

RESOLUTION NO. 01-15

RESOLUTION OF THE FORT ORD REUSE AUTHORITY ADOPTING AMENDED AND RESTATED LOCAL GOALS AND POLICIES FOR COMMUNITY FACILITIES DISTRICTS

WHEREAS, Section 53312.7(a) of the California Government Code requires that the Governing Board (the "Board") of the Fort Ord Reuse Authority (the "Authority") consider and adopt local goals and policies for community facilities districts ("CFDs") prior to the initiation of proceedings by the Authority to establish a CFD under the provisions of Chapter 2.5 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Law"); and

WHEREAS, this Board has adopted Resolution No. 01-7 approving a "Statement of Local Goals and Policies Concerning the Use of the Mello-Roos Community Facilities Act of 1982, as Amended Fort Ord Reuse Authority" (the "Original Goals and Policies"); and

WHEREAS, subsequent to the approval of the Original Goals and Policies the Board has conducted proceedings to form the Fort Ord Reuse Authority Basewide Community Facilities District (the "District"); and

WHEREAS, the Board is now taking action by separate resolution to clarify certain matters with respect to the District, and in connection therewith the Board desires to amend and restate the Original Goals and Policies to include certain policy matters that were contained in various resolutions with respect to the District, to the end that policy matters of the Board with respect to the District are set forth in the goals and policies for CFDs; and

WHEREAS, there has been prepared a draft of amended and restated goals and policies for CFDs of the Authority (the "Revised Goals and Policies"), the form of which is on file with the Clerk to the Board, and this Board of Directors has duly considered said Revised Goals and Policies.

NOW, THEREFORE, BE IT RESOLVED, by the Governing Board of the Fort Ord Reuse Authority that the Revised Goals and Policies, in the form on file with the Clerk to the Board, are hereby adopted as the local goals and policies of the Authority for CFDs, and shall supercede in their entirety the Original Goals and Policies.

PASSED AND ADOPTED at a meeting of the Board of Directors of the Fort Ord Reuse Authority this 14<sup>th</sup> day of December 2001, by the following vote:

AYES: 8 - Board Members Perrine, Johnson, McCloud, Barnes, Albert, Gustafson, Mancini, & Smith

NOES: 0 - Board Members 0

ABSTAIN: 0 - Board Members 0

ABSENT: 5 - Board Members Barbich, Potter, Calcagno, Koffman, & Pendergrass

I, JAMES E. PERRINE, Chair of the Board of Directors of the Fort Ord Reuse Authority of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of the said Board of Directors duly made and entered in the minutes hereof in Item 7c, pages 3-4 of the duly approved minutes dated December 14, 2001.

DATED: 2/8/02

By: James E. Perrine  
JAMES E. PERRINE  
Chair, Board of Directors  
Fort Ord Reuse Authority

REVISED LOCAL GOALS AND POLICIES  
CONCERNING THE USE OF THE  
MELLO-ROOS COMMUNITY FACILITIES ACT  
OF 1982, AS AMENDED  
FORT ORD REUSE AUTHORITY

Pursuant to the Mello-Roos Community Facilities Act of 1982 (the "Act") as amended, the Fort Ord Reuse Authority ("FORA") Board of Directors (the "Board"), acting in its capacity as legislative body, has adopted the following goals and policies, in accordance with Section 53312.7 of the Act, which was added to the statutes in 1993. This Act enables jurisdictions with the ability to form a Community Facilities District ("CFD"). Any policy or goal stated herein may be supplemented or amended or deviated from upon a determination by the FORA Board 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 the Act or any other laws of the State of California or federal laws of the United States of America.

- I. Priority that various kinds of infrastructure/public facilities shall have for financing through the use of the Act.

It is the policy of the FORA Board to give first priority to the provision of infrastructure/public facilities through the use of the Act. Public financing may be used for public facilities which are listed within the FORA Capital Improvement Program ("CIP") and/or may be owned, operated or maintained by the public agencies whose jurisdiction lies within the boundaries of the former Fort Ord Army base. The latest reprogramming of the CIP was adopted by the FORA Board on June 8, 2001. The FORA Board will be reviewing the CIP on an annual basis to assure that required projects are implemented in a timely way to meet development needs. The CIP (1) defines the capital improvement projects or infrastructure that underly the Fort Ord Base Reuse Plan, originally adopted by the FORA Board in June 1997; and (2) is updated annually and meets the mitigation requirements that were identified during the associated environmental approval process.

II. Potential future bond issuance, including criteria to be used in evaluating the credit quality of bond issues.

It is the policy of the FORA Board to encourage payment of the special tax obligation upon issuance of a building permit for a development project and to selectively and seldomly, if ever, use CFD bonds. If the CFD does incur debt, it shall only do so in those circumstances when, at the time of issuance (i) special tax revenues from that CFD are reasonably expected to provide at least 125% debt service coverage for each year of the term of such bonds, and (ii) such CFD establishes and covenants to cause special taxes to be levied in an amount sufficient to maintain, for the term of such bonds, a reserve fund securing such bonds in an amount equaling the lesser of:

1. maximum annual debt service on all bonds then outstanding; or,
2. one hundred twenty-five percent (125%) of average annual debt service on all bonds then outstanding; or,
3. ten percent (10%) of the original proceeds of the bonds.

