consultant covenants that neither it, nor any officer or principal of its firm, has or shall acquire any interest, directly or indirectly, that would conflict in any manner with the interests of RED that would in any way hinder Consultant's performance of services under this Agreement. Consultant further covenants that in the performance of this Agreement, no person having any such interest shall be employed by it as an officer, employee, agent or subcontractor, without the written consent of RED. Consultant agrees to avoid conflicts of interest or the appearance of any conflicts of interest with the interests of RED at all times during the performance of this Agreement.

15. CONFLICT OF INTEREST REQUIREMENTS

a. **Generally.** The RED's Conflict of Interest Code requires that individuals who qualify as "consultants" under the Political Reform Act, California Government Code sections 87200 *et seq.*, comply with the conflict of interest provisions of the Political Reform Act and the RED's Conflict of Interest Code, which generally prohibit individuals from making or participating in the making of decisions that will have a material financial effect on their economic interests. The term "consultant" generally includes individuals who make governmental decisions or who serve in a staff capacity.

16. CONFIDENTIALITY OF RED INFORMATION

During performance of this Agreement, Consultant may gain access to and use RED information regarding inventions, machinery, products, prices, apparatus, costs, discounts, future plans, business affairs, governmental affairs, processes, trade secrets, technical matters, systems, facilities, customer lists, product design, copyright, data, and other vital information (hereafter collectively referred to as "RED Information") that are valuable, special and unique assets of the RED. Consultant agrees to protect all RED Information and treat it as strictly confidential, and further agrees that Consultant shall not at any time, either directly or indirectly, divulge, disclose or communicate in any manner any RED Information to any third party without the prior written consent of RED. In addition, Consultant shall comply with all RED policies governing the use of the RED network and technology systems. A violation by Consultant of this Section 16 shall be a material violation of this Agreement and shall justify legal and/or equitable relief.

17. CONSULTANT INFORMATION

a. RED shall have full ownership and control, including ownership of any copyrights, of all information prepared, produced, or provided by Consultant pursuant to this Agreement. In this Agreement, the term "information" shall be construed to mean and include: any and all work product, submittals, reports, plans, specifications, and other deliverables consisting of documents, writings, handwritings, typewriting, printing, photostatting, photographing, computer models, and any other computerized data and every other means of recording any form of information, communications, or representation, including letters, works, pictures, drawings, sounds, or symbols, or any combination thereof. Consultant shall not be responsible for any unauthorized modification or use of such information for other than its intended purpose by RED.

b. Consultant shall fully defend, indemnify and hold harmless RED, its officers and employees, and each and every one of them, from and against any and all claims, actions, lawsuits or other proceedings alleging that all or any part of the information prepared, produced, or provided by

Consultant pursuant to this Agreement infringes upon any third party's trademark, trade name, copyright, patent or other intellectual property rights. RED shall make reasonable efforts to notify Consultant not later than ten (10) days after RED is served with any such claim, action, lawsuit or other proceeding, provided that RED's failure to provide such notice within such time period shall not relieve Consultant of its obligations hereunder, which shall survive any termination or expiration of this Agreement.

c. All proprietary and other information received from Consultant by RED, whether received in connection with Consultant's proposal, will be disclosed upon receipt of a request for disclosure, pursuant to the California Public Records Act; provided, however, that, if any information is set apart and clearly marked "trade secret" when it is provided to RED, RED shall give notice to Consultant of any request for the disclosure of such information. Consultant shall then have five (5) days from the date it receives such notice to enter into an agreement with the RED, satisfactory to the RED Attorney, providing for the defense of, and complete indemnification and reimbursement for all costs (including plaintiff's attorneys' fees) incurred by RED in any legal action to compel the disclosure of such information under the California Public Records Act. Consultant shall have sole responsibility for defense of the actual "trade secret" designation of such information.

d. The parties understand and agree that any failure by Consultant to respond to the notice provided by RED and/or to enter into an agreement with RED, in accordance with the provisions of subsection c, above, shall constitute a complete waiver by Consultant of any rights regarding the information designated "trade secret" by Consultant, and such information shall be disclosed by RED pursuant to applicable procedures required by the Public Records Act.

18. MISCELLANEOUS

a. Entire Agreement. This Agreement contains the entire agreement between the parties. Any and all verbal or written agreements made prior to the date of this Agreement are superseded by this Agreement and shall have no further effect.

b. Modification. No modification or change to the terms of this Agreement will be binding on a party unless in writing and signed by an authorized representative of that party.

c. Compliance with Laws. Consultant shall perform all services described herein in compliance with all applicable federal, state and local laws, rules, regulations, and ordinances, including but not limited to, (i) the Americans with Disabilities Act of 1990 (42 U.S.C. 12101, et seq.) ("ADA"), and any regulations and guidelines issued pursuant to the ADA; and (ii) Labor Code sections 1720, et seq., which require prevailing wages (in accordance with DIR determinations at www.dir.ca.gov) be paid to any employee performing work covered by Labor Code sections 1720 et seq.

d. Discrimination Prohibited. With respect to the provision of services under this Agreement, Consultant agrees not to discriminate against any person because of the race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status of that person.

e. Governing Law; Venue. This Agreement shall be governed, construed and enforced in accordance with the laws of the State of California. Venue of any litigation arising out of or connected with this Agreement shall lie exclusively in the state trial court in Sonoma County in the State

of California, and the parties consent to jurisdiction over their persons and over the subject matter of any such litigation in such court, and consent to service of process issued by such court.

f. Waiver of Rights. Neither RED acceptance of, or payment for, any service or performed by Consultant, nor any waiver by either party of any default, breach or condition precedent, shall be construed as a waiver of any provision of this Agreement, nor as a waiver of any other default, breach or condition precedent or any other right hereunder.

g. Incorporation of Attachments and Exhibits. The attachments and exhibits to this Agreement are incorporated and made part of this Agreement, subject to terms and provisions herein contained.

19. AUTHORITY; SIGNATURES REQUIRED

Consultant hereby represents and warrants to RED that it is (a) a duly organized and validly existing limited liability company, formed and in good standing under the laws of the State of New York, (b) has the power and authority and the legal right to conduct the business in which it is currently engaged, and (c) has all requisite power and authority and the legal right to consummate the transactions contemplated in this Agreement. Consultant hereby further represents and warrants that this Agreement has been duly authorized, and when executed by the signatory or signatory listed below, shall constitute a valid agreement binding on Consultant in accordance with the terms hereof.

Executed as of the day and year first above stated.

CONSULTANT:

Name of Firm: Forsyth Street

TYPE OF BUSINESS ENTITY (*check one*):

- Individual/Sole Proprietor
- Partnership
- Corporation
- Limited Liability Company
- Other (please specify: _____)

RENEWAL ENTERPRISE DISTRICT JOINT POWERS AUTHORITY

a Public Entity

By: _____

Print Name: _____

Title: _____

Signatures of Authorized Persons:

By: _____

Print Name: Charles Laven

Title: President

By: _____

Print Name: _____

Title: _____

Forsyth Street

Attachments:

- Attachment One - Insurance Requirements
- Exhibit A - Scope of Services

Agenda Item: 4a
Meeting Date: August 26, 2020

Renewal Enterprise District Action Item

TO: Board of Directors
FROM: Michelle Whitman, Executive Director
SUBJECT: Consider amendment to Renewal Enterprise District (RED) Bylaws to allow RED Board Meeting Dates and location to be adopted by resolution, and consider adoption of a Resolution to set the Board Meeting dates and location and change the regular meeting date from the fourth Wednesday of every other month to the fourth Monday of every other month.

Summary: Consider amendment to RED Bylaws to allow for Board meeting dates to be adopted by resolution, and also consider a resolution setting the Board Meeting dates and location and changing the regular meeting time and place from the fourth Wednesday of every other month to the fourth Monday of every other month.

Background

Section 5.05 of the RED's Joint Powers of Exercise Agreement (JPA) provides that the Board may "establish by ordinance, resolution, bylaws, or other procedure a regular meeting time and place." In addition, section 5.05 provides that the Board may "vote to change the time and place of regular meetings so long as the location remains at a place within the County of Sonoma." Additionally, the JPA Agreement specifically says that the Board will adopt Bylaws to govern meetings and day-to-day operations.

Section 5.1 of the RED's Bylaws, originally approved by the Board in November 2019, state, among other things, that regular meetings of the Board shall be held on the last Wednesday of every other calendar month. The current version of Section 5.1 is:

"All meetings of the Board shall be held at the Sonoma County Transportation Authority, 411 King Street, Santa Rosa, California, 95404, unless it is anticipated that the number of public expected to attend would exceed the capacity of the facility or the facility is unavailable. In such case, another facility within the RED's jurisdictional boundaries may be used. Regular meetings of the Board shall be held on the last Wednesday of every other calendar month, except if the last Wednesday coincides with a legal holiday, the regular meeting will be adjourned to a specified time and location. Regular meetings shall commence at 1 pm local time and end at 4 pm local time or earlier. Extension of time beyond 4 pm requires the approval of the majority of the Board."

Staff recommends that the Bylaws be amended to provide that the meeting date and time be set by resolution of the Board, as allowed by the JPA, which would permit the RED Board in the future to amend a resolution, rather than the full set of Bylaws, if the Board elects to make changes to the regular Board meeting date and time.

Agenda Item: 4a

Meeting Date: August 26, 2020

The proposed updated version of Section 5.1 of the Bylaws is as follows:

“All regular meetings of the Board shall be held at the location and time as set forth in a resolution adopted by the Board of Directors.”

Further, if the Board amends the RED Bylaws, staff recommends that the Board consider approving a resolution moving the regular meeting time and place from the fourth Wednesday of every other month to the fourth Monday of every other month, at the SCTA Board room, on a virtual platform as allowed by the Governors Executive Orders N-25-20 and N-29-20, through the end of 2020 or until such time as the Sonoma County Health Order is modified to allow in-person assembly for the purpose of public meetings. The resolution also includes flexibility to amend the time of the meeting in the event of an emergency.

