

RESOLUTION NO. OBSARDA2013-004

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE HIGHLAND REDEVELOPMENT AGENCY APPROVING THE EXECUTION OF A BOND PROCEEDS FUNDING AGREEMENT BETWEEN THE SUCCESSOR AGENCY AND THE CITY OF HIGHLAND

RECITALS:

A. The former Highland Redevelopment Agency (the "Former Agency") issued its Highland Redevelopment Project Area No. 1, Tax Allocation Bonds, Series 2004A (the "2004 Bonds"), in the original principal amount of \$17,525,000, and its Highland Redevelopment Project Area No. 1, Tax Allocation Bonds, Series 2007 (the "2007 Bonds" and together with the 2004 Bonds, the "Bonds"), in the original principal amount of \$42,645,000.

B. The Bonds were issued for the purpose of financing public infrastructure improvements and community facilities, such as the installation, construction and/or reconstruction of streets, utilities, public buildings, facilities, structures, street lighting, landscaping and other improvements that are necessary for the effective redevelopment of the Project Area (the "Project").

C. 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, and the Successor Agency was constituted.

D. AB 1484, which became effective at the end of June 2012, amended and supplemented the provisions of AB X1 26. Together, AB X1 26 and AB 1484 are referred to in this Agreement as the "Dissolution Act."

E. Pursuant to Section 34175(b) of the California Health and Safety Code ("HSC"), all assets, properties, contracts, leases, books and records, buildings, and equipment of the Former RDA, including all unspent proceeds of the Bonds (the "Bond Proceeds"), transferred to the control of the Successor Agency by operation of law.

F. According to HSC Section 34191.4, after the receipt by the Successor Agency of a finding of completion (the "Finding of Completion") issued by the California State Department of Finance (the "DOF") pursuant to HSC Section 34179.7, the Bond Proceeds shall be used for the purposes for which the Bonds were sold, in a manner consistent with the original bond covenants.

G. By DOF's letter, dated May 24, 2013, the DOF informed the Successor Agency that the DOF has issued a Finding of Completion to the Successor Agency.

H. There remains a balance of Bond Proceeds in the Successor Agency's accounts (which was \$28,673,293.48 as of September 30, 2013).

I. The Successor Agency desires to use a portion of the Bond Proceeds for completion of work with respect to the Project.

J. Because of the limited staffing of the Successor Agency and the traditional role and the established procedures of the City of Highland (the "City") with respect to the awarding of public works contracts, the Successor Agency and the City desire to enter into the Bond Proceeds Funding Agreement, pursuant to which the City will agree to perform or cause to be performed all work required to complete the Project, with payment therefor to be made from the Bond Proceeds.

K. Pursuant to HSC Sections 34178(a) and 34180(h), with the approval of the Oversight Board of the Successor Agency (the "Oversight Board"), the Successor Agency may enter into agreements with the City.

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE HIGHLAND REDEVELOPMENT AGENCY DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

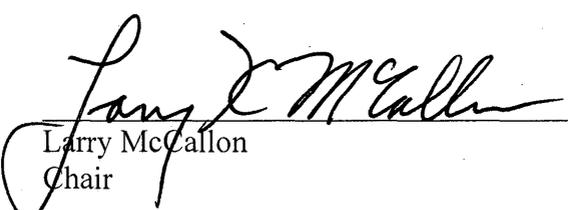
Section 1. Recitals. The above recitals, and each of them, are true and correct.

Section 2. Bond Proceeds Funding Agreement. This Oversight Board hereby approves the Successor Agency's execution and delivery of the Bond Proceeds Funding Agreement, substantially in the form attached hereto as Exhibit A.

Section 3. Other Acts. The members of this Oversight Board and the staff of the Successor Agency are hereby authorized, jointly and severally, to do all things which they may deem necessary or proper to effectuate the purposes of this Resolution and the Bond Proceeds Funding Agreement.

Section 4. Effective Date. This Resolution shall become effective in accordance with HSC Section 34179(h).

11th December
PASSED, APPROVED AND ADOPTED this 30th day of September, 2013.


Larry McCallon
Chair

ATTEST:


Betty Hughes, MMC
Secretary

EXHIBIT A

Bond Proceeds Funding Agreement

(Please see attached)

BOND PROCEEDS FUNDING AGREEMENT

This BOND PROCEEDS FUNDING AGREEMENT (this "Agreement"), dated as of October 1, 2013, is entered into by and between the City of Highland (the "City") and the Successor Agency to the Highland Redevelopment Agency (the "Successor Agency," and together with the City, the "Parties").

