

RESOLUTION NO. SA-36

A RESOLUTION OF THE BOARD OF THE SUCCESSOR AGENCY OF THE SCOTTS VALLEY REDEVELOPMENT AGENCY APPROVING THE ISSUANCE OF REFUNDING BONDS IN ORDER TO REFUND CERTAIN OUTSTANDING OBLIGATIONS OF THE DISSOLVED REDEVELOPMENT AGENCY OF THE CITY OF SCOTTS VALLEY, APPROVING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST, A FIRST SUPPLEMENT TO INDENTURE OF TRUST AND OTHER DOCUMENTS RELATING THERETO, REQUESTING OVERSIGHT BOARD APPROVAL OF THE ISSUANCE OF THE REFUNDING BONDS, REQUESTING CERTAIN DETERMINATIONS BY THE OVERSIGHT BOARD, AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

WHEREAS, the Redevelopment Agency of the City of Scotts Valley (the "Former Agency") was a public body, corporate and politic, duly established and authorized to transact business and exercise powers under and pursuant to the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State (as amended, the "Redevelopment Law");

WHEREAS, a redevelopment plan for the Scotts Valley Redevelopment Project was adopted in compliance with all requirements of the Redevelopment Law, (as such plan was amended pursuant to the Redevelopment Law, the "Redevelopment Plan");

WHEREAS, Assembly Bill x1 26, effective June 29, 2011 codified Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code (as amended from time to time, the "Dissolution Act");

WHEREAS, pursuant to Section 34172(a) of the Dissolution Act, the Former Agency has been dissolved and no longer exists as a public body, corporate and politic, and pursuant to Section 34173 of the Dissolution Act, the City of Scotts Valley (the "City") has elected to serve as the successor entity to the Former Agency (the "Successor Agency");

WHEREAS, prior to the dissolution of the Former Agency, the Former Agency incurred the obligations listed on Exhibit A for the purpose of financing and refinancing redevelopment activities (the "Prior Obligations");

WHEREAS, the Dissolution Act 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 bonds or other indebtedness for the purpose of achieving debt service savings within the parameters set forth in Section 34177.5(a)(1) (the "Savings Parameters");

WHEREAS, the Successor Agency wishes at this time to approve the issuance of the following bonds (the "Refunding Bonds"):

- (a) Successor Agency of the Scotts Valley Redevelopment Agency 2017 Tax Allocation Refunding Bonds, Series A (the "2017A Bonds"), which the Successor Agency expects to issue for the purpose of refunding the 2003 Reimbursement Obligation, the 2006 Bonds and the portion of the 2009 Reimbursement Obligation related to the 2009A Lease Revenue Bonds, and

(b) Successor Agency of the Scotts Valley Redevelopment Agency 2017 Tax Allocation Refunding Bonds, Taxable Series B (the "2017B Bonds"), which the Successor Agency expects to issue for the purpose of refunding the portion of the 2009 Reimbursement Obligation related to the 2009B Lease Revenue Bonds;

WHEREAS, the Successor Agency further wishes at this time to approve the form of and authorize the execution and delivery of the Indenture of Trust, by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), providing for the issuance of the 2017A Bonds (the "2017A Indenture"), a First Supplement to Indenture of Trust, by and between the Successor Agency and the Trustee, providing for the issuance of the 2017B Bonds (the "2017B Supplement"; together with the 2017A Indenture, the "Indenture"), and one or more Escrow Deposit and Trust Agreements for the Prior Obligations, by and between the Successor Agency and the Trustee, as escrow agent (each, an "Escrow Agreement");

WHEREAS, the Successor Agency has caused its municipal advisor, NHA Advisors, LLC (the "Municipal Advisor"), to prepare an analysis (the "Municipal Advisor Work Product") in order to demonstrate that the issuance of the proposed Refunding Bonds will meet the Savings Parameters with respect to the 2003 Reimbursement Obligation, the 2006 Bonds and the 2009 Reimbursement Obligation;

