

RESOLUTION NO. 2021-0079

Adopted by the Sacramento City Council

April 6, 2021

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

BACKGROUND

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

- F. The City Council desires to adopt the *Preliminary Term Sheet for Public-Financing Assistance of Aggie Square Phase 1* with Wexford and UC Davis (the “**Term Sheet**”), which sets forth a non-binding framework for City and the EIFD to provide \$30 million to Wexford to partly reimburse the cost of public infrastructure Wexford constructs within the Aggie Square EIFD.

- G. Before approving this resolution, the City Council, acting as a “responsible agency” under the California Environmental Quality Act (“**CEQA**”), adopted a separate resolution (1) certifying that the City Council had considered the Final Supplemental Environmental Impact Report for the UC Davis Sacramento Campus 2020 Long Range Development Plan Update (SCH No. 2020020161) (the “**SEIR**”); (2) approving the City’s Addendum to the SEIR; and (3) making certain findings, determinations, and statements required by CEQA.

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

- Section 1. The City Council finds and determines that background statements A through G are true.

- Section 2. The City Council hereby approves the CBPA in the form attached hereto as Exhibit A to this resolution.

- Section 3. The City Council hereby approves the Term Sheet in the form attached as Exhibit B to this resolution.

- Section 4. The Mayor, the City Manager, the City Treasurer, the City Attorney, the City Clerk, and all other City officers are hereby authorized and directed, on the City’s behalf, to do all things and take all actions that they, or any of them, consider necessary or advisable to implement this resolution, including non-substantive revisions of the CBPA and the Term Sheet. Whenever in this resolution any City officer is directed to execute or attest any document or take any other action, that execution, attestation, or action may be taken on behalf of that officer by any person he or she designates to act on his or her behalf if the officer is absent or unavailable.

- Section 5. This resolution takes effect when adopted.

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- Exhibit A - Aggie Square Community Benefits Partnership Agreement
- Exhibit B - Preliminary Term Sheet for Public-Financing Assistance of Aggie Square Phase 1

Adopted by the City of Sacramento City Council on April 6, 2021 by the following vote:

Ayes: Members Ashby, Guerra, Harris, Jennings, Loloee, Schenirer, and Mayor Steinberg

Noes: Members Valenzuela and Vang

Abstain: None

Absent: None

Attest: **Mindy Cuppy** Digitally signed by Mindy Cuppy
Date: 2021.04.27 08:13:01 -07'00'

Mindy Cuppy, City Clerk

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

AGGIE SQUARE – COMMUNITY BENEFITS PARTNERSHIP AGREEMENT

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

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

Background

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

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

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

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

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

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

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

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

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

1. Community Engagement.

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

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

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

3. Commitments by the Parties.

(a) ***Affordable Housing Development and Assistance.*** The parties recognize the need to address housing for students, Neighborhoods, and the Sacramento region. The City has identified housing as a key priority and will focus on development of additional housing and stabilization support for existing residents within the Stockton Boulevard and Aggie Square areas. The City shall provide a report on activities for residential stabilization and housing development pipeline to be made public semiannually. To achieve these housing goals, the parties shall implement the following strategies and initiatives:

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

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

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

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

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

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

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

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

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

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

(C) Implement sustainable workforce-development programs.

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

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

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

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

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

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

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

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

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

(vi) The parties acknowledge that the needs of the community may change over time. Programs identified and outlined in this section 1(f) are subject to change if the needs of the community change or if other areas of focus surface as community-identified priorities.

(g) ***Connections to Adjacent Business Districts.*** The parties are committed to connecting to adjacent business districts, especially to small, minority-owned, and veteran-owned businesses. Aggie Square will create positive impacts to and growth for businesses and commercial areas within Aggie Square and the surrounding business districts, particularly for small, minority-owned, and veteran-owned local businesses. This includes opportunities for growing companies to secure space along the existing corridors, supporting local businesses through procurement of goods and services, and cross promotion of key events. On an annual basis, the Aggie Square Innovation District will report on the growth of companies emerging from Aggie Square as it relates to their space needs. The ASCP will maintain a pipeline report to share with existing business-district leadership. The report must include annual procurement activities by participating industry partners. The parties shall implement the following strategies and initiatives to achieve the goals in this paragraph:

- (1) Through the ASCP, the Aggie Square Innovation District will develop a strategy to align efforts with the nearby business districts to support the growth of companies emerging from incubators and accelerator programs within Aggie Square to potentially locate on Stockton Boulevard or an adjacent commercial corridor.
- (2) The ASCP will maintain a shared event calendar to cross-promote events in surrounding business districts.
- (3) The Innovation Convener will feature local food and beverage providers during Aggie Square industry-popups events and programming.
- (4) For two years after the commencement of construction of Aggie Square, Wexford shall, upon the City’s written request, advance up to \$400,000 to the City to fund third-party start-up cost for the formation of an Enhanced Infrastructure Financing District for the greater Stockton Boulevard area (the “**Stockton Boulevard EIFD**”). These start-up costs must be reimbursed to Wexford from the Stockton Boulevard EIFD (from tax increment or tax-increment bond proceeds, or a combination of both) on a first-priority basis after formation of the Stockton Boulevard EIFD or, if the Stockton Boulevard EIFD is not formed, in accordance with a reimbursement agreement to be negotiated in good faith by Wexford and the City that is acceptable to them in their reasonable discretion.
- (5) UC Davis shall increase awareness of the University of California’s Small Business First program, which is focused on providing contracting and procurement opportunities with certified Small Businesses, Microbusinesses, and Disabled Veteran Business Enterprises.

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

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

(1) UC Davis will implement Transportation Demand Management Measures. While focused on enhancing community connectivity and vehicular traffic reduction measures, UC Davis will strive to achieve the following by 2025:

(A) Zero-emission vehicles ("ZEV") or hybrid vehicles will account for at least 50% of all new light-duty UC Davis vehicle acquisitions.

(B) Reduce its percentage of UC Davis employees and students commuting by single-occupancy vehicles ("SOV") by 10% relative to UC Davis 2015 SOV commute rates.

(C) Have at least 4.5% of commuter vehicles are ZEV.

(2) At the time of construction, UC Davis shall contribute funds to the planned improvements at the Broadway and Stockton Boulevard intersection using fair-share methodology, not to exceed 50% of the cost of intersection improvements. As outlined in the Stockton Boulevard Corridor Study, these improvements are intended to enhance walking, bicycling and transit safety, and effectiveness. The fair-share methodology will be based on the percentage of UC Davis-related vehicles in relation to total volumes expected at the intersection for peak hour periods for the 2040 LRDP forecast. Improvements are estimated at \$2.2 million. UC Davis's contribution is based on the fair-share methodology percentage and is not to exceed \$1.1 million.

(3) UC Davis shall grant an easement to the City and construct improvements along Aggie Square's Stockton Boulevard frontage for preferred off-street walking, bicycling, and transit elements identified in the City's March 2021 Draft Stockton Boulevard Corridor Study.

(4) UC Davis shall (A) undertake and complete a campus access study with the City's Transportation Planning and Traffic Engineering Design Sections and neighborhood associations, with a goal of creating better access from Neighborhoods to and through UC Davis's Sacramento Campus so that the Campus better provides for walking and bicycling and neighborhood

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

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

4. General Provisions

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

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

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

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

(4) **Remedies.**

(A) **No Damages.** The parties agree that it would be extremely difficult and impractical to fix or determine the actual damages suffered by a party because of a default and that, as a result, monetary damages are inappropriate as a remedy for any default under this Agreement. The parties further agree that equitable remedies, not including damages but including demands for specific performance, are the appropriate remedies for enforcement of this Agreement. Accordingly, neither the City nor Wexford will be liable to UC Davis for damages under this Agreement, neither UC Davis nor the City will be liable to Wexford for damages under this Agreement, and neither UC Davis nor Wexford will be liable to the City for damages under this Agreement. The City, UC Davis, and Wexford each expressly waives its right to recover damages under this Agreement.

(B) **Time Limits; Waiver; Remedies Cumulative.** A party's failure to insist on strict performance of this Agreement or to exercise any right or remedy upon breach of this Agreement will not constitute a waiver of the performance, right, or remedy. A party's waiver of another party's breach of any provision in this Agreement will not constitute a continuing waiver or a waiver of any subsequent breach of the same or any other provision. A waiver is binding only if set forth in a writing signed by an authorized representative of the waiving party.

