

2016 SEP -7 PM 4: 21

REVISSED
APPROVED AS TO FORM AND LEGALITY:

BY:



ORSA COUNSEL

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY

RESOLUTION No. 2016- _____

A RESOLUTION REGARDING THE FOX THEATER PROJECT AMENDING RESOLUTION NOS. 2006-0073 AND 2009-0057 TO MODIFY THE EXISTING LOAN REPAYMENT GUARANTEE FROM THE REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND TO FOX OAKLAND THEATER, INC. FOR CONVENTIONAL LOAN NOT TO EXCEED \$4,600,000

WHEREAS, the Redevelopment Agency of the City of Oakland ("Agency") entered into a Disposition and Development Agreement ("DDA") on December 15, 2006 with Fox Oakland Theater, Inc. ("FOT") to ground lease and undertake the restoration of the Fox Theater and to provide loans to carry out the restoration; and

WHEREAS, renovation of the Fox Theater required numerous funding sources including Agency loans, New Markets and Historic Tax Credits, governmental and private grants and a commercial loan of \$6,500,000; and

WHEREAS, the commercial loan of \$6,500,000 was primarily secured by a guaranteed income stream donation to Oakland School for the Arts from CBS Outdoor's (now Outfront Media) income from a billboard on Port of Oakland property, but also required additional security from the Agency because of the unlikely, but possible interruptions in the income stream should the billboard lease be terminated by the Port or actions of the California Transportation Agency; and

WHEREAS, on July 18, 2006, the Agency approved providing a guaranty of up to \$6.5 million to guarantee the commercial loan; and

WHEREAS, the \$6,500,000 commercial loan has a 10 year term and has been paid down to where on the maturity date of this loan, December 20, 2016, a balloon payment in the approximate amount of \$4,600,000 will be due; and

WHEREAS, the Oakland Redevelopment Successor Agency ("ORSA") was established as the successor agency to the Agency pursuant to Health and Safety Code Sections 34171(j) and 34173; and

WHEREAS, ORSA has listed the loan guarantee as an enforceable obligation on its Recognized Obligation Payment Schedule ("ROPS") and must pay the \$4,600,000 balloon payment if FOT is not successful in refinancing the commercial loan; and

WHEREAS, FOT is finding it difficult to negotiate a new loan to finance the \$4,600,000 balloon payment due to the complicated nature of the income that would be used to secure the debt; and

WHEREAS, FOT is therefore requesting that ORSA include the \$4,600,000 loan guarantee payment in the amended 2016-17B ROPS in order to make the balloon payment due on December 20, 2016 should refinancing be unsuccessful; and

WHEREAS, ORSA also is successor in interest to several unsecured Agency loans to FOT for the Fox Theater project, including \$6,500,000 for the ground lease payment, \$27,000,000 in 2006 for initial development, and additional development loans for 7,450,000 in 2009 and \$2,000,000 in 2010; and

WHEREAS, The refinancing of the debt would trigger repayment of these ORSA loans per the Promissory Notes and FOT is requesting this requirement to be waived for the proposed refinancing; and

WHEREAS, refinancing of the existing debt may also require ORSA to subordinate its existing loans to FOT related to the Fox Theater Project to the refinanced debt; now, therefore, be it

RESOLVED: That ORSA hereby finds and determines that providing FOT with a new guaranty and subordinating its existing loans to the Fox in order to facilitate refinancing of the commercial loan will reduce immediate liabilities related to repaying the existing loan; increase net revenue to the taxing entities and be in the best interest of the taxing entities; and be it further

RESOLVED: That ORSA hereby approves adding the payment of the existing loan guarantee in the amount of \$4,600,000 to the 2016-17 ROPS for funding from the Redevelopment Property Tax Trust Fund during the 2016-17 B ROPS period; and be it further

RESOLVED: That ORSA hereby approves a new loan guarantee for the benefit of the lender providing a refinanced loan to Fox Oakland Theater in the amount of the \$4,600,000 under the terms and conditions set forth in this resolution

and authorizes the inclusion of the new loan guarantee on the amendment to the 2016-17 ROPS; and be it further

RESOLVED, That ORSA hereby approves the subordination of the FOT Leasehold interest in the Fox Theater property as well as its loans to the Fox Theater, without triggering the repayment term for the loans, to facilitate the refinancing of the commercial loan; and be it further

RESOLVED: That the ORSA Administrator is authorized to negotiate, approve, and execute a loan guarantee, subordination agreements and related documents necessary to assist FOT in obtaining a refinanced loan for \$4,600,000; and be it further

RESOLVED: That all documents related to this transaction shall be reviewed and approved by ORSA Counsel prior to execution, and copies will be placed on file with the ORSA Secretary; and be it further

RESOLVED: That the custodians and locations of the documents or other materials which constitute the record of proceedings upon which the ORSA's decision is based is the Economic and Workforce Development Department, Project Implementation, 250 Frank H. Ogawa Plaza, 5th Floor, Oakland CA.

BY SUCCESSOR AGENCY, OAKLAND, CALIFORNIA, _____,
2016

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, CAMPBELL WASHINGTON, GALLO, GUILLEN, KALB,
KAPLAN, REID, and CHAIRPERSON GIBSON McELHANEY,

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____

LATONDA SIMMONS
Secretary of the Oakland
Redevelopment Successor Agency