

RESOLUTION NO. 2024-23

RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY CENTER MUNICIPAL WATER DISTRICT, ACTING IN ITS CAPACITY AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2020-1 (PARK CIRCLE EAST/WEST) OF THE VALLEY CENTER MUNICIPAL WATER DISTRICT, AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF SPECIAL TAX BONDS OF SUCH COMMUNITY FACILITIES DISTRICT, APPROVING THE FORM OF FISCAL AGENT AGREEMENT, 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 Board of Directors (the “Board”) of the Valley Center Municipal Water District (the “Water District”), did previously conduct proceedings to form and did form Community Facilities District No. 2020-1 (Park Circle East/West) of the Valley Center Municipal Water District (the “Community Facilities District”) for the purpose of financing the acquisition or construction of certain public improvements (the “Authorized Facilities”) 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”);

WHEREAS, the Board has previously determined the necessity for the Community Facilities District to incur bonded indebtedness in an aggregate principal amount not to exceed \$20,000,000 to finance the acquisition or construction of the Authorized Facilities and to pay, repay or defease the Assessment Indebtedness, such bonds to be issued pursuant to the terms and provisions of the Act, Section 50.4 of the Water District’s Administrative Code (the “Goals and Policies”) and Section 50.3 of the Water District’s Administrative Code (the “Debt Policy”);

WHEREAS, at this time the Board desires to set forth the general terms and conditions relating to the authorization, issuance and administration of such bonds of the Community Facilities District to be designated as the “Community Facilities District No. 2020-1 (Park Circle East/West) of the Valley Center Municipal Water District Series 2024 Special Tax Bonds (Tax Exempt)” (the “Bonds”);

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

- A. Fiscal Agent Agreement by and between the Community Facilities District and Zions Bancorporation, National Association, as fiscal agent (the “Fiscal Agent”) setting forth the terms and conditions relating to the issuance, sale, delivery and administration of the Bonds (the “Fiscal Agent Agreement”);
- 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 Bonds to the Underwriter (the “Bond Purchase Agreement”);

- C. Preliminary Official Statement containing information including but not limited to information regarding the Community Facilities District and the Bonds, including the terms and conditions thereof (the “Preliminary Official Statement”);
- D. Continuing Disclosure Certificate of the Community Facilities District, pursuant to which the Community Facilities District will be obligated to provide ongoing annual disclosure relating to the Bonds (the “Continuing Disclosure Certificate”); and Koppel & Gruber Public Finance will serve as dissemination agent (the “Dissemination Agent”), and

WHEREAS, the Board, with the aid of Water District staff, has reviewed and considered the Fiscal Agent Agreement, the Bond Purchase Agreement, the Continuing Disclosure Certificate and the Preliminary Official Statement and finds those documents suitable for approval, subject to the conditions set forth in this Resolution;

WHEREAS, Section 5852.1 of the Government Code of the State of California (“Section 5852.1”) provides that the Board 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 Bonds, good faith estimates of: (a) the true interest cost of the Bonds, (b) the finance charge of the Bonds, meaning the sum of all fees and charges to be paid to third parties, (c) the amount of proceeds of the Bonds to be received by the Community Facilities District less the finance charge described above and any reserves or capitalized interest to be paid or funded with proceeds of the Bonds and (d) the sum total of all debt service payments on the Bonds calculated to the final maturity of the Bonds plus the fees and charges to be paid to third parties not paid with the proceeds of the Bonds;

WHEREAS, in accordance with Section 5852.1, the Board has obtained such good faith estimates from Fieldman, Rolapp & Associates, Inc., the District’s municipal advisor (the “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 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 Water District.

