

Introduced By: Mayor Jerry Cleworth
Date: June 27, 2011

ORDINANCE NO. 5852, AS AMENDED

AN ORDINANCE AUTHORIZING RESTRUCTURE OF THE FAIRVIEW MANOR LAND SALE LOAN DUE TO THE CITY, TO ASSIST CONSTRUCTION OF THE RAVEN LANDING COMMUNITY CENTER, AND SETTING AN EFFECTIVE DATE.

WHEREAS, the City of Fairbanks, by Ordinance No. 5687, approved that certain Purchase and Sale Agreement ("the Agreement") dated December 12, 2007, among the City, Bitterroot Investments Inc, and the Weeks Field Development Group, LLC ("WFDG") for the sale and redevelopment of Lot 1, Block 137, Weeks Field Subdivision, containing 12.96 acres, more or less, and commonly known as the Fairview Manor Apartment Complex ("the Property"); and

WHEREAS, by Ordinance No. 5778, the City agreed to finance \$781,500 of the selling price of \$1,000,000 payable to the City under the Agreement ("the Loan"), Ordinance No. 5778 having also transferred financial responsibility from WFDG to Community Development, Inc, ("CDI), for the Loan, CDI being a member of WFDG; and

WHEREAS, the original Property has been subdivided into several parcels to date; and

WHEREAS, the Loan is secured by a first position Deed of Trust against Tracts B, C & D, Weeks Field Community Subdivision (Tract A having been paid for in cash, August, 2009), Tracts C & D having since been replatted into Tracts C-1 and D-1); and

WHEREAS, a pending replat shall create Lots 1, 2, & 3 from Tracts C-1 and D-1 for the purpose of providing sites for a proposed Community Center and for proposed Raven Landing II Housing Project, both facilities scheduled to begin construction in summer of 2011 by the Fairbanks Retirement Community ("FRC") (with Lot 3 slated for a future housing project); and

WHEREAS, in order for the FRC to proceed with the Community Center project, the FRC must purchase Lot 2 from CDI, the record owner; and

WHEREAS, under the terms of the original sales Agreement, CDI must pay the City a pro-rated amount for release of said Lot 2 from the Deed of Trust at time of sale to the FRC; and

WHEREAS, FRC has requested that the pro-rated payoff requirement of the Agreement be modified such that payoff not occur, but that FRC will assume \$385,589 of the total debt of \$781,500; and

WHEREAS, the \$385,589 otherwise due to the City would be secured by a new first position lien against proposed Lot 2, containing 1.238 acres, plus the value of the Community Center, with an estimated construction cost of \$900,000, with the FRC as Payor, **which Weeks Field Development Group LLC has agreed to be co-signer and guarantor;** and

WHEREAS, the \$395,911 balance of the \$781,500 Loan would be secured by a new first lien position against proposed Lot 3, containing 3.931 acres, with CDI as Payor; and

WHEREAS, CDI and the FRC further request that the existing lien against proposed Lot 1, containing 1.220 acres, be released without payment to the City, for the purpose of providing a site for Raven Landing No. 2, based on their assurance that the value of the remaining collateral has increased sufficiently to allow such a release without payment; and

WHEREAS, the FRC further requests that the scheduled maturity date of the existing Deed of Trust of July 31, 2015 be extended to July 31, 2016 as to the proposed new Deed of Trust on proposed Lot 2; and

WHEREAS, it is the sense of this City Council that the success of the Fairview Manor demolition and redevelopment project in the best interest of the public, and merits the financial assistance requested by CDI and by FRF.

NOW THEREFORE, BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF FAIRBANKS, ALASKA, as follows:

SECTION 1. RECISION IN PART: Only those actions of the City Council under Ordinance No. 5687 and Ordinance 5778 that are affected by this Ordinance No. 5852 and which affect the Agreement are rescinded or modified hereby. All other terms and conditions expressed in or attached to said Agreement, Ordinance No. 5687, and Ordinance No. 5778 shall remain in full force and effect.

SECTION 2. DETERMINATION: That the Agreement dated December 12, 2007 is hereby amended at Article 10 for the 2nd time:

- 2.1 To release Lot 1 without payment to the City or with secured lien in consideration of increased value of the remaining secured real property (being proposed Lot 1, formerly a portion of Tract C-1, formerly portions of Tracts C and D, first referred to informally as Parcels 3 and 4 in the Agreement).
- 2.2 To extinguish and replace the existing Deed of Trust and associated Promissory Note with two new Deeds of Trust and Promissory Notes:
- 2.3 One new Deed of Trust and Promissory Note for \$385,589 in favor of the City to be executed by the FRC, **and to be executed and guaranteed by Weeks Field Development Group LLC**, and secured by Lot 2, with lump sum maturity date of July 31, 2016.
- 2.4 One new Deed of Trust and Promissory Note for \$395,911 in favor of the City to be executed by CDI, and secured by Lot 3, with lump sum maturity date of July 31, 2015.

SECTION 3. INTEREST ACCRUED AND TO ACCRUE:

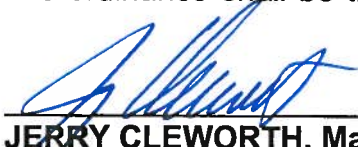
3.1 All interest accrued to date arising from the original Deed of Trust executed by CDI shall be the obligation of CDI, and future interest arising from the proposed Deed of Trust against Lot 3, to be executed by CDI, shall remain at the original Annual Percentage Rate of 6%.

3.2 . All interest arising from the proposed Deed of Trust to be executed by the FRC shall commence with date of signing of said Deed of Trust against Lot 2, and shall accrue at the Annual Percentage Rate of 6%.

SECTION 4. CONTINGENCY AS TO EFFECTIVE DATE: That the actions, terms and conditions of this Ordinance shall not take place or be effective until and unless the proposed plat of WEEKS FIELD COMMUNITY PHASE II (RP-033-11) is duly recorded in the Fairbanks Recording District.

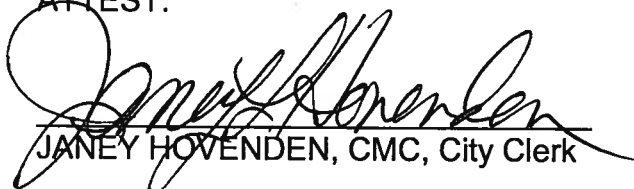
SECTION 5. MAYORS AUTHORIZATION: That the Mayor is hereby authorized and empowered to execute such legal documents as necessary to effect the directions of this Ordinance after Council approval.

SECTION 6. That the effective date of this ordinance shall be the 18th day of July, 2011.




JERRY CLEWORTH, Mayor

AYES: Stiver, Matherly, Gatewood, Bratcher, Eberhart, Roberts
NAYS: None
ABSTAIN:
ABSENT:
ADOPTED: July 18, 2011

ATTEST:


JANEY HOVENDEN, CMC, City Clerk

APPROVED AS TO FORM:


for PAUL EWERS, City Attorney

