

RESOLUTION NO. 2013-04

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE
SUCCESSOR AGENCY TO THE COMMUNITY
DEVELOPMENT COMMISSION OF THE CITY OF
SOUTH GATE, DIRECTING THE COMMENCEMENT OF A
REFUNDING OF CERTAIN PRIOR BONDS**

WHEREAS, California Assembly Bill No. x1 26 (First Extraordinary Session) (“AB x1 26”) enacted on June 27, 2011 added Parts 1.8 and 1.85 to Division 24 of the California Health and Safety Code; and

WHEREAS, AB x1 26 caused the dissolution of all California community redevelopment agencies as of February 1, 2012 and designated “successor agencies” and “oversight boards” to satisfy “enforceable obligations” of the former redevelopment agencies and administer the dissolution and wind down of all former redevelopment agencies; and

WHEREAS, Assembly Bill No. 1484, an amending and clean up bill to AB x1 26, was enacted on June 27, 2012 (“AB 1484”) and sets forth, among other provisions, a mechanism to refund tax allocation bonds under certain circumstances; and

WHEREAS, AB x1 26 and AB 1484 together are referred to as the Dissolution Laws and statutory references in this Resolution are to the California Health and Safety Code; and

WHEREAS, pursuant to Section 34173(d), the Successor Agency to the South Gate Community Development Commission, a public body corporate and politic, pursuant to AB 1484, is the successor agency to the dissolved Community Development Commission of the City of South Gate (“former Agency”); and

WHEREAS, Section 34179(a) provides that each successor agency shall have an oversight board composed of seven members; and

WHEREAS, the Successor Agency has duly established such oversight board (“Oversight Board”) pursuant to Health and Safety Code Section 34179(a); and

WHEREAS, pursuant to Section 34177.5(f) the Oversight Board may direct the Successor Agency to issue bonds to refund the bonds of its former redevelopment agency to provide debt service savings to the Successor Agency; and

WHEREAS, an oversight board may only direct such a refunding so long as the successor agency is able to recover its related costs in connection with the transaction; and

WHEREAS, the recovery of such costs in connection with such a refunding transaction shall be supplemental to, and not constrained by, the administrative cost allowance as such allowance is defined in Health and Safety Code Section 34171(b); and

WHEREAS, the Oversight Board is informed by the Successor Agency that in 2002, the South Gate Public Financing Authority (“Authority”) for the benefit of the former Agency issued its 2002 Tax Allocation Revenue Bonds (“2002 Bonds”) in the aggregate principal

amount of \$17,335,000, attributable to the former Agency's South Gate Redevelopment Project No.1, which bonds are subject to optional redemption on any interest payment date or after September 1, 2012 at a redemption price equal to the outstanding principal amount thereof, plus a premium, together with accrued interest thereon to the date fixed for redemption; and

WHEREAS, the Oversight Board is informed by the Successor Agency that in 2003, the Authority for the benefit of the former Agency issued its 2003 Tax Allocation Revenue Bonds ("2003 Bonds") in the aggregate principal amount of \$31,900,000, attributable to the former Agency's South Gate Redevelopment Project No.1, which bonds are subject to optional redemption on any interest payment date on or after September 1, 2013 at a redemption price equal to the outstanding principal amount thereof, plus interest due thereon to the date fixed for redemption, without premium; and

WHEREAS, the Oversight Board is informed by the Successor Agency that in 2002, the City of South Gate issued, in connection with a certain Loan Agreement with the former Agency, its Certificates of Participation, 2002 Series A ("2002A COPs") in the aggregate principal amount of \$15,185,000, which certificates are subject to optional prepayment on any interest payment date on or after September 1, 2012 at a prepayment price equal to the outstanding principal amount thereof, plus accrued interest to the date fixed for prepayment, without premium; and

WHEREAS, the Oversight Board is informed by the Successor Agency that in 2002, the City of South Gate issued, in connection with a Loan Agreement with the Agency, its Certificates of Participation, 2002 Series B (Taxable) ("2002B COPs", and together with the "2002 Bonds", the "2003 Bonds" and the "2002A COPs", the "Prior Bonds") in the aggregate principal amount of \$7,280,000, which certificates are subject to optional prepayment on any interest payment date on or after September 1, 2012 at a prepayment price equal to the outstanding principal amount thereof, plus accrued interest to the date fixed for prepayment, without premium; and

