



Legislation Text

File #: 09-0666, **Version:** 1

Recommendation to authorize City Manager to terminate the loan agreement between the City of Long Beach and Loft Developments, Inc. related to the Insurance Exchange Building at 201 East Broadway. (District 2)

On March 18, 2003, the City Council authorized a Loan Agreement and Secured Promissory Note with Loft Developments, Inc. (Loan Agreement) for the historic rehabilitation of the Insurance Exchange Building at 201 East Broadway. The project included the development of loft-style condominiums and ground floor retail. The purpose of the historic rehabilitation loan, totaling \$455,000, was to cover a projected financial gap for the project. The agreement was tied to the activation of the ground floor with retail uses and the profitability of the project.

At the conclusion of the project and pursuant to the provisions of the Loan Agreement, a financial audit was conducted to determine whether or not the project was profitable. The audit found that restoration of the Insurance Exchange Building was profitable in excess of \$455,000 and that no loan payments were warranted. While Loft Developments, Inc. has released and discharged the City from any demands or claims related to the Loan Agreement, Council action is necessary to formally terminate the loan.

This letter was reviewed by Chief Assistant City Attorney Heather Mahood on June 8, 2009 and by Performance Management Budget Manager David Wodynski on June 9, 2009.

City Council action is requested on July 7, 2009, to resolve this matter.

Termination of the loan agreement will have no fiscal impact.

Approve recommendation.

Craig Beck
Director of Development Services

NAME
TITLE

APPROVED:

PATRICK H. WEST
CITY MANAGER