

**OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE
PARADISE REDEVELOPMENT AGENCY
RESOLUTION NO. 16-04**

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR
AGENCY TO THE PARADISE REDEVELOPMENT AGENCY
AUTHORIZING THE SUCCESSOR AGENCY'S EXECUTION AND
DELIVERY OF AMENDMENTS PERTAINING TO THE EXTENSION OF
THE 2006 SUBORDINATE NOTES AND TAKING RELATED ACTIONS**

WHEREAS, the former Paradise Redevelopment Agency (the "Former Agency") was a redevelopment agency duly formed pursuant to the Community Redevelopment Law, set forth in Part 1 of Division 24 of the Health and Safety Code ("HSC") of the State of California (the "State"); and

WHEREAS, the Former Agency undertook a program to redevelop a project area known as the "Paradise Redevelopment Project" pursuant to a redevelopment plan (the "Redevelopment Plan") that was adopted and approved pursuant to Ordinance No. 399, adopted by the Town Council of the Town of Paradise (the "Town") on July 8, 2003; and

WHEREAS, pursuant to AB X1 26 (enacted in June 2011) and the California Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, 53 Cal. 4th 231 (2011), the Former Agency was dissolved as of February 1, 2012; the Successor Agency to the Paradise Redevelopment Agency, as the successor to the Former Agency (the "Successor Agency"), was constituted; and an Oversight Board to the Successor Agency (the "Oversight Board") was established; and

WHEREAS, AB X1 26 added Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) to Division 24 of the HSC (such Parts 1.8 and 1.85, including amendments and supplements thereto enacted after AB X1 26, being referred to herein as the "Dissolution Act"); and

WHEREAS, the Successor Agency is tasked with winding-down the Former Agency's affairs and the Successor Agency's powers are limited by the Dissolution Act; and

WHEREAS, for payment of enforceable obligations during each fiscal year from July 1 through the following June 30, the Successor Agency must prepare a Recognized Obligation Payment Schedule ("ROPS"), listing the estimated payment amount for each enforceable obligation during each six-month period (from July 1 through December 31, and from January 1 through June 30) and the sources of funds for such payment, and submit the ROPS to the Oversight Board and the State Department of Finance (the "DOF") for approval; and

WHEREAS, the Successor Agency may only make payments on enforceable obligations pursuant to the ROPS, as approved by the DOF; and

WHEREAS, before dissolution, the Former Agency issued several series of notes and bonds, including its Paradise Redevelopment Project 2006 Subordinate Tax Allocation Notes, in the principal amount of \$1,300,000 (the "2006 Subordinate Notes"), and its Paradise

Redevelopment Project 2009 Tax Allocation Refunding Bonds, in the principal amount of \$4,480,000 (the "2009 Bonds"), to finance and refinance redevelopment projects; and

WHEREAS, the 2006 Subordinate Notes and the 2009 Bonds were issued pursuant to an Indenture, dated as of December 1, 2003 (the "2003 Indenture"), by and between the Former Agency and Wells Fargo Bank, National Association, as trustee (the "Trustee") (such 2003 Indenture, as supplemented and amended to date, being referred to herein as the "Indenture"); and

WHEREAS, the principal and interest payments on the 2006 Subordinate Notes and the 2009 Bonds are payable from, and secured by, a lien and pledge of tax increment revenues of the Former Agency, as provided in the Indenture; and

WHEREAS, pursuant to the Indenture, the lien and pledge securing the 2009 Bonds rank senior to the lien and pledge securing the 2006 Subordinate Notes; and

WHEREAS, pursuant to the Dissolution Act, property tax revenues that would have been allocated to the Former Agency as tax increment revenues are now deposited into a Redevelopment Property Tax Trust Fund (the "RPTTF"), administered by the Auditor-Controller of Butte County (the "County Auditor-Controller"); and

WHEREAS, pursuant to the Dissolution Act, the Successor Agency receives disbursements from the RPTTF on January 2 and June 1 of each year (each, an "RPTTF Disbursement"), but solely to the extent permitted by the DOF-approved ROPS and limited by the sufficiency of moneys in the RPTTF after the County Auditor-Controller makes deductions for certain administrative expenses of the County Auditor-Controller and pass-through payments to the taxing entities; and

