

RESOLUTION OBSA-038

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE SOLANA BEACH REDEVELOPMENT AGENCY APPROVING THE SUCCESSOR AGENCY'S ISSUANCE OF REFUNDING BONDS IN ORDER TO REFUND THE OUTSTANDING SOLANA BEACH REDEVELOPMENT AGENCY (SOLANA BEACH REDEVELOPMENT PROJECT) TAX ALLOCATION BONDS, SERIES 2006, MAKING CERTAIN DETERMINATIONS WITH RESPECT TO THE REFUNDING BONDS AND PROVIDING FOR OTHER MATTERS RELATING THERETO

WHEREAS, the Solana Beach Redevelopment Agency ("Original Agency") was a public body, corporate and politic, duly established in the City of Solana Beach ("City") and authorized to transact business and exercise powers under and pursuant to the California Community Redevelopment Law set forth in Part 1 (commencing with Section 33000) of Division 24 of the California Health and Safety Code ("Redevelopment Law"); and

WHEREAS, a redevelopment plan for the Solana Beach Redevelopment Project ("Redevelopment Project") was duly adopted in compliance with all requirements of the Redevelopment Law. The Original Agency was responsible for the administration of redevelopment activities within the City for the benefit of the Redevelopment Project; and

WHEREAS, Assembly Bill No. X1 26 (2011-2012 1st Ex. Sess.) ("AB 26") was enacted by the Legislature and signed by the Governor of California on June 28, 2011, making certain changes to the Redevelopment Law and to the California Health and Safety Code ("Health and Safety Code"), including adding Part 1.8 (commencing with Section 34161) ("Part 1.8") and Part 1.85 (commencing with Section 34170) ("Part 1.85") to Division 24 of the Health and Safety Code; and

WHEREAS, pursuant to AB 26, as modified by the California Supreme Court on December 29, 2011 by its decision in *California Redevelopment Association v. Matosantos*, all California redevelopment agencies, including the Original Agency, were dissolved on February 1, 2012, and successor agencies were designated and vested with the responsibility of paying, performing and enforcing the enforceable obligations of the former redevelopment agencies and expeditiously winding down the business and fiscal affairs of the former redevelopment agencies; and

WHEREAS, on January 11, 2012, the City Council of the City adopted Resolution 2012-011, pursuant to Part 1.85 of AB 26, electing for the City to serve as the successor agency to the Original Agency upon the dissolution of the Original Agency under AB 26 ("Successor Agency"); and

WHEREAS, on February 1, 2012, the Original Agency was dissolved by

operation of law and the Successor Agency was established pursuant to AB 26; and

WHEREAS, AB 26 has since been amended by various California assembly and senate bills enacted by the Legislature and signed by the Governor. AB 26 as amended is hereinafter referred to as the "Dissolution Law"; and

WHEREAS, Health and Safety Code Section 34179 of the Dissolution Law establishes a seven (7) member local entity with respect to each successor agency and such entity is titled the "oversight board." The oversight board has been established for the Successor Agency (hereinafter referred to as the "Oversight Board") and all seven (7) members have been appointed to the Oversight Board pursuant to Health and Safety Code Section 34179 of the Dissolution Law. The duties and responsibilities of the Oversight Board are primarily set forth in Health and Safety Code Sections 34179 through 34181 of the Dissolution Law; and

WHEREAS, pursuant to Health and Safety Code Section 34179.7 of the Dissolution Law, the California Department of Finance ("Department of Finance") issued a Finding of Completion to the Successor Agency; and

WHEREAS, the Oversight Board is informed by the Successor Agency that, on June 8, 2006, the Original Agency issued its Solana Beach Redevelopment Agency (Solana Beach Redevelopment Project) Tax Allocation Bonds, Series 2006 in the original principal amount of \$3,555,000 ("2006 Bonds") for the purpose of financing various redevelopment projects, programs, and activities, including infrastructure projects, within and for the benefit of the Redevelopment Project. Payments due on the obligations are payable primarily from tax increment revenues derived from the Redevelopment Project pursuant to the Redevelopment Law; and

WHEREAS, the Dissolution Law at Section 34177.5 of the Health and Safety Code authorizes the Successor Agency to undertake proceedings for the refunding of outstanding bonds and other obligations of the Original Agency for the purpose of achieving debt service savings within the parameters set forth in Section 34177.5(a)(1) ("Savings Parameters"), subject to the conditions precedent contained in Section 34177.5 of the Dissolution Law; and

WHEREAS, to determine compliance with the Savings Parameters for purposes of the Successor Agency's issuance of its proposed Solana Beach Redevelopment Agency Tax Allocation Refunding Bonds, Series 2017 ("2017 Bonds"), the Successor Agency has caused its municipal advisor Del Rio Advisors LLC ("Municipal Advisor") to prepare an analysis of the potential savings that will accrue to the Successor Agency and to applicable taxing entities as a result of the use of the proceeds of the 2017 Bonds to repay or defease and refund all or a portion of the 2006 Bonds ("Debt Service Savings Analysis"); and

