



**REPORT TO THE
REDEVELOPMENT AGENCY
AND CITY COUNCIL
of the City of Sacramento**

**915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org**

**Consent
December 4, 2007**

**Honorable Mayor and Members of the City Council
Honorable Chair and Members of the Board**

Title: Second Amendment to the Merged Downtown Advance Repayment Agreement

Location/Council District: Merged Downtown Redevelopment Area (Council District 1 and 4).

Recommendation:

For City Council:

Adopt a Resolution authorizing the City Treasurer to execute the Second Amendment to the Merged Downtown Advance Repayment Agreement with the Redevelopment Agency of the City of Sacramento.

For the Redevelopment Agency:

Adopt a Redevelopment Agency Resolution authorizing the Executive Director to execute the Second Amendment to the Merged Downtown Advance Repayment Agreement with the City of Sacramento.

Contact: Leslie Fritzsche, Downtown Development Manager, 808-5450
Satoshi Matsuda, SHRA Director of Financial Strategies, 440-1370

Presenters: N/A

Department: Economic Development

Division: Downtown Development Group

Organization No: 4451

Description/Analysis

Issue: On June 26, 2007, the Redevelopment Agency approved entering into a Credit Agreement for a Line of Credit of \$20 million with Bank of America. Part of the Credit Agreement would be used to fund the Downtown Acquisition Project budget for an amount not to exceed \$8 million as approved on the same date. Since that time, staff and legal counsel has determined that the subordinate obligation of the Merged Downtown Redevelopment Project would also have to be modified to satisfy the terms of the Credit Agreement. The proposed Second Amendment of the Downtown Advance Repayment Agreement would permit the subordination required to fulfill Bank of America's condition for the Credit Agreement.

Policy Considerations:

Currently, the Merged Downtown Advance Repayment Agreement is subordinate only to bonded debt obligations and statutory obligations of the Merged Downtown Redevelopment Project Area. The proposed amendment would place annual payments to the Credit Agreement ahead of the Redevelopment Agency payment to the City. This change should have minimal affect on any potential increase risk to the City, since the Credit Agreement is only for a term of three years and the tax increment revenues are expected to increase significantly with the construction of two major office buildings on Capitol Mall.

Environmental Considerations: The redevelopment plans for these project areas were subject to environmental review at the time of their adoption and amendment. Projects undertaken within the project areas that may be funded with the bond proceeds are subject to environmental review individually prior to their approval.

Per CEQA Guidelines, Sections 15180 and 15162, further environmental documentation is not required at this time. This action is not subject to NEPA.

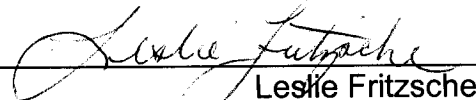
Rationale for Recommendation: The Line of Credit with Bank of America is the most economically feasible method of having funds available to complete critical Downtown projects until the next tax allocation bonds anticipated during the 2009-10 fiscal year. By that period, the two new Capitol Mall office buildings should be on the property tax rolls and staff anticipates that over \$30 million can be raised in redevelopment project funds. A portion of the funds would be used to repay any principal amount of funds drawn from the Line of Credit.

Financial Considerations:

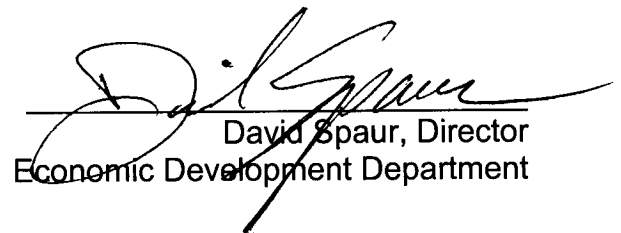
The change proposed should have no affect on the ability of the Redevelopment Agency to fulfill its obligations for repayment as required by the Merged Downtown Advance Repayment Agreement.

M/WBE Considerations/ Emerging Small Business Development (ESBD): None

Respectfully Submitted by:

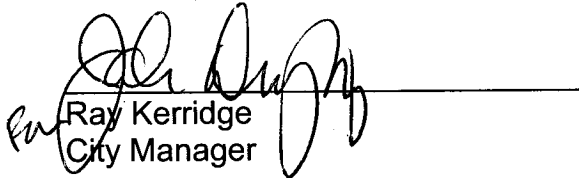


Leslie Fritzsche
Downtown Development Manager
on behalf of the Redevelopment Agency
of the City of Sacramento



David Spaur, Director
Economic Development Department

Recommendation Approved:



Ray Kerridge
City Manager

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Attachment 1

RESOLUTION NO.
Adopted by the City Council

**SECOND AMENDMENT TO THE MERGED DOWNTOWN ADVANCE
REPAYMENT AGREEMENT**

BACKGROUND

- A. The City Council approved the execution of the original Merged Downtown Advance Repayment Agreement with the Redevelopment Agency of the City of Sacramento effective July 1, 2002.
- B. The City Council approved the First Amendment of the Merged Downtown Advance Repayment Agreement with the Redevelopment Agency of the City of Sacramento effective June 1, 2005.
- C. On June 26, 2007, the City Council, acting as the Redevelopment Agency, authorized the Agency to obtain a line of credit from Bank of America to further its redevelopment actions in the Merged Downtown Redevelopment Project Area.
- D. In negotiating the line of credit, Bank of America required that the City subordinate its position on the Merged Downtown Advance Repayment Agreement to the repayment of any amounts due annually on the line of credit.

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

- Section 1. Authorize the City Treasurer to sign the Second Amendment to the Merged Downtown Advance Repayment Agreement.

Attachment 2

RESOLUTION NO.

Adopted by the Redevelopment Agency
of the City of Sacramento

**SECOND AMENDMENT TO THE MERGED DOWNTOWN ADVANCE REPAYMENT
AGREEMENT**

BACKGROUND

- A. The Redevelopment Agency approved the execution of the original Merged Downtown Advance Repayment Agreement with the City of Sacramento effective July 1, 2002.
- B. The Redevelopment Agency approved the First Amendment of the Merged Downtown Advance Repayment Agreement with the City of Sacramento effective June 1, 2005.
- C. On June 26, 2007, the Redevelopment Agency, authorized obtaining a line of credit from Bank of America to further its redevelopment actions in the Merged Downtown Redevelopment Project Area.
- D. In negotiating the line of credit, Bank of America required that the City subordinate its position on the Merged Downtown Advance Repayment Agreement to the repayment of any amounts due annually on the line of credit.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE REVELOPMENT
AGENCY RESOLVES AS FOLLOWS:**

Section 1. Authorize the Executive Director to sign the Second Amendment to the Downtown Advance Repayment Agreement.