



County of Santa Cruz

0303

REDEVELOPMENT AGENCY

701 OCEAN STREET, ROOM 510, SANTA CRUZ, CA 95060-4000

(831) 454-2280 FAX: (831) 454-3420 TDD: (831) 454-2123

TOM BURNS, AGENCY ADMINISTRATOR

October 5, 2000

Agenda: October 17, 2000

Board of Directors
County of Santa Cruz Redevelopment Agency
701 Ocean Street
Santa Cruz, CA 95060

FINANCING FOR NEW RDA PROJECTS

Dear Members of the Board:

As part of your Board's final actions on the Redevelopment Agency's 2000-01 Budget, staff was directed to report back at this time with specific recommendations to enable additional bonding for continued implementation of the Live Oak-Soquel Redevelopment Plan. This letter provides the Board with a summary of previous bond proceeds received, the status of those funds, a discussion of the potential size of a new bond issue, and recommendations for proceeding with the sale of bonds.

Previous Project Funding

Redevelopment financing is a well-leveraged use of local property tax dollars generated within the redevelopment project area, as a direct result of increases in assessed valuation. The Agency's tax increment revenues — derived from the growth in property taxes from new development and reassessments at the time of property sales — come from two primary sources -- a combination of local and state tax revenues. Over the years, the match of state funds to county resources has gradually increased. When the project area was first approved in 1987, for every local dollar provided through redevelopment, the state provided an indirect match of two dollars. One of the few benefits of the state's transfer of local property tax revenues that has occurred over the past decade is that our local tax revenues are now even further leveraged. At this point in time, the state matches local resources almost 4: 1.

These tax increment dollars are further leveraged through the sale of bonds. Since 1987, the Agency, either directly or through the Public Finance Authority (PFA), has participated in a series of bond sales. The sale of bonds has yielded approximately \$65.5 million over the past twelve years for capital improvement projects within the project area and housing assistance projects throughout the unincorporated area. Figure 1 summarizes the proceeds from those various bond issues.

Figure 1: SUMMARY OF BOND RDA PROCEEDS TO DATE			
Bond Sale	Capital Projects	Housing Projects	Total Projects
1988 Issue	\$8,772,257	\$2,193,064	\$10,965,321
1990 Series B Issue	\$29,093,327	\$7,273,332	\$36,366,659
1993 Series B Issue	\$6,792,398	\$1,698,099	\$8,490,497
1996 Issue	\$7,112,587	\$2,533,424	\$9,646,011
TOTAL PROCEEDS	\$51,770,569	\$13,697,919	\$65,468,488

These funds have been used to address a wide variety of community needs. Attachments 1 and 2 summarize Agency capital and housing projects that have been completed to date through access to these funds. Attachment 3 summarizes remaining capital projects which are currently funded and scheduled for completion in the next few years.

A summary of project costs from Attachments 1, 2, and 3 and projected housing assistance projects is provided in Figure 2 below:

Figure 2: SUMMARY OF USES OF CURRENT BOND PROCEEDS			
Project Type	Capital Projects	Housing Projects	Total Project Costs
Completed Projects/ Under Construction	\$53,694,000	\$13,758,000	\$67,452,000
Projects Funded for Future Years	\$10,481,000	\$3,800,000	\$14,281,000
Pending Future Projects		\$2,000,000	\$2,000,000
TOTAL PROJECT COMMITMENTS	\$64,175,000	\$19,558,000	\$83,733,000

A comparison of Figures 1 and 2 shows that significant expenditures beyond bond proceeds have been possible. This has been primarily as a result of investment earnings on bond proceeds. In addition, the numbers above reflect outside grant revenues for capital projects in excess of \$4 million. While not reflected in the numbers above, because outside funds have come through the Agency's non-profit housing providers, over \$60 million of outside funds have been attracted to local housing projects (illustrated in Attachment 2).

In summary, over the past twelve years, the Agency has been able to utilize tax increment financing (with its significant match of state dollars) to support a number of bond sales. Cumulatively, these projects have substantially improved the quality of life within the project area — for both residents and businesses. As well, literally thousands of low

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income residents have **benefitted** county-wide from the Agency's housing projects and programs.

Remaining Unfunded Projects

While significant progress has been made in addressing the infrastructure, housing and business assistance needs within the project area, a substantial number of projects remain unfunded. A review of the projects contained within the Redevelopment Plan indicates that projects exceeding \$100 million in cost remain to be completed. Additionally, even with the numerous projects completed over the past decade, the need for affordable housing assistance far exceeds available funding.

Timing for Identifying and Constructing New Projects

As is illustrated in Figure 2, existing funds have been committed to finance projects that are completed or are in the final design stages. In order to begin work on the next round of projects it is first necessary to define the magnitude of available funding through the sale of bonds. Once the sale is completed and the total proceeds are known, staff will provide recommendations to your Board on the next round of projects. After Board approval of project priorities, initial design work will begin on the projects and they will be integrated into the overall multi-year project schedules.

Bond Size and Structure

In response to changes in the financial markets over the last several years, the bonding process has created even greater protections for bond purchasers. The Agency can no longer bond based upon future growth in tax increment revenues. Rather, the size of a bond issue is determined solely on the basis of current year tax increment revenues, outstanding debt service payments, and the net remaining increment available for additional debt service. In other words, for the purpose of projecting additional bonding capacity, new debt service payments must be supported without the benefits of any future growth in tax increment revenues.

