

OVERSIGHT BOARD RESOLUTION NUMBER OB-2015-15

A RESOLUTION OF THE OVERSIGHT BOARD FOR CITY OF
SAN DIEGO REDEVELOPMENT SUCCESSOR AGENCY
APPROVING THE SUCCESSOR AGENCY'S ISSUANCE AND
SALE OF TAX ALLOCATION REFUNDING BONDS AND
CERTAIN OTHER RELATED ACTIONS.

WHEREAS, from its formation in 1958 until its elimination on February 1, 2012, the former Redevelopment Agency of the City of San Diego (Former RDA) administered the implementation of various redevelopment projects, programs, and activities within designated areas throughout the City of San Diego; and

WHEREAS, the Former RDA was a public body, corporate and politic, duly created, established, and authorized to transact business and exercise its powers under and pursuant to the provisions of the Community Redevelopment Law (CRL), Part 1 of Division 24 (commencing with section 33000 of the California Health and Safety Code), and the powers of the Former RDA included the power to issue bonds for any of its corporate purposes; and

WHEREAS, the San Diego City Council, acting as the Former RDA's governing board, duly adopted, and in some instances amended, redevelopment plans (collectively, Redevelopment Plans) for each of the eighteen redevelopment project areas (collectively, Project Areas) in the City, now consolidated into fourteen Project Areas as a result of previous mergers, in compliance with all requirements of the CRL; and

WHEREAS, from time to time, the Former RDA has previously issued its tax allocation bonds identified in Exhibit A attached hereto and incorporated herein by reference (collectively, Refunded Bonds), and the Former RDA pledged a portion of its tax increment revenues from certain of the Project Areas as the security for repayment of the Refunded Bonds; and

WHEREAS, the Former RDA dissolved as of February 1, 2012, in accordance with a deadline for elimination of all redevelopment agencies throughout California set forth in Assembly Bill x1 26 (AB 26), as modified by the California Supreme Court in *California Redevelopment Assn. v. Matosantos*, 53 Cal.4th 231 (2011); and

WHEREAS, pursuant to Resolution No. R-307238 adopted by the San Diego City Council effective January 12, 2012, the City of San Diego, solely in its capacity as the designated successor agency to the Former RDA (Successor Agency), elected to serve as the successor agency to the Former RDA; and

WHEREAS, at the time of the Former RDA's dissolution on February 1, 2012, the Successor Agency became vested with all of the Former RDA's authority, rights, powers, duties, and obligations under the CRL, including, without limitation, the obligations of the Former RDA under the Refunded Bonds and the related documents to which the Former RDA was a party, and, by operation of law, received all assets, properties, contracts, leases, books and records, buildings, and equipment of the Former RDA; and

WHEREAS, the Successor Agency is winding down the Former RDA's affairs in accordance with AB 26, enacted on June 28, 2011, Assembly Bill 1484 (AB 1484), enacted on June 27, 2012, and subsequent legislation (collectively, the Dissolution Laws); and

WHEREAS, the Oversight Board has been formed to oversee certain actions and decisions of the Successor Agency in accordance with the Dissolution Laws; and

WHEREAS, the State Department of Finance (DOF) and other entities also possess certain rights and obligations under the Dissolution Laws with respect to the Successor Agency's administration of the Former RDA's operations; and

WHEREAS, California Health and Safety Code (Code) section 34177.5(a), enacted by AB 1484, authorizes each successor agency to refund outstanding bonds or other indebtedness of the former redevelopment agency provided that the refunding meets a two-part test under which (i) the total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness shall not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded, and (ii) the principal amount of the refunding bonds or other indebtedness shall not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves, and to pay related costs of issuance (collectively, the Refunding Test); and

WHEREAS, the Successor Agency desires to issue separate series of refunding bonds (collectively, Refunding Bonds), including the Tax Allocation Refunding Bonds, Series 2015A (or Series 2016A, depending on the timing of bond sale) and the Tax Allocation Refunding Bonds, Series 2015B (Taxable) (or Series 2016B, depending on the timing of bond sale) for the purpose of refunding part or all of the Refunded Bonds and to achieve debt service savings; and

