

RESOLUTION NO. 2015-136

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELK GROVE AUTHORIZING THE ISSUANCE AND SALE OF SPECIAL TAX BONDS FOR COMMUNITY FACILITIES DISTRICTS, APPROVING FINANCING OF PUBLIC CAPITAL FACILITIES, AND APPROVING AND AUTHORIZING RELATED DOCUMENTS AND ACTIONS

WHEREAS, the City Council of the City of Elk Grove (the "City") has conducted proceedings under and pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of Division 2 of Title 5 (commencing with Section 53311) of the California Government Code (the "Mello-Roos Act"), to form East Franklin Community Facilities District No. 2002-1 and Community Facilities District No. 2003-1 (Poppy Ridge) (together, the "CFDs"), to authorize the levy of special taxes upon the land within the CFDs, and to issue bonds secured by said special taxes the proceeds of which special taxes and which bonds were to be used to finance certain public improvements (the "Prior Facilities"), all as described in those proceedings; and

WHEREAS, under the provisions of the Mello-Roos Act, on behalf of the CFDs, the City has previously issued the following bonds (collectively, the "Prior CFD Bonds") for its East Franklin Community Facilities District No. 2002-1 and Poppy Ridge Community Facilities District No. 2003-1:

- (i) \$57,960,000 City of Elk Grove East Franklin Community Facilities District No. 2002-1 Special Tax Bonds, Series 2005 (the "Series 2005 East Franklin Bonds") pursuant to a Fiscal Agent Agreement, dated as of August 1, 2005, between the City and U.S. Bank National Association, as fiscal agent (the "Prior Bonds Fiscal Agent"); and
- (ii) \$32,915,000 City of Elk Grove Community Facilities District No. 2003-1 (Poppy Ridge) Special Tax Bonds, Series 2005 (the "Series 2005 Poppy Ridge Bonds") pursuant to a Fiscal Agent Agreement, dated as of August 1, 2005, between the City and the Prior Bonds Fiscal Agent; and
- (iii) \$15,900,000 City of Elk Grove Community Facilities District No. 2003-1 (Poppy Ridge) Special Tax Bonds, Series 2006 (the "Series 2006 Poppy Ridge Bonds") pursuant to a Fiscal Agent Agreement, dated as of August 1, 2005 and a First Supplemental Fiscal Agent Agreement, dated as of May 1, 2006, between the City and the Prior Bonds Fiscal Agent; and

WHEREAS, the City has determined that it is in the best financial interests of the City to refinance all or a portion of the Prior CFD Bonds; and

WHEREAS, in connection with refinancing of the Prior CFD Bonds, this Council further wishes to include in the issuance of the 2015 CFD Bonds an amount for the purpose of financing additional facilities (the "Additional Capital Facilities") as previously authorized for Community Facilities District No. 2003-1 (Poppy Ridge) and for East Franklin Community Facilities District No. 2002-1; and

WHEREAS, accordingly, the City has determined to issue (i) the City of Elk Grove East Franklin Community Facilities District No. 2002-1 Special Tax Bonds, Series 2015 and (ii) the City of Elk Grove Community Facilities District No. 2003-1 (Poppy Ridge) Special Tax Bonds, Series 2015 (the "East Franklin CFD Bonds" and "Poppy Ridge CFD Bonds" and together, the "2015 CFD Bonds") pursuant to the Mello-Roos Act; and

WHEREAS, this Council wishes to sell the 2015 CFD Bonds to the Elk Grove Finance Authority (the "Authority"); and

WHEREAS, the Authority wishes to issue special tax revenue bonds (the "Authority Bonds") pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Authority Bond Law") for the purpose of purchasing the 2015 CFD Bonds from the City; and

WHEREAS, as required by Section 6586.5 of the Authority Bond Law, the City has caused publication of a notice of a public hearing on the financing of the Additional Capital Facilities once at least five (5) days prior to the hearing in a newspaper of general circulation in the county; and

