

**Borrego Water District Board of Directors**  
**Special Meeting**  
**April 18, 2017 @ 9:00 a.m.**  
**806 Palm Canyon Drive**  
**Borrego Springs, CA 92004**

**I. OPENING PROCEDURES**

- A. Call to Order
- B. Pledge of Allegiance
- C. Roll Call  
*\*Beth Hart will call in*
- D. Approval of Agenda
- E. Comments from the Public and Requests for Future Agenda Items (limited to 3 minutes)

**II. ITEMS FOR BOARD CONSIDERATION AND POSSIBLE ACTION**

A. Consolidated Public Hearings Pertaining to the Establishment of the Borrego Water District Community Facilities District No. 2017-1 and the Determination of the Necessity for such Community Facilities District to Incur a Bonded Indebtedness.

At the conclusion of such public hearings the Board of Directors shall consider the adoption of the following resolutions:

1. Resolution 2017 04-08 Forming and Establishing Borrego Water District Community Facilities District No. 2017-1 and Authorizing Submittal of the Levy of Special Taxes within Such Community Facilities District to the Qualified Electors of such Community Facilities District. ADD EXHIBIT A
2. Resolution 2017-04-09 Determining Necessity to Incur a Bonded Indebtedness for Borrego Water District Community Facilities District No. 2017-1, Submitting to the Qualified Electors of such Community Facilities District Propositions to Authorize the Levy of a Special Tax Therein, to Authorize such Community Facilities District to Incur a Bonded Indebtedness Secured by the Levy of such Special Tax Therein to Finance the Payment and Discharge of the Obligation to pay a Portion of the Principal of and Certain Accrued and Unpaid Interest on Bonds of Community Facilities District No. 2007-1 (Montesoro) of the Borrego Water District and to Establish an Appropriations Limit for Borrego Water District Community Facilities District No. 2017-1 and Giving Notice Thereon

If the Board of Directors adopts the above resolutions, the Secretary of the Board, acting as the Election Official, shall canvas the ballots received from the qualified electors of the Borrego Water District Community Facilities District No. 2017-1 and report the results of such election to the Board of Directors.

If the Secretary of the Board reports that the ballot propositions have been approved, the Board of Directors, **acting in its capacity as the legislative body of the Borrego Water District Community Facilities District No. 2017-1**, shall consider the adoption of the following resolution and a motion to introduce and waive the first reading of the following ordinance:

1. Resolution 2017-04-10 Declaring the Results of a Special Election in the Borrego Water District  
Community Facilities District No. 2017-1.
2. Ordinance 17-01 Authorizing the Levy of a Special Tax in the Borrego Water District  
Community Facilities District No. 2017-1.
- B. Presentation and Discussion of Draft FY 2017-18 Budget – K Pitman
- C. Proposal for Municipal Advisory Services. – L Brecht

### III. INFORMATIONAL ITEMS

- A. Borrego Valley Groundwater Sustainability Plan Update
  - i. Summary of April 10<sup>th</sup> GSP Advisory Committee Meeting – BWD Core Team
  - ii. Next AC Meeting Date: May 15, 2017
  - iii. Update on Formation of BWD GSP Ratepayer Council – G Poole
- B. 2017 Town Hall Summary – G Poole
- C. Directors and Managers Sexual Harassment Prevention Webinar – May 6, 2017
- D. BWD Event/Planning Calendar – G Poole ADD CALENDAR

### IV. CLOSED SESSION

- A. ADD PENDING LITIGATION LANGUAGE FROM LAST MEETING (1 CASE)

### V. CLOSING PROCEDURE

- A. Suggested Items for Next/Future Agenda
- B. The next Meeting of the Board of Directors is scheduled for April 26, 2017 at the Borrego Water District

