



THE CITY OF SAN DIEGO

DATE ISSUED: June 16, 2010 REPORT NO: RA-10-23
RTC-10-062

ATTENTION: Honorable President and Members of the City Council
Honorable Chair and Members of the Redevelopment Agency
Docket of: June 21, 2010

SUBJECT: Extinguishment of Certain Agency Long-Term Debt to the City,
Community Development Block Grant Repayment Agreement, and
related Fiscal Year 2010 San Diego Redevelopment Agency Budget
Amendment

REFERENCES: Report to City Council and Redevelopment Agency "Educational
Revenue Augmentation Fund Payments, Proposed Fiscal Year 2010 San
Diego Redevelopment Agency Budget Amendments, Agency Debt to
the City and Community Development Block Grant Proposed
Repayment Terms" dated February 17, 2010 and

City Attorney Report to Honorable Mayor and City Council "The City's
Forgiveness of Debt or Interest Owed it by the San Diego
Redevelopment Agency" dated March 8, 2010.

REQUESTED ACTIONS:

Should the Redevelopment Agency:

- 1) Adopt a resolution to approve the proposed Repayment Agreement and authorize the Executive Director or designee to enter into the proposed Repayment Agreement with the City of San Diego which includes among other terms, Agency's repayment of the Community Development Block Grant "CDBG" debt to the City in the amount of \$78,787,000.
- 2) Adopt a resolution providing for:
 - a. the cessation of interest accrual on all Agency Long-Term Debt to the City on June 30, 2009; and
 - b. the extinguishment of the total CDBG and HUD Section 108 debt owed to the City totaling approximately \$228,432,499 as follows:
 - i. the Agency's scheduled repayments to the City pursuant to the proposed Repayment Agreement;



Redevelopment Agency

1200 Third Avenue, Suite 1400, MS 56D • San Diego, CA 92101-4110

Tel (619) 236-6700 Fax (619) 533-3219

City Planning & Community Investment



- ii. the Agency's continued payments to the City according to the established debt repayment schedule for the Naval Training Center HUD Section 108 Loan; and
 - iii. the City's forgiveness of the remaining total CDBG and HUD Section 108 on June 30, 2019, provided the Agency fulfills the repayment requirement as specified in the Repayment Agreement.
- 3) Adopt a resolution to amend the Agency's Program Budgets for the Redevelopment Projects administered by Centre City Development Corporation, and the City's Redevelopment Division to facilitate the Fiscal Year 2010 payment pursuant to the proposed Repayment Agreement and to authorize the Fiscal Year 2010 payment totaling \$3,633,800 to the City upon the Parties' execution of the Repayment Agreement.

Should the City Council:

- 1) Adopt a resolution to approve the proposed Repayment Agreement and authorize the Mayor or designee to enter into the proposed Repayment Agreement with the Redevelopment Agency of the City of San Diego which includes among other terms, Agency's repayment of the Community Development Block Grant "CDBG" debt to the City in the amount of \$78,787,000 and to accept the repayments from the Redevelopment Agency as prescribed in the Repayment Agreement.
- 2) Adopt a resolution providing for:
- a. the cessation of interest accrual on all Agency Long-Term Debt owed to the City totaling approximately \$228,432,499 on June 30, 2009; and
 - b. the extinguishment of the total CDBG and HUD Section 108 debt to the City as follows:
 - i. the Agency's scheduled repayments to the City pursuant to the proposed Repayment Agreement;
 - ii. the Agency's continued payments to the City according to the established debt repayment schedule for the Naval Training Center HUD Section 108 Loan; and
 - iii. the City's forgiveness of the remaining total CDBG and HUD Section 108 on June 30, 2019, provided the Agency fulfills the repayment requirement as specified in the Repayment Agreement.

STAFF RECOMMENDATIONS:

It is recommended that the Redevelopment Agency:

- 1) Adopt a resolution to approve the proposed Repayment Agreement and authorize the Executive Director or designee to enter into the proposed Repayment Agreement with the City of San Diego which includes among other terms, Agency's repayment of the

Community Development Block Grant "CDBG" debt to the City in the amount of \$78,787,000.

- 2) Adopt a resolution providing for:
 - a. the cessation of interest accrual on all Agency Long-Term Debt to the City on June 30, 2009; and
 - b. the extinguishment of the total CDBG and HUD Section 108 debt owed to the City totaling approximately \$228,432,499 as follows:
 - i. the Agency's scheduled repayments to the City pursuant to the proposed Repayment Agreement;
 - ii. the Agency's continued payments to the City according to the established debt repayment schedule for the Naval Training Center HUD Section 108 Loan; and
 - iii. the City's forgiveness of the remaining total CDBG and HUD Section 108 on June 30, 2019, provided the Agency fulfills the repayment requirement as specified in the Repayment Agreement.
- 3) Adopt a resolution to amend the Agency's Program Budgets for the Redevelopment Projects administered by Centre City Development Corporation, and the City's Redevelopment Division to facilitate the Fiscal Year 2010 payment pursuant to the proposed Repayment Agreement and to authorize the Fiscal Year 2010 payment totaling \$3,633,800 to the City upon the Parties' execution of the Repayment Agreement.

