

#331  
4/26

(R-2016-532)

RESOLUTION NUMBER R- 310403

DATE OF FINAL PASSAGE MAY 04 2016

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 4 (BLACK MOUNTAIN RANCH VILLAGES) AUTHORIZING THE ISSUANCE OF ITS SPECIAL TAX BONDS SERIES 2016 IN A PRINCIPAL AMOUNT NOT TO EXCEED TWENTY MILLION DOLLARS (\$20,000,000) AND AUTHORIZING THE RETENTION OF STRADLING YOCCA CARLSON & RAUTH AS BOND AND DISCLOSURE COUNSEL IN CONNECTION THEREWITH; AND APPROVING THE FORM OF AND THE EXECUTION AND DELIVERY OF THE BOND PURCHASE AGREEMENT, INDENTURE, ESCROW AGREEMENT, CONTINUING DISCLOSURE CERTIFICATE, LETTER OF CREDIT AGREEMENT AND PRELIMINARY OFFICIAL STATEMENT AND TAKING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH.

WHEREAS, the Council of the City of San Diego, located in San Diego County, California (City Council), has heretofore undertaken proceedings and declared the necessity of the Community Facilities District No. 4 (Black Mountain Ranch Villages) (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 (Act) to finance the acquisition and construction of various public facilities; and

WHEREAS, the District has previously issued its \$12,365,000 Special Tax Bonds, Series A of 2008 (2008 Bonds) pursuant to the Act, of which \$10,660,000 is currently outstanding; and

WHEREAS, in order to benefit taxpayers within the District, the District now desires to defease all of the outstanding 2008 Bonds through the issuance of its Special Tax Bonds Series 2016 (Bonds) in an aggregate principal amount not to exceed \$20,000,000, a portion of

the proceeds of which, together with certain existing District funds will be applied to defease the outstanding 2008 Bonds; and

WHEREAS, the District further desires to issue the Bonds to finance certain additional capital improvements eligible for financing by the District, which will be the last series of bonds issued by the District to finance capital improvements; and

WHEREAS, the Bonds shall be issued in accordance with the Bond Indenture dated as of June 1, 2016 (Indenture) by and between the District and U.S. Bank National Association, as trustee (Trustee); and

WHEREAS, in order to effect the issuance of the Bonds, the City Council, acting in its capacity as the legislative body of the District, desires to approve the form of a Preliminary Official Statement for the Bonds (Preliminary Official Statement) which Stifel, Nicolaus & Company, Incorporated and RBC Capital Markets, LLC, as Underwriters (together, Underwriters), will use to market the Bonds and to approve the forms of and authorize the execution and delivery of the Indenture, a Bond Purchase Agreement, an Escrow Agreement, a Continuing Disclosure Certificate and a Letter of Credit Agreement, in substantially the forms on file with the City Clerk as Document Numbers RR310403<sup>-1</sup>, RR310403<sup>-2</sup>, RR-310403<sup>-3</sup>, RR310403<sup>-4</sup> and RR310403<sup>-5</sup>, respectively, and to authorize such changes and additions thereto as the Authorized Officers (defined herein) deem necessary or desirable; and

WHEREAS, the City Council, acting in its capacity as the legislative body of the District, has determined in accordance with Government Code Section 53360.4 that a negotiated sale of the Bonds to the Underwriters in accordance with the terms of the Bond Purchase Agreement to be entered into by the District and the Underwriters (Bond Purchase Agreement) will result in a

lower overall cost to the District than a sale of the Bonds on sealed proposals to the highest bidder as described in Government Code Section 53360 in that a negotiated sale will allow for adequate time to pre-market the Bonds and for the timing of the sale of the Bonds to be flexible, thereby maximizing the estimated debt service savings to the District; and

WHEREAS, the City Council, acting in its capacity as the legislative body of the District, has determined that it is prudent in the management of the District's fiscal affairs to issue the Bonds; and

WHEREAS, the aggregate assessed value of the real property in the District subject to the special taxes used to pay debt service on the Bonds based on the full cash value of the property within the District as shown on the most recent *ad valorem* assessment roll for property within the District having a lien date as of January 1, 2015 and provided by the County of San Diego is more 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 the District, which assessed value exceeds the minimum value required by the Act for the issuance of the Bonds; and

WHEREAS, Section III.A2.1 of City Council Policy No. 800-03 of the City of San Diego (City) that was in effect as of the date of formation of the District (Council Policy No. 800-03) requires that, where the value-to-lien ratio of a lot or lots is less than 3 to 1, credit enhancements must be provided to the satisfaction of the City; and

