

The Block — Project Overview

Prepared by: DX/DT LLC **Date:** Revised March 2026 **Status:** For Discussion — Memorandum of Understanding (non-binding framework)

What Is The Block?

The Block is a proposed 3,600-seat multipurpose civic event venue at 301 N Henderson Road, designed to replace the Carlson Center as Interior Alaska’s primary public assembly facility. The project sponsor is DX/DT LLC (“Sponsor”), developer and operator of North Star Grand Lodge, a luxury resort on the adjacent parcel. The earth-sheltered, six-level building features permanent NHL-regulation ice, rapid-conversion flooring for concerts (up to 5,000), conventions (40,000+ SF), banquets (2,500 seated), and year-round community programming. The facility connects to The Pavilion, an adjacent privately owned event space, through a 100-foot accordion door wall for combined configurations up to 180,000 SF. Design life exceeds 50 years with a LEED Silver sustainability target.

Total project cost: approximately \$110 million **Target opening:** late 2031 / early 2032 **Construction timeline:** 48–52 months

Key Terms at a Glance

Term	Summary
Venue Owner	North Star Civic Authority (NSCA) — a new 501(c)(3) nonprofit
Developer & Operator	Sponsor (exclusive, 20+10 year management agreement)
Land	Sponsor-owned; Civic Parcel ground-leased to NSCA at \$1/year for 50+ years
Private Capital	Sponsor commits minimum \$40M by Financial Close
Philanthropic Campaign	\$40M Phase I target (naming rights, major gifts, foundations)
Bond Financing	Up to ~\$43M in 501(c)(3) revenue bonds; Borough as conduit issuer only — no general obligation, no taxpayer liability

Term	Summary
State and Federal Grants	Under evaluation (EDA, state capital appropriations, tourism development funds)
Exclusivity	36 months (extendable to 48) for Sponsor to negotiate definitive agreements
MOU Nature	Mostly non-binding framework; binding provisions limited to exclusivity, insurance, confidentiality, termination, dispute resolution

What the Borough Gets

Economic impact: - ~400 construction jobs over the build period - 100+ permanent positions at stabilization - ~70 events per year generating approximately 177,700 seat-days - ~59,000 out-of-market room-nights and ~\$12M in annual lodging revenue - ~\$960,000/year in estimated bed tax receipts from venue-generated room-nights at the current 8% rate - \$5.5–6.1M/year in new Borough tax revenue from the adjacent North Star Grand Lodge resort, of which the Borough retains \$2.1–3.6M/year after venue operating support

Community benefits (contractual, audited): - 30 civic-use days per year at cost-recovery rates - Discounted access for K-12 schools, youth sports, nonprofits, military/veterans - Year-round public ice (UAF hockey, community hockey, public skating) - 90,000 SF publicly accessible rooftop park - Local hire and local business procurement commitments - Public art (0.5% of hard construction costs, Alaska/Indigenous artist priority) - Annual community benefit report with independent verification every 3 years

Facility replacement: - Retires the aging Carlson Center, replacing the Borough’s general fund subsidy and deferred capital maintenance liability with civic venue operations funded by incremental tax revenue from adjacent private development - Sponsor invests up to \$20 million in private capital to convert the Carlson Center into a year-round community recreation facility — pickleball courts, indoor turf fields, youth sports leagues, and other public programming

Governance voice: - 1 Borough board seat on NSCA starting at construction - 2 community directors jointly selected after commissioning - All Sponsor-related transactions require independent fair-market-value review

What the Borough Is Asked to Do

1. **Execute the MOU** — establishes 36-month exclusivity for Sponsor to negotiate definitive agreements
2. **Assembly negotiation authorization** — within 150 days of MOU execution
3. **Conduit bond issuer** — facilitate up to ~\$43M in tax-exempt revenue bonds (no Borough credit pledged)
4. **Incremental revenue operating support** — direct a portion of new tax revenue generated by the North Star Grand Lodge resort to gap-fund The Block’s debt service (capped at the lesser of the operating gap or actual incremental tax collected; subject to annual Assembly appropriation)
5. **Community Access Services Agreement** — multi-year agreement (10+ years) purchasing community access outcomes (civic days, youth subsidies) in exchange for annual payments
6. **Property tax relief** — exemption or abatement on The Block’s civic parcel for at least 10 years
7. **Carlson Center transition** — Sponsor funds conversion into a community recreation facility (up to \$20M); Borough provides \$20M in tax credits against Borough GF bed tax and alcohol tax revenues attributable to Sponsor
8. **Designate a Borough Project Coordinator** — within 10 business days of MOU execution
9. **Study cost-sharing** — up to \$75,000 toward third-party studies (traffic, economic impact)

What the Borough is NOT asked to do: - Issue general obligation bonds or pledge taxpayer credit - Raise taxes - Guarantee debt service - Fund construction from the general fund - Surrender control over annual appropriations — all operating support is subject to Assembly vote each year

Governance at a Glance

NSCA’s 7-member board transitions through three phases, adding Borough and community representation as the project matures:

Phase	Sponsor	Borough	Community	Description
Development	7	—	—	Sponsor controls during pre-construction
Construction	5	1	1	Borough seated; 1 disinterested director added
Operations (Commissioning forward)	4	1	2	2 community directors jointly selected

Sponsor retains a board majority in all phases, plus consent rights over seven “Sponsor Reserved Matters” — including removal of the operator, changes to the management agreement or ground lease, major unbudgeted spending, and dissolution. All transactions between NSCA and Sponsor require approval by disinterested directors with independent fair-market-value opinions, ensuring arm’s-length discipline regardless of board composition.

How It Gets Paid For

Source	Amount	Share
Sponsor Capital (minimum)	\$40M	36%
Philanthropic Campaign (Phase I)	\$40M	36%
Tax-Exempt Revenue Bonds	~\$43M	39%
State and Federal Grants	TBD	—

Note: The equity and debt totals above sum to approximately \$123M against a \$110M project cost. Any grant funding will offset the philanthropic or bond amounts, not add to them. The final capital stack will be right-sized during definitive agreement negotiations.

Operating model: The venue is projected to generate \$19.9M in annual revenue at stabilization (Year 5), covering \$6.6M in variable costs, \$8.8M in fixed costs, and \$3.1M in debt service with a 1.49x coverage ratio. The Borough’s incremental revenue support — drawn solely from new resort-generated tax receipts — bridges the gap during the ramp-up period and stabilizes at approximately \$3.4M/year.

What Happens Next

Step	Timeline
MOU execution	—
Borough designates Project Coordinator	10 business days
NSCA incorporated	60 days
First public input session	60 days

Step	Timeline
Sponsor delivers Concept Program & Site Plan	60 days
Assembly negotiation authorization (target)	90 days
Quarterly progress reports begin	90 days
GMP / cost certainty	12 months
Definitive agreements negotiated	During 36-month exclusivity period
Construction	48–52 months
Target opening	Q4 2031 / Q1 2032

Attached Documents

1. **Draft Memorandum of Understanding** — draft framework agreement
2. **The Block Campaign Gift Prospectus** — detailed project description, financial projections, naming rights, community benefits, and risk analysis for prospective donors

This summary is provided for informational purposes and does not constitute a legal document. All terms are subject to negotiation and execution of definitive agreements. Questions may be directed to Cyrus Vorwald and Daniel Keck, DX/DT LLC.