

RESOLUTION NO. OB 2015-02

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF EAST PALO ALTO APPROVING THE ISSUANCE OF REFUNDING BONDS OF THE SUCCESSOR AGENCY, MAKING CERTAIN DETERMINATIONS WITH RESPECT TO THE REFUNDING BONDS AND PROVIDING OTHER MATTERS RELATING THERETO

WHEREAS, the Redevelopment Agency of the City of East Palo Alto (the "Former Redevelopment 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 California Health and Safety Code (the "Law");

WHEREAS, pursuant to section 34172(a) of the Law (unless otherwise noted, all section references in this Resolution are to sections of the Law), the Former Redevelopment Agency has been dissolved and no longer exists, and pursuant to section 34173, the Successor Agency to the former Redevelopment Agency of the City of East Palo Alto (the "Successor Agency") has become the successor entity to the Former Agency;

WHEREAS, pursuant to section 34179, this Oversight Board has been established for the Successor Agency;

WHEREAS, a redevelopment plan for the Former Redevelopment Agency's University Circle Redevelopment Project in the City of East Palo Alto (the "City") has been adopted in compliance with all requirements of the Law (the "University Circle Project");

WHEREAS, a redevelopment plan for the Former Redevelopment Agency's Gateway/101 Corridor Redevelopment Project in the City has been adopted in compliance with all requirements of the Law (the "Gateway/101 Corridor Project");

WHEREAS, the Former Redevelopment Agency amended the redevelopment plans for the University Circle Project and the Gateway/101 Corridor Redevelopment Project to fiscally merge the tax increment revenues from the University Circle Project and the Gateway/101 Corridor Project;

WHEREAS, the Oversight Board is informed by the Successor Agency that prior to the dissolution of the Former Redevelopment Agency, the Former Redevelopment Agency issued the following bonds for the purpose of financing and refinancing redevelopment and low and moderate income housing activities which bonds remain outstanding:

(a) Redevelopment Agency of the City of East Palo Alto University Circle – Gateway/101 Corridor Merged Project Areas Tax Allocation Bonds, Series 1999 (the “1999 Bonds”),

(b) Redevelopment Agency of the City of East Palo Alto University Circle – Gateway/101 Corridor Merged Project Areas Tax Allocation Refunding Bonds, Series 2003A (the “2003A Bonds”), and

(c) Redevelopment Agency of the City of East Palo Alto University Circle – Gateway/101 Corridor Merged Project Areas Taxable Tax Allocation Refunding Bonds, Series 2003B (the “2003B Bonds” and, together with the 1999 Bonds and the 2003A Bonds, the “Former Agency Bonds”),

WHEREAS, subsequent to the issuance of the Former Redevelopment Agency Bonds, the Former Redevelopment Agency amended the redevelopment plans for the University Circle Project and the Gateway/101 Corridor Project, as well as the redevelopment plan for the Former Redevelopment Agency’s Ravenswood Industrial Area Redevelopment Project, to fiscally merge the tax increment revenues from the three projects;

WHEREAS, section 34177.5 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 California 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, to determine compliance with the Savings Parameters for purposes of the issuance by the Successor Agency of its tax allocation refunding bonds, the Successor Agency has caused its financial advisor, KNN Public Finance (the “Financial Advisor”), to prepare an analysis of the potential savings that will accrue to the Successor Agency and to applicable taxing entities as a result of the use of the proceeds of refunding bonds to refund all or a portion of the Former Agency Bonds (the “Debt Service Savings Analysis”);

WHEREAS, the Debt Service Savings Analysis has demonstrated that a refunding of the Former Agency Bonds will satisfy the Savings Parameters;

WHEREAS, the Successor Agency by its resolution adopted on May 19, 2015 (the “Successor Agency Resolution”) approved the issuance of its Successor Agency to the former Redevelopment Agency of the City of East Palo Alto Tax Allocation Refunding Bonds, Series 2015A, to refund the 1999 Bonds and the 2003A Bonds (the “2015A Bonds”), and the issuance of its Successor Agency to the former Redevelopment Agency of the City of East Palo Alto Taxable Tax Allocation Refunding Bonds, Series 2015B, to refund the 2003B Bonds (the “2015B Bonds” and, together with the 2015A Bonds, the “Bonds”), pursuant to section 34177.5(a)(1);

WHEREAS, in the Successor Agency Resolution, the Successor Agency also authorized the execution and delivery of an indenture of trust, by and between the Successor Agency and Wells Fargo Bank, National Association, as trustee (the "Indenture") and escrow agreements, by and between the Successor Agency and Wells Fargo Bank, National Association, as escrow bank;