WHEREAS, the San Diego City Council, acting as the Successor Agency's governing board, has previously approved all matters relating to the issuance and sale of the Refunding Bonds by its Ordinance No. O-20566, adopted October 9, 2015 (Successor Agency Ordinance), which Ordinance will become effective in accordance with its terms; and

WHEREAS, the Refunding Bonds shall be issued in a principal amount not to exceed \$250,000,000 and shall be allocated in each case between the Refunding Bonds of a series the interest on which is subject to federal income tax and a series which is not, in such amounts as shall be determined in accordance with the Successor Agency Ordinance; and

WHEREAS, property tax revenues in the City's redevelopment project areas will be pledged for repayment of the Refunding Bonds in accordance with the Indenture of Trust approved in Section 3 of the Successor Agency Ordinance (Indenture); and

WHEREAS, copies of the Successor Agency Ordinance and the Indenture are included collectively as Exhibit B to the staff report accompanying this Resolution; and

WHEREAS, the Oversight Board desires to approve all matters relating to the issuance and sale of the Refunding Bonds as required by Code sections 34177.5(f) and 34180.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board as follows:

1. The Successor Agency's issuance of the Refunding Bonds in an aggregate principal amount not to exceed \$250,000,000 for the purpose of achieving debt service savings in accordance with Code section 34177.5(a)(1) and the pledge of property tax revenues to the Refunding Bonds pursuant to the Indenture (as authorized by Code section 34177.5(a) and/or (g)) are hereby approved as provided for in the Indenture. The Refunding Bonds may be issued as a single issue, or from time to time in separate series, as the Successor Agency shall determine. The Board's approval of this Resolution shall constitute its approval of each and every separate series of the Refunding Bonds.

2. The Board's Chair and the members of Successor Agency staff having responsibility for the Board's affairs are hereby authorized and directed to execute such documents and certificates as they determine are necessary or appropriate to assist the Successor Agency in the issuance of the Refunding Bonds.

3. Consistent with subsections (a) and (h) of Code section 34177.5, the Board finds and determines, based on information provided to the Board, that: (a) the Successor Agency has made, and will continue to make, diligent efforts to assure that the lowest long-term cost

financing is obtained with the Refunding Bonds; (b) the Refunding Bonds will not provide for any bullets or spikes and shall not use variable rates of interest; (c) due to the estimated net savings described in the accompanying staff report, the Refunding Bonds will be of fiscal benefit to the local taxing entities; (d) the estimated net savings associated with the Refunding Bonds meet the Refunding Test; and (e) the Successor Agency has made, and will continue to make, use of an independent financial advisor in issuing the Refunding Bonds.

4. Pursuant to the provisions of Code section 34177.5(f), the Successor Agency is expressly authorized to recover its related costs in connection with the transaction approved by this Resolution, irrespective of whether the Refunding Bonds are issued. The recovery of such costs shall be in addition to, and shall not count against, any administrative cost allowance of the Successor Agency as defined in Code section 34171(b).

PASSED AND ADOPTED by the Oversight Board at a duly noticed meeting of the Oversight Board held on October 19, 2015.



Chair, Oversight Board

EXHIBIT A
REFUNDED BONDS

1. \$15,025,000 Horton Plaza Redevelopment Project Subordinate Tax Allocation Bonds, Series 2000 (the "Horton Plaza Series 2000 Bonds"), issued pursuant to that certain Trust Indenture between the Former Agency and U.S. Trust Company, N.A., dated as of November 1, 2000, relating to the Horton Plaza Series 2000 Bonds

2. \$6,325,000 Horton Plaza Redevelopment Project Subordinate Tax Allocation Bonds, Series 2003A (the "Horton Plaza Series 2003A Bonds"), issued pursuant to that certain Trust Indenture between the Former Agency and Wells Fargo Bank, National Association, dated as of May 1, 2003, relating to the Horton Plaza Series 2003A Bonds

3. \$4,530,000 Horton Plaza Redevelopment Project Junior Lien Tax Allocation Bonds, Series 2003B (the "Horton Plaza Series 2003B Bonds"), issued pursuant to that certain Trust Indenture between the Former Agency and Wells Fargo Bank, National Association, dated as of May 1, 2003, relating to the Horton Plaza Series 2003B Bonds

