

**MORENO VALLEY UNIFIED SCHOOL DISTRICT
25634 Alessandro Boulevard
Moreno Valley, California**

**MINUTES FOR THE SPECIAL MEETING OF THE BOARD OF DIRECTORS OF
THE COMMUNITY FACILITIES DISTRICT OF MARCH 10, 2015**

The minutes of the Special Meeting of the Board of Directors of March 10, 2015 are being submitted to the Board of Education, acting in its official capacity as the Board of Directors for Community Facilities District, for approval at its Special Meeting of April 14, 2015. The minutes are a complete and factual record of action taken by the Board of Directors at its Special Meeting of March 10, 2015.

THESE PROCEEDINGS ARE AUDIO/VIDEOTAPED PURSUANT TO GOV. CODE §54953.5.

CALL TO ORDER: The Board of Directors opened the meeting at 5:11 p.m.

ROLL CALL: Present–Baugh Present–Fleming Absent-Holguin Present-Johnson Present - Kelleher

Board of Directors Present:

Gary E. Baugh, Ed.S., President
Cleveland Johnson, Vice President
Jesus M. Holguin, Clerk
Denise Fleming, Ed.D., Member
Patrick W. Kelleher, Member

Administration Present

Judy D. White, Ed.D., Superintendent
Mays Kakish, Chief Business Official
Martinrex Kedziora, Ed.D., Assistant Superintendent, Ed. Services
Robert Verdi, Ed.D., Assistant Superintendent, Human Resources
Diane Hellerstedt, Administrative Assistant

PUBLIC COMMENTS

There were no public comments on Agenda items.

ACTION ITEMS

Item 1. Approval of the Minutes of the Special Meeting of the Board of Directors of the Community Facility District of February 10, 2015.

It was moved by Dr. Denise Fleming and seconded by Patrick Kelleher to approve the minutes as presented.

RECORD OF VOTES:

Kelleher - AYE
Fleming – AYE
Holguin – Absent
Johnson – Absent
Baugh - AYE

VOTE: AYES – 3 NAYS – 0 ABSENT – 2 (Holguin, Johnson) ABSTAIN – 0

Motion Passes

Chief Business Official Mays Kakish called upon bond legal counsel, Mr. Alex Bowie from Bowie, Arneson, Wiles and Giannone, along with financial advisor, Mr. Adam Bauer from Fieldman, Rolapp and Associates, to provide information and answer questions regarding the three resolutions to be considered under Action Items. Mr. Bowie explained these are the same items that were discussed and approved during the last meeting, and these are the actions necessary to move forward.

Item 2. CONSIDERATION AND POSSIBLE ADOPTION OF RESOLUTION NO. 2014-15-54 OF THE BOARD OF EDUCATION OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 91-1 APPROVING AND AUTHORIZING THE EXECUTION OF A MITIGATION AGREEMENT, A JOINT COMMUNITY FACILITIES AGREEMENT TOGETHER WITH MORENO VALLEY UNIFIED SCHOOL DISTRICT, COMMUNITY FACILITIES DISTRICT NO. 91-1 OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT, CACTUS AVENUE INV, LLC AND EASTERN MUNICIPAL WATER DISTRICT, AND DELEGATING AUTHORITY RELATED THERETO

CV Communities previously entered into a "Deposit and Reimbursement Agreement" with the Moreno Valley Unified School District ("School District"), deposited funds and agreed to deposit additional funds as needed relative to a proposed "Mitigation Agreement" and for formation of proposed "CFD No. 2015-2." The "Property" proposed to be included in CFD No. 2015-2 has been zoned for development and sale of 159 single-family dwelling units ("Project"). CV Communities has transferred the property to Cactus Avenue Inv, LLC, a subsidiary of CV Communities ("Owner"). The Deposit and Reimbursement Agreement has been assigned by CV Communities to Owner and a copy of such assignment has been received by the School District.

The Property is within existing "CFD No. 91-1" of the School District and Improvement Area No. 1 of CFD No. 91-1 ("CFD No. 91-1/IA-1"). CFD No. 91-1/IA-1 was created at the request of several developers to fund pursuant to JCFAs, facilities for the City of Moreno Valley ("City") and Moreno Valley County Services District ("City/CSD"). CFD No. 91-1/IA-1 was not formed to fund any School Facilities for the School District. The City Council for the City acting on the behalf of the City and the City/CSD has approved and executed a "Rescission Agreement" with the School District and CFD No. 91-1. Additionally, CFD No. 91-1/IA-1 pursuant to a JCFA with the Riverside County Habitat Conservation Agency ("RC/HCA") was to fund amounts for RC/HCA. The Board of the RC/HCA has approved a "RC/HCA Rescission Agreement" with the School District and CFD No. 91-1.

