

#SDCCat25

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# Update on Fifth Avenue Landing Site & Sails Pavilion Financing

June 17, 2015

Stephen Cushman, Chair, Board of Directors

Carol Wallace, President & CEO

Mark Emch VP Finance & CFO

## Summary

- Fifth Avenue Landing Overview
- Sails Pavilion Financing Update
- Council Questions

## Fifth Avenue Landing

- May 2010 SDCCC purchased FAL Leasehold
- Purchase price was \$13,500,000; \$1,000,000 down and a \$12,500,000 Promissory Note to FAL.
- Term of five years expiring May 6, 2015.
- 5.27% interest rate on unpaid principal balance
- \$500,000 interest only payments due on each anniversary date of Note until the first of the following occurs:
  - The date five years after the date of the Note
  - Funding obtained for financing the Expansion Option as described in the San Diego Unified Port District ARC Lease to Corporation
  - Upon termination of the Expansion Option
  - Upon abandonment of the Phase III Expansion Project

## Fifth Avenue Landing

- As of May 5, 2015 (day before Note termination), the Corporation will have:
  - Paid \$2,000,000 in interest only payments to FAL
  - \$1,293,750 of accrued unpaid interest on the books
  - \$12,500,000 original Promissory Note Payable on the books
- On May 6, 2015 the Corporation defaulted on the Note.
- On May 28, 2015 the Corporation Board of Directors voted to
  - Not extend the Note for a term of one year
  - Directed staff to negotiate the option to manage the FAL leasehold site for no more than one year to accommodate events booked on the site.

## Sails Pavilion Funding

- California's Infrastructure Bank ("I-Bank") Revolving Fund Program
- Up to 100% of infrastructure project costs can be funded via I-Bank loan, with term set at the lessor of useful life of the infrastructure assets or 30 years, and at fixed interest rates (currently in the mid-3%'s)

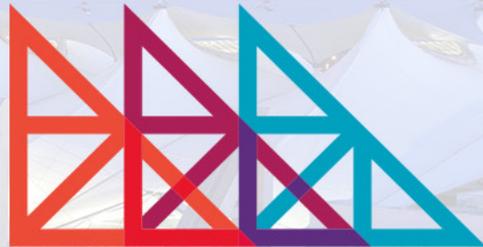
# Sails Pavilion Funding

Loan approval and use of I-Bank funds involve three separate approval steps:

- Board approval of I-Bank loan application;
  - I-Bank approval of loan;
  - Board approval and acceptance of the loan
- Board approval of loan documents must occur within 180 days of I-Bank approval
  - Infrastructure project must be completed within two years subsequent to final Board approval and execution of loan documents

# Preliminary Timeline

- Summer 2016 – Corporation Board approval and submission of loan application
- Fall 2016 – I-Bank approval of loan application
- Early Winter 2016/2017 (or late Winter 2016/2017) – Corporation Board approval of loan documents
- February 2017 - June 2017 (or February 2018 - June 2018) – Sails Pavilion shut-down for concrete replacement work (fabric structure replacement engineering and fabrication work starts January 2017 (or January 2018) and thereafter occurs concurrently with concrete replacement work)
- July 2017 (or July 2018) – Project shut-down to allow for Comic Con and ESRI events
- August 2017 - January 2018 (or August 2018 - January 2019) – Sails Pavilion fabric structure replacement work
- January 2018 (or January 2019) – Project completion and reopening of Sails Pavilion



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Thank you!