APPROVED
BY THE CITY COUNCIL

DEC 1 6 1986

OFFICE OF THE
CITY CLERK

AG 86113

(14)

OFFICE OF THE
CITY MANAGER

CITY OF SACRAMENTO

CALIFORNIA

December 10, 1986
FA:86216:JRC:KMF

CITY HALL
ROOM 109
915 I STREET
SACRAMENTO, CA
95814-2684

916-449-5704

CITY MANAGER'S OFFICE
RECEIVED
DEC 1 1 1986

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: Request From Sierra-Curtis Neighborhood Association (SCNA) For a Loan of $50,000, To Be Applied Toward Improvements at Sierra 2 Community Center

SUMMARY

This report requests that the City Manager be authorized to enter into an agreement with SCNA for a loan in the amount of $50,000 to be repaid, interest free, over a ten-year period. This request is conditional upon the County of Sacramento approving an equal loan to SCNA.

BACKGROUND

In the attached correspondence, the Sierra-Curtis Neighborhood Association (SCNA) is requesting from the City an interest-free loan of $50,000. The requested funds would help to finance the replacement of electrical circuitry at Sierra 2, a Center for the Arts and the Community. Although the Sacramento City Unified School District holds title to the Sierra 2 site, SCNA by agreement with the school district is responsible for administration of the facility and also for the costs of maintenance and operation.

SCNA is proposing that the $150,000 necessary for this project be funded as follows: $50,000 to be loaned by the City; $50,000 to be loaned by the County; and $50,000 to be provided from SCNA's own resources and fund raising. The loans from the City and the County would be no-interest, with a ten-year repayment schedule, the first three years of payments being deferred. Payments of $8,333 to the City would begin on June 30, 1991 and continue through June 30, 1996. Repayment of the loans will be provided through the initiation of a parking lot fee and through operating revenues.

SCNA has recently secured an extension of their license agreement with the school district (attached) which extends until June 30, 1998. This provides the City with the assurance that SCNA will not lose the use of the site during the repayment period.

This item would normally be reviewed first by the Budget and Finance Committee. However, staff is presenting this directly to the City Council because (1) the County will hear this item at their December 16, 1986 meeting and the next meeting of the Board of Supervisors is not until January 6, 1987, and (2) the bids for the electrical work expire on December 31, 1986. It is necessary that the City and County act simultaneously on this item and that such action occur prior to December 31, 1986.

FINANCIAL

If approved as a loan from the General Fund, this request would have no impact on fund balance. Based upon information provided by SCNA, it appears they should be capable of servicing this debt.

RECOMMENDATION

It is recommended that the City Council approve the attached Resolution which authorizes the City Manager to:

1. Enter into an agreement with SCNA for the purpose of loaning to SCNA the sum of $50,000; and

2. That this loan is to be interest-free, repaid over a ten-year period, the first three years of which are deferred, with annual payments of $8,333 commencing June 30, 1991 and extending through June 30, 1996; and

3. That this loan is conditioned upon the County of Sacramento approving an identical loan at their December 16, 1986 meeting.

Respectfully Submitted,

Betty Masuoka

BETTY MASUOKA
Budget Officer

RECOMMENDATION APPROVED:

Walter J. Slipe

WALTER J. SLIPE
City Manager

December 16, 1986
District 5

Attachment

14

RESOLUTION NO. 86-939

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

APPROVED
BY THE CITY COUNCIL

DEC 16 1986

OFFICE OF THE
CITY CLERK

RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A LOAN AGREEMENT WITH THE SIERRA-CURTIS NEIGHBORHOOD ASSOCIATION

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

That the City Manager is hereby authorized to:

1. Execute an agreement with Sierra-Curtis Neighborhood Association (SCNA) for the purpose of loaning to SCNA $50,000 to assist in funding necessary electrical repairs at Sierra 2; and

2. The terms of this loan are to be interest-free, repaid over a ten-year period, the first three years of which are deferred, with annual payments of $8,333 commencing June 30, 1991 and extending through June 30, 1996; and

3. This action is conditioned upon the County of Sacramento approving an identical loan to SCNA.

MAYOR

ATTEST:

CITY CLERK

CENTER FOR THE ARTS SIERRA 2 AND THE COMMUNITY
2791 24th Street · Sacramento, California · 95818 · (916) 452-3005

FINANCING PROPOSAL FOR REPLACEMENT OF SIERRA 2 ELECTRICAL CIRCUITRY

SUMMARY

The Sierra 2 Center for the Arts and the Community occupies a sixty year-old building formerly used as a grade school. Still in use is much of the original electrical circuitry, which is insufficient to meet the demands of the modern office or classroom. The Sierra-Curtis Neighborhood Association (SCNA), which administers the operation of Sierra 2, plans on replacing the electrical circuitry to provide a safe and workable facility for its occupants. SCNA is seeking financing for this project.

