

MEETING DATE: 01/30/12

AGENDA ITEM: CITY COUNCIL ITEM: Approval of Commitment Letter for the Sale of Property Located at 9814 Washington Boulevard to the Jazz Bakery for redevelopment as a live performance theatre.

ATTACHMENTS

<u>No.</u>	<u>Item</u>	<u>Pages</u>
1	January 13, 2012 Jazz Bakery Proposal	1-6
2	Commitment Letter	7-16
3	Summary Report Pursuant to Section 33433 of the California Health and Safety Code.	17-23
4	Public Notices	24-26

ATTACHMENT 1

PROGRAM AREAS
(N.S.F.)

JAZZ BAKERY

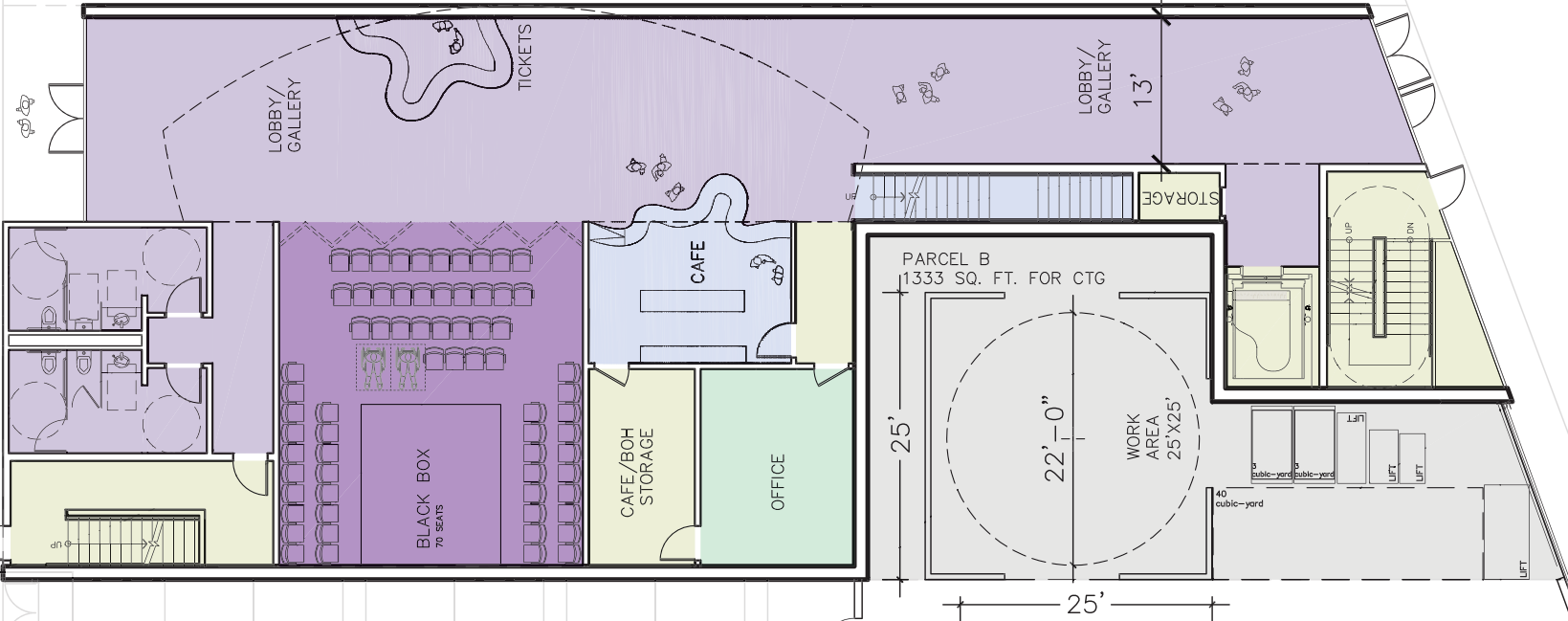
LOBBY/GALLERY:2026
CAFE:195
PUBLIC RESTROOMS:292
BLACK BOX:794
CAFE:397
OFFICE:230
BOH/STORAGE:252
VERTICAL CIRCULATION:627
TOTAL: 4813
GROSS AREA
4919 SQ.FT.

CENTER THEATER
PARCEL B:1333

WASHINGTON BLVD.

CULVER BLVD.

TRANSFORMER TO BE
RELOCATED UNDER SIDEWALK



GEHRY PARTNERS, LLP.
ARCHITECT
12541 BEATRICE STREET LOS ANGELES, CALIFORNIA 90066
TEL: 310-482-3000 FAX: 310-482-3006

TWO LEVEL SCHEME - 250 SEATS
GROUND FLOOR
JAZZ BAKERY
PROJECT NO: 2011-003 DATE: JAN 10, 2012 SCALE: 1/16"=1'-0"

ATTACHMENT 1

PROGRAM AREAS
(N.S.F.)

