

Agenda Report

TO: CITY COUNCIL/PASADENA COMMUNITY DEVELOPMENT COMMISSION

FROM: CITY MANAGER/CHIEF EXECUTIVE OFFICER

DATE: SEPTEMBER 27, 1999

RE: JOINT ACTION: APPROVAL OF EXTENSION OF CITY NATIONAL BANK TERM CREDIT LOAN TO THE CITY OF PASADENA IN THE AMOUNT OF \$1,300,000 AND APPROVAL OF AN EXTENSION OF THE \$1,300,000 LOAN BY THE CITY OF PASADENA TO THE PASADENA COMMUNITY DEVELOPMENT COMMISSION RELATED TO A PORTION OF REAL ESTATE PROPERTY COMPRISING PHASE II OF PLAZA LAS FUENTES PROJECT COMONLY KNOWN AS THE "KAPLAN PROPERTY".

RECOMMENDATION:

1. It is recommended that the City Council adopt a Resolution:
 - a- Authorizing the extension of the \$1.3 million loan from City National Bank, and;
 - b- Approving the extension of the 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 agreement which reflects the terms and conditions of the City National bank loan.

2. It is recommended that the Commission approve the extension of the \$1.3 million loan to the Commission from the City in accordance with a promissory note/reimbursement agreement which reflects the same terms of the City National Bank loan.

BACKGROUND:

In August 1986, the Pasadena Community Development Commission borrowed \$1.3 million from Central Bank (now Bank of the West) to fund Commission acquisition of a portion of the real estate 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 the "Kaplan property". Since 1990, the

Commission's \$1.3 borrowing was refinanced several times. The last refinancing was in October 1998 when the City Council approved refinancing of the \$1.3 million loan with a loan from City National Bank for a term of one year with the City's option to extend the loan for another year at the variable option interest rate which is currently at 4.75%. This loan expires on September 30, 1999.


The purpose of this agenda report, therefore is to recommend that the City Council exercise its option to extend the City National Bank Term Loan for another one year term, and, by doing so, approve a like extension of the Commission's repayment obligation to the City.

Development staff is currently in pursuit of a development project on the site with the developer who is currently not in a position to accept conveyance of Phase II site, including the Kaplan property. 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:

It is advantageous for the City to extend the loan at the current rate of 4.75% and lower the cost of this financing. The Commission will reimburse the City the monthly interest payable to the bank. There is no financial impact to the City. The City acts as a conduit in this transaction. Funds are available and budgeted in the Commission Fiscal Year 2000 budget to pay the interest expense on this financing.

Respectfully submitted


for Cynthia J. Kurtz
City Manager/Chief Executive Officer

Prepared by:



Vic Eganian
City Treasurer

Approved by:



Jay M. Goldstone
Director of Finance