WHEREAS, this Council held a public hearing at which all interested persons were provided the opportunity to speak on the subject of financing the Additional Capital Facilities; and

WHEREAS, there have been submitted to this Council certain documents described below providing for the issuance of the 2015 CFD Bonds, the use of the proceeds of the 2015 CFD Bonds, issuance of the Authority Bonds, and the financing of the Additional Capital Facilities, and this Council with the aid of its staff, has reviewed the documents and found them to be in proper order; and

WHEREAS, there has also been submitted to this Council a form of preliminary Official Statement in connection with the marketing of the Authority Bonds, and the Council, with the aid of its staff, has reviewed the preliminary Official Statement to assure proper disclosure of all material facts relating to such Authority Bonds that are in the personal knowledge of the members of this Council and the City staff; 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 2015 CFD Bonds and the Authority Bonds and the levy of the special taxes as contemplated by this resolution and the documents referred to herein exist, have happened and have been performed in due time, form and manner as required by the laws of the State of California, including the Mello-Roos Act and the Authority Bond Law.

NOW, THEREFORE, BE IT RESOLVED, as follows:

Section 1. Bonds Authorized. Pursuant to the Mello-Roos Act, this Resolution and the Fiscal Agent Agreement (as defined in Section 3 hereof), this Council authorizes the issuance of the 2015 CFD Bonds in an aggregate principal amount not in excess of the principal amount of the Authority Bonds. The City hereby finds that the refunding component of the East Franklin CFD Bonds and the refunding component of the Poppy Ridge CFD Bonds each constitute respective "refunding bonds" within the meaning of the Mello-Roos Act because the proceeds thereof will be used to refund the

respective series of Prior CFD Bonds. For the purposes of these proceedings for the issuance of the refunding component of the East Franklin CFD Bonds, the City hereby determines that (i) the total net interest cost to maturity of the refunding component of the East Franklin CFD Bonds plus the principal amount of the refunding component of the East Franklin CFD Bonds is less than (ii) the total net interest cost to maturity of the East Franklin Prior CFD Bonds plus the principal amount of the East Franklin Prior CFD Bonds to be refunded. Similarly, for the purposes of these proceedings for the issuance of the refunding component of the Poppy Ridge CFD Bonds, the City hereby determines that (i) the total net interest cost to maturity of the refunding component of the Poppy Ridge CFD Bonds plus the principal amount of the refunding component of the Poppy Ridge CFD Bonds is less than (ii) the total net interest cost to maturity of the Poppy Ridge Prior CFD Bonds plus the principal amount of the Poppy Ridge Prior CFD Bonds to be refunded. The City further finds and determines that it would be prudent in the management of its fiscal affairs to issue the 2015 CFD Bonds to refund the respective Prior CFD Bonds.

Section 2. Authorities Granted. The City Manager, Director of Finance and Administrative Services, or such other official of the City as may be designated by such officer pursuant to Section 9 hereof (each, an "Authorized Officer") is hereby authorized and directed to execute and deliver the documents approved herein in substantially the form on file with the City Clerk, together with such additions or changes as are approved by such Authorized Officer upon consultation with the City Attorney and the City's underwriter and bond counsel, including such additions or changes as are necessary or advisable to permit the timely issuance, sale and delivery of the 2015 CFD Bonds. The approval of such additions or changes shall be conclusively evidenced by the execution and delivery by an Authorized Officer of the documents herein specified.

Each Authorized Officer is authorized to determine that all or any portion of the 2015 CFD Bonds shall be refunded. In the event that only a portion of the 2015 CFD Bonds are to be refunded, each Authorized Officer is additionally authorized to execute and deliver any of the documents with such additions or changes as are approved by such Authorized Officer upon consultation with the City Attorney and the City's underwriter and bond counsel, as are necessary or advisable to permit the timely issuance, sale and delivery of a portion of the 2015 CFD Bonds, with the non-refunded portion remaining outstanding. Such changes may include substituting a Fiscal Agent Agreement (described herein) with a supplement to a previously executed Fiscal Agent Agreement, in such form as determined appropriate by an Authorized Officer.

