

RESOLUTION NO. 2022-02

A RESOLUTION OF THE KELSEYVILLE FIRE PROTECTION DISTRICT BOARD OF TRUSTEES ADOPTING LOCAL GOALS AND POLICIES CONCERNING THE USE OF THE MELLO-ROOS COMMUNITY FACILITIES ACT OF 1982, AS AMENDED

WHEREAS, the Mello-Roos Community Facilities Act of 1982, as amended (the “Act”), being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California, provides that a local government, including the Kelseyville Fire Protection District (the “Fire Protection District”), may initiate proceedings to establish a community facilities district pursuant to the Act only if the legislative body thereof has first considered and adopted local goals and policies concerning the use of the Act; and

WHEREAS, the Fire Protection District Board of Trustees (the “Board”) now desires to state its goals and policies concerning the use of the Act.

NOW, THEREFORE, the Kelseyville Fire Protection District Board of Trustees hereby finds, determines, and resolves as follows:

Section 1. The above recitals are all true and correct.

Section 2. The “Kelseyville Fire Protection District Statement of Goals and Policies Regarding the Use of the Mello-Roos Community Facilities Act of 1982” (the “Goals and Policies”) attached hereto as Exhibit A and incorporated herein by this reference is hereby adopted. A copy of the Goals and Policies shall be kept on file with the Board Secretary.

PASSED, APPROVED and ADOPTED this 18 day of August, 2021.

KELSEYVILLE FIRE
PROTECTION DISTRICT

Michele T. Rohner
Michele Rohner, Chairperson

ATTEST:

Kristina Navarro
Kristina Navarro, Clerk to the Board

APPROVED AS TO FORM:

Misha G.
~~Coat. Paul A. Kuegel~~, General Counsel
up second

EXHIBIT A

**KELSEYVILLE FIRE PROTECTION DISTRICT
STATEMENT OF GOALS AND POLICIES
CONCERNING THE USE OF
THE MELLO-ROOS COMMUNITY FACILITIES ACT OF 1982**

KELSEYVILLE FIRE PROTECTION DISTRICT
STATEMENT OF GOALS AND POLICIES
REGARDING THE USE OF
THE MELLO-ROOS COMMUNITY FACILITIES ACT OF 1982

Section 1. Purpose and Scope

This document (“Statement of Goals and Policies”) sets forth the goals and policies of the Kelseyville Fire Protection District (the “District”) concerning the use of the Mello-Roos Community Facilities Act of 1982, as amended (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 provision of fire services, to benefit and serve residents of and the District and existing or new development within the District (collectively, “Fire Services”) or a combination thereof and/or the acquisition or construction of public facilities necessary or convenient to the provision of such services by the District (“Fire Facilities”). The underlying principles behind this Statement of Goals and Policies 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 rating and financial position and assuring that applicants, for all community facilities district proceedings other than District initiated proceedings, pay all costs associated with the formation of any community facilities district unless the District Board of Directors (the “Board”) determines that the payment of such costs or a portion thereof would be in the best interests of the District.

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

Any policy or goal stated herein may be supplemented, amended, deviated from or waived upon a determination by the Board that such supplement, amendment, deviation or waiver 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 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 this Statement of Goals and Policies, the Board may exercise all rights, powers, and authorities granted to it by the Act. The silence of these goals and policies with respect to any matter shall not be interpreted as creating any policy with regard to that matter. Any inconsistency between this Statement of Goals and Policies and the Act 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 Fire Facilities to be owned by the District and such facilities must have a useful life of five (5) years or more. The services eligible to be financed by a community facilities district are any services allowed under the Act, including, but not limited to Fire Services.