WHEREAS, the Successor Agency, has indicated that there are potential debt service savings that can be achieved through a refinancing of the Prior Bonds, and the Oversight Board now desires to direct the Successor Agency to prepare for the refunding of all or a portion of the Prior Bonds, and such other bonds of the former Agency as may be hereafter identified, to achieve debt service savings; and

WHEREAS, the County of Los Angeles ("County"), a political subdivision of the State of California and affected taxing entity recipient of property tax revenues, represented by voting membership on this Oversight Board, has developed a program ("Refunding Program") to assist successor agencies within the County to refund the tax allocation bonds pursuant to the Dissolution Laws in order to provide debt service savings to the Successor Agency, efficiencies in issuance and cost of issuance savings.

NOW THEREFORE, THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF SOUTH GATE DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Recitals. The Recitals set forth above are true and correct and are a substantive part of and incorporated into this Resolution by this reference.

Section 2. Request for Refunding. Pursuant to Section 34177.5(f), the Oversight Board hereby requests the Successor Agency to prepare to issue refunding bonds for the Prior Bonds ("Refunding Bonds"), which bonds may be sold to a joint powers 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 Successor Agency to participate in the Refunding Program, to refund all or a portion of the Prior Bonds; provided that this request shall not offer any assurance that bonds will be sold by the issuer under the Refunding Program to refund all or any portion of the Prior Bonds. The Successor Agency is further requested to return to the Oversight Board, once the refunding issue and related bond documents have been prepared, for approval of the Refunding Bonds pursuant to Health and Safety Code Section 34180(b).

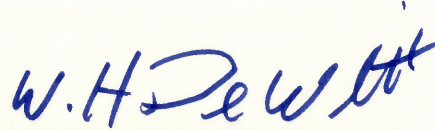
Section 3. Recovery of Costs. The Oversight Board hereby authorizes and approves the Successor Agency to be paid and recover reasonable related costs incurred in connection with or related to this transaction and/or the Refunding Bonds. The Successor Agency may recover such costs from the proceeds of the Refunding Bonds or, if the Successor Agency is not able to issue its bonds or the issuer under the Refunding Program is not able to issue its bonds relating to the Successor Agency, by including such costs in a future Recognized Obligation Payment Schedule. The recovery of such costs shall be in addition to and shall not count against any administrative cost allowance of the Successor Agency as such allowance is defined in Health and Safety Code Section 34171(b).

Section 4. Severability. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board declares that the Oversight Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution; provided that the Successor Agency's recovery of its costs related to the potential and/or actual Refunding Bonds shall be and remain a primary objective and condition of the Oversight Board's request hereunder.

Section 5. Effective Date. Pursuant to Section 34179(h), all actions taken by the Oversight Board may be reviewed by the California Department of Finance and, therefore, this Resolution shall be effective five (5) business days after notice to the Department of Finance unless the Department requests a review of the actions taken in this Resolution, in which case this Resolution will be effective upon approval by the Department of Finance.

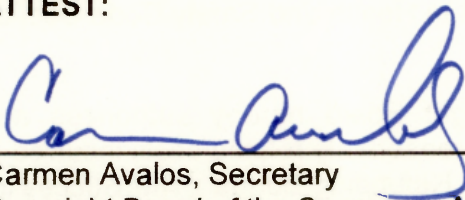
Section 6. Certification. The Secretary to the Oversight Board shall certify to the adoption of this Resolution.

PASSED AND ADOPTED by the Oversight Board for the Successor Agency to the Community Development Commission of the City of South Gate this 12th day of August, 2013, by the following vote:



W.H. (Bill) De Witt, Chair
Oversight Board to the Successor Agency to the
Community Development Commission of the City
of South Gate

ATTEST:



Carmen Avalos, Secretary
Oversight Board of the Successor Agency
to the Community Development Commission
of the City of South Gate

(SEAL)