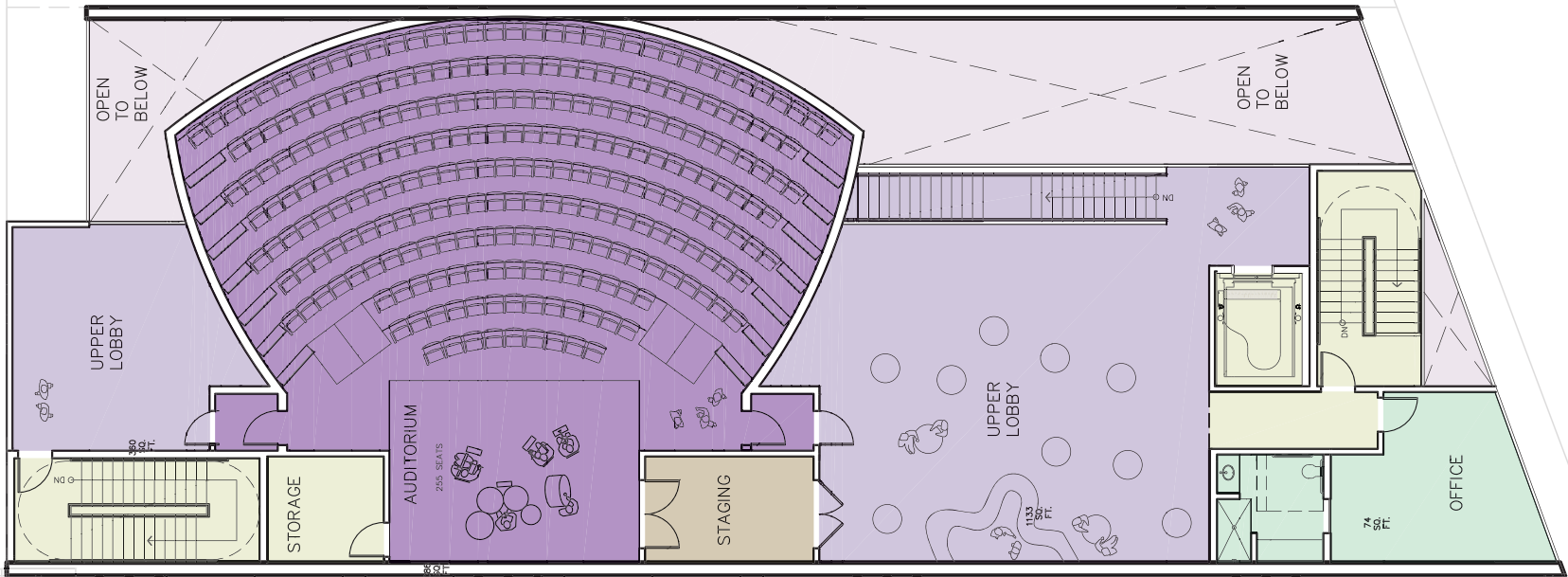
JAZZ BAKERY

UPPER LOBBY_MAIN:1133
UPPER LOBBY_NORTH:360
AUDITORIUM:2086
LOADING/STAGING:138
OFFICE:319
BOH/STORAGE:170
TOTAL: 4206

GROSS AREA
4541 SQ.FT.

WASHINGTON BLVD.

CULVER BLVD.



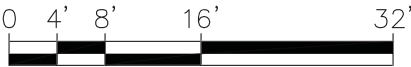
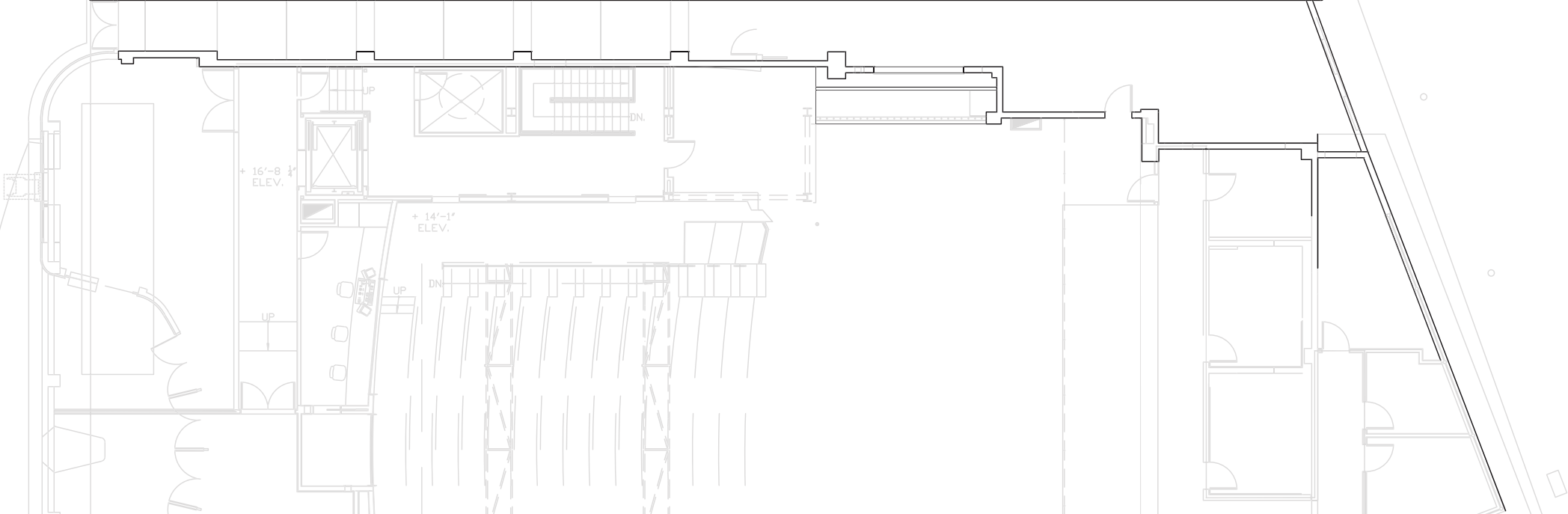
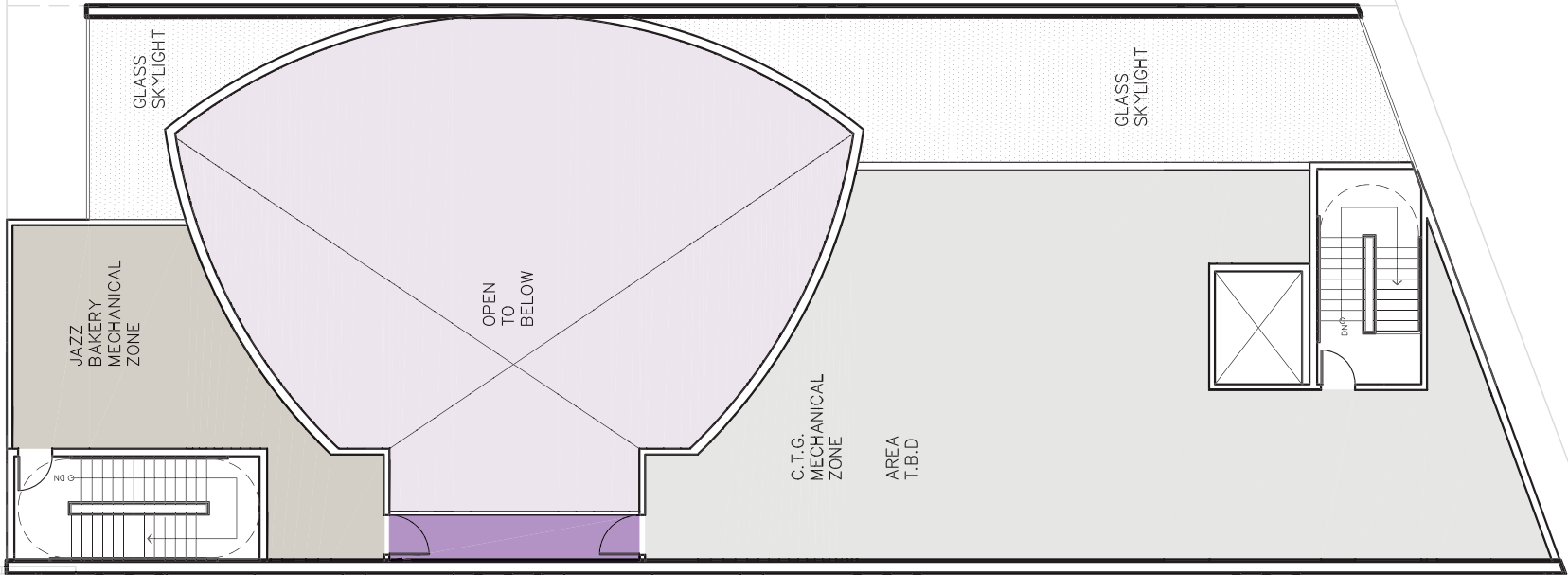
GEHRY PARTNERS, LLP.
ARCHITECT
12541 BEATRICE STREET LOS ANGELES, CALIFORNIA 90066
TEL: 310-482-3000 FAX: 310-482-3006

