

Agenda Report

TO: CITY COUNCIL

FROM: CITY MANAGER

DATE: AUGUST 2, 1999

RE: LEASE FINANCING OF PUBLIC PARKING STRUCTURE AT
PASADENA COURTYARD BY MARRIOTT.

RECOMMENDATION:

It is recommended that the City Council adopt a Resolution:

- A- Authorizing the issuance of a Negotiable Promissory Note in a principal amount not to exceed \$2.6 million payable to City National Bank and Approving as to the form;
- B- Authorizing the execution and delivery of the Site Sublease by and between the Pasadena Civic Improvement Corporation ("PCIC") and the City in connection with the financing of public parking improvements;
- C- Authorizing the execution of the Project Lease Agreement by and between the PCIC and the City in connection with the financing of public parking improvements and making certain determinations in connection therewith.

BACKGROUND:

At its meeting on March 15, 1999, the City Council approved the Joint Development Lease Agreement & Contract for the Pasadena Courtyard by Marriott public parking structure. The City Council also approved the advance of up to \$2.4 million from the Charter Capital Fund to provide for the construction financing, in the interim basis, of the public portion of the parking structure along with a Reimbursement Resolution to pay back the Charter Capital Fund the advanced amounts with interest upon securing a permanent financing.

The Marriott Garage is proceeding on schedule and is rapidly approaching the completion of the underground portion. The excavation was all completed in good fashion, and the reinforcing steel is proceeding on schedule and is now several floors above ground. The lower basement floor slab has been poured and the second basement floor is framed for pouring. The underground City portion of the garage is expected to be completed by the end of summer 1999, and

the complete garage, including the Marriott floors above ground, is expected to be completed by the end of 1999. The City is being billed monthly, and has already paid for three construction drawdowns.

Staff has been negotiating with several lenders to obtain a tax exempt financing for this project and secured a financing with City National Bank.

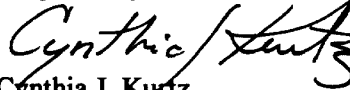
Financing Structure:

Upon the Council's approval of the proposed financing, the City will issue a Negotiable, Multiple Disbursement Promissory Note in an amount not to exceed \$2.6 million payable to City National Bank. This note will be an unsecured loan to the General Fund (the construction loan) at a rate of 4.95%. The City will concurrently enter into a sublease and a lease agreement with Pasadena Civic Improvement Corporation. Upon completion of the project, PCIC will transfer and assign to the Bank all the right, title and interest of the Corporation in the Site Sublease and Lease and the construction loan will be taken out with a permanent lease (loan) financing. The take out financing will have a term of 20 years at a fixed interest rate of 4.95%.

FISCAL IMPACT:

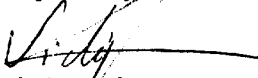
In consideration for this credit accommodation, the City will pay City National Bank a fee of 1% of the borrowed money on the permanent loan, up to a maximum \$15,000 for Bond Counsel fees and the cost of title insurance. Funds are available and have been budgeted in the Parking Fund to pay the financing fees and debt service in Fiscal Year 2000.

Respectfully submitted,



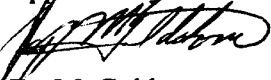
Cynthia J. Kurtz
City Manager

Prepared by:



Vic Erganian
City Treasurer

Approved by:



Jay M. Goldstone
Director of Finance