

## RESOLUTION NO. 2015-0074

Adopted by the Sacramento City Council

March 17, 2015

### STUDIOS FOR THE PERFORMING ARTS

#### BACKGROUND

- A. On December 17, 2013, the City Council authorized the City Manager to execute a lease agreement with the Sacramento City Unified School District (the “District”) to lease the District’s former Fremont School for Adults (the “Fremont”), located at 2420 N Street in Sacramento, to be used for the Studios for the Performing Arts. The City Council also authorized the City Manager to execute a sublease agreement (“Sublease”) with the Studios for the Performing Arts Operating Company (the “Studios Company”) to renovate the building and operate the Studios for the Performing Arts.
- B. The goal of the Studios project is to bring together various arts and educational groups under one roof where they can conserve resources and support one another by sharing studio, rehearsal, performing, and classroom space.
- C. Since the City Council’s consideration of the project, the proposed tenant mix for the space has changed—namely, the California Musical Theatre and the Sacramento Region Performing Arts Alliance have decided not to move into the Fremont building at this time. Additionally, the Studios Operating Company (the “Studios”) has been unable to raise sufficient funds to complete the necessary renovation of the building that would allow tenants to move in.
- D. To allow construction to proceed at this time, the City would like to modify the timing of its planned \$5 million contribution to the project. In lieu of contributing \$2.5 million to assist with the construction and \$2.5 million following construction (and upon the repayment of Non-Interest Bearing Principal B by the Crocker Art Museum Association pursuant to City Agreement 2013-0860, as stated in Resolution 2013-0247), the City would like to contribute all \$5 million at this time to assist with construction.
- E. The changes in the proposed tenant mix and funding strategy have necessitated changes to the Sublease with the Studios Company.

**BASED ON THE FACTS SET FORTH IN THIS BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:**

- Section 1. The City Manager or his designee is authorized to execute the Studios for the Performing Arts Sublease Agreement (attached as Exhibit A) to sublease the Fremont building to the Studios Company (attached as Exhibit A) at a rental rate of \$1.00 per year.
  
- Section 2. The City Manager or his designee is authorized to appropriate \$2.5 million from the Economic Development Fund (Fund 2031) to the Studios for the Performing Arts Capital Improvement Project (B13000400).
  
- Section 3. The proceeds of the loan repayment of Non-Interest Bearing Principal B by the Crocker Art Museum Association, as specified in the Loan Forgiveness and Deferred Repayment Agreement (City Agreement 2013-0860), shall be deposited into the Economic Development Fund (Fund 2031). This section 3 supersedes any inconsistent language in Resolutions 2013-144 and 2013-0247 regarding the City's use of loan proceeds from Non-Interest Bearing Principal B.

Adopted by the City of Sacramento City Council on March 17, 2015, by the following vote:

- Ayes: Members Ashby, Carr, Hansen, Harris, Jennings, Schenirer, Warren and Mayor Johnson
  
- Noes: None
  
- Abstain: None
  
- Absent: None
  
- Vacant: District 6

Attest:

**Shirley Concolino**

Digitally signed by Shirley Concolino  
DN: cn=Shirley Concolino, o=City of Sacramento, ou=City Clerk, email=sconcolino@cityofsacramento.org, c=US  
Date: 2015.03.19 13:03:57 -07'00'

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Shirley Concolino, City Clerk