

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

**MINUTES FOR THE SPECIAL MEETING OF THE GOVERNING BOARD OF
THE COMMUNITY FACILITIES DISTRICT OF MAY 26, 2015**

The minutes of the Special Meeting of the Board of Directors of May 26, 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 June 16, 2015. The minutes are a complete and factual record of action taken by the Board of Directors at its Special Meeting of May 26, 2015.

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

CALL TO ORDER: The Board opened the meeting at 5:04 p.m. by Cleveland Johnson, Board Vice-President. It was announced that Board President Gary Baugh and Board Clerk Jesus M. Holguin would be late to the meeting.

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

Governing Board Present:

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

Action

Item 1. Approval of the Minutes of the Special Meeting of the Board of Directors of the Community Facility District of April 14, 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 – Aye
Baugh – Absent

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

Motion Passes

**Action
Item 2.**

THE MORENO VALLEY UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2015-2, WILL CONDUCT THE SECOND READING AND ADOPTION OF ORDINANCE NO. 2014-15-71 ENTITLED: ORDINANCE OF COMMUNITY FACILITIES DISTRICT NO. 2015-2 OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT AUTHORIZING THE LEVY OF A SPECIAL TAX WITHIN COMMUNITY FACILITIES DISTRICT NO. 2015-2

Pursuant to the requirements of the Act, following the adoption of authorization resolutions and the conducting of a special tax election, in order to levy a special tax on territory within a community facilities district, the legislative body of the public agency forming the community facilities district must adopt an ordinance authorizing the levy of the special tax. The final item on this matter for this meeting is of the second reading of the ordinance authorizing the levy of the special tax within CFD No. 2015-2 (Ordinance No. 2014-15-71). Under the provisions of the Act, the Board, acting as the Legislative Body of CFD No. 2015-2, is granted the same authority to adopt ordinances for this purpose as are held by California cities. The ordinance procedure prescribed by law requires a two-step (first reading/second reading) process before the ordinance may be adopted. This item is to conduct the “second reading” of Ordinance No. 2014-15-71.

Chief Business Official Mays Kakish brought up Jeff Hoskinson, legal counsel from Bowie, Arneson, Wiles & Giannone, to provide background and answer any questions.

Mr. Hoskinson explained that the first reading of the ordinance took place at the Community Facilities District Meeting of April 14, 2015. A copy of the ordinance was posted as required for inspection by the public prior to its adoption. He advised it would now be appropriate to call for a motion to read the ordinance by title only.

It was moved by Patrick W. Kelleher and seconded by Dr. Denise Fleming to read the ordinance by title only. ***Board President Baugh arrived at the meeting at this point and participated in the vote on this item.***

RECORD OF VOTES:

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

VOTE: AYES – 4 NAYS – 0 ABSENT – 1 (Holguin) ABSTAIN – 0
Motion Passes

Mr. Hoskinson read the ordinance title to the Board: “ORDINANCE OF COMMUNITY FACILITIES DISTRICT NO. 2015-2 OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT AUTHORIZING THE LEVY OF A SPECIAL TAX WITHIN COMMUNITY FACILITIES DISTRICT NO. 2015-2”

It was moved by Gary E. Baugh and seconded by Patrick W. Kelleher to adopt Ordinance No. 2014-15-71, titled Ordinance of Community Facilities District No. 2015-2 of the Moreno Valley Unified School District Authorizing the levy of a special tax within Community Facilities District No. 2015-2.

RECORD OF VOTES:

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

VOTE: AYES – 4 NAYS – 0 ABSENT – 1 (Holguin) ABSTAIN – 0

Motion Passes

**Action
Item 3.**

RESOLUTION NO. 2014-15-81 OF THE BOARD OF EDUCATION OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2004-4, AUTHORIZING THE ISSUANCE OF 2015 SPECIAL TAX BONDS OF COMMUNITY FACILITIES DISTRICT NO. 2004-4 IN THE NOT-TO-EXCEED AMOUNT OF \$4,500,000, APPROVING A FISCAL AGENT AGREEMENT AND CERTAIN OTHER DOCUMENTS AND TAKING ACTIONS IN CONNECTION THEREWITH

CFD No. 2004-4 (CFD) was formed in March 2004 over two tracts in the City of Moreno Valley: Tract 31089, developed and built by Beazer Homes, located east of Kitching Street and Tangerine Road, consisting of 55 detached single family units; and, Tract 31414 (Sereno Heights), developed and built by GFR Investments and predecessors, located east of Pigeon Pass Road and south of Sunnymead Ranch Parkway, consisting of 31 single family detached homes. All 86 dwelling units are owned by homeowners. In February 2015, the Board approved an Implementation Agreement with the tract developers, and adopted a permanent reduction of the CFD's maximum special tax rates. The Bonds of the CFD will fund MVUSD school facilities, and EMWD water and sewer fees and facilities.

