

## RESOLUTION NO. OB-33

### **A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE SCOTTS VALLEY REDEVELOPMENT AGENCY APPROVING AND DIRECTING THE ISSUANCE OF REFUNDING BONDS, MAKING CERTAIN DETERMINATIONS WITH RESPECT TO THE REFUNDING BONDS AND PROVIDING OTHER MATTERS RELATING THERETO**

**WHEREAS**, the Redevelopment Agency of the City of Scotts Valley (the "Former Agency") was a public body, corporate and politic, duly established and authorized to transact business and exercise powers under and pursuant to the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State (the "Redevelopment Law");

**WHEREAS**, Assembly Bill x1 26, effective June 29, 2011 codified Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code (as amended from time to time, the "Dissolution Act");

**WHEREAS**, pursuant to Section 34172(a) of the Dissolution Act, the Former Agency has been dissolved and no longer exists, and pursuant to Section 34173, the City of Scotts Valley (the "City") has elected to serve as the successor entity to the Former Agency (the "Successor Agency");

**WHEREAS**, pursuant to Section 34179 of the Dissolution Act, this Oversight Board has been established for the Successor Agency;

**WHEREAS**, the Oversight Board is informed by the Successor Agency that the Former Agency incurred, among other obligations, the obligations listed on Exhibit A for the purpose of financing redevelopment activities (the "Prior Obligations");

**WHEREAS**, Section 34177.5(a)(1) of the Dissolution Act authorizes the Successor Agency to issue refunding bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Refunding Law") for the purpose of achieving debt service savings within the parameters set forth in Section 34177.5(a)(1) (the "Savings Parameters");

**WHEREAS**, the Successor Agency by its resolution adopted November 2, 2016 (the "Successor Agency Resolution") approved the issuance of the following bonds (collectively, the "Refunding Bonds") pursuant to Section 34177.5(a)(1):

- (a) Successor Agency of the Scotts Valley Redevelopment Agency 2017 Tax Allocation Refunding Bonds, Series A (the "2017A Bonds"), which will be issued pursuant to an Indenture of Trust (the "2017A Indenture"), between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as trustee. The Successor Agency expects to issue the 2017A Bonds to refund the 2003 Reimbursement Obligation, the 2006 Bonds and the portion of the 2009 Reimbursement Obligation related to the 2009A Lease Revenue Bonds; and

- (b) Successor Agency of the Scotts Valley Redevelopment Agency 2017 Tax Allocation Refunding Bonds, Taxable Series B (the "2017B Bonds"), which will be issued pursuant to the 2017A Indenture, as supplemented by a First Supplement to Indenture of Trust (the "2017B Supplement"; together with the 2017A Indenture, the "Indenture"). The Successor Agency expects to issue the 2017B Bonds to refund the portion of the 2009 Reimbursement Obligation related to the 2009B Lease Revenue Bonds;

**WHEREAS**, in the Successor Agency Resolution, the Successor Agency approved the issuance of the Refunding Bonds and authorized the execution and delivery of the Indenture;

**WHEREAS**, in the Successor Agency Resolution, the Successor Agency also requested that this Oversight Board approve and direct the issuance of the Refunding Bonds pursuant to the Successor Agency Resolution and the Indenture and that this Oversight Board make certain determinations described below on which the Successor Agency will rely in undertaking the refunding proceedings and the issuance of the Refunding Bonds;

**WHEREAS**, the Successor Agency has caused its municipal advisor, NHA Advisors, LLC (the "Municipal Advisor"), to prepare an analysis (the "Municipal Advisor Work Product") in order to demonstrate that the issuance of the proposed Refunding Bonds will meet the Savings Parameters with respect to the Prior Obligations;

**WHEREAS**, the Successor Agency has directed staff to determine whether the Refunding Bonds will be sold in a public offering to an underwriter to be identified by staff or privately placed with a financial institution to be identified by staff; and

**WHEREAS**, following approval by the Oversight Board of the issuance of the Refunding Bonds by the Successor Agency and upon submission of the Oversight Board Resolution to the California Department of Finance, the Successor Agency will, if it has determined to sell the Refunding Bonds in a public offering, with the assistance of the Successor Agency's Disclosure Counsel and the Municipal Advisor, cause to be prepared a form of Official Statement describing the Refunding Bonds and containing material information relating to the Refunding Bonds, the preliminary form of which will be submitted to the Successor Agency for approval for distribution by the underwriter to persons and institutions interested in purchasing the Refunding Bonds; and

**WHEREAS**, this Oversight Board has completed its review of the refunding proceedings and the Municipal Advisor Work Product and hereby approves the foregoing.

