AGENDA
SUCCESSOR AGENCY
TO THE MANTECA REDEVELOPMENT AGENCY
REGULAR MEETING
MARCH 1, 2016
7:00 P.M.
CITY COUNCIL CHAMBERS
1001 W. CENTER STREET

CALL TO ORDER: Chairman DeBrum
ROLL CALL: Board Members Hernandez, Moorhead, Morowit, Silverman and Chairman DeBrum

A. CONSENT CALENDAR

It is recommended that the following items be considered simultaneously unless Board members or a member of the audience requests further discussion of an item.

1. Approve regular meeting minutes of the Manteca Successor Agency to the Manteca Redevelopment Agency of September 15, 2015.

B. FINANCE

1. Adopt a resolution entitled "A Resolution of the Board of Directors of the Successor Agency to the Manteca Redevelopment Agency approving Amendment No. 1 to Fee Letter Agreement in connection with a Letter of Credit Extension for bonds issued by the Manteca Redevelopment Agency in 2005 and taking certain related actions."

C. ORAL COMMUNICATIONS

Persons who do not have items on the agenda may approach the Successor Agency at this time. Please complete the Request to Speak form located next to the agendas in the back of the Council Chambers and give same to the Secretary/City Clerk prior to the meeting. Those who wish to speak to items not placed on the agenda will be limited to three (3) minutes per speaker. Although the Board encourages the public to participate in the meeting, proper decorum must be assured at all times. Therefore, no personal attacks will be permitted.

D. ADJOURNMENT

This meeting of the Successor Agency to the Manteca Redevelopment Agency will adjourn to the next regular meeting of the Board to be held on Tuesday, **March 15, 2016, 7:00 p.m.**, in the City Council Chambers, 1001 W. Center Street, Manteca, California.

Reports and documents relating to each of the items listed on the agenda, including those received following posting/distribution, are on file in the Office of the Secretary to the Successor Agency to the Manteca Redevelopment Agency/City Clerk and are available for public inspection during normal business hours, Monday – Friday, 7:30 a.m. – 5:30 p.m., closed alternating Fridays, 1001 W. Center Street, Manteca, CA 95337, telephone (209) 456-8017.

Please contact the Office of the Secretary of the Successor Agency to the Manteca Redevelopment Agency, 1001 W. Center Street, Manteca, CA, (209) 456-8017, for assistance with access to any of the agenda, materials, or participation at the meeting.

This notice of a regular meeting of the Successor Agency to the Manteca Redevelopment Agency was posted on the Bulletin Board at City Hall, 1001 W. Center Street, Manteca, California on February 24, 2016.

Joann Tilton

JOANN TILTON, MMC
SECRETARY/CITY CLERK

MINUTES OF THE
SUCCESSOR AGENCY
TO THE MANTECA REDEVELOPMENT AGENCY
REGULAR MEETING HELD
SEPTEMBER 15, 2015

The regular meeting of the Successor Agency to the Manteca Redevelopment Agency held September 15, 2015, in the City Council Chambers at 1001 W. Center St., Manteca, California, was called to order by Chairman DeBrum at 9:06 p.m.

ROLL CALL: Board Members Hernandez, Moorhead, Morowit, Silverman and Chairman DeBrum

A. CONSENT CALENDAR

1. Approve regular meeting minutes of the Manteca Successor Agency to the Manteca Redevelopment Agency of February 17, 2015.

ACTION: APPROVE THE CONSENT CALENDAR AS PRESENTED.
(Moorhead/Silverman) The motion carried unanimously.

B. EXECUTIVE DIRECTOR

1. Adopt a resolution pursuant to Health and Safety Code Section 34191.5, (i) approving the Second Revised "Final" Long-Range Property Management Plan (the "Final LRPMP") substantially in the form attached as Exhibit A to the resolution, (ii) finding that approval of the Final LRPMP is not a project pursuant to the California Environmental Quality Act (CEQA), and (iii) directing the transmittal of the resolution to the Department of Finance.

The Executive Director introduced the item and provided a brief report on the Second Revised "Final" Long-Range Property Management Plan.

