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(RA-2011-42)

REDEVELOPMENT AGENCY OF

THE CITY OF SAN DIEGO

RESOLUTION NUMBER 04589

DATE OF FINAL PASSAGE DEC 07 2010

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO APPROVING AND AUTHORIZING THE EXECUTION OF THE: (1) ASSIGNMENT, ASSUMPTION AND REFINANCE AGREEMENT WITH 197 PARTNERS AND ISLAND INN, L.P.; (2) AMENDMENT TO DEED OF TRUST SECURING HOUSING DEVELOPMENT GRANT FUNDS WITH ASSIGNMENT OF RENTS (HARBOR PLACE) WITH 197 PARTNERS AND ISLAND INN, L.P.; (3) AMENDMENT TO PROMISSORY NOTE SECURED BY DEED OF TRUST (FOR THE BENEFIT OF THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO)(NOTE)(HARBOR PLACE) WITH 197 PARTNERS AND ISLAND INN, L.P.; AND (4) SUBORDINATION AGREEMENT WITH DEUTSCHE BANK BERKSHIRE MORTGAGE, INC., FOR THE ISLAND INN PROJECT LOCATED IN THE MARINA REDEVELOPMENT DISTRICT OF THE CENTRE CITY REDEVELOPMENT PROJECT

WHEREAS, the Redevelopment Agency of the City of San Diego (Agency) is engaged in activities necessary to carry out and implement the Redevelopment Plan for the Centre City Redevelopment Project (Project Area); and

WHEREAS, the Centre City Development Corporation (Corporation) is authorized to administer, on behalf of the Agency, the Project Area; and

WHEREAS, in order to carry out and implement the Redevelopment Plan, the Agency and 197 Partners, a California general partnership (197 Partners) entered into a Participation Agreement dated August 2, 1990, as amended by the First Implementation Agreement dated August 2, 1990, and the Second Implementation Agreement dated October 23, 1992 (Participation Agreement); and

WHEREAS, the Participation Agreement provided for the development of a mixed use project with 198 low- and moderate- income Single Room Occupancy units located at 202 Island Avenue, San Diego, California (Project); and

WHEREAS, the City of San Diego (City) received a housing development grant (Grant) from the United States Department of Housing and Urban Development (HUD) in the form of a forgivable loan in the amount of \$2,392,000 (Grant Funds); and

WHEREAS, the City entered into a Housing Development Program Grant Agreement (Agreement No. CA-013H701) with HUD dated on or about February 1, 1990 (Grant Agreement), which set forth the terms for receipt and use of the Grant Funds; and

WHEREAS, pursuant to the Owner-Grantee Agreement dated November 22, 1989 entered into between City and 197 Partners, as amended by the First Amendment to the Owner-Grantee Agreement dated June 15, 1990, and as amended by the Second Amendment to the Owner-Grantee Agreement dated January 8, 1991 (Owner-Grantee Agreement) and the Participation Agreement, 197 Partner and the Agency executed a Deed of Trust Securing Housing Development Grant Funds with Assignment of Rents (Harbor Place) dated January 7, 1991 (Deed of Trust) and a Promissory Note Secured by Deed of Trust (For the Benefit of the Redevelopment Agency of the City of San Diego) dated January 7, 1991 (Promissory Note) in the amount of the Grant Funds, which is secured by the Deed of Trust; and

WHEREAS, as a result of the Grant Agreement, a Cooperation Agreement was entered into on November 28, 1989 by and between the Agency and City, as amended by the First Amendment to Cooperation Agreement on January 9, 1991, (Cooperation Agreement), which

provides that the Agency shall administer and assume all City obligations under the Grant Agreement; and

WHEREAS, pursuant to the Participation Agreement an Agreement Affecting Real Property was entered on January 12, 1990 into by and between Agency and 197 Partners in favor of the Agency and recorded in the Official Records of the Recorder's Office of San Diego County as Document No. 90-035020 (AARP); and

WHEREAS, 197 Partners is requesting that the Agency consent to the assignment of its interests in the Project as provided in, but limited to, the Participation Agreement, Deed of Trust, Promissory Note, Owner-Grantee Agreement and AARP, to Island Inn L.P., a California limited partnership (Island Inn); and

WHEREAS, the Agency, 197 Partners and Island Inn desire to enter into the proposed Assignment, Assumption and Refinance Agreement (Assignment and Refinance Agreement) in order to memorialize the assignment of 197 Partners interest to Island Inn and the consent to refinance of the senior loan by Island Inn; and

WHEREAS, as and as result of the Assignment and Refinance Agreement, the Deed of Trust and Promissory Note must be amended to provide for the assignment of interest to Island Inn; and

WHEREAS, Agency, 197 Partners and Island Inn desire to enter into the proposed Amendment to Deed of Trust Securing Housing Development Grant Funds with Assignment of Rents (Harbor Place) in order to reflect the assignment of 197 Partner interest to Island Inn; and

