

OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE STANISLAUS COUNTY REDEVELOPMENT AGENCY

AGENDA

August 13, 2015
9:00 a.m.

*Third Floor, Conference Room 3001
1010 10th Street
Modesto, California*

www.stancounty.com

The Oversight Board welcomes you to its meetings which are regularly scheduled the second Thursday of each month, and your interest is encouraged and appreciated.

The agenda is divided into two sections:

CONSENT CALENDAR: These matters include routine financial and administrative actions and are identified with an asterisk (*). All items on the consent calendar will be voted on as a single action at the beginning of the meeting under the section titled "Consent Calendar" without discussion. If you wish to discuss an item on the Consent Calendar, please notify the Clerk prior to the beginning of the meeting or you may speak about the item during Public Comment Period.

NON-CONSENT CALENDAR: These items will be individually discussed and reviewed in detail.

ANY MEMBER OF THE AUDIENCE DESIRING TO ADDRESS THE OVERSIGHT BOARD REGARDING A MATTER ON THE AGENDA: Please raise your hand or step to the podium at the time the item is announced by the Oversight Board Chairperson. In order that interested parties have an opportunity to speak, any person addressing the Oversight Board will be limited to a maximum of 5 minutes unless the Chairperson of the Oversight Board grants a longer period of time.

PUBLIC COMMENT PERIODS: Matters under the jurisdiction of the Oversight Board and not on the posted agenda, may be addressed by the general public at the beginning of the regular agenda and any off-agenda matters before the Oversight Board for consideration; however, California law prohibits the Oversight Board from taking any action on any matter which is not on the posted agenda unless it is determined to be an emergency by the Oversight Board. Any member of the public wishing to address the Oversight Board during the "Citizen's Forum" period will be limited to a maximum of 5 minutes.

OVERSIGHT BOARD AGENDAS AND MINUTES: Agendas, Minutes, and copies of items to be considered by the Oversight Board are typically posted on the internet on Friday afternoons preceding the meeting at the following website: www.stancounty.com. All materials, including materials related to an item on this Agenda, submitted to the Oversight Board after distribution of the agenda packet are available for public inspection in the Planning and Community Development Department at 1010 10th Street, Suite 3400, Modesto, during normal business hours.

NOTICE REGARDING NON-ENGLISH SPEAKERS: Oversight Board meetings are conducted in English and translation to other languages is not provided. Please make arrangements for an interpreter if necessary.

REASONABLE ACCOMMODATIONS: In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Oversight Board Clerk at (209) 525-6330. Notification 72 hours prior to the meeting will enable the Clerk to make arrangements to ensure accessibility to this meeting.

- I. **ROLL CALL:** Dave Cogdill Jr.; Linda Flores; Brad Hawn; Terry Withrow; Duane Wolterstorff; Randall Bradley; Ana San Nicolas
- II. **APPROVAL OF MINUTES**

*A. June 11, 2015

III. CORRESPONDENCE

A. None

IV. PUBLIC COMMENT

V. AGENDA ITEMS

A. Approval of the Issuance and Sale of Subordinated Tax Allocation Refunding Bonds by the Successor Agency and Authorizing Certain Other Actions in Connection Therewith

VI. OTHER MATTERS

A. None

VII. ADJOURNMENT

**OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE
STANISLAUS COUNTY REDEVELOPMENT AGENCY**

MINUTES

REGULAR MEETING

JUNE 11, 2015

I. ROLL CALL: Meeting called to order at 9:06 a.m.

Present: Chairman, Terry Withrow; Brad Hawn; Randall Bradley;
Duane Wolterstorff; Ana San Nicolas

Absent: Linda Flores; Dave Cogdill, Jr.

Staff Present: Angela Freitas, Planning and Community Development

II. APPROVAL OF MINUTES

*A. Upon motion of Oversight Board members Brad Hawn/Randall Bradley (4/0) the Board approved the minutes of the February 23, 2015 special meeting.

Ana San Nicolas joined the meeting following approval of the minutes at 9:06 am

III. CORRESPONDENCE

A. Letter dated April 28, 2015, from Marisol F. Aguilar, California Rural Legal Assistance, Inc., regarding Parklawn United Neighbors v. Department of Finance, naming County entities as Real Parties in Interest.

IV. PUBLIC COMMENT - None

V. AGENDA ITEMS (* - Consent Items)

A. None

VI. OTHER MATTERS (NOT PUBLIC HEARINGS)

A. On the Horizon - None

VII. ADJOURNMENT

Prior to adjourning into Closed Session an opportunity was given to the public to address matters listed under Closed Session.

- A. Adjourned to closed session at 9:07 a.m. for Conference with Legal Counsel – Existing Litigation: One Case: Parklawn United Neighbors v. California Department of Finance, et al., Sacramento County Superior Court Case No. 34-2015-80002079. Government Code Section 54956.9 (d)(1).
- B. The meeting was adjourned at 9:29 a.m.