ACTION: ADOPT A RESOLUTION PURSUANT TO HEALTH AND SAFETY CODE SECTION 34191.5(i) APPROVING THE SECOND REVISED "FINAL" LONG-RANGE PROPERTY MANAGEMENT PLAN (THE "FINAL LRPMP") SUBSTANTIALLY IN THE FORM ATTACHED AS EXHIBIT A TO THE RESOLUTION, (ii) FINDING THAT APPROVAL OF THE FINAL LRPMP IS NOT A PROJECT PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA), AND (iii) DIRECTING THE TRANSMITTAL OF THE RESOLUTION TO THE DEPARTMENT OF FINANCE.
(Morowit/Silverman) The motion carried unanimously.

C. ORAL COMMUNICATIONS

Mike Dillman noted he represents a party interested in possibly acquiring a property earmarked for sale in the Long-Range Property Management Plan.

D. ADJOURNMENT

With nothing further to come before the Successor Agency to the Manteca Redevelopment Agency, Chairman DeBrum adjourned the meeting at 9:14 p.m. to the next regular meeting of the Board to be held on Tuesday, **October 6, 2015, 7:00 p.m.**, in the City Council Chambers, 1001 W. Center Street, Manteca, California.

JOANN TILTON, MMC
SECRETARY/CITY CLERK

STEPHEN F. DEBRUM
CHAIRMAN

Successor Agency Agenda
March 1, 2016
Finance

Reviewed by
City Mgr's office: _____

Memo to: Successor Agency to Manteca Redevelopment Agency

From: Suzanne Mallory, Finance Director

Date: February 19, 2016

Subject: Manteca Redevelopment Agency Amended Merged Project Area Variable Rate Subordinated Tax Allocation Bonds, Series 2005 – Letter of Credit Renewal and Related Amendment No. 1 to Fee Letter Agreement

Recommendation:

Adopt the resolution entitled "A Resolution of the Board of Directors of the Successor Agency to the Manteca Redevelopment Agency Approving an Amendment No. 1 to Fee Letter Agreement In Connection with a Letter of Credit Extension for Bonds Issued by the Manteca Redevelopment Agency in 2005 and taking Certain Related Actions."

Background:

In December of 2005, the Manteca Redevelopment Agency issued its Variable Rate Subordinate Tax Allocation Refunding Bonds, Series 2005, in the principal amount of $50,760,000, of which $46,570,000 remain outstanding as of March 1, 2016. The 2005 Bonds were issued as variable rate bonds with a daily interest rate reset feature. The 2005 Bonds were initially secured by a standby bond purchase agreement and a bond insurance policy issued by XL Capital.

In 2008 a mass downgrading of bond insurers occurred and XL Capital was downgraded by Fitch to BBB. The result was that the 2005 bonds began trading in the market at higher interest rates. To address this issue, in May 2008 the security of the bonds was restructured and the Agency entered into a Letter of Credit and Reimbursement Agreement with State Street. So long as the letter of credit is in effect, the trustee automatically draws on it to pay periodic principal and interest payments on the 2005 Bonds. If a 2005 Bond is put back to the Agency and the remarketing agent is unable to remarket the 2005 Bond, the trustee would draw on the letter of credit to buy the tendered 2005 Bond. The Agency reimburses State Street for all such draws and also pays an annual fee according to the terms of the Reimbursement Agreement and Fee Letter Agreement.

The original expiration date for the irrevocable direct-pay letter of credit for the 2005 Bonds was May 13, 2010. The Letter of Credit and Reimbursement agreement was amended in March 2010 and again in March 2013 at which time the expiration date was extended to May 13, 2016.

Investors view a direct-pay letter of credit from a provider with sufficiently strong credit and liquidity as a secure form of credit enhancement. Ratings on variable rate bonds backed by a letter of credit are based heavily on the financial strength of the issuer of such letter of credit. State Street's letter of credit has helped to maintain the interest rates on the 2005 Bonds at appropriately low levels.

With the letter of credit scheduled to expire on May 13, 2016, State Street has proposed to renew and extend the letter of credit for two years (i.e., with a new expiration date of May 13, 2018), provided that the Successor Agency and State Street enter into an amendment to the Fee Letter Agreement, substantially in the form of the enclosed "Amendment No.1 to Fee Letter Agreement."

The amendment to the Fee Letter Agreement includes, among other provisions, a decrease to the annual fee payable by the Successor Agency to reflect current market changes related to the dissolution of redevelopment. In addition to approval of the Successor Agency of the attached Resolution and associated documents, the amendment will also be presented to the Oversight Board for approval. Upon Successor Agency and Oversight Board approval, the amendment will then be forwarded to the California Department of Finance for final approval pending credit review by State Street Bank.