Over the years it has become more difficult to use tax exempt bond proceeds for affordable housing projects. These limitations have forced the Agency to structure financial assistance for housing projects in a more complicated fashion to avoid federally-mandated private lending limits. As well, the federal government is no longer allowing tax exempt bond proceeds to be used as match for federal tax credit financing. This later issue is particularly difficult because of the importance of tax credits as a major affordable housing financing source. Because of these problems, many redevelopment agencies have begun to issue taxable bonds for the housing portion of their bond issue. The proposed bond issue before you is structured in this fashion to maximize flexibility in use of housing funds. As a result, the issue has two parts, with the 2000 A Issue being a tax exempt issue to

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finance capital improvement projects, and the 2000 B Issue being a taxable issue to finance housing projects.

Based upon the current year's tax increment growth, our financial advisor has projected maximum bond issue sizes of \$35 million and \$10 million for capital projects and housing projects, respectively. The ultimate bond sizes will be defined closer to the bond sales and will in part depend on the interest rates.

The attached resolutions include the necessary actions for your Board's approval to allow these bond issues to proceed. Attachments 4 and 5 authorize the sale of both bonds and related actions. Attachments 6 and 7 provide agreements between the Agency and County regarding subordination of the County's pass-through payments for the two bond issues, as has been done in the past.

Conclusion/Recommendation

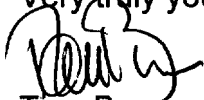
Through the use of proceeds from the sale of redevelopment tax increment bonds received over the past twelve years and the leveraging of these monies with other public and private sources, substantial progress has taken place in implementing the Live Oak-Soquel Redevelopment Plan and significant housing assistance has been provided to low income families in our community. In order for these community improvements and housing assistance projects and programs to continue, it is important to take actions at this time to secure additional financial resources. While bond proceeds are not the only source of funds available to support the Agency's redevelopment efforts, they serve as the backbone of the Agency's extremely successful and well-leveraged financing formula.

It is therefore **RECOMMENDED** that your Board, as the Board of the Redevelopment Agency, take the following actions:

1. Approve the attached resolutions which authorize proceeding with actions needed for new bond issues (Attachments 4 and 5);
2. Approve the attached resolutions which authorize the Agency to enter into agreements with the County regarding the subordination of pass-through payments as part of this bond issues (Attachment 6 and 7); and

3. Direct the RDA Administrator to return with a report on the final amount of proceeds from the new bond issue and recommendations for project funding on or before February 6, 2001.

Very truly yours,



Tom Burns
Redevelopment Agency Administrator

RECOMMENDED:



Susan A. Mauriello
Redevelopment Agency Director

Attachments

1. Summary of Capital Projects Completed to Date
2. Summary of Housing Projects Completed to Date
3. Summary of Pending Funded Capital Projects
4. Resolution Authorizing Sale of Tax Exempt Bonds
5. Resolution Authorizing Sale of Taxable Bonds
6. Resolution Authorizing Approval of Subordination Agreement for Tax Exempt Bonds
7. Resolution Authorizing Approval of Subordination Agreement for Taxable Bonds
8. Preliminary Official Statement (on file with Clerk)
9. Preliminary Indenture of Trust (on file with Clerk)

cc. RDA
CAO
Auditor-Controller

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**ATTACHMENT 1: SUMMARY OF CAPITAL PROJECTS
COMPLETED TO DATE**

Project Type and Description	cost
Road, Sidewalk, Bike Lane, and Drainage Projects	
Thurber Channel Improvements	
Prather Lane Drainage	
Pleasure Point Drainage Improvements	
14th Avenue Drainage	
17th to 16th Drainage	
Felt Street Improvements	
East Walnut, Main St., Lower Soquel Creek Ped. Bridge	
17th Avenue Improvements	
Lower Porter Street Improvements	
Chanticleer Improvements	
Rodriguez Street Improvements	
Soquel Drive Improvements (East Walnut to Porter Gulch)	
Thurber Lane Improvements	
East Cliff Village Improvements	
Porter Street Bridge Replacement	
Lower 7th Avenue Improvements	
Portola Drive (1 7 th to 24th)	
East Cliff Stabilization (@Larch Lane)	
Park Avenue Improvements	
Subtotal: Road, Roadside & Drainage Improvements	\$14,630,000
Business Area Assistance Projects	
Soquel Parking Lots 1 & 2	
Soquel Parking Lots 3 & 4	
Commercial Way Circulation/Drainage Project	
Pleasure Point Improvement Project	
Heart of Soquel Property Acquisition	
Felt Street Plaza Acquisition	
Subtotal: Business Area Assistance Projects	\$6,346,000
Parks and Community Facilities Projects	
Willowbrook Parks Acquisition and Development	
Twin Lakes Park Acquisition and Development	
Pleasure Point Park Acquisition	
Jose Avenue Park Acquisition and Development	
The Hook Parking Lot Acquisition and Development	
Chanticleer Park Site Acquisition	
Anna Jean Cummings Park Acquisition & Development	
Live Oak Interim Library -Acquisition and Development	
7 th Ave/Brommer Site Acquisition	
Simpkins Swim Center/ Live Oak Community Center	
Cunnison Lane Park Acquisition (The Farm)	
Subtotal: Park and Community Facilities Projects	\$32,718,000
TOTAL COSTS FOR COMPLETED CAPITAL PROJECTS	\$53,694,000

