

A RESOLUTION OF THE SAN DIEGO COUNTYWIDE REDEVELOPMENT SUCCESSOR AGENCY OVERSIGHT BOARD APPROVING THE ISSUANCE BY THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY OF TAX ALLOCATION REFUNDING BONDS RELATING TO THE PALM AVENUE/COMMERCIAL REDEVELOPMENT PROJECT, APPROVING THE FORM OF SUPPLEMENTAL INDENTURE OF TRUST AND ESCROW AGREEMENT IN CONNECTION THEREWITH, AND APPROVING OTHER DOCUMENTS AND RELATED ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Imperial Beach Redevelopment Agency (“Original Agency”) was a redevelopment agency in the City of Imperial Beach (“City”), duly created pursuant to the California Community Redevelopment Law (Part 1 (commencing with section 33000) of Division 24 of the California Health and Safety Code) (“Redevelopment Law”); and

WHEREAS, the Original Agency was responsible for the administration of redevelopment activities within the City, including within and for the Palm Avenue/Commercial Redevelopment Project (“Redevelopment Project”) established pursuant to that certain Redevelopment Plan approved by Ordinance No. 96-901 adopted by the City Council of the City on February 7, 1996, as amended by Ordinance No. 2001-970 adopted by the City Council of the City on July 18, 2001, and as subsequently amended (“Redevelopment Plan”); and

WHEREAS, Assembly Bill No. X1 26 (2011-2012 1<sup>st</sup> Ex. Sess.) (“AB 26”) was signed by the Governor of California on June 28, 2011, making certain changes to the Redevelopment Law and adding Part 1.8 (commencing with section 34161) and Part 1.85 (commencing with section 34170) to Division 24 of the California Health and Safety Code; and

WHEREAS, pursuant to AB 26, as modified by the California Supreme Court on December 29, 2011 by its decision in *California Redevelopment Association v. Matosantos*, all California redevelopment agencies, including the Original Agency, were dissolved on February 1, 2012, and successor agencies were designated and vested with the responsibility of paying, performing, and enforcing the enforceable obligations of the former redevelopment agencies and expeditiously winding down the business and fiscal affairs of the former redevelopment agencies; and

WHEREAS, the City Council of the City adopted Resolution No. 2012-7136 on January 5, 2012, pursuant to AB 26, electing for the City to serve as the successor agency

to the Original Agency upon the dissolution of the Original Agency on February 1, 2012 (“Imperial Beach Redevelopment Agency Successor Agency”, hereinafter referred to as the “Successor Agency”). The Successor Agency is a separate legal entity from the City; and

WHEREAS, AB 26 has since been amended by various assembly and senate bills enacted by the Legislature and signed by the Governor (AB 26, as amended, and as may be amended, is hereinafter referred to as the “Dissolution Law”); and

WHEREAS, in 2018, the County of San Diego Countywide Redevelopment Successor Agency Oversight Board (“Oversight Board”) was established pursuant to Health and Safety Code section 34179(j) of the Dissolution Law. Pursuant to the Dissolution Law, the Oversight Board reviews actions of the Successor Agency and possesses fiduciary responsibilities to holders of enforceable obligations and taxing entities that benefit from distributions of property taxes and other revenues; and

WHEREAS, Health and Safety Code section 34177.5 of the Dissolution Law authorizes the Successor Agency to undertake proceedings for the refinancing or refunding of outstanding bonds and other obligations of the Original Agency for debt service savings, subject to the conditions precedent contained in section 34177.5 and subject to the approval by the Successor Agency’s Oversight Board as provided in Health and Safety Code section 34180 of the Dissolution Law. Section 34177.5 further authorizes the Successor Agency to issue bonds pursuant to Article 11 (commencing with section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (“Refunding Law”) for the purpose of achieving debt service savings; and

