

RESOLUTION NO. 89-2002

Adopted May 28, 2002

AUTHORIZING THE TERMINATION OF THE LOAN PROGRAM AGREEMENT WITH COMMUNITY BANK OF THE BAY, A CALIFORNIA STATE CHARTERED COMMERCIAL BANK, FOR THE ADMINISTRATION OF THE AGENCY'S FILLMORE JAZZ PRESERVATION DISTRICT REVOLVING LOAN PROGRAM AND DIRECTING THE EXECUTIVE DIRECTOR TO TAKE ALL NECESSARY STEPS TO ENFORCE THE AGENCY'S RIGHTS FOLLOWING TERMINATION; WESTERN ADDITION REDEVELOPMENT PROJECT AREA A-2

BASIS FOR RESOLUTION

1. On October 26, 1999, by Resolution No. 166-99, the Commission approved a Fillmore Jazz District Revolving Loan Program ("Loan Program") to encourage small business development, retention, expansion and job creation within the Fillmore Jazz Preservation District ("Jazz District") in the Western Addition Redevelopment Project Area A-2.
2. On November 16, 1999, by Resolution No. 174-99, the Commission approved an allocation of \$200,000 to fund the Loan Program and approved a Loan Program Agreement ("Agreement") with Community Bank of the Bay ("Bank") to administer the Loan Program. The Agency leased office space in the West Bay Conference Center, located at 1290 Fillmore Street, from which the Bank was to operate the Loan Program.
3. On November 14, 2000, by Resolution No. 208-2000, the Commission approved extension of the maximum loan term from five years to seven years, revision of credit history requirements, and authorized an additional allocation of \$300,000 to fund the Loan Program, for an aggregate amount not to exceed \$500,000.
4. On December 19, 2000, by Resolution No. 257-2000, the Commission authorized the Executive Director to accept a \$200,000 contribution from Elkor Realty Corporation for the Loan Program and authorized a Second Amendment to the Loan Program Agreement with the Bank enabling the Agency to make additional deposits to the Program account.
5. The Bank's Loan Program manager resigned in May, 2001 and the Bank has not assigned another person to manage the Loan Program. Consequently, there has been no attempt to make additional loans since May, 2001, and no quarterly reports have been submitted to the Agency since September, 2001. Agency staff has attempted to meet and resolve the staffing and Loan Program implementation, to no avail.

6. On April 25, 2002, the Agency issued a Notice of Default with regard to the administration of the Agreement between the Agency and the Bank. The Agency allowed the Bank a twenty (20) day cure period to comply with the terms of the Agreement.
7. The default was not cured within the 20-day cure period. Therefore, Agency staff recommends that the Commission terminate the Loan Program Agreement with the Bank and direct the Executive Director to take all necessary steps to enforce the Agency's rights following termination.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized to terminate the Loan Program Agreement with Community Bank of the Bay, a California state chartered commercial bank, for the administration of the Agency's Fillmore Jazz Preservation District Revolving Loan Program and directs the Executive Director to take all necessary steps to enforce the Agency's rights following termination.

APPROVED AS TO FORM:



Bertha A. Ontiveros
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Agency General Counsel