TWO LEVEL SCHEME -250 SEATS
SECOND FLOOR
JAZZ BAKERY
PROJECT NO: 2011-003 DATE: JAN 10, 2012 SCALE: 1/16"=1'-0"

ATTACHMENT 1

WASHINGTON BLVD.

CULVER BLVD.



GEHRY PARTNERS, LLP.
ARCHITECT
12541 BEATRICE STREET LOS ANGELES, CALIFORNIA 90066
TEL: 310-482-3000 FAX: 310-482-3006

TWO LEVEL SCHEME -250 SEATS
ROOF PLAN
JAZZ BAKERY
PROJECT NO: 2011-003 DATE: JAN 10, 2012 SCALE: 1/16"=1'-0"

ATTACHMENT 1

EXHIBIT I

Jazz Bakery Capital Plan

Preliminary and Subject to Change

2 Story - 2 Theater - Paskin Site in Culver City designed by Frank Gehry

(\$000)

Preliminary Estimate of Buiding Costs:

Building	\$ 7,000
FFE	\$ 1,000
Fees	\$ 700
Parking	TBD
CTG associated Costs	\$ 400
Project Management	\$ 300
Transition Costs	<u>\$ 800</u>
Total Requirements	\$ 10,200

Preliminary Esitmate of Funding Sources:

Grants Received	<u>\$ 2,000</u>
Planned Capital Campaign	\$ 8,200
Targeted Sources:	
Individuals	\$ 5,000
Institutions	\$ 3,000
Events	<u>\$ 200</u>
Total Funding	\$ 8,200

ATTACHMENT 1

Jazz Bakery Preliminary Operational Plan

EXHIBIT II

Preliminary and Subject to Change

2 Story - 2 Theater - Paskin Site in Culver City designed by Frank Gehry

	<u>2007 Actual</u> <u>(prior Theater)</u> (\$000)	<u>Projected - New Buiding Operational</u> (\$000)
Cost of Operations:		
Artist Director		\$ 100
Executive Director		\$ 100
General Operations		\$ 100
Admin/Finance		\$ 50
Marketing & PR		\$ 30
Development		\$ 40
Performance Space - Occupancy	\$ 77	\$ 80
Other Operations	\$ 173	\$ -
Total Costs	\$ 250	\$ 500
Net Production Income (Exhibit IIa)	\$ 126	\$ 200
Other Earned/Rentals	\$ 35	\$ 50
Earned Revenues	\$ 161	\$ 250
Philanthropic Support	\$ 89	\$ 250
Philanthropic Sources:		
Grants		\$ 150
Individuals		\$ 50
Events	\$ -	\$ 50
Total Philanthropic	\$ 130	\$ 250
Net Cash Flow	\$ 41	\$ -

Summary P&L

Revenues:	
Ticket Sales	\$ 850
Rentals	\$ 50
Grants	\$ 200
Events	\$ 50
Total	\$ 1,150
Expenses:	
Artist Fees & Production	\$ 650
Operations	\$ 500
	\$ 1,150

ATTACHMENT 1

Estimated Annual Production Income Assumptions

EXHIBIT IIa

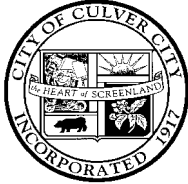
Preliminary and Subject to Change

2 Story - 2 Theater - Paskin Site in Culver City designed by Frank Gehry

	<u>New Building</u>
Seats	250
Shows per year	<u>250</u>
Seats Available	62,500
Paid Attendance	40%
Seats Sold	25,000
Ticket Price	\$ 35.00
Gross Revenue	\$875,000
	3,500
Artist Fees & Production	75%
Gross Expense	\$ 656,250
Net Revenue	\$218,750
Average Cost per Show	2,625

Note: Actual Tickets Sold:

2007	18,660
2008	21,468



Sol Blumenfeld
Community Development Director

ATTACHMENT 2

CITY OF CULVER CITY

9770 Culver Boulevard, Culver City, California 90232

310 253-5700
310 253-5779 Fax

January 31, 2012

* Via Certified Mail,
Return Receipt Requested

Ruth Price, President and Artistic Director
The Jazz Bakery Performance Center
1836 Benedict Canyon Road
Beverly Hills, California 90210

Re: Sale and Development of City of Culver City Owned Property
Located at 9814 Washington Boulevard,
Culver City, California 90232

Dear Ms. Price:

On behalf of the City of Culver City ("City"), I am pleased to inform you that the City has approved a commitment to Jazz Bakery Performance Center, a California non-profit corporation (the "Buyer") for the City's disposition of that certain real property located at 9814 Washington Boulevard, Culver City, California, also known as APN No. 4207-006-915 and described in the legal description attached hereto as Exhibit A and incorporated herein by this reference (the "Property"), and Buyer's development and construction thereon of a premier live performance state of the art jazz venue with two hundred and fifty (250) seats, ground level lobby, a jazz museum, black box performance area and a bakery/café with outdoor dining, consistent with that certain proposal dated January 13, 2012 (the "Proposal") submitted by Buyer to the Culver City Redevelopment Agency, a public body, corporate and politic (the "Agency") which Proposal is hereby incorporated herein by this reference (the "Project"). By entering into this commitment, the goal of the City and Buyer is to provide a Project which implements the City's General Plan, completes the objectives of reanimating the Downtown area, and compliments the redevelopment activities already begun in the Downtown area.

