



Special Meeting A G E N D A

**IMPERIAL BEACH CITY COUNCIL
REDEVELOPMENT AGENCY
PLANNING COMMISSION
PUBLIC FINANCING AUTHORITY**



FRIDAY, JANUARY 14, 2011 – 3:40 P.M.

**Council Chambers
825 Imperial Beach Boulevard
Imperial Beach, CA 91932**

**THE CITY COUNCIL ALSO SITS AS THE CITY OF IMPERIAL BEACH REDEVELOPMENT AGENCY,
PLANNING COMMISSION, AND PUBLIC FINANCING AUTHORITY.**

The City of Imperial Beach is endeavoring to be in total compliance with the Americans with Disabilities Act (ADA). If you require assistance or auxiliary aids in order to participate at City Council meetings, please contact the City Clerk's Office at (619) 423-8301, as far in advance of the meeting as possible.

SPECIAL MEETING CALL TO ORDER BY MAYOR

ROLL CALL BY CITY CLERK

PUBLIC COMMENT

REPORTS

1. Authorization by the City Council and Agency Board for the City Manager and Executive Director to execute a Cooperative Agreement between the City and the Agency to memorialize existing and ongoing obligations of the Agency for the provision by the City to the Agency of financial and personnel assistance, use of facilities, and other aid on a current and ongoing basis.
2. Authorization by the City Council and Agency Board for the City Manager and Executive Director to execute two agreements between the City and Agency to memorialize the existing balance, existing and future payment schedules and other terms for existing loans made by the City to the RDA in the past.
3. A Resolution of the City Council of the City of Imperial Beach establishing a Housing Authority to transact business and exercise powers in the City of Imperial Beach.
4. Purchase of City of Imperial Beach Public Works facility by the Imperial Beach Redevelopment Agency.

ADJOURNMENT

Jacqueline M. Hald, CMC
City Clerk

Any writings or documents provided to a majority of the City Council/RDA/Planning Commission/Public Financing Authority regarding any item on this agenda will be made available for public inspection in the office of the City Clerk located at 825 Imperial Beach Blvd., Imperial Beach, CA 91932 during normal business hours.



STAFF REPORT
CITY OF IMPERIAL BEACH /
REDEVELOPMENT AGENCY OF THE
CITY OF IMPERIAL BEACH

TO: HONORABLE MAYOR AND CITY COUNCIL / HONORABLE BOARD

FROM: GARY BROWN, CITY MANAGER / EXECUTIVE DIRECTOR

MEETING DATE: January 14, 2011

SUBJECT: Resolution Providing Authorization by the City Council and Agency Board for the City Manager and Executive Director to execute a Cooperative Reimbursement Agreement between the City and the RDA to memorialize existing and ongoing obligations of the Agency for the provision by the City to the RDA of financial and personnel assistance, use of facilities, and other aid on a current and ongoing basis.

BACKGROUND: Pursuant to Redevelopment Law, including but not limited to Health and Safety Code section 33610, the City and Agency are allowed to enter into cooperative agreements for the provision by the City to the Agency of certain financial and personnel assistance, use of facilities, and other aid. Since the inception of the Imperial Beach Redevelopment Agency, the City has provided various services and aid to the Agency. On an annual basis, through the budget process, the Agency pays the City for this aid.

DISCUSSION: The City currently provides the following types of services to the Agency on an annual basis: financial services, budgeting, payroll, accounts payable, billing, auditing, clerk services, document storage, management and similar activities, planning support, and graffiti abatement. The agreement includes services and costs such as the Agency's overhead, payroll and benefits, insurance, supplies, telephone, copying, fixtures, furniture, equipment, legal accounting, and other professional fees and costs, and other reasonable customary, and lawful administrative expenses of the Agency during any Fiscal Year.

In Fiscal Year 2010-2011, the aid amounts to approximately 1.5 million dollars. It is anticipated that throughout the life of the Agency (or the provision of any redevelopment/economic development functions), the City will provide these services and the Agency will be indebted to the City for the costs associated with the services at approximately the same level or slightly more than the costs for this Fiscal Year.

The cooperative agreement memorializes the existing and future obligations of the Agency to pay the City each fiscal year for the costs of these services.

ENVIRONMENTAL DETERMINATION:
Not a project under CEQA.

FISCAL IMPACT:

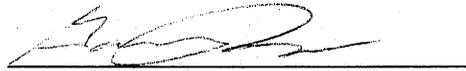
1.5 million dollars is being paid by the Agency to the City for Fiscal Year 2010-2011 to provide the services described above. It is anticipated that the provision of similar services will continue at or above this amount for the life of the Agency (or the provision of any redevelopment/economic development functions).

DEPARTMENT RECOMMENDATION:

1. Receive this report.
2. Adopt attached City Council Resolution 2011-6991 Authorization by the City Council for the City Manager to execute a Cooperative Agreement between the City and the Agency to memorialize existing and ongoing obligations of the Agency for the provision by the City to the RDA of financial and personnel assistance, use of facilities, and other aid on a current and ongoing basis.
3. Adopt attached RDA Resolution R-11-243 Authorization by the Agency Board for the Executive Director to execute a Cooperative Agreement between the City and the Agency to memorialize existing and ongoing obligations of the Agency for the provision by the City to the RDA of financial and personnel assistance, use of facilities, and other aid on a current and ongoing basis.

CITY MANAGER'S/EXECUTIVE DIRECTOR'S RECOMMENDATION:

Approve resolutions.



Gary Brown, City Manager and
Executive Director of the
Redevelopment Agency

Attachments:

1. Resolution No. 2011-6991
2. Resolution No. R-11-243
3. Cooperative reimbursement agreement
4. Current budget allocations

ATTACHMENT 1

RESOLUTION NO 2011-6991

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IMPERIAL BEACH AUTHORIZING THE CITY MANAGER TO EXECUTE A COOPERATIVE AGREEMENT BETWEEN THE CITY AND THE AGENCY TO MEMORIALIZE EXISTING AND ONGOING OBLIGATIONS OF THE AGENCY FOR THE PROVISION BY THE CITY TO THE AGENCY OF FINANCIAL AND PERSONNEL ASSISTANCE, USE OF FACILITIES, AND OTHER AID ON A CURRENT AND ONGOING BASIS.

WHEREAS, the City of Imperial Beach [City] is a municipal corporation duly created and existing pursuant to the constitutional laws of the State of California; and

WHEREAS, the Imperial Beach Redevelopment Agency [Agency] is a public body, corporate and politic of the State of California, organized and existing pursuant to California Health and Safety Code sections 33000, et seq.; and

WHEREAS, the City and Agency are authorized, pursuant to Health and Safety Code sections 33610 and the laws of the State of California, to enter into a cooperative agreement for the City to financially assist the Agency with administrative and overhead expenses in order for the Agency to carry out its functions; and

WHEREAS, since the inception of the Agency, the City has provided these services and the Agency has paid the City on a fiscal year basis for these activities; and

WHEREAS, for Fiscal Year 2010-2011, the Agency is obligated to pay the City approximately 1.5 million for these services and it is expected that in future fiscal years, the same or a slightly higher amount will be necessary for the Agency's functions; and

WHEREAS, the City has considered the terms of the cooperative reimbursement agreement and desires, at this time, to approve the terms of the agreement in the public interest of the City to memorialize current and ongoing obligations by the Agency.

NOW, THEREFORE, BE IT RESOLVED,

Section 1: The foregoing recitals are true and correct.

Section 2: The City Council of the City of Imperial Beach hereby approves the cooperative reimbursement agreement and authorizes the City Manager to execute the cooperative reimbursement agreement which is effective as of July 1, 2007.

Section 3: This Resolution shall be retroactively effective as of July 1, 2007. In the alternative, should the retroactive date be determined to be inapplicable, this Resolution shall be effective on the date of approval.

Section 4: This activity is not a "project" and is therefore exempt from CEQA pursuant to State CEQA Guidelines Section 15060(c)(3).

Section 5: If any section, sentence, clause or phrase of this Resolution is determined to be invalid, illegal, void or unconstitutional by a decision or order of any court or agency of competent jurisdiction, then such decision or order will not affect the validity and enforceability of the remaining portions of this Resolution. The City Council declares that it would have passed and adopted the Resolution, and each section, sentence, clause or phrase thereof, regardless of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared invalid or unconstitutional.

PASSED, APPROVED AND ADOPTED by the City Council of the City of Imperial Beach at its special meeting held on the 14th day of January, 2011, by the following roll call vote:

AYES:	COUNCILMEMBERS:
NOES:	COUNCILMEMBERS:
ABSENT:	COUNCILMEMBERS:

JAMES C. JANNEY, MAYOR

ATTEST:

JACQUELINE M. HALD
CITY CLERK

ATTACHMENT 2

RESOLUTION NO. R-11-243

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF IMPERIAL BEACH AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A COOPERATIVE AGREEMENT BETWEEN THE CITY AND THE AGENCY TO MEMORIALIZE EXISTING AND ONGOING OBLIGATIONS OF THE AGENCY FOR THE PROVISION BY THE CITY TO THE AGENCY OF FINANCIAL AND PERSONNEL ASSISTANCE, USE OF FACILITIES, AND OTHER AID ON A CURRENT AND ONGOING BASIS.

WHEREAS, the City of Imperial Beach [City] is a municipal corporation duly created and existing pursuant to the constitutional laws of the State of California; and

WHEREAS, the Imperial Beach Redevelopment Agency [Agency] is a public body, corporate and politic of the State of California, organized and existing pursuant to California Health and Safety Code sections 33000, et seq.; and

WHEREAS, the City and Agency are authorized, pursuant to Health and Safety Code sections 33610 and the laws of the State of California, to enter into a cooperative agreement for the City to financially assist the Agency with administrative and overhead expenses in order for the Agency to carry out its functions; and

WHEREAS, since the inception of the Agency, the City has provided these services and the Agency has paid the City on a fiscal year basis for these activities; and

WHEREAS, for Fiscal Year 2010-2011, the Agency is obligated to pay the City approximately 1.5 million for these services and it is expected that in future fiscal years, the same or a slightly higher amount will be necessary for the Agency's functions; and

WHEREAS, the Agency has considered the terms of the cooperative reimbursement agreement and desires, at this time, to approve the terms of the agreement in the public interest of the Agency to memorialize current and ongoing obligations by the Agency.

NOW, THEREFORE, BE IT RESOLVED,

Section 1: The foregoing recitals are true and correct.

Section 2: The Redevelopment Agency Board of the City of Imperial Beach hereby approves the cooperative reimbursement agreement and authorizes the Executive Director to execute the cooperative reimbursement agreement which is effective as of July 1, 2007.

Section 3: This Resolution shall be retroactively effective as of July 1, 2007. In the alternative, should the retroactive date be determined to be inapplicable, this Resolution shall be effective on the date of approval.

Section 4: This activity is not a "project" and is therefore exempt from CEQA pursuant to State CEQA Guidelines Section 15060(c)(3).

Section 5: If any section, sentence, clause or phrase of this Resolution is determined to be invalid, illegal, void or unconstitutional by a decision or order of any court or agency of competent jurisdiction, then such decision or order will not affect the validity and enforceability of the remaining portions of this Resolution. The Agency Board declares that it would have passed and adopted the Resolution, and each section, sentence, clause or phrase thereof, regardless of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared invalid or unconstitutional.

PASSED, APPROVED AND ADOPTED by the Redevelopment Agency Board of the City of Imperial Beach at its special meeting held on the 14th day of January, 2011, by the following roll call vote:

AYES:	MEMBERS:
NOES:	MEMBERS:
ABSENT:	MEMBERS:

JAMES C. JANNEY, CHAIRMAN

ATTEST:

JACQUELINE M. HALD
SECRETARY

ATTACHMENT 3

**REIMBURSEMENT AGREEMENT BY AND BETWEEN THE CITY OF IMPERIAL
BEACH AND THE IMPERIAL BEACH REDEVELOPMENT AGENCY**

This REIMBURSEMENT AGREEMENT ("Agreement") is effective as of July 1, 2007, by and between the CITY OF IMPERIAL BEACH ("City") and the IMPERIAL BEACH REDEVELOPMENT AGENCY, a public body corporate and politic, duly organized and existing under the laws of the State of California ("Agency") pertaining to the City's advancement of the Agency's annual Administrative Costs incurred by the Agency in the fulfillment, generally, of the Agency's duties under the California Community Redevelopment Law (Health and Safety Code section 33000 et seq.) ("CRL").

RECITALS

A. WHEREAS, Chapter 6, Article 1 of the CRL authorizes the Agency to accept financial assistance from any public agency, including but not limited to the City, to assist the Agency in the fulfillment, generally, of the Agency's duties under the CRL; and

B. WHEREAS, since the inception of the Agency, the City has been advancing, the City is currently advancing and the City desires to advance in the future the Agency's annual Administrative Costs to Agency at the beginning of each Fiscal Year in accordance with this Agreement; and

C. WHEREAS, in consideration for the City's advancement of the Agency's annual Administrative Costs, the Agency desires to reimburse the City in accordance with this Agreement, beginning from Fiscal Year 2007;

NOW, THEREFORE, in consideration of the promises and mutual covenants herein contained, and for other valuable consideration, the receipt of which is hereby acknowledged, the Agency and City hereby agree, as follows:

DEFINITIONS

"Administrative Costs" means all reasonable amounts needed to pay for the Agency's overhead, payroll and benefits, insurance, supplies, telephone, copying, fixtures, furniture, equipment, legal accounting, and other professional fees and costs, and other reasonable customary, and lawful administrative expense of the Agency during any Fiscal Year in which the Agency services were provided.

"Available Junior Tax Revenues" means all Tax Revenues received in any Fiscal Year less the following amounts: (1) amounts due and payable with respect to tax-sharing agreements with other jurisdictions entered into by the Agency; (2) amounts due and payable, as required by applicable laws or statutes; (3) amounts owing under owner participation agreements, disposition and development agreements or similar agreements entered into in accordance with the Agency's duties under the CRL; (4) amounts needed to pay debt service, create or replenish reserves, or otherwise required to be paid with respect to bonds issued or other obligations refunding such bonds, in accordance with the CRL, (5) Tax Revenues required to be set aside for low and

moderate income housing pursuant to Sections 33334.2, 33334.3 and 33334.6, et seq., of the CRL, including but not limited to proceeds of bonds; and (6) any other obligations secured by a pledge of Tax Revenues in furtherance of the Agency's obligations under the CRL.

"Fiscal Year" means any twelve (12) month period beginning on July 1st and ending on the following June 30th.

"Tax Revenues" means all taxes annually allocated to the Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the CRL and Section 16 of Article XVI of the Constitution of the State.

TERMS AND CONDITIONS

1. Recitals and Definitions. The Recitals and Definitions, above, are adopted as true and incorporated herein by this reference.

2. Administrative Costs. The Agency's annual Administrative Costs shall be separately identified in the Agency's Annual Budget for each Fiscal Year until termination of this Agreement.

3. City Advancement. On or before July 1st of each Fiscal Year, the City shall advance the Agency's annual Administrative Costs up to an amount not to exceed ONE MILLION SEVEN HUNDRED THOUSAND DOLLARS AND NO CENTS (\$1,700,000.00) to the Agency in the exact amounts identified in the Agency's Annual Budget, as adopted by the Agency Board and City Council for each respective Fiscal Year ("City's Advancement"), beginning from Fiscal Year 2007.

4. Agency Reimbursement. On or before June 30th of each Fiscal Year ("Reimbursement Payment Date") in which the City's Advancement has been made, the Agency shall reimburse the entire amount of the City's Advancement for that Fiscal Year ("Reimbursement Payment"); provided, however, that the Agency shall have the sole and exclusive right to pledge any Available Junior Tax Revenues to the repayment of other indebtedness incurred by the Agency in carrying out the Agency's duties under the CRL.

5. Interest. Any Reimbursement Payment made to the City after the Reimbursement Payment Date applicable to that Reimbursement Payment shall accrue interest compounded annually at the average portfolio earnings rate of the City of Imperial Beach from the Local Agency Invest Fund (LAIF), on June 30th of each Fiscal Year until paid in full ("Interest"). Reimbursement Payments made to the City pursuant to the terms of this Agreement shall be applied first to the payment of any Interest accrued hereunder, then to reduce the principal balance due.

6. Reimbursement as Indebtedness. The obligations of the Agency under this Agreement to reimburse the City's Advancement shall constitute an indebtedness of the Agency within the meaning of Section 33670 et seq. of the CRL.

7. Termination of Services and Reimbursement Obligation. City's obligation to advance the Agency's annual Administrative Costs and the Agency's obligation to make any Reimbursement Payment shall terminate upon the expiration and/or termination of the Agency's powers to administer its duties under the CRL, however if such expiration or termination occurs prior to the date the Reimbursement Payment for that Fiscal Year has been paid to the City by the Agency, the total Reimbursement Payment for such Fiscal Year shall be immediately due and owing prior to the final expiration or termination date of the Agency's powers to administer its duties under the CRL.

8. No Pledge of Tax Revenues. Nothing herein shall be interpreted or construed as a pledge of Tax Revenues to secure payment of any Reimbursement Payment or accrued Interest. The Agency may, in its sole and absolute discretion, use any lawful source of revenue to make any Reimbursement Payment and/or accrued Interest in accordance with this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement.

