

**RESOLUTION NO. 09-15**

**RESOLUTION OF THE RICHMOND COMMUNITY REDEVELOPMENT AGENCY APPROVING AND AUTHORIZING THE EXECUTION OF A FIRST AMENDMENT TO THE AGREEMENT WITH EAST BAY CENTER FOR THE PERFORMING ARTS PROVIDING ADDITIONAL FUNDING FOR THE RENOVATION TO THE WINTERS BUILDING AND RELATED ACTIONS**

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**WHEREAS**, the City Council of the City of Richmond (the "City Council") adopted the Amended and Restated Redevelopment Plan for Project Area No. 10-A (Downtown), adopted by Ordinance No. 29-99, dated July 13, 1999 (the "Redevelopment Plan"). The Redevelopment Plan sets forth a plan for redevelopment of Project Area No. 10-A (the "Project Area"); and

**WHEREAS**, the Richmond Community Redevelopment Agency (the "Agency") is responsible for carrying out the Redevelopment Plan for the Project Area; and

**WHEREAS**, the renovation of the Winters Building will assist with the elimination of blight and is strategically important as it is located within the Project Area; and

**WHEREAS**, at their July 31, 2007 meeting, the Agency Board approved an agreement (the "Agreement") between the Agency and East Bay Center for the Performing Arts ("EBC") for transfer of the Winters Building and the expenditure of \$1.2 million for seismic improvements to the Winters Building; and

**WHEREAS**, EBC is a California nonprofit public benefit corporation that has been in existence and active in Contra Costa County since 1969, that offers programs and training in theater, music and dance; and

**WHEREAS**, the Agency has budgeted an additional \$2 million to EBC for building renovation; and

**WHEREAS**, as part of the financing for the renovation, EBC has opted to enter into a New Market Tax Credit ("NMTC") financing transaction; and

**WHEREAS**, as part of the NMTC transaction, the Winters Building will be transferred to a newly created nonprofit public benefit corporation which is expected to receive group exemption from the Internal Revenue Service (the "QALICB"), that will be controlled by EBC.

**WHEREAS**, as part of the NMTC transaction, the QALICB will obtain a below-market loan (the "QLICI Loan") from New Markets Investments 54, LLC (the "Sub-CDE"), which the QALICB will use to renovate the Winters Building. The QLICI Loan will include several promissory notes, one of which will be in the amount of \$3,200,000 and will secure QALICB's obligation to repay the Agency's contribution toward renovation of the Winters Building in the event of a default under the note (the "QLICI Note").

**WHEREAS**, disbursement of the QLICI Loan proceeds under the QLICI Note will be made pursuant to agreements which will require all disbursements to be made with respect to the renovation of the Winters Building and provide the Agency with review prior to the disbursement of Agency funds.

**WHEREAS**, in order to maximize the benefits received by EBC from the NMTC transaction, EBC will make a loan in the approximate principal amount of \$10,300,000 (the "Leverage Loan") to a special-purpose entity (the "Investment Fund"). The sole purpose of the Investment Fund is to invest the Leverage Loan proceeds and the tax credit investor equity in the Sub-CDE so that the Sub-CDE can provide the QLICI Loan to the QALICB.

**WHEREAS**, the Leverage Loan will be secured by a pledge of the Investment Fund's ownership interest in the Sub-CDE (the "Pledge"). EBC will assign the Pledge to the Agency.

**WHEREAS**, as part of the NMTC transaction, the Leverage Loan must be fully disbursed upon the close of the NMTC transaction. EBC desires to use funds received from the Agency as part of the Leverage Loan.

**WHEREAS**, because of the requirements under the NMTC transaction, the Deed of Trust previously provided to Agency will need to be reconveyed and Agency's covenants will be secured solely by the restrictions contained in an Amended and Restated Grant Deed (the "Deed Restrictions"). The QALICB will take ownership of the Winters Building subject to the Deed Restrictions.

**WHEREAS**, the Agency and EBC desire to amend the Agreement in order to accomplish the requirements under the NMTC transaction.

**NOW, THEREFORE BE IT RESOLVED**, that the members of the Board of the Richmond Community Redevelopment Agency authorize the Executive Director of the Agency to execute the First Amendment to the Agreement on behalf of the Agency, and to make any minor conforming, technical or clarifying changes approved by Agency Counsel. The Executive Director is hereby further authorized and directed to take such further actions and execute such documents as are necessary to carry out the First Amendment to the Agreement on behalf of the Agency.

I certify that the foregoing Resolution was passed and adopted by the Richmond Community Redevelopment Agency at a regular meeting held on May 19, 2009 by the following vote:

AYES: Councilmembers Bates, Butt, Rogers, Ritterman, Viramontes, Vice Mayor Lopez, and Mayor McLaughlin.  
NOES: None.  
ABSTENTIONS: None.  
ABSENT: None.

DIANE HOLMES  
Clerk of the Redevelopment Agency

[SEAL]

Approved:

GAYLE McLAUGHLIN  
Agency Chairperson

Approved as to form:

RANDY RIDDLE  
Agency Attorney

State of California            }  
County of Contra Costa       : ss.  
City of Richmond             }