Unless otherwise agreed in writing by the City in its sole discretion, the City's approval of this commitment is subject to and contingent upon the following terms and conditions. This conditional commitment will expire on March 30, 2012, unless accepted by the Buyer.

ATTACHMENT 2

TERMS AND CONDITIONS

1. The Project will consist of the acquisition of the Property by Buyer from the City and the development thereon of a premier live performance state of the art jazz venue with two hundred and fifty (250) seats, ground level lobby, a jazz museum, black box performance area and a bakery/ café with outdoor dining.
2. The Project will be LEED certified and will comply with the CalGreen requirements, photovoltaic requirements and green building requirements as mandated by the City.
3. The Project will be developed consistent with (i) the Proposal (which is subject to changes or revisions as mutually agreed to in writing by the City and Buyer), (ii) the Redevelopment Plan for the Culver City Redevelopment Project Area approved and adopted by the City pursuant to Ordinance No. 98-014 on November 23, 1998, as amended pursuant to Ordinance 98-015 on November 23, 1998, (iii) plans and specifications approved by the City, and (iv) all applicable local, state and federal laws, rules and regulations. Each of the documents described in this paragraph are hereby incorporated herein by this reference.
4. This commitment is contingent upon the written approval of CTG as lessee of a portion of the Property and a holder of certain development rights to the Property pursuant to that certain Lease Agreement entered into by and between the City (as successor landlord) and CTG on or about September 4, 2003 ("Lease Agreement"). Such approval by CTG includes approval for the Buyer's development of the Project on the Property until such time the initial ten (10) year time period from the term of the Lease Agreement expires, as set forth in Section 202(d) of the Lease Agreement.
5. The Property shall be conveyed to Buyer from the City subject to the Lease Agreement as it currently exists and/or as such Lease Agreement may be amended.
6. The City's commitment hereunder is based on the Buyer's submittal of a final financial pro forma within 90 days following execution of this document, estimating the total development costs for the Property and the Project shown below (these are current projections and are subject to change). The Buyer shall prepare and submit a final sources and uses project budget for approval by the City at the respective time provided in the schedule of performance (see paragraph 22 below). Line item estimates of the uses of funds shall be supported by such documentation, including appraisals and construction cost estimates, as may reasonably be required by the City Manager or designee. The final sources and uses of funds for the Property and Project shall be consistent with the project budget except as otherwise approved by the City Manager or designee.

ATTACHMENT 2

Jazz Bakery Commitment Letter
January 31, 2012
Page 3 of 10

Permanent Sources of Funds

Permanent Lender	\$ _____
Buyer Equity	\$ _____
Philanthropic Resources	\$250,000
Annenberg Foundation Grant	<u>\$2,000,000</u>
Total	\$10,200,000 ₁

7. The Buyer shall be responsible, without any cost to the City, for obtaining all funds necessary to pay costs to construct the Project, including, but not limited to costs of demolishing any improvements on the Property, developing the Property, constructing the improvements, including any offsite or onsite improvements required by the City in connection therewith, and all other costs necessary to complete the Project. Buyer shall be solely responsible for developing and constructing the Project including the costs to provide code complying parking subject to this commitment.

8. Buyer shall prepare for City approval an Operations/Business Plan identifying annual costs and revenues to operate the Project over a five year period.

9. Buyer shall pay all costs for relocating HVAC equipment and electrical transformers within the CTG craft area to accommodate Buyer's construction of the Project. As of the date of this commitment, the estimated cost to relocate the HVAC, boiler and electrical transformer to an above grade location equals \$575,000. Buyer shall be responsible for estimating and funding any below grade installation of HVAC equipment, electrical transformers, boilers or other related equipment. In any event the Buyer assumes all costs for estimating and relocating the specified equipment pursuant to City requirements and obligations.

10. At the sole cost of Buyer, City shall use commercially reasonable efforts to facilitate the Kirk Douglas Theater HVAC and SCE transformer relocation.

11. At the closing of the construction financing for the Project, the City will convey the Property to Buyer for the purchase price of \$ 0 subject to and conditioned upon the terms and conditions of this commitment.

12. Buyer shall provide all required parking in accordance with the Culver City Municipal Code.

₁ Please note, the final estimated cost to acquire and develop the Project set forth herein must include costs attributed to parking and required HVAC relocation costs.

ATTACHMENT 2

13. In connection with the parking requirements, the total number of code complying parking spaces required for the Project will be as determined by the City. To satisfy the parking needs of the Project, Buyer shall make an in lieu parking payment to the City and/or secure off-site parking to serve the Project, in order to provide parking that complies with the City's municipal code. In addition, Buyer shall comply with the Culver City Municipal Code and any and all requirements of the City.

14. At the closing of the construction financing for Project, certain documents will be recorded against the Property, as applicable, that will evidence and secure the City's required use and operating covenants of the Property, including, but not limited to an Agreement Containing Covenants, or similar document, restricting for at least sixty (60) years the use of the Property as a premier live performance state of the art jazz venue or other use approved by the City Manager or designee. At the closing of the construction financing for the Project, Buyer will also provide a performance guaranty in favor of the City, in form and substance approved in writing by the City Manager or designee. Notwithstanding the foregoing sentence, this commitment is not intended to describe all of the requirements, terms, conditions and documents necessary or required therefor; each of the parties hereto shall execute such other and further documents and do such further acts as may be reasonably required to effectuate the intent of the parties hereto and carry out the terms of this commitment. The City Manager or designee is authorized to take such actions on behalf of the City that are consistent with this commitment, without further approval from the City Council of the City.

15. The Buyer shall comply with State Prevailing Wage and/or Federal Davis-Bacon requirements, if applicable, and shall indemnify and hold harmless the City in connection therewith.

16. Any transfer of the Buyer's interests in the Property or this commitment is prohibited, unless the City has granted its prior written consent thereto, which shall not be unreasonably withheld or delayed.