Signature on file
Angela Freitas, Secretary

(The above is a summary of the minutes of the Oversight Board meeting)

**OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE
STANISLAUS COUNTY REDEVELOPMENT AGENCY**

STAFF REPORT

SUBJECT:

Approval of the Issuance and Sale of Subordinated Tax Allocation Refunding Bonds by the Successor Agency and Authorizing Certain Other Actions in Connection Therewith

RECOMMENDATION:

Adopt Resolution No. 2015-03 approving the issuance and sale of subordinated tax allocation refunding bonds by the Successor Agency and authorizing certain actions in connection therewith.

DISCUSSION:

The former Stanislaus County Redevelopment Agency (RDA) was dissolved on February 1, 2012, by Assembly Bill x1 26 (the "Dissolution Act"). Subsequently, the Stanislaus County Board of Supervisors authorized the County to serve as the Successor Agency (SA) to the RDA.

On June 27, 2012, the California Legislature passed Assembly Bill 1484 (AB1484) to clarify and amend certain provisions of the Dissolution Act. As such, AB 1484 permits Successor Agencies to refund outstanding Bonds of former redevelopment agencies under circumstances outlined in Health & Safety Code section 34177.5 (a)(1), provided that: (A) 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 (B) 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 (the Savings Test).

Essentially, the Dissolution Act requirements are met if the total debt service (principle and interest) on the new refunding Bonds issued is less than the total remaining debt service on the Bonds currently outstanding and being refunded.

Currently, the SA has the following Bonds issued and outstanding:

Description	Maturity	Outstanding Par (in thousands)	Rates
2005 Keyes Tax Allocation Bonds (2005 Bonds)	8/1/2016 to 8/1/2036	\$11,075	5.00% to 5.375%
2003 United States Department of Agriculture Loan (2003 Note)	8/1/2016 to 8/1/2041	\$3,770	4.25%
Total		\$14,845	

The 2005 Bonds were originally issued in the par amount of \$15,615,000 and are currently callable at 100% of the outstanding par amount of \$11,075,000. The 2003 Note was originally issued in the par amount of \$4,525,000 to refinance a tax revenue anticipation note incurred in 2001, and is currently callable at 100% of the outstanding par amount of \$3,770,000.

The 2005 Bonds, and potentially the 2003 Note (collectively, the “Bonds”), may be refunded at lower interest rates resulting in debt service savings to the taxing agencies that receive residual property taxes. Based on current market interest rates, the total estimated net present value savings by refunding the 2005 Bonds is estimated to be approximately \$1 million. This savings will increase the amount of “residual” property tax funds available to be distributed to taxing entities under section 34183 of the Health & Safety Code. Actual savings resulting from the refunding transaction is dependent upon market interest rates at the time the refunding Bonds are sold. Under current market conditions and assumptions, refunding the 2003 Note does not result in a net present value savings.

On July 28, 2015, the SA adopted its Resolution No. 2015-01 (Bond Resolution), along with forms of an Indenture and Escrow Agreements, which provide for the issuance by the SA of its Successor Agency to the Stanislaus County Redevelopment Agency Subordinated Tax Allocation Refunding Bonds, Series 2015 (2015 Bonds) to refund all or a portion of the Bonds, subject to compliance with the Savings Test set forth in Health and Safety Code Section 34177.5(a)(1). The Bond Resolution is provided as Attachment “1” of this report. The forms of the Indenture and Escrow Agreement are included as attachments to the July 28, 2015, staff report submitted to the SA, which is available on-line at the following website: <http://stancounty.com/bos/agenda/2015/20150728/PH910.pdf>. The SA’s Bond Resolution includes authority to refund the 2005 Bonds as well as the 2003 Note, if market conditions change and it is advantageous to do so at the actual time of refunding.

If the OB approves the issuance of the 2015 Bonds (OB Action), the SA will send a request to the California State Department of Finance (DOF) to review the OB Action and authorize the SA to proceed with the issuance of the 2015 Bonds. The DOF has 5 days to notify the SA that it will review the OB Action. If DOF elects to review the OB Action, it will have 60 additional days to approve or disapprove the OB Action.

During the 60-day DOF review period, and prior to the sale of the 2015 Bonds, the SA Board will meet to approve the disclosure document (the Official Statement). Additionally, during this period, SA staff and the SA's financial advisor will submit information to Standard & Poor's Ratings Services to seek a credit rating for the 2015 Bonds and to potential bond insurers to solicit bonds for a bond insurance policy and a debt service reserve fund surety policy. The SA will be prepared to market the 2015 Bonds as soon as practicable after the DOF approves the OB Action. It is anticipated that the 2015 Bond pricing will occur near the end of October 2015.

