

RESOLUTION NO. 2014-04

CITY OF SOUTH GATE
LOS ANGELES COUNTY, CALIFORNIA

A RESOLUTION OF THE OVERSIGHT BOARD OF THE
SUCCESSOR AGENCY TO THE COMMUNITY
DEVELOPMENT COMMISSION OF THE CITY OF
SOUTH GATE, AUTHORIZING THE SUCCESSOR
AGENCY TO REFUND CERTAIN OUTSTANDING TAX
ALLOCATION OBLIGATIONS PURSUANT TO
ASSEMBLY BILLS X1 26 AND 1484

WHEREAS, the Community Development Commission of the City of South Gate ("Former RDA") previously was a public body, corporate and politic formed, organized, existing and exercising its powers pursuant to Section 34100, *et seq.* of the California Health and Safety Code, and exercised the powers, authority, functions, jurisdiction of a community redevelopment agency formed, organized, existing and exercising its powers pursuant to the California Community Redevelopment Law, Health and Safety Code, Section 33000, *et seq.*, and specifically formed by the City Council ("City Council") of the City of South Gate ("City"); and

WHEREAS, Assembly Bill x1 26 chaptered and effective on June 28, 2011 added Parts 1.8 and 1.85 to Division 24 of the California Health & Safety Code, which caused the dissolution of all redevelopment agencies and winding down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484 chaptered and effective on June 27, 2012, and subsequent legislation (together, "Dissolution Law"); and

WHEREAS, as of February 1, 2012 the Former RDA was dissolved pursuant to the Dissolution Law, and as a separate public entity, corporate and politic the Successor Agency to the Community Development Commission of the City of South Gate ("Agency") administers the enforceable obligations of the Former RDA and otherwise unwinds the Former RDA's affairs as confirmed by Resolution No. 7473 adopted by the City on January 11, 2012; and

WHEREAS, the Agency's affairs are subject to the review and approval by a seven-member oversight board pursuant to Section 34179 ("Oversight Board"), which was formed and had its initial meeting on April 23, 2012; and

WHEREAS, Section 34179 provides that the Oversight Board has fiduciary responsibilities to holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other revenues pursuant to Section 34188 of Part 1.85 of the Dissolution Law; and

WHEREAS, among other provisions of Assembly Bill No. 1484, Section 34177.5 of the Dissolution Law provides a mechanism to refund outstanding bonds or other indebtedness under certain circumstances; and

WHEREAS, the Oversight Board is informed by the Agency that, in 2002, the South Gate Public Financing Authority ("SGPFA"), for the benefit of the Former RDA, issued its South Gate Public Financing Authority 2002 Tax Allocation Revenue Bonds (South Gate Redevelopment Project No. 1) ("2002 Bonds") in the aggregate principal amount of \$17,335,000, payable from principal and interest payments under a Loan Agreement, dated as of October 1, 2002 ("2002 Loan"), by and between the Former RDA and the SGPFA, attributable to the Former RDA's South Gate Redevelopment Project No. 1, which 2002 Loan is subject to prepayment and which 2002 Bonds are subject to optional redemption and prepayment and redemption may be made on any interest payment date for the 2002 Bonds, currently at a price equal to the outstanding principal amount thereof, plus interest due thereon to the date fixed for prepayment and redemption, as applicable; and

WHEREAS, the Oversight Board is informed by the Agency that, in 2002, the City, for the benefit of the Former RDA, caused (i) the City of South Gate Certificates of Participation 2002 Series A, evidencing interests in lease payments to be made by the City pursuant to a lease agreement ("2002A Lease"), in the aggregate principal amount of \$15,185,000 ("2002A Certificates"), and (ii) the City of South Gate Certificates of Participation 2002 Series B (Taxable), evidencing interests in lease payments to be made by the City pursuant to a lease agreement ("2002B Lease"), in the aggregate principal amount of \$7,280,000 ("2002B Certificates"), to be executed and delivered, which such lease payments of the City under each such lease agreement were supported by principal and interest payments (a) with respect to the 2002A Lease, under a Loan Agreement, dated as of March 1, 2002 ("2002A Loan"), by and between the Former RDA and the City, and (b) with respect to the 2002B Lease, under a Loan Agreement, dated as of March 1, 2002 ("2002B Loan"), by and between the Former RDA and the City, both attributable to the Former RDA's South Gate Redevelopment Project No. 1, which 2002A Loan, 2002A Lease and 2002A Certificates, and 2002B Loan, 2002B Lease and 2002B Certificates, are subject to prepayment on any interest payment date for the related certificates, currently at a price equal to the outstanding principal amount thereof, plus interest due thereon to the date fixed for prepayment; and