4. \$8,000,000 Horton Plaza Redevelopment Project Tax Allocation Housing Bonds, Series 2003C (Taxable) (the "Horton Plaza Series 2003C Bonds"), issued pursuant to that certain Trust Indenture between the Former Agency and Wells Fargo Bank, National Association, dated as of May 1, 2003, relating to the Horton Plaza Series 2003C Bonds

5. \$25,680,000 Centre City Redevelopment Project Tax Allocation Bonds, Series 1999A (Tax-Exempt) (the "Centre City Series 1999A Bonds"), issued pursuant to that certain Resolution No. 02932, adopted by the Agency on January 11, 1999, supplementing Resolution No. 2302 of the Agency, adopted October 12, 1993, with respect to which U.S. Bank National Association serves as Fiscal Agent, relating to the Centre City Series 1999A Bonds

6. \$13,610,000 Centre City Redevelopment Project Subordinate Tax Allocation Bonds, Series 1999C (Tax-Exempt) (the "Centre City Series 1999C Bonds"), issued pursuant to that certain Trust Indenture between the Former Agency and U.S. Bank Trust National Association, dated as of February 1, 1999, relating to the Centre City Series 1999C Bonds

7. \$6,100,000 Centre City Redevelopment Project Subordinate Tax Allocation Bonds, Series 2000A (the "Centre City Series 2000A Bonds"), issued pursuant to that certain Trust Indenture between the Former Agency and Union Bank of California, N.A., dated as of March 1, 2000, relating to the Centre City Series 2000A Bonds

8. \$21,390,000 Centre City Redevelopment Project Subordinate Tax Allocation Bonds, Series 2000B (the "Centre City Series 2000B Bonds"), issued pursuant to that certain Trust Indenture between the Former Agency and U.S. Trust Company, N.A., dated as of November 1, 2000, relating to the Centre City Series 2000B Bonds

9. \$58,425,099.75 Centre City Redevelopment Project Subordinate Tax Allocation Bonds, Series 2001A (the "Centre City Series 2001A Bonds"), issued pursuant to that certain Trust Indenture between the Former Agency and BNY Western Trust Company, dated as of November 1, 2001, relating to the Centre City Series 2001A Bonds

10. \$31,000,000 Centre City Redevelopment Project Subordinate Tax Allocation Bonds, Series 2003A (the "Centre City Series 2003A Bonds"), issued pursuant to that certain Trust Indenture between the Former Agency and Wells Fargo Bank, National Association, dated as of January 1, 2003, relating to the Centre City Series 2003A Bonds

11. \$101,180,000 Centre City Redevelopment Project Subordinate Tax Allocation Bonds, Series 2004A (the "Centre City Series 2004A Bonds"), issued pursuant to that certain Trust Indenture between the Former Agency and Wells Fargo Bank, National Association, dated as of July 1, 2004, relating to the Centre City Series 2004A Bonds

12. \$27,785,000 Centre City Redevelopment Project Tax Allocation Housing Bonds, Series 2004C (Taxable) (the "Centre City Series 2004C Bonds"), issued pursuant to that certain Trust Indenture between the Former Agency and Wells Fargo Bank, National Association, dated as of July 1, 2004, relating to the Centre City Series 2004C Bonds

13. \$8,905,000 Centre City Redevelopment Project Tax Allocation Housing Bonds, Series 2004D (Taxable) (the "Centre City Series 2004D Bonds"), issued pursuant to that certain Trust Indenture between the Former Agency and Wells Fargo Bank, National Association, dated as of July 1, 2004, relating to the Centre City Series 2004D Bonds

14. \$7,000,000 North Park Redevelopment Project Tax Allocation Bonds, Series 2000 (the "North Park Series 2000 Bonds"), issued pursuant to that certain Trust Indenture between the Former Agency and Wells Fargo Bank, National Association, dated as of October 1, 2000, relating to the North Park Series 2000 Bonds

15. \$7,145,000 North Park Redevelopment Project 2003 Tax Allocation Bonds, Series A (Taxable) (the "North Park Series 2003A Bonds"), issued pursuant to that certain Trust Indenture between the Former Agency and Wells Fargo Bank, National Association, dated as of October 1, 2000, as amended and supplemented by that certain First Supplement to Indenture of Trust, dated as of December 1, 2003, relating to the North Park Series 2003A Bonds