The citizens of Stanislaus County will benefit from this item due to the reduction in debt service payments and the resulting increase in residual property tax revenue that will be derived from refunding the Bonds at lower rates. The debt service savings and resulting increase in residual property tax revenue is estimated at approximately \$100,000 annually and will be distributed to taxing entities which include the County, cities, schools and special districts in Stanislaus County through Fiscal Year 2036-2037.

The estimated savings amounts are net of all costs incurred for refunding the Bonds, the majority of which are contingent upon completion of the refunding. If the refunding is approved by the OB but does not occur, there will be non-contingent costs that are not estimated to exceed \$25,200, which will need to be paid. Non-contingent costs may be treated as administrative costs of the SA or submitted as an Enforceable Obligation on the SA's Recognized Obligation Payment Schedule (ROPS). The SA is authorized to receive an administrative cost allowance of up to \$250,000 annually. SA staff anticipates that there will be sufficient surplus administrative funds to cover the non-contingent costs. Further, the Administrative Budget for Fiscal Year 2015-2016 approved by the OB on February 23, 2015, includes estimated administrative costs connected with the bond refunding within the Legal and Professional Service Costs line item in the Administrative Budget.

If the DOF disallows the non-contingent costs as administrative costs, or if insufficient moneys are available in the SA's administrative cost allowance to pay these costs, the SA will place the balance of the non-contingent costs incurred in connection with the issuance of the 2015 Bonds on the SA's ROPS as an Enforceable Obligation, as authorized by Health and Safety Code Section 34177.5(f).

ATTACHMENTS:

1. Successor Agency Approved Bond Resolution No. 2015-01
2. Draft Oversight Board Bond Resolution No. 2015-03

RESOLUTION NO. 2015-01

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO STANISLAUS COUNTY REDEVELOPMENT AGENCY AUTHORIZING THE ISSUANCE AND SALE OF TAX ALLOCATION REFUNDING BONDS, AND APPROVING THE FORM OF AN INDENTURE OF TRUST, BOND PURCHASE CONTRACT AND RELATED DOCUMENTS AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Stanislaus County Redevelopment Agency (the “Former Agency”), prior to its dissolution (as described below) was a public body, corporate and politic, duly created, established and authorized to transact business and exercise its powers under and pursuant to the provisions of the Community Redevelopment Law (Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California) (the “Law”), and the powers of the Former Agency included the power to issue Bonds for any of its corporate purposes; and

WHEREAS, a Redevelopment Plan for the Stanislaus County Redevelopment Project No. 1 (the “Project Area 1”) of the Former Agency was adopted on July 9, 1991, pursuant to Ordinance No. C.S. 440, as subsequently amended in compliance with all requirements of the Law, and all requirements of law for and precedent to the adoption and approval of the Redevelopment Plan, as amended, have been duly complied with;

WHEREAS, the Former Agency previously issued its Stanislaus County Redevelopment Agency Stanislaus County Redevelopment Project No. 1 Tax Allocation Bonds, Series 2003 (the “2003 Bonds”) and the Former Agency pledged its tax increment revenues from Project Area 1 as the security for the repayment of the 2003 Bonds (the “2003 Bonds”);

WHEREAS, the Former Agency previously issued its \$15,615,000 initial aggregate principal amount Stanislaus County Redevelopment Agency (Keyes Storm Drain Project) 2005 Tax Allocation Bonds (the “2005 Bonds” and, together with the 2003 Bonds, the “Existing Bonds”) secured by tax increment revenues on a parity with the 2003 Bonds;

WHEREAS, by implementation of California Assembly Bill X1 26, which amended provisions of the Law, and the California Supreme Court’s decision in *California Redevelopment Association v. Matosantos*, the Former Agency was dissolved on February 1, 2012 in accordance with California Assembly Bill X1 26 approved by the Governor of the State of California on June 28, 2011 (as amended, the “Dissolution Act”), and on February 1, 2012, the Successor Agency, in accordance with and pursuant to the Dissolution Act, assumed the duties and obligations of the Former Agency as provided in the Dissolution Act, including, without limitation, the obligations of the Former Agency under the Existing Bonds and the related documents to which the Former Agency was a party;

WHEREAS, on June 28, 2011, the California Legislature also adopted ABx1 27 (the “Opt-in Bill”); and

WHEREAS, the California Supreme Court subsequently upheld the provisions of the Dissolution Act and invalidated the Opt-in Bill resulting in the Former Agency being dissolved as of February 1, 2012; and

WHEREAS, the powers, assets and obligations of the Former Agency were transferred on February 1, 2012 to the Successor Agency to the Stanislaus County Redevelopment Agency with respect to Project Area No. 1 (the "Successor Agency"); and

WHEREAS, on or about June 27, 2012, AB1484 was adopted as a trailer bill in connection with the 2012-13 California Budget; and

