

RESOLUTION NO. _____

STOCKTON SUCCESSOR AGENCY OVERSIGHT BOARD

RESOLUTION APPROVING THE SUCCESSOR AGENCY'S AUTHORIZATION OF THE REFUNDING OF CERTAIN OUTSTANDING OBLIGATIONS OF THE SUCCESSOR AGENCY PURSUANT TO ASSEMBLY BILLS X1 26 AND 1484 AND THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST, BOND PURCHASE CONTRACT, ESCROW AGREEMENT, REFUNDING AGREEMENTS AND RELATED DOCUMENTS; AND APPROVING AND AUTHORIZING CERTAIN RELATED ACTIONS

WHEREAS, pursuant to the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California and referred to herein as the "Law") as then enacted, the City Council (the "City Council") of the City of Stockton (the "City") created the former Redevelopment Agency of the City of Stockton (the "Former RDA"); and

WHEREAS, the Former RDA was a redevelopment agency, a public body, corporate and politic duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Law, and the powers of such agency included the power to issue bonds, notes, certificates of participation, or other evidence of indebtedness for any of its corporate purposes; and

WHEREAS, California Assembly Bill No. 26 (First Extraordinary Session) ("ABX1 26") adopted on June 29, 2011, dissolved all redevelopment agencies and community development agencies in existence in the State of California, as of February 1, 2012, and designated "successor agencies" and "oversight boards" to satisfy "enforceable obligations" of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies; and

WHEREAS, Assembly Bill No. 1484 ("AB 1484"), a follow on bill to ABX1 26, was enacted on June 27, 2012 and provides a mechanism to refund outstanding indebtedness of the Former RDA under certain circumstances, and to renegotiate contracts, agreements and other arrangements of the Former RDA to reduce liabilities and increase net revenues to certain taxing entities identified in Health and Safety Code Section 34171(k) (collectively, the "Taxing Entities"); and

WHEREAS, pursuant to Health and Safety Code Section 34173(d), the City agreed to serve as the successor agency (the "Successor Agency") to the Former RDA; and

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

WHEREAS, the Oversight Board for the Successor Agency (the "Oversight Board") was established pursuant to Health and Safety Code Section 34179(a); and

WHEREAS, the Oversight Board is informed by the Successor Agency that Wells Fargo Bank, National Association, as trustee (the "2003 COPs Trustee") under that certain Trust Agreement, dated as of June 1, 2003 (the "2003 Trust Agreement"), among the 2003 COPs

Trustee, the Stockton Public Financing Authority (the “Financing Authority”) and the City, executed and delivered \$1,160,000 principal amount of City of Stockton Certificates of Participation (Redevelopment Housing Projects) Series 2003A (the “2003A COPs”) and \$12,140,000 principal amount of City of Stockton Certificates of Participation (Redevelopment Housing Projects) Taxable Series 2003B (the “2003B COPs” and, together with the 2003A COPs, the “2003 COPs”) under the 2003 Trust Agreement; and

WHEREAS, the Oversight Board is informed by the Successor Agency that the Former RDA issued and sold \$47,000,000 aggregate principal amount of Redevelopment Agency of the City of Stockton Revenue Bonds, Series 2004 (Stockton Events Center—Arena Project) (the “2004 Arena Bonds”), pursuant to an Indenture of Trust, dated as of March 1, 2004, by and between the Former RDA and Wells Fargo Bank, National Association, as trustee (the “2004 Arena Trustee”); and

WHEREAS, the Oversight Board is informed by the Successor Agency that the Financing Authority issued and sold \$75,755,000 aggregate principal amount of Stockton Public Financing Authority Revenue Bonds (Redevelopment Projects), 2006 Series A (the “2006A Bonds”), pursuant to an Indenture of Trust, dated as of July 1, 2006, between the Financing Authority and Wells Fargo Bank, National Association, as trustee; and

