



**EAST BAY ASIAN LOCAL
DEVELOPMENT CORPORATION**

BUILDING HEALTHY, VIBRANT AND SAFE NEIGHBORHOODS



October 14, 2020

David Le
Urban Economic Analyst | Public/Private Development
Economic & Workforce Development Department
City of Oakland

Dear Mr. Le,

I am writing to update my letter of September 28, 2020 regarding the loan that the Redevelopment Agency of the City of Oakland made to Swans Marketplace Partnership, L. P. in June 1998 in the amount of \$1,150,000. The term of the loan was 30 years from the date of the note, and the loan matures in 2028.

In 2013, the ownership property was transferred to 1825 San Pablo Ave LLC as part of a New Markets Tax Credit (NMTC) financing, and the RDA loan was subordinated to the new senior lender. The NMTC financing consists of seven-year loans that are repaid at maturity with conventional debt. The NMTC loans mature on 10/30/2020, but the lender has approved an extension until 12/31/2020. We are in the process of securing conventional debt to repay the NMTC loans.

We are writing to request an extension of the subject RDA loan, and a re-subordination to the new senior lender. At this point, First Republic Bank's terms are the most favorable.

We are requesting:

- a 30-year extension of the loan, beginning at the time of subject subordination, which would extend the maturity date until 2050.
- loan repayments to be made from surplus cash, which shall be calculated at the end of the calendar year, beginning with the surplus cash from the 2022 calendar year.
- payments shall be 100% of surplus cash after partnership management fee of \$15,000.
- Partial payment of \$50,000 at the time of current subordination to new senior lender.

The maximum loan amount we are requesting is \$4,750,000, and the proposed uses of the loan proceeds are:

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|---|-------------------------------|
| • repay existing senior loan: | \$3,010,775 (today's balance) |
| • estimated closing costs: | 280,000 |
| • repay EBALDC's advances: | 651,316 |
| • payment of subject RDA loan: | 50,000 |
| • rent collection shortfall through 12/31/2021: | 757,909 |

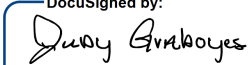
We are requesting the \$757,909 to cover the projected rent collection loss and additional COVID-related costs through for the next 18 months.

If the Successor Agency does not approve the subordination to the new senior lender, we will not be able to repay the existing NMTC debt, which could result in foreclosure, and the Successor Agency Loan could be wiped out.

Based on current cash flow projection, there will not be any surplus cash over the next ten years to make loan payments on the Successor Agency Loan. However, in ten years, when the subject senior loan matures, there should be sufficient loan proceeds from the next refinance to make a substantial partial repayment on the Successor Agency Loan.

Thank you in advance for your consideration, and please let me know if you have any questions about this matter.

Sincerely,

DocuSigned by:

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Judy Graboyes
Associate Director of Asset Management