CITY OF IMPERIAL BEACH

By: _____
Its: City Manager

ATTEST:

City Clerk of the City of Imperial Beach

APPROVED AS TO FORM
AND LEGALITY

City Attorney

By: _____
Jennifer Lyon

SIGNATURES CONTINUE ON NEXT PAGE

IMPERIAL BEACH REDEVELOPMENT
AGENCY

Dated: _____

By: _____

Gary Brown
Executive Director

ATTEST:

Secretary of the Imperial Beach Redevelopment Agency

APPROVED AS TO FORM
AND LEGALITY

Agency General Counsel

By: _____

Jennifer Lyon

KANE, BALLMER & BERKMAN
Agency Special Counsel

By: _____

Susan Y. Cola

ATTACHMENT 4

Acting Yr	2009	----- Distribution -----				County	Admin	Admin ROA	Graffio	Pass- Thru	CIP
Sum of Amount	Column Labels	301	302	405 Grand Total	Bond City	Admin	Admin ROA	Graffio	Pass- Thru	CIP	
Row Labels					Debt Loan						
Expense											
Employee Costs											
413.10-01 SALARIES FULL-TIME				\$545,909.07				\$545,909.07			
413.10-02 SALARIES PART-TIME				\$5,773.33				\$5,773.33			
413.10-03 OVERTIME				\$242.73				\$242.73			
413.10-04 COUNCIL/URDA BOARD PAY				\$15,918.47				\$15,918.47			
413.10-08 AUTO ALLOWANCE				\$14,351.77				\$14,351.77			
413.10-09 CELL PHONE ALLOWANCE				\$1,197.01				\$1,197.01			
413.11-01 PERS-CITY PORTION				\$68,012.17				\$68,012.17			
413.11-02 PERS-EMPLOYEE PORTION				\$10,603.46				\$10,603.46			
413.11-03 SECTION 125 CAFETERIA				\$72,738.57				\$72,738.57			
413.11-04 LIFE INSURANCE				\$1,574.94				\$1,574.94			
413.11-05 UNEMPLOYMENT INSURANCE				\$3,196.12				\$3,196.12			
413.11-06 WORKER'S COMP INSURANCE				\$600.00				\$600.00			
413.11-07 FICA				\$40,990.20				\$40,990.20			
413.11-08 MGT MEDICAL REIMBURSEMENT				\$674.00				\$674.00			
433.10-01 SALARIES FULL-TIME				\$78,171.28				\$78,171.28			
433.10-02 SALARIES PART-TIME				\$258.66				\$258.66			
433.10-03 OVERTIME				\$1,059.07				\$1,059.07			
433.11-01 PERS-CITY PORTION				\$10,041.43				\$10,041.43			
433.11-02 PERS-EMPLOYEE PORTION				\$1,565.50				\$1,565.50			
433.11-03 SECTION 125 CAFETERIA				\$17,911.14				\$17,911.14			
433.11-04 LIFE INSURANCE				\$84.24				\$84.24			
433.11-05 UNEMPLOYMENT INSURANCE				\$884.03				\$884.03			
433.11-06 WORKER'S COMP INSURANCE				\$700.00				\$700.00			
433.11-07 FICA				\$6,579.74				\$6,579.74			
Employee Costs Total				\$899,036.93				\$899,036.93			
CIP Labor Costs											
513.10-01 SALARIES FULL-TIME				(\$14,113.68)						(\$14,113.68)	
513.10-08 AUTO ALLOWANCE				\$230.89				\$230.89		\$230.89	
513.10-09 Cell Phone Allowance				\$0.94				\$0.94		\$0.94	
513.11-01 PERS-CITY PORTION				(\$1,244.35)						(\$1,244.35)	
513.11-02 PERS-EMPLOYEE PORTION				(\$221.93)						(\$221.93)	
513.11-03 SECTION 125 CAFETERIA				(\$2,388.47)						(\$2,388.47)	
513.11-05 UNEMPLOYMENT INSURANCE				(\$201.13)						(\$201.13)	
513.11-07 FICA				(\$923.09)						(\$923.09)	
CIP Labor Costs Total				(\$18,860.82)						(\$18,860.82)	
Other Costs											
413.20-01 ATTORNEY SERVICES				\$27,101.26				\$27,101.26			
413.20-06 PROFESSIONAL SERVICES				\$127,673.16				\$127,673.16			
413.20-11 DESIGN SERVICES				\$0.00				\$0.00			
413.21-01 TEMPORARY STAFFING				\$0.00				\$0.00			
413.21-03 COUNTY OF SD ADMIN CHARGE	\$12,318.61	\$49,056.81		\$61,375.42		\$61,375.42		\$61,375.42			
413.21-04 TECHNICAL SERVICES				\$205.52				\$205.52			
413.26-04 ABC-ADMIN SVC CHARGE				\$246,648.00				\$246,648.00			
413.26-05 ABC-TECHNOLOGY SVC CHARGE				\$28,376.00				\$28,376.00			
413.26-06 ABC-RISK MGMT SVC CHARGE				\$99,492.00				\$99,492.00			
413.27-01 GAS & ELECTRIC (SDG&E)				\$583.50				\$583.50			
413.27-05 UTILITIES-CELL PHONES				\$163.49				\$163.49			
413.28-01 MAINTENANCE & REPAIR				\$0.00				\$0.00			
413.28-04 TRAVEL, TRAINING, MEETING				\$6,224.29				\$6,224.29			
413.28-05 AUTO ALLOWANCE				\$0.00				\$0.00			
413.28-07 ADVERTISING				\$1,786.00				\$1,786.00			
413.28-09 POSTAGE & FREIGHT				\$0.00				\$0.00			
413.28-11 PRINTING SERVICES				\$1,350.55				\$1,350.55			
413.28-12 MEMBERSHIP DUES				\$2,225.00				\$2,225.00			
413.28-14 SUBSCRIBE & PUBLICATIONS				\$0.00				\$0.00			
413.29-04 OTHER SERVICES & CHARGES				\$2,500.00				\$2,500.00			
413.30-01 OFFICE SUPPLIES				\$557.42				\$557.42			
413.30-02 OPERATING SUPPLIES				\$169.13				\$169.13			
413.40-02 INTEREST PMT-CITY LOAN	\$103,171.56	\$345,400.44		\$448,572.00		\$448,572.00		\$448,572.00			
413.40-03 SO BAY UNION ELEMENTARY	\$100,982.76	\$370,337.80		\$471,320.56				\$471,320.56			
413.40-04 SWEETWATER UNION HIGH SCH	\$57,036.55	\$209,172.19		\$266,208.74				\$266,208.74			
413.40-05 SOUTHWESTERN COLLEGE	\$15,369.52	\$56,365.44		\$71,734.96				\$71,734.96			
413.40-06 SD COUNTY OFFICE OF EDUC	\$6,852.17	\$25,129.31		\$31,981.48				\$31,981.48			
413.40-07 SAN DIEGO COUNTY GEN FUND	\$73,491.26	\$279,754.32		\$353,245.58				\$353,245.58			
413.40-08 SAN DIEGO COUNTY LIBRARY	\$11,674.13	\$32,165.19		\$43,839.32				\$43,839.32			
413.40-09 CITY OF I.B. GENERAL FUND	\$90,856.82	\$351,365.03		\$442,221.85				\$442,221.85			
413.40-11 CITY OF SAN DIEGO		\$5,364.72		\$5,364.72				\$5,364.72			
413.40-12 CWA-CITY OF SAN DIEGO		\$41.19		\$41.19				\$41.19			
413.40-13 SD CITY ZOOLOGICAL EX DIS		\$126.83		\$126.83				\$126.83			
413.40-14 MWD DIS REMANDOR SDG&E		\$116.98		\$116.98				\$116.98			
413.41-01 BOND PRINCIPAL (2003 TAB)	\$785,108.50			\$785,108.50	\$785,108.50			\$785,108.50			
413.41-02 BOND INTEREST (2003 TAB)	\$453,108.50			\$453,108.50	\$453,108.50			\$453,108.50			
413.90-01 TRANSFER OUT		\$8,550,750.00	(\$1,502,640.83)	\$7,048,109.37				\$7,048,109.37			
433.26-03 PUBLIC WORKS ADMIN				\$13,164.00				\$13,164.00			
433.26-04 ABC-ADMIN SVC CHARGE				\$20,060.00				\$20,060.00			
433.26-05 ABC-RISK MGMT SVC CHARGE				\$7,400.00				\$7,400.00			
433.26-07 ABC-FMP EQUIPMENT CHARGE				\$11,024.00				\$11,024.00			
433.27-02 UTILITIES-WATER				\$216.16				\$216.16			
433.28-01 MAINTENANCE & REPAIR				\$1,113.16				\$1,113.16			
433.30-02 OPERATING SUPPLIES				\$9,755.25				\$9,755.25			
433.30-22 SMALL TOOLS/NON-CAPITAL				\$106.67				\$106.67			
433.99-51 REIMBURSE JUMP COSTS				\$0.00				\$0.00			
Other Costs Total	\$1,709,970.18	\$10,275,155.25	(\$894,746.07)	\$11,090,379.38				\$11,090,379.38			
CIP Other Costs											
413.20-06 PROFESSIONAL SERVICES				\$0.00				\$0.00			
413.90-01 TRANSFER OUT				\$0.00				\$0.00			
513.20-06 PROFESSIONAL SERVICES				(\$1,922.42)						(\$1,922.42)	
513.28-01 MAINTENANCE & REPAIR				\$513.47				\$513.47		\$513.47	
513.29-04 CAPITAL PROJECTS				\$2,818.25				\$2,818.25		\$2,818.25	
513.50-01 LAND ACQUISITION				(\$1,443.87)						(\$1,443.87)	
513.50-04 EQUIPMENT				\$0.00				\$0.00		\$0.00	
519.20-06 PROFESSIONAL SERVICES				\$1,147.24				\$1,147.24		\$1,147.24	
CIP Other Costs Total				\$1,112.87				\$1,112.87			
Expense Total	\$1,709,970.18	\$10,275,155.25	(\$13,457.29)	\$11,971,668.14				\$11,971,668.14			
Grand Total	\$1,709,970.18	\$10,275,155.25	(\$13,457.29)	\$11,971,668.14	\$1,238,217.00	\$448,572.00	\$61,375.42	\$1,326,837.16	\$180,094.33	##### (\$17,748.15)	\$7,048,109.37
					\$11,971,668.14	Check sum					

City of Imperial Beach
 Labor Cost for 2011-13 Budget
 Check (Multiple Items)

Fund	Org	Position Title	Labor Acct				Auto				PERS PK		Health	Total
			Salary	Part-Time	OT	CC Pay	FLSA	Standby	Allow	Cell	City	Up		
405	1250	ADMINISTRATIVE ASSISTANT (CIP)	\$408							\$58		\$58	\$112	\$672
405	1260	ADMINISTRATIVE SECRETARY II	\$23,357							\$3,118		\$3,118	\$4,770	\$34,754
405	1260	ADMINISTRATIVE SECRETARY II	\$9,716							\$81		\$81	\$153	\$1,050
405	1260	ADMINISTRATIVE SECRETARY II	\$48,080							\$2,198		\$2,198	\$4,583	\$25,280
405	1260	ASSISTANT PROJECT MANAGER	\$30,049		\$622					\$6,371		\$6,371	\$9,600	\$68,680
405	1260	ASSOCIATE PLANNER	\$12,542							\$3,982		\$3,982	\$4,770	\$18,626
405	1260	C.I.P. MANAGER	\$28,825							\$1,665		\$1,665	\$1,978	\$19,819
405	1260	CITY CLERK							\$1,200			\$1,200	\$2,355	\$9,516
405	1260	CITY COUNCIL MEMBER								\$43		\$43	\$5,070	\$8,009
405	1260	CITY COUNCIL MEMBER								\$2,205		\$2,205	\$5,070	\$8,009
405	1260	CITY COUNCIL MEMBER								\$2,220		\$2,220	\$2,480	\$4,929
405	1260	CITY COUNCIL MEMBER								\$2,118		\$2,118	\$2,480	\$4,929
405	1260	CITY COUNCIL MEMBER								\$2,163		\$2,163	\$2,480	\$4,929
405	1260	CITY COUNCIL MEMBER								\$43		\$43	\$2,480	\$5,370
405	1269	CITY MANAGER	\$97,191							\$287		\$287	\$4,450	\$5,370
405	1269	CITY PLANNER	\$39,347							\$18		\$18	\$3,420	\$4,646
405	1260	CODE COMPLIANCE OFFICER	\$67,873							\$10,753		\$10,753	\$15,109	\$115,109
405	1260	COMMUNITY DEVELOPMENT DIREC	\$14,589		\$70					\$5,146		\$5,146	\$5,124	\$8,671
405	1260	DEPUTY CITY CLERK	\$50,907							\$7,666		\$7,666	\$2,535	\$20,662
405	1260	FINANCE DIRECTOR	\$25,328							\$1,129		\$1,129	\$4,583	\$82,266
405	1260	FINANCE SUPERVISOR	\$96							\$3,042		\$3,042	\$3,756	\$35,756
405	1260	GRAFFITI PROGRAM COORDINATOR	\$131							\$13		\$13	\$17	\$139
405	1260	MAINTENANCE WORKER	\$42							\$6		\$6	\$12	\$69
405	1260	MAINTENANCE WORKER	\$18							\$2		\$2	\$5	\$29
405	1260	MAINTENANCE WORKER I	\$42							\$6		\$6	\$10	\$62
405	1260	MAINTENANCE WORKER I	\$217							\$29		\$29	\$47	\$320
405	1260	MAINTENANCE WORKER II	\$80							\$12		\$12	\$20	\$132
405	1260	MAYOR	\$3,257							\$932		\$932	\$1,400	\$13,867
405	1260	PUBLIC WORKS DIRECTOR	\$9,376							\$433		\$433	\$233	\$4,327
405	1260	PW SUPERINTENDENT	\$1,837							\$245		\$245	\$188	\$1,617
405	1260	REDEVELOPMENT COORDINATOR	\$11,598							\$9,367		\$9,367	\$1,411	\$8,112
405	1260	SENIOR ACCOUNT TECHNICIAN	\$512							\$1,538		\$1,538	\$2,862	\$17,768
405	1269	SEWER SUPERVISOR	\$42							\$57		\$57	\$83	\$784
405	1269	STREET SUPERVISOR	\$555,150							\$32		\$32	\$50	\$345
405	5026	GRAFFITI PROGRAM COORDINATOR	\$48,531							\$15,312		\$15,312	\$10,379	\$86,606
405	5030	GROUND/FACILITIES SUPERVISOR	\$9,981							\$6,396		\$6,396	\$9,523	\$71,400
405	5030	MAINTENANCE WORKER	\$35,869							\$1,317		\$1,317	\$1,999	\$17,415
405	5030	MAINTENANCE WORKER	\$93,678							\$4,686		\$4,686	\$7,065	\$55,527
405	5026	Total	\$849,008							\$13,279		\$13,279	\$12,746	\$862,722
405	5026	Total	\$849,008							\$873		\$873	\$15,612	\$862,722



**STAFF REPORT
CITY OF IMPERIAL BEACH**

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: GARY R. BROWN, CITY MANAGER

MEETING DATE: JANUARY 14, 2011

ORIGINATING DEPT.: FINANCE DEPARTMENT

SUBJECT: **Authorization by the City Council and Agency Board for the City Manager and Executive Director to finalize and execute two agreements between the City and Agency to memorialize the existing balance, existing and future payment schedules and other terms for existing loans made by the City to the RDA in the past.**

BACKGROUND:

In October 1995, the City of Imperial Beach established the Imperial Beach Redevelopment Agency and the City's General Fund made a number of loans to the new Redevelopment Agency. In 2003 these loans were consolidated totaling \$3,738,100 ("consolidated loan"). In May 2006, the City Council and Agency Board approved an interest rate change for this consolidated loan (Joint Resolution 2006-6321 and R-06-101) These loans are formally included in our Financial Statements and are discussed under note 5 (page 17) in the Redevelopment Agency Audited Financial Statements at June 30, 2010.

On August 19, 2009, the City Council authorized another General Fund loan of up to \$2 million from the General Fund Reserves ("State deficit impact loan") to the Redevelopment Agency to offset the negative balances resulting from the State \$3.3 million take of redevelopment funds (Resolutions 2009-6798 and R-09-190). This State deficit impact loan was implemented due to audit results that indicated negative cash balances in the Redevelopment Non-housing Fund.

This report seeks City Council and Agency Board authorization for the City Manager/Executive Director to finalize and execute loan agreements for the two existing loans to the Agency as described above and to memorialize and set forth the current and future repayment terms.

FISCAL IMPACT:

The total amount of the consolidated loan and the State deficit impact loan to the Redevelopment Agency is \$5,738,100. Both loans will allow for payoffs in ten years with

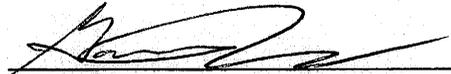
interest only until the lump sum payment is due in 2020. Interest payments for the consolidated loan will be approximately \$449,000 per year and \$120,000 per year for the State deficit impact loan. Detailed loan schedules are attached.

DEPARTMENT RECOMMENDATION:

It is respectfully requested the City Council and Agency Board approve the attached resolutions further memorializing the previously approved consolidated loan and the State deficit impact loan and authorizing the City Manager/Executive Director to execute the agreements.

CITY MANAGER'S RECOMMENDATION:

Approve Department recommendation.



Gary R. Brown, City Manager

Attachments:

1. City Resolution No. 2011-6992
2. Agency Resolution No. R-11-244
3. Loan Agreements
4. Loan Schedules
5. Prior staff reports and resolutions re: the loans

ATTACHMENT 1

RESOLUTION NO 2011-6992

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IMPERIAL BEACH AUTHORIZING THE CITY MANAGER TO EXECUTE CERTAIN AGREEMENTS BY AND BETWEEN THE CITY OF IMPERIAL BEACH AND THE IMPERIAL BEACH REDEVELOPMENT AGENCY TO MEMORIALIZE THE EXISTING BALANCE, EXISTING AND FUTURE PAYMENT SCHEDULES AND OTHER TERMS FOR EXISTING LOANS MADE BY THE CITY TO THE AGENCY IN THE PAST

WHEREAS, the City of Imperial Beach [City] is a municipal corporation duly created and existing pursuant to the constitutional laws of the State of California; and

WHEREAS, the Imperial Beach Redevelopment Agency [Agency] is a public body, corporate and politic of the State of California, organized and existing pursuant to California Health and Safety Code sections 33000, et seq.; and

WHEREAS, the City and Agency are authorized, pursuant to the laws of the State of California, to enter into loan agreements for the City to financially assist the Agency; and

WHEREAS, in 2003, the City Council and Agency Board took action to consolidate various loans made by the City to the Agency from the City's General Fund in the amount of \$3,378,100 [Consolidated Loan] to be used for activities and expenses as allowed under the California Community Redevelopment Law, Health and Safety Code sections 33000 et seq. [Redevelopment Law]; and

WHEREAS, in 2006, the City and Agency took action to increase the interest rate on the Consolidated Loan to 12% annually; and

WHEREAS, in 2009, the City Council took action to make an additional loan to the Agency in an amount not to exceed 2 million dollars at an interest rate of 6% ("State Deficit Impact Loan"); and

WHEREAS, the Agency has been paying the City for interest on the loan annually; and

WHEREAS, the Agency and the City desire to further memorialize the Consolidated Loan and the State Deficit Impact Loan terms of repayment by means of written agreements; and

WHEREAS, the City has considered the terms of the Loan Agreements and desires, at this time, to approve the terms of the Loan Agreements in the public interest of the City.

NOW, THEREFORE, BE IT RESOLVED,

Section 1: The foregoing recitals are true and correct.

Section 2: The City Council of the City of Imperial Beach approves the Loan Agreements in substantially the form as submitted at this meeting and hereby authorizes and directs the City Manager to execute the Loan Agreement for the Consolidated Loan which is effective as of May 17, 2006 and the Loan Agreement for the State Deficit Impact Loan which is effective as of August 19, 2009 on behalf of the City.

Section 3: This Resolution shall be retroactively effective as of May 17, 2006 as it applies to action related to the Consolidated Loan and shall be retroactively effective as of August 19, 2009 as it applies to action related to the State Deficit Impact Loan. In the alternative, should the retroactive dates be determined inapplicable, this Resolution shall be effective on the date of approval.

