

RESOLUTION NO.

STOCKTON PUBLIC FINANCING AUTHORITY

RESOLUTION OF THE STOCKTON PUBLIC FINANCING AUTHORITY 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 AMBAC REFUNDING AGREEMENT, DELEGATING TO THE EXECUTIVE DIRECTOR OF THE AUTHORITY OR HIS DESIGNEE THE POWER TO COMPLETE SAID DOCUMENTS AND REFUNDING, AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY IN CONNECTION THEREWITH

WHEREAS, the City of Stockton (the "City") is a municipal corporation and charter city organized and existing under and by virtue of the laws of the State of California;

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 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, the Stockton Public Financing Authority (the "Authority") is a joint powers authority duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement, dated as of June 18, 1990, by and between the City and the Former Agency (collectively, the "Members"), and under the provisions of Articles 1 through 4 (commencing with section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the "Act"), authorized pursuant to Article 4 of the Act to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations of, or for the purpose of making loans to, public entities, including the Members, and to provide financing for public capital improvements of public entities, including the Members;

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

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 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 Authority, as sublessor, and the City, as sublessee, relating to property originally leased to the 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 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 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 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 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 (collectively, the "2006A Loan Agreements"), and each by and between the Former Agency, the 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 (together with the 2006A Loan Agreements, the "2006 Loan Agreements"), by and between the Former Agency, the 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 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 Authority 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 Authority relating to the Refunding Obligations, including, without limitation, the 2003 Site Lease, the 2003 Lease Agreement and the 2006 Lease Agreements (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, the 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, a proposed form of the Ambac Refunding Agreement has been prepared and presented to the Authority;

WHEREAS, the Authority has examined and approves of the Ambac Refunding Agreement and desires to authorize and direct the execution of such document, and such other

documents as are necessary in connection with the Refunding, and to authorize and direct the consummation of the Refunding;

WHEREAS, all acts, conditions and things required by the Act and the Constitution and laws of the State of California and the United States of America 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 Authority 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 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 STOCKTON PUBLIC FINANCING AUTHORITY, 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 Authority hereby approves the Refunding.

Section 3. Approval of Ambac Refunding Agreement. The proposed form of the Ambac Refunding Agreement submitted to the Authority, and the terms and conditions thereof, are hereby approved. The Secretary of the Authority is directed to file a copy of said form of Ambac Refunding Agreement with the minutes of this meeting, and the Executive Director of the Authority, 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, as he or she, with the advice of Orrick, Herrington & Sutcliffe LLP, shall approve, such approval to be conclusively evidenced by the execution and delivery of the Ambac Refunding Agreement.

Section 4. Other Documents and Actions. The Executive Director of the Authority, or his designee, is hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to execute and deliver any and all documents, notices, amendments, certificates and representations, including, without limitation, escrow agreements, termination agreements or certificates, transfer documents, deeds, assignments, licenses, judgments, insurance endorsements, letters of representation relating to book-entry registration, signature certificates, no-litigation certificates, tax certificates, 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 consummation of the Refunding and all other actions that the Authority has approved in this Resolution. All actions heretofore taken by the officers and agents of the Authority with respect to the Refunding are hereby ratified, confirmed and approved.

Section 5. Effectiveness. This Resolution shall take effect from and after the date of its adoption.

PASSED, APPROVED AND ADOPTED September 27, 2016.

ANTHONY SILVA
Chair
Stockton Public Financing Authority

ATTEST:

BONNIE PAIGE
Secretary
Stockton Public Financing Authority