

OVERSIGHT BOARD RESOLUTION NUMBER OB-2016-15

A RESOLUTION OF THE OVERSIGHT BOARD FOR THE 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, Part 1 of Division 24 (commencing with section 33000 of the California Health and Safety Code) (Code), and the powers of the Former RDA included the power to issue bonds for any of its corporate purposes; and

WHEREAS, the Council of the City of San Diego, acting as the Former RDA's legislative body, 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 of San Diego (City), now consolidated into fourteen Project Areas as a result of previous mergers, in compliance with all requirements of the Code; and

WHEREAS, from time to time, the Former RDA has previously issued its tax allocation bonds identified in Exhibit A attached to this Resolution and incorporated into this Resolution 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 on 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 Council of the City of San Diego 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 Code, 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 related 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 California 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, Code section 34177.5(a) authorizes the Successor Agency to refund outstanding bonds or other indebtedness of the Former RDA, provided that: (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, Refunding Test); and

WHEREAS, the Successor Agency has previously refinanced a significant portion of bonded indebtedness of the Former RDA pursuant to its Ordinance No. O-20566 and that certain Indenture of Trust dated as of January 1, 2016 (2016 Indenture), by and between the Successor Agency and U.S. Bank National Association, providing for the issuance of the Successor Agency's Tax Allocation Refunding Bonds, Series 2016A and Series 2016B (Federally Taxable) (collectively, 2016 Bonds) in the aggregate principal amount of \$175,185,000; and

WHEREAS, the Successor Agency desires to issue separate series of refunding bonds (collectively, Refunding Bonds), designated Tax Allocation Refunding Bonds, Series 2017A (2017A Bonds) and Tax Allocation Refunding Bonds Series 2017B (Taxable) (2017B Bonds) for the purpose of refunding part or all of the Refunded Bonds and achieving debt service savings; and

WHEREAS, the Successor Agency introduced an Ordinance on September 19, 2016 (Successor Agency Ordinance), for the purpose of approving all matters relating to the issuance and sale of the Refunding Bonds; and

WHEREAS, thirty (30) days after Successor Agency adoption of the Successor Agency Ordinance in substantially the form introduced on September 19, 2016, the Successor Agency Ordinance will become effective in accordance with its terms; and

WHEREAS, the 2017A Bonds and 2017B Bonds shall be issued as Parity Debt under the 2016 Indenture pursuant to a First Supplemental Indenture of Trust described in Section 3 of the Successor Agency Ordinance; and

WHEREAS, the Refunding Bonds shall be issued in a principal amount not to exceed \$260,000,000 and shall be allocated in each case between the 2017A Bonds and the 2017B Bonds in such amounts as shall be determined in accordance with the Successor Agency Ordinance; and

WHEREAS, property tax revenues from the Project Areas will be pledged for repayment of the Refunding Bonds in accordance with the 2016 Indenture and the First Supplemental Indenture of Trust approved in Section 3 of the Successor Agency Ordinance (Supplemental Indenture). Collectively, the 2016 Indenture and the Supplemental Indenture are sometimes referred to in this Resolution as the 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 \$260,000,000 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 with two series (as expected with respect to the 2017A Bonds and 2017B Bonds), as the Successor Agency shall determine in accordance with the Successor Agency Ordinance. The Oversight Board's approval of this Resolution shall constitute its approval of each series of the Refunding Bonds.

2. The Oversight Board's Chair and the members of Successor Agency staff having responsibility for the Oversight 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. The Oversight Board finds and determines that, based on the reports and testimony provided to the Oversight Board in association with this Resolution, as required by Code sections 34177.5(a)(1) or (h): (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) the Successor Agency has used and will continue to use an independent financial advisor in developing financing proposals relating to issuance of the Refunding Bonds, and the Successor Agency shall make the work product of such financial

advisor available to the DOF, at its request; and (d) the estimated savings from issuance of the Refunding Bonds to refund the Refunded Bonds satisfies the requirements of the Refunding Test.

4. Pursuant to the provisions of Code sections 34177.5(a)(1) and (f), the Successor Agency is expressly authorized to recover its related costs in connection with the transactions 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 under Code sections 34171(b) and 34183(a)(3).

5. This Resolution shall become effective in accordance with Code sections 34177.5(f) and 34179(h). In the event the Successor Agency Ordinance is modified in any material respect before its adoption by the Successor Agency, such modifications shall be presented to this Oversight Board for consideration and approval.

**PASSED AND ADOPTED** by the Oversight Board at a duly noticed meeting of the Oversight Board held on October 17, 2016.

  
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Chair, Oversight Board

**EXHIBIT A**  
**REFUNDED BONDS**

\$69,000,000 Redevelopment Agency of the City of San Diego Centre City Redevelopment Project Tax Allocation Housing Bonds, Series 2008A (Taxable) (the “Centre City Series 2008A Bonds”), issued pursuant to that certain Trust Indenture between the Former Agency and Deutsche Bank National Trust Company, dated as of June 1, 2008, relating to the Centre City Series 2008A Bonds

\$76,255,000 Centre City Redevelopment Project Subordinate Tax Allocation Bonds, Series 2006A (the “Centre City Series 2006A Bonds”), issued pursuant to that certain Trust Indenture between the Former Agency and Deutsche Bank National Trust Company, dated as of June 1, 2006, relating to the Centre City Series 2006A Bonds

\$33,760,000 Centre City Redevelopment Project Tax Allocation Housing Bonds, Series 2006B (Taxable) (the “Centre City Series 2006B Bonds”), issued pursuant to that certain Trust Indenture between the Former Agency and Deutsche Bank National Trust Company, dated as of June 1, 2006, relating to the Centre City Series 2006B Bonds

\$13,930,000 North Park Redevelopment Project Subordinate Tax Allocation Bonds, Series 2009A (the “North Park Series 2009A Bonds”), issued pursuant to that certain Indenture of Trust between the Former Agency and Wells Fargo Bank, National Association, dated as of July 1, 2009, relating to the North Park Series 2009A Bonds

\$5,635,000 City Heights Redevelopment Project Tax Allocation Bonds, 2010 Series A (Tax-Exempt) (the “City Heights Series 2010A 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, 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, and that certain Third Supplemental Trust Agreement (City Heights Redevelopment Project) between the Former Agency and U.S. Bank National Association, dated as of August 1, 2010, relating to the City Heights Series 2010A Bonds

\$9,590,000 City Heights Redevelopment Project Tax Allocation Bonds, 2010 Series B (Taxable) (the “City Heights Series 2010B 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, 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, and that certain Third Supplemental Trust Agreement (City Heights Redevelopment Project) between the Former Agency and U.S. Bank National Association, dated as of August 1, 2010, relating to the City Heights Series 2010B Bonds

\$4,915,000 Crossroads Redevelopment Project Tax Allocation Bonds, 2010 Series A (the “Crossroads Series 2010A Bonds”), issued pursuant to that certain Trust Indenture between the Former Agency and U.S. Bank National Association, dated as of August 1 2010, relating to the Crossroads Series 2010A Bonds

\$19,765,000 Naval Training Center Redevelopment Project Tax Allocation Bonds, 2010 Series A (the “Naval Training Center Series 2010A Bonds”), issued pursuant to that certain Trust Indenture between the Former Agency and U.S. Bank National Association, dated as of August 1 2010, relating to the Naval Training Center Series 2010A Bonds

\$2,900,000 San Ysidro Redevelopment Project Tax Allocation Bonds, 2010 Series A (Tax-Exempt) (the “San Ysidro Series 2010A Bonds”), issued pursuant to that certain Trust Indenture between the Former Agency and U.S. Bank National Association, dated as of August 1 2010, relating to the San Ysidro Series 2010A Bonds

\$5,030,000 San Ysidro Redevelopment Project Tax Allocation Bonds, 2010 Series B (Taxable) (the “San Ysidro Series 2010B Bonds”), issued pursuant to that certain Trust Indenture between the Former Agency and U.S. Bank National Association, dated as of August 1 2010, relating to the San Ysidro Series 2010B Bonds

\$17,230,000 Public Facilities Financing Authority of the City of San Diego, California Pooled Financing Bonds, 2007 Series A (Taxable) (Southcrest, Central Imperial and Mount Hope Redevelopment Projects) (the “PFFA Series 2007A Bonds”), issued pursuant to that certain Indenture of Trust between the Former Agency and The Bank of New York Trust Company, N.A. (“BNY Trust Company”), dated as of June 1 2007, relating to the PFFA Series 2007A Bonds.

\$17,755,000 Public Facilities Financing Authority of the City of San Diego, California Pooled Financing Bonds, 2007 Series B (Tax-Exempt) (Southcrest and Central Imperial Redevelopment Projects) (the “PFFA Series 2007B Bonds”), issued pursuant to that certain Indenture of Trust between the Former Agency and BNY Trust Company, dated as of June 1 2007, relating to the PFFA Series 2007B Bonds

Proceeds of the PFFA Series 2007A Bonds and the PFFA Series 2007B Bonds were used to make five separate loans to the Former Agency, and are secured by the Successor Agency’s payments under such loans, pursuant to the following documents: (1) the Master Trust Agreement (Southcrest Redevelopment Project), as supplemented by the Loan Agreement and Third Supplemental Trust Agreement (Southcrest Redevelopment Project), dated as of June 1, 2007, by and among the Public Facilities Financing Authority of the City of San Diego, California (the “Authority”), BNY Trust Company and the Former Agency relating to the tax-exempt loan of \$9,405,000 and the taxable loan of \$7,605,000 to the Former Agency with respect to the Southcrest Redevelopment Project; (2) the Master Trust Agreement (Central Imperial Redevelopment Project), as supplemented by the Loan Agreement and Second Supplemental Trust Agreement (Central Imperial Redevelopment Project), dated as of June 1, 2007, by and among the Authority, BNY Trust Company and the Former Agency relating to the tax-exempt loan of \$8,350,000 and the taxable loan of \$6,515,000 to the Former Agency with respect to the Central Imperial Redevelopment Project; and (3) the Master Trust Agreement



(Mount Hope Redevelopment Project), as supplemented by the Loan Agreement and Fourth Supplemental Trust Agreement (Mount Hope Redevelopment Project), dated as of June 1, 2007, by and among the Authority, BNY Trust Company and the Former Agency relating to the taxable loan of \$3,110,000 to the Former Agency with respect to the Mount Hope Redevelopment Project.

\$58,565,000 Housing Set-Aside Tax Allocation Bonds, 2010 Series A Taxable (the "Housing Set-Aside Series 2010A Bonds"), issued pursuant to that certain Trust Indenture between the Former Agency and U.S. Bank National Association, dated as of August 1, 2010, relating to the Housing Set-Aside Series 2010A Bonds