NOW, THEREFORE, the Board of Directors of the Valley Center Municipal Water District, acting for itself and in its capacity as the legislative body of Community Facilities District No. 2020-1 (Park Circle East/West) of the Valley Center Municipal Water District hereby finds, determines, and resolves as follows:

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

Section 2. Determinations. The legislative body of the Community Facilities District hereby makes the following determinations pertaining to the proposed issuance of the Bonds:

- (a) The Goals and Policies generally require that the full cash value of the properties within the Community Facilities District subject to the levy of the special taxes must be at least four (4) 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 on property within the Community Facilities District or a special assessment levied on property within the Community Facilities District (collectively, "Land Secured Bonded Indebtedness"). The Act authorizes the Board, acting as the legislative body of the Community Facilities District, to sell the Bonds only if the Board has determined prior to the award of the sale of the Bonds that the value of such properties within the Community Facilities District will be at least three (3) times the amount of such Land Secured Bonded Indebtedness.

The assessed value of the property within the Community Facilities District which will be subject to the special tax to pay debt service on the Bonds will be at least four (4) times the amount of the Land Secured Bonded Indebtedness allocable to such properties.

The foregoing determinations are based upon the assessed value of such properties as determined by the County of San Diego Assessor. 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 Bonds as contained in the Fiscal Agent Agreement are consistent with and conform to the Goals and Policies and the Debt Policy.
- (c) As a result of the current status of development of the property within the Community Facilities District, the relative overall lack of diversity of ownership of property within the Community Facilities District and the need for the Underwriter to understand fully the status of the development and other factors that affect the credit worthiness of the Bonds, the private sale of the Bonds will result in a lower overall cost to the Community Facilities District than a sale upon sealed bid.

Section 3. Bonds Authorized. Pursuant to the Act, this Resolution and the Fiscal Agent Agreement, Bonds in an aggregate principal amount not to exceed Six Million Four Hundred Thousand Dollars (\$6,400,000) for the Bonds 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 Bonds shall be as provided in the Fiscal Agent Agreement as finally executed.

Section 4. Authorization and Conditions. The General Manager, the District Engineer/Deputy General Manager, the Director of Finance and Administration, and such other official or officials of the Water District as may be designated in writing by the Board or the General 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 a true interest rate in excess of six and a half percent (6.5%) on the Bonds or an underwriter's discount in excess of One Hundred Thirty Thousand Dollars (\$130,000) for the 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 Best Best & Krieger LLP, the Community Facilities District’s bond counsel.

Section 5. Fiscal Agent Agreement. The form of Fiscal Agent Agreement by and between the Community Facilities District and the Fiscal Agent, with respect to the Bonds as presented to the Board and on file with the Board Secretary 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. Preliminary Official Statement. The Board hereby approves the form of the Preliminary Official Statement as presented to the Board and on file with the Board Secretary. The Underwriter is hereby authorized to distribute the Preliminary Official Statement to prospective purchasers of the Bonds in substantially the form hereby approved, together with such additions thereto and changes therein as are determined necessary by anyone of the Authorized Officers, upon consultation with bond and disclosure counsel, to make the Preliminary Official Statement final as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, including, but not limited to such additions and changes as are necessary to make all information set forth therein accurate and not misleading.

Section 7. Official Statement. Each of the Authorized Officers is hereby authorized and directed for and in the name and on behalf of the Community Facilities District, to cause the Preliminary Official Statement to be brought into the form of a final Official Statement (the “Official Statement”), and to execute the same for and in the name and on behalf of the Community Facilities District, with such additions or changes therein as such Authorized Officer may approve (such approval to be conclusive evidence by such Authorized Officer’s execution and delivery thereon). The Underwriter is further authorized to distribute the Official Statement for the Bonds and any supplement thereto to the purchasers thereof upon its execution on behalf of CFD No. 2020-1 as described above.

Section 8. Continuing Disclosure Certificate. The form of Continuing Disclosure Certificate as presented to the Board and on file with the Board Secretary 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.

Section 9. Insurance. The Authorized Officer is authorized to obtain a policy of municipal bond insurance guaranteeing payment of principal and interest with respect to the Bonds and/or a debt service reserve fund surety policy and to pay the premium or fee therefor from the proceeds of the sale of the Bonds, if it is determined that obtaining such an insurance policies will result in a lower total interest cost with respect to the Bonds.

