

**RESOLUTION NO. \_\_\_\_\_ (N.C.S)**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
SALINAS, CALIFORNIA, DECLARING ITS INTENTION TO  
ESTABLISH COMMUNITY FACILITIES DISTRICT NO. 2016-1  
(MONTE BELLA) OF THE CITY OF SALINAS, AND  
IMPROVEMENT AREA NOS. 1, 2 AND 3 THEREIN, TO  
AUTHORIZE THE LEVY OF A SPECIAL TAX TO PAY THE  
COST OF ACQUIRING OR CONSTRUCTING CERTAIN  
PUBLIC FACILITIES, AND PAYING FOR CERTAIN  
INCIDENTAL EXPENSES AND TO PAY DEBT SERVICE ON  
BONDED INDEBTEDNESS**

**WHEREAS**, the City of Salinas (the “City”) has received a petition from at least 10% of the owners of the territory described in Exhibit A attached hereto (the “Property”), requesting to establish Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas (the “Community Facilities District”) and Improvement Area No. 1, Improvement Area No. 2 and Improvement Area No. 3 therein (each an “Improvement Area” and, together, the “Improvement Areas”) to finance (1) the purchase, construction, expansion, improvement or rehabilitation of the public facilities described in Exhibit B hereto (which attachment is incorporated herein by this reference), including all furnishings, equipment and supplies related thereto (collectively, the “Facilities”), which Facilities have a useful life of five years or longer, and (2) the incidental expenses to be incurred in connection with financing the Facilities and forming the Community Facilities District and the Improvement Areas therein and administering the Community Facilities District (the “Incidental Expenses”); and

**WHEREAS**, the City Council of the City (the “City Council”), acting as the legislative body of the Community Facilities District, further intends to approve an estimate of the costs of the Facilities and the Incidental Expenses for the Community Facilities District and each Improvement Area therein; and

**WHEREAS**, it is the intention of the City Council to consider financing the Facilities and the Incidental Expenses through the formation of the Community Facilities District and each Improvement Area therein, and the sale of bonds in an amount not to exceed \$11,000,000 for the Community Facilities District, including \$3,575,000 for Improvement Area No. 1, \$3,025,000 for Improvement Area No. 2 and \$4,400,000 for Improvement Area No. 3 (the “Obligations”) and the levy of a special tax in the applicable Improvement Area to pay directly for the Facilities and to pay debt service on the Obligations, provided that the bond sale and special tax levy are approved at elections to be held for the Improvement Areas; and

**WHEREAS**, Canadian Pacific Land, LLC, a Florida limited liability company and Strack Farms Land, LLC, a Delaware limited liability company (collectively, the “Owner”) and the City, acting for and on behalf of the itself and the Community Facilities District, desire to enter into a Reimbursement Agreement (the “Reimbursement Agreement”) in order to provide for Owner’s advance of funds for the City’s costs relating to the Community Facilities District proceedings;

**NOW, THEREFORE,** the City Council of the City of Salinas hereby finds, determines and resolves as follows:

1. Intention. The City Council declares its intention to conduct proceedings pursuant to said Article 3.5 of the Act for the establishment of the Community Facilities District and each Improvement Area therein with boundaries coterminous with the Property. It is further proposed that the boundaries of the Community Facilities District and each Improvement Area shall be the legal boundaries as described in Exhibit A hereto which boundaries shall, upon recordation of the boundary map for the Community Facilities District, include the entirety of any parcel subject to taxation by Community Facilities District, except where indicated on the boundary map, and as depicted on the boundary map of the Community Facilities District which is on file with the City Clerk. The City Clerk is hereby directed to sign the original boundary map of the Community Facilities District and record it with all proper endorsements thereon with the County Recorder of the County of Monterey within 15 days after the adoption of this resolution, all as required by Section 3111 of the Streets and Highways Code of the State of California.

2. Name of the Community Facilities District. The name of the proposed Community Facilities District is "Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas, County of Monterey, State of California."

3. Types of Facilities to be Financed by the Community Facilities District. The Facilities proposed to be provided within the Community Facilities District and each Improvement Area therein are public facilities as defined in the Act. The City Council hereby finds and determines that the description of the Facilities and Incidental Expenses herein is sufficiently informative to allow taxpayers within the Community Facilities District and each Improvement Area therein to understand what the funds of the Community Facilities District and each Improvement Area therein may be used to finance the Facilities and Incidental Expenses expected to be incurred, including the cost of planning and designing the Facilities, the costs of forming the Community Facilities District and each Improvement Area therein, issuing bonds, levying and collecting a special tax within the Community Facilities District and each Improvement Area therein and the annual administration costs of the Community Facilities District. The City Council hereby finds that the proposed Facilities are necessary to meet increased demands placed upon the City as a result of development occurring in the Community Facilities District. The Facilities may be acquired from one or more of the property owners as completed public facilities or may be constructed by or on behalf of the City and paid for with bond proceeds and the proceeds of special taxes collected by the Community Facilities District.

