

SAN MATEO COUNTY

COUNTYWIDE OVERSIGHT BOARD

Jim Saco, Chairperson
Denise Porterfield, Vice Chairperson
Mark Addiego, Member
Chuck Bernstein, Member
Tom Casey, Member
Barbara Christensen, Member
Mark Leach, Member

SAN MATEO COUNTY COUNTYWIDE OVERSIGHT BOARD MEETING

Monday, April 12, 2021 at 9:00 a.m.

*****BY VIDEOCONFERENCE ONLY*****

On March 17, 2020, the Governor issued Executive Order N-29-20 suspending certain provisions of the Ralph M. Brown Act in order to allow for local legislative bodies to conduct their meetings telephonically or by other electronic means. Thus, pursuant to Executive Order N-29-20, local and statewide health orders, and the CDC's social distancing guidelines which discourage large public gatherings, the San Mateo County Board of Supervisors Chambers is no longer open to the public for meetings of the Oversight Board.

Public Participation

The April 12, 2021 San Mateo County Countywide Oversight Board meeting may be accessed through Zoom online at <https://smcgov.zoom.us/j/99704212795>. The meeting ID is: 997 0421 2795. The meeting may also be accessed via telephone by dialing +1-669-900-6833 (Local), enter the meeting ID: 997 0421 2795, then press #. (Find your local number: <https://smcgov.zoom.us/u/admSDqceDg>).

*Written public comments may be emailed to Sukhmani Purewal, Assistant Clerk of the Board, at least two working days before the meeting at spurewal@smcgov.org, and should include the specific agenda item on which you are commenting.

*Spoken public comments will also be accepted during the meeting through Zoom. If you wish to speak, click on "raise hand" feature. If you only wish to watch the meeting and do not wish to address the Board, the Clerk requests that you view the meeting through Zoom.

*ADA Requests - Individuals who require special assistance or a disability related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the meeting should send an email to spurewal@smcgov.org at least two working days before the meeting. Notification in advance of the meeting will enable the County to make reasonable arrangements to ensure accessibility to this meeting, the materials related to it, and your ability to comment.

AGENDA

1. Call to Order
2. Roll Call
3. Oral Communications and Public Comment
This is an opportunity for members of the public to address the Oversight Board on any Oversight Board-related topics that are not on the agenda. If your subject is not on the agenda, the individual chairing the meeting will recognize you at this time. Speakers are customarily limited to two minutes.
4. Action to Set the Agenda
5. Adopt a Resolution Approving Amendments to the Belmont Successor Agency Series 2014A and 2014B Bond Indentures of Trust, Approving an Amended Last and Final Recognized Obligation Payment Schedule and Authorizing Actions Necessary to Terminate Enforceable Obligations and Dissolve the Successor Agency to the Belmont Redevelopment Agency
6. Discussion Item – Information To Be Posted on Oversight Board Web Page

The Countywide Oversight Board agenda packet is available online at the following website: <https://controller.smcgov.org/countywide-oversight-board-former-redevelopment-agencies>.

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Date: April 8, 2021

Agenda Item 5

To: San Mateo County Countywide Oversight Board (OB)

From: Shirley Tourel, Assistant Controller

Subject: Bond Defeasance and Amendment to Last and Final ROPS

Former RDA: Belmont Redevelopment Agency

Background and Discussion

At the March 8, 2021 OB meeting, the Belmont Successor Agency (SA) staff notified the OB of their intent to defease their Series 2014 Bonds. This requires funds be deposited in an escrow account which will be under the care of a trustee who will be responsible for paying off the bondholders.

The bond defeasance timetable calls for the funding of the escrow account in January 2022 and the early redemption of the bonds in August 2024. These bonds have a maturity date of August 2029.

Board approval is needed for the following actions:

1. Amendment to the Belmont SA Series 2014 Bond Indentures requiring the creation of an escrow fund to defease the bonds.
2. Amendment to the Belmont SA Last and Final ROPS authorizing the use of \$3,922,881 in RPTTF moneys and \$647,401 in Other Funds to fund the cost of the bond defeasance.

The above actions are supported by documents which were prepared by the SA staff and their bond consultant, PFM Financial Advisors and are attached for the Board's review.

Board approval of the action items are in line with redevelopment dissolution laws and will be subject to final approval by the Department of Finance.

Fiscal Impact

The bond defeasance will result in a one-time decrease in property tax residuals for the taxing agencies that fund the RDAs by \$3,922,881 for fiscal year 2021-22.

CAC Exhibits:

A – Belmont Successor Agency Staff Report

CAC Exhibit A

Date: April 2, 2021

To: San Mateo County Countywide Oversight Board

From: Jennifer Rose, Belmont Housing & Economic Development Manager

Subject: Defeasance of Belmont Successor Agency Bond Debt and Amended Last and Final ROPS to Facilitate Termination of the Successor Agency

Former RDA: **Belmont**

RECOMMENDATION

Adopt a resolution 1) approving amendments to the Senior Series 2014A and Subordinate Series 2014B Bond (“Series 2014 Bonds”) indentures of trust, 2) approving an Amended Last and Final Recognized Obligations Payment Schedule (“ROPS”), and 3) authorizing the Belmont Successor Agency Executive Director to take actions necessary to implement the indenture amendments and take actions necessary to initiate termination of the Belmont Successor Agency.

BACKGROUND

The Belmont Successor Agency is proposing actions for termination of the Agency’s outstanding financial obligations in an effort to expedite dissolution of the Agency and to generate tax increment savings for the benefit of the taxing entities, consistent with Health and Safety Code Section 34181.

- Cash defeasance of the Series 2014 Bonds would generate a net savings of \$670,847 Redevelopment Property Tax Trust Funds (“RPTTF”), consistent with Health and Safety Code Section 34181(e).
- Cash defeasance of the Series 2014 Bonds and amending the Indentures of Trust would accelerate dissolution of the Belmont Successor Agency pursuant to Health and Safety Code Section 34187.
- Dissolution of the Belmont Successor Agency would result in increased general property tax revenues distributed to the taxing entities.

The Belmont Successor Agency received a Finding of Completion from the CA Department of Finance (“DOF”) on October 1, 2014, and the Oversight Board to the Belmont Successor Agency approved a Last and Final ROPS on September 7, 2017. The Last and Final ROPS includes three outstanding obligations:

1. The Series 2014 Bonds bi-annual Debt Service Payments
2. Bond Trustee Services and Arbitrage Reports
3. Successor Agency Administrative Costs (including annual financial audit)

Pursuant to Health and Safety Code Section 34181(e), the Belmont Successor Agency is directed to determine whether any contracts, agreements, or other arrangements between the dissolved redevelopment agency and any private parties should be terminated or renegotiated to reduce liabilities and increase net revenues to the taxing entities. Health and Safety Code Section 34181(e) further provides that the Successor Agency and Oversight Board may approve any amendments to or early termination of successor agency agreements or obligations it finds that amendments or early termination would be in the best interests of the taxing entities.

Consistent with Health and Safety Code Section 34181, on March 8, 2021 the Belmont Successor Agency presented information to the San Mateo Countywide Oversight Board related to a bond defeasance strategy that would terminate the Agency's enforceable financial obligations, expedite dissolution of the Belmont Successor Agency, and generate tax savings and benefit for local taxing entities. The 3/8/21 staff report is included as Attachment 2. The Oversight Board provided generally positive feedback to the proposed cash defeasance strategy.

On March 23, 2021, the Belmont Successor Agency took actions to implement the bond defeasance strategy as follows:

1. Approved amendments to the Series 2014 Bonds Indentures of Trust to provide for cash defeasance of the Series 2014 Bonds by an entity other than the Successor Agency and discharge the Agency's remaining obligations under the indentures.
2. Approved an Amended Last and Final ROPS which reflects a one-time lump sum allocation of RPTTF in the ROPS 21-22B period (December 2021), plus utilization of debt reserve balances and cash on hand with the Agency, to fund a cash defeasance escrow.
3. Authorized actions necessary to initiate termination of the Belmont Successor Agency.

