

Submitted by: Chair of the Assembly at the
Request of the Mayor
Prepared by: Office of Economic and
Community Development
For reading: January 9, 2007

Postponed indefinitely 1/23/07

ANCHORAGE, ALASKA
AO No. 2007-21

1 AN ORDINANCE AUTHORIZING A PURCHASE AND SALE AGREEMENT FOR THE 4TH AVENUE
2 THEATER, LOCATED AT 630 WEST 4TH AVENUE, LEGAL DESCRIPTION LOTS 3 AND 4,
3 BLOCK 41, ORIGINAL TOWNSITE OF ANCHORAGE, EXCEPTING THE EAST 5 FEET OF THE
4 NORTH 101 FEET OF LOT 3 AND THE WEST 7.5 FEET OF LOT 4, SUBJECT TO OBTAINING
5 TAX CREDIT FINANCING; AND ASSIGNMENT OF THE AGREEMENT TO A SINGLE PURPOSE
6 ENTITY.
7

8
9 WHEREAS, the 4th Avenue Theater, legal description lots 3 and 4, block 41, Original Townsite of
10 Anchorage, (the Theater) is listed on the National Register of Historic Places, is a landmark
11 building in downtown Anchorage, is currently at risk of foreclosure, and does not have protection
12 of a historic easement; and
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14 WHEREAS, the Rasmuson Foundation has approved a \$2.6 million Program Related
15 Investment loan at 2% for purchase and renovation of the Theater; and
16

17 WHEREAS, the Theater is eligible under Federal Historic and New Market tax credit programs
18 for approximately \$1.95 million for use in the 4th Avenue Theater project; and
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20 WHEREAS, \$250,000 of previously designated historic preservation funds are available for
21 reappropriation to pay costs associated with the Theater project; and
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23 WHEREAS, a single purpose entity, proposed to be the 4th Avenue Theater LLC, will be established
24 to assume ownership and management of the Theater, including oversight of renovations,
25 operations, debt repayment, and tax credit compliance;
26

27 WHEREAS, a financing plan has been created that facilitates purchase, renovation, and
28 operation of the Theater by non-Municipal entities at no cost or risk to Municipal taxpayers;
29 now, therefore,
30

31 THE ANCHORAGE ASSEMBLY ORDAINS:
32

33 **Section 1.** Purchase of the 4th Avenue Theater in accordance with the essential terms and
34 conditions set out in the accompanying Assembly Memorandum is approved subject to
35 obtaining tax credit financing.
36

37 **Section 2.** Assignment of all rights and obligations to purchase the 4th Avenue Theater by
38 the Municipality to the proposed single purpose entity, 4th Avenue Theater LLC, is approved.
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40 **Section 3.** This ordinance shall become effective upon its passage and approval by the
41 Anchorage Municipal Assembly.
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PASSED AND APPROVED by the Anchorage Assembly this _____ day of _____,
2007.

Chair of the Assembly

ATTEST:

Municipal Clerk

G:\MAT\OPEN MATTERS\Museum Expansion\Final ballot prop.DOC



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

AM No. 73-2007

Meeting Date: January 23, 2007

From: Mayor

Subject: AO 2007 - 21

AN ORDINANCE AUTHORIZING A PURCHASE AND SALE AGREEMENT FOR THE 4TH AVENUE THEATER, LOCATED AT 630 WEST 4TH AVENUE, LEGAL DESCRIPTION LOTS 3 AND 4, BLOCK 41, ORIGINAL TOWNSITE OF ANCHORAGE, EXCEPTING THE EAST 5 FEET OF THE NORTH 101 FEET OF LOT 3 AND THE WEST 7.5 FEET OF LOT 4, SUBJECT TO OBTAINING TAX CREDIT FINANCING; AND ASSIGNMENT OF THE AGREEMENT TO A SINGLE PURPOSE ENTITY..

The 4th Avenue Theater is currently owned by Iditarod Properties, Inc. The first Deed of Trust is held by Northrim Bank and there is currently no protective easement on the property. In the face of imminent foreclosure proceedings, the Municipality has negotiated an agreement to purchase the Theater and has developed a financial structure that enables purchase, renovation, and restoration to full community use of this historic building. The project will not use or pledge Municipal tax funds. The financing plan is designed to avoid any financial risk to the Municipality.

A Letter of Intent to Purchase the property, dated December 13, 2006, was signed by the owner, the bank, and the Municipality, with a scheduled closing date of March 31, 2007. The agreement included an assignment provision to a single purpose entity created to own and operate the Theater. The resulting Purchase and sale agreement and assignment to the single purpose entity are subject to approval by the Municipal Assembly. The Purchase and Sale Agreement dated January 12, 2007, is consistent with the Letter of Intent and provides for purchase of the Theater subject to the following essential terms and conditions:

1. The purchase price will be Three Million, Four Hundred Thousand Dollars (\$3,400,000).
2. At closing, the Seller will contribute Six Hundred Thousand Dollars (\$600,000) to the Anchorage Community Development Authority as a restricted donation for the benefit of the 4th Avenue Theater project.
3. Purchase is contingent on obtaining federal tax credit financing sufficient to bring the total available funding for the project to \$5.4 million, the amount needed for acquisition and renovation of the Theater and all related financing costs.
4. All delinquent property taxes will be paid by the seller.

