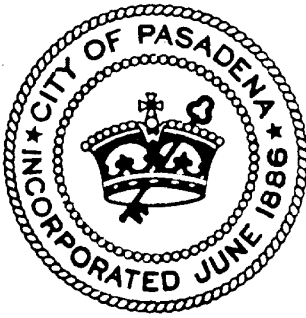




Agenda Report

DATE: NOVEMBER 22, 1999

TO: PASADENA COMMUNITY DEVELOPMENT COMMISSION

FROM: CYNTHIA J. KURTZ, CHIEF EXECUTIVE OFFICER

SUBJECT: REVISIONS TO; TERMS AND CONDITIONS OF PROPOSED OWNER PARTICIPATION AGREEMENT, PARKING, OPERATION AND MAINTENANCE AGREEMENT, AND AMENDED AND RESTATED OPERATION AND RECIPROCAL EASEMENT AGREEMENT (DOWNTOWN REDEVELOPMENT PROJECT)

RECOMMENDATIONS:

That the Pasadena Community Development Commission (the "Commission") approve the revised terms and conditions as set forth in this Agenda Report of the following agreements (collectively, the "Agreements"):

- i. The Owner Participation Agreement;
- ii. The Parking Operation and Maintenance Agreement for Paseo Colorado;
- iii. The Amended and Restated Operation and Reciprocal Easement Agreement for Paseo Colorado; and
- iv. Authorizing the Commission's Chief Executive Officer to execute the above-referenced Agreements once they have been approved by the General Counsel as to form, subject to their conformance with the approved terms and conditions for each respective agreement as set forth in this Agenda Report and the attachments hereto, and further subject to execution by all third parties, and to take any and all other actions necessary to implement the terms thereof.

BACKGROUND:

- I. The Pasadena Community Development Commission approved the terms and conditions for the Owner Participant's Agreement, the Parking Operation and Management Agreement (P.O.M.A.) and The Amended and Restated Operation and Reciprocal Easement Agreement (R.E.A.) and authorized the Commission's Chief Executive Officer, the City Manager, to execute the above referenced documents on October 18, 1999. Since that time staff and H-CHH Associates, a California limited partnership (Developer) have been drafting the document in accordance with Commission instructions for the Project. The Developer has been diligently pursuing the project and has been designing the project in conformance with the scope of development attached to the O.P.A. and discussions with the Design Commission. The Developer has received approval of the required use permits. The Developer has also been in discussion with their lender, Teachers, Insurance and Annuity Associates College Retirement Equity Fund (Lender).

The Lender has provided the developer the opportunity to acquire their interest in the property as well as their mortgage on the property at a significant discount. However the Developer must acquire this interest and mortgage no later than November 26, 1999.

Based on negotiations with the Cinema, and the estimated costs of relocation the Developer has requested modifications to the terms and conditions approved by the Commission.

The Developer has requested that the Commission provide additional financial assistance based on the estimated cost of relocating the existing tenants. The approval terms and conditions include a provision (I-M) regarding relocation. The Developer currently has an obligation to fund up to \$250,000 of relocations expenses.

The relocation costs have been estimated at \$2,300,000 including consultant fees. The developer is requesting that the Developer be responsible for the first \$1,000,000. For expenses above \$1,000,000 the Developer has requested that the Commission share costs on a dollar for dollar basis. The Developer will lend the Commission its costs for relocation at 6% interest to be repaid from net parking revenues after all costs including principal and interest on the Commission financing, for the project have been paid.

The Developer has been negotiating with the proposed Cinema operator. The Cinema operator has requested three (3) hours validated (free) parking. This was unacceptable to staff and the Developer was requested to either

renegotiate or explore other options. After lengthy discussions, the Developer is requesting two (2) hours of validated parking. Keyser Marston Associates, the City's independent real estate economists, has concurred that the two hour requirement is consistent with other urban cinema projects. In addition the food market is requesting that it be provided one hour free parking. Staff is recommending an amendment to item II-J. to indicate that the Cinema will be provided two hours of validated parking and the food market will be provided one hour of validated parking. Staff has negotiated with the developer two additional items intended to improve the Commission's cash flow.

The terms and conditions for the P.O.M.A. (condition II-S) provide for the City paying the first \$600,000 in shortfall in expenses for operating the parking structure and servicing this Commission debt over parking revenues for any given year with the Developer paying the next \$200,000. The Developer has agreed to modify this, such that the City is responsible for the first \$500,000 in shortfall and this developer is responsible for the next \$300,000. This amendment is contained in attachment I. In addition the P.O.M.A. will cap the number of employees who can receive discounts and require Macy's employees to pay for parking.

Fiscal Impacts

The evaluation of the fiscal impacts of these proposed modifications are being finalized by the project team, including KMA. Staff will be prepared to address the fiscal impacts of this proposal and compare this proposal to the approved terms and conditions at the Commission meeting.

Respectfully submitted,


CYNTHIA J. KURTZ
City Manager/Chief Executive Officer

Prepared by:


RICHARD J. BRUCKNER
Director, Housing and Development Department

Attachments: No. 1 Amended Terms and Conditions

(A:Revised11-22plaza commission)