The Mitigation Agreement proposes formation of CFD No. 2015-2 and a JCFA with Eastern Municipal Water District, similar to other CFDs of the School District. Upon completion of the Formation Proceedings for proposed CFD No. 2015-2 and expiration of a 60-day statute of limitation period with no challenges, it is provided that subject to receipt of both the Rescission Agreements described above, the special taxes of CFD No. 91-1 and CFD No. 91-1/IA-1 will be terminated as to the Property and be subject to the obligations of the Mitigation Agreement with Owner and the special taxes of CFD No. 2015-2 of the School District.

Recommendation:

Review staff recommendations, comments from Owner and public comments, if any. If acceptable, adopt Resolution No. 2014-15-54, entitled "**RESOLUTION OF THE BOARD OF EDUCATION OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 91-1 OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT APPROVING AND AUTHORIZING THE EXECUTION OF A MITIGATION AGREEMENT, A JOINT COMMUNITY FACILITIES AGREEMENT TOGETHER WITH MORENO VALLEY UNIFIED SCHOOL DISTRICT, COMMUNITY FACILITIES DISTRICT NO. 91-1 OF THE MORENO VALLEY**

UNIFIED SCHOOL DISTRICT, CACTUS AVENUE INV, LLC AND EASTERN MUNICIPAL WATER DISTRICT, AND DELEGATING AUTHORITY RELATED THERETO,” subject to the execution by the School District and EMWD as to the proposed JCFA, and subject to prior receipt of the City Rescission Agreement and the RCH/CA Rescission Agreement.

It was moved by Dr. Denise Fleming and seconded by Patrick Kelleher to approve Resolution No. 2014-15-54 as presented.

RECORD OF VOTES:

Kelleher - AYE
Fleming – AYE
Holguin – Absent
Johnson – Absent
Baugh - AYE

VOTE: AYES – 3 NAYS – 0 ABSENT – 2 (Holguin, Johnson) ABSTAIN – 0

Motion Passes

Item 3. RESOLUTION NO. 2014-15-55 OF THE BOARD OF EDUCATION OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2004-4 OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT, TO PERMANENTLY REDUCE THE SPECIAL TAXES WITHIN COMMUNITY FACILITIES DISTRICT NO. 2004-4 OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT, DIRECTING AND AUTHORIZING RELATED ACTIONS

Pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (“Act”), the Board of Education (“Board”) of the Moreno Valley Unified School District (“School District”) previously formed Community Facilities District No. 2004-4 of the Moreno Valley Unified School District (“CFD No. 2004-4”). CFD No. 2004-4 is authorized to finance various facilities, including school facilities and Eastern Municipal Water District water and sewer facilities and capital fees.

Subsequent to the formation of CFD No. 2004-4, the average sales value of the homes sold within CFD No. 2004-4 declined. As a result of this decline in value, the Special Taxes of CFD No. 2004-4 need to be revised to reflect current CFD financing policies. The applicable Mitigation Agreement gives CFD No. 2004-4 the right to do so. The current developers of homes in CFD No. 2004-4, the School District and CFD No. 2004-4 previously executed an agreement entitled, “Implementation Agreement Among the Moreno Valley Unified School District, Community Facilities District No. 2004-4 of the Moreno Valley Unified School District, Beazer Homes Holdings Corp. and GFR Investments, LLC” (“I/Agreement”). The I/Agreement includes terms relating to the reduction of the Special Taxes, the Bonds proposed to be issued to fund the school and other public facilities, and the use of proceeds of the Bonds. These proposed actions are consistent with keeping the applicable Special Taxes on homes at no greater than 2.00%, on average, as described in the District’s Goals and Policies and the I/Agreement.

Resolution No. 2014-15-55 authorizes permanent reduction of the previously authorized Special Tax rates. Special Taxes currently collected within the territory of CFD No. 2004-4 will be reduced to the revised rates, as applicable, beginning fiscal year 2015-16. The District’s Special Tax Advisor and Administrator (SDFA) has provided the District with financial calculations to confirm the permanent reduction in Special Tax rates to be levied within CFD No. 2004-4. The permanent reduction of Special Taxes is described in Exhibit “A” to Resolution No. 2014-15-55. The permanent reduction will be implemented by a Second Amendment to Notice of Special Tax Lien for CFD No. 2004-4, the form of which is attached to the Resolution as Exhibit “B.”

Based upon the financial calculations presented to the District and CFD No. 2004-4 by the District's finance team, the Special Taxes, as permanently reduced, will be sufficient to fund the cost of administration and the principal of and interest on the Bonds proposed to be issued in accordance with the I/Agreement and the CFD No. 2004-4 formation proceedings.

It was moved by Dr. Denise Fleming and seconded by Gary E. Baugh to approve Resolution No. 2014-15-55 as presented.

RECORD OF VOTES:

Kelleher - AYE
Fleming – AYE
Holguin – Absent
Johnson – Absent
Baugh - AYE

VOTE: AYES – 3 NAYS – 0 ABSENT – 2 (Holguin, Johnson) ABSTAIN – 0

Motion Passes

ADJOURNMENT: There being no further items to come before the Board of Directors for the Community Facilities, this meeting was adjourned at 5:20 p.m.