4. Special Taxes. Except where funds are otherwise available, it is the intention of the City Council to levy annually in accordance with the procedures contained in the Act a special tax within each Improvement Area, secured by a continuing lien against all non-exempt real property in the Improvement Area, sufficient to pay for the Facilities and Incidental Expenses and the principal and interest and other periodic costs on bonds or other indebtedness issued to finance the Facilities and Incidental Expenses, including the establishment and replenishment of any reserve funds deemed necessary by the City, and any remarketing, credit enhancement and liquidity facility fees (including such fees for instruments which serve as the basis of a reserve fund in lieu of cash) attributable to the Community Facilities District. The rate

and method of apportionment and manner of collection of the special tax for each Improvement Area is described in detail in Exhibits C-1, C-2 and C-3 attached hereto, which attachments are incorporated herein by this reference. Exhibits C-1, C-2 and C-3 allow each landowner within the applicable Improvement Area to estimate the maximum amount that may be levied against each parcel.

If special taxes of the Community Facilities District are levied against any parcel used for private residential purposes, (i) the maximum special tax rate shall not be increased except to the extent permitted in the rate and method, (ii) such tax shall not be levied later than the fiscal year specified in the rate and method and (iii) under no circumstances shall such special tax in an Improvement Area be increased as a consequence of delinquency or default by the owner of any other parcel or parcels within the Improvement Area by more than ten percent (10%) above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults.

The City Council hereby determines the rate and method of apportionment of the special tax for each Improvement Area set forth in Exhibits C-1, C-2 and C-3 to be reasonable. The special tax is apportioned to each parcel on the foregoing basis pursuant to Section 53325.3 of the Act; and such special tax is not on or based upon the value or ownership of real property. In the event that a portion of the property within an Improvement Area shall become for any reason exempt, wholly or partially, from the levy of the special tax specified in the rate and method of the Improvement Area, the City Council shall, on behalf of the Community Facilities District, cause the levy to be increased, subject to the limitation of the maximum special tax for a parcel as set forth in the rate and method, to the extent necessary upon the remaining property within the Improvement Area which is not exempt in order to yield the special tax revenues required for the purposes described in this Section. The obligation to pay special taxes may be prepaid as provided in the rates and methods of apportionment set forth in Exhibits C-1, C-2 and C-3, as such rates and methods may be amended hereafter.

5. Public Hearing. A combined public hearing (the "Hearing") on the establishment of the Community Facilities District and each Improvement Area therein, the proposed rates and methods of apportionment of the special tax for each Improvement Area and the proposed issuance of bonds for each Improvement Area to finance the Facilities and the Incidental Expenses shall be held at 4:00 p.m., or as soon thereafter as practicable, on November 29, 2016, at the City Council's Chambers, 200 Lincoln Avenue, Salinas, California. If the City Council determines to form the Community Facilities District and each Improvement Area therein, special elections will be held to authorize the issuance of the bonds for each Improvement Area and the levy of the special tax in accordance with the procedures contained in Government Code Section 53326. If such elections are held, the proposed voting procedure at the elections will be a landowner vote with each landowner who is the owner of record of land within each Improvement Area at the close of the Hearing, or the authorized representative thereof, having one vote for each acre or portion thereof owned within each Improvement Area. Ballots for the special elections may be distributed by mail or by personal service.

At the time and place set forth above for the Hearing, the City Council will receive testimony as to whether the Community Facilities District and each Improvement Area therein shall be established and whether special taxes shall be levied in accordance with the proposed

rates and methods of apportionment of the special tax, and whether Obligations for each Improvement Area shall be issued to finance Facilities and Incidental Expenses of the Community Facilities District.

At the time and place set forth above for the Hearing, any interested person, including all persons owning lands or registered to vote within the Improvement Areas, may appear and be heard.

6. Notice. The City Clerk is hereby authorized and directed to publish a notice (the "Notice") of the Hearing pursuant to Section 6061 of the Government Code in a newspaper of general circulation published in the area of the Community Facilities District. The City Clerk is further authorized and directed to mail a copy of the Notice to each of the landowners within the boundaries of the Improvement Areas at least 15 days prior to the Hearing. The Notice shall contain the text or a summary of this Resolution, the time and place of the Hearing, a statement that the testimony of all interested persons or taxpayers will be heard, a description of the protest rights of the registered voters and landowners in the Improvement Areas and a description of the proposed voting procedure for the elections required by the Act. Such publication shall be completed at least seven (7) days prior to the date of the Hearing.