Based on the receipt of bids developed by a number of local electrical contractors, it appears that the cost of the project will approximate $150,000.

SCNA proposes that funding for the project be obtained in the following manner:

a) One-third of the cost to be provided by SCNA through the use of current reserves of $40,000 plus $10,000 obtained from a neighborhood fundraising drive now in progress. SCNA desires a three-year moratorium on borrowings (see b and c) in order to replenish its reserves.

b) One-third of the cost to be provided by the County of Sacramento through an interest-free loan to be repaid over a six year term commencing July 1, 1990.

c) One-third of the cost to be provided by the City of Sacramento through an interest-free loan to be repaid over a six year term commencing July 1, 1990.

SCNA is now taking steps to make certain parking lot spaces available for daytime rentals. The demand for parking by employees of the nearby DMV office is anticipated to fill these spaces and produce additional revenue of approximately $1,000 per month for SCNA. This additional revenue will substantially provide for debt service. In addition, SCNA will be conducting a corporate fundraising campaign in the near future to generate funds to be used toward the repayment of the debt incurred in financing the electrical project.

BACKGROUND OF SIERRA 2

In 1976, the Sierra Elementary School closed its doors after over 50 years. The story of its conversion to Sierra 2, a Center for the Arts and the Community, is the story of a unique and innovative community preservation and revitalization project. It reflects the neighborhood's direct involvement and abilities in helping to meet metropolitan Sacramento's recreational, educational and cultural needs.

SCNA was founded in the spring of 1979 with the expressed purpose of saving the school from demolition. A petition was circulated among the neighborhood's 2,400 households calling for retention of the building and grounds. The neighborhood monthly newspaper, the Sierra Viewpoint, began publication.

With seed money of $250,000 provided by the School District and the City of Sacramento, SCNA set about raising another $100,000 in private donations. In addition, much of the skilled labor needed was performed by private individuals and through apprenticeship programs. Thousands of hours of labor were volunteered by neighborhood residents during the rehabilitation of the school building. Total project costs, including fair market value of donated time, have been estimated to be $800,000. Thus, the private fundraising and volunteerism of SCNA resulted in more than a two-fold leveraging of public funds. The project has aroused interest from other communities around the Country, who have contacted SCNA for information on Sierra 2 and for advice as to how they might save similiar structures in their own communities. To date, Sierra 2 is a success unlike any community project in California.

The intent of SCNA, which has largely been realized, is to establish an innovative center for the arts and the community by providing low cost space for diverse organizations offering a variety of cultural, educational, recreational and social service opportunities to the community at large. In managing Sierra 2, SCNA provides a supportive atmosphere to resident and non-resident groups so as to create a unique environment offering opportunities to showcase talents, share ideas, skills and talents, and for collaboration on special events and programs. Sierra 2 has become a hub for emerging and grass-roots artistic programs in the Sacramento area. In addition, social service organizations, educational organizations, minority group organizations and other not-for-profit groups have found Sierra 2 to be a centrally located and very affordable site at which to meet or to provide their services.

Sierra 2 has fourteen resident groups who rent office, studio, gallery and classroom space on a permanent basis. These resident groups have exclusive use of their space. Thus, Sierra 2 is literally a home for its resident groups. In addition, there are three classrooms, a theater and a multi-purpose room available for use on an hourly or daily basis. There are a dozen groups which utilize these activity spaces on an on-going basis, sometimes as often as several times per week. There are also many one-time or occassional renters of these activity spaces. Surveys of groups utilizing Sierra 2 for their functions in any of the above capacities indicate that about 3,000 persons from throughout the metropolitan area visit Sierra 2 each week. In addition, certain groups which are based in Sierra 2 touch an even larger audience. A resident group which transcribes books into braille, for example, benefits

hundreds of blind individuals throughout California and Nevada. By providing a low-cost site for artistic, cultural, educational and social services, Sierra 2 benefits the entire Sacramento community.

