

Submitted by: Chair of the Assembly at the
Request of the Mayor
Prepared by: Anchorage Community
Development Authority
For reading: January 6, 2009

CLERK'S OFFICE

APPROVED

ANCHORAGE, ALASKA

Date: 2/3/09

AO No. 2009-5

**AN ORDINANCE AUTHORIZING ANCHORAGE COMMUNITY DEVELOPMENT
AUTHORITY TO ACQUIRE LOTS AND TRACTS WITHIN NORTHPOINTE BLUFF
SUBDIVISION, AND A LEASEHOLD INTEREST ON ADJACENT LAND OWNED
BY THE ALASKA RAILROAD CORPORATION, AT FORECLOSURE SALE.**

WHEREAS, the Anchorage Community Development Authority (ACDA) was
established by AO 2004-181(S-1) in Anchorage Municipal Code chapter 25.35; and

WHEREAS, on August 31, 2007, Anchorage Community Development Authority
(ACDA) sold Tract 1, U.S. Survey No. 3026 and Tract 2A, Hollywood Vista
Subdivision, to Jaguar Development Group LLC (Jaguar) for \$3.5 Million Dollars; and

WHEREAS, Jaguar subdivided Tracts 1 and 2A and adjoining leasehold land owned
by the Alaska Railroad Corporation (collectively, the Property) into various lots and
tracts of Northpointe Bluff Subdivision; and

WHEREAS, section 25.35.060A.8. requires Assembly approval of any
"...development authority action involving leasing, purchasing or selling of real
property with over \$6 million of municipal interest must have approval of the
assembly"; and

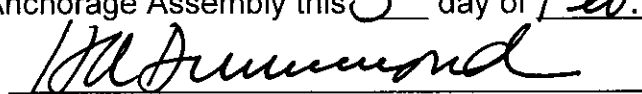
WHEREAS, pursuant to additional facts and information provided in the
accompanying Assembly Memorandum, and to protect ACDA's interest in the
Property, ACDA seeks Assembly approval to reacquire the Property, by bidding at
Northrim's foreclosure sale in an amount not to exceed **\$6.9 Million**; now, therefore,

THE ANCHORAGE ASSEMBLY ORDAINS:


Section 1. ACDA is authorized to acquire the Property at foreclosure sale, with a
bid in an amount not to exceed **\$6.9 Million**, to cover Northrim Bank's deed of trust
and protect ACDA's interest in the Property.

Section 2. This ordinance shall be effective immediately upon passage and
approval by the Assembly.

PASSED AND APPROVED by the Anchorage Assembly this 3rd day of Feb.,
2009.


Chair of the Assembly

ATTEST:


Municipal Clerk

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects -- General Government

AO Number: 2009-5

Title: AN ORDINANCE AUTHORIZING ANCHORAGE COMMUNITY DEVELOPMENT AUTHORITY TO ACQUIRE LOTS AND TRACTS WITHIN NORTHPOINTE BLUFF SUBDIVISION, AND A LEASEHOLD INTEREST ON ADJACENT LAND OWNED BY THE ALASKA RAILROAD CORPORATION, AT FORECLOSURE SALE.

Sponsor: MAYOR
Preparing Agency: Anchorage Community Development Authority
Others Impacted: none

CHANGES IN EXPENDITURES AND REVENUES:		(In Thousands of Dollars)				
	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	
Operating Expenditures						
1000 Personal Services						
2000 Non-Labor						
3900 Contributions						
4000 Debt Service						
TOTAL DIRECT COSTS:	\$ -	\$ -	\$ -	\$ -	\$ -	
Add: 6000 Charges from Others						
Less: 7000 Charges to Others						
FUNCTION COST:	\$ -	\$ -	\$ -	\$ -	\$ -	
REVENUES:						
CAPITAL:						
POSITIONS: FT/PT and Temp						

PUBLIC SECTOR ECONOMIC EFFECTS:

The net present value of the property is between \$7.67 and \$8 million.

ACDA's note and Deed of Trust is \$2,975,000; with accrued interest, this receivable asset is \$3,213,000.

ACDA plans to borrow up to \$6.9M Dollars and buy the property at the foreclosure sale. The amount over the foreclosed 1st Deed of Trust is returned to ACDA and repaid to the lender, resulting in an ACDA note payable of approximately \$3.9M and ownership in the property.

This results in an increase to ACDA's financial statement of between \$557,000.00 and \$1,125,000.00.

PRIVATE SECTOR ECONOMIC EFFECTS:

Prepared by: Sue Lukens

Telephone: 297-4419

MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 41-2009

Meeting Date: January 6, 2009

From: MAYOR

Subject: AN ORDINANCE AUTHORIZING ANCHORAGE COMMUNITY DEVELOPMENT AUTHORITY TO ACQUIRE LOTS AND TRACTS WITHIN NORTHPOINTE BLUFF SUBDIVISION, AND A LEASEHOLD INTEREST ON ADJACENT LAND OWNED BY THE ALASKA RAILROAD CORPORATION, AT FORECLOSURE SALE.

Transaction Background

After an RFP process conducted by Anchorage Community Development Authority (ACDA), Jaguar Development Group, LLC (Jaguar) was selected as the Buyer & Developer for the Hollywood Vista Project.

On August 31, 2007, ACDA sold Tract 1, U.S. Survey No. 3026 and Tract 2A, Hollywood Vista Subdivision, to Jaguar for \$3.5 Million Dollars. Jaguar paid with \$525,000 in cash and a note and Deed of Trust in the amount of \$2,975,000, secured by the aforementioned Tracts 1 and 2A, plus Jaguar's leasehold interest in adjacent land owned by the Alaska Railroad Corporation.