Staff Recommendation

1. Approve an amendment to the bylaws.
2. Adopt a resolution, setting the meeting time and location for regular Board meetings and changing the regular meeting time and place from the fourth Wednesday of every other month to the fourth Monday of every other month.

Vote Requirement

Majority

Fiscal Impact

None

List of Attachments

Exhibit A – Amended Bylaws

Exhibit B - Resolution

Contact

Michelle Whitman, Executive Director, 707-543-3087 Michelle.Whitman@RenewalEnterpriseDistrict.org

Exhibit A

RENEWAL ENTERPRISE DISTRICT

**BOARD OF DIRECTORS
BYLAWS**

Amended August 26, 2020

DRAFT

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I INTRODUCTION	1
1.1. HISTORY	1
1.2. PURPOSE AND SCOPE.....	1
1.3. BASIS OF AUTHORITY	1
ARTICLE II GOVERNANCE	1
2.1. COMPOSITION; TERMS; VACANCIES	1
2.2. SOLICITING POLITICAL CONTRIBUTIONS	2
2.3. DUTIES AND RESPONSIBILITIES	2
2.4. CONFLICTS OF INTEREST	3
2.5. BOARD OFFICERS	3
ARTICLE III ADMINISTRATION	4
3.1. APPOINTED STAFF	4
3.2. CONSULTANTS	7
ARTICLE IV DIRECTORS’ COMPENSATION AND EXPENSE REIMBURSEMENT	7
4.1. COMPENSATION	7
4.2. REIMBURSEMENT	8
ARTICLE V BOARD MEETINGS, GENERAL	9
5.1. LOCATION; TIMING	9
5.2. TRANSPARENCY.....	9
5.3. QUORUM	9
5.4. SUBJECT MATTER.....	9
5.5. ADJOURNMENT.....	10
5.6. MINUTES	11
5.7. LEGALITY OF PROCEEDINGS	11
5.8. CONDUCT	11
5.9. RULES OF ORDER.....	11
5.10. BOARD ACTION	12
5.11. ADMINISTRATIVE DECISIONS	13
ARTICLE VI BOARD COMMITTEES	13
6.1. GENERALLY.....	13
6.2. STANDING OR AD HOC COMMITTEES.....	13
ARTICLE VII CODE OF ETHICS	14

7.1.	INTEGRITY	14
7.2.	LEADERSHIP	14
7.3.	SELFLESSNESS.....	14
7.4.	OBJECTIVITY	14
7.5.	ACCOUNTABILITY	14
7.6.	OPENNESS	14
7.7.	HONESTY	14
7.8.	RESPECT	15
7.9.	TRAINING	15
7.10.	VIOLATION OF CODE OF ETHICS OR CONDUCT.....	15
ARTICLE VIII USE OF CONFIDENTIAL INFORMATION		15
8.1.	CONFIDENTIAL INFORMATION; DISCLOSURE	15
8.2.	EXCEPTIONS	15
8.3.	CRIMINAL LIABILITY.....	16
ARTICLE IX IMPROPER ACTIVITIES; REPORTING; "WHISTLEBLOWER" PROTECTION.....		16
9.1.	EXECUTIVE DIRECTOR'S OVERSIGHT RESPONSIBILITY.....	16
9.2.	BOARD OVERSIGHT	16
9.3.	NON-INTERFERENCE WITH CORRECTIVE ACTION; BOARD INTERVENTION	16
9.4.	PROTECTION FROM RETALIATION	16
ARTICLE X FAIR AND EQUAL TREATMENT.....		17
10.1.	NON-DISCRIMINATION.....	17
10.2.	EQUAL TREATMENT	17
ARTICLE XI PROPER USE AND SAFEGUARDING OF RED PROPERTY AND RESOURCES.....		17
ARTICLE XII INSURANCE		17
12.1.	LIABILITY COVERAGE	17
12.2.	WORKERS COMPENSATION	18

**ARTICLE I
INTRODUCTION**

1.1. HISTORY

On December 4, 2018, the Renewal Enterprise District (RED) was formed through Joint Exercise of Powers Agreement (Agreement) between the City of Santa Rosa and the County of Sonoma (collectively "Founding Members" and individually "Founding Member").

PURPOSE AND SCOPE

The RED was formed for the purpose of creating a regional, coordinated, multi-jurisdictional entity to address housing development challenges and to increase the overall pace and capacity of housing construction county wide.

1.2. BASIS OF AUTHORITY

- (a) The RED is a Joint Powers Authority of the City of Santa Rosa and County of Sonoma ("Founding Members"), authorized by the Joint Exercise of Powers Act (Government Code Sections 6500 et seq.) ("Act") in order to further the production of housing
- (b) The Board is the legislative body, and functions as the RED's policymaking body. It can only function as a unit, where no individual Director has authority with regard to any aspect of RED business, except as a member of the collective Board.

**ARTICLE II
GOVERNANCE**

2.1. COMPOSITION; TERMS; VACANCIES

- (a) The RED shall be governed and administered by a Board of Directors ("Board") established by the Agreement and composed of two voting seats per Founding Member and one voting seat per New Member. The governing board shall be known as the "Board of Directors of the Renewal Enterprise District." All voting power shall reside in the Board.
- (b) After two (2) years from formation of the RED, upon submittal of an application for membership, New Members shall be admitted to RED so long as: 1) the New Member is an incorporated city or town located within the jurisdictional boundaries of the County of Sonoma; and 2) the New Member agrees to the terms of the Agreement.
- (c) Each Founding Member shall appoint two Directors and one Alternate Director, and each New Member shall appoint one Director and one Alternate Director. The Alternate Director shall serve and assume the rights and duties of the Director when the Director is unable to attend a Board meeting. The Directors and Alternate Directors shall be elected or appointed officials of the Member's governing body. The Directors and Alternate Directors shall serve at the pleasure of the Member appointing them and they may be removed at any time, with or without cause, in the sole discretion of their Member's governing body. Each Director and Alternate Director shall hold office until a successor is selected by their Member's governing body and the RED has been notified of the

succession. In the event that a Director or Alternate Director loses his or her position as an official of the Member's governing body, that Director position shall become vacant and that Member shall appoint a new Director or Alternate Director.

- (d) Officers of the Board shall consist of a Chairperson and Vice-Chairperson. The Chairperson shall preside at all meetings of the Board, while the Vice-Chairperson shall perform the duties of the Chairperson in the absence or disability of the Chairperson. The Chairperson and Vice-Chairperson shall exercise and perform such other powers and duties as may be assigned by the Board.
- (e) The Board shall annually elect the Officers of the Board from the Directors. Officers of the Board shall hold office for a term of one year commencing on January 1 of each and every calendar year and they may serve for multiple consecutive terms.
- (f) Officers of the Board may be removed and replaced at any time, with or without cause by a majority Board vote. In the event that an Officer of the Board loses his or her position, that Officer position shall become vacant and the Board shall elect a new Officer from existing Board members to serve the remaining Officer term.
- (g) In serving on the RED Board, Directors do not represent any other political or elected bodies, fractional segment or region of the community, but are part of a legislative body that represents and acts for the RED as a whole.

2.2. SOLICITING POLITICAL CONTRIBUTIONS

- (a) Directors shall not solicit political funds or contributions at RED facilities or at times and places where RED business is being conducted, and Directors shall not accept, solicit or direct a political contribution from:
 - (i) RED employees, officers, consultants or contractors; or
 - (ii) Vendors or consultants who have a material financial interest in a contract or other matter while that contract or other matter is pending before the RED
- (b) Directors shall not use the RED's logo, trademark, stationery or other indicia of the RED's identity, or facsimile thereof, in any solicitation for political contributions contrary to state or federal law. Gov. Code section 3205.

2.3. DUTIES AND RESPONSIBILITIES

- (a) Directors shall uphold the Constitution of the United States and the Constitution of the State of California.
- (b) Directors shall comply with all applicable laws regulating their conduct, including laws relating to conflicts of interest, financial disclosures, and open government laws.
- (c) The Board shall set the policy for the RED in accordance with these Bylaws.

- (d) The Board shall monitor RED's progress in attaining its goals and objectives, while pursuing its mission.
- (e) The Board shall establish goals, objectives, expectations, and measurement criteria for the Executive Director's performance.
- (f) For the benefit of operational efficiency, Directors shall direct all requests for information to the Executive Director. If the Executive Director's response is inadequate, Directors may contact the Board Chairperson or raise the issue at a Board meeting. Issues brought to the Board may be added to the agenda of a future meeting at the discretion of the Board.
- (g) Directors shall attend all meetings of the Board and of any Committee to which they may be assigned. Directors are required by law to abstain from participating in consideration of any item involving a personal or financial conflict of interest. Even the appearance of a conflict should be avoided. Unless such a conflict of interest exists, Directors should fully participate in the Board's decision-making responsibilities.
- (h) Directors shall not individually commit the RED to any policy, act, or expenditure without prior Board approval nor give direction to the Executive Director, staff, contract personnel or consultants without prior Board approval.
- (i) Directors shall abide by the provisions of the Ralph M. Brown Act, Government Code section 54950, et seq., by only exercising their authority during duly noticed public meetings.
- (j) Directors shall not delegate his or her authority to act as a Director, nor will any Director's vote be recorded in the proceedings of any Board meeting at which the Director is not present.
- (k) Directors may adopt additional policies as needed to carry out the purposes of the RED.

2.4. **CONFLICTS OF INTEREST**

Directors shall abide by the RED Conflict of Interest Code.

