

RESOLUTION NO. 2014/15-05

A RESOLUTION OF THE ARCATA OVERSIGHT BOARD FOR THE ARCATA SUCCESSOR AGENCY TO THE FORMER COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF ARCATA DIRECTING AND APPROVING THE ISSUANCE OF REFUNDING BONDS BY THE SUCCESSOR AGENCY

WHEREAS, California Assembly Bill No. 26 (“AB 26”) was passed by the California State Legislature on June 15, 2011, and adopted on June 29, 2011, resulting in the dissolution of all redevelopment agencies and community development agencies in existence in the State of California (the “State”), as of February 1, 2012; and

WHEREAS, among other things, AB 26 assigned “successor agencies” and “oversight boards” with the authority and responsibility of (i) satisfying “enforceable obligations” of respective former redevelopment agencies, and (ii) administering dissolution and wind-down of respective former redevelopment agencies; and

WHEREAS, pursuant to Section 34173 of the California Health and Safety Code (all sections referenced hereafter being to such code), the City of Arcata has become the successor agency (the “Successor Agency”) to the Community Development Agency of the City of Arcata (the “Former Agency”), which has been dissolved; and

WHEREAS, pursuant to Section 34179, this oversight board (the “Oversight Board”) has been duly established for the Successor Agency; and

WHEREAS, on June 27, 2012 as part of the Fiscal Year 2012-2013 State of California budget bill, the Governor signed into law Assembly Bill 1484 (“AB 1484”), which modified or added to some of the provisions of AB 26, including provisions related to the refunding of outstanding redevelopment agency bonds and the expenditure of remaining bond proceeds derived from redevelopment agency bonds issued on or before December 31, 2010, thereby providing a mechanism to refund tax allocation bonds under certain enumerated circumstances; and

WHEREAS, prior to its dissolution, the Former Agency, for the purpose of financing and refinancing redevelopment activities, caused the issuance of the (i) City of Arcata Joint Powers Financing Authority, Tax Allocation Revenue Bonds (Community Development Project Loan), 1994 Series A, issued in the aggregate original principal amount of \$7,620,000 (the “1994 TABs”), pursuant to an Indenture of Trust, dated as of March 1, 1994, by and between the City of Arcata Joint Powers Financing Authority (the “Authority”) and Bank of America National Trust and Savings Association, as trustee (the “1994 TABs Indenture”), and (ii) City of Arcata Joint Powers Financing Authority, 2003 Tax Allocation Revenue Refunding Bonds (Community Development Project Loan) (Bank Qualified), issued in the aggregate original principal amount of \$9,865,000 (the “2003 TABs”), pursuant to an Indenture of Trust, dated as of December 1, 2003, by and between the Former Agency and U.S. Bank National Association, as trustee (the “2003 TABs Indenture”); and

WHEREAS, the Successor Agency has determined that it is in the best financial interests of the Successor Agency and the affected taxing entities to refund (the “Refunding”) the 1994 TABs and the 2003 TABs (together, the “Prior Bonds”), and has authorize the issuance of its Successor Agency to the Community Development Agency of the City of Arcata (Arcata Redevelopment Project), Series 2014 Tax Allocation Refunding Bonds in the aggregate principal amount of not to exceed \$7,500,000 (the “Bonds”), and approved the form of all financing documents necessary to issue the Bonds and effectuate the Refunding; and

WHEREAS, pursuant to Section 34177.5(f) of the Code, the Oversight Board may direct the Successor Agency to commence the refinancing or refunding of the Prior Bonds, among other actions authorized by Section 34177.5(a) of the Code, for debt service savings so long as the Successor Agency is able to recover its related costs in connection with the transaction; and

WHEREAS, upon the direction of the Oversight Board, the Successor Agency may cause the refinancing or refunding of the Prior Bonds for debt service savings by issuing the Bonds in accordance with AB 26 and AB 1484 (the “Dissolution Act”), including, without limitation, Sections 34177.5 and 34180(b) of the Code; and

WHEREAS, the Successor Agency, has indicated that there are potential debt service savings that can be achieved through the Refunding of the Prior Bonds, and the Oversight Board now wishes to authorize the Successor Agency to conduct the Refunding of all or a portion of the Prior Bonds, in one or more series, as necessary to achieve such debt service savings; and

WHEREAS, pursuant to the foregoing direction and approval, the Board of Directors of the Successor Agency adopted its Resolution 05-1415 (the “Agency Resolution”), which, among other things, (i) authorized and directed the issuance and sale of its 2014 Tax Allocation Refunding Bonds in the aggregate principal amount of not to exceed \$7,500,000 (the “Bonds”), to refund all or a portion of the Prior Bonds (such portion to be refunded being referred to herein as the “Prior Bonds”), and (ii) approved the execution and delivery of the following documents and proposed agreements, which are incorporated herein by reference and have been presented to the Oversight Board for its review and approval:

1. an indenture of trust (the “Indenture”) between the Successor Agency and U.S. Bank National Association, pursuant to which the Successor Agency will issue the Bonds; and
2. an escrow agreement between the City and U.S. Bank National Association, as escrow agent, that provides for the deposit of funds sufficient to retire the refunded 1994 TABs (the “1994 Escrow Agreement”); and
3. an escrow agreement between the City and U.S. Bank National Association, as escrow agent, that provides for the deposit of funds sufficient to retire the refunded 2003 TABs (the “2003 Escrow Agreement”); and

WHEREAS, the Agency Resolution has also been presented to this Oversight Board for approval; and

WHEREAS, the Oversight Board now desires to approve all matters relating to the issuance and sale of the Bonds as required by Sections 34177.5(f) and 34180 of the Health and Safety Code;

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board to the Successor Agency to the Community Development Agency of the City of Arcata that:

Section 1. Recitals. The Recitals set forth above are true and correct and incorporated herein by reference.

