

**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 FEBRUARY 10, 2015**

The minutes of the Special Meeting of the Board of Directors of February 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 March 10, 2015. The minutes are a complete and factual record of action taken by the Board of Directors at its Special Meeting of February 10, 2015.

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

CALL TO ORDER: The Board of Directors opened the meeting at 5:00 p.m.

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

Board of Directors Present:

Gary E. Baugh, Ed.S., President
Cleveland Johnson, Vice President
Jesus M. Holguin, Clerk
Denise Fleming, Ed.D., 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 December 9, 2014.

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

RECORD OF VOTES:

Baugh – AYE
Fleming – AYE
Holguin – Absent
Johnson – AYE

VOTE: AYES – 3 NAYS – 0 ABSENT – 1 (Holguin) ABSTAIN – 0

- Item 1. CONSIDERATION OF RESOLUTION NO. 2014-15-45 OF THE BOARD OF EDUCATION OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2004-4 APPROVING AN IMPLEMENTATION AGREEMENT AMONG MORENO VALLEY UNIFIED SCHOOL DISTRICT, COMMUNITY FACILITIES DISTRICT NO. 2004-4, BEAZER HOMES HOLDINGS CORP., AND GFR INVESTMENTS LLC AND DELEGATING AUTHORITY RELATED THERETO.

Discussion of Agenda Item:

Previously, at the request of the owners of the property within CFD No. 2004-4, the District formed CFD No. 2004-4 and the then owners authorized its "Special Taxes" and "Bonds." Before the proposed 86 homes could be developed and sold to individual owners, there were substantial changes in the economy and the real estate market in the area and elsewhere as well. As a result, there have been several sequential changes in ownership of the property within CFD No. 2004-4.

However at this time, the anticipated 86 homes have been developed and sold to individual owners. Beazer Homes Holdings Corp. ("BHH/Corp.") has developed and sold 55 homes. BHH/Corp. obtained assignments of "Deposits" by prior owners. Of the remaining 31 homes in CFD No. 2004-4, 16 homes were partially constructed by prior owners. GFR acquired the 31 lots, completed the 16 partially constructed homes, completed and sold the remaining 15 residences in CFD No. 2004-4. GFR did not obtain any assignment as to any Deposits with the District, CFD No. 2004-4 or the Eastern Municipal Water District ("EMWD"), with whom the District has a Joint Community Facilities Agreement ("District JCFA") relating to CFD No. 2004-4.

Also, the current value of the 86 homes is less than anticipated by the District when CFD No. 2004-4 was formed. Consistent with the District's "CFD Goals and Policies," it is proposed to reduce the Special Taxes of CFD No. 2004-4 consistent with an average annual 2% property tax rate as estimated by the District's "Special Tax Consultant."

This will occur when the proposed sale of "Bonds" by CFD No. 2004-4 comes to the Board acting as the Legislative Body of CFD No. 2004-4. This is addressed in the proposed "Implementation Agreement" to be considered. When such occurs, it will reduce the amount of Bonds that can be issued and authorized reimbursements to the respective Developers for their Deposits with the District or, as applicable, with EMWD concurrent with the proposed Implementation Agreement and to the extent of proceeds of the Bonds. Additionally, the amount Deposited by the prior owner of the 16 residences relating to the 31 residences developed and sold by GFR has been deleted from the sale of Bonds with the concurrence of all parties. The Special Taxes relating to the 16 homes will continue to be levied, collected and received by CFD No. 2004-4. The District may use such funds as received for authorized School Facility purposes or to fund requirements of a prior Owner if such person or entity ever appears.

Recommendation:

Review staff recommendations, comments from BHH/Corp., GFR, their consultants, and public comments, if any. If acceptable, adopt Resolution No. 2014-15-45 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 Approving an Implementation Agreement and Delegating Authority Related Thereto."

Chief Business Official Mays Kakish brought up Jeff Hoskinson from Bowie Arneson to review the presentation regarding this action. Following normal format, he reviewed the market update, outstanding General Obligation Bond debt, information about 2014 Measure M and proposed Bond insurance, and the financing schedule. He answered questions from the Board to clarify the reasons for taking this action now, and confirmed that it will result in approximately 20% reduction in taxes to the community.

It was moved by Dr. Denise Fleming and seconded by Cleveland Johnson to approve Resolution No. 2014-15-45 as presented.

RECORD OF VOTES:

D. Fleming – AYE
J. Holguin – absent
C. Johnson – AYE
G. Baugh - AYE

VOTE: AYES – 3 NAYS – 0 ABSENT - 1 ABSTAIN – 0

Item 2. CONSIDERATION AND POSSIBLE ADOPTION OF RESOLUTION NO. 2014-15-48 OF THE BOARD OF EDUCATION OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2005-4 APPROVING A MITIGATION/IMPLEMENTATION AGREEMENT AND JOINT COMMUNITY FACILITIES AGREEMENT AND DELEGATING AUTHORITY RELATED THERETO.

Discussion of Agenda Item:

Previously, the District established “CFD No. 2005-4” pursuant to the “2005 Mitigation Agreement” entered into with the then-owners and anticipated developers. FH II, LLC has acquired a portion of the property within CFD No. 2005-4 and is proceeding to develop those homes. Meritage Homes of California (“Meritage”) succeeded to the remaining property in CFD No. 2005-4, developed and sold the remaining anticipated 20 homes in CFD No. 2005-4.

The then owners of the property in CFD No. 2005-4 authorized the “Special Taxes” and “Bonds” of CFD No. 2005-4. A Joint Community Financing Agreement (“2005 JCFA”) was entered into by the District with Eastern Municipal Water District (“EMWD”) looking toward reimbursement for EMWD fees and/or facilities from proceeds of Bonds of CFD No. 2005-4 to the extent provided in the 2005 Mitigation Agreement and 2005 JCFA.

The 2005 JCFA included a three-year termination provision. It is proposed, subject to the concurrence of EMWD, to renew the prior approved 2005 JCFA with a “2015 JCFA.” FH II and Meritage have agreed to provide a \$30,000 deposit relative to costs of the preparation of the proposed M/I Agreement and the proposed 2015 JCFA, as well as additional funds up to \$60,000 in regard to a future sale of Bonds on behalf of CFD No. 2005-4 when determined to occur by the District pursuant to the proposed Mitigation/Implementation Agreement Among Moreno Valley Unified School District, Community Facilities District No. 2005-4 of the Moreno Valley Unified School District, FH II, LLC and Meritage Homes of California, Inc. (“M/I Agreement”).

The M/I Agreement provides that the District, on behalf of CFD No. 2005-4, subject to complying with applicable law and the District’s “CFD Goals and Policies,” will seek to offer Bonds of CFD No. 2005-4 for sale within 120 days after the 40th of the 55 proposed homes of FH II within the Tract 31618 property of FH II (that would be 80% of the 75 homes in CFD No. 2005-4). Fieldman & Rolapp, the

District's Financial Administrator, the District's "Special Tax Consultant" and "Legal Counsel" concur in such recommendation.

As there have been subsequent changes in the value of the homes in CFD No. 2005-4, The M/I Agreement provides that the reduction in the Special Taxes and Bonds when sold will be based on the appraised value of the existing 60 homes and assumed sale prices of the remaining 15 residences in CFD No. 2005-4 when the proposed sale of Bonds occurs, consistent within the District's CFD Goals and Policies.

Recommendation:

Review staff recommendations, comments from FH II, Meritage, their consultants, and public comments, if any. If acceptable, adopt Resolution No. 2014-15-48, entitled "Resolution of the Board of Education of the Moreno Valley Unified School District, Acting as the Legislative Body of Community Facilities District No. 2005-4 Approving a Mitigation/Implementation Agreement and Joint Community Facilities Agreement Among Moreno Valley Unified School District, FH II, LLC and Meritage Homes of California, Inc., and Delegating Authority Related Thereto," subject to the execution by the District, CFD No. 2005-4 and EMWD as to the proposed 2015 JCFA.

Jeff Hoskinson from Bowie Arneson explained this action is very similar to the first one. The changes are related to market conditions and the number of changes in ownership. Conditions have improved and they are now ready to move forward. Chief Business Official also noted that it is needed to update a joint agreement with Eastern Municipal Water District 9EMWD), to keep them involved as a partner.

It was moved by Cleveland Johnson and seconded by Gary E. Baugh to approve Resolution No. 2014-15-48 as presented.

RECORD OF VOTES:

- D. Fleming – AYE
- J. Holguin – absent
- C. Johnson – AYE
- G. Baugh - AYE

VOTE: AYES – 3 NAYS – 0 ABSENT - 1 ABSTAIN – 0

ADJOURNMENT: There being no further items to come before the Board of Directors for the Community Facilities, this meeting was adjourned at 5:13 p.m.