(e) **Other General Provisions.**

(1) **Miscellaneous.**

(A) This Agreement may be amended or modified only by a writing signed by the parties.

(B) All approvals and determinations of City requested, required, or permitted under this Agreement may be made in the sole and absolute discretion of the head of the City department with jurisdiction over the matter. Any approvals requested, required, or permitted by the City must not be unreasonably withheld.

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

For delivery to the City, LFritzsche@cityofsacramento.org

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

For delivery to UC Davis, smdommes@ucdavis.edu

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

If to the City:

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

If to UC Davis:

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

If to Wexford:

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

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

(Signature Page Follows)

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

City of Sacramento

The Regents of the University of California

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

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

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

Attest
Sacramento City Clerk

By: _____
Signature

Wexford Development, LLC

Approved as to Form
Sacramento City Attorney

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

By: _____
Joseph Cerullo
Senior Deputy City Attorney

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

April 6, 2021

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

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

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

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

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

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

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

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

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

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

1. **Aggie Square Community Facilities District.** In accordance with California’s Mello-Roos Community Facilities Act of 1982, the City will form the Aggie Square CFD, which will encompass the area subject to the Ground Leases, as shown on Exhibit C to this term sheet. The Aggie Square CFD will provide funding for the Required Facilities by levying a special tax on each Wexford Entity’s leasehold interest at Aggie Square (the “**Special Tax**”); and the City, acting through the Aggie Square CFD, will issue one or more series of bonds payable from the Special Tax (“**CFD Bonds**”) levied on the Wexford Entities’ leaseholds. The proceeds of the CFD Bonds will be used to reimburse the Wexford Entities for their shares of the Eligible Costs, with total reimbursement equal to \$30 million, not including interest paid under sections 1(d)(6) and 2(d)(6). The City and Wexford will cooperate in the adoption of a resolution of intention to form the Aggie Square CFD on a schedule that will enable the City to issue the first series of CFD Bonds when UC Davis has issued the first certificate of occupancy (or equivalent) for a Phase 1 Building.
 - (a) *The Special Tax.* The Special Tax revenue will be used as follows:
 - (1) To pay the City’s ongoing costs of administering the Aggie Square CFD to the extent the costs are not paid from Tax Increment revenue under section 2(d)(2)(A).
 - (2) To pay debt service on the CFD Bonds (i.e., principal, interest, and mandatory sinking-fund payments) to the extent debt service is not paid from Tax Increment revenue in accordance with section 2(d)(2)(B).
 - (3) To cure any delinquencies and replenish any reserve funds for the CFD Bonds.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) *Background Principles.*

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

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

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

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

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

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

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

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

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

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

(a) *Background Principles.*

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

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

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

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

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

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

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

- (c) If UC Davis purchases the Garage or any other Phase 1 Building but, in conjunction with the purchase, either causes the Garage Owner or the relevant Building Owner to assign its interest in the Ground Lease directly to a new unaffiliated third-party ground lessee or enters into a new ground lease with a new ground lessee on terms that do not materially impair the interests of the holders of the CFD Bonds or of any EIFD Bonds, then the foregoing prepayment, redemption, and defeasance (see sections 3(c)(1) and 4(c)) will not be required, and the third-party assignee or new ground lessee will be subject to all provisions in the Ground Lease and any related documents that provide protection to the holders of outstanding CFD Bonds or EIFD Bonds.
 - (d) Upon UC Davis's acquisition of the Garage or a Phase 1 Building by purchase or by termination of a Ground Lease, and the concurrent prepayment of the Special Tax and redemption or defeasance of outstanding CFD Bonds or EIFD Bonds, UC Davis, as successor in interest to the Garage Owner or the Building Owner, will be entitled to receive the Tax Increment—including the Tax Increment that would have been used to pay the Special Tax in accordance with section 2(d)(2)(A) or to pay debt service on EIFD Bonds in accordance with section 2(d)(2)(B)—that the Garage Owner or the Building Owner would have received but for the acquisition and pre-payment, redemption, or defeasance.
 - (e) If, while CFD Bonds are outstanding but before the Special Tax levied on the applicable Ground Lease is prepaid or the CFD Bonds are proportionally defeased, the Garage Owner sells the Garage to UC Davis or a Building Owner sells one of the other Phase 1 Buildings to UC Davis, then the City will have legal and equitable remedies against the Garage Owner or Building Owner.
6. **Affordable Housing Fund.** To address certain community housing needs, the Aggie Square EIFD will establish and maintain an affordable-housing fund (the "**Housing Fund**") that will receive the 20% of the Tax Increment allocated to the Aggie Square EIFD in accordance with section 2(d)(3). To ensure that the Housing Fund will be adequately funded even if UC Davis obtains a refund or an abatement of, or an exemption from, property taxes levied on space it leases or acquires in the Phase 1 Buildings (collectively, a "**Tax Exemption**"), the City, UC Davis, and the Aggie Square EIFD will enter into an agreement on the following terms:
- (a) *Tax Increment from the Garage.* As required by section 3(b)(2)(E), if UC Davis leases space in the Garage or otherwise acquires a taxable interest in it, and if UC Davis