Section 4: This activity is not a "project" and is therefore exempt from CEQA pursuant to State CEQA Guidelines Section 15060(c)(3).

Section 5: If any section, sentence, clause or phrase of this Resolution is determined to be invalid, illegal, void or unconstitutional by a decision or order of any court or agency of competent jurisdiction, then such decision or order will not affect the validity and enforceability of the remaining portions of this Resolution. The City Council declares that it would have passed and adopted the Resolution, and each section, sentence, clause or phrase thereof, regardless of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared invalid or unconstitutional.

PASSED, APPROVED AND ADOPTED by the City Council of the City of Imperial Beach at its special meeting held on the 14th day of January, 2011, by the following roll call vote:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:

JAMES C. JANNEY, MAYOR

ATTEST:

JACQUELINE M. HALD
CITY CLERK

ATTACHMENT 2

RESOLUTION NO. R-11-244

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF IMPERIAL BEACH AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE CERTAIN AGREEMENTS BY AND BETWEEN THE CITY OF IMPERIAL BEACH AND THE IMPERIAL BEACH REDEVELOPMENT AGENCY TO MEMORIALIZE THE EXISTING BALANCE, EXISTING AND FUTURE PAYMENT SCHEDULES AND OTHER TERMS FOR EXISTING LOANS MADE BY THE CITY TO THE AGENCY IN THE PAST

WHEREAS, the City of Imperial Beach [City] is a municipal corporation duly created and existing pursuant to the constitutional laws of the State of California; and

WHEREAS, the Imperial Beach Redevelopment Agency [Agency] is a public body, corporate and politic of the State of California, organized and existing pursuant to California Health and Safety Code sections 33000, et seq.; and

WHEREAS, the City and Agency are authorized, pursuant to the laws of the State of California, to enter into loan agreements for the City to financially assist the Agency; and

WHEREAS, in 2003, the City Council and Agency Board took action to consolidate various loans made by the City to the Agency from the City's General Fund in the amount of \$3,378,100 [Consolidated Loan] to be used for activities and expenses as allowed under the California Community Redevelopment Law, Health and Safety Code sections 33000 et seq. [Redevelopment Law]; and

WHEREAS, in 2006, the City and Agency increased the interest rate on the Consolidated Loan to 12% annually; and

WHEREAS, in 2009, the City Council took action to make an additional loan to the Agency in an amount not to exceed 2 million dollars at an interest rate of 6% ("State Deficit Impact Loan"); and

WHEREAS, the Agency has been paying interest to the City on the loan; and

WHEREAS, the Agency and the City desire to further memorialize the Consolidated Loan and the State Deficit Impact Loan terms of repayment by means of written agreements; and

WHEREAS, the Agency has considered the terms of the Loan Agreements and desires, at this time, to approve the terms of the Loan Agreements in the public interest of the Agency.

NOW, THEREFORE, BE IT RESOLVED,

Section 1: The foregoing recitals are true and correct.

Section 2: The Redevelopment Agency Board of the City of Imperial Beach approves the two Loan Agreements in substantially the form as submitted at this meeting and hereby authorizes and directs the Executive Director to execute the Loan Agreement for the Consolidated Loan which is effective as of May 17, 2006 and the Loan Agreement for the State Deficit Impact Loan which is effective as of August 19, 2009 on behalf of the Agency.

Section 3: This Resolution shall be retroactively effective as of May 17, 2006 as it applies to action related to the Consolidated Loan and shall be retroactively effective as of August 19, 2009 as it applies to action related to the State Deficit Impact Loan. In the alternative, should the retroactive dates be determined inapplicable, this Resolution shall be effective on the date of approval.

Section 4: This activity is not a "project" and is therefore exempt from CEQA pursuant to State CEQA Guidelines Section 15060(c)(3).

Section 5: If any section, sentence, clause or phrase of this Resolution is determined to be invalid, illegal, void or unconstitutional by a decision or order of any court or agency of competent jurisdiction, then such decision or order will not affect the validity and enforceability of the remaining portions of this Resolution. The Agency Board declares that it would have passed and adopted the Resolution, and each section, sentence, clause or phrase thereof, regardless of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared invalid or unconstitutional.

PASSED, APPROVED AND ADOPTED by the Redevelopment Agency Board of the City of Imperial Beach at its special meeting held on the 14th day of January, 2011, by the following roll call vote:

AYES: MEMBERS:
NOES: MEMBERS:
ABSENT: MEMBERS:

JAMES C. JANNEY, CHAIRPERSON

ATTEST:

JACQUELINE M. HALD
SECRETARY

ATTACHMENT 3

AGREEMENT

THIS AGREEMENT ("Agreement"), effective May 17, 2006, is made by and between the IMPERIAL BEACH REDEVELOPMENT AGENCY, a public body corporate and politic ("Agency") and the CITY OF IMPERIAL BEACH, a municipal corporation ("City") to memorialize a pre-existing loan obligation. The Agency and the City are collectively referred to as the "Parties."

RECITALS:

- A. On or about June of 2003, the City Council and Agency Board authorized the consolidation of an initial loan properly made by the City to the Agency in the amount of \$150,000 from October 1995 and several other loans since 1995 for a total of \$3,378,100 with interest at the rate of 6% annually ("Consolidated Loan") to be used for activities and expenses as allowed under the California Community Redevelopment Law, Health and Safety Code sections 33000 et seq. ("Redevelopment Law"). On May 17, 2006, the City Council and Agency Board, by joint resolution No. R-06-101/2006-6321, authorized an increase in the interest rate of the Consolidated Loan to 12% annually, as shown in Exhibit "A" attached hereto.
- B. The Agency has been paying the City annually in interest under this existing Consolidated Loan, but has not yet repaid in full the Consolidated Loan to the City.
- C. The Agency and the City desire to further memorialize the Consolidated Loan and the terms of repayment as set forth in this Agreement.
- D. Pursuant to Redevelopment Law, the City and Agency are authorized to enter into loan agreements for the City's provisions of such funds to the Agency.

AGREEMENT:

NOW, THEREFORE, in consideration of the recitals stated above, the mutual covenants set forth below, the Parties agree, promise and declare as follows:

ARTICLE I. LOAN TERMS:

Section 1.1 – Loan. The City loaned the Agency \$3,738,100 as of June of 2003. Interest on the Consolidated Loan is currently calculated at twelve percent (12%) annually, effective May of 2006. The Agency has paid the City annually for the interest due on the loan. The Agency agrees that the Agency will continue to pay the City the 12% interest annually on July 1 of each year and that the entire amount of the loan, including any unpaid accrued interest will be due in one lump sum on July 1, 2020 ("Loan Repayment"). The Loan Repayment shall be made solely from (a) first, the available tax increment collected by the Agency, and (b) second, any other funds available for such repayment.

If the Agency is going to be terminated or is going to be in a position to fail to service any debt payments, the total amount of this Loan Repayment shall become immediately due and payable to the City.

The City may at any time, and without prior notice to the Agency, call on the total amount of the Loan and all accrued interest immediately due and payable to the City.

Section 1.2 – Authority. In accordance with applicable law, the Agency Executive Officer and Fiscal Officer, and their respective designees, are each authorized to execute and attest such documents on behalf of the Agency, and to make such accounting arrangements with the City and provisions as may be required reasonably to effectuate the purposes of this Agreement.

In accordance with applicable law, the City Manager and Finance Officer, and their respective designees, are each authorized to execute and attest such documents on behalf of the City, and to make such accounting arrangements with the Agency and provisions as may be required reasonably to effectuate the purposes of this Agreement.

Section 1.3 – Agency Obligation Constitutes Indebtedness. The Loan and this Agreement shall constitute a legal obligation and debt of the Agency to the fullest extent provided

under the laws, including the Redevelopment Law. Such indebtedness shall be subordinate to any and all other Agency indebtedness incurred by the Agency, including indebtedness incurred through the issuance of tax allocation notes or bonds or any other bonds of the Agency.

Section 1.4 – Indemnification. Agency agrees and promises to protect, defend, indemnify, and hold harmless the City and its respective elected and appointed officers, agents, employees and representatives from any and all liabilities, losses, damages, related to the approval and fulfillment of this Agreement.

Notwithstanding anything to the contrary in this Agreement, no City or Agency officer or employee shall be personally liable with respect to the obligations of either Party under this Agreement, or any breach or default by such Party with respect to such Party's obligations under this Agreement, including, with respect to the Agency, any amounts payable by the Agency to the City, including the Loan Repayment.

Section 1.5 – Termination. The City reserves the right to terminate this Agreement in the event Agency is deemed to be in default of any of the obligations herein or in said other documents and instruments.

Section 1.6 - Default by Agency. In the event of a default by Agency in the performance of Section 1.1, any of the terms, covenants and conditions contained in this Agreement, or any Note or Deed of Trust given in conjunction herewith, or in the event of the commencement of bankruptcy proceedings by or against Agency, all sums disbursed or advanced by the City shall immediately become due and payable. The City shall thereafter be released from any and all obligations to Agency under the terms of this Agreement.

Section 1.7 – Agency Reporting. Commencing in fiscal year 2010-2011, the Agency shall annually submit to the City, on or before January 31, of each calendar year during the term of this Agreement, a copy of the Agency's annual independent audit report for the fiscal year ending on June 30 of the prior calendar year.

Section 1.8 – Time of the Essence. Time is of the essence in this Agreement and of each and every provision hereof. The waiver by the City of any breach or breaches hereof shall not be deemed, nor shall the same constitute, a waiver of any subsequent breach or breaches.

ARTICLE II. MISCELLANEOUS PROVISIONS

Section 2.1 – Notice. Any Notice under this Agreement shall be deemed given upon actual personal delivery to the notified Party or upon the expiration of two (2) days from the insertion of the notice, properly addressed and certified mail, return receipt requested, postage prepaid, in a U. S. Mail depository within California, or upon the expiration of seven (7) days from the insertion of the notice in a U. S. Mail depository outside of California. Notices shall be sent to the addresses for the Parties as set forth below or as changed by either Party from time to time by written notice to the other Party.

City: City Manager
City of Imperial Beach
825 Imperial Beach Blvd.
Imperial Beach, CA 91932

Agency: Executive Director
Imperial Beach Redevelopment Agency
825 Imperial Beach Blvd.
Imperial Beach, CA 91932

Section 2.3 – Severability. If any provision of this Agreement is deemed to be invalid or unenforceable by a court of competent jurisdiction, that provision shall be severed from the rest of the Agreement, and the remaining provisions shall continue in full force and effect.

Section 2.4 – Non-Waiver of Rights. No right, remedy, or power of the City or Agency under this Agreement shall be deemed to have been waived by any act or conduct on the part of the City/Agency or by any failure to exercise or delay in exercising such right, remedy or power. Every such right, remedy or power of the City/Agency shall continue in full force and effect until specifically waived or released by an instrument in writing executed by the City/Agency. No delay or omission of the City/Agency to exercise any right or power arising upon the occurrence of any default under this Agreement, shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Agreement may be exercised from time to time and as often as may be deemed expedient.

Section 2.5 – Exhibits Incorporated. All exhibits to which reference is made in this Agreement are deemed incorporated into this Agreement whether or not the exhibits are actually attached to this Agreement.

Section 2.6 – Construction of Agreement. The provisions contained in this Agreement shall not be construed in favor of or against either Party, but shall be construed as if both Parties contributed equally to its preparation. This Agreement shall be construed in accordance with the laws of the State of California.

Section 2.7 – Assignment. Agency shall not assign its rights or obligations nor delegate its duties under this Agreement without the prior written consent of the City. Any attempt at assignment or delegation in violation of this Section 2.7 shall be void. The City shall have the full right and authority to assign all or part of its rights and delegate all or part of its duties under this Agreement.

Section 2.8 – Integration. This Agreement represents the entire agreement between the Parties on the subject matter of this Agreement, and supersedes any other agreements, promises or representations, oral or written, pertaining to such subject matter.

Section 2.9 – Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. It shall not be necessary in making proof of this Agreement to produce or account for more than one counterpart.

Section 2.10 -- Agreement to Pay Attorney's Fees and Expenses. In the event of an Event of Default hereunder, and if City should employ attorneys or incur other expenses for the collection of amounts due or the enforcement of performance or observance of an obligation or agreement on the part of the Agency in this Agreement, the Note and/or any applicable security agreements, the Agency agrees that it will, on demand therefore, pay to the City the reasonable fees of such attorneys and such other reasonable expenses so incurred by the City; and any such amounts paid by the City shall bear interest from the date such expenses are incurred at the maximum rate permitted by Section 1(2) of Article XV of the California Constitution.

*****SIGNATURES ON FOLLOWING PAGE*****

IN WITNESS WHEREOF, the Parties hereby execute this Agreement.

AGENCY:

CITY:

By: _____
Gary Brown
Executive Director

By: _____
Gary Brown
City Manager

APPROVED AS TO FORM BY:

APPROVED AS TO FORM BY:

By: _____
Jennifer M. Lyon,
General Counsel to
Redevelopment Agency

BY: _____
Jennifer M. Lyon
City Attorney, Imperial Beach

EXHIBIT A

A JOINT RESOLUTION OF THE CITY OF IMPERIAL BEACH AND THE REDEVELOPMENT AGENCY OF THE CITY OF IMPERIAL BEACH, CALIFORNIA, ADJUSTING THE INTEREST RATES ON LOANS AND ADVANCES FROM THE CITY OF IMPERIAL BEACH.

The City of Imperial Beach and the Redevelopment Agency of the City of Imperial Beach do hereby resolve as follows:

WHEREAS, The Agency has borrowed funds from the City Of Imperial Beach for operations prior to being eligible for and receiving tax increment funds from the County; and

WHEREAS, It is reasonable and proper that the Agency should pay interest for the use of these funds; and

WHEREAS, State law provides for the charging of interest on loans of up to 12%.

NOW, THEREFORE, BE IT RESOLVED by the Redevelopment Agency of the City of Imperial Beach as follows:

Raise the interest rates on the loans/advances from the City Of Imperial Beach to 12% effective July 1, 2006. This rate will remain in effect unless readjusted.

PASSED, APPROVED, AND ADOPTED by the Redevelopment Agency of the City of Imperial Beach at its meeting held on the 17th day of May 2006, by the following roll call vote:

AYES: BOARDMEMBERS:
NOES: BOARDMEMBERS:
ABSENT: BOARDMEMBERS:

DIANE ROSE, CHAIRPERSON

ATTEST:

JACQUELINE M. HALD, CMC
SECRETARY

I, Jacqueline M. Hald, City Clerk of the City of Imperial Beach, do hereby certify the foregoing to be a true and exact copy of Resolution No. R-06-101/2006-6321 – A joint Resolution of the City of Imperial Beach and the Redevelopment Agency of the City of Imperial Beach, California adjusting the interest rates on loans and advances from the City of Imperial Beach.

CITY CLERK

DATE

AGREEMENT

THIS AGREEMENT ("Agreement"), effective as of August 19, 2009, is made by and between the IMPERIAL BEACH REDEVELOPMENT AGENCY, a public body corporate and politic ("Agency") and the CITY OF IMPERIAL BEACH, a municipal corporation ("City") to memorialize a pre-existing loan obligation. The Agency and the City are collectively referred to as the "Parties."

RECITALS:

- A. On or about August 19, 2009, the City Council and Agency Board authorized the City General Fund Reserve to provide a loan to the Agency for \$2,000,000 with interest at the rate of 6% annually ("State Deficit Impact Loan") to offset imbalances caused by State Budget impacts and be used for activities and expenses as allowed under the California Community Redevelopment Law, Health and Safety Code sections 33000 et seq. ("Redevelopment Law"). Such action was memorialized by City Resolution No. 2009-6798 which is attached hereto as Exhibit "A" and Agency Resolution No. R-09-190 which is attached hereto as Exhibit "B."
- B. The Agency and the City desire to further memorialize the State Deficit Impact Loan and the terms of repayment as set forth in this Agreement.
- C. Pursuant to Redevelopment Law, the City and Agency are authorized to enter into loan agreements for the City's provisions of such funds to the Agency.

AGREEMENT:

NOW, THEREFORE, in consideration of the recitals stated above, the mutual covenants set forth below, the Parties agree, promise and declare as follows:

ARTICLE I. LOAN TERMS:

Section 1.1 – Loan. The City hereby loans the Agency \$2,000,000 as of August 19, 2009 as memorialized by City Resolution No. 2009-6798 and Agency Resolution No. R-09-190. Interest on the State Deficit Impact Loan is currently calculated at six percent (6%) annually, effective August 19, 2009. The Agency agrees that the interest rate of 6% interest annually will be due on July 1 of each year and that the entire amount of the loan, including any unpaid accrued interest will be due in one lump sum on July 1, 2020 ("Loan Repayment"). The Loan Repayment shall be made solely from (a) first, the available tax increment collected by the Agency, and (b) second, any other funds available for such repayment.

If the Agency is going to be terminated or is going to be in a position to fail to service any debt payments, the total amount of this Loan Repayment shall become immediately due and payable to the City.

The City may at any time, and without prior notice to the Agency, call on the total amount of the Loan and all accrued interest immediately due and payable to the City.

Section 1.2 – Authority. In accordance with applicable law, the Agency Executive Officer and Fiscal Officer, and their respective designees, are each authorized to execute and attest such documents on behalf of the Agency, and to make such accounting arrangements with the City and provisions as may be required reasonably to effectuate the purposes of this Agreement.

In accordance with applicable law, the City Manager and Finance Officer, and their respective designees, are each authorized to execute and attest such documents on behalf of the City, and to make such accounting arrangements with the Agency and provisions as may be required reasonably to effectuate the purposes of this Agreement.

Section 1.3 – Agency Obligation Constitutes Indebtedness. The Loan and this Agreement shall constitute a legal obligation and debt of the Agency to the fullest extent provided under the laws, including the Redevelopment Law. Such indebtedness shall be subordinate to any and all other Agency indebtedness incurred by the Agency, including indebtedness incurred through the issuance of tax allocation notes or bonds or any other bonds of the Agency.

Section 2.4 – Non-Waiver of Rights. No right, remedy, or power of the City or Agency under this Agreement shall be deemed to have been waived by any act or conduct on the part of the City/Agency or by any failure to exercise or delay in exercising such right, remedy or power. Every such right, remedy or power of the City/Agency shall continue in full force and effect until specifically waived or released by an instrument in writing executed by the City/Agency. No delay or omission of the City/Agency to exercise any right or power arising upon the occurrence of any default under this Agreement, shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Agreement may be exercised from time to time and as often as may be deemed expedient.

Section 2.5 – Exhibits Incorporated. All exhibits to which reference is made in this Agreement are deemed incorporated into this Agreement whether or not the exhibits are actually attached to this Agreement.

Section 2.6 – Construction of Agreement. The provisions contained in this Agreement shall not be construed in favor of or against either Party, but shall be construed as if both Parties contributed equally to its preparation. This Agreement shall be construed in accordance with the laws of the State of California.