2.5. **BOARD OFFICERS**

- (a) With the exception of certain matters specified in the Agreement and where the law requires a supermajority (two-thirds or greater) or unanimous vote, affirmative votes of a majority (51% or greater) of Directors are required for the Board to act on any matter.
- (b) Chairperson and Vice-Chairperson shall be elected by the Directors. Commencing January 1, 2019, Directors shall annually elect a Chairperson and Vice-Chairperson of the Board. These Officers shall hold office for a term of one year commencing on January 1 of each and every calendar year and may serve for multiple consecutive terms. Officers of the Board may be removed and replaced at any time, with or without cause by a Board vote. In the event that an Officer of the Board loses their position, their office becomes vacant

and the Board shall elect a new Officer from existing Board members to serve the remaining Officer term.

- (c) The Chairperson presides at all Board meetings and leads the Board in conducting its business. The Chairperson may refer items to committees prior to Board action. The Chairperson votes last in any roll call vote.
- (d) The Chairperson has the same rights in voting, introducing motions, resolutions and ordinances, and discussions as other Directors.
- (e) The Chairperson shall ensure that each Director is provided all necessary information pertaining to RED business in sufficient time to participate in discussions and decisions in an informed manner.
- (f) The Chairperson, or his or her designee, shall execute RED documents, as directed by the Board.
- (g) On occasion, the Board will delegate to the Chairperson or to his or her designee, authority to represent the RED at a meeting or event. When this occurs, the Director only has the authority that was specifically delegated by the Board.
- (h) In the Chairperson's absence, the Vice-Chairperson serves as the Chairperson in all capacities described in these Bylaws.
- (i) In order to present a positive image to the public, clients, and residents, Directors should strive to maintain a professional appearance while performing their duties as Directors.

ARTICLE III ADMINISTRATION

3.1. APPOINTED STAFF

The Board of Directors may appoint an Executive Director, from time to time as and when it deems appropriate. The appointed Executive Director may be an employee of one of the Members, in accordance with Sections 7.03 and 8.08 of the Agreement. If appointed, the Executive Director shall serve at the pleasure of the Board of Directors and his/her duties and responsibilities shall be set forth by a majority vote of the Board.

(a) ***Executive Director***

- (i) The Executive Director shall be appointed by the Board of Directors and serve at its pleasure. The Executive Director is the chief executive officer of the RED and carries out Board policies, directs RED operations, provides daily supervision to RED staff, controls RED expenditures, and ensures conformance with RED policies. Based on the delegation of authority made by the Member Agencies in

the Agreement and the Board under these Bylaws, the Executive Director shall have the following responsibilities and has the authority to:

- (A) Make and carry out day-to-day management decisions.
- (B) Employ, compensate, terminate, assign duties to, and direct the daily activities of all RED employees.
- (C) Provide day-to-day directions and guidance to, but not appoint or dismiss, RED Legal Counsel, Auditor, and other Board appointees.
- (D) Prepare RED employee job classifications, description of duties, with corresponding salary ranges for review and approval by the Board.
- (E) Define scope and select, dismiss, and direct activities of contractors and consultants performing services for the RED.
- (F) Manage RED financial operations.
- (G) Expend budgeted funds in compliance with Chapter 2, Article V of the Sonoma County Code of Ordinances.
- (H) Authorize purchases of up to and including \$50,000 in conformance with the annual Board-approved budget. Purchases of more than \$50,000 shall require the approval of the Board.
- (I) Expend up to and including ten thousand dollars (\$10,000) for each item not specifically enumerated in the RED's annual budget, provided there are sufficient appropriations within the budget.
- (J) Expend non-budgeted funds to meet an Emergency, up to and including \$50,000. An Emergency is defined as any circumstance which directly or potentially adversely affects the ability of the RED to perform its services, which puts RED personnel or property in jeopardy, or which may jeopardize public health or property of the community or its residents. The Executive Director shall determine that an emergency exists and shall immediately inform the Directors of the Emergency. Such notification shall include the nature of the Emergency, the steps taken or necessary to address the Emergency, and any expenditures incurred to address the Emergency. If applicable, the Executive Director shall seek ratification of the decisions made.
- (K) Solely sign RED checks and/or claims request in the amount of fifty thousand dollars (\$50,000) or less. Any amount over fifty thousand dollars (\$50,000) requires the signatures of the Executive Director and one Director. In the event the Executive Director is unavailable to sign checks, checks of any amount require the signatures of two Directors.
- (L) Execute time and cost Change Orders.

(M) Appoint a Deputy Secretary, if the Board appoints the Executive Director as Board Secretary. The Deputy Secretary shall assist the Executive Director, acting as Board Secretary, to act in the Board Secretary's place in his or her absence.

(ii) Terms and conditions of the Executive Director's employment shall be specified in an employment agreement between the Executive Director and the RED and any amendment(s) thereto.

(b) ***Board Secretary***

The Board Secretary is appointed by the Board, reports to the Board as a whole, and shall be responsible for the following:

(i) Provide a record of all proceedings conducted at meetings of the Board and Standing Committees, to be retained at the RED office.

(ii) Maintain accurate, up-to-date records of RED documents in a safe location.

(iii) Post all legal notices.

(iv) Receive all correspondence or documents addressed to the Board, and serve as the RED's agent for receipt of subpoenas, petitions or other legal documents that are served on the RED.

(v) Call meetings to order in the absence of the Chairperson and Vice-Chairperson and preside until the remaining members present select one of themselves to preside at the meeting.

(vi) Administer the Oath of Office to members of the Board.

(vii) Verify and attest signatures on all legal documents.

(viii) In consultation with Legal Counsel, respond to all Public Records Act requests.

(ix) Possess working knowledge of the Ralph M. Brown Act and Robert's Rules of Order.

(c) ***Legal Counsel and Other Officers***

The Board may appoint General Legal Counsel who shall serve at the pleasure of the Board. Subject to the limits of the RED's approved budget, the Board shall also have the power to appoint and contract by a vote of the Board for the services of other officers, consultants, advisors and independent contractors as it may deem necessary or convenient for the business of the RED, all of who shall serve at the pleasure of the Board. The appointed General Legal Counsel and/or other appointed officers of the RED may be employees or contractors of one of the Members, in accordance with Sections 7.03 and 8.08 of the Agreement. Appointment of a General Legal Counsel from among Member employees or contractors shall be subject to all applicable Rules of Professional

Responsibility, and notwithstanding anything to the contrary in the Agreement, each of the Members expressly reserve and do not waive their rights to approve or disapprove of potential conflicts of RED General Legal Counsel.

(d) ***Treasurer and Annual Audit***

The Sonoma County Auditor-Controller-Treasurer-Tax Collector shall act as the initial Treasurer for the RED. The Treasurer shall perform all usual and customary duties of their offices for the RED, including by not limited to receiving all deposits, issuing warrants per direction, and other duties specified in Government Code section 6505.5. The Board may transfer the responsibilities of the Treasurer, by a majority vote of the Board, to any other person or entity as the law may provide at the time (see e.g., Government Code section 6505.5). The Board shall cause an independent annual audit to be made by a certified public accountant, or public accountant, in compliance with Government Code section 6505.

3.2. **CONSULTANTS**

The Board may from time-to-time select, retain, compensate, define the scope and efforts of, and dismiss consultants to support or provide information to the Board in developing policy-level decisions or in implementing Board actions. The responsibility for day-to-day direction of the work of the Consultant is delegated to the Executive Director.

ARTICLE IV

DIRECTORS' COMPENSATION AND EXPENSE REIMBURSEMENT

4.1. **COMPENSATION**

- (a) Board members shall serve without compensation. However, Board members may receive reasonable and necessary reimbursement for meals, lodging, and travel expenses incurred in attending any conference, meeting, or other event approved by the Board in advance.
- (b) For a Board member to be reimbursed for reasonable and necessary travel expenses to and from a meeting, the meeting must be: (1) a "meeting" as defined in Government Code section 54952.2(a); (2) RED Board or committee meetings; or (3) conferences, meetings, or events related to or intended to inform Board members on matters within the jurisdiction of the RED, provided that such conferences, meetings or events deal with substantive issues and consume more than a minor amount of the Board member's time.
- (c) At the regular meeting of the Board following any meeting, conference, educational activity or other authorized event for which reimbursement is requested; the Director attending the event shall give a brief report of the meeting or event. If more than one (1) Director of the RED attended the same meeting or event, a joint report may be made. Reports may be written or oral, but in the event a written report is submitted, the Director shall give a brief oral summary of the report at the meeting following the event.

4.2. REIMBURSEMENT

- (a) Directors are encouraged to participate in outside activities and organizations that in the judgment of the Board further the interests of the RED. Where authorized in advance, actual expenses incurred by Board members in connection with such activities are reimbursable. Under extraordinary circumstances, the Board may subsequently authorize reimbursement.
 - (i) All expenses must be reasonable and necessary, and Directors are encouraged to exercise prudence in all expenditures. This policy is intended to result in no personal gain or loss to a Director.
 - (ii) Mileage will be reimbursed at the then-current IRS rate.
 - (iii) Directors may claim meal expenses at the rates specified by the California Department of Human Resources as such rates may be adjusted from time to time.
 - (iv) *Travel / Transportation Expenses.* The most economical mode and class of transportation reasonably consistent with scheduling needs must be used, using the most direct and time-efficient route. If requested, Directors will be reimbursed for expenses incurred in traveling to and from conferences, meetings, and other events that are attended on behalf of the RED in their capacity as Directors. Travel expenses will include round-trip airfare, actual reasonable expenses for ground transportation to and from airports and hotels, car rental, and or mileage reimbursement (at the maximum allowable per mile established from time to time by the IRS) for use by the Directors of privately owned vehicles in the conduct of RED business.
 - (v) *Overnight Accommodations.* No reimbursement claim or request for overnight accommodations will be approved for expenses incurred within the RED's service area, except upon approval of the Board. Reasonable accommodation expenses will be reimbursed only for the Directors, and such expenses will not be reimbursed for guests or family members of Directors. Where reasonably possible, accommodations will be obtained in proximity to the conference or meeting site.
 - (vi) Liquor, entertainment, travel insurance, personal telephone calls, child, pet, or household care, losses relating to theft or casualty of personal effects, fines and penalties for actions or inactions of the traveler, laundry, dry cleaning, or pressing of personal items, and expenses of any other person accompanying a Director are not eligible for reimbursement.
 - (vii) Expenditures that are improper or otherwise not properly accounted for, or that are not consistent with the prohibition against gifts of public funds set forth in the California Constitution, will not be reimbursed or accepted by the RED.
- (b) Directors shall submit requests for reimbursement along with evidence of expenses within four (4) weeks of the last day of the month in which the expenses were incurred.

