

ATTACHMENT B  
Supplemental Educational Revenue Augmentation Fund Loan Original  
Promissory Note

PROMISSORY NOTE



Principal Amount \$5,000,000

Date: May 4th, 2010

**WHEREAS**, the VICTORVILLE REDEVELOPMENT AGENCY (the "Agency"), ON BEHALF OF ITS VICTOR VALLEY PROJECT AREA NON-HOUSING FUND promises to pay the its VICTOR VALLEY PROJECT AREA LOW AND MODERATE INCOME FUND (the "Fund"), the sum of Five Million Dollars (\$5,000,000), representing the amount the Agency advanced to its Victor Valley Project Area Non-Housing Fund to partially fund the \$7 million payment representing Victorville's portion of the VVEDA Project Area FY 09/10 Supplemental Educational Revenue Augmentation Funds (SERAF).

**WHEREAS**, the State of California (the "State"), as part of the State's budget, previously enacted AB 26 4x, amending certain portions of the Community Redevelopment Law and requiring the Agency to remit certain payments to a certain Supplemental Education Augmentation Fund during the 2009-2010 and 2010-2011 fiscal years (individually a "SERAF Payment", and collectively, the "SERAF Payments"); and

**WHEREAS**, the State subsequently enacted SB 68, amending portions of AB 26 4x and permitting a redevelopment agency to borrow moneys from the agency's low- and moderate-income housing fund in order to make the required SERAF Payment for the 2009-2010 fiscal year, provided that the redevelopment agency makes certain findings; and

**WHEREAS**, the Agency deems it desirable to borrow moneys from its low- and moderate-income housing fund for the Project Area (the "Low- and Moderate-Income Housing Fund") in order to make the SERAF Payment for the 2009-2010 fiscal year.

**NOW, THEREFORE**, in consideration of the foregoing, and of the mutual covenants and agreements contained herein, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledge, Agency and Fund hereby covenant and agree as follows:

WITNESSETH

FOR VALUE RECEIVED, the Agency promises to pay the Fund the sum of Five Million Seven Hundred Fifty Thousand Dollars (\$5,000,000), together with interest and any additional amounts due hereunder, on the terms hereinafter set forth in this Promissory Note ("Note").


1. This Note shall have a term of five (5) years from the date set forth above (the "term").
2. The Agency agrees to repay the Fund no later than the Term of the Note, the outstanding principal balance due hereunder, plus interest accrued thereon at the annualized (averaged) Local Agency Investment Fund ("LAIF") rate.
3. Failure to pay any sum provided for in this Note when due or a material breach of this Note shall entitle the Agency to declare all sums due hereunder immediately due and payable and to pursue all remedies available under this Note.
4. All payments due under this Note shall be made in lawful money of the United States in the name of the City of Victorville (the "City") at the principal office of the City, 14343 Civic Drive, Victorville, CA 92392, or at such other place as may from time to time be designated by the City in writing.
5. The Agency reserves the right to prepay at any time all or any part of the principal amount of this Note without the payment of penalties or premiums. All payments on this Note shall be applied first to the principal due on the Note and the remaining balance shall be applied to late charges, if any.
6. In the event the Agency shall fail to pay the payments when due, the unpaid principal amount of this Note, together with late charges, shall become due and payable without further notice to the undersigned. If the payments on this Note are not paid within ten (10) days of the due date, the undersigned shall pay to the Fund a late charge of 5% on the amount past due. If this Note is reduced to judgment, such judgment shall bear the statutory interest rate on judgments.
7. In no event shall the total late charge payable hereunder exceed the maximum amount of interest permitted under the usury laws of the State of California, but applicable penalties for breach of the Agreement may include the full additional amounts of any assistance from federal, state or local funds which were applied to the construction and the purchase of the Property.
8. Demand, protest and notice of demand and protest are

hereby waived and the undersigned hereby waives, to the extent authorized by law, any and all homestead and other exemption rights which otherwise would apply to the debt evidenced by this Note.

IN WITNESS WHEREOF, this Note has been duly executed by the undersigned, as of its date.

VICTORVILLE REDEVELOPMENT AGENCY

By:

  
CHAIRMAN OF THE BOARD OF DIRECTORS

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09-10 SERAF Payment.doc