Section 2.7 – Assignment. Agency shall not assign its rights or obligations nor delegate its duties under this Agreement without the prior written consent of the City. Any attempt at assignment or delegation in violation of this Section 2.7 shall be void. The City shall have the full right and authority to assign all or part of its rights and delegate all or part of its duties under this Agreement.

Section 2.8 – Integration. This Agreement represents the entire agreement between the Parties on the subject matter of this Agreement, and supersedes any other agreements, promises or representations, oral or written, pertaining to such subject matter.

Section 2.9 – Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. It shall not be necessary in making proof of this Agreement to produce or account for more than one counterpart.

Section 2.10 -- Agreement to Pay Attorney's Fees and Expenses. In the event of an Event of Default hereunder, and if City should employ attorneys or incur other expenses for the collection of amounts due or the enforcement of performance or observance of an obligation or agreement on the part of the Agency in this Agreement, the Note and/or any applicable security agreements, the Agency agrees that it will, on demand therefore, pay to the City the reasonable fees of such attorneys and such other reasonable expenses so incurred by the City; and any such amounts paid by the City shall bear interest from the date such expenses are incurred at the maximum rate permitted by Section 1(2) of Article XV of the California Constitution.

*****SIGNATURES ON FOLLOWING PAGE*****

IN WITNESS WHEREOF, the Parties execute this Agreement as follows:

AGENCY:

CITY:

By: _____
Gary Brown
Executive Director

By: _____
Gary Brown
City Manager

APPROVED AS TO FORM BY:

APPROVED AS TO FORM BY:

By: _____
Jennifer M. Lyon,
General Counsel to
Redevelopment Agency

BY: _____
Jennifer M. Lyon
City Attorney, Imperial Beach

EXHIBIT A

RESOLUTION NO. 2009-6798

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IMPERIAL BEACH, CALIFORNIA, AMENDING THE FISCAL YEAR 2009-10 BUDGET TO ADDRESS STATE BUDGET IMPACTS

WHEREAS, the City Council has reviewed the negative financial impacts of the State Budget relative to the City of Imperial Beach; and

WHEREAS, these impacts have caused an imbalance in the Redevelopment Non-Housing Fund; and

WHEREAS, The State intends to borrow City of Imperial Beach property tax revenues

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Imperial Beach as follows:

1. The General Fund Fiscal Year 2009-10 Budget is hereby amended by adding \$345,000 from General Fund Reserves to offset the State Prop 1A property tax borrowing.
2. The General Fund Fiscal Year 2009-10 Budget is hereby amended by up to \$2,000,000 from General Fund Reserves to loan the Imperial Beach Redevelopment Agency funds to offset imbalances caused by State Budget impacts.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Imperial Beach at its meeting held on the 19th day of August 2009, by the following roll call vote:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:

JAMES C. JANNEY, MAYOR

ATTEST:

JACQUELINE M. HALD, CMC
CITY CLERK

EXHIBIT B

RESOLUTION NO. R-09-190

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IMPERIAL BEACH, CALIFORNIA, AMENDING THE FISCAL YEAR 2009-10 BUDGET TO ADDRESS STATE BUDGET IMPACTS

WHEREAS, the Board has reviewed the negative financial impacts of the State Budget relative to the Redevelopment Agency of the City of Imperial Beach; and

WHEREAS, these impacts have caused an imbalance in the Redevelopment Non-Housing Fund; and

NOW, THEREFORE, BE IT RESOLVED that the Redevelopment Agency of the City of Imperial Beach as follows:

1. The Redevelopment Agency non-housing fund suspends \$852,000 of Capital Improvement projects to offset imbalances caused by State Budget impacts.
2. The Redevelopment Agency non-housing fund's Fiscal Year 2009-10 Budget is hereby amended by adding \$2,665,000 for the State Budget payment in May 2010.
3. The Redevelopment Agency non-housing fund's Fiscal Year 2009-10 Budget is amended to make debt payments to the City's General Fund for a loan for up to \$2,000,000 caused by the State Budget impacts.

PASSED, APPROVED, AND ADOPTED by the Redevelopment Agency of the City of Imperial Beach at its meeting held on the 19th day of August 2009, by the following roll call vote:

AYES:	BOARDMEMBERS:
NOES:	BOARDMEMBERS:
ABSENT:	BOARDMEMBERS:

JAMES C. JANNEY, CHAIRPERSON

ATTEST:

JACQUELINE M. HALD, CMC
CITY CLERK

ATTACHMENT 4

RDA Loan #1 Original Consolidated

Payment Schedule

No.	Payment Date	Interest Rate	Interest Due	Principal Paid	Balance	Year
					\$3,738,100.00	
1	1/31/2011	12.000%	37,381.00	0.00	3,738,100.00	
2	2/28/2011	12.000%	37,381.00	0.00	3,738,100.00	
3	3/31/2011	12.000%	37,381.00	0.00	3,738,100.00	
4	4/30/2011	12.000%	37,381.00	0.00	3,738,100.00	
5	5/31/2011	12.000%	37,381.00	0.00	3,738,100.00	
6	6/30/2011	12.000%	37,381.00	0.00	3,738,100.00	
7	7/31/2011	12.000%	37,381.00	0.00	3,738,100.00	
8	8/31/2011	12.000%	37,381.00	0.00	3,738,100.00	
9	9/30/2011	12.000%	37,381.00	0.00	3,738,100.00	
10	10/31/2011	12.000%	37,381.00	0.00	3,738,100.00	
11	11/30/2011	12.000%	37,381.00	0.00	3,738,100.00	
12	12/31/2011	12.000%	37,381.00	0.00	3,738,100.00	1
13	1/31/2012	12.000%	37,381.00	0.00	3,738,100.00	
14	2/29/2012	12.000%	37,381.00	0.00	3,738,100.00	
15	3/31/2012	12.000%	37,381.00	0.00	3,738,100.00	
16	4/30/2012	12.000%	37,381.00	0.00	3,738,100.00	
17	5/31/2012	12.000%	37,381.00	0.00	3,738,100.00	
18	6/30/2012	12.000%	37,381.00	0.00	3,738,100.00	
19	7/31/2012	12.000%	37,381.00	0.00	3,738,100.00	
20	8/31/2012	12.000%	37,381.00	0.00	3,738,100.00	
21	9/30/2012	12.000%	37,381.00	0.00	3,738,100.00	
22	10/31/2012	12.000%	37,381.00	0.00	3,738,100.00	
23	11/30/2012	12.000%	37,381.00	0.00	3,738,100.00	
24	12/31/2012	12.000%	37,381.00	0.00	3,738,100.00	2
25	1/31/2013	12.000%	37,381.00	0.00	3,738,100.00	
26	2/28/2013	12.000%	37,381.00	0.00	3,738,100.00	
27	3/31/2013	12.000%	37,381.00	0.00	3,738,100.00	
28	4/30/2013	12.000%	37,381.00	0.00	3,738,100.00	
29	5/31/2013	12.000%	37,381.00	0.00	3,738,100.00	
30	6/30/2013	12.000%	37,381.00	0.00	3,738,100.00	
31	7/31/2013	12.000%	37,381.00	0.00	3,738,100.00	
32	8/31/2013	12.000%	37,381.00	0.00	3,738,100.00	
33	9/30/2013	12.000%	37,381.00	0.00	3,738,100.00	
34	10/31/2013	12.000%	37,381.00	0.00	3,738,100.00	
35	11/30/2013	12.000%	37,381.00	0.00	3,738,100.00	
36	12/31/2013	12.000%	37,381.00	0.00	3,738,100.00	3
37	1/31/2014	12.000%	37,381.00	0.00	3,738,100.00	
38	2/28/2014	12.000%	37,381.00	0.00	3,738,100.00	
39	3/31/2014	12.000%	37,381.00	0.00	3,738,100.00	
40	4/30/2014	12.000%	37,381.00	0.00	3,738,100.00	
41	5/31/2014	12.000%	37,381.00	0.00	3,738,100.00	
42	6/30/2014	12.000%	37,381.00	0.00	3,738,100.00	
43	7/31/2014	12.000%	37,381.00	0.00	3,738,100.00	
44	8/31/2014	12.000%	37,381.00	0.00	3,738,100.00	
45	9/30/2014	12.000%	37,381.00	0.00	3,738,100.00	
46	10/31/2014	12.000%	37,381.00	0.00	3,738,100.00	
47	11/30/2014	12.000%	37,381.00	0.00	3,738,100.00	
48	12/31/2014	12.000%	37,381.00	0.00	3,738,100.00	4
49	1/31/2015	12.000%	37,381.00	0.00	3,738,100.00	
50	2/28/2015	12.000%	37,381.00	0.00	3,738,100.00	
51	3/31/2015	12.000%	37,381.00	0.00	3,738,100.00	
52	4/30/2015	12.000%	37,381.00	0.00	3,738,100.00	
53	5/31/2015	12.000%	37,381.00	0.00	3,738,100.00	
54	6/30/2015	12.000%	37,381.00	0.00	3,738,100.00	
55	7/31/2015	12.000%	37,381.00	0.00	3,738,100.00	
56	8/31/2015	12.000%	37,381.00	0.00	3,738,100.00	
57	9/30/2015	12.000%	37,381.00	0.00	3,738,100.00	
58	10/31/2015	12.000%	37,381.00	0.00	3,738,100.00	
59	11/30/2015	12.000%	37,381.00	0.00	3,738,100.00	
60	12/31/2015	12.000%	37,381.00	0.00	3,738,100.00	5

No.	Payment Date	Interest Rate	Interest Due	Principal Paid	Balance	Year
61	1/31/2016	12.000%	37,381.00	0.00	3,738,100.00	
62	2/29/2016	12.000%	37,381.00	0.00	3,738,100.00	
63	3/31/2016	12.000%	37,381.00	0.00	3,738,100.00	
64	4/30/2016	12.000%	37,381.00	0.00	3,738,100.00	
65	5/31/2016	12.000%	37,381.00	0.00	3,738,100.00	
66	6/30/2016	12.000%	37,381.00	0.00	3,738,100.00	
67	7/31/2016	12.000%	37,381.00	0.00	3,738,100.00	
68	8/31/2016	12.000%	37,381.00	0.00	3,738,100.00	
69	9/30/2016	12.000%	37,381.00	0.00	3,738,100.00	
70	10/31/2016	12.000%	37,381.00	0.00	3,738,100.00	
71	11/30/2016	12.000%	37,381.00	0.00	3,738,100.00	
72	12/31/2016	12.000%	37,381.00	0.00	3,738,100.00	6
73	1/31/2017	12.000%	37,381.00	0.00	3,738,100.00	
74	2/28/2017	12.000%	37,381.00	0.00	3,738,100.00	
75	3/31/2017	12.000%	37,381.00	0.00	3,738,100.00	
76	4/30/2017	12.000%	37,381.00	0.00	3,738,100.00	
77	5/31/2017	12.000%	37,381.00	0.00	3,738,100.00	
78	6/30/2017	12.000%	37,381.00	0.00	3,738,100.00	
79	7/31/2017	12.000%	37,381.00	0.00	3,738,100.00	
80	8/31/2017	12.000%	37,381.00	0.00	3,738,100.00	
81	9/30/2017	12.000%	37,381.00	0.00	3,738,100.00	
82	10/31/2017	12.000%	37,381.00	0.00	3,738,100.00	
83	11/30/2017	12.000%	37,381.00	0.00	3,738,100.00	
84	12/31/2017	12.000%	37,381.00	0.00	3,738,100.00	7
85	1/31/2018	12.000%	37,381.00	0.00	3,738,100.00	
86	2/28/2018	12.000%	37,381.00	0.00	3,738,100.00	
87	3/31/2018	12.000%	37,381.00	0.00	3,738,100.00	
88	4/30/2018	12.000%	37,381.00	0.00	3,738,100.00	
89	5/31/2018	12.000%	37,381.00	0.00	3,738,100.00	
90	6/30/2018	12.000%	37,381.00	0.00	3,738,100.00	
91	7/31/2018	12.000%	37,381.00	0.00	3,738,100.00	
92	8/31/2018	12.000%	37,381.00	0.00	3,738,100.00	
93	9/30/2018	12.000%	37,381.00	0.00	3,738,100.00	
94	10/31/2018	12.000%	37,381.00	0.00	3,738,100.00	
95	11/30/2018	12.000%	37,381.00	0.00	3,738,100.00	
96	12/31/2018	12.000%	37,381.00	0.00	3,738,100.00	8
97	1/31/2019	12.000%	37,381.00	0.00	3,738,100.00	
98	2/28/2019	12.000%	37,381.00	0.00	3,738,100.00	
99	3/31/2019	12.000%	37,381.00	0.00	3,738,100.00	
100	4/30/2019	12.000%	37,381.00	0.00	3,738,100.00	
101	5/31/2019	12.000%	37,381.00	0.00	3,738,100.00	
102	6/30/2019	12.000%	37,381.00	0.00	3,738,100.00	
103	7/31/2019	12.000%	37,381.00	0.00	3,738,100.00	
104	8/31/2019	12.000%	37,381.00	0.00	3,738,100.00	
105	9/30/2019	12.000%	37,381.00	0.00	3,738,100.00	
106	10/31/2019	12.000%	37,381.00	0.00	3,738,100.00	
107	11/30/2019	12.000%	37,381.00	0.00	3,738,100.00	
108	12/31/2019	12.000%	37,381.00	0.00	3,738,100.00	9
109	1/31/2020	12.000%	37,381.00	0.00	3,738,100.00	
110	2/29/2020	12.000%	37,381.00	0.00	3,738,100.00	
111	3/31/2020	12.000%	37,381.00	0.00	3,738,100.00	
112	4/30/2020	12.000%	37,381.00	0.00	3,738,100.00	
113	5/31/2020	12.000%	37,381.00	0.00	3,738,100.00	
114	6/30/2020	12.000%	37,381.00	0.00	3,738,100.00	
115	7/31/2020	12.000%	37,381.00	0.00	3,738,100.00	
116	8/31/2020	12.000%	37,381.00	0.00	3,738,100.00	
117	9/30/2020	12.000%	37,381.00	0.00	3,738,100.00	
118	10/31/2020	12.000%	37,381.00	0.00	3,738,100.00	
119	11/30/2020	12.000%	37,381.00	0.00	3,738,100.00	
120	12/31/2020	12.000%	37,381.00	3,738,100.00	0.00	10

RDA Loan #2 State Impact Loan

Payment Schedule

No.	Payment Date	Interest Rate	Interest Due	Principal Paid	Balance	Year
					\$2,000,000.00	
1	1/31/2011	6.000%	10,000.00	0.00	2,000,000.00	
2	2/28/2011	6.000%	10,000.00	0.00	2,000,000.00	
3	3/31/2011	6.000%	10,000.00	0.00	2,000,000.00	
4	4/30/2011	6.000%	10,000.00	0.00	2,000,000.00	
5	5/31/2011	6.000%	10,000.00	0.00	2,000,000.00	
6	6/30/2011	6.000%	10,000.00	0.00	2,000,000.00	
7	7/31/2011	6.000%	10,000.00	0.00	2,000,000.00	
8	8/31/2011	6.000%	10,000.00	0.00	2,000,000.00	
9	9/30/2011	6.000%	10,000.00	0.00	2,000,000.00	
10	10/31/2011	6.000%	10,000.00	0.00	2,000,000.00	
11	11/30/2011	6.000%	10,000.00	0.00	2,000,000.00	
12	12/31/2011	6.000%	10,000.00	0.00	2,000,000.00	1
13	1/31/2012	6.000%	10,000.00	0.00	2,000,000.00	
14	2/29/2012	6.000%	10,000.00	0.00	2,000,000.00	
15	3/31/2012	6.000%	10,000.00	0.00	2,000,000.00	
16	4/30/2012	6.000%	10,000.00	0.00	2,000,000.00	
17	5/31/2012	6.000%	10,000.00	0.00	2,000,000.00	
18	6/30/2012	6.000%	10,000.00	0.00	2,000,000.00	
19	7/31/2012	6.000%	10,000.00	0.00	2,000,000.00	
20	8/31/2012	6.000%	10,000.00	0.00	2,000,000.00	
21	9/30/2012	6.000%	10,000.00	0.00	2,000,000.00	
22	10/31/2012	6.000%	10,000.00	0.00	2,000,000.00	
23	11/30/2012	6.000%	10,000.00	0.00	2,000,000.00	
24	12/31/2012	6.000%	10,000.00	0.00	2,000,000.00	2
25	1/31/2013	6.000%	10,000.00	0.00	2,000,000.00	
26	2/28/2013	6.000%	10,000.00	0.00	2,000,000.00	
27	3/31/2013	6.000%	10,000.00	0.00	2,000,000.00	
28	4/30/2013	6.000%	10,000.00	0.00	2,000,000.00	
29	5/31/2013	6.000%	10,000.00	0.00	2,000,000.00	
30	6/30/2013	6.000%	10,000.00	0.00	2,000,000.00	
31	7/31/2013	6.000%	10,000.00	0.00	2,000,000.00	
32	8/31/2013	6.000%	10,000.00	0.00	2,000,000.00	
33	9/30/2013	6.000%	10,000.00	0.00	2,000,000.00	
34	10/31/2013	6.000%	10,000.00	0.00	2,000,000.00	
35	11/30/2013	6.000%	10,000.00	0.00	2,000,000.00	
36	12/31/2013	6.000%	10,000.00	0.00	2,000,000.00	3
37	1/31/2014	6.000%	10,000.00	0.00	2,000,000.00	
38	2/28/2014	6.000%	10,000.00	0.00	2,000,000.00	
39	3/31/2014	6.000%	10,000.00	0.00	2,000,000.00	
40	4/30/2014	6.000%	10,000.00	0.00	2,000,000.00	
41	5/31/2014	6.000%	10,000.00	0.00	2,000,000.00	
42	6/30/2014	6.000%	10,000.00	0.00	2,000,000.00	
43	7/31/2014	6.000%	10,000.00	0.00	2,000,000.00	
44	8/31/2014	6.000%	10,000.00	0.00	2,000,000.00	
45	9/30/2014	6.000%	10,000.00	0.00	2,000,000.00	
46	10/31/2014	6.000%	10,000.00	0.00	2,000,000.00	
47	11/30/2014	6.000%	10,000.00	0.00	2,000,000.00	
48	12/31/2014	6.000%	10,000.00	0.00	2,000,000.00	4
49	1/31/2015	6.000%	10,000.00	0.00	2,000,000.00	
50	2/28/2015	6.000%	10,000.00	0.00	2,000,000.00	
51	3/31/2015	6.000%	10,000.00	0.00	2,000,000.00	
52	4/30/2015	6.000%	10,000.00	0.00	2,000,000.00	
53	5/31/2015	6.000%	10,000.00	0.00	2,000,000.00	
54	6/30/2015	6.000%	10,000.00	0.00	2,000,000.00	
55	7/31/2015	6.000%	10,000.00	0.00	2,000,000.00	
56	8/31/2015	6.000%	10,000.00	0.00	2,000,000.00	
57	9/30/2015	6.000%	10,000.00	0.00	2,000,000.00	
58	10/31/2015	6.000%	10,000.00	0.00	2,000,000.00	
59	11/30/2015	6.000%	10,000.00	0.00	2,000,000.00	
60	12/31/2015	6.000%	10,000.00	0.00	2,000,000.00	5
61	1/31/2016	6.000%	10,000.00	0.00	2,000,000.00	

