



**Agenda Item B.3**  
**CONSENT CALENDAR**  
**Meeting Date: June 03, 2008**

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**TO:** Mayor and Councilmembers  
Redevelopment Agency Chair and Agency Members

**FROM:** Daniel Singer, City Manager/Executive Director

**CONTACT:** Alvertina Rivera, Finance Director

**SUBJECT:** Loan of funds from the City of Goleta to the Goleta Redevelopment Agency

**RECOMMENDATION:**

As the City Council:

- A. Adopt Resolution No. 08-\_\_\_, entitled "A Resolution of the City Council of the City of Goleta, Approving the Execution by the City of Goleta of a Promissory Note Evidencing the Loan of Funds from the City of Goleta to the Goleta Redevelopment Agency."

As the Redevelopment Agency:

- B. Adopt Resolution No. 08-\_\_\_, entitled "A Resolution of the Redevelopment Agency of the City of Goleta, Approving the Execution by the Goleta Redevelopment Agency of a Promissory Note Evidencing the Loan of Funds from the City of Goleta to the Goleta Redevelopment Agency."

**BACKGROUND:**

Under the California Constitution and California Community Redevelopment Act, a Redevelopment Agency must assume debt in order to be eligible to receive property tax increment. Funds are required in order to fulfill the project goals of the Goleta Redevelopment Agency ("RDA"). As such, the RDA seeks to borrow certain funds from the City of Goleta.

The timing of the RDA bond issuance unfortunately coincides with a turbulent bond market environment, which has resulted in delaying the issuance of the bonds. This delay will require the acquisition of funds in the interim to continue construction on the City's capital improvement projects, specifically the San Jose Creek Capacity project.

**DISCUSSION:**

The attached resolutions authorize the execution of a promissory note in the amount of \$2.5 million from the City of Goleta to the RDA. The term of the loan is 24 months or until the proceeds from the anticipated RDA Tax Allocation Bonds are received, whichever occurs first. The interest rate to be paid on the loaned funds shall be equivalent to the interest rate the City would have received from the Local Agency Investment Fund (LAIF) during the term of the loan.

The loan will create an indebtedness of the RDA under California Redevelopment Law. The Note will establish a \$2.5 million debt of the RDA and make it eligible to receive tax increment to the same extent. This funding mechanism has been utilized by the Agency in the past and is in full compliance with legal and standard practices for Redevelopment in California.

**ALTERNATIVES:**

The City Council or Agency Members may elect not to adopt the proposed resolutions, resulting in delays within the San Jose Creek Capacity project and the RDA having insufficient debt to be eligible to receive the full property tax increment for the 2008-09 fiscal year.

**FISCAL IMPACTS:**

Adoption of the resolutions ensures that the RDA will have sufficient debt to remain eligible to receive the RDA's full property tax increment.

Submitted By:

Reviewed By:

Approved By:

\_\_\_\_\_  
Alvertina Rivera  
Finance Director

\_\_\_\_\_  
Michelle Greene  
Administrative Services  
Director

\_\_\_\_\_  
Daniel Singer  
City Manager

**ATTACHMENTS:**

1. Resolution No. 08-\_\_ entitled "A Resolution of the City Council of the City of Goleta, California Approving the Execution by the City of Goleta of a Promissory Note Evidencing the Loan of Funds from the City of Goleta to the Goleta Redevelopment Agency
2. Resolution No/ 08- entitled "A Resolution of the Redevelopment Agency of the City of Goleta, California, Approving the Execution by the Goleta Redevelopment Agency of a Promissory Note Evidencing the Loan of Funds from the City of Goleta to the Goleta Redevelopment Agency
3. Promissory Note

## **ATTACHMENT 1**

RESOLUTION NO. 08-\_\_ ENTITLED "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GOLETA, CALIFORNIA APPROVING THE EXECUTION BY THE CITY OF GOLETA OF A PROMISSORY NOTE EVIDENCING THE LOAN OF FUNDS FROM THE CITY OF GOLETA TO THE GOLETA REDEVELOPMENT AGENCY"

