

**CITY OF SANTA CLARITA**  
**OVERSIGHT BOARD TO THE FORMER REDEVELOPMENT AGENCY**  
**OF THE CITY OF SANTA CLARITA**  
**REGULAR MEETING**

**Thursday, September 15, 2016**  
**2:00 PM**

City Hall, Orchard Room  
23920 Valencia Blvd.  
Santa Clarita, CA 91355

**AGENDA**

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In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office, (661) 255-4391. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (28CFR 35.102-35.104 ADA Title II)

Complete packets are available for public inspection at the City Clerk's Office. Any writings or documents distributed to a majority of the members of the Oversight Board regarding any open session item on this agenda will be made available for public inspection in the City Hall located at 23920 Valencia Boulevard, Suite 120, during normal business hours. These writings or documents will also be available for review at the meeting.

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**CALL TO ORDER**

**FLAG SALUTE**

**ROLL CALL**

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**APPROVAL OF AGENDA**

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**APPROVAL OF REGULAR MEETING MINUTES** – The minutes of the Oversight Board to the Former Redevelopment Agency of the City of Santa Clarita are submitted for approval.

**RECOMMENDED ACTION:**

Oversight Board to the Former Redevelopment Agency of the City of Santa Clarita approve the minutes of the May 24, 2016 Regular Meeting.

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## **NEW BUSINESS**

1. **FISCAL YEAR 2015-2016 REPORT ON THE LOW MOD INCOME HOUSING ASSET FUND** - This report details the Low Mod Income Housing Asset Fund (LMIHAF) beginning and ending balance, and the deposits and expenditures made during Fiscal Year 2015-2016.

**RECOMMENDED ACTION:**

Oversight Board receive the report on the Low Mod Income Housing Asset Fund.

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2. **SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARITA TAX ALLOCATION REFUNDING BONDS SERIES 2016** - Approval of Successor Agency to the Redevelopment Agency of the City of Santa Clarita Tax Allocation Refunding Bonds Series 2016 for the Purpose of Refinancing the Successor Agency's \$29,860,000 Non-Housing and \$8,850,000 Housing Tax Allocation Bonds, 2008 Series.

**RECOMMENDED ACTION:**

Oversight Board adopt a resolution approving a resolution of the Successor Agency to the Redevelopment Agency of the City of Santa Clarita approving the issuance of Tax Allocation Refunding Bonds, making certain determinations with respect to the refunding bonds and taking certain actions relating thereto.

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### **PUBLIC PARTICIPATION**

This time has been set aside for the public to address the Oversight Board to the Former Redevelopment Agency of the City of Santa Clarita on items NOT listed on the agenda. The Board will not act upon these items at this meeting other than to review and/or provide direction to staff. All speakers must submit a speaker's card to the Meeting Clerk PRIOR to the beginning of this portion of the meeting, and prepare a presentation not to exceed three (3) minutes.

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### **STAFF COMMENTS**

### **ADJOURNMENT**

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## **CERTIFICATION**

I, Jason Crawford, do hereby certify that I am the duly appointed and qualified Marketing, Economic Development, and Planning Manager for the Successor Agency to the Former Redevelopment Agency of the City of Santa Clarita and that on September 12, 2016, the foregoing agenda was posted at City Hall.

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Jason Crawford  
Marketing, Economic Development, and Planning Manager  
Santa Clarita, California



**City of Santa Clarita  
Oversight Board to the  
Former Redevelopment Agency  
of the City of Santa Clarita**

**Regular Meeting  
~ Minutes ~**

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**Tuesday, May 24, 2016**

**11:00 AM**

**Century Conference Room**

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**CALL TO ORDER**

Vice Chair Coleal called the meeting to order at 11:03 a.m.

**FLAG SALUTE**

Board Member Hernandez led the flag salute.

**ROLL CALL**

All Board Members were present with the exception of Chair Striplin and Board Member Koegle who were absent.

**APPROVAL OF AGENDA**

A motion was made by Board Member Dortch and seconded by Board Member Engbrecht to approve the agenda.

Hearing no objections, it was so ordered.

**APPROVAL OF MINUTES**

A motion was made by Board Member Engbrecht and seconded by Board Member Swartz to approve the minutes of the Oversight Board Meeting of February 22, 2016.

Hearing no objections, it was so ordered.

**NEW BUSINESS**

**ITEM 1**

**APPROVAL OF THE REMOVAL OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARITA PUBLIC FINANCING AUTHORITY**

Oversight Board adopt a resolution approving a resolution of the Successor Agency to the Redevelopment Agency of the City of Santa Clarita relating to the execution and delivery of an Amendment to Joint Exercise Powers Agreement to substitute the Santa Clarita Parking Authority in place of such Successor Agency as member of the Santa Clarita Public Financing Authority.

**RECOMMENDED ACTION:**

Oversight Board adopt a resolution approving a resolution of the Successor Agency to the Redevelopment Agency of the City of Santa Clarita relating to the execution and delivery of an Amendment to Joint Exercise Powers Agreement to substitute the Santa Clarita Parking Authority in place of such Successor Agency as member of the Santa Clarita Public Financing Authority.

Administrative Services Manager, Carmen Magana, made a presentation.

**Minutes Acceptance: Minutes of May 24, 2016 11:00 AM (APPROVAL OF MINUTES)**

The Board received information.

Addressing the Board on this item was Cam Noltemeyer.

<b>RESULT:</b>	<b>APPROVED [UNANIMOUS]</b>
<b>MOVER:</b>	Robert Swartz, Board Member
<b>SECONDER:</b>	Vicki Engbrecht, Board Member
<b>AYES:</b>	Hernández, Coleal, Dortch, Swartz, Engbrecht
<b>ABSENT:</b>	Kenneth W. Striplin, Brian Koegle

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**PUBLIC PARTICIPATION**

There were no public comments.

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**STAFF COMMENTS**

There were no staff comments.

**ADJOURNMENT**

The meeting was adjourned by Vice Chair Coleal at 11:19 a.m.

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Kenneth W. Striplin  
Oversight Board Chair

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Jason Crawford  
Successor Agency Staff

Agenda Item: 1



**CITY OF SANTA CLARITA  
OVERSIGHT BOARD TO THE FORMER  
REDEVELOPMENT AGENCY OF THE CITY OF SANTA  
CLARITA  
AGENDA REPORT**

**NEW BUSINESS**

**APPROVAL:** \_\_\_\_\_

**DATE:** September 15, 2016

**SUBJECT:** FISCAL YEAR 2015-2016 REPORT ON THE LOW MOD INCOME HOUSING ASSET FUND

**DEPARTMENT:** Oversight Board to the Former Redevelopment Agency of the City of Santa Clarita

**PRESENTER:** Erin Lay

**RECOMMENDED ACTION**

Oversight Board receive the report on the Low Mod Income Housing Asset Fund.

**BACKGROUND**

The City, in its capacity as the Housing Successor to the former Redevelopment Agency, has undertaken activities in conformance with California Redevelopment Law and all subsequent modifying legislation. Staff will present information to the Oversight Board on the actions of the Housing Successor.

**ALTERNATIVE ACTION**

Alternative action as determined by the Oversight Board.

**FISCAL IMPACT**

This item has no fiscal impact.

**ATTACHMENTS**

2015-2016 Housing Successor Report



**HOUSING SUCCESSOR ANNUAL REPORT  
REGARDING THE LOW AND MODERATE INCOME HOUSING ASSET FUND  
FOR FISCAL YEAR 2015-2016  
PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34176.1(f)  
FOR THE CITY OF SANTA CLARITA HOUSING SUCCESSOR**

This Housing Successor Annual Report (Report) regarding the Low and Moderate Income Housing Asset Fund (LMIHAF) has been prepared pursuant to California Health and Safety Code Section 34176.1(f) and is dated as of June 30, 2016. This Report sets forth certain details of the City of Santa Clarita (Housing Successor) activities during Fiscal Year 2015-2016 (Fiscal Year). The purpose of this Report is to provide the governing body of the Housing Successor an annual report on the housing assets and activities of the Housing Successor under Part 1.85, Division 24 of the California Health and Safety Code, in particular Sections 34176 and 34176.1 (Dissolution Law).

