City of Culver City, California

Redevelopment Agency Agenda Item Report

MEETING DATE: 9/18/06

AGENDA ITEM: **Receive and File an Update Regarding Pacific Theatres Performance for Fiscal Year 2005-2006.**

ATTACHMENTS

SUMMARY TABLE
NET AGENCY REVENUE
PACIFIC THEATER - 12 PLEX
CULVER CITY, CALIFORNIA

		Actual	Projected	Variance
I.	Theater Opening Through June, 2006	$2,499,184	$1,664,929	$834,256
II.	Fiscal Years			
	2003/04	$666,977	$541,359	$125,618
	2004/05	$847,802	$555,497	$292,305
	2005/06	$984,405	$568,072	$416,332

TABLE 1

MONTHLY CASH FLOW
PACIFIC THEATER - 12 PLEX
CULVER CITY, CALIFORNIA

		First Quarter			Second Quarter			Third Quarter			Fourth Quarter			
		07/01/05	08/05/05	09/02/05	09/30/05	11/04/05	12/02/05	12/30/05	02/03/06	03/03/06	03/31/06	05/05/06	06/02/06	
		08/04/05	09/01/05	09/29/05	11/03/05	12/01/05	12/29/05	02/02/06	03/02/06	03/30/06	05/04/06	06/01/06	06/29/06	Total
I.	Gross Income	$759,152	$461,359	$399,833	$519,637	$668,966	$629,180	$566,979	$399,212	$390,862	$611,969	$688,437	$710,920	$6,806,506
II.	Cinema Expenses													
	General	$469,652	$299,089	$263,102	$326,406	$447,929	$379,190	$376,775	$273,424	$307,777	$404,292	$469,853	$461,655	$4,479,144
	Pacific Management Fee	83,603	54,223	19,438	48,368	56,783	68,123	64,672	41,616	13,889	59,199	68,048	76,614	654,576
	Cinema Loan Repayment to Agency	1,786	1,786	1,786	1,786	1,786	1,786	1,786	1,786	1,786	1,786	1,786	1,786	21,432
	Total Cinema Expenses	$555,041	$355,098	$284,326	$376,560	$506,498	$449,099	$443,233	$316,826	$323,452	$465,277	$539,687	$540,055	$5,155,152
III.	Net Operating Income	$204,111	$106,261	$115,507	$143,077	$162,468	$180,081	$123,746	$82,386	$67,410	$146,692	$148,750	$170,865	$1,651,354
IV.	Other Expenses													
	Property Tax	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$120,000
	CAM/Insurance	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	36,000
	Capital Reserve	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
	Total Cinema Expenses	$23,000	$23,000	$23,000	$23,000	$23,000	$23,000	$23,000	$23,000	$23,000	$23,000	$23,000	$23,000	$276,000
V.	Accrual to Cash Accounting Adjustments	$1,773	($17,361)	$3,449	$38,691	$17,097	$22,579	$129	($8,275)	($26,850)	$5,494	$3,885	($10,791)	$29,820
VI.	Total Other Expenses & Accounting Adjustments	$24,773	$5,639	$26,449	$61,691	$40,097	$45,579	$23,129	$14,725	($3,850)	$28,494	$26,885	$12,209	$305,820
VII.	Current Period Net Cash Flow	$179,338	$100,622	$89,058	$81,386	$122,371	$134,502	$100,617	$67,661	$71,260	$118,198	$121,865	$158,656	$1,345,534
VIII.	Negative Cash Flow Repayment to OM	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
IX.	Available Theater Cash Flow	$179,338	$100,622	$89,058	$81,386	$122,371	$134,502	$100,617	$67,661	$71,260	$118,198	$121,865	$158,656	$1,345,534

