

# Folsom City Council Staff Report

<b>MEETING DATE:</b>	12/12/2023
<b>AGENDA SECTION:</b>	Joint Meeting Public Hearing
<b>SUBJECT:</b>	<p>Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 2 Special Tax Revenue Bonds, Series 2024</p> <p>Resolution No. 11147 - Resolution of the City Council of the City of Folsom Authorizing the Issuance of the City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 2 Special Tax Bonds, Series 2024, the Execution of an Indenture Providing therefor, Authorizing the Execution of a Local Obligation Purchase Contract, and Authorizing Necessary Actions and the Execution of Other Documents in Connection therewith</p> <p>Resolution No. 011-Folsom Ranch FA - Resolution of the Governing Board of the Folsom Ranch Financing Authority Authorizing the Issuance, Sale and Delivery of Not to Exceed \$12,500,000 Aggregate Principal Amount of City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 2 Special Tax Revenue Bonds, Series 2024; Approving the Form and Substance of a Trust Agreement, Authorizing Modifications thereof and Execution and Delivery as Modified; Approving a Preliminary Official Statement, Authorizing Changes thereto and Execution and Delivery of an Official Statement to be Derived therefrom; Approving a Local Obligation Purchase Contract and a Bond Purchase Contract and Execution and Delivery of Each; and Authorizing Related Actions Necessary to Implement the Proposed Financing</p>
<b>FROM:</b>	Finance Department

## **RECOMMENDATION / CITY COUNCIL ACTION**

It is recommended that the City Council adopt the following resolution:

Resolution No. 11147- Resolution of the City Council of the City of Folsom Authorizing the Issuance of the City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 2 Special Tax Bonds, Series 2024, the Execution of an Indenture Providing therefor, Authorizing the Execution of a Local Obligation Purchase Contract, and Authorizing Necessary Actions and the Execution of Other Documents in Connection therewith

It is recommended the Governing Board of the Authority adopt the following resolution:

Resolution No. 011-Folsom Ranch FA - Resolution of the Governing Board of the Folsom Ranch Financing Authority Authorizing the Issuance, Sale and Delivery of Not to Exceed \$12,500,000 Aggregate Principal Amount of City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 2 Special Tax Revenue Bonds, Series 2024; Approving the Form and Substance of a Trust Agreement, Authorizing Modifications thereof and Execution and Delivery as Modified; Approving a Preliminary Official Statement, Authorizing Changes thereto and Execution and Delivery of an Official Statement to be Derived therefrom; Approving a Local Obligation Purchase Contract and a Bond Purchase Contract and Execution and Delivery of Each; and Authorizing Related Actions Necessary to Implement the Proposed Financing.

## **BACKGROUND / ISSUE**

Community Facilities District No. 23 (Folsom Ranch) (CFD No. 23) is a community facilities district organized by the City Council under the Mello-Roos Act for the purpose of providing for the construction and acquisition of certain public improvements and the financing of certain services to serve property within CFD No. 23. The City established CFD No. 23 on May 26, 2020 and designated six separate improvement areas at that time, including Improvement Area No. 2. In December 2021, a seventh improvement area was designated within CFD No. 23, and in March 2023 change proceedings for Improvement Area No. 2 were held, which approved an Amended Rate and Method of Apportionment. Improvement Area No. 2 consists of a gross area of approximately 49 acres and is located wholly within the City of Folsom, east of East Bidwell Street, north of Mangini Parkway and south of U.S. Highway 50.

Development within Improvement Area No. 2 is planned to include 291 multi-family low density units and approximately 5.8 acres expected to be developed into a 152-unit affordable housing site that will receive a welfare exemption and be exempt from the special tax. Property within Improvement Area No. 2 is in varying stages of development, including finished lots, home under construction, and completed homes. Improvement Area No. 2 is expected to be developed in four separate villages. Villages 1, 2, and 3 include lots that are owned and being developed by Tri Pointe. Village 4 includes lots that are owned by the Landbank and that are expected to be developed by Lennar Homes.