***\*Teleconference site available at 1379 Piper Loop Lake Havasu, AZ 86404***

BORREGO WATER DISTRICT  
BOARD OF DIRECTORS MEETING – APRIL 18, 2017  
AGENDA BILL II.A

April 12, 2017

TO: Board of Directors, Borrego Water District  
FROM: Geoff Poole, General Manager  
SUBJECT: Consolidated Public Hearings and related documents - Warren Diven: Best, Best and Krieger LLC

**RECOMMENDED ACTION:** SEE AGENDA, Summary below:

Hold Public Hearing, discuss and consider approval of the following documents:

1. Resolution 2017-04-08 Establishing CFD 201
2. Resolution 2017-04-09 Determining Necessity to Incur Bonded Indebtedness
3. Resolution 2017-04-10 Declaring Election Results
4. Ordinance 17-01 Authorizing Levy of Special Taxes

**ITEM EXPLANATION**

As a follow up to the last Board Meeting, a Public Hearing has been scheduled for April 18<sup>th</sup> to receive comments from the Public on the topic of CFD 2017. Notifications have been placed in The Sun and all other requirements have been met to hold the Hearing.

Two requests for additional information have been received from the public to date and each has been provided with the information requested.

A summary of the Action Items has been developed by Warren Diven, Bond Counsel and is attached as well as the individual Resolutions/Ordinances. In addition, a Report on CFD No 2017-01 created by Tausig and Associates is attached

**FISCAL IMPACT**

No direct fiscal impact from this action. All expenses are to be reimbursed by T2

**ATTACHMENTS**

1. Memorandum from Warren Diven, Bond Counsel
2. Resolution 2017-04-08 Establishing CFD 2017
3. Resolution 2017-04-09 Determining Necessity to Incur Bonded Indebtedness
4. Resolution 2017-04-10 Declaring Election Results
5. Ordinance 17-01 Authorizing Levy of Special Taxes
6. BWD Community Facilities District Report No. 2017-01 by Tausig and Associates



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(949) 263-2600

Los Angeles  
(213) 617-8100

Ontario  
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Partner  
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## Memorandum

**To:** President and Board of Directors, Borrego Water District  
**From:** Warren B. Diven  
**Date:** April 18, 2017  
**Re:** Board of Directors Meeting April 18, 2017

Consolidated Public Hearings Pertaining to the Establishment of the Borrego Water District Community Facilities District No. 2017-1 and the Determination of the Necessity for such Community Facilities District to Incur a Bonded Indebtedness.

### **Background.**

The Borrego Water District (“BWD”) has entered into a Settlement Agreement by and among T2 Borrego LLC, T2 Holding LLC, and Considine Family Foundation on the one hand, and Borrego Water District, for itself and on behalf of Community Facilities District No. 2007-1 (Montesoro) of the Borrego Water District, on the other hand (the “Settlement Agreement”) for the purpose restructuring the outstanding Community Facilities District No. 2007-1 (Montesoro) of the Borrego Water District 2007 Special Tax Bonds (the “CFD No. 2007-1 Bonds”) and settling certain litigation related to the delinquency in the payment of special taxes levied within Community Facilities District No. 2007-1 (Montesoro) of the Borrego Water District (“CFD No. 2007-1”).<sup>1</sup>

The Settlement Agreement provided that the Board of Directors of BWD (the “Board”) would take the actions necessary to establish and form the Borrego Water District Community Facilities District No. 2017-1 (“CFD No. 2017-1”) for the purpose of defeasing or waiving and discharging a portion of the principal amount of the outstanding CFD No. 2007-1 Bonds.

### **March 14, 2017 Board Action to Initiate the Proceedings to Establish CFD No. 2017-1.**

At its March 14, 2017 meeting the Board initiated proceedings to consider the establishment of CFD No. 2017-1 by the adoption of the following resolutions:

- **Resolution No. 2017-03-02 Adopting a Map Showing the Boundaries of the Territory Proposed to be Included in Borrego Springs Community Facilities District**

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<sup>1</sup> See the separate memorandum summarizing certain provisions of such Settlement Agreement.