TABLE 2

MONTHLY CASH FLOW DISTRIBUTION
PACIFIC THEATER - 12 PLEX
CULVER CITY, CALIFORNIA

		First Quarter			Second Quarter			Third Quarter			Fourth Quarter			
		07/01/05 08/04/05	08/05/05 09/01/05	09/02/05 09/29/05	09/30/05 11/03/05	11/04/05 12/01/05	12/02/05 12/29/05	12/30/05 02/02/06	02/03/06 03/02/06	03/03/06 03/30/06	03/31/06 05/04/06	05/05/06 06/01/06	06/02/06 06/29/06	Total
I.	**Available Theater Cash Flow (See TABLE 1)**	$179,338	$100,622	$89,058	$81,386	$122,371	$134,502	$100,617	$67,661	$71,260	$118,198	$121,865	$158,656	$1,345,534
II.	Threshold Amount Payment to OM													
	Scheduled Amount	$11,300	$11,300	$11,300	$11,300	$11,300	$11,300	$11,300	$11,300	$11,300	$11,300	$11,300	$11,300	$135,600
	Shortfall to be Carried Over Without Interest	0	0	0	0	0	0	0	0	0	0	0	0	0
	Actual Payment	$11,300	$11,300	$11,300	$11,300	$11,300	$11,300	$11,300	$11,300	$11,300	$11,300	$11,300	$11,300	$135,600
III.	**Tier 1 Rent (Pd to Agency Used for OM $1.2 m note)**	**$16,413**	**$16,413**	**$16,413**	**$16,413**	**$16,413**	**$16,413**	**$16,413**	**$16,413**	**$16,413**	**$16,413**	**$16,413**	**$16,413**	**$196,961**
IV.	Management Fee to OM													
	Scheduled Amount	$4,167	$4,167	$4,167	$4,167	$4,167	$4,167	$4,167	$4,167	$4,167	$4,167	$4,167	$4,167	$50,000
	Shortfall to be Carried Over Without Interest	0	0	0	0	0	0	0	0	0	0	0	0	0
	Actual Payment	$4,167	$4,167	$4,167	$4,167	$4,167	$4,167	$4,167	$4,167	$4,167	$4,167	$4,167	$4,167	$50,000
V.	CF Available for Debt Svc & Distribution	$147,458	$68,742	$57,178	$49,506	$90,491	$102,622	$68,737	$35,781	$39,380	$86,318	$89,985	$126,776	$962,973
VI.	Debt Service on Agency Funding													
	$1.0 MILLION AGENCY LOAN TIER 2 RENT													
	Scheduled Amount	$10,624	$10,624	$10,624	$10,624	$10,624	$10,624	$10,624	$10,624	$10,624	$10,624	$10,624	$10,624	$127,485
	Shortfall to be Carried Over Without Interest	0	0	0	0	0	0	0	0	0	0	0	0	0
	Actual Payment: Tier 2 Rent	**$10,624**	**$10,624**	**$10,624**	**$10,624**	**$10,624**	**$10,624**	**$10,624**	**$10,624**	**$10,624**	**$10,624**	**$10,624**	**$10,624**	**$127,485**
	$11.5 MILLION AGENCY LOAN TIER 3 RENT													
	Scheduled Amount	$72,615	$72,615	$72,615	$72,615	$72,615	$72,615	$72,615	$72,615	$72,615	$72,615	$72,615	$72,615	$871,385
	Shortfall to be Carried Over Without Interest	779,635	715,418	729,914	755,975	789,708	782,457	763,074	777,576	825,035	868,894	865,815	859,069	9,512,568
	Actual Payment: Tier 3 Rent	**$136,834**	**$58,118**	**$46,554**	**$38,882**	**$79,867**	**$91,998**	**$58,113**	**$25,157**	**$28,756**	**$75,694**	**$79,361**	**$116,152**	**$835,487**
	Total Debt Service on Agency Funding	**$147,458**	**$68,742**	**$57,178**	**$49,506**	**$90,491**	**$102,622**	**$68,737**	**$35,781**	**$39,380**	**$86,318**	**$89,985**	**$126,776**	**$962,973**
VII.	Cash Flow Available for Distribution	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
VIII.	**Agency Share of CF @ 75% (Tier 4 Rent)**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