Actions taken by the Belmont Successor Agency require review and approval from the Oversight Board and the State Department of Finance.

DISCUSSION

The Belmont Successor Agency has taken actions to terminate the Agency's enforceable financial obligations, expedite dissolution of the Belmont Successor Agency, and generate tax savings and benefit for local taxing entities. Staff has analyzed the cash defeasance requirements, confirmed available funding sources, estimated the savings and benefit to taxing entities, and prepared a timeline required for defeasance and dissolution, all of which is summarized below for Oversight Board consideration.

Advanced Cash Defeasance of the 2014 Series Bonds

The Series 2014 Bonds have a maturity date of August 1, 2029, with biannual debt service payments scheduled through the maturity date. The bond indentures of trust provide for an early redemption date of August 19, 2024 (Senior Series 2014A Bonds) and August 1, 2024 (Subordinate Series 2014B Bonds), on which dates the remaining bond principal balances could be paid off in one lump sum. The sole bond holder, BBVA Compass, has confirmed to the Agency that both series of the Series 2014 Bonds could be defeased prior to the bond redemption dates

by placing cash and federal securities in an escrow account controlled by the Trustee, and has provided an estimate of funds required for the escrow.

Based on current State and Local Government Series (SLGS) securities rates, approximately \$4,504,282 would be required to be deposited into an escrow account to defease the Series 2014 Bonds. The funds deposited into the escrow, plus interest earned on the SLGS, would be used to pay: (1) principal and interest on the debt coming due until the August 2024 redemption dates, and (2) the redemption price of the Series 2014 Bonds on the redemption dates.

Estimated Available Funding

Belmont Successor Agency staff estimates that a full cash defeasance of the Series 2014 Bonds would require a one-time lump sum allocation of residual RPTTF, plus utilization of debt service reserve account balances held by the trustee (The Bank of New York Mellon Trust Company, N.A.) and unobligated cash on hand with the Belmont Successor Agency (primarily earned interest). See the RPTTF Summary Table below for details.

Estimated Savings and Benefits to Taxing Entities

Belmont Successor Agency staff estimate that early defeasance of the Series 2014 Bonds would generate a net savings of \$670,847 RPTTF (see table below). Upon dissolution of the Successor Agency, taxing entities would see an increase in general property tax revenues. The San Mateo County Controller's Office prepared a fiscal analysis showing the distribution of property tax revenues both before and after dissolution of the Belmont Successor Agency, which shows that the shift in property tax revenues from RPTTF to general tax is approximately \$14.8 million after dissolution of the Belmont Successor Agency. This analysis is included with Attachment 2.

Subsequent to the March 8, 2021 meeting with the Countywide Oversight Board, Belmont Successor Agency staff completed a comprehensive analysis to confirm financial obligations, available funding, and estimated savings. The RPTTF Summary Table below has been updated to reflect debt reserve balances, costs of bond defeasance, and utilization of cash on hand with the Belmont Successor Agency to fund the cash escrow. The updated RPTTF summary table reflects \$105,056 additional estimated RPTTF savings over what was presented at the 3/8 study session.

Total RPTTF net savings is \$670,847.

RPTTF Summary Table (Values as of 8/1/2021)	Amount	
Remaining RPTTF Obligations Per Last & Final ROPS		
Series 2014A and 2014B Tax Allocation Bonds Debt Service (1)	\$ 4,707,887	
Less: Applied Debt Service Reserves	(290,829)	
Net Series 2014A and 2014B Tax Allocation Bonds Debt Service (2)	4,417,058	
Bond Trustee Services and Arbitrage Reports	68,137	
Administrative RPTTF	108,533	
Total Remaining RPTTF Obligation as of August 1, 2021	\$ 4,593,728	a
Funding Required for Cash Defeasance Escrow		
Total Funds Required for Cash Defeasance Escrow (3)	\$ 4,504,282	b
Add: Cost of Bond Defeasance (4)	66,000	c
Less: Available Debt Service Reserves	(477,401)	d
Less: Cash on hand with Successor Agency (5)	(170,000)	e
Net Required RPTTF needed for Escrow	\$ 3,922,881	f (b+c-d-e)
Calculated RPTTF Net Savings (6)	\$ 670,847	(a-f)
Notes:		
1) The outstanding RPTTF obligation calculation assumes a June 2021 distribution of ROPS 21-22A to the Successor Agency, and payment of August 2021 Debt Service.		
2) The Last & Final ROPS assumed bond reserves would be applied towards debt service, and thus the total outstanding RPTTF obligation for debt service is less than total funds required for cash defeasance escrow (a).		
3) See Attachment 5 Escrow Cash Flow Calculation for details.		
4) See Attachment 7 Costs of Bond Defeasance for details.		
5) Cash on hand with Successor Agency is comprised primarily of interest revenue generated by cash reserves on hand with the trustee (BNY Mellon) and LAIF interest.		
6) See Attachment 6 Time Value Analysis of RPTTF Savings which demonstrates that in net present value the estimated savings is \$546,926.		

Amended Last and Final ROPS; Amended Indentures of Trust

To facilitate a cash defeasance of the 2014 Series Bonds, Belmont Successor Agency staff has prepared an Amended Last and Final ROPS (Attachment 3) which reflects a one-time lump sum allocation of RPTTF in the ROPS 21-22B period (December 2021), plus utilization of debt reserve balances and cash on hand with the Agency. Once the cash defeasance escrow has been funded, all remaining obligations of the Agency would be discharged, accelerating dissolution of the Belmont Successor Agency pursuant to Health and Safety Code 34187. The following actions are required to amend the Last and Final ROPS:

1. Belmont Successor Agency and City of Belmont Approval (3/23/2021)
2. San Mateo Countywide Oversight Board Approval (tentatively 4/12/2021)
3. California Department of Finance Review and Approval (100-day review)

In addition to the Amended Last and Final ROPS, the Oversight Board must also approve amendments to the Indentures of Trust for the Series 2014 Bonds that will provide for cash defeasance of the Series 2014 Bonds by an entity other than the Belmont Successor Agency and

discharge the Agency's remaining obligations under the indentures. First supplemental indentures of trust for the Series 2014 Bonds have been prepared and are included as Attachment 4.

A resolution has been prepared (Attachment 1) approving amendments to the Bond Series 2014A and 2014B Indentures of Trust, approving an Amended Last and Final Recognized Obligations Payment Schedule, and approving actions to proceed with dissolution of the Belmont Successor Agency.

Timeline for Defeasance and Dissolution

Early defeasance of the bonds and transfer of obligations from the Belmont Successor Agency to the City of Belmont would expedite final dissolution of the Successor Agency. The following is a summary of the actions required to complete the bond defeasance and dissolve the Belmont Successor Agency:

Spring 2021	Oversight Board (OB) Consideration of Amended Last & Final ROPS
Summer 2021	DOF Review and Approval of Amended Last & Final ROPS (100-day review)
Dec/Jan 2022	Distribution of ROPS 21-22B RPTTF
February 2022	Defeasance of Series 2014 Bonds; Discharge of Obligations from Belmont Successor Agency
March 2022	OB Consideration of Request to Dissolve Belmont Successor Agency
April 2022	DOF Determination on Request to Dissolve Belmont Successor Agency
May 2022	OB Verification of Belmont Successor Agency Asset Disposition and Resolution of Dissolution
June 2022	Distribution of Increased General Property Tax to Taxing Entities (no RPTTF)

CONCLUSION

Belmont Successor Agency staff believes that implementation of this defeasance plan complies with Health and Safety Code Section 34181 which provides that the Successor Agency and Oversight Board may approve any amendments to or early termination of successor agency agreements or obligations if it finds that amendments or early termination would be in the best interests of the taxing entities.

