

RESOLUTION NO. SA 2017 - ____

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY APPROVING THE ISSUANCE OF REFUNDING BONDS TO REFUND CERTAIN OUTSTANDING BONDS OF THE DISSOLVED SAN MARCOS REDEVELOPMENT AGENCY, APPROVING THE EXECUTION AND DELIVERY OF A FIRST SUPPLEMENTAL INDENTURE OF TRUST RELATING THERETO, REQUESTING OVERSIGHT BOARD APPROVAL OF THE ISSUANCE OF THE REFUNDING BONDS, REQUESTING CERTAIN DETERMINATIONS BY THE OVERSIGHT BOARD, AND AUTHORIZING AND PROVIDING FOR OTHER MATTERS PROPERLY RELATED THERETO

WHEREAS, pursuant to Section 34173 of the California Health and Safety Code (unless otherwise noted, all Section references hereinafter being to such Code), the City Council of the City of San Marcos (the "City") elected to assume the activities and obligations of the San Marcos Redevelopment Agency (the "Former Agency"), as the Successor Agency to the San Marcos Redevelopment Agency (the "Successor Agency");

WHEREAS, prior to the dissolution of the Former Agency, the Former Agency issued its \$52,805,000 San Marcos Redevelopment Agency Housing Set-Aside Tax Allocation Bonds, Series 2010 (Taxable) (the "Prior Bonds") for the purpose of financing a portion of the costs of low and moderate income housing projects within or of benefit to the redevelopment plans (the "Redevelopment Plans") for the San Marcos Redevelopment Project Area Nos. 1, 2 and 3 (the "Project Areas");

WHEREAS, Section 34177.5 authorizes the Successor Agency to issue refunding bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Refunding Law") to refund the bonds or other indebtedness of the Successor Agency for the purpose of achieving debt service savings within the parameters set forth in Section 34177.5(a)(1) (the "Savings Parameters");

WHEREAS, to determine compliance with the Savings Parameters for purposes of the issuance by the Successor Agency of the Successor Agency to the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2017 (the "Refunding Bonds"), the Successor Agency has caused its municipal advisor, Fieldman, Rolapp & Associates (the "Municipal Advisor"), to prepare an analysis of the potential savings that will accrue to the Successor Agency and to applicable taxing entities as a result of the use of the proceeds of the Refunding Bonds to repay the Prior Bonds and, thereby, to refund all or a portion of the Prior Bonds (the "Debt Service Savings Analysis");

WHEREAS, the Debt Service Savings Analysis of the Financial Advisor concluded that issuance of the Refunding Bonds will meet the required Savings Parameters;

WHEREAS, the Successor Agency wishes at this time to approve the issuance of the Refunding Bonds and to approve the form of and authorize the execution and delivery of (a) the First Supplemental Indenture of Trust (the "First Supplemental Indenture"), expected to be dated the first day of the month such Refunding Bonds are issued, by and between the Successor Agency and MUFG Union Bank, N.A., as trustee (the "Trustee"), to amend and supplement the Indenture of Trust, dated as of July 1, 2015 (as amended and supplemented by the First Supplemental Indenture, the "Indenture"), to provide for the issuance of the Refunding Bonds on a parity with the Successor Agency's Tax Allocation Refunding Bonds, Series 2015A and the Successor Agency's Taxable Tax Allocation Refunding Bonds, Series 2015B previously issued pursuant to the Indenture; and (b) an Escrow Deposit and Trust Agreement (the "Escrow Agreement"), expected to be dated the first day of the month such Refunding Bonds are issued, by and between the Successor Agency and MUFG Union Bank, N.A., as escrow bank (the "Escrow Bank"), to provide for the defeasance and redemption of the Prior Bonds;

WHEREAS, the Successor Agency hereby determines that the issuance of the Refunding Bonds will conform to and comply with the provisions of the Debt Issuance, Management and Post Issuance Compliance Policy of the City adopted on June 27, 2017;

WHEREAS, pursuant to Section 34179, an oversight board (the "Oversight Board") has been established for the Successor Agency;

WHEREAS, the Successor Agency requests that the Oversight Board approve the Successor Agency's plan of refinancing, including the issuance of the Refunding Bonds pursuant to this Resolution and the Indenture;

WHEREAS, the Successor Agency further requests that the Oversight Board make certain determinations described below on which the Successor Agency will rely in undertaking the refunding proceedings and the issuance of the Refunding Bonds;

WHEREAS, the Successor Agency has determined to sell the Refunding Bonds on a negotiated basis to Stifel, Nicolaus & Company, Incorporated (the "Underwriter") and the Successor Agency will enter into a Bond Purchase Agreement (the "Bond Purchase Agreement") with the Underwriter, in connection with the sale of the Refunding Bonds to the Underwriter subject to the limitations set forth in this Resolution; and