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SUMMARY OF COMPLETED/UNDER CONSTRUCTION -- EXISTING HOUSING PROJECTS --			
Project	Description	Developer	No. of Units
Pacific Family Mobile Home Park	Conversion of mobile home park to limited equity co-op; low income coach owners	Santa Cruz Community Housing Corp.	34
Lagoon Beach Cooperative	Apt. conversion to limited equity cooperative; very low income	Santa Cruz Community Housing Corp.	31
Brommer Street	Apt. conv.; transitional housing for formerly homeless families	Housing Authority	6
Woodland Heights	Preserve affordability of low income senior rental project	Vosti Properties	68
Beachcomber Mobile Home Park	Conversion of mobile home park to limited equity co-op; low income coach owners	Santa Cruz Community Housing Corp.	73
CDBG Housing Rehabilitation	Rehabilitation of single family, apartments and mobile homes: low income	Various	16
Murphy's Crossing	Rehabilitation and purchase of farm labor camp; low and very low income	Mid Peninsula Housing Coalition	18
Sorrento Oaks	Private mobile home park conversion; loans to low income park residents	Private Cooperative	13
Tierra Alta	Sanitation improvements for low and very low income farm worker housing	Housing Authority	36
Willowbrook Asst. Care Housing	Assisted living housing and affordable rental units	Willowbrook LLC	40 beds + 4 units
Above the Line	Transitional housing for formerly homeless teens and affordable rental units	Mercy Charities	20 beds +7 units
McIntosh Mobile Home Park	Preserve, expand and upgrade low income park	Mercy Housing	19
First Time Home-Buyer Program	Loans to low income home purchasers	RDA	40 (to date)
Cliffwood Estates Mobile Home Park	Private mobile home park conversion; loans to low income residents	Private Cooperative	9
Measure J Preservation Program	Loans to low and moderate income homeowners	RDA	3 (to date)

TOTAL UNITS ASSISTED: 407 units
TOTAL RDA FUNDS: \$ 4,843,000
TOTAL OTHER FUNDS \$ 20,249,000

ATTACHMENT 2b

SUMMARY OF COMPLETED/UNDER CONSTRUCTION -- NEW HOUSING PROJECTS--			
Project	Description	Developer	No. Units
Habitat for Humanity	Single family houses for sale to very low income	Habitat for Humanity	6
VOA Senior Housing	Apt. units; very low income seniors	Volunteers of America	75
Stepping Out	Apartments; very low income disabled adults	Stepping Out Housing, Inc.	18
Cunnison Lane/Farm	New units and child care for very low income families	Mid-Peninsula Housing Coalition	39
Arroyo Verde	Enhance affordability of very low and low income ownership project	Housing Authority	101
Casa Linda	Apartment units for disabled adults	Housing for Indep. People	21
San Andreas Farm Labor Camp	Rental project for very low income farmworkers	Mid Peninsula Housing Coalition	43
McIntosh Mobile Home Park	Preserve, expand and upgrade low income park	Mercy Housing	9
Merrill Road	Apartments for very low income families	Housing Authority	15
Vista Verde Apartments	Rental project for low and very low income families	South County Housing	76

TOTAL UNITS ASSISTED:	403 units
TOTAL AGENCY FUNDS:	\$8,915,000
TOTAL OTHER FUNDS:	\$40,661,000

MAJOR CAPITAL PROJECTS FUNDED FOR CONSTRUCTION IN FUTURE YEARS		
CONST. EST.	PROJECT NAME	AVAILABLE FUNDING
2000-01	Avenues' Drainage - Phase II	\$1,171,000
2000-01	Lower 30th Avenue Improvements	\$200,000
2001-02	Capitola Road (Santa Cruz to Capitola)	\$1,200,000
2001-02	Soquel Drive Bridge and Soq. Drive	\$425,000
2001-02	East Cliff Pathway'	\$200,000
2002-03	Brommer Street (7 th to 17 th Ave.)	\$585,000
2003-04	Live Oak Library Expansion	\$3,400,000
2003-04	Soquel Avenue	\$700,000
2003-04	Twin Lakes Beach Promenade ²	\$1 ,000,000
2003-04	Farm Park & Soquel Community Center ³	\$1,300,000
2003-04	Mattison Lane Pedestrian Bridge	\$300,000
TOTAL PENDING PROJECTS		\$10,481,000

¹ This project is dependent on completing cliff stabilization in the area. That project currently requires a \$1 million local match. That funding will need to be identified over the next year.

² The current funding of \$1 million is intended to be the local match for other state and federal funding sources. A total project budget will be developed in conjunction with the project definition over the next year.

³ Funding for this project was reduced this past year to fund other new projects, with the understanding that full funding would be restored from new bond proceeds. The amount shown assumes that funding will be restored.

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Upon the motion of Director _____ duly
seconded by Director _____ the
following resolution is adopted:

RESOLUTION NO.

RESOLUTION OF THE COUNTY OF SANTA CRUZ REDEVELOPMENT AGENCY AUTHORIZING AND DIRECTING THE NOTICE OF SALE OF NOT TO EXCEED \$35,000,000.00 PRINCIPAL AMOUNT OF TAX ALLOCATION BONDS, APPROVING PRELIMINARY OFFICIAL STATEMENT AND DISTRIBUTION OF PRELIMINARY OFFICIAL STATEMENT, AUTHORIZING EXECUTION AND DELIVERY OF OFFICIAL STATEMENT, AN INDENTURE OF TRUST, AND AUTHORIZING THE SALE OF THE BONDS ON CERTAIN TERMS AND CONDITIONS, APPOINTING BOND COUNSEL AND A FINANCING CONSULTANT, AUTHORIZING CERTAIN OTHER OFFICIAL ACTIONS AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

