RESOLUTION NO. 2006-017

Adopted by the Redevelopment Agency
of the City of Sacramento

March 7, 2006

APPROVAL OF OWNER PARTICIPATION AGREEMENT WITH IMAX THEATER HOLDING (CALIFORNIA I), INC., AND TSAKOPOULOS 523 INVESTORS, L.P. AND THE TSAKOPOULOS FAMILY LLC; RELATED ACTIONS

BACKGROUND

A. In 1998, the Redevelopment Agency of the City of Sacramento ("Agency") executed an Owner Participation Agreement ("Esquire OPA") with Esquire Partners to provide $6 million in funding for the Esquire Plaza Project located at the northwest corner of 13th and K streets. The project was a 245,500-square-foot Class A office building with 425 parking spaces and a number of public components, the restoration of the historic Esquire marquee and theater façade and the installation and operation of an IMAX theater in the project was a primary consideration for the Agency's participation.

B. The IMAX theatre is a significant component of the arts, entertainment and restaurant district that has emerged with the Esquire project, and the Agency views its continued operation as essential to the continued redevelopment of the western portion of K Street;

C. After five years of continuous operation as required under the Esquire OPA, the IMAX operator has determined it can no longer continue to operate under the existing Lease between IMAX Theater Holding (California I), Inc ("IMAX") and the new owner of Esquire Plaza, Tsakopoulous 523 Investors and Tsakopoulous Family, LLC (collectively, "Owner");

D. The Agency desires to enter into a New Owner Participation Agreement ("New OPA") with the Owner and IMAX to obtain an additional five-year operating covenant in exchange for a partially offsetting rent increases.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO RESOLVES AS FOLLOWS:

Section 1. After due consideration of the facts presented, the findings, including the environmental findings regarding this action, as stated in this resolution and the staff report, are approved.

Section 2. The Owner Participation Agreement between the Agency, IMAX and the Owner, containing terms as described above, a copy of which is attached as Exhibit A, is hereby approved.

Section 3. The Executive Director or the City Manager is authorized on behalf of the Redevelopment Agency of the City of Sacramento to enter into the OPA and take all actions reasonably necessary to implement the OPA.

Section 4. The Agency budget is amended to allocate up to $375,000 from the Merged Downtown 2005 Tax Allocation Bond funds to the Esquire IMAX project over the 5-year period 2006-2010.

Section 5. IMAX, as a part of its continued commitment to the education of Sacramento school children, will commit to donating 500 tickets per Council District per year for the students in Title I schools.

Section 6. Direct staff to include a payback provision in the Owner Participation Agreement.

Adopted by the City of Sacramento Redevelopment Agency on March 7, 2006 by the following vote:

Ayes: Members Cohn, Fong, Hammond, McCarty, Pannell, Sheedy, Tretheway, Waters and Chair Fargo.

Noes: None.

Abstain: None.

Absent: None.

Heather Fargo

Heather Fargo Chair

Attest:

Shirley Concolino

Shirley Concolino, Secretary