**RESOLUTION NO. 08-\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GOLETA, CALIFORNIA APPROVING THE EXECUTION BY THE CITY OF GOLETA OF A PROMISSORY NOTE EVIDENCING THE LOAN OF FUNDS FROM THE CITY OF GOLETA TO THE GOLETA REDEVELOPMENT AGENCY**

**WHEREAS**, the City Council of the City of Goleta established the Goleta Redevelopment Agency on February 1, 2002, by adopting Ordinance No. 02-08; and

**WHEREAS**, the City Council of the City of Goleta declared itself to be the Goleta Redevelopment Agency Board for said Redevelopment Agency; and

**WHEREAS**, the Goleta Redevelopment Agency in order to fulfill the purposes and objectives outlined by the City Council in accordance with California Community Redevelopment Law will need certain sums to operate and carry out the purposes of the Redevelopment Agency; and

**WHEREAS**, the Goleta Redevelopment Agency needs funds to assist in the development of projects within the Project Area and to maintain its operations; and

**WHEREAS**, the Agency Board for the Goleta Redevelopment Agency desires to receive certain funds loaned by the City of Goleta for these purposes; and

**WHEREAS**, the Agency desires to evidence its authorization to incur indebtedness by executing a promissory note in favor of the City of Goleta.

**NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF GOLETA HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:**

**SECTION 1.**

The City Council hereby authorizes the borrowing of the sum of ~~\$2.5~~ million dollars by the Goleta Redevelopment Agency from the City of Goleta for the purpose of carrying out redevelopment activities authorized under the Redevelopment Plan and to maintain its operations. This loan shall be evidenced by a Promissory Note executed by the City of Goleta and the Redevelopment Agency as set forth on Exhibit "A" attached hereto and incorporated herein by this reference. The loan shall bear interest at the rate specified in the Promissory Note. The balance of the loan shall be repaid by the Agency by the Maturity Date stated in the Promissory Note.

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**SECTION 2.**

The City Council hereby authorizes the Mayor to execute the Promissory Note on behalf of the City Council of the City of Goleta.

**SECTION 3.**

The City Clerk of the City Council shall attest as to the adoption and execution of this Resolution and cause the same to be maintained in the permanent records of the City of Goleta.

**PASSED, APPROVED and ADOPTED** this 3<sup>rd</sup> day of June, 2008.

\_\_\_\_\_  
MICHAEL T. BENNETT, MAYOR

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
DEBORAH CONSTANTINO  
CITY CLERK

\_\_\_\_\_  
JULIE HAYWARD BIGGS  
CITY ATTORNEY

CITY OF GOLETA )  
COUNTY OF SANTA BARBARA ) ss  
STATE OF CALIFORNIA )

I, DEBORAH CONSTANTINO, City Clerk of the City of Goleta, California, DO  
HEREBY CERTIFY that the foregoing Resolution No. \_\_\_\_ was duly adopted by the City  
Council of the City of Goleta at a regular meeting held on the 3rd day of June, 2008,  
with the following vote of the Council:

AYES:

NOES:

ABSENT:

(SEAL)

\_\_\_\_\_  
DEBORAH CONSTANTINO  
CITY CLERK

## **ATTACHMENT 2**

RESOLUTION NO. 08-\_\_\_ ENTITLED A RESOLUTION OF THE  
REDEVELOPMENT AGENCY FOR THE CITY OF GOLETA, CALIFORNIA,  
APPROVING THE EXECUTION BY THE GOLETA REDEVELOPMENT AGENCY  
OF A PROMISSORY NOTE EVIDENCING THE LOAN OF FUNDS FROM THE  
CITY OF GOLETA TO THE GOLETA REDEVELOPMENT AGENCY

