

RESOLUTION NO. _____

RESOLUTION OF THE SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON AUTHORIZING THE REFUNDING OF INDEBTEDNESS, INCLUDING THE ISSUANCE AND SALE OF NOT TO EXCEED \$130,000,000 AGGREGATE PRINCIPAL AMOUNT OF TAX ALLOCATION REFUNDING BONDS; APPROVING FORMS OF AN INDENTURE OF TRUST, BOND PURCHASE CONTRACT, ESCROW AGREEMENT, REFUNDING AGREEMENTS AND RELATED DOCUMENTS; MAKING CERTAIN DETERMINATIONS RELATING THERETO; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Redevelopment Agency of the City of Stockton (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 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”), and the powers of such Former RDA included the power to issue bonds, notes, certificates of participation, or other evidence of indebtedness for any of its corporate purposes; and

WHEREAS, redevelopment plans for the redevelopment projects known and designated as the “Waterfront Merger Redevelopment Project,” the “Midtown Merged Redevelopment Project,” the “North Stockton Redevelopment Project,” and the “South Stockton Merged Redevelopment Project” were each adopted and approved and all requirements of law for, and precedent to, the adoption and approval of said plans have been duly complied with;

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, the City of Stockton (the “City”) agreed to serve as the Successor Agency to the Redevelopment Agency of the City of Stockton (referred to herein as the “Successor Agency”), the successor agency to the Former RDA, commencing upon the dissolution of the Former RDA on February 1, 2012 pursuant to ABX1 26; and

WHEREAS, on June 27, 2012 as part of the Fiscal Year 2012-13 State of California budget bill, the Governor of California signed into law Assembly Bill 1484 (“AB 1484”), which modified or added to some of the provisions of ABX1 26, including provisions relating to the refunding of outstanding indebtedness of the Former Agency, and the renegotiation of 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) (collectively, the “Taxing Entities”); and

WHEREAS, Health & Safety Code Section 34177.5(a) authorizes a successor agency to refund outstanding bonds and other indebtedness of its former redevelopment agency 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, 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, 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 Wells Fargo Bank, National Association, as trustee (the “2004 Arena Trustee”) under an indenture relating to certain bonds issued by the City in 2004, 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, 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 Stockton Public Financing Authority, Ambac Assurance Corporation (“Ambac”) and Wells Fargo Bank, National Association, as trustee (the “2003 COPs Trustee”) under a trust agreement relating to the Certificates of Participation, (Redevelopment Housing Projects) Series 2003A and Series 2003B, executed and delivered by the 2003 COPs Trustee; and

WHEREAS, the Successor Agency has solicited a report of an independent municipal advisor presenting a savings analysis (a copy of which is presented at this meeting) and employed such advisor in developing financing proposals for consideration by the Successor Agency and it is understood that such report, as it may be further revised, may be made available to the California Department of Finance at its request; and

WHEREAS, there are potential debt service savings that can be achieved through a refinancing of the obligations of the Former RDA identified on Exhibit A attached hereto (collectively, the “Refunded Obligations”); and

WHEREAS, subject to compliance with the requirements of Health & Safety Code Section 34177.5, the Successor Agency has determined to issue its Successor Agency to the Redevelopment Agency of the City of Stockton 2016 Tax Allocation Refunding Bonds, in one or more series in an aggregate principal amount of not to exceed one hundred thirty million dollars (\$130,000,000), on a federally tax exempt or taxable basis (the “Refunding Bonds”), for the

purpose of (i) refunding all or a portion of the Refunded Obligations, (ii) paying the costs of issuing the Refunding Bonds, (iii) funding a reserve account for the Refunding Bonds and (iv) if advisable, paying 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 Refunding Bonds will be issued pursuant to an Indenture of Trust (the “Indenture”) between the Successor Agency and Wells Fargo Bank, National Association, or such other trust bank as may be designated and approved by an Authorized Representative (as defined herein), as trustee (the “Trustee”); and

WHEREAS, in order to set forth the terms of sale of the Refunding Bonds, the Successor Agency expects to enter into one or more bond purchase contracts (collectively, the “Bond Purchase Contract”) with its underwriter, Stifel, Nicolaus & Company, Incorporated or such other broker-dealer as may be designated and approved by an Authorized Representative (the “Underwriter”), and a proposed form of Bond Purchase Contract has been prepared and submitted to the Commission; and

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, 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, 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 Stockton Public 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, in order to provide information about the Refunding Bonds and related matters to purchasers and potential purchasers of the Refunding Bonds, the Successor Agency expects to execute and deliver an official statement, a proposed form of which, together with a proposed form of Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) to assist the Underwriter in satisfying its obligations under Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Successor Agency expects to be prepared and submitted for review and approval at a subsequent meeting; now, therefore,

THE SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON DOES HEREBY RESOLVE 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 Successor Agency is hereby authorized to proceed with the refunding of the Refunded Obligations, to the extent permitted under Health and Safety Code Section 34177.5(a), and subject to the review and approval of the Successor Agency’s Oversight Board and the California Department of Finance.

