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OAKLAND

2008 JUL 10 PM 6:17

APPROVED AS TO FORM AND LEGALITY

AGENCY COUNSEL

REDEVELOPMENT AGENCY
OF THE CITY OF OAKLAND

RESOLUTION No. _____ C.M.S.

AUTHORIZING THE AGENCY ADMINISTRATOR TO ENTER INTO A LOAN AGREEMENT BETWEEN THE AGENCY AND FOX THEATER MASTER TENANT, LLC IN AN AMOUNT NOT TO EXCEED \$2,700,000 TO FUND NEEDED TENANT IMPROVEMENTS IN THE FOX THEATER

WHEREAS, the Agency entered into a Disposition and Development Agreement (DDA) in 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, Fox Theater Master Tenant therefore requests a \$2.7 million loan to cover tenant improvements in the theater and "Restaurant Space"; and

WHEREAS, in December 2006 Fox Theater Master Tenant LLC entered into a ten year lease agreement with GASS Entertainment ,LLC for the purpose of operating the Fox Theater as a live performing arts venue; and

WHEREAS, the current costs of tenant improvements for the theater portion of the Fox Theater are estimated at \$5.9 million to fully meet modern theater equipment standards; and

WHEREAS, under the terms of the lease the Fox Theater Master Tenant as the landlord is responsible for constructing all of the Base Building Core and Shell Improvements, up to \$2.6 million, which includes \$500,000 provided by Gass Entertainment as the tenant; and,

WHEREAS, \$3.3 million in additional funding is required to complete the tenant improvements in the theater portion; and

WHEREAS, GASS Entertainment has agreed to borrow \$1.3 million from the Fox Theater Master Tenant and fully amortize the loan from theater-revenue

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if the Agency agrees to grant them an additional \$2.0 million to complete the tenant improvements; and

WHEREAS, GASS has agreed to borrow the \$1.3 million at market rate (prime plus 2% or 7% at the current rate) and fully amortize the loan over the 15 year term of the lease, portions of which may be deferred for 3 to 5 years; and

WHEREAS, a portion of the Fox Theater on 18th Street and Telegraph Avenue will be leased as a restaurant (the "Restaurant Space"); and

WHEREAS, the project never had funds to complete tenant improvements for the Fox Theater's the "Restaurant Space" on 18th and Telegraph of which the landlord's (Fox Theater Master Tenant) are currently estimated to be approximately \$1.4 million; and

WHEREAS, Fox Theater Master Tenant has proposed to borrow \$1,140,000 from the Agency to cover the landlord's portion of the tenant improvements for the "Restaurant Space"; and

WHEREAS, Fox Theater Master Tenant requests an additional \$260,000 from the Agency to loan to the tenant of the "Restaurant Space" to encourage greater investment in the tenant improvement; and

WHEREAS, the \$260,000 would be loaned at market rate (prime plus 2% or 7% at the current rate) and be fully amortize over the term of the lease; and

WHEREAS, Fox Theater Master Tenant will pledge all revenue from the \$260,000 loan to the tenant of the restaurant space to the Agency; and

WHEREAS, Fox Theater Master Tenant will require adequate security for the loans that it provides to the restaurant tenant and GASS; and

WHEREAS, the Agency hereby finds and determines on the basis of substantial evidence in the record that the Initial Study and Mitigated Negative Declaration fully analyzes the potential environmental effects of the project and incorporates mitigation measures to substantially lessen or avoid any potentially significant impacts in accordance with CEQA. None of the circumstances necessitating preparation of additional environmental review as specified in CEQA and the CEQA Guidelines, including without limitation Public Resources Code Section 21166 and CEQA Guidelines Section 15162, are present in that (1) there are no substantial changes proposed in the project or the circumstances under which the project is undertaken that would require major revisions of the Initial Study/Mitigated Negative Declaration due to the involvement of new environmental effects or a substantial increase in the severity of previously identified significant effects; and (2) there is no "new information of substantial importance" as described in CEQA Guidelines Section 15162(a)(3); now, therefore, be it

RESOLVED: That the Agency has independently reviewed and considered this environmental determination, and the Agency finds and determines that this action complies with CEQA because this action on the part of the Agency does not necessitate preparation of a subsequent or supplemental EIR Section 15162 (subsequent EIRs and negative declarations); and be it further

RESOLVED: That the Agency Administrator or her designee shall cause to be filed with the County of Alameda a Notice of Exemption for this action; and be it further

