

RESOLUTION NO. 2006-456

Adopted by the Sacramento City Council

June 20, 2006

APPROVING AMENDING THE CDBG ACTION PLAN AND RESTRUCTURING THE DEBT SERVICE FOR THE GLOBE MILLS ADAPTIVE REUSE PROJECT'S BROWNFIELDS ECONOMIC DEVELOPMENT INITIATIVE GRANT AND SECTION 108 LOAN

BACKGROUND

- A. On March 1 and August 23, 2005, the City Council committed \$2.0 million in future Alkali Flat tax increment funding for payment of the debt service for the U.S. Housing and Urban Development ("HUD") Brownfields Economic Development Initiative and Section 108 loan funds ("HUD Loan") used to help finance the Globe Mills Adaptive Reuse Project ("Project").
- B. Due to unforeseen increases in construction costs, the Project cost has increased by \$9.6 million. As a result, the Redevelopment Agency of the City of Sacramento ("Agency") has agreed to assume additional HUD Loan debt service of \$3.5 million with repayment from tax increment revenues, in addition to the \$2 million obligation previously pledged, for a total obligation of \$5.5 million plus interest.
- C. If the Agency is unable to make the HUD Loan debt payment due to insufficient tax increment revenues, then the City's CDBG funding would be required to cover that deficit.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The City of Sacramento hereby approves amending the loan for the Project with GMA Investors, LP ("Developer") to restructure the debt service to forgive repayment of the HUD Loan in light of the Agency's commitment of an additional \$3.5 million in tax increment revenues for said purpose.
- Section 2. The City's Community Development Block Grant Action Plan is hereby amended to allow for forgiveness of the Developer's obligation to repay the HUD Loan consistent with the restructured debt service, and to pledge the City's CDBG funds for repayment of the HUD Loan in the event that the Agency's tax increment funds are insufficient to make the required payments.

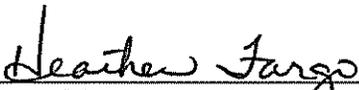
Adopted by the City of Sacramento City Council on June 20, 2006 by the following vote:

Ayes: Councilmembers Cohn, Fong, Hammond, McCarty, Pannell, Sheedy,
Tretheway, Waters, and Mayor Fargo.

Noes: None.

Abstain: None.

Absent: None.



Mayor, Heather Fargo

Attest:



Shirley Concolino, City Clerk