Section 3. Fiscal Agent Agreements. The Council hereby approves the form of the respective Fiscal Agent Agreement by and between the City and U.S. Bank National Association, as fiscal agent (each, a "Fiscal Agent Agreement") with respect to the respective 2015 CFD Bonds, in substantially the forms on file with the City Clerk. The date, manner of payment, principal amount, interest rate or rates, interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of redemption, costs of issuing and other terms of the 2015 CFD Bonds shall be as provided in the respective Fiscal Agent Agreement as finally executed and delivered. The terms and provisions of the Fiscal Agent Agreements, as executed, are incorporated herein by this reference as if fully set forth herein. An Authorized Officer is hereby authorized and directed to execute the Fiscal Agent Agreements on behalf of the City and the City Clerk is hereby authorized and directed to attest thereto.

Section 4. Escrow Agreement. The form of Escrow Agreement among the City, the Authority and U.S. Bank National Association, as escrow holder, in the form presented to this Council at this meeting is hereby approved. An Authorized Officer is hereby authorized and directed to execute the Escrow Agreement on behalf of the City and the City Clerk is hereby authorized and directed to attest thereto. For the purposes hereof, the "Escrow Fund" established under the Escrow Agreement shall constitute the "refunding fund" under the Mello-Roos Act and the "designated costs of issuing the refunding bonds" under the Mello-Roos Act shall include the Costs of Issuance as defined in the Fiscal Agent Agreement. The Prior CFD Bonds will be redeemed on the dates specified in the Escrow Agreement.

Section 5. Official Statement. The Council hereby approves the preliminary Official Statement prepared in connection with the Authority Bonds and the 2015 CFD Bonds in substantially the form submitted to the Council, together with any changes therein or additions thereto deemed advisable by an Authorized Officer. The Council hereby approves and authorizes the distribution by Piper Jaffray & Co., as underwriter of the Authority Bonds, of the preliminary Official Statement to prospective purchasers of the Authority Bonds, and authorizes and directs an Authorized Officer on behalf of the City to deem the preliminary Official Statement "final" pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") prior to its distribution to prospective purchasers of the Authority Bonds. The execution of the final Official Statement, which shall include then current financial information regarding the City and such other changes and additions thereto deemed advisable by an Authorized Officer and such information permitted to be excluded from the preliminary version of the Official Statement pursuant to the Rule, shall be conclusive evidence of the approval of the Official Statement by the City.

Section 6. Continuing Disclosure. The Council hereby approves the form of the Continuing Disclosure Certificate with respect to the Authority Bonds and the 2015 CFD Bonds in substantially the form thereof attached to the Official Statement on file with the City Clerk. An Authorized Officer is hereby authorized and directed to complete and execute the Continuing Disclosure Certificate on behalf of the City with such changes, additions or deletions as may be approved by the Authorized Officer in consultation with the City's bond counsel.

Section 7. Sale of Bonds; 2015 CFD Bonds Purchase Agreement. The form of the 2015 CFD Bonds Purchase Agreement, providing for the sale of the 2015 CFD Bonds by the City to the Authority presented at this meeting is hereby approved and each of the Authorized Officers is hereby authorized to execute the 2015 CFD Bonds Purchase Agreement in the form so approved, with such additions thereto and changes therein as are necessary to conform the 2015 CFD Bonds Purchase Agreement to the dates, amounts and interest rates applicable to the 2015 CFD Bonds as of the sale date or to cure any defect or ambiguity therein. Approval of such additions and changes shall be conclusively evidenced by the execution and delivery of the 2015 CFD Bonds Purchase Agreement by one or more of such officers. The City Council hereby finds that sale of the 2015 CFD Bonds to the Authority at a private sale pursuant to the 2015 CFD Bonds Purchase Agreement will result in a lower overall cost than would be achieved by selling the 2015 CFD Bonds at a public sale utilizing competitive bidding.