It is recommended that the City Council:

- 1) Adopt a resolution to approve the proposed Repayment Agreement and authorize the Mayor or designee to enter into the proposed Repayment Agreement with the Redevelopment Agency of the City of San Diego which includes among other terms, Agency's repayment of the Community Development Block Grant "CDBG" debt to the City in the amount of \$78,787,000 and to accept the repayments from the Redevelopment Agency as prescribed in the Repayment Agreement.
- 2) Adopt a resolution providing for:
 - a. the cessation of interest accrual on all Agency Long-Term Debt owed to the City totaling approximately \$228,432,499 on June 30, 2009; and
 - b. the extinguishment of the total CDBG and HUD Section 108 debt to the City as follows:
 - i. the Agency's scheduled repayments to the City pursuant to the proposed Repayment Agreement;
 - ii. the Agency's continued payments to the City according to the established debt repayment schedule for the Naval Training Center HUD Section 108 Loan; and

- iii. the City's forgiveness of the remaining total CDBG and HUD Section 108 on June 30, 2019, provided the Agency fulfills the repayment requirement as specified in the Repayment Agreement.

SUMMARY

The City of San Diego has assisted in the capitalization of City redevelopment activities to advance the goals and objectives of the redevelopment plans and activities. Such City investment generally takes place to help spur growth and activity during the early years of the life of a redevelopment project area. The growth of tax increment varies by redevelopment project area depending upon the types and levels of new development opportunity and investment and the level and type of public improvements necessary to ready an area for new investment opportunities.

The City utilized a variety of investment vehicles as a means to assist in the revitalization effort. The Agency has carried these City expenditures as debt to the City. CDBG funds have served as a source of capital investment in many redevelopment project areas. Amounts equal to CDBG allocations and HUD Section 108 loan proceeds are carried as part of the Agency debt to the City.

The Office of the Inspector General ("OIG") of the U.S. Department of Housing and Urban Development ("HUD") conducted an audit of the City's CDBG program. The OIG audit report recommends, among other things, that HUD require the City to initiate the Agency's repayment of CDBG funds to the City. A review of the Agency debt to the City, proposed terms for a Repayment Agreement relating to the OIG audit, and the cessation of interest accrual and extinguishment of the balance of CDBG and HUD 108 debt were discussed by the City Council and Redevelopment Agency on February 23, 2010. The Agency directed staff to prepare appropriate documents and actions for City and Agency consideration consistent with the terms and schedule for repayment as contained in the referenced February 17, 2010 staff report.

DISCUSSION

Table 1 represents the Agency Long-Term debt to the City as of June 30, 2009 by category and corresponding principal and interest. A detailed discussion of the debt categories is included in the referenced staff report dated February 17, 2010. Table 2 represents the total principal and interest as of June 30, 2009 by Redevelopment Project and sorted by operating entity.

Table 1
LONG TERM AGENCY DEBT TO CITY
BY CATEGORY
June 30, 2009

DEBT CATEGORY	PRINCIPAL (June 30, 2009)	INTEREST (June 30, 2009)	TOTAL
Sales Tax	\$ 5,040,733	\$ 5,377,070	\$ 10,417,803
Industrial Dev Bonds	\$ 90,840	\$ 119,909	\$ 210,749
CDBG	\$ 69,249,993	\$ 99,559,741	\$ 168,809,734
HUD Section 108	\$ 29,181,647	\$ 30,441,118	\$ 59,622,765
EDI Grant	\$ 720,000	\$ 820,373	\$ 1,540,373
Capital Outlay	\$ 8,114,229	\$ 5,511,029	\$ 13,625,258
Sewer Funds	\$ 613,327	\$ 502,068	\$ 1,115,395
Water Funds	\$ 357,636	\$ 291,026	\$ 648,662
TransNet Prop A	\$ 1,241,474	\$ 1,630,786	\$ 2,872,259
General Fund	\$ 1,340,990	\$ 804,739	\$ 2,145,729
Route 252 Acq/Mitigation	\$ 2,515,453	\$ 5,073,463	\$ 7,588,916
Totals Agency Debt to City	\$ 118,466,322	\$ 150,131,322	\$ 268,597,644

Table 2
LONG TERM AGENCY DEBT TO CITY
BY PROJECT AREA & OPERATING ENTITY
June 30, 2009

Project Areas by Operating Entity	6-30-09 Principal	6-30-09 Interest	TOTAL P & I
Centre City Development Corporation			
Centre City	\$ 43,184,407	\$ 77,097,589	\$ 120,281,997
Horton Plaza	0	0	0
<i>Subtotal</i>			\$ 120,281,997
City Redevelopment Division			
Barrio Logan	\$ 12,826,041	\$ 14,200,707	\$ 27,026,748
City Heights	\$ 8,562,522	\$ 7,360,256	\$ 15,922,778
College Community	\$ 721,591	\$ 922,661	\$ 1,644,252
College Grove	\$ 40,963	\$ 32,758	\$ 73,721
Crossroads	\$ 793,294	\$ 393,559	\$ 1,186,853
Grantville	\$ 506,729	\$ 188,644	\$ 695,373
Linda Vista	\$ 1,945,141	\$ 4,529,295	\$ 6,474,436
Naval Training Center	\$ 6,920,990	\$ 971,992	\$ 7,892,982
North Bay	\$ 1,735,391	\$ 676,803	\$ 2,412,194

North Park	\$ 1,687,879	\$ 1,306,636	\$ 2,994,515
San Ysidro	\$ 739,446	\$ 963,303	\$ 1,702,749
Subtotal			\$ 68,026,599
Southeastern Economic Development Corporation			
Central Imperial	\$ 18,915,935	\$ 14,926,393	\$ 33,842,328
Gateway Center West	\$ 6,529,466	\$ 14,546,646	\$ 21,076,113
Mount Hope	\$ 3,918,314	\$ 1,664,355	\$ 5,582,669
Southcrest	\$ 9,438,214	\$ 10,349,726	\$ 19,787,939
Subtotal			\$ 80,289,049
AGENCY TOTAL	\$ 118,466,322	\$ 150,131,322	\$ 268,597,644

CDBG and HUD Section 108 Debt Categories

\$228 million or approximately 85% of the Agency debt to the City is comprised of CDBG allocations and HUD Section 108 loan proceeds expended within Redevelopment Project Areas. Table 3 reflects the CDBG debt identified in Appendix E of the 2008 OIG Audit Report (which focused on the years 2000 through 2007) and the other components contributing to the June 30, 2009 combined CDBG and HUD Section 108 Agency debt category categories.