WHEREAS, as of the date of this Resolution, the entire principal amount of the 2006 Subordinate Notes and the entire principal amount of the 2009 Bonds remain outstanding; and

WHEREAS, the 2006 Subordinate Notes will mature on December 1, 2016, and on such date, the entire principal amount of the 2006 Subordinate Notes plus accrued and unpaid interest thereon (totaling \$1,363,676) will become due and payable; and

WHEREAS, on December 1, 2016, there will also be due an interest payment with respect to the 2009 Bonds, in the amount of \$131,428; and

WHEREAS, the Successor Agency received \$224,610 from the June 1, 2016 RPTTF Disbursement to cover payments on enforceable obligations due during the six months from July 1, 2016 through December 31, 2016; and

WHEREAS, as such, the amount of moneys that the Successor Agency received from the June 1, 2016 RPTTF Disbursement is less than the amount necessary to pay the principal and interest coming due on the 2006 Subordinate Notes and the 2009 Bonds; and

WHEREAS, if the Successor Agency defaults on the principal and interest payments on the 2006 Subordinate Notes, not only will interest continue to accrue on the unpaid 2006

Subordinate Notes, but the entire principal of the 2009 Bonds will be subject to acceleration by the owners of the 2009 Bonds pursuant to the terms of the Indenture; and

WHEREAS, by a separate resolution (the “OB Bond Resolution”), this Oversight Board has approved the Successor Agency’s issuance of the bonds (the “Refunding Bonds”) pursuant to HSC Section 34177.5(a)(2) to refund the 2006 Subordinate Notes and finance the upcoming 2006 Subordinate Notes balloon maturity; and

WHEREAS, pursuant to the Dissolution Act, the OB Bond Resolution will become effective only after DOF’s review and approval; and

WHEREAS, even assuming the DOF’s approval, the successful issuance and sale of the Refunding Bonds is dependent on market conditions which cannot be guaranteed; and

WHEREAS, in the event that the sale of Refunding Bonds cannot be accomplished before December 1, 2016, it would be desirable for the Successor Agency to enter into amendments to the 2006 Subordinate Notes and the Indenture, to the extent acceptable to the holders 2006 Subordinate Notes, to extend the terms of the 2006 Subordinate Notes without triggering a default (the “Extension Amendments”); and

WHEREAS, the expediency with respect to the negotiation and the execution of the Amendments will be critical; and

WHEREAS, pursuant to HSC Section 34181(e), this Oversight Board may approve the Successor Agency’s renegotiation of a contract and the execution of an amendment thereto with a private party, if the Oversight Board determines that such amendment would reduce liabilities and would be in the best interests of the taxing entities;

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE PARADISE REDEVELOPMENT AGENCY HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. The Successor Agency is hereby authorized to: (i) negotiate with the holders of the 2006 Subordinate Notes regarding the Extension Amendments, and (ii) execute and deliver such Extension Amendments without further action by this Oversight Board, to the extent permitted by the terms of the Indenture, so long as the Extension Amendments shall not extend the term of the 2006 Subordinate Notes by more than 10 years.

Section 3. For the purposes of HSC Section 34181(e), the Oversight Board hereby finds and determines that the Successor Agency’s execution and delivery of the Extension Amendments are in the best interests of the taxing entities.

Section 4. The members of this Oversight Board and the staff of the Successor Agency are hereby authorized, jointly and severally, to do all things (including but not limited to

the execution of any certificates or other instruments), which they may deem necessary or proper, to effectuate the purposes of this Resolution and the Extension Amendments.

PASSED, APPROVED, and ADOPTED by the Oversight Board of Directors of the Successor Agency to the Paradise Redevelopment Agency at a meeting duly held on the 19th day of July, 2016 by the following vote:

AYES; Lauren Gill, George Siler, Trevor Stewart and Al McGreehan, Vice Chair
NOES: None
ABSENT: Kevin Bultema, Steve "Woody" Culleton and Doug Teeter
ABSTAIN: None



Al McGreehan, Vice Chair

ATTEST: *July 19, 2016*



Dina Volenski, Acting Secretary to the Oversight Board