5. The Municipality will be granted early occupancy of the property.

6. The Municipality may assign its rights and obligations under this agreement to a single purpose entity.

The \$5.4 million required to fund the purchase and renovation of the Theater and all related financing costs will be comprised of: (1) \$2.6 million Program Related Investment loan from the Rasmuson Foundation; (2) \$600,000 contributed at closing by the seller as a restricted donation to the Anchorage Community Development Authority, which in turn will make the funds available to the 4th Avenue Theater project; (3) \$250,000 Municipal contribution of designated historic preservation funds, originally received as a State grant; and, \$1,950,000 in federal tax credit proceeds.

A single purpose entity, provisionally named 4th Avenue Theater LLC, will be created to assume ownership and management oversight of the Theater. A non-Municipal entity will be the controlling member of the LLC. The LLC in turn will contract with the Alaska Convention and Visitors Bureau (ACVB) for operations management, taking advantage of operating efficiencies and existing marketing networks to enhance profitability of the facility. Detailed operating proformas demonstrate viability under this scenario. It is projected that the 4th Avenue Theater will assume a role as a unique but integrated component of Anchorage's convention district, and a sought-after venue for community events. As part of the project, a preservation easement will be created to protect the historic character of the Theater in perpetuity.

THE ADMINISTRATION RECOMMENDS ASSEMBLY APPROVAL OF AO 2007- 21
APPROVING A PURCHASE AND SALE AGREEMENT AND ASSIGNMENT OF SAME.

Prepared by: Jennifer Allen, Analyst, Office of Economic & Community Development

Concur: Mary Jane Michael, Executive Director, Office of Economic & Community Development

Concur: Jeffrey E. Sinz, Chief Fiscal Officer

Concur: Denis C. LeBlanc, Municipal Manager

Respectfully submitted: Mark Begich, Mayor

MUNICIPALITY OF ANCHORAGE
ASSEMBLY INFORMATION MEMORANDUM

AIM No. 23-2007

See AO 2007-21

Meeting Date: January 23, 2007

From: Mayor

Subject: Request to Postpone Indefinitely Action on AO 2007-21

This Assembly Information Memorandum is to request that the Assembly postpone indefinitely action on AO 2007-21, an ordinance authorizing a Purchase and Sale Agreement for the 4th Avenue Theater.

During a December 15, 2006, Assembly work session, the administration explained in detail a financing plan that if successful would accomplish the purchase and renovation of the 4th Avenue Theater. The plan was intended to facilitate completion of the project without using or pledging municipal tax dollars. The plan limited the role of the MOA to the following:

1. Contribute \$250,000 in historic preservation state grant funds.
2. Serve as conduit, via the Anchorage Community Development Authority, for a pass-through restricted contribution of \$600,000 from the seller to the project.
3. Act as managing member of a single purpose entity, the 4th Avenue Theater, LLC, and at the end of the financing period, take ownership of the building.
4. Sign a Purchase and Sale Agreement for the Theater and shortly thereafter assign all rights and responsibilities under the agreement to the 4th Avenue Theater, LLC.
5. Act as a facilitator between participants in the project in order to help ensure its success.

The appropriation actions required to accomplish items 1 and 2 are included in AR 2007-12. This Assembly Resolution was introduced on January 9, 2007, and is scheduled for public hearing and action on January 23, 2007.

As part of the anticipated evolution of the project structure and associated financing plan and in response to concerns expressed by several Assembly members, items 3 and 4 have been changed. More specifically, the MOA will not act as managing member of the 4th Avenue Theater, LLC, or assume ownership of the Theater after the financing period as originally anticipated in item 3. In addition, the MOA will not be a party to the Purchase and Sale Agreement as originally anticipated in item 4. The role previously envisioned for the MOA will be assumed instead by the Anchorage Downtown Partnership (ADP). Since the MOA will not be a party to the Purchase and Sale Agreement, Assembly approval of AO 2007-21 is no longer necessary.

1 On Friday, January 19, 2007, the Board of Directors of the ADP passed a resolution
2 authorizing the organization to become the managing member of the 4th Avenue Theater,
3 LLC, and to enter into the Purchase and Sale Agreement for the Theater and thereafter
4 assign rights and obligations under this agreement to the LLC. The ADP has an
5 operational track record and resources consistent with the requirements of the National
6 Development Council (NDC), which is allocating tax credits in the financing structure.
7 The organization's mission includes enhancing downtown vitality. ADP will be the
8 majority owner and managing member of the 4th Avenue Theater, LLC. The remaining
9 fractional ownership will reside with the NDC.

10 Despite the reduced role of the MOA in the project and associated financing plan, the
11 MOA will continue to facilitate the project by providing transitional assistance to the
12 ADP, item 5.

13 THE ADMINISTRATION REQUESTS THAT THE ASSEMBLY POSTPONE
14 INDEFINITELY ACTION ON AO 2007-21.

15
16 Prepared by: Jennifer Allen, Office of Economic & Community Development
17 Concur: Mary Jane Michael, Executive Director, Office of Economic &
18 Community Development
19 Concur: Jeffrey E. Sinz, Chief Fiscal Officer
20 Respectfully submitted: Mark Begich, Mayor