WHEREAS, the County of Santa Cruz Redevelopment Agency (the "Agency") intends to authorize by an Indenture of Trust the issuance by the Agency of its Subordinate Tax Allocation Bonds, 2000 Series A (Live Oak/Soquel Community Improvement Project Area) (the "Bonds"), all in the principal amount not to exceed \$35,000,000.00; and

WHEREAS, proceeds of the Bonds will be used (i) pay costs of redevelopment of the project; (ii) to establish a reserve account; and (iii) to pay the costs of issuing the Bonds; and

WHEREAS, it is desirable that the Bonds be offered for public sale at this time; and

WHEREAS, the Agency will cause bids to be received pursuant to the terms of Official Notice of Sale (the "Official Notice of Sale") for the purchase of Bonds; and

WHEREAS, the Agency's Financing Consultant with respect to the Bonds, Harrell & Company Advisors, LLC (the "Financing Consultant"), has and will cause a Preliminary Official Statement and an Official Statement for the Bonds to be submitted to the Agency for approval and the Agency's Bond Counsel, Rutan & Tucker, LLP ("Bond Counsel") has caused a form of an Indenture of Trust and form of Escrow Agreement to be submitted to the Agency for approval, and the Agency now desires to approve and authorize execution of said documents in substantially the form prior submitted;

WHEREAS, there has been presented to the Board of Directors of the Agency for approval the following documents:

(1) Indenture of Trust, dated as of October 1, 2000, (the "Indenture") both by and between the Agency and BNY Western Trust Company (the "Trustee");

- (2) Official Notice of Sale ;
- (3) Preliminary Official Statement; and
- (4) Continuing Disclosure Certificate.

WHEREAS, the Agency desires to authorize the sale of the Bonds upon the terms and conditions hereinafter set forth;

NOW, THEREFORE, the Santa Cruz County Redevelopment Agency does hereby resolve and declare as follows:

Section 1. Sale Authorized; Time and Place for Bids.

The sale of not to exceed Thirty-Five Million Dollars (\$35,000,000.00) principal amount of its Subordinate Tax Allocation Bonds, 2000 Series A (Live Oak/Soquel Community Improvement Project Area), in accordance with law, is hereby authorized. November 29, 2000 at the hour of 10:00 a.m. Pacific Time, or such other time as the Executive Director or Assistant Executive Director or Redevelopment Agency Administrator may authorize, is hereby fixed as the time, and the offices of Harrell & Company Advisors, LLC, 333 City Boulevard West, Suite 1430, Orange, California 92868, is hereby fixed as the place at which bids will be received for the purchase of the Bonds, as described in and subject to the terms and conditions of the Official Notice of Sale hereinafter referred to. The Executive Director or Assistant Executive Director or Redevelopment Agency Administrator of the Agency is hereby authorized and directed for and on behalf of the Agency to award sale of the Bonds within 24 hours of the receipt of bids to the responsible bidders offering the lowest true interest cost to the Agency, all as determined by the Executive Director or Assistant Executive Director, or Redevelopment Agency Administrator, in consultation with the Agency's Financing Consultant, with the right being reserved to reject any and all bids; provided that the aggregate principal amount of the Bonds shall not exceed Thirty-Five Million Dollars (\$35,000,000.00) the stated interest rate for any maturity of Bonds may not exceed eight percent (8%) per annum, and the initial purchaser's discount may not exceed the amounts specified in the Official Notice of Sale.

Section 2. Official Notice of Sale.

The invitation for bids for the purchase of the Bonds is hereby authorized, such invitation to be substantially in accordance with the Official Notice of Sale, which includes a bid form, all attached to and incorporated herein as Exhibit "A" with such changes and modifications as may be deemed appropriate or necessary by Agency staff and Bond Counsel, including the final principal amount of the Bonds, to cause the Notice of Sale to conform to the terms of the Bonds as such terms are set forth in the hereinafter referred to Preliminary Official Statement.

Section 3. Publication of Notice of Sale.

The Secretary of the Agency shall cause the Notice of Sale, in its final form with such changes and modifications referred to in Section 2 hereof, to be published once in the Santa Cruz Sentinel, a newspaper published and of general circulation in the County of Santa Cruz, California, at least five (5) days prior to the day fixed for the receipt of bids.

Section 4. Terms and Conditions of Sale.

The terms and conditions of the offering and the sale of the Bonds shall be as specified in the Notice of Sale, including such modifications thereto as permitted pursuant to Section 3 hereof.

Section 5. Preliminary Official Statement.

The Preliminary Official Statement relating to the Bonds, prepared by the Financing Consultant, in the form on file with the Secretary of the Agency, is approved for distribution by the Financing Consultant, to municipal bond broker-dealers, to banking institutions and to members of the general public who may be interested in purchasing the Bonds. The Executive Director or Assistant Executive Director is authorized to approve the amendment of the Preliminary Official Statement, from time to time, pending distribution of the Preliminary Official Statement as shall be required to cause such Preliminary Official Statement to contain any further information necessary to accurately describe the Bonds and the Executive Director or Assistant Executive Director is authorized to deem final the Preliminary Official Statement as of its date for the purpose of Rule 15c2-12 under the Securities Exchange Act of 1934 as amended. The final Official Statement relating to the Bonds shall be submitted to the Executive Director or Assistant Executive Director of the Agency for approval.

Section 6. Furnishing of Official Notice of Sale and Preliminary Official Statement.

The Secretary of the Agency and the Financing Consultant are hereby authorized and directed to cause to be furnished to prospective bidders a reasonable number of copies of the Notice of Sale (including the Bid Form) and a reasonable number of copies of the Preliminary Statement.