This Report is based upon information prepared by Housing Successor staff and information regarding the Low and Moderate Income Housing Asset Fund contained within the City of Santa Clarita's independent annual financial audit (Audit) for Fiscal Year 2014-2015. The Audit for Fiscal Year 2015-2016 had not been completed as of the date of this report. The Audit for Fiscal Year 2014-2015 was prepared by RSM US, LLP, which Audit is separate from this annual summary Report. Further, this Report conforms with and is organized into Sections I through XI, inclusive, pursuant to Section 34176.1(f) of the Dissolution Law:

- I. **Amount Deposited into LMIHAF:** This section provides the total amount of funds deposited into the LMIHAF during the Fiscal Year. Any amounts deposited for items listed on the Recognized Obligation Payment Schedule (ROPS) must be distinguished from the other amounts deposited.
- II. **Ending Balance of LMIHAF:** This section provides a statement of the balance in the LMIHAF as of the close of the Fiscal Year. Any amounts deposited for items listed on the ROPS must be distinguished from the other amounts deposited.
- III. **Description of Expenditures from LMIHAF:** This section provides a description of the expenditures made from the LMIHAF during the Fiscal Year. The expenditures are to be categorized.
- IV. **Statutory Value of Assets Owned by Housing Successor:** This section provides the statutory value of real property owned by the Housing Successor, the value of loans and grants receivables, and the sum of these two amounts.
- V. **Description of Transfers:** This section describes transfers, if any, to another Housing Successor Agency made in previous Fiscal Year(s), including whether the funds are unencumbered and the status of projects, if any, for which the transferred LMIHAF will be used. The sole purpose of the transfers must be for the development of transit

priority projects, permanent supportive housing, housing for agricultural employees, or special needs housing.

- VI. **Project Descriptions:** This section describes any project for which the Housing Successor receives or holds property tax revenue pursuant to the ROPS, and provides the status of that project.
- VII. **Status of Compliance with Section 33334.16:** This section provides a status update, in compliance with Section 33334.16, for interests in real property acquired by the former Redevelopment Agency prior to February 1, 2012. For interests in real property acquired on or after February 1, 2012, provide a status update on the project.
- VIII. **Description of Outstanding Obligations under Section 33413:** This section describes the outstanding inclusionary and replacement housing obligations, if any, under Section 33413 that remained outstanding prior to dissolution of the former Redevelopment Agency as of February 1, 2012, along with the Housing Successor's progress in meeting those prior obligations, if any, of the former Redevelopment Agency, and how the Housing Successor's plan to meet unmet obligations, if any.
- IX. **Income Test:** This section provides information required by Section 34176.1(a)(3)(B), or a description of expenditures by income restriction for a five-year period, with the time period beginning January 1, 2014, and whether the statutory thresholds have been met. However, reporting of the Income Test is not required until 2019.
- X. **Senior Housing Test:** This section provides the percentage of units of deed-restricted rental housing restricted to seniors and assisted, individually or jointly, by the Housing Successor, its former Redevelopment Agency, and its host jurisdiction within the previous 10 years in relation to the aggregate number of units of deed-restricted rental housing assisted, individually or jointly, by the Housing Successor, its former Redevelopment Agency, and its host jurisdiction within the same time period. For this Report, the 10-year period reviewed is July 1, 2007 to June 30, 2017.
- XI. **Excess Surplus Test:** This section provides the amount of excess surplus in the LMIHAF, if any, and the length of time that the Housing Successor has had excess surplus, and the Housing Successor's plan for eliminating the excess surplus.

This Report is to be provided to the Housing Successor's governing body. In addition, this Report and the former Redevelopment Agency's pre-dissolution Implementation Plans are to be made available to the public on the City's website at [www.santa-clarita.com](http://www.santa-clarita.com).

#### I. AMOUNT DEPOSITED INTO LMIHAF

Deposits made into the LMIHAF during the Fiscal Year included \$2,377 in investment earnings, and \$22,061 in transfers made to the Housing Successor as required in Health and Safety Code (H&SC sec. 34191.4(b)(3)(C) from the Successor Agency.

## II. ENDING BALANCE OF LMIHAF

A total of \$406,615 in housing bond proceeds and cash was in the LMIHAF as of the end of Fiscal Year 2015-2016 (June 30, 2016.)

## III. DESCRIPTION OF EXPENDITURES FROM LMIHAF

Expenditures made during the Fiscal Year totaled \$3.7 million dollars. The following is a description of expenditures from the LMIHAF by category:

		Fiscal Year
<b>Monitoring &amp; Administration Expenditures</b>		\$0
<b>Homeless Prevention and Rapid Rehousing Services Expenditures</b>		\$0
<b>Housing Development Expenditures</b>		
➤	<b>Expenditures on Low Income Units</b>	
➤	<b>Expenditures on Very-Low Income Units</b>	\$2,561,538 (69.2%)
➤	<b>Expenditures on Extremely-Low Income Units</b>	\$1,138,462 (30.8%)
➤	<b>Total Housing Development Expenditures</b>	\$3,700,000
<b>Total LMIHAF Expenditures in Fiscal Year</b>		<b>\$3,700,000</b>

## IV. STATUTORY VALUE OF ASSETS OWNED BY HOUSING SUCCESSOR IN LMIHAF

Under the Dissolution Law and for purposes of this Report, the “statutory value of real property” means the value of properties formerly held by the former Redevelopment Agency as listed on the housing asset transfer schedule approved by the Department of Finance (DOF) as listed in such schedule under Section 34176(a)(2), the value of the properties transferred to the Housing Successor pursuant to Section 34181(f), and the purchase price of property or properties purchased by the Housing Successor. Further, the value of loans and grants receivable is included in these reported assets held in the LMIHAF.

During FY 2015-16 the following changes in property value took place:

- The Redevelopment Block (further described in Section VII), which is owned in part by the Housing Successor and in part by the Successor Agency was identified as having declined in value. This decline in value was determined through an appraisal dated December 16, 2016. The new value was approved by the Successor Agency Board (City Council) on February 9, 2016, and by the Oversight Board on February 22, 2016. The new value of the Housing Successor’s portion of the Redevelopment Block is \$207,109.
- The Caltrans parcel (further described in Section VII), was sold to an affordable housing developer for \$1 as part of a Disposition and Development Agreement (DDA) which was approved by the City Council acting in its capacity as Housing Successor. The DDA was adopted on June 9, 2015 and the actual sale of the property took place on March 9, 2016. The \$1 was identified as program income related to the Community Development Block Grant portion of the original purchase price of the land. Therefore, the statutory value of the Caltrans parcel has been reduced to \$0.

The following provides the statutory value of assets owned by the Housing Successor.

	As of End of Fiscal Year
<b>Statutory Value of Real Property Owned by Housing Successor</b>	\$938,481
<b>Value of Loans and Grants Receivable</b>	\$0
<b>Total Value of Housing Successor Assets</b>	\$938,481

## V. DESCRIPTION OF TRANSFERS

The Housing Successor did not make any LMIHAF transfers to other Housing Successor(s) under Section 34176.1(c)(2) during the Fiscal Year.

## VI. PROJECT DESCRIPTIONS

The Housing Successor does not receive or hold property tax revenue pursuant to the ROPS.

## VII. STATUS OF COMPLIANCE WITH SECTION 33334.16

Section 34176.1 provides that Section 33334.16 does not apply to interests in real property acquired by the Housing Successor on or after February 1, 2012; however, this Report presents a status update on the project related to such real property.

