

REGULAR MEETING OF THE
OVERSIGHT BOARD
For the Successor Agency to the former
Redevelopment Agency of the City of Redlands

Members of the Board:

Paul Foster, Chairperson, appointed by the Mayor of the City of Redlands
Oscar Orci, Vice Chairperson, appointed by the Mayor, representing former redevelopment agency employees
Donna Ferracone, appointed by Chancellor of California Community Colleges
Gary McBride, appointed by County Board of Supervisors, representing the public
Ken Morse, appointed by County Superintendent of Education
Cindy Saks, appointed by County Flood Control District
David Wert, appointed by County Board of Supervisors

A G E N D A

The regular meeting of the Oversight Board of the Successor Agency to the former Redevelopment Agency of the City of Redlands is at the date and time noted below in the City Council Chambers, Civic Center, 35 Cajon Street, Redlands, California, on:

**THURSDAY, NOVEMBER 19, 2015
4:00 P.M.**

Anyone desiring to speak at this meeting is encouraged, but not required, to turn in a "Speaker Sign-up Sheet." Forms are available prior to the meeting date in the Development Services Department, 35 Cajon Street, Suite 20 or in the City Council Chambers during the meeting. Speakers are limited to three (3) minutes each. Speakers may not "donate" their time to others.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact Jason Montgomery of Municipal Utilities & Engineering Department, 909-798-7584 x5. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting (28 CFR 35.102-35.104 ADA Title II).

NOTE: Any writings or documents distributed to a majority of the Oversight Board regarding an open session agenda item less than 72 hours before this meeting are available for public inspection at the Development Services Department.

- I. **CALL TO ORDER AND PUBLIC COMMENT PERIOD - 3 MINUTES**
(At this time, the public has the opportunity to address the Oversight Board on any item of interest within the subject matter jurisdiction of the Oversight Board that does not appear on this agenda. The Oversight Board may not discuss or take any action on any public comment made, except that the Oversight Board members or

Successor Agency staff may briefly respond to statements made or questions posed by members of the public)

II. CONSENT CALENDAR/APPROVAL OF MINUTES

A. Consideration to adopt Resolution No. OB 2015-050; approval of the consent calendar for the November 19, 2015 Regular Meeting for the following matters:

i. Minutes of the September 17, 2015 Regular Meeting

III. COMMUNICATIONS - None

IV. NEW BUSINESS

A. Consideration of Resolution No. OB 2015-049 authorizing the issuance of bonds to refund the outstanding Redevelopment Agency of the City of Redlands Tax Allocation Bonds Series 1998A, Series 2003A, and Series 2007A ("Outstanding Tabs") and approving the form of an Indenture of Trust and taking other actions in connection.

V. OLD BUSINESS - None

VI. ADJOURNMENT TO THE DECEMBER 17, 2015 OVERSIGHT BOARD MEETING

MIKE NELSON
Economic Development Manager
Successor Agency Staff

RESOLUTION NO. OB 2015-050

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR
AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF
REDLANDS APPROVING THE CONSENT CALENDAR FOR THE NOVEMBER
19, 2015 OVERSIGHT BOARD MEETING

WHEREAS, the Oversight Board to the Successor Agency to the former Redevelopment Agency of the City of Redlands (the "Oversight Board") has taken up for consideration the consent calendar for the November 19, 2015 meeting of the Oversight Board; and

WHEREAS, Section 34179(e) of the Health and Safety Code requires all actions by the Oversight Board to be taken by resolution;

NOW, THEREFORE, BE IT RESOLVED, BY the Oversight Board of the Successor Agency to the former Redevelopment Agency of the City of Redlands as follows:

Section 1. The Oversight Board hereby approves the consent calendar for the November 19, 2015 meeting of the Oversight Board which consists solely of the minutes for the Board's September 17, 2015 regular meeting.

Section 2. The Secretary for the Oversight Board shall certify to the adoption of this Resolution.

Section 3. Pursuant to California Health and Safety Code section 34179, all actions taken by the Oversight Board may be reviewed by the State of California Department of Finance, and, therefore, this Resolution shall not be effective for five (5) business days, pending a request for review by the State of California Department of Finance.

