

RESOLUTION NO. OB-2017-___

**A RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF DESERT HOT SPRINGS APPROVING AND
DIRECTING THE ISSUANCE OF REFUNDING BONDS, MAKING CERTAIN
DETERMINATIONS WITH RESPECT TO THE REFUNDING BONDS AND PROVIDING
OTHER MATTERS RELATING THERETO**

WHEREAS, the Redevelopment Agency of the City of Desert Hot Springs (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 (the "Redevelopment Law");

WHEREAS, Assembly Bill x1 26, effective June 29, 2011, together with AB 1484, effective June 27, 2012 ("AB 1484"), 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, and pursuant to Section 34173 of the Dissolution Act, the City of Desert Hot Springs (the "City") has declared itself to be the successor entity to the Former Agency (the "Successor Agency");

WHEREAS, pursuant to Section 34179 of the Dissolution Act, this Oversight Board has been established for the Successor Agency;

WHEREAS, the Oversight Board is informed by the Successor Agency that the Former Agency issued the following outstanding series of bonds prior to its dissolution (the "Prior Bonds"):

(i) \$7,025,000 initial principal amount Redevelopment Agency of the City of Desert Hot Springs Merged Redevelopment Project Tax Allocation Refunding Bonds, Series 2006 (the "2006 Bonds"), issued pursuant to the Indenture, dated as of August 1, 2006 (the "2006 Indenture"), by and between the Agency and U.S. Bank National Association, as trustee;

(ii) \$15,870,000 initial principal amount Redevelopment Agency of the City of Desert Hot Springs Merged Redevelopment Project Tax Allocation Bonds, Series 2008A-2 issued pursuant to the 2006 Indenture and a First Supplemental Indenture, dated as of April 1, 2008 (the "First Supplement");

(iii) \$5,635,000 initial principal amount of Redevelopment Agency of the City of Desert Hot Springs Merged Redevelopment Project Tax Allocation Bonds, Issue of 2009 (the "2009 Bonds") issued pursuant to an Indenture, dated as of July 1, 2009, by and between the Agency and Wells Fargo Bank, National Association (under which the Prior Trustee was subsequently substituted as Trustee);

WHEREAS, Section 34177.5 of 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") 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 has notified the Oversight Board that it wishes to refund the 2001 Bonds, the refund the 2006 Bonds, the 2008A-2 Bonds and the 2009 Bonds (together, the "Refunded Prior Bonds");

WHEREAS, to determine compliance with the Savings Parameters for purposes of the issuance by the Successor Agency of bonds to refinance the Refunded Prior Bonds, the Successor Agency has caused its municipal advisor, Urban Futures, Inc. (the "Financial 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 refund the Refunded Prior Bonds (the "Debt Service Savings Analysis");

WHEREAS, the Successor Agency by its resolution adopted February 21, 2017 (the "Successor Agency Resolution") approved the issuance of the Successor Agency to the Redevelopment Agency of the City of Desert Hot Springs 2017 Subordinate Tax Allocation Refunding Bonds (the "Refunding Bonds") pursuant to Section 34177.5(a)(1), Section 34177.5(f) and Section 34180;

WHEREAS, in the Successor Agency Resolution, the Successor Agency approved the issuance of the Refunding Bonds and authorized the execution and delivery of the Indenture;

WHEREAS, in the Successor Agency Resolution, the Successor Agency also requested that this Oversight Board approve and direct the issuance of the Refunding Bonds pursuant to the Successor Agency Resolution and the Indenture and that this 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 to Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), pursuant to a Bond Purchase Agreement (the "Bond Purchase Agreement") and, 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 cause to be prepared a form of such Bond Purchase Agreement;

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 the Successor Agency's Disclosure Counsel and the Financial Advisor, 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;

WHEREAS, this Oversight Board has completed its review of the refunding proceedings and the Debt Service Savings Analysis and hereby approves the foregoing;

THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF DESERT HOT SPRINGS HEREBY RESOLVES AS FOLLOWS:

Section 1. Ratification and Adoption of Successor Agency Resolution. Successor Agency Resolution No. 2017-___ is hereby ratified and adopted as set forth in the recitals above.

