

**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 NOVEMBER 18, 2014**

The minutes of the Special Meeting of the Board of Directors of November 18, 2014, 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 December 9, 2014. The minutes are a complete and factual record of action taken by the Board of Directors at its Special Meeting of November 18, 2014.

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

CALL TO ORDER: The Board of Directors opened the meeting at 5:06 p.m.

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

Board of Directors Present:

Tracey B. Vackar, President
Denise Fleming, Ed.D., Vice President
Cleveland Johnson, Clerk
Gary Baugh, Ed.S., Member
Jesus M. Holguin, Member

Administration Present

Judy D. White, Ed.D., Superintendent of Schools
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 August 5, 2014.

It was moved by Gary Baugh and seconded by Denise Fleming to approve the minutes as presented.

RECORD OF VOTES:

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

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

It was noted that Jesus Holguin joined the meeting at 5:10 p.m.

Board President Vackar asked CBO Mays Kakish to introduce the Action Item Resolutions. She called on the financial and legal team to make a brief presentation, as is customary during these meetings. Present at the meeting were financial advisors Adam Bauer and Jason Chung from Fieldman, Rolapp & Associates, and Pat Giannone, Bond counsel from Bowie, Arneson, Wiles and Giannone.

A written report was provided to the Board and Cabinet members by Adam Bauer. Mr. Bauer went through the report which covered market data, including information about rates and credit spread risk, as CFDs are unrated.

He also explained that the action items tonight are new money items rather than refunding issues. The data indicates that this is a very attractive time to issue bonds. CFD funds can be used for facilities, administrative costs, and interest payments. He also provided an overview of revenue streams that would be available to the District, cost of issuance, administration costs and repayment schedules.

Approval of the Resolution of Issuance (No. 2014-15-24) is authorization to go forward with the process of issuing bonds, since the market is now favorable to do so. CBO Mays Kakish had Mr. Bauer further explain that the CFDs have already been in place and taxes have been collected, so there will be no change to the taxpayer. It was also clarified that these are not part of the Measure M General Obligation Bond, they are a separate tax item.

Pat Giannone, Bond Counsel, explained the purpose for the other Resolutions. They are Reimbursement Resolutions for the indicated CFDs. In these cases, there may be no intention to issue bonds in the near future, and there is no commitment to issue bonds, but it is setting up for the future. These resolutions, required by Federal tax regulations, allow the District to use CFD funds to reimburse for expenditures incurred from projects that have already taken place. CBO Mays Kakish gave one example as the Alternative Education Campus project, currently in progress, has been borrowing from other developer fees (not General Fund) that will be reimbursed from proceeds from the CFDs

The Resolutions were brought forward for consideration.

Item 2. APPROVAL OF RESOLUTION NO. 2014-15-18 - RESOLUTION OF THE BOARD OF EDUCATION OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITY DISTRICT NO. 2007-1 OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT, DECLARING INTENTION TO REIMBURSE EXPENDITURES FROM PROCEEDS OF ISSUED DEBT AND SECURITIES

The Board of Education ("Board") of the Moreno Valley Unified School District ("District") has previously undertaken proceedings for the formation of Community Facility District No. 2007-1 of the Moreno Valley Unified School District ("CFD No. 2007-1"). CFD No. 2007-1 was formed to provide financing for school facilities and public water and sewer facilities.

CFD No. 2007-1 intends to issue special tax bonds for these authorized purposes.

Prior to the time that the bonds of CFD No. 2007-1 are issued, it is anticipated that funds may be expended for those authorized school capital projects from other District funds/sources. The District's funds may be reimbursed from available bond proceeds of CFD No. 2007-1 provided certain procedures are followed in accordance with federal tax regulations for tax exempt bond issues.

Bond Counsel recommends that the Board adopt a reimbursement resolution (Resolution No. 2014-15-18) in order to record the Board's express intent of reimbursing qualifying capital school facilities

expenses from the future bond proceeds. Following the adoption of the reimbursement resolution, District staff will comply with documentation requirements of the original expenditure memorandum form attached to the Resolution. Qualifying capital project costs incurred prior to bond issuance may be funded through the bond proceeds and reimbursed to the District.

It was moved by Cleveland Johnson and seconded by Denise Fleming to approve Resolution No. 2014-15-18, as presented.

RECORD OF VOTES:

Baugh – AYE
Fleming – AYE
Holguin – AYE
Johnson – AYE
Vackar - AYE

VOTE: AYES – 5 NAYS – 0 ABSENT - 0 ABSTAIN – 0

Item 3. APPROVAL OF RESOLUTION NO. 2014-15-24 - RESOLUTION OF THE BOARD OF EDUCATION OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2007-1, AUTHORIZING THE ISSUANCE OF 2014 SPECIAL TAX BONDS OF COMMUNITY FACILITIES DISTRICT NO. 2007-1 IN THE NOT TO EXCEED AMOUNT OF \$5,500,000 APPROVING CERTAIN DOCUMENTS AND TAKING OTHER ACTIONS IN CONNECTION THEREWITH

CFD No. 2007-1 (CFD) was formed in May 2007 over the Mayfair and Wildflower projects being developed and built by Western Pacific Housing, Inc. in the City of Moreno Valley. Of the 107 planned dwelling units, as of October 31, 2014, approximately 79% are owned by individual homeowners, and approximately 85% are closed and sold. The Bonds of the CFD will fund MVUSD school facilities in the currently anticipated amount of \$2,788,000, as well as EMWD water and sewer fee facilities serving the development project. The proposed Bonds will be the only series of bonds issued for the CFD.