Section 7. Publication of Notice of Intention to Sell.

The Secretary of the Agency shall cause the Financing Consultant to cause a copy of a Notice of Intention to Sell Bonds to be published once in the Bond Buyer, One State Street Plaza, New York, New York, substantially in the form attached hereto as Exhibit "B" with such changes and modifications as may be deemed appropriate and necessary by Agency staff and Bond Counsel to cause said Notice of Intention to Sell Bonds to conform to the terms of the Bonds as such terms are set forth in the Preliminary Official Statement. Such publication shall be on a date at least fifteen (15) days prior to the date fixed for the receipt of bids.

Section 8. Financing Consultant and Bond Counsel.

Pursuant to the contract approved with the financing consulting firm of Harrell & Company Advisors, LLC, which is a substitute contract for the one prior with Rod Gunn Associates, Inc., and pursuant to its contract prior approved on June 5, 1990, Harrell & Company Advisors, LLC and Rutan & Tucker, LLP are hereby retained as Financing Consultant and Bond Counsel respectively.

Section 9. Filing of CDAC Notice.

The Agency hereby approves the filing by the Financing Consultant of a notice of the Authority's intent to sell the Bonds with the California Debt and Investment Advisory Commission pursuant to Section 8855 of the California Government Code.

Section 10. Issuance and Sale of Bonds.

Pursuant to the Indenture (hereinafter defined), the Bonds in an aggregate principal amount of not to exceed Thirty-Five Million Dollars (\$35,000,000.00) are hereby authorized to be issued and sold to the Purchaser selected by the Executive Director or Assistant Executive Director or Redevelopment Agency Administrator pursuant to Sections 1 and 2 above. The Bonds shall be executed by the manual or facsimile signature of the Chairperson, the Executive Director or Assistant Executive Director and the seal or facsimile of the seal of the Agency may be reproduced thereon and attested by the manual or facsimile signature of the Secretary, in the form set forth in and otherwise in accordance with the Indenture.

Section 11. Approval of Preliminary Official Statement and Official Statement.

The Chairperson or Executive Director or Assistant Executive Director is hereby directed to execute and deliver, for and in the name and on behalf of the Agency, the final Official Statement in the form of the Preliminary Official Statement, together with such amendments and supplements thereto as shall be necessary or convenient to accurately describe the Bonds in accordance with this Resolution, the Indenture, the Notice of Sale the accepted proposal of the Purchaser and the other related agreements and documents.

Section 12. Approval of Indenture and Continuing Disclosure Certificate.

The proposed form of the Indenture of Trust, in the form on file with the Secretary, and the form of the Continuing Disclosure Certificate, in the form shown in Appendix B to the Preliminary Official Statement are hereby approved. The Chairperson or Executive Director or Assistant Executive Director is hereby authorized and directed to execute and deliver, and the Secretary is hereby authorized and directed to attest and affix the seal of the Agency to the Indenture and Escrow Agreement in substantially said form, with such additions thereto or changes therein as are approved by the Executive Director or Assistant Executive Director upon consultation with Bond Counsel and the Agency's Financing Consultant, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Indenture by the Chairperson or Executive Director or Assistant Executive Director.

Section 13. Delivery of the Bonds.

The Bonds shall be delivered to the Purchaser(s) upon compliance with the terms and conditions set forth in the Notice of Sale. The Chairperson, the Executive Director, the Assistant Executive Director, Redevelopment Agency Administrator, the Secretary and other proper officers of the Agency are hereby authorized and directed to deliver any and all documents and instruments, to authorize the payment of Costs of Issuance and to do and cause to be done any and all acts and things necessary or convenient for delivery of the Bonds to the Purchaser.

Section 14. Official Action.

The Chairperson, the Vice-Chairperson, the Treasurer, the Executive Director, the Assistant Executive Director, the Redevelopment Agency Administrator, the Secretary, the Agency Counsel and any and all other officers of the Agency are hereby authorized and directed, for and in the name and on behalf of the Agency, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and sale of the Bonds, the execution and delivery of the Indenture.

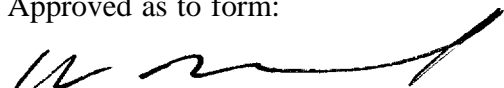
ADOPTED THIS 17th day of October, 2000.

Chairperson of the County of Santa Cruz
Redevelopment Agency

ATTEST:

Secretary of the County of
Santa Cruz Redevelopment Agency

Approved as to form:



Bond Counsel

CERTIFICATION

State of California)
County of Santa Cruz)ss
City of Santa Cruz)

I, _____ Secretary of the Board of Directors of the County of Santa Cruz Redevelopment Agency, hereby certify that the attached copies of Resolution No. _____ are full, true and correct copies of that now on file in the records of Clerk of the Board of Supervisors.

IN WITNESS WHEREOF, I have hereunto set my hand this 17th day of October, 2000.