With respect to interests in real property acquired by the former Redevelopment Agency *prior* to February 1, 2012, the time periods described in Section 33334.16 shall be deemed to have commenced on the date the DOF approved the property as a housing asset in the LMIHAF; thus, as to real property acquired by the former Redevelopment Agency now held by the Housing Successor in the LMIHAF, the Housing Successor must initiate activities consistent with the development of the real property for the purpose for which it was acquired within five years of the date the DOF approved such property as a housing asset.

The following provides a status update on the real property or properties housing asset(s) that were acquired prior to February 1, 2012, and shows compliance within the five-year period:

Address of Property	Date of Acquisition	Deadline to Initiate Development Activity	Status of Housing Successor Activity
23652 Newhall Avenue, Santa Clarita, CA 91321 (Jang Parcel) APN 2833-016-901	8/31/2012	8/31/2017	As of 6/30/2014, the Housing Successor is investigating options for development of this parcel for a use allowed in H&S Code 34176.1.
Block of vacant land bounded by Main Street and Railroad Avenue, and by 9 <sup>th</sup> Street and Lyons Avenue	8/31/2012	8/31/2017	In 2014-2015, a Request for Qualifications was released for development of this property.

(Redevelopment Block)  
 APN's 2831-007-900,  
 -901, -902, -903, -904,  
 -905, -906, -907, -908.

In FY 15-16, the Successor Agency and the City entered into Exclusive Negotiation Agreements and subsequently Purchase and Sale agreements related to this property and are currently in escrow. Escrow is anticipated to close in FY 16-17.

The following provides a status update on the project(s) for property or properties that have been acquired by the Housing Successor using LMIHAF on or after February 1, 2012:

Address of Property	Date of Acquisition	Deadline to Initiate Development Activity	Status of Housing Successor Activity
23610 Newhall Avenue, Santa Clarita, CA 91321 (Caltrans Parcel) APN 2833-016-900	1/31/2014	1/31/2019	During Fiscal Year 2015-2016 a Disposition and Development Agreement for the development of a 30-unit multi-family affordable housing development was executed and construction began. Anticipated completion and occupancy is expected by June 2017. This property was transferred to the non-profit developer and so currently has no statutory value to the Successor Agency.

#### VIII. DESCRIPTION OF OUTSTANDING OBLIGATIONS PURSUANT TO SECTION 33413

**Replacement Housing:** According to the 2007 Implementation Plan for the former redevelopment agency, no Section 33413(a) replacement housing obligations were transferred to the Housing Successor. The former redevelopment agency's Implementation Plans are posted on the City's website at: <http://www.santa-clarita.com/home/showdocument?id=3062>

**Inclusionary/Production Housing:** According to the 2007 Implementation Plan for the former redevelopment agency, no Section 33413(b) inclusionary/production housing obligations were transferred to the Housing Successor. The former redevelopment agency's Implementation Plans are posted on the City's website at: <http://www.santa-clarita.com/home/showdocument?id=3062>

#### IX. EXTREMELY-LOW INCOME TEST

Section 34176.1(a)(3)(B) requires that the Housing Successor must require at least 30% of the LMIHAF to be expended for development of rental housing affordable to and occupied by households earning 30% or less of the AMI. If the Housing Successor fails to comply with the

Extremely-Low Income requirement in any five-year report, the Housing Successor must ensure at least 50% of the funds remaining in the LMIHAF be expended in each fiscal year following the latest fiscal year following the report on households earning 30% or less of the AMI until the Housing Successor demonstrates compliance with the Extremely-Low Income requirement. This information is not required to be reported until 2019 for the 2014–2019 period, however the chart in Section III of this report documents that to-date over 30% of LMIHAF expended have been on units contractually required to be affordable to and available to households earning 30% or less of the AMI.

## X. SENIOR HOUSING TEST

The Housing Successor is to calculate the percentage of units of deed-restricted rental housing restricted to seniors and assisted by the Housing Successor, the former Redevelopment Agency and/or the City within the previous 10 years in relation to the aggregate number of units of deed-restricted rental housing assisted by the Housing Successor, the former Redevelopment Agency, and/or City within the same time period.

If this percentage exceeds 50%, then the Housing Successor cannot expend future funds in the LMIHAF to assist additional senior housing units until the Housing Successor or City assists and construction has commenced on a number of restricted rental units that is equal to 50% of the total amount of deed-restricted rental units.

The following provides the Housing Successor's Senior Housing Test for the 10-year period of July 1, 2007, to June 30, 2017:

<b>Senior Housing Test</b>	
<b># of Assisted Senior Rental Units</b>	0
<b># of Total Assisted Rental Units</b>	13
<b>Senior Housing Percentage</b>	0%

## XI. EXCESS SURPLUS TEST

Excess Surplus is defined in Section 34176.1(d) as an unencumbered amount in the account that exceeds one million dollars (\$1,000,000) or the aggregate amount deposited into the account during the Housing Successor's preceding four fiscal years, whichever is greater.

The following provides the Excess Surplus test for the preceding four fiscal years:

	<b>FY 2012/13</b>	<b>FY 2013/14</b>	<b>FY 2014/15</b>	<b>FY 2015/16</b>
<b>Beginning Balance</b>	0	0	\$4,006,386	\$4,082,177
<b>Add: Deposits</b>	0	\$5,056,509	\$241,710	\$24,438
<b>(Less) Expenditures</b>	0	\$1,050,123	\$166,000	\$3,700,000
<b>Ending Balance</b>	0	\$4,006,386	\$4,082,177	\$406,615

The LMIHAF has no excess surplus at this time.



**CITY OF SANTA CLARITA  
OVERSIGHT BOARD TO THE FORMER  
REDEVELOPMENT AGENCY OF THE CITY OF SANTA  
CLARITA  
AGENDA REPORT**

**NEW BUSINESS**

**APPROVAL:** \_\_\_\_\_

**DATE:** September 15, 2016

**SUBJECT:** SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARITA TAX ALLOCATION REFUNDING BONDS SERIES 2016

**DEPARTMENT:** Oversight Board to the Former Redevelopment Agency of the City of Santa Clarita

**PRESENTER:** Carmen Magana

**RECOMMENDED ACTION**

Oversight Board adopt a resolution approving a resolution of the Successor Agency to the Redevelopment Agency of the City of Santa Clarita approving the issuance of Tax Allocation Refunding Bonds, making certain determinations with respect to the refunding bonds and taking certain actions relating thereto.

**BACKGROUND**

On June 3, 2008, the Redevelopment Agency of the City of Santa Clarita (RDA) issued its \$29,860,000 Tax Allocation Bonds, Series 2008 (Newhall Redevelopment Project Area) and its \$8,850,000 Housing Set-Aside Tax Allocation Bonds, Series 2008, bearing interest rates ranging from 4.0 to 5.0 percent and maturing on October 1, 2042. The proceeds of the 2008 Bonds were used to finance certain redevelopment projects and housing programs. With the election of the City of Santa Clarita (City) to serve as Successor Agency to the Redevelopment Agency of the City of Santa Clarita (Successor Agency), the Successor Agency has paid all current and future bond obligations with Redevelopment Property Tax Trust Fund (RPTTF) distributions to service enforceable obligations.

Pursuant to Assembly Bill X1 26 (enacted in 2011), the Successor Agency was constituted to wind-down the financial obligations of the RDA. Assembly Bill 1484 (enacted in 2012) amended and supplemented Assembly Bill X1 26 and added, among other provisions, Section 34177.5 of the California Health and Safety (H&S) Code. Pursuant to Section 34177.5, the

Successor Agency is authorized to issue refunding bonds to pay off outstanding indebtedness of the RDA.

