

Resolution No. **06-0317**

STOCKTON CITY COUNCIL

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF STOCKTON APPROVING THE ISSUANCE OF THREE SERIES OF BONDS BY THE STOCKTON PUBLIC FINANCING AUTHORITY AND THE LOAN OF THE PROCEEDS THEREOF TO THE REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON AND APPROVING THE EXECUTION AND DELIVERY OF FOUR LOAN AGREEMENTS BY THE REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON IN CONNECTION THEREWITH, AND APPROVING PROCEEDINGS TO FINANCE THE COSTS OF CONSTRUCTION OF CERTAIN PROJECTS WITHIN THE MIDTOWN MERGED REDEVELOPMENT PROJECT, THE NORTH STOCKTON REDEVELOPMENT PROJECT AND THE SOUTH STOCKTON MERGED REDEVELOPMENT PROJECT, AND PROVIDING OTHER MATTERS PROPERLY RELATING THERETO

WHEREAS, the Redevelopment Agency for the City of Stockton (the "Agency") is a duly constituted redevelopment agency under the laws of the State of California and has adopted redevelopment plans (collectively, the "Redevelopment Plans") for (i) its Midtown Merged Redevelopment Project, (ii) its North Stockton Redevelopment Project, (iii) its Port Industrial Redevelopment Project, (iv) its Rough and Ready Redevelopment Project, (v) its South Stockton Merged Redevelopment Project and (vi) its West End Urban Renewal Project No. 1 (collectively, the "Redevelopment Projects") under Part 1 of Division 24 of the Health and Safety Code of the State of California (the "Redevelopment Law"); and

WHEREAS, the redevelopment plan for the Redevelopment Projects provide for tax increment financing in accordance with the provisions of Chapter 6, Part 1 of Division 24 of the California Health and Safety Code and Section 16 of Article XVI of the California Constitution; and

WHEREAS, the Redevelopment Law authorizes redevelopment agencies to incur indebtedness for any of their corporate purposes; and

WHEREAS, the Stockton Public Financing Authority (the "Authority"), at the request of the Agency, proposes to issue three (3) separate series of bonds in the aggregate principal amount of not to exceed \$120,000,000 (as further described herein, the "Authority Bonds") in order to obtain funds to lend to the Agency to enable the Agency to finance redevelopment and housing activities with respect or of benefit to the Redevelopment Projects; and

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WHEREAS, the Authority intends to lend the proceeds of the Authority Bonds to the Agency pursuant to four separate loan agreements (collectively, the "Loan Agreements"); and

WHEREAS, the proceeds of three of the Loan Agreements will be used by the Agency to finance redevelopment activities within or between its Midtown Merged Redevelopment Project, its North Stockton Redevelopment Project and its South Stockton Merged Redevelopment Project, and the proceeds of the fourth Loan Agreement will be used to finance housing activities within or of benefit to one or more of the Redevelopment Projects; and

WHEREAS, Section 33640 of the Law requires the Agency to obtain the approval of the City Council of the City of Stockton (the "Council") prior to the execution and delivery of the Loan Agreements; and

WHEREAS, the Agency is authorized, with the consent of the Council, to pay all or part of the value of the land for, and the cost of the installation and construction of, any building, facility, structure or other improvements which are publicly owned within the territory of the Redevelopment Projects (the "Project Areas"), upon a determination by the Agency and the Council that such buildings, facilities, structures or other improvements are of benefit to the Project Areas; and

WHEREAS, when the value of such land or the cost of the installation and construction of such building, facility, structure or other improvement, or both, has been or will be paid or provided for initially by the City, the Agency may enter into a contract under which it agrees to pay all or part of the value of such land or all or part of the cost of such building, facility, structure or other improvement, or both, by periodic payments over a period of years; and

WHEREAS, the obligation of the Agency under such any contract shall constitute an indebtedness of the Agency for the purpose of carrying out the redevelopment project for the project area, which indebtedness may be made payable out of taxes levied in such project area and allocated to the Agency under Subdivision (b) of Section 33670 of the California Health and Safety Code, or out of any other available funds; and

WHEREAS, as required pursuant to Section 33679 of the California Health and Safety Code and Section 6586.5(a) of the California Government Code, a duly noticed public hearing has been held by the Council in connection with the issuance of the Authority Bonds, the financing of the redevelopment activities being financed through the issuance of the Authority Bonds; and

WHEREAS, the Council desires to make a finding of (a) benefit to the Redevelopment Projects and (b) significant public benefit, pursuant to Section 6586.5(a)(2) of the California Government Code, and to approve of the financing of the Redevelopment Projects and the transactions contemplated by the Authority Bonds and the Loan Agreements; and