7. Reports re Facilities. Each City officer who is or will be responsible for providing the Facilities, if the Community Facilities District is established, is hereby directed to study the Community Facilities District and, at or before the time of the Hearing, file a report with the City Council containing a brief description of the public facilities by type which will in his or her opinion be required to meet adequately the needs of the Community Facilities District and an estimate of the cost of providing those public facilities.

8. Advance of Funds. The City may accept advances of funds or work-in-kind from any source, including, but not limited to, private persons or private entities, for any authorized purpose, including, but not limited to, paying any cost incurred by the City in creating the Community Facilities District and the Improvement Areas therein. The City may enter into an agreement with the person or entity advancing the funds or work-in-kind, to repay all or a portion of the funds advanced, or to reimburse the person or entity for the value, or cost, whichever is less, of the work-in-kind, as determined by the City Council, with or without interest.

9. Maximum Bonded Indebtedness. The reasonably expected maximum principal amount of the Obligations is \$11,000,000, including \$3,575,000 for Improvement Area No. 1, \$3,025,000 for Improvement Area No. 2 and \$4,400,000 for Improvement Area No. 3.

10. Appointment of Financing Team. Harris & Associates is hereby appointed to act as special tax consultant with respect to the formation of the Community Facilities District and the Improvement Areas therein, the issuance of bonds thereby and the ongoing administration of the Community Facilities District. Stifel, Nicolaus & Co., Inc. is hereby appointed to act as underwriter with respect to bond issuances by the Community Facilities District. The Bank of New York Mellon Trust Company, N.A. is hereby appointed to act as Trustee with respect to the bond issuances by the Community Facilities District. Stradling Yocca Carlson & Rauth, a

Professional Corporation, is hereby appointed to act as bond counsel and special counsel with respect to the formation of the Community Facilities District and the bond issuances thereby.

11. Approval of Agreement. The City Council, acting for and on behalf of the City and the Community Facilities District, hereby approves the Reimbursement Agreement substantially in the form on file with the City Clerk. The Mayor, City Manager or Finance Director of the City, and the City Clerk is hereby authorized and directed to execute and deliver the Reimbursement Agreement in the form presented at this meeting with such changes, insertions and omissions as may be approved by the officer or officers executing such agreement, said execution being conclusive evidence of such approval.

12. Reservation of Rights. Except to the extent limited in any bond resolution or trust indenture related to the issuance of bonds, the City Council hereby reserves to itself all rights and powers set forth in Section 53344.1 of the Act (relating to tenders in full or partial payment).

13. Certification. The City Clerk of the City of Salinas shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

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

**ADOPTED, SIGNED AND APPROVED** this 18th day of October, 2016, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Joe Gunter, Mayor

ATTEST:

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Patricia M. Barajas, City Clerk

**EXHIBIT A**

**DESCRIPTION OF THE PROPOSED COMMUNITY FACILITIES DISTRICT**

## **EXHIBIT B**

### **DESCRIPTION OF PUBLIC FACILITIES**

The types of Facilities that are proposed by CFD No. 2016-1 and financed with the proceeds of special taxes and bonds issued by CFD No. 2016-1 consist of infrastructure needed for new development, such as roadway, bridge, sewer, storm drain, street and parkway landscaping, curb and gutter, medians, median landscaping, traffic signals, entry signage, parks, trails, and appurtenances and appurtenant work, and development impact fees that are used by the City to construct infrastructure.

The facilities are necessary for development of the property within the boundaries of the district.

The description of Facilities is general in nature. The final nature and location of the Facilities will be determined upon preparation of final plans and specifications.

**EXHIBIT C-1**

**RATE AND METHOD OF APPORTIONMENT FOR  
COMMUNITY FACILITIES DISTRICT NO. 2016-1  
(MONTE BELLA) OF THE CITY OF SALINAS  
(IMPROVEMENT AREA NO. 1)**



**EXHIBIT C-2**

**RATE AND METHOD OF APPORTIONMENT FOR  
COMMUNITY FACILITIES DISTRICT NO. 2016-1  
(MONTE BELLA) OF THE CITY OF SALINAS  
(IMPROVEMENT AREA NO. 2)**

**EXHIBIT C-3**

**RATE AND METHOD OF APPORTIONMENT FOR  
COMMUNITY FACILITIES DISTRICT NO. 2016-1  
(MONTE BELLA) OF THE CITY OF SALINAS  
(IMPROVEMENT AREA NO. 3)**

STATE OF CALIFORNIA                    )  
  ) ss.  
COUNTY OF MONTEREY                )

I hereby certify that the foregoing Resolution was duly and regularly adopted by the City Council of the City of Salinas at a regular meeting thereof held on the 18th day of October, 2016, by the following vote:

AYES:                               COUNCIL MEMBERS:

NOES:                               COUNCIL MEMBERS:

ABSENT:                           COUNCIL MEMBERS:

ABSTAIN:                          COUNCIL MEMBERS:

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Patricia M. Barajas, City Clerk