

September 25, 2017

## **CITY COUNCIL STUDY SESSION ITEM**

### **SUBJECT**

A request by Performing Arts Center Eastside (“PACE”) for the City to consider amending the 2016-2066 Funding Agreement for the Tateuchi Center to extend the timeline for performance of certain obligations. This proposal would provide PACE with an additional six weeks to meet the next time-sensitive deadline in the Agreement which is September 30, 2017.

### **STAFF CONTACTS**

Lori Riordan, City Attorney 452-7220

### **POLICY ISSUES**

Whether to approve a brief extension of the upcoming deadline of September 30, 2017 under the 2016-2066 Funding Agreement for PACE to have concluded fund-raising in order to allow PACE time to prepare a proposal to the City for further amendments to the Funding Agreement to be presented to Council in October 2017. This extension would amend the September deadline to November 13, 2017.

### **DIRECTION NEEDED FROM COUNCIL**

**ACTION**



**DIRECTION**



**INFORMATION ONLY**



Council direction on whether the proposed amendments to the 2016-2066 Funding Agreement are acceptable and direction on whether any additional amendments are desired are sought. Following receipt of this direction we will negotiate a final Proposed Amended Funding Agreement and return to Council for approval at a subsequent meeting.

### **BACKGROUND/ANALYSIS**

In November 2016 Council Approved Resolution No. 9181 authorizing the City Manager to enter into a Funding Agreement with PACE which provided for a City investment in the Tateuchi Center, a performing arts venue to be constructed in downtown Bellevue utilizing a mix of public and private funding. Bellevue’s investment of \$20,000,000 is to be secured by a deed of trust in a portion of the venue—specifically the education center which the City will be given exclusive access to for public programming on a select number of days annually. Other public benefits are requirements of this funding agreement which runs for the period of September 2016 through September 2066, such as free and reduced fee access for low income and disabled persons.

Fundraising for the project has been underway for some years and the funding agreement contemplates that a decision by the PACE Board of Directors would be made this month and construction would begin in 2018. However, the organization’s Executive Director has now retired and PACE has been operating with a reduced professional staff since that retirement.

During Council's summer recess representatives of PACE met with City staff and indicated that they would like to propose some amendments to the current terms of the funding agreement. The need for these amendments are driven by a number of factors, including the search for a new Executive Director, changes to building and fire codes requiring revisions to the architectural and engineering plans and updates to the construction budget. All of these items impact the amount of fundraising which remains to be completed and ultimately the amount of construction financing that PACE will be required to secure. PACE is not in a position at the present time to meet the September 30, 2017 deadline contained in the funding agreement.

PACE is therefore proposing to offer a number of revisions to deadlines in the Funding Agreement, however the Executive Committee of the Board has not yet had an opportunity to finalize this proposal. PACE is therefore seeking an interim extension of time to only the imminent deadline—from September 30, 2017 to November 13, 2017 so that it will have time to conclude preparing its proposal, and we can bring it forward to Council for discussion at a Study Session in October for consideration and direction. PACE has indicated that in addition to extending a number of deadlines, it will be proposing to add some new benchmarks and safeguards to the Agreement relating to reporting and financing.

### **OPTIONS**

1. Direct staff to return to Council with a Resolution to amend the 2016-2066 Funding Agreement with PACE to change the date in Section 4(a) from September 17, 2017 to November 13, 2017.
2. Do not approve an amendment to the 2016-2066 Funding Agreement with PACE.

### **RECOMMENDATION**

Option 1

### **ATTACHMENTS**

- A. Proposed Amendment to 2016-2066 Funding Agreement.

### **AVAILABLE IN COUNCIL DOCUMENT LIBRARY**

2016-2066 Funding Agreement