

10-0849-52
CD 10

MOTION

HOUSING, COMM & ECON. DEVELOP.

SEP 18 2012

In July 2010 the Mayor and Council (CF:10-0849) approved a HUD Section 108 Loan of up to \$22,674,000, with Metropolitan Square, Inc. (Borrower) to fund reasonable and eligible development costs of the District Square Retail project, a new construction of an approximately 300,000 square feet complex at 3570-3670 Crenshaw Blvd. (Project).


In addition, the Mayor and Council approved Community Development Block Grant American Recovery and Reinvestment Act (CDBG-R) of up to \$1,947,500 and Community Development Block Grant (CDBG) of up to \$1,500,000, for total sum of \$3,447,500, for soft and pre-development costs of the Project (CFs: 09-2665,10-0849-S1,10-2440). To date, the CDBG and CDBG-R funds are under contract and substantially expended, including payments for relocation compensations and the City's permit fees.

As a result, the Project is shovel ready, pending (i) payment of \$2,800,000 to Ralph's, a current tenant, to buy-out the tenant's current lease on the Project site, and (ii) additional payments of up to \$3,200,000 for demolition and underground waters' remediation costs. In order for the construction to commence on schedule, the Borrower has requested a bridge loan of up to \$6,000,000. The Loan would be repaid from proceeds of a construction loan from Farmers and Merchants Bank. A CDBG Float Loan may be utilized to assist the Borrower complete the project in a timely manner. The CDBG Float Loan will be subject to approval of the construction loan and guaranteed by a letter of credit.

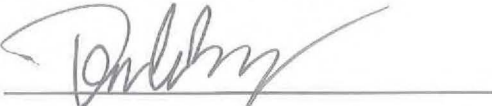
I THEREFORE MOVE that the City Council, subject to approval of the Mayor;

1. AUTHORIZE The General Manager of Community Development Department (CDD), or designee, to negotiate and execute CDBG Float Loan Contract of up to \$6,000,000 (Float Loan) with Metropolitan Square, Inc. (Borrower), consistent with the applicable provision of the Code of Federal Regulations (CFR), the City's Float Loan Policy, and subject to City Attorney's approval of the contract as to form and legality; loan to be dispersed upon approval of a construction loan and guaranteed by a letter of credit.
2. WAIVE the City's Float Loan Policy to allow a CDBG float loan to a private developer, inasmuch as the Community Redevelopment Agency is no longer in existence .
3. INSTRUCT General Manager of CDD, or designee, to amend 38th year Consolidated Plan, if necessary, to reflect the Float Loan;
4. AUTHORIZE the Controller to establish new account 22J603 District Square Float Loan and appropriate \$6,000,000 within the Community Development Trust Fund No. 424.
5. AUTHORIZE the General Manager, CDD or designees, to prepare additional Controller's instructions and/or make any technical adjustments that may be required and are consistent with these actions subject to the approval of the City Administrative Officer and instruct the Controller to implement these instructions

PRESENTED BY:


HERB J. WESSON, JR.
Councilmember, 10th District

SECONDED BY:




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ORIGINAL