WHEREAS, Willdan Financial Services, the Special Tax Consultant for the District, has provided information demonstrating that the assessed value-to-lien ratio for approximately 98 assessor's parcels (Affected Parcels) owned by the entity developing residential property within the District (Developer) is less than 3 to 1 in Fiscal Year 2016; and

WHEREAS, based on the information in the Preliminary Official Statement regarding the Affected Parcels, the City Council, acting in its capacity as the legislative body of the District, has determined to require credit enhancement in accordance with Section III.A2.1 of Council Policy No. 800-03 in order to provide security for the payment of the Special Taxes on the parcels owned by the Developer as set forth in the Letter of Credit Agreement between the District and the Developer (Letter of Credit Agreement); and

WHEREAS, the City Council, acting in its capacity as the legislative body of the District, finds that the portion of the Bonds being issued to refund the 2008 Bonds will achieve debt service savings and will benefit taxpayers within the District; and

WHEREAS, to ensure that the Bonds are sold in accordance with applicable laws, the District desires to retain bond and disclosure counsel to provide certain opinions and advice regarding the issuance of the Bonds, and Stradling Yocca Carlson & Rauth, a Professional Corporation (Stradling) was selected by the City Attorney's Office as bond and disclosure counsel; the legal fees and costs of Stradling are not expected to exceed \$60,000 and the legal fees and costs will be paid, directly or indirectly, only from bond proceeds following the successful closing and sale of the Bonds; and

WHEREAS, pursuant to the San Diego Municipal Code Section 22.4108 (as amended and enacted by Ordinance O-19320), the Disclosure Practices Working Group (DPWG) is required to review disclosure documents of the City and related entities, and the District is a related entity which involves different certification procedures under the Disclosure Controls and Procedures of the City (Disclosure Controls), and DPWG has reviewed and approved, in accordance with the Disclosure Controls, the form of the Preliminary Official Statement;  
NOW, THEREFORE,

BE IT RESOLVED, that the Council of the City of San Diego, acting as the legislative body of Community Facilities District No. 4 (Black Mountain Ranch Villages), determines as follows:

SECTION 1. Each of the above recitals is true and correct and is adopted by the City Council, acting in its capacity as the legislative body of the District.

SECTION 2. The City Council, acting in its capacity as the legislative body of the District, finds that the issuance of the Bonds as described in the Preliminary Official Statement will provide significant public benefits by (i) reducing the total amount of special taxes needed to repay the portion of the Bonds to be used to refund the 2008 Bonds from the amount that would be needed if the 2008 Bonds were to remain outstanding, and (ii) to provide funds to reimburse the cost of certain completed public improvements (Facilities) that benefit property owners within the District.

SECTION 3. The City Council, acting in its capacity as the legislative body of the District, has determined to defease the 2008 Bonds, subject to the provisions of Section 5 below regarding debt service savings, through the issuance of its Bonds pursuant to the Indenture and the Bond Purchase Agreement and the application of certain existing District funds to such defeasance. The City Council, acting in its capacity as the legislative body of the District, has further determined to use a portion of the proceeds of the Bonds to reimburse the cost of the Facilities.

SECTION 4. The District is authorized pursuant to Section 53362 *et seq.* of the Act to issue the Bonds for the purpose, in part, of refunding the 2008 Bonds and pursuant to Section 53356 of the Act to issue the Bonds for the purpose, in part, of reimbursing the cost of the Facilities.

SECTION 5. The issuance of the Bonds in a principal amount not to exceed \$20,000,000 is hereby authorized, with the exact principal amount to be determined by the official signing the Bond Purchase Agreement in accordance with Section 8 below. The Bonds may be issued to refund the 2008 Bonds only if the Mayor, the Chief Operating Officer or the Chief Financial Officer of the City, or the written designee of one of the foregoing (each an Authorized Officer and, together, Authorized Officers), determines that there is an economic benefit to the District in the form of aggregate net present value savings of at least 3%, expressed as a percentage of the par amount of the 2008 Bonds to be refunded by the Bonds. Each of the foregoing determinations to be made by an Authorized Officer will be conclusively evidenced by the execution of the Bond Purchase Agreement by the District and the Underwriters.