WHEREAS, the Debt Service Savings Analysis has demonstrated that a refunding of the 2006 Bonds with the use of the proceeds of the 2017 Bonds will satisfy

the Savings Parameters; and

WHEREAS, on June 1, 2017, the Oversight Board adopted Resolution No. OBSA-033 thereby directing the Successor Agency to commence the refunding of the 2006 Bonds for cost savings and authorizing the Successor Agency to recover all costs associated with said bond refunding. By letter dated July 14, 2017, the Department of Finance approved the actions taken by the Oversight Board pursuant to Resolution No. OBSA-033; and

WHEREAS, on August 23, 2017, the Successor Agency adopted Resolution No. SA-018 ("Successor Agency Resolution") thereby approving the Successor Agency's issuance of the 2017 Bonds to refund the 2006 Bonds, among other actions taken, under the provisions of Section 34177.5 of the Health and Safety Code of the Dissolution Law and Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code ("Refunding Law", together with Section 34177.5 of the Dissolution Law, the "Refunding Bond Law"), so long as the requirements of Section 34177.5(a) of the Dissolution Law are satisfied in connection with the bond refunding transaction; and

WHEREAS, pursuant to the Successor Agency Resolution, the Successor Agency also approved the forms and authorized the execution and delivery of an Indenture of Trust by and between the Successor Agency and Wells Fargo Bank, National Association, as Trustee ("Indenture"), an Escrow Agreement by and between the Successor Agency and Wells Fargo Bank, National Association, as Escrow Bank relating to the defeasance and redemption of the 2006 Bonds, and a Bond Purchase and Rate Lock Agreement by and between the Successor Agency and a purchaser; and

WHEREAS, pursuant to the Successor Agency Resolution, the Successor Agency also requested that this Oversight Board approve the Successor Agency's issuance of the 2017 Bonds pursuant to the Refunding Bond Law, the Successor Agency Resolution, and the Indenture, so long as the requirements of Section 34177.5(a) of the Dissolution Law are satisfied in connection with the bond refunding transaction, and that this Oversight Board make certain determinations as described below in this Resolution on which the Successor Agency will rely in undertaking the refunding proceedings and the issuance of the 2017 Bonds; and

WHEREAS, pursuant to the Dissolution Law at Sections 34177.5(f) and 34180 of the Health and Safety Code, the Oversight Board has the authority to approve the Successor Agency's issuance of the 2017 Bonds to refund the 2006 Bonds; and

WHEREAS, this Oversight Board has completed its review of the refunding proceedings and the Debt Service Savings Analysis and wishes at this time to give its approval to the foregoing; and

WHEREAS, all of the prerequisites with respect to the approval of this Resolution have been met; and

WHEREAS, the activity proposed for approval by this Resolution has been reviewed with respect to applicability of the California Environmental Quality Act ("CEQA"), the State CEQA Guidelines (California Code of Regulations, Title 14, Sections 15000 *et seq.*, hereafter the "Guidelines"), and the City's environmental guidelines; and

WHEREAS, the activity proposed for approval by this Resolution is not a "project" for purposes of CEQA, as that term is defined by Guidelines Section 15378, because such activity is a government fiscal activity that does not involve any commitment to any specific project, per Section 15378(b)(4) of the Guidelines.

NOW, THEREFORE, BE IT RESOLVED that the Oversight Board of the Successor Agency of the Solana Beach Redevelopment Agency hereby resolves and determines as follows:

SECTION 1. Recitals. The foregoing recitals are true and correct to the best of the Oversight Board's knowledge, and, together with information provided by the Successor Agency and the public, form the basis for the approvals, resolutions, and determinations set forth below.

SECTION 2. Determination of Savings. The Oversight Board determines that there are significant potential savings available to the Successor Agency and to applicable taxing entities in compliance with the Savings Parameters from the Successor Agency's issuance of the 2017 Bonds and use of the proceeds of the 2017 Bonds to refund and defease the 2006 Bonds, as evidenced by the Debt Service Savings Analysis on file with the Successor Agency Secretary.

SECTION 3. Direction and Approval of the Successor Agency's Issuance of the 2017 Bonds. As authorized by Health and Safety Code Sections 34177.5(f) and 34180 of the Dissolution Law, the Oversight Board approves the issuance by the Successor Agency of the 2017 Bonds pursuant to Health and Safety Code Section 34177.5(a)(1) of the Dissolution Law and under other applicable provisions of the Dissolution Law and the Refunding Law and as provided in the Successor Agency Resolution and the Indenture in the aggregate principal amount of not to exceed \$3,000,000, provided that the principal and interest payable with respect to the 2017 Bonds comply in all respects with the requirements of the Savings Parameters with respect thereto, as shall be certified to by the Municipal Advisor upon delivery of the 2017 Bonds or any portion thereof, and provided that the other requirements of Section 34177.5(a) of the Dissolution Law are satisfied in connection with the bond refunding transaction.

SECTION 4. Sale and Delivery of the 2017 Bonds. The Oversight Board approves the sale and delivery of the 2017 Bonds, provided that there is compliance with the Savings Parameters.

