

RESOLUTION NUMBER R- 310200

DATE OF FINAL PASSAGE JAN 28 2016

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO, ACTING IN ITS CAPACITY AS THE BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO, AUTHORIZING THE EXECUTION OF A SUBORDINATION AGREEMENT BETWEEN THE SUCCESSOR AGENCY, THE CIVIC SAN DIEGO ECONOMIC GROWTH & NEIGHBORHOOD INVESTMENT FUND, AND URBAN CORPS OF SAN DIEGO COUNTY RELATING TO A NEW MARKETS TAX CREDIT LOAN WITH URBAN CORPS.

WHEREAS, from its formation in 1958 until its elimination on February 1, 2012, the Redevelopment Agency of the City of San Diego (Former RDA) administered the implementation of various redevelopment projects, programs, and activities within designated redevelopment project areas throughout the City of San Diego (City), and there are presently fourteen such project areas; and

WHEREAS, in 2009, the Former RDA entered into a loan agreement with Urban Corps of San Diego County (Urban Corps) to provide \$475,000 in gap assistance for a portion of the costs to construct and develop a recycling center (Loan Agreement); and

WHEREAS, under the Loan Agreement, the Former RDA provided a residual receipts loan for \$225,000 (Residual Receipts Loan) secured by a Deed of Trust (Residual Receipts Loan Deed of Trust) and a forgivable loan for \$250,000 (Forgivable Loan) secured by a Deed of Trust (Forgivable Loan Deed Of Trust); and

WHEREAS, the Residual Receipts Loan has been paid in full through in-kind services that benefit the North Bay Redevelopment Project Area but the Residual Receipts Loan Deed of Trust has not been reconveyed because it also secures operating covenants that were recorded

concurrently with the Deed of Trust and that require that Urban Corps continue to operate under its current mission for 20 years (Operating Covenants); and

WHEREAS, the Forgivable Loan also has a 20 year term and is forgiven 5% per year each year after the anniversary date of the release of construction covenants of June 9, 2011 (the current loan balance is \$200,000) but is due and payable only if Urban Corps ceases to carry out its programs; and

WHEREAS, the Former RDA dissolved as of February 1, 2012, in accordance with a deadline for elimination of all redevelopment agencies throughout California set forth in Assembly Bill x1 26 (AB 26), as modified by the California Supreme Court in *California Redevelopment Assn. v. Matosantos*, 53 Cal.4th 231 (2011); and

WHEREAS, before the Former RDA's dissolution, the City Council adopted Resolution No. R-307238 effective January 12, 2012, designating the City to serve as the successor agency to the Former RDA (Successor Agency) pursuant to California Health and Safety Code (Code) section 34173(d)(1); and

WHEREAS, upon the Former RDA's dissolution on February 1, 2012, the Successor Agency became vested with all of the Former RDA's authority, rights, powers, duties, and obligations under the California Community Redevelopment Law and, by operation of law, received all assets, properties, contracts, leases, books and records, buildings, and equipment of the Former RDA, including all authority, rights, powers, duties, and obligations under the Loan Agreement, Residual Receipts Loan Deed of Trust, Forgivable Loan Deed of Trust, and the Operating Covenants; and

WHEREAS, on August 18, 2015, the Civic San Diego Economic Growth & Neighborhood Investment Fund (Fund) closed an \$8.0 million New Markets Tax Credit loan

(NMTC Loan) with Urban Corps, which is interest only for seven years and would free up capital to allow Urban Corps to expand its programs and services; and

WHEREAS, as part of its approval of the NMTC Loan, Bank of America has requested that the Successor Agency consider subordinating the Forgivable Deed of Trust to the Deed of Trust securing the NMTC loan.

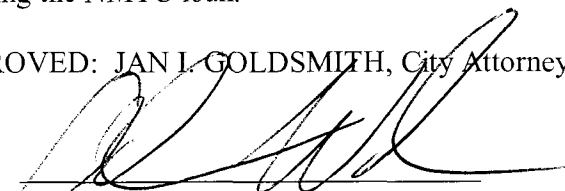
WHEREAS, the operating covenants would remain senior to the NMTC loan; NOW, THEREFORE,

BE IT RESOLVED, by the City Council of the City of San Diego, acting in its capacity as the board of the Successor Agency to the Redevelopment Agency of the city of San Diego, as follows:

1. The Mayor, or designee, is authorized and directed to execute the Subordination Agreement on file in the Office of the City Clerk as Document No. RR-310200.
2. The Mayor, or designee, is authorized and directed to execute all documents or instruments necessary and appropriate to carry out and implement the Subordination Agreement and is further authorized to do any and all acts and things necessary to carry out, perform, implement, and consummate the subordination of Forgivable Deed of Trust to the Deed of Trust securing the NMTC loan.

APPROVED: JAN I. GOLDSMITH, City Attorney

By

  
Adam R. Wander  
Deputy City Attorney

ARW:mm  
12/22/2015  
Or.Dept: Civic San Diego  
Doc. No. 1193637

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of JAN 12 2016

ELIZABETH S. MALAND  
City Clerk

By   
Deputy City Clerk

Approved: 1/26/16  
(date)

  
KEVIN L. FAULCONER, Mayor

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

\_\_\_\_\_  
KEVIN L. FAULCONER, Mayor

Passed by the Council of The City of San Diego on JAN 12 2016, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Sherri Lightner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lorie Zapf	<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"/>
Myrtle Cole	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mark Kersey	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Cate	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Scott Sherman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Alvarez	<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"/>

Date of final passage JAN 28 2016.

(Please note: When a resolution is approved by the Mayor, the date of final passage is the date the approved resolution was returned to the Office of the City Clerk.)

AUTHENTICATED BY:

KEVIN L. FAULCONER  
Mayor of The City of San Diego, California.

(Seal)

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

By Stacy Brady, Deputy

Office of the City Clerk, San Diego, California

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