WHEREAS, California Health and Safety Code Section 34177.5(a) authorizes successor agencies to refund outstanding bonds or other indebtedness 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 Successor Agency desires to issue its Successor Agency to the Stanislaus County Redevelopment Agency Subordinated Tax Allocation Refunding Bonds, Series 2015 (the "2015 Bonds") for the purpose of refunding part or all of the Existing Obligations and to achieve debt service savings; and

WHEREAS, the Successor Agency wishes at this time to approve all matters relating to the issuance and sale of the 2015 Bonds;

NOW, THEREFORE, THE SUCCESSOR AGENCY TO THE STANISLAUS COUNTY REDEVELOPMENT AGENCY DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

Section 1. Subject to the provisions of the Indenture referred to in Section 2 hereof, the issuance of the 2015 Bonds in the aggregate principal amount not to exceed Sixteen Million Dollars (\$16,000,000) on the terms and conditions set forth in, and subject to the limitations specified in, the Indenture, is hereby authorized and approved. The 2015 Bonds will be dated, will bear interest at the rates, will mature on the dates, will be issued in the form, will be subject to redemption, and will be as otherwise provided in the Indenture, as the same will be completed as provided in this Resolution. The proceeds of the sale of the 2015 Bonds shall be applied as provided in the Indenture. The 2015 Bonds may be issued as a single issue, or from time to time in separate series, as the Successor Agency shall determine. The 2015 Bonds shall be issued pursuant to the provisions of Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Bond Law") in compliance with Section 34177.5(a) of the California Health and Safety Code. The approval of the issuance of the 2015 Bonds by the Successor Agency and the Oversight Board shall constitute the approval of each and every separate series of 2015 Bonds, without the need for any further approval from the Oversight Board.

Section 2. The Indenture of Trust in substantially the form submitted at this meeting and made a part hereof as though set forth in full herein (the "Indenture"), is hereby approved. The Chair

of the Successor Agency, the Executive Director of the Successor Agency, the written designee of the Executive Director of the Successor Agency, the Clerk of the Successor Agency, and any other proper officer of the Successor Agency (the "Authorized Officers") are each hereby authorized and directed to execute and deliver the Indenture in the form presented at this meeting with such changes, insertions and omissions as may be requested by Bond Counsel and approved by the Chair, said execution being conclusive evidence of such approval. Without limiting the generality of the foregoing, in the event the Executive Director determines in consultation with the Financial Advisor and Bond Counsel (described below) that all or a portion of the 2003 Bonds shall not be refinanced as a part of the first series of Bonds issued pursuant to this authorization, the Indenture and all related documents approved or contemplated hereunder shall be modified to reflect that the pledge of Pledged Tax Revenues (as such term is defined in the Indenture) shall be and remain subordinate to the 2003 Bonds and in such other respects as the Executive Director shall deem necessary or appropriate under the circumstances.

Section 3. The Successor Agency hereby finds and determines, based on all evidence and testimony contained in the record, that the Successor Agency has made diligent efforts to ensure that the lowest long-term cost financing will be obtained for the 2015 Bonds, that the financing shall not provide for any bullets or spikes and shall not use variable rates, and that the Successor Agency has retained the Financial Advisor (defined below) in developing financing proposals and the Successor Agency shall make the work product of the Financial Advisor available to the California Department of Finance at its request under the provisions of Health and Safety Code Section 34177.5(h).

Section 4. (a) The Bonds may be sold by negotiated sale pursuant to the Bond Purchase Contract between the Successor Agency and Stifel, Nicolaus & Company, Incorporated (the "Underwriter") with respect to the 2015 Bonds in substantially the form submitted at this meeting and made a part hereof as though set forth in full herein, and the same is hereby approved. Any of the Authorized Officers, acting singly, are hereby authorized and directed to execute the Bond Purchase Contract in the form presented at this meeting with such changes, insertions and omissions as may be approved by such Authorized officer, said execution being conclusive evidence of such approval; provided, however, that the Bond Purchase Contract shall be signed only if the terms of the agreement are such that (i) the total interest cost to maturity on the 2015 Bonds plus the principal amount of the 2015 Bonds will not exceed the total remaining interest cost to maturity on the Refunded Obligations plus the principal amount of the Refunded Obligations, and (ii) the principal amount of the 2015 Bonds will not exceed the amount required to defease the Refunded Obligations, to establish a customary debt service reserve fund, and to pay related costs of issuance.

(b) As an alternative to the sale of the Bonds through a public offering authorized in paragraph (a), the 2015 Bonds may be sold on a private placement basis through Stifel, Nicolaus & Company, Incorporated, acting as private placement agent (the "Private Placement Agent"), if a private placement of the 2015 Bonds will produce lower interest rates (and therefore greater savings) than are available through a public offering of the 2015 Bonds, in the opinion of, and upon recommendation of, the Financial Advisor, which recommendation is agreed to by, the Executive Director, so long as the interest rate savings specified in paragraph (a) are achieved through said private placement of the 2015 Bonds, and so long as the compensation to the Private Placement Agent through a private placement of the Bonds does not exceed the amount approved by the Executive Director.