Due to the short-time frame required to receive Department of Finance approval, the documents included with the agenda packet are in draft form and subject to final review by our special attorney.

Fiscal Impact:

Current proposed fees for the letter of credit have been reduced from 2.25% to 2.05% per annum on the average daily amount of bonds outstanding.

Should there be failure to extend the letter of credit by May 13, 2016, there would be a draw on the letter of credit. The 2005 bonds will then be purchased by the trustee from money drawn under the letter of credit and the 2005 bonds will become "Bank Bonds." Under the terms of the reimbursement agreement, so long as the 2005 bonds remain as Bank Bonds, the Successor Agency will have to repay the Bank Bonds in 12 equal quarterly payments, with each quarterly payment equal to approximately $4 million in principal, plus interest. Interest rate on the Bank Bonds will immediately increase to 12%.

Attachments:
1. Resolution approving extension of letter of credit.
2. Draft Amendment #1 to Fee Letter Agreement.
3. Notice of Extension of Expiration Date and Amendment of Letter of Credit

RESOLUTION NO. 2016-___-SA

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE MANTECA REDEVELOPMENT AGENCY APPROVING AN AMENDMENT NO. 1 TO FEE LETTER AGREEMENT IN CONNECTION WITH A LETTER OF CREDIT EXTENSION FOR BONDS ISSUED BY THE MANTECA REDEVELOPMENT AGENCY IN 2005, AND TAKING CERTAIN RELATED ACTIONS

RECITALS:

A. The Manteca Redevelopment Agency (the "Former RDA") was a redevelopment agency duly created and authorized to transact business and exercise its powers under and pursuant to the Community Redevelopment Law, set forth in Part 1 of Division 24 of the California Health and Safety Code ("HSC"), including the power to issue bonds for its corporate purposes.

B. Pursuant to AB X1 26 (which was enacted in 2011), as modified by the California Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, 53 Cal. 4th 231 (2011), the Former RDA was dissolved as of February 1, 2012, the Successor Agency to the Manteca Redevelopment Agency (the "Successor Agency") was established, and the Oversight Board to the Successor Agency (the "Oversight Board") was constituted.

C. 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 enacted after AB X1 26, being referred to herein as the "Dissolution Act").

D. Pursuant to HSC Section 34173, except for those provisions of the Community Redevelopment Law that are repealed, restricted, or revised by the Dissolution Act, all authority, rights, powers, duties and obligations previously vested with the Former RDA under the Community Redevelopment Law are vested in the Successor Agency.

E. The Former RDA issued its Amended Merged Project Area, Variable Rate Subordinate Tax Allocation Refunding Bonds, Series 2005 (the "2005 Bonds"), on December 13, 2005.

F. The 2005 Bonds were issued pursuant to an Indenture, as supplemented by a First Supplemental Indenture, each dated December 1, 2005, by and between the Former RDA and the Trustee (together, the "2005 Indenture").

G. The 2005 Indenture has been supplemented and amended by a Second Supplemental Indenture, dated as of December 1, 2006, and a Third Supplemental Indenture, dated as of May 1, 2008, each by and between the Former RDA and the Trustee (the 2005 Indenture, as so supplemented and amended, being referred to herein as the "Indenture").

H. The 2005 Bonds were issued as variable rate bonds and, from time to time, are subject to tender by bondholders pursuant to the terms of the Indenture.

I. As of the adoption date of this Resolution, there are $46,570,000 in principal amount of 2005 Bonds outstanding.

J. Pursuant to a Letter of Credit and Reimbursement Agreement, dated as of May 1, 2008 (the "2008 LC Reimbursement Agreement"), by and between the Former RDA and State Street Bank and Trust Company ("State Street"), State Street issued its Irrevocable Letter of Credit No. ILC-1491/BSN, dated May 13, 2008 (the "Letter of Credit"), as a Credit Support Instrument (as defined in the Indenture) for the 2005 Bonds.

K. The term of the Letter of Credit, which was originally scheduled to expire on May 13, 2010, has been extended twice, in 2010 and 2013, respectively.