RESOLVED: That the City of Oakland hereby finds and determines that the Agency loan to Fox Theater Master Tenant for the Project furthers the purposes of the California Community Redevelopment Law, contributes to the elimination of blight in the Central District Redevelopment Project Area, conforms to the Central District Redevelopment Plan, including its Implementation Plan, and furthers the goals and objectives of said Redevelopment Plan in that: (1) the Project will increase entertainment opportunities in the Central District; (2) the Project will provide necessary neighborhood-serving retail facilities lacking in the Central District; (3) the Project, once developed, will create permanent jobs for low and moderate income people, including jobs for area residents; (4) the Project will help create a stable 24 hour community which will enhance the viability of retail businesses in the area; (5) the Project will redevelop a key underutilized site in the Central District; (6) the Project will improve environmental design within the Central District; and (7) the Project, once developed, will enhance depreciated and stagnant property values in the surrounding areas, and will encourage efforts to alleviate economic and physical blight conditions in the area; and be it further

RESOLVED: That the Agency hereby approves the loan to Fox Theater Master Tenant in the amount of the \$2,700,000 under the terms and conditions set forth in this resolution; and be it further

RESOLVED: That funds totaling \$2,700,000 shall be allocated from Agency funds, organizations and projects and moved to separate City Center Land Sales Fund in the organization and new project number to be established as detailed in the table below:

\$Amount	Fund	Organization	Project	Description
\$787,702	9511	NA	Fund Balance	City Center Land Sales Fund
\$1,396,014	9511	94800	P126950	City Center West Garage Debt Service
\$228,903	9511	94800	P118520	10K Housing
\$287,381	9511	94800	G150210	Chinatown Hotel Environmental Clean-Up
\$2,700,000	9511	94800	TBD	City Center West Garage Debt Service

and be it further

RESOLVED: That the Agency Administrator is authorized to negotiate, approve, and execute an appropriate loan documents; and be it further

RESOLVED: That all documents related to this transaction shall be reviewed and approved by Agency Counsel prior to execution, and copies will be placed on file with the Agency 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 Agency's decision is based are respectively: (a) the Community & Economic Development Agency, Projects Division, 250 Frank H. Ogawa Plaza, 5th Floor, Oakland CA; (b) the Community & Economic Development Agency, Planning Division, 250 Frank H. Ogawa Plaza, 3rd Floor, Oakland CA; and (c) the Office of the City Clerk, 1 Frank H. Ogawa Plaza, 1st Floor, Oakland, CA.

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2008

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID AND CHAIRPERSON DE LA FUENTE,

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____

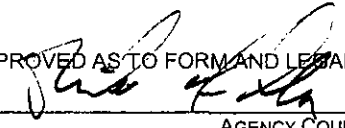
LATONDA SIMMONS
Secretary of the Redevelopment Agency
of the City of Oakland, California

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AGENCY COUNSEL

REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

RESOLUTION No. _____ C.M.S.

AUTHORIZING THE AGENCY ADMINISTRATOR TO ENTER INTO A LOAN AGREEMENT BETWEEN THE AGENCY AND THE OAKLAND SCHOOL FOR THE ARTS IN AN AMOUNT NOT TO EXCEED \$2,300,000 TO FUND THE TENANT IMPROVEMENTS IN THE NEW WRAP-AROUND PORTION OF THE BUILDING

WHEREAS, the Agency entered into a Disposition and Development Agreement (DDA) in 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, on December 18, 2006 Fox Oakland Theater Inc. (FOT) executed a seven and one-half year lease with Oakland School for the Arts (OSA) for a portion of the Fox Theater commonly referred to as the wrap-around building to be used as the permanent home of the OSA; and

WHEREAS, the lease outlines both Landlord (FOT) and Tenant (OSA) responsibilities and financial obligations for improving the building; and

WHEREAS, FOT is responsible for delivering a base building, core and shell (walls, mechanical, electrical and plumbing) in both the historic portion and the new portion of the wrap-around building; and

WHEREAS, OSA has funds sufficient for the tenant improvements and the furniture, fixtures and equipment (FF&E) in the historic wrap-around building, but not in the new wrap-around building; and

WHEREAS, in April 2008 OSA signed a construction contract with Turner Construction of approximately \$4,000,000 to complete the tenant improvements in the new wrap-around building; and

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WHEREAS, OSA has cash on hand in an amount of approximately \$1,700,000 and is anticipating new funds in the form of grants and future fund raising efforts needed to complete the tenant improvements; and

