

RESOLUTION NO.

STOCKTON CITY COUNCIL

RESOLUTION AUTHORIZING ISSUANCE OF SPECIAL TAX BONDS FOR AND ON BEHALF OF IMPROVEMENT AREA 3 OF THE CITY OF STOCKTON COMMUNITY FACILITIES DISTRICT NO. 2018-2 (WESTLAKE VILLAGES II), APPROVING AND DIRECTING THE EXECUTION OF A FISCAL AGENT AGREEMENT, APPROVING THE FORM OF PRELIMINARY OFFICIAL STATEMENT, APPROVING THE SALE OF SUCH BONDS, AND APPROVING OTHER RELATED DOCUMENTS AND ACTIONS

The City Council (the “Council”) of the City of Stockton (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 (i) City of Stockton Community Facilities District No. 2018-2 (Westlake Villages II) (the “CFD”), (ii) Improvement Area 1 of the City of Stockton Community Facilities District No. 2018-2 (Westlake Villages II) (“Improvement Area 1”), (iii) Improvement Area 2 of the City of Stockton Community Facilities District No. 2018-2 (Westlake Villages II) (“Improvement Area 2”) and (iv) Improvement Area 3 of the City of Stockton Community Facilities District No. 2018-2 (Westlake Villages II) (“Improvement Area 3” and together with Improvement Area 1 and Improvement Area 2, the “Improvement Areas”), to authorize the levy of special taxes upon the land within the Improvement Areas, 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

Subsequent to the initial formation of the District, the City Council adopted (i) “Resolution Ordering Change to Rate and Method for Improvement Area No. 1 and 2 and Adjusting Improvement Area Boundaries for a Community Facilities District and Directing Recording of Notice of Special Tax Lien,” Resolution No. 2020-02-04-1501, on February 4, 2020, officially reforming the boundaries of Improvement Area No. 1 and Improvement Area No. 2 and amending the Rate and Method of Apportionment of Special Tax for Improvement Area 1 and Improvement Area 2, and (ii) “Resolution Ordering Changes Affecting Certain Parcels Within Improvement Area 2 of Community Facilities District No. 2018-2 (Westlake Villages II), Establishing Improvement Area 3 and Improvement Area 4 in the District, and Directing Recording of Amended Notice of Special Tax Lien,” Resolution No. 2022-01-11-1601, on January 11, 2022, officially reforming the boundaries of Improvement Area No. 2 and forming Improvement Area 3 and Improvement Area 4, all pursuant to the Act; and

The Council, as legislative body of the District, authorized the issuance of special tax bonds of the City for Improvement Area 3 in the maximum principal amount of not to exceed \$18,500,000 (the “Bond Authorization”), and the Council, as legislative body of the District, now desires to issue a series of bonds for Improvement Area 3 (the “Bonds”)

to finance public infrastructure, as further detailed in the Fiscal Agent Agreement approved herein; and

The Council, as legislative body of the District, has obtained and disclosed all of the information required to be obtained and disclosed related to the Bonds under section 5852.1 of the California Government Code in the staff report accompanying this Resolution; and

There has been submitted to the Council a Fiscal Agent Agreement (the "Fiscal Agent Agreement") (attached as Exhibit 1, incorporated by reference), between the City and U.S. Bank Trust Company, National Association, as fiscal agent, providing for the issuance and terms of the 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, the issuance of the Bonds and the execution of those and related documents; and

The City proposes to sell the Bonds to Oppenheimer & Co. Inc., as underwriter (the "Underwriter"), pursuant to the terms of a Bond Purchase Agreement by and between the City and the Underwriter, and the Underwriter proposes to offer the Bonds to the investing public by means of a Preliminary Official Statement, and the Council, with the aid of City staff, has reviewed the Bond Purchase Agreement (attached as Exhibit 2, incorporated by reference) and the Preliminary Official Statement (attached as Exhibit 3, incorporated by reference) and found them to be in proper order, and now desires to approve said documents; and

All conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of the 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,

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

1. This Council finds and determines that it is prudent in the management and development of land in the City and the District to issue the Bonds for the purpose of providing moneys for the construction and acquisition of authorized improvements for the District.

2. For the purposes of these proceedings in and for Improvement Area 3 of the District, the Act shall be the authority for the issuance of the Bonds.

3. Pursuant to the Act, this Resolution and the Fiscal Agent Agreement, special tax bonds of the City for Improvement Area 3 of the District designated as "Improvement Area 3 of the City of Stockton Community Facilities District No. 2018-2 (Westlake Villages II) Special Tax Bonds Series 2024" in an aggregate principal amount estimated at

\$13,960,000 (not to exceed \$15,500,000) are hereby authorized to be issued. The Bonds shall be executed in the form set forth in, and otherwise as provided in the Fiscal Agent Agreement.

The Bonds shall not be issued unless the value of the real property within Improvement Area 3 subject to the special tax to pay debt service on the 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 outstanding Bonds proposed to be issued and secured by a special tax levied pursuant to the Act on property within Improvement Area 3.

4. The Council hereby approves the Fiscal Agent Agreement and the terms therein, substantially in the form presented to the Council at this meeting. The City Manager, Chief Financial Officer or such other person or persons as any of them may designate (collectively, the "Authorized Officers"), 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 Improvement Area 3 of 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 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. The City hereby covenants, for the benefit of the owners of the 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 Bonds, said foreclosure action to be commenced and pursued as more completely set forth in the Fiscal Agent Agreement.

6. The Council hereby approves the Preliminary Official Statement with respect to the Bonds, in substantially the form on file with the City Clerk. Distribution of the Preliminary Official Statement by the City and the Underwriter is hereby approved, and, prior to the distribution of the Preliminary Official Statement, and each Authorized Officer, each acting alone or together with any other Authorized Officer, is authorized and directed, 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"). The execution of the final Official Statement, which shall include such changes and additions thereto deemed advisable by the Authorized Officer executing the same, and such information permitted to be excluded from the Preliminary Official Statement pursuant to the Rule, is hereby approved for delivery to the purchasers of the Bonds, and each Authorized Officer, each acting alone or together with any other Authorized Officer, is authorized and directed to execute and deliver the final Official Statement for and on behalf of the City, to deliver to the Underwriter a certificate with respect to the information set forth therein and to deliver to the Underwriter the Continuing Disclosure Undertaking in substantially the form

on file with the City Clerk, together with such changes and additions thereto deemed advisable by the Authorized Officer executing the same.

7. The Council hereby approves the Bond Purchase Agreement in substantially the form on file with the City Clerk; provided, that the aggregate principal amount of Bonds shall not exceed \$15,500,000 or result in an Underwriter's discount in excess of 1.00%, or a true interest cost in excess of 6.00%. Subject to the foregoing parameters, an Authorized Officer is hereby authorized and directed to execute the Bond Purchase Agreement in substantially the form on file with the City Clerk, together with such changes and additions thereto deemed advisable by the Authorized Officer executing the same. The Council hereby finds and determines that the sale of the Bonds at negotiated sale as contemplated by the Bond Purchase Agreement will result in a lower overall cost.

8. All actions heretofore taken by the officers, employees and agents of the City with respect to the establishment of the District and the Improvement Areas and the sale and issuance of the Bonds are hereby approved, confirmed and ratified, and the Authorized 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 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.

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

10. The City Manager is hereby authorized to take whatever actions are necessary and appropriate to carry out the purpose and intent of this Resolution.

PASSED, APPROVED, and ADOPTED March 19, 2024.

KEVIN J. LINCOLN II
Mayor of the City of Stockton

ATTEST:

ELIZA R. GARZA, CMC
City Clerk of the City of Stockton