

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIVERSIDE AUTHORIZING THE ISSUANCE OF BONDS OF COMMUNITY FACILITIES DISTRICT NO. 2006-1 (RIVERWALK VISTA) DESIGNATED SPECIAL TAX BONDS (IMPROVEMENT AREA NO. 2), SERIES 2016A AND TAXABLE SPECIAL TAX BONDS (IMPROVEMENT AREA NO. 2), SERIES 2016B, APPOINTING FISCAL AGENT, APPROVING BOND PURCHASE AGREEMENT AND AUTHORIZING NEGOTIATION OF TERMS OF THE SALE OF SAID BONDS, APPROVING PRELIMINARY OFFICIAL STATEMENT, AUTHORIZING PREPARATION OF FINAL OFFICIAL STATEMENT, AND APPROVING CONTINUING DISCLOSURE CERTIFICATE.

WHEREAS, Community Facilities District No. 2006-1 (Riverwalk Vista) of the City of Riverside, County of Riverside, State of California (the "District") was established on May 22, 2007, by adoption by the City Council (the "City Council") of the City of Riverside (the "City") of Resolution No. 21402; and

WHEREAS, on May 22, 2006, the City Council also adopted Resolution No. 21403 determining the necessity for the District to incur bonded indebtedness in an aggregate principal amount not to exceed \$25,000,000; and

WHEREAS, pursuant to Resolution No. 21403 portions of such bonded indebtedness were allocated to Improvement Area No. 1 ("Improvement Area No. 1") and Improvement Area No. 2 ("Improvement Area No. 2") of the District as follows: Improvement Area No. 1 \$12,500,000 and Improvement Area No. 2 \$12,500,000; and

WHEREAS, on May 22, 2007, consolidated special elections were held within the District and Improvement Area No. 1 and Improvement Area No. 2 and there was submitted to the qualified voters of Improvement Area No. 1 and Improvement Area No. 2, among other propositions, the proposition of whether a bonded indebtedness in an aggregate principal amount not to exceed \$25,000,000 should be incurred by and for the District for the purpose of providing certain public facilities for the benefit of the District, and more than two-thirds of the votes cast in said consolidated special elections were cast in favor of incurring such bonded indebtedness, and the District was thereby authorized to issue bonds in an aggregate principal amount not to exceed \$25,000,000 for the purposes set forth in said proposition; and

WHEREAS, on May 22, 2007, consolidated special elections were held within Improvement Area No. 2 and there was submitted to the qualified voters of Improvement Area No. 2 the proposition, among others, of whether the District should incur bonded indebtedness and issue bonds in an aggregate principal amount not to exceed \$12,500,000 for the purpose of providing certain public facilities for the benefit of Improvement Area No. 2 (the "Facilities"),

and more than two-thirds of the votes cast in said consolidated special elections were cast in favor of incurring such bonded indebtedness, and the District was thereby authorized to issue bonds in an aggregate principal amount not to exceed \$12,500,000 for the purposes set forth in said proposition; and

WHEREAS, the City Council has determined that it is necessary that bonds of the District designated “Community Facilities District No. 2006-1 (Riverwalk Vista) of the City of Riverside Special Tax Bonds (Improvement Area No. 2), Series 2016A” (the “Series 2016A Bonds”) and “Community Facilities District No. 2006-1 (Riverwalk Vista) of the City of Riverside Taxable Special Tax Bonds (Improvement Area No. 2), Series 2016 B” (the “Series 2016B Bonds,” collectively with the Series 2016A Bonds, the “Bonds”) be issued in an aggregate principal amount which shall not exceed \$7,500,000 to finance the design, construction, and acquisition of portions of the Facilities; and

WHEREAS, on February 23, 2016, pursuant to notice thereof given pursuant to Section 1108 of the City’s Charter, the City Council conducted a public hearing on the issuance of the Bonds; and