When the former RDA was dissolved as a result of Assembly Bill X1 26, the RDA had the following bond issues outstanding:

\$29,860,000 City of Santa Clarita Redevelopment Agency Tax Allocation Bonds, Series 2008 (Newhall Redevelopment Project Area) (2008 Non housing Bonds)

\$8,850,000 City of Santa Clarita Redevelopment Agency Housing Set-Aside Tax Allocation Bonds, Series 2008 (2008 Housing Bonds)

Staff has determined, in consultation with the City's Financial Advisor that current bond market conditions allow for the issuance of refunding bonds to advance refinance all of the outstanding 2008 Bonds. The outstanding par amount of the 2008 Non housing Bonds to be refunded is \$26,155,000. The outstanding par amount of the 2008 Housing Bonds to be refunded is \$7,755,000. The final maturity of the 2008 Bonds is October 1, 2042. All of the outstanding 2008 Bonds are callable at par or 100% on or after October 1, 2018. The market for post AB 1484 tax allocation bonds is very favorable. Currently the average interest cost of the Series 2008 Bonds is 4.88%. Savings are estimated to be approximately 10%, or \$3.297 million in present value dollars and \$4.462 million in total dollars. The estimated average annual debt service savings is anticipated to be approximately \$247,000 per year, of which half is expected to be distributed to taxing entities as additional residual and half is expected to be available to repay outstanding loan debt between the City and the Successor Agency. The annual savings do not reflect possible interest earnings on the \$1.165 million in 2008 bond reserve funds being used to reduce the borrowing. Current interest earnings are minimal.

Under the dissolution legislation, refunding prior tax allocation issues is encouraged by the State, Counties, and School Districts. The costs of undertaking this refunding will be funded entirely by the proposed bond issue and the savings discussed are net of costs. If the bonds are not sold, law provides the ability to place any unpaid cost on the next ROPS.

The proposed Refunding Bonds are expected to be rated by Standard and Poor's Corporation and most likely insured and sold with "AA" Bond Ratings. The Refunding Bonds are proposed to be sold through a negotiated sale in mid-November. The current bond rating on both issues to be refunded is "BBB+."

On September 13, the Successor Agency considered the adoption of a resolution to undertake proceedings to issue the Refunding Bonds to refinance the 2008 Bonds, confirm the retention of consultants, approve the issuance of the Refunding Bonds, and determine that savings are available and approve reimbursement of administrative costs. The Successor Agency now requests that the Oversight Board adopt a resolution supporting the Successor Agency's actions.

The resolution of issuance (attached to the Oversight Board's resolution) would authorize the issuance of not to exceed \$38,000,000 of Refunding Bonds. Final sizing will be determined at time of bond sale. The Refunding Bonds will be sold on a negotiated basis. The Successor Agency's resolution also approves the various documents in connection with the issuance of the

## Refunding Bonds.

- *General Summary of Security:* The Refunding Bonds are secured by the RPTTF. Potential investors will look closely at the assessed value within the Newhall Redevelopment Project Area and the estimated future RPTTF Funds.
- *Indenture:* Key legal document that lays out the legal structure and terms of the financing of the Refunding Bonds. It specifies payment dates, maturity dates of the Refunding Bonds; revenues and accounts specifically pledged to the repayment of the Refunding Bonds; flow of funds, default and remedy provisions; defeasance provisions in the event the Refunding Bonds are prepaid; and covenants of the issuer. It is drafted by Bond Counsel and executed by the Successor Agency and The Bank of New York Mellon, as trustee.
- *Escrow Agreement:* Document governing the defeasance of the 2008 Bonds and their early redemption. The document is drafted by Bond Counsel and executed by the Successor Agency and Trustee.
- *Continuing Disclosure Certificate:* This undertaking outlines the updated information related to the security that the Successor Agency will agree to provide to the bond markets. Disclosure is required annually, and on an exceptional basis for any major “material” event. This document is drafted by Bond Counsel and executed by the Successor Agency.

More specific details of the financing can be found in the drafts of the documents referenced above. The documents being recommended for approval are available in the office of the Secretary of the Successor Agency (City Clerk).

### ALTERNATIVE ACTION

Other action as determined by the Oversight Board.

### FISCAL IMPACT

Under current bond market conditions, refunding the 2008 Bonds is expected to produce present value savings of approximately \$3.297 million and total savings of approximately \$4.462 million over the remaining life of the debt obligations. Final savings may be higher or lower depending on bond markets conditions at time of sale and the final structure used. The reduction in debt service would cause additional RPTTF to be available for distribution as described in the body of the Agenda Report.

Savings to the Successor Agency’s obligations will result in an annual increase of approximately \$123,500 in residual RPTTF available for distribution to the taxing entities. In addition, approximately \$123,500 will be available annually for loan repayment, of which 20 percent is allocated to the Successor Housing Agency.

ATTACHMENTS

Oversight Board Resolution (Including Exhibit A Successor Agency Resolution)

Bond Refunding Financing Plan

Form of Indenture (Available in the Secretary of the Successor Agency's Reading File)

Form of Escrow Agreement (Available in the Secretary of the Successor Agency's Reading File)

Form of Continuing Disclosure Certificate (Available in the Secretary of the Successor Agency's Reading File)

**OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARITA**

**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR  
AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF  
SANTA CLARITA APPROVING A RESOLUTION OF SUCH  
SUCCESSOR AGENCY, APPROVING THE ISSUANCE OF TAX  
ALLOCATION REFUNDING BONDS, MAKING CERTAIN  
DETERMINATIONS WITH RESPECT TO THE REFUNDING BONDS  
AND TAKING CERTAIN ACTIONS RELATING THERETO**

WHEREAS, the Redevelopment Agency of the City of Santa Clarita (the “Former Redevelopment Agency”) was a public body, corporate and politic, duly created in 1989, 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) (the “Redevelopment Law”), of the Health and Safety Code of the State of California (the “Health and Safety Code”)); and

WHEREAS, the Former Redevelopment Agency issued its \$29,860,000 City of Santa Clarita Redevelopment Agency Tax Allocation Bonds, Series 2008 (Newhall Redevelopment Project Area) (the “2008 Nonhousing Bonds”) and its \$8,850,000 City of Santa Clarita Redevelopment Agency Housing Set-Aside Tax Allocation Bonds, Series 2008 (the “2008 Housing Bonds,” and, together with the 2008 Nonhousing Bonds, the “Prior Bonds”), secured by a pledge of certain tax increment revenues from the Newhall Redevelopment Project Area for the purpose of financing the redevelopment activities and housing programs of the Former Redevelopment Agency; and

WHEREAS, Assembly Bill X1 26, effective June 29, 2011, together with AB 1484, effective June 27, 2012 (“AB 1484”) resulted in the dissolution of the Former Redevelopment Agency as of February 1, 2012, and the vesting in this Successor Agency to the Redevelopment Agency of the City of Santa Clarita (the “Successor Agency”) of all of the authority, rights, powers, duties and obligations of the Former Redevelopment Agency; and

WHEREAS, AB 1484, among other things, amended the Redevelopment Law to authorize 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 Government Code (the “Refunding Law”) for the purpose of achieving debt service savings within the parameters set forth in Section 34177.5 of the Health and Safety Code (the “Savings Parameters”); and

WHEREAS, the Successor Agency has determined, based on current municipal market conditions, that it will achieve debt service savings in compliance with the Savings Parameters as evidenced by the analysis of its Financial Advisor, C.M. de Crinis & Co., Inc., describing potential savings that will accrue to applicable taxing agencies as a result of the refunding of the Prior Bonds (the “Bond Refunding Financing Plan”); and

WHEREAS, to provide funds to refund the Prior Bonds, the Successor Agency intends to authorize pursuant to the Redevelopment Law and the Refunding Law the issuance of its Tax Allocation Refunding Bonds, Series 2016 (the “2016 Bonds”); and