WHEREAS, the Oversight Board is informed by the Successor Agency that the Financing Authority issued and sold \$25,985,000 aggregate principal amount of Stockton Public Financing Authority Taxable Revenue Bonds (Housing Projects), 2006 Series C (the “2006C Bonds”), pursuant to the terms of an Indenture of Trust, dated as of July 1, 2006, between the Financing Authority and Wells Fargo Bank, National Association, as trustee; and

WHEREAS, the Oversight Board is informed by the Successor Agency that the City was previously a debtor in a bankruptcy case under chapter 9 of Title 11 of the United States Code, Case No. 2012-32118 in the United States Bankruptcy Court for the Eastern District of California, Sacramento Division, styled *In re City of Stockton, California* (the “Bankruptcy Case”); and

WHEREAS, the Oversight Board is informed by the Successor Agency that in connection with the effectiveness of the City’s Plan for the Adjustment of Debts of City of Stockton, California, as filed in connection with the Bankruptcy Case and subsequently amended (collectively, the “Plan”), the Successor Agency entered into two settlement agreements (collectively, the “Arena Settlement Agreements”): (i) that certain Forbearance Agreement, dated as of February 25, 2015, by and among the City, the Successor Agency, National Public Finance Guarantee Corporation (“NPFG”) and the 2004 Arena Trustee, and (ii) that certain Amended and Restated Pledge Agreement, dated as of February 25, 2015, by and between the City and the Successor Agency; and

WHEREAS, the Oversight Board is informed by the Successor Agency that in connection with the effectiveness of the Plan, the City entered into certain settlement agreements with creditors, including, among others, that certain Amended and Restated Stipulation and Settlement Agreement, dated as of July 1, 2014 (the “Ambac Settlement Agreement”), by and among the City, the Financing Authority, Ambac Assurance Corporation (“Ambac”) and the 2003 COPs Trustee; and

WHEREAS, all outstanding Former RDA and Successor Agency obligations incurred in connection with certain redevelopment activities of the Former RDA and the issuance of the 2003 COPs, the Ambac Settlement Agreement, the 2004 Arena Bonds, the Arena Settlement Agreements, the 2006A Bonds and the 2006C Bonds are collectively referred to herein as the “Refunded Obligations”; and

WHEREAS, Health & Safety Code Section 34177.5 authorizes successor agencies to refund outstanding bonds or other indebtedness 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, Health and Safety Code Section 34181(e) authorizes the Successor Agency to determine whether any contracts, agreements, or other arrangements of the Former RDA should be terminated or renegotiated to reduce liabilities and increase net revenues to one or more Taxing Entities, and to present proposed termination or amendment agreements to the Oversight Board for its approval; and

WHEREAS, the Successor Agency has indicated that there are potential debt service savings that can be achieved through a refinancing of the Refunded Obligations, and the Oversight Board now wishes to approve and direct the refunding by the Successor Agency of all or a portion of the Refunded Obligations to achieve debt service savings through the issuance of not to exceed \$130,000,000 aggregate principal amount of Successor Agency to the Redevelopment Agency of the City of Stockton 2016 Tax Allocation Refunding Bonds, in one or more series, on a federally tax exempt or taxable basis (the “Refunding Bonds”); and

WHEREAS, the Successor Agency has informed the Oversight Board that it intends to (i) refund all or a portion of the Refunded Obligations, (ii) pay the costs of issuing the Refunding Bonds, (iii) fund a reserve account for the Refunding Bonds and (iv) if advisable, pay for the cost of municipal bond insurance and/or a surety to satisfy any applicable reserve account requirement relating to the Refunding Bonds in lieu of funding all or a portion of such reserve account requirement with cash (collectively, the “Refunding”); and

WHEREAS, the Oversight Board is informed by the Successor Agency that in order to effect the Refunding it may be necessary or desirable to enter into a refunding agreement, by and among the City, the Successor Agency, NPMF and the 2004 Arena Trustee, providing for the termination of the obligations of the City and the Successor Agency under the Arena Settlement Agreements and related bond documents (the “Arena Refunding Agreement”); and