SECTION 5. Determinations by the Oversight Board. As requested by the

Successor Agency, the Oversight Board makes the following determinations upon which the Successor Agency shall rely in undertaking the refunding proceedings and the issuance of the 2017 Bonds:

(a) As provided in Resolution No. OBSA-033, the Successor Agency is authorized, pursuant to Health and Safety Code Section 34177.5(f) of the Dissolution Law, to recover its costs related to the issuance of the 2017 Bonds from the proceeds of the 2017 Bonds, including the cost of reimbursing the Successor Agency and City for administrative staff time spent with respect to the authorization, issuance, sale and delivery of the 2017 Bonds;

(b) The application of the proceeds of the 2017 Bonds by the Successor Agency to the refunding and defeasance of the 2006 Bonds, as well as the payment by the Successor Agency of costs of issuance of the 2017 Bonds, as provided in the Indenture and authorized by Health and Safety Code Sections 34177.5(a) and (f) of the Dissolution Law, shall be implemented by the Successor Agency promptly upon sale and delivery of the 2017 Bonds, notwithstanding Health and Safety Code Section 34177.3 of the Dissolution Law or any other provision of law to the contrary, and without the further approval of the Oversight Board or approval of the Department of Finance, the San Diego County Auditor-Controller or any other person or entity other than the Successor Agency; and

(c) The Successor Agency shall be entitled to receive its full Administrative Cost Allowance under Health and Safety Code Sections 34171(b) and 34183(a)(3) of the Dissolution Law without any deductions with respect to continuing costs related to the 2017 Bonds, such as trustee's fees, auditing fees, and fiscal consultant fees (collectively, "Continuing Costs of Issuance"), and such Continuing Costs of Issuance shall be enforceable obligations payable from property tax revenues pursuant to Health and Safety Code Sections 34171(d)(1) and 34183(a)(2) of the Dissolution Law. In addition and as provided by Health and Safety Code Section 34177.5(f) of the Dissolution Law, if the Successor Agency is unable to complete the issuance of the 2017 Bonds for any reason, the Successor Agency shall, nevertheless, be entitled to recover its costs incurred with respect to the refunding proceedings for the 2006 Bonds as enforceable obligations payable from such property tax revenues pursuant to Health and Safety Code Sections 34171(d)(1) and 34183(a)(2) of the Dissolution Law without reduction in its Administrative Cost Allowance.

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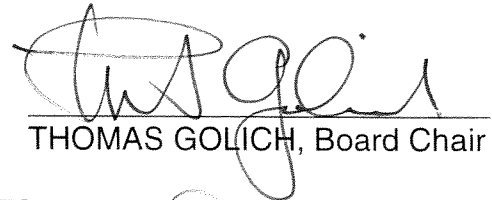
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SECTION 6. Effective Date. Pursuant to Health and Safety Code Sections 34177.5(f) and 34179(h), this Resolution, and the Oversight Board actions taken herein, shall be effective five (5) business days after proper notification hereof is given to the Department of Finance unless the Department of Finance timely requests a review of the actions taken in this Resolution in accordance with the Dissolution Law, in which case this Resolution will be effective upon approval by the Department of Finance.

PASSED AND ADOPTED this 31st day of August 2017, at a special meeting of the Oversight Board of the Successor Agency of the Solana Beach Redevelopment Agency by the following vote:


AYES: Golich, Clemons, Deaver, Sammak
NOES: None
ABSENT: Davis, Ng
ABSTAIN: None

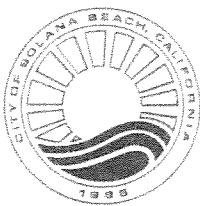

THOMAS GOLICH, Board Chair

APPROVED AS TO FORM:


KENDALL D. LEVAN, General Counsel

ATTEST:


VAIDA PAVOLAS for ANGELA IVEY,
Successor Agency Secretary



DOCUMENT CERTIFICATION

STATE OF CALIFORNIA }
COUNTY OF SAN DIEGO } §
CITY OF SOLANA BEACH }

I, ANGELA IVEY, City Clerk of the City of Solana Beach, California, and Secretary of the Oversight Board of the Successor Agency for the Solana Beach Redevelopment Agency, DO HEREBY CERTIFY that the foregoing is a full, true and correct copy of **Resolution OBSA-038** *approving the Successor Agency's issuance of refunding bonds in order to refund the outstanding Solana Beach Redevelopment Agency (Solana Beach Redevelopment project) Tax Allocation Bonds, Series 2006, making certain determinations with respect to the refunding bonds and providing for other matters relating thereto as duly passed and adopted at a Special Meeting of the Oversight Board of the Successor Agency for the Solana Beach Redevelopment Agency held on the 31st day of August, 2017 and the original is on file in the City Clerk's Office.*



VAIDA PAVOLAS, DEPUTY CITY CLERK FOR
ANGELA IVEY, CITY CLERK, AGENCY SECRETARY

Date of this Certification: August 31, 2017