

RESOLUTION NO.

STOCKTON CITY COUNCIL

RESOLUTION OF THE COUNCIL OF THE CITY OF STOCKTON APPROVING THE REFUNDING AND TERMINATION OF CERTAIN OBLIGATIONS RELATING TO THE REDEVELOPMENT ACTIVITIES OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON, AUTHORIZING THE EXECUTION AND DELIVERY OF THE ARENA REFUNDING AGREEMENT AND THE AMBAC REFUNDING AGREEMENT, DELEGATING TO THE CITY MANAGER OR HIS DESIGNEE THE POWER TO COMPLETE SAID DOCUMENTS AND REFUNDING, AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY IN CONNECTION THEREWITH

WHEREAS, pursuant to the Community Redevelopment Law (Part 1 of Division 24 of the California Health and Safety Code and referred to herein as the "Law") as then enacted, the City Council of the City of Stockton (the "City") created the former Redevelopment Agency of the City of Stockton (the "Former Agency") on August 13, 1956;

WHEREAS, the Former Agency 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;

WHEREAS, California Assembly Bill No. 26 (First Extraordinary Session) ("AB X1 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;

WHEREAS, Assembly Bill No. 1484 ("AB 1484"), a follow on bill to AB X1 26, was enacted on June 27, 2012 and provides a mechanism to refund outstanding indebtedness of the Former Agency under certain circumstances, and to renegotiate contracts, agreements and other arrangements of the Former Agency to reduce liabilities and increase net revenues to certain taxing entities identified in California Health and Safety Code Section 34171(k);

WHEREAS, Senate Bill No. 107, a follow on bill to AB X1 26 and AB 1484, was enacted on September 22, 2015 and provides additional terms and amendments for operations of a successor agency;

WHEREAS, pursuant to California Health and Safety Code Section 34173(d), the City is the successor agency to the Former Agency (the "Successor Agency"), as confirmed by Resolution No. 11-0251 of the City Council approved at a meeting thereof held on August 23, 2011;

WHEREAS, 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;

WHEREAS, the 2003 COPs evidence a direct, undivided fractional interest in certain lease payments to be paid by the City pursuant to that certain Lease Agreement, dated as of June 1, 2003 (the “2003 Lease Agreement”), by and between the Financing Authority, as sublessor, and the City, as sublessee, relating to property originally leased to the Financing Authority pursuant to that certain Site and Facility Lease, dated as of June 1, 2003 (the “2003 Site Lease”), by and between the City, as lessor, and the Financing Authority as Lessee;

WHEREAS, the City and the Former Agency entered into that certain Reimbursement Agreement, dated as of June 1, 2003, pursuant to which the Successor Agency, as successor in interest to the Former Agency, was obligated to reimburse the City for lease payments made by the City pursuant to the 2003 Lease Agreement;

WHEREAS, the Former Agency 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 Agency and Wells Fargo Bank, National Association, as trustee (the “2004 Arena Trustee”);

WHEREAS, the 2004 Arena Bonds were secured by (i) the proceeds of lease payments to be paid by the City pursuant to that certain Lease Agreement, dated as of March 1, 2004 (the “2004 Lease Agreement”), by and between the Former Agency, as lessor, and the City, as lessee, relating to property originally leased to the Former Agency pursuant to that certain Site Lease, dated as of March 1, 2004 (the “2004 Site Lease”), by and between the City, as lessor, and the Former Agency, as Lessee; and (ii) certain pledge payments to be made by the Successor Agency, as successor in interest to the Former Agency, pursuant to that certain Pledge Agreement, dated as of March 1, 2004, by and between the Former Agency and the City;

WHEREAS, the Financing Authority issued and sold (i) \$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 (ii) \$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;

WHEREAS, the 2006A Bonds were secured by and payable from the proceeds of certain loan repayments to be made by the Successor Agency, as successor in interest to the Former Agency, under certain Loan Agreements, each dated as of July 1, 2006, and each by and between the Former Agency, the Financing Authority and Wells Fargo Bank, National Association, as trustee;

WHEREAS, the 2006C Bonds were secured by and payable from the proceeds of certain loan repayments to be made by the Successor Agency, as successor in interest to the Former Agency, under that certain Loan Agreement, dated as of July 1, 2006, by and between the Former Agency, the Financing Authority and Wells Fargo Bank, National Association, as trustee;

WHEREAS, 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");

WHEREAS, 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;

WHEREAS, 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;

WHEREAS, in order to achieve debt service savings, the Successor Agency and the Oversight Board for the Successor Agency have approved the refunding of all or a portion of the obligations of the Former Agency and Successor Agency relating to the 2003 COPs, the Ambac Settlement Agreement, the 2004 Arena Bonds, the Arena Settlement Agreements, the 2006A Bonds and the 2006C Bonds (collectively referred to herein as the "Refunded Obligations"), 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 (the "Refunding Bonds");