17. Events of default by the Buyer will permit the City, after notice and opportunity to cure, to pursue appropriate remedies, including the City's right to enter and retake the Property. These events may include, but are not limited to, failure to complete timely the development of the Project as required by this commitment, failure to comply with use restrictions, transfers of interests in the Buyer or in the Project without the reasonable prior consent of the City, failure to comply with terms and conditions of covenants, deeds of trust, and similar occurrences.

18. Buyer shall purchase the Property "AS IS, WHERE IS", and "WITH ALL FAULTS", after such inspection, analysis, examination and investigation Buyer cares to make and expressly without City's covenant, warranty or representation as to physical condition, title, leases, rents, revenues, income, expenses,

ATTACHMENT 2

operation, zoning or other regulation, compliance with law, suitability for particular purposes or any other matter whatsoever. City has no obligation to make repairs, replacements or improvements to the Property, or to pay any fees, costs or expenses related to the Property.

19. The Buyer shall obtain all land use entitlements, approvals and permits necessary for the development of the Project not already obtained and shall pay all fees in connection therewith, including, but not limited to the review and processing of such land use entitlements, approvals and permits by the City.

20. The Buyer's architect and general contractor shall be subject to the reasonable approval of the City Manager or designee.

21. The Project shall be subject to compliance with all applicable environmental requirements (e.g., CEQA and/or NEPA).

22. Within sixty (60) days after the date of this commitment, the Buyer shall prepare and submit a scope of development for approval by the City. The City Manager or designee shall have the right to review and approve all design drawings and plans for the Project. All plans for the construction of the Project shall be subject to applicable City design review approval procedures, and shall be consistent with and a logical evolution of the scope of development, except as otherwise approved by the City Manager or designee.

23. Within sixty (60) days after the date of this commitment, the Buyer shall prepare and submit a schedule of performance providing for the timely satisfaction of all conditions precedent to the closing and the timely commencement and completion of construction, for approval by the City. Except as otherwise approved by the City Manager or designee, failure to comply with the schedule of performance shall be a default under the terms of this commitment.

24. At the respective times provided in the schedule of performance, the Buyer shall submit for approval by the City Manager or designee evidence of financing consistent herewith and sufficient to completely finance the development of the Project. At the respective times provided in the schedule of performance, Buyer shall also submit to the City a pro forma showing the fiscal feasibility for all aspects of the Project, including on-going operations of the Project, and evidence of quality cafe/bakery tenant commitments.

25. At the respective times provided in the schedule of performance, Buyer shall prepare and submit a final operational maintenance plan for the Project, including, but not limited to a plan for satisfaction of all parking requirements.

26. The Buyer shall submit an audited cost certification following completion of construction.

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Jazz Bakery Commitment Letter
January 31, 2012
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27. Certain portions of the Property shall be offered for rent by Buyer to members of the public for community meetings and performance space, on terms and conditions first reasonably approved in writing by the City Manager or designee.

28. Buyer shall provide quarterly progress reports of Project implementation to the City Manager or designee in a format reasonably requested by the City Manager or designee. These reports, at a minimum, shall include status reports regarding progress associated with the schedule of performance and the Buyer's efforts to secure quality retail and restaurant/bakery tenants for the Project.

29. The Buyer shall indemnify and hold the City harmless for any costs relating to hazardous materials affecting the Property. Prior to the closing, the Buyer shall submit to the City a Phase 1 Environmental Site Assessment. Subject to a right of entry and license approved by the City, the Buyer shall conduct such additional environmental testing as may be necessary to determine that hazardous materials are not present on the Property, or that any hazardous materials on the Property may be remediated without adversely affecting the feasibility of the Project. The Buyer shall execute an environmental indemnity in favor of the City similar to the form of environmental indemnity used in other City or Agency transactions. Buyer shall have the sole responsibility for all costs and fees associated with the removal or remediation of any potentially hazardous materials from the Property, demolition of any improvements on the Property, and relocation of any persons, entities or equipment from the Property.

30. Buyer shall submit for City approval all corporate and partnership or limited liability formation documents, agreements with the tax credit investor, and authorizing resolutions, as applicable.

31. Buyer shall obtain and maintain policies of insurance in the form and in the amounts required by the City, not including earthquake insurance, naming the City as an additional insured and meeting the insurance requirements customarily included in disposition and development agreements.

32. Prior to the closing of the construction financing for the Project, the Buyer shall obtain and submit evidence of insurance, evidence of financing commitments, copies of construction loan documents and such other documentation as customarily included in disposition and development agreements.

33. The City reserves its right, in its sole and absolute discretion, to assign this commitment and all of the City's rights, title and interest in this commitment to an affiliate entity of the City without obtaining the consent or approval of the Buyer or any interested party in the Project.

34. Buyer and its successors-in-interest shall indemnify, defend and hold harmless the City and its elected and appointed officials, officers, employees,

ATTACHMENT 2

Jazz Bakery Commitment Letter
January 31, 2012
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agents, contractors and consultants (individually and collectively, the "Indemnitees") from and against any and all claims, lawsuits, judgments, liability, injury or damage, including without limitation associated and reasonably incurred attorneys' fees and court and litigation costs arising out of the defense of any such claims and/or lawsuits, and actual attorneys' fees and court and litigation costs that may be awarded by the court and required to be paid by the Indemnitees resulting or arising from or in any way connected to this commitment or the Project including, but not limited to the following: (i) any plans or designs for improvements prepared by or on behalf of Buyer, including without limitation any errors or omissions with respect to such plans or designs; (ii) any loss or damage to the City resulting from any inaccuracy in or breach of any representation or warranty of Buyer, or resulting from any breach or default by Buyer under this commitment; and (iii) the death of any person or any accident, injury, loss, or damage whatsoever caused to any person or to the property of any person which shall be directly or indirectly caused by the acts of, or any errors or omissions of, the Buyer or its officers, shareholders, directors, members, agents, servants, employees, contractors, or invitees. Buyer shall not be responsible for any liability, loss, damage, cost, or expense (including reasonable attorney's fees and court costs) arising from or as a result of the gross negligence or willful misconduct of the Indemnitees. The City shall have the sole discretion to select legal counsel to represent the City's legal interests in the defense of any such lawsuits, claims or other actions filed against the City.

35. The obligation of the City to pay any costs in connection with this commitment shall be a special limited obligation of the City payable exclusively from funds paid by the Agency and its successors. Nothing contained herein shall be construed to create any obligation payable from the City of Culver City's general fund.