All statements and materials related to any future sale of Community Facilities District ("CFD") bonds shall emphasize and state that neither the faith, credit nor the taxing power of the FORA Board is pledged to the repayment of the bonds, nor is the FORA Board obligated to replenish the reserve fund from revenue sources other than special taxes, or proceeds from foreclosure proceedings.

Should the FORA Board seek debt financing through the CFD, it is the policy of the FORA Board to use cost-effective credit enhancement techniques, when feasible, to increase security and/or borrowing capacity. Debt repayment is not to extend beyond the term of FORA's existence (Fiscal Year 2013/14). To enable a longer period for amortizing the CFD special tax obligation and to encourage local determinations, it is the policy of the FORA Board to support local jurisdictions in their efforts to create overlapping CFD's with the capability to issue debt for pre-payment of the FORA CFD special tax obligation.

Further, it is the policy of the FORA Board to comply with all provisions of the Act including, but not limited to, Section 53345.8 of the California Government Code, as such section may be amended from time to time.

III. Steps to be taken to ensure that prospective property purchasers are fully informed about their taxpaying obligations.

It is the goal of the FORA Board that all owners of property within the boundaries of the CFD will receive the form of notice required by Section 53341.5 of the Act, at the time set forth therein, as such Section may be amended from time to time. To comply with this goal, it is the policy of the FORA Board to provide Section 53340.2 notice of special tax to any individual requesting such notice or any owner of property subject to a special tax levied by the FORA Board within five business days of receiving a request for such notice.

IV. Criteria for evaluating the equity of tax allocation formulas, and concerning desirable and maximum amounts of special tax to be levied against any parcel.

It is the goal of the FORA Board that the rate and method of apportionment of the special tax be reasonable and equitable in apportioning the costs of the public facilities financed by the CFD to each of the properties within the boundaries of the CFD. The rate and method of apportionment of the special tax will take into consideration all existing agreements for developer-funded projects, including credits for facilities (identified in the Fort Ord Reuse Authority's Capital Improvement Program) that are constructed and dedicated to a local agency. For payment of CFD special taxes, it is the policy of the FORA Board to provide developers the option of (1) paying the special tax at the time of development, (2) bonding a stream of tax payments, and/or (3) building basewide facilities or funding other basewide expenditures for a credit.

It is the goal of the FORA Board that maximum CFD special taxes on residential owner-occupied property, when taken together with ad valorem taxes, any other special taxes levied pursuant to the Act and special assessments applicable to such property, do not exceed in any year two percent (2%) of the greater of the assessed value or appraised value of such property. Nevertheless, special taxes on residential owner-occupied property, when taken together with ad valorem taxes, any other special taxes levied pursuant to the Act and special assessments applicable to such property, may exceed in any year two percent (2%) of the greater of the assessed value or appraised value of such property if the FORA Board determines at the time of issuance of bonds through the CFD that over the term of the bonds, the special taxes, ad valorem taxes and special assessments are expected to average two percent (2%) or less per year of the greater of the assessed value or appraised value of such property. It is further the policy of the FORA Board to comply with the provisions of Section 53321 of the Act with respect to the escalation of maximum taxes. If

the special tax is paid as a one-time payment, as opposed to annually, the limitation of two percent (2%) of assessed or appraised value, and the limit on escalation stated in Section 53321 of the Act, do not apply.

V. Definitions, standards and assumptions to be used in appraisals required by Section 53345.8.

An appraisal is a written statement independently and impartially prepared by a qualified appraiser setting forth an opinion of defined value of an adequately described property as of a specific date, supported by the presentation and analysis of relevant market information.

The appraiser undertaking the appraisal of real property in the proposed CFD formed by the FORA Board shall be designated an MAI, Member of the Appraisal Institute, at the time of appraisal. Such appraiser shall certify that he/she is thoroughly familiar with the recognized and acceptable appraisal methods, techniques and Standards of Professional Practice and Code of Ethics as set forth by the Appraisal Institute and Uniform Standards of Professional Appraisal Practice of The Appraisal Foundation.

At a minimum, the appraisal shall contain the following items:

1. The purpose and/or the function of the appraisal, a definition of the estate being appraised, and a statement of the assumptions and limiting conditions affecting the appraisal;
2. An adequate description of the physical characteristics of the property being appraised, location, zoning, present use, an analysis of highest and best use;
3. All relevant and reliable approaches to value consistent with commonly accepted professional appraisal practices. If a discounted cash flow analysis is used, it should be supported with at least one other valuation method, such as a market approach using sales that are at the same stage of land development. If more than one approach is utilized, there shall be an analysis and reconciliation of approaches to value that are sufficient to support the appraiser's opinion of value;
4. A description of comparable sales, including a description of all relevant physical, legal and economic factors such as parties to the transaction;
5. A statement of the value of the real property; and,

6. The effective date of valuation, date of appraisal, signature and certification of the appraiser.

No appraiser shall have any interest directly or indirectly in the real property being appraised for the FORA that would in any way conflict with the preparation or review of the appraisal. Compensation for making an appraisal shall not be based on the amount of the valuation.

The FORA Board may sell bonds pursuant to the Act only if it determines prior to the award of sale of bonds that the value of the real property that would be subject to the special tax to pay debt service on such bonds will be at least four times the principal amount of the bonds to be sold and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act on property within the CFD.