

**SUMMARY REPORT PURSUANT TO
SECTION 53083 OF THE GOVERNMENT CODE
FOR
AN ECONOMIC DEVELOPMENT SUBSIDIES TO CALVIN SIMMONS THEATRE, THE
NONPROFIT THEATRE OPERATOR, TO BE USED FOR THE REHABILITATION
COST OF THE THEATRE AND OTHER COMPONENTS RELATED TO THE HENRY J.
KAISER CONVENTION CENTER**

INTRODUCTION

The City of Oakland (the “City”) is the fee title owner of single parcel of land encompassing a total of approximately 4.8 acres (±208,842 sf) located at 10 Tenth Street in Oakland, California, which is improved with the historic Henry J. Kaiser Convention Center (the “Kaiser Auditorium” or the “Property”).

The City has executed a Lease Disposition and Development Agreement (“LDDA”) with Oakland Civic, LLC, an affiliate of Orton Development, Inc. (“Orton”), for a lease of up to 99 years (the “Lease”) between the City and Oakland Civic for the renovation of the Henry J. Kaiser Convention Center (the “Project”). The City desires to provide an economic development subsidy in the form of a grant in an amount of \$12 million to Calvin Simmons Theatre (“CST”), the designated nonprofit operator of the Calvin Simmons Theatre (“Theatre”), which is also an affiliate of Orton, to be used to reimburse CST for hard and soft costs associated with the entitlement of the Project, permitting of the Project and construction of the following Project improvements: the redevelopment and furnishing of the Theatre, the terrace, the Promenade, the installation of the signage, and the Theatre’s pro rata share of building infrastructure improvements such as sheer walls, HVAC and electrical systems.

CALIFORNIA GOVERNMENT CODE SECTION 53083

Section 53083 of the California Government Code requires that prior to approving an economic development subsidy within its jurisdiction, a local agency must provide all of the following information in written form and on its website:

1. The name and address of all corporations or any other business entities, except for sole proprietorships, that are the beneficiary of the economic development subsidy, if applicable.
2. The start and end dates and schedule, if applicable, for the economic development subsidy.
3. A description of the economic development subsidy, including the estimated total amount of the expenditure of public funds by, or of revenue lost to, the local agency as a result of the economic development subsidy.
4. A statement of the public purposes for the economic development subsidy.
5. Projected tax revenue to the local agency as a result of the economic development subsidy.

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6. Estimated number of jobs created by the economic development subsidy, broken down by full-time, part-time, and temporary positions.

The following provides the information required by Government Code Section 53083.

1. The name and address of all corporations or any other business entities, except for sole proprietorships, that are the beneficiary of the economic development subsidy, if applicable.

The City will provide a \$12 million grant to CST, which will use the funds to reimburse Orton, the developer of the Project. CST's and Orton's address is *1475 Powell Street, Suite 101, Emeryville, CA 94608*.

2. The start and end dates and schedule, if applicable, for the economic development subsidy.

The City grant of \$12 million will be placed in escrow after execution of the Lease between the City and Orton, which is anticipated in the LDDA to be no later than three years after the effective date of the LDDA, potentially in the summer of 2022, or earlier. Orton is planning to execute the Lease for the Property by December 31, 2020. The Grant Agreement has a term of up to 30 months beginning on the date of executing the Lease between the City and Orton. Based on the current projected Lease execution date and the term of the Grant Agreement, the Grant Agreement would terminate no later than June 30, 2023.

3. A description of the economic development subsidy, including the estimated total amount of the expenditure of public funds by, or of revenue lost to the local agency as a result of the economic development subsidy.

The City will provide a \$12 million grant to CST. The Grant will be funded with a payment of \$12 million generated by a Naming Rights Agreement between the City and Kaiser Foundation Health Plan, Inc. ("Kaiser Foundation") for the Property. Execution of the Naming Rights Agreement is conditioned upon signing the Lease for the renovation and operation of the Property between the City and Orton. Therefore, the City will only receive these funds from the Kaiser Foundation once the renovation of the Property has started. CST will use the Grant funds to reimburse Orton for hard and soft costs associated with the entitlement of the Project, permitting of the Project and construction of the following Project improvements: the redevelopment and furnishing of the Theatre, the terrace, the promenade, the installation of signage, and the Theatre's pro rata share of building infrastructure improvements such as sheer walls, HVAC and electrical systems.

4. A statement of the public purposes for the economic development subsidy.

The renovation of the Theatre, which is located inside the Kaiser Auditorium, is an integral component of the rehabilitation and reopening of the historic Kaiser Auditorium. The public purposes of these economic development subsidies are manifold. First and foremost, the Project will reactivate a vacant and blighted historically significant building that has been nominated for listing on the National Register of Historic Buildings. Second, the adaptive reuse of the building will create an arts and

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cultural hub at the southern end of Lake Merritt, just two blocks from the Lake Merritt BART station. The presence of the deteriorating Kaiser Auditorium at this location has been a significant obstacle to the burgeoning revitalization of the area surrounding the building. Rehabilitation of this Oakland historic landmark will eliminate this blighting influence and facilitate economic development in the area. Third, the former arena and basement of the Kaiser Auditorium will be adaptively reused to create 76,000 square feet of new office space, with a focus on attracting art and nonprofit organizations as tenants, and therefore increase the supply of much needed affordable office space in the downtown for such organizations that have been negatively affected by the COVID-19 pandemic. Fourth, the Project includes the reopening of the historic Theatre at affordable rates for local arts organizations. Fifth, the Project provides numerous economic opportunities, including short-term and long-term jobs, contracting opportunities for Oakland businesses, and tax revenue for the City, as more particularly described in Table 1 below. The Project will create an estimated 270 construction jobs of which at least 50% must be filled by Oakland residents in compliance with the City's local business and employment programs ("City Programs"), and 260 permanent jobs.

5. Projected tax revenue to the local agency as a result of the economic development subsidy.

Table 1: Estimated Tax Revenues to the City from Project

Tax Revenues	
Annual Possessory Interest Tax	\$157,000
Annual Sales and Use Tax	\$26,000
Annual Business Tax	\$49,000
Parking Tax	\$149,000
Total Annual Tax Revenues	\$381,000

6. Estimated number of jobs created by the economic development subsidy, broken down by full-time, part-time, and temporary positions.

The renovation and operation of the Kaiser Auditorium, including the Theatre will create an estimated 270 construction jobs, of which at least 50% must be filled by Oakland residents in compliance with the City Programs, and 260 permanent jobs. At present, it is not possible to estimate how many permanent jobs created by the Kaiser Auditorium's operations will be full-time as opposed to part-time because the tenancies in the building are not yet known, nor has Orton fully determined the composition of its operation and maintenance staff for the Theatre and the arena and basement of the building.