ORIGINAL

REPAYMENT AGREEMENT BY AND BETWEEN
THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO
AND
THE CITY OF SAN DIEGO

(CDBG DEBT)

THIS REPAYMENT AGREEMENT [Agreement] is made and entered into on this 30 day of June, 2010, [Effective Date] by and between the Redevelopment Agency of the City of San Diego, a public body corporate and politic [Agency] and the City of San Diego, a California municipal corporation [City], collectively referred to herein as the "Parties", with reference to the following:

RECITALS

WHEREAS, the City Council of the City adopted Redevelopment Plans for the Centre City, Horton Plaza, Central Imperial, Gateway Center West, Southcrest, Mount Hope, Linda Vista, College Grove, Barrio Logan, City Heights, College Community, North Park, San Ysidro, Naval Training Center, North Bay, Crossroads, and Grantville Redevelopment Projects (collectively referred to herein as the Agency Redevelopment Project Areas, or individually referred to herein as an Agency Redevelopment Project Area); and

WHEREAS, the Implementation Plans approved by the Agency for the respective Agency Redevelopment Project Areas provide for the implementation of certain activities necessary or appropriate to carry out the Redevelopment Plans for the respective Agency Redevelopment Project Areas; and

WHEREAS, pursuant to the provisions of the California Community Redevelopment Law [Community Redevelopment Law], set forth at California Health and Safety Code section 33000 et seq., the Agency is engaged in activities necessary to execute and implement the Redevelopment and Implementation Plans for each of the Agency Redevelopment Project Areas; and

WHEREAS, pursuant to California Health and Safety Code section 33600, the Agency may accept financial or other assistance from any public source for the Agency's activities, powers, and duties, and expend any funds so received for any of the purposes of the Community Redevelopment Law; and

WHEREAS, pursuant to California Health and Safety Code section 33601, the Agency may borrow or accept financial or other assistance from the state or federal government or any other public agency for any Agency redevelopment project within its area of operation, and may comply with any conditions of such loan or grant; and

WHEREAS, the Agency, acting to carry out its public purposes of executing and implementing the Redevelopment Plans for the Agency Redevelopment Project Areas under the

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FILED JUN 21 2010
OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIA

DOCUMENT NO. D-04525/R-04525
FILED JUL 20 2010
OFFICE OF THE REDEVELOPMENT AGENCY
SAN DIEGO, CALIF.

Community Redevelopment Law, borrowed money from the City on a long-term basis [Long-Term Debt]; and

WHEREAS, as part of the Long-Term Debt, the City provided capital assistance to the Agency consisting of Community Development Block Grant [CDBG] funds in the form of loans to the Agency [CDBG Debt] for investment in various Agency Redevelopment Project Areas; and

WHEREAS, in 2008, the Office of Inspector General [OIG] of the U.S. Department of Housing and Urban Development [HUD] audited the City's CDBG Program with specific attention to certain CDBG funded activities within the Agency Redevelopment Project Areas; and

WHEREAS, on December 30, 2008, OIG issued its audit report [2008 OIG Audit Report] to HUD's Office of Community Planning and Development, which report provided findings and recommendations including, without limitation, that the City and Agency execute written interagency agreements for certain CDBG debt totaling approximately One Hundred Thirty Nine Million Two Hundred One Thousand Nine Hundred Ninety Seven Dollars ($139,201,997) and initiate repayment plans; and

WHEREAS, representatives of the Agency, the City and HUD have worked diligently to develop reasonable repayment schedules and terms to make meaningful payments in response to the OIG recommendations without undermining redevelopment efforts; and

WHEREAS, the Agency and the City desire to provide, by and through this Agreement, the terms for the Agency's repayment of the CDBG Debt to the City in the total amount of Seventy Eight Million Seven Hundred Eighty Seven Thousand Dollars ($78,787,000) to be paid annually over a ten year period in accordance with this Agreement; and

WHEREAS, the Parties hereby determine that the proposed repayment plan set forth in this Agreement serves a public purpose in that: (a) the Agency will be reducing its indebtedness to the City; (b) the City will benefit from the resolution of certain HUD concerns raised in the 2008 OIG Audit Report and from the provision of additional CDBG Program funds to be allocated to eligible projects and activities, used for administration and planning, and committed to defease certain outstanding HUD Section 108 Loan Guarantee Program loans; and (c) 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.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises contained herein, and for good and valuable consideration, the receipt of and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

SECTION 1: PURPOSE OF AGREEMENT; REPAYMENT OF CDBG DEBT

In accordance with, subject to, and conditioned on all the terms, covenants, and conditions of this Agreement, the Parties agree that the Agency shall make, and the City shall accept, scheduled repayments of the CDBG Debt from tax increment funds, land proceeds or other revenues of the Agency in the total amount of $78,787,000, payable in set amounts from the Agency Redevelopment Project Areas, except Horton Plaza, North Bay and College Grove Redevelopment Project Areas which do not carry any CDBG related debt, to be paid annually over a ten year period.

