

RESOLUTION NUMBER R- 299556

ADOPTED ON AUG 10 2004

WHEREAS, the Emerging Technologies Revolving Loan Fund Phase II (EmTek II) was approved by the City Council in 1999 to provide working capital loans to promising smaller early-stage growth ventures; and

WHEREAS, the capitalization of the EmTek II Fund was accomplished through a \$1.1 million Recoverable Grant from the Jacobs Center for Nonprofit Innovation (JCNI), using funds which JCNI obtained from a consortium of local banks, memorialized in a Recoverable Grant Agreement and Non-Recourse Note, authorized by Ordinance No. O-18797, approved on May 1, 2000, and on file with the Office of the City Clerk as Document Nos. 00-18797-1 and 00-187997-2; and

WHEREAS, the funding for EmTek II also includes a \$250,000 Program Reserve Fund, consisting of \$125,000 contributed by the City, and \$125,000 contributed by the County, pursuant to a Memorandum of Understanding between the City and County dated December 9, 1997, which is on file with the Office of the City Clerk as Document No. C-08515; and

WHEREAS, the EmTek II fund currently has five outstanding loans totaling \$799,058 and \$300,942 in funds available to loan; and

WHEREAS, the City Council's original intent, as expressed in the 1999 EmTek II Program Plan, approved by Resolution R-291535, was to privatize EmTek II once it grew to a level where the program could be self-supporting; and

WHEREAS, limited General Fund resources in Fiscal Year 2005 resulted in the elimination of the EmTek fund manager position from the City's budget; and

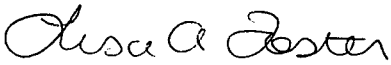
WHEREAS, as a result of elimination of the fund manager position, EmTek II's investor banks have expressed a desire for the City to pursue the Council's original goal of privatizing EmTek II by transferring the program assets to JCNI, giving JCNI the opportunity to partner with an appropriate nonprofit financial intermediary and assume full responsibility for EmTek II; NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, that the City Manager is authorized to do the following:

1. Seek a formal request from JCNI to the City for termination of the Recoverable Grant Agreement and Non-Recourse Note dated May 1, 2000, and for transfer by the City to JCNI of all the EmTek II assets (including loans, cash available to loan, and associated loan warrants) so that JCNI can execute a new fund management agreement with the California Southern Small Business Development Corporation, or another appropriate private nonprofit financial intermediary.
2. Secure formal approval from the EmTek II investor banks of the termination of the Recoverable Grant Agreement and Non-Recourse Note between the City and JCNI, and transfer of EmTek II assets from the City to JCNI.
3. Upon the termination of the Recoverable Grant Agreement and Non-Recourse Note and receipt of approval from the EmTek II investor banks for the transaction, take actions necessary for the transfer of all EmTek II assets, (including loans, cash available to loan, and warrants) and the transfer of \$125,000 of the Program Reserve Fund to JCNI.

4. Renegotiate the Memorandum of Understanding between the City and County dated December 9, 1997, which discusses EmTek Loan Program responsibilities and funding, to reflect the transfer of EmTek II assets and responsibilities to JCNI.

APPROVED: CASEY GWINN, City Attorney

By 
Lisa A. Foster
Deputy City Attorney

LAF:jab
07/29/2004
AC: AC2500111
Or.Dept:Comm.&Econ.Dev.
R-2005-155

**The City of San Diego
CERTIFICATE OF CITY AUDITOR AND COMPTROLLER**

CERTIFICATE OF UNALLOTTED BALANCE

AC 2500111
ORIGINATING
DEPT. NO.: 042

I HEREBY CERTIFY that the money required for the allotment of funds for the purpose set forth in the foregoing resolution is available in the Treasury, or is anticipated to come into the Treasury, and is otherwise unallotted.

Amount \$ _____ Fund _____
Purpose _____

Date _____ By: _____
AUDITOR AND COMPTROLLER'S DEPARTMENT

ACCOUNTING DATA										
ACCTG. LINE	CY PY	FUND	DEPT	ORG.	ACCOUNT	JOB ORDER	OPERATION ACCOUNT	BENF/EQUIP	FACILITY	AMOUNT
TOTAL AMOUNT										

FUND OVERRIDE

CERTIFICATION OF UNENCUMBERED BALANCE

I HEREBY CERTIFY that the indebtedness and obligation to be incurred by the contract or agreement authorized by the hereto attached resolution can be incurred without the violation of any of the provisions of the Charter of the City of San Diego; and I do hereby further certify, in conformity with requirements of the Charter of the City of San Diego, that sufficient moneys have been appropriated for the purpose of said contract, that sufficient moneys to meet the obligations of said contract are actually in the Treasury, or are anticipated to come into the Treasury, to the credit of the appropriation from which the same are to be drawn, and that the said money now actually in the Treasury, together with the moneys anticipated to come into the Treasury, to the credit of said appropriation, are otherwise unencumbered.

Not to Exceed \$ 125,000.00
Vendor Jacobs Center for Nonprofit Innovations (JCN)
Purpose Authorize the expenditure of funds for support of the Emtek II fund.

Date 07/29/04 By: Faye Howard-Hall
AUDITOR AND COMPTROLLER'S DEPARTMENT

ACCOUNTING DATA										
ACCTG. LINE	CY PY	FUND	DEPT	ORG.	ACCOUNT	JOB ORDER	OPERATION ACCOUNT	BENF/EQUIP	FACILITY	AMOUNT
1		10248	102484		4222	102484				\$125,000.00
TOTAL AMOUNT										\$125,000.00

AC 2500111

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AUG 10 2004