WHEREAS, pursuant to Section 53345.8 of the California Government Code, the City Council, as the legislative body of the District, may sell bonds of the District only if it determines prior to the award of the sale of such bonds that the value of the real property that would be subject to the special tax to pay debt service on the bonds will be at least three (3) times the principal amount of the bonds to be sold and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Mello-Roos Community Facilities Act of 1982 (Section 53311, *et seq.*, of the California Government Code) on property within Improvement Area No. 2 or a special assessment levied on property within Improvement Area No. 2 or unless the City Council finds and determines that the proposed bonds do not present any unusual credit risk due to the availability of credit enhancements or for other reasons specified by the City Council; and

WHEREAS, special taxes will be levied only on parcels of taxable property in Improvement Area No. 2 to pay principal of and interest on the Bonds; and

WHEREAS, the estimated fair market value of the taxable property within Improvement Area No. 2, based upon an appraisal prepared by Kitty Siino & Associates, Inc. (the “Appraiser”), and as set forth in the report of the Appraiser dated January 15, 2016 (the “Appraisal”), was \$68,567,143 as of December 1, 2015; and

WHEREAS, the property within Improvement Area No. 2 is not subject to any assessment liens or to the levy of any special taxes to pay debt service on any bonds, and the property within Improvement Area No. 2 will, upon the sale of the Bonds, therefore, be subject only to the levy of the special taxes which are to be levied thereon to pay the principal of and interest on the Bonds (the “Special Taxes”); and

WHEREAS, if the Bonds are issued and sold in an aggregate principal amount that does not exceed \$7,500,000, the fair market value of the taxable property in the District, as set forth in the Appraisal will be more than three (3) times such principal amount of the Bonds; and

WHEREAS, there has been presented to the City Council a form of Bond Purchase Agreement whereby Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) has offered to purchase the Bonds from the City (the “Bond Purchase Agreement”) and a form of Preliminary Official Statement relating to the Bonds; and

WHEREAS, there has been made available to the City Council a form of Fiscal Agent Agreement with respect to the Bonds to be executed and delivered by the City and U.S. Bank National Association, as Fiscal Agent (the “Fiscal Agent Agreement”), whereby the Fiscal Agent will authenticate and deliver the Bonds and perform certain other duties; and

WHEREAS, there has also been presented to the City Council a form of Continuing Disclosure Certificate to be executed by the City for the benefit of the owners of the Bonds and in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “Rule”); and

WHEREAS, there has also been presented to the City Council a form of Continuing Disclosure Certificate to be executed and delivered by the developer of the property within Improvement Area No. 2 (the “Developer Disclosure Certificate”), for the benefit of the owners of the Bonds and in order to assist the Underwriter in complying with the Rule; and

WHEREAS, the City Council has considered the forms of the Fiscal Agent Agreement, the Continuing Disclosure Certificate, the Bond Purchase Agreement and the Preliminary Official Statement and has determined that it is in the best interest of the owners of property in the District that the City Council authorize the issuance and sale of the Bonds and the execution and delivery of said agreements and approve and authorize the distribution of the Preliminary Official Statement subject to the conditions hereinafter contained;

NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED BY THE CITY COUNCIL OF THE CITY OF RIVERSIDE AS FOLLOWS:

Section 1. Findings. The City Council finds (a) that the preceding recitals are true and correct, (b) that the sale of the Bonds at private sale, without advertising for bids, will result in a lower overall cost to the District, and (c) that if the Bonds are issued and sold in an aggregate principal amount that does not exceed \$7,500,000, the value of the parcels of real property within Improvement Area No. 2 which will be subject to the levy of the Special Taxes to pay the principal of and interest on the Bonds, based on the fair market value of such parcels as determined by the Appraiser and as set forth in the Appraisal, *i.e.*, \$68,567,143, will be more than three (3) times the principal amount of such Bonds and all other outstanding bonds that are secured by special taxes that are to be levied on such parcels or special assessments that have been levied on such parcels.

Section 2. Authorization of the Issuance of the Bonds. The City Council authorizes the issuance and sale of the Bonds in an aggregate principal amount which shall not exceed \$7,500,000. The Finance Director, or designee, are authorized and directed to take all steps and actions which are necessary to accomplish the issuance, sale, and delivery of the Bonds pursuant to the authorization given by and the conditions specified in this resolution. The Mayor and the City Clerk are authorized to execute the Bonds for and on behalf of the City and the District by their manual or facsimile signatures. The Bonds shall be dated as of their date of delivery pursuant to the Bond Purchase Agreement.