- (c) In compliance with Government Code section 53065.55, the RED will prepare a list of the amount and purpose of each expense reimbursement made to each Director for the preceding fiscal year, which will be available to the public.
- (d) A Director shall not attend a conference or training event for which there is an expense to the RED if it occurs after the Director has announced his or her resignation, or if it occurs after an election in which it has been determined that they will not retain their seat on the Board.

**ARTICLE V
BOARD MEETINGS, GENERAL**

5.1. LOCATION; TIMING

All regular meetings of the Board shall be held at the location and time as set forth in a resolution adopted by the Board of Directors.

5.2. TRANSPARENCY

- (a) The Board shall conduct the business of the RED at meetings in conformance with the provisions of the Ralph M. Brown Act, Government Code section 54950 et seq. All meetings of the Board and Standing Committees shall be open to the public, except for closed sessions held in accordance with the Brown Act.
- (b) The Board Chairperson and the Executive Director shall ensure that appropriate information is available for the public at meetings of the Board, and that physical facilities for said meetings are functional and appropriate. Prior to the start of a meeting, the order of business (sequence of existing agenda only) may be amended.

5.3. QUORUM

A quorum must be present at all meetings for any business to be conducted. A quorum shall consist of a majority of the Directors representing the then-current Members of the RED.

5.4. SUBJECT MATTER

- (a) The Executive Director, in cooperation with the Board Chairperson, shall prepare an agenda for each meeting of the Board and for all Standing Committee meetings. The Executive Director shall prepare written information on each item of business requiring action or scheduled for discussion by the Board, and make this information available to the Board and members of the public prior to all meetings.
- (b) An agenda and materials packet shall be prepared as specified for all Board meetings and shall be delivered to all Directors at least seventy-two (72) hours prior to a regular meeting and at least twenty-four (24) hours prior to special meetings. A full agenda packet will be available at the Sonoma County Transportation Authority office, 411 King Street, Santa Rosa, CA 95404, for public review.

- (c) At least seventy-two (72) hours prior to the time of all regular meetings, an agenda, which includes all matters on which there may be discussion and/or action by the Board, shall be posted conspicuously for public review at the Sonoma County Transportation Authority office, 411 King Street, Santa Rosa, CA 95404. The RED has the option of posting the agendas at other places as deemed useful in keeping the public informed.
- (d) The agenda for special meetings shall be posted in the same location as regular meeting agendas at least twenty-four (24) hours before the meetings. Agendas shall generally use the following order of business:
 - (i) Date, time, and location of meeting and information on how the public may review agenda material and request any special accommodations needed
 - (ii) Meeting type (i.e., Regular or Special Meeting)
 - (iii) Call to Order – Roll Call
 - (iv) Consent Calendar
 - (v) Chairperson and Directors’ Reports or Comments
 - (vi) Advisory Committee Report
 - (vii) Public Presentations, Hearings and Workshops
 - (viii) General Business (Old/New Business)
 - (ix) Executive Director and Operational Reports
 - (x) Closed Session
 - (xi) Reconvene in Open Session
 - (xii) Public Comments
 - (xiii) Request for Future Agenda Items
 - (xiv) Adjournment

5.5. **ADJOURNMENT**

A majority vote by the Board may terminate any Board meeting at any place in the agenda to any time and place specified in the order of adjournment, except that if no Directors are present at any regular or adjourned regular meeting, the Executive Director may declare the meeting adjourned to a stated time and place, and he or she shall cause a written notice of adjournment to be provided to the Board, RED Counsel, and the local news media and also posted at the places specified in Section 5.5(c), above.

5.6. **MINUTES**

- (a) The Secretary of the Board shall keep minutes of all Board meetings. Minutes are to record actions taken; they are not intended to be verbatim records. Draft minutes shall be distributed to Directors for adoption at the next regular meeting.
- (b) Minutes may be approved as part of the Consent Calendar. Regular and special meetings of the Board may be recorded. Any such recording shall be retained for thirty (30) days from the date of recording.

5.7. **LEGALITY OF PROCEEDINGS**

Any action taken by the Board which is subsequently ruled contrary to law by a decision of a court of competent jurisdiction shall be deemed revoked without further action by the Board.

5.8. **CONDUCT**

- (a) Meetings of the Board shall be conducted by the Chairperson in a manner consistent with the policies of the RED.
- (b) Willful disruption of any meeting of the Board shall not be permitted. The Chairperson shall take whatever actions are necessary and legally appropriate to preserve order and decorum during Board meetings, including public hearings.
- (c) The Chairperson may order any person or persons removed if they are causing a willful disruption of a meeting which prevents the meeting from proceeding.
- (d) Where the health and safety of meeting attendees is jeopardized, the Chairperson may order the room to be cleared and subsequently conduct the Board's business without the public present. After clearing the room, the Chairperson may permit those persons who, in their opinion, were not responsible for the willful disruption to re-enter the meeting room. Duly accredited representatives of the news media shall be admitted to the remainder of the meeting.

5.9. **RULES OF ORDER**

- (a) The latest edition of Robert's Rules of Order, Revised shall be an advisory guideline for meeting protocol. RED policies, or state or federal law, shall prevail whenever they conflict with Robert's Rules of Order, Revised. If a Director believes order is not being maintained or procedures are not adequate, he or she should raise a point of order - not requiring a second - to the Chairperson. If the ruling of the Chairperson is not satisfactory to the Director, it may be appealed to the Board. A decision by a majority of the Board will determine the point of order.
- (b) By a motion made, seconded, and approved by a majority vote, the Board may, at its discretion and at any meeting: 1) temporarily suspend these rules in whole or in part; 2) amend these rules in whole or in part; or 3) both.

- (c) Motions, resolutions or ordinances shall be recorded as having passed or failed and individual votes will be recorded. All resolutions and ordinances adopted by the Board shall be numbered consecutively starting new at the beginning of each fiscal year. The Chairperson may declare a short recess during any meeting, with approval of the Board.

5.10. BOARD ACTION

- (a) Action can only be taken when a quorum is present. Calculating the number of votes required for a majority or super majority vote is based on the number of Directors required pursuant to Article V of the Agreement.
- (b) Only those items of business listed in the agenda shall be considered by the Board at any meeting, unless an emergency or urgency situation exists and additional items are added in the manner required by the Brown Act.
- (c) Pursuant to Government Code section 54954.2 (b), the Board may take action on an item of business which did not appear on the posted agenda for the meeting if the Board determines that an emergency exists, or if by a super majority (67% or greater) vote the Board determines that there is a need for immediate action on a matter that arose subsequent to the posting of the agenda. To the extent the RED's Joint Powers Agreement requires a higher voting threshold for a particular action, such higher threshold shall apply.
- (d) Actions typically taken by the Board include, but are not limited to, the following:
 - (i) Adoption or rejection of RED policies and regulations concerning the services provided by the RED, authorization of execution of contracts for professional and technical service, and authorization of execution of contracts for materials or supplies, or for design or construction of RED facilities; and
 - (ii) Approval or rejection of proposals to commit RED funds or facilities, including employment and dismissal of personnel; and
 - (iii) Approval or disapproval of non-emergency matters which require or may require the RED or its employees to take action and/or provide services; and
 - (iv) Direction given to the Executive Director for implementation of those actions deemed by the Board to be necessary.
- (e) Definition of Board Actions and appropriate uses thereof are indicated below:
 - (i) A "Minute Order" or "Motion" is appropriate when the action is not of a penal nature or intended to be a local law, where an ordinance or resolution is not specifically required, or where a formal document reflecting the Board's action is not necessary. The only record of such action is in the minutes of the meeting at which the action is taken.

- (ii) A “Resolution” generally constitutes an expression of policy or opinion concerning some particular item of business and often evidences a decision by the Board concerning the administrative business of the RED.
- (iii) An “Ordinance” means a local law. It prescribes a rule of conduct prospective in operation, applicable generally to person and things subject to the jurisdiction of the RED.

5.11. ADMINISTRATIVE DECISIONS

- (a) An administrative decision is an action or decision made by the Board which is subject to review by a court of competent jurisdiction. Such decisions include: suspension, demotion, or dismissal of an officer or employee; revoking or denying an application for a permit, license or other entitlement; or imposing a civil or administrative penalty, fine, charge or cost.
- (b) Judicial review of all administrative decisions of the Board may be sought pursuant to the provisions of Section 1094.5 of the Code of Civil Procedure of the State of California. The procedural provisions of Section 1094.6 of said Code, including the time limitations, shall apply to any such proceeding. The provisions of Section 1094.6 shall prevail over any conflicting provision and any otherwise applicable law, rule, policy or regulation of the RED affecting the subject matter of an appeal. The purpose of these Code sections is to ensure efficient administration of the RED by providing for the expeditious review of decisions rendered by the Board. Section 1094.6 specifically establishes a ninety-(90) day time limit to initiate a lawsuit to challenge a RED administrative decision. The short time period is intended to provide finality to Board decisions.