Section 3. Approval of Issuance of Refunding Bonds. 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, subject to or exempt from gross income for federal income tax purposes, for the purpose of (i) refunding the Refunded Obligations, (ii) paying the costs of issuing the Refunding Bonds, (iii) funding or financing a reserve account for the Refunding Bonds, if necessary; and (iv) if advisable, paying 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, is hereby authorized and approved. The Refunding Bonds are authorized to be executed by the manual or facsimile signature of the Executive Director of the Successor Agency or his designee and attested by the manual or facsimile signature of the Secretary of the Successor Agency on behalf of the Successor Agency. The Refunding Bonds, when so executed, are authorized to be delivered to the Trustee for authentication.

Section 4. Approval of Indenture. The form of Indenture, presented at this meeting is hereby approved and the Executive Director of the Successor Agency or his or her designee (each an "Authorized Representative") are each hereby individually authorized and directed, for and in the name of and on behalf of the Successor Agency, to execute, acknowledge and deliver the Indenture in substantially the form presented at this meeting with such changes therein as the officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof. The date, maturity date or dates, interest rate or rates, interest payment dates, terms of redemption and other terms of the Refunding Bonds shall be as provided in the Indenture as finally executed.

Section 5. Approval of Bond Purchase Contract. The form of Bond Purchase Contract, between the Successor Agency and the Underwriter, presented at this meeting is hereby approved and the Authorized Representatives are each hereby individually authorized and directed, for and in the name of and on behalf of the Successor Agency, to execute, acknowledge and deliver the Bond Purchase Contract in substantially the form presented at this meeting with such changes therein as the officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the true interest cost of the Refunding Bonds shall not exceed 5.00%, the underwriter's discount (exclusive of original issue discount) shall not exceed 1.10%, the maturity of the Refunding Bonds date shall not exceed the maximum permitted under the Law, and, as required by Health & Safety Code Section 34177.5, (i) 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 obligations to be refunded plus the remaining principal of the obligations to be refunded, and (ii) the principal amount of the Refunding Bonds shall not exceed the amount required to defease and refund the Refunded Obligations, to establish customary debt service reserves, and to pay related costs of issuance.

Section 6. Approval of Escrow Agreement. The form of Escrow Agreement (the "Escrow Agreement"), between the Successor Agency and the Trustee, as escrow agent, presented at this meeting is hereby approved and the Authorized Representatives are each hereby individually authorized and directed, for and in the name of and on behalf of the Successor Agency, to execute, acknowledge and deliver the Escrow Agreement in substantially the form presented at

this meeting with such changes therein as the officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. Approval of Arena Refunding Agreement. The form of Arena Refunding Agreement by and among the City, the Successor Agency, NCFG and the 2004 Arena Trustee, presented at this meeting is hereby approved and the Authorized Representatives are each hereby individually authorized and directed, for and in the name of and on behalf of the Successor Agency, to execute, acknowledge and deliver the Arena Refunding Agreement in substantially the form presented at this meeting with such changes therein as the officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 8. Approval of Ambac Refunding Agreement. The form of Ambac Refunding Agreement by and among the City, the Successor Agency, the Stockton Public Financing Authority, Ambac and the 2003 COPs Trustee, presented at this meeting is hereby approved and the Authorized Representatives are each hereby individually authorized and directed, for and in the name of and on behalf of the Successor Agency, to execute, acknowledge and deliver the Ambac Refunding Agreement in substantially the form presented at this meeting with such changes therein as the officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 9. Bond Insurance and Surety Bond. If an Authorized Representative determines that it will be advantageous to the Successor Agency to purchase municipal bond insurance or a debt service reserve fund surety bond with respect to some or all of the Refunding Bonds, such officer is hereby authorized (a) to purchase such insurance or surety bond on behalf of the Successor Agency at market rates, and (b) to make such changes to the agreements and documents relating to the Refunding Bonds as may be needed to obtain such insurance or surety bond. In connection with any such surety bond, the Authorized Representatives are hereby severally authorized and directed to execute and deliver an agreement on behalf of the Successor Agency, in such form as approved by such Authorized Representative, with the provider of such surety bond pursuant to which the Successor Agency would agree to reimburse such provider for any draws under such surety bond and to pay such provider any other fees and expenses related thereto as such Authorized Representative shall approve, such approval (and the approval by the Authorized Representative of the form of such agreement) to be conclusively evidenced by the execution and delivery of such agreement.

