

# Agenda Report

NOVEMBER 18, 2002

**TO:** CITY COUNCIL/PASADENA COMMUNITY  
DEVELOPMENT COMMISSION

THROUGH: 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 the Commission's 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"). Over the years, the \$1.3 million loan was extended with various banks who would provide the most favorable interest rates. Currently the loan is with Community Bank.

## **DISCUSSION**

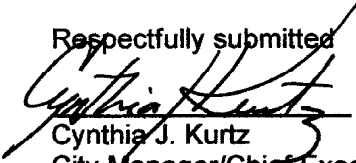
The Plaza Las Fuentes Phase II project, now known as Western Asset Plaza, was entitled by the City & Commission in 2002 and is currently under construction. The completion is slated for the first quarter of calendar year 2004. Approval of the project included a note in favor of the Commission whereby the project developer, Maguire Partners, repays interest and principal on a \$1.3 million note over a 9.5 year period at a fixed rate of interest of 5%. While not explicitly linked, the Commission is kept "whole" with respect to the original \$1.3 million loan that is under consideration today.

Staff's recommendation is to extend the current loan with Community Bank for another one-year period. Interest rate on the loan will be 3.25%.

## **FISCAL IMPACT**

The Commission will reimburse the City the monthly interest payable to the Bank. There is no fiscal impact to the City since the City only acts as a conduit in this transaction. Funds are available and budgeted in Commission's budget for fiscal year 2003 to service debt on this financing. The Developer will reimburse the Commission for all costs related to this refinancing 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 of Finance/Commission Treasurer