No.	Payment Date	Interest Rate	Interest Due	Principal Paid	Balance	Year
62	2/29/2016	6.000%	10,000.00	0.00	2,000,000.00	
63	3/31/2016	6.000%	10,000.00	0.00	2,000,000.00	
64	4/30/2016	6.000%	10,000.00	0.00	2,000,000.00	
65	5/31/2016	6.000%	10,000.00	0.00	2,000,000.00	
66	6/30/2016	6.000%	10,000.00	0.00	2,000,000.00	
67	7/31/2016	6.000%	10,000.00	0.00	2,000,000.00	
68	8/31/2016	6.000%	10,000.00	0.00	2,000,000.00	
69	9/30/2016	6.000%	10,000.00	0.00	2,000,000.00	
70	10/31/2016	6.000%	10,000.00	0.00	2,000,000.00	
71	11/30/2016	6.000%	10,000.00	0.00	2,000,000.00	
72	12/31/2016	6.000%	10,000.00	0.00	2,000,000.00	6
73	1/31/2017	6.000%	10,000.00	0.00	2,000,000.00	
74	2/28/2017	6.000%	10,000.00	0.00	2,000,000.00	
75	3/31/2017	6.000%	10,000.00	0.00	2,000,000.00	
76	4/30/2017	6.000%	10,000.00	0.00	2,000,000.00	
77	5/31/2017	6.000%	10,000.00	0.00	2,000,000.00	
78	6/30/2017	6.000%	10,000.00	0.00	2,000,000.00	
79	7/31/2017	6.000%	10,000.00	0.00	2,000,000.00	
80	8/31/2017	6.000%	10,000.00	0.00	2,000,000.00	
81	9/30/2017	6.000%	10,000.00	0.00	2,000,000.00	
82	10/31/2017	6.000%	10,000.00	0.00	2,000,000.00	
83	11/30/2017	6.000%	10,000.00	0.00	2,000,000.00	
84	12/31/2017	6.000%	10,000.00	0.00	2,000,000.00	7
85	1/31/2018	6.000%	10,000.00	0.00	2,000,000.00	
86	2/28/2018	6.000%	10,000.00	0.00	2,000,000.00	
87	3/31/2018	6.000%	10,000.00	0.00	2,000,000.00	
88	4/30/2018	6.000%	10,000.00	0.00	2,000,000.00	
89	5/31/2018	6.000%	10,000.00	0.00	2,000,000.00	
90	6/30/2018	6.000%	10,000.00	0.00	2,000,000.00	
91	7/31/2018	6.000%	10,000.00	0.00	2,000,000.00	
92	8/31/2018	6.000%	10,000.00	0.00	2,000,000.00	
93	9/30/2018	6.000%	10,000.00	0.00	2,000,000.00	
94	10/31/2018	6.000%	10,000.00	0.00	2,000,000.00	
95	11/30/2018	6.000%	10,000.00	0.00	2,000,000.00	
96	12/31/2018	6.000%	10,000.00	0.00	2,000,000.00	8
97	1/31/2019	6.000%	10,000.00	0.00	2,000,000.00	
98	2/28/2019	6.000%	10,000.00	0.00	2,000,000.00	
99	3/31/2019	6.000%	10,000.00	0.00	2,000,000.00	
100	4/30/2019	6.000%	10,000.00	0.00	2,000,000.00	
101	5/31/2019	6.000%	10,000.00	0.00	2,000,000.00	
102	6/30/2019	6.000%	10,000.00	0.00	2,000,000.00	
103	7/31/2019	6.000%	10,000.00	0.00	2,000,000.00	
104	8/31/2019	6.000%	10,000.00	0.00	2,000,000.00	
105	9/30/2019	6.000%	10,000.00	0.00	2,000,000.00	
106	10/31/2019	6.000%	10,000.00	0.00	2,000,000.00	
107	11/30/2019	6.000%	10,000.00	0.00	2,000,000.00	
108	12/31/2019	6.000%	10,000.00	0.00	2,000,000.00	9
109	1/31/2020	6.000%	10,000.00	0.00	2,000,000.00	
110	2/29/2020	6.000%	10,000.00	0.00	2,000,000.00	
111	3/31/2020	6.000%	10,000.00	0.00	2,000,000.00	
112	4/30/2020	6.000%	10,000.00	0.00	2,000,000.00	
113	5/31/2020	6.000%	10,000.00	0.00	2,000,000.00	
114	6/30/2020	6.000%	10,000.00	0.00	2,000,000.00	
115	7/31/2020	6.000%	10,000.00	0.00	2,000,000.00	
116	8/31/2020	6.000%	10,000.00	0.00	2,000,000.00	
117	9/30/2020	6.000%	10,000.00	0.00	2,000,000.00	
118	10/31/2020	6.000%	10,000.00	0.00	2,000,000.00	
119	11/30/2020	6.000%	10,000.00	0.00	2,000,000.00	
120	12/31/2020	6.000%	10,000.00	2,000,000.00	0.00	10

ATTACHMENT 5

RETURN TO AGENDA

AGENDA ITEM NO. 2.9



**STAFF REPORT
CITY OF IMPERIAL BEACH**

TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: GARY R. BROWN, CITY MANAGER

MEETING DATE: May 17, 2006

ORIGINATING DEPT.: Charles Smith Jr.
Interim Administrative Services Director

SUBJECT: RDA Loan Interest Rate

BACKGROUND:

In October of 1995 the City of Imperial Beach established the Redevelopment Agency of the City of Imperial Beach and made an initial loan to the Agency of \$150,000. Since that time the City has made several loans to the Agency at varying interest rates and with various repayment schedules. All loans were consolidated in June of 2003 in the amount of \$3,738,100 and an interest rate of 6% annually was established. Since that time the City's General Fund has received \$224,286 annually in interest only (no principal repayment) revenue from the Agency. This amount is paid to the General Fund at the end of each fiscal year.

DISCUSSION:

The California Government Code Section 53530 allows interest rates on these types of loans of up to 12%. Raising the interest rate on the City loans to the agency make a significant positive impact on the General Fund Deficit with no additional burden on the citizenry.

FISCAL IMPACT:

Raising the interest rate from 6% to 12% would provide an additional \$224,286 in General Fund revenue as long as the loans are outstanding.

DEPARTMENT RECOMMENDATION: It is respectfully requested that the City of Imperial Beach and the City of Imperial Beach Redevelopment Agency mutually agree to raise the interest rate on the loans to 12% effective for Fiscal 2006/2007. The June 30, 2007 transfer to the General Fund would then be in the amount of \$448, 572. This rate will remain in effect for each subsequent year, unless amended.

CITY MANAGER'S RECOMMENDATION: Approve Department recommendation.

Gary R. Brown
Gary R. Brown, City Manager

Attachments: Resolution R-06-101/2006-6321

[Return to Agenda](#)

A JOINT RESOLUTION OF THE CITY OF IMPERIAL BEACH AND THE REDEVELOPMENT AGENCY OF THE CITY OF IMPERIAL BEACH, CALIFORNIA, ADJUSTING THE INTEREST RATES ON LOANS AND ADVANCES FROM THE CITY OF IMPERIAL BEACH.

The City of Imperial Beach and the Redevelopment Agency of the City of Imperial Beach do hereby resolve as follows:

WHEREAS, The Agency has borrowed funds from the City Of Imperial Beach for operations prior to being eligible for and receiving tax increment funds from the County; and

WHEREAS, It is reasonable and proper that the Agency should pay interest for the use of these funds; and

WHEREAS, State law provides for the charging of interest on loans of up to 12%.

NOW, THEREFORE, BE IT RESOLVED by the Redevelopment Agency of the City of Imperial Beach as follows:

Raise the interest rates on the loans/advances from the City Of Imperial Beach to 12% effective July 1, 2006. This rate will remain in effect unless readjusted.

PASSED, APPROVED, AND ADOPTED by the Redevelopment Agency of the City of Imperial Beach at its meeting held on the 17th day of May 2006, by the following roll call vote:

AYES: BOARDMEMBERS:
NOES: BOARDMEMBERS:
ABSENT: BOARDMEMBERS:

DIANE ROSE, CHAIRPERSON

ATTEST:

JACQUELINE M. HALD, CMC
SECRETARY

I, Jacqueline M. Hald, City Clerk of the City of Imperial Beach, do hereby certify the foregoing to be a true and exact copy of Resolution No. R-06-101/2006-6321 – A joint Resolution of the City of Imperial Beach and the Redevelopment Agency of the City of Imperial Beach, California adjusting the interest rates on loans and advances from the City of Imperial Beach.

CITY CLERK

DATE

RETURN TO AGENDA

AGENDA ITEM NO. 7.2



STAFF REPORT CITY OF IMPERIAL BEACH

TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: GARY R. BROWN, CITY MANAGER

MEETING DATE: June 7, 2006

ORIGINATING DEPT.: Charles Smith Jr.
Interim Administrative Services Director

SUBJECT: **RDA Loan Interest Rates and Amortizations**

BACKGROUND:

In October of 1995 the City of Imperial Beach established the Redevelopment Agency of the City of Imperial Beach and made an initial loan to the Agency of \$150,000. Since that time the City has made several loans to the Agency at varying interest rates and with various repayment schedules. All loans were consolidated in June of 2003 in the amount of \$3,738,100 and an interest rate of 6% annually was established. Since that time the City's General Fund has received \$224,286 annually in interest only (no principal repayment) revenue from the Agency. This amount is paid to the General Fund at the end of each fiscal year. At present there is no amortization schedule for the repayment of the loan.

DISCUSSION:

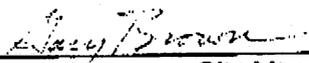
The California Government Code Section 53530 allows interest rates on these types of loans of up to 12%. Raising the interest rate on the City loans to the agency would make a significant positive impact on the General Fund Deficit with no additional burden on the citizenry.

FISCAL IMPACT:

Various loan rates and the resultant effects on the General Fund and Redevelopment funds are summarized in an attached spreadsheet.

DEPARTMENT RECOMMENDATION: It is respectfully requested that the City of Imperial Beach and the City of Imperial Beach Redevelopment Agency discuss the rates and to direct Staff as to what, if any action to take in this matter.

CITY MANAGER'S RECOMMENDATION: Approve Department recommendation.



Gary R. Brown, City Manager

Attachments: "RDA Loan Interest and Amortization Options"

CITY OF IMPERIAL BEACH RDA LOAN INTEREST AND AMORTIZATION OPTIONS

Total Amount to be Repaid: \$3,738,100

	Interest Only, No Amortization of Principal			Fifteen Year Amortization			Thirty Year Amortization		
	Interest Rates	Annual Interest Return to General Fund	Total Interest Paid	Average Annual Interest Return to General Fund	Total Interest Paid	Annual Payment	Average Annual Interest Return to General Fund	Total Interest Paid	Annual Payment
Current:	6.00%	224,286	Indeterminate	135,678	2,035,177	384,885	146,966	4,408,967	271,569
Optional:	8.00%	299,048	Indeterminate	187,514	2,812,708	436,721	207,443	6,223,275	332,046
	10.00%	373,810	Indeterminate	242,255	3,633,832	491,462	271,932	8,157,945	396,535
	12.00%	448,572	Indeterminate	299,637	4,494,555	548,844	339,458	10,183,742	464,061



**STAFF REPORT
CITY OF IMPERIAL BEACH**

TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: GARY R. BROWN, CITY MANAGER
MEETING DATE: AUGUST 19, 2009
ORIGINATING DEPT.: FINANCE DEPARTMENT *M+*
SUBJECT: AMEND FISCAL YEAR 2009-10 BUDGET TO ADDRESS
STATE BUDGET IMPACTS

BACKGROUND:

This report discusses the State Budget impacts to the City of Imperial Beach and requests Council approval to reprioritize programs to rebalance the budget as a result of these impacts.

DISCUSSION:

The Governor signed the budget on July 28, 2009. The State bridged a projected \$26 billion budget gap in part by diverting local funds back to the State. These actions will cause serious negative impacts to local agencies. Moreover, the State will likely face more deficit funding decisions in the near future given the economy, reliance on onetime fixes, and the threat of several State Budget law suits. State proposals that were not adopted, warn us of potential future actions. These potential actions include: the diversion of the entire street maintenance local Gas Tax funds; elimination of COPS police funding, and re-establishment of jail booking costs.

Given the continued State budget problems, the key discussion question is: what level of budget reduction measures should the City adopt now to deal with probable continued State taking of local funds. If the City adopts draconian measures in order to have greater flexibility to respond to the State, then there is a corresponding severe impact to local programs and redevelopment efforts. Severe impacts could translate to reductions in: street maintenance, graffiti elimination, reductions in housing programs such as the Clean and Green program, and the stoppage of all redevelopment funded capital projects. If the City takes a more moderate policy by utilizing reserves to mitigate impacts to current programs, then there is a potential of exacerbating our own tentative financial situation. Low impact strategies would use reserves or temporary loans to the Redevelopment Agency to cover the cost of the State impact, thereby minimizing the State impacts to city programs, but moderately reducing General Fund reserves for three years.

FISCAL IMPACT:

The following is a brief description of the State Budget impacts:

Redevelopment Agency Impacts:

One of the actions the State of California took to balance their budget was to take \$2.085 billion in local redevelopment agency revenues. The impact to the Imperial Beach Redevelopment Agency is \$2.7 million in the current fiscal year and \$0.5 million in Fiscal Year 2010-11. Without corrective action, the State's action of taking redevelopment funds will cause the fund to go from a \$1.0 million positive balance to a \$1.7 million deficit. The \$3.2 million State hit is equivalent to wiping out over 2 years of available annual redevelopment non-housing funds.

Redevelopment Non-Housing	
Revenue	
Tax Increment Revenues	\$6,312,000
Interest Income	\$229,000
Total Revenues	\$6,541,000
Expenses	
Pass Thru to Other Districts	(\$1,547,000)
County TI Admin Costs	(\$50,000)
Debt Service	(\$1,673,400)
Graffiti Removal Program	(\$209,000)
CIP Projects FY 2009-10	(\$417,000)
Operations Labor	(\$781,000)
Operations Other Costs	(\$897,000)
Total Expenses	(\$5,574,400)
Available for Programs/New Debt	\$966,600
State Budget Impact (09-10)	(\$2,665,000)
Imbalance After State Impact	(\$1,698,400)

The California Redevelopment Association has threatened to sue the State to prevent this transfer of redevelopment tax increment funds. Similarly, last fiscal year the State attempted to take \$370 million from redevelopment agencies and \$0.5 million from the City's redevelopment Agency. A judge ruled the action illegal primarily because it was not ultimately used for redevelopment purposes. The Legislature tried to address this issue by passing the redevelopment funds to schools within redevelopment areas. The payment to the State is due in May 2010.

City General Fund Impacts:

The State Budget approved "borrowing" \$1.9 billion of local property taxes from local governments as allowed under Proposition 1A (some may question the legality of this borrowing and this memo is not meant to address legality). The impact to the City of Imperial Beach is \$345,000. The State is required to repay (with interest) the borrowed funds by June 30, 2013. The interest rate is to be determined by the State Controller not to exceed 6%.

Recommended Actions to Offset State Budget Impacts:

Due to the State induced imbalance to the Redevelopment Non-Housing Fund, staff is proposing a moderate approach to rebalance the fund by: (1) suspending some currently approved redevelopment funded projects; and (2) earmarking General Fund reserves to be utilized to establish a short term loan to the redevelopment fund.

Table 1 lists six projects recommended for suspension for two years (could be reinstated sooner if the State Budget impact is ruled illegal). This savings and savings from projects recently completed would reduce the imbalance from \$1.7 million to approximately \$0.7 million.

Table 1: Suspend for 2 Years		
Sand Compatibility (SCOUP)	R09801	\$ 39,000
Eco Route Tourism Study	S04101	\$ 55,000
Marina Vista Master Plan	F05501	\$ 121,000
PW Admin/Community Access	F05101	\$ 286,000
Sports Park Master Plan	P05401	\$ 180,000
Bayside Master Plan	R05101	\$ 171,000
Total Suspended		\$ 852,000

In addition to the imbalance caused by the State, the Redevelopment Fund potentially may be the funding source for other redevelopment opportunities as decided by Council. These potential projects could total \$0.7 million. A three year loan from the General Fund of \$2.0 million would cover the remaining imbalance, potential projects costs, and provide cash flow for the first year debt service. At 6.0% interest, the General Fund would receive approximately \$60,000 of interest per year for three years.

Table 2 lists other redevelopment non-housing projects. Three projects are suggested to be held pending further information (such as potential grant funding). These projects could be suspended for additional savings if certain events do not materialize. Staff is proposing that 4 high priority projects continue.

Hold until Further Information		
Palm Ave Com Corridor MP	R05205	\$ 198,000
Reg Beach Sand Project 2	R08801	\$ 167,000
Date Ave Street End Imp.	S08103	\$ 418,000
Total Hold		\$ 781,000
Continued Projects		
S/D Intercep @ 8th Calla	D08101	\$ 251,000
Street Improvement Phase 3	S04108	\$ 1,213,000
Façade Improvement Program	R05102	\$ 269,000
Palm Ave Street End Plaza	S08102	\$ 20,000
Total Continuing		\$1,753,000

Staff is further recommending that the General Fund Reserve be used to offset the State "borrowing" of General Fund property taxes (\$345,000). The General Fund Reserve will total approximately \$5 million after the redevelopment loan and the property tax State loan.

DEPARTMENT RECOMMENDATION:

Staff recommends that Council approve the attached resolutions that amend the Fiscal Year 2009-10 Budget to rebalance funds impacted by the State Budget.

CITY MANAGER'S RECOMMENDATION: Approve Department recommendation.