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

WHEREAS, the Successor Agency wishes to request that the Oversight Board approve and direct the issuance of the Refunding Bonds pursuant to this Resolution and the Indenture;

WHEREAS, the Successor Agency further wishes to request 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 wishes to authorize and direct staff as described herein, following a competitive process and without further authorization or approval by this Board, to determine whether the Refunding Bonds should be sold in a public offering to an underwriter to be identified by staff or privately placed with a financial institution to be identified by staff, and whether to fund a reserve fund for the Refunding Bonds, with such determinations to be based upon staff's conclusion, subject to compliance of the sale with the parameters set forth in this Resolution, that the method of sale selected by staff will result in the lowest long-term cost financing; and

WHEREAS, following approval by the Oversight Board of the issuance of the Refunding Bonds by the Successor Agency and upon submission of the Oversight Board Resolution to the California Department of Finance, the Successor Agency will, with the assistance of its Disclosure Counsel (defined below) and the Municipal Advisor, cause to be prepared a form of Official Statement describing the Refunding Bonds and containing material information relating to the Successor Agency and 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.

NOW, THEREFORE, the Board of the Successor Agency of the Scotts Valley Redevelopment Agency, hereby resolves as follows:

1. Recitals. The Successor Agency finds and determines that the above referenced recitals are true and correct and material to this Resolution
2. Findings Related to the Savings Parameters. The Successor Agency hereby finds 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 Refunding Bonds to provide funds to refund and defease the 2003 Reimbursement Obligation, the 2006 Bonds and the 2009 Reimbursement Obligation, all as evidenced by the Municipal Advisor Work Product on file with the Secretary of the Successor Agency, which Municipal advisor Work Product is hereby approved.
3. Approval of Issuance of the Refunding Bonds. The Successor Agency hereby authorizes and approves the issuance of the Refunding Bonds under the Redevelopment Law, as amended and supplemented by the Dissolution Act, and the Refunding Law in the aggregate principal amount of not to exceed \$15,000,000 (with the allocation of such aggregate principal amount between the 2017A Bonds and the 2017B Bonds to be determined at the time of pricing the Refunding Bonds), provided that at the time of sale and delivery, the Refunding Bonds are in compliance with the Savings Parameters with respect to the 2003 Reimbursement Obligation, the 2006 Bonds and the 2009 Reimbursement Obligation, and (ii) the Underwriter's discount does not exceed 0.7%, not including original issue discount, if any.
4. Approval of 2017A Indenture and 2017B Supplement. The Successor Agency hereby approves the 2017A Indenture prescribing the terms and provisions of the 2017A Bonds and the application of the proceeds of the 2017A Bonds. Each of the Chair, the Executive Director, the City Attorney, as the general counsel of the Successor Agency and the Finance Director, as the treasurer of the Successor Agency (each, an "Authorized Officer"), is hereby authorized and directed to execute and deliver, and the Secretary of the Successor Agency, is hereby authorized and directed to attest to, the 2017A Indenture for and in the name and on behalf of the Successor Agency, in substantially the form on file with the Secretary, 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 2017A Indenture. The Successor Agency hereby authorizes the delivery and performance of the 2017A Indenture.

The Successor Agency hereby approves the 2017B Supplement prescribing the terms and provisions of the 2017B Bonds and the application of the proceeds of the 2017B Bonds. An Authorized Officer is hereby authorized and directed to execute and deliver, and the Secretary of the Successor Agency, is hereby authorized and directed to attest to, the 2017B Supplement for and in the name and on behalf of the Successor Agency, in substantially the form on file with the Secretary, 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 2017B Supplement. The Successor Agency hereby authorizes the delivery and performance of the 2017B Supplement.