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

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

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

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

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

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

Exhibits:

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

EXHIBIT A
Required Facilities

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

EIFD Public Facility and Development Projects

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

Other Expenses

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

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

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

Map Showing Locations of Required Facilities and Phase 1 Buildings

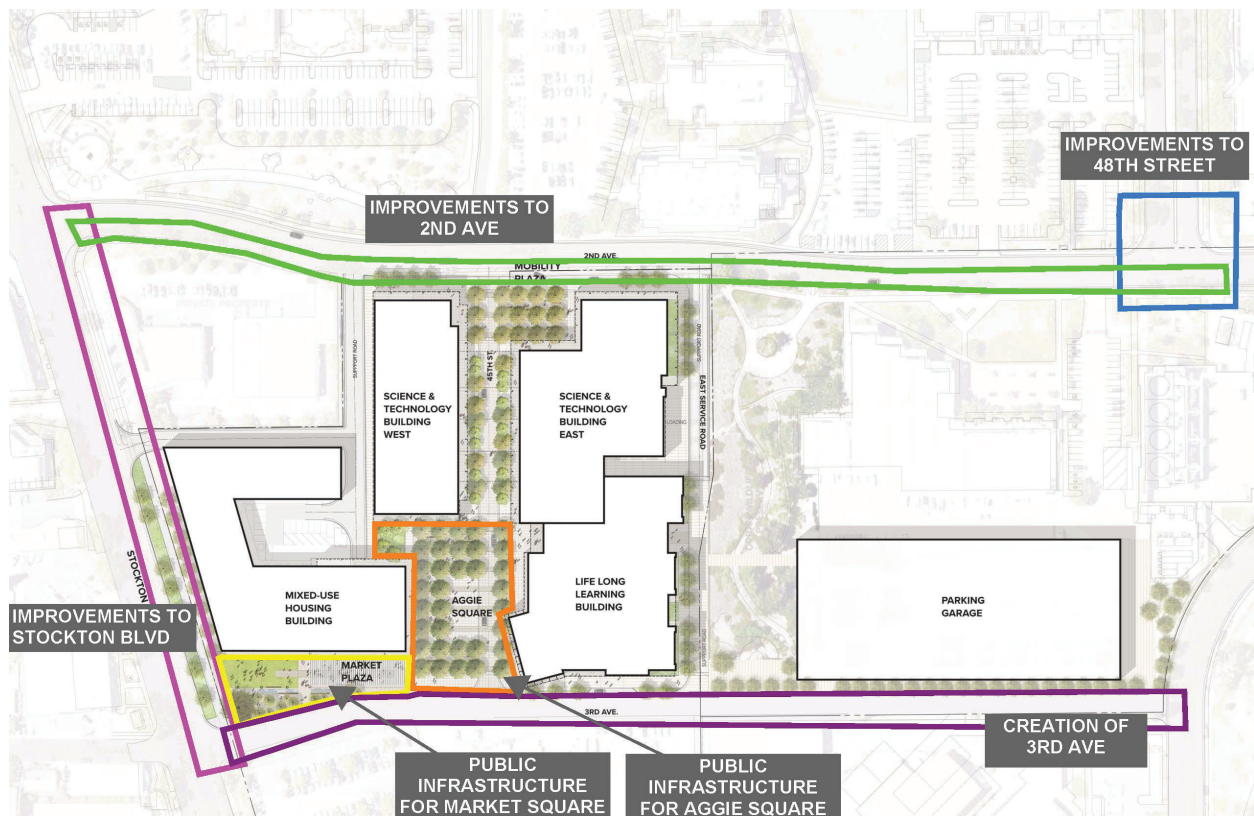


EXHIBIT B
Aggie Square Community Benefits Partnership Agreement

[Insert Copy of CBPA]