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**No. 2017-1.** The Boundary Map depicts the territory proposed to be included in CFD No. 2017-1 and to be subject to the levy of a special tax of CFD No. 2017-1. The territory includes all of that territory included within the boundaries of CFD No. 2007-1 **with the exception of 66 residential parcels owned by homeowners and 21 residential parcels owned by T2 Borrego LLC that are identified in the Settlement Agreement.**

- **Resolution No. 2017-03-03 Declaring the Intention of the Board of Directors to Establish Borrego Springs Community Facilities District No. 2017-1.** By adoption of this resolution the Board took the following actions:
  - Declared the intention of the Board to establish CFD No. 2017-1 for the purpose of financing the payment and discharge the obligation to pay a portion of the principal of and certain accrued and unpaid interest on the CFD No. 2007-1 Bonds (the “Payment and Discharge”);
  - Proposed the levy of a special tax within CFD No. 2017-1 sufficient to pay (a) the Payment and Discharge and related incidental expenses, and (b) the principal and interest on bonds or other indebtedness of CFD No. 2017-1;
  - Set the time and place for a public hearing to be held on April 18, 2017 to consider the establishment of CFD No. 2017-1, the rate and method of apportionment of the proposed special taxes (the “Rate and Method”) and all other matters set forth in this resolution; and
  - Directed the preparation of a report for presentation at the public hearing pertaining to the Payment and Discharge and the estimate for the cost of the Payment and Discharge.
- **Resolution No. 2017-03-04 Declaring the Necessity to Incur a Bonded Indebtedness for Borrego Springs Community Facilities District No. 2017-1 to be Secured by Special Taxes Levied Thereon.** By adoption of this resolution the Board took the following actions:
  - Declared that the public convenience and necessity require a bonded indebtedness be incurred by CFD No. 2017-1 to contribute to the financing of the Payment and Discharge;
  - Determined that the amount of such indebtedness shall not exceed \$10,500,000; and
  - Set the time and place for a public hearing to be held on April 18, 2017 related to the proposed bonded indebtedness.

**Notice of the Public Hearings.**

Notice of each of the public hearings was published in the Borrego Sun on April 6, 2017 and in the San Diego Union-Tribune on April 9, 2017.



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**April 18th Board Proceedings.**

**Step One - The Consolidated Public Hearings.** The Board will hold consolidated public hearings pertaining to the establishment of CFD No. 2017-1 and the determination of the necessity for CFD No. 2017-1 to incur a bonded indebtedness. An Order of Procedure for the conduct of the consolidated public hearings is attached as Exhibit A hereto.

**All interested persons, including but not limited to, taxpayers and owners of property within the boundaries of CFD No. 2017-1, may appear and be heard. The testimony of all interested persons for or against the establishment of CFD No. 2017-1, the extent of CFD No. 2017-1, the levy of special taxes pursuant to the Rate and Method or the financing of the Payment and Discharge will be heard and considered. Protests may be made orally or in writing. However, any protests pertaining to the regularity or sufficiency of the proceedings shall be in writing and clearly set forth the irregularities and defects to which objection is made. All written protests must be filed with the Secretary of the Board on or before the time fixed for the consolidated public hearings.**

**Step Two - Determination of Majority Protest.** At the conclusion of the consolidated public hearings, the Secretary of the Board (the "Secretary") will make a report to the Board regarding the protests received. If **50%** of the **registered voters**, or six registered voters, whichever is more, **residing within the proposed boundaries of CFD No. 2017-1, or the owners of one-half or more of the area of land within the proposed boundaries of CFD No. 2017-1 and not exempt from the special tax**, file written protests against the establishment of CFD No. 2017-1 no further proceedings to establish CFD No. 2017-1 or to authorize the levy of special taxes within CFD No. 2017-1 shall be taken for a period of one year. **The Registrar of Voters of the County of San Diego has certified that there are no registered voters residing within the proposed boundaries of CFD No. 2017-1. Consequently, a majority protest of registered voters residing within the boundaries of CFD No. 2017-1 cannot exist.**