WHEREAS, following approval by the Oversight Board of the issuance of the Refunding Bonds by the Successor Agency, to be effective upon approval by the California Department of Finance of such approval by the Oversight Board, the Successor Agency, with the assistance of its Municipal Advisor, the Underwriter, Stradling Yocca Carlson & Rauth, a Professional Corporation, as disclosure counsel, and Best Best & Krieger LLP, as bond counsel, will cause to be prepared a form of Official Statement describing the Refunding Bonds and containing material information relating to the Refunding Bonds, the preliminary form of which will be submitted to the Successor Agency for approval for distribution by the Underwriter to persons and institutions interested in purchasing the Refunding Bonds; and

NOW, THEREFORE, the City Council of the City of San Marcos, serving in its capacity as the Successor Agency to the dissolved San Marcos Redevelopment Agency RESOLVES as follows:

1. Determination of Savings. The Successor Agency has determined that there are significant potential savings available to the Successor Agency and to applicable taxing entities in compliance with the Savings Parameters as a result of the issuance by the Successor Agency of the Refunding Bonds to provide funds to defease and redeem the Prior Bonds, all as evidenced by the Debt Service Savings Analysis on file with the City Clerk of the City, acting as the Clerk of the Successor Agency (the "Clerk"), which Debt Service Savings Analysis is hereby approved.

2. Approval of Issuance of the Refunding Bonds. The Successor Agency hereby authorizes and approves the issuance of the Refunding Bonds pursuant to Section 34177.5(a)(1) and other applicable provisions of law and the Refunding Law in the aggregate principal amount of not to exceed \$50,000,000, provided that the Refunding Bonds are in compliance with the Savings Parameters at the time of sale and delivery and that the net present value savings to the Successor Agency as a result of the refunding is not less than five percent (5.00%).

3. Approval of the Indenture. The Successor Agency hereby approves the Indenture prescribing the terms and provisions of the Refunding Bonds and the application of the proceeds of the Refunding Bonds. The Mayor, as the Chair and presiding officer of the Successor Agency, the City Manager of the City, as the chief administrative officer of the Successor Agency, or the Finance Director of the City, each acting for and on behalf of the Successor Agency (each, an "Authorized Officer"), are each hereby authorized and directed to execute and deliver the Indenture for and in the name and on behalf of the Successor Agency, in substantially the form on file with the Clerk, with such changes therein, deletions therefrom and additions thereto as the Authorized Officer executing the same shall approve, such

approval to be conclusively evidenced by the execution and delivery of the Indenture. The Successor Agency hereby authorizes the delivery and performance of the Indenture.

4. Approval of Escrow Agreement. The forms of the Escrow Agreement on file with the Clerk is hereby approved and the Authorized Officers are, each acting alone, hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to execute and deliver the Escrow Agreement upon the issuance of the Refunding Bonds. The Successor Agency hereby authorizes the delivery and performance of its obligations under the Escrow Agreement.

5. Oversight Board Approval of the Issuance of the Refunding Bonds. The Successor Agency hereby requests the Oversight Board as authorized by Section 34177.5(f) and Section 34180 to approve the issuance of the Refunding Bonds pursuant to Section 34177.5(a)(1) and this Resolution and the Indenture.

6. Determinations by the Oversight Board. The Successor Agency requests that the Oversight Board make the following determinations upon which the Successor Agency will rely in undertaking the refunding proceedings and the issuance of the Refunding Bonds:

(a) the Successor Agency is authorized, as provided in Section 34177.5(f), to recover its costs related to the issuance of the Refunding Bonds from the proceeds of the Refunding Bonds, including the cost of reimbursing the City for administrative staff time spent with respect to the authorization, issuance, sale and delivery of the Refunding Bonds;

(b) the application of proceeds of the Refunding Bonds by the Successor Agency to the defeasance and redemption of the Prior Bonds, as well as the payment by the Successor Agency of costs of issuance of the Refunding Bonds, as provided in Section 34177.5(a), shall be implemented by the Successor Agency promptly upon sale and delivery of the Refunding Bonds, notwithstanding Section 34177.3 or any other provision of law to the contrary, without the approval of the Oversight Board, the California Department of Finance, the San Diego County Auditor-Controller or any other person or entity other than the Successor Agency;

(c) the Successor Agency shall be entitled to receive its full Administrative Cost Allowance under Section 34171(b) without any deductions with respect to continuing costs related to the Refunding 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 payable

from property tax revenues pursuant to Section 34183. In addition and as provided by Section 34177.5(f), if the Successor Agency is unable to complete the issuance of the Refunding Bonds for any reason, the Successor Agency shall, nevertheless, be entitled to recover its costs incurred with respect to the refunding proceedings from such property tax revenues pursuant to Section 34183 without reduction in its Administrative Cost Allowance; and

(d) the Successor Agency is authorized and directed to prepare, approve and execute such other documents, including, as necessary, the Bond Purchase Agreement, an official statement, a continuing disclosure certificate and any additional agreements as may be required to carry out the purposes of this resolution without the need for further approval from the Oversight Board.

