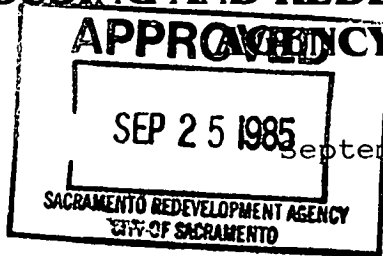


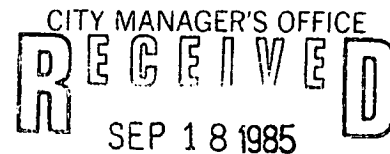


SACRAMENTO HOUSING AND REDEVELOPMENT

Agency Rpt
28



September 5, 1985



Redevelopment Agency of the
City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: Termination of the \$350,000 Crest Theatre Loan Commitment

SUMMARY

This report recommends that \$350,000 commercial rehab loan commitment which was made to the Crest Theatre/Guild Partnership be returned to the Downtown Developer Assistance Program.

BACKGROUND

On February 28, 1984, the Redevelopment Agency gave conditional approval for a \$350,000 loan to the Guild Partnership to carry out renovation of the Crest Theatre to a dinner theatre.

The applicant requested this \$350,000 loan from the Commercial Rehab Loan Program (Project Area No. 8 tax increments.) The loan was to be contingent upon the applicant arranging a total of \$1,130,000 in other financing as follows: 1) \$280,000 bank loan; 2) \$500,000 SBA loan; 3) \$350,000 investor capital. The Agency loan arrangement was to be as follows: a \$350,000 loan to the Guild Partnership subject to a security agreement with the partners, and contingent upon the Guild exercising its option for a 25-year lease of the Crest, with the loan fully amortized over a 20-year term at an interest rate at the current SBA rate of approximately 11.9%. The note would become due and payable upon sale of the operation and the Agency reserved the right to approve any sale or assignment of interest in the operation.

As of the date of this report, the Guild Partnership has been unable to obtain financing. For several reasons bank officials indicated that the Crest is a relatively poor risk loan and the chances of loss of loan funds were great. The lender bank would be in the first position in the event of failure of this project, SBA in second and the Agency in the third position. The Guild

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SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

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September 5, 1985

Partnership had relatively little experience running this type of business even though individually, the partners' experience is extensive. Further, the Crest was being rehabilitated as a single purpose theatre use, and the lease would only be useful to another theatre operator. If the Guild failed to generate revenues sufficient to repay all loans, only another theatre operation could take its place and continue to use the leasehold improvements.

Based upon the Guild's inability to meet the conditions placed on approval of the Agency's \$350,000 loan commitment, Agency staff met with the Guild Partnership in July of this year to discuss the status of the project. In August the Guild Partnership stated that they were unable to perform and notified the Agency that the \$350,000 loan commitment could not be used. The Partnership had cancelled their month-to-month lease and had closed down the project (see Exhibit I).

FINANCIAL DATA

A conditional commitment of \$350,000 (existing cash) from the Downtown Commercial Rehab Loan Program had been set aside for the Crest Theatre project.

ENVIRONMENTAL REVIEW

These actions do not require environmental review.

POLICY IMPLICATIONS

The actions recommended in this report would revise the policies adopted in Resolution 84-013 to be superseded by the attached resolution.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

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VOTE AND RECOMMENDATION OF COMMISSION

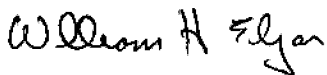
At its regular meeting of September 16, 1985 the Sacramento Housing and Redevelopment Commission adopted a motion recommending adoption of the attached resolution. The votes were as follows:

AYES: Amundson, Glud, Lopez, Moose, Pettit, Sanchez,
Teramoto, Walton, Wooley, Angelides
NOES: None
ABSENT: Luttrell


RECOMMENDATION

The staff recommends adoption of the attached resolution which terminates the \$350,000 loan commitment to the Guild Partnership for renovation of the Crest Theatre and returns the funds to the Downtown Developer Assistance Program.

Respectfully submitted,


WILLIAM H. EDGAR
Executive Director

TRANSMITTAL TO COUNCIL:


WALTER J. SLIFE
City Manager

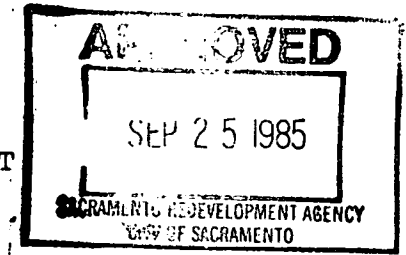
Contact Person: THOMAS V. LEE, 440-1315

RESOLUTION NO. RA 85-080 ²⁸

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO
ON DATE OF

September 25, 1985

TERMINATION OF REHABILITATION LOAN
FOR CREST THEATER RENOVATION PROJECT



BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY
OF SACRAMENTO:

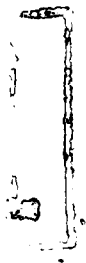
Section 1: The \$350,000 loan commitment for renovation
of the Crest Theater, Resolution 84-103, is hereby terminated and
the funds are returned to the Commercial Rehabilitation Loan
Program.

CHAIR

ATTEST:

SECRETARY

z:racsCrest





**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



28

August 20, 1985

Mr. Herb Liverett, Sr.
The Guild Partnership/Crest
Theatre
1013 K Street Mall
Sacramento, CA 95814



Dear Mr. Liverett:

On May 3, 1985 I wrote to you concerning the status of the Crest Theatre renovation and expressed my concern that the Guild Partnership had been unable to implement the project. The Agency had conditionally committed \$350,000 to the Crest Theatre renovation from the Downtown Commercial Rehab Loan Program. My concern was that numerous demands were being made on the Commercial Rehab Loan Program and the \$350,000 had sat, unused, since February 20, 1984. I expressed these concerns to you and requested that you either implement the renovation or that the funds be returned to the Downtown Commercial Rehab Loan Program.

As a response to my request you met with Andy Plescia and Dave Shore in July and requested 120 days to bring the renovation to construction stage. It is now my understanding that, in a telephone conversation today with Agency staff, your partnership is unable to proceed with the Crest Theatre renovation, that you have terminated your lease of the building, and no longer require the \$350,000 loan commitment.

Based upon the above information, I will request at the September 9th Sacramento Housing and Redevelopment Commission meeting that the \$350,000 be returned to the Downtown Commercial Rehab Loan Program fund to be used for other projects.

Sincerely,

WILLIAM H. EDGAR
Executive Director

CB:kd

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EXHIBIT I
**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



May 3, 1985

Mr. Herb Liverett, Sr.
The Guild Partnership/Crest
Theatre
1013 K Street Mall
Sacramento, CA 95814

Dear Mr. Liverett:

On February 20, 1984 the Sacramento Housing and Redevelopment Agency adopted Resolution No. 84-013 authorizing the Agency to execute a loan, not to exceed \$350,000 with your partnership for leasehold improvements to the Crest Theatre.

It has been 14 months since this Agreement and little progress has been made by your partnership to bring this matter to a successful closure.

Therefore, I am requesting that you either satisfy the conditions listed in the attached resolution within thirty (30) days (by June 4, 1985) in order that I may finalize the loan commitment or I shall bring this matter up before the Agency and request that the \$350,000 set aside for the Crest Theatre be returned to the Commercial Rehabilitation Loan Program.

Sincerely,

William H. Edgar
WILLIAM H. EDGAR
Executive Director

Attachment

WHE/CB:kd

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