PASSED, APPROVED and ADOPTED at a regular meeting of the Oversight Board of the Successor Agency to the former Redevelopment Agency of the City of Redlands held this 19th day of November, 2015 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Paul W. Foster, Chairperson
Oversight Board of Successor Agency
To Redevelopment Agency

ATTEST:

Linda McCasland Oversight Board Secretary

Minutes of the Regular meeting of the Oversight Board for the Successor Agency of the Former Redevelopment Agency of the City of Redlands held in the Council Chambers, 35 Cajon Street, on September 17, 2015 at 4:00 P.M.

PRESENT: Oscar Orci, Vice Chairman
Donna Ferracone, Board Member
Cindy Saks, Board Member
David Wert, Board Member

ABSENT: All Board Members were in attendance, with the exception of Chairman Paul Foster, Board Member Brad Mason and Board Member Gary McBride who were excused.

STAFF: Tina Kundig, Finance Director
Tom Steele, Assistant Finance Director
Robert D. Dalquest, Assistant Development Services Director

I. CALL TO ORDER AND PUBLIC COMMENT PERIOD - 3 MINUTES

(At this time, the public has the opportunity to address the Oversight Board on any item of interest within the subject matter jurisdiction of the Oversight Board that does not appear on this agenda. The Oversight Board may not discuss or take any action on any public comment made, except that the Oversight Board members or Successor Agency staff may briefly respond to statements made or questions posed by members of the public)

Vice Chairman Oscar Orci opened up the Public Comment Period. There were no comments forthcoming and the Public Comment Period was closed.

II. CONSENT CALENDAR/APPROVAL OF MINUTES

A. Consideration to adopt Resolution No. OB 2015-046; approval of the consent calendar for the September 17, 2015 Regular Meeting for the following matters:

i. Minutes of the June 18, 2015 Regular Meeting

Vice Chairman Orci opened up the Hearing. There were no comments forthcoming and the Hearing was closed.

MOTION

It was moved by Board Member David Wert, seconded by Board Member Donna Ferracone, and carried on a 4-0-3 vote (Chairman Foster, Board Member Mason, and Board Member McBride absent) that the Oversight Board approve Resolution No. OB 2015-046.

III. COMMUNICATIONS-None

IV. NEW BUSINESS

- A. Consideration of Resolution No. OB 2015-047 approving the Recognized Obligation Payment Schedule for January 1, 2016 to June 30, 2016 (ROPS 15-16B). The Recognized Obligation Payment Schedule sets forth the payment amounts required for enforceable obligations for the six month fiscal period.

Vice Chairman Orci opened up the Hearing. There were no comments forthcoming and the Hearing was closed.

It was moved by Board Member Ferracone, seconded by Board Member Wert, and carried on a 4-0-3 vote (Chairman Foster, Board Member Mason, and Board Member McBride absent) that the Oversight Board approve Resolution No. OB 2015-047.

- B. Consideration of Resolution No. OB 2015-048; a resolution of the Oversight Board to the Successor Agency of the City of Redlands approving the Successor Agency administrative budget for the six-month period beginning January 1, 2016. Chairman Orci opened up the Hearing. There were no comments forthcoming and the Hearing was closed.

Vice Chairman Orci opened up the Hearing. There were no comments forthcoming and the Hearing was closed.

It was moved by Board Member Cindy Saks, seconded by Board Member Wert, and carried on a 4-0-3 vote (Chairman Foster, Board Member Mason, and Board Member McBride absent) that the Oversight Board approve Resolution No. OB 2015-048.

V. OLD BUSINESS-None

VI. ADJOURNMENT

(Next regularly scheduled Oversight Board Meeting: October 15, 2015)

There being no further business to address, Vice Chairman Orci adjourned the meeting at 4:25 p.m. to the regularly scheduled Oversight Board meeting of October 15, 2015.

