

08-1678-52
CO 9

On March 19, 2010, the City Council authorized the Community Development Department (CDD) to provide a Community Development Block Grant (CDBG) Float Loan of up to \$8 million (Float Loan) to the Community Redevelopment Agency (CRA), in accordance with the Code of Federal Regulations, for the reasonable and eligible development costs of the Hope Street Family Center (Project) by California Hospital Medical Center (CHMC) (C.F. 08-1678-S1).

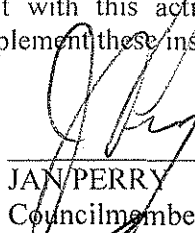
The Project is a component of the Hope Street Venice Recreation Center Project and consists of a 27,000 square foot four-story building and an outdoor athletic court. The building will serve as a multi-purpose recreational facility that includes licensed childcare and fitness education for adult and families.

The estimated total cost of the project is \$18.3 million. To date, the Council has approved or the Project has secured a total of \$10.26 million in public funding from a variety of sources (C.F. Numbers 08-1294, 08-1326 and 03-2608). The remaining \$8 million is expected to be provided by CHMC Hope Street Family Property Management LLC through its fundraising efforts, and the Float Loan will be used to front fund development costs while CHMC conducts fundraising for the Project. In order to proceed with the Project, the reprogramming of the \$8 million Float Loan from the CRA to California Hospital Medical Center Hope Street Family Center Property Management LLC must be completed expeditiously.

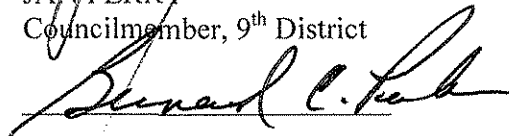
I THEREFORE MOVE that the Council, subject to the approval of the Mayor:

1. Waive the City's Float Loan Policy to allow the Community Development Department (CDD) to execute a Float Loan with a non-City entity inasmuch as the Float Loan will be guaranteed with an \$8 million Irrevocable Direct Pay Letter of Credit and collateralized by a City First Deed of Trust that will be re-conveyed when the loan is paid off in full up to the maximum term of 30 months;
2. Authorize the General Manager of CDD, or designee, to negotiate and execute a Promissory Note in favor of the U.S. Department of Housing and Urban Development (HUD) and the related documents (HUD Documents) to borrow \$8,000,000 pursuant to CDBG Float Loan program from HUD, to negotiate and execute a City Loan Contract and related documents (City Loan Documents) for advancing a City Float Loan of \$8,000,000 (City Loan) to CHMC Hope Street Family Property Management LLC, by Catholic Healthcare West, or its designee, a California nonprofit public benefit corporation (Borrower), in order to provide financial assistance for the Hope Street Family Center, to negotiate and execute agreements that will subordinate the City Loan to a construction or a permanent senior lender, and other amendment(s) relative to the intent of this transmittal to the City Loan Documents, subject to approval of the City Attorney as to form and legality, and subject to confirmation of repayment by the Community Redevelopment Agency of the Ford Hotel Float Loan (C.F. 07-3899);
3. Loan is to be collateralized by a Bank of the West, or a bank acceptable to the City, Irrevocable Direct Pay Letter of Credit not to exceed the 30-month maturity of the Float Loan;
4. Loan is also to be collateralized by a City First Deed of Trust that will be re-conveyed when the loan is paid off in full up to the maximum term of 30 months;
5. Authorize the General Manager of CDD, or designee, to amend the 33rd Program Year Consolidated Plan relative to the Community Development Block Grant, as necessary; and
6. Authorize the General Manager of CDD, or designee, to prepare Controller Instructions and/or make any technical adjustments that may be required and are consistent with this action subject to the approval of the City Administrative Officer, and instruct the Controller to implement these instructions.

PRESENTED BY


JAN PERRY
Councilmember, 9th District

SECONDED BY



AUG 20 2010

ORIGINAL