**RESOLUTION NO. 08-\_\_\_**

**A RESOLUTION OF THE REDEVELOPMENT AGENCY FOR THE CITY OF GOLETA, CALIFORNIA, APPROVING THE EXECUTION BY THE GOLETA REDEVELOPMENT AGENCY OF A PROMISSORY NOTE EVIDENCING THE LOAN OF FUNDS FROM THE CITY OF GOLETA TO THE GOLETA REDEVELOPMENT AGENCY**

**WHEREAS**, the City Council of the City of Goleta established the Goleta Redevelopment Agency on February 1, 2002, by adopting Ordinance No. 02-08; and

**WHEREAS**, the City Council of the City of Goleta declared itself to be the Goleta Redevelopment Agency Board for said Redevelopment Agency; and

**WHEREAS**, the Goleta Redevelopment Agency in order to fulfill the purposes and objectives outlined by the City Council in accordance with California Community Redevelopment Law will need certain sums to operate and carry out the purposes of the Redevelopment Agency; and

**WHEREAS**, the Goleta Redevelopment Agency needs funds to assist in the development of projects within the Project Area and to maintain its operations; and,

**WHEREAS**, the Agency Board for the Goleta Redevelopment Agency desires to receive certain funds loaned by the City of Goleta for these purposes; and

**WHEREAS**, the Agency desires to evidence its authorization to incur indebtedness by executing a promissory note in favor of the City of Goleta.

**NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE GOLETA REDEVELOPMENT AGENCY HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:**

**SECTION 1.**

The Board hereby authorizes borrowing the sum of \$2.5 million dollars from the City of Goleta for the purpose of carrying out redevelopment activities authorized under the Redevelopment Plan and to maintain its operations. This loan shall be evidenced by a Promissory Note executed by the Agency as set forth on Exhibit "A" attached hereto and incorporated herein by this reference. The loan shall bear interest at the rate specified in the Promissory Note. The balance of the loan shall be repaid by the Agency by the Maturity Date stated in the Promissory Note.



**SECTION 2.**

The Board hereby authorizes the Agency's Chair to execute the Promissory Note on behalf of the Goleta Redevelopment Agency.

**SECTION 3.**

The Agency Secretary shall attest as to the adoption and execution of this Resolution and cause the same to be maintained in the permanent records of the Goleta Redevelopment Agency.

**PASSED, APPROVED and ADOPTED** this 3rd day of June, 2008.

\_\_\_\_\_  
ROGER S. ACEVES,  
AGENCY CHAIR

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
DEBORAH CONSTANTINO  
AGENCY SECRETARY

\_\_\_\_\_  
JULIE HAYWARD BIGGS  
AGENCY ATTORNEY

CITY OF GOLETA )  
COUNTY OF SANTA BARBARA ) ss  
STATE OF CALIFORNIA )

I, DEBORAH CONSTANTINO, Agency Secretary of the Goleta Redevelopment Agency, DO HEREBY CERTIFY that the foregoing Resolution No. \_\_\_\_ was duly passed and adopted at a regular meeting of the Goleta Redevelopment Agency held on the 3rd day of June, 2008, with the following roll call vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

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DEBORAH CONSTANTINO  
AGENCY SECRETARY

**ATTACHMENT 3**

PROMISSORY NOTE

**PROMISSORY NOTE**

**(Loan from City of Goleta to the Redevelopment Agency for the City of Goleta)**

**Borrower:** Redevelopment Agency for the City of Goleta

**Principal Amount:** \$2,500,000.00

**Note Commencement Date:** June 03, 2008

**Note Maturity Date:** June 02, 2010

FOR VALUE RECEIVED, the REDEVELOPMENT AGENCY FOR THE CITY OF GOLETA, a public body corporate and politic organized and existing under the California Community Redevelopment Law (Health and Safety Code § 33000 et seq.) (hereinafter referred to as "Borrower"), hereby promises to pay to the order of the CITY OF GOLETA, a general law city within the meaning of Government Code § 34102 organized and existing pursuant to Division 1 of Title 4 of the California Government Code (commencing with § 34000 et seq.) ("Lender"), the principal amount of TWO MILLION FIVE HUNDRED THOUSAND DOLLARS AND NO CENTS (\$2,500,000.00), as hereinafter provided, plus interest until paid in the manner hereinafter set forth.