Secretary of the Board of Directors of the County of Santa Cruz Redevelopment Agency

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Upon the motion of Director _____ duly seconded by Director _____ the following resolution is adopted:

RESOLUTION NO. _____

RESOLUTION OF THE COUNTY OF SANTA CRUZ REDEVELOPMENT AGENCY AUTHORIZING AND DIRECTING THE NOTICE OF SALE OF NOT TO EXCEED \$10,000,000.00 PRINCIPAL AMOUNT OF TAX ALLOCATION BONDS, APPROVING PRELIMINARY OFFICIAL STATEMENT AND DISTRIBUTION OF PRELIMINARY OFFICIAL STATEMENT, AUTHORIZING EXECUTION AND DELIVERY OF OFFICIAL STATEMENT, AN INDENTURE OF TRUST, AND AUTHORIZING THE SALE OF THE BONDS ON CERTAIN TERMS AND CONDITIONS, APPOINTING BOND COUNSEL AND A FINANCING CONSULTANT, AUTHORIZING CERTAIN OTHER OFFICIAL ACTIONS AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

WHEREAS, the County of Santa Cruz Redevelopment Agency (the "Agency") intends to authorize by an Indenture of Trust the issuance by the Agency of its Subordinate Tax Allocation Bonds, 2000 Taxable Series B (Live Oak/Soquel Community Improvement Project Area) (the "Bonds"), all in the principal amount not to exceed \$10,000,000.00 and

WHEREAS, proceeds of the Bonds will be used (i) pay costs of redevelopment of the project; (ii) to establish a reserve account; and (iii) to pay the costs of issuing the Bonds; and

WHEREAS, it is desirable that the Bonds be offered for public sale at this time; and

WHEREAS, the Agency will cause bids to be received pursuant to the terms of Official Notice of Sale (the "Official Notice of Sale") for the purchase of Bonds; and

WHEREAS, the Agency's Financing Consultant with respect to the Bonds, Harrell & Company Advisors, LLC (the "Financing Consultant"), has and will cause a Preliminary Official Statement and an Official Statement for the Bonds to be submitted to the Agency for approval and the Agency's Bond Counsel, Rutan & Tucker, LLP ("Bond Counsel") has caused a form of an Indenture of Trust and form of Escrow Agreement to be submitted to the Agency for approval, and the Agency now desires to approve and authorize execution of said documents in substantially the form prior submitted;

WHEREAS, there has been presented to the Board of Directors of the Agency for approval the following documents:

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- (3) Preliminary Official Statement; and
- (4) Continuing Disclosure Certificate.

WHEREAS, the Agency desires to authorize the sale of the Bonds upon the terms and conditions hereinafter set forth;

NOW, THEREFORE, the Santa Cruz County Redevelopment Agency does hereby resolve and declare as follows:

Section 1. Sale Authorized; Time and Place for Bids.

The sale of not to exceed Ten Million Dollars (\$10,000,000.00) principal amount of its Subordinate Tax Allocation Bonds, 2000 Taxable Series B (Live Oak/Soquel Community Improvement Project Area), in accordance with law, is hereby authorized. November 29, 2000 at the hour of 10:00 a.m. Pacific Time, or such other time as the Executive Director or Assistant Executive Director or Redevelopment Agency Administrator may authorize, is hereby fixed as the time, and the offices of Harrell & Company Advisors, LLC, 333 City Boulevard West, Suite 1430, Orange, California 92868, is hereby fixed as the place at which bids will be received for the purchase of the Bonds, as described in and subject to the terms and conditions of the Official Notice of Sale hereinafter referred to. The Executive Director or Assistant Executive Director or Redevelopment Agency Administrator of the Agency is hereby authorized and directed for and on behalf of the Agency to award sale of the Bonds within 24 hours of the receipt of bids to the responsible bidders offering the lowest true interest cost to the Agency, all as determined by the Executive Director or Assistant Executive Director, or Redevelopment Agency Administrator, in consultation with the Agency's Financing Consultant, with the right being reserved to reject any and all bids; provided that the aggregate principal amount of the Bonds shall not exceed Ten Million Dollars (\$10,000,000.00) the stated interest rate for any maturity of Bonds may not exceed ten percent (10%) per annum, and the initial purchaser's discount may not exceed the amounts specified in the Official Notice of Sale.

Section 2. Official Notice of Sale.

The invitation for bids for the purchase of the Bonds is hereby authorized, such invitation to be substantially in accordance with the Official Notice of Sale, which includes a bid form, all attached to and incorporated herein as Exhibit "A" with such changes and modifications as may be deemed appropriate or necessary by Agency staff and Bond Counsel, including the final principal amount of the Bonds, to cause the Notice of Sale to conform to the terms of the Bonds as such terms are set forth in the hereinafter referred to Preliminary Official Statement.

Section 3. Publication of Notice of Sale.

The Secretary of the Agency shall cause the Notice of Sale, in its final form with such changes and modifications referred to in Section 2 hereof, to be published once in the Santa Cruz Sentinel, a newspaper published and of general circulation in the County of Santa Cruz, California, at least five (5) days prior to the day fixed for the receipt of bids.

Section 4. Terms and Conditions of Sale.

The terms and conditions of the offering and the sale of the Bonds shall be as specified in the Notice of Sale, including such modifications thereto as permitted pursuant to Section 3 hereof.

Section 5. Preliminary Official Statement.

The Preliminary Official Statement relating to the Bonds, prepared by the Financing Consultant, in the form on file with the Secretary of the Agency, is approved for distribution by the Financing Consultant, to municipal bond broker-dealers, to banking institutions and to members of the general public who may be interested in purchasing the Bonds. The Executive Director or Assistant Executive Director is authorized to approve the amendment of the Preliminary Official Statement, from time to time, pending distribution of the Preliminary Official Statement as shall be required to cause such Preliminary Official Statement to contain any further information necessary to accurately describe the Bonds and the Executive Director or Assistant Executive Director is authorized to deem final the Preliminary Official Statement as of its date for the purpose of Rule 15c2-12 under the Securities Exchange Act of 1934 as amended. The final Official Statement relating to the Bonds shall be submitted to the Executive Director or Assistant Executive Director of the Agency for approval.

