

RESOLUTION NUMBER R- 293260

ADOPTED ON JUN 6 2000

WHEREAS, the Council of The City of San Diego, by Resolution No. R-219742 adopted on November 23, 1977, leased a parcel of land in La Jolla to the nonprofit "Strongly Oriented for Action" [SOFA] to develop an eight-unit rental complex, La Jolla Marine Apartments, affordable to low income families; and

WHEREAS, in consideration of the City's leasing said land to SOFA for \$1 per year, the lease between the City and SOFA assigned all excess cash flow [residual receipts] from operating La Jolla Marine Apartments to the City; and

WHEREAS, on January 25, 1993, by Resolution No. R-281392, to facilitate SOFA's refinancing of its development loan, the City Council subordinated its claim on excess cash flow to a private lender for the 15-year term of the loan; and

WHEREAS, La Jolla Marine Apartments is now in need of major rehabilitation; and

WHEREAS, the San Diego Housing Commission has available sufficient funds for SOFA to carry out the rehabilitation, which funds include a rental rehabilitation loan of \$68,640; and

WHEREAS, the Commission's financing policies require that 50 percent of residual receipts go towards repayment of Commission loans; NOW, THEREFORE,

BE IT RESOLVED, by the Council of The City of San Diego, that the City Manager is authorized to execute an agreement with the San Diego Housing Commission and SOFA, whereby the City would subordinate its claim to 50 percent of residual receipts from SOFA's

operation of La Jolla Marine Apartments to the Commission following SOFA's full repayment, with interest, of a loan for which the residual receipts were previously subordinated under Resolution No. R-281392.

BE IT FURTHER RESOLVED, that the City's subordination to the Commission shall terminate when the Commission's loan to SOFA, together with 3 percent interest, has been fully repaid, and that the term of the City's subordination to the Commission shall not extend beyond the term of the City's lease with SOFA.

APPROVED: CASEY GWINN, City Attorney

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