5. Approval of Escrow Agreement. The form of an Escrow Agreement on file with the Secretary 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 one or more Escrow Agreements for the purpose of refunding the Prior Obligations, such approval to be conclusively evidenced by the execution and delivery of any such Escrow Agreement. The Successor Agency hereby authorizes the delivery and performance of its obligations under the Escrow Agreement. The Successor Agency approves the addition of the City or the Scotts Valley Public Financing Authority as parties to the Escrow Agreement, to the extent necessary.
6. Oversight Board Approval of the Issuance of the Refunding Bonds. The Successor Agency hereby requests that the Oversight Board, as authorized by Section 34177.5(f) and Section 34180 of the Dissolution Act, approve and direct the issuance of the Refunding Bonds pursuant to Section 34177.5(a)(1), this Resolution and the Indenture.
7. 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 to issue the Refunding Bonds to refund the Prior Obligations pursuant to Section 34177.5(a).
 - (b) 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;
 - (c) The application of proceeds of the Refunding Bonds by the Successor Agency to the refunding and defeasance of all or a portion of the Prior Obligations as provided in Section 34177.5(a) shall be implemented by the Successor Agency promptly upon sale and delivery of the Refunding Bonds without the approval of the Oversight Board, the California Department of Finance, the Santa Cruz County Auditor-Controller or any other person or entity other than the Successor Agency;
 - (d) The Successor Agency shall be entitled to receive its full Administrative Cost Allowance under Section 34181(a)(3) 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.

8. Filing of Municipal Advisor Work Product and Resolution. The Secretary is hereby authorized and directed to file the Municipal Advisor Work Product, together with a certified copy of this Resolution, with the Oversight Board, and, as provided in Section 34180(j) with the Santa Cruz County Administrative Officer, the Santa Cruz County Auditor-Controller and the California Department of Finance.
9. Sale of Refunding Bonds. The Successor Agency hereby authorizes and directs the Executive Director, following a competitive process and consultation with the City Attorney, Municipal advisor and bond counsel, to determine whether the lowest long-term cost financing (taking into account all of the initial and ongoing costs associated with the issuance and maintenance of the Refunding Bonds) will be achieved by selling the Refunding Bonds in a public offering to an underwriter to be selected by the Executive Director, or selling the Refunding Bonds in a private placement to one or more financial institutions to be selected by the Executive Director, and each of the Authorized Officers, acting alone, is hereby authorized and directed to execute and deliver a purchase agreement with such institution for and in the name and on behalf of the Successor Agency, and the Successor Agency's approval of such bond purchase agreement shall be conclusively evidenced by the execution and delivery of such agreement by an Authorized Officer. The Successor Agency hereby authorizes the delivery and performance of its obligations under such bond purchase agreement(s).

The Successor Agency hereby authorizes the Executive Director to approve a rate lock agreement (which could result in a financial penalty being imposed on the Successor Agency if the sale of the Refunding Bonds does not close) and such other commercially reasonable terms as they determine will result in the lowest long-term financing.

10. Refunding of Prior Obligations in Whole or in Part. It is the intent of the Successor Agency to sell and deliver the Refunding Bonds to refund the Prior Obligations in whole, provided that there is compliance with the Savings Parameters. If such Savings Parameters cannot be met with respect to the 2003 Reimbursement Obligation, the 2006 Bonds and the 2009 Reimbursement Obligation, then the Refunding Bonds shall be sold to refund such Prior Obligations in part to the extent that the refunding of such Prior Obligations in part can satisfy the Savings Parameters and any portion of the Prior Obligations not refunded would remain outstanding as a senior obligation.

In the event the Refunding Bonds are issued to refund the Prior Obligations in part, then the Successor Agency intends to sell and deliver additional bonds to refund the unrefunded Prior Obligations pursuant to a supplement to the Indenture without further approval of the Oversight Board provided that in each such instance the bonds so sold and delivered in part are in compliance with the Savings Parameters.

11. Municipal Bond Insurance and Reserve Fund Insurance Policies. The Authorized Officers, each acting alone, are hereby authorized and directed to take all actions necessary to obtain one or more municipal bond insurance policies for the Refunding Bonds and reserve account insurance policies for the Refunding Bonds from a municipal bond insurance company if it is determined, upon consultation with the Municipal Advisor and the underwriter in a public offering, that such municipal bond insurance policy and/or surety bonds will reduce the true interest cost of the Refunding Bonds.