36. Except as otherwise expressly provided herein, the execution and delivery of this commitment shall not be deemed to confer any rights upon, nor obligate any of the parties hereto, to any person or entity other than the parties hereto.

[Remainder of page intentionally blank]

[Signatures on following page]

ATTACHMENT 2

Jazz Bakery Commitment Letter
January 31, 2012
Page 8 of 10

Please acknowledge your consent to the foregoing terms and conditions by signing and returning a copy of this commitment to my attention. If you have any questions regarding the matters discussed herein, then please do not hesitate to contact Mr. Sol Blumenfeld, Community Development Director for the City, at 310-253-5700.

Sincerely,

CITY OF CULVER CITY,
a municipal corporation

By: _____
John M. Nachbar
City Manager

APPROVED AS TO CONTENT:

By: _____
Sol Blumenfeld
Community Development Director

APPROVED AS TO FORM:

KANE, BALLMER & BERKMAN
City Special Counsel

By: _____
Murray O. Kane

[Signatures Continue on Following Page]

ATTACHMENT 2

Jazz Bakery Commitment Letter
January 31, 2012
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Jazz Bakery Performance Center, a California non-profit corporation, hereby acknowledges and consents to all of the terms and conditions set forth in this commitment.

JAZZ BAKERY PERFORMANCE CENTER,
a California non-profit corporation

By: _____
Its: _____

By: _____
Its: _____

ATTACHMENT 2

Jazz Bakery Commitment Letter
January 31, 2012
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EXHIBIT A

LEGAL DESCRIPTION

Legal Description

The subject property is legally described as Lot 4 in Block 1 of Tract No. 1775, in the city of Culver City, in the county of Los Angeles, state of California, as per Map recorded in Book 21, Page 190 of Maps, in the Office of the Los Angeles County Recorder.

ATTACHMENT 3

**SUMMARY REPORT PURSUANT TO
CALIFORNIA HEALTH AND SAFETY CODE SECTION 33433
ON A
PURCHASE AND SALE AGREEMENT
BY AND BETWEEN
THE CITY OF CULVER CITY
AND
THE JAZZ BAKERY PERFORMANCE CENTER**

The following Summary Report has been prepared pursuant to California Health and Safety Code Section 33433 (Section 33433). The Summary Report sets forth certain details of the proposed Purchase and Sale Agreement (Agreement), as evidenced by a Commitment Letter (Letter), between the City of Culver City (City), and The Jazz Bakery Performance Center, a California non-profit corporation (Developer). The Agreement requires the City to convey the 6,590 square foot parcel located at 9814 Washington Boulevard (Site) to the Developer for the construction of a live performance theater (Project). The purpose of the Agreement is to effectuate the Redevelopment Plan (Redevelopment Plan) for the Component Area No. 3 – Washington/Culver Project Area (Project Area).

The proposed conveyance of the Site to the Developer is subject to the reporting requirements imposed by Section 33433. Specifically, Section 33433 requires the conveying entity to prepare a report that summarizes the financial terms associated with the disposition transaction for the Site. The following Summary Report is based upon the information contained within the Agreement, and is organized into the following seven sections:

- I. Salient Points of the Agreement:** This Section summarizes the major responsibilities imposed on the Developer and the City by the Agreement.
- II. Cost of the Agreement to the City and the Agency:** This section details the costs previously incurred by the Agency, and the additional costs that must be incurred by the City to implement the Agreement.
- III. Estimated Value of the Interests to be Conveyed Determined at the Highest Uses Permitted under the Redevelopment Plan:** This section estimates the value of the interests to be conveyed determined at the highest use permitted under the Redevelopment Plan.
- IV. Estimated Reuse Value of the Interests to be Conveyed:** This section summarizes the valuation estimate for the Site based on the required scope of development, and the other conditions and covenants required by the Agreement.
- V. Consideration Received and Comparison with the Established Value:** This section describes the compensation to be received by the City, and explains any difference between the compensation to be received and the established value of the Site.

ATTACHMENT 3

- VI. Blight Elimination:** This section explains how the Agreement will assist in alleviating blight in the Project Area.
- VII. Conformance with the AB1290 Implementation Plan:** This section describes how the Agreement achieves goals identified in the adopted AB1290 Implementation Plan.

This Summary Report and the Agreement are to be made available for public inspection prior to the approval of the Agreement.

I. SALIENT POINTS OF THE AGREEMENT

Scope of Development

The proposed scope of development includes the following elements:

1. A state-of-the-art jazz venue/live performance theater comprised of approximately 250 seats;
2. A ground level lobby;
3. A jazz museum;
4. A bakery/café with outdoor dining;
5. A second floor performance theater with a mezzanine; and
6. A Black Box Theater.

The City's Parking Code requires the Project to be served by 91 parking spaces. It is anticipated that the parking requirement will be fulfilled through an in lieu parking fee and/or the provision of off-site code complying parking.

CTG Lease

A portion of the Site is leased by Center Theater Group (CTG) for loading and other purposes to serve its use of the adjacent parcel located at 9820 Washington Boulevard. The CTG rights to the Site are pursuant to the Lease Agreement (Lease) by and between the City and CTG, dated September 4, 2003. The City is responsible for arriving at a mutually satisfactory agreement with CTG to amend the Lease and to provide CTG with an interest in the Project that provides comparable space and preserves on the Site the loading and other uses. The Agreement and the Project are contingent upon receiving written approval from CTG.