Section 5. The Escrow Agreements in substantially the form submitted at this meeting and made a part hereof as though set forth in full herein, are hereby approved. Any of the Authorized Officers, acting singly, are hereby authorized and directed to execute and deliver the Escrow Agreements in the form presented at this meeting with such changes, insertions and omissions as may be requested by Bond Counsel and approved by the Executive Director or other signatory, said execution being conclusive evidence of such approval.

Section 6. The Authorized Officers, and each of them, hereby is authorized and directed to execute and deliver any and all documents and instruments relating to the 2015 Bonds, and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by the Indenture, the Bond Purchase Contract and any related continuing disclosure undertaking, the Escrow Agreements, this Resolution and any such agreements.

Section 7. Each of the Authorized Officers, acting alone, is hereby authorized to negotiate the terms of a commitment for a policy of bond insurance and a commitment for a debt service reserve fund surety bond (each a "Commitment") from one or more municipal bond insurance companies (an "Insurer") and, if such officer determines that the acquisition of an insurance policy and/or a surety bond from an Insurer will result in net interest rate savings, to pay the insurance premium of for such policy and surety bond from the proceeds of the 2015 Bonds and to approve changes to the Indenture to the extent necessary to conform to the terms of the Commitments.

Section 8. The Bank of New York Mellon Trust Company, N.A. is hereby appointed as Trustee, Stradling Yocca Carlson & Rauth, a Professional Corporation is hereby appointed as Bond Counsel and Disclosure Counsel, KNN Public Finance is hereby confirmed as Financial Advisor, Urban Analytics is hereby appointed as Fiscal Consultant, and Stifel, Nicolaus & Company, Incorporated is hereby appointed as Underwriter.

Section 9. This Resolution shall take effect immediately upon its adoption.

IN WITNESS WHEREOF, this Resolution is adopted and approved the 28th day of July, 2015.



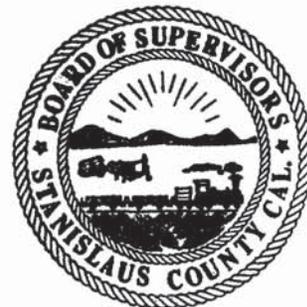
Chair of the Successor Agency to the Stanislaus
County Redevelopment Agency

(SEAL)

ATTEST:



Clerk of the Successor Agency to the
Stanislaus County Redevelopment Agency



STATE OF CALIFORNIA
COUNTY OF STANISLAUS
CITY OF MODESTO

CLERK'S CERTIFICATE
OF AUTHENTICATION

I, Christine Ferraro Tallman, Clerk of the Successor Agency to the Stanislaus County Redevelopment Agency, California, DO HEREBY CERTIFY that the foregoing Resolution was duly adopted by said Successor Agency at a regular meeting of said Successor Agency held on the 28th day of July, 2015, and that the same was passed and adopted by the following vote, to wit:

AYES: O'Brien, Chiesa, Monteith, DeMartini, and Chairman Withrow

NOES: None

ABSENT: None

ABSTAIN: None


Clerk

STATE OF CALIFORNIA
COUNTY OF STANISLAUS
CITY OF MODESTO

CLERK'S CERTIFICATE
OF AUTHENTICATION

I, Christine Ferraro Tallman, Clerk of the Successor Agency to the Stanislaus County Redevelopment Agency, DO HEREBY CERTIFY that the above and foregoing is a full, true and correct copy of Resolution No. 2015-01 of said Successor Agency and that said Resolution was adopted at the time and by the vote stated on the above certificate, and has not been amended or repealed.


Clerk

RESOLUTION NO. 2015-03

RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE STANISLAUS COUNTY REDEVELOPMENT AGENCY APPROVING THE ISSUANCE AND SALE OF SUBORDINATED TAX ALLOCATION REFUNDING BONDS BY THE SUCCESSOR AGENCY TO THE STANISLAUS COUNTY REDEVELOPMENT AGENCY AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Stanislaus County Redevelopment Agency (the “Former Agency”), prior to its dissolution (as described below), was a public body, corporate and politic, duly created, established and authorized to transact business and exercise its powers under and pursuant to the provisions of the Community Redevelopment Law (Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California) (the “Law”), and the powers of the Former Agency included the power to issue Bonds for any of its corporate purposes; and

WHEREAS, a Redevelopment Plan for the Stanislaus County Redevelopment Project No. 1 (the “Project Area 1”) of the Former Agency was adopted on July 9, 1991, pursuant to Ordinance No. C.S. 440, as subsequently amended in compliance with all requirements of the Law, and all requirements of law for and precedent to the adoption and approval of the Redevelopment Plan, as amended, have been duly complied with;