WHEREAS, the Successor Agency adopted a resolution on September 13, 2016, a copy of which is attached hereto in Exhibit A (the “Successor Agency Resolution of Issuance”) authorizing the issuance pursuant to the Redevelopment Law and the Refunding Law of the 2016 Bonds in an aggregate principal amount not to exceed \$38,000,000, to provide funds to refund the Prior Bonds, and approving various documents relating to the issuance of the 2016 Bonds; and

WHEREAS, Section 34177.5(f) of the Health and Safety Code provides that the actions of the Successor Agency authorized by Section 34177.5 of the Health and Safety Code are subject to the approval of the Oversight Board of the Successor Agency (the “Board”); and

WHEREAS, the Successor Agency has requested that the Board approve the issuance of the 2016 Bonds and make certain determinations described below on which the Successor Agency will rely in undertaking the refunding proceedings and the issuance of the 2016 Bonds; and

WHEREAS, the issuance of the 2016 Bonds will comply with the provisions of Section 34177.5(a)(1) of the Health and Safety Code; and

WHEREAS, the Board has completed its review of the refunding proceedings and the Bond Refunding Financing Plan and wishes at this time to give its approval to the foregoing as more fully set forth below.

**NOW, THEREFORE, BE IT RESOLVED, DETERMINED, FOUND AND ORDERED** by the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Santa Clarita (the “Board”), as follows:

SECTION 1. Findings. The Board hereby finds and determines that the recitals hereto are true and correct.

SECTION 2. Approval of Professionals. The Board approves the appointment by the Successor Agency of the Financial Advisor, Bond Counsel, Disclosure Counsel and the Fiscal Consultant in connection with the issuance of the 2016 Bonds.

SECTION 3. Approval of 2016 Bonds. The Board hereby approves the Successor Agency Resolution of Issuance and directs the Successor Agency to implement the purposes of the Successor Agency Resolution of Issuance in order to achieve debt service savings in accordance with the provisions of Section 34177.5(a)(1) of the Health and Safety Code. Pursuant to Health and Safety Code Section 34177.5(f), the Board hereby approves the issuance of the 2016 Bonds by the Successor Agency and approves the Indenture approved by the Successor Agency pursuant to Successor Agency Resolution of Issuance. The 2016 Bonds shall be issued pursuant to the provisions of Section 34177.5(a)(1) of the Health and Safety Code in that:

(a) the total interest cost to maturity on the 2016 Bonds plus the principal amount of the 2016 Bonds shall not exceed the total remaining interest cost to maturity on the Prior Bonds, plus the remaining principal of the Prior Bonds; and

(b) the principal amount of the 2016 Bonds shall not exceed the amount required to defease the Prior Bonds, to establish customary debt service reserves and pay related costs of issuance of the 2016 Bonds.

SECTION 4. Determinations by the Board. As requested by the Successor Agency in the Successor Agency Resolution of Issuance, the Board hereby makes the following determinations upon which the Successor Agency may rely in undertaking the refunding proceedings and the issuance, sale and delivery of the 2016 Bonds:

(a) The Successor Agency is authorized, as provided in Section 34177.5(f), to recover its costs related to the issuance of the 2016 Bonds from the proceeds of the 2016 Bonds, including the cost of reimbursing the City of Santa Clarita for administrative staff time spent with respect to the authorization, issuance, sale and delivery of the 2016 Bonds;

(b) The application of proceeds of the 2016 Bonds by the Successor Agency to the refunding and defeasance of the Prior Bonds, as well as to the payment by the Successor Agency of all costs of issuance of the 2016 Bonds and the refunding of the Prior Bonds, as provided in Section 34177.5(a), shall be implemented by the Successor Agency promptly upon sale and delivery of the 2016 Bonds, and, notwithstanding Section 34177.3 or any other provision of law to the contrary, once the California Department of Finance approved or did not take action, no further approval of the Board, the California Department of Finance, the Los Angeles County Auditor-Controller or any other person or entity other than the Successor Agency shall be required;

(c) The Successor Agency shall be entitled to receive its full “Administrative Cost Allowance” as defined and described under Section 34181(a)(3) without any deductions with respect to continuing costs related to the 2016 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 2016 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 5. Severability. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Board declares that the Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

SECTION 6. Effective Date. Pursuant to Section 34177(f) and Section 34179(h) of the Health and Safety Code, this Resolution shall be effective five (5) business days after proper notification hereof is given to the California Department of Finance unless the California 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 California Department of Finance.

PASSED, APPROVED, AND ADOPTED this \_\_\_\_\_ day of September, 2016.

\_\_\_\_\_  
Kenneth W. Striplin  
Oversight Board Chair

ATTEST:

\_\_\_\_\_  
Marilyn Sourgose  
Oversight Board Meeting Clerk

STATE OF CALIFORNIA )  
COUNTY OF LOS ANGELES ) ss.  
CITY OF SANTA CLARITA )

I, Marilyn Sourgose, Oversight Board Meeting Clerk, do hereby certify that the foregoing Resolution was duly adopted by the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Santa Clarita at the special meeting thereof, held on the \_\_\_\_ day of September, 2016, by the following vote:

AYES:

NOES:

ABSENT:

\_\_\_\_\_  
Marilyn Sourgose  
Oversight Board Meeting Clerk

Attachment: Oversight Board Resolution (Including Exhibit A Successor Agency Resolution) [Revision 1] (1678 : Refunding Tax Allocation

EXHIBIT A

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE GOVERNING BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARITA, CALIFORNIA, AUTHORIZING THE ISSUANCE OF ITS TAX ALLOCATION REFUNDING BONDS, SERIES 2016, APPROVING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST, ESCROW AGREEMENT, AND CONTINUING DISCLOSURE CERTIFICATE AND PROVIDING FOR OTHER MATTERS RELATING THERETO

WHEREAS, the Redevelopment Agency of the City of Santa Clarita (the “Former Redevelopment Agency”) was a public body, corporate and politic, duly created in 1989, 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) (the “Redevelopment Law”), of the Health and Safety Code of the State of California (the “Health and Safety Code”); and

WHEREAS, the Former Redevelopment Agency issued its \$29,860,000 City of Santa Clarita Redevelopment Agency Tax Allocation Bonds, Series 2008 (Newhall Redevelopment Project Area) (the “2008 Nonhousing Bonds”) and its \$8,850,000 City of Santa Clarita Redevelopment Agency Housing Set-Aside Tax Allocation Bonds, Series 2008 (the “2008 Housing Bonds,” and, together with the 2008 Nonhousing Bonds, the “Prior Bonds”), secured by a pledge of certain tax increment revenues from the Newhall Redevelopment Project Area for the purpose of financing the redevelopment activities and housing programs of the Former Redevelopment Agency; and

WHEREAS, Assembly Bill X1 26, effective June 29, 2011, together with AB 1484 (“AB 1484”), effective June 27, 2012, resulted in the dissolution of the Former Redevelopment Agency as of February 1, 2012, and the vesting in this Successor Agency to the Redevelopment Agency of the City of Santa Clarita (the “Successor Agency”) of all of the authority, rights, powers, duties, and obligations of the Former Redevelopment Agency; and

WHEREAS, AB 1484, among other things, amended the Redevelopment Law to authorize 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 Government Code (the “Refunding Law”) for the purpose of achieving debt service savings within the parameters set forth in Section 34177.5 of the Health and Safety Code (the “Savings Parameters”); and

WHEREAS, the Successor Agency has determined, based on current municipal market conditions, that it will achieve debt service savings in compliance with the Savings Parameters as evidenced by the analysis of its Financial Advisor, C.M. de Crinis & Co., Inc., describing potential savings that will accrue to applicable taxing agencies as a result of the refunding of the Prior Bonds (the “Bond Refunding Financing Plan”); and

WHEREAS, to provide funds to refund the Prior Bonds, the Successor Agency intends to authorize pursuant to the Redevelopment Law and the Refunding Law the issuance of its Tax Allocation Refunding Bonds, Series 2016 (the “2016 Bonds”), in the aggregate principal amount not to exceed \$38,000,000; and

WHEREAS, the Successor Agency, with the aid of its staff, has reviewed the Indenture of Trust and other documents related to the proposed issuance of the 2016 Bonds, and desires to approve said documents and the refunding of the Prior Bonds by the issuance, sale, and delivery of the 2016 Bonds;

NOW, THEREFORE, the Governing Board of the Successor Agency to Redevelopment Agency of the City of Santa Clarita (the “Board”), does hereby resolve as follows:

SECTION 7. Findings. The Board hereby finds and determines that the recitals hereto are true and correct.