**ARTICLE VI
BOARD COMMITTEES**

6.1. GENERALLY

Committees of the Board may be Standing or Ad hoc. Committees are not empowered to act for the Board, but rather, they review, study, and consider issues in order to make recommendations to the full Board. Members of all Committees shall be appointed by and serve at the pleasure of the Chairperson of the Board.

6.2. STANDING OR AD HOC COMMITTEES

- (a) The Board may from time to time establish standing or ad hoc committees to assist in carrying out the purposes and objects of the RED. The Board shall determine the purpose and need for such committees and the necessary qualifications for individuals appointed to them.
- (b) The Board Chairperson shall appoint and publicly announce the members of any Standing Committees, which must consist of less than a quorum of the Board.
- (c) A Standing Committee is a Board-created committee (i.e. – Finance, Human Resources, etc.) which has continuing jurisdiction over a particular subject matter and meets either

on a scheduled basis or as directed by the Board Chairperson. Only RED Directors may serve as members of Standing Committees. Standing Committee meetings are held in the RED office, unless a special need arises to meet elsewhere within RED boundaries, and shall be properly noticed under the provisions of the Brown Act.

ARTICLE VII CODE OF ETHICS

7.1. INTEGRITY

A Director must make every reasonable effort to avoid placing themselves under any financial or other obligation to any individual or organization that might reasonably be thought to influence the Director's performance of his or her duties.

7.2. LEADERSHIP

A Director has a duty to promote and support the key principles by leadership and example and to maintain and strengthen the public's trust and confidence in the integrity of the RED.

7.3. SELFLESSNESS

A Director has a duty both ethically and legally to make decisions solely in the public's interest. A Director must not act in order to gain financial or other benefits for themselves, their family, friends or business interests. This means making decisions because they benefit the RED and the public it serves, not because they benefit the decision maker.

7.4. OBJECTIVITY

A Director shall endeavor to make decisions solely on merit, free from bias and in accordance with the Director's statutory and ethical obligations when carrying out public business.

7.5. ACCOUNTABILITY

A Director is accountable to the public for their decisions and actions, preparing and researching as necessary to understand matters before the Board, and must consider issues on their merits, taking into account the views of others.

7.6. OPENNESS

A Director has a duty to be as open as possible about their decisions and actions and give reasons for decisions.

7.7. HONESTY

A Director has a duty to act honestly. As required by law, a Director must disclose any private interests relating to his or her public duties and take steps to resolve any conflicts arising in such a way that protects the public's interest and/or recuse/disqualify himself or herself from taking any action which would constitute a conflict of interest.

7.8. RESPECT

A Director must treat others with respect at all times, regardless of policy or personal disagreements, and observe the rights of other people. A Director must treat fellow Directors, officials, staff, customers and the public with courtesy and civility.

7.9. TRAINING

Directors are required by law to take ethics training every two (2) years. No cost training is available on the Fair Political Practices Commission (FPPC) website. Note that there is a minimum two (2) hour training requirement before taking the accompanying FPPC website test. After completing the test, Directors must print out and sign the "Online Proof of Participation Certificate" and return to the Board Secretary or Deputy Secretary.

Directors are also required by law to take sexual harassment training every two (2) years, and must provide evidence of participation to the Board Secretary or Deputy Secretary.

7.10. VIOLATION OF CODE OF ETHICS OR CONDUCT

An actual or perceived violation of this policy by a Director should be referred to the Chairperson of the Board or the full Board of Directors for investigation and consideration of any appropriate action. Appropriate action depends on the circumstances of the actual or perceived violation. Depending on the nature of the alleged violation, the Board may, as appropriate, determine a specific remedy or report the alleged violation to an appropriate authority. In all cases, the Board will pursue a course consistent with applicable legal requirements, the public's interest, and the best interests of the Board and the RED.

**ARTICLE VIII
USE OF CONFIDENTIAL INFORMATION**

8.1. CONFIDENTIAL INFORMATION; DISCLOSURE

A Director is not authorized, without approval of the Board of Directors, to disclose information that qualifies as confidential information to a person not authorized to receive it. Under applicable provisions of law, information qualifies as confidential if it (1) has been received for, or during, a closed session meeting of the Board, (2) is protected from disclosure under attorney/client or other evidentiary privilege, or (3) is not required to be disclosed, or disclosure is prohibited, under the California Public Records Act.

8.2. EXCEPTIONS

- (a) This section does not prohibit a Director from taking any of the following actions:
 - (i) making a confidential inquiry or complaint to a RED attorney or grand jury concerning a perceived violation of law, including disclosing facts to a RED attorney or grand jury that are necessary to establish the alleged unlawfulness of an action taken by the RED, an elected official or employee; or

- (ii) expressing publicly an opinion concerning the propriety or lawfulness of any action taken or considered by the RED in closed session, including disclosure of the general nature of the allegedly unlawful action; or
 - (iii) disclosing non-confidential information which may be acquired during a closed session.
- (b) Prior to disclosing confidential information pursuant to (i)-(iii), above, Directors shall first bring the matter to the attention of Legal Counsel, the Chairperson, or the full Board to provide the Board an opportunity to cure an alleged violation, unless doing so would itself constitute a violation of law, court order, or any other statutory obligation.

8.3. CRIMINAL LIABILITY

A Director who willfully and knowingly discloses confidential information received in the course of his or her official duties for monetary gain may be guilty of a misdemeanor under Government Code section 1098.

**ARTICLE IX
IMPROPER ACTIVITIES; REPORTING; "WHISTLEBLOWER" PROTECTION**

9.1. EXECUTIVE DIRECTOR'S OVERSIGHT RESPONSIBILITY

The Executive Director has primary responsibility for (1) ensuring compliance with the RED's Personnel Manual, and ensuring that RED employees do not engage in improper activities, (2) investigating allegations of improper activities and reporting these allegations to the Board as appropriate, and (3) taking appropriate corrective and disciplinary actions and reporting these actions to the Board as appropriate.

9.2. BOARD OVERSIGHT

The Board has a duty to ensure that the Executive Director is operating the RED according to law and the policies approved by the Board. Directors are encouraged to fulfill their obligation to the public and the RED by disclosing to the Executive Director, to the extent not prohibited by law, court order, or other statutory obligation, any improper activities within their knowledge.

9.3. NON-INTERFERENCE WITH CORRECTIVE ACTION; BOARD INTERVENTION

Directors shall not interfere with the Executive Director's responsibilities in identifying, investigating and correcting improper activities, unless the Board determines that the Executive Director is not properly carrying out these responsibilities and further determines to take additional actions as it deems appropriate to protect the RED and the public interest.

9.4. PROTECTION FROM RETALIATION

A Director shall not directly or indirectly use or attempt to use the authority or influence of his or her position for the purpose of intimidating, threatening, coercing, commanding or influencing any other person for the purpose of preventing such person from acting in good faith to report or otherwise bring to the attention of the Executive Director of the Board any information that, if

true, would constitute: a work-related violation by a Director or RED employee of any law or regulation; gross waste of RED funds; gross abuse of authority; a specified and substantial danger to public health or safety due to an act or omission of a RED official or employee; use of a RED office or position or of RED resources for personal gain; or a conflict of interest of a RED Director or RED employee.

A Director shall not use or threaten to use any official authority or influence to effect any action as retaliation against a RED Director, RED employee, or member of the public who reports or otherwise brings to the attention of the Executive Director any information regarding the subjects described in this section. (Gov. Code, §§ 53298 and 53298.5; Lab. Code, §§ 1102.5 et seq.)

ARTICLE X FAIR AND EQUAL TREATMENT

10.1. NON-DISCRIMINATION

Directors, in the performance of their official duties and responsibilities, will not discriminate against or harass any person on the basis of race, religion, color, creed, age, marital status, national origin, ancestry, gender, sexual orientation, medical condition or disability.

10.2. EQUAL TREATMENT

A Director will not grant any special consideration, treatment or advantage to any person or group beyond that which is available to every other person or group in similar circumstances.

ARTICLE XI PROPER USE AND SAFEGUARDING OF RED PROPERTY AND RESOURCES

The California Constitution prohibits a Director from making a “gift of public funds” by utilizing or permitting the use of RED owned vehicles, equipment, telephones, materials or property for his or her personal benefit or for the benefit of third parties without legal authorization. A Director will not ask or require a RED employee to perform services for the personal benefit or profit of a Director. Each Director must protect and properly use any RED asset within his or her control, including information recorded on paper or in electronic form. Directors will safeguard RED property, equipment, moneys, and assets against unauthorized use or removal, as well as from loss due to criminal act or breach of trust.

ARTICLE XII INSURANCE

12.1. LIABILITY COVERAGE

The RED maintains Errors and Omissions Liability coverage that insures the RED’s Board and Officers against claims made against them for “breach of duty” occurring through negligence, error or unintentional omission in the performance of their official duties. However, Directors may be personally responsible for a willful misconduct or willful breach of RED Policies and Procedures.

12.2. **WORKERS COMPENSATION**

To the extent required by law, the RED shall maintain worker's compensation insurance or its lawful equivalent at the statutory limit. Prior to the hiring of any employees, the RED shall also procure Employer's Liability Coverage, and shall maintain such coverage for so long as the RED has employees.