To make the down payment, plus record the plat and construct the subdivision, Jaguar took out a loan at Northrim Bank (Northrim) in the amount of \$4,222,400. ACDA's deed of trust is subordinate to Northrim.

The Northrim loan matured on August 31, 2008, and has not been paid. The balance owed to Northrim is approximately \$3.9 Million (including interest and fees). As a result of non-payment, Northrim recorded an Amended Notice of Default – Sale of Real Property on December 9, 2008, in the Anchorage Recording District; the foreclosure sale is set for March 12, 2009.

Two appraisals were done in June 2008, indicating a value of lot sales of \$9.1 Million and \$8.9 Million over the next 2-3 years and a net present value of \$8 Million and \$7.67 Million, respectively.

Status of the Development

Jaguar expended approximately \$3.6 Million to build the Project. There is approximately \$100,000 in remaining costs to complete, including warranties and inspection fees, as well as lighting and landscaping.

As of this date, three lots have sold and closed at 98% of list price. Sales of the remaining 61 lots are unlikely until after the foreclosure, due to buyer uncertainty.

Foreclosure Sale

In order to protect its note of \$2,975,000, ACDA must be prepared to bid at the foreclosure sale an amount equal to the Northrim indebtedness plus the amount of the ACDA indebtedness. ACDA plans to secure financing in an amount sufficient to make the required bid at the foreclosure, to be repaid by sale of lots, once the subdivision is completed.

If there are no other bidders, ACDA must to bid the full amount of Northrim's indebtedness, giving ACDA ownership of the Property free and clear of subordinate liens.

If there are other bidders at the sale, ACDA must be prepared to bid up to the total amount of its own loan as well as the Northrim Bank's loan. However, any amount in excess of the Northrim debt should be returned to ACDA by the Trustee promptly after the foreclosure sale is recorded. As a result, the actual net cost to ACDA to protect its interest is the balance owed on the Northrim debt (approximately \$3.9 Million).

Although the bid and check must cover both the ACDA and Northrim notes (up to approximately **\$6.9 Million**), funds in excess of the Northrim note, plus costs and fees, will be remitted to the person or persons legally entitled to the excess proceeds," namely ACDA up to the amount of the indebtedness owed by Jaguar.

Acquisition by Ordinance

This ordinance approves acquisition at the foreclosure sale, in an amount not to exceed **\$6.9 Million**. This amount covers the Northrim Deed of Trust and the existing note held by ACDA. ACDA is required to bid both amounts to protect its note, in second position on the Property, of \$2,975,000, plus interest and costs.

THE ADMINISTRATION RECOMMENDS APPROVAL OF AN ORDINANCE AUTHORIZING ANCHORAGE COMMUNITY DEVELOPMENT AUTHORITY TO ACQUIRE LOTS AND TRACTS WITHIN NORTHPOINTE BLUFF SUBDIVISION, AND A LEASEHOLD INTEREST ON ADJACENT LAND OWNED BY THE ALASKA RAILROAD CORPORATION, AT FORECLOSURE SALE.

Prepared by: Anchorage Community Development Authority
Approved by: Ron Pollock, Director, ACDA
Concur: James N. Reeves, Municipal Attorney
Concur: Michael K. Abbott, Municipal Manager
Respectfully submitted: Mark Begich, Mayor

Content ID: 007285**Type:** Ordinance - AOAN ORDINANCE AUTHORIZING ANCHORAGE COMMUNITY DEVELOPMENT
AUTHORITY TO ACQUIRE LOTS AND TRACTS WITHIN NORTHPOINTE**Title:** BLUFF SUBDIVISION, AND A LEASEHOLD INTEREST ON ADJACENT LAND
OWNED BY THE ALASKA RAILROAD CORPORATION, AT FORECLOSURE
SALE.**Author:** westoverrf**Initiating
Dept:** Legal**Review
Depts:** Finance, Legal, MuniManager**Description:** AN ORDINANCE AUTHORIZING ANCHORAGE COMMUNITY DEVELOPMENT
AUTHORITY TO ACQUIRE LOTS AND TRACTS WITHIN NORTHPOINTE
BLUFF SUBDIVISION, AND A LEASEHOLD INTEREST ON ADJACENT LAND
OWNED BY THE ALASKA RAILROAD CORPORATION, AT FORECLOSURE
SALE.**Keywords:** ACDA, Community Development Authority, Northpointe Bluff, Hollywood Vista,
Jaguar, foreclosure sale**Date
Prepared:** 12/31/08 11:03 AM**Director
Name:** Ron Pollock**Assembly
Meeting:** 1/6/09**Public
Hearing Date:** 1/20/09

<u>Workflow Name</u>	<u>Action Date</u>	<u>Action</u>	<u>User</u>	<u>Security Group</u>	<u>Content ID</u>
Clerk_Admin_SubWorkflow	1/2/09 10:59 AM	Exit	Heather Handyside	Public	007285
MuniMgrCoord_SubWorkflow	1/2/09 10:59 AM	Approve	Heather Handyside	Public	007285
MuniManager_SubWorkflow	12/31/08 4:56 PM	Approve	Michael Abbott	Public	007285
Finance_SubWorkflow	12/31/08 4:53 PM	Approve	Teresa Peterson	Public	007285
Legal_SubWorkflow	12/31/08 11:12 AM	Approve	Rhonda Westover	Public	007285
AllOrdinanceWorkflow	12/31/08 11:11 AM	Checkin	Rhonda Westover	Public	007285

addendum -

CONSENT AGENDA - INTRODUCTION