ORGANIZATION

The Sacramento Community Unified School District retains title to the Sierra 2 building. SCNA is responsible for the administration of the site through a license agreement which currently extends through July 1, 1988. The agreement requires that SCNA pay essentially all expenses associated with maintaining the building and operating it as a Community Center. In exchange for maintaining a site that would otherwise be unused and subject to deterioration, SCNA pays no fee to the school district for the use of the building. An extension to the current agreement is now being negotiated. It appears that a 10 year extension will be forthcoming with basically the same terms.

SCNA is governed by a 23 person board of directors. All directors are volunteers from within the neighborhood. The Board is a working board, with the directors donating from ten to twenty hours of volunteer service during a typical month. The composition of the board reflects professionals from a variety of fields. Employed by SCNA in the operation of Sierra 2 are a full-time Executive Director, a part-time clerical assistant, two full-time maintenance workers and a part-time maintenance worker. Sierra 2 operating expenses total $150,000 for the current year, and are comprised principally of utilities and personnel expenses. Since SCNA is responsible for maintenance of a building it does not own, in lieu of depreciation expense a "Reserve for Replacement" is funded at a rate of $ 24,000 per year. This is a savings program to provide funds for major repairs and replacement of components of the facility. SCNA has utilized this fund for certain major repairs, including the resurfacing of the Center's parking lots. Currently there is a balance in the fund of approximately $26,000.

SCNA follows several budgeting guidelines in order to promote low-cost rentals for its core clientele. Sierra 2 is a separate budgetary unit. Other SCNA activities, such as publication of a neighborhood newspaper, are self-funded and have no financial impact on the Center. Renters who do not fit the organization's express purpose, such as the restaurant, pay fair market rental rates. Rates charged to other renters are designed to just cover operating expenses. The cost of improvements to the facility have been largely financed by neighborhood fundraising events. By following these guidelines, resident rental rates have been kept to a minimum. Rates currently are approximately $0.30 per square foot for non-profit resident organizations. The rates charged to the users of activity spaces have also been

maintained at a low level to provide for a wide variety of programs, and a diverse and expansive base of renters. When current Sierra 2 rental rates are compared to fair market rental rates, the savings realized by Sierra 2 users aggregate to approximately $200,000 over a twelve month period. This represents a substantial amount of in-kind support provided to Sacramento area artistic, educational and social service organizations.

MARKET ANALYSIS

The facilities in the Sacramento area most similar to Sierra 2 are the La Sierra and Coloma Community Centers. Sierra 2 is unique in being self-supporting through the neighborhood association's committment to volunteer work and fundraising. Through periodic evaluation of activity space rental rates and users, Sierra 2 management has become attuned to the needs of its "customer base" and to the alternatives in Sacramento for occasional use of classroom, meeting hall and theater space.

As regards classroom and meeting hall space, the publicly-funded La Sierra and Coloma Community Centers provide alternatives along with summertime availability of schoolrooms and year-around availability of church basements. As regards theater usage, the Eagle Theater and school auditoriums provide alternatives.

We have found that Sierra 2's central location, its unique environment, and the experience and professionalism afforded by regular rental activity gives Sierra 2 an advantage over alternative sites in the market for occasional use of classroom facilities and meeting rooms. We have found that many first-time users of the Sierra 2 facility are satisfied and soon return. As more and more people have learned of Sierra 2 over the past five years, rental activity has increased with each year.

The Theater also benefits by Sierra 2's central location. The theater's size, at 290 seats, gives it a special niche in the Sacramento market. It is smaller than most other available theaters, and as such is suitable for the emerging and grass-roots performing groups who do not yet have the audience to warrant a full size theater. This is a sector of the Sacramento cultural scene that is currently very dynamic. The size is also ideal for lectures conferences, and recitals. Two liabilities of the theater have been extreme heat during the summer months and poor acoustics. The recent installation of ceiling fans has moderated the problem with summer heat. A study of the theater by an acoustical engineering firm has been recently completed and affordable alternatives to improve the acoustics will soon be developed. Resolution of these concerns should enhance the marketability of the Theater.

As regards on-site resident groups, Sierra 2 generally has a waiting list of potential residents. The ability to

effectively market activity spaces and thus, maintain low rates for on-site residents ensures a demand for resident group spaces.

Given that Sacramento's growth is anticipated to continue, it is likely that the size and number of the type of group that forms Sierra 2's "customer base" will increase. Thus, the demand for the services provided by Sierra 2 will only accelerate.