Exhibit B

RESOLUTION NO.RED-21-001

A RESOLUTION OF THE BOARD OF DIRECTORS SETTING THE TIME AND PLACE FOR HOLDING REGULAR MEETINGS OF THE RENEWAL ENTERPRISE DISTRICT BOARD OF DIRECTORS

WHEREAS, Government Code section 54954(a) provides that “each legislative body of a local agency ... shall provide, by ordinance, resolution, bylaws, or by whatever other rule is required for the conduct of business by that body, the time and place for holding regular meetings”; and

WHEREAS, Section 5.05 of the RED’s Joint Powers of Exercise Agreement (JPA) provides that the Board may “establish by ordinance, resolution, bylaws, or other procedure a regular meeting time and place”; and

WHEREAS, Section 5.1 of the Board’s amended Bylaws provides that the time and place for holding regular meetings is established by resolution; and

WHEREAS, the Renewal Enterprise District Board of Directors has traditionally met the fourth Wednesday of the month at 1:00 p.m. at the SCTA Board Room, 411 King Street, Santa Rosa, California, 95404; and

WHEREAS, the Board of Directors desires to adopt this resolution setting and modifying the meeting time and place for regular meetings, as well as allowing for an adjustment in the event of a declared emergency.

NOW, THEREFORE, BE IT RESOLVED BY THE RENEWAL ENTERPRISE DISTRICT BOARD OF DIRECTORS, AS FOLLOWS:

1. Regular meetings of the Renewal Enterprise District Board of Directors shall be held on the fourth Monday of every other calendar month, at 1 p.m., if not a legal holiday, and if a legal holiday, then the regular meeting will be adjourned to a specified time and location. Meetings shall be held in the Sonoma County Transportation Authority Board Room, 411 King Street, Santa Rosa, California, 95404, unless it is anticipated that the number of public expected to attend would exceed the capacity of the facility or the facility is unavailable. In such case, another facility within the RED’s jurisdictional boundaries may be used. In addition, meetings may be conducted by teleconference pursuant to the provisions of the Governor’s Executive Orders N-25-20 and N-29-20, or any subsequent executive orders, suspending or modifying certain portions of the Ralph M. Brown Act, while such orders are in force and effect.
2. In the event of an emergency, as declared by the federal, state or local government, the District Executive Director may adjust the time of a regular meeting to ensure the health and safety of staff and residents and continuity of District operations.

3. This resolution shall amend, replace and supersede any and all previous actions setting the time and place of regular meetings of the Renewal Enterprise District Board of Directors.

PASSED, APPROVED, AND ADOPTED this ___ day of _____, 2020.

Rabbitt: ___ Zane: ___ Tibbetts: ___ Fleming: ___

VOTES:

Ayes:- ___ Noes: ___ Absent: ___ Abstain: ___

Chair
Renewal Enterprise District



Renewal Enterprise District (RED)

County of Sonoma | City of Santa Rosa

Agenda Item 4a:

1. Amendment to Renewal Enterprise District (RED) Bylaws to allow RED Board Meeting Dates and location to be adopted by resolution, and
2. Consider adoption of a Resolution to set the Board Meeting dates and location and change the regular meeting date from the fourth Wednesday of every other month to the fourth Monday of every other month.



Renewal Enterprise District (RED)

County of Sonoma | City of Santa Rosa

- Bylaws currently state: “All meetings of the Board shall be held at the Sonoma County Transportation Authority, 411 King Street, Santa Rosa, California, 95404, unless it is anticipated that the number of public expected to attend would exceed the capacity of the facility or the facility is unavailable. In such case, another facility within the RED’s jurisdictional boundaries may be used. Regular meetings of the Board shall be held on the last Wednesday of every other calendar month, except if the last Wednesday coincides with a legal holiday, the regular meeting will be adjourned to a specified time and location. Regular meetings shall commence at 1 pm local time and end at 4 pm local time or earlier. Extension of time beyond 4 pm requires the approval of the majority of the Board.”



Renewal Enterprise District (RED)

County of Sonoma | City of Santa Rosa

- Proposed amendment: “All regular meetings of the Board shall be held at the location and time as set forth in a resolution adopted by the Board of Directors.”



Renewal Enterprise District (RED)

County of Sonoma | City of Santa Rosa

For your consideration: If the Board amends the RED Bylaws, consider approving a resolution moving the regular meeting time and place from the fourth Wednesday of every other month to the fourth Monday of every other month, at the SCTA Board room, on a virtual platform as allowed by the Governors Executive Orders N-25-20 and N-29-20, through the end of 2020 or until such time as the Sonoma County Health Order is modified to allow in-person assembly for the purpose of public meetings.

The resolution also includes flexibility to amend the time of the meeting in the event of an emergency.



Renewal Enterprise District (RED)

County of Sonoma | City of Santa Rosa

Questions?

Agenda Item: 4b
Meeting Date: August 26, 2020

Renewal Enterprise District Action Item

TO: Board of Directors
FROM: Michelle Whitman, Executive Director
SUBJECT: Fiscal Year 2020-2021 Final Budget

Summary: Review and consider approval of Fiscal Year 2020-2021 Final Budget, including consideration of funding allocation to Phase II of a Housing Fund Scope of Work

Background

The JPA for the RED (Section 8.06 – Budget) requires that “By a date no later than sixty (60) days before the end of each Fiscal Year, the Board shall adopt a budget for the Agency for the ensuing Fiscal Year. The Board may authorize mid-year budget adjustments, as needed.”

On April 23, 2020 the RED Board of Directors approved the Fiscal Year 2020-2021 Preliminary Budget. Today’s action item proposes a Final Budget for Board review and adoption, with minor adjustments in consideration of the Fiscal Year Ending June 30, 2020 final fund balance as well as expenditure adjustments based on current fiscal projections and organizational needs.

In review, the Renewal Enterprise District’s (RED) startup costs are funded through a \$1,000,000 grant from the William and Flora Hewlett Foundation. The Sonoma County Transportation Authority (SCTA) served as fiscal agent for the RED until the RED became fully operational. On October 14, 2019 the SCTA Board of Directors approved the transfer of the Hewlett Foundation grant proceeds to the RED. On November 25, 2019, the RED Board approved the receipt of the grant funds, releasing the SCTA of future fiscal or administrative responsibility to the RED.

In February 2020, the RED was awarded a \$40,000 grant from the Community Foundation Sonoma County (CFSC) to support the RED’s commitment to increase the housing stock in Sonoma County, through partnerships with Forsyth Street Advisors and Map One Sonoma. Most of the CFSC grant, \$30,000, funded Phase I of an initiative to design/implement a new Housing Fund for affordable and mixed income housing production, while a smaller portion was designated to support participation in the Map One Sonoma Housing strategy. The remaining balances of the Hewlett Foundation and CFSC grants carry over to the FY2020-2021 Final Budget.

The CFSC-funded Phase I Housing Fund Scope of Work was completed in June 2020 and at the July 22, 2020 Board Meeting, the RED Board of Directors accepted the Phase I deliverable, an Options and Feasibility Assessment Report for a new Housing Fund. The Assessment Report indicated that creation of a Fund is feasible, pending the outcome of next steps to occur in Phase II of the process. Upon receipt of the Report, the RED Board gave direction to its Executive Director to identify funding to proceed in

Agenda Item: 4b

Meeting Date: August 26, 2020

measured steps with Phase II of the project, starting with capitalization, then legal structure and, finally, governance, management and operations of the proposed Fund.

The RED has been invited by Kaiser Permanente to apply for, and expects to receive, a \$90,000 grant to move forward with the effort to design, and if directed by the RED Board to do so, implement a new Housing Fund. The RED has several grant requests under consideration by potential funders and continues to search for additional resources to fully fund this initiative. In order to maintain momentum achieved in Phase I, and due to the urgent need to increase housing inventory, the RED Executive Director requests that the budget line item designated for strategic planning be made available to begin work on Phase II of the Housing Fund initiative, serving as bridge funding in anticipation of grant awards.

No final decision on Fund creation has been made by the RED Board, and such a decision is not suggested by this agenda item. Authorizing Phase II work to proceed does not obligate the RED Board to create a Fund. A final decision on Fund creation will depend on the successful conclusion of the activities identified above. As Phase II work progresses, regular updates, reports and key policy decisions will be presented to the RED Board for public deliberation during its regular Board meetings.

Identifying a sustainable revenue source or sources for the RED remains key to the long-term viability of the organization. The RED Executive Director projects that the proposed Fiscal Year 2020-2021 Final Budget, as it stands currently, will fund the RED through the end of Fiscal Year 2020-2021, leaving only a negligible fund balance at the end of the Fiscal Year.

Fiscal Year 2020-21 Proposed Final Budget

The RED Executive Director anticipates that Fiscal Year 2020-2021 spending will be \$587,300, a 16% decrease from the previous fiscal year.

Expenditures: As the RED is essentially a contract governmental entity, the largest expense is associated with consulting services, including Executive Director, General Counsel, strategic planning, auditor, accounting services, and grant writing/technical assistance, among others, totaling \$307,200 or 53% of total budgeted expenditures. The second largest expenditure line item is a RED grant to a housing project, totaling \$250,000 or 43% of total expenditures.

Revenues: The \$573,519 in revenue would be derived from the estimated remaining balances in the Hewlett Foundation grant (\$563,418) and Community Foundation Sonoma County grant (\$7,101), in addition to interest on pooled cash (\$3,000).