ATTACHMENTS:

- 1) Resolution
- 2) Staff report to the Oversight Board on March 8, 2021, titled "Defeasance of Senior Series 2014A and Subordinate Series 2014B Bonds ("Series 2014 Bonds")
- 3) Amended Last and Final ROPS
- 4) First Supplemental Indentures of Trust (2014A and 2014B)
- 5) Escrow Cash Flow Calculation
- 6) Time Value Analysis of RPTTF Savings
- 7) Costs of Bond Defeasance

Attachment No. 1

RESOLUTION NO. 2021-__

RESOLUTION OF THE SAN MATEO COUNTY COUNTYWIDE OVERSIGHT BOARD APPROVING AMENDMENTS TO THE BELMONT SUCCESSOR AGENCY SERIES 2014A AND 2014B BOND INDENTURES OF TRUST, APPROVING AN AMENDED LAST AND FINAL RECOGNIZED OBLIGATIONS PAYMENT SCHEDULE, AND AUTHORIZING ACTIONS NECESSARY TO TERMINATE ENFORCEABLE OBLIGATIONS AND DISSOLVE THE SUCCESSOR AGENCY TO THE BELMONT REDEVELOPMENT AGENCY

WHEREAS, the California State Legislature enacted Assembly Bill 1x26 to dissolve redevelopment agencies formed under the Community Redevelopment Law (California Health and Safety Code Section 33000 et seq.); and

WHEREAS, pursuant to California Health and Safety Code Section 34173, the City Council of the City of Belmont declared that the City of Belmont (the "City") would act as successor agency (the "Belmont Successor Agency") for the dissolved Redevelopment Agency of the City of Belmont (the "Dissolved Belmont RDA") effective February 1, 2012; and,

WHEREAS, under California Health and Safety Code Section 34177(o), the Belmont Successor Agency is required to prepare an annual Recognized Obligation Payment Schedule that details all financial obligations of the Belmont Successor Agency; and,

WHEREAS, under California Health and Safety Code Section 34191.6(a), successor agencies that have received a Finding of Completion from the California Department of Finance are eligible to prepare a Last and Final Recognized Obligation Payment Schedule ("Last and Final ROPS") when certain conditions are met; and,

WHEREAS, the Belmont Successor Agency received a Finding of Completion on October 1, 2014; and

WHEREAS, the Oversight Board for the Belmont Successor Agency approved a Last and Final ROPS for the Belmont Successor Agency on September 7, 2017 ("Belmont Last and Final ROPS"); and

WHEREAS, California Health and Safety Code Section 34181(e) provides that oversight boards shall direct successor agencies to determine whether any contracts, agreements, or other arrangements between the successor agencies and any private parties should be terminated or renegotiated to reduce liabilities and increase net revenues to the taxing entities, and present proposed termination or amendment agreements to the oversight board for its approval, and that the oversight board may approve any amendments to or early termination of those agreements if it finds that amendments or early termination would be in the best interests of the taxing entities; and

WHEREAS, under California Health and Safety Code Section 34191.6(c)(2), successor agencies may submit no more than two requests to the California Department of Finance to amend their Last and Final ROPS; and

WHEREAS, the Belmont Successor Agency previously issued two series of outstanding bonds:

- (i) the \$7,375,000 Successor Agency to the Belmont Redevelopment Agency Senior Tax Allocation Refunding Bonds, Series 2014A (the "2014A Bonds") pursuant to an Indenture of Trust, dated as of August 1, 2014 (the "2014A Indenture"), by and between the

Belmont Successor Agency and The Bank of New York Mellon Trust Company, N.A. (the “2014 Trustee) and

(ii) the \$3,050,000 Successor Agency to the Belmont Redevelopment Agency Subordinate Tax Allocation Refunding Bonds, Series 2014B (the “2014B Bonds”; together with the 2014A Bonds, the “2014 Bonds”) pursuant to an Indenture of Trust, dated as of August 1, 2014, by and between the Belmont Successor Agency and the 2014 Trustee (the “2014B Indenture”; together with the 2014A Indenture, the “2014 Indentures”); and

WHEREAS, under each of the 2014 Indentures, the 2014 Trustee holds a Debt Service Fund, which includes an Interest Account, a Principal Account, a Sinking Account, a Redemption Account and a Reserve Account; and

WHEREAS, the San Mateo County Countywide Oversight Board has determined that it would be in the best interest of the taxing entities for the Belmont Successor Agency to amend the Belmont Last and Final ROPS and the 2014 Indentures and to provide for defeasance of the 2014 Bonds with moneys from the Belmont Successor Agency’s Redevelopment Property Tax Trust Fund (“Belmont RPTTF”) in fiscal year 2021-22 (which amounts will be deposited by the Successor Agency in its Redevelopment Obligation Retirement Fund and immediately transferred by the Successor Agency to the 2014 Trustee for deposit in the Redemption Account of the Debt Service Funds), available moneys held by the 2014 Trustee (including amounts in the Debt Service Funds) and available cash on hand with the Belmont Successor Agency because such actions would reduce the Belmont Successor Agency’s liabilities, provide for accelerated termination of the Belmont Successor Agency and increase net revenues to the taxing entities; and

WHEREAS, the proposed amendments of the 2014 Indentures are necessary to relieve the Successor Agency of all obligations with respect to the 2014 Bonds and to allow the 2014 Bonds to be defeased by an escrow funded by moneys from the Belmont RPTTF, amounts held by the 2014 Trustee under the 2014 Indentures, and available cash on hand with the Belmont Successor Agency.

NOW, THEREFORE, BE IT RESOLVED, that the San Mateo County Countywide Oversight Board hereby approves the proposed defeasance of the 2014 Bonds with funds in the Belmont RPTTF in fiscal year 2021-22 (which amounts will be deposited by the Successor Agency in its Redevelopment Obligation Retirement Fund and immediately transferred by the Successor Agency to the 2014 Trustee for deposit in the Redemption Account of the Debt Service Funds), available moneys held by the 2014 Trustee (including amounts in the Debt Service Funds) and available cash on hand with the Belmont Successor Agency;

BE IT FURTHER RESOLVED, that the Oversight Board hereby approves amendments of the 2014 Indentures, in substantially the form on file with the Clerk, to provide for defeasance of the 2014 Bonds with moneys from the Belmont RPTTF and amounts held by the 2014 Trustee under the 2014 Indentures (including amounts in the Debt Service Funds), available cash on hand with the Belmont Successor Agency and the discharge of the Belmont Successor Agency’s obligations under the 2014 Indentures;

BE IT FURTHER RESOLVED, that the Oversight Board hereby approves an amendment of the Belmont Last and Final ROPS to provide for defeasance of the 2014 Bonds with moneys from the Belmont RPTTF in fiscal year 2021-22 (which amounts will be deposited by the Successor Agency in its Redevelopment Obligation Retirement Fund and immediately transferred by the Successor Agency to the 2014 Trustee for deposit in the Redemption Account of the Debt Service Funds), available moneys held by the 2014 Trustee (including amounts in the Debt Service Funds)

and available cash on hand with the Belmont Successor Agency and the discharge of the Belmont Successor Agency's obligations under the 2014 Indentures;

BE IT FURTHER RESOLVED, that the Belmont Successor Agency is hereby directed to take such further actions and execute such other documents as are consistent with this Resolution;

BE IT FURTHER RESOLVED, that the Oversight Board hereby finds that the actions approved by this Resolution are in the best interests of the taxing entities.

Date: March 8, 2021

To: San Mateo County Countywide Oversight Board

From: Jennifer Rose, Housing & Economic Development Manager

Subject: Defeasance of Senior Series 2014A and Subordinate Series 2014B Bonds (“Series 2014 Bonds”)

Former RDA: **Belmont**

BACKGROUND

The Belmont Successor Agency is exploring options for early termination of the Agency’s outstanding financial obligations in an effort to expedite dissolution of the Agency and to generate tax increment savings for the benefit of the taxing entities, consistent with Health and Safety Code (HSC) Section 34181.