DESCRIPTION OF THE ELECTRICAL PROJECT

A series of blown fuses and circuit breaker stoppages lead to a complete evaluation of the building's electrical circuitry by an electrical engineering firm. It was found that, for the most part, the building's original circuitry was still in use. As the use of electrical appliances has increased substantially since the 1920's many circuits were overloaded. To bring usage down to a safe level, all renters' use of electrical appliances has been monitored and restricted to a minimum level. For most circuits, the wiring has been found to be inadequate to service overhead projectors, copying machines, coffee percolators, music systems and the like. Such equipment is neccessary to the operation of many residents and activity space users. In addition, the theater stage lighting circuitry has been found to be inadequate so that no theater events are feasible at this time. Therefore it is imperative to the continuance of Sierra 2 that the circuitry be replaced.

Bids have been solicited from five established Sacramento electrical contractors. Based on the amount of the low bid plus ancillary expenses, the cost of the project is estimated to be $150,000. In addition, the lost activity space revenue during the period until the completion of the project is estimated to be $3,000 per month, totalling $30,000. The majority of this lost revenue is due to closure of the Theater.

DESCRIPTION OF FINANCING PROPOSAL

We propose the following financing package.

a) One-third of the project cost to be borne by SCNA through the use of current reserves plus funds obtained through fund-raising efforts. SCNA will utilize the balance of its "Reserve for Replacement" (currently about $26,000) and other cash balances of approximately $14,000. SCNA will then be provided a three-year period to replenish its "Reserve for Replacement". Another $10,000 will be provided by a neighborhood appeal for funds. In addition, SCNA will bear the cost of lost revenue during the period until the project is complete. SCNA will defray this cost through a

fund-raising drive and through a suspension of funding its reserves.

b) One-third of the project to be financed through an interest-free loan from the County of Sacramento. Repayment of the loan would be in installments over a six year period, beginning July 1, 1990.

c) One-third of the project to be financed through an interest-free loan from the City of Sacramento. Repayment of the loan would be in installments over a six year period, beginning July 1, 1990.

Anticipated costs to SCNA are as follows:

Fiscal Year Ending	Cost	Description
6/30/87	$ 30,000	Lost revenue
6/30/88	16,666	Replenishment of
6/30/89	16,666	SCNA reserves
6/30/90	16,666	over 3 years
6/30/91	16,666	Pymts to County and City
6/30/92	16,666	of $8333 per year
6/30/93	16,666	"
6/30/94	16,666	"
6/30/95	16,666	"
6/30/96	16,666	"

SCNA will provide for the lost revenue and for debt service via the following activities:

SCNA has received numerous inquiries from employees of the nearby DMV office about the availability of monthly parking slots. SCNA has 25 spaces that could be made available during the daytime. Area parking lots charge $40 per month. We will pursue this source of revenue and anticipate a gross potential rent of $1,000 per month. A 10 percent vacancy rate would yield $900 per month or $10,800 per year. This additional source of revenue is largely sufficient to provide for debt service.

Other sources of operating revenue are expected. Increased theater revenue is anticipated as a result of improved acoustics. The updated circuitry will also enable more effective stage lighting techniques within the theater, making it attractive to a wider range of users. Already nearly $8,000 worth of theater rental requests have been made for spring performances. Updating the circuitry in the former cafeteria will enable kitchen appliances to be fully utilized, making the cafeteria available for catered events, cooking classes, and use by organizations such as "Meals on

Wheels". To date, the cafeteria's use has been limited to that of a multi-purpose room.

SCNA is currently developing a neighborhood appeal for funds. The organization has approximately 700 members, of which about 200 have been very active within SCNA. A conservative estimate of this effort's yield is $5,000 to $10,000.

SCNA is also developing a corporate fundraising campaign targeting business relations of neighborhood residents, particularly businesses frequented by the neighborhood. Reasonable estimates of revenue have not as yet been developed.

As a last resort in order to offset the current year's lost revenue, the monthly funding of the "Reserve for Replacement" could be lessened or temporarily suspended. Each month $2,000 from rental revenue is set aside for this reserve. This alternative provides a potential $24,000. This amount, together with a half year's parking revenue, would match the anticipated loss in current year activity space revenue.

CONCLUSION

SCNA invites your consideration of this proposal. We believe it is attractive due to three reasons.

It is an effective use of funds put toward cultural, educational and social service organizations. Due to the volunteerism and fundraising efforts of SCNA, your funds are leveraged. At the 1986 level of operations Sierra 2 renders about $200,000 worth of in-kind support to its users through low cost rents. Because Sierra 2 provides services to many, diverse organizations, your funds are even further leveraged. Thousands of Sacramentans will benefit.