REQUEST FOR OVERSIGHT BOARD ACTION

SUBJECT: CONSIDERATION OF RESOLUTION NO. OB 2015-049 A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS AUTHORIZING THE ISSUANCE OF BONDS TO REFUND THE OUTSTANDING REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS TAX ALLOCATION BONDS SERIES 1998A, SERIES 2003A, AND SERIES 2007A (“OUTSTANDING TABS”) AND APPROVING THE FORM OF AN INDENTURE OF TRUST AND TAKING OTHER ACTIONS IN CONNECTION THEREWITH

MOTION:

I move to approve Resolution No. OB 2015-049.

RECOMMENDATION:

Staff recommends that the Oversight Board approve Resolution No. OB 2015-049, authorizing the issuance of bonds to refund the outstanding Redevelopment Agency of the City of Redlands Tax Allocation Bonds Series 1998A, Series 2003A, and Series 2007A (“Outstanding TABs”) and approving the form of an Indenture of Trust and taking other actions in connection therewith.

DISCUSSION:

The former Redevelopment Agency of the City of Redlands issued several series of Tax Allocation Bonds (TABs) in 1998, 2003 and 2007 secured by tax increment and low and moderate income housing revenues. All of the outstanding debt was issued in connection with the Redlands Redevelopment Project Area, (the “Project Area”).

In December, 1998 the former Redevelopment Agency of the City of Redlands (“Redevelopment Agency”) issued \$31,805,000 in Tax Allocation Refunding Bonds, Series 1998A to defease and provide for the refunding of the Agency’s 1987 Tax Allocation Refunding Bonds, 1994 Refunding Parking Lease Revenue Bonds, and 1994 Subordinated Tax Allocation Refunding Bonds. Proceeds of the refunded Tax Allocation and Lease Revenue Bonds were used to refinance certain Agency public facilities and projects in connection with the Project Area. As of the date of this staff report, there is

\$12,725,000 in principal outstanding.

In November 2003, the Redevelopment Agency issued \$17,300,000 in Tax Allocation Bonds, Series 2003A, to provide funds for redevelopment activities in the Project Area. As of the date of this staff report, there is \$5,545,000 in principal outstanding.

In August 2007, the Redevelopment Agency issued \$4,640,000 in Tax Allocation Bonds, Series 2007A, to provide funds for certain low and moderate income housing purposes within the Project Area. As of the date of this staff report, there is \$2,640,000 in principal outstanding.

Staff has determined, in consultation with Fieldman, Rolapp & Associates, the Successor Agency's financial advisor, that current bond market conditions allow for the issuance of refunding bonds to refinance all of the Outstanding TABs. Furthermore, the Outstanding TABs will now be callable at par, which enhances the refunding economics. The market for post AB 1484 tax allocation bonds is favorable, with many such bonds issued to date. The estimated average annual debt service savings are anticipated to be approximately \$914,000 per year. These savings are distributed to all taxing entities as additional property tax revenues. The City's share is approximately 21.7% or \$198,000 per year.

On September 15, 2015, the Successor Agency to the Redevelopment Agency of the City of Redlands ("Successor Agency") approved agreements for fiscal consultant, underwriter, and bond and disclosure counsel associated with the refunding of the Successor Agency Bonds.

On November 3, 2015, the Successor Agency Board approved Resolution No. 476 authorizing the issuance and sales of Tax Allocation Refunding Bonds, and approving the form of an indenture of trust and authorizing certain other actions in connection therewith.

The actions of the Successor Agency Board are subject to approval by the Oversight Board, which is the purpose of today's request for action. Following action by the Oversight Board, approval is required by the California Department of Finance.

This action is the second step in the process to refund the Outstanding TABs. It is currently contemplated that the refunding will be completed by April 2016. The key milestones to complete the refunding are identified below:

- Successor Agency approval of legal documents (November, 2015)
- Oversight Board approval of legal documents (November, 2015)
- Submission to California Department of Finance (December, 2015)
- Successor Agency Approval of the Preliminary Official Statement and remaining financing documents (March, 2016)

- Secure underlying credit ratings and potentially bond insurance and reserve fund surety (March, 2016)
- California Department of Finance Approval (March, 2016)
- Negotiated sale of Refunding Bonds (March, 2016)
- Bond Closing (April, 2016)
- Payoff of Outstanding TABs (August, 2016)