**Table 3
CDBG COMPONENTS 2007 and 2009**

Components	Principal	Interest	Total
OIG Audit report debt as of June 30, 2007 *	\$ 62,742,562	\$45,831,748	\$ 138,574,310
Other CDBG debt as of June 30, 2007	\$ 6,507,431	\$10,224,244	\$ 16,731,675
HUD Section 108 debt as of June 30, 2007	\$ 29,474,727	\$26,635,701	\$ 56,110,429
Adjustments July 1, 2007 - June 30, 2009	\$ (293,080)	\$17,309,165	\$ 17,016,085
	\$ 98,431,640	\$130,000,858	\$ 228,432,499

* The OIG Audit Appendix E includes an additional \$627,687 P&I not related to an existing redevelopment project area and not reflected on the Agency's Long Term Debt Tables 1 and 2 of this report.

The principal of the CDBG grant funds and HUD Section 108 loan proceeds were primarily utilized to purchase land for affordable housing developments, and for the construction of City assets such as public buildings, facilities and open space, and infrastructure. These City investments were part of strategic efforts to improve conditions and community faculties in communities facilitate the revitalization of neighborhoods.

CDBG Repayment

The OIG Audit Report provided findings and recommendations including that the City and Agency execute written interagency agreements for certain CDBG debt totaling approximately \$139 million. This total included interest accrual through June 30, 2007. Representatives of the Agency, City and HUD worked diligently to develop reasonable repayment schedules and terms to make meaningful payments in response to the OIG recommendations without undermining redevelopment efforts.

The Horton Plaza, College Grove and North Bay project areas do not carry CDBG debt and are therefore not subject to the proposed Repayment Agreement. Projected annual and current tax increment, projected ERAF obligations, CDBG debt recommendations per the OIG report, other Agency debt to the City and associated interest were important factors taken into consideration while developing payment schedules for each applicable project area.

Proposed Repayment Agreement and Agency and City Actions

The attached proposed Repayment Agreement together with other Agency and City recommended actions proposed by resolution facilitate the implementation of the terms discussed in the February 17, 2010 report and direction by the Agency and City Council.

Repayment Agreement Term Summary

Table 4 illustrates the scheduled repayments to the City in the total amount of \$78,787,000 to be paid over a ten year period and is included in the Repayment Agreement as Exhibit "A".

**Table 4
SCHEDULE OF ANNUAL REPAYMENTS**

City Fiscal Year	Payment
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

- The Agency shall make, and the City accept, scheduled repayments from tax increment funds, land proceeds or other revenues of the Agency from the Agency Redevelopment Project Areas, except Horton Plaza, North Bay and College Grove Redevelopment Project

Areas which do not carry CDBG related debt, in the varying amounts as set forth in the Breakdown of Payment by Redevelopment Project Area (Repayment Agreement Exhibit "B").

- The Agency shall make annual repayments to the City on or before June 30 of each consecutive year for a ten year period commencing on June 30, 2010.
- 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 prepayments shall be identified as a credit to the Schedule of Annual Repayments to the contributing Agency Redevelopment Project Area accordingly.
- All repayments shall be applied first to outstanding principal and then to accrued interest of the contributing Agency Redevelopment Project Area.
- All repayments from the Agency to the City shall be treated by the City as program income to the San Diego CDBG Program.
- The City will commit and apply a sufficient portion of the repayments received from the Agency toward the complete defeasance of the Mercado del Barrio and Valencia Business Park HUD Section 108 Loan Guarantee Program Loans.
- The City acknowledges that the program income resulting from the repayments from the Agency may create a need for additional program administration, planning, oversight and management; and, therefore, the City will allocate sufficient resources for administration and oversight responsibility associated with the program income derived from the repayments.
- All repayments pursuant to the Schedule of Annual Repayments and as set forth in the Breakdown of Payment by Redevelopment Project Areas 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.
- The Agency and the City will agree to mutual indemnification and hold harmless provisions.

Summary of Proposed Actions by Resolution

- Commencing July 1, 2009 and continuing thereafter, no interest shall accrue on behalf of the City on any outstanding principal as represented on Tables 1 and 2 of this report.
- The total CDBG and HUD Section 108 Agency debt owed to the City totaling approximately \$228,432,499 shall be extinguished as follows:
 - the Agency shall fulfill the repayment requirements of the proposed Repayment Agreement of \$78,787,000;
 - the Agency shall continue to make payments to the City according to the established debt repayment schedule for the Naval Training Center HUD Section 108 Loan from the Naval Training Center Redevelopment Project Area revenue to the Agency with an approximate balance of \$5,431,000 as of June 30, 2009; and

- o the City shall forgive in its entirety the remaining balance of total CDBG and HUD Section 108 debt in the approximate amount of \$144,214,499 provided the Agency makes the CDBG repayments in accordance with the proposed Repayment Agreement, upon the expiration of the ten year period on June 30, 2019.
- o the amount of debt forgiven is estimated as follows:

Total CDBG Debt as of 6/30/09	\$228,432,499
Less: CDBG Repayments	78,787,000
Less: Naval Training Center Section 108 Loan Outstanding Principal	5,431,000
Approximate Debt Forgiveness	\$144,214,499

Table 5 Displays the Debt Forgiveness amounts by Project Area.

