

**RESOLUTION NO. 2019-08**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SQUAW VALLEY PUBLIC SERVICE DISTRICT ADOPTING LOCAL GOALS AND POLICIES CONCERNING THE USE OF THE MELLO-ROOS COMMUNITY FACILITIES ACT OF 1982**

**WHEREAS**, the Squaw Valley Public Service District (the "District") has duly considered the advisability and necessity of establishing community facilities districts within its territory from time to time under and pursuant to the terms and provisions of the "Mello-Roos Community Facilities Act of 1982," being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the "Act") and to issue bonds as provided thereunder; and

**WHEREAS**, prior to the initiation of proceedings to establish a new community facilities district ("CFD") under the Act, Section 53312.7 and 53345.8 of the California Government Code requires that the District consider and adopt local goals and policies concerning the use of the Act; and

**WHEREAS**, the District has determined to adopt goals and policies pursuant to the Act; and

**WHEREAS**, there have been placed on file with the District prior to this meeting the proposed form of "Policies and Procedures for Community Facilities Districts."

**NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:**

Section 1. The Board hereby finds and determines that the foregoing recitals are true and correct.

Section 2. Pursuant to the Act, the District is hereby authorized to form community facilities districts from time to time under the Act.

Section 3. The CFD Policies, in substantially the form placed on file with the District, is hereby approved and adopted as the goals and policies of the District referred to in Section 53312.7 of the Act.

Section 4. This Resolution shall take effect from and after its adoption.

PASSED AND ADOPTED this 24<sup>th</sup> day of May, 2019 by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

APPROVED:

\_\_\_\_\_  
Dale Cox, Board President

ATTEST:

\_\_\_\_\_  
Jessica Asher, Board Secretary

# **SQUAW VALLEY PUBLIC SERVICE DISTRICT**

## **STATEMENT OF GOALS AND POLICIES REGARDING USE OF THE MELLO-ROOS COMMUNITY FACILITIES ACT OF 1982**

### **Section 1. Purpose and Scope**

This document sets forth the goals and policies of the Squaw Valley Public Service District (the "District") concerning the use of the Mello-Roos Community Facilities Act of 1982 (the "Act") (Section 53311 and following of the California Government Code) with respect to the establishment of community facilities districts by the District. It has been prepared pursuant to the requirements of Section 53312.7 of the Act.

The purpose of this Statement of Goals and Policies is to provide the District staff, the residents of the District and the owners of property located within the District with guidance in the application for and consideration of the establishment of community facilities districts within the District for the purpose of financing or assisting in financing the acquisition or construction of public facilities needed by the District to benefit and/or serve new or existing residents ("Public Facilities"), the provision of public services to benefit and/or serve residents of the District and existing or new development within the District ("Services"), or a combination thereof. The underlying principles behind this policy are the protection of the public interest, assuring fairness in the application of special taxes to current and future property owners, assuring full disclosure of the existence of any special tax liens, insuring the creditworthiness of any community facilities district special tax bonds, protecting the District's credit and financial position and assuring that applicants (if other than District initiated proceedings) for community facilities district proceedings pay all costs associated with the formation of any community facilities district.

The scope of this policy is limited to the proposed formation of community facilities districts for the limited purpose of financing or assisting in financing the acquisition or construction of Facilities and/or the provision of Services.

Any policy or goal stated herein may be supplemented or amended or deviated from upon a determination by staff of the District that such supplement, amendment or deviation is necessary or desirable. Any policy or goal stated herein shall be deemed amended or supplemented in the event, and as of the date, if ever, that such amendment or supplement is required to ensure compliance with bond underwriting requirements, the Act or any other laws of the State of California or federal laws of the United States of America.

## **Section 2. Fundamental Policy**

It is the policy of the District that, except as specifically limited by these goals and policies, the Board may exercise all rights, powers, and authorities granted to it by the Act. Any inconsistency between these goals and policies and the Act, as amended, shall be resolved in favor of the Act.

## **Section 3. Authorized Facilities and Services**

Facilities eligible to be financed by a community facilities district are each and every authorized facility set forth in the Act, including but not limited to parks and open space, water, sanitary and storm sewer and related facilities, roads and interchanges, bridges and paseos, including related landscaping and lighting. The services eligible to be financed by a community facilities district are any services allowed under the Act, including but not limited to services related to parks and open space, water, sanitary and storm sewer and related facilities, roads and interchanges, bridges and paseos, including related landscaping and lighting.

## **Section 4. Financing Priorities**

The District shall prioritize the financing of District-owned facilities and the funding of District-provided services. The financing of facilities to be owned and operated by other public agencies through a Joint Community Facilities Agreement shall be evaluated on a case by case basis.