Section 10. Authorization To Seek Approval of Oversight Board and To Submit Agreements to Oversight Board and Others. The Authorized Representatives are each hereby individually authorized and directed to submit the forms of Indenture, Arena Refunding Agreement and Ambac Refunding Agreement to the Oversight Board, and to seek the approval thereof, and of the refunding of the Refunded Obligations and the issuance of the Refunding Bonds, by the Oversight Board, and simultaneously to submit such documents to the county administrative officer, the county auditor-controller, and the Department of Finance pursuant to California Health and Safety Code Section 34180(j).

Section 11. Chairperson of the Successor Agency, Executive Director and Secretary. The Chairperson of the Successor Agency, the Executive Director and the Secretary, and the designees of such officials, each acting for the Successor Agency, are hereby authorized to take

whatever action may be necessary to carry out the purposes of this Resolution pursuant to ABX1 26 and AB 1484.

Section 12. Recovery of Costs. The Successor Agency is hereby authorized to recover its costs of issuance with respect to the Refunding Bonds including the cost of reimbursing the Successor Agency for staff time and costs spent with respect to the Refunding Bonds.

Section 13. Bond Issuance Services. Stifel, Nicolaus & Company, Incorporated, is hereby appointed as Underwriter; Orrick, Herrington and Sutcliffe LLP is hereby appointed as Bond Counsel and Disclosure Counsel; Del Rio Advisors, LLC is hereby appointed as Municipal Advisor; and Fraser & Associates is hereby appointed as Fiscal Consultant. An Authorized Representative, acting for the Successor Agency, is authorized to execute contracts for such services and any other related services as may be necessary or desirable to defease and/or refund the outstanding obligations of the Former RDA proposed to be refunded through the issuance of the Refunding Bonds.

Section 14. Other Acts. The Authorized Representatives, officers and staff of the Successor Agency are hereby authorized and directed, jointly and severally, to do any and all things, to execute and deliver any and all documents, which in consultation with Orrick, Herrington & Sutcliffe LLP, the Successor Agency's bond counsel, they may deem necessary or advisable in order to consummate the issuance, sale and delivery of the Refunding Bonds, to defease and/or refund the outstanding obligations of the Former RDA proposed to be refunded through the issuance of the Refunding Bonds, or otherwise to effectuate the purposes of this Resolution, and any and all such actions previously taken by such officers or staff members are hereby ratified and confirmed.

Section 15. Effective Date. This Resolution shall take effect from and after the date of its adoption.

PASSED and ADOPTED this ____, day of June 2016.

ANTHONY SILVA, Chairperson of the
Successor Agency to the Former
Redevelopment Agency of the City of Stockton

ATTESTED:

BONNIE PAIGE, Secretary of the
Successor Agency to the Former
Redevelopment Agency of the City of
Stockton

EXHIBIT A

Description of the Prior Obligations

All Former RDA and Successor Agency obligations relating to the outstanding City of Stockton Certificates of Participation (Redevelopment Housing Projects), Series 2003A and City of Stockton Certificates of Participation (Redevelopment Housing Projects), Taxable Series 2003B, including the Ambac Settlement Agreement

All Former RDA and Successor Agency obligations relating to the outstanding Redevelopment Agency of the City of Stockton Revenue Bonds, Series 2004 (Stockton Events Center—Arena Project), including the Arena Settlement Agreements

All Former RDA and Successor Agency obligations relating to the outstanding Stockton Public Financing Authority Revenue Bonds (Redevelopment Projects), 2006 Series A

All Former RDA and Successor Agency obligations relating to the outstanding Stockton Public Financing Authority Taxable Revenue Bonds (Housing Projects), 2006 Series C

CLERK'S CERTIFICATE

The undersigned City Clerk of the City of Stockton, does hereby certify as follows:

The foregoing resolution is a full, true and correct copy of a resolution duly adopted by a vote of a majority of the members of the City Council of the City of Stockton as the Successor Agency to the Redevelopment Agency of the City of Stockton (the "Successor Agency") at a regular meeting of the Successor Agency duly and regularly and legally held at the regular meeting place thereof, on _____, 2016, of which meeting all of such members had due notice.

I have carefully compared the foregoing with the original minutes of said meeting on file and of record in my office, and the foregoing is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes.

Said resolution has not been amended, modified or rescinded since the date of its adopted and the same is not in full force and effect.

Dated: _____, 2016

City Clerk of the City of Stockton