

RESOLUTION NO. 2022-59

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2020-2 OF THE CITY OF ESCONDIDO (THE VILLAGES) AUTHORIZING THE ISSUANCE OF ITS SPECIAL TAX BONDS, SERIES 2022 IN A PRINCIPAL AMOUNT NOT TO EXCEED THIRTEEN MILLION DOLLARS (\$13,000,000) AND APPROVING CERTAIN DOCUMENTS AND TAKING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the City Council (the “City Council”) of the City of Escondido (the “City”), has heretofore undertaken proceedings to establish Community Facilities District No. 2020-2 of the City of Escondido (The Villages) (the “District”) and declared the necessity to issue bonds on behalf of the District 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); and

WHEREAS, pursuant to Resolution Nos. 2020-45 and 2020-46 adopted by the legislative body of the District on May 13, 2020, certain bond propositions were submitted to the qualified electors within the District, and were approved by more than two-thirds of the votes cast at the election held on May 13, 2020; and

WHEREAS, the legislative body of the District desires to issue a first series of bonds for the District at this time under the Act to finance certain public facilities which the District is authorized to finance (the “Facilities”); and

WHEREAS, the District desires to finance certain Facilities through the issuance of bonds in an aggregate principal amount not to exceed \$13,000,000 designated as the “Community Facilities District No. 2020-2 of the City of Escondido (The Villages) Special Tax Bonds, Series 2022” (the “Bonds”); and

WHEREAS, in order to effect the issuance of the Bonds, the District desires to enter into various agreements and approve certain documents in substantially the forms presented herein; and

WHEREAS, based on the appraisal of real property prepared by Kitty Siino & Associates, Inc. (the "Appraisal") of property within the District, the value of the real property in the District subject to the special tax to pay debt service on the Bonds is more than three times the sum of 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 as calculated in the manner set forth in Section 53345.8(a) of the Act; and

WHEREAS, the City Council has determined in accordance with Section 53360.4 of the Act 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 "Bond Purchase Agreement") approved as to form by this City Council herein will result in a lower overall cost to the District than a public sale; and

WHEREAS, the District has determined to adopt the City's Debt Management Policy adopted by the City Council of the City on April 5, 2017, as the debt management policy of the District; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California:

1. That the above recitations are true.
2. The issuance of the Bonds is hereby authorized in an aggregate principal amount not to exceed \$13,000,000, with the exact principal amount to be determined by the official signing the Bond Purchase Agreement in accordance with Section 5 below. The City Council hereby determines that it is prudent in the management of the District's fiscal affairs to issue the Bonds. The Bonds shall mature on the dates and pay

interest at the rates set forth in the Bond Purchase Agreement to be executed on behalf of the District in accordance with Section 5 hereof. All other provisions of the Bonds shall be governed by the terms and conditions of the Bond Indenture (the "Indenture"), which Indenture shall be substantially in the form on file with the City Clerk, with such additions thereto and changes therein (including, but not limited to, changes in the amount to be maintained in the Reserve Account (as defined in the Indenture)) as the officer or officers executing the same deem necessary to enhance the security for the Bonds, to cure any ambiguity or defect therein, 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 5 hereof or to conform any provisions therein to the Bond Purchase Agreement or the Official Statement delivered to the Underwriter of the Bonds. Approval of such changes shall be conclusively evidenced by the execution and delivery of the Indenture by one of the following: the Mayor of the City, or the City Manager, any Deputy City Manager, or the Director of Finance of the City (each, an "Authorized Officer") or the designee thereof is hereby authorized and directed to execute the Indenture. Capitalized terms used in this Resolution which are not defined herein have the meanings ascribed to them in the Indenture.

3. The Bonds shall be executed on behalf of the District by the manual or facsimile signature of the Mayor of the City or his or her written designee and be attested by 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, registrar and transfer agent for the Bonds.

4. The covenants set forth in the Indenture to be executed in accordance with Section 2 above are hereby approved, shall be deemed to be covenants of the City Council and shall be complied with by the District and its officers. The Indenture shall constitute a contract between the District and the Owners of the Bonds.

