

Resolution No.

STOCKTON CITY COUNCIL

RESOLUTION TO FORM A COMMUNITY FACILITIES DISTRICT, ESTABLISH A FUTURE ANNEXATION AREA, AND TO LEVY A SPECIAL TAX THEREIN TO FINANCE PUBLIC SERVICES AND THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC FACILITIES IN AND FOR SUCH DISTRICT

CITY OF STOCKTON COMMUNITY FACILITIES DISTRICT NO. 2024-1 (SOUTH STOCKTON FACILITIES AND SERVICES)

On September 17, 2024, 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 "Act"), this City Council adopted Resolution No. 2024-09-17-1502-01 (the "Resolution of Intention"), stating its intention to form "City of Stockton Community Facilities District No. 2024-1 (South Stockton Facilities and Services) (the "CFD") and establish a future annexation area related thereto entitled "City of Stockton Community Facilities District No. 2024-1 (South Stockton Facilities and Services) (Future Annexation Area)" (the "Future Annexation Area"); and

The Resolution of Intention, incorporating a map of the proposed boundaries of the CFD and Future Annexation Area and stating the facilities and services to be provided, the cost of providing such facilities and services, and the rate and method of apportionment of the special tax to be levied within the CFD to pay the principal and interest on bonds proposed to be issued with respect to the CFD, and the cost of the facilities and the cost of the services, is on file with the City Clerk and the provisions thereof are incorporated herein by this reference as if fully set forth herein; and

Subsequent to the adoption of the Resolution of Intention the landowners of all the territory in the proposed CFD requested that the boundaries of the CFD be reduced and that the territory removed from the initial CFD boundary be moved to the Future Annexation Area. In connection with the request, the landowners submitted an amended boundary map depicting the requested amended boundaries of the CFD and Future Annexation Area (herein the "Amended Map"). The Amended Map is on file with the City Clerk, and the Council desires to approve and adopt the Amended Map as describing the extent of the territory included in the CFD and Future Annexation Area at the time of formation.

On this date, this City Council held a noticed public hearing as required by the Act and the Resolution of Intention relative to the proposed formation of the CFD and establishment of the Future Annexation Area; and

At the hearing all interested persons desiring to be heard on all matters pertaining

to the formation of the CFD and the establishment of the Future Annexation Area, the services and facilities to be provided therein, and the levy of said special tax were heard and a full and fair hearing was held; and

At the hearing evidence was presented to this City Council on said matters before it, including a CFD hearing report (the "Report") which City staff caused to be prepared as to the facilities and the services to be provided through the CFD and the costs thereof, a copy of which is on file with the City Clerk, and this City Council at the conclusion of said hearing is fully advised in the premises; and

The special tax proposed to be levied in the CFD to pay for the proposed facilities and services to be provided therein, as set forth in the formula in Exhibit 1 hereto, has not been eliminated by protest by 50% or more of the registered voters, or six registered voters, whichever is more, residing within the proposed boundaries of the CFD or the owners of one-half or more of the area of land in the proposed CFD not exempt from the special tax; and

The proposed establishment of the Future Annexation Area and future annexation of parcels within the Future Annexation Area to the CFD has not been eliminated by protest by (i) 50% or more of the registered voters, or six registered voters, whichever is more, residing in the proposed boundaries of the CFD, (ii) 50% or more of the registered voters, or six registered voters, whichever is more, residing in the Future Annexation Area, (iii) owners of one-half or more of the area of land in the proposed CFD or (iv) owners of one-half or more of the area of land in the Future Annexation Area; now, therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

1. The foregoing recitals are true and correct.
2. The proposed special tax to be levied within the CFD has not been precluded by majority protest pursuant to section 53324 of the Act.
3. All prior proceedings taken by this City Council in connection with the establishment of the CFD and the Future Annexation Area and the levy of the special tax within the CFD have been duly considered and are hereby found and determined to be valid and in conformity with the Act.
4. The community facilities district designated "City of Stockton Community Facilities District No. 2024-1 (South Stockton Facilities and Services)" is hereby established pursuant to the Act.

The future annexation area designated "City of Stockton Community Facilities District No. 2024-1 (South Stockton Facilities and Services) (Future Annexation Area)" is hereby established pursuant to the Act.

