

GILLESPIE FIELD DEVELOPMENT COUNCIL
January 21, 2015 AGENDA ITEM # 9

REINSTATE LOAN AGREEMENT BETWEEN THE COUNTY AND THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE COUNTY OF SAN DIEGO

BACKGROUND

From July 1987 until January 2012, Gillespie Field was part of a County of San Diego Redevelopment Agency Project Area. The Project Area was established with the goal of alleviating blight, deterioration and stagnation around Gillespie Field.

On December 1, 1987, the Board of Supervisors and the Redevelopment Agency approved an agreement between the Airport Enterprise Fund (AEF) and the Redevelopment Agency establishing terms and conditions of loans (eventually totaling \$9.6M) from the AEF to the Redevelopment Agency. These loans were used for infrastructure construction at Cuyamaca West Industrial Park and Marshall Avenue. Following repayments over time, as of January 31, 2012, the Redevelopment Agency still had an outstanding balance of \$3.3M.

On February 1, 2012 all Redevelopment Agencies in the State of California were dissolved, pursuant to AB 1X 26, the Dissolution Act. To close out the affairs of the former Redevelopment Agencies in an orderly manner, Successor Agencies were established to manage any outstanding issues.

Initially under the Dissolution Act, many outstanding loans became invalid, including the loan from the AEF and further repayments were not allowed by the State. Subsequent State legislation allowed a pathway for such loans to be reinstated. In order to do this, the following steps need to have been completed:

1. The Successor Agency receives a 'Notice of Completion' from the State. This notice basically confirms that the Successor Agency has been properly established and is performing its duties. State sent such a Notice of Completion to the Successor Agency in May 2013.
2. The Successor Agency establishes a Reinstated Loan Agreement. This was achieved on September 16, 2014.
3. The Oversight Board to the Successor Agency concurs with reinstating the Loan Agreement. This was achieved on September 24, 2014.
4. The State approves the repayments being established. This was achieved on December 17, 2014.
5. The final step, is the approval by the County (AEF) for reinstating the Loan Agreement. This is the item that will be heard by the Board of Supervisors in the coming months and is the item the GFDC is being asked to consider on Wednesday January 21, 2015.

If reinstatement of the Loan Agreement is approved by the County Board of Supervisors, State law dictates that there are certain requirements which need to be met, these include limits on the total dollar amount of repayments that can be made each year and the requirement that 20% of the repayments go towards the County's Low and Moderate Income Housing Fund. These State requirements and the fact that annual payments will fluctuate somewhat depending on the amount of money available to the Successor Agency each year, it is estimated that the loan will be repaid in approximately 20 years.

RECOMMENDED MOTION

"Gillespie Field Development Council recommends the Board of Supervisors approve the Reinstated Loan Agreement Between the County of San Diego and the Successor Agency to the Redevelopment Agency of the County of San Diego Regarding the Loan from the County's Airport Enterprise Fund"