Section 6. Furnishing of Official Notice of Sale and Preliminary Official Statement.

The Secretary of the Agency and the Financing Consultant are hereby authorized and directed to cause to be furnished to prospective bidders a reasonable number of copies of the Notice of Sale (including the Bid Form) and a reasonable number of copies of the Preliminary Statement.

Section 7. Publication of Notice of Intention to Sell.

The Secretary of the Agency shall cause the Financing Consultant to cause a copy of a Notice of Intention to Sell Bonds to be published once in the Bond Buyer, One State Street Plaza, New York, New York, substantially in the form attached hereto as Exhibit "B" with such changes and modifications as may be deemed appropriate and necessary by Agency staff and Bond Counsel to cause said Notice of Intention to Sell Bonds to conform to the terms of the Bonds as such terms are set forth in the Preliminary Official Statement. Such publication shall be on a date at least fifteen (15) days prior to the date fixed for the receipt of bids.

Section 8. Financing Consultant and Bond Counsel.

Pursuant to the contract approved with the financing consulting firm of Harrell & Company Advisors, LLC, which is a substitute contract for the one prior with Rod Gunn Associates, Inc., and pursuant to its contract prior approved on June 5, 1990, Harrell & Company Advisors, LLC and Rutan & Tucker, LLP are hereby retained as Financing Consultant and Bond Counsel respectively.

Section 9. Filing of CDAC Notice.

The Agency hereby approves the filing by the Financing Consultant of a notice of the Authority's intent to sell the Bonds with the California Debt and Investment Advisory Commission pursuant to Section 8855 of the California Government Code.

Section 10. Issuance and Sale of Bonds.

Pursuant to the Indenture (hereinafter defined), the Bonds in an aggregate principal amount of not to exceed Ten Million Dollars (\$10,000,000.00.00) are hereby authorized to be issued and sold to the Purchaser selected by the Executive Director or Assistant Executive Director or Redevelopment Agency Administrator pursuant to Sections 1 and 2 above. The Bonds shall be executed by the manual or facsimile signature of the Chairperson, the Executive Director or Assistant Executive Director and the seal or facsimile of the seal of the Agency may be reproduced thereon and attested by the manual or facsimile signature of the Secretary, in the form set forth in and otherwise in accordance with the Indenture.

Section 11. Approval of Preliminary Official Statement and Official Statement.

The Chairperson or Executive Director or Assistant Executive Director is hereby directed to execute and deliver, for and in the name and on behalf of the Agency, the final Official Statement in the form of the Preliminary Official Statement, together with such amendments and supplements thereto as shall be necessary or convenient to accurately describe the Bonds in accordance with this Resolution, the Indenture, the Notice of Sale the accepted proposal of the Purchaser and the other related agreements and documents.

Section 12. Approval of Indenture and Continuing Disclosure Certificate.

The proposed form of the Indenture of Trust, in the form on file with the Secretary, and the form of the Continuing Disclosure Certificate, in the form shown in Appendix B to the Preliminary Official Statement are hereby approved. The Chairperson or Executive Director or Assistant Executive Director is hereby authorized and directed to execute and deliver, and the Secretary is hereby authorized and directed to attest and affix the seal of the Agency to the Indenture and Escrow Agreement in substantially said form, with such additions thereto or changes therein as are approved by the Executive Director or Assistant Executive Director upon consultation with Bond Counsel and the Agency's Financing Consultant, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Indenture by the Chairperson or Executive Director or Assistant Executive Director.

Section 13. Delivery of the Bonds.

The Bonds shall be delivered to the Purchaser(s) upon compliance with the terms and conditions set forth in the Notice of Sale. The Chairperson, the Executive Director, the Assistant Executive Director, Redevelopment Agency Administrator, the Secretary and other proper officers of the Agency are hereby authorized and directed to deliver any and all documents and instruments, to authorize the payment of Costs of Issuance and to do and cause to be done any and all acts and things necessary or convenient for delivery of the Bonds to the Purchaser.

Section 14. Official Action.

The Chairperson, the Vice-Chairperson, the Treasurer, the Executive Director, the Assistant Executive Director, the Redevelopment Agency Administrator, the Secretary, the Agency Counsel and any and all other officers of the Agency are hereby authorized and directed, for and in the name and on behalf of the Agency, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and sale of the Bonds, the execution and delivery of the Indenture.

ADOPTED THIS 17th day of October, 2000.

Chairperson of the County of Santa Cruz
Redevelopment Agency

ATTEST:

Secretary of the County of
Santa Cruz Redevelopment Agency

Approved as to form:



Bond Counsel

CERTIFICATION

State of California)
County of Santa Cruz)ss
City of Santa Cruz)

I, _____ Secretary of the Board of Directors of the County of Santa Cruz Redevelopment Agency, hereby certify that the attached copies of Resolution No. _____ are full, true and correct copies of that now on file in the records of Clerk of the Board of Supervisors.

IN WITNESS WHEREOF, I have hereunto set my hand this 17th day of October, 2000.

