RESOLUTION NO. OB 2014-09

RESOLUTION OF THE OVERSIGHT BOARD TO FORT BRAGG REDEVELOPMENT SUCCESSOR AGENCY DIRECTING THE SUCCESSOR AGENCY TO REFUND BONDS ISSUED BY THE FORMER REDEVELOPMENT AGENCY

WHEREAS, the California Legislature adopted, the Governor signed, and the California Supreme Court, in California Redevelopment Association, et al. v. Matosantos, (2012) 53 Cal.4th 231, upheld Assembly Bill x1 26 ("ABx1 26"); and; and

WHEREAS, ABx1 26 dissolved redevelopment agencies, including the former Fort Bragg Redevelopment Agency (the "Former Agency"), effective February 1, 2012; and

WHEREAS, as added by ABx1 26, California Health and Safety Code Sections 34171(j) and 34173 originally provided that a city or county that formed a redevelopment agency would serve as the successor agency to the dissolved redevelopment agency unless such city or county affirmatively elected not to fill that role; and

WHEREAS, all subsequent "Section" references are to the California Health and Safety Code; and

WHEREAS, as added by ABx1 26, Section 34173(b) provides that the authority, rights, powers, duties and obligations previously vested with the former redevelopment agencies are vested in the successor agencies; and

WHEREAS, AB 1484, enacted on June 27, 2012, amended ABx1 26 (together with AB 1484, the "Dissolution Law") to clarify that successor agencies are separate public entities from their sponsoring city or county; and

WHEREAS, on July 23, 2012, the City of Fort Bragg (the "City") adopted Resolution No. 3559-2012 acknowledging the City as the Fort Bragg Redevelopment Successor Agency (the "Successor Agency"), and the Successor Agency adopted Resolution No. RS 01-2012, designating officers and adopting administrative and operating procedures; and

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

WHEREAS, prior to its dissolution, the Former Agency issued its Fort Bragg Redevelopment Project Tax Allocation Bonds, Series 2004 in the original principal amount of $4,830,000 (the "Prior Bonds") for the purpose of financing and refinancing redevelopment activities; and

WHEREAS, the Prior Bonds are currently outstanding in the principal amount of $4,005,000; and

WHEREAS, Section 34177.5 permits the Successor Agency to refinance the Prior Bonds, provided that certain savings and other parameters are met; and

WHEREAS, the Successor Agency has requested Del Rio Advisors, LLC to prepare an analysis of the potential savings that will accrue to the Successor Agency and applicable

taxing entities as a result of such refunding (the "Debt Service Savings Analysis"), a copy of which analysis is attached as Exhibit A to this Resolution; and

WHEREAS, Section 34177.5(f) authorizes the Oversight Board to direct the Successor Agency to commence a bond refunding transaction, so long as the Successor Agency is able to recover its related costs in connection with the transaction; and

WHEREAS, the Debt Service Savings Analysis has been presented to the Oversight Board for its evaluation at this meeting.

NOW, THEREFORE, BE IT RESOLVED that the Oversight Board to Fort Bragg Redevelopment Successor Agency does hereby:

1. Recitals Incorporated. The Recitals set forth above are true and correct, and are incorporated herein by reference.

2. Determination of Savings. The Oversight Board has determined that there are significant potential savings available to the Successor Agency and applicable taxing entities by refunding the Prior Bonds, as evidenced by the Debt Service Savings Analysis.

3. Filing of Debt Service Savings Analysis. The Secretary to the Successor Agency is hereby authorized and directed to file the Debt Service Savings Analysis, together with a certified copy of this Resolution of the Oversight Board, with the Mendocino County Chief Executive Officer and Auditor-Controller and the State of California Department of Finance, as provided in Sections 34179(h) and 34180(j).

4. Request for Direction. The Oversight Board hereby directs the Successor Agency to undertake the refunding of the Prior Bonds pursuant to Section 34177.5(a)(1) for the purpose of incurring indebtedness to provide savings to the Successor Agency and applicable taxing entities.

5. Preparation for Proceedings. The Oversight Board directs the Successor Agency to cause the preparation of appropriate documentation for the issuance of bonds to refund the Prior Bonds and to submit such documentation to the Oversight Board for approval in accordance with the provisions of Sections 34177.5 and 34180.

