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RESOLUTION NUMBER R- 306635
DATE OF FINAL PASSAGE MAR 01 2011

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO: (1) APPROVING THE LOAN AGREEMENT BY AND BETWEEN THE CITY AND THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO MEMORIALIZING EXISTING INDEBTEDNESS OF THE AGENCY FROM FUNDS LOANED TO THE AGENCY BY THE CITY AND USED IN CONNECTION WITH REDEVELOPMENT ACTIVITIES; (2) ACCEPTING THE AGENCY'S REPAYMENT TO THE CITY OF A TOTAL AMOUNT OF \$193,759,073 TO BE PAID OVER A THIRTY YEAR TERM UNLESS EARLIER DEFEASED BY THE AGENCY OR EXTINGUISHED BY THE CITY; AND (3) APPROVING OTHER ACTIONS RELATED TO THE LOAN AGREEMENT.

WHEREAS, the Redevelopment Agency of the City of San Diego (Agency) conducts redevelopment activities within the City; and

WHEREAS, the City has provided funds to the Agency on a long term basis (Long Term Debt) to assist the Agency in carrying out activities within various Redevelopment Project Areas (Project Areas) established by the City: and

WHEREAS, on June 30, 2010, the Agency and the City entered into an agreement for the Agency's repayment of certain CDBG debt to the City in the total amount of approximately \$78.8 million to be paid in annual payments over a ten year term; and

WHEREAS, the Agency and the City now wish to enter into this Agreement to provide for the repayment by the Agency of additional debts owed to the City, and for the Agency to execute a Promissory Note (Note) as evidence of the Agency's debt to the City; and

WHEREAS, the Note is in an amount of \$193,759,073, including principal in an amount of \$65,795,767 and accrued interest through June 30, 2011, in an amount of \$127,963,306.

WHEREAS, interest on City loans to the Agency accrued at a rate of twelve percent per annum until such interest rate was indexed to the Prime Rate plus two percent beginning on July 1, 1993, pursuant to City Council Resolution No. R-282415; and

WHEREAS, the City has determined to cease the accrual of interest on the Long-Term Debt as per the terms of the proposed Loan Agreement; and

WHEREAS, the City acknowledges that certain Project Areas may reach the date beyond which they can no longer collect tax increment or repay debt pursuant to California Health and Safety Code section 33670 (Tax Increment Limitation Date) prior to the term of the Loan Agreement and any debt still owing from such Project Areas may not be paid.

WHEREAS, the City has determined that the proposed repayment plan set forth in the Loan Agreement serves a public purpose in that: (a) the Agency will reduce its indebtedness to the City; and (b) the City has benefitted, and will continue to benefit, significantly from the Agency's redevelopment projects which have resulted in City assets such as public improvements, parks, buildings and land, in increased revenues to the City in the form of transient occupancy tax, sales tax and property tax, in economic revitalization within the City, in increased public infrastructure and improvements within the City such as improved streets, transit corridors, pedestrian walkways and storm drains, and in increased affordable housing within the City.

WHEREAS, the City has duly considered all terms and conditions of the proposed Loan Agreement and believes that it is in the best interests of the Project Areas that will be reducing their indebtedness to the City, and to 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; NOW, THEREFORE,

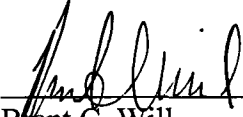
BE IT RESOLVED, by the City Council of the City of San Diego as follows:

1. That the City hereby approves the Loan Agreement by and between the Agency and the City of San Diego, providing the terms for the Agency's repayment of the Long-Term Debt to the City in the total amount of One Hundred Ninety Three Million Seven Hundred Fifty Nine Thousand Seventy Three (\$193,759,073) to be paid in annual payments over a thirty year term, when and at such time as funds are available, in accordance with the Loan Agreement, a copy of which is on file with the Clerk's Office as document No. RR- 306635.

2. That the Mayor, or designee, is hereby authorized, on behalf of the City, to execute the Loan Agreement and any other documents necessary and appropriate to carry out and implement the Loan Agreement, and to administer the City's obligations, responsibilities and duties to be performed under the Loan Agreement.

3. That all payments pursuant to the Loan Agreement and any other obligations and indebtedness of the Agency to the City created by the Loan Agreement shall be subordinate to any bonded indebtedness which has been issued or may be issued by the Agency and shall not be deemed a first pledge of tax increment allocations received by the Agency pursuant to California Health and Safety Code section 33670.

APPROVED: JAN I. GOLDSMITH, City Attorney

By  _____
Brant C. Will
Deputy City Attorney

BCW:jab
2/17/2011
2/28/2011 REV
Or.Dept:RDA
Comp.:RA-2011-97 REV.

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of FEB 28 2011.

ELIZABETH S. MALAND
City Clerk

By  for Mary Z.
Deputy City Clerk

Approved: 3-1-11
(date)


JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor