RESOLUTION OBSA-033

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY FOR THE SOLANA BEACH REDEVELOPMENT AGENCY DIRECTING THE SUCCESSOR AGENCY TO COMMENCE THE REFUNDING OF THE SERIES 2006 TAX ALLOCATION BONDS FOR COST SAVINGS PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34177.5 AND AUTHORIZING THE SUCCESSOR AGENCY TO RECOVER ITS COSTS THEREFOR

WHEREAS, the Solana Beach Redevelopment Agency (“Redevelopment Agency”) was a redevelopment agency in the City of Solana 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, the Redevelopment Agency was responsible for the administration of redevelopment activities within the City; 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 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 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, 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 Redevelopment Agency upon the dissolution of the Redevelopment Agency under AB 26 (“Successor Agency”); and

WHEREAS, on February 1, 2012, the Redevelopment 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 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, on June 8, 2006, the Redevelopment Agency issued Tax Allocation Bonds, Series 2006, in the principal amount of $3,555,000 (“2006 Bonds”) for the purpose of financing various redevelopment projects, including infrastructure projects, within the redevelopment project area (“Project Area”); and

WHEREAS, debt service on the 2006 Bonds has been and is repaid solely with tax increment revenues generated within the Project Area. After June 1, 2017, the 2006 Bonds will be outstanding in the amount of $2,820,000, with annual principal maturities ranging from June 1, 2018 through June 1, 2036. These principal bond maturities were eligible to be prepaid on June 1, 2011, and on any subsequent date thereafter, without a prepayment penalty. The 2006 Bonds have interest rates ranging from 4.6% to 5.1%; and

WHEREAS, pursuant to the Dissolution Law, and specifically at Health and Safety Code Section 34177.5(f), the Oversight Board may direct the Successor Agency to commence the refinancing or refunding of the 2006 Bonds, among other actions authorized by Health and Safety Code Section 34177.5(a) of the Dissolution Law, for cost 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 2006 Bonds for cost savings by issuing, or causing the issuance, of Property Tax Refunding Bonds (“Refunding Bonds”) in accordance with the Dissolution Law including, without limitation, Health and Safety Code Sections 34177.5 and 34180(a); and

WHEREAS, pursuant to Health and Safety Code Section 34177.5(h) of the Dissolution Law, the Successor Agency shall make use of an independent financial advisor in developing financing proposals and shall make the work products of the financial advisor available to the Department of Finance at its request; and

WHEREAS, according to the Successor Agency’s municipal advisor Del Rio Advisors, LLC, based on market conditions as of May 2017, refunding the 2006 Bonds
by issuing the Refunding Bonds is estimated to result in total savings of $338,882 (over $19,720 per year), for a net present value (NPV) savings of approximately $262,639 which equates to 9.31% in NPV savings. Actual savings will be dependent on the final interest rate applicable to the Refunding Bonds; and

**WHEREAS**, the Successor Agency convened a public meeting on May 24, 2017, at which the Successor Agency approved Resolution No. SA-017, among other actions, requesting that the Oversight Board direct the Successor Agency to proceed with preparation of documents and analysis required to refund the 2006 Bonds and issue the Refunding Bonds pursuant to and in accordance with Health and Safety Code Section 34177.5(f) of the Dissolution Law and authorize the Successor Agency to recover its costs incurred therefor as Enforceable Obligations to be recovered on its Recognized Obligation Payment Schedule (ROPS); and

**WHEREAS**, the Oversight Board desires to take advantage of the current market conditions in order to reduce the Successor Agency’s total costs on outstanding debt by having the Successor Agency commence the refunding of the 2006 Bonds at a comparatively lower interest rate than the current bond issue’s rate and as low of a cost of issuance as possible; 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 for the Solana Beach Redevelopment Agency hereby resolves and determines as follows:

**SECTION 1.** 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.** The Oversight Board (i) directs the Successor Agency to commence the refunding of the 2006 Bonds with the Refunding Bonds for cost savings
pursuant to and in accordance with the terms and conditions set forth in Health and Safety Code Section 34177.5 of the Dissolution Law and to take such actions required therefor including, without limitation, retaining necessary consultants, preparing the requisite documents, and performing the requisite analysis for such transaction, and (ii) authorizes the Successor Agency to recover its costs therefor as an Enforceable Obligation (as defined in the Dissolution Law) on the Recognized Obligation Payment Schedule (ROPS) and/or, to the extent permitted, as a cost of issuance of the Refunding Bonds.

SECTION 3. The Oversight Board authorizes and directs the Executive Director, or designee, of the Successor Agency to take such other actions and execute such documents as are necessary to effectuate the intent of this Resolution on behalf of the Oversight Board.

SECTION 4. The Oversight Board determines that the activity approved by this Resolution is not a “project” for purposes of CEQA, as that term is defined by Guidelines Section 15378, because the activity approved by this Resolution is a government fiscal activity that does not involve any commitment to any specific project, per Section 15378(b)(4) of the Guidelines.

SECTION 5. This Resolution shall take effect at the time and in the manner prescribed in Health and Safety Code Sections 34177.5(f) and 34179(h)(1) of the Dissolution Law.

PASSED AND ADOPTED this 1st day of June 2017, at a special meeting of the Oversight Board of the Successor Agency for the Solana Beach Redevelopment Agency by the following vote:

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

[Signature]
Thomas Golich, Board Chair

APPROVED AS TO FORM:

[Signature]
KENDALL D. LEVAN, General Counsel

[Signature]
VAIDA PAVOLAS for ANGELA IVEY, Successor Agency Secretary
DOCUMENT CERTIFICATION

STATE OF CALIFORNIA
COUNTY OF SAN DIEGO
CITY OF SOLANA BEACH

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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-033 commencing the refunding of the Series 2006 Tax Allocation Bonds for cost savings pursuant to California Health and Safety Code Section 34177.5 and authorizing the Successor Agency to recover its costs therefor as duly passed and adopted at a Regular Meeting of the Oversight Board of the Successor Agency for the Solana Beach Redevelopment Agency held on the 1st day of June, 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: June 1, 2017