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. Building permits have been issued for all planned units in the CFD, and there is no property classified as ‘undeveloped property’ under the CFD rate and method of special tax. 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 \$5,500,000 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 lien-to-value of at least 3:1, and the full assessed value on all parcels in the CFD for 2014-15 is \$20,558,226. 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 relating to the Bonds are being 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. 2007-1 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.

It was moved by Gary Baugh and seconded by Cleveland Johnson to approve Resolution No. 2014-15-24, as presented.

RECORD OF VOTES:

Baugh – AYE
Fleming – AYE
Holguin – AYE
Johnson – AYE
Vackar - AYE

VOTE: AYES – 5 NAYS – 0 ABSTAIN – 0

Item 4. APPROVAL OF RESOLUTION NO. 2014-15-19 - RESOLUTION OF THE BOARD OF EDUCATION OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITY DISTRICT NO. 2004-4 OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT, DECLARING INTENTION TO REIMBURSE EXPENDITURES FROM PROCEEDS OF ISSUED DEBT AND SECURITIES

The Board of Education (“Board”) of the Moreno Valley Unified School District (“District”) has previously undertaken proceedings for the formation of Community Facility District No. 2004-4 of the Moreno Valley Unified School District (“CFD No. 2004-4”). CFD No. 2004-4 was formed to provide financing for school facilities and public water and sewer facilities. CFD No. 2004-4 intends to issue special tax bonds for these authorized purposes.

Prior to the time that the bonds of CFD No. 2004-4 are issued, it is anticipated that funds may be expended for those authorized school capital projects from other District funds/sources. The District’s funds may be reimbursed from available bond proceeds of CFD No. 2004-4 provided certain procedures are followed in accordance with federal tax regulations for tax exempt bond issues.

Bond Counsel recommends that the Board adopt a reimbursement resolution (Resolution No. 2014-15-19) in order to record the Board’s express intent of reimbursing qualifying capital school facilities expenses from the future bond proceeds. Following the adoption of the reimbursement resolution, District staff will comply with documentation requirements of the original expenditure memorandum form attached to the Resolution. Qualifying capital project costs incurred prior to bond issuance may be funded through the bond proceeds and reimbursed to the District.

It was moved by Jesus Holguin and seconded by Gary Baugh to approve Resolution No. 2014-15-19, as presented.

RECORD OF VOTES:

Baugh – AYE
Fleming – AYE
Holguin – AYE
Johnson – AYE
Vackar - AYE

VOTE: AYES – 5 NAYS – 0 ABSTAIN – 0

Item 5. APPROVAL OF RESOLUTION NO. 2014-15-20 - RESOLUTION OF THE BOARD OF EDUCATION OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITY DISTRICT NO. 2005-1 OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT, DECLARING INTENTION TO REIMBURSE EXPENDITURES FROM PROCEEDS OF ISSUED DEBT AND SECURITIES

The Board of Education (“Board”) of the Moreno Valley Unified School District (“District”) has previously undertaken proceedings for the formation of Community Facility District No. 2005-1 of the Moreno Valley Unified School District (“CFD No. 2004-4”). CFD No. 2005-1 was formed to provide financing for school facilities and public water and sewer facilities. CFD No. 2005-1 intends to issue special tax bonds for these authorized purposes.

Prior to the time that the bonds of CFD No. 2005-1 are issued, it is anticipated that funds may be expended for those authorized school capital projects from other District funds/sources. The District’s funds may be reimbursed from available bond proceeds of CFD No. 2005-1 provided certain procedures are followed in accordance with federal tax regulations for tax exempt bond issues.

Bond Counsel recommends that the Board adopt a reimbursement resolution (Resolution No. 2014-15-20) in order to record the Board’s express intent of reimbursing qualifying capital school facilities expenses from the future bond proceeds. Following the adoption of the reimbursement resolution, District staff will comply with documentation requirements of the original expenditure memorandum form attached to the Resolution. Qualifying capital project costs incurred prior to bond issuance may be funded through the bond proceeds and reimbursed to the District.

It was moved by Jesus Holguin and seconded by Denise Fleming to approve Resolution No. 2014-15-20, as presented.

RECORD OF VOTES:

Baugh – AYE
Fleming – AYE
Holguin – AYE
Johnson – AYE
Vackar - AYE

VOTE: AYES – 5 NAYS – 0 ABSTAIN – 0

ADJOURNMENT: There being no further items to come before the Board of Directors for the Community Facilities, this meeting was adjourned at 5:25 p.m.