7. Filing of Debt Service Savings Analysis and Resolution. The Clerk is hereby authorized and directed to file, on behalf of the Successor Agency, the Debt Service Savings Analysis, together with a certified copy of this Resolution, with the Oversight Board, and, as provided in Section 34180(j) with the San Diego County Administrative Officer, the San Diego County Auditor-Controller and the California Department of Finance.

8. Sale of Refunding Bonds. The form of the Bond Purchase Agreement on file with the City Clerk is hereby approved and the Authorized Officers, each acting alone, are hereby authorized and directed to execute and deliver the Bond Purchase Agreement for and in the name and on behalf of the Successor Agency, in substantially the form on file with the Clerk, with such changes therein, deletions therefrom and additions thereto as the Authorized Officer executing the same shall approve, such approval to be conclusively evidenced by the execution and delivery of the Bond Purchase Agreement. The Successor Agency hereby authorizes the delivery and performance of its obligations under the Bond Purchase Agreement.

The Successor Agency hereby approves the sale of the Refunding Bonds to the Underwriter, pursuant to the Bond Purchase Agreement, and the Authorized Officers are hereby authorized and directed to provide such information to the Underwriter as they request in connection with the marketing of the Refunding Bonds, and to provide such representations and warranties as is customary in connection with the issuance of bonds such as the Refunding Bonds, including by executing the Successor Agency's Rule 15c2-12 Certificate substantially in the form attached to the Bond Purchase Agreement.

9. Issuance of Refunding Bonds in Whole or in Part. It is the intent of the Successor Agency to sell and deliver the Refunding Bonds in whole, provided that there is compliance with the Savings Parameters and that the net present value savings to the Successor Agency as a

result of the refunding is not less than five percent (5.00%). However, the Successor Agency will initially authorize the sale and delivery of the Refunding Bonds in whole or, if such Savings Parameters cannot be met with respect to the whole, then in part; provided that the Refunding Bonds so sold and delivered in part are in compliance with the Savings Parameters. The sale and delivery of the Refunding Bonds in part will in each instance provide sufficient funds only for the refunding of that portion of the Refunding Bonds that meet the Savings Parameters. In the event the Refunding Bonds are initially sold in part, the Successor Agency intends to sell and deliver additional parts of the Refunding Bonds pursuant to a further supplement to the Indenture without the prior approval of the Oversight Board provided that in each such instance the Refunding Bonds so sold and delivered in part are in compliance with the Savings Parameters and that the net present value savings to the Successor Agency as a result of the refunding of such part is not less than five percent (5.00%).

10. Bond Issuance Services. MUFG Union Bank, N.A., is hereby appointed as Trustee and Escrow Bank; Fieldman, Rolapp & Associates, Inc. is hereby appointed as Municipal Advisor; Best Best & Krieger LLP is hereby appointed as bond counsel; Stradling Yocca Carlson & Rauth, a Professional Corporation, is hereby appointed as disclosure counsel; Stifel, Nicolaus & Company, Incorporated is hereby appointed as Underwriter and Rosenow Spevacek Group Inc. is hereby appointed as fiscal consultant.

The City Manager, acting for the Successor Agency, is authorized to execute contracts for such services and any other related services as may be required to refund the Prior Bonds.

11. Municipal Bond Insurance and Debt Service Reserve Insurance. The Authorized Officers, each acting alone, are hereby authorized and directed to take all actions necessary to obtain a municipal bond insurance policy for the Refunding Bonds and a debt service reserve insurance policy for the Refunding Bonds from a municipal bond insurance company if it is determined, upon consultation with the Municipal Advisor to the Successor Agency and the Underwriter, that such municipal bond insurance policy and/or reserve fund surety bond will reduce the true interest costs with respect to the Refunding Bonds.

12. Ratification. All actions heretofore taken by the officials, employees and agents of the Successor Agency with respect to the sale and issuance of the Refunding Bonds are hereby approved, confirmed and ratified.

13. Official Actions. The Authorized Officers and any and all other officers of the Successor Agency are hereby authorized and directed, 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 requested approvals by the Oversight

Board and the California Department of Finance and in the issuance, sale and delivery of the Refunding Bonds. Whenever in this Resolution any Authorized Officer or other 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 in writing by such officer to act on his or her behalf in the case such officer is absent or unavailable.

14. Effective Date. This Resolution shall take effect immediately upon its passage; provided, however, that the Successor Agency will not execute and deliver the documents approved hereby or issue the Refunding Bonds until such execution, delivery and issuance has been approved by the Oversight Board and the Department of Finance of the State of California.

PASSED, APPROVED AND ADOPTED by the City Council of the City of San Marcos acting in its capacity as designated Successor Agency to the former San Marcos Redevelopment Agency, at a regular meeting held on the 12th day of September, 2017, by the following roll call vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

James M. Desmond, Mayor
City of San Marcos

ATTEST

Phillip Scollick, City Clerk
City of the San Marcos

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