This proposal is a request for a loan, not a grant. SCNA fully intends to repay all funds borrowed.

SCNA has the ability to repay all funds borrowed. Sierra 2 has a track record of five years of growth. The working Board of Directors provides sound leadership and has demonstrated good management of the facility. The services provided by Sierra 2 fill a need that is going to continue and grow, thus assuring Sierra 2's economic viability. The options and activities described above demonstrate that SCNA has the capacity to survive the current year's revenue impairment and to provide for debt service on the financing of the electrical project over a nine year period.

AMENDMENT TO SIERRA SCHOOL LICENSE AGREEMENT

AMENDMENT made this 9th day of December, 1986, between SIERRA CURTIS NEIGHBORHOOD ASSOCIATION, a California Nonprofit Public Benefit Corporation ("Licensee"), and SACRAMENTO CITY UNIFIED SCHOOL DISTRICT, a political subdivision of the State of California ("District"), with respect to an agreement entitled "SIERRA SCHOOL LICENSE AGREEMENT" dated 28 November 1983, attached hereto as Exhibit A ("Agreement").

WHEREAS the Agreement provides for Licensee's usage of the Sierra School located at 2791 - 24th Street, Sacramento, California ("Premises") for a term commencing on July 1, 1983 and terminating on June 30, 1988; and

WHEREAS Licensee has heretofore brought about the restoration and improvement of the Premises, extending its useful life and increasing its value; and

WHEREAS Licensee has recently determined that the condition of the electrical distribution and wiring system serving the Premises is in deteriorated and overloaded condition, and desires to bring about the replacement of said electrical distribution and wiring system to assure the continued usability of the Premises and the safety of its users and occupants; and

WHEREAS Licensee is seeking funding and contributions from third parties for said electrical improvements, whose total cost has been estimated to be approximately $140,000.00, and finds that the relatively short term remaining on the Agreement discourages donations, loans and other sources of such funding; and

WHEREAS District is desirous that Licensee shall obtain said funding and that Licensee shall make the electrical improvements to the Premises, which improvements shall inure to the benefit of the District; and

WHEREAS District approves of the past use of the Premises by Licensee and finds that continued use by Licensee is in the public interest by providing artistic, cultural, recreational, general character building, civic and related community activities;

NOW, THEREFORE, Licensee and District amend the Agreement as follows:

1. Term. The term of the license shall be extended to and including June 30, 1998.

2. Improvements. District approves of Licensee's replacement and upgrading of the electrical distribution and wiring system in the Premises, and authorizes Licensee to make said electrical improvements in accordance with the plans attached hereto as Exhibit B. Said improvements shall be performed by licensed electrical contractors and shall conform to all applicable building codes. Licensee shall be solely responsible for the costs of said improvements and shall hold District harmless therefrom except as provided in the following paragraph.

3. Amortization and Recoupment. In the event that District shall for any reason whatever terminate the Agreement or Licensee's use of the Premises thereunder, prior to the expiration of TEN (10) YEARS from the date of completion of the works of improvement contemplated by this amendment, then District shall pay to Licensee the unamortized portion of the cost to Licensee of said works of improvement. For purposes of this paragraph only, it is agreed that the total cost to Licensee of said works of improvement shall be amortized over a period of TEN (10) YEARS.

Executed in duplicate originals on the date first above written, at Sacramento, California.

LICENSEE:

SIERRA CURTIS NEIGHBORHOOD ASSN.

By _____
John Bailey, President

DISTRICT:

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By _____
Lyle Eichert
Assoc. Superintendent
Business Services

COPY

SIERRA SCHOOL LICENSE AGREEMENT

THIS AGREEMENT made and entered into this 28th day of November, 1983, by and between SIERRA CURTIS NEIGHBORHOOD ASSOCIATION, a California Nonprofit Public Benefit Corporation, hereinafter called "Licensee" and the SACRAMENTO CITY UNIFIED SCHOOL DISTRICT, a political subdivision of the State of California, hereinafter called "District".

