

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE ISSUANCE OF SPECIAL TAX REFUNDING BONDS FOR AND ON BEHALF OF THE CITY OF DESERT HOT SPRINGS COMMUNITY FACILITIES DISTRICT NO. 2006-1 IMPROVEMENT AREA 1, APPROVING AND DIRECTING THE EXECUTION OF A FISCAL AGENT AGREEMENT, APPROVING SALE OF SUCH BONDS, AND APPROVING OTHER RELATED DOCUMENTS AND ACTIONS

WHEREAS, the City Council (the "Council") of the City of Desert Hot Springs (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 at Section 53311, of the California Government Code (the "Act"), to form Community Facilities District No. 2006-1 Improvement Area 1 (the "District"), to authorize the levy of special taxes upon the land within the District, and to issue bonds secured by said special taxes for the purpose of providing moneys for the construction and acquisition of authorized improvements for the District; and

WHEREAS, following a vote of landowners in the District authorizing the levy of a special tax, the Council, as legislative body of the District, authorized the issuance of special tax bonds of the City for the District in the maximum principal amount of not to exceed \$8,000,000 for Improvement Area 1 (the "Authorization") and caused bonds to be issued for the District in 2010, in the original principal amount of \$2,285,000, designated City of Desert Hot Springs Community Facilities District No. 2006-1 Improvement Area 1 Special Tax Refunding Bonds Series 2010 (the "Prior Bonds"), which refunded bonds issued for the District in 2008 and provided funds for additional facilities; and

WHEREAS, the Prior Bonds are redeemable on March 1, 2020 and interest payment dates thereafter at a redemption price equal to the aggregate principal amount of bonds to be redeemed, plus accrued interest thereon to the redemption date, without premium, and the City desires to refund the Prior Bonds by issuing refunding bonds for the District, and, after due investigation and deliberation the City has determined that it is in the interests of the City and the District at this time for the Council, as legislative body of the District, to authorize a series of special tax bonds as refunding bonds for the District designated City of Desert Hot Springs Community Facilities District No. 2006-1 Improvement Area 1 Special Tax Refunding Bonds Series 2020 (the "Refunding Bonds"); and

WHEREAS, there has been submitted to the Council a form of Fiscal Agent Agreement (the "Fiscal Agent Agreement") between the City, for and on behalf of the District, and Wilmington Trust, N.A., as fiscal agent, and to provide for the issuance of the Refunding Bonds, and the Council, with the aid of City staff, has reviewed the Fiscal Agent Agreement and found it to be in proper order, and now desires to approve the Fiscal Agent Agreement and the issuance of the Refunding Bonds; and

WHEREAS, the City proposes to sell the Refunding Bonds by private placement to a bank as the Refunding Bonds investor, with the assistance of Stifel Nicolaus & Co. as placement agent; and

WHEREAS, the information required to be obtained and disclosed with respect to the Refunding Bonds by the Council in accordance with Government Code Section 5852.1 is set forth in the staff report accompanying this Resolution; 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 Refunding Bonds 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 Act.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF DESERT HOT SPRINGS RESOLVES AS FOLLOWS:

1. **Findings.** The Council finds and determines that it is prudent in the management of its fiscal affairs and in the best interests of the City and the District to issue the Refunding Bonds for the purpose of providing moneys for the refunding of the Prior Bonds to achieve interest cost savings.

2. **Law Applicable.** For the purposes of these proceedings in and for the District, the Act shall be the authority for the issuance of the Refunding Bonds.

3. **Bonds Authorized.** Pursuant to the Act, this Resolution, and the Fiscal Agent Agreement, special tax bonds of the City for the District designated as "City of Desert Hot Springs Community Facilities District No. 2006-1 Improvement Area 1 Special Tax Refunding Bonds Series 2020" in an aggregate principal amount not to exceed the par amount set forth in Section 7 are hereby authorized to be issued for the purpose of refunding the Prior Bonds. The Refunding Bonds shall be executed in the form set forth in and otherwise as provided in the Fiscal Agent Agreement.

