

Loan imminent for two movie theaters in city

\$1.2 million to be used to reopen Rotunda, refinance Senator

Nonprofit foundation to run both

BDC would guarantee half of loan from bank

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The long-stalled renovation of the Rotunda movie theater could resume soon, and the twin-screen cinema could reopen by year-end as part of a multipronged plan to put the landmark Senator Theater on sounder financial footing, the theater's owner said yesterday.

The owner, Thomas A. Kiefaber, said he is close to securing a \$1.2 million loan that would be used to operate the Senator, refinance its debt, and complete renovation of the Rotunda theater.

A nonprofit foundation would be created to operate the theaters.

A city guarantee of half of the loan - \$600,000 - was a "very, very important element" in seeking the loan from First Mariner Bank, Kiefaber said. He signed the lease for the Rotunda theater in November and initially projected its opening for January this year.

Andrew B. Frank, executive vice president of Baltimore Development Corp., said the city's development agency decided to back the deal because the 900-seat Senator is an important anchor for nearby Belvedere Square, which is being redeveloped.

Reopening the Rotunda movie theater - as the Rotunda Cinematheque - would also help other merchants in the 40th Street shopping center and the quality of life for city residents in the area, he said.

"The deal is important from the standpoint of what's happening at [Belvedere Square] and also avoiding the kind of issues that happened there at the Rotunda," Frank said.

Kiefaber said the two screens at the Rotunda would increase the 900-seat Senator's ability to compete for more first-run movies. As newer movies are released, the Senator would push the older first-runs to the smaller screens.

At one time, Kiefaber had planned to get such a "move-over" capacity by adding two smaller screens at the Senator.

Kiefaber said he is awaiting Internal Revenue Service approval for the nonprofit Senator Theater Foundation.

The foundation would operate the Senator and Rotunda theaters through a for-profit arm acquired from Kiefaber. The foundation would lease the Senator theater building from another Kiefaber entity.

The foundation also would accept contributions that would initially be used to pay down the theater's debt. The city would control up to 20 percent of the foundation's board.

"Part of what we're doing here is paving new ground," Kiefaber said. "And it's important that the [business] structure is one that's well thought-out and is a viable one for moving forward, and that is what we have achieved."

With the redevelopment of Belvedere Square under way, "We're looking for a good symbiotic relationship for all the economic development that takes place there and we consider ourselves an important part of it," Kiefaber said.

Frank said the \$1.2 million loan would be used for four main purposes. About \$350,000 would go to renovate and reopen the Rotunda theater; \$500,000 to refinance the Senator's existing mortgage; \$150,000 to set up a nonprofit organization to run the Senator; and \$200,000 in working capital for the Senator.

The loan would be secured by the Senator building, at 5904 York Road; furniture, fixtures and equipment at both theaters; Kiefaber's home; and other commercial property near the Senator, according to a Sept. 11 letter to the Board of Estimates from the Baltimore Development Corp.

No city funds will be part of the financing deal, Frank said.

According to the development agency's letter, only vendors and other approved parties will be paid from the loan proceeds. Kiefaber is to be paid a salary that will be limited annually by inflation adjustments as long as the city guarantees the loan.

The board approved the loan guarantee this month.

Bank officials could not be reached for comment.

The plan is the latest in a series of efforts over the past decade aimed at keeping afloat the Senator, an art deco big-screen movie palace.

In 1999, the Senator received almost \$1 million in financing from sources including the Abell Foundation, the state of Maryland, and the Baltimore Development Corp.

Last year, the National Trust for Historic Preservation placed it on its annual list of America's 11 most endangered historic places.

Loews Cineplex Entertainment Corp. closed the Rotunda theater in March last year, a victim of overexpansion in the theater industry, which had caused consolidation and a wave of bankruptcies.

The number of screens in the United States shot from 23,814 in 1990 to a peak of 37,185 in 1999. Now, with fewer screens, the industry has begun to rebound.

Kiefaber said renovation at the Rotunda theater started soon after he signed the lease in November but was suspended pending a new business plan.

"We have already completed a significant portion of the interior," Kiefaber said. "We're looking to complete the rest of the renovation and get the theater open as soon as possible."

Retailers at the Rotunda have eagerly anticipated the reopening of the theater. Business at some has been hurt by the drop in foot traffic associated with the theater's closing and by other recent vacancies.

Officials at the Rotunda's management company, Manekin LLC, could not be reached for comment.

John Weisman, assistant manager at Gordon's Booksellers across from the theater, said the store has trimmed its weekend hours and seen a "pretty dramatic decline" in business.

"We really depended on [the theater]," Weisman said. "People would come in, buy their tickets and walk into the bookstore."

Roslyn Dupree, owner of Coffee with Rozz, a coffee shop around the corner from the theater, said retailers in the mall are disappointed that the theater hasn't reopened.

"A lot of the customers here in the building come down and patronize me every day," she said. "Without them, I don't know if I could survive."