WHEREAS, the Council has duly considered such transactions and wishes at this time to approve said transactions in the public interests of the City; and

WHEREAS, in accordance with Section 33679 of the California Health and Safety Code, the Agency has prepared and made available for public inspection a summary of the proposed financing of the community center improvements (the "Project"), including issuance of the Authority Bonds and use of the net proceeds of the Authority Bonds for the Project (the "Financial Transaction Summary"); and

WHEREAS, City staff has prepared a staff report providing further information and analysis in connection with the matters set forth in this Resolution (the "Staff Report"); and

WHEREAS, the Council desires to make the findings and determinations in accordance with Section 33445(a) of the California Health and Safety Code in connection with issuance of the Authority Bonds, use of the net proceeds of the Authority Bonds to fund certain public improvements within the Project Areas, including the Project, and performance of the Loan Agreements; now, therefore,

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

Section 1. Findings. The Council hereby finds that significant public benefits will arise from and financing of the Redevelopment Projects with the proceeds of the Authority Bonds and the Loan Agreements, in accordance with Section 6586 of the California Government Code, in that the financing will result in demonstrable savings in effective interest rates, bond preparation, bond underwriting and bond issuance costs to finance the Redevelopment Projects. In accordance with Section 33445(a) of the California Health and Safety Code, and based on substantial evidence set forth in the Financial Transaction Summary, the Staff Report and the above Recitals (which evidence is incorporated in this Resolution by this reference), the Council also hereby finds and determines that (1) the improvements being financed through the issuance of the Authority Bonds from the proceeds of a specific Project Area and the execution and delivery of the Loan Agreement for such Project Area are of benefit to such Project Area or the immediate neighborhood in which such Project Area is located; (2) no other reasonable means of financing such improvements are available to the community; (3) the payment of funds for such improvements will assist in the elimination of one or more blighting conditions inside the Project Areas; and (4) the payment of funds for such improvements is consistent with the Agency's five-year implementation plan adopted pursuant to Section 33490 of the California Health and Safety Code.

Section 2. Approval of Loan Agreements. The Council hereby approves the following Loan Agreements relating to the Authority Bonds, as follows:

Loan Agreements Relating to Stockton Public Financing Authority Revenue Bonds (Redevelopment Projects), 2006 Series A (the "2006 Series A Bonds") and Loan Agreements Relating to Stockton Public Financing Authority Taxable

Revenue Bonds (Redevelopment Projects), 2006 Series B (the "2006 Series B Bonds"):

(i) Midtown Merged Redevelopment Project Loan Agreement among the Agency, Wells Fargo Bank, National Association, as trustee (the "Trustee") and the Authority;

(ii) North Stockton Redevelopment Project Loan Agreement among the Agency, the Trustee and the Authority; and

(iii) South Stockton Merged Redevelopment Project Loan Agreement among the Agency, the Trustee and the Authority.

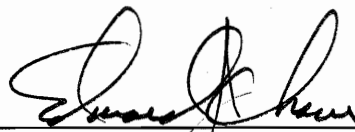
Loan Agreement Relating to Stockton Public Financing Authority Taxable Revenue Bonds (Housing Projects), 2006 Series C (the "2006 Series C Bond") and, together with the 2006 Series A Bonds and the 2006 Series B Bonds, the "Authority Bonds"):

(i) Low and Moderate Income Housing Loan Agreement among the Agency, the Trustee and the Authority.

Section 3. Subordination. The City hereby agrees that the Agency's obligations under the Reimbursement Agreement (Redevelopment Housing Projects) dated as of June 1, 2003 between the Agency and the City are subordinate to the Agency's obligations under the Loan Agreements referred to in Section 2 above.

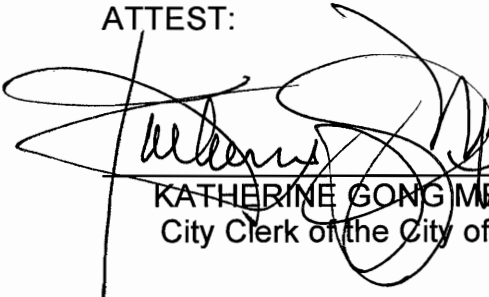
Section 4. Effective Date. This Resolution shall take effect from and after its adoption.

PASSED, APPROVED and ADOPTED JUN 13 2006



EDWARD J. CHAVEZ Mayor
of the City of Stockton

ATTEST:



KATHERINE GONG MEISSNER
City Clerk of the City of Stockton