WHEREAS, OSA needs an additional \$2,300,000 to fund the tenant improvements and complete the project in time for the 2008 school year and before new funds are available; and

WHEREAS, in the next two years OSA is expecting additional funds in the form of grants and future fund raising efforts in an amount needed to pay back the \$2,300,000; and

WHEREAS, the loan will be for a 3 year term with an interest rate 5 percent, the Agency's cost of funds on the recent bond issues; and

WHEREAS, OSA will pledge the proceeds from a second billboard in the Port area in the event it is not able to raise sufficient funds to repay the loan; and

WHEREAS, the Agency will require adequate security from OSA for the tenant improvement loan; and

WHEREAS, the Agency hereby finds and determines on the basis of substantial evidence in the record that the Initial Study and Mitigated Negative Declaration fully analyzes the potential environmental effects of the project and incorporates mitigation measures to substantially lessen or avoid any potentially significant impacts in accordance with CEQA. None of the circumstances necessitating preparation of additional environmental review as specified in CEQA and the CEQA Guidelines, including without limitation Public Resources Code Section 21166 and CEQA Guidelines Section 15162, are present in that (1) there are no substantial changes proposed in the project or the circumstances under which the project is undertaken that would require major revisions of the Initial Study/Mitigated Negative Declaration due to the involvement of new environmental effects or a substantial increase in the severity of previously identified significant effects; and (2) there is no "new information of substantial importance" as described in CEQA Guidelines Section 15162(a)(3); now, therefore, be it

RESOLVED: That the Agency has independently reviewed and considered this environmental determination, and the Agency finds and determines that this action complies with CEQA because this action on the part of the Agency does not necessitate preparation of a subsequent or supplemental EIR Section 15162 (subsequent EIRs and negative declarations); and be it further

RESOLVED: That the Agency Administrator or her designee shall cause to be filed with the County of Alameda a Notice of Exemption for this action; and be it further

RESOLVED: That the Agency hereby finds and determines that the Agency loan to OSA for tenant improvements for the Project furthers the purposes of the California Community Redevelopment Law, contributes to the elimination of blight in the Central District Redevelopment Project Area, conforms to the Central District Redevelopment Plan, including its Implementation Plan, and furthers the goals and objectives of said Redevelopment Plan in that: (1) the Project will increase entertainment opportunities in the Central District; (2) the Project will provide necessary neighborhood-serving retail facilities lacking in the Central District; (3) the Project, once developed, will create permanent jobs for low and moderate income people, including jobs for area residents; (4) the Project will help create a stable 24 hour community which will enhance the viability of retail businesses in the area; (5) the Project will redevelop a key underutilized site in the Central District; (6) the Project will improve environmental design within the Central District; and (7) the Project, once developed, will enhance depreciated and stagnant property values in the surrounding areas, and will encourage efforts to alleviate economic and physical blight conditions in the area; and be it further

RESOLVED: That the Agency hereby approves the loan to OSA in the amount of the \$2,300,000 under the terms and conditions set forth in this resolution; and be it further

RESOLVED: That funds totaling \$2,300,000 shall be allocated from various Agency Central District Capital Funds, organizations and projects and moved to the various funds, organization and new project numbers to be established as detailed in the table below:

Amount	Fund	Organization	Project	Description
\$400,000	9535	NA5	Fund Balance	Central District 2006-T Bonds
\$700,000	9512	VA	Fund Balance	Chinatown Land Sales
\$328,046	9562	9562	P167330	Preservation Park Operations Project
\$871,954	9562	NA	Fund Balance	Preservation Park Operations
\$2,300,000	Various	94800	TBD	Fox Oakland School for the Arts Loan

and be it further

RESOLVED: That the Agency Administrator is authorized to negotiate, approve, and execute appropriate loan documents; and be it further

RESOLVED: That all documents related to this transaction shall be reviewed and approved by Agency Counsel prior to execution, and copies will be placed on file with the Agency 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 Agency's decision is based are respectively: (a) the Community & Economic Development Agency, Projects Division, 250 Frank H. Ogawa Plaza, 5th Floor, Oakland CA; (b) the Community & Economic Development Agency, Planning Division, 250 Frank H. Ogawa Plaza, 3rd Floor, Oakland CA; and (c) the Office of the City Clerk, 1 Frank H. Ogawa Plaza, 1st Floor, Oakland, CA.

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2008

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN,
REID AND CHAIRPERSON DE LA FUENTE,

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____

LATONDA SIMMONS
Secretary of the Redevelopment Agency
of the City of Oakland, California

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JUL 15 2008