

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA, ACTING FOR ITSELF AND IN ITS CAPACITY AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 16-I (MILLENIA), AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF SPECIAL TAX BONDS FOR IMPROVEMENT AREA NO. 2 OF SUCH COMMUNITY FACILITIES DISTRICT, APPROVING THE FORM OF BOND INDENTURE, BOND PURCHASE AGREEMENT, PRELIMINARY OFFICIAL STATEMENT AND OTHER DOCUMENTS RELATED THERETO AND AUTHORIZING CERTAIN ACTIONS IN CONNECTION WITH THE ISSUANCE OF SUCH BONDS

WHEREAS, the City Council (the “City Council”) of the City of Chula Vista (the “City”), did previously conduct proceedings to form and did form a community facilities district and designate improvement areas therein for the purpose of financing the acquisition or construction of certain public improvements pursuant to the terms and provisions of the “Mello-Roos Community Facilities Act of 1982”, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the “Act”) and the City of Chula Vista Community Facilities District Ordinance enacted pursuant to the powers reserved by the City of Chula Vista under Sections 3, 5 and 7 of Article XI of the Constitution of the State of California (the “Ordinance”) (the Act and the Ordinance may be referred to collectively as the “Community Facilities District Law”), such Community Facilities District designated as Community Facilities District No. 16-I (Millenia) (the “Community Facilities District”) and the improvement areas were designated as “Improvement Area No. 1” and “Improvement Area No. 2” and collectively, the “Improvement Areas;” and

WHEREAS, this City Council has previously declared its intention to issue bonds for the Community Facilities District for each of the Improvement Areas to finance the acquisition or construction of such improvements, such bonds to be issued pursuant to the terms and provisions of the Act, the City of Chula Vista Statement of Goals and Policies Regarding the Establishment of Community Facilities Districts, as amended to date (the “Goals and Policies”) and the City of Chula Vista Debt Policy; and

WHEREAS, at this time this City Council desires to set forth the general terms and conditions relating to the authorization, issuance and administration of such bonds for Improvement Area No. 2 of the Community Facilities District to be designated as the “City of Chula Vista Community Facilities District No. 16-I (Millenia) Improvement Area No. 2 2021 Special Tax Bonds” (the “Improvement Area No. 2 Bonds”); and

WHEREAS, the forms of the following documents have been presented to and considered for approval by this City Council:

- A. Bond Indenture by and between the Community Facilities District and Wilmington Trust, National Association, as fiscal agent (the “Fiscal Agent”) setting forth the terms and conditions relating to the issuance, sale, delivery and administration of the Improvement Area No. 2 Bonds (the “Bond Indenture”);

- B. Bond Purchase Agreement by and between the Community Facilities District and Stifel, Nicolaus & Company, Incorporated, the designated underwriter (the “Underwriter”) authorizing the sale of the Improvement Area No. 2 Bonds to the Underwriter (the “Bond Purchase Agreement”);
- C. Preliminary Official Statement containing information including but not limited to the Community Facilities District and the Improvement Area No. 2 Bonds, including the terms and conditions thereof (the “Preliminary Official Statement”);
- D. Continuing Disclosure Agreement by and between the Community Facilities District and Spicer Consulting Group, as dissemination agent (the “Dissemination Agent”), pursuant to which the Community Facilities District will be obligated to provide ongoing annual disclosure relating to the Improvement Area No. 2 Bonds (the “Continuing Disclosure Agreement”);
- E. Deposit Agreement for Community Facilities District No. 16-I (Millenia) Improvement Area No. 2 by and between the City, the Community Facilities District and SLF IV-Millenia, LLC (the “Owner”) to provide for the advance by Owner of monies in the event the payment of special taxes is delayed on certain parcels in the Community Facilities District due to the Treasurer-Tax Collector of the County of San Diego’s segregation process (the “Deposit Agreement”); and

WHEREAS, this City Council, with the aid of City staff, has reviewed and considered the Bond Indenture, the Bond Purchase Agreement, the Deposit Agreement, the Continuing Disclosure Agreement and the Preliminary Official Statement and finds those documents suitable for approval, subject to the conditions set forth in this resolution; and

WHEREAS, Section 5852.1 of the Government Code of the State of California (“Section 5852.1”) provides that the City Council obtain from an underwriter, financial advisor or private lender and disclose, in a meeting open to the public, prior to authorization of the issuance of the Improvement Area No. 2 Bonds, good faith estimates of: (a) the true interest cost of the Improvement Area No. 2 Bonds, (b) the finance charge of the Improvement Area No. 2 Bonds, meaning the sum of all fees and charges paid to third parties, (c) the amount of proceeds of the Improvement Area No. 2 Bonds received less the finance charge described above and any reserves or capitalized interest paid or funded with proceeds of the Improvement Area No. 2 Bonds and (d) the sum total of all debt service payments on the Improvement Area No. 2 Bonds calculated to the final maturity of the Improvement Area No. 2 Bonds plus the fees and charges paid to third parties not paid with the proceeds of the Improvement Area No. 2 Bonds; and

WHEREAS, in accordance with Section 5852.1, the City Council has obtained such good faith estimates from Harrell & Company Advisors, LLC, the City’s municipal advisor, and such estimates are disclosed in Exhibit A attached hereto; and

WHEREAS, all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of the Improvement Area No. 2 Bonds as contemplated by this resolution and the documents referred to herein exist, have happened and have

been performed or have been ordered to have been performed in due time, form and manner as required by the laws of the State of California, including the Act and the applicable policies and regulations of the City.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Chula Vista, acting for itself and in its capacity as the legislative body of Community Facilities District No. 16-I (Millenia), that:

SECTION 1. Recitals. The above recitals are true and correct.

SECTION 2. Determinations. This legislative body hereby makes the following determinations pertaining to the proposed issuance of the Improvement Area No. 2 Bonds:

- (a) The Goals and Policies generally require that the full cash value of the properties within Improvement Area No. 2 subject to the levy of the special taxes must be at least four (4) times the principal amount of the Improvement Area No. 2 Bonds and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act on property within Improvement Area No. 2 or a special assessment levied on property within Improvement Area No. 2 (collectively, “Land Secured Bonded Indebtedness”). The Act authorizes the City Council, acting as the legislative body of the Community Facilities District, to sell the Improvement Area No. 2 Bonds only if the City Council has determined prior to the award of the sale of the Improvement Area No. 2 Bonds that the value of such properties within Improvement Area No. 2 will be at least three (3) times the amount of such Land Secured Indebtedness.

The full cash value of the property within Improvement Area No. 2 which will be subject to the special tax to pay debt service on the Improvement Area No. 2 Bonds will be at least four (4) times the amount of the Land Secured Bonded Indebtedness allocable to such properties.

The Goals and Policies further provide that the full cash value of each development area for which no final subdivision map has been filed must also be at least four (4) times the Land Secured Bonded Indebtedness allocable to each such property. Final subdivision maps have been filed for each development area in Improvement Area No. 2, therefore, there are no unmapped development areas remaining within Improvement Area No. 2.

The foregoing determinations are based upon the full cash value of such properties and development areas as shown upon an appraisal of the subject properties prepared by Kitty Siino & Associates, Inc., a state certified real estate appraiser, as defined in Business and Professions Code Section 11340(c). Such determination was made in a manner consistent with the Goals and Policies and California Debt and Investment Advisory Commission guidelines.

- (b) The terms and conditions of the Improvement Area No. 2 Bonds as contained in the Bond Indenture are consistent with and conform to the Goals and Policies.
- (c) As a result of the current status of development of the property within Improvement Area No. 2, the relative overall lack of diversity of ownership of property within such Improvement Area and the need for the Underwriter to understand fully the status of the development and other factors that affect the credit worthiness of the Improvement Area No. 2 Bonds, the private sale of the Improvement Area No. 2 Bonds will result in a lower overall cost to the Community Facilities District than a sale upon sealed bid.

SECTION 3. Improvement Area No. 2 Bonds Authorized. Pursuant to the Community Facilities District Law, this Resolution and the Bond Indenture, Improvement Area No. 2 Bonds in an aggregate principal amount not to exceed \$13,000,000 are hereby authorized to be issued. The date, manner of payment, interest rate or rates, interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of redemption and other terms, covenants and conditions of the Improvement Area No. 2 Bonds shall be as provided in the Bond Indenture as finally executed.

SECTION 4. Authorization and Conditions. The City Manager, any Deputy City Manager, the Director of Finance/Treasurer and such other official or officials of the City as may be designated in writing by this City Council or the City Manager (each, an “Authorized Officer”) are each hereby authorized and directed to execute and deliver the final form of the various documents and instruments described in this Resolution, with such additions thereto or changes therein as such Authorized Officer may deem necessary and advisable provided that no additions or changes shall authorize an aggregate principal amount of Improvement Area No. 2 Bonds in excess of \$13,000,000, a true interest cost of the Improvement Area No. 2 Bonds in excess of four and a half percent (4.50%) and an underwriter's discount in excess of one and fifteen hundredth percent (1.15%) of the par amount of the Improvement Area No. 2 Bonds (excluding original issue discount, if any). The approval of such additions or changes shall be conclusively evidenced by the execution and delivery of such documents or instruments by an Authorized Officer, upon consultation with and review by the City Attorney and Best Best & Krieger LLP, the Community Facilities District’s bond counsel.

SECTION 5. Bond Indenture. The form of Bond Indenture by and between the Community Facilities District and the Fiscal Agent, with respect to the Improvement Area No. 2 Bonds as presented to this City Council and on file with the City Clerk is hereby approved. An Authorized Officer is hereby authorized and directed to cause the same to be completed and executed on behalf of the Community Facilities District, subject to the provisions of Section 4 above.

SECTION 6. Official Statement and Continuing Disclosure Agreement. The City Council hereby approves the form of the Preliminary Official Statement as presented to this City Council and on file with the City Clerk, together with any changes therein or additions thereto deemed advisable by the Director of Finance/Treasurer or, in the absence of the Director of Finance/Treasurer, another Authorized Officer. Pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (the “Rule”) the Director of Finance/Treasurer or, in the absence of the Director of Finance/Treasurer,

another Authorized Officer is authorized to determine when the Preliminary Official Statement is deemed final, and the Director of Finance/Treasurer or such other Authorized Official is hereby authorized and directed to provide written certification thereof. The execution of the final Official Statement, which shall include such changes and additions thereto deemed advisable by the Director of Finance/Treasurer or, in the absence of the Director of Finance/Treasurer, another Authorized Officer pursuant to the Rule, shall be conclusive evidence of the approval of the final Official Statement by the Community Facilities District. The City Council hereby authorizes the distribution of the final Official Statement by the Underwriter as the initial purchaser of the Improvement Area No. 2 Bonds.

The form of Continuing Disclosure Agreement by and between the Community Facilities District and the Dissemination Agent as presented to this City Council and on file with the City Clerk is hereby approved. An Authorized Officer is hereby authorized and directed to cause the same to be completed and executed on behalf of the Community Facilities District, subject to the provisions of Sections 3 and 4 above.

SECTION 7. Deposit Agreement. The form of Deposit Agreement by and between the City, the Community Facilities District and the Owner, in substantially the form presented, with such minor modification as may be required or approved by the City Attorney and on file with the City Clerk is hereby approved. An Authorized Officer is hereby authorized and directed to cause the same to be completed and executed on behalf of the Community Facilities District and the City.

SECTION 8. Sale of Improvement Area No. 2 Bonds. This City Council hereby authorizes and approves the negotiated sale of the Improvement Area No. 2 Bonds to the Underwriter. The form of the Bond Purchase Agreement is hereby approved and an Authorized Officer is hereby authorized and directed to execute the Bond Purchase Agreement on behalf of the Community Facilities District upon the execution thereof by the Underwriter, subject to the provisions of Section 3 above.

SECTION 9. Improvement Area No. 2 Bonds Prepared and Delivered. Upon the execution of the Bond Purchase Agreement, the Improvement Area No. 2 Bonds shall be prepared, authenticated and delivered, all in accordance with the applicable terms of the Community Facilities District Law and the Bond Indenture, and any Authorized Officer and other responsible City officials, acting for and on behalf of the Community Facilities District, are hereby authorized and directed to take such actions as are required under the Bond Purchase Agreement and the Bond Indenture to complete all actions required to evidence the delivery of the Improvement Area No. 2 Bonds upon the receipt of the purchase price thereof from the Underwriter.

SECTION 10. Actions. All actions heretofore taken by the officers and agents of the City with respect to the establishment of the Community Facilities District and the sale and issuance of the Improvement Area No. 2 Bonds are hereby approved, confirmed and ratified, and the proper officers of the City, acting for and on behalf of the Community Facilities District, are hereby authorized and directed to do any and all things and take any and all actions and execute any and all certificates, agreements, contracts, and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Improvement Area No. 2 Bonds in accordance with the Community Facilities District Law, this Resolution, the Bond Indenture, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Deposit

Agreement and any certificate, agreement, contract, and other document described in the documents herein approved.

SECTION 11. Effective Date. This resolution shall take effect from and after its adoption.

Presented by

Approved as to form by

Tiffany Allen
Director of Development Services

Glen R. Googins
City Attorney

EXHIBIT A

SB 450 GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the Bonds in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the City by Harrell & Company Advisors, LLC, the City's Municipal Advisor (the "Municipal Advisor").

Principal Amount. The Municipal Advisor has informed the City that, based on the Community Facilities District's financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Bonds to be sold is \$11,255,000 (the "Estimated Principal Amount").

True Interest Cost of the Bonds. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Bonds, is 3.62%.

Finance Charge of the Bonds. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Bonds), is \$422,000.

Amount of Proceeds to be Received. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the Community Facilities District's Improvement Area No. 2 for sale of the Bonds, less the finance charge of the Bonds, as estimated above, and any reserves or capitalized interest on the Bonds paid or funded with proceeds of the Bonds, is \$10,562,000.

Total Payment Amount. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the Community Facilities District's Improvement Area No. 2 will make to pay debt service on the Bonds, calculated to the final maturity of the Bonds, is \$20,854,000 and the annual cost to administer the Bonds, not paid with the proceeds of the Bonds is \$75,000.

The foregoing estimates constitute good faith estimates only and are based on market conditions prevailing at the time of preparation of such estimates on March 2, 2021. The actual principal amount of the Bonds issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the Bonds being

different than the date assumed for purposes of such estimates, (b) the actual principal amount of Bonds sold being different from the Estimated Principal Amount, (c) the actual amortization of the Bonds being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the Community Facilities District's Improvement Area No. 2 financing plan, or a combination of such factors. The actual date of sale of the Bonds and the actual principal amount of Bonds sold will be determined by the City based on various factors. The actual interest rates borne by the Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the City or the Municipal Advisor.