



Building A Better Long Beach

November 16, 2009

REDEVELOPMENT AGENCY BOARD MEMBERS
City of Long Beach
California

RECOMMENDATION:

Approve and authorize the Executive Director to execute any and all related documents to implement a \$500,000 loan to 350 Entertainment Group, Inc., from Downtown Redevelopment Project Area funds. (Downtown – District 1)

DISCUSSION

Rudy Medina of Medina Investment and Development (MID) is collaborating with Luis Kaloyan, owner of the X1FM Network, in a new company called 350 Entertainment Group, Inc. (Developer). Mr. Medina is a successful real estate developer with experience in infill developments in Southern California, and restaurant acquisition and development for a restaurant group. Mr. Kaloyan is a noted radio executive and broadcaster as well as an early pioneer in the world of interactive online entertainment. He has developed “Top Ten” radio stations and his career in the entertainment industry has the potential to open new doors for the 350 Entertainment Group, Inc.

The Developer is spending over \$5 million for improving and outfitting the premises at 350 Pine Avenue to establish a premier, mid-sized entertainment venue in the Downtown named The Vault 350. The business will be managed by the Developer, which will lease the premises from MID Pine Avenue, LLC, a separate entity controlled by the same parties. On September 21, 2009, the Redevelopment Agency (Agency) approved a \$250,000 façade grant to MID Pine Avenue, LLC.

The Vault 350 will operate as an urban concert venue that anticipates attracting national talent. It is designed to be the focus of outstanding musical entertainment, plays, operas, and corporate events. When completed, the property will feature three bars, a full-service kitchen, a lounge or VIP room, and a balcony overlooking the stage and dance floor. With a capacity of 1,100 people, it is envisioned as a popular nightclub as well as a corporate trade show or screening/filming location.

In addition to offering a world-class platform for live acts and DJs, The Vault 350 is anticipated to play an integral part in the community by sponsoring special events with

REDEVELOPMENT AGENCY BOARD MEMBERS

November 16, 2009

Page 2 of 2

local city groups including Ronald McDonald House; Long Beach Grand Prix; Long Beach Convention & Entertainment Center; and California State University, Long Beach. This entrepreneurial venture is welcomed because of its potential for attracting visitors to the downtown, enhancing the revitalization of Pine Avenue and the surrounding community, and generating sales tax and additional property tax.

In June 2009, Messrs. Medina and Kaloyan, both CEOs of 350 Entertainment Group, Inc., formally requested financial assistance from the City of Long Beach in developing this business. Agency staff reviewed their personal and corporate financial statements and projections and determined the loan amount, terms and conditions suitable for the venture. Credit analysis shows a low to medium credit risk, and cash flow projections show an ability to repay the loan.

Approval is recommended to provide a \$500,000 loan to 350 Entertainment Group, Inc., with the following terms:

Amount: \$500,000
Rate: 3.5% fixed annual interest
Term: Amortized over 15 years, payable in 10 years
Source: Downtown Redevelopment Project Area
Payment: Approximately \$3,574 a month

Loan funds will not be disbursed until the necessary collateral to secure the loan is in place. The loan proceeds are to be used for working capital and to purchase furniture, fixtures and equipment at 350 Pine Avenue.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



CRAIG BECK
EXECUTIVE DIRECTOR

CB:AJB:aat