5. The boundaries of the CFD and the Future Annexation Area, were initially proposed as set forth in the map of the CFD heretofore on October 7, 2024 at 11:52 o'clock a.m., in Book 7 of Maps of Assessment and Community Facilities Districts at Page 86, as Document No. 2024-09-17-1502-01 in the office of the County Recorder for the County of San Joaquin, State of California. The Council accepts and approves the landowner requested amendments to the initially proposed boundaries of the CFD and the Future Annexation Area, and hereby approves the Amended Map. The boundaries shown on the Amended Map are incorporated herein by reference and shall be the boundaries of the CFD and the Future Annexation Area, respectively. The Council directs the City Clerk to certify the adoption of this resolution on the face of the Amended Map, and to file a copy of the map in the office of the City Clerk in accordance with Section 3113 of the California Streets and Highways Code, and within 15 days of the date of adoption of this resolution transmit the map to the County Recorder for recording in the Book of Maps of Assessment and Community Facilities Districts in the office of the County Recorder of the County of San Joaquin.

Parcels within the Future Annexation Area shall be annexed to the CFD only with the unanimous approval (each, a "Unanimous Approval") of the owner or owners of each parcel or parcels at the time that parcel or those parcels are annexed, without any requirement for further public hearings or additional proceedings. The City Council hereby determines that any property for which the owner or owners execute a Unanimous Approval shall be added to the CFD, and the City Clerk shall record an amendment to the notice of special tax lien pursuant to Section 3117.5 of the Streets & Highways Code, or a new notice of special tax lien pursuant to Section 3114.5, as appropriate.

All or any portions of territory that annexes into the CFD from the Future Annexation Area or otherwise may be annexed into one or more separate improvement areas (each, a "Future Improvement Area") then in existence or to be formed at the time of such annexation and no additional hearings or procedures are required. The designation of a parcel or parcels as an improvement area shall be specified and approved by the Unanimous Approval at the time that the parcel or parcels are annexed to the CFD. After the designation of a parcel or parcels as an improvement area, all proceedings for approval of an appropriations limit, the rate and method of apportionment and manner of collection of special taxes, and the authorization to incur bonded indebtedness may differ from other areas of the CFD, all as set forth in the Unanimous Approval, and shall apply only to the parcel or parcels within such improvement area.

6. The type of public facilities proposed to be financed by the CFD, including parcels in the Future Annexation Area annexed to the CFD, pursuant to the Act shall consist of those items listed as facilities in Exhibit 2 hereto and by this reference incorporated herein (the "Facilities").

The listing includes incidental expenses incurred and to be incurred in connection with the CFD and the issuance of bonds for the CFD. The financing of the costs of the Facilities may include, without limitation, the payment of principal of and interest on

bonds, together with all direct, indirect periodic, and/or other related costs (including, without limitation, costs of administering the CFD, levying the Special Taxes (defined below) and administering the bonds, and establishing and replenishing reserve funds).

7. Except to the extent that funds are otherwise available to the CFD to pay for the Facilities, and/or the principal and interest as it becomes due on bonds issued by the City for the CFD to construct and/or acquire the Facilities, a special tax (the "Facilities Special Tax") sufficient to pay the costs thereof, secured by recordation of a continuing lien against all non-exempt real property in the CFD, will be levied annually within the CFD, and collected in the same manner as ordinary *ad valorem* property taxes, or in such other manner as the Council or its designee shall determine, including direct billing of the affected property owners.

In addition, an annual special tax (the "Services Special Tax" and together with Facilities Special Tax, the "Special Taxes") will also be levied within the CFD for authorized services and which tax component may provide additional security for debts of the CFD.

The proposed rate and method of apportionment of the Special Taxes among the parcels of real property within the CFD, in sufficient detail to allow each landowner within the CFD to estimate the maximum amount such owner will have to pay and the length of time such amount may be levied, are described in the Rate and Method of Apportionment attached hereto as Exhibit 1 hereto and hereby incorporated herein (the "Rate and Method"), provided that under no circumstances will the Special Tax levied in any fiscal year against any parcel used for private residential purposes be increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within the district by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults.

At such time as territory within the Future Annexation Area is annexed into the CFD pursuant to the Unanimous Consent, if such annexation is into or establishing a separate "improvement area" of the CFD pursuant to the Act (each, an "Improvement Area"), approval of a rate and method of apportionment for such territory may differ from that of the CFD or other Improvement Areas as set forth in the Unanimous Approval, and shall provide sufficient detail to allow each landowner within the annexed territory to estimate the maximum amount such owner will have to pay.