The cost to construct all the facilities necessary to service property within Improvement Area No. 2 is estimated at approximately \$34,300,000 and is comprised of backbone infrastructure, soft costs and subdivision infrastructure. Backbone facilities infrastructure improvements for Improvement Area 2 are expected to include transportation improvements, water system improvements, recycled water system improvements, drainage system improvements, wastewater system improvements, and park, parkway and open space improvements. Subdivision infrastructure improvements for development of Improvement Area No. 2 includes, among other things, intract infrastructure such as underground utilities, subdivision roadways, street lighting, soundwalls and landscaping improvements.

Notice of this public hearing was published in the Folsom Telegraph on November 30, 2023.

### **POLICY / RULE**

Resolution No. 9282 – A Resolution of the City Council of the City of Folsom Approving Goals and Policies for Community Facilities Districts

Chapter 3.110, “Community Facilities Financing”, of the Folsom Municipal Code

Mello-Roos Community Facilities Act of 1982

Marks-Roos Local Bond Pooling Act of 1985

### **ANALYSIS**

The Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 2 Special Tax Revenue Bonds, Series 2024 (Series 2024 Revenue Bonds) are being issued by the Folsom Ranch Financing Authority (FRFA) in a not to exceed amount of \$12,500,000 to finance the purchase of the limited obligation special tax bonds (Local Obligations), issued by CFD No. 23 (Folsom Ranch). The purchase price of the Local Obligations will be used to finance the acquisition and construction of certain public facilities, fund a debt service reserve account, fund capitalized interest to September 1, 2024, and pay certain costs of issuance of the Local Obligations and Series 2024 Revenue Bonds.

A special tax will be levied and collected annually to service the Local Obligations. Every year, CFD No. 23 shall determine the annual special tax requirement relating to Improvement Area No. 2. The annual special tax requirement is that amount of special tax revenue required in any fiscal year for Improvement Area No. 2 to:

- Pay administrative expenses
- Pay annual debt service on all outstanding bonds for Improvement Area No. 2
- Pay other periodic costs on outstanding bonds, including credit enhancement or rebate payments, if applicable
- Pay any amounts required to replenish the reserve fund
- Pay for reasonably anticipated delinquent special taxes

- Fund Improvement Area No. 2 PAYGO costs
- Pay for authorized services
- Pay other associated costs as listed in the Amended Rate and Method of Apportionment

The special tax shall be levied each fiscal year proportionately on each Sacramento County assessor's parcel of taxable property within Improvement Area No. 2 at a rate up to 100% of the applicable maximum special tax to satisfy the annual special tax requirement. As of the most current appraisal, the appraised value for the property within Improvement Area No. 2 is \$84,653,000 and the value-to-lien ratio is 7.2:1, which is in compliance with the City's CFD policy. The total projected residential property tax level for developed multi-family low-density property within Improvement Area No. 2 is approximately 1.84%, and shall not exceed 2.0% of the estimated sales price of the respective homes to be constructed in Improvement Area No. 2.

Upon the conclusion of the noticed public hearing, and by adopting the proposed City Council Resolution, the City Council is taking the following actions in connection with the Local Obligations:

1. Determining that there are significant public benefits to the City from the proposed financing and approving the Series 2024 Revenue Bonds
2. Authorizing the issuance of an aggregate principal amount of not to exceed \$12,500,000 in Local Obligations
3. Approving the form and substance and the execution and delivery of the Indenture with U.S. Bank Trust Company, National Association
4. Approving the form and substance and the execution and delivery of the Continuing Disclosure Certificate
5. Approving the form and substance and delivery of the Preliminary Official Statement, and authorizing the preparation, delivery and execution of a final Official Statement
6. Approving the form and substance and execution and delivery of the Local Obligation Purchase Contract
7. Approving the form and substance and execution and delivery of the Trust Agreement
8. Authorizing the officers of the City to execute any and all documents and instruments, for and on behalf of the City and/or CFD No. 23, to carry out the issuance of the Local Obligations

By adopting the proposed FRFA Resolution, the Governing Board is taking the following actions in connection with the Series 2024 Revenue Bonds:

1. Authorizing the issuance of an aggregate principal amount of not to exceed \$12,500,000 in Series 2024 Revenue Bonds
2. Approving the form and substance and execution and delivery of the Trust Agreement
3. Approving the form and substance and execution and delivery of the Local Obligation Purchase Contract
4. Approving the form and substance and execution and delivery of the Bond Purchase Contract

5. Approving the form and substance of the Preliminary Official Statement authorizing the Treasurer to determine when said Preliminary Official Statement is final, and authorizing the distribution of both the Preliminary Official Statement and the Official Statement to be distributed by the Underwriter.
6. Authorizing the officers of the FRFA to execute and deliver any and all documents, and to do any and all things deemed necessary to comply with the terms and intent of this resolution.

Other documents included as exhibits to this staff report include:

- Preliminary Official Statement
- Trust Agreement
- Indenture
- Local Obligation Purchase Contract
- Bond Purchase Agreement
- Continuing Disclosure Certificate
- Good Faith Estimates

The City has engaged the following consultants to assist in the issuance of these Series 2024 Revenue Bonds:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP  
Disclosure Counsel: Orrick, Herrington & Sutcliffe LLP  
Tax Consultant: NBS  
Financial Advisor: Fieldman, Rolapp & Associates, Inc.  
Trustee: U.S. Bank Trust Company, National Association

### **FINANCIAL IMPACT**

There is no discernable financial impact on the City of Folsom. The CFD No. 23 formation, bonded indebtedness, and expenses, including those for Improvement Area No. 2, are solely the responsibility of CFD No. 23. The City will receive reimbursement from the issuance of the Series 2024 Revenue Bonds for staff time and expenses and will receive an annual administrative fee throughout the term of CFD No. 23; these amounts are intended to offset expenses incurred by the City for administration and other items.

### **ENVIRONMENTAL REVIEW**

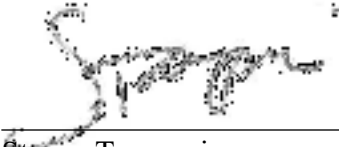
On February 13, 2018, the City Council approved the Mangini Ranch Phase 2 Vesting Tentative Subdivision Map and determined that the Mangini Ranch Phase 2 Subdivision project is entirely consistent with the Folsom Plan Area Specific Plan (FPASP) and Westland Eagle Specific Plan Amendment and therefore exempt from review under the California Environmental Quality Act (CEQA) provided by Government Code section 65457 and CEQA Guidelines sections 15182. No additional environmental review is required.

## ATTACHMENTS

1. Resolution No. 11147 - Resolution of the City Council of the City of Folsom Authorizing the Issuance of the City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 2 Special Tax Bonds, Series 2024, the Execution of an Indenture Providing therefor, Authorizing the Execution of a Local Obligation Purchase Contract, and Authorizing Necessary Actions and the Execution of Other Documents in Connection therewith
2. Resolution No. 011-Folsom Ranch FA - Resolution of the Governing Board of the Folsom Ranch Financing Authority Authorizing the Issuance, Sale and Delivery of Not to Exceed \$12,500,000 Aggregate Principal Amount of City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 2 Special Tax Revenue Bonds, Series 2024; Approving the Form and Substance of a Trust Agreement, Authorizing Modifications thereof and Execution and Delivery as Modified; Approving a Preliminary Official Statement, Authorizing Changes thereto and Execution and Delivery of an Official Statement to be Derived therefrom; Approving a Local Obligation Purchase Contract and a Bond Purchase Contract and Execution and Delivery of Each; and Authorizing Related Actions Necessary to Implement the Proposed Financing.
3. Trust Agreement by and among the Folsom Ranch Financing Authority and the City of Folsom Community Facilities District No. 23 (Folsom Ranch) and U.S. Bank Trust Company, National Association, as Trustee
4. Indenture between the City of Folsom Community Facilities District No. 23 (Folsom Ranch) and U.S. Bank Trust Company, National Association, as Trustee
5. Preliminary Official Statement for the Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 2 Special Tax Revenue Bonds, Series 2024
6. Local Obligation Purchase Contract for the City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 2 Special Tax Bonds, Series 2024 between the Folsom Ranch Financing Authority and the City of Folsom Community Facilities District No. 23 (Folsom Ranch)
7. Bond Purchase Agreement for the Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 2 Special Tax Revenue Bonds, Series 2024 between the Folsom Ranch Financing Authority and Piper Sandler & Co.
8. Continuing Disclosure Certificate
9. Good Faith Estimates for the City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 2 Special Tax Bonds, Series 2024 and the Folsom Ranch

Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch)  
Improvement Area No. 2 Special Tax Revenue Bonds, Series 2024

Submitted,

A handwritten signature in black ink, appearing to read "Stacey Tamagni", written over a horizontal line.

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Stacey Tamagni  
Finance Director  
Treasurer of the Folsom Ranch Financing Authority

## Attachment 1



**RESOLUTION NO. 11147**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FOLSOM  
AUTHORIZING THE ISSUANCE OF THE CITY OF FOLSOM COMMUNITY  
FACILITIES DISTRICT NO. 23 (FOLSOM RANCH) IMPROVEMENT AREA NO. 2  
SPECIAL TAX BONDS, SERIES 2024, THE EXECUTION OF AN INDENTURE  
PROVIDING THEREFOR, AUTHORIZING THE EXECUTION OF A LOCAL  
OBLIGATION PURCHASE CONTRACT, AND AUTHORIZING NECESSARY  
ACTIONS AND THE EXECUTION OF OTHER DOCUMENTS IN CONNECTION  
THEREWITH**

**WHEREAS**, the City Council (the “City Council”) of the City of Folsom (the “City”) has formed the City of Folsom Community Facilities District No. 23 (Folsom Ranch) (the “Community Facilities District”) and designated various improvement areas therein, including Improvement Area No. 2 (the “Improvement Area”), under the provisions of the Mello-Roos Community Facilities Act of 1982 (the “Act”); and

**WHEREAS**, the Community Facilities District is authorized under the Act to levy special taxes within the Improvement Area (the “Special Taxes”) to pay the costs of certain public facilities (the “Facilities”) and to issue bonds payable from the Special Taxes; and

**WHEREAS**, in order to provide funds to finance certain of the Facilities (the “Project”), the Community Facilities District proposes to issue not to exceed \$12,500,000 principal amount of its City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 2 Special Tax Bonds, Series 2024 (the “Local Obligations”); and

**WHEREAS**, the Folsom Ranch Financing Authority (the “Authority”) has agreed to purchase the Local Obligations pursuant to a Local Obligation Purchase Contract (the “Local Obligation Purchase Contract”) between the Authority and the Community Facilities District with a portion of the proceeds of the Authority’s City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 2 Special Tax Revenue Bonds, Series 2024 (the “Authority Bonds”); and

**WHEREAS**, the City Council has determined in accordance with Government Code Section 53360.4 that a negotiated sale of the Local Obligations to the Authority in accordance with the terms of the Local Obligation Purchase Contract will result in a lower overall cost to the Community Facilities District than a public sale; and

**WHEREAS**, there has been submitted to the City Clerk of the City (the “City Clerk”) a form of Indenture, between the Community Facilities District and U.S. Bank Trust Company, National Association, as trustee (the “Indenture”), providing for the issuance of the Local Obligations and a form of Local Obligation Purchase Contract providing for the sale of the Local Obligations to the Authority; and

**WHEREAS**, there has been submitted to the City Clerk a form of Trust Agreement (the “Trust Agreement”), among the Authority, the Community Facilities District and U.S. Bank Trust

Company, National Association, as trustee, providing for the issuance of the Authority Bonds; and

**WHEREAS**, the Authority has authorized the sale of the Authority Bonds to Piper Sandler & Co., as underwriter (the “Underwriter”), with the net proceeds of sale thereof to be utilized to purchase the Local Obligations from the Community Facilities District; and

**WHEREAS**, the Community Facilities District desires to assist the Underwriter in its compliance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (“Rule 15c2-12”) pursuant to a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”); and

