



## CITY OF LODI COUNCIL COMMUNICATION

**AGENDA TITLE:** Adopt a Resolution authorizing the City Manager to Execute the revised Exclusive Feasibility Study Period Agreement with PAM Development, Inc. for the Railroad Avenue Senior Housing Project

**MEETING DATE:** February 6, 2008

**PREPARED BY:** Community Development Department

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**RECOMMENDED ACTION:** Adopt a Resolution authorizing the City Manager to execute the revised Exclusive Feasibility Study Period Agreement with PAM Development, Inc. for the Railroad Avenue Senior Housing Project.

**BACKGROUND INFORMATION:** On October 3, 2007, the City Council authorized the City Manager to enter into exclusive negotiations with PAM Development, Inc. for the development of an affordable senior housing project on a project site known as the Railroad Avenue Project.

Since that date, the City has been in negotiations with PAM Development over certain issues referenced in the original Exclusive Study Period Agreement, which was included in the October Staff Report. Those issues, pertaining to the amount of the Developer's deposit and an acceptable alternative to the cash deposit have been resolved and any dates have been adjusted accordingly.

The original agreement called for a security deposit of \$150,000. The Developer requested that their investment in the acquisition of a property adjacent to the project site that will be incorporated into the project be considered as a real estate contribution toward their deposit. The City Manager has agreed that the Developer's investment in that additional property for the housing project, along with a cash deposit of \$10,000 will be sufficient.

In the course of these negotiations regarding the Exclusive Agreement, both the Developer and the City have continued with all necessary steps to proceed toward a purchase agreement with Union Pacific Railroad (UP). The City has ordered an appraisal of the project site to be received in February. That appraisal will then be submitted to UP who will, upon acceptance of the appraised market value, draft a Purchase and Sale Agreement with the City. This will then start a 60-day period of due diligence in which the City will obtain the required Phase I/II Environmental Site Assessments, which may have impact on the final negotiated price of the land acquired for this project.

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APPROVED: \_\_\_\_\_  
Blair King, City Manager

**FISCAL IMPACT:**

The Developer will deposit \$10,000 in cash with the City, which will be applied toward the Project's development costs once the Developer begins construction.

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Randy Hatch  
Community Development Director

RH/jw

Attachments

RESOLUTION NO. 2008-\_\_\_\_\_

A RESOLUTION OF THE LODI CITY COUNCIL  
AUTHORIZING THE CITY MANAGER TO EXECUTE THE  
REVISED EXCLUSIVE FEASIBILITY STUDY PERIOD  
AGREEMENT WITH PAM DEVELOPMENT, INC. FOR  
THE RAILROAD AVENUE SENIOR HOUSING PROJECT

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NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby authorize the City Manager to execute the revised Exclusive Feasibility Study Period Agreement with PAM Development, Inc., a California corporation, for the development of an Affordable Housing Project known as the "Railroad Avenue Senior Housing Project," attached hereto marked Exhibit A.

Dated: February 6, 2008

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I hereby certify that Resolution No. 2008-\_\_\_\_\_ was passed and adopted by the City Council of the City of Lodi in a regular meeting held February 6, 2008, by the following vote:

- AYES: COUNCIL MEMBERS –
- NOES: COUNCIL MEMBERS –
- ABSENT: COUNCIL MEMBERS –
- ABSTAIN: COUNCIL MEMBERS –

RANDI JOHL  
City Clerk

**RAILROAD AVENUE SENIOR HOUSING PROJECT**  
**EXCLUSIVE FEASIBILITY STUDY PERIOD AGREEMENT**

This Exclusive Feasibility Study Period Agreement (“Agreement”) is entered into between the City of Lodi and Professional Apartment Management Companies (“Affordable Housing Developer”), as of \_\_\_\_\_, 2008.

Whereas, the City of Lodi desires to encourage the development of an affordable senior housing project on Property located at 232 N. Washington, 242 Rush Street and 420 E. Lockeford Street (“Property”), as detailed in the Exhibit A (“Project”);

Whereas, the City does not currently own but is considering putting \$1.2 million towards the purchase of the Property and contributing it without cost toward the development of the Project;

Whereas, Affordable Housing Developer is only willing to expend the resources necessary to explore the development if the City agrees not to contribute the Property to a third party during the Feasibility Study Period.

Now, therefore the parties hereby agree as follows:

- 1) In the event City actually acquires the Property, City agrees not to transfer the Property to a party other than Affordable Housing Developer for a period of 18 months following the execution of this Agreement (“Feasibility Study Period”).
- 2) During the Feasibility Study Period Affordable Housing Developer shall make application to the City of Lodi for entitlements by May 1, 2008, and the City will obtain an appraisal of the properties and shall enter into negotiation to acquire the properties by April 1, 2008.
- 3) Affordable Housing Developer’s Real Estate Contribution: Affordable Housing Developer will invest a minimum of \$150,000 in property adjacent to the project (“Additional Property”) as its real estate contribution to the Project. Affordable Housing Developer will close on the Additional Property within 60 days of the City’s closure on the Property.
- 4) Affordable Housing Developer’s Cash Deposit: Affordable Housing Developer shall deposit \$10,000.00 in cash with the City as security for its obligations under this Agreement within 30 days of its execution. If Affordable Housing Developer begins construction of the Project, any deposit (with interest actually earned) will be applied toward the Project’s development costs as set forth below. If Affordable Housing Developer does not begin construction on the project, the security will be forfeited to the City.
  - a) Affordable Housing Developer shall provide certified invoices for Project development costs to the City’s Finance

Department for reimbursement. Affordable Housing Developer shall make its records available for audit by the City upon request for verification purposes.

b) The City's Finance Department will process and approve or deny all such requests and remit payment for approved invoices within 30 days of receipt until the deposit is exhausted.

- 5) The City agrees to negotiate in good faith exclusively with Affordable Housing Developer toward the contribution of the Property to Affordable Housing Developer for the development of the Project, for a period of 18 months following execution of this Agreement. Notwithstanding the above, City shall be under no obligation to actually acquire the Property.
- 6) This Agreement may not be assigned or transferred without the express written consent of City, which it may withhold in its absolute discretion.

IN WITNESS WHEREOF, the parties hereto, being in agreement with the terms of this writing, have set their hands as follows:

CITY OF LODI, a municipal corporation \_\_\_\_\_,

\_\_\_\_\_  
BLAIR KING  
City Manager

ATTEST:

\_\_\_\_\_  
RANDI JOHL  
City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
D. STEPHEN SCHWABAUER  
City Attorney