TABLE 3

SUMMARY OF AGENCY REVENUE
PACIFIC THEATER - 12 PLEX
CULVER CITY, CALIFORNIA

	First Quarter			Second Quarter			Third Quarter			Fourth Quarter			
	07/01/05 08/04/05	08/05/05 09/01/05	09/02/05 09/29/05	09/30/05 11/03/05	11/04/05 12/01/05	12/02/05 12/29/05	12/30/05 02/02/06	02/03/06 03/02/06	03/03/06 03/30/06	03/31/06 05/04/06	05/05/06 06/01/06	06/02/06 06/29/06	Total
REVENUE													
I. Cinema Loan Repayment to Agency	$1,786	$1,786	$1,786	$1,786	$1,786	$1,786	$1,786	$1,786	$1,786	$1,786	$1,786	$1,786	$21,432
II. Tier 1 Rent (Pd to Agency Used for OM $1.2 m note)	$16,413	$16,413	$16,413	$16,413	$16,413	$16,413	$16,413	$16,413	$16,413	$16,413	$16,413	$16,413	$196,961
III. Actual Payment: Tier 2 Rent	$10,624	$10,624	$10,624	$10,624	$10,624	$10,624	$10,624	$10,624	$10,624	$10,624	$10,624	$10,624	$127,485
IV. Actual Payment: Tier 3 Rent	$136,834	$58,118	$46,554	$38,882	$79,867	$91,998	$58,113	$25,157	$28,756	$75,694	$79,361	$116,152	$835,487
V. Agency Share of CF @ 75% (Tier 4 Rent)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Agency Revenue	$165,657	$86,941	$75,377	$67,705	$108,690	$120,821	$86,936	$53,980	$57,579	$104,517	$108,184	$144,975	$1,181,366
EXPENSES													
I. OM Construction Contribution Note Obligation	$16,413	$16,413	$16,413	$16,413	$16,413	$16,413	$16,413	$16,413	$16,413	$16,413	$16,413	$16,413	$196,961
NET AGENCY REVENUE	$149,244	$70,528	$58,964	$51,292	$92,277	$104,408	$70,523	$37,567	$41,166	$88,104	$91,771	$128,562	$984,405

EXHIBIT C

Pacific Theatres Loan Repayment Hierarchy

Repayment of the Agency's expenditure and OM's officers' loan will be made from Theater revenues once operational expenses and the Threshold Amount (defined below) have been deducted. Notwithstanding, if remaining revenues are not available to fund the "First Tier" payment (as defined below), the Agency is obligated to make that payment from other available funds. The payment hierarchy is as follows:

	Purpose	Amount (annual)
Threshold Amount	Compensation to OM for expenses of actual money, efforts and energies during the extended time for the Town Plaza Project approvals due to extensive revisions, threatened lawsuits and initiative election.	$135,600 for 10 years. ($11,300 scheduled monthly payment)
First Tier	Repayment of principal and interest to OM's officers for the $1.2 million loan to construct one of the additional two Theater screens.	$196,961 for 11 years. ($16,413 scheduled monthly payment)
Second Tier	Repayment of principal to Agency for the $1 million to construct the additional Theater screen.	$127,476 for 11 years. ($10,624 scheduled monthly payment)
Third Tier	Repayment of principal to Agency for initial $11.4 million to construct a ten screen theater.	$871,380 for 30 years. ($72,615 scheduled monthly payment)
Fourth Tier	Additional compensation to Agency and OM if additional revenues remain after all of the payments described above has been satisfied.	Agency to receive 75% of the remaining funds and OM to receive 25%.

Loan Re-payment vs. DDA schedule

The financial analysis utilized in the Agency's decision making process indicated that it will take the entire loan period to realize full re-payment for the Agency loans. It is important to note that the scheduled amount in the DDA does not reflect performance standards, but were determined to set equal payments over the loan period and fully amortize Agency Loans prior to a profit Sharing scenario described in the Fourth Tier. The financial analysis recognized that 100% of the schedule debt service payments on the 11.4 million (Third Tier) may not be achieved until the 12th year of operation.