

Exhibit A

FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE, dated _____, 2013 (“First Amendment”), by and between the State of California, acting by and through its Department of General Services, (hereinafter referred to as “State”) and the Capitol Area Development Authority, a joint powers agency (hereinafter referred to as “CADA”).

RECITALS

WHEREAS, the parties hereto entered into that certain State Lease (Site 8E) dated January 20, 2000, covering the property known as CADA Site 8E (SW corner 17th and N Streets), and Authority and developer Seventeenth and N (“Developer”) entered into a concurrent development ground lease (DGL) for Site 8E; and

WHEREAS, in July 2011, the Developer advised CADA that it intended to exercise the option to purchase the Site in accordance with the DGL and State Lease, and CADA requested to purchase the Site from DGS; and

WHEREAS, the Appraisal Procedures and Instructions included as Exhibit C to the State Lease contain a conflict between the actual scope of development on the Site and scope of development to be used in determining the sale price of the Site, in that the appraisal procedures and instructions did not instruct the appraiser to assume a maximum density of the current 18 residential units; and

WHEREAS, the CADA and the State have agreed to amend the Appraisal Procedures and Instructions to require that the Site be appraised based on the Site accommodating a maximum of 18 units.

NOW, THEREFORE, in consideration of the mutual agreements herein set forth, and other valuable consideration, the receipt of which is hereby acknowledged, the parties hereby agree to amend the State Lease as follows:

AGREEMENT

1. Appraisal Procedures and Instructions. The Appraisal Procedures and Instructions attached as Exhibit C to the State Lease shall be deleted and replaced with the attached Amended Appraisal Procedures and Instructions dated September 9, 2013.

2. Miscellaneous.

2.1 No Other Amendments. The parties agree that there are no other amendments to the State Lease other than this First Amendment, and that except as expressly amended herein, all of the terms and conditions of the State Lease shall remain unchanged and in full force and effect.

2.2 Conflict. In the event of conflict between the terms of the State Lease and this First Amendment, the parties intend that the terms contained in this First Amendment shall control and prevail.

2.3 Counterparts. This First Amendment may be executed in several counterparts, and may be delivered by facsimile or other means of electronic transmission, each of which shall be deemed an original.

IN WITNESS WHEREOF, the State and CADA have executed this First Amendment on the day and year first above written.

STATE OF CALIFORNIA
DEPARTMENT OF GENERAL
SERVICES

CAPITOL AREA DEVELOPMENT
AUTHORITY

By: _____
Name: _____
Its: _____

By: _____
Wendy S. Saunders
Executive Director

APPROVED AS TO FORM:

APPROVED AS TO FORM:

By: _____
State Counsel

By: _____
CADA General Counsel

**AMENDED APPRAISAL PROCEDURES
17TH/ N STREET HOUSING DEVELOPMENT PROJECT
1626 AND 1630 N STREET AND 1410 AND 1414 17TH STREET
(SITE 8E)**

September 9, 2013

The Department of General Services (DGS) and the Capitol Area Development Authority (CADA) have agreed that the fair market value of the 17th/N Street Housing Development Site (APN 006-233-08, 09, 10 and 11) located at the southwest corner of 17th and N Streets shall be established as follows:

- The fair market value shall be based on the results of two appraisals prepared by two respective qualified appraisers jointly selected by DGS and CADA. The cost of the two appraisals shall be paid by CADA.
- The fair market value shall be the midpoint of the estimated fair market value resulting from the two subject appraisals if the resulting figures are within ten percent (10%) of each other. If the resulting figures are more than ten percent (10%) apart then DGS and CADA can either:
 1. Agree on a fair market value within the range of the figures resulting from the two subject appraisals; or
 2. Jointly select a third qualified appraiser to prepare a review appraisal and determine which of the two subject appraisal figures is correct, or if a figure in between the subject appraisal figures is the correct and fair market value. The determination of the third appraiser shall be binding on DGS and CADA. The third appraiser shall be jointly selected by DGS and CADA. The cost for the services performed by the third appraiser shall be paid by CADA.

**AMENDED APPRAISAL PROCEDURES AND INSTRUCTIONS
17TH/ N STREET HOUSING DEVELOPMENT PROJECT
1630 N STREET**

September 9, 2013

The following shall serve as instructions in total for preparation of an appraisal establishing fair market value of the state-owned property located at the southwest corner of 17th and N Streets (APN 006-233-08, 09, 10 and 11). The appraisal shall be prepared in accordance with the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute and the Special Assumptions listed below.

SCOPE OF THE APPRAISAL

Preparation of a "Complete" appraisal submitted in a "Self Contained Appraisal Report" as defined in the Uniform Standards of Professional Appraisal Practice as developed by the Appraisal Standards Board of the Appraisal Foundation. The rights appraised are to be fee simple interest in the subject property. The definition of market value is to be outlined below.

MARKET VALUE DEFINITION

Market value is defined in the glossary section of the Uniform Standards of Professional Appraisal Practice will be used in the appraisal report and will be as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated.
2. Both parties are well informed or well advised, and each acting in what they consider their own best interest;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in the United State dollars or in terms of financial arrangements comparable thereto; and
5. The price represents a normal consideration for the property sold unaffected by special or creative financing or sale concessions granted by anyone associated with the sale.

SPECIAL ASSUMPTIONS

The following are special assumptions that are to be taken into account in preparation of the subject appraisal of fair market value.

1. The allowable use of the property is "residential" as set forth in the 1997 Capitol Area Plan approved by the Director of the State Department of General Services.
2. The property has been used for the development of 18 rental housing units. It is assumed that the current use is the only use of the site and that it will not be redeveloped with an increased number of units.

3. It is assumed that the proposed project site will be a unified single ownership.
4. It is assumed that the subject site is free and clear of any toxics or hazardous materials.

GENERAL ASSUMPTIONS and LIMITING CONDITIONS

This appraisal is subject to the following general assumptions and limiting conditions:

1. No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
5. All engineering is assumed to be correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
6. It is assumed that there are no hidden or unapparent conditions in the subsoil, or structures that render the property more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
7. It is assumed that there is full compliance with all federal, state and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report.
8. It is assumed that all applicable zoning and use regulations and restrictions have been complied with unless a nonconformity has been stated, defined, and considered in the appraisal report.
9. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
10. It is assumed that the utilization of the land and improvements, if any, is within the boundaries or property lines described and that there is no encroachment or trespass unless noted in the report.
11. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
12. Unless otherwise stated in the appraisal report, no attempt has been made to identify or report any toxic materials and/or conditions such as asbestos, ureaformaldehyde for insulation, or soils or ground water contamination on any land or improvements described in the appraisal report.
13. The date of value to which the opinions expressed in this report apply is set forth in the letter of transmittal. The appraiser assumes no responsibility for economic or physical factors occurring at some later date which may affect the opinions herein stated.
14. The appraiser reserves the right to alter statements, analyses, conclusions or any value estimates in the appraisal if any new facts pertinent to the appraisal process are discovered which were unknown when the appraisal report was prepared.

15. Area calculations used in this report are based on land area supplied by the client agency or obtained from the County Assessor's parcel maps. These sources are believed to be accurate, but cannot be guaranteed.