The Facilities Special Tax shall not be levied in the CFD after the fiscal year specified in the Rate and Method, except that a Facilities Special Tax that was lawfully levied in or before the final tax year and that remains delinquent may be collected in subsequent years.

Except as may otherwise be provided by law or by the Rate and Method, all lands owned by any public entity, including the United States, the State of California and the City, or any departments or political subdivisions thereof, shall be omitted from the levy of the Special Taxes. In the event that a portion of the property within the CFD shall

become for any reason exempt, wholly or in part, from the levy of the Special Taxes, the Council will, on behalf of the CFD, increase the levy to the extent necessary upon the remaining property within the CFD which is not exempt in order to yield the required debt service payments and other annual expenses of the CFD, if any, subject to the provisions of the Rate and Method. It is anticipated that the Special Taxes will be billed as a separate line item on the regular property tax bill. However, the Council reserves the right, under Section 53340 of the Act, to utilize any method of collecting the Special Taxes which it shall, from time to time, determine to be in the best interests of the City, including, but not limited to, direct billing by the City to the property owners and supplemental billing.

The Council hereby finds that the provisions of sections 53313.6, 53313.7 and 53313.9 of the Act (relating to adjustments to *ad valorem* property taxes and schools financed by a community facilities district) are inapplicable to the proposed CFD.

The proposed rate and method of apportionment of the Special Taxes among the parcels of real property within a Future Improvement Area that annex to the CFD, in sufficient detail to allow each landowner within such Future Improvement Area to estimate the maximum amount such owner will have to pay, shall be set forth in the applicable Unanimous Approval. The Special Tax shall not be levied in a Future Improvement Area after the fiscal year identified in the rate and method for such Future Improvement Area, except that a special tax that was lawfully levied in or before the final tax year and that remains delinquent may be collected in subsequent years. Under no circumstances shall the special tax levied against any parcel in a Future Improvement Area for private residential purposes be increased as a consequence of delinquency or default by the owner of any other parcel or parcels within such Future Improvement Area by more than 10 percent.

As required by section 53339.3(d) of the Act, the City Council hereby determines that the Facilities Special Tax proposed to pay for public facilities financed with bonds that have already been issued shall be the same for parcels annexed as the tax levied in the existing CFD (or Improvement Area, if applicable) for that purpose, except that a higher Special Tax may be levied for that purposes within the territory proposed to be annexed or to be annexed int the future to compensate for the interest and principal previously paid by the CFD (or such existing Improvement Aea, if applicable), less any depreciation allocable to the financed public facility. In so finding, the City Council does not intend to limit its ability to levy a Facilities Special Tax within territory to be annexed or to be annexed in the future to pay for new or additional public facilities, with or without bond financing.

For Future Improvement Areas, a different rate and method may be adopted than the Rate and Method initially adopted for the CFD if the annexed territory is designated as a separate improvement area. No supplements to the Rate and Method for any of the Improvement Areas and no new rate and method will cause the maximum tax rate in the then-existing territory of the CFD to increase. The designation as an improvement area of any territory annexing to the CFD, the maximum amount of bonded indebtedness and other debt for such improvement area, the rate and method of apportionment of special

tax for such improvement area and the appropriations limit for such improvement area shall be identified and approved in the Unanimous Approval executed by property owners in connection with their annexation to the CFD from the Future Annexation Area. The annexation and related matters described in the Unanimous Approval shall be implemented and completed without the need for City Council approval as long as the following conditions are met:

- (i) The rate and method of apportionment of special tax for the new improvement area is prepared by a special tax consultant retained by the City.
- (ii) The rate and method of apportionment of special tax for the new improvement area complies with the City's local goals and policies concerning the use of the Act then in effect.
- (iii) The rate and method of apportionment of special tax for the new improvement area includes a mechanism that protects against revenue loss as a result of land use changes.
- (iv) The Special Tax proposed to pay for the Facilities to be supplied within the territory annexed will be equal to the Special Taxes levied to pay for the same Facilities in previously-existing areas of the CFD, except that (a) a higher Special Tax may be levied on territory annexing into the CFD to pay for the same Facilities to compensate for the interest and principal previously paid from Special Taxes in the original area of the CFD, less any depreciation allocable to the financed Facilities, and (b) a higher Special Tax may be levied on territory annexing into the CFD to pay for new or additional Facilities, with or without bond financing.