SECTION 8. Determination of Savings. The Successor Agency has determined that there are significant potential savings to applicable taxing entities in compliance with the Savings Parameters by the issuance of the Successor Agency of the 2016 Bonds to provide funds to refund the Prior Bonds, as evidenced by the Bond Refunding Financing Plan on file with the Secretary of the Successor Agency, which Bond Refunding Financing Plan is hereby approved.

SECTION 9. Refunding Approved. The Successor Agency hereby approves the issuance of the 2016 Bonds in the aggregate principal amount not to exceed \$38,000,000, which 2016 Bonds shall be issued in one or more series pursuant to the provisions of Section 34177.5(a)(1) of the Health and Safety Code in that: a) the total interest cost to maturity on the 2016 Bonds plus the principal amount of the 2016 Bonds shall not exceed the total remaining interest cost to maturity on the Prior Bonds, plus the remaining principal of the Prior Bonds; and b) the principal amount of the 2016 Bonds shall not exceed the amount required to defease the Prior Bonds, to establish customary debt service reserves and pay related costs of issuance.

SECTION 10. Indenture. To prescribe the terms and conditions upon which the 2016 Bonds are to be issued, secured, executed, authenticated, and held, an indenture of trust (the “Indenture”) is proposed to be executed and delivered by the Successor Agency and The Bank of New York Mellon Trust Company, N.A. (the “Trustee”), in the form on file with the Secretary, a copy of which has been made available to the Board. The Indenture in said form is hereby approved and any of the Chairperson, Vice-Chairperson, or Executive Director, and their respective designees (each an “Authorized Representative”) is hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to execute, and the Secretary is authorized to attest and deliver the Indenture to the Trustee in such form, together with such changes (including, without limitation, changes relating to the issuance of a municipal bond insurance policy and/or a surety bond for a debt service reserve fund or such changes as may be requested by a rating agency providing a rating on the 2016 Bonds) as may be approved by the Authorized Representative executing the Indenture, acting on behalf of the Successor Agency, subject to advice of Bond Counsel and counsel to the Successor Agency, such execution thereof

to constitute conclusive evidence of the approval of the Successor Agency of all changes from the form of the Indenture presented to this meeting.

SECTION 11. Continuing Disclosure Certificate. The form of Continuing Disclosure Certificate proposed to be executed and entered into by the Successor Agency in connection with the 2016 Bonds, in the form on file with the Secretary, a copy of which has been made available to the Board, is hereby approved, and any Authorized Representative is hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to execute and deliver the Continuing Disclosure Agreement in such form, together with such changes as may be approved by the Authorized Representative executing the Continuing Disclosure Certificate, acting on behalf of the Successor Agency, subject to advice of Disclosure Counsel and counsel to the Successor Agency, such execution thereof to constitute conclusive evidence of the approval of the Successor Agency of all changes from the form of the Continuing Disclosure Certificate presented to this meeting.

SECTION 12. Escrow Agreement. The form of Escrow Agreement proposed to be executed and entered into by and between the Successor Agency and the Trustee, as escrow bank, in the forms on file with the Secretary, a copy of which has been made available to the Board, is hereby approved, and any Authorized Representative is hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to execute and deliver the Escrow Agreement in such form, together with such changes as may be approved by the Authorized Representative executing the Escrow Agreement, acting on behalf of the Successor Agency, subject to advice of Bond Counsel and counsel to the Successor Agency, such execution thereof to constitute conclusive evidence of the approval of the Successor Agency of all changes from the form of the Escrow Agreement presented to this meeting.

SECTION 13. Bond Purchase Agreement. The Executive Director or his designee, is hereby authorized, with the assistance of the Financial Advisor, to select an underwriter for the 2016 Bonds through a request for proposal process. The Successor Agency hereby directs the preparation of a form of a bond purchase agreement to be entered into by and between the Successor Agency and the underwriter, which form will subsequently be submitted to the Successor Agency for approval.

SECTION 14. Preliminary Official Statement. The Successor Agency hereby directs the preparation of a form of an Official Statement describing the 2016 Bonds and containing material information relating to the 2016 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 2016 Bonds.

SECTION 15. Oversight Approval of 2016 Bonds. The Successor Agency requests that the Oversight Board approve the issuance, sale, and delivery of the 2016 Bonds pursuant to this Resolution and the Indenture.

SECTION 16. Filing of this Resolution. The Secretary is hereby authorized and directed to file a certified copy of this Resolution with the Oversight Board, along with the Bond Refunding Financing Plan, and, as provided in Section 34180(j) of the Health and Safety Code,

with the Los Angeles County Administrative Officer, the Los Angeles County Auditor-Controller and the California Department of Finance.

SECTION 17. 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, sale, and delivery of the 2016 Bonds:

(a) The Successor Agency is authorized, as provided in Section 34177.5(f), to recover its costs related to the issuance of the 2016 Bonds from the proceeds of the 2016 Bonds, including the cost of reimbursing the City of Santa Clarita for administrative staff time spent with respect to the authorization, issuance, sale and delivery of the 2016 Bonds;

(b) The application of proceeds of the 2016 Bonds by the Successor Agency to the refunding and defeasance of the Prior Bonds, as well as to the payment by the Successor Agency of all costs of issuance of the 2016 Bonds and refunding the Prior Bonds, as provided in Section 34177.5(a), shall be implemented by the Successor Agency promptly upon sale and delivery of the 2016 Bonds, and, notwithstanding Section 34177.3 or any other provision of law to the contrary, once the Oversight Board has adopted its resolution and the California Department of Finance has approved (or within time allotted took no action), no further 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 shall be required;

(c) The Successor Agency shall be entitled to receive its full “Administrative Cost Allowance” as defined and described under Section 34181(a)(3) without any deductions with respect to continuing costs related to the 2016 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 2016 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 18. Approval of Certain Financing Team Members. The Successor Agency hereby approves the appointment of a) C.M. de Crinis & Co., Inc., as Financial Advisor, b) HdL Coren & Cone, as Fiscal Consultant, and c) Norton Rose Fulbright US LLP, as Bond and Disclosure Counsel, each in accordance with separate letter agreements with the Successor Agency.

SECTION 19. General Authorization. All actions heretofore taken by the officers and agents of the Successor Agency with respect to the issuance of the 2016 Bonds are hereby approved, confirmed, and ratified. Each Authorized Representative and any other officer 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, including procurement of bond insurance or a reserve surety, execution and delivery of any and all assignments, certificates, requisitions, including requisitions for the payment of costs of issuance of the Bonds, agreements, including agreements in customary form providing for the investment of the proceeds of the Bonds, notices, consents, and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the sale, issuance and delivery of the 2016 Bonds and the refunding of the Prior Bonds, including the purchase of federal securities acceptable to Bond Counsel and authorized as an investment for the defeasance of the Prior Bonds, and all actions to obtain the necessary approvals from the Oversight Board and the California Department of Finance. The Successor Agency hereby confirms that the Mayor of the City is Chairperson of the Successor Agency Board, the City Manager of the City is the Executive Director of the Successor Agency, the City Clerk of the City is the Secretary of the Successor Agency, and the City Attorney is Agency Counsel to the Successor Agency.

