

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

spent by the Agency in a manner consistent with the respective bond covenants applicable to the Prior Obligations and AB 1484, shall be used to defease and/or refund the applicable Prior Obligations and/or to fund a debt service reserve account for the related Refunding Bonds; and

**WHEREAS**, the Oversight Board, pursuant to Section 34177.5(f) of the Dissolution Law, has previously directed the Agency to issue bonds to refund the Prior Obligations of the Former RDA to provide debt service savings to the 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 Section 34171(b) of the Dissolution Law; and

**WHEREAS**, the Agency was requested to return to the Oversight Board, once the refunding issue and related documents have been prepared, for approval of the refunding pursuant to Section 34180(b) of the Dissolution Law; and

**WHEREAS**, the Agency has indicated that there are potential debt service savings that can be achieved through a refinancing of the Prior Obligations, and the Oversight Board now wishes to direct the Agency to prepare for the refunding of all or a portion of the Prior Obligations to achieve debt service savings; and

**WHEREAS**, the Oversight Board is informed by the Agency that it has determined pursuant to Section 6588(v) of the California Government Code to sell the Refunding Bonds to the Authority pursuant to a separate local obligation purchase contract for each series of Authority Bonds (each, a "Local Obligation Purchase Contract") by and between the Agency and the Authority, and the Agency has found and determined that such sale will result in significant public benefits including demonstrable savings in effective interest rate, bond preparation, bond underwriting discount, original issue discount or bond issuance costs and more efficient delivery of local agency services to residential and commercial development; and

**WHEREAS**, in connection with the purpose stated above, the Agency and the Authority desire that the Agency and the applicable trustee for the 2002 Bonds, the 2002A Certificates, the 2002B Certificates and the 2003 Bonds, as escrow agent ("Escrow Agent"), enter into a separate escrow agreement with respect to each of such obligations (each, an "Escrow Agreement"), pursuant to which the Agency will provide the Escrow Agent with money and/or investment securities sufficient to prepay or redeem, as applicable, and refund all or a portion of the Prior Obligations in accordance with the terms thereof (resulting in the refunding of all or a portion of the 2002 Bonds, the 2002A Certificates, the 2002B Certificates and the 2003 Bonds, as applicable); and

**WHEREAS**, Stifel, Nicolaus & Company, Incorporated and Citigroup Global Markets Inc. (collectively, the "Underwriters"), have submitted to the Authority a proposed form of an agreement to purchase each series of the Authority Bonds ("Bond Purchase Agreement") by and between the Underwriters and the Authority, which includes a Letter of Representations ("Letter of Representations") to be executed by the Agency; and

**WHEREAS**, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 requires that, in order to be able to purchase or sell the Authority Bonds, the underwriters thereof must have reasonably determined that the Agency, as an obligated person, has undertaken in a written agreement or contract for the benefit of the holders of the Authority Bonds to provide disclosure of certain financial information and operating data and certain enumerated events on an ongoing basis; and

**WHEREAS**, in order to cause such requirement to be satisfied, the Agency desires to execute one or more continuing disclosure agreements (each, a "Continuing Disclosure Agreement") by and among the Agency, the Authority and the Authority Trustee, pursuant to which the Authority and the Agency will provide annual disclosure and notices in the event of certain enumerated events; and

**WHEREAS**, a form of the Preliminary Official Statement ("Preliminary Official Statement") to be distributed in connection with the public offering of the Authority Bonds has been prepared, pertaining primarily to the Authority Bonds but also describing the Refunding Program, the Refunding Bonds, the Agency, its South Gate Redevelopment Project No. 1, other successor agencies participating in the Refunding Program, if any, and certain other information deemed material to an informed investment decision respecting the Authority Bonds; and

**WHEREAS**, the Refunding Bonds, the Indenture, the Local Obligation Purchase Contract(s), the Escrow Agreement(s), the Bond Purchase Agreement(s), the Letter(s) of Representations, the Continuing Disclosure Agreement(s) and the form of the Preliminary Official Statement are referred to in this Resolution as the "Primary Bond Documents"; and

**WHEREAS**, the Agency has approved all matters relating to the issuance and sale of the Refunding Bonds; and

**WHEREAS**, the Oversight Board now desires to approve all matters relating to the issuance and sale of the Refunding Bonds as required by Sections 34177.5(f) and 34180 of the Dissolution Law.

**NOW THEREFORE, THE OVERSIGHT BOARD OF 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 incorporated into this Resolution by this reference.