**Table 5
 DEBT FORGIVENESS BY PROJECT AREA**

Project Area	Managing Entity	Approximate Debt Forgiveness
Centre City	CCDC	\$55,287,940
Horton Plaza	CCDC	\$0
Barrio Logan	City Redevelopment	\$20,106,158
City Heights	City Redevelopment	\$11,176,367
College Community	City Redevelopment	\$71,221
College Grove	City Redevelopment	\$0
Crossroads	City Redevelopment	\$112,805
Grantville	City Redevelopment	\$98,773
Linda Vista	City Redevelopment	\$1,763,604
Naval Training Center	City Redevelopment	\$29,053
North Bay	City Redevelopment	\$0
North Park	City Redevelopment	\$300,162
San Ysidro	City Redevelopment	\$143,740
Central Imperial	SEDC	\$27,559,907
Gateway Center West	SEDC	\$18,522,365
Mount Hope	SEDC	\$83,680
Southcrest	SEDC	\$8,958,726
Total		\$144,214,499

Forgiveness of Debt

The City Attorney of the City of San Diego prepared a report to the Mayor and City Council “The City’s Forgiveness of Debt or Interest owed it by the San Diego Redevelopment Agency” dated March 8, 2010 in response to questions raised by Agency/Council members. The report discusses that the City Council has the ultimate decision making authority whether to forgive any

or all of the Agency debt or accrued interest owed to the City and concludes that “If the City Council decides to forgive any remainder debt, or retroactivity to forgive accrued interest, we strongly recommend the legislative enactments approving the loan repayment plan express what the City Council determine are the reasonable public interest served by that forgiveness.”

Summary of Public Interest Served by Forgiveness of Remainder Debt and Accrued Interest

It is in the public interest to implement the City’s adopted redevelopment plans. The use of tax increment funds is necessary to implement these plans to revitalize communities within the boundaries of the redevelopment project areas. Accordingly, it is appropriate and in the public interest for the City to forgive the outstanding balance of any and all CDBG and HUD Section 108 debt upon the full satisfaction of the proposed repayment on June 30, 2019, as specified in the Repayment Agreement.

The public and City have benefitted significantly from the Agency’s redevelopment projects located within the jurisdiction of the City which have resulted in, without limitation, assets belonging to the City such as public improvements, infrastructure, parks, lighting, buildings and land, increased revenues to the City in the form of transient occupancy tax, sales tax and property tax, economic revitalization, improved streets, transit corridors and pedestrian walkways, public safety and increased affordable housing within the City.

Repayment of Non-CDBG Long Term Debt to the City

The balance of Agency debt to the City equals approximately \$20,000,000 of principal and \$20,000,000 interest accrual as of June 30, 2009. Tables 6 and 7 illustrate the Agency debt owed to the City excluding non-CDBG debt and non-HUD Section 108 debt categories. It should be noted that the project areas with the higher levels of City debt are those with the least ability to pay in the near-term.

**Table 6
 NON-CDBG & NON-HUD LONG TERM AGENCY DEBT TO CITY
 BY CATEGORY
 June 30, 2009**

DEBT CATEGORY	PRINCIPAL (June 30, 2009)	INTEREST (June 30, 2009)	TOTAL
Sales Tax	\$ 5,040,733	\$ 5,377,070	\$ 10,417,803
Industrial Dev Bonds	\$ 90,840	\$ 119,909	\$ 210,749
EDI Grant	\$ 720,000	\$ 820,373	\$ 1,540,373
Capital Outlay	\$ 8,114,229	\$ 5,511,029	\$ 13,625,258
Sewer Funds	\$ 613,327	\$ 502,068	\$ 1,115,395
Water Funds	\$ 357,636	\$ 291,026	\$ 648,662
TransNet Prop A	\$ 1,241,474	\$ 1,630,786	\$ 2,872,259
General Fund	\$ 1,340,990	\$ 804,739	\$ 2,145,729
Route 252 Acq/Mitigation	\$ 2,515,453	\$ 5,073,463	\$ 7,588,916
Totals	\$ 20,034,682	\$ 20,130,463	\$ 40,165,145