Section 3. Approval of Fiscal Agent Agreement. The Fiscal Agent Agreement which provides generally for (i) the authentication and delivery by the Fiscal Agent of the Bonds, (ii) the creation and administration by the Fiscal Agent of certain funds and accounts for the benefit of the City and the owners of the Bonds, (iii) the payment by the Fiscal Agent of the principal of and interest on the Bonds from the Special Tax Revenues (as defined therein), and (iv) the performance of other duties by the Fiscal Agent, is approved in the form made available to the City Council at the meeting at which this resolution is adopted, and the Finance Director, or designee, is authorized to consent to such modifications thereto as may be specified by Best Best & Krieger LLP, bond counsel to the City ("Bond Counsel"). The Mayor, the City Manager, the Finance Director, or designee, is authorized to execute and deliver said agreement on behalf of the City.

Section 4. Appointment of Fiscal Agent. U.S. Bank National Association is appointed as Fiscal Agent pursuant to the Fiscal Agent Agreement to take any and all action provided therein to be taken by the Fiscal Agent.

Section 5. Approval of Preliminary Official Statement; Preparation of Final Official Statement. The Preliminary Official Statement is approved, and the Finance Director, or designee, is authorized to consent to and assist in the preparation of such modifications thereto as may be specified by Bond Counsel. The Finance Director, or designee, is authorized to determine, with the assistance of Bond Counsel, when the Preliminary Official Statement is to be deemed final within the meaning of the Rule and to deliver a certificate to that effect to the Underwriter. The Underwriter is authorized to distribute the Preliminary Official Statement as approved hereby, or as modified with the consent of the Finance Director, or designee, to prospective purchasers of the Bonds. The Finance Director, or designee, are authorized to participate in the preparation of the Final Official Statement, based on the Preliminary Official Statement, and such modifications thereto as may be agreed to by Bond Counsel and the Underwriter. The Finance Director, or designee, is authorized to sign the Final Official Statement on behalf of the City and the District.

Section 6. Sale of Bonds. The City Council approves and authorizes the issuance and sale of the Bonds by negotiation with the Underwriter pursuant to the Bond Purchase Agreement between the City and the Underwriter in the form presented to the City Council at the meeting at which this resolution is adopted, together with any changes therein or additions thereto which are deemed advisable by the Finance Director or designee upon

consultation with Bond Counsel. The Finance Director or designee is authorized and directed to execute and deliver the final form of the Bond Purchase Agreement on behalf of the City and the District upon the submission of an offer by the Underwriter to purchase the Bonds, which offer is acceptable to the Finance Director or designee and is consistent with the requirements of this resolution; provided that the aggregate principal amount of the Series 2016A Bonds shall not exceed \$6,000,000; the true interest cost on the Series 2016A Bonds shall not exceed six and a half percent (6.50%); the aggregate principal amount of the Series 2016B Bonds shall not exceed \$1,500,000; the true interest cost on the Series 2016B Bonds shall not exceed seven percent (7.00%); the discount at which the Underwriter purchases all of the Bonds shall not be greater than an amount equal to two percent (2.00%) (exclusive of original issue discount) of the aggregate principal amount of the Bonds; and the last maturity of the Bonds shall be paid and redeemed no later than September 1, 2046. When the Finance Director or designee has negotiated the Bond Purchase Agreement with the Underwriter within the parameters specified above and when the other terms and conditions of the Bond Purchase Agreement are satisfactory to the Finance Director or designee and Bond Counsel, the Finance Director or designee is authorized to execute and deliver the Bond Purchase Agreement to the Underwriter on behalf of the City and the District.

Section 7. Accountability Measures. Pursuant to Section 53410 of the California Government Code, the issuance of and sale of the Bonds are subject to the following accountability measures:

(a) The proceeds of the Bonds shall be applied only for the specific purposes identified in the propositions regarding the authorization of the District incurring bonded indebtedness which the qualified electors of the District approved in the election held on May 22, 2007;

(b) Except as otherwise provided in the Fiscal Agent Agreement, the proceeds of the sale of the Bonds shall be deposited in the funds and accounts established pursuant to the Fiscal Agent Agreement and the proceeds deposited in each such fund or account shall be expended as provided in the Fiscal Agent Agreement with respect to each such fund or account; and

(c) The Finance Director shall file a report with the City Council at least once in each calendar year, commencing in 2016, which shall contain the information required by Section 53411 of the California Government Code with respect to the expenditure of the proceeds of the sale of the Bonds and the status of the construction and acquisition of the public facilities comprising the Project.