ATTACHMENT 3

Developer Responsibilities

The Agreement requires the Developer to accept the following responsibilities:

1. The Developer must accept conveyance of the Site in an “as-is” condition.
2. The Project must be consistent with the following:
 - a. All plans and specifications approved by the City; and
 - b. All applicable local, state and federal laws, rules, and regulations.
3. The Developer will construct the Project to a LEED certified standard and will comply with the CalGreen requirements, photovoltaic requirements, and green building requirements as mandated by the City.
4. The Project approval is subject to the Developer's compliance with all applicable environmental requirements (NEPA, CEQA, etc.).
5. The Developer shall prepare and submit a Project sources and uses budget for approval by the City, including back up documentation as requested by the City. The final sources and uses of funds for the Project must be consistent with the budget except as otherwise approved by the City.
6. The Developer must submit for City approval all corporate and partnership or limited liability formation documents, agreements with the tax credit investor, and authorizing resolutions, as applicable.
7. The Developer must obtain and maintain insurance policies as required by the City.
8. The Developer must comply with the Culver City Municipal Code and any other requirements of the City regarding parking. The City and the Developer will mutually agree upon the manner in which this parking requirement is fulfilled.
9. The Developer must submit a Scope of Development for approval by the City. The City has the right to review and approve all design drawings and plans for the Project and all plans shall be subject to applicable City design review procedures.
10. The Developer must adhere to a Schedule of Performance for Project implementation. The Developer must provide quarterly progress reports of Project implementation.
11. The Developer must submit the following at the respective times provided in the Schedule of Performance:
 - a. Evidence of financing that is sufficient to completely finance the development of the Project;

ATTACHMENT 3

- b. A pro forma showing the fiscal feasibility of all aspects of the Project operations, including evidence of quality retail and restaurant/bakery tenant commitments;
 - c. An operational maintenance plan for the Project, including, but not limited to a plan for satisfying the parking requirements; and
 - d. A performance guaranty approved in writing by the City.
- 12. The Developer must obtain approval of the Project architect and general contractor from the City.
 - 13. The Developer must obtain all land use entitlements, approvals, and permits necessary for the development of the Project that are not already obtained, and must pay all related fees.
 - 14. The Developer must indemnify the City for any costs relating to hazardous materials affecting the Site. The Developer accepts all responsibility for costs and fees associated with the removal or remediation of any potentially hazardous materials from the Site, demolition of any improvements on the Site, and relocation of any persons, entities or equipment from the Site.
 - 15. The Developer must pay for the cost of relocating the HVAC equipment and electrical transformer within the CTG craft area to accommodate construction of the Project. The estimated cost to relocate the HVAC equipment is \$575,000 for an above grade relocation.
 - 16. The Developer must comply with state prevailing wage and/or federal Davis-Bacon requirements, if applicable.
 - 17. The Developer must submit to the City an audited cost certification following completion of construction.
 - 18. The Developer must enter into an Agreement Containing Covenants, or similar document, restricting the use of the Site for at least 60 years as a live performance jazz venue or other use approved by the City.
 - 19. The Developer may not transfer its interest in the Project without prior written consent from the City.
 - 20. The Developer must rent community meeting and rehearsal space to the public.
 - 21. The Developer agrees to indemnify the City from any and all claims resulting from the implementation of the Agreement and the construction of the Project.

ATTACHMENT 3

City Responsibilities

The Agreement imposes the following responsibilities on the City:

1. The City must convey the Site to the Developer for the purchase price of \$0, subject to the terms and conditions of the Agreement.
2. The City must use commercially reasonable efforts to amend the Lease with CTG to facilitate construction of the Project.
3. The City agrees to facilitate the HVAC and transformer relocation, at the Developer's expense.

II. COST OF THE AGREEMENT TO THE CITY AND THE AGENCY

The Agency previously incurred costs totaling \$337,805 associated with assembling the Site.

	Total Dollars
Property Acquisition	\$280,000
Relocation Costs	55,940
Miscellaneous Improvement Costs	1,865
Total Previously Incurred Costs	\$337,805

If the Project parking requirement is met through the payment of an in-lieu fee, the City will receive a payment of up to \$1,911,000, based on 91 required spaces and an in-lieu fee of \$21,000 per space. The required parking spaces may be allocated to the City Hall parking structure or the Downtown Parking Pool. The City will incur the annual cost of operating the public parking, and will receive any revenue generated by the spaces.

III. ESTIMATED VALUE OF THE INTERESTS TO BE CONVEYED DETERMINED AT THE HIGHEST USE PERMITTED UNDER THE REDEVELOPMENT PLAN

Section 33433 requires the City to identify the value of the interests being conveyed at the highest use allowed by the requirements imposed by the Redevelopment Plan. The valuation must be based on the assumption that near-term development is required, but the valuation does not take into consideration any extraordinary use, quality and/or income restrictions that are being imposed on the development by the City.

In an appraisal dated October 17, 2011 and in a supplemental letter to appraisal dated November 7, 2011, Lea Associates, Inc. (Appraiser) concluded that the market value of the nearby Parcel B site, located at 9300 Culver Boulevard (Parcel B), is approximately \$100 per square foot. The Appraiser's conclusion was based on a sales comparison approach.

ATTACHMENT 3

The subject Site is located approximately 0.2 miles from Parcel B. In addition, the two sites are located within the Commercial/Downtown Overlay Zone and are both designated for Downtown land use in the City's General Plan and in the Redevelopment Plan. Therefore, the appraised per square foot market value of Parcel B is a reasonable approximation of the value of the subject Site. Based on the above, the estimated market value of the subject Site is \$659,000.

IV. ESTIMATED REUSE VALUE OF THE INTERESTS TO BE CONVEYED

The Agreement requires the Developer, a non-profit organization, to own and operate a live performance venue. Based on the financial projections provided by the Developer, the Project is estimated to generate an annual operating deficit of negative \$250,000.

	Total Dollars
Gross Income – Production & Rentals	\$250,000
Cost of Operations	(500,000)
Net Annual Operating Deficit	(\$250,000)

The Developer expects to raise approximately \$250,000 annually in philanthropic sources (grants, donations, and event income) to cover the operating deficit. The projected annual net cash flow is \$0.

	Total Dollars
Net Annual Operating Deficit	(\$250,000)
Total Annual Philanthropic Sources	250,000
Net Cash Flow	\$0

In summary, the Developer is a non-profit entity and the Project is expected to operate at a deficit. Only through identifying philanthropic sources will the Project reach a break-even status. Based on the above, the fair reuse value of the Site is estimated at \$0.

V. CONSIDERATION RECEIVED AND COMPARISON WITH THE ESTABLISHED VALUE

The Agreement requires the City to convey the Site at no cost to the Developer, which is equal to the reuse value of \$0. Thus, it can be concluded that the consideration being received by the City is not less than the fair reuse value for the Site given the use, the covenants and conditions, and the development costs required by the Agreement.

ATTACHMENT 3

VI. BLIGHT ELIMINATION

The Site is located near a major intersection in Downtown Culver City. Currently, the Site is occupied by a vacant single family residence. Development of the Project on the Site will fill in a gap in the Downtown streetscape and eliminate the blighting conditions caused by the improper and underutilization of land. Thus, the proposed Project fulfills the blight elimination requirement imposed by Section 33433.