WHEREAS, Agency, 197 Partners and Island Inn desire to enter into the proposed Amendment to Promissory Note Secured by Deed of Trust (For the Benefit of the

Redevelopment Agency of the City of San Diego, California)(Note)(Harbor Place) (Amendment to Promissory Note) in order to reflect the assignment of 197 Partner interest to Island Inn; and

WHEREAS, following the assignment of 197 Partners' interest in the Project to Island Inn, Island Inn is requesting Agency's consent to refinance the existing senior loan; and

WHEREAS, Agency previously subordinated its interest in the Project to 197 Partners' senior loan, and as a result of the anticipated refinancing of the senior loan, Island Inn is also requesting that the Agency subordinate its interest in the Project to the new senior loan; and

WHEREAS, Island Inn desires that the Agency enter into the proposed Subordination Agreement with Deutsche Bank Berkshire Mortgage, Inc., a Delaware corporation (Subordination Agreement) in order to reflect that the Agency's interest shall be subordinate to the new senior loan; and

WHEREAS, in order for the Agency to authorize the assignment, refinance and subordination as stated above, and the following documents must be approved and executed by the Agency: (1) Assignment and Refinance Agreement; (2) Amendment to Deed of Trust; (3) Amendment to Promissory Note and (4) Subordination Agreement; and.

WHEREAS, the Agency has duly considered all of the terms and conditions provided in the Assignment and Refinance Agreement, Amendment to Deed of Trust, Amendment to Promissory Note and Subordination Agreement and determined that the conditions contained in the proposed Assignment and Refinance Agreement, Amendment to Deed of Trust, Amendment to Promissory Note and Subordination Agreement are in the best interest of the City and the health, safety, morals and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local law and requirements; NOW, THEREFORE,

BE IT RESOLVED, by the Redevelopment Agency of the City of San Diego, as follows:

1. That the Agency hereby approves the Assignment and Refinance Agreement and the terms and conditions thereof. A copy of the Assignment and Refinance Agreement is on file in the office of the Secretary to the Agency as Document No. D- 04589a

2. That the Executive Director of the Agency, or designee, is hereby authorized for and on behalf of the Agency to execute the Assignment and Refinance Agreement.

3. That the Agency hereby approves the Amendment to Deed of Trust and the terms and conditions thereof. A copy of the Amendment to Deed of Trust is on file in the office of the Secretary to the Agency as Document No. D- 04589b

4. That the Executive Director of the Agency, or designee, is hereby authorized for and on behalf of the Agency to execute the Amendment to Deed of Trust.

5. That the Agency hereby approves the Amendment to Promissory Note and the terms and conditions thereof. A copy of the Amendment to Promissory Note is on file in the office of the Secretary to the Agency as Document No. D- 04589c

6. That the Executive Director of the Agency, or designee, is hereby authorized for and on behalf of the Agency to execute the Amendment to Promissory Note.

7. That the Agency hereby approves the Subordination Agreement and the terms and conditions thereof. A copy of the Subordination Agreement is on file in the office of the Secretary to the Agency as Document No. D- 04589d

8. That the Executive Director of the Agency, or designee, is hereby authorized for and on behalf of the Agency to execute the Subordination Agreement.

9. That the Agency authorize the Agency Executive Director or designee, to implement, adhere to, and administer and execute all other documents on behalf of the Agency that are necessary and appropriate to carry out and implement the purposes set forth in this Resolution according to its terms, and to administer the Agency's obligations, responsibilities and duties to be performed thereunder.

APPROVED: JAN I. GOLDSMITH, GENERAL COUNSEL

By Monique R. Tayyab
Monique R. Tayyab
Deputy General Counsel

MRT/hm
11/09/10
Or.Dept:Redev.Agency
RA-2011-42
PL#2010-03591

I hereby certify that the foregoing Resolution was passed by the Redevelopment Agency of the City of San Diego, at its meeting of NOV 30 2010.

REDEVELOPMENT AGENCY

By Jeannette Santos
Jeannette Santos, Deputy Secretary

Approved: 12-7-10
(date)

JSL
JERRY SANDERS, Executive Director

Vetoed: _____
(date)

JERRY SANDERS, Executive Director

Passed by the Redevelopment Agency of The City of San Diego on NOV 30 2010, by the following vote:

Agency Members	Yeas	Nays	Not Present	Recused
Sherri Lightner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kevin Faulconer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Todd Gloria	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Anthony Young	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carl DeMaio	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Donna Frye	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marti Emerald	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ben Hueso	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

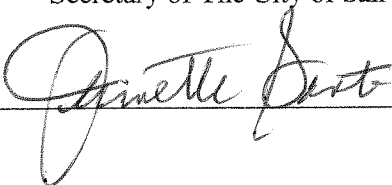
Date of final passage DEC 07 2010

AUTHENTICATED BY:

JERRY SANDERS
Executive Director of The City of San Diego, California.

(Seal)

ELIZABETH S. MALAND
Secretary of The City of San Diego, California.

By , Deputy

Office of the Redevelopment Agency, San Diego, California

Resolution Number R- 04589