Exhibit C
Aggie Square CFD Proposed Boundaries

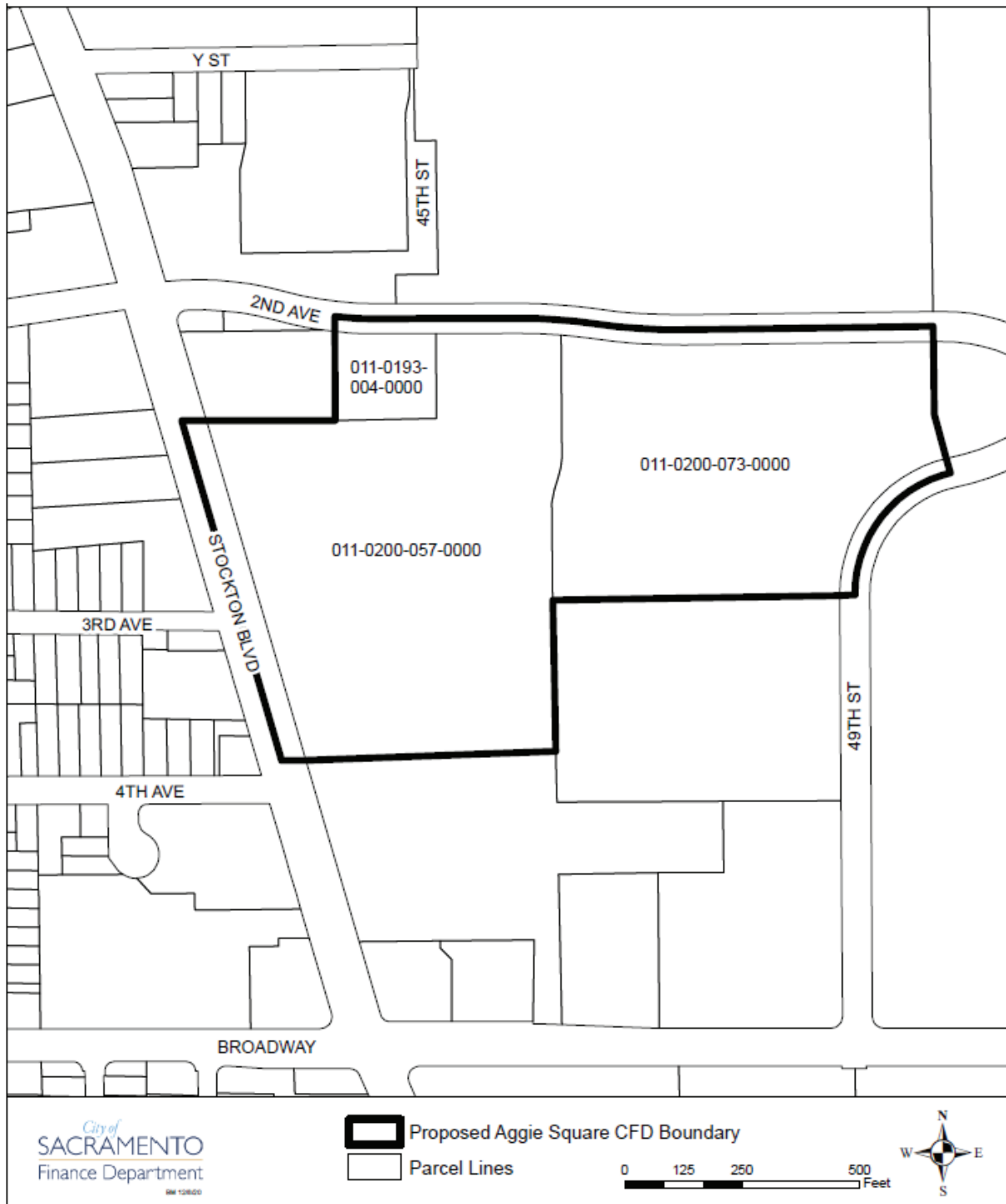


EXHIBIT D
Aggie Square EIFD Proposed Boundaries