WHEREAS, the Former Agency previously issued its \$4,525,000 Stanislaus County Redevelopment Agency Stanislaus County Redevelopment Project No. 1 Tax Allocation Bonds, Series 2003 (the “2003 Bonds”) and the Former Agency pledged its tax increment revenues from Project Area 1 as the security for the repayment of the 2003 Bonds (the “2003 Bonds”);

WHEREAS, the Former Agency previously issued its \$15,615,000 initial aggregate principal amount Stanislaus County Redevelopment Agency (Keyes Storm Drain Project) 2005 Tax Allocation Bonds (the “2005 Bonds” and, together with the 2003 Bonds, the “Existing Bonds”) secured by tax increment revenues on a parity with the 2003 Bonds;

WHEREAS, by implementation of California Assembly Bill X1 26, which amended provisions of the Law, and the California Supreme Court’s decision in *California Redevelopment Association v. Matosantos*, the Former Agency was dissolved on February 1, 2012 in accordance with California Assembly Bill X1 26 approved by the Governor of the State of California on June 28, 2011 (as amended, the “Dissolution Act”), and on February 1, 2012, the Successor Agency, in accordance with and pursuant to the Dissolution Act, assumed the duties and obligations of the Former Agency as provided in the Dissolution Act, including, without limitation, the obligations of the Former Agency under the Existing Bonds and the related documents to which the Former Agency was a party; and

WHEREAS, on June 28, 2011, the California Legislature also adopted ABx1 27 (the “Opt-in Bill”); and

WHEREAS, the California Supreme Court subsequently upheld the provisions of the Dissolution Act and invalidated the Opt-in Bill resulting in the Former Agency being dissolved as of February 1, 2012; and

WHEREAS, the powers, assets and obligations of the Former Agency were transferred on February 1, 2012 to the Successor Agency to the Stanislaus County Redevelopment Agency (the “Successor Agency”); and

WHEREAS, on or about June 27, 2012, AB1484 was adopted as a trailer bill in connection with the 2012-13 California Budget; and

WHEREAS, California Health and Safety Code Section 34177.5(a) authorizes successor agencies to refund outstanding bonds or other indebtedness to be refunded 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 Successor Agency desires to issue its Successor Agency to the Stanislaus County Redevelopment Agency Subordinated Tax Allocation Refunding Bonds, Series 2015 (the “2015 Bonds”) for the purpose of refunding all or part of the Existing Bonds and to achieve debt service savings; and

WHEREAS, the Successor Agency has previously approved all matters relating to the issuance and sale of the 2015 Bonds by its Resolution No. 2015-01 adopted July 28, 2015 (the “Successor Agency Resolution”); and

WHEREAS, the Oversight Board desires to approve all matters relating to the issuance and sale of the 2015 Bonds as required by Sections 34177.5(f) and 34180 of the Health and Safety Code of the State of California.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE STANISLAUS COUNTY REDEVELOPMENT AGENCY, AS FOLLOWS:

Section 1. Each of the foregoing recitals is true and correct.

Section 2. The issuance by the Successor Agency to the Stanislaus County Redevelopment Agency of the 2015 Bonds in an aggregate principal amount not to exceed \$16,000,000 for the purpose of achieving debt service savings in accordance with Health & Safety Code Section 34177.5(a)(1) and the pledge of property tax revenues to the 2015 Bonds pursuant to the Indenture approved by Section 2 of the Successor Agency Resolution (as authorized by California Health and Safety Code Section 34177.5(a) and/or (g)) are hereby approved as provided for in the Indenture. The 2015 Bonds may be issued as a single issue, or from time to time in separate series, as the Successor Agency shall determine. The approval of the issuance of the 2015 Bonds by the Successor Agency and the Oversight Board shall constitute the approval of each and every separate series of 2015 Bonds, without the need for any further approval from the Oversight Board.

Section 3. The Chairman of the Oversight Board and the other officers and members of staff having responsibility for the affairs of the Successor Agency to the Stanislaus County Redevelopment Agency are hereby authorized to execute such documents and certificates necessary or appropriate to assist the Successor Agency in the issuance of the Bonds.

Section 4. The Oversight Board finds and determines, based on information provided to the Oversight Board, that, as required by section 34177.5(h) of the Dissolution Act: (a) the Successor Agency has made, and will continue to make, diligent efforts to assure that the lowest long-term cost financing is obtained with the 2015 Bonds; (b) the 2015 Bonds will not provide for any bullets or spikes and shall not use variable rates of interest; and (c) that the Successor Agency has made, and will continue to make, use of an independent financial advisor in issuing the 2015 Bonds.

Section 5. Pursuant to the provisions of California Health and Safety Code Section 34177.5(f), the Successor Agency is expressly authorized to recover its related costs in connection with the transaction approved hereby, irrespective of whether the 2015 Bonds are issued.

