

Agenda Report

DATE: NOVEMBER 13, 2000

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

FROM: CYNTHIA KURTZ, CITY MANAGER/CHIEF EXECUTIVE OFFICER

SUBJECT: APPROVAL OF AMENDMENT TO LOAN ADVANCE AND REPAYMENT AGREEMENT NO. CDC-83 WITH THE OLD PASADENA BUSINESS & PROFESSIONAL ASSOCIATION

RECOMMENDATION:

Approve the attached Loan Amendment (Attachment No. 1), to Loan Advance and Repayment Agreement No. CDC-83 (as shown in Attachment No. 2) with the Old Pasadena Business & Professional Association ("OPBPA"), to allow for loan repayment from the Old Pasadena Business Improvement District ("BID") residual funds and from past due assessments.

BACKGROUND:

The Community Development Committee at their regular meeting of October 26, 2000 approved the subject loan agreement amendment.

The City Council adopted a Resolution of Intention to Disestablish the Old Pasadena BID on October 23, 2000. This action was requested by the OPBPA to eliminate program redundancy, due to the formation of the Old Pasadena Property-based Business Improvement District by the City Council on June 26, 2000.

The Community Development Commission entered into a loan agreement on August 4, 1992 with the OPBPA to engage the services of a full-time executive director in order for the Association to carry out the BID's programs and activities. This loan was to be paid back by the OPBPA to the Commission from one-half of all annual BID assessment funds in

in excess of \$100,000 collected by the City until the loan advance was fully paid. The assessments have never exceeded that amount resulting in a current unpaid balance of \$123,342.29.

The OPBPA is requesting that any past due BID assessments be collected and applied to the outstanding loan amount as well as any residual funds in the OPBPA account at the end of the OPBPA's current fiscal year. The OPBPA has made every effort to keep expenses to a minimum since the Association's Board action to disestablish the BID in order to repay the Commission a portion of the loan. In light of the proposed disestablishment of the BID and the discontinuation of the BID assessments, in order for the Commission to receive any loan repayments, an amendment to Agreement No. CDC-83 needs to be approved prior to disestablishment of the BID. The proposed amendment will:

- A. Add the City as a party to the loan agreement, so that the City may make payments against the loan directly to the Commission;
- B. Ensure that OPBPA residual funds are applied towards the repayment of the loan; and
- C. Ensure that any past due BID assessments which are collected by the City are applied towards repayment of the loan.

The proposed amendment will also clarify that OPBPA will have no further obligations under the loan agreement once the BID is disestablished and OPBPA pays its residual funds to the Commission. The City will assume no obligations under the amended loan agreement aside from the obligation to pay to the Commission any past due BID assessments.

The proposed amendment must be adopted by the Commission and the City prior to the disestablishment of the BID in order for the amendment to serve its intended function.

FISCAL IMPACT:

The OPBPA expects to repay the Commission approximately \$10,000 from the Association's residual funds. The Finance Department currently is holding approximately \$28,000 from FY 2000 BID assessments, which have not been released to the OPBPA. The Finance Department also estimates that there may be an additional \$20,000 in past due assessments which are currently being billed for payment. These funding sources total \$58,000 which can be utilized to repay a portion of the loan. The loan balance after funds are collected will have no further means of payment and all obligations will be released. When the loan agreement was approved by Council in August of 1992, the staff report stated that "Any near-term recapture of the principal is remote; however, the loan structure preserves the Commission's right to collect at such time as the rentable area in Old Pasadena achieves a higher lease-up rate . . ."

Respectfully submitted,



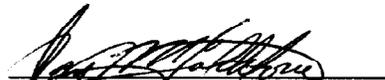
CYNTHIA J. KURTZ
City Manager

Prepared by:



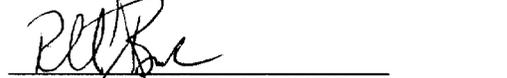
ERLINDA L. ROMO
Business District Coordinator

Concurrence by:



JAY M. GOLDSTONE
Director of Finance

Approved by:



RICHARD J. BRUCKNER
Director of Housing and Development