RECITALS:

A. The former Highland Redevelopment Agency (the "Former Agency") issued its Highland Redevelopment Project Area No. 1, Tax Allocation Bonds, Series 2004A (the "2004 Bonds"), in the original principal amount of \$17,525,000, and its Highland Redevelopment Project Area No. 1, Tax Allocation Bonds, Series 2007 (the "2007 Bonds" and together with the 2004 Bonds, the "Bonds"), in the original principal amount of \$42,645,000.

B. The Bonds were issued for the purpose of financing public infrastructure improvements and community facilities, such as the installation, construction and/or reconstruction of streets, utilities, public buildings, facilities, structures, street lighting, landscaping and other improvements that are necessary for the effective redevelopment of the Project Area (the "Project").

C. Pursuant to AB X1 26, which was enacted in 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 Agency was dissolved as of February 1, 2012, and the Successor Agency was constituted.

D. AB 1484, which was enacted in June 2012, amended and supplemented the provisions of AB X1 26. Together, AB X1 26 and AB 1484 are referred to herein as the "Dissolution Act."

E. Pursuant to Section 34175(b) of the California Health and Safety Code ("HSC"), all assets, properties, contracts, leases, books and records, buildings, and equipment of the Former Agency, including the unspent proceeds of the Bonds (the "Bond Proceeds"), transferred to the control of the Successor Agency by operation of law.

F. According to HSC Section 34191.4, after the Successor Agency's receipt of a finding of completion (the "Finding of Completion") issued by the California State Department of Finance (the "DOF") pursuant to HSC Section 34179.7, the Bond Proceeds shall be used for the purposes for which the Bonds were sold, in a manner consistent with the bond covenants.

G. By DOF's letter, dated May 24, 2013, the DOF informed the Successor Agency that the DOF has issued a Finding of Completion to the Successor Agency.

H. There remains a balance of Bond Proceeds in the Successor Agency's accounts (which was \$28,673,293.48 at September 30, 2013).

I. The Successor Agency desires to proceed with the use of the Bond Proceeds for the purposes for which the Bonds were sold, including the financing of the Project.

J. Pursuant to HSC Section 34177(l), the Successor Agency must prepare a Recognized Obligation Payment Schedule (“ROPS”) for each six-month fiscal period (“ROPS Period”). The ROPS must be submitted to the Oversight Board of the Successor Agency and the DOF for approval.

K. Pursuant to HSC Section 34191.4(c)(2), the expenditure of Bond Proceeds for an obligation must be listed on a ROPS.

L. Because of the limited staffing of the Successor Agency and the City’s traditional role and established procedures with respect to the awarding of public works contracts, the Successor Agency desires to enter into this Agreement with the City, for the City to perform or cause to be performed all work required to complete the Project, with payment therefor to be made from Bond Proceeds.

M. This Agreement provides for the transfer of Bond Proceeds to the City for the City to perform or cause to be performed all work required to complete the Project.

N. Pursuant to HSC Sections 34178(a) and 34180(h), with the approval of the Oversight Board of the Successor Agency (the “Oversight Board”), the Successor Agency may enter into agreements with the City.

O. Resolution No. OBSARDA2013-04 adopted by the Oversight Board on December 11, 2013 approving the Successor Agency’s execution and delivery of this Agreement was approved [deemed approved] by the DOF pursuant to HSC Section 34179(h) on December 10, 2013.

NOW, THEREFORE, THE PARTIES DO HEREBY AGREE AS FOLLOWS:

Section 1. Subject to the provisions of this Agreement and with the funding provided pursuant to this Agreement, the City agrees to perform or cause to be performed all work required for the completion of the Project, including but not limited to the preparation of designs, plans and specifications and all demolitions, construction and installations. The City shall perform such work in accordance with all applicable federal, state and local laws, rules and regulations. Subject to the covenants set forth herein, the City shall have the sole discretion with respect to the design, planning, specification and the timing with respect to all components of the Project.

Section 2. (a) The Successor Agency has prepared and submitted to the Oversight Board and the DOF, a ROPS (“ROPS 13-14B”) for the ROPS Period commencing January 1, 2014 (the “ROPS 13-14B Period”). Included in ROPS 13-14B is the estimated dollar amount (the “Project Estimate”) for Project expenses during the ROPS 13-14B Period.

(b) Subject to the approval (and any modification) by the Oversight Board and the DOF of the ROPS 13-14B item described in Section 2(a), at the commencement of the ROPS

Section 3. (a) The Parties acknowledge and agree that the Bond Proceeds shall be the sole source of the Successor Agency's payment for the completion of the Project pursuant to this Agreement.