Renewal Enterprise District Fiscal Year 2020-21 Proposed Final Budget

74751	Dept ID: 66150100	Fiscal Year 2020 - 2021		Fiscal Year 2020 - 2021	
		Proposed Final Budget	Change From Prior Year Actual	Preliminary Budget	Change From Proposed Final Budget
Account	Description				
	Revenues				
46215	Other Grants - Hewlett Foundation	563,418	328,824	586,190	22,772
46215	Community Foundation Sonoma County	7,101	(25,798)	10,000	2,899
44002	Interest on Pooled Cash	3,000	(1,933)	3,000	-
46200	Miscellaneous	-	(3,000)	-	-
	Total Revenues	573,519	298,093	599,190	25,671
	Expenditures				
51201	Administration Services and Supplies	10,100	(10,963)	13,930	3,830
51207	Client Accounting Services	13,200	1,276	-	(13,200)
51226	Consulting Services	294,000	59,494	295,000	1,000
53501	Contribution to Other Governments for Services	20,000	20,000	50,000	30,000
53501	RED grant to housing project	250,000	250,000	250,000	-
	Total Expenditures	587,300	319,807	608,930	21,630
	Starting Fund Balance	86,323	78,452	607,134	520,811
	Revenues	573,519	298,093	599,190	25,671
	Expenditures	(587,300)	(319,807)	(608,930)	(21,630)
	Unearned Revenue Adjustment - Hewlett Foundation	(63,418)	(126,836)	(586,190)	(522,772)
	Unearned Revenue Adjustment - Community Foundation	(7,101)	(14,202)	(10,000)	(2,899)
	Net Increase/(Decrease) in Fund Balance	(84,300)	(162,752)	(605,930)	(521,630)
	Ending Fund Balance	2,023	(84,300)	1,204	(819)

Staff Recommendation

Approve the Fiscal Year 2020-2021 Final Budget and Budget resolution.

Vote Requirement

Three-fourths vote needed for budget approval.

Fiscal Impact

Proposed Fiscal Year 2020-2021 budget with expenditures of \$587,300, revenues of \$573,519 and starting fund balance of \$86,323.

List of Attachments

- Exhibit A – RED Final Budget
- Exhibit B – RED Budget Worksheet
- Budget Summary & Approval

Agenda Item: 4b
Meeting Date: August 26, 2020

Contact

Michelle Whitman, Executive Director, 707-543-3087 Michelle.Whitman@RenewalEnterpriseDistrict.org

Exhibit A

RED Final Budget

Dept ID: 66150100	Fiscal Year 2019 - 2020			Fiscal Year 2020 - 2021		Fiscal Year 2020 - 2021	
	Actual	Budget	Variance	Proposed Final Budget	Change From Prior Year Actual	Preliminary Budget	Change From Proposed Final Budget
Description							
Revenues							
Other Grants - Hewlett Foundation	234,594	700,000	(465,406)	563,418	328,824	586,190	22,772
Community Foundation Sonoma County	32,899		32,899	7,101	(25,798)	10,000	2,899
Interest on Pooled Cash	4,933	3,000	1,933	3,000	(1,933)	3,000	-
Miscellaneous	3,000	-	3,000	-	(3,000)	-	-
Total Revenues	275,426	703,000	(427,574)	573,519	298,093	599,190	25,671
Expenditures							
Administration Services and Supplies	21,063	20,000	1,063	10,100	(10,963)	13,930	3,830
Client Accounting Services	11,924	-	11,924	13,200	1,276	-	(13,200)
Consulting Services	234,506	320,000	(85,494)	294,000	59,494	295,000	1,000
Contribution to Other Governments for Services	-	110,000	(110,000)	20,000	20,000	50,000	30,000
RED grant to housing project	-	250,000	(250,000)	250,000	250,000	250,000	-
Total Expenditures	267,493	700,000	(432,507)	587,300	319,807	608,930	21,630
Starting Fund Balance	7,871	7,871	-	86,323	78,452	607,134	520,811
Revenues	275,426	703,000	(427,574)	573,519	298,093	599,190	25,671
Expenditures	(267,493)	(700,000)	432,507	(587,300)	(319,807)	(608,930)	(21,630)
Unearned Revenue Adjustment - Hewlett Foundation	63,418		63,418	(63,418)	(126,836)	(586,190)	(522,772)
Unearned Revenue Adjustment - Community Foundation	7,101		7,101	(7,101)	(14,202)	(10,000)	(2,899)
Net Increase/(Decrease) in Fund Balance	78,452	3,000	75,452	(84,300)	(162,752)	(605,930)	(521,630)
Ending Fund Balance	86,323	10,871	75,452	2,023	(84,300)	1,204	(819)

Exhibit B

**Renewal Enterprise District JPA
74751
66150100**

Account	Account Description	FY 2020-2021 Preliminary Budget
44002	Interest on Pooled Cash	3,000
44000	Total Revenue - Use of Money & Prop	3,000
46215	Other Grants - Hewlett Foundation	563,418
46215	Other Grants - Community Foundation	7,101
46000	Total Miscellaneous Revenues	570,519
Grand Total Revenues		573,519
51201	Administration Services	10,100
51207	Client Accounting Services	13,200
51226	Consulting Services	294,000
51000	Total Services and Supplies	317,300
53501	Contributions	20,000
53501	RED Grant to housing project	250,000
53000	Total Other Charges	270,000
Grand Total Expenditures		587,300
Adjustment for prefunded grant revenue		(70,519)
Increase/(Decrease) to Fund Balance		(84,300)

**FY 2020-21 Final Budget Summary
Renewal Enterprise District JPA
74751
66150100**

(1)*	Beginning Fund Balance @7/01/20	\$86,323
(2)	Plus: Budgeted FY 2020-21 Revenues: (total from attached worksheet)	573,519
(3)	Less: Budgeted FY 2020-21 Expenditures: (total from attached worksheet)	(587,300)
(4)	Adjustment for prefunded grant revenue	(70,519)
(5)*	Budgeted Ending Fund Balance @6/30/21:	\$2,023
(6)	Final Budget Approval Date:	August 26, 2020

David Rabbitt

Jack Tibbetts

Shirlee Zane

Victoria Fleming

* If District Fund Balance is separated into multiple categories, each district should keep records to identify how much beginning and ending fund balance is available for each fund balance category and should work with their external auditors to identify appropriate GASB 54 fund balance classifications.



Renewal Enterprise District (RED)

County of Sonoma | City of Santa Rosa

Agenda Item 4b
Final Budget
Fiscal Year 2020/2021



Renewal Enterprise District (RED)

County of Sonoma | City of Santa Rosa

The Renewal Enterprise District (RED) Joint Powers Authority (JPA) Agreement (Section 8.06) requires that, by a date no later than sixty (60) days before the end of each Fiscal Year, the Board shall adopt a budget for the RED for the ensuing Fiscal Year.



Renewal Enterprise District (RED)

County of Sonoma | City of Santa Rosa

Background

- In August 2018 the Sonoma County Transportation Authority (SCTA) received a grant from the Hewlett Foundation to support the creation of the Renewal Enterprise District Joint Powers Authority (JPA).
- Until November 2019, the SCTA had been managing the funds, paying invoices and reporting to the Hewlett Foundation. Now that the RED JPA is fully operational the funds have been transferred to the RED.





Renewal Enterprise District (RED)

County of Sonoma | City of Santa Rosa

The RED's total preliminary FY 2020-2021 budget is \$608,930

To date, the RED has been primarily funded by the Hewlett Foundation Grant.

In February 2020 the RED was awarded a \$40,000 grant from the Community Foundation Sonoma County (CFSC) to support the RED's commitment to increase the housing stock in Sonoma County, through partnerships with Forsyth Street and MapOneSonoma.



Renewal Enterprise District (RED)

County of Sonoma | City of Santa Rosa

74751 Dept ID: 66150100		Fiscal Year 2020 - 2021		Fiscal Year 2020 - 2021	
		Proposed Final Budget	Change From Prior Year Actual	Preliminary Budget	Change From Proposed Final Budget
Account	Description				
	Revenues				
46215	Other Grants - Hewlett Foundation	563,418	328,824	586,190	22,772
46215	Community Foundation Sonoma County	7,101	(25,798)	10,000	2,899
44002	Interest on Pooled Cash	3,000	(1,933)	3,000	-
46200	Miscellaneous	-	(3,000)	-	-
	Total Revenues	573,519	298,093	599,190	25,671
	Expenditures				
51201	Administration Services and Supplies	10,100	(10,963)	13,930	3,830
51207	Client Accounting Services	13,200	1,276	-	(13,200)
51226	Consulting Services	294,000	59,494	295,000	1,000
53501	Contribution to Other Governments for Services	20,000	20,000	50,000	30,000
53501	RED grant to housing project	250,000	250,000	250,000	-
	Total Expenditures	587,300	319,807	608,930	21,630
	Starting Fund Balance	86,323	78,452	607,134	520,811
	Revenues	573,519	298,093	599,190	25,671
	Expenditures	(587,300)	(319,807)	(608,930)	(21,630)
	Unearned Revenue Adjustment - Hewlett Foundation	(63,418)	(126,836)	(586,190)	(522,772)
	Unearned Revenue Adjustment - Community Foundation	(7,101)	(14,202)	(10,000)	(2,899)
	Net Increase/(Decrease) in Fund Balance	(84,300)	(162,752)	(605,930)	(521,630)
	Ending Fund Balance	2,023	(84,300)	1,204	(819)



Renewal Enterprise District (RED)

County of Sonoma | City of Santa Rosa

- Looking forward, the RED's preliminary budget assumes a starting fund balance of approximately \$586,323. If the RED were to receive no other revenue in the next fiscal year, this number plus interest on pooled cash, is the funding we have to work with.
- Total expenditures are projected to be \$587,300, a 16% decrease from the previous fiscal year.
- The bottom line is that if there are no additional revenue sources developed, the RED is funded through the end of FY 2020-2021, with an ending fund balance projected to be \$2,023.



Renewal Enterprise District (RED)

County of Sonoma | City of Santa Rosa

Breakdown of significant line items:

- As the RED is essentially a contract governmental entity, the largest expense is associated with consulting services, including Executive Director, General Counsel, strategic planner, auditor, and grant writing/technical assistance, totaling \$307,200 or 53% of total budgeted expenditures.
- The second largest expenditure line item is a RED grant to a housing project, totaling \$250,000 or 43% of total expenditures.
- Contributions to other governments, budgeted at \$20,000, pays for City and County staff time used for the benefit of the RED, as well as grants made to other governments.
- Administration services and supplies includes office supplies and equipment, travel, and insurance.