The City Council, acting in its capacity as the legislative body of the District, hereby determines that it is prudent in the management of the District's fiscal affairs to issue the Bonds subject to the conditions in this Resolution. The Bonds shall mature on the dates and pay interest at the rates set forth in the Bond Purchase Agreement. The Bonds shall be governed by the terms and conditions of the Indenture. The form of the Indenture presented at this meeting is hereby approved. The Indenture shall be executed by any one of the Authorized Officers substantially in the form of the Indenture presented at this meeting, with such additions thereto and changes therein as the officer or officers executing the same deem necessary or desirable, including to insert the offering price(s), interest rate(s), selling compensation, principal amount per maturity, redemption dates and prices, reserve account deposits and such other related terms and provisions as limited by Section 8 hereof, or to conform any provisions therein to the Bond Purchase Agreement 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

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 Indenture.

In satisfaction of the requirements contained in Section 53363.2 of the Act, the City Council, acting in its capacity as the legislative body of the District, hereby determines that: (1) it is anticipated that the Bonds will be issued prior to August 1, 2016, with the 2008 Bonds maturing on and after September 1, 2017 being redeemed on September 1, 2016, (2) the Bonds shall be dated their date of issuance, be in the denominations, have the maturity dates (which do not exceed the latest maturity date of the 2008 Bonds being refunded), and be payable at the place and be in the form specified in the Indenture, (3) the Bonds will bear interest at the minimum rate of 0.25% per annum, and (4) the designated cost of issuing the Bonds, as defined by Section 53363.8 of the Act, shall include all of the costs specified in Section 53363.8(a), (b)(2) and (c).

In satisfaction of the requirements contained in Section 53364.2 of the Act, the City Council, acting in its capacity as the legislative body of the District, hereby determines that any savings achieved through the issuance of the portion of the Bonds allocable to the refunding of the 2008 Bonds shall be used to reduce the special taxes of the District levied for debt service, and such reductions shall be made in accordance with the Act.

SECTION 6. The Bonds shall be executed on behalf of the District by the manual or facsimile signature of the President of the legislative body of the District and shall be attested to with the manual or facsimile signature of the City Clerk or Deputy City Clerk.

SECTION 7. The covenants set forth in the Indenture are hereby approved, and such covenants shall be deemed to be covenants of the legislative body of the District, and shall be complied with by the District and its officers. The City Council, acting as the legislative body of the

District, hereby makes and adopts the findings and determinations in Section 5.2(g) of the Indenture regarding the reduction of the maximum special tax rates.

SECTION 8. The Underwriters are hereby appointed for the purpose of offering the Bonds for sale in accordance with the provisions of the Bond Purchase Agreement and the Indenture. The form of the Bond Purchase Agreement presented at this meeting is hereby approved, and any one of the Authorized Officers is hereby authorized to execute the Bond Purchase Agreement substantially in the form presented at this meeting, with such additions thereto and changes therein as the Authorized Officer or Authorized Officers executing the same deem necessary or desirable, including to conform the Bond Purchase Agreement to the dates, amounts and interest rates applicable to the Bonds. Approval of such additions and changes shall be conclusively evidenced by the execution and delivery of the Bond Purchase Agreement by an Authorized Officer; provided, however, that the Bond Purchase Agreement shall be signed only if the requirements of Section 5 hereof have been satisfied.

SECTION 9. The form of the Escrow Agreement presented at this meeting is hereby approved, and any one of the Authorized Officers is hereby authorized and directed to execute the Escrow Agreement substantially in the form hereby approved, with such additions therein and changes thereto as the Authorized Officer or Authorized Officers executing the same deem necessary or desirable, with such approval to be conclusively evidenced by the execution and delivery of the Escrow Agreement by an Authorized Officer.

SECTION 10. 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 substantially in the form hereby approved, with such additions therein and changes thereto as the Authorized Officer or Authorized Officers executing the



same deem necessary or desirable, with such approval to be conclusively evidenced by the execution and delivery of the Continuing Disclosure Certificate by an Authorized Officer.

SECTION 11. The form of the Letter of Credit Agreement presented at this meeting is hereby approved, and any one of the Authorized Officers is hereby authorized and directed to execute the Letter of Credit Agreement substantially in the form hereby approved, with such additions therein and changes thereto as the Authorized Officer or Authorized Officers executing the same deem necessary or desirable, with such approval to be conclusively evidenced by the execution and delivery of the Letter of Credit Agreement by an Authorized Officer.