This Promissory Note ("Note") is delivered by Borrower as a condition precedent of, and is intended to document the loan of funds by Lender to Borrower authorized in, City of Goleta Resolution No. 08-\_\_ ("Resolution"). The terms and conditions of the Resolution are incorporated herein by reference. Should any inconsistency between the terms and provisions of the Resolution and those of this Note arise, the terms and conditions of the Resolution shall control.

**INDEBTEDNESS OF AGENCY**

**1. Term.**

- 1.1 The term of the Note ("Term") shall commence upon the first disbursement of loan funds by the Lender to Borrower as authorized by the Resolution ("Commencement Date"). The Term shall continue for a period of twenty-four (24) months from and after the disbursement of funds to Borrower from Lender ("Maturity Date"), or until the proceeds from the anticipated RDA Tax Allocation Bonds are received, whichever occurs first.
- 1.2 The Term may be continued and the Maturity Date may be extended by the mutual agreement of the parties, memorialized in a written amendment of this Note, duly executed by the authorized representatives of the parties.

## **2. Interest, Payments and Late Charges.**

- 2.1 **Interest.** In no event shall the amount of interest paid or agreed to be paid to Lender, or the holder of this Note, exceed the maximum amount permissible under applicable laws. From and after the Commencement Date until the outstanding principal balance on the Note has been repaid in full, this Note shall bear simple interest at a variable rate equal to the Surplus Money Investment Fund Apportionment Yield Rate (“Surplus Fund Rate”) established by the California Controller’s Office, Division of Accounting and Reporting. The Borrower understands that the interest rate specified herein will fluctuate over the term of the Note and that changes in such rate will not occur more often than once per quarter, at the Lender’s discretion.
- 2.2 **Payment.** The entire outstanding principal balance plus all interest accrued thereon shall be due and payable on the Maturity Date of the Note, unless accelerated under Section 3 [Default and Acceleration] of this Note.
- 2.3 **Late Charges.** If Borrower fails to make any payment hereunder when due, and written notice of such failure has been given to Borrower by Lender, and such failure has continued unabated for a period of fifteen (15) calendar days after the date of giving such notice, Borrower shall pay to Lender a late charge equal to two percent (2%) of the amount of such payment.
- 2.4 **Place of Payment.** The sums due hereunder shall be payable in currency of the United States and in good and sufficient funds and shall be paid to Lender at its offices located at 130 Cremona, Suite B, Goleta, California 93117 or at such other location as Lender shall advise Borrower in writing.

## **3. Default and Acceleration.**

Upon the occurrence of any of the following events of Default, Lender may, at its option, declare the entire outstanding balance of this Note, together with all accrued interest and other charges, to be immediately due and payable by Borrower, and Lender may proceed to exercise any or all of its rights and remedies under this Note, at law or in equity. The events of Default are:

- 3.1 **Default on Payment.** Borrower’s failure to make full payment when due under this Note;
- 3.2 **Failure to Complete Project.** Borrowers failure to complete the Project within the time provided in the Collective Agreements;
- 3.3 **Assignments.** The making of any assignment for the benefit of creditors by Borrower, or the voluntary appointment (at the request of Borrower or

with the consent of Borrower) of a receiver, custodian, liquidator or trustee in bankruptcy of any of Borrower's or any such guarantor's property or the filing by Borrower or any such guarantor of a petition in bankruptcy or other similar proceeding under law for relief of debtors; or

- 3.4 **Bankruptcy.** The filing against Borrower or any guarantor of this Note of a petition in bankruptcy or other similar proceeding under law for relief of debtors or the involuntary appointment of a receiver, custodian, liquidator or trustee in bankruptcy of the property of Borrower or any guarantor of this Note, where such petition or appointment is not vacated or discharged within sixty (60) calendar days after the filing or making thereof.