Renewal Enterprise District (RED)

County of Sonoma | City of Santa Rosa

Dept ID: 66150100	Fiscal Year 2019 - 2020			Fiscal Year 2020 - 2021		Fiscal Year 2020 - 2021	
	Actual	Budget	Variance	Proposed Final Budget	Change From Prior Year Actual	Preliminary Budget	Change From Proposed Final Budget
Description							
Revenues							
Other Grants - Hewlett Foundation	234,594	700,000	(465,406)	563,418	328,824	586,190	22,772
Community Foundation Sonoma County	32,899		32,899	7,101	(25,798)	10,000	2,899
Interest on Pooled Cash	4,933	3,000	1,933	3,000	(1,933)	3,000	-
Miscellaneous	3,000	-	3,000	-	(3,000)	-	-
Total Revenues	275,426	703,000	(427,574)	573,519	298,093	599,190	25,671
Expenditures							
Administration Services and Supplies	21,063	20,000	1,063	10,100	(10,963)	13,930	3,830
Client Accounting Services	11,924	-	11,924	13,200	1,276	-	(13,200)
Consulting Services	234,506	320,000	(85,494)	294,000	59,494	295,000	1,000
Contribution to Other Governments for Services	-	110,000	(110,000)	20,000	20,000	50,000	30,000
RED grant to housing project	-	250,000	(250,000)	250,000	250,000	250,000	-
Total Expenditures	267,493	700,000	(432,507)	587,300	319,807	608,930	21,630
Starting Fund Balance	7,871	7,871	-	86,323	78,452	607,134	520,811
Revenues	275,426	703,000	(427,574)	573,519	298,093	599,190	25,671
Expenditures	(267,493)	(700,000)	432,507	(587,300)	(319,807)	(608,930)	(21,630)
Unearned Revenue Adjustment - Hewlett Foundation	63,418		63,418	(63,418)	(126,836)	(586,190)	(522,772)
Unearned Revenue Adjustment - Community Foundation	7,101		7,101	(7,101)	(14,202)	(10,000)	(2,899)
Net Increase/(Decrease) in Fund Balance	78,452	3,000	75,452	(84,300)	(162,752)	(605,930)	(521,630)
Ending Fund Balance	86,323	10,871	75,452	2,023	(84,300)	1,204	(819)



Renewal Enterprise District (RED)

County of Sonoma | City of Santa Rosa

Questions?

Agenda item: 5

Executive Director's Report – August 26, 2020

Building the Renewal Enterprise District's (RED) Capacity to Accelerate Infill, Mid-to-High Density Housing Near Transit, Jobs and Services

During its July 22, 2020 RED meeting, the Board of Directors gave direction to the Executive Director to move forward with Phase II of the initiative to explore and potentially create a new Housing Fund to address the county-wide housing shortage that has been intensified by increasing disasters, including past and present wildfires, flooding, and now COVID-19. At the July meeting the RED's Executive Director was granted authority to identify and/or pursue funding to support the Housing Fund advisor's Phase II Scope of Work including:

- Confirmation of availability of sufficient capital that is low-cost, flexible, and long-term enough to be used by the Fund to make available the financial products;
- Identification of an appropriate legal structure for the Fund; and
- Development of a suitable governance, management, and operating structure for the Fund.

Following Board direction, significant effort was spent submitting letters of introduction, applications and proposals to a range of potential grant makers, including Kaiser Permanente, Providence/St. Joseph Health, Bank of America Foundation, Ford Foundation, Wells Fargo, Poppy Bank, the Gordon and Betty Moore Foundation, Exchange Bank, Enterprise Community Partners and United Way of the Wine Country/Rebuild North Bay. Kaiser Permanente responded with an invitation for the RED to apply for a \$90,000 grant. Several funding requests were denied, while others are still pending. The drive to identify funding will continue until the full \$150,000 cost of the Phase II Scope of Work has been covered.

The Executive Director respects that no final decision on Fund creation has been made by the RED Board. Authorizing Phase II work to proceed does not obligate the RED Board to create a Fund. A final decision on Fund creation will depend on the successful conclusion of the activities identified above. As Phase II work progresses, regular updates, reports and key policy decisions will be brought to the RED Board for public deliberation in the course of its regular Board meetings.

Targeted effort went into the following priorities as well:

- Providing technical support to developers for the Transit Oriented Development grant and future Infill Infrastructure Grant and Affordable Housing Sustainable Communities applications and awards; compile and provide resources to project proponents.
- Continued stakeholder outreach and relationship building within the housing production, financial, tribal, and philanthropic communities.

- Operation of remote office in response to shelter in place orders; conducting meetings online or via teleconference to maintain momentum and productivity.
- Participate on California Coalition for Rural Housing Disaster Recovery/Prevention Committee regarding COVID-19, challenges faced, adapting focus from natural disasters to include pandemic.
- Participation in Housing Production work group for California Housing Partnership.
- Website maintenance.
- Attending online public meetings featuring local housing projects.
- Advocacy for local housing-related grant applications.
- Participation in various training programs, including Brown Act and housing finance programs.
- General administration, including insurance renewals, advice from legal counsel, budgeting, and accounting functions.
- Attending virtual community meetings.
- Participating in diversity, equity and inclusion training.
- Regular meetings with local elected officials and public sector staff.

Working Group

The RED Working Group normally meets monthly to inform and propel the work of the Executive Director. At this time, Working Group meetings have been suspended in deference to competing demands on members' time as a result of COVID-19, and now, fire season impacts. The Executive Director reaches out to individual members as needed, recognizing that City and County governments are necessarily focused on providing essential services. Regular Working Group meetings are expected to resume when shelter in place orders have been modified and when City and County staff can return to relatively normal operations.

Networking and Community Outreach

Despite shelter in place orders changing the way we work, advancing goals to accelerate infill housing production is dependent on collaborative relationships developed and fostered over time. Collaboration between the City of Santa Rosa and County of Sonoma led to the formation of the Renewal Enterprise District, and cooperation among public agencies and the private and philanthropic sectors has delivered outside resources to our community. Now is not the time to lose hard won momentum, particularly as COVID-19 has laid bare how economic disparity, among other social ills and the policies that contribute to them, is disproportionately exposing communities of color to harm as they perform essential, public facing work. Achieving equity requires improving conditions in the population centers where most people of color live, and coincidentally, these are the areas where the RED works to achieve increased density, access to transit, protection of open space and community separators; improved energy efficiency, climate resilience, and affordability; and to advance and ensure equitable access to housing.

The RED is part of a greater network cooperating to catalyze progress. Below is a partial list of policymaker, public agency, stakeholder, and community member engagements, efforts and events that the RED hosted, was represented at or has participated in since July 22, 2020:

- California Coalition for Rural Housing Disaster Recovery/Prevention Committee
- Generation Housing
- Housing and Community Development, Infill Infrastructure Grant and Affordable Housing Sustainable Communities, advocacy for joint applicants including local developers, City of Santa Rosa, County of Sonoma, SMART, Community Development Commission
- Enterprise Community Partners
- Los Cien
- Local affordable housing advocates
- Local and State elected officials
- Sonoma County Economic Development Board Community Recovery Work Group

As is the case for all organizations, in-person community events and conferences that the RED was to be represented or present at have been cancelled or postponed. As a counterbalance, there is increased activity in the virtual meeting space.

Attracting and Pooling Resources to Spur Housing Production

The RED is fortunate to have its startup costs funded by the Hewlett Foundation. Identifying a sustainable revenue source or sources for the RED remains key to the long-term viability of the organization. The RED Executive Director projects that the proposed Fiscal Year 2020-2021 Final Budget, as it stands currently, will fund the RED through the end of Fiscal Year 2020-2021, leaving only a negligible fund balance at the end of the Fiscal Year.

Potential sources of funding being tracked include federal, state and local public funds, private philanthropy, employers, developers and other stakeholders who have an interest in accelerating infill, mid-to-high density housing development. As noted previously, Phase Two of a Housing Fund feasibility assessment is first focused on capitalizing the fund. Again, COVID-19 may impact available financial resources and markets. This will be a period of constant disruption and adaptive management to both avoid threats and maximize opportunities as we navigate through the uncertainties we face.

Planned Effort

The focus for September and October will be on Phase II work to capitalize a Housing Fund, in addition to capacity building and continued pursuit of a sustainable source of funding for the RED. The Executive Director will continue work to align local housing projects with state and federal resources. All activities identified in the Executive Director's Work Plan are ongoing. Work continues with Infill Infrastructure Grant and Affordable Housing Sustainable

Communities grant awardees as they execute Standard Agreements with the State. Attention remains focused on assisting stakeholders, including developers, the City of Santa Rosa and County of Sonoma to submit strongly competitive applications for funding for multiple projects through various, primarily state, public financing programs. The RED Executive Director continues working with local, regional and statewide stakeholders, including California Housing Partnership Corporation, Non Profit Housing, and California Rural Housing Coalition, in addition to local stakeholders, to ensure that newly allocated federal disaster aid is committed to Sonoma County. Additionally, the Executive Director is working collaboratively with Generation Housing (Gen H) on a public will-building effort to foster the image of Sonoma County housing as an integral part of a greater system connected to health, environment, education and economy. Finally, the Executive Director is monitoring the Governor's Task Force on Business and Jobs Recovery for opportunities that can further the RED's purpose to accelerate the production infill housing near opportunities and amenities in pursuit of healthy, thriving, resilient local communities.

Summary

The Executive Director remains hopeful that housing production will be among the highest COVID-19 and other disaster recovery priorities for officials at all levels of government, and that public resources will be allocated to accelerate the pace of housing development aligned with RED criteria. As stated earlier, we cannot afford to any momentum, particularly as the pandemic has spotlighted how economic disparity, among other social ills and the policies that contribute to them, is disproportionately exposing communities of color to harm, both in the housing space and beyond.