FISCAL IMPACT:

Based upon market conditions as of October 16, 2015, the refinancing of the Outstanding TABs will generate net present value savings of approximately \$1.4 million over the remaining life of the indebtedness. The average annual savings will be approximately \$914,000 per year with the debt retired in FY 2016-2022. The City's share is approximately 21.7% or \$198,000 annually. **The term of the refunding bonds is the same as the original term of the currently outstanding indebtedness and will not be extended.** These savings are net of the costs of issuance and underwriter's discount. The cost of issuance covers the fees of the financial advisor, bond/disclosure counsel, fiscal consultant, rating agency, escrow agent, trustee, and other miscellaneous costs. All costs of issuance are incurred only if the refinancing closes, except for the costs of the rating agencies which usually range from \$15,000 - \$22,000. These costs are eligible to be included on the future Recognized Obligation Payment Schedule ("ROPS") per the provisions of AB 1484 if the refunding bonds fail to close.

STRATEGIC PLAN:

Not applicable.

ATTACHMENTS:

- A. Resolution No. OB 2015-049
- B. Form of Indenture of Trust

Respectfully submitted,

MIKE NELSON
Economic Development Manager
Successor Agency to the Redevelopment Agency

TINA T. KUNDIG
Finance Director
Successor Agency to the Redevelopment Agency

Approved for submission by:

N. ENRIQUE MARTINEZ
Executive Director,
Successor Agency to the Redevelopment Agency

DANIEL J. McHUGH
General Counsel,
Successor Agency to the Redevelopment Agency

OVERSIGHT BOARD
RESOLUTION NO. OB 2015-049

**RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR
AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF
REDLANDS APPROVING THE ISSUANCE AND SALE OF TAX
ALLOCATION REFUNDING BONDS BY THE SUCCESSOR
AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF
REDLANDS AND AUTHORIZING CERTAIN OTHER ACTIONS IN
CONNECTION THEREWITH**

WHEREAS, the Redevelopment Agency of the City of Redlands (the “Prior Agency”) was a public body, corporate and politic, duly created, established and authorized to transact business and exercise its powers under and pursuant to the provisions of the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California) and the Community Development Commission Law (Part 1.7 of Division 24 of the Health and Safety Code of the State of California) (collectively, the “Law”), and the powers of the Prior Agency included the power to issue bonds for any of its corporate purposes; and

WHEREAS, a Redevelopment Plan for a redevelopment project known and designated as the “Redlands Redevelopment Project Area” has been adopted and approved by Ordinance No. 1436 of the City of Redlands on April 6, 1971, as amended to date, and all requirements of law for and precedent to the adoption and approval of the Redevelopment Plan, as amended, have been duly complied with; and

WHEREAS, a Redevelopment Plan for a redevelopment project known and designated as the “North Redlands Revitalization Project” has been adopted and approved by Ordinance No. 2703 of the City of Redlands on July 15, 2008, as amended to date, and all requirements of law for and precedent to the adoption and approval of the Redevelopment Plan, as amended, have been duly complied with; and

WHEREAS, the Prior Agency has previously issued its Redevelopment Agency of the City of Redlands Redlands Redevelopment Project, Tax Allocation Refunding Bonds, Series 1998A, currently outstanding in the aggregate principal amount of \$12,725,000 (the “1998 Bonds”); and

WHEREAS, the Prior Agency has previously issued its Redevelopment Agency of the City of Redlands Redlands Redevelopment Project, Tax Allocation Bonds, Series 2003A, currently outstanding in the aggregate principal amount of \$5,545,000 (the “2003 Bonds”); and

WHEREAS, the Prior Agency has previously issued its Redevelopment Agency of the City of Redlands Redlands Redevelopment Project Area, Tax Allocation Bonds, Taxable Series 2007A, currently outstanding in the aggregate principal amount of \$2,640,000 (the “2007 Bonds”); and, together with the 1998 Bonds and the 2003 Bonds, the “Prior Bonds”); and

WHEREAS, on June 28, 2011, the California Legislature adopted ABx1 26 (the “Dissolution Act”) and ABx1 27 (the “Opt-in Bill”); and