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 by any other public agency 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 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 directly the costs of Fire Facilities eligible to be financed by

the community facilities district, (b) pay scheduled debt service on all bonds, if any, issued for the community facilities district, (c) pay the annual cost of authorized Fire Services, if applicable, (d) pay an amount equal to any anticipated shortfall in special tax revenues due to delinquencies or projected delinquencies in the payment of special taxes, (e) fund any amounts required to establish or replenish any reserve fund established for bonds issued for the community facilities district, (f) pay the costs of formation of the community facilities district or reimburse the District for the costs of formation of the community facilities district previously paid out of District funds, and (g) pay reasonable and necessary 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) the accumulation of funds reasonably required for the payment of future debt service on bonds or authorized reserves, (b) remarketing, credit enhancement or liquidity fees, and (c) any other costs or payments permitted by law. The special tax revenues necessary to fund all required expenses or deposits for a community facilities district may be referred to as the "Special Tax Requirement."

2. In any case, if bonds secured by the special taxes of a community facilities district are to be issued, the Rate and Method must 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. An option to permit the prepayment, in whole or in part, of the special tax obligation for an individual parcel for any special tax authorized to finance Fire Facilities shall be included in the Rate and Method for any such special tax. Such prepayment shall be permitted only if (a) the payment of all special taxes for such a parcel is current 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 Fire Services shall not be permitted.

4. 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 Fire Facilities, in an amount not to exceed the maximum amount permitted under the Act.

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 funding Fire Services. Such escalation shall be determined, in the sole discretion of the District, to most accurately reflect the projected increase in the cost of the financing such Fire Services.

5. The Rate and Method of a special tax authorized to finance Fire Facilities shall specify a fiscal year beyond which the special tax may not be levied on any developed residential parcel to finance such Fire Facilities. Such a special tax, or portion thereof to finance Fire Facilities, will cease to be levied upon the earlier of such final fiscal year or the fiscal year following the fiscal year during which 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 Fire Services shall have no termination date unless otherwise 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 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 issue price 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 assessment roll; provided, 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 Fire 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 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 7, “Minimum Value-to-Debt Ratio” means the aggregate full cash value of all of the properties within a community facilities district that are subject to the levy of special taxes by such community facilities district to pay debt service on the proposed issuance of bonds for such community facilities district 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 the community facilities district, other than the special tax authorized to be levied by the 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 the special tax levy 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.

Section 9. Transparency and Notification

The District will take the following steps to ensure that prospective property purchasers 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, pursuant the California Streets and Highways Code, in the Office of the Recorder of Lake County within the time periods specified in the Act;

c. The District will give notice, pursuant to 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. Such notice will include, among other information:

1. A description of the rate, method of apportionment, and manner of collection of the authorized special tax;

2. Information about the conditions under which the obligation to pay the special tax may be prepaid and permanently satisfied and the lien of the special tax canceled;

3. The name(s) of the owner(s) and the assessor's tax parcel number(s) of the real property included within this community facilities district and not exempt from the special tax; and

4. The name, address and telephone number of the administrator of the community facilities district, so they may contact such administrator to obtain further information concerning the current and estimated future tax liability of owners or purchasers of real property subject to the special tax lien.

e. The District will, through the administrator of the community facilities district, 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. The Board may establish a reasonable fee for this service.

f. The District will annually file the report required by Section 53395.5(b) of the Act, and, if applicable, the report required by Section 53395.5(c) of the Act.

Section 10. Appraisals.

In general, the definitions, standards and assumptions to be used in appraisals required in connection with the District's use of the Act for community facilities districts are as set forth in the Appraisal Standards for Land Secured Financings published by the California Debt and Investment Advisory Commission and originally dated May 1994, revised July 2004 and 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 Statement of Goals and Policies is intended to be general in nature and the specific details will depend on the nature of each particular community facilities district formation and financing. The Board is empowered to interpret this Statement of Goals and Policies. A finding by the Board that a community facilities district conforms to the provisions of this Statement of Goals and Policies shall be conclusive evidence of such conformity. This Statement of Goals and Policies is subject to supplement, amendment, deviation and waiver at any time pursuant to Section 1 hereof.