SECTION 20. Effective Date. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED, AND ADOPTED this \_\_\_\_\_ day of September, 2016.

\_\_\_\_\_  
CHAIR

ATTEST:

\_\_\_\_\_  
SECRETARY

DATE: \_\_\_\_\_

STATE OF CALIFORNIA )  
COUNTY OF LOS ANGELES ) ss.  
CITY OF SANTA CLARITA )

I, Mary Cusick, Secretary of the Successor Agency to the Redevelopment Agency of the City of Santa Clarita, do hereby certify that the foregoing Resolution was duly adopted by the Governing Board of the Successor Agency to the Redevelopment Agency of the City of Santa Clarita at the regular meeting thereof, held on the \_\_\_\_ day of September, 2016, by the following vote:

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

\_\_\_\_\_  
SECRETARY

Financial Advisors, Public Finance  
*Serving California and Hawaii*



## MEMORANDUM

**To:** Successor Agency to the Redevelopment Agency of the City of Santa Clarita

**Date:** September 1, 2016

**From:** Curt de Crinis  
 C.M. de Crinis & Co., Inc.  
 Financial Advisor to the Successor Agency to the Redevelopment Agency of  
 the City of Santa Clarita

**RE:** Bond Refunding Financing Plan

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### Introduction

As a result of ABx1 26 and the related California Supreme Court decision upholding the law, all redevelopment agencies in the State were dissolved as of February 1, 2012, including the Redevelopment Agency of the City of Santa Clarita whose functions were assumed by the City of Santa Clarita (the “City”), and successor agencies were designated to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies. The City of Santa Clarita (the “City”) acts as successor agency (the “Successor Agency”).

The primary provisions enacted by ABx1 26 relating to the dissolution and wind down of former redevelopment agency affairs are codified in Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code of the State, as amended on June 27, 2012 by Assembly Bill No. 1484 (“AB 1484”), enacted as Chapter 26, Statutes of 2012 (as amended from time to time, the “Dissolution Act”).

Under the Dissolution Act - Section 34177.5 of the Health & Safety Code, which was added to the Dissolution Act by AB 1484, the Successor Agency is authorized to issue bonds for the purpose of refunding outstanding tax allocation bonds of the

Redevelopment Agency or the Successor Agency to provide debt service savings provided that (A) the total interest cost to maturity on the refunding bonds plus the principal amount of the refunding bonds does not exceed the total remaining interest cost to maturity on the bonds to be refunded plus the remaining principal of the bonds to be refunded, and (B) the principal amount of the refunding bonds does not exceed the amount required to defease the refunded bonds, to establish customary debt service reserves, and to pay related costs of issuance. If the foregoing conditions are satisfied, the initial principal amount of the refunding bonds may be greater than the outstanding principal amount of the bonds to be refunded.

Section 34177.5(h) of the Dissolution Act requires that the Successor Agency make diligent efforts to ensure that the lowest long-term cost financing is obtained, and requires that the Successor Agency make use of an independent financial advisor in developing financing proposals and make the work product of the financial advisor available to the California Department of Finance at its request.

This report is written by C.M. de Crinis & Co. Inc, which has been engaged as the independent financial advisor to the Successor Agency, to analyze the possible refunding of the Successor Agency's outstanding bonds. The bonds that are candidates for refunding are listed herein.

### **Overview of Bond Refunding Plan**

The Successor Agency has identified \$33,910,000 in Series 2008 Bond refunding candidates (the "Bonds").

The Successor Agency plans to redeem and refund all of the Bonds that produce acceptable net present value savings. Section 34177.5(g) provides that any refunding bonds shall be secured by a pledge of, and lien on, and shall be repaid from moneys deposited from time to time in the Successor Agency's Redevelopment Property Tax Trust Fund ("RPTTF")

The Successor Agency has two series of bonds outstanding. Both are refunding candidates. They include \$26,155,000 in Series 2008 Tax Allocation Bonds, \$7,755,000 in Series 2008 Housing Set-Aside Tax Allocation Bonds. Both Series 2008 bonds are currently rated "BBB+" by Standard & Poor's. The Successor Agency intends to consolidate the refinancing of the Series 2008 Bonds by removing the housing set-aside pledge and securing all bonds with an RPTTF pledge. It is expected that a bond debt service reserve policy is obtainable from Assured Guarantee, National Public Finance Guarantee or Build America Mutual.

The Refunding Bonds will be underwritten by negotiated sale provided that savings are determined to be sufficient by the Successor Agency. If savings are insufficient, the Successor Agency may forgo or delay the refinancing. Successor Agency staff has determined a minimum net present value target of 4% of the principal bonds refunded and in any event savings will be as required to satisfy the provisions of section (34177.5(a)(1) of the Dissolution Act. The 2008 Bonds can be called any time after October 1, 2018 upon 30 days noticed. The 2008 Bond refunding will be treated as an advance refunding under Federal Tax Law.



### Detail of the Refunding Candidates and Savings

Set forth below is a summary of the annual debt service and other bond statistics with respect to the proposed Refunding Bond debt service and the resulting savings that meet the conditions set forth in Section 34177.5 of the Dissolution Act. Actual savings will depend on market conditions at time of sale of the Refunding Bonds and the Refunding Bonds will only be sold if the requirements of the Dissolution Act are satisfied.

	Series 2016 Tax Allocation Bonds	Series 2016 Refunding Tax Allocation Housing Bonds	Total
<b>Dated Date</b>	12/16/2016	12/16/2016	12/16/2016
<b>Delivery Date</b>	12/16/2016	12/16/2016	12/16/2016
<b>Arbitrage Yield</b>	3.02%	3.02%	3.02%
<b>Escrow Yield</b>	0.68%	0.72%	0.69%
<b>Value of Negative Arbitrage</b>	\$510,451	\$148,900	\$659,351
<b>Bond Par Amount</b>	\$25,565,000	\$7,670,000	\$33,235,000
<b>True Interest Cost</b>	3.23%	3.23%	3.23%
<b>Net Interest Cost</b>	3.38%	3.38%	3.38%
<b>Average Coupon</b>	3.99%	3.99%	3.99%
<b>Average Life</b>	15.68	15.86	15.68
<b>Par amount of refunded bonds</b>	\$26,155,000	\$7,755,000	\$33,910,000
<b>Average coupon of refunded bonds</b>	4.87%	4.94%	4.88%
<b>Average life of refunded bonds</b>	15.82	15.87	15.83
<b>PV of prior debt</b>	\$32,172,425	\$9,618,925	\$41,791,350
<b>Net PV Savings</b>	\$2,562,980	\$734,941	\$3,297,921
<b>Percentage savings of refunded bonds</b>	9.79%	9.47%	9.72%