Secretary of the Board of Directors of the County of Santa Cruz Redevelopment Agency

0324

UPON THE MOTION OF DIRECTOR _____ DULY SECONDED BY DIRECTOR _____ THE FOLLOWING RESOLUTION IS ADOPTED:

BEFORE THE BOARD OF DIRECTORS OF THE COUNTY OF SANTA CRUZ REDEVELOPMENT AGENCY, STATE OF CALIFORNIA

RESOLUTION NO. _____

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE COUNTY OF SANTA CRUZ REDEVELOPMENT AGENCY APPROVING THAT AGREEMENT ENTITLED "AN AGREEMENT BETWEEN THE COUNTY OF SANTA CRUZ AND THE COUNTY OF SANTA CRUZ REDEVELOPMENT AGENCY RELATING TO REIMBURSEMENT OF TAX ALLOCATION SUBORDINATED TO THE COUNTY OF SANTA CRUZ REDEVELOPMENT AGENCY SUBORDINATE TAX ALLOCATION BONDS, 2000 SERIES A (LIVE OAWSOQUEL COMMUNITY IMPROVEMENT PROJECT AREA)

WHEREAS, the Board of Supervisors of the County of Santa Cruz adopted Resolution No. 330-87, as amended by Resolution No. 397-88, by which the Board of Supervisors of the County of Santa Cruz elected to receive the allocation of taxes pursuant to California Health and Safety Code Section 33676 from the Live Oak/Soquel Community Improvement Project Area; and

WHEREAS, the Board of Supervisors of the County of Santa Cruz has determined that it would be in the public interest to subordinate its claim to the available tax allocation referred to in that Resolution to the County of Santa Cruz Redevelopment Agency in order to make required interest and principal payments upon that bond issue known as the County of Santa Cruz Redevelopment Agency Subordinate Tax Allocation Bonds, 2000 Series A (Live Oak/Soquel Community Improvement Project Area).

NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED BY THE BOARD OF DIRECTORS OF THE COUNTY OF SANTA CRUZ REDEVELOPMENT AGENCY AS FOLLOWS:

Section 1. That Agreement entitled "An Agreement Between the County of Santa Cruz and the County of Santa Cruz Redevelopment Agency Relating to Reimbursement of Tax Allocation Subordinated to the County of Santa Cruz Redevelopment Agency Subordinate Tax Allocation Bonds, 2000 Series A (Live Oak/Soquel Community Improvement Project Area), which is attached as Exhibit 1 to this Resolution, is hereby approved and the Executive Director or the Assistant Executive Director are authorized and directed to execute said Agreement.

PASSED AND ADOPTED by the Board of Directors of the County of Santa Cruz Redevelopment Agency, State of California this 17th day of October, 2000, by the following vote:

AYES: Directors:

NOES: Directors:

ABSENT: Directors:

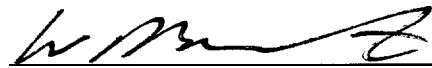
ABSTAIN: Directors:

Chairperson of the County of
Santa Cruz Redevelopment Agency

Attest:

Secretary

APPROVED AS TO FORM:



Special Counsel

0326

UPON THE MOTION OF DIRECTOR _____ DULY SECONDED BY DIRECTOR _____ THE FOLLOWING RESOLUTION IS ADOPTED:

BEFORE THE BOARD OF DIRECTORS OF THE COUNTY OF SANTA CRUZ REDEVELOPMENT AGENCY, STATE OF CALIFORNIA

RESOLUTION NO. _____

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE COUNTY OF SANTA CRUZ REDEVELOPMENT AGENCY APPROVING THAT AGREEMENT ENTITLED "AN AGREEMENT BETWEEN THE COUNTY OF SANTA CRUZ AND THE COUNTY OF SANTA CRUZ REDEVELOPMENT AGENCY RELATING TO REIMBURSEMENT OF TAX ALLOCATION SUBORDINATED TO THE COUNTY OF SANTA CRUZ REDEVELOPMENT AGENCY SUBORDINATE TAX ALLOCATION BONDS, 2000 TAXABLE SERIES B (LIVE OAK/SOQUEL COMMUNITY IMPROVEMENT PROJECT AREA)

WHEREAS, the Board of Supervisors of the County of Santa Cruz adopted Resolution No. 330-87, as amended by Resolution No. 397-88, by which the Board of Supervisors of the County of Santa Cruz elected to receive the allocation of taxes pursuant to California Health and Safety Code Section 33676 from the Live Oak/Soquel Community Improvement Project Area; and

WHEREAS, the Board of Supervisors of the County of Santa Cruz has determined that it would be in the public interest to subordinate its claim to the available tax allocation referred to in that Resolution to the County of Santa Cruz Redevelopment Agency in order to make required interest and principal payments upon that bond issue known as the County of Santa Cruz Redevelopment Agency Subordinate Tax Allocation Bonds, 2000 Taxable Series B (Live Oak/Soquel Community Improvement Project Area).

NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED BY THE BOARD OF DIRECTORS OF THE COUNTY OF SANTA CRUZ REDEVELOPMENT AGENCY AS FOLLOWS:

Section 1. That Agreement entitled "An Agreement Between the County of Santa Cruz and the County of Santa Cruz Redevelopment Agency Relating to Reimbursement of Tax Allocation Subordinated to the County of Santa Cruz Redevelopment Agency Subordinate Tax Allocation Bonds, 2000 Taxable Series B (Live Oak/Soquel Community Improvement Project Area), which is attached as Exhibit 1 to this Resolution, is hereby approved and the Executive Director or the Assistant Executive Director are authorized and directed to execute said Agreement.

PASSED AND ADOPTED by the Board of Directors of the County of Santa Cruz Redevelopment Agency, State of California this 17th day of October, 2000, by the following vote:

AYES: Directors:

NOES: Directors:

ABSENT: Directors:

ABSTAIN: Directors:

Chairperson of the County of
Santa Cruz Redevelopment Agency

Attest:

Secretary

APPROVED AS TO FORM:



Special Counsel