Section 10. Sale of Bonds. The Board hereby authorizes and approves the negotiated sale of the 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 Sections 3 and 4 above.

Section 11. Bonds Prepared and Delivered. Upon the execution of the Bond Purchase Agreement, the Bonds shall be prepared, authenticated and delivered, all in accordance with the applicable terms of the Act and the Fiscal Agent Agreement, and any Authorized Officer and other responsible Water District 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 Fiscal Agent Agreement to complete all actions required to evidence the delivery of the Bonds upon the receipt of the purchase price thereof from the Underwriter.

Section 12. Actions. All actions heretofore taken by the officers and agents of the Water District with respect to the establishment of the Community Facilities District and the sale and issuance of the Bonds are hereby approved, confirmed and ratified, and the proper officers of the Water District, 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 Bonds in accordance with the Act, this Resolution, the Fiscal Agent Agreement, the Bond Purchase Agreement, the Continuing Disclosure Certificate, and any certificate, agreement, contract, and other document described in the documents herein approved.

Section 13. Effective Date. This Resolution shall take effect from and after its adoption.

Section 14. Rescission of Resolution. This resolution rescinds Resolution No. 2022-12 adopted on April 18, 2022 by the Board of Directors which also authorized the issuance of a series of bonds of the Community Facilities District.

ADOPTED by the Board of Directors of the Valley Center Municipal Water District, at a Regular Meeting thereof held this 5th day of August, 2024, by the following roll call vote to wit:

APPROVED

Enrico P. Ferro, *President*

ATTEST

Kirsten Peraino, *Board Secretary*

EXHIBIT A

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 Water District by the Municipal Advisor.

Principal Amount. The Municipal Advisor has informed the Water District that, based on the Water District's financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Bonds to be sold is \$5,130,000 (the "Estimated Principal Amounts").

True Interest Cost of the Bonds. The Municipal Advisor has informed the Water District that, assuming that the Estimated Principal Amounts of the Bonds are sold, and based on market interest rates prevailing at the time of preparation of such estimate, the 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 is 4.91% for the Bonds.

Finance Charge of the Bonds. The Municipal Advisor has informed the Water District that, assuming that the Estimated Principal Amounts of the Bonds are sold, and based on market interest rates prevailing at the time of preparation of such estimates, 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 \$302,600 for the Bonds.

Amount of Proceeds to be Received. The Municipal Advisor has informed the Water District that, assuming that the Estimated Principal Amounts of the Bonds are sold, and based on market interest rates prevailing at the time of preparation of such estimates, its good faith estimate of the amount of proceeds expected to be received by the Water District for sale of the Bonds, less the finance charge of the Bonds, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Bonds, is \$4,361,542 for the Bonds.

Total Payment Amount. The Municipal Advisor has informed the Water District that, assuming that the Estimated Principal Amounts of the Bonds are sold, and based on market interest rates prevailing at the time of preparation of such estimates, its good faith estimate of the total payment amount, which means the sum total of all payments the Water District will make to pay debt service on the Bonds, plus the finance charge for the Bonds, as described above, not paid with the proceeds of the Bonds, calculated to the final maturity of the Bonds, is \$11,197,150 for the Bonds, which excludes any reserves or capitalized interest paid or funded with proceeds of the Bonds (which may offset such total payment amount).

The foregoing estimates constitute good faith estimates only as of July 11, 2024, and are based on market conditions prevailing at the time of preparation of such

estimates. 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 the Bonds sold being different from the Estimated Principal Amounts, (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 Water District's financing plan, or a combination of such factors. The actual date of sale of the Bonds and the actual principal amount of the Bonds sold will be determined by the Water District based on the timing of the need for proceeds of the Bonds and other 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, national, international and other factors beyond the control of the Water District, or the Municipal Advisor.