

**STAFF REPORT TO THE MAYOR AND CITY COUNCIL FOR
CONSIDERATION AT THE COUNCIL MEETING OF JANUARY 13, 2009**

FROM: Arlene Mornick, Assistant City Manager *AM*
REVIEWED BY: Jim Jakel, City Manager *JJ*
DATE: January 7, 2009
SUBJECT: City of Antioch Guarantee to a Loan made to the El Campanil Theatre by the Antioch Community Federal Credit Union

RECOMMENDATION

Authorize staff to develop and execute a Corporate Guarantee to the Antioch Community Federal Credit Union, which will guarantee its loan to the El Campanil Theatre Preservation Foundation in an amount up to a limit of \$285,000. Authorize the City Manager to execute the Corporate Guarantee and any other documents necessary to preserve the rights of the City

BACKGROUND

Attached to this agenda item (Attachment A) is a letter from the El Campanil Theatre Preservation Foundation (Foundation) requesting the assistance of the City of Antioch. The heating, air conditioning and venting system at the Theatre needs to be replaced. The estimated cost of replacement is \$257,000. The Foundation has applied for a loan from the Antioch Community Federal Credit Union (Credit Union) to fund the new air management system. The loan is for an amount not to exceed \$285,000, financed over 30 years with an interest rate of 6.2%. As a condition of granting the loan, the Credit Union is requiring the Foundation to either obtain an appraisal of the Theatre or find a Guarantor for the loan. The Foundation is asking the City to be that Guarantor.

The heating and air conditioning system in the theatre is 80 years old and repairs to the system are no longer a viable option. The system is in need of a full replacement. The Foundation requested bids from HVAC contractors. The low bid, from a local contractor, was selected, with a cost estimate of \$257,000.

Time is of the essence for this project in order to protect the program schedule for the Theatre. A capital campaign to raise over \$250,000, given the current economic climate, is not a realistic or timely solution. An appraisal of this unique facility will be time consuming and add cost to the project. Therefore, the Foundation is asking the City to act as a Guarantor for the Credit Union loan.

K
1-13-09

The City of Antioch has a long history of support and preservation of the El Campanil Theatre. The restoration and operation of the El Campanil Theatre (built in 1928) has provided the city's downtown with new life and spirit. In this capacity, the Theatre serves as a catalyst for cultural growth in the community and the continued revitalization of the downtown area. In the past the City has committed over \$750,000 to facilitate the preservation and restoration of the Theatre. In addition to past financial support, the City of Antioch has the Right of First Refusal to the assets of the Corporation in the event that the corporation is no longer able to function.

It is recommended that the City Council continue its support of the El Campanil and authorize the City Manager to sign as Guarantor of the Credit Union loan. .

FINANCIAL IMPACT

The City does not anticipate any financial impact. The Foundation has supported the operations of the Theatre and will continue to do so. The funds saved in energy costs will help offset the loan payments.

ATTACHMENTS

Attachment A: Letter dated January 5, 2009 from Rick Carraher, Executive Director, El Campanil Theatre Preservation Foundation



El Campanil Theatre
Preservation Foundation
P.O. Box 1542
Antioch, Ca 94509
(925) 757-1366
(925) 757-9500 (Tickets)
(925) 757-9501 (Fax)
www.elcampaniltheatre.com

Board of Directors

Gwen Fenolio
President

Gary Reiman
Vice President

Corinne Evans
Secretary

Rick Ingrassia
Treasurer

Sharon Beswick
Director

Katie Cook
Director

Robert Rezak
Director

Rick Carraher
Executive Director



1928 – 2008
Celebrating 80 Years of
Entertainment in
East Contra Costa County

January 7, 2009

Mayor James Davis
City Council Members
City Of Antioch

On behalf of the board of directors of the El Campanil Theatre Preservation we respectfully request that the Antioch City Council act as the guarantor for a commercial real estate loan we will be obtaining from the Antioch Community Federal Credit Union.

Background

The heating and air conditioning system in the theatre, now 80 years old, is at a point where repairs are no longer a viable solution. We have spent over \$25,000 in the past two years replacing failing parts that are very difficult to obtain. Our utility costs are estimated to be 30-40% higher than necessary due to the inefficiency of the system in place.

After working with HVAC contractors we have decided that it is time to replace the original system with up to date energy efficient equipment. Bids were submitted and a local (downtown) contractor was selected to do the work. The cost is estimated to be \$257,000.

Given the current economic climate, a capital campaign to raise over \$250,000 is not practical as an immediate solution.

The Antioch Community Federal Credit Union has agreed to finance the project over a 30 year period at 6.2%. The loan amount will be \$280,000 to cover contingencies.

The Credit Union requires that we obtain either an appraisal or a guarantor for the loan. It is likely that the complexity of an appraisal for such a unique facility will be time consuming and costly (estimated to be at least \$5000).

If the City of Antioch were to issue a guarantee, work would begin immediately and there would be no costly fees.

On March 9, 2001 the Board of Directors passed a resolution that gives the City of Antioch the Right of First Refusal to the assets of the Corporation in the event that the corporation is no longer able to function.

As of December 31, 2008 the assets of the corporation are \$1,372,000.00

We gratefully acknowledge the continuing support of the Antioch City Council. We do not anticipate any difficulty meeting our financial commitments. Our patron base continues to grow and in spite of the economic challenges facing us, we feel that we are a viable long term solution to the revitalization efforts in Antioch's Rivertown District.

Summary

We hope that the City Council views this request as a way that it can assist us with ensuring the theatre remains in good condition to support the use by its citizens for many years to come.

We appreciate your consideration of our request.

A handwritten signature in black ink, appearing to read "Rick Carraher", with a stylized, cursive script.

Rick Carraher