WHEREAS, the Oversight Board is informed by the Agency that, in 2003, the SGPFA, for the benefit of the Former RDA, issued its South Gate Public Financing Authority 2003 Tax Allocation Revenue Bonds (South Gate Redevelopment Project No. 1) ("2003 Bonds") in the aggregate principal amount of \$31,900,000, payable from principal and interest payments under a Loan Agreement, dated as of November 1, 2003 ("2003 Loan" and, together with the 2002 Loan, the 2002A Loan and the 2002B Loan, the "Prior Obligations"), by and between the Former RDA and the SGPFA, attributable to the Former RDA's South Gate Redevelopment Project No. 1, which 2003 Loan is subject to prepayment and which 2003 Bonds are subject to optional redemption and prepayment and redemption may be made on any interest payment date for the 2003 Bonds at a price equal to the outstanding principal amount thereof, plus interest due thereon to the date fixed for prepayment and redemption, as applicable, without premium; and

WHEREAS, Section 34177.5(a)(1) of the Dissolution Law authorizes successor agencies to refund outstanding bonds or other indebtedness to be refunded provided that (i) the total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness shall not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the

bonds or other indebtedness to be refunded, and (ii) the principal amount of the refunding bonds or other indebtedness shall not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves, and to pay related costs of issuance; and

WHEREAS, the County of Los Angeles (“County”), a political subdivision of the State of California and taxing entity recipient of property tax revenues, represented by voting membership on the Oversight Board, has developed a program (“Refunding Program”) to assist successor agencies within the County to refund bonds or other indebtedness pursuant to AB 1484 in order to provide debt service savings to participating successor agencies within the County, efficiencies in issuance and cost of issuance savings; and

WHEREAS, the Refunding Program contemplates revenue bonds to be offered to the public in connection with the proposed refunding of all or a portion of the Prior Obligations (together with outstanding bonds or other indebtedness of successor agencies other than the Agency) through the issuance by the County of Los Angeles Redevelopment Refunding Authority (“Authority”), in one or more series, of its Tax Increment Revenue Refunding Bonds, Series 2014, with such other name and series designation as shall be deemed appropriate (“Authority Bonds”), pursuant to and under the terms of one or more trust agreements (each, a “Trust Agreement”), between the Authority and a corporate trustee bank to be designated by the Authority, as trustee (“Authority Trustee”); and

WHEREAS, pursuant to Section 34177.5(f) of the Dissolution Law, the Oversight Board has requested that the Agency prepare to issue refunding bonds, which refunding bonds may be sold to the Authority pursuant to the Marks-Roos Local Bond Pooling Act (Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code) following a determination by the Agency to participate in the Refunding Program, to refund all or a portion of the Prior Obligations; provided that this request shall not offer any assurance that Authority Bonds will be sold by the Authority under the Refunding Program to refund all or any portion of the Prior Obligations; and

WHEREAS, the Oversight Board is informed by the Agency that it has determined to issue its Tax Allocation Refunding Bonds, Series 2014, in one or more series and with such other name and series designation as shall be deemed appropriate (“Refunding Bonds”), for the purpose of (i) refunding all or a portion of the Prior Obligations, (ii) paying the costs of issuing the Refunding Bonds and the Agency’s share (as determined by the Authority) of costs incident to the authorization, issuance and sale of Authority Bonds, (iii) funding a reserve account for the Refunding Bonds and (iv) if advisable, paying for the cost of municipal bond insurance and/or a surety to fund the reserve account for the Refunding Bonds in lieu of funding all or a portion of such reserve account with bond proceeds; and

WHEREAS, the Refunding Bonds will be issued pursuant to an Indenture of Trust (“Indenture”) by and between the Agency and a corporate trustee bank to be designated by the Authority, as trustee (“Agency Trustee”); and

WHEREAS, the Oversight Board is informed by the Agency that it has determined that any remaining proceeds of the Prior Obligations (“Prior Proceeds”) that are not intended to be