

RESOLUTION NO. OB-17-51

A RESOLUTION OF THE OVERSIGHT BOARD OF THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY APPROVING THE ISSUANCE BY THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY OF TAX ALLOCATION REFUNDING BONDS RELATING TO THE PALM AVENUE/COMMERCIAL REDEVELOPMENT PROJECT

WHEREAS, the Imperial Beach Redevelopment Agency ("Redevelopment Agency") was a redevelopment agency in the City of Imperial Beach ("City"), duly created pursuant to the California Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the California Health and Safety Code) ("Redevelopment Law"); and

WHEREAS, Assembly Bill No. X1 26 (2011-2012 1st Ex. Sess.) ("AB 26") was signed by the Governor of California on June 28, 2011, making certain changes to the Redevelopment Law and 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 Redevelopment 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, the City Council of the City adopted Resolution No. 2012-7136 on January 5, 2012, pursuant to Part 1.85 of AB 26, electing for the City to serve as the successor agency to the Redevelopment Agency upon the dissolution of the Redevelopment Agency under AB 26 ("Successor Agency"); and

WHEREAS, on February 15, 2012, the Board of Directors of the Successor Agency, adopted Resolution No. SA-12-01 naming itself the "Imperial Beach Redevelopment Agency Successor Agency," the sole name by which it will exercise its powers and fulfill its duties pursuant to Part 1.85 of AB 26, and establishing itself as a separate legal entity with rules and regulations that will apply to the governance and operations of the Successor Agency; and

WHEREAS, on June 27, 2012, the State Legislature passed and the Governor signed Assembly Bill No. 1484 ("AB 1484", Chapter 26, Statutes 2012). Although the primary purpose of AB 1484 was to make technical and substantive amendments to AB 26 based on issues that arose in the implementation of AB 26, AB 1484 imposes additional statutory provisions relating to the activities and obligations of successor agencies and to the wind down process of former redevelopment agencies, including without limitation refunding or refinancing bonds or other indebtedness; and

WHEREAS, Health and Safety Code Section 34179 of AB 26 as amended by AB 1484 (collectively the "Dissolution Act") establishes a seven 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 members have been appointed to the Oversight Board pursuant to Health and Safety Code

Section 34179. The duties and responsibilities of the Oversight Board are primarily set forth in Health and Safety Code Sections 34179 through 34181 of the Dissolution Act; and

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

WHEREAS, the Original Agency has previously issued its \$21,595,000 aggregate principal amount of Palm Avenue/Commercial Redevelopment Project Tax Allocation Bonds, 2010 Tax Allocation Bonds (the "Series 2010 TABs") for the purpose of financing redevelopment activities with respect to the Redevelopment Project, pursuant to an Indenture of Trust, dated as of November 1, 2010, by and between the Original Agency and Wells Fargo Bank, N.A., as Trustee (as supplemented, the "Series 2010 Indenture"); and

WHEREAS, Section 34177.5 of the Dissolution Act authorizes the Successor Agency to issue refunding bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Refunding Law") for the purpose of achieving debt service savings within the parameters set forth in Section 34177.5(a)(1) (the "Savings Parameters"); and

WHEREAS, the Successor Agency has determined that it is in the best financial interests of the Successor Agency to refund all or a portion of the Series 2010 TABs; and

WHEREAS, to determine compliance with the Savings Parameters for purposes of the issuance by the Successor Agency of refunding bonds, the Successor Agency has caused to be prepared an analysis of the potential savings that will accrue to the Successor Agency and applicable taxing entities as a result of such refunding (the "Plan of Refunding and Savings Analysis"), which is on file with the Secretary of the Oversight Board; and

WHEREAS, on November 8, 2017, the Successor Agency's Oversight Board adopted Resolution No. OB-17-50, directing the Successor Agency to commence the refinancing or refunding of the Series 2010 TABs and authorizing the Successor Agency to recover all costs associated with said bond refinancing or refunding; and

WHEREAS, the Successor Agency desires to refund all or a portion of the Series 2010 TABs by issuing an additional series of bonds designated as the "Imperial Beach Redevelopment Agency Successor Agency Palm Avenue/Commercial Redevelopment Project Tax Allocation Refunding Bonds, Series 2018" (as further described below, the "Bonds") under and pursuant to the Refunding Law, the Redevelopment Law, the Dissolution Act, the Series 2010 Indenture, a Second Supplemental Indenture of Trust to be entered into to provide for the issuance thereof, and the Constitution and other applicable laws of the State of California, and under, pursuant to and subject to the conditions and limitations of Section 34177.5 of the California Health and Safety Code, and such Bonds will be issued on parity with the bonds issued in 2013, under and pursuant to the provisions of the Series 2010 Indenture.