## **Section 5. Special Tax Requirements**

### **a. Reasonable Basis of Apportionment.**

Special taxes must be allocated and apportioned on a reasonable basis to all categories and classes of property (other than exempt property) within the community facilities district. Exemptions from the special tax may be given to parcels which are publicly owned, are held by property owners associations, are used for a public purpose such as permanent open space or wetlands, or are affected by public utility easements making impractical their utilization for other than the purposes set forth in the easement.

### **b. Equity of Tax Allocation Formulas.**

It is a goal of the District that any special tax levied pursuant to the Act be allocated equitably against all similar use parcels within any community facilities district. Towards this end, the District will engage a qualified special tax consultant to assist in the development of the rate and method of apportionment for any special tax proposed in connection with a community facilities district.

### **c. Rate and Method of Apportionment of Special Taxes.**

The rate and method of apportionment of the special tax for any community facilities district (each, a "Rate and Method") shall adhere to the following requirements:

1. The Rate and Method must be structured so as to produce special tax revenues sufficient to (a) pay scheduled debt service on all bonds issued for the community facilities district, (b) pay the annual cost of authorized Services, if applicable, (c) pay an amount equal to any anticipated shortfall in special tax revenues and/or bond debt service due to delinquencies or projected delinquencies in the payment of special taxes, (d) fund any amounts required to establish or replenish any reserve fund established for such bonds, (e) pay the costs of formation of the District or reimburse the District for the costs of formation of the district previously paid out of District funds, and (f) pay annual administrative expenses of the community facilities district. Additionally, the Rate and Method may be structured so as to produce amounts sufficient to fund (a) amounts to pay directly the costs of Facilities eligible to be financed by the community facilities district, (b) the accumulation of funds reasonably required for the payment of future debt service on bonds, (c) remarketing, credit enhancement or liquidity fees, and (d) any other costs or payments permitted by law.

2. In any case, the Rate and Method must generally be structured such that the projected maximum special tax that could be levied in any Fiscal Year would produce special tax revenues at least equal to (a) 110% of projected annual debt service on all bonds for the calendar year commencing in such Fiscal Year, plus (b) projected administrative expenses of the community facilities district for the calendar year commencing in such Fiscal Year.

3. In general, the Rate and Method shall be structured in such a way that for each owner-occupied residential dwelling unit, the projected maximum special taxes plus all other estimated property taxes do not exceed 2% of the estimated value of the unit at the time of formation.

4. The Rate and Method may contain a mechanism by which the Maximum Special Taxes may be lowered without action by the Board prior to the issuance of bonds.

5. An option to permit the prepayment, in whole or in part, of the special tax obligation for an individual parcel for any portion of the special tax authorized to finance Facilities may be included in the Rate and Method for any such special tax. Such prepayment will be permitted only if (a) the payment of all special taxes for such a parcel is current or brought current through the prepayment and (b) following such prepayment, the projected maximum special taxes that could be levied in any Fiscal Year on all remaining taxable property within the community facilities district will produce the special tax revenues required in paragraph 2 above. However, neither the District nor the community facilities district shall be obligated to pay for the cost of determining the prepayment amount, which is to be paid by the applicant.

The prepayment, in whole or in part, of the special tax obligation for any special tax authorized to be levied to finance Services shall not be permitted unless specifically provided by the Rate and Method.

6. At its discretion, the District may permit annual escalation of the maximum special tax authorized to be levied on parcels within a community facilities district established for the purpose of financing Facilities, in an amount not to exceed the maximum amount permitted under the Act.

The District may permit annual escalation of the maximum special tax authorized to be levied on parcels within a community facilities district established for the purpose of financing Services, in an amount determined (in the sole discretion of the District) to most accurately reflect the projected increase in the cost of the financing such Services over the project life of the services.

7. The Rate and Method of a special tax authorized to finance Facilities shall specify a Fiscal Year beyond which the special tax may not be levied on any developed residential parcel. In most cases, the final Fiscal Year in which special taxes shall be authorized to be levied by a community facilities district on such developed residential parcels will be 10 years after the stated maturity of any bonds issued for such community facilities district. Such a special tax will cease to be levied when all bonds issued for the applicable community facilities district and the District's administrative costs have been paid.

A special tax authorized to pay for Services shall have no termination date unless established by the Board.

