

RESOLUTION NUMBER R- 306637

DATE OF FINAL PASSAGE FEB 28 2011

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO: (1) APPROVING THE LOAN AGREEMENT BY AND BETWEEN THE CITY OF SAN DIEGO 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 IN THE CITY HEIGHTS REDEVELOPMENT PROJECT AREA; (2) APPROVING THE AGENCY'S REPAYMENT TO THE CITY OF A TOTAL AMOUNT OF \$3,989,746.71 TO BE PAID OVER A TWENTY YEAR TERM, WITH TEN YEARS REMAINING; 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, in order to aid the Agency in acting to carry out its public purposes of executing and implementing the Redevelopment Plan for the City Heights Redevelopment Project Area under the Community Redevelopment Law, the City borrowed approximately \$2.25 million from the federal Department of Housing and Urban Development (HUD) in Section 108 funds which were then loaned to the Agency (City Heights Section 108 Loan); and

WHEREAS, the City is required to repay HUD and the Agency has committed to provide the funds necessary to make the City's payments to HUD as described in the Payment and Amortization Schedule attached to the proposed Loan Agreement, hereinafter defined, as Exhibit A; and

WHEREAS, the Agency and the City now wish to enter into that certain Loan Agreement (Loan Agreement) to memorialize the City's loan of HUD funds to the Agency and the Agency's

obligation to provide for the repayment of the City Heights Section 108 Loan, and for the Agency to execute a Promissory Note (Note), the form of which is attached to the Loan Agreement as Exhibit B, as evidence of the Agency's debt to the City; and

WHEREAS, the Note is in an amount of \$2,120,616.40, including principal in an amount of \$1,606,000 and total interest of \$514,616.40, which represents the City's loan repayment obligations as reflected in Loan Agreement Exhibit A, less payments that have already been made and which have been funded by the Agency; and

WHEREAS, the City and the Agency have 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 will have funds available to repay HUD, and has benefitted, and will continue to benefit, significantly from the projects funded by the City Heights Section 108 Loan; NOW, THEREFORE,

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


1. That the Agency 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 City Heights Section 108 Loan in a total amount of \$3,989,746.71, payable in set amounts from the City Heights Redevelopment Project Area, to be paid over a twenty year term, with ten years remaining, in accordance with the Loan Agreement, a copy of which is on file with the Clerk's Office as Document No. RR- 306637 .

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 repayments 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.

4. That notwithstanding any contrary provisions in the Loan Agreement, the indebtedness of the Agency evidenced by the Note shall be superior in priority to any Cooperation Agreement entered into between the City and the Agency subsequent to the Effective Date of the Loan Agreement and that the City's determination as to the priority of obligations as between the City and the Agency shall be conclusive.

APPROVED: JAN I. GOLDSMITH, City Attorney

By   
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Brant C. Will  
Deputy City Attorney

BCW:jab  
2/17/2011  
2/22/2011 COR.COPY  
Or.Dept:RDA

Comp.:RA-2011-99 COR.COPY

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   
Deputy City Clerk

Approved: 2-28-11  
(date)

  
JERRY SANDERS, Mayor

Vetoed: \_\_\_\_\_  
(date)

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JERRY SANDERS, Mayor