

## AGENDA

Wednesday

April 3, 2024

9:00 AM

### DIRECTORS

#### Chair

Patrick Kennedy

Sarah Aquino   Caity Maple   Mai Vang

### ANNOUNCEMENTS

This meeting will be held remotely over Zoom.

Join Zoom Meeting

<https://us06web.zoom.us/j/85386094927?pwd=SIU7R5peJAsJOKdRHfQ0lpv9gvrndf.1>

Meeting ID: 853 8609 4927

Passcode: 592818

Call In Number

(669) 900-6833

(408) 638-0968

### CALL TO ORDER/ROLL CALL

### DISCUSSION CALENDAR

#### 1. District Headquarters Relocation Status Update

Recommendation:     Receive and file an update on the District's Headquarters Relocation Project.

### PUBLIC COMMENT

### BOARD IDEAS AND COMMENTS

### ADJOURN

**Agenda Revision:** This agenda may be revised. A final agenda will be posted on the website ([www.airquality.org](http://www.airquality.org)) and at the meeting site 72 hours in advance of the meeting. Materials submitted within 72 hours of the meeting and after distribution of the agenda packets will be made available on the Sac Metro Air District website subject to staff's ability to post the documents prior to the meeting. The order of the agenda items are listed for reference and may be taken in any order deemed appropriate by the Board of Directors. The agenda provides a general description and staff recommendation; however, the Board of Directors may take action other than what is recommended.

**Testimony:** The Board of Directors welcomes and encourages participation in Board meetings. When it appears there are several members of the public wishing to address the Board on a specific item, at the outset of the item the Chair of the Board will announce the maximum amount of time that will be allowed for presentation of the testimony. Matters under the jurisdiction of the Board and not on the posted agenda may be addressed by the general public immediately prior to the close of the meeting. The Board limits testimony on matters not on the agenda to five minutes per person and not more than 15 minutes for a particular subject.

**Board Action:** The Board of Directors may take action on any of the items listed on this agenda.

**Information:** Full staff reports are available for public review on the District's website ([www.airquality.org](http://www.airquality.org)), including all attachments and exhibits, or for public inspection at the District's office at 777 12th Street, Suite 300, Sacramento, CA. Copies of items prepared by staff and distributed for the first time at the meeting will be available at the back of the meeting room or may be obtained from the Board Clerk. Copies of items that were not prepared by staff may be obtained after the meeting from the Clerk. Materials related to an item on this Agenda submitted to Sac Metro Air District after distribution of the agenda packet are available for public inspection in the Clerk of the Board's office during normal business hours. For information regarding this agenda, please contact Salina Martinez, Clerk of the Sac Metro Air District Board of Directors, 279-207-1164, [boardclerk@airquality.org](mailto:boardclerk@airquality.org).

**Meeting Date:** 4/3/2024  
**Report Type:** DISCUSSION / INFORMATION  
**Report ID:** 2024-0403-1.

**Title:** District Headquarters Relocation Status Update

**Recommendation:** Receive and file an update on the District's Headquarters Relocation Project.

**Rationale for Recommendation:** The District and Community Healthworks, a California nonprofit public benefit corporation, have reached an agreement on the terms outlined in a Letter of Intent (LOI) executed on March 20, 2024, for Community Healthworks to purchase the District's headquarters building. The LOI is included as Attachment 1.

The District received an initial purchase offer from Community Healthworks on January 23, 2024. Following a thorough review and careful consideration of their proposal, the District promptly submitted a counteroffer, which was met with constructive negotiations leading to the execution of the LOI.

The offer from Community HealthWorks came at an opportune time, considering current market conditions. Staff are particularly encouraged by the favorable profile of the prospective buyer. A Purchase and Sale Agreement (PSA) is in the process of being drafted.

**Contact:** Pat Smith, Program Manager, Administration, 279-207-1123

**Presentation:** Yes

**ATTACHMENTS:**

Attachment 1 - Letter of Intent

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**Approvals/Acknowledgements**

Executive Director or Designee: Alberto Ayala, Report Approved 4/1/2024

District Counsel or Designee: Kathrine Pittard, Approved as to Form 4/1/2024

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**Discussion / Justification:**

Below are key considerations shaping the District's negotiations.

**Community HealthWorks Focus and Financial Standing**

Community HealthWorks is dedicated to assisting underserved individuals in accessing healthcare services, and providing personalized and culturally responsive support to overcome barriers to care. Their solid financial standing is evidenced by their ownership of Midtown buildings and favorable bank ratings. Currently leasing a property near Cal Expo, Community HealthWorks plans to relocate its staff to the downtown area, with their lease set to expire in October 2027.

**Negotiation Timeline and Considerate Terms**

Community HealthWorks has requested reasonable timeframes for inspections, obtaining financing, and closing escrow. The terms of the agreement include a provision for a limited leaseback period by the District of the third floor at a fair lease rate for up to 120 days following the close of escrow.

## Evaluation of Offer

District staff conducted a thorough evaluation of the purchase offer and associated terms, confirming that the offer aligns with market expectations.

The District is actively exploring potential locations for its new headquarters, while also developing a contingency plan to ensure the continuity of essential operations, e.g., air monitoring laboratory, information technology services, etc., in the event a new headquarters is not identified or move-in ready by the end of the leaseback period.

Below is an approximate timeline based on execution of the PSA on April 15, 2024.

- |                       |  |
|-----------------------|--|
| • April 15            | Execution of PSA                           |
| • April 15 to June 15 | Buyer's Due Diligence / Contingency Period |
| • June 15             | Buyer Waiver of Contingencies              |
| • July 1              | Close of Escrow                            |
| • July 1              | District Vacate Second Floor               |
| • July 1 - October 31 | District Leaseback Period Third Floor      |
| • November 1          | District Vacate Building                   |



## ATTACHMENT 1

Kris Kalmbach  
Managing Director  
kris.kalmbach@cushwake.com  
CA-LIC #01436668

400 Capitol Mall, Suite 1800  
Sacramento, CA 95814  
Direct: +1 916 288 4421  
Fax: +1 916 446 0024  
cushmanwakefield.com

March 18, 2024

Sean Mullen  
Managing Director | Office Properties  
Cushman & Wakefield  
400 Capitol Mall Suite 1800  
Sacramento, CA 95814

**RE: LETTER OF INTENT TO PURCHASE – 777 12th Street, Sacramento, CA. 95814**

Dear Sean:

Please review this signed Letter of Intent. This purchase offer shall expire five (5) days from issuance to buyer's broker.

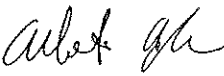
1. **BUYER:** HEALTHY COMMUNITY FORUM FOR THE GREATER SACRAMENTO REGION, a California nonprofit public benefit corporation, dba Community HealthWorks
2. **PROPERTY:** 777 12<sup>th</sup> Street, Sacramento, CA. 95814  
APN# 002-0162-020
3. **PURCHASE PRICE:** Five Million Five Hundred Thousand Dollars (\$5,500,000.00) cash at close of escrow.
4. **INITIAL DEPOSIT:** Buyer shall deposit in escrow the sum of Fifty Thousand Dollars (\$50,000.00) within five (5) business days after the full execution and delivery of a definitive purchase and sale agreement ("PSA"). This deposit shall be fully refundable until the satisfaction and waiver of buyer's contingencies.
5. **INSPECTION CONTINGENCY:** Buyer shall be provided Sixty (60) days from mutual execution of a PSA to review all existing reports on the property and to perform any testing or studies with any contractors they deem necessary to determine whether the property will meet the Buyer's needs.  
  
Seller will provide Buyer with all plans, surveys, reports, studies, preliminary title report and exceptions, and other records that Buyer deems necessary that are in Seller's possession to determine whether property will meet Buyer's desired needs within Five (5) days from mutual execution of a PSA. Buyer shall be granted a right of entry upon the Property for the purpose of conducting soils tests, engineering studies, other studies or estimates as deemed necessary by Buyer.
6. **FINANCE CONTINGENCY:** Buyer shall be provided Sixty (60) days from mutual execution of a PSA to secure financing. If Buyer cannot obtain suitable financing, Buyer can, at its sole option, cancel this agreement and receive a full refund of its deposit.
7. **BOARD APPROVAL CONTINGENCY:** Buyer shall be provided Sixty (60) days from mutual execution of a PSA to secure Board of Directors approval. If Buyer cannot obtain Board Approval within said period, Buyer can, at its sole option, cancel this agreement and receive a full refund of its deposit.