Section 6. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED this 13th day of August, 2015.

Chair of the Oversight Board for the Successor
Agency to the Stanislaus County Redevelopment
Agency

ATTEST:

Clerk of the Oversight Board for the
Successor Agency to the Stanislaus County
Redevelopment Agency

STATE OF CALIFORNIA)
COUNTY OF STANISLAUS) ss.
CITY OF MODESTO)

CLERK'S CERTIFICATE
RE ADOPTION OF RESOLUTION

I, Brenda McCormick, the Clerk of the Oversight Board for the Successor Agency to the Stanislaus County Redevelopment Agency, DO HEREBY CERTIFY that the foregoing Resolution was duly adopted by the Oversight Board at a regular meeting held on the 13th day of August, 2015, and that the same was passed and adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

STATE OF CALIFORNIA)
COUNTY OF STANISLAUS) ss.
CITY OF MODESTO)

CLERK'S CERTIFICATE
OF AUTHENTICATION

I, Brenda McCormick, Clerk of the Oversight Board for the Successor Agency to the Stanislaus County Redevelopment Agency, DO HEREBY CERTIFY that the above and foregoing is a full, true and correct copy of Resolution No. 2015-03 of the Oversight Board for the Successor Agency to the Stanislaus County Redevelopment Agency and that said Resolution was adopted at the time and by the vote stated on the above certificate, and has not been amended or repealed.

Clerk of the Oversight Board for the Successor
Agency to the Stanislaus County Redevelopment
Agency



Successor Agency to Stanislaus County Redevelopment Agency Tax Allocation Refunding Overview

August 13, 2015



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A Division of Zions First National Bank

About KNN Public Finance

- KNN provides independent, objective municipal finance advisory services, primarily to California State and local governments and has worked with the County of Stanislaus since 1993.
- KNN was established in 1982.
- One of the most active and largest financial advisory firms in the State.
- Registered with the Securities and Exchange Commission (SEC) and Municipal Securities Rulemaking Board (MSRB).
- 14 Finance professionals and 2 support staff, with headquarters in downtown Oakland.
- Post-dissolution TAB experience totaling \$423 million.

Summary of Outstanding Tax Allocation Debt

- The Successor Agency currently has \$11.51 million outstanding 2005 Tax Allocation Bonds (Keyes Storm Drain Project), (“2005 Bonds”), with a final maturity of August 1, 2036, and an average rate of 5.35%.
- The 2005 Bonds were originally issued in the par amount of \$15.615 million as unrated, uninsured Tax Allocation Bonds. KNN served as financial advisor and Stone & Youngberg served as the underwriter in connection with the 2005 Bonds.
- The 2005 Bonds are currently callable at a premium of 1.0% of the outstanding par amount. The premium is reduced to 0% on August 1, 2015.
- The Successor Agency also has an outstanding United States Department of Agriculture Note, which refinanced a tax revenue anticipation loan in 2001. The outstanding par amount is \$3.93 million at an interest rate of 4.25%.
- The Successor Agency also has one additional Note outstanding with the State Water Resources Control Board.