The Bonds, with a term of approximately 30 years, will be secured by the special taxes currently being levied against taxable property in the CFD. Repayment of the Bonds will be secured by a reserve funded from bond proceeds and available to pay debt service in the event special tax delinquencies or other funding shortfalls occur. The Bonds are not secured by MVUSD's general fund or any other funds outside of the CFD, and are limited obligations applicable only to the CFD.

The Resolution authorizes the issuance and sale of the Bonds in the not-to-exceed amount of \$4,500,000, and approves other actions related to the bond issuance and sale. The final principal amount sold will depend upon the interest rates, as affected by marketing conditions. The Mello-Roos statutes require a value-to-lien ratio on taxable property in the CFD of at least 3:1, including the CFD special taxes and any other special taxes and assessments. The assessed value on all taxable parcels in the CFD as of July 1, 2014, is \$26,794,676. Projected debt service coverage (including administrative expenses) from the net special taxes is at least 110%. The Bonds will be issued pursuant to the provisions of a Fiscal Agent Agreement between the CFD and U.S. Bank National Association, as the Fiscal Agent. The form of the Fiscal Agent Agreement is attached to the Resolution as an exhibit.

The forms of the Fiscal Agent Agreement, Preliminary Official Statement, Continuing Disclosure Agreement (attached as an appendix to the Preliminary Official Statement), and the Bond Purchase Agreement are provided to the Board for review and consideration under the Resolution terms. The Bonds will be sold by negotiated sale to Piper Jaffray & Co.

("Underwriter"). The final sale terms, subject to the limitations and parameters set out in the Resolution, are delegated to the School District's Superintendent and Chief Business Official, in consultation with the Financial Advisor, Fieldman Rolapp & Associates. The School District and CFD No. 2004-4 are also represented by Special District Financing & Administration as the Special Tax Administrator, Bowie, Arneson, Wiles & Giannone as Bond Counsel, and Stradling Yocca Carlson & Rauth as Disclosure Counsel.

FINANCIAL IMPLICATIONS

All costs to issue and sell the Bonds will be funded through the bond proceeds.

STAFF RECOMMENDATION

Motion to adopt Resolution No. 2014-15-81 entitled, "Resolution of the Board of Education of the Moreno Valley Unified School District Acting as the Legislative Body of Community Facilities District No. 2004-4 Authorizing the Issuance of 2015 Special Tax Bonds of Community Facilities District No. 2004-4 in the Not-To-Exceed Amount of \$4,500,000, Approving a Fiscal Agent Agreement and Certain Other Documents and Taking Actions in Connection Therewith." It is recommended that the Board adopt Resolution No. 2014-15-81 as presented.

For the benefit of the public, Mr. Jeff Hoskinson was asked to provide a report on this item. He explained that approval for this resolution of issuance of tax bonds authorizes District staff and the finance team to complete the financing and bring the transaction to market, as long as they stay within the parameters set for the bonds, which are:

- Amount - Not to exceed \$4.5 million
- True Interest Cost (average rate) - Not to exceed 5.65%
- Term - Not to exceed 30 years

He reminded the Board that there had been some recent amendments to this transaction brought before them, and all these bond parameters are consistent with the original agreements and the adjusted implementation agreements. He also shared that interest rates are rising, but still low, with municipal rates only being lower 25% of the time since 1998.

Dr. Fleming asked for information on the documents included and why the term "and certain other documents" is used, as it seems open-ended. It was explained that all documents are specifically identified in the body of the resolution, but only in the title of the resolution is that shortened term used. When the Board votes, it is voting on the entire resolution which includes all the specific documents; the title is a reference to the entire resolution.

Mr. Hoskinson explained the main documents included are the Fiscal Agent Agreement – how all the flow of funds are going to be handled, and the Bond Purchase Agreement – agreement between the Underwriter and the District regarding the terms of the purchase. There is also a Continuing Disclosure Agreement which provides for updates annually and in case of material changes, and the Official Statement, which is prepared for investors to provide key information on the school district and on the CFD. All documents have been reviewed by the District's finance team and are consistent with other CFDs.

It was moved by Patrick W. Kelleher and seconded by Gary E. Baugh to approve Ordinance No. 2014-15-81 as presented.

RECORD OF VOTES:

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

VOTE: AYES – 4 NAYS – 0 ABSENT – 1 (Holguin) ABSTAIN – 0
Motion Passes

ADJOURNMENT: There being no further items to come before the Board acting in its official capacity as the Governing Board of the Community Facilities District, the meeting was adjourned at 5:24 p.m.