6. Appointments. The Successor Agency is hereby authorized to retain and appoint Del Rio Advisors, LLC, as municipal advisor; Brandis Tallman LLC, as underwriter; Meyers Nave, as bond counsel and disclosure counsel; and Fraser & Associates, as fiscal consultant, to all act on behalf of the Successor Agency in the preparation of the bond refunding transaction.

7. Authorizations. The Oversight Board further authorizes the Successor Agency and all appointees to take such other and further action as necessary and appropriate to implement the intent of this Resolution and to take such other actions as they deem necessary or convenient to expedite the process of review of the refunding transaction by the California Department of Finance.

The above and foregoing Resolution was introduced by Board Member Allen, seconded by Board Member Tichinin and passed and adopted at a regular meeting of the Oversight Board to Fort Bragg Redevelopment Successor Agency held on the 13th day of November, 2014, by the following vote:

AYES: Board Members Allen, Dietz, Gjerde, Tichinin, and Chair Turner.

NOES: None.
ABSENT: Board Members Cimolino and Lindsey.
ABSTAIN: None.

Dave Turner,
Chair

ATTEST:

Cynthia M. VanWormer, MMC
Oversight Board Secretary

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Exhibit A to Staff Report
Successor Agency to the Redevelopment Agency of the City of Fort Bragg

Tax Allocation Refunding Bonds, Series 2015

Plan of Refunding and Savings Analysis

October 27, 2014

Financing Team

• City Staff	Rosana Cimolino, Finance Director
• Issuer Counsel	Meyers Nave
• Bond Counsel	Meyers Nave
• Underwriter	Brandis Tallman LLC
• Municipal Advisor	Del Rio Advisors, LLC
• Trustee	U.S. Bank Corporate Trust Services
• Fiscal Consultant	Fraser & Associates

Existing Indebtedness

(Proposed To Be Refunded)

- **$4,830,000 Redevelopment Agency of City of Fort Bragg, Fort Bragg Redevelopment Project, Tax Allocation Bonds, Series 2004**
  - Amount remaining: $4,005,000
  - Final maturity: May 1, 2037
  - Rating: S&P BBB (original rating at time of sale)
    S&P BBB+(revised November 1, 2013)
  - Insurer: Not Applicable
  - Reserve fund: Cash (Maximum Annual Debt Service)
  - Redemption: Any date @ par (100%)
  - Purpose:
    - Provided $2,540,000 of new money to finance certain redevelopment activities within the Agency's Fort Bragg Redevelopment Project
    - Refunded the Agency's $2,400,000 Series 1993A outstanding in the amount of $1,860,000
    - Funded a reserve fund for the Bonds
    - Paid costs of issuance

Prior Issue Debt Service

SA to the Redevelopment Agency of the City of Fort Bragg
Refunding Tax Allocation Bonds, Series 2015
(Fort Bragg Redevelopment Project, Series 2004)
Prior Issue Debt Service Schedule

Date	Principal	Rate	Interest	Annual Debt Service
11/1/2014				
2/27/2015				
5/1/2015	95,000	5.300	108,957.50	203,957.50
5/1/2016	100,000	5.300	212,880.00	312,880.00
5/1/2017	100,000	5.300	207,580.00	307,580.00
5/1/2018	110,000	5.300	202,280.00	312,280.00
5/1/2019	110,000	5.300	196,450.00	306,450.00
5/1/2020	120,000	5.300	190,620.00	310,620.00
5/1/2021	125,000	5.300	184,260.00	309,260.00
5/1/2022	135,000	5.300	177,635.00	312,635.00
5/1/2023	135,000	5.300	170,480.00	305,480.00
5/1/2024	150,000	5.300	163,325.00	313,325.00
5/1/2025	155,000	5.500	155,375.00	310,375.00
5/1/2026	160,000	5.500	146,850.00	306,850.00
5/1/2027	175,000	5.500	138,050.00	313,050.00
5/1/2028	180,000	5.500	128,425.00	308,425.00
5/1/2029	190,000	5.500	118,525.00	308,525.00
5/1/2030	200,000	5.500	108,075.00	308,075.00
5/1/2031	210,000	5.500	97,075.00	307,075.00
5/1/2032	225,000	5.500	85,525.00	310,525.00
5/1/2033	240,000	5.500	73,150.00	313,150.00
5/1/2034	250,000	5.500	59,950.00	309,950.00
5/1/2035	265,000	5.500	46,200.00	311,200.00
5/1/2036	280,000	5.500	31,625.00	311,625.00
5/1/2037	295,000	5.500	16,225.00	311,225.00
Totals	**4,005,000**		**3,019,517.50**	**7,024,517.50**

