

RESOLUTION NO. SARDA2017-004

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 SUBORDINATE 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 2007 in the principal amount of \$42,645,000 (the "2007 Bonds"); and

WHEREAS, the 2007 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 four supplemental indentures (the 1994 Indenture, as supplemented, being referred to herein as the "Senior Indenture"); and

WHEREAS, as of the date of this Resolution, there remains \$35,825,000 in principal amount of 2007 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 2007 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 2007 Bonds, plus the remaining principal of the 2007 Bonds to be refunded, and

(B) the principal amount of the Refunding Bonds shall not exceed the amount required to defease the refunded 2007 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 2007 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, an indenture (the "Subordinate Indenture") on a subordinate basis to the bonds outstanding under the Senior Indenture; and

WHEREAS, proceeds from the sale of Refunding Bonds will be used to (i) provide funds for the redemption of the 2007 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 Subordinate Indenture), if such deposit is required pursuant to the terms of the Subordinate 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 one or more series, in an aggregate principal amount not exceeding \$37,000,000, pursuant to the provisions of HSC Section 34177.5, the Refunding Bond Law and the Subordinate Indenture is hereby approved and authorized

Section 3. The Subordinate Indenture, in the form on file with the Secretary of the Successor Agency, 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 Subordinate 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. Pursuant to Health and Safety Code Section 34177.5(b), the Refunding Bonds shall be sold either through a public offering or a private placement transaction. The engagement of Stifel, Nicolaus & Company, Incorporated, either as the bond underwriter (in the case of a public offering) or the placement agent (in the case of a private placement sale) is hereby approved. The Executive Director is hereby authorized to negotiate the terms of a bond purchase agreement (the "Bond Purchase Agreement"), by and between the Successor Agency and the underwriter or the private placement purchaser(s), as applicable, for 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: (i) Urban Futures, Inc. to act as financial advisor/municipal advisor to the Successor Agency, regarding a fiscal consultant report and to assist the Successor Agency with continuing disclosure obligations, (ii) Richards, Watson & Gershon, A Professional Corporation, to act as bond counsel, and (iii) Stradling Yocca Carlson & Rauth, A Professional Corporation as disclosure counsel. The Authorized Officers are authorized to execute, on behalf of the Successor Agency, agreements to effectuate the engagement of such firms for this refunding.

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 (including, but not limited to, obtaining bond insurance or other types of credit enhancement, engagement of a verification agent for the defeasance escrow) 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 9th day of May, 2017



Penny Lilburn
Chairperson

ATTEST:



Betty Hughes, MMC
Secretary

May 3, 2017

Chuck Dantuono, Director of Administrative Services/City Treasurer
 City of Highland
 27215 E. Base Line Street
 Highland, CA 92346

(Proposed) 2017 Tax Allocation Bonds (Est.) Refunding Savings

A. \$42,645,000 Highland Redevelopment Agency
 Highland Redevelopment Project Area No. 1
 Tax Allocation Bonds, Series 2007

1. Total remaining principal and interest payments.	\$ 58,434,420.00
2. Estimated principal and interest payments on 2017 Subordinated Tax Allocation Refunding Bond issue	<u>\$ 54,419,100.54</u>
3. Estimated debt service savings by issuing 2017 Bonds:	\$ 4,015,319.46

B. Debt Service Schedule

<u>Year</u>	<u>Prior Debt Service</u>	<u>Est. 2017 Bonds Debt Service</u>	<u>Est. Savings</u>
2017	\$ 2,628,200.00	\$ 2,505,133.04	\$ 123,066.96
2018	2,630,950 00	2,447,424.00	183,526.00
2019	2,628,662.50	2,446,194.00	182,468 50
2020	2,629,157.50	2,445,098.00	184,059.50
2021	2,631,637.50	2,449,984.50	181,653.00
2022	2,629,362.50	2,445,882.50	183,480.00
2023	2,631,262.50	2,448,493.50	182,769.00
2024	2,630,687 50	2,447,493.50	183,194.00
2025	2,639,412.50	2,453,246.50	186,166.00
2026	2,634,812.50	2,450,274.50	184,538.00
2027	2,637,362.50	2,453,614.00	183,748.50
2028	2,636,587.50	2,453,462 00	183,125.50
2029	2,637,487.50	2,453,961.00	183,526.50
2030	2,639,825.00	2,454,739 50	185,085 50
2031	2,638,362.50	2,451,213.50	187,149.00
2032	2,638,100.00	2,453,253.00	184,847 00
2033	2,643,800.00	2,460,285.00	183,515.00
2034	2,639,987 50	2,456,706 50	183,281 00
2035	3,666,900.00	3,412,579.00	254,321.00
2036	3,670,375.00	3,413,583 00	256,792.00
2037	<u>3,671,487.50</u>	<u>3,416,480.00</u>	<u>255,007.50</u>
Totals	\$58,434,420.00	\$ 54,419,100.54	\$ 4,015,319.46



Douglas P. Anderson
Managing Principal

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. SARDA2017-004 was duly and regularly adopted by the Successor Agency to the Highland Redevelopment Agency, Highland, California, at a regular meeting thereof held on the 9th day of May, 2017, by the following vote:

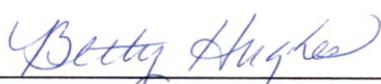
AYES: Chavez, Lilburn, McCallon, Solano, Timmer

NOES: None

ABSTAIN: None

ABSENT: None

Dated this 10th day of May, 2017.



BETTY HUGHES, MMC
SECRETARY