Section 2. Approval of Bonds. Except for review and approval by the California Department of Finance, all conditions, things and acts required by law to exist, to happen and to be performed precedent to and in connection with the issuance by Successor Agency of the Bonds exist, have happened and been performed in due time, form and manner, in accordance with applicable law, and the Successor Agency is now authorized pursuant to Article 10 (commencing with Section 53570) and Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of title 5 of the California Government Code, in accordance with Section 34177.5 of the California Health and Safety Code, to issue the Bonds in the manner and form provided by the Agency Resolution. The approval of the issuance of the Bonds by the Successor Agency and the Oversight Board shall constitute the approval of each and every separate series of Bonds without the need for any further approval from the Oversight Board, provided, however, that the aggregate amount of all series of Bonds for the purpose of refunding the Refunded Bonds, shall not exceed \$7,500,000, and that each series of Bonds shall satisfy the requirements of Health & Safety Code Section 34177.5(a)(l).

Section 3. Approval of Successor Agency Actions. The Oversight Board hereby approves the following actions of the Successor Agency:

- (a) the issuance of the Bonds, either as a single issue or from time to time in separate series, as the Successor Agency shall determine;
- (b) the sale of the Bonds as described in the Agency Resolution;
- (c) the execution and delivery of the Indenture, the 1994 Escrow Agreement, and the 2003 Escrow Agreement (collectively, the “Bond Documents”);
- (d) the approval of the named financial consultants appointed by the Successor Agency to assist in the structuring, issuance, sale and delivery of the Bonds; and
- (e) all other actions of the Successor Agency described in the Agency Resolution.

Section 4. Approval of Refunding Financial Plan. The Successor Agency has filed the debt service savings analysis in the form of a Bond Refunding Financing Plan prepared by an independent financial advisor, with the Oversight Board, which debt service savings analysis is hereby approved as demonstrating the potential savings that may result from the Refunding of all or a portion of the Prior Bonds. The actual savings will be determined upon sale and delivery of

the Bonds, which savings may necessarily vary from the amounts shown in the Bond Refunding Financing Plan, provided that (i) the total interest cost to maturity on the Bonds plus the principal amount of the Bonds shall be less than the total remaining interest cost to maturity on the Prior Bonds plus the remaining principal of the Prior Bonds, and (ii) the principal amount of the Bonds shall not exceed the amount required to defease the Prior Bonds, to establish customary debt service reserves, if any, and to pay related costs of issuance.

Section 5. Filing of Documents. The Secretary to the Successor Agency is hereby authorized and directed to file the Agency Resolution and the Bond Documents, together with a certified copy of this Resolution No. 2014/15-05 of the Oversight Board, as provided in Sections 34179 (h) and 34180 (j), with the Humboldt County Administrative Officer and Auditor Controller and the State Department of Finance.

Section 6. Recovery of Costs. The Oversight Board hereby authorizes and approves the Successor Agency to cover reasonable related costs incurred in connection with this transaction. The Successor Agency may recover such costs from the proceeds of the Bonds. For the purpose of expending such proceeds, Section 34177.3 and other provisions relating to Recognized Obligation Payment Schedules shall not apply. If the Successor Agency is not able to issue its Bonds, the Successor Agency may recover such costs by including such costs in a future Recognized Obligation Payment Schedule. The recovery of such costs shall be in addition to and shall not count against any administrative cost allowance of the Successor Agency as such allowance is defined in Health and Safety Code Section 34171(b). The Successor Agency shall be entitled to receive its full allocation of Administrative Cost Allowance under Section 34181(a)(3) of the Code without any deductions with respect to continuing costs related to the Bonds, such as trustee's fees, auditing and fiscal consultant fees and continuing disclosure and rating agency costs (collectively, "Continuing Costs of Issuance"), and such Continuing Costs of Issuance shall be payable from property tax revenues pursuant to Section 34183 of the Code.

Section 7. Additional Authorizations. The Oversight Board further authorizes its staff and the Successor Agency to take such other actions as they deem necessary or convenient to carry out the purposes of this Resolution pursuant to AB 26 and AB 1484 and to expedite the process of review of the refunding transaction by the California Department of Finance.

Section 8. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

DATED: September 11, 2014

ATTEST:

APPROVED:

Secretary and Clerk, Oversight Board of the
Successor Agency to the Community
Development Agency of the City of Arcata

Chairperson, Oversight Board of the
Successor Agency to the Community
Development Agency of the City of Arcata

SECRETARY'S CERTIFICATE

I hereby certify that the foregoing is a true and correct copy of **Resolution 2014/2015-05**, passed and adopted at a special meeting of the Oversight Board of the Successor Agency to the Community Development Agency of the City of Arcata, County of Humboldt, State of California, held on the 11th day of September, 2014, by the following vote:

AYES: Wheetley, Class, Cowan, Eagles, Hauser, Lindsey

NOES: None

ABSENT: Lovelace

ABSTENTIONS: None

Secretary and Clerk, Oversight Board of the
Successor Agency to the Community
Development Agency of the City of Arcata