Refunding Plan and Results

- **Issue $4,065,000 Successor Agency to the Redevelopment Agency of the City of Fort Bragg, Fort Bragg Redevelopment Project, Tax Allocation Refunding Bonds, Series 2015**
  - Purpose: Refund remaining outstanding Tax Allocation Bonds, Series 2004
  - Final maturity: May 1, 2036 (shortened by one year)
  - Sale type: Public Offering
  - Lien status: Parity
  - Insurance / Surety AGC / BAM or NPFG
- **Refunding results (interest rates as of September 22, 2014)**
  - Outstanding amount: $4,005,000
  - Issuance amount: $4,065,000
  - Average interest rate (new): 3.736% (1)
  - Average interest rate (prior): 5.477%
  - Total net savings: $660,203 (2)
  - Average annual gross savings: $30,390/year (2015 to 2036)
  - NPV savings: $455,734
    - % of refunded principal 11.38%
    - % of refunding principal 11.21%

Notes

(1) Interest rates subject to changing market conditions

(2) Net of estimated reserve fund earnings and corpus used to pay final year of debt service

Estimated Sources and Uses of Funds

SA to the Redevelopment Agency of the City of Fort Bragg
Refunding Tax Allocation Bonds, Series 2015
(Fort Bragg Redevelopment Project, Series 2004)
Sources and Uses of Funds (Public Offering)

Sources of Funds		
	Par Amount of Bonds	4,065,000.00
	Plus: Accrued Interest	-
	Less: (OID) Plus: OIP	3,020.25
	Net Proceeds at Closing	**4,068,020.25**
	Outstanding Reserve Fund	313,325.00
	Other Source of Funds	-
	Total Other Sources of Funds	**313,325.00**
	Total Sources of Funds	**4,381,345.25**
Uses of Funds		
	Cost to Payoff Prior Issue (Cash)	4,075,217.06
	Beginning Escrow Cash Balance	-
	Reserve Fund (1)	-
	Surety Premium (2)	11,168.00
	Underwriter's Discount (3)	40,650.00
	Costs of Issuance (4)	150,885.31
	Bond Insurance Premium (5)	103,424.88
	Other Use of Funds	-
	Total Uses of Funds	**4,381,345.25**
	Rounding Adjustment	-

Reserve Fund Requirement Calculation		**Dollar Amount**
Maximum Annual Debt Service (MADS)		279,200.00
Percentage of the Par Amount	10.00%	406,500.00
1.25 Times Average Annual Debt Service		331,856.36

Assumptions

(1) Maximum Annual Debt Service (Funded Via Surety)
(2) 4.00% of the Reserve Fund Requirement (Maximum Annual Debt Service)
(3) 1.00% ($10.00/bond) of Par Amount of Bonds
(4) See Attached Schedule
(5) 1.75% (175bp) of Total Principal and Interest on Insured Bonds

Run Date	**September 29, 2014**
Run Time	**6:25 AM**

Estimated Costs of Issuance

SA to the Redevelopment Agency of the City of Fort Bragg
Refunding Tax Allocation Bonds, Series 2015
(Fort Bragg Redevelopment Project, Series 2004)

Costs of Issuance

Bond Counsel	40,000.00
Disclosure Counsel	35,000.00
Financial Advisor	30,000.00
Paying Agent / Trustee / Legal	5,000.00
Printing / Miscellaneous	10,000.00
Verification Report	2,000.00
Rating Fee	12,500.00
Fiscal Consultant	15,000.00
Rounding Adjustment	1,385.31
Total	**150,885.31**

