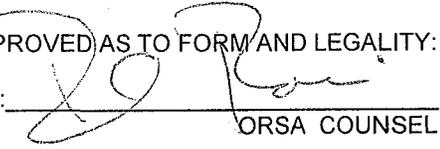


FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

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APPROVED AS TO FORM AND LEGALITY:

BY:

  
ORSA COUNSEL

## OAKLAND REDEVELOPMENT SUCCESSOR AGENCY

RESOLUTION No. 2017- \_\_\_\_\_

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RESOLUTION AUTHORIZING THE ASSIGNMENT TO THE CITY OF OAKLAND OF APPROXIMATELY \$47.5 MILLION IN LOANS MADE TO FOX OAKLAND THEATER, INC., FOR RENOVATION OF THE FOX THEATER, CONTINGENT ON THE CITY AGREEING TO PAY 30% OF THE LOAN REPAYMENTS TO THE OAKLAND REDEVELOPMENT SUCCESSOR AGENCY

**WHEREAS**, the Redevelopment Agency of the City of Oakland (the “Redevelopment Agency”) entered into an Amended and Restated Fox Theater Disposition and Development Agreement (“DDA”) on December 15, 2006, with Fox Oakland Theater, Inc. (“FOT”) for FOT to ground lease the Fox Theater at 1807 Telegraph Avenue for 60 years and undertake the restoration of the property, and for the Redevelopment Agency to provide loans to carry out the restoration; and

**WHEREAS**, renovation of the Fox Theater required numerous funding sources including Redevelopment Agency loans, New Markets Tax Credits, Historic Tax Credits, governmental and private grants, and a commercial loan; and

**WHEREAS**, with the dissolution of redevelopment agencies, the Fox Theater loans, as Redevelopment Agency assets, were transferred under the dissolution law to the Oakland Redevelopment Successor Agency as the successor agency to the Redevelopment Agency; and

**WHEREAS**, the Fox Theater loan assets have a current value of \$47,534,470 in principal and approximately \$27,420,975 in accrued interest; and

**WHEREAS**, the Fox Theater property is listed on ORSA’s Long Range Property Management Plan as a property held to fulfill existing obligations, i.e., the tax credit investor buy out, loan repayment guaranty (both completed) and various contingent commitments to the tax credit investors; and, after these obligations are fulfilled, the Fox

Theater property will be transferred to the City pursuant to the Long Range Property Management Plan to be retained for future development; and

**WHEREAS**, staffing costs to manage the Fox Theater are currently included as ORSA costs on the Recognized Obligations Payment Schedules (“ROPS”); and

**WHEREAS**, if ORSA retains the Fox Theater and associated loans, ORSA will have to provide staffing to manage the property and loans for another 49 years at a conservative estimate of \$10,780,000 in costs over the term, based on \$220,000 per year with no inflator; and

**WHEREAS**, the ORSA loans require FOT to repay the loans in full by September 20, 2036, which will total \$129,144,741 if no payments are made; and

**WHEREAS**, FOT can pay no more than approximately \$1.1 million per year on these loans, which will leave an outstanding balance of \$108,244,741 when the loans become due and payable; and

**WHEREAS**, FOT has no other assets and no way of ever fully repaying the ORSA loans; and

**WHEREAS**, the City has proposed that ORSA assign the Fox Theater loan assets to the City, contingent on the City agreeing to pay 30% of the loan repayments received by the City to ORSA for the terms of the loans; and

**WHEREAS**, as part of the transaction, the City has proposed to take over financial responsibility for staffing costs associated with the Fox Theater and associated project loans from ORSA;

**WHEREAS**, the transfer and assignment of the Fox Theater and associated project loans will reduce ORSA ROPS obligations related to project staffing by \$10,780,000, and the payments from the City will increase ORSA revenues by approximately \$6,270,000 (i.e., 30% of \$20,900,000); and

**WHEREAS**, the transfer and assignment of the Fox Theater and associated project loans will therefore benefit the affected taxing entities by reducing current ORSA enforceable obligations and increasing current ORSA revenues; now, therefore, be it

**RESOLVED**: That the ORSA Board hereby authorizes the ORSA Administrator to assign the Fox Theater loan assets to the City of Oakland, contingent on the City entering into a compensation agreement with ORSA obligating the City to pay 30% of loan repayments to ORSA for the terms of the assigned loans; and be it

**FURTHER RESOLVED**: That ORSA hereby finds and determines that assigning the Fox Theater loan assets to the City will reduce the immediate liabilities of the affected taxing entities related to Fox Theater staffing costs listed on the ROPS, increase net

revenues to the taxing entities from City payments to ORSA that will reduce ORSA's need for Redevelopment Property Tax Trust Fund money, and otherwise be in the best interests of the affected taxing entities; and be it

**FURTHER RESOLVED:** That the ORSA Administrator is authorized to negotiate, approve, and execute loan assignment agreements, the compensation agreement, and all other related documents necessary to transfer the Fox Theater project loans to the City; and be it

**FURTHER RESOLVED:** That all documents related to these actions 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 ORSA Administrator or her designees are authorized negotiate and execute documents, accept payments, and take other actions with respect to the transaction consistent with this Resolution and its basic purposes.

BY SUCCESSOR AGENCY, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2017

PASSED BY THE FOLLOWING VOTE:

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

NOES-

ABSENT-

ABSTENTION-

ATTEST: \_\_\_\_\_

LATONDA SIMMONS

Secretary of the Oakland Redevelopment Successor Agency