



## RESOLUTION NO. 39005

1 A RESOLUTION relating to a lease agreement between the City and the Tacoma  
2 Community Redevelopment Authority for the Pantages Theater; and  
3 authorizing an early termination of various subleases with tax credit investors  
and payment of a termination fee.

4 WHEREAS in February 1983, the City of Tacoma entered into a series  
5 of simultaneous lease transactions (the "Lease") in order to monetize available  
6 tax credits to provide funding for improvements to the Pantages Theater, and  
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8 WHEREAS, while the transaction was complex and involved a number of  
9 leases and subleases between the City and limited purpose entities, it is, at its  
10 most fundamental level, a 65-year lease between the City, through the  
11 Tacoma Community Redevelopment Agency, and tax credit investors, led by  
12 Urban Securities Profit Sharing Trust, Inc., and  
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14 WHEREAS the Lease expires in 2048, with optional early termination, at  
15 fair market value, in either 2018 or 2028, and

16 WHEREAS the Broadway Center is currently in the process of soliciting  
17 public and private donations and support through its Centennial Campaign, in  
18 which the funds raised will be used to make improvements to the City's  
19 performing arts facilities, and  
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21 WHEREAS the goal of the campaign is to raise approximately \$45 million  
22 from combined sources, including a requested amount of \$15 million from the  
23 City of Tacoma, and

24 WHEREAS the Broadway Center's request of the City consists of three  
25 distinct phases: (1) terminating the Lease; (2) exploring the potential of  
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1 structuring and issuing a new market tax credit financing of approximately \$7  
2 million; and (3) donating approximately \$8 million in cash, and

3 WHEREAS the City has advised the Broadway Center of its current  
4 structural budget deficit and constraints on providing credit and/or cash  
5 resources to the Centennial Campaign and has advised that it may not be able  
6 to complete all of the phases, and

7 WHEREAS the City is nearing completion on the first phase of the plan  
8 and is poised to effectuate the termination on September 10, 2014, and

9 WHEREAS this early termination will release contractual encumbrances on  
10 the facilities and allow the City to pursue the second phase of the plan, which is  
11 to explore the possibility of structuring a new market tax credit financing to raise  
12 funds which could then be applied to the Centennial Campaign's \$15 million  
13 funding request, and

14 WHEREAS a portion of the up-front payment received by the City when  
15 the Lease was originated in 1983 was invested and specifically reserved to  
16 offset the termination price in the City's option years of 2018 or 2028, and

17 WHEREAS the reserved amount is sufficient to satisfy the termination  
18 payment of \$3.295 million, such that the City will not be utilizing General Fund  
19 moneys for this purpose, and

20 WHEREAS once termination has been successfully completed, staff will  
21 begin evaluating options which may be utilized to fund improvements to the  
22 Broadway Center facilities; Now, Therefore,



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BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TACOMA

That the City Council hereby authorizes early termination of the leveraged subleases relating to the Pantages Theater, payment of the termination fee, and the execution of any and all documents to effectuate the same, including mutual releases of any and all representations, warranties, claims, liabilities and obligations.

Adopted \_\_\_\_\_

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk

Approved as to form:

\_\_\_\_\_  
City Attorney