

## RESOLUTION NO. OBSARDA2014-004

### A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE HIGHLAND REDEVELOPMENT AGENCY APPROVING THE ISSUANCE 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, 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. 4<sup>th</sup> 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; 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"); 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**, the Board of Directors of the Successor Agency has adopted its Resolution No. SARDA2014-004 on August 26, 2014 (the "Successor Agency Resolution"), approving the Successor Agency's issuance of the Refunding Bonds, in the approximate aggregate principal amount of \$15,000,000 and authorizing the Successor Agency's execution and delivery of the Supplemental Indenture (substantially in the form attached to the Successor Agency Resolution); and

**WHEREAS**, the Oversight Board has received a copy of the Successor Agency Resolution; and

**WHEREAS**, there has been presented to the Oversight 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; and

**WHEREAS**, the Oversight Board desires to adopt this Resolution to approve the issuance of the Refunding Bonds;

**NOW, THEREFORE, THE OVERSIGHT BOARD 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 Oversight Board hereby approves the issuance of the Refunding Bonds, in the approximate aggregate principal amount of \$15,000,000. The Oversight Board approves the pledge of the property tax revenues to secure the Refunding Bonds pursuant to the terms of the Indenture, as supplemented by the Supplemental Indenture.

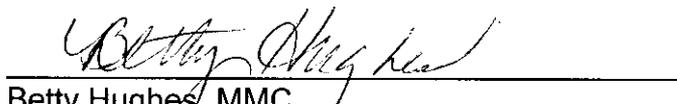
**Section 4.** The members of this Oversight Board and the staff of the Successor Agency are hereby authorized, jointly and severally, to do all things which they may deem necessary or proper to effectuate the purposes of this Resolution.

**Section 5.** This Resolution shall become effective in accordance with HSC Sections 34181(f) and 34177.5(f).

**PASSED, APPROVED AND ADOPTED** this 27th day of August, 2014.

  
Larry McCallon  
Chairman

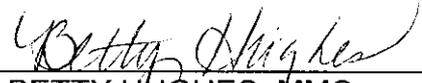
ATTEST:

  
Betty Hughes, MMC  
Secretary

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. OBSARDA2014-004 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 27th day of August, 2014, by the following vote:

- AYES:       Haller, Huff, Mainez, McCallon, Saks
  
- NOES:       None
  
- ABSTAIN:   None
  
- ABSENT:     Peukert, Sutorus

  
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BETTY HUGHES, MMC  
SECRETARY