Gary R. Brown, City Manager

Attachments:

1. Resolution 2009-8798
2. Redevelopment Resolution R-09-190
3. Listing of Non-Housing Tax Increment Projects

RESOLUTION NO. 2009-6798

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IMPERIAL BEACH, CALIFORNIA, AMENDING THE FISCAL YEAR 2009-10 BUDGET TO ADDRESS STATE BUDGET IMPACTS

WHEREAS, the City Council has reviewed the negative financial impacts of the State Budget relative to the City of Imperial Beach; and

WHEREAS, these impacts have caused an imbalance in the Redevelopment Non-Housing Fund; and

WHEREAS, The State intends to borrow City of Imperial Beach property tax revenues

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Imperial Beach as follows:

1. The General Fund Fiscal Year 2009-10 Budget is hereby amended by adding \$345,000 from General Fund Reserves to offset the State Prop 1A property tax borrowing.
2. The General Fund Fiscal Year 2009-10 Budget is hereby amended by up to \$2,000,000 from General Fund Reserves to loan the Imperial Beach Redevelopment Agency funds to offset imbalances caused by State Budget impacts.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Imperial Beach at its meeting held on the 19th day of August 2009, by the following roll call vote:

AYES:	COUNCILMEMBERS:
NOES:	COUNCILMEMBERS:
ABSENT:	COUNCILMEMBERS:

JAMES C. JANNEY, MAYOR

ATTEST:

JACQUELINE M. HALD, CMC
CITY CLERK

RESOLUTION NO. R-09-190

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IMPERIAL BEACH, CALIFORNIA, AMENDING THE FISCAL YEAR 2009-10 BUDGET TO ADDRESS STATE BUDGET IMPACTS

WHEREAS, the Board has reviewed the negative financial impacts of the State Budget relative to the Redevelopment Agency of the City of Imperial Beach; and

WHEREAS, these impacts have caused an imbalance in the Redevelopment Non-Housing Fund; and

NOW, THEREFORE, BE IT RESOLVED that the Redevelopment Agency of the City of Imperial Beach as follows:

1. The Redevelopment Agency non-housing fund suspends \$852,000 of Capital Improvement projects to offset imbalances caused by State Budget impacts.
2. The Redevelopment Agency non-housing fund's Fiscal Year 2009-10 Budget is hereby amended by adding \$2,665,000 for the State Budget payment in May 2010.
3. The Redevelopment Agency non-housing fund's Fiscal Year 2009-10 Budget is amended to make debt payments to the City's General Fund for a loan for up to \$2,000,000 caused by the State Budget impacts.

PASSED, APPROVED, AND ADOPTED by the Redevelopment Agency of the City of Imperial Beach at its meeting held on the 19th day of August 2009, by the following roll call vote:

AYES:	BOARDMEMBERS:
NOES:	BOARDMEMBERS:
ABSENT:	BOARDMEMBERS:

JAMES C. JANNEY, CHAIRPERSON

ATTEST:

JACQUELINE M. HALD, CMC
CITY CLERK

**REDEVELOPMENT AGENCY OF
THE CITY OF IMPERIAL BEACH, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010**

Note 4: Loans Receivable (Continued)

In April 2006, the Agency entered into a loan agreement for an amount not-to-exceed \$491,271 with South Bay Community Services (SBCS) to loan low and moderate income housing set-aside funds to rehabilitate an eight-unit apartment complex located at 1260 Calla Avenue. SBCC intends to rent all seven units to families earning 50% or below of the area median income, for a term of fifty-five years. Beginning May 31, 2006, and continuing through 2061, simple interest accrues at 3% per annum on the principal balance. Monthly principal and interest payments are not required to be paid if the rental and occupancy conditions are met for the property. All principal and accrued interest on the Loan shall be due in full on (i) the date of any transfer not authorized by the Agency; (ii) the date of any Default; or (iii) the expiration of the Loan Term, whichever occurs first. However, upon expiration of the Loan Term, the Loan amount pursuant to the Note and accrued interest shall be forgiven provided all covenants and conditions were met over the Loan Term. Accrued interest at June 30, 2010, amounts to \$56,900 and is offset by deferred revenue. The loan has not been fully disbursed at June 30, 2010. The outstanding balance at June 30, 2010, is \$543,355, including accrued interest.

In August 2008, the Agency entered into a loan agreement for an amount not-to-exceed \$1,945,000 with Beachwind Court, LP to loan low and moderate income housing set-aside funds to rehabilitate a fifteen-unit apartment complex located at 624 12th Street. Beachwind Court, LP intends to rent seven units to families earning 50% or below of the area median income and to rent all seven units to families earning 60% or below of the area median income, for a term of fifty-five years. Beginning on the date of disbursement, simple interest accrues at 3% per annum on the principal balance. Monthly principal and interest payments are required to be paid within 30 days of completion of the annual audit equivalent to 50% of the residual receipts generated by the projects audited records. Accrued interest at June 30, 2010, amounts to \$92,571 and is offset by deferred revenue. The loan has been fully disbursed at June 30, 2010. The outstanding balance at June 30, 2010, is \$2,037,571, including accrued interest.

Total loans receivable at June 30, 2010, amounts to \$3,261,625.

Note 5: Long-term Debt

- a. Long-term debt consists of the following at June 30, 2010:

City Loans

During prior fiscal years, the City of Imperial Beach loaned the Agency funds to cover operating cash flow needs and to fund various economic development projects. The loans, which were consolidated at June 30, 2004, for \$3,738,100, bear interest at a rate of 6% per annum through June 30, 2005, and are payable as funds become available to the Agency. On June 7, 2006, the City Council and Agency voted to increase the interest rate to 12% per annum. Interest on the loan is paid currently. The balance at June 30, 2010, is \$3,738,100.

ATTACHMENT 3

Non-Housing Tax Increment Projects

Program	Project Description	Project #	Project Budget	Total Committed	Budget Remaining
Comm Development	BAYSIDE MASTER PLAN	R05101	\$171,000	\$0	\$171,000
	FACADE IMPROVEMENT PROGRAM	R05102	\$950,000	\$681,138	\$268,862
	Palm Ave Com Corridor MP	R05205	\$300,000	\$103,584	\$196,416
	Reg Beach Sand Project 2	R08801	\$167,000	\$0	\$167,000
	SAND COMPATIBILITY(SCOUP)	R08801	\$40,000	\$100	\$39,900
Comm Development Total			\$1,628,000	\$784,822	\$843,178
Drainage	S/D Intercep @ 8th Calls	D08101	\$279,000	\$27,648	\$251,352
Drainage Total			\$279,000	\$27,648	\$251,352
Facilities	MARINA VISTA MASTER PLAN	F05501	\$204,000	\$82,202	\$121,798
	PUBLIC WORKS MASTER PLAN	F05101	\$676,000	\$390,258	\$285,742
Facilities Total			\$880,000	\$472,460	\$407,540
Parks	SPORTS PARK MASTER PLAN	P05401	\$204,000	\$24,145	\$179,855
Parks Total			\$204,000	\$24,145	\$179,855
Streets	Date Ave Street End Imp.	S08103	\$500,000	\$82,083	\$417,917
	ECO-ROUTE (TOURISM STUDY)	S04101	\$60,000	\$5,079	\$54,921
	Palm Ave Street End Plaza	S08102	\$50,000	\$30,000	\$20,000
	STREET IMPROVE PHASE III	S04108	\$2,376,178	\$1,162,921	\$1,213,257
Streets Total			\$2,986,178	\$1,280,092	\$1,706,086
Grand Total			\$5,977,178	\$2,589,166	\$3,388,012



**STAFF REPORT
CITY OF IMPERIAL BEACH
IMPERIAL BEACH REDEVELOPMENT AGENCY**

TO: HONORABLE MAYOR AND CITY COUNCIL, CHAIRMAN AND BOARDMEMBERS

FROM: GARY R. BROWN, CITY MANAGER AND EXECUTIVE DIRECTOR

MEETING DATE: JANUARY 14, 2011

ORIGINATING DEPT.: GERARD E. SELBY, REDEVELOPMENT COORDINATOR *RS*

SUBJECT: ADOPT RESOLUTION NO. 2011- 6989 AND RESOLUTION NO. R-11-241 ESTABLISHING A HOUSING AUTHORITY TO TRANSACT BUSINESS AND EXERCISE POWERS IN THE CITY OF IMPERIAL BEACH

BACKGROUND:

State law presupposes the existence of housing authorities in each city and county. Housing authorities exist to help alleviate problems associated with housing, including unsafe and unsanitary conditions, and the lack of affordable housing. Currently, the City has not formally established a housing authority. The Redevelopment Agency has oversight on such housing related matters. However, given the current conditions in the City as described below, it may be preferable to have a separate agency dedicated to solving the City's housing concerns.

DISCUSSION:

In order to transact business as a housing authority, the local agency must make certain findings. Health & Safety code section 34240 provides that "[t]he authority shall not transact any business or exercise its powers, unless by resolution, the governing body of the county or city declares that there is a need for an authority to function in it." According to Health & Safety code section 34241, the City can make its own motion to establish the housing authority. Under Health & Safety Code section 34242, this motion may be accomplished by resolution, which must declare the need for a housing authority by stating either of the following:

- (a) That insanitary or unsafe inhabited dwelling accommodations exist in the county or city.
- (b) That there is a shortage of safe or sanitary dwelling accommodations in such county or city available to persons of low income at rentals they can afford.

As shown in the City's General Plan, Housing Element and other adopted planning documents, the City has a shortage of affordable housing based upon the ability of low income persons to pay. Thus, the required conditions exist to establish a housing authority in the City. Accordingly, the City Council may adopt a resolution to create a housing authority to exercise powers over these issues. The resolution also authorizes the Executive Director of the Redevelopment Agency to transfer appropriate funds to the housing authority, and permits the housing authority to receive funding from sources, including public agencies, consistent with

applicable laws. If this resolution is approved, Council can direct staff to prepare the necessary documents to allow Council to appoint a board and begin to carry out functions.

ENVIRONMENTAL IMPACT

This activity is not a "project" and is therefore exempt from CEQA pursuant to State CEQA Guidelines Section 15060(c)(3).

FISCAL IMPACT:

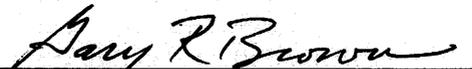
None anticipated.

DEPARTMENT RECOMMENDATION:

Adopt Resolution No. 2011- 6989 And Resolution No. R-11-241 establishing a housing authority to transact business and exercise powers in the City of Imperial Beach

CITY MANAGER'S RECOMMENDATION:

Approve Department recommendation.



Gary R. Brown, City Manager

Attachments:

1. Resolution No. 2011- 6989 and Resolution No. R-11-241

RESOLUTION NO. 2011-6989

RESOLUTION NO. R-11-241

A RESOLUTION OF THE CITY COUNCIL/REDEVELOPMENT AGENCY OF THE CITY OF IMPERIAL BEACH ESTABLISHING A HOUSING AUTHORITY TO TRANSACT BUSINESS AND EXERCISE POWERS IN THE CITY OF IMPERIAL BEACH AND AUTHORIZING THE EXECUTIVE DIRECTOR OF THE REDEVELOPMENT AGENCY TO TRANSFER ANY APPROPRIATE FUNDS TO THE HOUSING AUTHORITY.

WHEREAS, the City faces a shortage of safe and sanitary dwelling accommodations available to persons of low income at rents they can afford; and

WHEREAS, overpayment for housing in the City is an important measure of the affordability of housing within a city for persons of low income; and

WHEREAS, overpayment for housing is based on the total cost of shelter compared to a household's ability to pay;

WHEREAS, overpayment is defined as a household paying more than 30 percent of its gross household income for shelter; and

WHEREAS, the City has determined that overpayment for housing in the City exists as shown in the General Plan, Housing Element and other approved City planning documents thus there is a shortage of safe and sanitary dwelling units available to low income persons; and

WHEREAS, given the problems with the foregoing housing in the City, there is a need for a housing authority to alleviate these housing issues; and

WHEREAS, the Redevelopment Agency of the City of Imperial Beach has addressed such housing related concerns since its inception; and

WHEREAS, the City Council desires to create an entity separate from the Redevelopment Agency – the City of Imperial Beach Housing Authority - to specifically address the foregoing housing needs; and

WHEREAS, under state law, the Redevelopment Agency is authorized to use funds for housing related expenditures, including, but not limited to, using set aside funds for affordable housing under Health & Safety Code section 33334.2; and

WHEREAS, the purpose of the contemplated housing authority would be to resolve such housing related issues, including providing affordable housing in the City; and

WHEREAS, the Agency desires to authorize the Executive Director of the Redevelopment Agency to transfer any appropriate funds to the Housing Authority as determined necessary and legally appropriate by the Director; and

WHEREAS, Health & Safety Code sections 34240 *et. seq.*, authorize the City to establish by resolution the need for a housing authority to function in the City; and

WHEREAS, the housing conditions in the City meet the requirements to establish a housing authority; and

WHEREAS, the housing authority should be authorized to receive funds from various sources, including monies from appropriate public agencies,

WHEREAS, the City Council and RDA canceled the first regular meeting in January 2011; and

WHEREAS, January 14, 2011 is the first meeting of the City Council and RDA in 2011; and

WHEREAS, the creation date of the Housing Authority of January 1, 2011 is necessary for administrative and other accounting purposes

NOW, THEREFORE, BE IT RESOLVED,

Section 1: The foregoing recitals are true and correct and constitute the necessary findings for this Resolution.

Section 2: The City Council of the City of Imperial Beach hereby establishes the Housing Authority of the City of Imperial Beach to transact business and exercise powers to the extent permitted under law.

Section 3: The Executive Director of the Redevelopment Agency shall be authorized to transfer any appropriate funds to the Housing Authority as determined necessary and legally appropriate by the Director, which may include, but not be limited to, set-aside funds under Health & Safety Code §33334.2.

Section 4: Consistent with applicable law, the Housing Authority shall be permitted to receive funds from various sources, including appropriate public agencies, which includes the Redevelopment Agency.

Section 4: This Resolution shall be retroactively effective as of January 1, 2011. In the alternative, should the retroactive date be determined inapplicable, this Resolution shall be effective on the date of approval.

Section 5: This activity is not a "project" and is therefore exempt from CEQA pursuant to State CEQA Guidelines Section 15060(c)(3).

Section 6: If any section, sentence, clause or phrase of this Resolution is determined to be invalid, illegal, void or unconstitutional by a decision or order of any court or agency of competent jurisdiction, then such decision or order will not affect the validity and enforceability of the remaining portions of this Resolution. The City Council and Agency Board declare that they would have passed and adopted the Resolution, and each section, sentence, clause or phrase thereof, regardless of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared invalid or unconstitutional.

PASSED, APPROVED AND ADOPTED by the City Council and Redevelopment Agency Board of the City of Imperial Beach at its special meeting held on the 14th day of January, 2011, by the following roll call vote:

AYES: COUNCILMEMBERS/BOARDMEMBERS:
NOES: COUNCILMEMBERS/BOARDMEMBERS:
ABSENT: COUNCILMEMBERS/BOARDMEMBERS:

JAMES C. JANNEY, MAYOR AND CHAIRMAN

ATTEST:

JACQUELINE M. HALD
CITY CLERK



*Imperial Beach
Redevelopment Agency*

AGENDA ITEM NO. 4

**STAFF REPORT
IMPERIAL BEACH REDEVELOPMENT AGENCY**

TO: CHAIR AND MEMBERS OF THE REDEVELOPMENT AGENCY

FROM: GARY BROWN, EXECUTIVE DIRECTOR

MEETING DATE: JANUARY 14, 2011

ORIGINATING DEPT.: GERARD E. SELBY, REDEVELOPMENT COORDINATOR 

SUBJECT: AUTHORIZATION FOR THE EXECUTIVE DIRECTOR TO EXECUTE A PURCHASE AND SALE AGREEMENT FOR THE ACQUISITION OF 495 10th STREET ("PUBLIC WORKS YARD") FOR \$809,354 FROM THE CITY OF IMPERIAL BEACH; APN 626-060-05.

BACKGROUND

The City of Imperial Beach currently owns the property located at 495 10th Street, in the City of Imperial Beach, APN 626 060 05 ("Property"). The Property is currently being used as a public works storage yard. The Agency desires to purchase the Property, using the Agency's low and moderate income housing funds, for the purpose of developing affordable housing on the Property within the next three to five years.

The acquisition of this property provides the Agency with the opportunity to achieve the Goals and Objectives of the Imperial Beach General Plan, the Palm Avenue/Commercial Avenue Redevelopment Plan and the Five-Year Implementation Plan, and the strategies and mission of the Economic Development Plan.

DISCUSSION

The Property is approximately 1.79 acres with an existing single story administrative office and a one and one-half story garage.

The full payment of the Purchase Price (\$809,354) shall be made at the Close of Escrow (defined below) in the form of a Promissory Note in favor of the Seller in the amount of EIGHT HUNDRED NINE THOUSAND THREE HUNDRED FIFTY-FOUR DOLLARS,

payable by Buyer SIX (6) YEARS after the Close of Escrow. Unpaid principal under the Promissory Note shall accrue simple interest at the rate of seven (7%) percent per annum. The Promissory Note shall be in a form and substance mutually agreed to by the parties. The Promissory Note evidencing the Note Amount shall be secured by a Deed of Trust, which Deed of Trust shall be in a form and substance approved by the parties hereto.

The Agency would allow the City to use the Property as a storage yard until the last payment is made and the property is ready for development as affordable housing.

ENVIRONMENTAL IMPACT

The acquisition of real property is not a "project" as defined by the California Environmental Quality Act (CEQA).

FISCAL IMPACT

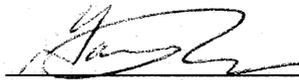
The funding sources for the proposed acquisition and potential post-acquisition costs will be low and moderate income housing funds.

Staff recommends that the Redevelopment Agency:

1. Authorize the Executive Director to execute a Purchase and Sale Agreement for the acquisition of real property located at 495 10th Street for \$809,354; and
2. Authorize the Executive Director to take any implementing actions to carry out the intent and purposes of the Agency's acquisition.

EXECUTIVE DIRECTOR'S RECOMMENDATION

Approve Department recommendation.



Gary Brown, Executive Director

ATTACHMENTS

1. Resolution No. 2011 – 6990 and Resolution No. R-11-242
2. Purchase & Sale Agreement and Joint Escrow Instructions

RESOLUTION NO 2011-6990

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IMPERIAL BEACH AUTHORIZING THE CITY MANAGER TO EXECUTE A PURCHASE AND SALE AGREEMENT BETWEEN THE CITY AND THE AGENCY FOR THE AGENCY'S ACQUISITION OF 495 10TH STREET.

WHEREAS, the City of Imperial Beach [City] is a municipal corporation duly created and existing pursuant to the constitutional laws of the State of California; and

WHEREAS, the Imperial Beach Redevelopment Agency [Agency] is a public body, corporate and politic of the State of California, organized and existing pursuant to California Health and Safety Code sections 33000, et seq.; and

WHEREAS, the City is authorized, pursuant to Health and Safety Code section 33220 [Section 33220], to sell its property to the Agency to aid in the planning, undertaking, construction or operation of redevelopment projects within the Agency's jurisdiction; and

WHEREAS, in accordance with Section 33220, the City desires to sell to Agency, and the Agency desires to purchase from the City, that certain real property located at 495 10th Street, in the City of Imperial Beach [Property], which is located within the Palm Avenue/Commercial Redevelopment Project Area; and

WHEREAS, the City has considered the terms of the Purchase and Sale Agreement contemplating the Agency's purchase of the Property from the City.

