

RESOLUTION NO. 2015-\_\_\_\_\_

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA, CALIFORNIA, ACTING FOR ITSELF AND AS THE LEGISLATIVE BODY OF CERTAIN COMMUNITY FACILITIES DISTRICTS, AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF SEPARATE SERIES OF REFUNDING BONDS OR SPECIAL TAX REFUNDING BONDS, AS APPLICABLE, FOR EACH SUCH COMMUNITY FACILITIES DISTRICT, APPROVING THE FORM OF A FISCAL AGENT AGREEMENT, A BOND PURCHASE CONTRACT FOR EACH SERIES OF AUTHORITY BONDS, AN ESCROW DEPOSIT AND TRUST AGREEMENT, A PRELIMINARY OFFICIAL STATEMENT, AND A FIRST SUPPLEMENTAL BOND INDENTURE FOR EACH SERIES OF PRIOR REFUNDING BONDS AND AUTHORIZING OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the City has previously established the following Community Facilities Districts and, in certain instances, designated Improvement Areas thereto pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, 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”):

- a. City of Chula Vista Community Facilities District No. 97-3 (Otay Ranch McMillin Spa One);
- b. City of Chula Vista Community Facilities District No. 99-1 (Otay Ranch Spa One – Portions of Village One, Village Five and Village One West);
- c. City of Chula Vista Community Facilities District No. 07-I (Otay Ranch Village Eleven);
- d. City of Chula Vista Community Facilities District No. 12-I (McMillin – Otay Ranch – Village Seven);
- e. City of Chula Vista Community Facilities District No. 13-I (Otay Ranch Village Seven);
- f. City of Chula Vista Community Facilities District No. 2000-1 (Sunbow II – Villages 5 through 10); and
- g. City of Chula Vista Community Facilities District No. 2001-1 (San Miguel Ranch) and Improvement Area A and Improvement Area B therein;

(each a “Community Facilities District” and collectively, the Community Facilities Districts”); and

WHEREAS, the Chula Vista Public Financing Authority (the “Public Financing Authority”) issued its \$93,930,000 Chula Vista Public Financing Authority Revenue Refunding Bonds, Series 2005A (the “PFA Series 2005A Bonds”) to provide funds, in part, to purchase the following special tax refunding bonds:

a. \$12,010,000 City of Chula Vista Community Facilities District No. 97-3 (Otay Ranch McMillin Spa One) 2005 Special Tax Refunding Bonds issued pursuant to a Bond Indenture by and between Chula Vista Community Facilities District No. 97-3 and U.S. Bank National Association as fiscal agent (the “Prior Fiscal Agent”);

b. \$44,875,000 City of Chula Vista Community Facilities District No. 99-1 (Otay Ranch Spa One – Portions of Village One, Village Five and Village One West) 2005 Special Tax Refunding Bonds issued pursuant to a Bond Indenture by and between Chula Vista Community Facilities District No. 99-1 and the Prior Fiscal Agent;

c. \$7,560,000 City of Chula Vista Community Facilities District No. 2000-1 (Sunbow II – Villages 5 through 10) 2005 Special Tax Refunding Bonds issued pursuant to a Bond Indenture by and between Chula Vista Community Facilities District No. 2000-1 and the Prior Fiscal Agent; and

d. \$15,505,000 City of Chula Vista Community Facilities District No. 2001-1 (San Miguel Ranch) 2005 Improvement Area A Special Tax Refunding Bonds issued pursuant to a Bond Indenture by and between Chula Vista Community Facilities District No. 2001-1 and the Prior Fiscal Agent;

(collectively, the “Prior Refunding Bonds”; collectively, the “Prior Bond Indentures”); and

WHEREAS, each applicable Community Facilities District issued the following series of Special Tax Bonds to finance certain public improvements to serve such Community Facilities District or Improvement Area thereto, as applicable:

a. \$16,950,000 City of Chula Vista Community Facilities District No. 07-I (Otay Ranch Village Eleven) 2006 Special Tax Bonds;

b. \$22,565,000 City of Chula Vista Community Facilities District No. 12-I (McMillin – Otay Ranch – Village Seven) 2005 Special Tax Bonds;

c. \$16,620,000 City of Chula Vista Community Facilities District No. 13-I (Otay Ranch Village Seven) 2006 Special Tax Bonds; and

d. \$12,230,000 City of Chula Vista Community Facilities District No. 2001-1 (San Miguel Ranch) 2005 Improvement Area B Special Tax Bonds;

(collectively, the “Prior Special Tax Bonds” or individually, a “Series of Prior Special Tax Bonds”); and

WHEREAS, as a result of a combination of favorable conditions in the municipal bond market and the level of development, diversity of ownership and increase in value of the properties within the Community Facilities Districts or the Improvement Areas thereof, as applicable, for which the Prior Refunding Bonds or Prior Special Tax Bonds, as applicable, were issued, the City Council of the City (the “City Council”), acting as the legislative body of the Community Facilities Districts, desires to issue the following bonds for the purpose of defeasing and redeeming the PFA Series 2005A Bonds or the Prior Special Tax Bonds, as applicable prior to their scheduled maturity in order to reduce the borrowing costs on such indebtedness:

a. the City of Chula Vista Community Facilities District No. 07-I (Otay Ranch Village Eleven) Special Tax Refunding Bonds, Series 2015 in a principal amount not to exceed \$14,000,000;

b. the City of Chula Vista Community Facilities District No. 12-I (McMillin – Otay Ranch – Village Seven) Special Tax Refunding Bonds, Series 2015 in a principal amount not to exceed \$11,000,000;

c. the City of Chula Vista Community Facilities District No. 13-I (Otay Ranch Village Seven) Special Tax Refunding Bonds, Series 2015 in a principal amount not to exceed \$5,000,000; and

d. the City of Chula Vista Community Facilities District No. 2001-1 (San Miguel Ranch) Improvement Area B Special Tax Refunding Bonds, Series 2015 in a principal amount not to exceed \$6,000,000;

((a) through (d) collectively, the “Special Tax Refunding Bonds” or individually, a “Series of Special Tax Refunding Bonds”);

e. the City of Chula Vista Community Facilities District No. 97-3 (Otay Ranch McMillin Spa One) Special Tax Refunding Bonds, Series 2015 in a principal amount not to exceed \$7,600,000;

f. the City of Chula Vista Community Facilities District No. 99-1 (Otay Ranch Spa One – Portions of Village One, Village Five and Village One West) Special Tax Refunding Bonds, Series 2015 in a principal amount not to exceed \$27,500,000;

g. the City of Chula Vista Community Facilities District No. 2000-1 (Sunbow II – Villages 5 through 10) Special Tax Refunding Bonds, Series 2015 in a principal amount not to exceed \$5,250,000; and

h. the City of Chula Vista Community Facilities District No. 2001-1 (San Miguel Ranch) Improvement Area A Special Tax Refunding Bonds, Series 2015 in a principal amount not to exceed \$8,250,000;

((e) through (h) collectively, the “Refunding Bonds” or individually, a “Series of Refunding Bonds”); and

WHEREAS, a reduction in such borrowing costs will, in turn, result in a reduction in the rate of special taxes necessary to be levied within the Community Facilities Districts or the Improvement Areas thereof, as applicable, thereby resulting in savings to the owners of the properties subject to the levy of such special taxes; and

WHEREAS, the City Council requests that the Chula Vista Municipal Financing Authority (the "Authority") issue, sell and deliver Special Tax Revenue Refunding Bonds, Series 2015A (the "Series 2015A Authority Bonds") in an aggregate principal amount not to exceed \$36,000,000 to provide funds in order to acquire the Special Tax Refunding Bonds and the Special Tax Refunding Bonds will, in turn, provide funds to finance the defeasance and redemption of the Prior Special Tax Bonds; and

WHEREAS, the City Council has requested that the Authority issue, sell and deliver its Revenue Refunding Bonds, Series 2015B (the "Series 2015B Authority Bonds" and together with the Series 2015A Authority Bonds, the "Authority Bonds") in an aggregate principal amount not to exceed \$55,000,000 to provide funds, in part, to acquire the Refunding Bonds and the Refunding Bonds will, in turn, provide funds to finance the defeasance and redemption of the PFA Series 2005A Bonds and the discharge of the underlying Prior Refunding Bonds; and

WHEREAS, for the purposes of the issuance, sale and delivery of the Refunding Bonds and Special Tax Refunding Bonds, as applicable there are now on file with the City Clerk copies of the forms of:

- A. a Fiscal Agent Agreement, by and between the applicable Community Facilities District and U.S. Bank National Association, as fiscal agent (the "Fiscal Agent"), establishing the terms and conditions pertaining to the issuance of each series of the Refunding Bonds and Special Tax Refunding Bonds, as applicable, (each, a "Fiscal Agent Agreement" and collectively, the "Fiscal Agent Agreements");
- B. a separate First Supplemental Bond Indenture for each series of Prior Refunding Bonds by and between the applicable Community Facilities District and U.S. National Bank, as Fiscal Agent to provide that the defeasance of the PFA Series 2005A Bonds will cause the discharge of the Prior Refunding Bonds (each, a "First Supplemental Bond Indenture");
- C. a separate Bond Purchase Contract for each series of Authority Bonds, among the Authority, the City, the Community Facilities Districts and Stifel, Nicolaus & Company, Incorporated, the underwriter of the Authority Bonds (the "Underwriter"), related to the purchase of the Authority Bonds by the Underwriter and the purchase of the Refunding Bonds and Special Tax Refunding Bonds by the Authority (each, a "Bond Purchase Contract");
- D. an Escrow Deposit and Trust Agreement by and between the applicable Community Facilities District and U.S. Bank National Association, as escrow bank, to provide for the defeasance and redemption of each Series of the Prior Special Tax Bonds (each, an "Escrow Agreement"); and

- E. two separate Preliminary Official Statements containing information including but not limited to information regarding the applicable series of the Authority Bonds, the Authority, the City of Chula Vista Reassessment District No. 2015-1, the Community Facilities Districts, the Improvement Areas of the applicable Community Facilities Districts, the Refunding Bonds and the Special Tax Refunding Bonds (each, a “Preliminary Official Statement”); and

WHEREAS, this City Council has reviewed and considered such forms of Fiscal Agent Agreement, First Supplemental Bond Indenture, Bond Purchase Contract, Escrow Agreement and Preliminary Official Statements and finds those forms of documents suitable for approval, subject to the conditions set forth in this resolution; 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 Refunding Bonds and the Special Tax Refunding 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 Community Facilities District Law.

NOW, THEREFORE, BE IT RESOLVED AND DETERMINED:

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

SECTION 2. Refunding Bonds and Special Tax Refunding Bonds Authorized. Pursuant to and subject to the satisfaction of all conditions precedent as set forth in the Act, this Resolution and the applicable Fiscal Agent Agreement, each Series of Refunding Bonds or Special Tax Refunding Bonds, as applicable, is 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 each Series of such Refunding Bonds or Special Tax Refunding Bonds, as applicable, shall be as provided in the applicable Fiscal Agent Agreement as finally executed. In the event that any of such conditions precedent cannot be met as to the PFA Series 2005A Bonds or any Series of the Prior Special Tax Bonds, as applicable, or the applicable Series of the Refunding Bonds or Special Tax Refunding Bonds, as applicable, such Series of Refunding Bonds or Special Tax Refunding Bonds, as applicable, shall not be issued.

SECTION 3. Findings. In furtherance of the issuance of the Refunding Bonds and Special Tax Refunding Bonds, the City Council hereby makes the following findings and determinations: (i) it is prudent in the management of the fiscal affairs of each Community Facilities District to issue the applicable Series of Refunding Bonds or Special Tax Refunding Bonds, as applicable, for the purpose, inter alia, of defeasing and redeeming the PFA Series 2005A Bonds or the applicable Series of Prior Special Tax Bonds, as applicable, (ii) as to each Series of Refunding Bonds or Special Tax Refunding Bonds, as applicable, the total interest cost to maturity of such Refunding Bonds or Special Tax Refunding Bonds, as applicable, plus the principal amount of such Refunding Bonds or Special Tax Refunding Bonds, as applicable, will not exceed the total interest cost to maturity on the Prior Refunding Bonds or applicable Series of the Prior Special Tax Bonds, as applicable, being

discharged or defeased and redeemed, as applicable, from the proceeds of such Refunding Bonds or Special Tax Refunding Bonds, as applicable, plus the principal amount of such Prior Refunding Bonds or Prior Special Tax Bonds, and (iii) the issuance of each Series of the Refunding Bonds and the Special Tax Refunding Bonds is in compliance with the City's Goals and Policies for Community Facilities Districts. The principal amount of each Series of Refunding Bonds or Special Tax Refunding Bonds, as applicable, will be less than one third of the value of the property in the applicable Community Facilities District or the Improvement Area of the applicable Community Facilities District subject to the levy of the special taxes authorized under the Community Facilities District Law securing such Refunding Bonds or Special Tax Refunding Bonds, as confirmed by the aggregate assessed value of taxable parcels in such Community Facilities District or such Improvement Area.

For purposes of Section 53363.2 of the Act, the City Council hereby further finds and determines that: (i) it is expected that the purchase of each Series of Refunding Bonds and Special Tax Refunding Bonds will occur on the Closing Date (as such term is defined in each Fiscal Agent Agreement); (ii) the date, denomination, maturity dates, places of payment and form of each Series of Refunding Bonds and each Series of Special Tax Refunding Bonds shall be as set forth in the applicable Fiscal Agent Agreement, as executed and the latest maturity date of each Series will not exceed the latest maturity date of the applicable Series of Prior Special Tax Bonds and Prior Refunding Bonds being refunded; (iii) the place of payment for each Series of the Prior Special Tax Bonds and Prior Refunding Bonds shall be as set forth in the applicable Fiscal Agent Agreement; and (iv) the designated costs of issuing the Refunding Bonds and the Special Tax Refunding Bonds shall be as described in Section 53363.8(a) of the Act, and as otherwise described in the applicable Fiscal Agent Agreement, in the Official Statements for the Authority Bonds to finance the acquisition of the Refunding Bonds and the Special Tax Refunding Bonds and the closing certificates for the Authority Bonds, the Refunding Bonds and the Special Tax Refunding Bonds, including but not limited to, a proportionate share of Bond Counsel fees and expenses, Disclosure Counsel fees and expenses, purchaser's discount, printing costs for the Official Statements, fees and expenses for the Special Tax Consultant and Financial Advisor, escrow verification costs, initial Fiscal Agent fees, costs of issuance of the Authority Bonds, and costs of City staff incurred in connection with the sale and issuance of the Authority Bonds, the Refunding Bonds and the Special Tax Refunding Bonds and (v) the minimum rate of interest on the Refunding Bonds or the Special Tax Refunding Bonds, as applicable, shall be 0.5%.

SECTION 4. Authorization and Conditions. The City Manager, the Deputy City Manager and the Assistant Director of Finance of the City and each of their specified designees (each, an "Authorized Officer"), acting for and on behalf of the City or the Community Facilities Districts, as applicable, are, and each of them is, hereby authorized and directed to execute and deliver the various documents and instruments described in this Resolution with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve as being in the best interests of the Community Facilities Districts subject to any limiting conditions contained herein and further subject to the approval thereof as to form by the City Attorney or his specified designee and Best Best & Krieger LLP, bond counsel, or, Strading, Yocca, Carlson & Rauth, P.C., disclosure counsel, in the case of the Bond Purchase Contracts, Preliminary Official Statements and final

Official Statements. The approval of such additions or changes shall be conclusively evidenced by the execution and delivery of such documents or instruments by the Authorized Officer.

SECTION 5. Fiscal Agent Agreement. The form of Fiscal Agent Agreement on file in the City Clerk's office is hereby approved. The Authorized Representatives are each authorized to approve a Fiscal Agent Agreement for each Series of Refunding Bonds and Special Tax Refunding Bonds, as applicable, and are authorized to execute such agreements in accordance with Section 4 above.

SECTION 6. First Supplemental Bond Indenture. The form of First Supplemental Bond Indenture on file in the City Clerk's office is hereby approved. The Authorized Representatives are each authorized to approve a First Supplemental Bond Indenture for each Series of Refunding Bonds and are authorized to execute such agreements in accordance with Section 4 above.

SECTION 7. Sale of Refunding Bonds and Special Tax Refunding Bonds; Bond Purchase Contracts. This City Council hereby authorizes and approves the sale of the Refunding Bonds and Special Tax Refunding Bonds by negotiation to the Authority. The forms of the Bond Purchase Contracts on file in the City Clerk's office are hereby approved. Notwithstanding the foregoing, the authorization to execute the Bond Purchase Contracts is subject to the satisfaction of the following conditions precedent that: (a) all findings set forth in Section 3 above have been confirmed, (b) the final maturity of the Refunding Bonds and Special Tax Refunding Bonds, as applicable, shall not exceed the final maturity of the Prior Special Tax Bonds or Prior Refunding Bonds, as applicable, and (c) that the City Manager has determined that either (i) the net effective present value savings resulting from the defeasance and refunding of the PFA Series 2005A Bonds and each such series of Prior Special Tax Bonds shall be at least five percent (5.00%) of the principal amount refunded or (ii) if such minimum level of present value savings is not achieved, in his professional judgment following consideration of the recommendation of the Deputy City Manager, that such refunding will result in such level of annual savings that such refunding will nevertheless be in the best interests of the affected property owners .

SECTION 8. Escrow Agreements. The forms of the Escrow Agreements on file in the City Clerk's office are hereby approved. The Authorized Representatives are each authorized to approve an Escrow Agreement for each Series of Prior Special Tax Bonds and are authorized to execute such agreements in accordance with Section 4 above.

SECTION 9. Preliminary Official Statements. The forms of Preliminary Official Statements presented at this meeting are hereby approved. The Authorized Officers, acting for and on behalf of each Community Facilities Districts, are, and each of them is, hereby authorized and directed to approve such changes, insertions and omissions therein as are necessary to enable such Authorized Officer to certify on behalf of such Community Facilities Districts that the information pertaining to such Community Facilities Districts, the Improvement Areas and the Special Tax Refunding Bonds contained in the applicable Preliminary Official Statement is deemed final as of its date except for the omission of certain information as permitted by Section 240.15c2-12(b)(1) of Title 17 of the Code of Federal Regulations. The Authorized Officers, acting for and on behalf of the Community Facilities Districts, are, and each of them is further authorized and directed to bring each Preliminary Official Statement into the form of a final official statement (each a "Final Official Statement") and

to execute a statement that the facts contained in the Final Official Statements pertaining to the Community Facilities Districts, the Improvement Areas and the Special Tax Refunding Bonds, and any supplement or amendment thereto (which shall be deemed an original part thereof for the purpose of such statement) were, at the time of sale of the Authority Bonds, true and correct in all material respects and that the Final Official Statement did not, on the date of sale of the Authority Bonds, and do not, as of the date of delivery of the Authority Bonds, contain any untrue statement of a material fact with respect to the Community Facilities Districts, the Improvement Areas, Refunding Bonds and the Special Tax Refunding Bonds or omit to state material facts with respect to the Community Facilities Districts, the Improvement Areas, Refunding Bonds and the Special Tax Refunding Bonds required to be stated where necessary to make any statement made therein not misleading in the light of the circumstances under which it was made.

SECTION 10. Actions. All actions heretofore taken by the officers and agents of the City, acting for and on behalf of itself and the Community Facilities Districts, as applicable, with respect to the sale and issuance of the Refunding Bonds and Special Tax Refunding Bonds are hereby approved, confirmed and ratified, and the proper officers of the City, acting for and on behalf of itself or the Community Facilities Districts, as applicable, 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 transaction discussed in this Resolution and the lawful issuance and delivery of the Refunding Bonds and Special Tax Refunding Bonds in accordance with the Act, this Resolution, the Fiscal Agent Agreements, the Escrow Agreements, the First Supplemental Bond Indentures and the Bond Purchase Contracts, including 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.

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Maria Kachadoorian  
Deputy City Manager

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Glen R. Googins  
City Attorney