WHEREAS, on December 4, 2013, the Successor Agency issued its \$17,260,000 principal amount of Palm Avenue/Commercial Redevelopment Project Tax Allocation Bonds, 2013 Tax Allocation Bonds (“Series 2013 Bonds”) pursuant to an Indenture of Trust, dated as of November 1, 2010, by and between the Original Agency and Wells Fargo Bank, National Association, as Trustee (“Trustee”) (“Original Indenture”) and a First Supplemental Indenture of Trust, dated as of December 1, 2013, by and between the Successor Agency and the Trustee (“First Supplement”). The purpose for the Series 2013 Bonds was to refund two Loan Agreements entered into in 2003 in connection with the issuance by the Imperial Beach Financing Authority, a joint powers authority created by and between the Original Agency and the City, and the Original Agency of bonds in 2003 for the purpose of financing programs, projects, and activities relating to the Redevelopment Project. Payments due on the Series 2013 Bonds are payable from tax increment revenues derived from the Redevelopment Project; and

WHEREAS, the Successor Agency in March 2020 issued its \$14,490,000 aggregate principal amount of 2020 Tax Allocation Refunding Bonds (“Series 2020 Bonds”) for the purpose of refinancing redevelopment activities with respect to the Redevelopment Project,

pursuant to the Original Indenture, the First Supplement, and a Second Supplemental Indenture of Trust, dated as of March 1, 2020, by and between the Successor Agency and the Trustee (“Second Supplement”), for the purpose of refunding the Original Agency’s Palm Avenue/Commercial Redevelopment Project Tax Allocation Bonds, Series 2010 (“Series 2010 Bonds”). The Original Indenture, the First Supplement, and the Second Supplement are hereinafter collectively referred to as the “Indenture”; and

WHEREAS, to achieve debt service savings, the Successor Agency desires to refund all or a portion of the Series 2013 Bonds by issuing a series of bonds designated as the “Imperial Beach Redevelopment Agency Successor Agency Taxable Tax Allocation Refunding Bonds, Series 2020B” (as further described below, the “Bonds”) under and pursuant to the Redevelopment Law, the Dissolution Law, the Refunding Law, the Indenture as supplemented and amended by a Third Supplemental Indenture of Trust to be entered into by and between the Successor Agency and the Trustee to provide for the issuance of the Bonds, the Constitution, and other applicable laws of the State of California, and under, pursuant to and subject to the conditions and limitations of Health and Safety Code section 34177.5 of the Dissolution Law. Such Bonds will be issued on parity with the Successor Agency’s Series 2020 Bonds; and

WHEREAS, on August 5, 2020, the Successor Agency approved Resolution No. SA-20-75 (“Successor Agency Resolution”) authorizing the issuance of the Bonds, approving the form of the Third Supplement (defined below) and Escrow Agreement (defined below), and approving other documents and related actions in connection therewith. A copy of Resolution No. SA-20-75 has been provided to the Oversight Board and is on file with the Secretary of the Successor Agency; and

WHEREAS, to determine compliance with the savings parameters of Health and Safety Code Section 34177.5 of the Dissolution Law (“Savings Parameters”), the Successor Agency has caused its municipal advisor, Montague DeRose and Associates (“Municipal Advisor”) to prepare an initial analysis of the potential savings (“Debt Service Savings Analysis”), a copy of which analysis has been provided to the Oversight Board and is on file with the Secretary of the Successor Agency; and

WHEREAS, following approval by the Oversight Board of the issuance of the Bonds by the Successor Agency and related actions and following submission of the Successor Agency Resolution and this Resolution, as approved by the Oversight Board, and related documents to the California Department of Finance (“Department of Finance”) for the Department of Finance’s review and approval of the Oversight Board actions, the Successor Agency will, with the assistance of its disclosure and bond counsel, Jones Hall, A Professional Law Corporation (both “Disclosure Counsel” and “Bond Counsel”), its Municipal Advisor, and other professionals, cause to be prepared required documents for the refunding of the Series 2013 Bonds and the issuance of the Bonds including, but not limited to, a form of Official Statement for the Bonds describing the Bonds and containing

material information relating to the Successor Agency and the Bonds, the preliminary form of the Official Statement will be submitted to the Successor Agency for approval for distribution by Piper Sandler & Co., as underwriter of the Bonds (“Underwriter”), to persons and institutions interested in purchasing the Bonds; and

WHEREAS, the Oversight Board desires the Successor Agency to take advantage of the current low interest rate environment in order to minimize the Successor Agency’s total interest costs on outstanding debt by refinancing/refunding the Series 2013 Bonds at a comparatively lower borrowing cost than the current bond issue’s remaining average borrowing cost; and

WHEREAS, the Oversight Board has completed its review of the refunding proceedings and wishes at this time to give its approval to the foregoing; and

WHEREAS, all of the prerequisites with respect to the approval of this Resolution have been met.

