



RESOLUTION NO. 39899

1 A RESOLUTION relating to the Tacoma Community Redevelopment
2 Authority (“TCRA”); consenting to TCRA leasing the Pantages Building
3 to a tax credit entity in order to be in a position to access Federal Historic
4 Tax Credits and New Markets Tax Credits to enable renovations to the
5 Pantages Building.

6 WHEREAS with the City of Tacoma’s approval, the Broadway Center for the
7 Performing Arts (“BCPA”) is currently in the process of finalizing plans for
8 renovations of the Pantages Building, and

9 WHEREAS project costs are anticipated to be between \$12 and \$20 million,
10 and the BCPA is currently undertaking a capital campaign to raise funds to
11 complete the project, with funding anticipated to come from the City, private
12 donations, a state grant, and moneys raised through both Historic Tax
13 Credits (“HTC”) and New Market Tax Credits (“NMTC”), and

14 WHEREAS, in order to assist with accessing funding through the HTC and
15 NMTC programs, the project has been presented to potential tax credit investors
16 through an outside consultant hired by the BCPA, and

17 WHEREAS, in 1983, the City entered into a series of simultaneous lease
18 transactions in order to monetize available tax credits to provide funding for
19 necessary improvements to the Pantages Building, and

20 WHEREAS, while the 1983 transaction was complex and involved a number
21 of leases and subleases between the City, through the TCRA, and limited purpose
22 entities formed for the purposes of the transaction, it was, at its most fundamental
23 level, a multi-year lease between the City and the tax credit investors, and
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WHEREAS, as part of the earlier tax credit transaction, the City conveyed title of the Pantages Building to the TCRA, and

WHEREAS the tax reform packages proposed by both the U.S. House of Representatives and the U.S. Senate have potential adverse impacts on both the HTC and NMTC programs, threatening the BCPA's ability to raise funds through these structures, and

WHEREAS this uncertainty has caused entities contemplating the use of tax credits to draft documents and put legal structures in place before the end of the year to minimize the risk of any potential changes to the HTC and NMTC programs which would negatively impact project and finance plans, and

WHEREAS, in order to take advantage of the tax credits, the following steps are necessary: (1) create an additional tax credit entity; and (2) lease the Pantages Theater to the entity which will be the tax credit program applicant, and

WHEREAS, because title to the Pantages Building was conveyed to TCRA by the City, the lease of the Pantages will require approval of both the TCRA Board and the City, and

WHEREAS the TCRA Board is scheduled to approve the lease of the Pantages Building to the newly created entity, Pantages Building LLC, at its December 21, 2017, meeting, and

WHEREAS the TCRA will derive no financial benefit from the Lease, and the Lease shall have no effect on the Management Agreement between the BCPA and the City of Tacoma for operation of the facility, and



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WHEREAS the Lease will be effective during the period required for such credits to be available for tax credit investors, and in the event the renovation of the Pantages Building proceeds without the benefit of the tax credits, the Lease shall terminate; Now, Therefore,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TACOMA:

That the City of Tacoma consents to the Tacoma Community Redevelopment Authority, as landlord, entering into a lease ("Lease") of the Pantages Building to a newly created tax credit entity (Pantages Building, LLC) in order to be in a position to access tax credits which, if awarded, would provide a source of funds to help fund renovations to the Pantages Building. The Lease will be effective during the period required for such credits to be available for tax credit investors. In the event the renovation of the Pantages Building proceeds without the benefit of the tax credits, the Lease shall terminate.

Adopted _____

Mayor

Attest:

City Clerk

Approved as to form:

Deputy City Attorney