The Refunding Bonds shall not be issued unless the value of the real property within the District subject to the special tax to pay debt service on the Refunding Bonds, based on assessed values and/or an appraisal by an independent appraiser hired by the City for the purpose of determining such value, is at least three (3) times the proposed principal amount of the Refunding Bonds proposed to be issued and secured by a special tax levied pursuant to the Act on property within the District.

The Council hereby finds that the Refunding Bonds constitute "refunding bonds" within the meaning of the Act because the proceeds thereof will be used to refund the Prior Bonds. For the purposes of these proceedings for the issuance of the Refunding Bonds, the City hereby determines, based on preliminary calculations, that the total net interest cost to maturity on the Refunding Bonds, plus the principal amount of the Refunding Bonds is less than the total net interest cost to maturity of the Prior Bonds plus the principal amount of the Prior Bonds to be refunded. The Council further finds that, pursuant to provisions of the Act, the Refunding Bonds are not a part of the Authorization.

4. **Fiscal Agent Agreement.** The Council hereby approves the Fiscal Agent Agreement in the form presented to the Council at this meeting. The City Manager and Finance Director or any of their designees (each, an "Authorized Officer"), each acting alone or together with any other Authorized Officer, are each hereby authorized and directed to execute the Fiscal Agent Agreement, for and in the name and on behalf of the City and the District, in such form, together with any additions thereto or changes therein deemed necessary or advisable by the Authorized Officer executing such document upon consultation with Jones Hall, A Professional Law Corporation, as bond counsel to the City ("Bond Counsel"). The proceeds of the Refunding Bonds shall be applied by the City for the purposes and in the amounts as set forth in the Fiscal Agent Agreement. The Council hereby authorizes the delivery and performance by the City of the Fiscal Agent Agreement.

5. **Covenant to Foreclose.** The City hereby covenants, for the benefit of the owners of the Refunding Bonds, to commence and diligently pursue to completion any foreclosure action

regarding delinquent installments of any amount levied as a special tax for the payment of interest or principal of the Refunding Bonds, said foreclosure action to be commenced and pursued as more completely set forth in the Fiscal Agent Agreement.

6. **Sale of Bonds.** The Council hereby authorizes the sale of the Refunding Bonds via a direct placement transaction with a commercial bank or financial entity selected by an Authorized Officer according to a bidding process, so long as the principal amount of the Refunding Bonds does not exceed \$2,250,000, the tax-exempt interest rate does not exceed 4.25% and the final maturity of the Refunding Bonds does not exceed the final maturity of the Prior Bonds. In connection therewith, the Council approves appointment of Stifel, Nicolaus & Company, Incorporated as placement agent and authorizes any Authorized Officer to enter into an agreement for placement services with the placement agent on terms determined appropriate by such Authorized Officer.

7. **Actions Authorized.** All actions heretofore taken by the officers, employees and agents of the City with respect to the establishment of the District and the sale and issuance of the Refunding Bonds are hereby approved, confirmed and ratified, and the Authorized Officers 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 (including, without limitation, irrevocable refunding instructions for the redemption of the Prior Bonds), which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Refunding 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 a specified Authorized Officer as specified herein, may be taken by the Authorized Officer (including any person holding such office on an interim basis) or any designee, with the same force and effect as if taken by such Authorized Officer.

8. **Effectiveness.** This Resolution shall take effect upon its adoption.

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I hereby certify that the foregoing Resolution was duly adopted by the City Council of the City of Desert Hot Springs, California, at a regularly scheduled meeting thereof, held on the 21st day of January, 2020, by the following vote of the City Council:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

Jerryl Soriano, City Clerk

APPROVED:

Scott Matas, Mayor

APPROVED AS TO FORM:

Jennifer Mizrahi, City Attorney