12. Approval of Official Statement. Following approval by the Oversight Board of the issuance of the Refunding Bonds by the Successor Agency and upon submission of the Oversight Board Resolution to the California Department of Finance, the Successor Agency will, with the assistance of its Disclosure Counsel and the Municipal Advisor, cause to be prepared a form of Official Statement describing the Refunding Bonds and containing material information relating to the Successor Agency and the Refunding Bonds, the preliminary form of which will be submitted to the Successor Agency for approval for distribution by the underwriter of the Refunding Bonds to persons and institutions interested in purchasing the Refunding Bonds. The Oversight Board is not required to approve the Official Statement.

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 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.

14. Transmittal. Staff is hereby directed to transmit this Resolution to the Oversight Board for approval, and to the County of Santa Cruz Chief Executive Officer, the County Auditor-Controller and the Department of Finance.

15. Effective Date. This Resolution shall take effect immediately upon its adoption.

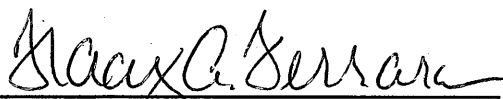
PASSED, APPROVED AND ADOPTED this 2nd day of November, 2016 by the following vote:

AYES: AGUILAR, BUSTICHI, JOHNSON, LIND, REED

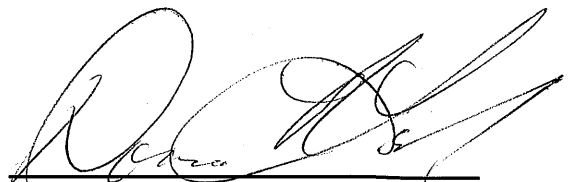
NOES: NONE

ABSENT: NONE

ABSTAIN: NONE



Tracy A. Ferrara, Agency Secretary



Donna R. Lind, Chair

EXHIBIT A

PRIOR OBLIGATIONS

A reimbursement obligation (the "2003 Reimbursement Obligation") of the Redevelopment Agency of the City of Scotts Valley related to \$3,455,000 Certificates of Participation Refunding and 2003 Public Improvements Project (the "2003 Certificates of Participation"), which were executed and delivered pursuant to an Indenture of Trust, dated as of April 1, 2003 (the "2003 Indenture"), by and among the City of Scotts Valley, the Scotts Valley Public Financing Authority and The Bank of New York Mellon Trust Company, N.A., as successor trustee.

\$6,810,000 Redevelopment Agency of the City of Scotts Valley Scotts Valley Redevelopment Project Tax Allocation Refunding Bonds, Issue of 2006 (the "2006 Bonds"), issued pursuant to an Indenture of Trust, dated as of June 1, 2006, by and between the Redevelopment Agency of the City of Scotts Valley and The Bank of New York Mellon Trust Company, N.A., as trustee (the "2006 Indenture").

A reimbursement obligation (the "2009 Reimbursement Obligation"), under a Reimbursement Agreement, dated as of December 1, 2009 (the "2009 Reimbursement Agreement"), by and between the City of Scotts Valley and the Redevelopment Agency of the City of Scotts Valley (Redevelopment Agency Refinancing Project related to (i) \$5,260,000 Redevelopment Agency of the City of Scotts Valley Lease Revenue Bonds Series 2009A (the "2009A Lease Revenue Bonds") and (ii) \$3,500,000 Redevelopment Agency of the City of Scotts Valley Lease Revenue Bonds Series 2009B (Taxable) (the "2009B Lease Revenue Bonds"), which were issued pursuant to an Indenture, dated as of December 1, 2009 (the "2009 Indenture"), by and between the Redevelopment Agency of the City of Scotts Valley and The Bank of New York Mellon Trust Company, N.A.