The Belmont Successor Agency and Belmont Oversight Board approved a Last and Final Recognized Obligations Payment Schedule (Final ROPS) on September 7, 2017, which provides for distribution of Redevelopment Property Tax Trust Funds (RPTTF) through 2029 to fund three outstanding obligations. The Final ROPS was approved by the Department of Finance (DOF) on December 19, 2017. Under the Final ROPS, the Belmont Successor Agency will have no outstanding obligations after the ROPS 29-30A period.

The Belmont Successor Agency estimates that accelerated termination of the Agency’s enforceable obligations would reduce the total amount of RPTTF required to dissolve the Agency. The table below summarizes the outstanding Last and Final ROPS RPTTF obligation as of 8/1/21, and calculates the estimated savings generated by an advanced cash defeasance.

RPTTF Summary Table	Amount	
Remaining RPTTF Obligations Per Last & Final ROPS (as of 8/1/21)		(1)
Series 2014A and 2014B Tax Allocation Bonds Debt Service	\$4,417,157	(2)
Bond Trustee Services and Arbitrage Reports	\$68,137	
Administrative RPTTF	\$108,534	
Total Remaining RPTTF Obligation as of August 1, 2021	\$4,593,728	a
Total Funds Required for Cash Defeasance Escrow	\$4,505,413	b
Less: Available Debt Service Reserves	\$(477,476)	c
Net Required RPTTF needed for Escrow (Revised Last & Final)	\$4,027,937	d (b-c)
Estimated RPTTF Net Savings through August 2029	\$565,791	e (a-d)

Notes:

- (1) The outstanding RPTTF obligation calculation assumes a June 2021 distribution of ROPS 21-22A to the Agency, and payment of August 2021 Debt Service.
- (2) The Last & Final ROPS assumed bond reserves would be applied towards debt service, and thus the total outstanding RPTTF obligation for “Series 2014A and 2014B TAB Debt Service” is less than total funds required for cash defeasance escrow (a).

The following table summarizes status of the Series 2014 Bonds:

Series	2014A Bonds	2014B Bonds	Total
Dated	August 1, 2014	August 1, 2014	
Original Par	\$7,375,000	\$3,050,000	\$10,425,000
Outstanding Principal (as of 8/1/21)	\$2,500,000	\$1,660,000	\$\$4,160,000
Interest Rate at Time of Issue	3.14%	3.78%	
Call Date	August 19, 2024	August 1, 2024	
Final Maturity	August 1, 2029	August 1, 2029	

Pursuant to Health and Safety Code (HSC) Section 34181(e), the Successor Agency is directed to determine whether any contracts, agreements, or other arrangements between the dissolved redevelopment agency and any private parties should be terminated or renegotiated to reduce liabilities and increase net revenues to the taxing entities, and present proposed termination or amendment agreements to the oversight board for its approval. HSC §34181(e) further provides that the Oversight Board may approve any amendments to or early termination of successor agency agreements or obligations it finds that amendments or early termination would be in the best interests of the taxing entities.

Consistent with this direction, the Belmont Successor Agency is exploring options available to accelerate repayment or defeasance of the Series 2014 Bonds.

DISCUSSION

The Belmont Successor Agency has analyzed the cash defeasance requirements, estimated savings and benefit to taxing entities, confirmed available funding sources, and prepared a timeline required for defeasance and dissolution, all of which is summarized below for Oversight Board consideration.

Advanced Cash Defeasance

The sole bond holder, BBVA Compass Bank, has expressed willingness to allow an advanced defeasance in cash of the Series 2014 Bonds, and has provided the Agency with an estimate of funds required for the escrow.

The Series 2014 Bonds have a maturity date of August 1, 2029. The bond indentures of trust provide for an early redemption date of August 19, 2024 (Senior Series 2014A Bonds) and August 1, 2024 (Subordinate Series 2014B Bonds), on which dates the remaining bond principal balances could be paid off in one lump sum. The sole bond holder, BBVA Compass, has confirmed to the Agency that both series of the Series 2014 Bonds could be defeased prior to the bond redemption dates by placing cash and federal securities in an escrow account.

Based on current State and Local Government Series (SLGS) securities rates, approximately \$4,505,413 would be required to be deposited into an escrow account to defease the Series 2014 Bonds. The funds deposited into the escrow plus interest earned on the SLGS would be used to

pay: (1) principal and interest on the debt coming due until the August 2024 redemption dates, and (2) the redemption price of the Series 2014 Bonds on the redemption dates.

The cash defeasance escrow and all remaining Agency obligations can be transferred to the City of Belmont at its cost (as used herein, the City of Belmont refers to the City of Belmont, the Belmont Fire Protection District, and the Belmont Joint Powers Financing Authority).

In addition to a revised Last and Final ROPS, the Successor Agency and Oversight Board would also need to approve amendments to the indentures of trust for the Series 2014 Bonds that will provide for defeasance of the Series 2014 Bonds by an entity other than the Successor Agency and assumption by the City of Belmont of any remaining obligations under the indentures.

Estimated RPTTF Savings

A cash defeasance of the Series 2014 Bonds would generate a net savings of RPTTF (\$565,791) that otherwise would be required to fully dissolve the Agency.

The Belmont Successor Agency estimates that early defeasance of the Series 2014 Bonds would generate a net savings of \$565,791 RPTTF dollars. Table below estimates a January 15, 2022 defeasance. The estimated RPTTF savings is generated by reduced interest payments, elimination of administrative RPTTF payments, and elimination of bond trustee and arbitrage services through 2029.

Estimated Available Funding

The Belmont Successor Agency has confirmed that in fiscal year 2021-2022 (ROPS 21-22B) there would be enough residual RPTTF money available to fund a cash defeasance of the Series 2014 Bonds.

A cash defeasance escrow could be funded using RPTTF in addition to current Series 2014 Bond debt service reserve fund balances held by the trustee under the indentures of trust. Based on the calculations prepared by the San Mateo County Controller's Office for the January 2021 RPTTF pass through remittance (see table below), the Belmont Successor Agency has estimated that in fiscal year 2021-2022 there would be enough residual RPTTF funds available to fund a full cash defeasance of the Agency bonds ("Residual Balance").

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San Mateo County Controller's Office
 Belmont Redevelopment Property Tax Trust Fund (RPTTF) Apportionment Per HSC 34183
 For ROPS 20-21B Period: January 01 - June 30, 2021; Distribution Date: January 4, 2021

H & S Code	Category Description		Amount
34182(c)(1)	Property Tax Revenue Transferred to RPTTF	[A]	\$ 9,521,632.31
		Total [A]	9,521,632.31
County Controller Administrative Costs:		[B]	
34183(a)	AB 26 County Auditor Controller Admin Costs		6,922.68
		Total [B]	6,922.68
34183(a)(1)	Pass-Through Payments (PTP)	[C]	5,202,402.58
		Total [C]	5,202,402.58
34183(a)(2)	RPTTF Funded ROPS	[D]	87,546.00
		Total [D]	87,546.00
34171(b)	Successor Agency (SA) Administrative Allowance	[E]	-
		Total [E]	-
34167.5	SCO Audit Invoice	[F]	-
		Total [F]	-
Residual Balance (G) = (A) - (B) - (C) - (D) - (E) - (F)		[G]	\$ 4,224,761.05
Pass-Through and Residual = (C+G)		[H]	\$ 9,427,163.63
ROPS + Successor Agency Admin Allowance (D + E)		[I]	\$ 87,546.00

A full cash defeasance of the Series 2014 Bonds would require a one-time lump sum allocation of residual RPTTF in the ROPS 21-22B period, plus utilization of the debt service reserve funds on hand with the trustee for the Series 2014 Bonds (BNY Mellon):

Total Estimated Available RPTTF Resources

RPTTF 2021-2022 B Period Residual Balance	\$ 4,224,761.05
Add Agency RPTTF Funded ROPS 2/1/2021 Payment	87,546.00
Total	4,312,307.05

Total Required Resources

Total Funds Required for Cash Defeasance Escrow	\$4,505,413.00
Less 2014 A and B Debt Service Reserves	(477,475.61)
Required RPTTF 2021-2022 Monies for Cash Defeasance	4,027,937.39

Defeating the Series 2014 Bonds, and the subsequent dissolution of the Belmont Successor Agency, would have the following fiscal impacts:

1. Produce net savings of \$565,791 in RPTTF to the benefit of the taxing entities.
2. Eliminate Residual Balance RPTTF distributed to the taxing entities in the ROPS 21-22B period (January 2022), followed by increases in property tax revenues distributed to the taxing entities upon dissolution of the Successor Agency.