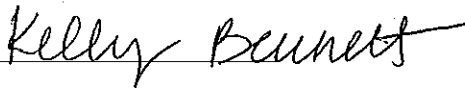
8. **SELLER LEASEBACK CONTINGENCY:** Seller will vacate the second floor of the building prior to Close of Escrow and will have the option to lease back the third floor of the building for up to one hundred twenty (120) days after close of escrow after which time, Seller will vacate the building entirely.
- Monthly lease back rate for the third floor will be \$36,000.00/month and Seller shall have rights to eleven (11) parking stalls in the parking garage at a rate of \$150.00/stall/month for the leaseback period.
9. **CLOSE OF ESCROW:** Close of Escrow will occur within Fifteen (15) days from satisfaction and/or waiver of Buyer's Contingencies.
10. **TITLE COMPANY:** Placer Title Company  
Attn: Jenny Vega  
301 University Avenue, Suite 101  
Sacramento, CA. 95825
11. **ESCROW FEES:** All transfer taxes shall be paid by Seller. All escrow fees shall be split equally between Seller and Buyer (50/50). Seller shall pay for the cost of a CLTA title policy. Buyer shall pay for an ALTA policy of title insurance, if required.
12. **DUAL AGENCY:** Buyer and Seller acknowledge that Cushman & Wakefield is acting in a dual agency capacity for this transaction.
13. **BROKERAGE:** Seller shall pay a sales commission equal to 5% split equally between Buyer and Seller's agent at close of escrow.

**Acknowledged & Agreed:**

**SELLER:**  
SACRAMENTO METROPOLITAN AIR  
QUALITY MANAGEMENT DISTRICT

**BUYER:**  
HEALTHY COMMUNITY FORUM FOR  
THE GREATER SACRAMENTO REGION

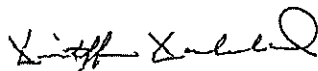
By:  2024.03.19 16:21:  
Date: 27 -07'00'

By:   
Date: 3-20-24

*Notwithstanding any provision to the contrary contained herein, this Letter shall not constitute an agreement to negotiate and solely constitutes an outline of the terms of negotiation. Buyer and Seller each acknowledge and agree that each party is proceeding with negotiations related to the proposed transaction at its sole cost and expense (which may involve substantial transaction costs) and that either party may terminate negotiations for any reason, at any time, without any liability or obligation whatsoever.*

Sincerely,

CUSHMAN & WAKEFIELD



Kris Kalmbach  
Managing Director  
CA-Lic. 01436668

**CONFIRMATION**  
(per California Civil Code Section 2079.17)

Property Address: 777 12th Street, Sacramento, CA

The following agency relationship(s) is/are hereby confirmed for this transaction:

(Name of Seller's Agent, Brokerage firm and license number) Cushman & Wakefield of California is the broker of (check one):

- ☐ the seller; or  
☒ both the buyer and the seller. (dual agent).

(Name of Seller's Agent and license number) Kris Kalmbach is (check one):

- ☒ the Seller's Agent. (salesperson or broker associate).  
☐ both the Buyer's and Seller's Agent. (dual agent)

(Name of Buyer's Agent, Brokerage firm and license number) Cushman & Wakefield of California the broker of (check one):

- ☐ the buyer; or  
☒ both the buyer and seller. (dual agent).

(Name of Buyer's Agent and license number) Sean Mullen is (check one):

- ☒ the Buyer's Agent. (salesperson or broker associate)  
☐ both the Buyer's and Seller's Agent. (dual agent)

Acknowledged:

Albert G. H. 2024.03.19 16:24:04 -07'00'

Seller/Lessor:

Date

Buyer/Lessee:

Date

Seller/Lessor Agent

Cushman & Wakefield of California  
(Brokerage Firm)

DRE Lic. No. 00616335

By:

DRE Lic. No. 01436668

Printed: Kris Kalmbach

Date

(Salesperson or Broker Associate)

Buyer/Lessee Agent

Cushman & Wakefield of California  
(Brokerage Firm)

DRE Lic. No. 00616335

By:

DRE Lic. No. 01845406

Printed: Sean Mullen

Date

(Salesperson or Broker Associate)