**WHEREAS**, the form of a Preliminary Official Statement (the “Preliminary Official Statement”) to be used in connection with the offering and sale of the Authority Bonds has been prepared and is on file with the City Clerk; and

**WHEREAS**, there have been prepared and submitted to the City Council for consideration at this meeting the forms of:

- (a) the Trust Agreement;
- (b) the Indenture;
- (c) the Local Obligation Purchase Contract;
- (d) the Continuing Disclosure Certificate; and
- (e) the Preliminary Official Statement; and

**WHEREAS**, the City Council has considered the evidence of the public benefits to the Community Facilities District of the proposed financing and is fully advised in the premises; and

**WHEREAS**, the Community Facilities District desires to proceed to issue and sell the Local Obligations and to authorize the execution of such documents and the performance of such acts as may be necessary or desirable to effect the offering, sale and issuance of the Local Obligations; and

**WHEREAS**, on this date, the City held a public hearing on the financing of the Project in accordance with Section 6586.5 of Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State of California (the “Marks-Roos Act”); and

**WHEREAS**, in accordance with Section 6586.5 of the Marks-Roos Act, notice of such hearing was published once at least five days prior to the hearing in the *Folsom Telegraph*, a newspaper of general circulation in the City; and

**WHEREAS**, Government Code Section 5852.1 requires that the City Council obtain from an underwriter, financial adviser or private lender and disclose, prior to authorization of the issuance of bonds with a term of greater than 13 months, good faith estimates of the following

information in a meeting open to the public: (a) the true interest cost of the bonds, (b) the sum of all fees and charges paid to third parties with respect to the bonds, (c) the amount of proceeds of the bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest 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 paid to third parties not paid with the proceeds of the bonds; and

**WHEREAS**, in compliance with Government Code Section 5852.1, the City Council has obtained from Fieldman, Rolapp & Associates, Inc., the municipal adviser to the Community Facilities District, the required good faith estimates and such estimates have been disclosed at this meeting; and

**WHEREAS**, the City Council is the legislative body of the Community Facilities District;

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Folsom, as follows:

Section 1. The foregoing recitals are true and correct, and the City Council so finds and determines.

Section 2. The City Council, on behalf of the City, hereby approves the issuance of the Authority Bonds to finance the Project and finds that the use of the Marks-Roos Act to assist the Community Facilities District in financing the Project will result in significant public benefits to the citizens of the City, including more efficient delivery of local agency services to residential and commercial development.

Section 3. Subject to the conditions described in Section 8, the issuance of the Local Obligations in an aggregate principal amount not to exceed \$12,500,000, on the terms and conditions set forth in, and subject to the limitations specified in, the Indenture, is hereby authorized and approved. The Local Obligations shall be dated, shall bear interest at the rates, shall mature on the dates, shall be subject to redemption, shall be issued in the form, and shall be as otherwise provided in the Indenture.

Section 4. The form of the Indenture providing for the issuance of the Local Obligations, on file with the City Clerk, is hereby approved, and the City Manager of the City (the “City Manager”) and the Finance Director of the City (the “Finance Director”) and such other officers of the City as the City Manager or the Finance Director shall designate (each an “Authorized Officer” and collectively, the “Authorized Officers”) are, and each of them is, hereby authorized and directed, for and in the name and on behalf of the Community Facilities District, to execute and deliver the Indenture in substantially said form, with such changes therein as may be approved by the City Attorney of the City (the “City Attorney”), such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. The form of the Continuing Disclosure Certificate, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein, is hereby approved. The Authorized Officers are, and each of them is, hereby authorized and directed, for and in the name of the Community Facilities District, to execute and deliver the Continuing Disclosure Certificate in the form presented to this meeting, with such changes, insertions and

omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Continuing Disclosure Certificate by such Authorized Officer.