NOW, THEREFORE, BE IT RESOLVED by the San Diego Countywide Redevelopment Successor Agency Oversight Board, as follows:

- Section 1. The Oversight Board determines that the proposed issuance of the Bonds will be of benefit to the taxing entities for the reasons set forth in the Recitals above and in the staff report and documents accompanying this Resolution.
- Section 2. The Oversight Board determines that there are significant potential savings available to the Successor Agency and to applicable taxing entities in compliance with the Savings Parameters by the issuance by the Successor Agency of the Bonds to refund and defease the Series 2013 Bonds, all as evidenced by the Debt Service Savings Analysis provided to the Oversight Board, which Debt Service Savings Analysis is hereby approved.
- Section 3. In accordance with Health and Safety Code sections 34177.5 and 34180 of the Dissolution Law, the Oversight Board hereby authorizes and approves:
  - (a) The Successor Agency’s issuance of the Bonds under and pursuant to the Redevelopment Law, the Dissolution Law, the Refunding Law, the Indenture as supplemented and amended by a Third Supplemental Indenture of Trust to be entered into by and between the Successor Agency and the Trustee to provide for the issuance of the Bonds, the Constitution, and other applicable laws of the

State of California, as tax-exempt or taxable bonds or a combination thereof, in the aggregate principal amount of not to exceed \$18,000,000, provided that the Bonds are in compliance with the conditions and limitations of Health and Safety Code section 34177.5 of the Dissolution Law at the time of sale and delivery; and

- (b) The Successor Agency's issuance of the Bonds in whole or in part, provided that there is compliance with the Savings Parameters. If such Savings Parameters cannot be met with respect to the whole of the Bonds, then the Oversight Board approves the sale and delivery of the Bonds from time to time in part. In the event the Bonds are initially sold in part, the Successor Agency is hereby authorized to sell and deliver one or more additional series of bonds (with a different series designation) to refund Series 2013 Bonds not previously refunded, without further approval of the Oversight Board, provided that in each instance such additional series sold and delivered in part is in compliance with Health and Safety Code section 34177.5, calculated independently of any previous series which refunded Series 2013 Bonds, at the time of sale.

Section 4. The Oversight Board hereby approves the Third Supplemental Indenture of Trust to be entered into by and between the Successor Agency and the Trustee to provide for the issuance of the Bonds ("Third Supplement"), substantially in the form provided to the Oversight Board and on file with the Secretary of the Successor Agency. The Executive Director of the Successor Agency or the Finance Officer of the Successor Agency (each an "Authorized Officer"), each acting alone, or the designee of either, is hereby authorized execute the Third Supplement, together with such non-substantive changes or modifications to the form of Third Supplement deemed necessary and as approved by the Authorized Officers and legal counsel to the Successor Agency, including such modifications to provide for tax-exempt bonds or to provide for additional series of bonds for the purpose of refunding Series 2013 Bonds not initially refunded.

Section 5. The Oversight Board hereby approves the Escrow Agreement to be entered into by and between the Successor Agency and Wells Fargo Bank, National Association, as escrow agent for the Series 2013 Bonds ("Escrow Agreement"), substantially in the form provided to the Oversight Board and on file with the Secretary of the Successor

Agency. Each Authorized Officer, or the designee of either, is hereby authorized and directed to execute the Escrow Agreement, together with such non-substantive changes or modifications to the form of Escrow Agreement deemed necessary and as approved by the Authorized Officers and legal counsel to the Successor Agency.