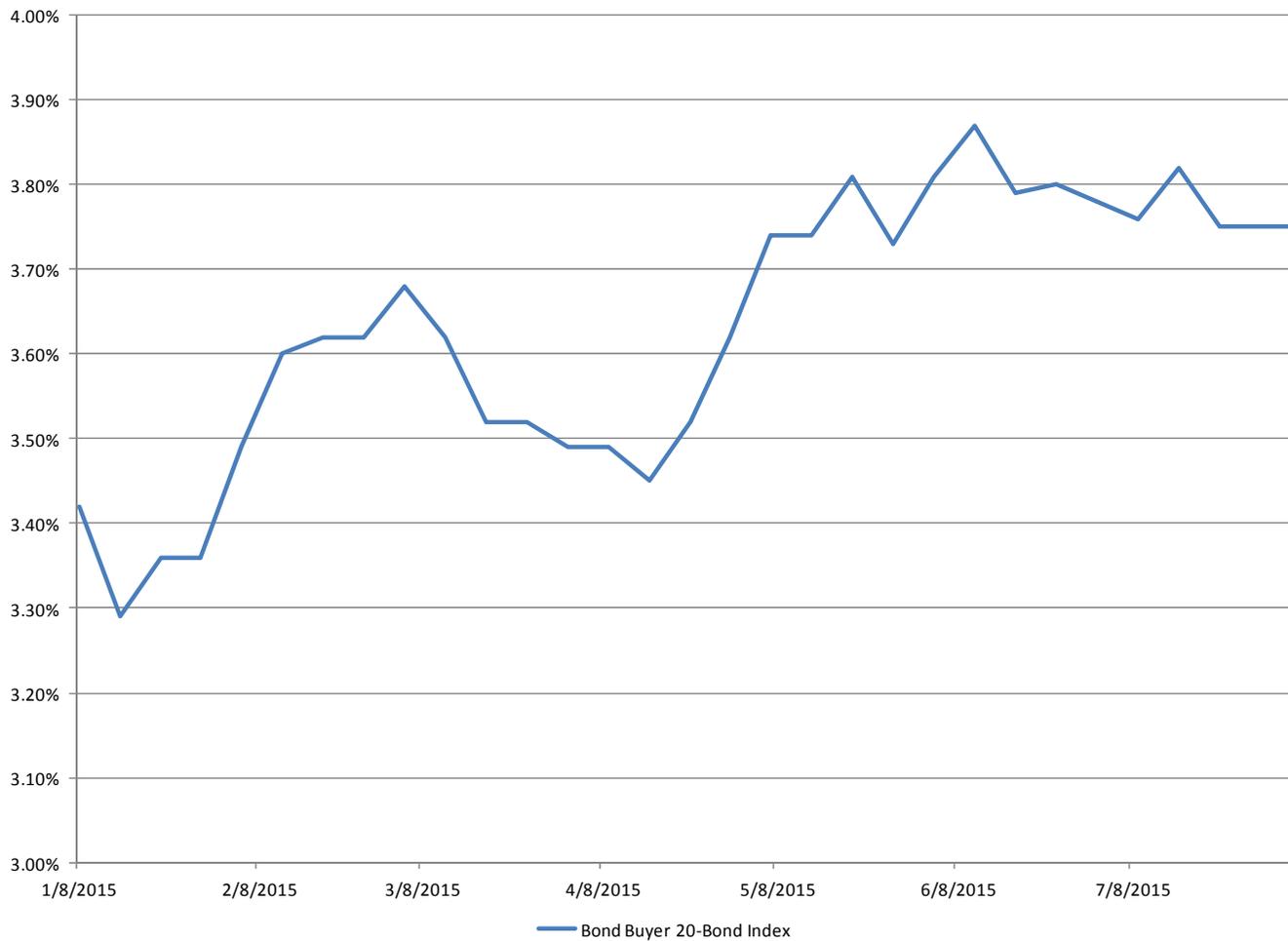
Refunding Generates PV Savings

- Currently, a refunding of the 2005 bonds are generating significant present value savings. A refunding of the USDA loan is currently not generating positive savings.
- The analysis assumes a funded debt service reserve fund. The financing team will explore the economics of bond insurance and a surety policy in lieu of a funded debt service reserve fund.
- We recommend the Agency approve the refunding of both transactions, in order to give the financing team flexibility to refund the USDA loan incase it becomes economic at pricing.
- Annual savings is estimated to be about \$100,000 per year. The County's share of savings is approximately 12%.

	Refunding of 2005A Bonds	Refunding of USDA Loan	Total
Sources			
Bond Par Amount:	\$10,380,000	\$3,700,000	\$14,080,000
Bond Premium:	759,925	240,174	1,000,099
Prior Reserve Fund:	<u>1,193,740</u>	<u>245,000</u>	<u>1,438,740</u>
Total Sources:	\$12,333,665	\$4,185,174	\$16,518,839
Uses			
Refunding Escrow:	\$11,242,419	\$3,850,427	\$15,092,846
Reserve Fund:	800,255	285,255	1,085,510
Costs of Issuance:	225,000	20,000	245,000
Underwriter's Discount:	62,280	27,750	90,030
Bond Rounding:	<u>3,711</u>	<u>1,743</u>	<u>5,453</u>
Total Uses:	\$12,333,665	\$4,185,174	\$16,518,839
T.I.C.:	3.98%	4.37%	4.10%
Gross Savings:	\$2,112,208	-\$258,460	\$1,853,748
Present Value Savings (\$):	\$1,085,476	-\$120,220	\$965,256
Present Value Savings (%):	9.80%	-3.19%	6.50%
Average Annual Savings:	\$101,712	-\$9,941	

Reflects market conditions as of July 20, 2015.

Long-term Interest Rate Volatility



Source: *The Bond Buyer*. The Bond Buyer 20-bond index consists of 20 General Obligation bonds that mature in 20 years with an average rating of the 20 bonds that is roughly equivalent to Moody's AA2 rating and Standard & Poor's AA rating.

Tentative Next Steps

- Tuesday, July 28th – Successor Agency Board approved financing.
- Thursday, August 13th – Oversight Board approves financing.
- Friday, August 14th – Financing submitted to Department of Finance for approval.
- September – Rating agency presentation.
- Tuesday, October 6th – Successor Agency Board approves Preliminary Official Statement.
- Monday, October 19th – Receive approval from Department of Finance (65 days).
- Week of October 26th – Pricing.
- Week of November 9th – Closing.