Section 6. The Preliminary Official Statement, in substantially the form presented to this meeting and made a part hereof as though set forth in full herein, with such changes therein as may be approved by an Authorized Officer, is hereby approved, and the use of the Preliminary Official Statement in connection with the offering and sale of the Authority Bonds is hereby authorized and approved. The Authorized Officers are, and each of them is, hereby authorized and directed, for and in the name of the Community Facilities District, to certify to the Underwriter that the Preliminary Official Statement has been “deemed final” for purposes of Rule 15c2-12.

Section 7. The preparation and delivery of a final Official Statement (the “Official Statement”), and its use in connection with the offering and sale of the Authority Bonds is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement, with such changes, insertions and omissions as may be approved by an Authorized Officer, such approval to be conclusively evidenced by the execution and delivery thereof. The Authorized Officers are, and each of them is, hereby authorized and directed to execute the final Official Statement and any amendment or supplement thereto, for and in the name of the Community Facilities District.

Section 8. The form of the Local Obligation Purchase Contract providing for the sale of the Local Obligations to the Authority, on file with the City Clerk, is hereby approved, and the Authorized Officers are, and each of them is, hereby authorized and directed, for and in the name of the Community Facilities District, to execute and deliver the Local Obligation Purchase Contract in substantially said form, with such changes therein as may be approved by the City Attorney, such approval to be conclusively evidenced by the execution and delivery thereof; provided that the final maturity of the Local Obligations shall be no later than September 1, 2054, the principal amount of the Local Obligations shall not exceed twelve million five hundred thousand dollars (\$12,500,000) and the true interest cost (taking into consideration the associated underwriter’s discount and any original issue premium or discount relating to the Authority Bonds) of the Local Obligations shall not exceed seven and one quarter percent (7.25%).

Section 9. The form of the Trust Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein is hereby approved. The Authorized Officers are, and each of them is, hereby authorized and directed, for and in the name of the Community Facilities District, to execute and deliver the Trust Agreement in the form presented to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Trust Agreement by such Authorized Officer.

Section 10. Pursuant to Section 53345.8 of the Act and the City’s Local Goals and Policies, the City Council hereby finds and determines that the value of the real property that would be subject to the Special Taxes to pay debt service on the Local Obligations will be at least three (3) times the principal amount of the Local Obligations to be sold 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 Improvement Area or a special assessment levied on property within the Improvement

Area. The City Council determines in its sole discretion that it is necessary and desirable to waive certain of its Local Goals and Policies to the extent the issuance of the Local Obligations does not conform thereto.

Section 11. The officers of the City are hereby authorized and directed, jointly and severally, for and on behalf of the City and/or the Community Facilities District to do any and all things that they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this resolution, including any subsequent amendments, waivers or consents entered into or given in accordance with any of the documents approved hereby. The City Manager, the Finance Director, the City Clerk and the officers of the City are hereby authorized and directed to execute and deliver, for and on behalf of the City and/or the Community Facilities District, any and all certificates and representations necessary and desirable to accomplish the transactions set forth above.

Section 12. The City Council hereby approves the execution and delivery of all agreements, documents, certificates and instruments referred to herein with electronic signatures as may be permitted under the California Uniform Electronic Transactions Act and digital signatures as may be permitted under Section 16.5 of the California Government Code using DocuSign.

Section 13. This resolution shall take effect immediately upon its adoption.

**PASSED AND ADOPTED** this 12<sup>th</sup> day of December, 2023, by the following roll call vote:

**AYES:** Councilmember(s):

**NOES:** Councilmember(s):

**ABSENT:** Councilmember(s):

**ABSTAIN:** Councilmember(s):

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Rosario Rodriguez, MAYOR

ATTEST:

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Christa Freemantle, CITY CLERK