**Section 6. Credit Quality Requirements for Special Tax bonds**

**a. Terms and Conditions of Special Tax bonds.**

All terms and conditions of any bonds issued by the District for any community facilities district, including, without limitation, the sizing, timing, term, interest rates, discount, redemption features, flow of funds, investment provisions and foreclosure covenants, shall be established by the District. Each bond issue shall be structured to adequately protect bond owners and to avoid negatively impacting the District's access to the municipal bond market. Unless otherwise approved by the Board, the following shall serve as minimum bond requirements:

1. A reserve fund shall be established for each bond issue to be funded out of the bond proceeds in an amount equal to 10% of the original proceeds of such bonds or such lesser amount as may be required by federal tax law.

2. Interest shall be capitalized for a bond issue only so long as necessary to place the special tax installments on the County property tax roll; however, interest may be capitalized for a longer term to be established in the sole discretion of the Board on a case-by-case basis, not to exceed an aggregate of 24 months.

3. In instances where multiple series of bonds are to be issued for a community facilities district, the District shall determine what Facilities shall be financed from the proceeds of each series of such bonds.

4. The term of any bond issue shall not exceed 40 years.

5. The District shall not be required or expected to make any payment of the bonds out of its general funds or other available funds. The sole source of revenue for the payment of the bonds issued for any community facilities district shall be the special taxes authorized to be levied within such community facilities district, including prepayments of such special taxes, capitalized interest, if any, moneys on deposit in the reserve fund established for such bonds, investment earnings on the proceeds of such bonds and such other funds as may be pledged to the payment of such bonds pursuant to the fiscal agent agreement or other document providing for the issuance of such bonds as approved by the Board.

### **Section 7. Minimum Value-to-Debt Ratio**

The District shall comply with the provisions of Section 53345.8 of the Act or any other applicable provisions of the Act pertaining to the Minimum Value-to-Debt Ratio applicable to the issuance of the bonds of any community facilities district. For purposes of this section, "Minimum Value-to-Debt Ratio" means the aggregate value of all of the properties within a community facilities district that are subject to the levy of special taxes to pay debt service on the proposed issuance of bonds (based on assessed values, appraised values or a combination thereof) will be at least three times the sum of (a) the proposed principal amount of such bonds and (b) the principal amount of all other bonds outstanding that are secured by a special tax levied on the taxable property within a community facilities district or a special assessment levied on taxable property within the community facilities district.

### **Section 8. Responsible Department**

In the formation proceedings for each community facilities district, the Board shall set forth the designated official of the District that will serve as the contact person and who is responsible for: (i) preparing the annual roll of special tax obligations with respect to any community facilities district; (ii) providing information to interested persons regarding the current and estimated future tax liability of owners or purchasers of real property subject to the special tax lien; and (iii) furnishing notices of special tax as required by Section 53340.2 of the Act.

Subject to the policies of the District, and as permitted by applicable law, the District may obtain the assistance of a qualified consultant to perform any of the duties set forth above or pertaining to the District.

### **Section 9. Transparency and Notification**

The District will take the following steps to ensure that prospective property purchasers and others are fully informed about their taxpaying obligations imposed under the Act:

a. The District will conduct all proceedings required by the Act in the manner required by the Ralph M. Brown Act (Section 54950 and following of the California Government Code);

b. The District will cause a map of the boundaries of any proposed community facilities district and/or future annexation area to be recorded in the Office of the County Recorder within the time periods specified in the Act;

c. The District will give notice, pursuant to Section 53322 of the Act, prior to holding any public hearing on the establishment of a community facilities district;

d. The District will record a notice of special tax lien, in the form and manner specified by the Act.

e. The District will, through the CFD Administrator, furnish a notice of any individual requesting the notice or any owner of property subject to a special tax, in the form set forth in Section 53340.2(c) of the Act to a special tax levied by the local agency within five working days of a request for such notice. Records of receipt of the notice will be retained for future reference. The Board may establish a reasonable fee for this service.

f. The District will annually file the disclosure report required by Section 53359.5(b) of the California Government Code, and, if applicable, the report required by Section 53359.5(c) of the California Government Code.

#### **Section 10. Appraisal.**

In general, the definitions, standards and assumptions to be used in appraisals for community facilities districts established by the District have considered the provisions set forth in the Appraisal Standards for Land Secured Financings published by the California Debt Advisory Commission and originally dated May 1994, as subsequently modified or amended (the "CDIAC Guidelines").

Notwithstanding the foregoing, if there is a conflict between the definitions, standards or assumptions in the CDIAC Guidelines and the corresponding definitions, standards or assumptions in the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation ("USPAP"), USPAP shall govern.

#### **Section 11. Interpretation.**

This policy is intended to be general in nature and the specific details will depend on the nature of each particular formation and financing. This policy is subject to amendment and deviation by the District at any time.