8. It is hereby found and determined that the Facilities and the Services are necessary to meet increased demands placed upon local agencies as the result of development occurring in the CFD and the Future Annexation Area.

9. The Chief Financial Officer of the City, 425 N. El Dorado Street, Stockton, California 95202, Tel: (209) 937-8908, is designated as the office responsible for preparing annually a current roll of special tax levy obligations by assessor's parcel number, estimating future special tax levies and for establishing procedures to promptly respond to inquiries regarding estimates of future special tax levies. The City may contract with outside consultants to provide this service in lieu of the Chief Financial Officer.

10. Upon recordation of a notice of special tax lien pursuant to section 3114.5 of the Streets and Highways Code of California, a continuing lien to secure each levy of the special tax shall attach to all nonexempt real property in the CFD, and this lien shall continue in force and effect until the special tax obligation is prepaid and permanently satisfied and the lien canceled in accordance with law or until collection of the tax by the City ceases. Upon recordation of a notice of special tax lien pursuant to section 3114.5 of the Streets and Highways Code of California, a continuing lien to secure each levy of

the special tax shall attach to all nonexempt real property annexed to the CFD from the Future Annexation Area, and this lien shall continue in force and effect until the special tax obligation is prepaid and permanently satisfied and the lien canceled in accordance with law or until collection of the tax by the City ceases.

11. In accordance with the Act, the annual appropriations limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution, shall be preliminarily established for the CFD in the amount of \$50,000,000. The proposition establishing said annual appropriations limit shall become effective if approved by the qualified electors voting thereon and shall be adjusted in accordance with the applicable provisions of the Act.

The designation as an improvement area of any territory annexing to the CFD, the maximum amount of bonded indebtedness and other debt for such improvement area, the rate and method of apportionment of special tax for such improvement area and the appropriations limit for such improvement area shall be identified and approved in the Unanimous Approval executed by property owners in connection with their annexation to the CFD.

12. Pursuant to the provisions of the Act, the proposition of the levy of the Special Taxes within the CFD and the proposition of the establishment of the appropriations limit specified above shall be submitted to the qualified electors of the CFD at an election. The time, place and conditions of the election shall be as specified by a separate resolution of the City Council.

13. Section 53314.9 of the Act provides that, either before or after formation of the CFD, the Authority may accept work in-kind from any source, including, but not limited to, private persons or private entities, may provide, by resolution, for the use of that work in-kind for any authorized purpose and the City may enter into an agreement (an "Acquisition Agreement"), by resolution, with the person or entity advancing the work in-kind, to reimburse the person or entity for the value, or cost, whichever is less, of the work in-kind, as determined by the City Council, with or without interest, under the conditions specified in the Act. Any work in-kind must be performed or constructed as if the work had been performed or constructed under the direction and supervision, or under the authority of, the City.

Section 53316.2 of the Act provides that a community facilities district may finance facilities to be owned or operated by a public agency other than the agency that created the district, or services to be provided by a public agency other than the agency that created the district, or any combination, only pursuant to a joint community facilities agreement or a joint exercise of powers agreement adopted pursuant to this section. The City Manager and each other authorized officer of the City is hereby authorized and directed to enter into joint community facilities agreements with any local agency that will own or operate any of the Facilities or provide any of the Services, as may be necessary to comply with the provisions of Section 53316.2(a) and (b) of the Act. The City Council

hereby declares that such joint agreements will be beneficial to owners of property in the area of the CFD.

14. This City Council now finds and determines that all proceedings up to and including the adoption of this Resolution were and are valid and in conformity with the requirements of the Act. This determination and finding is final and conclusive in accordance with Government Code Section 53325.1(b).

15. This resolution shall take effect upon its adoption.

16. The City Manager is hereby authorized to take such further actions as are necessary and appropriate to carry out the purpose and intent of this Resolution.

PASSED, APPROVED, and ADOPTED November 12, 2024.

KEVIN J. LINCOLN II
Mayor of the City of Stockton

ATTEST:

KATHERINE ROLAND, CMC, CPMC
Interim City Clerk of the City of Stockton