The County Controller's office has prepared a fiscal analysis showing the distribution of property tax revenues both before and after dissolution of the Belmont Successor Agency, which shows

that the shift in property tax revenues from RPTTF to general tax is approximately \$14.8 million after dissolution of the Agency. Refer to the Attachment for further details.

Timeline for Defeasance and Dissolution

Early defeasance of the bonds and transfer of obligations from the Belmont Successor Agency to the City of Belmont would expedite final dissolution of the Agency pursuant to HSC §34187.

The following is a summary of the actions required to complete the bond defeasance and dissolve the Belmont Successor Agency:

Spring 2021	OB Consideration of Amended Last & Final ROPS
Summer 2021	DOF Review and Approval of Amended Last & Final ROPS
January 2022	Distribution of ROPS 21/22B RPTTF
February 2022	Defeasance of Series 2014 Bonds; Transfer of Obligation from Successor Agency
March 2022	OB Consideration of Request to Dissolve Successor Agency
April 2022	DOF Determination on Request to Dissolve Successor Agency
May 2022	OB Verification of SA Asset Disposition and Resolution of Dissolution
June 2022	Distribution of Increased Property Tax to Taxing Entities (no RPTTF)

CONCLUSION

The Belmont Successor Agency believes that implementation of this defeasance plan complies with Health and Safety Code Section 34171(d)(1)(E), which states that the Successor Agency, with approval or at the direction of the Oversight Board, is permitted to terminate any existing agreements or obligations and provide any necessary and required compensation or remediation for such termination.

The defeasance plan complies with HSC §34181 which provides that the Oversight Board may approve any amendments to or early termination of successor agency agreements or obligations if it finds that amendments or early termination would be in the best interests of the taxing entities.

- Early defeasance of the Series 2014 Bonds would generate a net savings of RPTTF that would otherwise be required to fully dissolve the Agency (\$565,791.00)
- Early defeasance of the bonds would facilitate earlier dissolution of the Belmont Successor Agency pursuant to HSC §34187.
- Dissolution of the Successor Agency would result in increased residual tax receipts, or increased property tax revenues distributed to the taxing entities.

ATTACHMENTS:

- 1) Fiscal Impact Analysis: When Former Belmont Redevelopment Agency Fully Dissolves (San Mateo County Controller’s Office, 2/19/21)

Fiscal Impact Analysis
When Former Belmont Redevelopment Agency Fully Dissolves (Estimated)

1. When completely dissolved local agencies will no longer have to finance the former RDA.
2. Every year on 10/15, all local agencies receive a letter from the Controller's Office with estimates of their property tax revenues for the fiscal year based on the equalized roll. The following information is intended to illustrate what the 10/15 levy letter would look like for FY 2020-21 after being completely dissolved. The "Difference" column shows the additional estimated property tax revenues the local agencies would receive if the former Belmont RDA fully dissolved.
3. The estimated amounts below do not take into account refunds, supplemental taxes, roll corrections or other property tax revenues.
4. Once the former RDA is fully dissolved, wherever applicable local agencies will not receive pass through payments or residual dollars from the former Belmont RDA.
5. The amounts provided below are estimates based on FY 2020-21. Actual distribution amounts may vary when former RDA fully dissolves in the future.

Taxing Agencies within former Belmont RDA Boundary	October 15th Levy Letter Sent to Taxing Agencies in Former Belmont RDA Boundary for FY 2020-21: Net of Tax Increment Shifted to RPTTF					October 15 Levy Letter Sent To Taxing Agencies In Former Belmont RDA Boundary for FY 2020-21: Former RDA Completely Dissolved & Tax Increment Is No Longer Shifted to RPTTF					Difference (\$) (k=j-e)	Difference (%) (k/e)
	Secured	Unsecured	HOPTR	ERAF Shift	Total	Secured	Unsecured	HOPTR	ERAF Shift	Total		
	(a)	(b)	(c)	(d)	(e=a+b+c+d)	(f)	(g)	(h)	(i)	(j=f+g+h+i)		
GENERAL COUNTY TAX	\$ 523,919,384.22	\$ 21,586,981.83	\$ 1,960,466.69	\$ (242,173,131.21)	\$ 305,293,701.53	\$ 527,731,344.42	\$ 21,672,463.35	\$ 1,960,466.69	\$ (243,878,095.52)	\$ 307,486,178.94	\$ 2,192,477.41	0.72%
FREE LIBRARY	32,052,281.83	1,439,479.15	115,865.95	(7,194,732.47)	26,412,894.46	32,607,963.06	1,451,939.95	115,865.95	(7,316,548.77)	26,859,220.19	446,325.73	1.69%
CITY OF BELMONT	5,857,338.93	302,481.58	25,287.84	(1,528,085.03)	4,657,023.32	7,470,809.40	338,662.72	25,287.84	(1,935,777.13)	5,898,982.83	1,241,959.51	26.67%
BELMONT ELEMENTARY GENERAL PURPOSE	29,157,620.86	1,384,526.23	110,486.43		30,652,633.52	32,468,988.59	1,458,781.75	110,486.43		34,038,256.77	3,385,623.25	11.05%
SEQUOIA HIGH GENRL PURPOSE	147,018,547.82	5,897,609.05	553,017.48		153,469,174.35	149,530,353.05	5,953,934.81	553,017.48		156,037,305.34	2,568,130.99	1.67%
SM JR COLLEGE GEN PUR	152,397,471.94	6,289,165.17	570,929.65		159,257,566.76	153,488,222.95	6,313,624.60	570,929.65		160,372,777.20	1,115,210.44	0.70%
BELMONT FIRE DISTRICT	9,972,374.91	513,241.38	42,795.55		10,528,411.84	12,643,128.04	573,131.49	42,795.55		13,259,055.08	2,730,643.24	25.94%
BELMONT SPEC FIRE ZONE 1	57,453.78	4,497.40	673.57		62,624.75	198,994.05	9,020.69	673.57		208,688.31	146,063.56	233.24%
HARBOR INDUSTRIAL SEWER DIST	16,757.19	677.58	61.30	(6,999.00)	10,497.07	17,367.52	819.28	61.30	(7,299.87)	10,948.23	451.16	4.30%
MID-PENINSULA WATER DISTRICT	363,765.62	18,545.62	1,467.60	(154,268.46)	229,510.38	433,128.45	19,653.57	1,467.60	(182,601.99)	271,647.63	42,137.25	18.36%
BAY AREA AIR QUALITY MANAGEMENT	4,695,926.50	193,792.97	17,592.20		4,907,311.67	4,729,537.73	194,546.63	17,592.20		4,941,676.56	34,364.89	0.70%
COUNTY HARBOR DISTRICT	7,922,092.63	326,928.35	29,678.43	(2,047,896.70)	6,230,802.71	7,978,794.57	328,199.80	29,678.43	(2,062,123.55)	6,274,549.25	43,746.54	0.70%
SMC MOSQUITO & VECTOR CONTROL DISTRICT	3,320,635.94	140,788.05	12,152.24	(597,240.36)	2,876,335.87	3,351,503.23	141,480.19	12,152.24	(602,624.44)	2,902,511.22	26,175.35	0.91%
SEQUOIA HOSPITAL DISTRICT	13,539,861.25	565,345.98	49,523.72		14,154,730.95	13,775,271.55	570,624.87	49,523.72		14,395,420.14	240,689.19	1.70%
COUNTY EDUCATION TAX	79,309,411.56	3,272,958.86	297,117.79		82,879,488.21	79,877,052.18	3,285,687.78	297,117.79		83,459,857.75	580,369.54	0.70%
Total	\$ 1,009,600,924.98	\$ 41,937,019.20	\$ 3,787,116.44	\$ (253,702,353.23)	\$ 801,622,707.39	\$ 1,026,302,458.79	\$ 42,312,571.48	\$ 3,787,116.44	\$ (255,985,071.27)	\$ 816,417,075.44	\$ 14,794,368.05	