#### **4. Attorneys' Fees and Collection Charges.**

In the event this Note is not paid when due, whether at maturity or by acceleration, or in the event of any other Default by Borrower under this Note, or in the event of a third party challenge to the validity of this Note, then in addition to the principal and accrued interest, Lender shall be entitled to collect all costs of collection and or defense; such costs and expenses shall include without limitation all court costs, filing fees, and other costs and expenses, including reasonable attorneys', experts', and witness' fees and expenses, and any fees and expenses incurred by Lender herein in connection with any insolvency, bankruptcy, reorganization, arrangement or other proceedings involving the Borrower, which in any way affect the exercise by Lender of its rights and remedies under this Note or the Agreements. All such costs and expenses shall be payable on demand.

#### **5. Usury.**

It is the intention of Borrower and Lender to conform strictly to the usury laws that are applicable to this Note. This Note and any other agreements between Borrower and Lender are hereby expressly limited so that in no contingency or event whatsoever shall the amount paid or agreed to be paid to Lender or the holder hereof exceed the maximum amount permissible under applicable usury laws. If under any circumstances, fulfillment of any provision of this Note, or any other agreement between Borrower and Lender, shall involve exceeding limits of validity prescribed by law, then the obligation to be fulfilled shall be reduced to the limit of such validity.

#### **6. No Waiver by Lender.**

No single or partial exercise of any power hereunder shall preclude other or further exercise thereof or the exercise of any other power. No delay or omission on the part of the holder hereof in exercising any right hereunder shall operate as a waiver of such right or of any other right under this Note. The release of any party liable on this Note shall not operate to release any other party liable hereon. No acceptance of a past due installment or indulgence granted from time-to-time shall be construed to be a waiver of the right to insist upon prompt payment thereafter or to impose late charges

retroactively or prospectively, or to preclude the exercise of any other rights which the holder may have.

**7. Waiver by Borrowers.**

Borrower agrees that it will still be liable for repayment of this Note, even if Lender does not follow all otherwise required procedures (including presentment, protest, demand, diligence, notice of dishonor and of nonpayment), which requirements are hereby waived. To the extent permitted by applicable law, the defense of the statute of limitations is hereby waived by Borrower.

**8. Governing Law.**

This Note shall be governed by, construed and enforced in accordance with the laws of the State of California, applicable to instruments executed and to be performed in the State of California. Borrowers hereby submit to the jurisdiction of any state or federal court located in the State of California, sitting in the County of Santa Barbara, for the enforcement of Borrowers' obligation hereunder. To the fullest extent permissible, Borrowers waive any defense to such jurisdiction including, within limitation, any defense based on venue or inconvenient forum.

**9. Amendments.**

Amendments to this Note may only be made by an agreement in writing, signed by the party against whom such amendment is sought to be enforced.

IN WITNESS WHEREOF, Borrowers have caused this instrument to be executed and delivered on the date first written above, by its duly authorized representatives.

REDEVELOPMENT AGENCY FOR THE CITY OF GOLETA

By: \_\_\_\_\_  
ROGER ACEVES, AGENCY CHAIR

ATTEST:

\_\_\_\_\_  
DEBORAH CONSTANTINO  
AGENCY SECRETARY

**This Promissory Note is hereby accepted by and on behalf of the City of Goleta.**

CITY OF GOLETA

By: \_\_\_\_\_  
MICHAEL T. BENNETT, MAYOR

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
DEBORAH CONSTANTINO  
CITY CLERK

\_\_\_\_\_  
JULIE HAYWARD BIGGS  
CITY ATTORNEY