**NOW, THEREFORE**, the Oversight Board of the Successor Agency of the Scotts Valley Redevelopment Agency, hereby resolves as follows:

1. Ratification and Adoption of Successor Agency Resolution. Successor Agency Resolution No. SA-36 is hereby ratified and adopted as set forth in the recitals above.

2. Determination of Savings. This Oversight Board has determined that there are significant potential savings available to the Successor Agency and to applicable taxing entities by the issuance by the Successor Agency of the Refunding Bonds in compliance with the Savings Parameters to refund and defease all or a portion of the Prior Obligations, all as evidenced by the Municipal Advisor Work Product on file with the Secretary of the Oversight Board, which Municipal Advisor Work Product is hereby approved.

3. Approval and Direction of Issuance of the Refunding Bonds. As authorized by Section 34177.5(f) and Section 34180, this Oversight Board hereby approves and directs the issuance by the Successor Agency of the Refunding Bonds pursuant to Section 34177.5(a)(1) and under other applicable provisions of the Redevelopment Law, as amended and supplemented by the Dissolution Act, and the Refunding Law and as provided in the Successor Agency Resolution and the Indenture in the aggregate principal amount of not to exceed \$15,000,000 (with the allocation of such aggregate principal amount between the 2017A Bonds and the 2017B Bonds to be determined at the time of pricing the Refunding Bonds), provided that the principal and interest payable with respect to the Refunding Bonds must comply in all respects with the requirements of the Savings Parameters, all as shall be certified to by the Municipal Advisor upon delivery of the Refunding Bonds or any part thereof. This Oversight Board approves the sale of the Refunding Bonds in a public offering or a private placement, as determined by the Successor Agency, without further prior approval of the Oversight Board provided that the Refunding Bonds are in compliance with the Savings Parameters.

4. Sale and Delivery of Refunding Bonds in Whole or in Part. The Oversight Board is informed by the Successor Agency that it is the intent of the Successor Agency to sell and deliver the Refunding Bonds to refund the Prior Obligations in whole, provided that there is compliance with the Savings Parameters, and that if such Savings Parameters cannot be met, then the Refunding Bonds shall be sold to refund such Prior Obligations in part to the extent that the refunding of such Prior Obligations in part can satisfy the Savings Parameters and any portion of such Prior Obligations not refunded would remain outstanding as a senior obligation.

In the event the Refunding Bonds are issued to refund the Prior Obligations in part, then the Successor Agency intends to sell and deliver additional bonds to refund the unrefunded Prior Obligations pursuant to a supplement to the Indenture without further approval of the Oversight Board provided that in each such instance the bonds so sold and delivered in part are in compliance with the Savings Parameters.

The Oversight Board hereby approves the issuance of the Refunding Bonds to refund the Prior Obligations in part and, thereafter, the sale and delivery of additional bonds to refund the unrefunded Prior Obligations pursuant to a supplement to the Indenture without further prior approval of the Oversight Board provided that in each such instance the bonds so sold and delivered in part are in compliance with the Savings Parameters.

