

# Agenda Report

DATE: DECEMBER 4, 2000

TO: PASADENA PUBLIC FINANCING AUTHORITY

FROM: CYNTHIA J. KURTZ, EXECUTIVE DIRECTOR

SUBJECT: A RESOLUTION OF THE PASADENA PUBLIC FINANCING AUTHORITY APPROVING AND AUTHORIZING THE ACQUISITION OF PROPERTY AT 965 N. FAIR OAKS AVENUE AND THE LEASE FINANCING OF SUCH ACQUISITION; APPROVING THE FORMS AND AUTHORIZING THE EXECUTION AND DELIVERY OF A LEASE PURCHASE AGREEMENT AND AN ASSIGNMENT OF LEASE; AND AUTHORIZING THE EXECUTION AND DELIVERY OF AND APPROVING OTHER RELATED DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH

## RECOMMENDATION:

It is recommended that the Pasadena Public Financing Authority approve and authorize: 1) the acquisition of property and the lease financing of such acquisition; 2) approve the forms and the execution and delivery of a lease purchase agreement and an assignment of lease; 3) the execution and delivery thereof; and 4) other related documents and actions in connection therewith

## BACKGROUND:

The property is a 2.5-acre parcel of land improved with a 60,000 square foot concrete tilt up industrial/manufacturing building (Highland Plastics facility). Highland Plastics, the long-time tenant, has outgrown this facility and will be moving at the end of November. The site is situated south of and adjacent to Robinson Park and is considered by staff to be a candidate parcel for City or other public purpose use.

DISCUSSION:

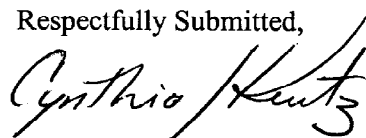
This action by the Pasadena Public Financing Authority is a companion action to another item on the City Council agenda. By approving the Resolution, the Financing Authority is authorizing the acquisition of this property through a lease purchase.

Financing has been obtained through Community Bank.

FISCAL IMPACT:

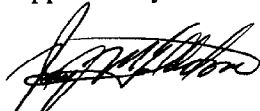
The cost of this purchase is \$3,948,750. The total amount to be borrowed will be \$4 million. The additional funds will be used to cover related expenses. Community Bank has agreed to a 20 year loan at a fixed rate of 4.95% for the first five years. The interest rate will be reset for another five year period at the end of this time period. The annual debt service of approximately \$320,000 will be an expense of the General Fund. Funds, in the amount of \$1 million, have been set-aside in the fiscal year 2001 budget for the potential future liabilities to the Fire and Police Retirement System (FPRS). This is in addition to the \$2 million reserved as part of the fiscal year 1999 budget. Based upon the most recent actuarial study performed by the Retirement System, staff recommends that these funds be used to cover the annual debt service for the first three years. In addition, the General Fund five year financial forecast contains an additional \$1 million for the same FPRS purpose. Should the City still own the property and be required to continue making debt service payments, this money will provide enough funding for an additional three years.

Respectfully Submitted,



CYNTHIA J. KURTZ  
Executive Director

Approved by:



Jay M. Goldstone  
Director of Finance