Attachment No. 3

Belmont Last & Final ROPS Summary (Approved in 2017)							
Period	Non-RPTTF			RPTTF			TOTAL
	Bond Proceeds	Other Funds	Total	RPTTF	Admin RPTTF	Total	Total Obligations
21-22A	-	\$ -	\$ -	\$ 866,958	\$ 11,953	\$ 878,911	\$ 878,911
21-22B	-	\$ 988	\$ 988	\$ 78,714	-	\$ 78,714	\$ 79,702
22-23A	-	-	-	\$ 878,535	\$ 12,288	\$ 890,823	\$ 890,823
22-23B	-	\$ 1,398	\$ 1,398	\$ 58,628	-	\$ 58,628	\$ 60,026
23-24A	-	-	-	\$ 889,689	\$ 12,634	\$ 902,323	\$ 902,323
23-24B	-	-	-	\$ 45,609	-	\$ 45,609	\$ 45,609
24-25A	-	-	-	\$ 911,906	\$ 12,988	\$ 924,894	\$ 924,894
24-25B	-	\$ 9,974	\$ 9,974	\$ 20,696	-	\$ 20,696	\$ 30,670
25-26A	-	\$ 119,975	\$ 119,975	\$ 225,625	\$ 13,354	\$ 238,979	\$ 358,954
25-26B	-	\$ 8,098	\$ 8,098	\$ 16,915	-	\$ 16,915	\$ 25,013
26-27A	-	\$ 123,099	\$ 123,099	\$ 231,983	\$ 13,728	\$ 245,711	\$ 368,810
26-27B	-	\$ 6,138	\$ 6,138	\$ 20,362	-	\$ 20,362	\$ 26,500
27-28A	-	\$ 19,312	\$ 19,312	\$ 339,982	\$ 14,114	\$ 354,096	\$ 373,408
27-28B	-	-	-	\$ 12,966	-	\$ 12,966	\$ 12,966
28-29A	-	-	-	\$ 368,323	\$ 14,510	\$ 382,833	\$ 382,833
28-29B	-	\$ 1,847	\$ 1,847	\$ 4,725	-	\$ 4,725	\$ 6,572
29-30A	-	-	-	\$ 380,537	\$ 14,917	\$ 395,454	\$ 395,454
29-30B	-	-	-	-	-	-	-
Total	-	290,829	290,829	5,352,153	120,486	5,472,639	5,763,468

Amended Belmont Last & Final ROPS Summary (Proposed 2021)							
Period	Non-RPTTF			RPTTF			TOTAL
	Bond Proceeds	Other Funds	Total	RPTTF	Admin RPTTF	Total	Total Obligations
21-22A	\$ -	\$ -	\$ -	\$ 866,958	\$ 11,953	\$ 878,911	\$ 878,911
21-22B	\$ -	\$ 647,401	\$ 647,401	\$ 3,856,881	\$ 66,000	\$ 3,922,881	\$ 4,570,282
Total	\$ -	\$ 647,401	\$ 647,401	\$ 4,723,839	\$ 77,953	\$ 4,801,792	\$ 5,449,193

							APPROVED L&F ROPS		PROPOSED AMENDED L&F ROPS			TOTAL
Item #	Obligation Name	Obligation Type	Agreement Execution Date	Agreement Termination Date	Payee	Description	Total Obligation (Dec 2017)	Total Remaining Obligation	Total Remaining Obligation	Total Requested Funding 21-22A	Total Requested Funding 21-22B	Total Requested Funding ROPS 21-22
5	Successor Agency Administrative Costs	Admin Costs	2/1/2012	8/1/2029	SA	Successor Agency Administrative Costs, including Oversight Board Legal Services and Successor Agency Audit Costs	154,422	120,486	120,486	11,953	66,000	77,953
7	Toxic Remediation	Remediation	11/1/1981	8/1/2029	SA	To remediate hazardous waste on Redevelopment Agency acquired property, as directed by local governing agencies.	0	0	0		0	0
13	Senior Tax Allocation Refunding Bonds, Series 2014A	Refunding Bonds Issued After 6/27/12	8/18/2014	8/1/2029	BNY	Bond Issue, non-housing projects	5,473,859	3,400,625	3,112,632	647,770	2,314,129	2,961,899
14	Subordinate Tax Allocation Refunding Bonds, Series 2014B	Refunding Bonds Issued After 6/27/12	8/18/2014	8/1/2029	BNY	Bond Issue, non-housing projects Administrative Costs, investment charges, redemption, and dissemination fees for the	2,891,342	2,169,807	2,166,972	214,776	1,542,752	1,757,528
15	Trustee Services	Fees	8/18/2014	8/1/2029	BNY	2014 A&B Bonds	90,075	72,550	72,549	4,412	0	4,412
TOTAL							8,609,698	5,763,468	5,472,639	878,911	3,922,881	4,801,792

FIRST SUPPLEMENTAL INDENTURE OF TRUST (2014A)

Relating to the

\$7,375,000

**Successor Agency to the Belmont Redevelopment Agency
Senior Tax Allocation Refunding Bonds, Series 2014A**

This FIRST SUPPLEMENTAL INDENTURE OF TRUST, dated as of _____, 2021 (this "First Supplement"), is by and between the SUCCESSOR AGENCY TO THE BELMONT REDEVELOPMENT AGENCY, a public body duly organized and existing under the laws of the State of California (the "Successor Agency") and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee"), and amends that certain Indenture of Trust, dated as of August 1, 2014 (the "Original Indenture"; as amended by this First Supplement, the "Indenture"), by and between the Successor Agency and the Trustee. Capitalized terms used herein but not defined herein have the meaning given them in the Original Indenture.

RECITALS:

1. The Successor Agency issued the captioned bonds (the "Bonds") pursuant an Indenture of Trust, dated as of August 1, 2014 (the "Original Indenture"; as amended by this First Supplement, the "Indenture"), by and between the Successor Agency and the Trustee.
2. The Owner of the Bonds is Compass Mortgage Corporation.
3. Under Section 9.03 of the Original Indenture, the Successor Agency has the right to defease the Bonds and discharge the Indenture.
4. Under Section 7.01 of the Indenture, the rights and obligations of the Successor Agency the Owner may be modified or amended at any time by a Supplemental Indenture, which shall become binding when the written consent of the Owner is filed with the Trustee.
5. The Successor Agency and the Owner have agreed to amend the Indenture pursuant to this First Supplement to (a) discharge the Successor Agency's obligations under the Indenture, (b) provide for the City of Belmont (the "City") to execute an agreement in which the City will (i) cause the Trustee to establish an escrow fund to defease the Bonds, (ii) agree to compensate and indemnify the Trustee and (iii) agree to comply with the covenants of the Successor Agency set forth in Section 5.01(f) of the Original Indenture, and (c) upon establishment of the escrow fund, the Trustee will transfer any funds held in the funds and accounts under the Indenture to the escrow fund.

AGREEMENT:

For and in consideration of the premises and the material covenants hereinafter contained, the City hereby formally covenants, agrees and binds itself for the benefit of the Owner of the Bonds as follows:

SECTION 1. *Definitions.* The following definitions are added to Section 1.02 of the Indenture:

“Escrow Agreement” means that certain Escrow Deposit and Trust Agreement, between the City of Belmont and The Bank of New York Mellon Trust Company, N.A., as Trustee and escrow agent.

SECTION 2. *Amendments.*

(a) Amendment and Restatement of Section 9.03 of the Indenture. Section 9.03 of the Indenture is hereby amended and restated in its entirety as follows:

“Notwithstanding that any Bonds shall not have been surrendered for payment and notwithstanding any other provision of this Indenture, the pledge of the Tax Revenues and other funds provided for in this Indenture and all other obligations of the Trustee (except as set forth below) and the Successor Agency under this Indenture shall cease and terminate with respect to all Outstanding Bonds, if the following conditions precedent have been satisfied:

1. the City of Belmont shall irrevocably deposit with the Trustee or another fiduciary, in trust under an Escrow Agreement, Defeasance Obligations in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established pursuant to this Indenture, be fully sufficient to pay and discharge the indebtedness on all Bonds at or before maturity;

2. if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given pursuant to Section 2.03(c) or provision satisfactory to the Trustee shall have been made by the City of Belmont in an Escrow Agreement for the giving of such notice, then,

3. the City of Belmont accepts in an Escrow Agreement for the benefit of the Owner the covenants of the Successor Agency under Section 5.01(f) hereof,

4. the City of Belmont accepts in an Escrow Agreement for the benefit of the Owner the obligations of the Successor Agency under Section 6.06 hereof; and

5. the City agrees to pay or cause to be paid to the Owner, from the amounts deposited with the Trustee under the Escrow Agreement, all sums due on the Bonds and all fees, expenses and costs of the Trustee.

In the event of a defeasance in accordance with this Section, (v) the Trustee shall transfer all moneys then held by it in the funds and accounts established hereunder, including all amounts held in the Debt Service Fund (including the Interest Account, the Principal Account, the Sinking Account, the Reserve Account and the Redemption Account), to the escrow fund established under the Escrow Agreement, (w) the Trustee will remain obligated to transfer and exchange Bonds hereunder, (x) the Trustee shall be authorized to take such actions and execute and deliver to the Successor Agency all such instruments as may be necessary or desirable to evidence such discharge, (y) the Bonds shall be payable only from amounts held by the Trustee or such other fiduciary in trust under the Escrow Agreement, and (z) any funds thereafter held by the Trustee which are not required for said purpose or for payment of amounts due to the Trustee pursuant to Section 6.06 shall be paid over to the Successor Agency.

To accomplish the defeasance described in this Section, the City of Belmont shall cause to be delivered (i) a Report of an Independent Account verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity or earlier redemption date (“Verification”), (ii) the Escrow Agreement and (iii) an opinion of nationally recognized bond counsel to the effect that the Bonds are no longer “Outstanding” under this Indenture; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Successor Agency and the Trustee.”

(b) Deemed Notation to the Bond. The Successor Agency and the Owner, with the written consent of the Owner, hereby agree that the Bond shall be deemed to have been supplemented with the following notation:

“With the written consent of the Owner, this Bond has been annotated in connection with (i) execution by the Agency and the Trustee described herein of a First Supplemental Indenture of Trust, dated as of _____ 1, 20__ (the “First Supplemental Indenture”) for the purpose of amending that certain Indenture of Trust, dated as of August 1, 2014 (the “Original Indenture”; as amended by the First Supplemental Indenture, the “Indenture”), by and between the Agency and the Trustee and (ii) defeasance of the Bond pursuant to Section 9.03 of the Indenture and that certain Escrow Deposit and Trust Agreement, dated as of _____ 1, 20__ (the “Escrow Agreement”) by and between the City of Belmont and The Bank of New York Mellon Trust Company, N.A. as escrow agent and Trustee. As a result of the defeasance of this Bond pursuant to Section 9.03 of the Indenture and the Escrow Agreement, and notwithstanding any other provision of this Bond, the pledge of the Tax Revenues and other funds provided for in the Indenture and all other obligations of the Trustee (except as set forth in Section 9.03) and the Successor Agency under the Indenture have ceased and terminated with respect to all Outstanding Bonds, and this Bond shall be payable only from amounts held by the Trustee or another fiduciary in trust under the Escrow Agreement.”

SECTION 3. *Effective Date of Amendments.* This First Supplement, and the amendments made to the Original Indenture, shall be effective upon the execution and delivery by the City of Belmont of an Escrow Agreement that complies with Section 9.03, as amended by this First Supplement.

SECTION 4. *Governing Law.* This First Supplement shall be construed in accordance with and governed by the laws of the State of California.

SECTION 5. *Binding Effect.* This First Supplement inures to the benefit of and is binding on the Trustee, the Successor Agency and the Owner, subject to the limitations contained herein.

SECTION 6. *Section Headings.* All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this First Supplement.

IN WITNESS WHEREOF, the SUCCESSOR AGENCY TO THE BELMONT REDEVELOPMENT AGENCY and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A. have caused this FIRST SUPPLEMENT TO INDENTURE OF TRUST to be signed in their respective names by their duly authorized officers, all as of the day and year first above written.

SUCCESSOR AGENCY TO THE BELMONT REDEVELOPMENT AGENCY

By _____
Executive Director

Attest:

By _____
Agency Secretary

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

By _____
Executive Director

CONSENT:

The amendments made hereby are hereby consented to by the Owner of the Bonds.

COMPASS MORTGAGE CORPORATION

By _____

Its _____

Title _____

FIRST SUPPLEMENTAL INDENTURE OF TRUST (2014B)

Relating to the

\$3,050,000

**Successor Agency to the Belmont Redevelopment Agency
Subordinate Tax Allocation Refunding Bonds, Series 2014B**

This FIRST SUPPLEMENTAL INDENTURE OF TRUST, dated as of _____, 2021 (this "First Supplement"), is by and between the SUCCESSOR AGENCY TO THE BELMONT REDEVELOPMENT AGENCY, a public body duly organized and existing under the laws of the State of California (the "Successor Agency") and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee"), and amends that certain Indenture of Trust, dated as of August 1, 2014 (the "Original Indenture"; as amended by this First Supplement, the "Indenture"), by and between the Successor Agency and the Trustee. Capitalized terms used herein but not defined herein have the meaning given them in the Original Indenture.

R E C I T A L S :

1. The Successor Agency issued the captioned bonds (the "Bonds") pursuant an Indenture of Trust, dated as of August 1, 2014 (the "Original Indenture"; as amended by this First Supplement, the "Indenture"), by and between the Successor Agency and the Trustee.
2. The Owner of the Bonds is Compass Mortgage Corporation.
3. Under Section 9.03 of the Original Indenture, the Successor Agency has the right to defease the Bonds and discharge the Indenture.
4. Under Section 7.01 of the Indenture, the rights and obligations of the Successor Agency the Owner may be modified or amended at any time by a Supplemental Indenture, which shall become binding when the written consent of the Owner is filed with the Trustee.
5. The Successor Agency and the Owner have agreed to amend the Indenture pursuant to this First Supplement to (a) cause the Trustee to establish an escrow fund to discharge the Successor Agency's obligations under the Indenture, (b) provide for the City of Belmont (the "City") to execute an agreement in which the City will (i) defease the Bonds, (ii) agree to compensate and indemnify the Trustee and (iii) agree to comply with the covenants of the Successor Agency set forth in Section 5.01(f) of the Original Indenture, and (c) upon establishment of the escrow fund, the Trustee will transfer any funds held in the funds and accounts under the Indenture to the escrow fund.

A G R E E M E N T :

For and in consideration of the premises and the material covenants hereinafter contained, the City hereby formally covenants, agrees and binds itself for the benefit of the Owner of the Bonds as follows:

SECTION 1. *Definitions.* The following definitions are added to Section 1.02 of the Indenture:

“Escrow Agreement” means that certain Escrow Deposit and Trust Agreement, between the City of Belmont and The Bank of New York Mellon Trust Company, N.A., as Trustee and escrow agent.

SECTION 2. *Amendments.*

(a) Amendment and Restatement of Section 9.03 of the Indenture. Section 9.03 of the Indenture is hereby amended and restated in its entirety as follows:

“Notwithstanding that any Bonds shall not have been surrendered for payment and notwithstanding any other provision of this Indenture, the pledge of the Tax Revenues and other funds provided for in this Indenture and all other obligations of the Trustee (except as set forth below) and the Successor Agency under this Indenture shall cease and terminate with respect to all Outstanding Bonds, if the following conditions precedent have been satisfied:

1. the City of Belmont shall irrevocably deposit with the Trustee or another fiduciary, in trust under an Escrow Agreement, Defeasance Obligations in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established pursuant to this Indenture, be fully sufficient to pay and discharge the indebtedness on all Bonds at or before maturity;

2. if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given pursuant to Section 2.03(c) or provision satisfactory to the Trustee shall have been made by the City of Belmont in an Escrow Agreement for the giving of such notice, then,

3. the City of Belmont accepts in an Escrow Agreement for the benefit of the Owner the covenants of the Successor Agency under Section 5.01(f) hereof,

4. the City of Belmont accepts in an Escrow Agreement for the benefit of the Owner the obligations of the Successor Agency under Section 6.06 hereof; and

5. the City agrees to pay or cause to be paid to the Owner, from the amounts deposited with the Trustee under the Escrow Agreement, all sums due on the Bonds and all fees, expenses and costs of the Trustee.

In the event of a defeasance in accordance with this Section, (v) the Trustee shall transfer all moneys then held by it in the funds and accounts established hereunder, including all amounts held in the Debt Service Fund (including the Interest Account, the Principal Account, the Sinking Account, the Reserve Account and the Redemption Account), to the escrow fund established under the Escrow Agreement, (w) the Trustee will remain obligated to transfer and exchange Bonds hereunder, (x) the Trustee shall be authorized to take such actions and execute and deliver to the Successor Agency all such instruments as may be necessary or desirable to evidence such discharge, (y) the Bonds shall be payable only from amounts held by the Trustee or such other fiduciary in trust under the Escrow Agreement, and (z) any funds thereafter held by the Trustee which are not required for said purpose or for payment of amounts due to the Trustee pursuant to Section 6.06 shall be paid over to the Successor Agency.

To accomplish the defeasance described in this Section, the City of Belmont shall cause to be delivered (i) a Report of an Independent Account verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity or earlier redemption date (“Verification”), (ii) the Escrow Agreement and (iii) an opinion of nationally recognized bond counsel to the effect that the Bonds are no longer “Outstanding” under this Indenture; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Successor Agency and the Trustee.”

(b) Deemed Notation to the Bond. The Successor Agency and the Owner, with the written consent of the Owner, hereby agree that the Bond shall be deemed to have been supplemented with the following notation:

“With the written consent of the Owner, this Bond has been annotated in connection with (i) execution by the Agency and the Trustee described herein of a First Supplemental Indenture of Trust, dated as of _____ 1, 20__ (the “First Supplemental Indenture”) for the purpose of amending that certain Indenture of Trust, dated as of August 1, 2014 (the “Original Indenture”; as amended by the First Supplemental Indenture, the “Indenture”), by and between the Agency and the Trustee and (ii) defeasance of the Bond pursuant to Section 9.03 of the Indenture and that certain Escrow Deposit and Trust Agreement, dated as of _____ 1, 20__ (the “Escrow Agreement”) by and between the City of Belmont and The Bank of New York Mellon Trust Company, N.A. as escrow agent and Trustee. As a result of the defeasance of this Bond pursuant to Section 9.03 of the Indenture and the Escrow Agreement, and notwithstanding any other provision of this Bond, the pledge of the Tax Revenues and other funds provided for in the Indenture and all other obligations of the Trustee (except as set forth in Section 9.03) and the Successor Agency under the Indenture have ceased and terminated with respect to all Outstanding Bonds, and this Bond shall be payable only from amounts held by the Trustee or another fiduciary in trust under the Escrow Agreement.”

SECTION 3. *Effective Date of Amendments*. This First Supplement, and the amendments made to the Original Indenture, shall be effective upon the execution and delivery by the City of Belmont of an Escrow Agreement that complies with Section 9.03, as amended by this First Supplement.

SECTION 4. *Governing Law*. This First Supplement shall be construed in accordance with and governed by the laws of the State of California.

SECTION 5. *Binding Effect*. This First Supplement inures to the benefit of and is binding on the Trustee, the Successor Agency and the Owner, subject to the limitations contained herein.

SECTION 6. *Section Headings*. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this First Supplement.

IN WITNESS WHEREOF, the SUCCESSOR AGENCY TO THE BELMONT REDEVELOPMENT AGENCY and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A. have caused this FIRST SUPPLEMENT TO INDENTURE OF TRUST to be signed in their respective names by their duly authorized officers, all as of the day and year first above written.

SUCCESSOR AGENCY TO THE BELMONT REDEVELOPMENT AGENCY

By _____
Executive Director

Attest:

By _____
Agency Secretary

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

By _____
Executive Director

CONSENT:

The amendments made hereby are hereby consented to by the Owner of the Bonds.

COMPASS MORTGAGE CORPORATION

By _____

Its _____

Title _____

Escrow Cash Flow
 City of Belmont
 2014A&B TAB Cash Defeasance

Date	Principal	Interest	Net Escrow Receipts	Present Value to 01/04/2022 @ 0.1725171%
2/1/2022	73,999.00		73,999.00	73,989.43
8/1/2022	870,316.00	3,682.31	873,998.31	873,132.13
2/1/2023	56,960.00	3,066.21	60,026.21	59,915.04
8/1/2023	881,977.00	3,049.12	885,026.12	882,625.67
2/1/2024	43,000.00	2,608.13	45,608.13	45,445.23
8/1/2024	2,578,030.00	2,578.03	2,580,608.03	2,569,174.50
	4,504,282.00	14,983.80	4,519,265.80	4,504,282.00

Escrow Cost Summary

Purchase date	1/4/2022
Purchase cost of securities	4,504,282.00

Target for yield calculation	4,504,282.00

Attachment 6

Time Value Analysis of RPTTF Savings

April 4, 2021 Prepared by PFM Financial Advisors LLC

Attachment No. 6

Date 1/4/2022 Source: Estimated date of ROPS 21-22B disbursement
 Discount Rate 0.910% Source: AAA MMD 2029
 Nominal Value 4,593,728 Source: Last & Final ROPS

	Total Current RPTTF Disbursements (Admin/ trustee/DS) (a)	Proposed RPTTF Disbursement Defeasance Strategy (b)	Savings (a-b)	Net Present Value Savings
01/04/2022 \$	78,713 \$	3,922,881 \$	(3,844,168) \$	(3,844,168)
07/04/2022 \$	890,823 \$	- \$	890,823 \$	886,788
01/04/2023 \$	58,628 \$	- \$	58,628 \$	58,098
07/04/2023 \$	902,323 \$	- \$	902,323 \$	890,118
01/04/2024 \$	45,609 \$	- \$	45,609 \$	44,788
07/04/2024 \$	924,894 \$	- \$	924,894 \$	904,137
01/04/2025 \$	20,696 \$	- \$	20,696 \$	20,140
07/04/2025 \$	238,979 \$	- \$	238,979 \$	231,504
01/04/2026 \$	16,915 \$	- \$	16,915 \$	16,312
07/04/2026 \$	245,711 \$	- \$	245,711 \$	235,874
01/04/2027 \$	20,362 \$	- \$	20,362 \$	19,458
07/04/2027 \$	354,096 \$	- \$	354,096 \$	336,848
01/04/2028 \$	12,966 \$	- \$	12,966 \$	12,279
07/04/2028 \$	382,833 \$	- \$	382,833 \$	360,894
01/04/2029 \$	4,725 \$	- \$	4,725 \$	4,434
07/04/2029 \$	395,455 \$	- \$	395,455 \$	369,423
Total \$	4,593,728 \$	3,922,881 \$	670,847 \$	546,926

Attachment 7

Costs of Bond Defeasance

Attachment No. 7

<i>Provider</i>	<i>Service</i>	<i>Cost</i>
PFM Financial Advisors LLC	Bond Advisory Services	\$21,000
Jones Hall	Bond Counsel	\$25,000
Goldfarb & Lipman	Legal Counsel	\$20,000
Total		\$66,000