SECTION 12. The form and content of the Preliminary Official Statement substantially in the form presented to and considered at this meeting is hereby approved, with such additions thereto and changes therein as are determined to be necessary or desirable by any one of the Authorized Officers, including, but not limited to, such additions and changes as are necessary to make all information set forth therein accurate and not misleading, such approval to be conclusively evidenced by the delivery of the Preliminary Official Statement to the Underwriters. The Authorized Officers are, and each of them acting alone is, hereby authorized to certify to the Underwriters on behalf of the District that the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission (except for the omission of certain information as permitted therein). The distribution by the Underwriters of the Preliminary Official Statement and the Official Statement to persons who may be interested in the purchase of the Bonds is hereby authorized and approved. Any of the Authorized Officers is hereby authorized and directed to deliver to the Underwriters a final Official Statement in the form of the Preliminary Official Statement, together with such changes as are determined necessary or desirable by the Authorized Officer executing the Official Statement, and in accordance with any recommendation by DPWG, to

make such Official Statement complete and accurate as of its date, such approval to be conclusively evidenced by the delivery of the Official Statement to the Underwriters.

SECTION 13. In accordance with the requirements of Section 53345.8 of the Act and the policies of the City, the City Council, acting in its capacity as the legislative body of the District, hereby determines that the value of the real property in the District subject to the special tax to pay debt service on the Bonds is at least three times the sum of the principal amount of the Bonds plus 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 the District. This determination is based exclusively on the full cash value of property within the District as shown on the *ad valorem* assessment roll for property within the District provided by the County of San Diego and having a lien date as of January 1, 2015.

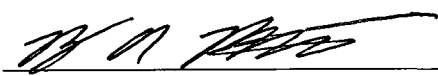
SECTION 14. The City Attorney is authorized to retain Stradling and execute an agreement for legal services with Stradling for the provision of bond and disclosure counsel services in connection with the Bonds.

SECTION 15. Each of the Authorized Officers is authorized to provide for all services necessary to effect the issuance, sale and delivery of the Bonds. Such services shall include, but not be limited to, obtaining legal services, trustee services, verification agent services, consultant 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 defined in the Indenture and as otherwise agreed to in writing by an Authorized Officer) from the sale and delivery of Bond proceeds. The Authorized Officers are hereby authorized and directed to pay all the fees and other costs of issuance of the Bonds in accordance with the Bond Purchase Agreement and as otherwise agreed to by the District and the respective parties thereto,

including the fees and expenses of bond counsel and disclosure counsel, the municipal advisor and special tax consultant, applicable CDIAC fees, verification agent fees and printer fees.

SECTION 16. All actions heretofore taken by any Authorized Officers, or by any officers, employees or agents of the City, with respect to: (1) the issuance, delivery or sale of the Bonds; (2) the refunding, defeasance and redemption of the 2008 Bonds; and (3) the Bond Purchase Agreement, Indenture, Escrow Agreement, Continuing Disclosure Certificate, Letter of Credit Agreement, Preliminary Official Statement and Official Statement, or any of the documents referenced therein, are hereby approved, confirmed and ratified. The Mayor or his designee and the other Authorized Officers responsible for the fiscal affairs of the District are hereby jointly and severally authorized and directed to do all things and take any and all actions and execute and deliver any and all documents as are necessary or desirable to accomplish the issuance, sale and delivery of the Bonds in accordance with the provisions of this Resolution and as are necessary or appropriate for the fulfillment of the purposes of the Bonds as described in the Indenture. Any document authorized herein to be signed by the City Clerk may be signed by a duly appointed Deputy City Clerk.

APPROVED: JAN I. GOLDSMITH, City Attorney

By   
Bret A. Bartolotta  
Deputy City Attorney

BAB:sc  
04/08/2016  
Or.Dept: Debt Management  
Doc. No.: 1181172

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of APR 26 2016.

ELIZABETH S. MALAND  
City Clerk

By   
Deputy City Clerk

Approved: 5/3/16  
(date)

  
KEVIN L. FAULCONER, Mayor

Vetoed: \_\_\_\_\_  
(date)

\_\_\_\_\_  
KEVIN L. FAULCONER, Mayor

Passed by the Council of The City of San Diego on APR 26 2016, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Sherri Lightner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lorie Zapf	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Todd Gloria	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Myrtle Cole	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mark Kersey	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Chris Cate	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Scott Sherman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Alvarez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marti Emerald	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Date of final passage MAY 04 2016.

(Please note: When a resolution is approved by the Mayor, the date of final passage is the date the approved resolution was returned to the Office of the City Clerk.)

AUTHENTICATED BY:

KEVIN L. FAULCONER  
Mayor of The City of San Diego, California.

ELIZABETH S. MALAND  
City Clerk of The City of San Diego, California.

(Seal)

By Stacy Bracy, Deputy

Office of the City Clerk, San Diego, California

Resolution Number R- 310403