

Agenda Report

DATE: OCTOBER 22, 2001

**TO: CITY COUNCIL/PASADENA COMMUNITY DEVELOPMENT
COMMISSION
ATTN: FINANCE COMMITTEE**

FROM: CITY MANAGER/CHIEF EXECUTIVE OFFICER

**RE: JOINT ACTION: APPROVAL OF COMMUNITY BANK TERM
CREDIT LOAN TO THE CITY OF PASADENA IN THE AMOUNT OF
\$1,300,000 AND APPROVAL OF \$1,300,000 LOAN BY THE CITY OF
PASADENA TO THE PASADENA COMMUNITY DEVELOPMENT
COMMISSION**

RECOMMENDATION:

1. It is recommended that the City Council adopt a Resolution:
 - A) Approving the terms and conditions of a loan between the City and Community Bank, subject to the terms and conditions as contained in Exhibit "A" to this report; and final documentation.
 - B) Approving a loan to Pasadena Community Development Commission (the "Commission") from the City in the amount of \$1.3 million in accordance with a promissory note/reimbursement and repayment agreement which reflects the terms and conditions of Community Bank loan.
 - C) Authorizing the City Manager to execute: (1) the requisite loan documents between Community Bank and the City, and (2) a promissory note/reimbursement and repayment agreement between the City and the Commission.

2. It is recommended that the Commission take the following actions:

- A) Approve a loan in the amount of \$1.3 million to the Commission from the City in accordance with a promissory note/reimbursement agreement which reflects the same terms and conditions of the Community Bank loan.
- B) Authorize its Chief Executive Officer to execute the promissory note/reimbursement repayment agreement between the City and the Commission.

BACKGROUND:

In August 1986, the Pasadena Community Development Commission ("Commission") borrowed \$1.3 million from Central Bank (now Bank of the West) to fund Commission acquisition of a portion of the real property comprising Phase II of the Plaza Las Fuentes project. This property is located at the northeast corner of Colorado Boulevard and Euclid Avenue and is commonly known as 367 E. Colorado Boulevard (the "Kaplan property").

In October 1993, the City Council approved refinancing of the Bank of the West loan by authorizing a \$1,300,000 term credit loan with Sanwa Bank. Sanwa Bank's loan expired on August 31, 1996 at which time the City refinanced Sanwa Bank's loan with a loan from City National Bank. The City National loan expired on September 30, 2000, and the City refinanced it with a loan from Community Bank which expired on October 19, 2001. Staff's recommendation is to extend the current loan with Community Bank with the same terms and conditions at a fixed rate of 3.25%.

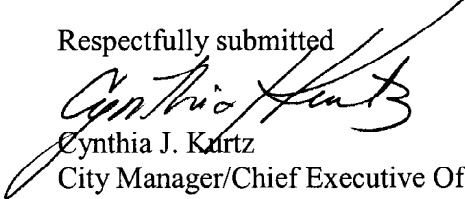
Design and financial discussions between staff and Maguire Partners ("Developer") regarding the development of Plaza Las Fuentes Phase II have commenced. Council/Commission approval will be required prior to conveyance of the Kaplan property. Consistent with the existing Owner Participation Agreement between the Commission and Maguire Partners, the Developer is obligated to reimburse the Commission all costs associated with the original financing and subsequent financing of this \$1.3 million loan.

The Developer has submitted to the City a Planned Development proposal to construct a five-story 270,000 square foot commercial office project providing ground floor retail/restaurant uses and a three-level, subterranean parking garage with 770 parking spaces. The proposed development also requires an amendment to the Central District Specific Plan. Initial environmental review of the project by staff and Cotton Bridges Associates (CBA) has determined the need for an Environmental Impact Report in response to traffic/circulation and cultural resources impacts. A Notice of Preparation for the Environmental Impact Report was prepared and filed with the State of California Office of Planning and Research in September 2001. Preparation of the Draft Environmental Impact Report (DEIR) is underway. The draft should be made available for public circulation and comment by the end of the year.

FISCAL IMPACT:

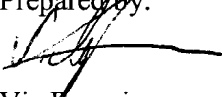
The Commission will reimburse the City the monthly interest payable to the Bank. There is no fiscal impact to the City. The City acts as a conduit in this transaction. Funds are available and budgeted in Commission's budget for fiscal year 2002 to service debt on this financing. All costs related to this refinancing will be reimbursed by the Developer to the Commission pursuant to the existing Owner Participation Agreement between the Commission and the Developer.

Respectfully submitted




Cynthia J. Kurtz
City Manager/Chief Executive Officer

Prepared by:



Vic Erganian
City Treasurer

Approved by:



Jay M. Goldstone
Director Finance