

RESOLUTION NO. SARDA2014-004

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE HIGHLAND REDEVELOPMENT AGENCY AUTHORIZING THE ISSUANCE AND SALE BY THE SUCCESSOR AGENCY OF TAX ALLOCATION REFUNDING BONDS AND TAKING RELATED ACTIONS

RECITALS:

WHEREAS, the former Highland Redevelopment Agency (the "Former RDA") was a redevelopment agency duly formed pursuant to the Community Redevelopment Law, set forth in Part 1 of Division 24 of the Health and Safety Code of the State of California ("HSC"); and

WHEREAS, the Former RDA previously issued multiple series of bonds to finance redevelopment projects, including its Highland Redevelopment Project Area No. 1 Tax Allocation Bonds, Series 2004A in the principal amount of \$17,525,000 (the "2004A Bonds"); and

WHEREAS, the 2004A Bonds were issued pursuant to an Indenture, dated as of June 1, 1994 (the "1994 Indenture"), by and between the Former RDA and U.S. Bank National Association (formerly, Seattle First National Bank), as trustee (the "Trustee"), as supplemented by three supplemental indentures (the 1994 Indenture, as supplemented, being referred to herein as the "Indenture"); and

WHEREAS, as of the date of this Resolution, there remains \$14,840,000 in principal amount of 2004A Bonds outstanding; and

WHEREAS, pursuant to AB X1 26 (which became effective at the end of June 2011) and the California Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, 53 Cal. 4th 231 (2011), the Former RDA was dissolved as of February 1, 2012, the Successor Agency to the Highland Redevelopment Agency (the "Successor Agency"), as the successor to the Former RDA, was constituted and an Oversight Board to the Successor Agency (the "Oversight Board") was established; and

WHEREAS, pursuant to HSC Section 34177.5(a), the Successor Agency is authorized to issue bonds (the "Refunding Bonds") to refund the 2004A Bonds, to provide savings to the Successor Agency, provided that:

(A) the total interest cost to maturity on the Refunding Bonds plus the principal amount of the Refunding Bonds shall not exceed the total remaining interest cost to maturity on the 2004A Bonds, plus the remaining principal of the 2004A Bonds to be refunded, and

(B) the principal amount of the Refunding Bonds shall not exceed the amount required to defease the refunded 2004A Bonds, to establish customary debt service reserves and pay related costs of issuance; and

WHEREAS, the Successor Agency desires to issue Refunding Bonds to refund the currently outstanding 2004A Bonds to achieve debt service savings; and

WHEREAS, the Refunding Bonds will be issued under the authority of HSC Section 34177.5 and Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Refunding Bond Law"); and

WHEREAS, the Refunding Bonds will be issued pursuant to, and will be secured by a pledge of property tax revenues as provided in, the Indenture and a supplement to the Indenture (the "Supplemental Indenture"), substantially in the form attached to this Resolution as Exhibit A; and

WHEREAS, proceeds from the sale of Refunding Bonds will be used to: (i) provide funds for the redemption of the 2004A Bonds (either through the establishment of a defeasance escrow or direct payment thereof on the redemption date), (ii) fund a deposit into the Reserve Account (as defined in the Indenture), if such deposit is required pursuant to the terms of the Indenture, and (iii) pay costs of issuance of the Refunding Bonds; and

WHEREAS, there has been presented to this Board an analysis of the potential debt service savings that will accrue as a result of issuance of the Refunding Bonds; and

WHEREAS, pursuant to HSC Sections 34177.5(f) and 34180, the issuance of the Refunding Bonds is subject to the Oversight Board's prior approval;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE HIGHLAND REDEVELOPMENT AGENCY HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. The issuance of the Refunding Bonds, in the approximate aggregate principal amount of \$15,000,000, pursuant to the provisions of HSC Section 34177.5, the Refunding Bond Law and the Indenture, as supplemented by the Supplemental Indenture, is hereby approved and authorized.

Section 3. The form of the Supplemental Indenture to be entered into by and between the Successor Agency and the Trustee, in the form attached to this Resolution as Exhibit A, is hereby approved. Each of the Chair of this Board, the Vice Chair of this Board and the Executive Director of the Successor Agency (the "Authorized Officers"), acting individually, is authorized to, for and in the name and on behalf of the Successor Agency, execute and deliver the Supplemental Indenture in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve (such approval to be conclusively evidenced by the execution and delivery thereof).

Section 4. This Board hereby requests the Oversight Board to approve the Successor Agency's issuance of the Refunding Bonds. The Secretary of the Successor Agency is hereby directed to transmit this Resolution to the Oversight Board for consideration at the earliest possible date.

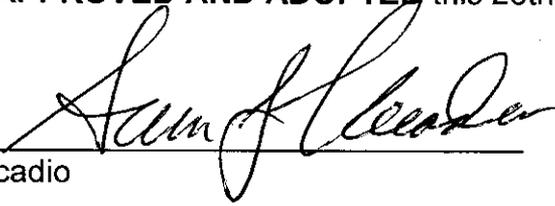
Section 5. The Executive Director and the Finance Director of the Successor Agency are each hereby authorized to negotiate the terms of a bond purchase agreement (the "Bond Purchase Agreement"), by and between the Successor Agency and Stifel, Nicolaus & Company, Incorporated, as underwriter (the "Underwriter") regarding the sale of the Refunding Bonds; provided, that the bond purchase agreement shall be subject to the approval of this Board, in substantial final form, before the execution and delivery thereof.

Section 6. The Successor Agency hereby appoints Urban Futures, Inc. to act as financial advisor to the Successor Agency, Richards, Watson & Gershon, A Professional Corporation, to act as bond counsel, Stradling Yocca Carlson & Rauth, A Professional Corporation as disclosure counsel, and Stifel, Nicolaus & Company, Incorporated, as underwriter, with respect to the issuance of the Refunding Bonds.

Section 7. The members of this Board and the Authorized Officers, and all other officers of the Successor Agency, are hereby authorized, jointly and severally, to execute and deliver any and all necessary documents and instruments and to do all things which they may deem necessary or proper to effectuate the purposes of this Resolution.

Section 8. This Resolution shall take effect immediately upon adoption.

PASSED, APPROVED AND ADOPTED this 26th day of August, 2014.



Sam J. Racadio
Chairman

ATTEST:



Betty Hughes MMC
Secretary

EXHIBIT A

FORM OF SUPPLEMENTAL INDENTURE

[please see attached]

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO)
CITY OF HIGHLAND)

I, BETTY HUGHES, Secretary of the Successor Agency to the Highland Redevelopment Agency of the City of Highland, California, do hereby certify Successor Agency to the Redevelopment Agency Resolution No. SARDA2014-004 was duly and regularly adopted by the Successor Agency to the Highland Redevelopment Agency, Highland, California, at a regular meeting thereof held on the 26th day of August, 2014, by the following vote:

AYES: Lilburn, McCallon, Racadio, Scott, Timmer

NOES: None

ABSTAIN: None

ABSENT: None



BETTY HUGHES, MMC
SECRETARY

CITY OF HIGHLAND, CALIFORNIA