VII. CONFORMANCE WITH THE AB1290 IMPLEMENTATION PLAN

The Project was identified in the Five Year Implementation Plan for 2010 – 2014. The goals and objectives that will be achieved through the implementation of the Project are outlined below:

Goal 1.0	Eradicate blighting influences in the Project Area.
Objective 1.4	Facilitate private investment in the Downtown commercial area.
Task	Utilize Agency authority to acquire and assemble appropriate Downtown redevelopment sites for disposition and redevelopment.

Goal 2.0	Return land to productive use through a coordinated program of new construction, rehabilitation, and supportive public improvements in the Project Area.
Objective 2.1	Facilitate appropriate development of vacant and underutilized sites in the Project Area.
Task	Utilize Agency authority to acquire and assemble appropriate development sites for disposition and redevelopment in the Project Area.

ATTACHMENT 4
City of Culver City
Official Courtesy Notification



**Sale of 9814 Washington
Boulevard to the
Jazz Bakery**



The City Council is pleased to invite your participation in:

NOTICE OF CITY COUNCIL PUBLIC HEARING TO CONSIDER THE SALE OF 9814 WASHINGTON BOULEVARD TO THE JAZZ BAKERY PURSUANT TO A COMMITMENT LETTER AND SECTION 33433 OF THE CALIFORNIA HEALTH AND SAFETY CODE

- WHO:** Staff Contact – Joe Susca, Redevelopment Project Manager,
310.253.5763 or joe.susca@culvercity.org
- WHAT:** Approval of a Commitment Letter and 33433 Report for the sale of 9814 Washington Blvd. to the Jazz Bakery for construction of a live performance theatre. A copy of the report pursuant to Section 33433 of the California Health and Safety Code, preliminary conceptual plans and related documents are available for public review at the Community Development public counter, at City Hall, third floor.
- WHERE:** City Hall - Mike Balkman Council Chambers,
9770 Culver Boulevard, Culver City, CA 90232
- WHEN:** Monday, January 30, 2012 – 7:00 PM
- WHY:** To obtain public comment and input on the land sale and 33433 Report.
- More Info:** The staff report will be available for viewing on the City's website **on or after January 25, 2012**, at www.culvercity.org/agendas or at the City Hall Community Development Department, or the Julian Dixon Library, 4975 Overland Avenue, Culver City. Persons unable to attend the meeting who wish to submit written comments may do so by any of the following means to **Joe Susca, Redevelopment Project Manager** BEFORE Noon on January 30, 2012:

1. By LETTER (Culver City-City Hall, Redevelopment Division,
9770 Culver Blvd., Culver City, CA 90232);
2. By FAX to 310-253-5779
3. By E-MAIL to joe.susca@culvercity.org
4. By PHONE at 310-253-5763

City Council meetings can be viewed live on Channel 35 by most Time-Warner subscribers. To view the meetings live over the Internet please visit www.culvercity.org/agendas.

You may sign up for the City's E-Mail Notification System by visiting www.culvercity.org and selecting "Subscribe" from the very top right of the webpage or by calling the City Clerk's Office at 310-253-5851. A U.S. Post notification system is also available. They are both FREE!

This notice was mailed on January 23, 2012

ATTACHMENT 4

NOTICE OF CITY COUNCIL PUBLIC HEARING TO CONSIDER THE CONVEYANCE OF 9814 WASHINGTON BLVD TO THE JAZZ BAKERY PURSUANT TO SECTION 33433 OF THE CALIFORNIA HEALTH AND SAFETY CODE

YOU ARE INVITED to learn more about and participate in a City Council public hearing on **January 30, 2012** concerning the following:

Consideration of an agreement to convey 9814 Washington Blvd (the "Site") from the City to the Jazz Bakery for construction of a live performance theatre. The Site will be conveyed pursuant to Section 33433 of the California Health and Safety Code and a Commitment Letter.

The above proposed project requires the following action:

33433 Report and Commitment Letter:

Consideration of a report pursuant to Section 33433 of the California Health and Safety Code and a Commitment Letter between the Developer and the City of Culver City. The report and Commitment Letter outline the terms and conditions of the Site's conveyance.

The January 30, 2012 the public hearing will convene at 7:00 PM in the Mike Balkman Council Chambers at City Hall, 9770 Culver Boulevard. The Council Chambers are accessible to disabled persons and public parking is available in the City Hall parking structure from Duquesne Avenue. City Hall is served by the Culver CityBus. For information regarding the bus schedule, you may call (310) 253-6500. Other items may precede this item on the agenda.

For more information, to review related project documents, or to submit written comments on the 33433 Report, Commitment Letter or pending conveyance of the Site, please write or call Joe Susca, Redevelopment Project Manager, Culver City Community Development Department, Post Office Box 507, Culver City, California 90232, (310) 253-5763. It is advisable to call prior to visiting City Hall to be certain that appropriate staff will be available. City Hall business hours are 7:30 AM to 5:30 PM, Monday through Friday, except alternate Fridays and holidays. City Hall shall be closed on Friday, January 27, 2012.

ATTACHMENT 4

PROOF OF PUBLICATION (2015.5 C.C.P.)

STATE OF CALIFORNIA,
COUNTY OF LOS ANGELES

I am a citizen of the United States and a resident of the County aforesaid; I am over the age of eighteen years, and not a party to or interested in the above-entitled matter.

I am the principal clerk of the printer of the

Culver City News

a newspaper of general circulation, printed and published weekly in the City of Culver City, County of Los Angeles, and which newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of Los Angeles, State of California, under the date of April 24, 1980, Case Number 315458; that the notice, of which the annexed is a printed copy (set in type not smaller than nonpareil), has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to-wit:

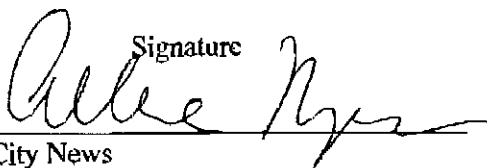
Publish

01/19/2012

all in the year 2012

I certify (or declare) under penalty of perjury that the foregoing is true and correct.

Dated at Los Angeles, California,

Signature

Culver City News
4351 Sepulveda Blvd.
Culver City, CA 90230
(310) 437-4401 ext. 230 Fax (310) 391-9068

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