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ORIGINAL

CITY OF BELLEVUE, WASHINGTON

RESOLUTION NO. 8914

A RESOLUTION stating the City's intention to make a capital investment of up to $20 Million in Tateuchi Center under certain conditions, and directing the City Manager or his designee to negotiate a contract with PACE and others as necessary in furtherance of this end.

WHEREAS, the City Council believes it is in the public interest to encourage and support the development of the arts and cultural landscape, in balance with the other obligations of the City; and

WHEREAS, the City Council has publicly supported the concept of developing a larger performing arts center in downtown Bellevue since 1982; and

WHERAS, by Resolution No. 6670 adopted in 2002, the City endorsed the PACE project (Tateuchi Center), declaring it would "represent a magnificent addition to Bellevue and the surrounding region" and "declare[d] the City's support for the development of [the] facility;" and

WHEREAS, the City has included Tateuchi Center in the City's "Cultural Compass" arts plan adopted 2004; and

WHEREAS, PACE has since 2002 proceeded further towards the goal of establishing a performing arts center than any past effort by securing $64 Million in public, corporate and individual contributions, securing a site, and completing a design for Tateuchi Center;

WHEREAS, the City invested two million dollars in Tateuchi Center in 2009, in exchange for 20 years of extensive public programming commitments on the part of Performing Arts Center Eastside (PACE), and ownership of the design drawings for the project; and

WHEREAS, in 2014, PACE requested that the City provide additional assistance to the project in the form of additional substantial public investment in order both to help Tateuchi Center reach its fundraising goal and to inspire more private contributions to the fundraising effort; and

WHEREAS, by Resolution No. 8695 adopted in 2014, the City agreed to enter in to a Memorandum of Understanding (MOU) with PACE to conduct a due diligence process and explore potential avenues for additional public and private funding for Tateuchi Center; and

WHEREAS, in accordance with the MOU, the City engaged consultants to independently review comparable facilities in the region, to assess the feasibility of the

Tateuchi Center construction and operations plan as proposed by PACE, and to review the economic impact of the Tateuchi Center on the local and regional economy; and

WHEREAS, PACE has proposed a change in scope to the project that calls for replacing the cabaret with a 5,000 sq. foot education center to broaden community access; and

WHEREAS, Council finds construction and operation of Tateuchi Center, including the proposed education center, will be a positive addition to the region's arts and cultural landscape and a transformational addition to Downtown Bellevue; and

WHEREAS, Council finds construction and operation of Tateuchi Center is consistent with the City's vision for advancing the cultural arts within Bellevue and ensuring the vibrancy of the downtown; and

WHEREAS, Council finds the public programming commitments secured from PACE in 2009, will enable access and enjoyment of Tateuchi Center by all segments of the City's population for decades to come, and should be extended to better match the life of the facility; and

WHEREAS, Council finds construction and operation of Tateuchi Center will provide significant positive economic impact in Bellevue and throughout King County; now; therefore,

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES RESOLVE AS FOLLOWS:

Section 1. The City Manager or his designee is directed to negotiate with PACE and, as appropriate, the underlying property owners of the Tateuchi Center site, an outline of terms for the investment of $ 20 Million in Tateuchi Center. Such negotiations shall be concluded by July 1, 2015, reported back to the City Council in July, and shall include such conditions as are advisable and necessary to protect the public investment in the project and to secure adequate consideration for such investment. If the negotiated outline of terms is agreed to, then the parties will thereafter seek to finalize the agreements this year, consistent with such agreed terms.

Section 2. The negotiated conditions shall include but not be limited to:

a. Securing a substantial real property interest in the Tateuchi facility as security for the investment, together with an obligation to repay the investment if the facility is not operated as a public performing arts center for 50 years;
b. Providing the public investment on a "last-dollars" in basis, that is, dependent upon PACE first securing the balance of funding necessary for the project, by September, 2016;
c. Inclusion in the project of an education center with a flexible configuration that can adapt to a wide variety of programming and studio theatre presentations;
d. Timely completion of the project;

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e. Securing 50 years of public programming commitments from PACE consistent with the terms of the 2009 20-year agreement between the City and PACE;
f. PACE's completion of a programming study including local public engagement to ensure programming desirable to the public;
g. Limitations on the commercial or unrelated use of the facility consistent with current law relative to PACE's state property tax exemption;
h. The City, PACE and Bellevue Convention Center entering into a facilities cooperation framework;
i. No commitment to funding of operations; and
j. Such other terms and conditions deemed appropriate and consistent with the City's established principles for investing in cultural facilities.

Passed by the City Council this 4th day of May, 2015, and signed in authentication of its passage this 4th day of May, 2015.

(SEAL)

Claudia Balducci, Mayor

Attest:

Myrna L. Basich, City Clerk