

Agenda Report

DATE: OCTOBER 5 , 1998

TO: CITY COUNCIL/PASADENA COMMUNITY DEVELOPMENT
COMMISSION
ATTN: FINANCE COMMITTEE

FROM: CITY MANAGER/CHIEF EXECUTIVE OFFICER

RE: JOINT ACTION: APPROVAL OF CITY NATIONAL 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 City National 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 the City National Bank loan.
 - c- Authorizing the City Manager to execute: (1) the requisite loan documents between City National 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 City National 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 Commission 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").

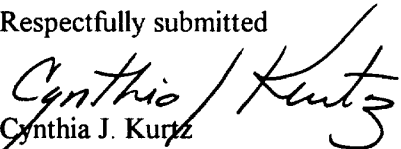
In October 1993, the City Council approved refinancing of the Bank of the West Loan by authorizing a \$1,300,000 term credit loan with Sanwa Bank. Sanwa Bank's loan expired on August 31, 1996 at which time the City refinanced Sanwa bank's loan with a loan from City National Bank at a 5.85% rate. This loan expires on September 30, 1998. Staff's recommendation is to refinance the current loan with City National Bank at the current variable rate of 5%.

As a result of the current real estate conditions, the development of the Phase II portion of the project is in progress and staff is in negotiation with the developer. The developer is currently not in a position to accept conveyance of the Phase II site, including the Kaplan property until negotiations are completed and all business points are agreed upon. In accordance with the Owner Participation Agreement between the Commission and Maguire Thomas Partners (the "Developer"), the Developer is obligated to reimburse the Commission all costs associated with the financing and refinancing of this loan.

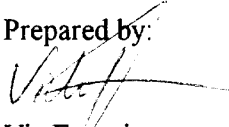
FISCAL IMPACT:

Refinancing will significantly lower the interest cost on this borrowing by 0.85% per year or \$22,100 for the next two years. City National Bank also agreed to waive the loan fees related to this financing. The Commission will reimburse the City the monthly interest payable to the Bank. There is no fiscal impact to the City. The City acts as a conduit in this transaction. Funds are available and budgeted in Commission's budget for fiscal year 1999 to service debt on this financing. All costs related to this refinancing will be reimbursed by the Developer to the Commission pursuant to the existing Owner Participation Agreement between the Commission and the Developer.

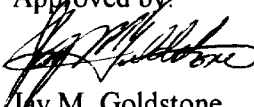
Respectfully submitted


Cynthia J. Kurtz
City Manager/Chief Executive Officer

Prepared by:


Vic Erganian
City Treasurer

Approved by:


Jay M. Goldstone
Director of Finance