WHEREAS, in the Successor Agency Resolution, the Successor Agency also requested that this Oversight Board direct the Successor Agency to undertake the refunding proceedings and approve the issuance of the 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 Bonds;

WHEREAS, following approval by the Oversight Board of the issuance of the Bonds by the Successor Agency and upon submission of the Successor Agency Resolution and this Resolution to the California Department of Finance, the Successor Agency will, with the assistance of its Disclosure Counsel, the Financial Advisor and its fiscal consultant, cause to be prepared a form of official statement for the Bonds describing the Bonds and containing material information relating to the Successor Agency and the Bonds, the preliminary form of which will be submitted to the Successor Agency for approval for distribution to persons and institutions interested in purchasing the Bonds, the Successor Agency will select an underwriter for the Bonds (the "Underwriter"), and a bond purchase agreement between the Successor Agency and the Underwriter will be prepared, the form of which will be submitted to the Successor Agency for approval; and

WHEREAS, this Oversight Board has completed its review of the refunding proceedings and the Debt Service Savings Analysis and wishes at this time to give its approval to the foregoing.

NOW, THEREFORE, THE OVERSIGHT BOARD OF SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF EAST PALO ALTO hereby finds, resolves, and determines as follows:

SECTION 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

SECTION 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 in compliance with the Savings Parameters by the issuance by the Successor Agency of the Bonds to provide funds to refund and defease the Former Redevelopment Agency Bonds, as evidenced by the Debt Service Savings Analysis on file with the Secretary to the Successor Agency, which Debt Service Savings Analysis is hereby approved.

SECTION 3. Direction and Approval of Issuance of the Bonds. As authorized by section 34177.5(f), the Oversight Board hereby approves the issuance by the Successor Agency of the Bonds pursuant to section 34177.5(a)(1) and under other applicable provisions of the Law and the Refunding Law and as provided in the Successor Agency Resolution and the Indenture in the aggregate principal amount of not to exceed \$25,000,000 provided that the principal and interest payable with respect to the Bonds complies in all respects with the requirements of the Savings Parameters with respect thereto, as shall be certified to by the Financial Advisor upon delivery of the Bonds or any portion thereof.

SECTION 4. Sale and Delivery of Bonds in Whole or in Part. The Oversight Board hereby approves the sale and delivery of the Bonds in whole, provided that there is compliance with the Savings Parameters. However, if such Savings Parameters cannot be met with respect to the whole of the Bonds, then the Oversight Board approves the sale and delivery of the Bonds from time to time in part. In the event the Bonds are initially sold in part, the Successor Agency is hereby authorized to sell and deliver additional series of the Bonds without the prior approval of this Oversight Board provided that in each such instance the Bonds so sold and delivered in part are in compliance with the Savings Parameters.

SECTION 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 Bonds:

(a) The Successor Agency is authorized, as provided in section 34177.5(f), to recover its costs related to the issuance of the Bonds from the proceeds of the Bonds, including the cost of reimbursing its administrative staff for time spent with respect to the authorization, issuance, sale and delivery of the Bonds;

(b) The application of the proceeds of the Bonds by the Successor Agency to the refunding and defeasance of the Former Redevelopment Agency Bonds, as well as the payment by the Successor Agency of costs of issuance of the Bonds, including municipal bond insurance and reserve fund surety bond premiums, as provided in section 34177.5(a), shall be implemented by the Successor Agency promptly upon sale and delivery of the Bonds, notwithstanding section 34177.3 or any other provision of law to the contrary, without the approval of the Oversight Board, the California Department of Finance, the San Mateo County Auditor-Controller or any other person or entity other than the Successor Agency; and

(c) 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 Bonds, such as trustee's fees, auditing and fiscal consultant fees, escrow bank 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 Bonds for any reason, the Successor Agency shall, nevertheless, be entitled to recover its costs incurred with respect to the refunding proceedings for the Former Agency Bonds from such property tax revenues pursuant to section 34183 without reduction in its Administrative Cost Allowance.

SECTION 6. Effective Date. Pursuant to section 34177(f) and section 34179(h), this Resolution shall be effective five (5) business days after proper notification hereof is given to the California Department of Finance unless the California 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 California Department of Finance.

SECTION 7. Certification. The Chair shall sign the Resolution and the Oversight Board Secretary shall confirm the passage and adoption hereof.

ADOPTED on May 21, 2015 by the Members of the Oversight Board of the Successor Agency to the former Redevelopment Agency of the City of East Palo Alto with the following vote, to wit:

AYES: Callagy, Abrica, Jackson, Sved, Jellins, Martinez


NOES:

ABSENT: Chow


ABSTAIN:



Oversight Board Secretary, Joseph Prado



Oversight Board Chair, Nicholas Jellins



Approved as to form
Oversight Board Counsel, Gary Baum