NOW, THEREFORE, BE IT RESOLVED,

Section 1: The foregoing recitals are true and correct.

Section 2: The City Council of the City of Imperial Beach hereby approves the Purchase and Sale Agreement [Agreement] for the Agency's acquisition of the Property in accordance with the terms therein and authorizes the City Manager to execute and take any necessary actions to implement the Agreement.

Section 3: This Resolution shall be effective on the date of approval.

Section 4: This activity is not a "project" and is therefore exempt from CEQA pursuant to State CEQA Guidelines Section 15060(c)(3).

Section 5: If any section, sentence, clause or phrase of this Resolution is determined to be invalid, illegal, void or unconstitutional by a decision or order of any court or agency of competent jurisdiction, then such decision or order will not affect the validity and enforceability of the remaining portions of this Resolution. The City Council declares that it would have passed and adopted the Resolution, and each section, sentence, clause or phrase thereof, regardless of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared invalid or unconstitutional.

PASSED, APPROVED AND ADOPTED by the City Council of the City of Imperial Beach at its special meeting held on the 14th day of January, 2011, by the following roll call vote:

AYES:	COUNCILMEMBERS:
NOES:	COUNCILMEMBERS:
ABSENT:	COUNCILMEMBERS:

JAMES C. JANNEY, MAYOR

ATTEST:

JACQUELINE M. HALD
CITY CLERK

RESOLUTION NO R-11-242

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF IMPERIAL BEACH AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A PURCHASE AND SALE AGREEMENT BETWEEN THE CITY AND THE AGENCY FOR THE AGENCY'S ACQUISITION OF 495 10TH STREET.

WHEREAS, the City of Imperial Beach [City] is a municipal corporation duly created and existing pursuant to the constitutional laws of the State of California; and

WHEREAS, the Imperial Beach Redevelopment Agency [Agency] is a public body, corporate and politic of the State of California, organized and existing pursuant to California Health and Safety Code sections 33000, et seq.; and

WHEREAS, the City is authorized, pursuant to Health and Safety Code section 33220 [Section 33220], to sell its property to the Agency to aid in the planning, undertaking, construction or operation of redevelopment projects within the Agency's jurisdiction; and

WHEREAS, in accordance with Section 33220, the City desires to sell to Agency, and the Agency desires to purchase from the City, that certain real property located at 495 10th Street, in the City of Imperial Beach [Property], which is located within the Palm Avenue/Commercial Redevelopment Project Area; and

WHEREAS, the Redevelopment Agency Board has considered the terms of the Purchase and Sale Agreement contemplating the Agency's purchase of the Property from the City.

NOW, THEREFORE, BE IT RESOLVED,

Section 1: The foregoing recitals are true and correct.

Section 2: The Redevelopment Agency Board of the City of Imperial Beach hereby approves the Purchase and Sale Agreement [Agreement] in accordance with the terms therein and authorizes the Executive Director to execute and take any necessary actions to implement the Agreement.

Section 3: This Resolution shall be effective on the date of approval.

Section 4: This activity is not a "project" and is therefore exempt from CEQA pursuant to State CEQA Guidelines Section 15060(c)(3).

Section 5: If any section, sentence, clause or phrase of this Resolution is determined to be invalid, illegal, void or unconstitutional by a decision or order of any court or agency of competent jurisdiction, then such decision or order will not affect the validity and enforceability of the remaining portions of this Resolution. The Agency Board declares that it would have passed and adopted the Resolution, and each section, sentence, clause or phrase thereof, regardless of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared invalid or unconstitutional.

PASSED, APPROVED AND ADOPTED by the Redevelopment Agency Board of the City of Imperial Beach at its special meeting held on the 14th day of January, 2011, by the following roll call vote:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:

JAMES C. JANNEY, MAYOR

ATTEST:

JACQUELINE M. HALD
CITY CLERK

AGREEMENT OF PURCHASE AND SALE AND JOINT ESCROW INSTRUCTIONS

This AGREEMENT OF PURCHASE AND SALE AND JOINT ESCROW INSTRUCTIONS (the "Agreement") dated this 9th day of January 2011, is entered into by and between the IMPERIAL BEACH REDEVELOPMENT AGENCY, a public body corporate and politic (the "Buyer") and the CITY OF IMPERIAL BEACH (the "Seller"). Buyer and Seller are each a "Party" and are collectively the "Parties."

1. Purchase and Sale. Pursuant to the terms and conditions set forth in this Agreement, Seller does hereby agree to sell to Buyer and Buyer does hereby agree to purchase from Seller the Property as hereinafter defined, on the terms and conditions hereinafter set forth, together with all Improvements as hereinafter defined.

The terms and conditions of this Agreement and the instructions to an escrow company mutually agreed upon by the parties ("Escrow Holder") with regard to the escrow ("Escrow") created pursuant hereto shall constitute the joint escrow instructions of Buyer and Seller to Escrow Holder as well as an agreement between Buyer and Seller. In the event of a conflict between the provisions of this Agreement and Escrow Holder's general escrow instructions, the provisions of this Agreement shall prevail.

2. Property. The Property to be acquired by Buyer from Seller under this Agreement consists of that certain real property located at 495 10th Street, in the City of Imperial Beach, California, described in the "Legal Description" attached hereto as Exhibit A and incorporated herein by this reference, shown on the "Site Map" attached hereto as Exhibit B and incorporated herein by this reference and known as APN: 626-060-05 ("Property"). For purposes of this Agreement, the term "Property" shall mean and include the above-referenced parcel of land, any fixtures and equipment, buildings, structures and/or improvements located on said land ("Improvements"), and all singular estates, rights, privileges, easements and appurtenances owned by Seller and belonging or in any way appertaining to the Property. Seller currently owns fee title to the Property and all of the Improvements.

3. Acquisition.

a. Purchase Price. The purchase price to be paid by Buyer to Seller for the Property and all Improvements in the form provided below, shall be EIGHT HUNDRED NINE THOUSAND THREE HUNDRED FIFTY-FOUR DOLLARS (\$809,354) (the "Purchase Price").

b. As-Is. The Property and all existing Improvements on the Property shall be conveyed in its present "as is" condition. Except for Seller's representations and warranties set forth in this Agreement, neither Seller nor any of Seller's agents, contractors, consultants, attorneys or representatives have made, make and specifically negate and disclaim, and Buyer is

not relying on, any representations, warranties, promises, covenants, agreements or guarantees of any kind whatsoever, whether express or implied, oral or written, past, present or future with respect to the Property.

4. Payment of Purchase Price. The Purchase Price for the Property shall be payable by Buyer at the Close of Escrow hereunder as follows:

a. Promissory Note in Favor of Seller. Full payment of the Purchase Price (\$809,354) shall be made at the Close of Escrow (defined below) in the form of a Promissory Note in favor of the Seller in the amount of EIGHT HUNDRED NINE THOUSAND THREE HUNDRED FIFTY-FOUR DOLLARS , payable by Buyer SIX (6) YEARS after the Close of Escrow ("Note Amount"). Unpaid principal under the Promissory Note shall accrue simple interest at the rate of seven (7%) percent per annum. The Promissory Note shall be in a form and substance mutually agreed to by the parties. The Promissory Note evidencing the Note Amount shall be secured by a Deed of Trust, which Deed of Trust shall be in a form and substance approved by the parties hereto.

b. Closing Funds. Within five (5) days of written request from Escrow Holder, and in any event prior to the Close of Escrow (as defined in Paragraph 5.b. below), Buyer shall deposit or cause to be deposited with Escrow Holder, in cash or by a certified or bank cashier's check made payable to Escrow Holder or a confirmed wire transfer of funds, the Buyer's share of its Closing Costs as provided in Paragraph 10 below. All escrow, recording and title insurance costs shall be paid by Seller and Buyer in accordance with Paragraph 10 below.

5. Escrow.

a. Opening of Escrow. For purposes of this Agreement, the Escrow shall be deemed opened on the date Escrow Holder shall have received an executed original counterpart of this Agreement from both Buyer and Seller ("Opening Date"). Escrow Holder shall notify Buyer and Seller, in writing, of the Opening Date and the Closing Date, as defined in paragraph 5.b, below. In addition, Buyer and Seller agree to execute, deliver, and be bound by any reasonable or customary supplemental escrow instructions of Escrow Holder, or other instruments as may reasonably be required by Escrow Holder, in order to consummate the transaction contemplated by this Agreement. Any such supplemental instructions shall not conflict with, amend, or supersede any portion of this Agreement. If there is any inconsistency between such supplemental instructions and this Agreement, then this Agreement shall control.

b. Close of Escrow. The Close of Escrow shall occur thirty (30) days from the Opening Date, unless extended in writing by the parties ("Closing Date").

c. Due Diligence Period. Buyer shall have fifteen (15) days from the Opening Date (the "Due Diligence Period") to inspect the Property and Due Diligence Materials. In the event Buyer finds the Property unsatisfactory for any reason, Buyer at its sole discretion shall notify Seller and Escrow Holder in writing prior to expiration of the Due Diligence Period.

Thereafter, Buyer and Seller shall have no obligation to each other (except as otherwise set forth herein). In the event of a cancellation of Escrow, Buyer and Seller shall each bear one-half of any Escrow cancellation fees.

6. Conditions of Title. It shall be a condition to the Close of Escrow and a covenant of Seller that Seller shall convey good and marketable fee simple title to the Property by the Grant Deed, subject only to the following approved conditions of title (herein the "Approved Condition of Title"):

a. Matters affecting the Approved Condition of Title created by or with the written consent of Buyer.

b. Exceptions which are disclosed by the Preliminary Title Report described in Paragraph 7. a. (1) hereof and which are approved or deemed approved by Buyer in accordance with Paragraph 7. a. (2) hereof.

c. Title to the Property shall be conveyed from Seller to Buyer under this Agreement free and clear of any easement, right of way or any other right whatsoever in Seller to access or use the Property.

Seller covenants and agrees during the term of this Escrow, Seller will not cause or knowingly permit title to the Property to differ from the Approved Condition of Title described in this Paragraph 6. Any liens, encumbrances, easements, restrictions, conditions, covenants, rights, rights-of-way, or other matters affecting the Approved Condition of Title which may appear of record or be revealed after the date of the Preliminary Title Report described in Paragraph 7. a. (1) below, shall also be subject to Buyer's approval. Buyer shall have the right to disapprove such matters by delivery of written notice to Seller within five (5) days after the date Buyer receives knowledge of such matters, and Seller shall have the right to elect to cure the same, upon delivery of written notice to Buyer within five (5) days after Seller's receipt of such notification from Buyer.

7. Conditions to Close of Escrow.

a. Conditions to Buyer's Obligations. The Close of Escrow and Buyer's obligation to consummate the transaction contemplated by this Agreement are subject to the satisfaction of the following conditions for Buyer's benefit on or prior to the dates designated below for the satisfaction of such conditions:

(1) Delivery of Due Diligence Materials/Title. Within thirty (30) days of the Opening Date, Seller will deliver to Buyer copies of the following items, if and to the extent such items are in Seller's possession: (i) a current Preliminary Title Report for the Property and legible copies of all documents, whether recorded or unrecorded, referred to in the Preliminary Title Report; (ii) a copy of the most recent tax bill relating to the Property; (iii) any and all environmental reports relating to the Property; and (iv)

copies of any and all material documents that pertain to the physical and/or economic condition of the Property (collectively referred to herein as the "Due Diligence Materials").

(2) Review and Approval of Documents and Materials. Prior to the expiration of the Due Diligence Period, Buyer shall have the right to review and approve or disapprove, in its sole and subjective discretion, at Buyer's sole cost and expense, any environmental reports, soils inspection, conditions of title, zoning, surveys, all physical inspections of the Property, the Due Diligence Materials, and all other reports or inspections as Buyer may deem necessary or appropriate in connection with this Agreement. Failure of Buyer to give disapproval of the Due Diligence Materials on or before the expiration of the Due Diligence Period shall be deemed to constitute Buyer's approval of all Due Diligence Materials. If Buyer disapproves or conditionally approves any matters of title shown in any of the title reports, then Seller may, within fourteen (14) days after its receipt of Buyer's notice of disapproval of the Due Diligence Materials, elect to eliminate or ameliorate to Buyer's satisfaction the disapproved or conditionally approved title matters. Seller shall thereupon give Buyer written notice of those disapproved or conditionally approved title matters, if any, which Seller covenants and agrees to either eliminate from the Approved Condition of Title as exceptions to title to the Property or to ameliorate to Buyer's satisfaction by the Closing Date as a condition to the Close of Escrow for Buyer's benefit. If Seller does not elect to eliminate or ameliorate to Buyer's satisfaction any disapproved or conditionally approved title matters, or if Buyer disapproves of Seller's notice, or if, despite its commercially reasonable efforts, Seller is unable to eliminate or ameliorate to Buyer's satisfaction all such disapproved matters prior to the Closing Date, then Buyer shall have the right to, by a writing delivered to Seller and Escrow Holder: (i) waive its prior disapproval, in which event the disapproved matters shall be deemed approved; or (ii) terminate this Agreement and the Escrow created pursuant thereto, in which event Buyer shall be entitled to the return of all monies previously deposited with Escrow Holder or released to Seller pursuant to this Agreement, and the Escrow and the rights and obligations of the parties hereunder shall thereafter terminate.

(3) Representations, Warranties, and Covenants of Seller. Seller shall have duly performed each and every agreement to be performed by Seller hereunder and Seller's representations, warranties, and covenants set forth in Paragraph 13 shall be true and correct as of the Closing Date.

(4) No Material Changes. At the Closing Date, there shall have been no material adverse changes in the physical condition of the Property.

(5) Inspections and Studies. Prior to the expiration of the Due Diligence Period, Buyer shall have approved the results of any and all inspections, investigations, tests and studies (including, without limitation, investigations with regard to zoning, building codes and other governmental regulations, architectural inspections,

engineering tests, economic feasibility studies and soils, seismic and geologic reports) with respect to the Property (including all structural and mechanical systems and leased areas) as Buyer may elect to make or obtain. The failure of Buyer to approve the results on or prior to the expiration of the Due Diligence Period shall be deemed to constitute Buyer's disapproval of the results. The cost of any such inspections, tests and studies shall be borne by Buyer. During the term of this Escrow, Buyer, its agents, contractors and subcontractors, upon at least twenty-four (24) hours' written notice, shall have the right to enter upon the Property, at reasonable times during ordinary business hours, to make any and all inspections and tests as may be necessary or desirable in Buyer's sole judgment and discretion. Buyer shall use care and consideration in connection with any of its inspections. Buyer shall indemnify, defend and hold Seller and the Property harmless from any and all claims, liabilities, damages, costs and expenses (including reasonable attorneys' fees) arising out of, or resulting from the negligence of Buyer's, and/or Buyer's agents, contractors and/or subcontractors directly resulting from such entry or activities upon the Property.

b. Conditions Precedents to Seller's Obligation. For the benefit of Seller, the Close of Escrow shall be conditioned upon the occurrence and satisfaction of each of the following conditions (or Seller's waiver thereof, it being agreed Seller may waive any or all of such conditions):

(1) Promissory Note. Buyer shall have executed and delivered into Escrow the Promissory Note in favor of Seller in the amount of the Purchase Price, which Promissory Note shall be in a form and substance mutually agreed to by the parties;

(2) Deed of Trust. Buyer shall have executed and delivered into Escrow the Deed of Trust, in recordable form, for the benefit of Seller, securing the Promissory Note, which Deed of Trust shall be in a form and substance mutually agreed to by the parties;

(3) Buyer's Obligations. Buyer shall have timely performed all of the obligations required by the terms of this Agreement to be performed by Buyer, and

(4) Buyer's Representations. All representations and warranties made by Buyer to Seller in this Agreement shall be true and correct as of the Close of Escrow.

8. Deposits by Seller. At least three (3) business days prior to the Close of Escrow, Seller shall deposit or cause to be deposited with Escrow Holder the following documents and instruments:

a. Grant Deed. A grant deed in a form and substance approved by the parties (the "Grant Deed") conveying the Property to Buyer, duly executed by Seller, acknowledged and in recordable form. Upon receiving said executed Grant Deed, Escrow Holder is instructed

to forward a copy of Grant Deed to Buyer so that an Original Certificate of Acceptance can be attached.

9. Deposits by Buyer. At least three (3) business days prior to the Close of Escrow, Buyer shall deposit or cause to be deposited with Escrow Holder the following:

a. Promissory Note. Executed Promissory Note in favor of Seller in the amount of the Purchase Price; and

b. Deed of Trust. Executed Deed of Trust for the benefit of Seller, in recordable for, securing the Promissory Note.

10. Costs and Expenses. The cost and expense of the Title Policy attributable to ALTA coverage, plus the cost attributable to an endorsement insuring Buyer's title against any mechanics' liens as of the Closing Date, shall be paid by Buyer. Buyer shall pay any Escrow fees. Buyer shall pay all documentary transfer taxes, if any, payable in connection with the recordation of the Grant Deed. The amount of such transfer taxes shall not be posted on the Grant Deed, but shall be supplied by separate affidavit. Buyer shall pay the Escrow Holder's customary charges to Buyer and Seller for document drafting, recording, and miscellaneous charges. Each party shall be responsible for their respective legal fees and costs in connection with this transaction.

11. Prorations. Escrow Holder shall prorate all rents, real estate taxes (including those levied pursuant to the RMA), bonds or assessments (general and special) as of 12:01 a.m. on the date of the Close of Escrow.

a. All operating expenses of the Property including, without limitation, utility charges, maintenance charges, management fees, and other costs and expenses shall be prorated between Buyer and Seller as of 12:01 a.m. on the date of Close of Escrow. Any utility services shall be transferred to the name of the Buyer effective as of the Close of Escrow and Seller shall be relieved of any future liability for such charges incurred after the Close of Escrow. In the event Seller has made any utility deposits, Seller shall be entitled to a refund of such deposits directly from the utility companies and any future deposits shall be paid directly to the utility companies by Buyer; provided, however, that Buyer may elect, in its sole discretion, to require Seller to assign the rights to utility deposits to Buyer in exchange for a credit to Seller through Escrow for the amount of such deposits.

b. At least three (3) business days prior to the Closing Date, Seller shall provide to Buyer a schedule of all prorations accompanied by the latest available billings for any operating expenses and statements for rent, if applicable. Buyer and Seller shall agree upon such prorations and notify Escrow Holder on or before two (2) business days prior to the Closing Date.

c. Seller shall pay all bills incurred with respect to the Property prior to the Close of Escrow; provided, however, with respect to bills not received by Seller before the Close of

Escrow, Seller shall pay the portion of such bills attributable to the period prior to the Close of Escrow within ten (10) days after Seller's receipt of same. Said covenant of Seller shall survive the Close of Escrow. Buyer shall pay all bills incurred with respect to the Property following the Close of Escrow.

d. In the event that there are any unknown amounts to be prorated as of the Close of Escrow, then Seller and Buyer will prorate the same promptly after the Close of Escrow and outside the escrow.

