EL CERRITO REDEVELOPMENT AGENCY

MINUTES

SPECIAL REDEVELOPMENT AGENCY MEETING Wednesday, April 8, 2009 – 5:00 p.m. Hillside Conference Room

Meeting Location

El Cerrito City Hall—City Council Chambers 10890 San Pablo Avenue, El Cerrito

ROLL CALL

Agency Board Members Chair Jones, Abelson, Lyman, Potter and Chairperson Jones present. Agency Vice Chair Cheng absent.

5:00 p.m.

CONVENE SPECIAL REDEVELOPMENT AGENCY MEETING

Chairperson Jones convened the Special Redevelopment Agency meeting at 5:01 p.m.

ANNOUNCEMENT OF REDEVELOPMENT AGENCY CLOSED SESSION

CONFERENCE WITH REAL PROPERTY NEGOTIATORS Pursuant to Government Code Section 54956.8

Property:

10070 San Pablo Avenue, El Cerrito, CA 94530

Agency Negotiators: Scott Hanin, Executive Director

Karen Tiedemann, Agency Counsel

Lori Trevino, Redevelopment Agency Manager

Mary Dodge, Finance Director, Redevelopment Agency Treasurer

Negotiating Parties: Downey Street Productions

Under Negotiation: Terms of Payment

Redevelopment Agency Chair Jones read the following statement:

As many of you are aware, Downey Street Productions, the operators of the Cerrito Theater, are 15 months behind in their rent. Over the past six months, the Agency Board, supported by City staff, has been analyzing the financial condition of Downey Street to determine the scope and magnitude of the problem and to make certain of the long term viability of their operation of the Cerrito Theater. The Agency Board has met to discuss this item a number of times and has had a subcommittee working directly with the operators to develop a restructuring plan to ensure the long term health of the Cerrito Theater while protecting the Agency's investment in the project.

On Monday night, the Agency Board met in closed session and as a result, directed staff and Agency Counsel to return on May 4, 2009 with an amended lease and Disposition. Development and Loan Agreement for consideration by the Board in open session. The timing allows for the release of background information for public review well in advance of the

Agency considering any action and complies with the noticing requirements of California Redevelopment Law. Downey Street Productions was working with the subcommittee and staff through the weekend preceding this meeting.

Unfortunately, before staff was able to notify Downey Street Productions of the Board's direction, staff received an email from the CEO of Downey Street saying that they "will be sending out a press release in the next week or so indicating that Speakeasy theaters will be leaving the Cerrito Theater. We have held out as long as we could. We will help you transfer to another operator as you see fit." Further discussion with the operators informed staff that the closure could come as early as this Friday. However, the Cerrito schedule for the week beginning Friday, April 10, 2009 has been distributed which implies they will operate until at least April 16th.

On behalf of the Redevelopment Agency Board and the City staff, I wish to express our sincere disappointment in this announcement, particularly since the Board would have been considering a restructuring designed to provide financial assistance to the operators at the earliest possible time and the operators were well aware of this schedule.

After public comment, the Board will be adjourning into closed session to discuss what if any actions relating to the existing lease and other agreements with the operators, it may take related to this disheartening news and announce the decision upon completion of the closed session.

Redevelopment Agency Member Lyman addressed his comments to critics, including supporters, detractors, and people concerned with process. Agency Member Lyman stated that the City has, and continues to, negotiate in good faith and might have brought the Cerrito Theater issue to public debate long ago if Downey Street Productions was equipped to provide information timely and convey their situation clearly. This latest information is just another in a string of surprises and new information provided during negotiations—each new piece of information requiring additional digestion, interpretation, deliberation, and adjustment in proposals. Each piece of information causing us to wonder, "what else is being withheld."

Redevelopment Agency Member Lyman further encouraged members of the public to be critical in support and in opposition, and to please criticize and advocate for specific policies or certain actions. He asked the public to understand that the timing of this process has not been wholly in the Agency's control.

Redevelopment Agency Member Potter expressed extreme disappointment and frustration. She stated that it is her intent to try to come to a solution that is in the best interests of the community.

Redevelopment Agency Member Abelson noted that this was very difficult for the subcommittee, and that the process has been very time consuming. She feels that the subcommittee did everything they could to come up with a financially viable plan, and is disappointed in this outcome. She does not want to lose this asset to the community.

<u>Chair Jones</u> thanked the subcommittee of Agency Board Members Lyman and Abelson as well as Staff for their work.

ORAL COMMUNICATIONS FROM THE PUBLIC

<u>Peter Loubal</u>, El Cerrito, said that he was not surprised by this outcome, that it is a sad outcome, expressed concern about the City's process with respect to open meetings, noted that there are possibilities, but that there is work that needs to be done to find out what went wrong and learn from it.

Thad Smith, El Cerrito, noted that the Fischers reflect a very human situation, that he understands the frustration but there is a window of opportunity and that this was a good investment of Redevelopment money, that we do have a tremendous asset and we need to make the best of it. Mr. Smith thanked the Board for their work.

<u>Dave Weinstein</u>, El Cerrito, identified himself as Chair of the Friends of the Cerrito Theater. whose original intent was to preserve the building. Mr. Weinstein stated that the failure of [theater] operation is frustrating, that the Agency should work with the community to make the building a productive asset, and that the Theater has helped to give the City character and identity. Mr. Weinstein thanked the Board for their work.

<u>Dianne Brenner</u>, El Cerrito, said that she is shocked and disappointed. She was Chair of the Friends before Downey Street was involved, and stated that the Friends pledge to work with the Agency to find a solution to find another way to make this building an asset.

Ken Berndt, 916 Kearney, said it was a shame to lose the Theater but wondered what happened to the business and questioned the management. Mr. Berndt noted that the City has done everything possible to help them, expressed concern about payment of the property taxes by the Agency, and noted that the Agency should focus on the library and senior center. He thanked the Board for their efforts.

RECESS INTO REDEVELOPMENT AGENCY CLOSED SESSION

REPORT OUT OF REDEVELOPMENT AGENCY CLOSED SESSION

Redevelopment Agency Chair Jones stated that based on notification received on April 7, 2009 from Downey Street Productions of their intent to close the Cerrito Speakeasy Theater, the Agency Board will not be going forward with consideration of proposed amendments to the lease and DDLA with Downey Street Productions on May 4, 2009 as was previously reported. The Board has given direction to Staff and Agency Counsel to work with Downey Street Productions on an orderly transition of the Cerrito Theater to a new operator, as was suggested by the CEO of Downey Street Productions. In addition, the Agency Board gave direction to Staff to begin the process for selecting a new operator. Staff was also given direction to begin work on the final determination of lease obligations to the Agency, including the transfer of equipment and fixtures to Agency ownership. The Agency remains committed to the Cerrito Theater as a community asset.

POLICY MATTERS

A. Cerrito Theater

Possible Authorization of the Agency Executive Director to provide financial assistance to Downey Street Productions in accordance with Agency Board direction.

Action: No action taken.

ADJOURNED SPECIAL REDEVELOPMENT AGENCY MEETING at 6:32 p.m.

This is to certify that the foregoing is a true and correct copy of the minutes of the Special Redevelopment Agency meeting of April 8, 2009 as approved by the El Cerrito Redevelopment Agency.

aren.Pinkos, Deputy Secretary to the Redevelopment Agency

William C. Jones, III, Agency Chair