WHEREAS District owns the Sierra School building and site located at 2791 - 24th Street, Sacramento, California; and said building cannot be used to house K-12 students pursuant to the Field Act building structure requirements; and

WHEREAS said school building and site are not and will not be needed by the District for school classroom purposes now or in the immediate future; and

WHEREAS Licensee is a charitable organization whose purposes include the promotion of educational, community and recreational uses of the Sierra School and its grounds; and

WHEREAS Licensee has heretofore brought about the restoration and improvement of the Sierra School building and grounds, extending its useful life and increasing its value; and

WHEREAS District is desirous of issuing a license, and not a permit, to Licensee in the interest of providing facilities for the promotion of acceptable artistic, cultural, recreational, general character building, civic and related community activities.

NOW, THEREFORE, it is mutually agreed as follows:

1. Premises: Licensee shall be allowed use of the entire Sierra School building and its grounds, and shall be allowed such use solely for the purposes of conducting acceptable programs compatible with District policies, regulations and City, County and State laws.

2. Fee: In consideration of the improvements made by Licensee, and in accordance with the Civic Center Act, Licensee shall pay to District only the direct costs incurred by District, as billed to Licensee by District.

3. Term: The term of this license shall commence on July 1, 1983, and shall terminate on June 30, 1988.

4. Sublicenses: Licensee shall have the sole authority to

EXHIBIT A

sublicense the use of portions of the demised premises, to acceptable users in accordance with Licensee's own rules and regulations, for fees as set by Licensee; provided, that the total fees collected by Licensee for sublicenses shall not exceed the aggregate of Licensee's direct costs for operation and maintenance of the premises, including any direct costs paid to District. Such sublicenses shall not be assignable, and sublicensees may not sublet to any third party any portion of the premises sublicensed.

5. Improvements: Any improvements to the building or land shall require the prior approval of the Assistant Superintendent, Business Services, of District.

6. Maintenance: Licensee shall be responsible for regular custodial and cleaning services; and District shall be responsible only for major building maintenance and repair expenses related to health and safety needs for the building; however, such maintenance and repair shall be limited only to such items as District is financially able to provide. (District will supervise heating and boiler operations.)

7. Security: District assumes no responsiblity or liability for the protection or safeguarding of supplies, materials or equipment brought in and/or stored on the premises by Licensee or its sublicensees. Moreover, Licensee shall be responsible for building security measures to safeguard the building and its contents; and shall report any unlawful acts and/or activities to the Sacramento City Police Department.

8. Supervision: Licensee shall provide responsible adult personnel to supervise its programs and activities during the term of this Agreement to ensure adequate protection of District's building and site.

9. Indemnification: Licensee shall hold harmless and indemnify the District, its officers and employees, from every claim or demand for damages resulting from the acts or omissions of Licensee, its officers, agents or employees in connection with the conduct of programs by Licensee on District's property. Licensee, at its sole costs and expense shall procure and maintain a comprehensive insurance policy indemnifying District and its officers, agents and employees against all direct or contingent loss or liability for damages for personal injury, death or property damage occasioned by the reason of the operations of Licensee (including automobile non-ownership) upon, in, or around the demised premises, a single limit liability of Three Hundred Thousand Dollars ($300,000.00). Such policy shall contain a standard cross-liability endorsement and a copy of said policy issued to Licensee shall be filed with the District on the date of this Agreement.

EXHIBIT A

10. Breach: The breach by Licensee of this Agreement or failure to comply with any of the covenants herein, shall be grounds for termination of this Agreement by District; if such breach or failure is not remedied within fourteen (14) calendar days after written notice from District, the license granted hereunder shall terminate thirty (30) days after said notice.

11. Termination: This license may be terminated upon six (6) months written notice from District.

12. Assignment: The license granted hereunder by District to Licensee shall not be assignable.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day, month and year first above written.

DISTRICT

By: Norman Hede
ASSOCIATE SUPERINTENDENT
BUSINESS SERVICES

Title: ASSOCIATE SUPERINTENDENT BUSINESS SERVICES

LICENSEE
Sierra Curtis Neighborhood Assn.

By: Carol J. Conti, President
CAROL J. CONTI President

EXHIBIT A

February 6, 1987

Sierra Curtis Neighborhood Association
John Bailey, President
2791 24th Street
Sacramento CA 95818

Dear Mr. Bailey:

On December 16, 1986, the Sacramento City Council adopted a Resolution No. 86-939 authorizing the execution of Agreement No. 86113 for loan agreement to assist in funding electrical repairs at Sierra 2.

Enclosed, for your records, is one fully certified copy of said agreement and authorizing resolution.

Sincerely,

LORRAINE MAGANA, CITY CLERK

LM/mls/14
Enclosure

cc: Finance Administration
Risk Management