

STOCKTON CITY COUNCIL

RESOLUTION OF INTENTION TO FORM A COMMUNITY FACILITIES DISTRICT AND TWO IMPROVEMENT AREAS 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

Under 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"), this City Council (the "Council") of the City of Stockton (the "City") is authorized to establish a community facilities district and to act as the legislative body for such community facilities district; and

The Council, having received indications of interest on behalf of the owners of the areas of land proposed to be included in a proposed community facilities district and requesting the establishment of improvement areas therein, desires to proceed with the establishment of a community facilities district in order to finance costs of public services and facilities necessary or incidental to new development in the City; now, therefore,

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

1. It is proposed to establish a community facilities district within the City of Stockton and designate improvement areas therein under the terms of the Act to finance costs of public services and facilities necessary or incidental to new development in the City.

2. The name proposed for the community facilities district is "City of Stockton Community Facilities District No. 2018-2 (Westlake Villages II)" (the "CFD").

Pursuant to section 53350 of the Act, the territory to be initially included in the CFD (as shown on the map described in Section 3 hereof) is hereby designated to include the following improvement areas (together, the "Improvement Areas"):

(i) "Improvement Area 1 of the City of Stockton Community Facilities District No. 2018-2 (Westlake Villages II)" ("Improvement Area 1"); and

(ii) "Improvement Area 2 of the City of Stockton Community Facilities District No. 2018-2 (Westlake Villages II)" ("Improvement Area 2").

3. The proposed boundaries of the CFD and the Improvement Areas are shown on the Map of Proposed Boundary of a Proposed Community Facilities District to be Known as Community Facilities District No. 2018-2 (Westlake Villages II), City of Stockton, San Joaquin County, California, on file with the City Clerk, which the Council hereby approves as the map describing the extent of the territory included in the proposed CFD and each Improvement Area. The Council finds that the map is in the form and contains the matters prescribed by section 3110 of the California Streets and Highways

Code. The Council hereby adopts such map as the Map of Proposed Boundary of the CFD and the Improvement Areas and directs the City Clerk to certify the adoption of this resolution on the face of the map, and to file a copy of the map in the office of the City Clerk in accordance with section 3111 of the California Streets and Highways Code and within 15 days of the date of adoption of this resolution but in no event later than 15 days prior to the public hearing provided for herein, 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.

4. Except to the extent that funds are otherwise available to the CFD to pay for the Facilities (as defined below), 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 "Special Tax A") 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 "Special Tax B" and together with Special Tax A, 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 each Improvement Area, in sufficient detail to allow each landowner within the each proposed Improvement Area 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 with respect to Improvement Area 2 and as Exhibit 2 with respect to Improvement Area 1, and hereby incorporated herein (each, the "Rate and Method" for each respective Improvement Area), 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.

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.

5. The type of public services and facilities proposed to be financed by the CFD and pursuant to the Act shall consist of those items listed as Facilities (the "Facilities") and Services (the "Services") on Exhibit 3 hereto and hereby incorporated herein. The Council hereby finds and determines that the public interest will not be served by allowing the property owners in the CFD to enter into a contract in accordance with section 53329.5(a) of the Act. Notwithstanding the foregoing, the Council, on behalf of the CFD, may enter into one or more contracts directly with any of the property owners with respect to the construction and/or acquisition of any portion of the Facilities.

6. 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 each

Improvement Area shall become for any reason exempt, wholly or in part, from the levy of the Special Tax, the Council will, on behalf of the CFD, increase the levy to the extent necessary upon the remaining property within each Improvement Area which is not exempt in order to yield the required debt service payments and other annual expenses of each Improvement Area, 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.

7. The levy of the Special Taxes shall be subject to the approval of the qualified electors within each Improvement Area at a special election. The proposed voting procedure shall be by mailed or hand-delivered ballot among the landowners in each proposed respective Improvement Area, with each owner having one vote for each acre or portion of an acre such owner owns in the respective Improvement Area. The Council hereby determines that the Facilities and Services are necessary to meet increased demands placed upon local agencies as the result of development occurring within the CFD. The Council hereby further determines the Services are in addition to those provided in the territory of the CFD as of the date hereof and will not supplant services already available within the territory of the CFD as of the date hereof.

8. It is the intention of the Council, acting as the legislative body for the CFD, to cause bonds of the City to be issued for the CFD pursuant to the Act to finance in whole or in part the construction and/or acquisition of the Facilities. The bonds issued in these proceedings shall be callable in accordance with the provisions of the Act, and shall be issued in such series and bear interest payable semi-annually or in such other manner as the Council shall determine, at a rate not to exceed the maximum rate of interest as may be authorized by applicable law at the time of sale of such bonds, shall mature not to exceed 40 years from the date of the issuance thereof and shall be as more specifically set forth in any resolution authorizing the issuance of such bonds.

9. The City Chief Financial Officer, as the officer having charge and control of the Facilities and Services in and for the CFD, or the designee of such official, is hereby directed to cause and direct a study of said proposed CFD and the Facilities and Services, and to cause to be prepared for filing at the public hearing the report required by section 53321.5 of the Act (the "CFD Report") presenting at least the following:

(a) A brief description of the Facilities and Services by type which will be required to adequately meet the needs of the CFD.

(b) An estimate of the fair and reasonable cost of the Facilities and Services, including the cost of acquisition of lands, rights-of-way and easements, any physical facilities required in conjunction therewith and incidental expenses in connection therewith, including the costs of the proposed bond financing and all other related costs as provided in section 53345.3 of the Act.

The CFD Report shall be made a part of the record of the public hearing specified below.

10. The Council hereby sets Tuesday, June 19, 2018, at 5:30 p.m., at the City of Stockton City Council Chambers located at 425 N. El Dorado Street, Stockton, California 95202, as the time and place when and where the Council, as legislative body for the CFD, will conduct a public hearing on the establishment of the CFD and the Improvement Areas, and consider and finally determine whether the public interest, convenience and necessity require the formation of the CFD and the levy of the Special Taxes within each Improvement Area. At the hearing, testimony concerning the CFD, the extent of the CFD or the furnishing of the particular types of public facilities and services will be heard and protests will be considered from registered voters residing within the CFD and persons owning real property within the CFD. Written protests by the owners of a majority of the land which would be subject to special taxation within the CFD will require the suspension of proceedings for at least one year. Written protests must be filed with the City Clerk at or before the time fixed for the hearing. If such protests are directed only against certain elements of the proposed improvements or proposed special tax, and if such protests constitute a majority protest, only those elements shall be deleted from the proceedings.

11. The City Clerk is hereby directed to cause notice of the public hearing, attached hereto as Exhibit 4, to be given by one-time publication in a newspaper of general circulation in the area of the CFD. The publication shall be completed at least seven (7) days before the date of the public hearing referenced above. The notice shall be substantially in the form specified in section 53322 of the Act and attached hereto, with the form summarizing the provisions hereof hereby specifically approved.

12. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED, and ADOPTED May 15, 2018.

MICHAEL D. TUBBS
Mayor of the City of Stockton

ATTEST:

BRET HUNTER, CMC
City Clerk of the City of Stockton