5. Determinations by the Oversight Board. As requested by the Successor Agency, the Oversight Board makes the following determinations upon which the Successor Agency shall rely in undertaking the refunding proceedings and the issuance of the Refunding Bonds:

- (a) The Successor Agency is authorized to issue the Refunding Bonds to refund the Prior Obligations pursuant to Section 34177.5(a).
- (b) The Successor Agency is authorized, as provided in Section 34177.5(f), to recover its costs related to the issuance of the Refunding Bonds from the proceeds of the Refunding Bonds, including the cost of reimbursing the City for administrative staff time spent with respect to the authorization, issuance, sale and delivery of the Refunding Bonds;
- (c) The application of proceeds of the Refunding Bonds by the Successor Agency to the refunding and defeasance of all or a portion of the Prior Obligations as provided in Section 34177.5(a), shall be implemented by the

Successor Agency promptly upon sale and delivery of the Refunding Bonds without the approval of the Oversight Board, the California Department of Finance, the Santa Cruz County Auditor-Controller or any other person or entity other than the Successor Agency; and

- (d) The Successor Agency shall be entitled to receive its full Administrative Cost Allowance under Section 34181(a)(3) without any deductions with respect to continuing costs related to the Refunding Bonds, such as trustee's fees, auditing and fiscal consultant fees and continuing disclosure and rating agency costs (collectively, "Continuing Costs of Issuance"), and such Continuing Costs of Issuance shall be payable from property tax revenues pursuant to Section 34183. In addition and as provided by Section 34177.5(f), if the Successor Agency is unable to complete the issuance of the Refunding Bonds for any reason, the Successor Agency shall, nevertheless, be entitled to recover its costs incurred with respect to the refunding proceedings from such property tax revenues pursuant to Section 34183 without reduction in its Administrative Cost Allowance.

6. Effective Date. Pursuant to Health and Safety Code Section 34177(f) and Section 34179(h), this Resolution shall be effective five (5) business days after proper notification hereof is given to the Department of Finance unless the Department of Finance requests a review of the actions taken in this Resolution, in which case this Resolution will be effective upon approval by the Department.

7. Transmittal. The Successor Agency is hereby directed to transmit this Resolution to the Department of Finance.

**PASSED, APPROVED AND ADOPTED** this 3<sup>rd</sup> day of November, 2016 by the following vote:

AYES: BATEMAN, DILLES, RAMIREZ, SMITH, ZIEL

NOES: NONE

ABSENT: BUSTICHI, MCPHERSON

ABSTAIN: NONE

  
Tracy A. Ferrara, Board Secretary

  
Taylor Bateman, Acting Chair

## **EXHIBIT A**

### **PRIOR OBLIGATIONS**

A reimbursement obligation (the "2003 Reimbursement Obligation") of the Redevelopment Agency of the City of Scotts Valley related to \$3,455,000 Certificates of Participation Refunding and 2003 Public Improvements Project (the "2003 Certificates of Participation"), which were executed and delivered pursuant to an Indenture of Trust, dated as of April 1, 2003 (the "2003 Indenture"), by and among the City of Scotts Valley, the Scotts Valley Public Financing Authority and The Bank of New York Mellon Trust Company, N.A., as successor trustee.

\$6,810,000 Redevelopment Agency of the City of Scotts Valley Scotts Valley Redevelopment Project Tax Allocation Refunding Bonds, Issue of 2006 (the "2006 Bonds"), issued pursuant to an Indenture of Trust, dated as of June 1, 2006, by and between the Redevelopment Agency of the City of Scotts Valley and The Bank of New York Mellon Trust Company, N.A., as trustee (the "2006 Indenture").

A reimbursement obligation (the "2009 Reimbursement Obligation"), under a Reimbursement Agreement, dated as of December 1, 2009 (the "2009 Reimbursement Agreement"), by and between the City of Scotts Valley and the Redevelopment Agency of the City of Scotts Valley (Redevelopment Agency Refinancing Project related to (i) \$5,260,000 Redevelopment Agency of the City of Scotts Valley Lease Revenue Bonds Series 2009A (the "2009A Lease Revenue Bonds") and (ii) \$3,500,000 Redevelopment Agency of the City of Scotts Valley Lease Revenue Bonds Series 2009B (Taxable) (the "2009B Lease Revenue Bonds"), which were issued pursuant to an Indenture, dated as of December 1, 2009 (the "2009 Indenture"), by and between the Redevelopment Agency of the City of Scotts Valley and The Bank of New York Mellon Trust Company, N.A.