(b) At any time, if the City determines that the amount previously transferred by the Successor Agency pursuant to this Agreement is insufficient for the completion of the Project, the City's Finance Director shall notify the Successor Agency, specifying the estimated dollar amount necessary for the completion of the Project (the "Additional Funding Amount"). To the extent that sufficient unspent Bond Proceeds remain available, the Successor Agency shall list the Additional Funding Amount on the ROPS for the next available ROPS Period. Upon obtaining the Oversight Board's and the DOF's approval for such ROPS item, the Successor Agency shall transfer the Additional Funding Amount from Bond Proceeds to the City as soon as practicable upon the commencement of the applicable ROPS Period.

(c) Before the transfer of any Additional Funding Amount pursuant to Section 3(b) above, the City may, but is not obligated to, advance funds from sources available to City for the work necessary for the Project (each such advance being a "City Advance"). Any Additional Funding Amount transferred by the Successor Agency pursuant to Section 3(b) shall first be used to reimburse the City for outstanding City Advances, and then to pay for other expenditures of the Project.

Section 4. To the extent the City still holds unspent Bond Proceeds transferred pursuant to this Agreement after the completion of the Project (as determined by the legislative body of the City), the City shall return such unspent Bond Proceeds to the Successor Agency within a reasonable time after such determination.

Section 5. The City covenants that it shall use the Bond Proceeds in a manner consistent with the covenants in the indentures for the Bonds, including, but not limited to, any covenants regarding the tax-exempt status of interest on the Bonds under the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder.

Section 6. Each Party shall maintain books and records regarding its duties pursuant to this Agreement. Such books and records shall be available for inspection by the officers and agents of the other Party at all reasonable times.

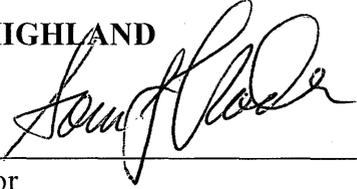
Section 7. The Parties agree to take all appropriate steps and execute any documents which may reasonably be necessary or convenient to implement the intent of this Agreement.

Section 8. This Agreement may be amended from time to time by written instrument executed by both Parties.

Section 9. No official, agent, or employee of the Successor Agency or the City, or members of the City Council, or members of the Successor Agency Board of Directors or Oversight Board shall be individually or personally liable for any payment hereunder in the event of any default or breach by the Successor Agency or the City, or for any amount which may otherwise become due to the City or Successor Agency, or successor thereto, or on any obligations under the terms of this Agreement.

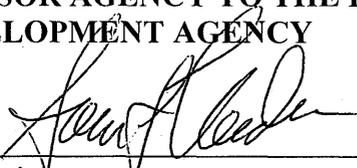
Section 10. This Agreement is made in the State of California under the Constitution and laws of the State of California, and is to be so construed.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized officers.

CITY OF HIGHLAND
By 
Mayor

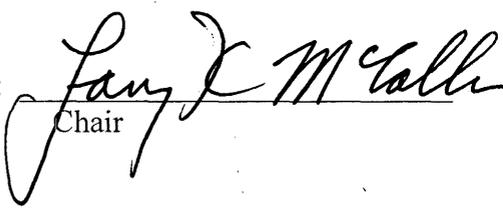
ATTEST:

City Clerk

SUCCESSOR AGENCY TO THE HIGHLAND REDEVELOPMENT AGENCY
By 
Chairperson

ATTEST:

Secretary

APPROVED:
OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE HIGHLAND REDEVELOPMENT AGENCY
By:  12-11-2013
Chair Date

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

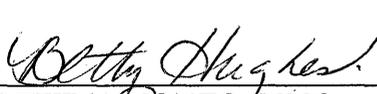
I, BETTY HUGHES, Secretary of the Oversight Board of the Successor Agency to the Highland Redevelopment Agency of the City of Highland, California, do hereby certify Oversight Board of the Successor Agency to the Redevelopment Agency Resolution No. OBSARDA2013-004 was duly and regularly adopted by the Oversight Board of the Successor Agency to the Highland Redevelopment Agency, Highland, California, at a special meeting thereof held on the 11th day of December, 2013, by the following vote:

AYES: Haller, Huff, Jaquess, McCallon, Saks, Sutorus

NOES: None

ABSTAIN: None

ABSENT: Peukert



BETTY HUGHES, MMC
SECRETARY