WHEREAS, following approval by the Oversight Board of the issuance by the Successor Agency of the Bonds and upon submission of this Resolution and the Oversight Board Resolution to the California Department of Finance, the Successor Agency will, with the assistance of its disclosure counsel, Jones Hall, A Professional Law Corporation (the "Disclosure Counsel"), its municipal advisor and other professionals, cause to be prepared a form of Official Statement for the Bonds describing the Bonds and containing material information relating to the Successor

Agency and the Bonds, the preliminary form of which will be submitted to the Successor Agency for approval for distribution by Piper Jaffray & Co., as underwriter of the Bonds (the "Underwriter"), to persons and institutions interested in purchasing the Bonds;

WHEREAS, the Successor Agency has determined that it is in the best financial interests of the Successor Agency to refund all or a portion of the Series 2010 TABs and adopted a resolution on December 6, 2017 (the "Successor Agency Resolution") approving the issuance of the Bonds pursuant to the Refunding Law; and

WHEREAS, the Oversight Board desires to take advantage of the current low interest rate environment in order to minimize its total interest costs on outstanding debt by refinancing/refunding the Series 2010 TABs at a comparatively lower interest rate than the current bond issue's average bond coupon rate and as low of a cost of issuance as possible; and

WHEREAS, this Oversight Board has completed its review of the refunding proceedings and wishes at this time to give its approval to the foregoing.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board of the Imperial Beach Redevelopment Agency Successor Agency, as follows:

- Section 1.** The Oversight Board determines that the proposed issuance of the Series 2018 Bonds will be of benefit to the taxing entities for the reasons set forth above and in the staff report accompanying this Resolution.
- Section 2.** The Oversight Board has determined that there are significant potential savings available to the Successor Agency and to applicable taxing entities in compliance with the Savings Parameters by the issuance by the Successor Agency of the Bonds to refund and defease the Series 2010 TABs, all as evidenced by the Plan of Refunding and Savings Analysis on file with the Secretary of the Oversight Board, which Plan of Refunding and Savings Analysis is hereby approved.
- Section 3.** In accordance with the Dissolution Act, including Sections 34177.5 and 34180 of the California Health and Safety Code, the Oversight Board hereby approves the Successor Agency's issuance of the Bonds in whole or in part, provided that there is compliance with the Savings Parameters. If such Savings Parameters cannot be met with respect to the whole of the Bonds, then the Oversight Board approves the sale and delivery of the Bonds from time to time in part. In the event the Bonds are initially sold in part, the Successor Agency is hereby authorized to sell and deliver additional parts of the Bonds without the prior approval of this Oversight Board provided that in each such instance the Bonds so sold and delivered in part are in compliance with the Savings Parameters.
- Section 4.** The Oversight Board makes the following determinations upon which the Successor Agency shall rely in undertaking the refunding proceedings and the issuance of the Bonds:
- A.** The Successor Agency is authorized, as provided in Section 34177.5(f), to recover its costs related to the issuance of the Bonds from the proceeds of the Bonds, including the cost of reimbursing its

administrative staff for time spent with respect to the authorization, issuance, sale and delivery of the Bonds; and

- B. The application of proceeds of the Bonds by the Successor Agency to the refunding and defeasance of the Prior Bonds, as well as the payment by the Successor Agency of costs of issuance of the Bonds, as provided in Section 34177.5(a), shall be implemented by the Successor Agency promptly upon sale and delivery of the Bonds, notwithstanding Section 34177.3 or any other provision of law to the contrary, without the approval of the Oversight Board, the California 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 Section 34171(b) 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. In addition, and as provided by Section 34177.5(f), if the Successor Agency is unable to complete the issuance of any of the Bonds for any reason, the Successor Agency shall, nevertheless, be entitled to recover its costs incurred with respect to the refunding proceedings with respect to the Bonds from such property tax revenues pursuant to Section 34183 without reduction in its Administrative Cost Allowance.

- Section 5.** The Successor Agency is hereby directed to transmit this Resolution to the California Department of Finance.
- Section 6.** The Oversight Board further authorizes the Successor Agency to take such other actions as it deems necessary or convenient to expedite the process of review of the refunding transaction by the California Department of Finance.
- Section 7.** The Secretary to the Oversight Board shall certify to the adoption of this Resolution.
- Section 8.** This Resolution shall take effect at the time and in the manner prescribed by applicable law; provided, however, that the Successor Agency will not issue the Series 2018 Bonds until either this Oversight Board action is deemed effective pursuant to the Dissolution Act or such Oversight Board action has been approved by the Department of Finance if review of this Oversight Board action is requested by the Department of Finance in accordance with the Dissolution Act.

PASSED, APPROVED, AND ADOPTED by the Oversight Board of the Imperial Beach Redevelopment Agency Successor Agency the 13th day of December, 2017, by the following vote:

AYES: BOARD MEMBERS: YANDA, SAADAT, KAMINSKI, WINTER, FOLTZ

NOES: BOARD MEMBERS: NONE

ABSENT: BOARD MEMBERS: YANDA, KING, KERL


MAYDA C. WINTER,
CHAIRPERSON

ATTEST:


SUNEM CARBALLO,
ASSISTANT SECRETARY