L. In connection with the previous extensions of the Letter of Credit, there have been executed and delivered: (i) an Amendment No. 1 to Letter of Credit and Reimbursement Agreement, dated as of February 1, 2010, by and between the Former RDA and State Street ("Amendment No. 1 to Reimbursement Agreement"), (ii) an Amendment No. 2 to Letter of Credit and Reimbursement Agreement, dated as of April 1, 2013 ("Amendment No. 2 to Letter of Credit and Reimbursement Agreement" and, collectively with the 2008 LC Reimbursement Agreement and Amendment No. 1 to Reimbursement Agreement, the "Reimbursement Agreement"), by and between the Successor Agency and State Street, and (iii) a Fee Letter Agreement, dated as of April 1, 2013 (the "2013 Fee Letter Agreement"), by and between the Successor Agency and State Street.

M. The current expiration date (the "Expiration Date") of the Letter of Credit is May 13, 2016.

N. Pursuant to the Indenture and the Reimbursement Agreement, if the Expiration Date is not extended, the 2005 Bonds will be subject to mandatory tender shortly before the Expiration Date and will be purchased by the Trustee using funds drawn from the Letter of Credit, and the 2005 Bonds so purchased by the Trustee will be registered in the name of State Street (such 2005 Bonds registered in the name of State Street being referred to in the Reimbursement Agreement and in this Resolution as "Bank Bonds").

O. The interest rate on any Bank Bonds will be significantly higher than the historic rate on the 2005 Bonds.

P. State Street has indicated its willingness to extend the Expiration Date of the Letter of Credit to May 13, 2018, and, in conjunction with such extension, enter into an Amendment No. 1 to Fee Letter Agreement (the "Amendment No. 1 to Fee Letter Agreement"), substantially in the form set forth in Exhibit A.

Q. Pursuant Amendment No. 1 to Fee Letter Agreement, the Letter of Credit Fee will be lowered from 2.25 percent to 2.05 percent per annum on the average daily amount of the Commitment (as such terms are defined in the 2013 Fee Letter Agreement), subject to the terms of the 2013 Fee Letter Agreement, as amended.

R. Upon execution and delivery of Amendment No. 1 to Fee Letter Agreement, State Street will deliver a notice to the Trustee regarding the extension, substantially in the form set forth in Exhibit B.

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

Section 1. The foregoing recitals, and each of them, are true and correct.

Section 2. Amendment No. 1 to Fee Letter Agreement, in the form attached hereto as Exhibit A, is hereby approved.

Section 3. Each of the Chair, the Vice Chair and the Executive Director (each, an "Authorized Officer"), acting individually, is hereby authorized to execute and deliver, for and in the name of the Successor Agency, Amendment No. 1 to Fee Letter Agreement, in substantially the form attached hereto as Exhibit A, with such changes therein as the Authorized Officer executing the same may approve (such approval to be conclusively evidenced by the Authorized Officer's execution and delivery thereof); provided that such execution and delivery shall occur after the effectiveness (pursuant to HSC Section 34179(h)) of the Oversight Board's resolution approving the Successor Agency's execution and delivery of Amendment No. 1 to Fee Letter Agreement.

Section 4. The Authorized Officers and all other officers of the Successor Agency are hereby authorized, jointly and severally, to do all things which they may deem necessary or proper to effectuate the purposes of this Resolution, the Reimbursement Agreement and the 2013 Fee Letter Agreement, as amended by Amendment No. 1 to the Fee Letter Agreement.

DATED: __________, 2016

ROLL CALL:

AYES:

NOES:

ABSENT:

ABSTAIN:

____

STEPHEN DEBRUM
CHAIRMAN

ATTEST:

____

JOANN TILTON, MMC
AGENCY SECRETARY

<u>EXHIBIT A</u>

Resolution No. 2016-____-SA

Amendment No. 1 to Fee Letter Agreement

(in substantial final form)

NRF Draft
2/18/16

AMENDMENT NO. 1 TO FEE LETTER AGREEMENT

This Amendment No. 1 to Fee Letter Agreement (this "Amendment"), dated as of ______ 1, 2016 and effective on May 13, 2016 (the "Effective Date"), is made by and between the Successor Agency to the Manteca Redevelopment Agency (the "Successor Agency") and State Street Bank and Trust Company (the "Bank"), and amends the Fee Letter Agreement, dated as of April 1, 2013 (the "Fee Letter Agreement"), by and between the Successor Agency and the Bank. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement (as defined in the Fee Letter Agreement).

Section 1. Amendment.

Section 1(b) of the Fee Letter Agreement is hereby amended by deleting reference to 2.25% in the second line and replacing such percentage with 2.05%.