Estimated Refunding Bonds Debt Service

SA to the Redevelopment Agency of the City of Fort Bragg
Refunding Tax Allocation Bonds, Series 2015
(Fort Bragg Redevelopment Project, Series 2004)
Gross Debt Service Schedule

Date	Principal	Rate	Interest	Annual Debt Service
1/27/2015				
5/1/2015	130,000	2.000	106,968.06	236,968.06
5/1/2016	135,000	2.000	138,300.00	273,300.00
5/1/2017	135,000	2.500	135,262.50	270,262.50
5/1/2018	140,000	3.000	131,475.00	271,475.00
5/1/2019	140,000	3.000	127,275.00	267,275.00
5/1/2020	150,000	3.000	122,925.00	272,925.00
5/1/2021	150,000	3.250	118,237.50	268,237.50
5/1/2022	160,000	3.250	113,200.00	273,200.00
5/1/2023	160,000	4.000	107,400.00	267,400.00
5/1/2024	175,000	4.000	100,700.00	275,700.00
5/1/2025	175,000	4.000	93,700.00	268,700.00
5/1/2026	180,000	3.250	87,275.00	267,275.00
5/1/2027	190,000	3.375	81,143.75	271,143.75
5/1/2028	195,000	3.500	74,525.00	269,525.00
5/1/2029	200,000	3.500	67,612.50	267,612.50
5/1/2030	210,000	3.625	60,306.25	270,306.25
5/1/2031	215,000	3.750	52,468.75	267,468.75
5/1/2032	225,000	3.750	44,218.75	269,218.75
5/1/2033	235,000	4.000	35,300.00	270,300.00
5/1/2034	245,000	4.000	25,700.00	270,700.00
5/1/2035	255,000	4.000	15,700.00	270,700.00
5/1/2036	265,000	4.000	5,300.00	270,300.00
5/1/2037	-	-	-	-
Totals	**4,065,000**		**1,844,993.06**	**5,909,993.06**

Estimated Refunding Cash Flow Savings

SA to the Redevelopment Agency of the City of Fort Bragg
Refunding Tax Allocation Bonds, Series 2015
(Fort Bragg Redevelopment Project, Series 2004)
Net Debt Service Schedule and Savings Calculation (Cash Flow NPV Basis)

