

REGULAR ELECTION
APRIL 04, 2000
MUNICIPALITY OF ANCHORAGE

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MAYOR

HALL, Rita	:402	.65
FROST, Jack	11,396	18.41
WUERCH, George	12,681	20.49
BEGICH, Mark	24,920	40.26
BELL, Bob	6,034	9.75
JONES, Race G.	74	.12
KEHR, John, Jr.	90	.15
KOTT, Pete	2,289	3.70
OBERMEYER, Theresa Nangle, Ph.D.	1,178	1.90
DONLEY, Dave	2,744	4.43
WRITE-IN	91	.15

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ALASKA INDUSTRIAL DEVELOPMENT
AND EXPORT AUTHORITY



99506

~~480 WEST TUDOR~~

ANCHORAGE, ALASKA ~~99503~~

907 / 269-3008

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813 W, Northern Lights Blvd.

EXHIBIT "A"

MEMORANDUM

TO: Board of Directors
Alaska Industrial Development and Export Authority

FROM: *[Signature]*
D. Randy Simmons
Executive Director

DATE: April 26, 2000

SUBJECT: The Alaska Club Partners LLC
Loan Summary

Borrower: The Alaska Club Partners LLC

Guarantors: Andrew Eker and Tom Behan

Nancy Hughes, Municipal Attorney, 1994 - 7/2000 is married to Eker.

Project: Consolidation and refinance of existing Alaska Club debt, which includes approximately \$5.4 million of an existing participation and approximately \$441,000 currently guaranteed by the Authority. Alaska Club East located on Tudor Road, Anchorage, will secure this loan.

Loan Request: National Bank of Alaska (NBA) requests AIDEA participation of \$7,200,000 (80%) in a \$9,000,000 loan.

Term: NBA	15 years
AIDEA	25 years

History and Management:

The Alaska Club Partners LLC was formed in February 1997 and is the successor to the Alaska Club Partners, a partnership established in 1988 with the purchase of the former Teamsters Recreation Center on Tudor, now the Alaska Club East. Since that time, the operation commonly known as the Alaska Club has expanded its operations to six clubs

In Anchorage and one in Eagle River. Through a related entity, Fairbanks Athletic Club Partners LLC, it also owns a similar club in Fairbanks.

The borrower's plan to expand Alaska Club South has led to this subject request. Alaska Club South will be doubled in size with the addition of a pool, gym, lockers, and another exercise area. NBA, in a totally separate loan, will be financing a portion of the existing debt on Alaska Club South plus the expansion cost. This subject loan request will combine the remaining debt on Alaska Club South with the existing debt on Alaska Club East.

Collateral and Value:

Security for this loan will be a first deed of trust against the real property comprised of Alaska Club East and a first security interest in all furniture, fixtures and equipment (FF&E) at that location, and a first security interest in the accounts of Alaska Club. Alaska Club East is a 108,361 square foot health and fitness facility that currently includes exercise and weight rooms, a full size gymnasium, an olympic sized swimming pool, tennis and racquetball courts, café/lounge, reception area, day-care area, locker rooms, and administrative offices. Robert C. Erickson, MAI, appraised the project on February 18, 2000, and estimated the market value to be \$17,000,000. The market value provides the Authority a 53% loan-to-value.

Financial Information:

Specific financial information will be available at the board meeting. The combined Alaska Club 1999 operating results provided total debt service coverage of 1.38:1 and projections for 2000 show debt service coverage of 1.33:1. The debt service coverage for 2000 includes the subject loan. The Alaska Club South expansion will not be complete until late 2000. Beginning 2001, the operations should reflect increased revenues from the Alaska Club South. The 1999 and projected 2000 debt service coverage ratios are within the Authority's guidelines.

Environmental:

No environmental concerns are noted on this project.

Job Creation:

The Alaska Club has 275 full and part-time employees. The Authority's participation in the subject loan will have no impact on jobs.

Portfolio Diversification:

As of 12/31/99, recreation related loans comprise 10.6% of the Anchorage region loan portfolio; this loan will increase that to 12%. Recreation related loans comprise 7.4% of the total AIDEA portfolio and this loan will increase that to 8.1%. Total loans in the Anchorage region will increase from 46.9% to 47.3%.

Comments:

With the approval of this loan, the Authority will have total exposure to this borrower of \$10.6 million and another \$2.7 million to the related entity in Fairbanks.

m.uel

Recommendation:

Staff recommends approval of this loan subject to the following:

1. Loan amount not to exceed the loan amounts being refinanced plus cost of financing, or \$9 million, whichever is less. Financing costs cannot include any commission or fee paid to any member of Alaska Club LLC, Alaska Club Management Inc., Alaska Club Inc. or any affiliate, shareholder or officer.
2. Replacement reserves maintained at current level.
3. Assignment of management services agreement.
4. Cross-default clause with all other Authority participated loans.
5. Borrower shall not further encumber any assets that secure all NBA/Authority participated loans.
6. Total debt to worth ratio shall not exceed 2.5:1.

** 10.6
- 7.9

2.7 million*