Section 2. Determination of Savings. This Oversight Board has determined that there are significant potential savings available to the Successor Agency and to applicable taxing entities by the issuance by the Successor Agency of the Refunding Bonds in compliance with the Savings Parameters to defease and redeem the Refunded Prior Bonds, all as evidenced by the Debt Service Savings Analysis on file with the Secretary of the Oversight Board, which Debt Service Savings Analysis is hereby approved.

Section 3. Approval and Direction of Issuance of the Refunding Bonds. As authorized by Section 34177.5(f) and Section 34180, this Oversight Board hereby approves and directs the issuance by the Successor Agency of the Refunding Bonds pursuant to Section 34177.5(a)(1) and under other applicable provisions of the Redevelopment Law, as amended and supplemented by the Dissolution Act, and the Refunding Law and as provided in the Successor Agency Resolution and the Indenture in the aggregate principal amount of not to exceed \$25,000,000.00, provided that the principal and interest payable with respect to the Refunding Bonds complies in all respects with the requirements of the Savings Parameters, as shall be certified to by the Municipal Advisor upon delivery of the Refunding Bonds or any part thereof.

Section 4. Sale and Delivery of Refunding Bonds in Whole or in Part. The Oversight Board is informed by the Successor Agency that it is the intent of the Successor Agency to sell and deliver the Refunding Bonds to refund the Refunded Prior Bonds in whole, provided that there is compliance with the Savings Parameters, and that, if such Savings Parameters cannot be met with respect to the Refunded Prior Bonds in whole, then the Successor Agency intends to issue the Refunding Bonds to refund the Refunded Prior Bonds in part to the extent that the refunding of the Refunded Prior Bonds in part can satisfy the Savings Parameters. The Oversight Board hereby approves the issuance of the Refunding Bonds to refund the Refunded Prior Bonds in part and, thereafter, the sale and delivery of additional bonds to refund the unrefunded Refunded Prior Bonds pursuant to a supplement to the Indenture without further prior 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.

Section 5. Determinations by the Oversight Board. As requested by the Successor Agency, the Oversight Board makes the following determinations upon which the Successor Agency shall 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 refunding and defeasance of all or a portion of the Refunded Prior Bonds, as well as the payment by the Successor Agency of costs of issuance of the Refunding Bonds and the premium for any bond insurance policy or debt service reserve fund insurance policy, 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 Los Angeles 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 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.

Section 6. Effective Date. Pursuant to Health and Safety Code Section 34177(f) and Section 34179(h), this Resolution shall be effective five (5) business days after proper notification hereof is given to the Department of Finance unless the Department of Finance requests a review of the actions taken in this Resolution, in which case this Resolution will be effective upon approval by the Department.

Section 7. Transmittal. The Successor Agency is hereby directed to transmit this Resolution to the Department of Finance.

Section 8. Certification by the Clerk. The Deputy City Clerk Acting for the Successor Agency Oversight Board shall certify to the pages of this Resolution and enter it into the book of original resolutions.

Section 9. Further Authority and Direction. The Successor Agency's officials and staff are hereby authorized and directed to transmit this Resolution and take all other necessary and appropriate actions as required by law in order to effectuate its purposes.

PASSED, APPROVED AND ADOPTED, by the Successor Agency Oversight Board of the Redevelopment Agency of the City of Desert Hot Springs at a meeting held on this 1st day of March, 2017, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED:

Doria Wilms, Secretary to the Successor
Agency Oversight Board

Russ Martin, Chairman to the
Successor Agency Oversight Board

APPROVED AS TO FORM:

Barry Shultz, Attorney to the Successor
Agency Oversight Board