**Section 2. Approval of Refunding; Use of Prior Proceeds.** The Primary Bond Documents, in substantially the form presented at this meeting with such changes therein as the Agency Officer or Agency Officers executing the same may require or approve upon consultation with the City Attorney/General Counsel to the Agency and/or upon consultation with special bond counsel, are hereby approved, and the issuance of the Refunding Bonds for the purposes set forth herein and subject to the requirements of Section 34177.5(a)(1) of the Dissolution Law is hereby approved. The Agency's participation in the Refunding Program, the Authority Bonds and the Trust Agreement(s) are approved as described in this Oversight Board Resolution.

The Oversight Board hereby further determines that remaining Prior Proceeds, if any, that are not intended to be spent by the Agency in a manner consistent with the respective bond covenants applicable to the Prior Obligations and the Dissolution Law, shall be used to defease and/or refund the applicable Prior Obligations and/or to fund a debt service reserve account for the related Refunding Bonds.

The Agency has filed with the Oversight Board a certified copy of its Resolution No. \_\_\_\_\_, adopted on May 13, 2014, together with a summary debt service savings analysis, which is hereby approved as demonstrating the potential savings that may result from the refunding of all or a portion of the Prior Obligations.

**Section 3. Recovery of Costs.** The Oversight Board hereby authorizes and approves the Agency to recover reasonable related costs incurred in connection with or related to this transaction, including the cost of Agency staff time. For the purpose of expending such proceeds, Section 34177.3 of the Dissolution Law and other provisions relating to Recognized Obligation Payment Schedules shall not apply. If the Agency is not able to issue the Refunding Bonds, the Agency may recover such costs by including such costs in one or more future Recognized Obligation Payment Schedule(s). The recovery of such costs shall be in addition to and shall not count against any administrative cost allowance of the Agency as such allowance is defined in Section 34171(b) of the Dissolution Law.

The Agency shall be entitled to receive its full allocation of the Administrative Cost Allowance under Section 34183(a)(3) of the Dissolution Law without any deductions with respect to continuing costs related to the Refunding Bonds, Agency Trustee fees and expenses and the Agency's share of the costs of the Authority Bonds, such as Authority Trustee's fees and expenses, auditing, financial advisor and fiscal consultant fees and continuing disclosure and rating agency costs (collectively, "Compliance Costs"), and such Compliance Costs shall be payable from property tax revenues pursuant to Section 34183 of the Dissolution Law.

The Agency shall be entitled to receive its full allocation of the Administrative Cost Allowance under California Health and Safety Code Section 34183(a)(3) without any deductions with respect to continuing costs related to the Refunding Bonds, Agency Trustee fees and expenses and the Agency's share of the costs of the Authority Bonds, such as Authority Trustee's fees and expenses, auditing, financial advisor and fiscal consultant fees and continuing disclosure and rating agency costs (collectively, "Compliance Costs"), and such Compliance Costs shall be payable from property tax revenues pursuant to California Health and Safety Code Section 34183.

**Section 4. City Manager Acting for Agency.** The City Manager acting for the Agency's Oversight Board is hereby authorized to take whatever actions may be necessary to carry out the purposes of this Resolution pursuant to the Dissolution Law.

**Section 5. City Clerk Acting for Agency.** The City Clerk acting for the Agency's Oversight Board shall certify to the passage of this Resolution and enter it into the book of original resolutions and take any other actions and/or perform any other duties required by law.

**Section 6. 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 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.

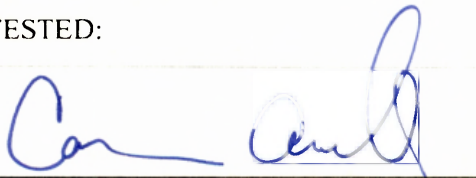
**Section 7. Effective Date.** Pursuant to Section 34179(h) of the Dissolution Law, all actions taken by the Oversight Board may be reviewed by the California Department of Finance ("Department of Finance") and, therefore, this Resolution shall be effective five (5) business days after notice to the 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 (including as may be deemed approved under the law) by the Department of Finance.

**PASSED, APPROVED and ADOPTED** this 29<sup>th</sup> day of May, 2014.



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

ATTESTED:



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

(SEAL)

**RESOLUTION CERTIFICATION PAGE**

STATE OF CALIFORNIA            )  
COUNTY OF LOS ANGELES       )       SS  
CITY OF SOUTH GATE            )

I, Carmen Avalos, Secretary of the Oversight Board of the Successor Agency to the Community Development Commission of the City of South Gate, California, hereby certify that the whole number of Members of the Oversight Board of said City is seven; that Resolution No. 2014-04 was adopted by the Oversight Board at their Meeting held on May 29th, 2014, by the following vote:

Ayes:            Board Members:       Liday, Torres, Shidler and el Fattal  
Noes:            Board Members:       None  
Absent:          Board Members:       De Witt, Bokde and Mendez  
Abstain         Board Members:       None

Witness my hand and the seal of said City on June 5, 2014.



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