12. Disbursements and Other Actions by Escrow Holder. Upon the Close of Escrow, the Escrow Holder shall promptly undertake all of the following in the manner indicated:

a. Prorations. Prorate all matters referenced herein, based upon the statement delivered into Escrow signed by the parties.

b. Recording. Cause the Grant Deed, Deed of Trust and any other documents which the parties hereto may mutually direct, to be recorded in the Official Records of San Diego County, California, in the order set forth in this subparagraph. Escrow Holder is instructed not to affix the amount of documentary transfer tax on the face of the Grant Deed, but to supply same by separate affidavit.

c. Funds. Disburse from funds deposited by Buyer with Escrow Holder toward payment of all items chargeable to the account of Buyer, pursuant thereto in payment of such costs, and disburse the balance of such funds to Buyer.

d. Documents to Buyer. Deliver the Bill of Sale, executed by Seller, and, when issued, the Title Policy to Buyer.

e. Pay demands of existing lienholders. Pay all demands of lienholders with valid claims as of the Closing Date.

13. Seller's Representations and Warranties. In consideration of Buyer entering into this Agreement, and as an inducement to Buyer to purchase the Property, Seller makes the following representations and warranties, each of which is material and is being relied upon by Buyer (and the continued truth and accuracy of which shall constitute a condition precedent to Buyer's obligations hereunder):

a. Validly Existing. Seller is a general law city, duly formed, validly existing and in good standing under the laws of the State of California.

b. Authorization. This Agreement has been duly and validly authorized, executed and delivered by Seller, and no other action is requisite to the execution and delivery of this Agreement by Seller.

c. Threatened Actions. There are no actions, suits or proceedings pending against, or, to Seller's actual knowledge, threatened or affecting the Property in law or equity.

d. Third Party Consents. No consents or waivers of, or by, any third party are necessary to permit the consummation by Seller of the transactions contemplated pursuant to this Agreement.

e. No Violation of Law. To Seller's actual knowledge, there is no violation of law or governmental regulation by Seller with respect to the Property.

f. Condemnation. There are no pending, or, to Seller's actual knowledge, threatened proceedings in eminent domain or otherwise, which would affect the Property or any portion thereof.

g. Compliance with Law. To Seller's actual knowledge, all laws, ordinances, rules, and requirements and regulations of every governmental agency, body, or subdivision thereof bearing on the Property have been complied with by Seller.

h. Agreements. Seller is not a party to any agreement (whether oral or written) affecting or relating to the right of any party with respect to the possession of the Property, or any portion thereof, which are obligations which will affect the Property or any portion thereof subsequent to the recordation of the Grant Deed, except as may be reflected in the Approved Condition of Title.

i. Documents. To Seller's actual knowledge, all documents delivered to Buyer pursuant to this Agreement are true and complete copies of originals, and any and all information supplied to Buyer by Seller in accordance with Paragraph 7.a.(2) hereof is true and complete.

j. Occupancy Agreements. There are no leases, subleases, occupancies or tenancies in effect pertaining to the Property, and Seller has no knowledge of any oral agreements with anyone, including tenants, with respect to the occupancy of the Property.

k. Hazardous Materials. As of the date of the execution of this Agreement, Seller has no actual knowledge of any use or condition of the Property by Seller or by any predecessor in interest of Seller which would have caused Hazardous Materials to exist in, on, under or about the Property. Seller agrees to and shall defend, indemnify and hold harmless Buyer, and its officers, agents and employees (the "Indemnified Parties") from and against all claims, liability, loss, damage, costs or expenses (including reasonable attorneys' fees and court costs) incurred by the Indemnified Parties, arising from or as a result of any Hazardous Materials which may be found on the Property, at any time, which (a) were caused to exist in, on, under or about the Property by Seller, and (b) which existed on the Property prior to the Closing Date. For purposes of this Agreement, the term "Hazardous Materials" means any substance, material

or waste which is regulated as hazardous/contaminating or potentially hazardous/contaminating by the United States government, the State of California, or any local or other governmental authority, including, without limitation, any material, substance or waste which is (i) defined as a "hazardous waste," "acutely hazardous waste," "restricted hazardous waste," or "extremely hazardous waste" under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140, of the California Health and Safety Code; (ii) defined as a "hazardous substance" under Section 25316 of the California Health and Safety Code; (iii) defined as a "hazardous material," "hazardous substance," or "hazardous waste" under Section 25501 of the California Health and Safety Code; (iv) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code; (v) petroleum; (vi) asbestos; (vii) lead; (viii) a polychlorinated biphenyl; (ix) listed under Article 9 or defined as "hazardous" or "extremely hazardous" pursuant to Article 11 of Title 22 of the California Code of Regulations, Chapter 20; (x) designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act (33 U.S.C. Section 1317); (xi) defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act (42 U.S.C. Section 6903); (xii) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601); (xiii) any other substance, whether in the form of a solid, liquid, gas or any other form whatsoever, with respect to which any governmental regulations or requirements provide for special handling in its use, transportation, generation, collection, storage, treatment or disposal; (xiv) any substance, product, waste, or other material of any nature whatsoever which may give rise to liability under any of the above statutes or under any statutory or common law theory based on negligence, trespass, intentional tort, nuisance or strict liability or under any reported decisions of a state or federal court; (xv) petroleum or crude oil other than petroleum and petroleum products which are contained within regularly operated motor vehicles; and (xvi) asbestos.

1. Due Diligence Materials. To Seller's knowledge, there are no other reports relating to the physical condition of the Property that are in existence, but not in Seller's possession.

Seller's representations and warranties made in this Paragraph 13 shall be continuing and shall be true and correct as of the Close of Escrow with the same force and effect as if remade by Seller in a separate certificate at that time. The truth and accuracy of Seller's representations and warranties made herein shall survive the Close of Escrow for such period permitted by applicable law (the "Survival Period").

14. Buyer's Representations and Warranties. In consideration of Seller entering into this Agreement, and as an inducement to Seller to sell the Property to Buyer, Buyer makes the following representations and warranties, each of which is material and is being relied upon by Seller (the continued truth and accuracy of which shall constitute a condition precedent to Seller's obligations hereunder):

a. Buyer is a public body corporate and politic, duly formed, validly existing and in good standing under the laws of the State of California.

b. Buyer has the full right, power and authority to enter into this Agreement and the instruments referenced herein; and to consummate the transactions contemplated hereby.

c. The persons executing this Agreement, the instruments referenced herein, and any other documents executed and delivered on behalf of Buyer have the full right, power and authority to do so and have been duly authorized to do so by Buyer, and no other persons are required to execute this Agreement on behalf of Buyer.

d. The Agency Board of the Imperial Beach Redevelopment Agency hereby authorizes and directs the Agency's Executive Director, or such Executive Director's designee to execute any and all documents necessary to complete the transactions contemplated in this Agreement.

e. The Executive Director hereby has the full, right, power and authority to accept the Property on behalf of Buyer.

f. This Agreement and all documents executed by Buyer under this Agreement which are to be delivered to Seller are, or at the time of Close of Escrow will be, duly authorized, executed, and delivered by Buyer, and are, or at the Close of Escrow will be legal, valid, and binding obligations of Buyer, and do not, and at the Close of Escrow will not violate any provisions of any agreement or judicial order to which Buyer is a party or to which it is subject.

g. The representations and warranties of Buyer set forth in this Agreement shall be true on and as of the Close of Escrow as if those representations and warranties were made on and as of such time and shall survive the Close of Escrow for the Survival Period.

15. Damage or Condemnation Prior to Closing.

a. Material Damage or Destruction. In the event of material damage to or destruction of the Property prior to Closing, through no fault of Seller, Buyer shall have the right, but not the obligation, exercisable by giving notice to Seller within fifteen (15) days after receiving written notice of such damage or destruction, either (i) to terminate this Agreement, in which case neither party shall have any further rights or obligations hereunder except that (a) all funds deposited into Escrow or documents in Escrow shall be returned to the party depositing the same, and (b) Buyer and Seller each shall be responsible for one-half of any title or escrow cancellation fee, or (ii) to accept the Property in its then condition and to proceed with the Closing, in which event upon the Close of Escrow, Buyer shall be entitled to receive an assignment of all of Seller's rights to any insurance proceeds payable by reason of such damage or destruction. If Buyer elects to proceed under clause (ii) above, Seller shall not compromise, settle or adjust any claims to such proceeds without Buyer's prior written consent.

b. Eminent Domain. In the event that prior to the Closing, all or any material portion of the Property is subject to a taking or a threatened taking by a public authority, Buyer shall have the right, but not the obligation, exercisable by giving notice to Seller within fifteen

(15) days after receiving written notice of such taking, either (i) to terminate this Agreement, in which case neither party shall have any further rights or obligations hereunder except that (a) all funds deposited into Escrow or documents in Escrow shall be returned to the party depositing the same, and (b) Buyer and Seller each shall be responsible for one-half of any title or escrow cancellation fee, or (ii) to accept the Property in its then condition and to proceed with the Closing without an abatement or reduction in the Purchase Price, in which case Buyer shall be entitled to receive an assignment of all of Seller's rights to any condemnation award payable by reason of such taking. If Buyer elects to proceed under clause (ii) above, Seller shall not compromise, settle or adjust any claims to such award without Buyer's prior written consent.

c. Non-Material Taking or Damage. In the event that prior to the Closing, any Non-Material portion of the Property is damaged, destroyed or subject to a taking or a threatened taking by a public authority, Buyer shall accept the Property in its then condition and proceed with the Closing without any abatement or reduction in the Purchase Price, in which case Buyer shall be entitled to receive an assignment of all of Seller's rights to (i) any applicable insurance proceeds; and/ or (ii) any condemnation award payable by reason of such taking. In the event of any such Non-Material damage, destruction or taking, Seller shall not compromise, settle or adjust any claims to such award without Buyer's prior written consent.

16. Notices. Formal notices, demands and communications between Buyer and Seller shall be deemed sufficiently given if dispatched by first class mail, registered or certified mail, postage prepaid, return receipt requested, or by electronic facsimile transmission followed by delivery of a "hard" copy, or by personal delivery (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), to the addresses of the Buyer and Seller as set forth below. Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate by mail. Any notice that is transmitted by electronic facsimile transmission (delivered during normal business hours) followed by delivery of a "hard" copy, shall be deemed delivered upon its transmission; any notice that is personally delivered (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), shall be deemed received on the documented date of receipt; and any notice that is sent by registered or certified mail, postage prepaid, return receipt required shall be deemed received on the date of receipt thereof.

To Buyer:

Imperial Beach Redevelopment Agency
Attn: Jerry Selby
825 Imperial Beach Boulevard
Imperial Beach, CA 91932
Telephone: (619)
Facsimile: (619)

To Seller:

City of Imperial Beach
Attn: Gary Brown
825 Imperial Beach Boulevard
Imperial Beach, CA 91932
Telephone: (619)
Facsimile: (619)

Notice of change of address shall be given by written notice in the manner detailed in this paragraph. Rejection or other refusal to accept, or the inability to deliver because of changed address of which no notice was given, shall be deemed to constitute receipt of the notice, demand, request, or communication sent.

17. Legal Fees. Each party shall be responsible for their respective legal fees and costs in connection with any action or suit against the other party hereunder arising out of this Agreement.

18. Assignment. Buyer shall not be entitled to assign this Agreement without the prior written consent of Seller, which consent shall not be unreasonably withheld.

19. Legal and Equitable Enforcement of this Agreement.

a. Default by Seller. In the event the Close of Escrow and the acquisition of the Property by Buyer does not occur by reason of any default by Seller, which default continues for a period of at least five (5) days following Seller's receipt of written notice from Buyer, then Buyer shall be entitled to the return of all of its out-of-pocket expenses incurred in connection with the transaction, and shall have the right to pursue any other remedy available to it at law or in equity, including the specific performance of this Agreement.

b. Default by Buyer. In the event the Close of Escrow and the acquisition of the Property by Buyer does not occur by reason of any default by Buyer, which default continues for a period of at least five (5) days following Buyer's receipt of written notice from Seller, then Seller shall be entitled to the return of all of its out-of-pocket expenses incurred in connection with the transaction, and shall have the right to pursue any other remedy available to it at law or in equity, including the specific performance of this Agreement.

20. Miscellaneous.

a. Survival of Covenants. The covenants, representations and warranties of both Buyer and Seller set forth in this Agreement shall survive the recordation of the Grant Deed and the Close of Escrow for the Survival Period.

b. Required Actions of Buyer and Seller. Buyer and Seller agree to execute such instruments and documents and to diligently undertake such actions as may be reasonably required in order to consummate the purchase and sale herein contemplated, and shall use their

commercially reasonable efforts to accomplish the Close of Escrow in accordance with the provisions hereof.

c. Time of Essence. Time is of the essence of each and every term, condition, obligation, and provision hereof.

d. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument.

e. Captions. Any captions to, or headings of, the paragraphs or subparagraphs of this Agreement are solely for the convenience of the parties hereto, are not a part of this Agreement, and shall not be used for the interpretation or determination of the validity of this Agreement or any provision hereof.

f. Broker. Buyer and Seller each represent and warrant to the other party that neither has dealt with or engaged a broker in connection with this transaction, and agrees to indemnify and save harmless the other party from and against all claims, costs, liabilities and expense (including court costs and reasonable attorneys' fees) incurred by the other party as a result of a breach of this representation.

g. No Obligations to Third Parties. Except as otherwise expressly provided herein, the execution and delivery of this Agreement shall not be deemed to confer any rights upon, nor obligate any of the parties hereto, to any person or entity other than the parties hereto.

h. Exhibits and Schedules. The Exhibits and Schedules attached hereto are hereby incorporated herein by this reference.

i. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

j. Fees and Other Expenses. Except as otherwise provided herein, each of the parties shall pay its own fees and expenses in connection with this Agreement.

k. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the parties hereto.

l. Computation of Time. The time in which any act is to be done under this Agreement is computed by excluding the first day (such as the day Escrow opens), and including the last day, unless the last day is a holiday or Saturday or Sunday, in which case the time shall be extended to the next business day.

m. Interpretation. The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against any

party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply.

n. Conflicts of Interest. No member, official or employee of the Buyer or the Seller shall have any personal interest, direct or indirect, in this Agreement nor shall any such member, official or employee participate in any decision relating to this Agreement which affects his personal interests or the interests of any corporation, partnership or association in which he is, directly or indirectly, interested.

o. Gender and Number. As used in this Agreement, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others wherever and whenever the context so dictates.

p. Severability. If any provision of this Agreement shall be adjudged invalid, illegal or unenforceable by a court of competent jurisdiction, the remaining provisions of this Agreement shall not be affected thereby, but this Agreement shall be construed as if such invalid, illegal or unenforceable provisions had not been contained herein, and the remainder of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

21. Mutual Indemnification. In contemplation of the provisions of Section 895.2 of the California Government Code imposing certain tort liability jointly upon public entities solely by reason of such entities being parties to an agreement as defined by Section 895 of said Code, the parties hereto, as between themselves, pursuant to the authorization contained in Section 895.4 and 895.6 of said Code, will each assume the full liability imposed upon it, or any of its officers, agents or employees by law for injury caused by negligent or wrongful act or omission occurring in the performance of this Agreement to the same extent that such liability would be imposed in the absence of Section 895.2 of said Code. To achieve the above stated purpose each party indemnifies and holds harmless the other party for any loss, cost or expense that may be imposed upon such other party solely by virtue of said Section 895.2. The provisions of Section 2778 of the California Civil Code are made a part hereof as if fully set forth herein.

22. Indemnification of Escrow Holder.

a. If this Agreement or any matter relating hereto shall become the subject of any litigation or controversy, Buyer and Seller agree, jointly and severally, to hold Escrow Holder free and harmless from any loss or expense, including attorney's fees, that may be suffered by it by reason thereof except for losses or expenses as may arise from Escrow Holder's negligent or willful misconduct. If conflicting demands are made or notices served upon Escrow Holder with respect to this Agreement, the parties expressly agree that Escrow Holder shall be entitled to file a suit in interpleader and obtain an order from the court requiring the parties to interplead and litigate their several claims and rights among themselves. Upon the filing of the action in interpleader, Escrow Holder shall be fully released and discharged from any obligations imposed upon it by this Agreement, and

b. Escrow Holder shall not be liable for the sufficiency or correctness as to form, manner, execution, or validity of any instrument deposited with it, nor as to the identity, authority or rights of any person executing such instrument, nor for failure of Buyer or Seller to comply with any of the provisions of any agreement, contract or other instrument filed with Escrow Holder, or referred to herein. Escrow Holder's duties hereunder shall be limited to the safekeeping of all monies, instruments, or other documents received by it as Escrow Holder, and for their disposition in accordance with the terms of this Agreement.

23. Entire Agreement, Waivers and Amendments.

(a) This Agreement shall be executed in two duplicate originals each of which is deemed to be an original. This Agreement and its attached Exhibits shall constitute the entire understanding and agreement of the parties.

(b) This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to all (or any part of or any interest in) the Property. This Agreement and all documents incorporated herein contain the entire understanding among the parties hereto relating to the transactions contemplated herein and all prior or contemporaneous agreements, understandings, representations, and statements, oral or written.

(c) All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the Buyer and the Seller, and all amendments hereto must be in writing and signed by the appropriate authorities of the parties to be bound thereby. The waiver by Buyer or Seller of any term, covenant, or condition herein contained shall not be a waiver of such term, covenant, or condition on any subsequent breach.

(d) This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument. The signature page of this Agreement may be detached from and added to any counterpart of this Agreement identical in form.

24. Further Actions.

The Buyer's Executive Director or designee and the Seller's Administrator or designee are hereby authorized and directed to take such other and further actions, and sign such other and further agreements and documents on behalf of the Buyer and the Seller, respectively, as may be necessary or proper to effect the terms of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

SIGNATURES ON NEXT TWO PAGES

“Seller”

CITY OF IMPERIAL BEACH

By: _____
Its: City Manager

ATTEST:

City Clerk of the City of Imperial Beach

APPROVED AS TO FORM
AND LEGALITY

City Attorney

By: _____
Jennifer Lyon

“Buyer”

IMPERIAL BEACH REDEVELOPMENT
AGENCY

Dated: _____

By: _____
Gary Brown
Executive Director

ATTEST:

Secretary of the Imperial Beach Redevelopment Agency

APPROVED AS TO FORM
AND LEGALITY

Agency General Counsel

By: _____
Jennifer Lyon

KANE, BALLMER & BERKMAN
Agency Special Counsel

By: _____
Susan Y. Cola

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

Real property in the City of Imperial Beach, County of San Diego, State of California, described as follows:

[INSERT]

Also more commonly known as Assessor's Parcel Number 626 060 05