Section 2. Conditions Precedent.

This Amendment shall be effective as of the Effective Date subject to the satisfaction of or waiver by State Street of all of the following conditions precedent:

(a) Delivery by the Successor Agency of an executed counterpart of this Amendment.

(b) Receipt by State Street of evidence of approval by the Oversight Board of the Successor Agency [and the State Department of Finance] of this Amendment.

(c) All other legal matters pertaining to the execution and delivery of this Amendment shall be satisfactory to the Bank and its counsel.

Section 3. Representations and Warranties

The Successor Agency hereby represents and warrants as follows:

(a) The execution, delivery and performance by the Successor Agency of this Amendment is within its powers, has been duly authorized by all necessary action and does not contravene any law or any contractual restriction binding on or affecting the Successor Agency.

(b) Other than approval by the Oversight Board referenced in Section 2(b) above, no authorization, approval or other action by, no notice, other than notice to and approval or deemed approval by the State Department of Finance, to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Successor Agency of this Amendment.

(c) This Amendment constitutes a legal, valid and binding obligation of the Successor Agency, enforceable against the Successor Agency in accordance with its terms.

Section 4. Covenant.

The Successor Agency will not submit to the Oversight Board or the State Department of Finance a request for the final amendment permitted for its Last and Final Recognized Obligation Payment Schedule pursuant to Section 34191.6 of the Health and Safety Code of the State of California without the prior written consent of the Bank, which shall be in the sole discretion of the Bank. This covenant is made specifically in consideration for the reduction in Letter of Credit Fee set forth herein and the extension of the stated expiration date of Letter of Credit No. ILC-1491/BSN to May 13, 2018.

Section 5. No Other Amendments.

No amendment to the Fee Letter Agreement, other than as expressly set forth herein shall be deemed made by this Amendment.

Section 6. Counterparts.

This Amendment may be executed in counterparts, each of which shall constitute an original but both or all of which, when taken together, shall constitute but one instrument.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their respective duly authorized officers as of the day and year first above written.

SUCCESSOR AGENCY TO THE MANTECA REDEVELOPMENT AGENCY

By: ______________________________

Name: ______________________________

Title: ______________________________

STATE STREET BANK AND TRUST COMPANY

By: ______________________________

Name: ______________________________

Title: ______________________________

EXHIBIT B

Resolution No. 2016-____-SA

State Street's Notice to Trustee Regarding Letter of Credit Extension

(in substantial final form)

Annex F

NOTICE OF EXTENSION OF EXPIRATION DATE AND

AMENDMENT OF LETTER OF CREDIT

To:

U.S. Bank National Association
1420 5th Avenue, 7th Floor
Seattle, Washington 98101
Attention: Corporate Trust Department

Re: Letter of Credit No. ILC-1491/BSN

Ladies and Gentlemen:

Reference is hereby made to the Irrevocable Letter of Credit No. ILC-1491/BSN, dated May 13, 2008 (the "Letter of Credit"), established by State Street Bank and Trust Company in your favor. We hereby notify you that the Expiration Date of the Letter of Credit has been extended to May 13, 2018.

We hereby also notify you of the following administrative amendments to the Letter of Credit:

1. The address of the Bank that appears on pages 3, and 6 of the Letter of Credit is deleted and the following shall be substituted therefor:

For Letter of Credit Draws and Communications:

State Street Bank and Trust Company
Loan Operation Department
100 Huntington Avenue, Tower 2, 4th Floor
Mailstop: CPH0427
Boston, Massachusetts 02116
Attention: Standby Letter of Credit Operation - Peter J. Connolly
Telephone: (617) 662-8588
Facsimile: (617) 988-6674

2. The address of the Bank that appears on ANNEXES A, B, C, D and E of the Letter of Credit is deleted and the following shall be substituted therefor:

State Street Bank and Trust Company
Loan Operation Department
Mailstop: CPH0427
100 Huntington Ave., Tower 2, 4th Floor
Boston, Massachusetts 02116
Attention: Standby Letter of Credit Unit

This Notice should be attached to the Letter of Credit and made a part thereof, as an amendment thereof.

Very truly yours,

STATE STREET BANK AND TRUST COMPANY

By: ______________________________
Name: ______________________________
Title: ______________________________

By: ______________________________
Name: ______________________________
Title: ______________________________