## Attachment 2

**RESOLUTION NO. 011-FOLSOM RANCH FA**

**RESOLUTION OF THE GOVERNING BOARD OF THE FOLSOM RANCH FINANCING AUTHORITY AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF NOT TO EXCEED \$12,500,000 AGGREGATE PRINCIPAL AMOUNT OF CITY OF FOLSOM COMMUNITY FACILITIES DISTRICT NO. 23 (FOLSOM RANCH) IMPROVEMENT AREA NO. 2 SPECIAL TAX REVENUE BONDS, SERIES 2024; APPROVING THE FORM AND SUBSTANCE OF A TRUST AGREEMENT, AUTHORIZING MODIFICATIONS THEREOF AND EXECUTION AND DELIVERY AS MODIFIED; APPROVING A PRELIMINARY OFFICIAL STATEMENT, AUTHORIZING CHANGES THERETO AND EXECUTION AND DELIVERY OF AN OFFICIAL STATEMENT TO BE DERIVED THEREFROM; APPROVING A LOCAL OBLIGATION PURCHASE CONTRACT AND A BOND PURCHASE CONTRACT AND EXECUTION AND DELIVERY OF EACH; AND AUTHORIZING RELATED ACTIONS NECESSARY TO IMPLEMENT THE PROPOSED FINANCING**

**WHEREAS**, the Folsom Ranch Financing Authority is a joint exercise of powers entity duly organized and existing under and by virtue of the laws of the State of California (the “Authority”); and

**WHEREAS**, the City Council (the “City Council”) of the City of Folsom (the “City”) has formed the City of Folsom Community Facilities District No. 23 (Folsom Ranch) (the “Community Facilities District”) and designated various improvement areas therein, including Improvement Area No. 2, under the provisions of the Mello-Roos Community Facilities Act of 1982 (the “Act”); and

**WHEREAS**, the Community Facilities District has completed its legal proceedings under the Act with respect to authorizing the issuance and sale of the “City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 2 Special Tax Bonds, Series 2024” (the “Local Obligations”) for the purpose of financing certain public facilities within the City south of Highway 50; and

**WHEREAS**, the Community Facilities District is empowered under the provisions of the Act to undertake legal proceedings for the levy of a special tax and for the issuance, sale and delivery of special tax bonds upon the security of the recorded special tax liens; and

**WHEREAS**, the Authority is empowered under the provisions of Article 4, Chapter 5, Division 7, Title 1 of the California Government Code (the “Law”) to issue its bonds for the purpose of purchasing various local obligations issued by certain local agencies and applying the proceeds of the bonds to finance certain authorized public facilities; and

**WHEREAS**, the Authority desires to issue the “Folsom Ranch Financing Authority City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 2 Special Tax Revenue Bonds, Series 2024” (the “Bonds”) pursuant to that certain Trust Agreement (the “Trust Agreement”), among the Authority, the Community Facilities District and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), in order to provide funds to purchase the Local Obligations; and

**WHEREAS**, the Authority has determined that the estimated amount necessary to finance the purchase of the Local Obligations will require the issuance of the Bonds in the aggregate principal amount not to exceed twelve million five hundred thousand dollars (\$12,500,000); and

**WHEREAS**, the Authority and the Community Facilities District have determined that all things necessary to make the Bonds, when authenticated by the Trustee, and issued as provided in the Trust Agreement, the valid, binding and legal obligations of the Authority according to the import thereof and hereof have been done and performed; and

**WHEREAS**, in furtherance of implementing the financing, there have been filed with the Authority Secretary for consideration and approval by this Board forms of the following:

- (a) a Trust Agreement, under the terms of which the Bonds are to be issued and the Revenues (as said term is defined in the Trust Agreement and as said Revenues are received by the Authority as holder of the Local Obligations) are to be administered to pay the principal of and interest on the Bonds;
- (b) a Local Obligation Purchase Contract, under the terms of which, among other things, the Community Facilities District agrees to sell and the Authority agrees to purchase the Local Obligations;
- (c) a Bond Purchase Contract, under the terms of which, among other things, the Authority agrees to sell and the underwriter agrees to purchase the Bonds; and
- (d) a Preliminary Official Statement, describing the Bonds and the Local Obligations; and

**WHEREAS**, Government Code Section 5852.1 requires that the Governing Board of the Authority obtain from an underwriter, financial adviser or private lender and disclose, prior to authorization of the issuance of bonds with a term of greater than 13 months, good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the bonds, (b) the sum of all fees and charges paid to third parties with respect to the bonds, (c) the amount of proceeds of the bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest 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 paid to third parties not paid with the proceeds of the bonds; and