Section 8. Findings Regarding the Levy and Rates of Special Taxes. The City Council finds that the City will covenant in the Fiscal Agent Agreement, for the benefit of the owners of the Bonds, that (a) to the extent it is legally permitted to do so, it will levy the Special Taxes for the payment of the Administrative Expenses (as defined therein) which are expected to be incurred in each fiscal year, and (b) it will not initiate proceedings under the Mello-Roos Community Facilities Act of 1982 to reduce the Maximum Special Tax rates for

Developed Property (the “Maximum Rates”) below the amounts which are necessary to provide Special Tax Revenues in an amount equal to one hundred ten percent (110%) of Maximum Annual Debt Service on the Outstanding Bonds plus estimated Administrative Expenses for the then current Fiscal Year. The City Council further finds and determines that any reduction or limitation of the Special Tax rates below the Maximum Rates would interfere with the timely retirement of the Bonds.

Section 9. Approval of Continuing Disclosure Certificate. The Continuing Disclosure Certificate is approved in the form submitted to the City Council at the meeting at which this resolution is adopted, and the Finance Director or designee is authorized to execute and deliver said agreement on behalf of the City. The form of the Developer Disclosure Certificate is also approved.

Section 10. Modifications. The approval of the Fiscal Agent Agreement, the Continuing Disclosure Certificate, the Bond Purchase Agreement and the form of the Developer Disclosure Agreement given by this resolution shall apply to any modification or amendment of any of said agreements which is agreed upon and approved by Bond Counsel and the Finance Director or the designee as being necessary to carry out the provisions thereof and the authorization and direction provided in this resolution.

Section 11. Further Action. The Finance Director and designee are authorized to take any and all action which is directed by Bond Counsel with respect to the execution and delivery of the Fiscal Agent Agreement, the Continuing Disclosure Certificate and the Bond Purchase Agreement and the issuance, sale and delivery of the Bonds, which in the opinion of Bond Counsel is necessary in order for the authorization and direction provided in this resolution to be carried out.

Section 12. Conditions of Approval. The approvals, authorization and direction given by this resolution are conditioned upon the satisfaction of the requirements of Section 6 hereof with respect to the issuance and sale of the Bonds. The officers of the City designated above shall not take any action with respect to the execution and delivery of the Fiscal Agent Agreement, the Continuing Disclosure Certificate and the Bond Purchase Agreement or the issuance, sale and delivery of the Bonds unless and until such conditions are satisfied; provided, however, that upon satisfaction of such conditions, this resolution shall be fully effective and shall be carried out by such officers without further approval or action of the City Council. The approvals, authorization, and direction provided by this resolution shall continue, subject to the satisfaction of such conditions, until December 30, 2016, and the Bonds may be sold, and the Bonds, the Fiscal Agent Agreement, the Continuing Disclosure Certificate, the Bond Purchase Agreement, the Preliminary Official Statement, and the Final Official Statement may be dated, entered into, executed and delivered or distributed, as appropriate, on any date selected by the Finance Director or the designee and the Underwriter prior to said date.

Section 13. Effective Date. This resolution shall take effect upon adoption and shall remain in effect until December 30, 2016, or if the Bonds are issued prior to said date, until all of the Bonds are paid at or redeemed prior to maturity.

ADOPTED by the City Council, signed by the Mayor and attested by the City Clerk this 23rd day of February, 2016.

Mayor of the City of Riverside

ATTEST:

City Clerk of the City of Riverside

CERTIFICATION

I, Colleen J. Nicol, City Clerk of the City of Riverside, certify that the foregoing resolution was adopted by the City Council of the City of Riverside at a regular meeting held on the 23rd day of February, 2016, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINED:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Riverside this ____ day of _____, 2016.

City Clerk of the City of Riverside