



Loretto Heights Cultural Hub Purchase and Sale Agreement

Finance and Governance Committee
April 18, 2023
Resolution Request #23-0423

Background

- On June 10, 2021 the City and ACM Loretto VI LLC (Seller) entered into a Development Agreement whereby Seller agreed to convey the Theater pursuant to a Contribution Agreement.
- RISE Bond included funding for improvements to the Theater and construction of a new parking garage.
- It was determined that acquiring the adjacent May Bonfils Stanton Library and additional land for a parking garage would be advantageous to complete the AVD cultural hub concept.



Loretto Heights Cultural Hub

Advances Cultural Equity and Access

- SW Denver neighborhoods have poor access to arts-related programming including performances, classes and rehearsal spaces.
- Shift from Downtown-focus

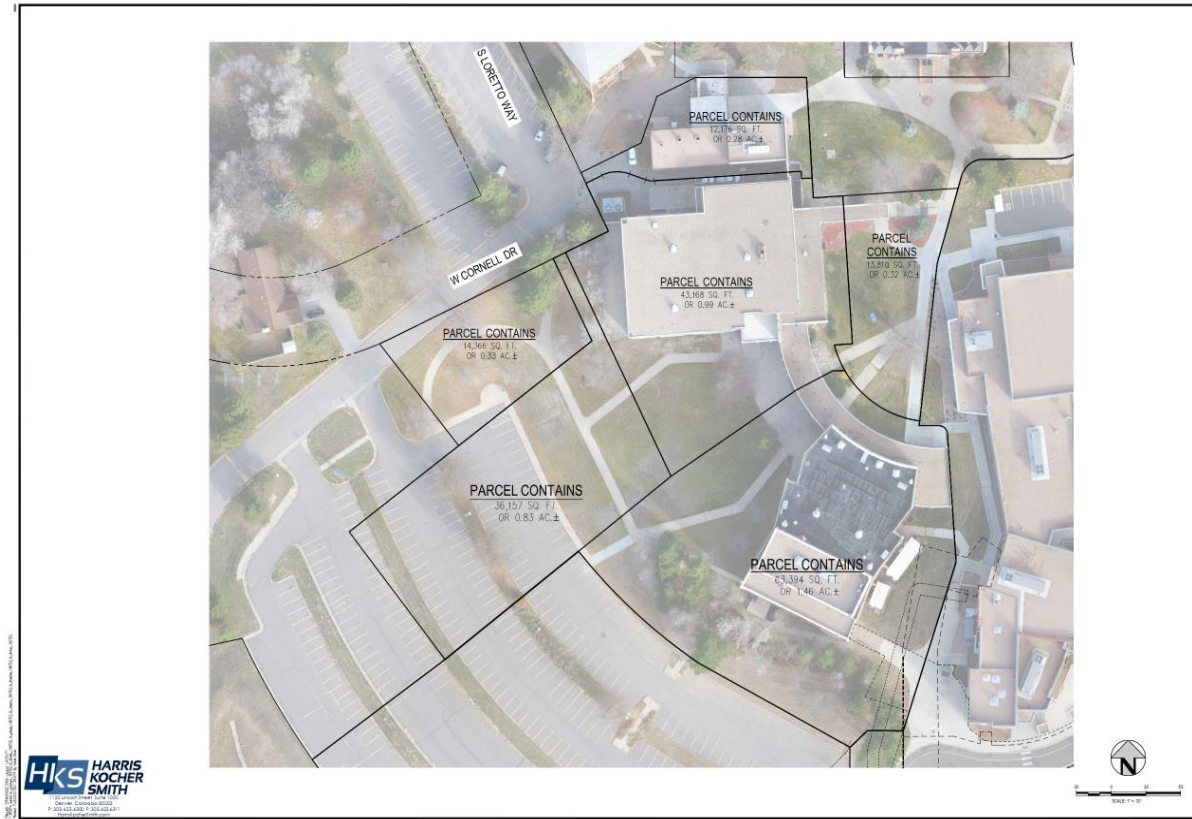
Thriving Communities include Arts & Culture

- Time 2 Thrive –AVD’s Strategic Plan

Preserves Denver’s History and the Legacy of Loretto Heights



Loretto Heights Parcels



Purchase and Sale Agreement Terms

- Seller: ACM Loretto VI LLC
- Purchase Price: \$3,500,000
- Total **Property Size**: Approximately 3.93 acres (170,895 square feet), includes Theater and Library
- Council District 2
- Purchase and Sale Agreement serves as the Contribution Agreement in the Development Agreement for the conveyance of the Theater \$10.

Purchase and Sale Agreement Terms (cont)

Closing Conditions:

- Access Easement and Shared Parking Agreement from Denver Public Schools to City for access to garage parcel and parking rights to DPS.
- Reciprocal Easement and Cost Sharing Agreement between City and Seller for access to Library loading dock.
- Zone Lot Amendment – Seller complete zone lot amendment of the boundaries of the current zone lots for the Property into one legal zone lot. City will reimburse Seller the cost of third party fees up to \$10,000 to complete the zone lot amendment.
- Electrical Work – The City will reimburse the Seller for actual out of pocket expenses for site upgrades to the electrical system for the Library and Theater up to \$135,000.

Purchase and Sale Agreement Terms (cont)

PILOT (Payment In Lieu of Taxes) – Seller first recorded an Amended and Restated Declaration of Payment in Lieu of Taxes against the Loretto Heights parcels, including the Property, in 2021. The Authority subsequently issued bonds in 2021, and the PILOT payments are pledged for repayment of those bonds. The City will be responsible for PILOT payments through 2028. Seller and the Authority will cooperate in good faith to remove the Property from being subject to the PILOT Declaration or refund the outstanding bonds. Seller will reimburse the City for all PILOT payments made by the City on and after January 1, 2029 until either the bonds are refunded or the Property is no longer subject to the PILOT Declaration.

- If it is determined by an Independent Registered Municipal Advisor that, due to then-economic market conditions, a refinancing would not generate enough revenue to fully refund the bonds, the City and Seller will each be responsible for 50% of the PILOT payments until such time as refinancing can occur or the Property is removed from the PILOT Declaration.
- Prior to Closing, the City, the Authority and Districts 1-4 will enter into a PILOT Agreement whereby the Authority and the Districts shall not enter into future bonds pledging PILOT payments on the Property or otherwise include future PILOT payments from the Property.

Requested Council Action

RR 23-0423: Approves the Purchase and Sale Agreement with ACM Loretto VI LLC to purchase the Theater, Library and additional land located at approximately 3200 W. Cornell Drive, Denver, Colorado.



Questions?