SECTION 2: SCHEDULED MONETARY REPAYMENTS OF CDBG DEBT

(a) The Agency agrees to pay to the City, and the City agrees to accept from the Agency, the scheduled repayments of the CDBG Debt in the total amount of $78,787,000 to be paid over a ten year period in the aggregate annual amounts as set forth in the "Schedule of Annual Repayments" attached hereto as Exhibit "A" and incorporated herein by this reference.

(b) The repayment amounts set forth in the Schedule of Annual Repayments shall be payable by the Agency from the Agency Redevelopment Project Areas except Horton Plaza, North Bay and College Grove Redevelopment Project Areas which do not carry any CDBG related debt, in the varying amounts as set forth in the "Breakdown of Payments by Redevelopment Project Area" attached hereto as Exhibit "B" and incorporated herein by this reference.

(c) The Agency shall make the annual repayments to the City on or before June 30 of each consecutive year for a ten year period commencing on June 30, 2010, in accordance with the Schedule of Annual Repayments. However, the Agency, with the consent of the City, has the right, but not the obligation, to make prepayments of all or a portion of any of the annual amounts set forth in the Schedule of Annual Repayments. Such prepayment shall be acknowledged in writing by the Agency Executive Director or designee, on behalf of the Agency, and by the Mayor or designee, on behalf of the City, and shall be identified as a credit to the Schedule of Annual Repayments accordingly.

(d) The Agency may make the annual repayments using tax increment, land proceeds or any other revenue of the Agency available within each contributing Agency Redevelopment Project Area.

(e) All repayments made by the Agency on behalf of each contributing Agency Redevelopment Project Area shall be applied first to outstanding principal and then to accrued interest.

(f) All repayments from the Agency to the City pursuant to the Schedule of Annual Repayments shall be treated by the City as program income to the San Diego CDBG Program.

(g) The City covenants that it will commit and apply a sufficient portion of the repayments received from the Agency pursuant to the Schedule of Annual Repayments toward the complete defeasance of the Mercado del Barrio and Valencia Business Park HUD Section 108 Loan Guarantee Program Loans.

(h) The City acknowledges that the program income resulting from the repayments received from the Agency may create a need for additional program administration, planning, oversight and management; and, therefore, the City covenants to allocate sufficient resources for administrative and oversight responsibilities associated with the program income derived from the repayments.

(i) In the event that the Agency fails to make any of the required repayments referenced in Section 2 of this Agreement in compliance with the Schedule of Annual Repayments and other terms of this Agreement, the Parties may seek to amend this Agreement as provided in Section 6(d) or alternatively pursue available remedies pursuant to Section 6(f) of this Agreement.

SECTION 3: SUBORDINATION OF INDEBTEDNESS

All repayments pursuant to the Schedule of Annual Repayments (Exhibit "A") as set forth in the Breakdown of Payments by Redevelopment Project Area (Exhibit "B"), and any other obligations and indebtedness of the Agency to the City created by this 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.

SECTION 4: BOOKS AND ACCOUNTS

The Agency and the City shall each keep full and accurate books and accounts, records and other pertinent data showing their financial operations with respect to the holding and disbursal of the monies comprising the repayments provided for in this Agreement. Upon completion of the activities contemplated by this Agreement, the Agency and the City shall prepare a report accounting for the use of all funds.

SECTION 5: LIABILITY AND INDEMNIFICATION

(a) The Parties acknowledge and agree that as stated in California Government Code section 895, this Agreement is an agreement between public entities designed to implement the disbursement or subvention of public funds from one entity to the other and, as such, is not subject to the joint and several liability provisions of California Government Code sections 895 to 895.8.

(b) The City agrees to defend, indemnify, protect, and hold the Agency and its officers, officials, agents and employees harmless from any and all actions, suits, proceedings, liability, loss, expense (including all expenses of investigation and defending against the same),

and all claims for injury or damages to any person, arising out of the performance of this Agreement or any agreement entered into to implement this Agreement, but only in proportion to and to the extent such actions, suits, proceedings, liability, loss, expense or claims for injury or damages are caused by, or result from, the negligent or intentional acts or omissions of the Agency or its officers, officials, agents or employees.

(c) The Agency agrees to defend, indemnify, protect, and hold the City and its officers, officials, agents and employees harmless from any and all actions, suits, proceedings, liability, loss, expense (including all expenses of investigation and defending against same), and all claims for injury or damages to any person, arising out of the performance of this Agreement or any agreement entered into to implement this Agreement, but only in proportion to and to the extent such actions, suits, proceedings, liability, loss, expense or claims for injury or damages are caused by, or result from, the negligent or intentional acts or omissions of the Agency or its officers, officials, agents or employees.

(d) The provisions of this Section 5 shall survive the expiration, termination, or assignment of this Agreement.

SECTION 6: GENERAL PROVISIONS

(a) The terms of this Agreement are only for the benefit of the Agency and the City, and there are no other intended or incidental third party beneficiaries hereto.

(b) This Agreement constitutes the entire Agreement between the Agency and the City in connection with the Agency's repayment of CDBG Debt only with regard to $78,787,000.

(c) No failure of either the Agency or the City to insist upon strict performance by the other of any covenant, term or condition of the Agreement, nor any failure to exercise any right or remedy consequent upon a breach, shall constitute a waiver of any such breach of such covenant, term or condition.

(d) This Agreement may be amended in writing upon the mutual approval of the governing bodies of the Agency and the City.

(e) The laws of the State of California shall govern and control the terms and conditions of this Agreement.

(f) In addition to any other legal rights or remedies, either Party may institute legal action to cure, correct, or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in a court of competent jurisdiction in the County of San Diego, California.

(g) This Agreement may be executed in counterparts, which when taken together shall constitute a single signed original as though all Parties had executed the same page.

(h) This Agreement integrates all of the terms and conditions mentioned in this Agreement or incidental hereto, and supersedes all negotiations or previous agreements between the Parties with respect to all or part of the subject matter hereof.

IN WITNESS WHEREOF, this Agreement is executed by the Redevelopment Agency of the City of San Diego by and through its Executive Director or designee and by the City of San Diego by and through its Mayor or designee.

REDEVELOPMENT AGENCY
OF CITY OF SAN DIEGO

Date: 6/30/10

By: _____
Name: Janice L. Weinrick
Title: Deputy Executive Director

APPROVED AS TO FORM AND LEGALITY:

JAN I. GOLDSMITH, General Counsel

By: _____
Kendall D. Berkey
Deputy General Counsel

CITY OF SAN DIEGO

Date: 6/30/10

By: _____
Name: Jay M. Goldstone
Title: Chief Operating Officer

APPROVED AS TO FORM AND LEGALITY:

JAN I. GOLDSMITH, City Attorney

By: _____
Brant C. Will
Deputy City Attorney

CDBG Debt Repayment Agreement Between Agency and City 06.23.10

EXHIBIT "A"

Schedule of Annual Repayments

Fiscal Year	Repayments
2010	$3,633,800
2011	$3,294,500
2012	$3,842,200
2013	$3,976,900
2014	$4,392,400
2015	$6,519,700
2016	$9,156,000
2017	$12,795,700
2018	$14,772,800
2019	$16,402,800
Total:	$78,787,000

EXHIBIT "B"

Breakdown of Payments by Redevelopment Project Area

EXHIBIT "B"

Breakdown of CDBG Payments by Redevelopment Project Area

	CDBG PAYMENT SCHEDULES (Figures in Thousands)										Payment
Project Area	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Centre City	$ 1,500.0	$ 2,000.0	$ 2,500.0	$ 2,500.0	$ 3,000.0	$ 5,000.0	$ 7,500.0	$ 11,000.0	$ 13,000.0	$ 15,230.0	$ 63,230.0
Horton											$ -
Barrio Logan	$ 10.0	$ 62.7	$ 65.8	$ 69.1	$ 72.6	$ 76.2	$ 80.0	$ 84.0	$ 88.2	$ 92.6	$ 701.4
City Heights	$ 470.0	$ 300.0	$ 330.0	$ 363.0	$ 399.3	$ 439.2	$ 483.2	$ 531.5	$ 584.6	$ 256.0	$ 4,156.8
College Community				$ 120.0	$ 132.0	$ 145.2	$ 159.7	$ 167.8			$ 724.7
College Grove											$ -
Crossroads	$ 733.8										$ 733.8
Grantville	$ 100.0	$ 150.0	$ 150.0	$ 196.6							$ 596.6
Linda Vista	$ 100.0	$ 50.0	$ 124.9	$ 127.3	$ 130.0	$ 137.3	$ 141.9	$ 144.9	$ 148.7	$ 151.7	$ 1,256.7
NTC	$ 175.0	$ 112.2									$ 287.2
North Bay											$ -
North Park	$ 220.0	$ 185.6	$ 204.2	$ 224.6	$ 247.1	$ 271.8	$ 299.0	$ 328.9	$ 361.8	$ 189.0	$ 2,532.0
San Ysidro	$ 225.0	$ 110.0	$ 121.0	$ 133.1	$ 146.4	$ 161.1	$ 177.2	$ 194.9	$ 214.4	$ 70.2	$ 1,553.1
Central Imperial	$ 100.0	$ 110.0	$ 121.0	$ 133.1	$ 146.4	$ 161.1	$ 177.2	$ 194.9	$ 214.4	$ 235.8	$ 1,593.7
Gateway Ctr West	$ -	$ 119.0	$ 123.0								$ 242.0
Mount Hope	$ -	$ 45.0	$ 47.3	$ 49.6	$ 52.1	$ 54.7	$ 57.4	$ 60.3	$ 63.3	$ 70.3	$ 500.0
Southcrest	$ -	$ 50.0	$ 55.0	$ 60.5	$ 66.6	$ 73.2	$ 80.5	$ 88.6	$ 97.4	$ 107.2	$ 679.0
	$ 3,633.8	**$ 3,294.5**	**$ 3,842.2**	**$ 3,976.9**	**$ 4,392.4**	**$ 6,519.7**	**$ 9,156.0**	**$ 12,795.7**	**$ 14,772.8**	**$ 16,402.8**	**$ 78,787.0**