New Issue Reserve Fund		-			Prior Issue Reserve Fund		313,325.00			
Investment Yield		-			Investment Yield		2.00			
Date	Periodic Debt Service	Less: RF Earnings	Net Periodic Debt Service	Net Annual Debt Service	Prior Issue Periodic Debt Service	Less: RF Earnings	Prior Issue Net Periodic Debt Service	Prior Issue Net Annual Debt Service	Annual (Savings) / Cost	4.01790 Present Value
1/27/2015										
5/1/2015	167,143.06	-	167,143.06	167,143.06	203,957.50	(3,133.25)	200,824.25	200,824.25	(33,681.19)	(33,333.15)
5/1/2016	274,650.00	-	274,650.00	274,650.00	312,880.00	(6,266.50)	306,613.50	306,613.50	(31,963.50)	(31,039.24)
5/1/2017	271,950.00	-	271,950.00	271,950.00	307,580.00	(6,266.50)	301,313.50	301,313.50	(29,363.50)	(27,428.50)
5/1/2018	273,575.00	-	273,575.00	273,575.00	312,280.00	(6,266.50)	306,013.50	306,013.50	(32,438.50)	(29,042.68)
5/1/2019	269,375.00	-	269,375.00	269,375.00	306,450.00	(6,266.50)	300,183.50	300,183.50	(30,808.50)	(26,520.35)
5/1/2020	275,175.00	-	275,175.00	275,175.00	310,620.00	(6,266.50)	304,353.50	304,353.50	(29,178.50)	(24,150.59)
5/1/2021	270,675.00	-	270,675.00	270,675.00	309,260.00	(6,266.50)	302,993.50	302,993.50	(32,318.50)	(25,641.87)
5/1/2022	275,800.00	-	275,800.00	275,800.00	312,635.00	(6,266.50)	306,368.50	306,368.50	(30,568.50)	(23,317.70)
5/1/2023	270,600.00	-	270,600.00	270,600.00	305,480.00	(6,266.50)	299,213.50	299,213.50	(28,613.50)	(20,986.76)
5/1/2024	279,200.00	-	279,200.00	279,200.00	313,325.00	(6,266.50)	307,058.50	307,058.50	(27,858.50)	(19,640.70)
5/1/2025	272,200.00	-	272,200.00	272,200.00	310,375.00	(6,266.50)	304,108.50	304,108.50	(31,908.50)	(21,561.01)
5/1/2026	270,200.00	-	270,200.00	270,200.00	306,850.00	(6,266.50)	300,583.50	300,583.50	(30,383.50)	(19,736.00)
5/1/2027	274,350.00	-	274,350.00	274,350.00	313,050.00	(6,266.50)	306,783.50	306,783.50	(32,433.50)	(20,206.81)
5/1/2028	272,937.50	-	272,937.50	272,937.50	308,425.00	(6,266.50)	302,158.50	302,158.50	(29,221.00)	(17,504.15)
5/1/2029	271,112.50	-	271,112.50	271,112.50	308,525.00	(6,266.50)	302,258.50	302,258.50	(31,146.00)	(17,895.54)
5/1/2030	274,112.50	-	274,112.50	274,112.50	308,075.00	(6,266.50)	301,808.50	301,808.50	(27,696.00)	(15,298.72)
5/1/2031	271,500.00	-	271,500.00	271,500.00	307,075.00	(6,266.50)	300,808.50	300,808.50	(29,308.50)	(15,528.68)
5/1/2032	273,437.50	-	273,437.50	273,437.50	310,525.00	(6,266.50)	304,258.50	304,258.50	(30,821.00)	(15,666.61)
5/1/2033	275,000.00	-	275,000.00	275,000.00	313,150.00	(6,266.50)	306,883.50	306,883.50	(31,883.50)	(15,550.34)
5/1/2034	275,600.00	-	275,600.00	275,600.00	309,950.00	(6,266.50)	303,683.50	303,683.50	(28,083.50)	(13,160.03)
5/1/2035	275,800.00	-	275,800.00	275,800.00	311,200.00	(6,266.50)	304,933.50	304,933.50	(29,133.50)	(13,098.04)
5/1/2036	275,600.00	-	275,600.00	275,600.00	311,625.00	(6,266.50)	305,358.50	305,358.50	(29,758.50)	(12,836.62)
5/1/2037	-	-	-	-	311,225.00	(319,591.50)	(8,366.50)	(8,366.50)	8,366.50	3,409.77
Totals	**5,909,993.06**	**-**	**5,909,993.06**	**5,909,993.06**	**7,024,517.50**	**(454,321.25)**	**6,570,196.25**	**6,570,196.25**	**(660,203.19)**	**(455,734.33)**
							Plus: Prior Issue Other Source of Funds		-	-
								Net Total	(660,203.19)	(455,734.33)
									Savings % New	11.21%
									Savings % Prior	11.38%

Refunding Plan (continued)

- The Successor Agency and the Oversight Board approve resolutions directing staff to initiate the process of refunding prior bonds issued by the Redevelopment Agency of the City of Fort Bragg:
  - Determination of significant potential savings
  - Filing of Debt Service Savings Analysis
    - Mendocino County Administrative Officer
    - Mendocino County Auditor-Controller
    - State of California Department of Finance
  - Preparation of appropriate documentation for the issuance of refunding bonds
  - Appoint professionals to assist in carrying out the refunding
  - Authorize other actions to expedite California Department of Finance review and approval

Bond Financing Schedule
(Tentative)

Date	Item
Monday, October 27	Successor Agency Meeting
Thursday, November 6	Oversight Board Meeting
Friday, November 7	Savings Analysis Sent to DOF
Tuesday, November 18	Credit Package Sent to Rating Agency and Bond Insurers
Monday, December 8	Receive Credit Rating Successor Agency Meeting (Consider Financing Approval)
December, TBD	Receive Insurance Commitment Oversight Board Meeting (Consider Financing Approval)
January 2015	DOF Approval Price Bonds
Early February 2015	Execute Documents / Close Transaction