Table 7
NON-CDBG & NON-HUD LONG TERM AGENCY DEBT TO CITY
BY PROJECT AREA AND OPERATING ENTITY
June 30, 2009

Project Areas by Operating Entity	6-30-09 Principal	6-30-09 Interest	TOTAL P & I
Centre City Development Corporation			
Centre City	\$ 970,963	\$ 793,094	\$ 1,764,057
Horton Plaza	0	0	0
Subtotal			\$ 1,764,057
City Redevelopment Division			
<i>Barrio Logan</i>	\$ 3,667,925	\$ 2,551,265	\$ 6,219,190
City Heights	\$ 451,611	\$ 137,999	\$ 589,610
College Community	\$ 356,591	\$ 491,740	\$ 848,331
College Grove	\$ 40,963	\$ 32,758	\$ 73,721
Crossroads	\$ 15,000	\$ 125,248	\$ 340,248
Grantville	\$ -	\$ -	\$ -
<i>Linda Vista</i>	\$ 1,134,450	\$ 2,319,682	\$ 3,454,132
Naval Training Center	\$ 1,340,990	\$ 804,739	\$ 2,145,729
North Bay	\$ 1,735,391	\$ 676,803	\$ 2,412,194
North Park	\$ 48,607	\$ 13,746	\$ 162,353
San Ysidro	\$ 2,446	\$ 3,463	\$ 5,909
Subtotal			\$ 16,251,417
Southeastern Economic Development Corporation			
<i>Central Imperial</i>	\$ 1,974,055	\$ 2,714,665	\$ 4,688,721
<i>Gateway Center West</i>	\$ 929,728	\$ 1,382,020	\$ 2,311,748
<i>Mount Hope</i>	\$ 3,489,137	\$ 1,509,852	\$ 4,998,988
<i>Southcrest</i>	\$ 3,576,824	\$ 6,573,390	\$ 10,150,214
Subtotal			\$ 22,149,671
AGENCY TOTAL			\$ 40,165,145
<i>*Total attributable to project areas with the least ability to repay due to annual tax increment projections and community needs.</i>			\$ 31,822,993

It is proposed that the ability to make payments on these other debt categories be examined as part of the annual budget and 5-year financial projections process for each project area.

Fiscal Year 2010 Proposed Budget Amendments

The Proposed Repayment Agreement includes a payment of \$3,633,800 during Fiscal Year 2010. The actions accompanying the Repayment Agreement include amendments to the Program Budgets of the affected redevelopment project areas to facilitate the Fiscal Year 2010 payment.

FISCAL CONSIDERATIONS

The CDBG repayments will reduce the funds available for investment in the City's redevelopment communities by approximately \$78,787,000 over the ten year repayment term. The Repayment Agreement will transfer \$3,633,800 from the Agency to the City's CDBG Program in Fiscal Year 2010 and \$3,294,500 in Fiscal Year 2011. It will increase the City's CDBG resources to spend in eligible census tracts by a like amount.

Following the Agency's successful repayment in accordance with the proposed Repayment Agreement, the City's forgiveness of the remaining balance of total CDBG and HUD Section 108 in the approximate amount of \$144,214,499, will make available tax increment funds needed to implement the Agency's plans to revitalize communities within the boundaries of the redevelopment project areas.

PREVIOUS COUNCIL AND/OR COMMITTEE ACTION

The City Council Budget Committee met on September 30, 2009 and the City Council and Redevelopment Agency met February 23, 2010 to discuss the Fiscal Year 2010 and Fiscal Year 2011 ERAF and 2010 proposed CDBG payments and financial analysis by project area. The Redevelopment Agency and the City Council Budget Committee met on May 7, 2010 to discuss the Fiscal Year 2011 Redevelopment Agency proposed Budgets which include appropriations to meet the fiscal Year 2011 obligations of the Proposed Repayment Agreement.

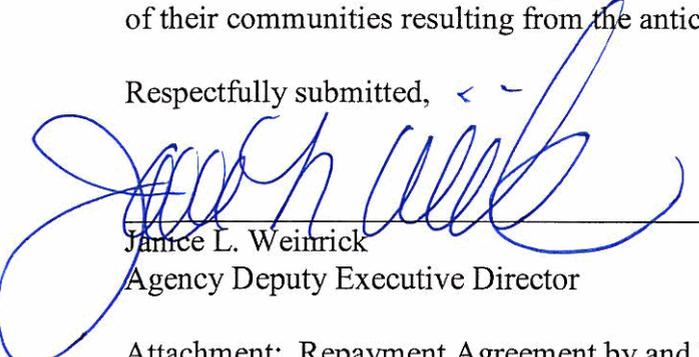
COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS

Redevelopment PACs were informed on the CDBG Repayment on various occasions in conjunction with updates on the ERAF and the budget. Information on the CDBG repayment was presented to the Centre City Advisory Committee (CCAC) and CCDC Board on February 17th and February 24th respectively. Information on the CDBG repayment was presented in conjunction with budget presentations to the SEDC Budget and Finance Committee on April 21 and to the SEDC Board on April 28.

KEY STAKEHOLDERS AND PROJECTED IMPACTS

Residents, property and business owners, community-based organizations, and low and moderate income households may realize a reduction in the implementation of the revitalization of their communities resulting from the anticipated CDBG payments.

Respectfully submitted,



Janice L. Weinrick
Agency Deputy Executive Director



William Anderson
Agency Assistant Executive Director

Attachment: Repayment Agreement by and between the Redevelopment Agency of the City of San Diego and the City of San Diego (CDBG Debt)

REDEVELOPMENT AGENCY OF
THE CITY OF SAN DIEGO



RESOLUTION NUMBER R- 04525

DATE OF FINAL PASSAGE JUN 28 2010

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO [AGENCY] (i) APPROVING THE REPAYMENT AGREEMENT BY AND BETWEEN THE AGENCY AND THE CITY OF SAN DIEGO [CITY] FOR THE REPAYMENT OF CERTAIN INDEBTEDNESS OF THE AGENCY TO THE CITY RELATED TO COMMUNITY DEVELOPMENT BLOCK GRANT [CDBG] FUNDS USED IN CONNECTION WITH REDEVELOPMENT ACTIVITIES; (ii) APPROVING THE AGENCY'S REPAYMENT TO THE CITY OF A TOTAL AMOUNT OF \$78,787,000 TO BE PAID ANNUALLY OVER A TEN YEAR PERIOD COMMENCING ON JUNE 30, 2010; AND (iii) APPROVING OTHER ACTIONS RELATED TO THE REPAYMENT 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 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 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 the proposed Repayment 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 the Repayment Agreement; and