5. The form of the Bond Purchase Agreement presented at this meeting is hereby approved and each of the Authorized Officers is hereby authorized to execute the Bond Purchase Agreement, with such additions thereto and changes therein relating to dates and numbers as are necessary to conform the Bond Purchase Agreement to the dates, amounts and interest rates 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 Bond Purchase Agreement by one or more of such Authorized Officers; provided, however, that the Bond Purchase Agreement shall be signed only if the Underwriter's discount does not exceed 1.50% of the principal amount of the Bonds and only if the true interest cost on the Bonds does not exceed 6.50%. 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.

6. The form of the Continuing Disclosure Certificate presented at this meeting is hereby approved and each 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 officer or officers executing the same deem necessary to cure any defect or ambiguity therein, with such approval to be conclusively evidenced by the execution and delivery of such certificate.

7. 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 necessary by the Authorized Officers to make such Preliminary Official Statement final as of its date for purposes of Rule 15c2-12 of the Securities and Exchange Commission. 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 Officers, 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 of the Bonds upon the execution of the final Official Statement as described above.

8. In accordance with the requirements of Section 53345.8 of the Act, based on the Appraisal, 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 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, all as calculated in the manner provided in Section 53345.8(a) of the Act.

9. Each Authorized Officer is authorized to provide for all services necessary to effect the issuance of the Bonds. Such services shall include, but not be limited to, printing the Bonds, obtaining legal services, trustee and paying agent services, and any other services deemed appropriate as set forth in a certificate of such Authorized Officer. Each Authorized Officer is authorized to pay for the cost of such services, together with other costs of issuance, from Bond proceeds deposited pursuant to the Indenture.

10. The Authorized Officers, the City Clerk and the other officers and staff of the City and the District responsible for the fiscal affairs of the District are hereby authorized and directed to take any actions and 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 Indenture, including, in the discretion of any of the Authorized Officers, the execution and delivery of a letter of credit or cash depository agreement with respect to the special taxes to be levied on property owned by the developer within the District and The Bank of New York Mellon Trust Company, N.A, and providing certificates to the Underwriter as to the accuracy of any

information relating to the District which is included within the Official Statement. Any document authorized herein to be signed by the City Clerk may be signed by a duly appointed deputy clerk.

11. The District hereby adopts the City's Debt Management Policy, as amended, supplemented and restated from time to time, as the debt management policy of the District pursuant to California Government Code Section 8855.

12. The good faith estimates of costs related to the Bonds which are required by Section 5852.1 of the California Government Code are disclosed in Exhibit A hereto and are available to the public at the meeting at which this Resolution is approved.

13. This Resolution shall take effect from and after its date of adoption.

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 District by CSG Advisors Incorporated (the District's "Municipal Advisor") in consultation with Stifel, Nicolaus & Company, Incorporated, the Underwriter of the Bonds.

Principal Amount. The Municipal Advisor has informed the District that, based on the District's financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Bonds to be sold is \$12,440,000 (the "Estimated Principal Amount"), which excludes approximately \$53,000 of net premium estimated to be generated based on current market conditions, which together total \$12,493,000 of gross proceeds of the Bonds. Net premium is generated when, on a net aggregate basis for a single issuance of bonds, the price paid for the bonds is higher than the face value of such bonds.

True Interest Cost of the Bonds. The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its 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 for the Bonds, is 5.00%.

Finance Charge of the Bonds. The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the Bonds, which means the sum of all fees and charges paid to third parties and inclusive of reimbursements to the developer of the project for the costs to form the District (or costs associated with the Bonds), is \$746,000.

Amount of Proceeds to be Received. The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the 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 \$10,672,000.

Total Payment Amount. The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the 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 \$25,911,000.

The foregoing estimates constitute good faith estimates only. 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 Bonds sold being different from the Estimated Principal Amount; (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, delays in the financing, additional legal work or a combination of such factors and additional finance charges, if any, attributable thereto. Market interest rates are affected by economic and other factors beyond the control of the District.