Section 6. The Oversight Board hereby makes the following determinations upon which the Successor Agency shall rely in undertaking the refunding proceedings for the Series 2013 Bonds and the issuance of the Bonds:

- (a) The Successor Agency is authorized, as provided in Health and Safety Code sections 34177.5(a) and (f) of the Dissolution Law, to recover its costs related to the issuance of the Bonds from the proceeds of the Bonds, including reimbursing the Successor Agency and the City for administrative staff time spent with respect to the authorization, issuance, sale and delivery of the Bonds; and
- (b) The application of proceeds of the Bonds by the Successor Agency to the refunding and defeasance of the Series 2013 Bonds, as well as the payment by the Successor Agency of costs of issuance of the Bonds, as provided in Health and Safety Code sections 34177.5(a) and (f) of the Dissolution Law, shall be implemented by the Successor Agency promptly upon sale and delivery of the Bonds, notwithstanding Health and Safety Code section 34177.3 or any other provision of law to the contrary, without any further approval of the Oversight Board and without the approval of the Department of Finance, the San Diego County Auditor-Controller, or any other person or entity other than the Successor Agency; and
- (c) The Successor Agency shall be entitled to receive its full Administrative Cost Allowance under Health and Safety Code sections 34171(b) and 34183(a)(3) of the Dissolution Law without any deductions with respect to continuing costs related to the Bonds, such as trustee's fees, auditing and fiscal consultant fees and continuing disclosure and rating agency costs (collectively, "Continuing Costs of Issuance"), and such Continuing Costs of Issuance shall be enforceable obligations under the Dissolution Law payable from property tax revenues pursuant to Health and Safety Code sections 34171(d)(1) and 34183(a)(2) of the Dissolution Law. In addition, and as provided by Health and Safety Code section 34177.5(f) of the Dissolution Law, if the

Successor Agency is unable to complete the issuance of any of the Bonds for any reason, the Successor Agency shall, nevertheless, be entitled to recover its costs incurred with respect to the refunding proceedings for the Series 2013 Bonds and the issuance of the Bonds from such property tax revenues pursuant to sections 34171(d) and 34183(a)(2) without reduction in its Administrative Cost Allowance.

Section 7. The Oversight Board hereby authorizes and directs the Successor Agency and the Authorized Officers and any and all other officers of the Successor Agency, for and in the name and on behalf of the Successor Agency, to do any and all things and take any and all actions, which they, or any of them, may deem necessary or advisable in obtaining the review and approval by the Department of Finance of the Oversight Board's actions for the Successor Agency's issuance of the Bonds and related actions, and in the issuance, sale and delivery of the Bonds and in the refunding of the Series 2013 Bonds, and to take such other actions and execute such other documents as are necessary to effectuate the intent of this Resolution on behalf of the Successor Agency. Such Oversight Board approval provided by this section hereby includes, but is not limited to, authorizing the Successor Agency (1) to obtain a municipal bond insurance policy for the Bonds and reserve account surety bond(s) for the Bonds from a municipal bond insurance company if it is determined, upon consultation with the Successor Agency's Municipal Advisor and the Underwriter, that such municipal bond insurance policy and/or surety bond(s) will reduce the true interest costs with respect to the Bonds and (2) to approve and execute a preliminary and final Official Statement for the Bonds for distribution by the Underwriter and a Purchase Agreement for the purchase of the Bonds by the Underwriter. Whenever in this Resolution any officer of the Successor Agency is directed to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable. It is the Oversight Board's intent that the approvals provided by this Resolution and anticipated by the Department of Finance of the Successor Agency's issuance of the Bonds and related actions include their respective approval of the documents and actions of the Successor Agency required to issue the Bonds and refund the Series 2013 Bonds under the Dissolution Law and that no further Oversight Board or Department of Finance approvals for such actions are required.

Section 8. The Successor Agency is hereby directed to transmit to the Department of Finance a copy of this Resolution duly executed by the Oversight Board and the accompanying documents presented to the Oversight Board.

Section 9. This Resolution shall take effect upon the date of its adoption; provided, however, that the Successor Agency will not issue the Bonds until either these Oversight Board actions are deemed effective pursuant to the Dissolution Law or such Oversight Board actions have been approved by the Department of Finance if review of these Oversight Board actions is requested by the Department of Finance in accordance with the Dissolution Law.

PASSED, APPROVED, AND ADOPTED by the San Diego Countywide Redevelopment Successor Agency Oversight Board the 20<sup>th</sup> day of August, 2020.

Approved as to Form and Legality  
By George Eiser, Countywide Oversight Board Counsel

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Chair, Oversight Board

# Resolution-No-OB-2020-020

Final Audit Report

2020-08-21

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