**WHEREAS**, in compliance with Government Code Section 5852.1, the Governing Board of the Authority has obtained from Fieldman, Rolapp & Associates, Inc., municipal adviser to the Authority, the required good faith estimates and such estimates have been disclosed at this meeting; and

**WHEREAS**, being fully advised in the matter of the proposed financing program, this Board wishes to proceed with implementation of said financing program; and



**WHEREAS**, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the financing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Authority is now duly authorized and empowered, pursuant to each and every requirement of law, to authorize the execution and delivery of certain documents in order to further implement the financing in the manner and upon the terms herein provided; and

**WHEREAS**, as required by the Law, the City has conducted a public hearing and has determined that the issuance of the Bonds by the Authority and the acquisition of the Local Obligations will result in significant public benefits, including more efficient delivery of local agency services to residential and commercial development.

**NOW, THEREFORE, BE IT RESOLVED** by the Governing Board of the Folsom Ranch Financing Authority as follows:

Section 1. The foregoing recitals are true and correct, and this Board so finds and determines.

Section 2. Pursuant to the Law, the Bonds shall be issued in the aggregate principal amount of not to exceed twelve million five hundred thousand dollars (\$12,500,000). No Bond shall mature later than September 1, 2054.

Section 3. The form and substance of the Trust Agreement are hereby approved. The Treasurer of the Authority or designee thereof is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Trust Agreement in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The form and substance of the Local Obligation Purchase Contract is hereby approved. The Treasurer of the Authority or designee thereof is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Local Obligation Purchase Contract in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. The form and substance of the Bond Purchase Contract is hereby approved. The Treasurer of the Authority or designee thereof is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Bond Purchase Contract in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided that the true interest cost of the Bonds shall not exceed seven and one quarter percent (7.25%) and the underwriter's discount (exclusive of original issue discount) shall not exceed one and thirty-five hundredths percent (1.35%).

Section 6. (a) The form and substance of the Preliminary Official Statement is hereby approved. The Treasurer of the Authority or designee thereof is authorized to execute the final Official Statement to be derived therefrom.

(b) This Board hereby authorizes the Treasurer of the Authority or designee thereof to find and determine that said Preliminary Official Statement in preliminary form is, and as of its date shall be deemed “final” for purposes of Rule 15c2-12 of the Securities and Exchange Commission, and the Treasurer of the Authority or designee thereof is hereby authorized to execute a certificate to such effect in the customary form.

(c) The Treasurer of the Authority or designee is authorized to approve corrections and additions to the Preliminary Official Statement by supplement or amendment thereto, by appropriate insertions, or otherwise as appropriate, provided that such corrections or additions shall be regarded by such officer as necessary to cause the information contained therein to conform to facts material to the Bonds or the Local Obligations or to the proceedings of this Board or the City Council or that such corrections or additions are in form rather than in substance.

(d) The underwriter of the Bonds is authorized to distribute said Preliminary Official Statement and the final Official Statement to be derived therefrom in connection with the sale and delivery of the Bonds.

Section 7. The officers of the Authority are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents, including any agency agreement, which they may deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this resolution, including any subsequent amendments, waivers or consents entered into or given in accordance with any of the documents approved hereby, and to obtain a policy of bond insurance, a rating and/or a reserve fund surety policy for any series of the Bonds. Such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Section 8. This Board hereby approves the execution and delivery of all agreements, documents, certificates and instruments referred to herein with electronic signatures as may be permitted under the California Uniform Electronic Transactions Act and digital signatures as may be permitted under Section 16.5 of the California Government Code using DocuSign.

Section 9. This resolution shall take effect immediately upon its passage.

**PASSED AND ADOPTED** this 12<sup>th</sup> day of December, 2023, by the following roll call vote:

**AYES:** Boardmember(s):

**NOES:** Boardmember(s):

**ABSENT:** Boardmember(s):

**ABSTAIN:** Boardmember(s):

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Rosario Rodriguez, CHAIR

ATTEST:

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Christa Freemantle, SECRETARY