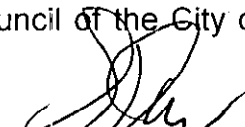
Section 8. Municipal Bond Insurance. The Authorized Officers, and their designees are hereby authorized to (i) solicit bids for a municipal bond insurance policy and/or reserve fund surety bond for any or all of the 2015 CFD Bonds, (ii) to negotiate the terms of such policy, (iii) to finalize the form of such policy with a municipal bond insurer, and (iv) if it is determined that the policy will result in interest rate savings on the 2015 CFD Bonds which exceed the cost of the premium for the policy or policies or otherwise provides a benefit to the City, to pay the insurance premium of for policy or policies from the proceeds of the 2015 CFD Bonds. Likewise, the Authorized Officers are authorized to similarly determine the use of a reserve surety and pay the premium thereon.

Section 9. Findings Relating to Financing of Additional Capital Facilities. The City Council hereby finds that issuance of the Authority Bonds for the purpose of financing the Additional Capital Facilities and acquiring the Additional Capital Facilities component of the 2015 Poppy Ridge CFD Bonds and the 2015 East Franklin CFD Bonds will result in significant public benefits of the type described in Section 6586 of the Bond Law, including, but not limited to, a more efficient delivery of City services to residential and commercial development and demonstrable savings in effective interest rate, bond preparation, bond underwriting and bond issuance costs. The City Council hereby approves the issuance of the Authority Bonds.

Section 10. Actions Authorized. All actions heretofore taken by the officers and agents of the City with respect to the establishment of the CFDs and the sale and issuance of the 2015 CFD Bonds and the Authority Bonds are hereby approved, confirmed and ratified, and the appropriate officers of the City are hereby authorized and directed to do any and all things and take any and all actions and execute any and all certificates, agreements 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 2015 CFD Bonds and the Authority Bonds in accordance with this resolution, and any certificate, agreement, and other document described in the documents herein approved. All actions to be taken by an Authorized Officer, as defined herein, may be taken by such Authorized Officer or any designee, with the same force and effect as if taken by the Authorized Officer.

Section 11. Effectiveness. This resolution shall take effect from and after its adoption. The provisions of any previous resolutions relating to issuance of the 2015 CFD Bonds and the Authority Bonds as herein described in any way inconsistent with the provisions hereof are hereby repealed.

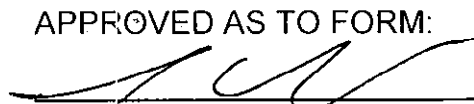
PASSED AND ADOPTED by the City Council of the City of Elk Grove this 24th day of June 2015.



GARY DAVIS, MAYOR
of the CITY OF ELK GROVE

ATTEST:


JASON LINDGREN, CITY CLERK

APPROVED AS TO FORM:


JONATHAN P. HOBBS,
CITY ATTORNEY

**CERTIFICATION
ELK GROVE CITY COUNCIL RESOLUTION NO. 2015-136**

STATE OF CALIFORNIA)
COUNTY OF SACRAMENTO) ss
CITY OF ELK GROVE)

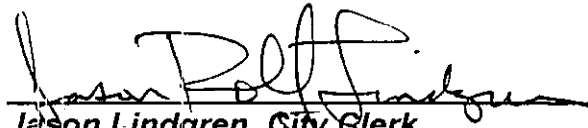
I, Jason Lindgren, City Clerk of the City of Elk Grove, California, do hereby certify that the foregoing resolution was duly introduced, approved, and adopted by the City Council of the City of Elk Grove at a regular meeting of said Council held on June 24, 2015 by the following vote:

AYES : **COUNCILMEMBERS:** *Davis, Hume, Detrick, Ly, Suen*

NOES: **COUNCILMEMBERS:** *None*

ABSTAIN : **COUNCILMEMBERS:** *None*

ABSENT: **COUNCILMEMBERS:** *None*


**Jason Lindgren, City Clerk
City of Elk Grove, California**