**SUMMARY TABLE- AGGREGATE SAVINGS**

<u>Date</u>	<u>Series 2008</u>	<u>Series 2016</u>	<u>Savings</u>	<u>Present Value to</u>
	<u>Housing and Non</u>	<u>Estimated</u>		
	<u>Housing Bonds</u>	<u>Refunding Debt</u>		<u>12/16/2016</u>
10/1/2017	\$ 2,323,704	\$ 2,077,348	\$ 246,356	\$ 246,298
10/1/2018	2,330,304	2,084,650	245,654	234,216
10/1/2019	2,325,504	2,079,900	245,604	227,292
10/1/2020	2,324,704	2,078,650	246,054	221,023
10/1/2021	2,326,704	2,080,650	246,054	214,533
10/1/2022	2,321,216	2,070,650	250,566	212,024
10/1/2023	2,323,875	2,079,150	244,725	201,026
10/1/2024	2,324,281	2,080,150	244,131	194,650
10/1/2025	2,326,756	2,078,900	247,856	191,790
10/1/2026	2,325,969	2,080,400	245,569	184,439
10/1/2027	2,322,806	2,074,400	248,406	181,065
10/1/2028	2,326,506	2,076,150	250,356	177,101
10/1/2029	2,327,269	2,080,150	247,119	169,677
10/1/2030	2,325,069	2,076,150	248,919	165,869
10/1/2031	2,330,219	2,079,400	250,819	162,203
10/1/2032	2,327,244	2,079,400	247,844	155,572
10/1/2033	2,326,381	2,076,150	250,231	152,436
10/1/2034	2,326,013	2,074,650	251,363	148,606
10/1/2035	2,322,213	2,079,650	242,563	139,213
10/1/2036	2,324,981	2,080,650	244,331	136,090
10/1/2037	2,328,825	2,082,650	246,175	133,070
10/1/2038	2,328,500	2,080,300	248,200	130,068
10/1/2039	2,327,250	2,081,450	245,800	124,874
10/1/2040	2,321,500	2,070,950	250,550	123,369
10/1/2041	2,326,250	2,079,100	247,150	117,954
10/1/2042	2,325,750	2,070,300	255,450	118,144
<b>TOTAL</b>	<b>\$ 60,469,791</b>	<b>\$ 54,031,948</b>	<b>\$ 6,437,844</b>	<b>\$ 4,462,602</b>

1. Debt service is on a gross basis and does not reflect impact of bond reserve fund earnings.

Attachment: Bond Refunding Financing Plan (1678 : Refunding Tax Allocation Bonds Series 2016)

## SOURCES AND USES

### BOND SOURCES

<b>Bond Proceeds</b>	<b>Par Amount</b>	\$ 33,235,000
<b>Bond Proceeds</b>	<b>Net Premium</b>	3,398,891
<b>Other Sources of Funds</b>	<b>Non Housing DSR</b>	896,537
<b>Other Sources of Funds</b>	<b>Housing DSR</b>	<u>268,878</u>
	<b>TOTAL SOURCES</b>	\$ 37,799,306

### BOND USES

<b>Refunding Escrow Deposits</b>	<b>Cash Deposit</b>	\$ 673
<b>Refunding Escrow Deposits</b>	<b>Open Market Purchases</b>	36,909,898
<b>Delivery Date Expenses</b>	<b>Cost of Issuance</b>	280,000
<b>Delivery Date Expenses</b>	<b>Underwriter's Discount</b>	199,410
<b>Delivery Date Expenses</b>	<b>Bond Insurance</b>	351,207
<b>Delivery Date Expenses</b>	<b>DSR Surety Bond</b>	57,382
<b>Other Uses of Funds</b>	<b>Additional Proceeds</b>	<u>736</u>
	<b>TOTAL USES</b>	\$ 37,799,306

### Bond Structure and Credit Considerations

The Refunding Bonds will refund \$33,910,000 in outstanding Bonds. The term and payment dates of the Refunding Bonds will be identical to the term and payment dates of the outstanding Bonds being refunded. Savings will be proportional in each year. The Refunding Bonds will be issued under a new indenture and will be secured by the RPTTF.

It is expected that the 2008 Refunding Bonds will receive a rating from Standard & Poor's of "BBB+" based on the project area characteristics, the estimated RPTTF revenues available to be pledged to pay the Refunding Bonds and the corresponding increased debt service coverage and term. The original rating was "A-." The rating downgrade was based on certain property owner delinquencies and administrative actions and in may be possible to restore the "A-" rating. It is also expected that bond insurance will be available from Assured Guaranty Insurance, National Public Finance Guarantee or Build America Mutual increasing the rating to the "AA" category. An application for a Moody's or Fitch Rating will not be submitted. An application for a Bond Reserve Fund Surety Policy for the Refunding Bonds will be completed.

### Process and Timing

It is expected that the Oversight Board and State Department of Finance's review and approval of the Successor Agency's refinancing will follow approval by the Successor

Agency at its September 13, 2016 meeting. Assuming timely approvals from all agencies including the State Department of Finance, the Successor Agency anticipates issuing the Refunding Bonds in December 2016.

### Allocation of Savings

Savings will be distributed as residual payments to impacted taxing entities including the City. Given the certain City/Agency loans outstanding, the residual paid to taxing entities may be reduced by as much as 50% until such a time as the loans are repaid, subject to Department of Finance approval. Based on information provided by HdL on Los Angeles County residual payments for 2014/15, future savings, net of DOF approved loan payments to City, might be distributed as follows:

Share of 1 %	11.31%	37.14%	7.32%	18.95%	3.29%	21.12%	0.37%	
Date	City	LA County	Special Districts	Schools (State)	Comm College	ERAF	Cnty Off of ED	TOTAL
10/1/2017	\$ 13,931	\$ 45,748	\$ 9,017	\$ 23,342	\$ 4,053	\$ 26,015	\$ 456	\$ 122,562
10/1/2018	13,892	45,618	8,991	23,276	4,041	25,941	454	122,213
10/1/2019	13,889	45,609	8,989	23,271	4,040	25,936	454	122,188
10/1/2020	13,914	45,692	9,006	23,314	4,048	25,983	455	122,412
10/1/2021	13,914	45,692	9,006	23,314	4,048	25,983	455	122,412
10/1/2022	14,170	46,530	9,171	23,741	4,122	26,460	464	124,657
10/1/2023	13,839	45,445	8,957	23,188	4,026	25,843	453	121,751
10/1/2024	13,806	45,335	8,935	23,131	4,016	25,780	452	121,455
10/1/2025	14,016	46,027	9,072	23,484	4,077	26,174	459	123,308
10/1/2026	13,887	45,602	8,988	23,268	4,040	25,932	454	122,170
10/1/2027	14,047	46,129	9,092	23,536	4,086	26,232	460	123,582
10/1/2028	14,158	46,491	9,163	23,721	4,118	26,438	463	124,552
10/1/2029	13,975	45,890	9,045	23,415	4,065	26,096	457	122,942
10/1/2030	14,076	46,224	9,110	23,585	4,095	26,286	460	123,837
10/1/2031	14,184	46,577	9,180	23,765	4,126	26,486	464	124,782
10/1/2032	14,016	46,025	9,071	23,483	4,077	26,172	459	123,302
10/1/2033	14,151	46,468	9,158	23,709	4,116	26,424	463	124,490
10/1/2034	14,215	46,678	9,200	23,817	4,135	26,544	465	125,053
10/1/2035	13,717	45,044	8,878	22,983	3,990	25,615	449	120,675
10/1/2036	13,817	45,372	8,943	23,150	4,019	25,801	452	121,555
10/1/2037	13,921	45,715	9,010	23,325	4,050	25,996	455	122,472
10/1/2038	14,036	46,091	9,084	23,517	4,083	26,210	459	123,480
10/1/2039	13,900	45,645	8,996	23,290	4,043	25,956	455	122,286
10/1/2040	14,169	46,527	9,170	23,740	4,122	26,458	464	124,649
10/1/2041	13,976	45,896	9,046	23,417	4,066	26,099	457	122,957
10/1/2042	\$ 14,446	\$ 47,437	\$ 9,349	\$ 24,204	\$ 4,202	\$ 26,976	\$ 473	\$ 127,086
<b>TOTAL</b>	<b>\$ 364,060</b>	<b>\$ 1,195,508</b>	<b>\$ 235,625</b>	<b>\$ 609,986</b>	<b>\$ 105,903</b>	<b>\$ 679,836</b>	<b>\$ 11,910</b>	<b>\$ 3,202,827</b>

Attachment: Bond Refunding Financing Plan (1678 : Refunding Tax Allocation Bonds Series 2016)