16. \$5,360,000 North Park Redevelopment Project 2003 Tax Allocation Bonds, Series B (Tax-Exempt) (the "North Park Series 2003B Bonds"), issued pursuant to that certain Trust Indenture between the Former Agency and Wells Fargo Bank, National Association, dated as of October 1, 2000, as amended and supplemented by that certain First Supplement to Indenture of Trust, dated as of December 1, 2003, relating to the North Park Series 2003B Bonds

17. \$1,200,000 Mount Hope Redevelopment Project Tax Allocation Bonds, Series 1995A (Tax Exempt) (the "Mount Hope Series 1995A Bonds"), issued pursuant to that certain Master Trust Agreement (Mount Hope Redevelopment Project) between the Former Agency and First Interstate Bank of California ("First Interstate Bank"), dated as of May 1, 1995, as supplemented

by that certain First Supplemental Trust Agreement (Mount Hope Redevelopment Project) between the Former Agency and First Interstate Bank, dated as of May 1, 1995, relating to the Mount Hope Series 1995A Bonds

18. \$3,055,000 Mount Hope Redevelopment Project Tax Allocation Refunding Bonds, Series 2002A (the "Mount Hope Series 2002A Bonds"), issued pursuant to that certain Master Trust Agreement (Mount Hope Redevelopment Project) between the Former Agency and First Interstate Bank, dated as of May 1, 1995, as supplemented by that certain First Supplemental Trust Agreement (Mount Hope Redevelopment Project) between the Former Agency and First Interstate Bank, dated as of May 1, 1995, that certain Second Supplemental Trust Agreement between the Former Agency and First Interstate Bank, dated as of May 1, 1995, and that certain Third Supplemental Trust Agreement (Mount Hope Redevelopment Project) between the Former Agency and BNY Western Trust Company, dated as of July 1, 2002, relating to the Mount Hope Series 2002A Bonds

19. \$5,690,000.00 City Heights Redevelopment Project Tax Allocation Bonds, Series 1999A (the "City Heights Series 1999A Bonds"), issued pursuant to that certain Master Trust Agreement (City Heights Redevelopment Project) between the Former Agency and Dai-Ichi Kangyo Bank of California ("Dai-Ichi Kangyo Bank"), dated as of April 1, 1999, as supplemented by that certain First Supplemental Trust Agreement (City Heights Redevelopment Project) between the Former Agency and Dai-Ichi Kangyo Bank, dated as of April 1, 1999, relating to the City Heights Series 1999A Bonds

20. \$10,140,522.70 City Heights Redevelopment Project Tax Allocation Capital Appreciation Bonds, Series 1999B (the "City Heights Series 1999B Bonds"), issued pursuant to that certain Master Trust Agreement (City Heights Redevelopment Project) between the Former Agency and Dai-Ichi Kangyo Bank, dated as of April 1, 1999, as supplemented by that certain First Supplemental Trust Agreement (City Heights Redevelopment Project) between the Former Agency and Dai-Ichi Kangyo Bank, dated as of April 1, 1999, and that certain Second Supplemental Trust Agreement (City Heights Redevelopment Project) between the Former Agency and Dai-Ichi Kangyo Bank, dated as of April 1, 1999, relating to the City Heights Series 1999B Bonds

21. \$4,955,000 Redevelopment Agency of the City of San Diego City Heights Redevelopment Project 2003 Housing Set-Aside Tax Allocation Bonds, Series A (Taxable) (the "City Heights Series 2003A Bonds"), issued pursuant to that certain Trust Indenture between the Former Agency and BNY Western Trust Company, dated as of December 1, 2003, relating to the City Heights Series 2003A Bonds

22. \$13,000,000 North Bay Redevelopment Project Tax Allocation Bonds, Series 2000 (the "North Bay Series 2000 Bonds"), issued pursuant to that certain Trust Indenture between the Former Agency and Wells Fargo Bank, National Association, dated as of October 1, 2000, relating to the North Bay Series 2000 Bonds