WHEREAS, the Oversight Board is informed by the Successor Agency that in order to effect the Refunding it may be necessary or desirable to enter into a refunding agreement, by and among the City, the Successor Agency, the Financing Authority, Ambac and the 2003 COPs Trustee, providing for the termination of the obligations of the City and the Successor Agency under the Ambac Settlement Agreement and related bond documents (the “Ambac Refunding Agreement”); and

WHEREAS, the Successor Agency has presented at this meeting proposed forms of (i) an Indenture of Trust, between the Successor Agency and Wells Fargo Bank, National Association, or such other trust bank as may be designated and approved by the Executive Director of the Successor Agency or his or her designee (each an "Authorized Representative"), as trustee (the "Indenture"), (ii) a Bond Purchase Contract, between the Successor Agency and Stifel, Nicolaus & Company, Incorporated, or such other broker-dealer as may be designated and approved by an Authorized Representative, as underwriter (the "Bond Purchase Contract"), (iii) the Arena Refunding Agreement; (iv) the Ambac Refunding Agreement, and (v) an Escrow Agreement, between the Successor Agency and the Trustee, as escrow agent (the "Escrow Agreement"); and

WHEREAS, the Indenture, Bond Purchase Contract, Arena Refunding Agreement, the Ambac Refunding Agreement and the Escrow Agreement are collectively referred herein as the "Primary Bond Documents"; and

WHEREAS, the Successor Agency has approved all matters relating to the issuance and sale of the Refunding Bonds by resolution on June 28, 2016 (the "Successor Agency Resolution"); and

WHEREAS, the Oversight Board now desires to approve all matters relating to the Refunding and the issuance and sale of the Refunding Bonds as required by Sections 34177.5, 34180 and 34181 of the Health and Safety Code (collectively, the "Approval"); and

WHEREAS, all acts, conditions and things required by the Law and the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the Approval authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Oversight Board is now duly authorized and empowered, pursuant to each and every requirement of law, to authorize such Approval;

NOW, THEREFORE, THE STOCKTON SUCCESSOR AGENCY OVERSIGHT BOARD DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Findings. The recitals set forth above are true and correct and incorporated herein by reference.

Section 2. Approval of Refunding. The Oversight Board hereby approves the Successor Agency's authorization of the Refunding, including the Successor Agency Resolution. The Primary Bond Documents, in substantially the form presented at this meeting, with such changes therein as the Authorized Representative acting for and on behalf of the Successor Agency executing the same may approve, are hereby approved and the issuance of the Refunding Bonds for the purposes set forth herein and subject to the requirements of Section Health & Safety Code Section 34177.5 is hereby approved.

The Successor Agency has filed the debt service savings analysis in the form of a Refunding Plan and Savings Analysis (the "Refunding Plan and Savings Analysis") prepared by an independent financial advisor, together with a certified copy of its Successor Agency Resolution, with the Oversight Board, and the Refunding Plan and Savings Analysis is hereby

approved as demonstrating the potential savings that may result from the refunding of the Refunded Obligations.

Section 3. Chairperson, Executive Director and Secretary of the Successor Agency. The Chairperson, Executive Director and Secretary of the Successor Agency, and the designees of such officials, each acting for the Oversight Board, are hereby authorized to take whatever actions may be necessary to carry out the purposes of this Resolution pursuant to ABX1 26 and AB 1484.

Section 4. City Clerk Acting for Oversight Board. The City Clerk acting for the 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 5. Effective Date. Pursuant to Health and Safety Code 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 of Finance 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.

PASSED, APPROVED, AND ADOPTED June 29, 2016.

PAUL SENSIBAUGH, Chair
of the Stockton Successor Agency
Oversight Board

ATTEST:

BONNIE PAIGE, Secretary
of the Stockton Successor Agency
Oversight Board