WHEREAS, the Agency hereby determines that the proposed repayment plan set forth in the Repayment 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; and

WHEREAS, the Agency has duly considered all terms and conditions of the proposed Repayment Agreement and believes that it is in the best interests of those Agency Redevelopment Project Areas that will be reducing its 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 and requirements; NOW, THEREFORE,

BE IT RESOLVED, by the Redevelopment Agency of the City of San Diego [Agency], as follows:

1. That the Agency hereby approves the Repayment Agreement by and between the Agency and the City of San Diego, providing 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 the Repayment Agreement.

2. That the Agency hereby approves the Agency's scheduled repayments 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 commencing on June 30, 2010, upon certification from the Comptroller that funds are available.

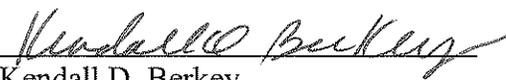
3. That the Agency Executive Director, or designee, is hereby authorized to execute the Repayment Agreement on behalf of the Agency; a copy of the Repayment Agreement when executed by the Agency and the City shall be placed on file in the office of the Secretary of the Agency as Document No. D-04525.

4. 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 Repayment Agreement, and to administer the Agency's obligations, responsibilities and duties to be performed under the Repayment Agreement.

5. That all repayments pursuant to the Repayment Agreement and any other obligations and indebtedness of the Agency to the City created by the Repayment 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.

6. That nothing in this action by the Agency shall be deemed to forgive any portion of the CDBG Debt or to cease any interest accrual thereon.

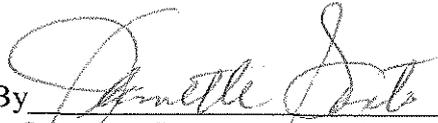
APPROVED: JAN I. GOLDSMITH, General Counsel

By 
Kendall D. Berkey
Deputy General Counsel

KDB:nda
05/21/10
06/23/10 Rev.Copy
Or.Dept:Redev.Agency
RA-2010-92
MMS#12184
Comp.:RA-2010-94
RA-2010-95
R-2010-863
R-2010-864

I hereby certify that the foregoing Resolution was passed by the Redevelopment Agency of the City of San Diego, at this meeting of JUN 21 2010

REDEVELOPMENT AGENCY

By 
Jeannette Santos, Deputy Secretary

Approved: 6-28-10
(date)


JERRY SANDERS, Executive Director

Vetoed: _____
(date)

JERRY SANDERS, Executive Director

Passed by the Redevelopment Agency of The City of San Diego on JUN 21 2010, by the following vote:

Agency Members	Yeas	Nays	Not Present	Recused
Sherrri Lightner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kevin Faulconer	<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"/>
Anthony Young	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carl DeMaio	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Donna Frye	<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"/>
Ben Hueso	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage JUN 28 2010

AUTHENTICATED BY:

JERRY SANDERS
Executive Director of The City of San Diego, California.

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

(Seal)

By , Deputy

Office of the Redevelopment Agency, San Diego, California

Resolution Number R- 04525



REDEVELOPMENT AGENCY OF
THE CITY OF SAN DIEGO

RESOLUTION NUMBER R- 04526

DATE OF FINAL PASSAGE JUN 28 2010

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO [AGENCY] (i) AMENDING THE FISCAL YEAR 2009-2010 PROGRAM BUDGETS FOR CERTAIN REDEVELOPMENT PROJECTS ADMINISTERED BY THE CENTRE CITY DEVELOPMENT CORPORATION, INC. AND THE REDEVELOPMENT DIVISION OF THE CITY PLANNING AND COMMUNITY INVESTMENT DEPARTMENT TO FACILITATE THE FISCAL YEAR 2010 PAYMENT TO THE CITY OF SAN DIEGO TOTALING \$3,633,800 PURSUANT TO THE CDBG REPAYMENT AGREEMENT; AND (ii) AUTHORIZING THE FISCAL YEAR 2010 PAYMENT TOTALING \$3,633,800 TO THE CITY UPON THE PARTIES' EXECUTION OF THE REPAYMENT 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, acting to carry out its public purposes of executing and implementing the Redevelopment Plans for the Agency Redevelopment Project Areas under the 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, at the same public meeting as this proposed action, the Agency Board and the City Council will be considering a Repayment Agreement which provides 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 commencing on June 30, 2010; and

WHEREAS, the Repayment Agreement requires that the Agency's first payment totaling \$3,633,800 be made to the City on or before June 30, 2010; and

WHEREAS, in order to facilitate the Agency's Fiscal Year 2009-2010 payment totaling \$3,633,800 to the City required by the Repayment Agreement, the Agency must now amend the Fiscal Year 2009-2010 Program Budgets for certain Agency Redevelopment Project Areas managed by the Centre City Development Corporation, Inc. [CCDC] and the Redevelopment Division of the City Planning and Community Investment Department [City Redevelopment Division]; NOW, THEREFORE,

BE IT RESOLVED, by the Redevelopment Agency of the City of San Diego [Agency],
as follows:

1. That the Agency hereby amends the Fiscal Year 2009-2010 Program Budgets for certain Agency Redevelopment Projects administered by CCDC and the City Redevelopment Division in order to process and facilitate the Fiscal Year 2009-2010 payment totaling \$3,633,800 to the City, as follows:

FY 10 Budget Amendment – FY 10 CDBG Repayment Agreement						
Item	Increase/ Decrease	Fund	Funded Program No.	Title	\$ Amount	Project Area
(1)	Increase	300063	920311281000	Centre City – Debt Service	\$1,500,000	Centre City
(2)	Decrease	400638	920534101000	Centre City Future Year Project Carry Forward	(\$1,500,000)	Centre City
(3)	Increase	300071	910300601000	Barrio Logan - Tax Increment for Debt Service	\$10,000	Barrio Logan
(4)	Decrease	400637	910500101000	Barrio Logan – Unallocated Projects	(\$10,000)	Barrio Logan
(5)	Increase	300077	925300601000	City Heights – Tax Increment for Debt Service	\$470,000	City Heights
(6)	Decrease	400640	925500101000	City Heights – Unallocated Projects	(\$470,000)	City Heights
(7)	Increase	300075	940300601000	Crossroads – Tax Increment for Debt Service	\$733,800	Crossroads
(8)	Decrease	400643	940500101000	Crossroads – Unallocated Projects	(\$733,800)	Crossroads
(9)	Increase	300078	950300601000	Grantville – Tax Increment for Debt Service	\$100,000	Grantville

(10)	Decrease	400644	950500101000	Grantville – Unallocated Projects	(\$100,000)	Grantville
(11)	Increase	300221	960300601000	Linda Vista – Debt Service	\$100,000	Linda Vista
(12)	Decrease	400670	960500101000	Linda Vista – Unallocated Projects	(\$100,000)	Linda Vista
(13)	Increase	300072	970300601000	Naval Training Center – Tax Increment for Debt Service	\$175,000	Naval Training Center
(14)	Decrease	400651	970500101000	Naval Training Center – Unallocated Projects	(\$175,000)	Naval Training Center
(15)	Increase	300080	980300601000	North Park – Tax Increment for Debt Service	\$220,000	North Park
(16)	Decrease	400650	980500101000	North Park – Debt Service	(\$220,000)	North Park
(17)	Increase	300064	985300601000	San Ysidro – Tax Increment for Debt Service	\$225,000	San Ysidro
(18)	Decrease	400653	985500101000	San Ysidro – Unallocated Projects	(\$225,000)	San Ysidro

2. That the Agency hereby authorizes the City's Chief Financial Officer, as delegated, to remit the Fiscal Year 2009-2010 payment to the City in the total amount of \$3,633,800 pursuant to the Repayment Agreement, upon the execution of the Repayment Agreement by the Agency and the City.

3. That the Agency Executive Director or designee is hereby authorized to execute all documents on behalf of the Agency that are necessary and appropriate to carry out and

implement the purposes set forth in this Resolution according to its terms, and to administer the Agency's obligations, responsibilities and duties to be performed hereunder.

APPROVED: JAN I. GOLDSMITH, General Counsel

By Elisa A. Lusato for
Kendall D. Berkey
Deputy General Counsel

KDB:nda
05/21/10
Or.Dept:Redev.Agency
Cert.No: _____
RA-2010-94
MMS#12184
Comp.:RA-2010-92
RA-2010-95
R-2010- 863
R-2010- 864

I hereby certify that the foregoing Resolution was passed by the Redevelopment Agency of the City of San Diego, at this meeting of JUN 21 2010.

REDEVELOPMENT AGENCY

By Jeannette Santos
Jeannette Santos, Deputy Secretary

Approved: 6-28-10
(date)

JSL
JERRY SANDERS, Executive Director

Vetoed: _____
(date)

JERRY SANDERS, Executive Director

The City of San Diego
COMPTROLLER'S CERTIFICATE

CERTIFICATE OF UNALLOTTED BALANCE

CC 3000003319

ORIGINATING

DEPT. NO.:

I HEREBY CERTIFY that the money required for the allotment of funds for the purpose set forth in the foregoing resolution is available in the Treasury, or is anticipated to come into the Treasury, and is otherwise unallotted.

Amount: _____ Fund: _____

Purpose: _____

Date: _____ By: _____

COMPTROLLER'S DEPARTMENT

ACCOUNTING DATA

Doc. Item	Fund	Funded Program	Internal Order	Functional Area	G/L Account	Business Area	Cost Center	WBS	Original Amount
TOTAL AMOUNT									

FUND OVERRIDE

CERTIFICATION OF UNENCUMBERED BALANCE

I HEREBY CERTIFY that the indebtedness and obligation to be incurred by the contract or agreement authorized by the hereto attached resolution, can be incurred without the violation of any of the provisions of the Charter of the City of San Diego; and I do hereby further certify, in conformity with the requirements of the Charter of the City of San Diego, that sufficient moneys have been appropriated for the purpose of said contract, that sufficient moneys to meet the obligations of said contract are actually in the Treasury, or are anticipated to come into the Treasury, to the credit of the appropriation from which the same are to be drawn, and that the said money now actually in the Treasury, together with the moneys anticipated to come into the Treasury, to the credit of said appropriation, are otherwise unencumbered.

Not to Exceed: \$3,633,800.00

Vendor: City of San Diego

Purpose: Authorize a transfer payment from various Agency funds to CDBG Block Grant per the proposed agreement to repay its CDBG debt over a 10 year period. The payment due in Year 1 in FY10 is \$3,633,800.

Date: June 1, 2010

By: Francisco J Lopez

 COMPTROLLER'S DEPARTMENT

ACCOUNTING DATA

Doc. Item	Fund	Funded Program	Internal Order	Functional Area	G/L Account	Business Area	Cost Center	WBS	Original Amount
		See Attachment							\$3,633,800.00
TOTAL AMOUNT									\$3,633,800.00

FUND OVERRIDE

CC 3000003319

ACCOUNTING DATA									
Doc. Item	Fund	Funded Program	Internal Order	Functional Area	G/L Account	Business Area	Cost Center	WBS	Original Amount
1	300071	910300601000	910300601101	OTHR-00000022-NS	590109	2210	2210300011		10,000.00
2	300070	915300601000	915300601101	OTHR-00000022-NS	590109	2215	2215300011		100,000.00
3	300063	920311281000	920311281101	OTHR-00000022-NS	590109	2220	2220300011		1,500,000.00
4	300077	925300601000	925300601101	OTHR-00000022-NS	590109	2225	2225300011		470,000.00
5	300075	940300601000	940300601101	OTHR-00000022-NS	590109	2240	2240300011		578,294.00
6	300075	940300601000	940300601101	OTHR-00000023-NS	590107	2240	2240300011		155,506.00
7	300078	950300601000	950300601101	OTHR-00000022-NS	590109	2250	2250300011		100,000.00
8	300221	960300601000	960300601101	OTHR-00000022-NS	590109	2260	2260300011		100,000.00
9	300080	980300601000	980300601101	OTHR-00000022-NS	590109	2280	2280300011		220,000.00
10	300072	970300601000	970300601101	OTHR-00000022-NS	590109	2270	2270300011		149,000.00
11	300072	970300601000	970300601101	OTHR-00000023-NS	590107	2270	2270300011		26,000.00
12	300064	985300601000	985300601101	OTHR-00000022-NS	590109	2285	2285300011		225,000.00
Total									3,633,800.00

3000003319

Passed by the Redevelopment Agency of The City of San Diego on JUN 21 2010, by the following vote:

Agency Members	Yeas	Nays	Not Present	Recused
Sherri Lightner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kevin Faulconer	<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"/>
Anthony Young	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carl DeMaio	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Donna Frye	<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"/>
Ben Hueso	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage JUN 28 2010

AUTHENTICATED BY:

JERRY SANDERS
Executive Director of The City of San Diego, California.

(Seal)

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

By , Deputy

Office of the Redevelopment Agency, San Diego, California

Resolution Number R- 04526

RESOLUTION NUMBER R- **305920**

DATE OF FINAL PASSAGE JUN 28 2010

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO: (i) APPROVING A REPAYMENT AGREEMENT BY AND BETWEEN THE CITY AND THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO FOR THE REPAYMENT OF CERTAIN INDEBTEDNESS OF THE AGENCY TO THE CITY RELATED TO COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS USED IN CONNECTION WITH REDEVELOPMENT ACTIVITIES; (ii) APPROVING THE AGENCY'S REPAYMENT TO THE CITY OF \$78,787,000 TO BE PAID IN ANNUAL PAYMENTS FOR A TERM OF TEN YEARS COMMENCING ON JUNE 30, 2010; AND (iii) APPROVING OTHER ACTIONS RELATED TO THE REPAYMENT AGREEMENT.

WHEREAS, 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, 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 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 \$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 the proposed Repayment Agreement, the terms for the Agency's repayment of the CDBG Debt to the City in the total amount of \$78,787,000 to be paid in annual payments for a ten year term in accordance with the Repayment Agreement; and

WHEREAS, the City hereby determines that the proposed repayment plan set forth in the Repayment 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 repay 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; and

WHEREAS, the City has duly considered all terms and conditions of the proposed Repayment Agreement and believes that it is in the best interests of those 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 Repayment Agreement by and between the Agency and the City providing the terms for the Agency's repayment of the CDBG Debt to the City in the total amount of \$78,787,000 to be paid in annual payments over a ten year term in accordance with the Repayment Agreement, a copy of which is on file with the Clerk's office as document no. RR **305920**.

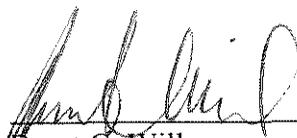
2. That the Mayor, or designee, is hereby authorized, on behalf of the City, to execute the Repayment Agreement and any other documents necessary and appropriate to carry out and implement the Repayment Agreement, and to administer the City's obligations, responsibilities and duties to be performed under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

3. That all payments pursuant to the Repayment Agreement and any other obligations and indebtedness of the Agency to the City created by the Repayment 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 the payments received by the City pursuant to the Repayment Agreement shall be used first to make payments to defease the Mercado del Barrio and Valencia Business Park HUD Section 108 Loan Guarantee Program Loans.

5. That the acceptance by the City of payments pursuant to the Repayment Agreement in an amount less than the outstanding CDBG Debt does not constitute forgiveness of any portion of the CDBG Debt or cease the accrual of interest thereon.

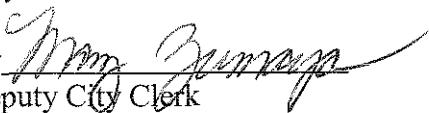
APPROVED: JAN I. GOLDSMITH, City Attorney

By 
Brant C. Will
Deputy City Attorney

BCW:jdf
05/27/2010
06/23/2010 REV.
Or.Dept:RDA
R-2010-863

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of JUN 21 2010.

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 6-28-10
(date)


JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor