

RESOLUTION NO. _____ (N.C.S.)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SALINAS, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2016-1 (MONTE BELLA) OF THE CITY OF SALINAS, AUTHORIZING THE ISSUANCE OF ITS 2020 SPECIAL TAX BONDS (IMPROVEMENT AREA NO. 3) IN A PRINCIPAL AMOUNT NOT TO EXCEED THREE MILLION TWO HUNDRED FIFTY THOUSAND DOLLARS (\$3,250,000) AND APPROVING CERTAIN DOCUMENTS AND TAKING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the City Council of the City of Salinas (the “**City**”), located in Monterey County, California (hereinafter sometimes referred to as the “legislative body of the District”), has heretofore undertaken proceedings and declared the necessity of Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas (the “**District**”) to issue bonds pursuant to the terms and provisions of 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**”), up to the aggregate principal amount of \$4,400,000 for Improvement Area No. 3 of the District; and

WHEREAS, pursuant to Resolution Nos. 21082 and 21083 adopted by the legislative body of the District on November 29, 2016, certain propositions were submitted to the qualified electors within Improvement Area No. 3 the District, and were approved by more than two-thirds of the votes cast at the elections held within the District on November 29, 2016; and

WHEREAS, pursuant to the Act, the District desires to finance the acquisition and/or construction of certain public facilities and improvements within Improvement Area No. 3 of the District; and

WHEREAS, in order to finance such public facilities and improvements within the District, the District desires to issue bonds in an aggregate principal amount not to exceed \$3,250,000 designated as the “Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas 2020 Special Tax Bonds (Improvement Area No. 3)” (the “**Bonds**”); and

WHEREAS, in order to effect the issuance of the Bonds, the legislative body of the District desires to approve the form of a Preliminary Official Statement for the Bonds and to approve the forms of and authorize the execution and delivery of a Bond Indenture, a Bond Purchase Agreement and a Continuing Disclosure Certificate for the Bonds, the forms of which are on file with the City Clerk; and

WHEREAS, to assist in issuing the Bonds, the legislative body of the District desires to retain Stradling Yocca Carlson & Rauth, a Professional Corporation, to act as Bond Counsel and Disclosure Counsel to the District; and

WHEREAS, the legislative body of the District has determined in accordance with Government Code Section 53360.4 that a negotiated sale of the Bonds to Stifel, Nicolaus & Company, Incorporated (the “**Underwriter**”), in accordance with the terms of the Bond Purchase

Agreement for the Bonds to be entered into by the District and the Underwriter (the “**Purchase Contract**”) will result in a lower overall cost to the District than a public sale; and

WHEREAS, the legislative body of the District has determined that it is necessary and prudent in the management of its fiscal affairs to issue the Bonds; and

WHEREAS, the aggregate appraised value of the real property in Improvement Area No. 3 of the District that is subject to the special tax to pay debt service on the Bond is not less than three times the principal amount of the Bonds and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act or a special assessment levied on property within Improvement Area No. 3 of the District, which fact is required as a precondition to the issuance of the Bonds; and

WHEREAS, in accordance with Part IX.B.1 of the City’s Financial Policies the aggregate principal amount of the Bonds shall not exceed one-third of the appraised value of the improved property within Improvement Area No. 3 of the District, as determined by an independent appraisal to be prepared by BBG Inc.; and

WHEREAS, in accordance with Part IX.C.1(c) of the City’s Financial Policies, the projected amount of the special taxes to be levied to repay the bonds (the “**Special Taxes**”), together with ad valorem property taxes and other direct and overlapping debt within Improvement Area No. 3 of the District, shall not exceed 2% of the projected assessed value of each improved parcel within Improvement Area No. 3 of the District that shall be subject to the Special Taxes;

WHEREAS, in accordance with Part IX.B.7 of the City’s Financial Policies, none of the faith, credit or taxing power of the City shall be pledged to the repayment of the Bonds, nor shall the City be obligated to replenish the reserve fund to be established in connection with the Bonds except from Special Taxes or foreclosure proceeds; and

WHEREAS, in accordance with Government Code Section 5852.1, the City Council has obtained and wishes to disclose the information set forth in Exhibit A hereto;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Salinas, acting as the legislative body of Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas, as follows:

Section 1. Recitals. Each of the above recitals is true and correct and is adopted by the legislative body of the District.

Section 2. Issuance of Bonds. The issuance of the Bonds pursuant to the Act in a principal amount not to exceed \$3,250,000 is hereby authorized, with the exact principal amount of the Bonds to be determined by the official signing the Purchase Contract in accordance with Section 5 below. The legislative body of the District hereby determines that it is necessary and prudent in the management of its fiscal affairs to issue the Bonds, and that none of the faith, credit or taxing power of the City shall be pledged to the repayment of the Bonds, nor shall the City be obligated to replenish the reserve fund to be established in connection with the Bonds except from Special Taxes or foreclosure proceeds. The legislative body of the District hereby further determines that:

(a) the Bonds shall be dated their date of issuance, and be in the denominations, have the maturity dates, and be payable at the place and be in the form specified in the Purchase Contract to be executed on behalf of the District in accordance with Section 6 hereof;

(b) In accordance with Part IX.B.5 of the City's Financial Policies, the City Council, as the governing board of the District, hereby determines that the requirement for community facilities district bonds to have a term of 25 years or less is hereby waived with respect to the Bonds; and

(c) the Underwriter's discount for the Bonds shall not exceed 2.50% of the aggregate principal amount thereof.

Section 3. Approval of Indenture. The Bonds shall be governed by the terms and conditions of the Bond Indenture, dated as of the first day of the month in which the Bonds are issued, by and between the District and The Bank of New York Mellon Trust Company, N.A., as trustee, relating to the Bonds. The Bond Indenture shall be prepared by Bond Counsel to the District and executed by any one of the Mayor, the City Manager, the Finance Director or the City Clerk, or the written designee of one of the foregoing (individually, an "**Authorized Officer**," and collectively, the "**Authorized Officers**"), substantially in the form presented at this meeting, with such additions thereto and changes therein as the Authorized Officer or Officers executing the same deem necessary to cure any ambiguity or defect therein if such addition or change does not materially alter the substance or content thereof, to insert the offering price(s), interest rate(s), selling compensation, principal amount per maturity, redemption dates and prices and such other related terms and provisions as limited by Section 6 hereof, or to conform any provisions therein to the Purchase Contract and the Official Statement delivered to the purchasers of the Bonds. Approval of such changes shall be conclusively evidenced by the execution and delivery of the Bond Indenture by any one of the Authorized Officers. Capitalized terms used in this Resolution which are not defined herein have the meanings ascribed to them in the Bond Indenture.

Section 4. Execution of Bonds. The Bonds shall be executed on behalf of the District by the manual or facsimile signature of an Authorized Officer and the seal of the District or the City, or a facsimile thereof, may be impressed or imprinted thereon and shall be attested with the manual or facsimile signature of the City Clerk. The Bank of New York Mellon Trust Company, N.A., is hereby appointed to act as trustee for the Bonds.

Section 5. Approval of Covenants. The covenants set forth in the Bond Indenture to be executed in accordance with Section 3 above are hereby approved, shall be deemed to be covenants of the legislative body of the District and shall be complied with by the District and its officers.

Section 6. Approval of Purchase Contract. The form of the Purchase Contract presented at this meeting is hereby approved, and any one of the Authorized Officers is hereby authorized to execute the Purchase Contract, with such additions thereto and changes therein as the Authorized Officer executing the same deems necessary, including relating to such dates, numbers and redemption provisions as are necessary to conform the Purchase Contract to the dates, amounts, interest rates and redemption provisions that are applicable to the Bonds as of the sale date. Approval of such additions and changes shall be conclusively evidenced by the execution and delivery of the Purchase Contract; provided, however, that the Purchase Contract shall be signed only if the Bonds are purchased by the Underwriter at a true interest cost that does not exceed 6.00% and the discount paid to the Underwriter (exclusive of original issue discount) does not exceed the

amount that is set forth in Section 2(c) above. Each of the Authorized Officers is authorized to determine the day on which the Bonds are to be priced in order to attempt to produce the lowest borrowing cost for the District and may reject any terms presented by the Underwriter if determined not to be in the best interest of the District.

Section 7. Approval of Continuing Disclosure Certificate. The form of the Continuing Disclosure Certificate presented at this meeting is hereby approved, and any one of the Authorized Officers is hereby authorized and directed to execute the Continuing Disclosure Certificate in the form hereby approved, with such additions therein and changes thereto as the Authorized Officer or Authorized Officers executing the same deem necessary to cure any defect or ambiguity therein if such change does not materially alter the substance or content thereof, with such approval to be conclusively evidenced by the execution and delivery of the Continuing Disclosure Certificate.

Section 8. Approval of Preliminary Official Statement. The form of the Preliminary Official Statement presented at this meeting is hereby approved, and the Underwriter is hereby authorized to distribute the Preliminary Official Statement to prospective purchasers of the Bonds in the form hereby approved, together with such additions thereto and changes therein as are determined to be necessary by any of the Authorized Officers to make the Preliminary Official Statement final as of its date. Each of the Authorized Officers is hereby authorized and directed to execute and deliver a certificate deeming the Preliminary Official Statement final as of its date in accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934. Each of the Authorized Officers is hereby authorized to execute a final Official Statement in the form of the Preliminary Official Statement, together with such changes as are determined necessary by the Authorized Officer executing the Official Statement to make such Official Statement complete and accurate as of its date. The Underwriter is further authorized to distribute the final Official Statement for the Bonds and any supplement thereto to the purchasers thereof upon its execution on behalf of the District as described above.

Section 10. Findings. In accordance with the requirements of Section 53345.8 of the Act, the legislative body of the District hereby determines that the aggregate appraised value of the real property in Improvement Area No. 3 of the District that is subject to the special tax to pay debt service on the Bonds (as determined in part by an appraisal of certain property within Improvement Area No. 3 of the District that will be subject to the Special Tax) is not less than three times the principal amount of the Bonds and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act or a special assessment levied on property within Improvement Area No. 3 of the District.

Section 11. Special Services. Each of the Authorized Officers is authorized to provide for all services necessary to effect the issuance of the Bonds. Such services shall include, but not be limited to, obtaining legal services, trustee services, special tax consultant services, appraisal services and any other services deemed appropriate by an Authorized Officer. Any one of the Authorized Officers is authorized to pay for the cost of such services, together with other Costs of Issuance (as such term is defined in the Bond Indenture) from Bond proceeds.

Section 12. Approval of Bond and Disclosure Counsel. The Authorized Officers are authorized to execute a contract with Stradling Yocca Carlson & Rauth, a Professional Corporation, to act as Bond Counsel and Disclosure Counsel to the District.

Section 13. Other Actions Authorized. Each of the Authorized Officers and the other officers and staff of the City and the District who are responsible for the fiscal affairs of the District are hereby authorized and directed to take any actions and to execute and deliver any and all documents as are necessary to accomplish the issuance, sale and delivery of the Bonds in accordance with the provisions of this Resolution, and the fulfillment of the purposes of the Bonds as described in the Bond Indenture, including, but not limited to, providing certificates as to the accuracy of any information relating to the District which is included in the Official Statement and amendments to the Bond Indenture. Any document authorized herein to be signed by the City Clerk may be signed by a duly appointed deputy clerk.

Section 14. Effective Date. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED this 1st day of December, 2020, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

Christie Cromeenes, Mayor Pro Tem

ATTEST:

Patricia M. Barajas, City Clerk

EXHIBIT A

GOVERNMENT CODE SECTION 5852.1 DISCLOSURE

The following information consists of estimates that have been provided by the Underwriter and has been represented by such party to have been provided in good faith:

- (A) True Interest Cost of the Bonds: 3.92%
- (B) Finance Charge of the Bonds (Sum of all fees/charges paid to third parties): \$195,000
- (C) Net Proceeds of the Bonds to be Received (net of finance charges, reserves and capitalized interest, if any): \$2,870,000
- (D) Total Payment Amount through Maturity of the Bonds: \$4,806,500

The foregoing constitute good faith estimates only. The principal amount of the Bonds, the true interest cost of the Bonds, 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 amount used for purposes of such estimates; (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 District's 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 District based on a variety of 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 District.