WHEREAS, the California Supreme Court subsequently upheld the provisions of the Dissolution Act and invalidated the Opt-in Bill resulting in the dissolution of the redevelopment component of the Prior Agency as of February 1, 2012; and

WHEREAS, the Prior Agency, including its redevelopment powers, assets and obligations, was transferred on February 1, 2012 to the Successor Agency to the Redevelopment Agency of the City of Redlands (the “Successor Agency”); and

WHEREAS, on or about June 27, 2012, AB1484 was adopted as a trailer bill in connection with the 2012-13 California Budget; and

WHEREAS, AB1484 specifically authorizes the issuance of refunding bonds by the Successor Agency to refund the bonds or other indebtedness of the Prior Agency to provide savings to the Successor Agency, provided that (A) the total interest cost to maturity on the refunding bonds plus the principal amount of the refunding bonds shall not exceed the total remaining interest cost to maturity on the bonds to be refunded plus the remaining principal of the bonds to be refunded, and (B) the principal amount of the refunding bonds shall not exceed the amount required to defease the

refunded bonds, to establish customary debt service reserves, and to pay related costs of issuance; and

WHEREAS, for the corporate purposes of the Successor Agency, the Successor Agency desires to issue at this time tax allocation refunding bonds (the “2016 Bonds”) in an aggregate principal amount sufficient to refund all or a portion of the Prior Bonds, and to irrevocably set aside a portion of the proceeds of such 2016 Bonds in a separate segregated trust fund which will be used to refund the outstanding Prior Bonds being refunded, to pay costs in connection with the issuance of the 2016 Bonds and to make certain other deposits as required by the Indenture (as defined below); and

WHEREAS, the 2016 Bonds shall be secured by a pledge of property tax revenues authorized by California Health and Safety Code Section 34177.5(a) and (g), pursuant to the provisions of Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the “Bond Law”); and

WHEREAS, this Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Redlands (the “Oversight Board”) desires to approve all matters relating to the issuance and sale of the 2016 Bonds as required by Sections 34177.5 (f) and 34180 of the Health and Safety Code of the State of California.

BE IT RESOLVED by the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Redlands:

SECTION 1. Each of the foregoing recitals is true and correct.

SECTION 2. The issuance by the Successor Agency to the Redevelopment Agency of the City of Redlands of the 2016 Bonds in an aggregate principal amount sufficient to refund all or a portion of the Prior Bonds for the purpose of achieving debt service savings in accordance with Health & Safety Code Section 34177.5(a)(1) and the pledge of property tax revenues to the 2016 Bonds pursuant to the Indenture approved by Section 2 of the Successor Agency Resolution (as authorized by California Health and Safety Code Section 34177.5(a) and (g)) is hereby approved. The 2016 Bonds may be issued as a single issue, or from time to time in separate series, as the

Successor Agency shall determine. The approval of the issuance of the 2016 Bonds by the Successor Agency and the Oversight Board shall constitute the approval of each and every separate series of 2016 Bonds and the sale of the 2016 Bonds at a public or private sale.

SECTION 3. The Successor Agency is authorized and directed to prepare, approve and execute such other documents, including, as necessary, a Bond Purchase Contract, a private placement memorandum, an Official Statement, a Continuing Disclosure Certificate, Escrow Agreements for the Prior Obligations and any additional agreements as may be required to carry out the purposes hereof without the need for any further approval from the Oversight Board.

SECTION 4. The Chairman of the Oversight Board and the other officers and members of staff having responsibility for the affairs of the Oversight Board are hereby authorized and directed to execute such documents and certificates as they determine are necessary or appropriate to assist the Successor Agency in the issuance of the Refunding Bonds.

SECTION 5. Pursuant to the provisions of California Health and Safety Code Section 34177.5(f), the Successor Agency is expressly authorized to recover its related costs in connection with the transaction approved hereby, irrespective of whether the Refunding Bonds are issued.

SECTION 6. This Resolution shall take effect immediately upon its adoption.

PASSED and ADOPTED by the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Redlands at a regular meeting on November 19, 2015 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED AS TO FORM:

ATTEST:
