

RESOLUTION NO. 2022-\_\_\_\_

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, ACTING AS THE LEGISLATIVE BODY OF CITY OF LAKE ELSINORE COMMUNITY FACILITIES DISTRICT NO. 2016-2 (CANYON HILLS) AUTHORIZING THE ISSUANCE OF ITS SUBORDINATE SPECIAL TAX BONDS, SERIES 2022 IN A PRINCIPAL AMOUNT NOT TO EXCEED ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000) AND APPROVING CERTAIN DOCUMENTS AND TAKING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH**

**Whereas**, the City Council (the “City Council”) of the City of Lake Elsinore (the “City”), has heretofore undertaken proceedings to establish Community Facilities District No. 2016-2 of the City of Lake Elsinore (Canyon Hills) (the “District”) and declared the necessity to issue bonds on behalf of the District pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the “Act”); and

**Whereas**, pursuant to Resolution Nos. 2016-143 and 2016-144 adopted by the legislative body of the District on December 13, 2016, certain bond propositions were submitted to the qualified electors within the District, and were approved by more than two-thirds of the votes cast at the election held on December 13, 2016; and

**Whereas**, pursuant to Resolution Nos. 2016-143 and 2016-144 adopted by the legislative body of the District on December 13, 2016, certain bond propositions were submitted to the qualified electors within the District, and were approved by more than two-thirds of the votes cast at the election held on December 13, 2016; and

**Whereas**, on August 1, 2018, the District issued its Special Tax Bonds, Series 2018 (the “2018 Bonds”) in the principal amount of \$19,745,000 pursuant to a Bond Indenture, dated as of August 1, 2018 (the “2018 Indenture”), by and between the District and Wilmington Trust, National Association, as trustee; and

**Whereas**, the District desires to finance additional public facilities through the issuance of a second series of bonds in an aggregate principal amount not to exceed \$1,500,000 designated as the “Community Facilities District No. 2016-2 of the City of Lake Elsinore (Canyon Hills) Subordinate Special Tax Bonds, Series 2022” (the “Bonds”); and

**Whereas**, the Bonds will be payable from the special tax of the District on a subordinate basis to the 2018 Bonds, as set forth in the Indenture (as defined below); and

**Whereas**, in order to effect the issuance of the Bonds, the District desires to enter into various agreements and approve certain documents, including an amendment to the 2018 Indenture, in substantially the forms presented herein; and

**Whereas**, based on assessed value of the property within the District, the value of the real property in the District subject to the special tax to pay debt service on the Bonds is more than three times the sum of the principal amount of the Bonds and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act (including the 2018 Bonds) or a special assessment levied on property within the District as calculated in the manner set forth in Section 53345.8(a) of the Act;

**Whereas**, following distribution to various private placement banks of a Request for Proposals, the District has been presented with a term sheet from Western Alliance Business Trust, a Delaware statutory trust, which is a wholly owned affiliate of Western Alliance Bank (the "Purchaser"), pursuant to which the Purchaser has agreed to purchase the Bonds through a direct placement; and

**Whereas**, the City Council has determined in accordance with Section 53360.4 of the Act that a negotiated sale of the Bonds to the Purchaser will result in a lower overall cost to the District than a public sale.

**NOW, THEREFORE, THE CITY COUNCIL, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2016-2 OF THE CITY OF LAKE ELSINORE (CANYON HILLS), DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOW:**

**Section 1.** Each of the above recitals is true and correct.

**Section 2.** The issuance of the Bonds is hereby authorized in an aggregate principal amount not to exceed \$1,500,000, with the exact principal amount to be determined by the official signing the Indenture; provided, however, that the true interest cost applicable to the Bonds shall not exceed 5.25% per annum. The City Council hereby determines that it is prudent in the management of the District's fiscal affairs to issue the Bonds. The Bonds shall mature on the dates and pay interest at the rates set forth and shall be governed by the terms and conditions of the Bond Indenture (the "Indenture"), which Indenture shall be substantially in the form on file with the City Clerk, with such additions thereto and changes therein (including, but not limited to, changes in the amount to be maintained in the Reserve Account (as defined in the Indenture)) as the officer or officers executing the same deem necessary to enhance the security for the Bonds, to cure any ambiguity or defect therein, to insert the interest rate(s), principal amount per maturity, redemption dates and prices and such other related terms and provisions as limited by this Resolution. Approval of such changes shall be conclusively evidenced by the execution and delivery of the Indenture by one of the following: the Mayor, the City Manager, the Assistant City Manager, or their written designees (each, an Authorized Officer and collectively, the Authorized Officers), each of whom is authorized to execute the Indenture. Capitalized terms used in this Resolution which are not defined herein have the meanings ascribed to them in the Indenture.

**Section 3.** The Bonds shall be executed on behalf of the District by the manual or facsimile signature of the Mayor of the City or his or her written designee and be attested by the manual or facsimile signature of the City Clerk. Wilmington Trust, National Association is hereby appointed to act as trustee, registrar and transfer agent for the Bonds.

**Section 4.** The covenants set forth in the Indenture to be executed in accordance with Section 2 above are hereby approved, shall be deemed to be covenants of the City Council and shall be complied with by the District and its officers. The Indenture shall constitute a contract between the District and the Owners of the Bonds.

**Section 5.** The Purchaser has offered to purchase the Bonds on a direct placement basis pursuant to the terms of a Term Sheet (the "Term Sheet"), in the form submitted at this meeting and made a part hereof as though set forth in full herein. The Authorized Officers, each acting alone, are hereby authorized to execute the Term Sheet, if necessary, and to take any and all actions necessary to effectuate a sale of the Bonds to the Purchaser in accordance with the Term Sheet, and any such actions previously taken are hereby ratified and approved.

**Section 6.** The form of the First Supplemental Indenture (the “First Supplemental Indenture”), which supplements and amends the 2018 Indenture, in the form presented herewith, is hereby approved. The Authorized Officers are each hereby authorized and directed, for and in the name of the District, to execute and deliver the First Supplemental Indenture in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 7.** The form of the Placement Agent Agreement (the “Placement Agent Agreement”) between the District and Stifel, Nicolaus & Company, Incorporated, as Placement Agent, in the form presented herewith, is hereby approved. The Authorized Officers are each hereby authorized and directed, for and in the name of the District, to execute and deliver the Placement Agent Agreement, if necessary, in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 8.** In accordance with the requirements of Section 53345.8 of the Act, the legislative body of the District hereby determines that the assessed value of the real property in the District as shown on the *ad valorem* assessment roll subject to the special tax to pay debt service on the Bonds is more than three times the principal amount of the Bonds and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act (including the 2018 Bonds) or a special assessment levied on property within the District, all as calculated in the manner provided in Section 53345.8(a) of the Act.

**Section 9.** Each Authorized Officer is authorized to provide for all services necessary to effect the issuance of the Bonds. Such services shall include, but not be limited to, printing the Bonds, obtaining legal services, trustee and paying agent services and any other services deemed appropriate as set forth in a certificate of such Authorized Officer. Each Authorized Officer is authorized to pay for the cost of such services, together with other costs of issuance, from Bond proceeds deposited pursuant to the Indenture.

**Section 10.** The Authorized Officers, the City Clerk and the other officers and staff of the City and the District responsible for the fiscal affairs of the District are hereby authorized and directed to take any actions and execute and deliver any and all documents as are necessary to accomplish the issuance, sale and delivery of the Bonds, all in accordance with the provisions of this Resolution and the fulfillment of the purposes of the Bonds as described in the Indenture. Any document authorized herein to be signed by the City Clerk may be signed by a duly appointed deputy clerk.

**Section 11.** The City Council acknowledges that the good faith estimates required by Section 5852.1 of the California Government Code are disclosed in the staff report and are available to the public at the meeting at which this Resolution is approved.

**Section 12.** This Resolution shall be effective upon its adoption.

**Passed and Adopted** on this 10<sup>th</sup> day of May, 2022.

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Timothy J. Sheridan, Mayor

**Attest:**

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Candice Alvarez, MMC  
City Clerk

STATE OF CALIFORNIA     )  
COUNTY OF RIVERSIDE   ) ss.  
CITY OF LAKE ELSINORE   )

I, Candice Alvarez, MMC, City Clerk of the City of Lake Elsinore, California, do hereby certify that Resolution No. 2022-\_\_\_\_\_ was adopted by the City Council of the City of Lake Elsinore, California, at the Regular meeting of May 10, 2022 and that the same was adopted by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

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Candice Alvarez, MMC  
City Clerk