WHEREAS, the City desires to assist the Successor Agency in its refunding of all or a portion of the applicable Refunded Obligations and to terminate or cause the termination of all or a portion of the obligations of the City relating to the Refunding Obligations, including, without limitation, the 2003 Site Lease, the 2003 Lease Agreement, the 2004 Site Lease and the 2004 Lease Agreement (collectively referred to herein as the "Refunding");

WHEREAS, 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, NPFG 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");

WHEREAS, 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");

WHEREAS, proposed forms of the Arena Refunding Agreement and the Ambac Refunding Agreement have been prepared and submitted to the City;

WHEREAS, the City has examined and approves of the Arena Refunding Agreement and the Ambac Refunding Agreement and desires to authorize and direct the execution of such documents, and such other documents as are necessary in connection with the Refunding, and to authorize and direct the consummation of the Refunding;

WHEREAS, California Health and Safety Code Section 34177.5(c) (enacted as part of AB 1484) provides that a successor agency may subordinate to its bonds or other indebtedness the amount required to be paid to an affected taxing entity pursuant to paragraph (1) of subdivision (a) of Section 34183, provided that the affected taxing entity has approved the subordinations pursuant to Section 34177.5(c);

WHEREAS, the City has received substantial evidence that sufficient funds will be available to pay both debt service on the Refunding Bonds and the amounts required to be paid to the City from time to time pursuant to paragraph (1) of subdivision (a) of Section 34183 (the "Statutory Pass-Throughs") and now desires to approve the subordination of the Statutory Pass-Throughs to the payment of debt service on the Refunding Bonds; and

WHEREAS, all acts, conditions and things required by the Law, 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 consummation of the Refunding authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the City is now duly authorized and empowered, pursuant to each and every requirement of law, to authorize the approval of such Refunding and to authorize the execution and delivery of the Arena Refunding Agreement and the Ambac Refunding Agreement and such other documents as are necessary or desirable for the purposes, in the manner and upon the terms provided;

BE IT RESOLVED BY THE CITY OF STOCKTON, AS FOLLOWS:

Section 1. Findings. The foregoing recitals are true and correct and incorporated into this Resolution as if fully set forth herein.

Section 2. Approval of Refunding. The City hereby approves the Refunding.

Section 3. Approval of Arena Refunding Agreement. The proposed form of the Arena Refunding Agreement submitted to the City, and the terms and conditions thereof, are hereby approved. The Clerk of the City is directed to file a copy of said form of Arena Refunding Agreement with the minutes of this meeting, and the City Manager, or his designee, is hereby authorized and directed to execute and deliver the Arena Refunding Agreement, in substantially such form, and with such additions thereto or changes therein, subject to all limitations imposed by the Law, as he or she, with the advice of Orrick, Herrington & Sutcliffe LLP ("Orrick"), shall approve, such approval to be conclusively evidenced by the execution and delivery of the Arena Refunding Agreement.

Section 4. Approval of Ambac Refunding Agreement. The proposed form of the Ambac Refunding Agreement submitted to the City, and the terms and conditions thereof, are hereby approved. The Clerk of the City is directed to file a copy of said form of Ambac Refunding Agreement with the minutes of this meeting, and the City Manager, or his designee, is hereby authorized and directed to execute and deliver the Ambac Refunding Agreement, in substantially such form, and with such additions thereto or changes therein, subject to all limitations imposed by the Law, as he or she, with the advice of Orrick, shall approve, such approval to be conclusively evidenced by the execution and delivery of the Ambac Refunding Agreement.

Section 5. Subordination of Statutory Pass-Throughs. The City hereby approves the subordination of the Statutory Pass-Throughs to the Refunding Bonds.

Section 6. Other Documents and Actions. The City Manager, or his designee, is hereby authorized and directed, jointly and severally, for and in the name and on behalf of the City, to execute and deliver any and all documents, notices, amendments, certificates and representations, including, without limitation, escrow agreements, termination agreements or certificates, signature certificates, no-litigation certificates, tax certificates, transfer documents, deeds, assignments, licenses, judgments, insurance endorsements, letters of representation relating to book-entry registration, investment instructions and related agreements and certificates, and to do any and all things and take any and all actions as may be necessary or advisable, in his or her discretion, to effectuate the Refunding and all other actions that the City has approved in this Resolution, including, without limitation, the transfer of account balances relating to Refunded Obligations to accounts relating to the Refunding Bonds as permitted by applicable security instruments. All actions heretofore taken by the officers and agents of the City with respect to the Refunding are hereby ratified, confirmed and approved.

Section 7. Effectiveness. This Resolution shall take effect from and after the date of its adoption.

PASSED, APPROVED AND ADOPTED September 27, 2016.

ANTHONY SILVA, Mayor of the
City of Stockton

ATTEST:

BONNIE PAIGE, City Clerk of the
City of Stockton