REDEVELOPMENT AGENCY OF

THE CITY OF SAN DIEGO

RESOLUTION NUMBER R-_____

DATE OF FINAL PASSAGE _____

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO (1) APPROVING THE LOAN AGREEMENT BY AND BETWEEN THE AGENCY AND 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 NAVAL TRAINING CENTER REDEVELOPMENT PROJECT AREA; (2) AUTHORIZING THE AGENCY'S REPAYMENT TO THE CITY OF A TOTAL AMOUNT OF $10,089,129 TO BE PAID OVER A TWENTY YEAR TERM, WITH THIRTEEN YEARS REMAINING; AND (3) APPROVING OTHER ACTIONS RELATED TO THE LOAN AGREEMENT.

WHEREAS, the City Council of the City of San Diego (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 Redevelopment Agency of the City of San Diego (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 Plans 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, in order to aid the Agency in acting to carry out its public purposes of executing and implementing the Redevelopment Plan for the Naval Training Center Redevelopment Project Area (NTC Redevelopment Project Area) under the Community Redevelopment Law, the City borrowed approximately $5.91 million from the federal Department of Housing and Urban Development (HUD) in Section 108 funds which were then loaned to the Agency (NTC 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 NTC 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 $7,046,755.95, including principal in an amount of $4,840,000 and total interest of $2,206,755.95, which represents the City's loan repayment obligations as reflected in Exhibit A to the Loan Agreement, less payments that have already been made and which have been funded by the Agency; and

WHEREAS, the City and the Agency hereby determine 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 NTC Section 108 Loan; NOW, THEREFORE,

BE IT RESOLVED, by the Redevelopment Agency 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 NTC Section 108 Loan in a total amount of $10,089,129, payable in set amounts from the NTC Redevelopment Project Area, to be paid over a twenty year term, with thirteen years remaining, in accordance with the Loan Agreement, and upon certification from the Comptroller that funds are available.

2. That the Agency Executive Director, or designee, is hereby authorized to execute the Loan Agreement on behalf of the Agency; a copy of the Loan Agreement when executed by

the Agency and the City shall be placed on file in the office of the Secretary of the Agency as Document No. _____.

3. That the Agency Executive Director, or designee, is hereby authorized, on behalf of the Agency, to execute all documents necessary and appropriate to carry out and implement the Loan Agreement, including the Note, and to administer the Agency's obligations, responsibilities and duties to be performed under the Loan Agreement.

4. 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.

5. 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, General Counsel

By Elisa A Cusato
Elisa A. Cusato
Deputy General Counsel

BCW:EAC:jab
2/17/2011
Or.Dept:Redev.Agency
RA-2011-98

Comp.:R-2011-735

I hereby certify that the foregoing Resolution was passed by the Redevelopment Agency of the City of San Diego, at this meeting of _____.

REDEVELOPMENT AGENCY

By_____
Jeannette Santos, Deputy Secretary

Approved: _____
(date)

_____
JERRY SANDERS, Executive Director

Vetoed: _____
(date)

_____
JERRY SANDERS, Executive Director