**Step Three - Consideration of the Adoption of Resolution Forming and Establishing CFD No. 2017-1 and Resolution Determining Necessity to Incur a Bonded Indebtedness.**

By the adoption of the resolution forming and establishing CFD No. 2017-1, the Board will be taking the following actions, among other actions:

- Making certain determinations including, but not limited to:
  - A majority protest to the establishment of CFD No. 2017-1 does not exist;
  - Less than 12 registered voters reside within the proposed boundaries of CFD No. 2017-1, therefore, the owners of land within the proposed boundaries of CFD No. 2017-1 shall be the qualified electors of CFD No. 2017-1 and shall have one vote for each acre or portion of an acre such owner owns within CFD No. 2017-1; and
  - The time limit for conducting an election to submit the levy of qualified electors has been waived with the unanimous consent of such qualified electors.



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- Establishing and forming CFD No. 2017-1;
- Authorizing the financing of the Payment and Discharge;
- Subject to the approval of the qualified electors of CFD No. 2017-1, authorizing the levy of a special tax within CFD No. 2017-1 pursuant to the Rate and Method, a copy of which is attached to such resolution;
- Establishing certain accountability measures pertaining to the levy of the special tax; and
- Submitting the levy of the special taxes to the qualified electors of CFD No. 2017-1.

By the adoption of the resolution determining the necessity to incur a bonded indebtedness for CFD No. 2017-1, the Board will be taking the following actions, among other actions:

- Declaring the necessity to incur a bonded indebtedness of CFD No. 2017-1 to finance the Payment and Discharge;
- Determining that the property within CFD No. 2017-1 will pay for such bonded indebtedness;
- Determining that such bond authorization shall not exceed \$10,500,000;
- Establishing certain accountability measures pertaining to such bonded indebtedness; and
- Calling a special election for CFD No. 2017-1 to be held on April 18, 2017 to submit to the qualified electors propositions to: (a) authorize such bonded indebtedness, (b) levy the special taxes within CFD No. 2017-1 and (c) establish an appropriations limit for CFD No. 2017-1.

**Step Four – Canvass of Ballots and Report of the Election Results.**

Ballot materials were previously distributed to the qualified electors of CFD No. 2017-1 with instructions that such ballots must be completed and returned to the District. Following the adoption of the above resolutions, the Secretary of the Board will canvass the ballots received and report the results of the election to the Board. In order for any proposition to pass, two-thirds of the votes cast must be in favor of such proposition. Each landowner will receive one vote for each acre or portion of any acre of land that such landowner owns within CFD No. 2017-1.

**Step Five – Consideration of the Adoption of the Resolution Declaring the Results of the Election.**

By the adoption of this resolution, the Board will be receiving and approving the report of the Secretary of the results of the election.



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**Step Six – Consideration of a Motion to Introduce and Waive the First Reading of an Ordinance Authorizing the Levy of Special Taxes within CFD No. 2017-1.**

If the ballot propositions have been approved, the Board will consider a motion to introduce and waive the first reading of an ordinance authorizing the levy of special taxes within CFD No. 2017-1.

**Summary of the Next Steps.**

Following the adoption of the foregoing resolutions, the major steps remaining to complete the restructuring of the CFD No. 2007-1 Bonds and the requirements of the Settlement Agreement are as follows:

- April 26, 2017
  - Board of Directors, acting as the legislative body of CFD No. 2007-1, considers the adoption of a resolution authorizing the issuance of refunding bonds of CFD No. 2007-1 (identified in the Settlement Agreement as the Series 2017A Bonds). By adoption of this resolution the Board of Directors will also approve the form of a Fiscal Agent Agreement that will establish the terms under which such bonds will be issued including the principal amount of such bonds and the interest rate on such bonds.
  - Board of Directors, acting as the legislative body of CFD No. 2017-1, considers the adoption of a resolution authorizing the issuance of bonds of CFD No. 2017-1 (identified in the Settlement Agreement as the Series 2017B Bonds). By adoption of this resolution the Board of Directors will also approve the form of a Fiscal Agent Agreement that will establish the terms under which such bonds will be issued including the principal amount of such bonds and the interest rate on such bonds.
- May 24, 2017
  - Pre-closing of the Series 2017A Bonds and Series 2017B Bonds
- May 25, 2017
  - Closing of the Series 2017A Bonds and Series 2017B Bonds
  - Defeasance and discharge of the CFD No. 2007-1 Bonds
- As soon as practicable thereafter, dismissal of the foreclosure litigation.



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We would welcome any questions from the Board regarding the resolutions presented to the Board or the summary of the next steps.

cc: Geoff Poole, General Manager



## ORDER OF PROCEDURE

### BORREGO WATER DISTRICT COMMUNITY FACILITIES DISTRICT NO. 2017-1

**PRESIDENT:** “This is the time and place for the consolidated public hearings relating to the proposed establishment of Community Facilities District No. 2017-1 and the proposed bonded indebtedness for such community facilities district. Before opening the public hearing I would request that bond counsel summarize today’s proceedings.”

**BOND COUNSEL:** Describes the proceedings and asks the Secretary to report on the notice of the public hearings.

**SECRETARY:** “Notice of the public hearings has been given in the form and manner as required by law.”

**BOND COUNSEL:** Indicates to the President that it would be appropriate to open the public hearing.

**PRESIDENT:** “I will now open the consolidated public hearings and ask if any person would like to provide testimony in this matter.”

After receiving all testimony:

“I will now declare the consolidated public hearings closed.”

**BOND COUNSEL:** Request that Secretary provide the protest count of registered voters and landowners, if any.

**SECRETARY:** Present final protest count of registered voters and landowners within the proposed community facilities district.

**BOND COUNSEL:** Indicates that it would be appropriate for the Board of Directors to ask any questions regarding the proposed community facilities district and the proposed bonded indebtedness.

Following the discussion of all Board questions, indicates to the President that it would be appropriate consider a separate motion to adopt each of the following:

- the Resolution Establishing the Community Facilities District, and
- the Resolution Determining the Necessity for the Community Facilities District to incur a Bond Indebtedness.

**PRESIDENT:** **“I would ask for a separate motion to adopt each resolution.”**

**BOND COUNSEL:** Following separate votes on the adoption each resolution, indicate that this is the time for the Secretary to canvass the ballots and to report the results of the election to the Board of Directors.

**SECRETARY:** Open and canvass the ballots and report the results of the election as follows:

- Number of ballots received; and
- If vote on all propositions is affirmative, report that all the propositions have been approved.

**BOND COUNSEL:**

If the propositions are approved indicate to the President and Board of Directors that the Board of Directors may:

- move to adopt the Resolution Declaring the Results of the Election; and
- move to introduce and waive the first reading of the ordinance authorizing the levy of special taxes.

**PRESIDENT:**

**“I would ask for a motion to adopt the Resolution declaring the results of the election and, following the vote on the resolution, a separate motion to introduce and waive the first reading of the ordinance authorizing the levy of special taxes.”**

Following the action on the Resolution and Ordinance,

**This concludes all actions with regard to Community Facilities District No. 2017-1 at this Board meeting.**

RESOLUTION NO. 2017-04-08

RESOLUTION FORMING AND ESTABLISHING BORREGO WATER DISTRICT COMMUNITY FACILITIES DISTRICT NO. 2017-1 AND AUTHORIZING SUBMITTAL OF THE LEVY OF SPECIAL TAXES WITHIN SUCH COMMUNITY FACILITIES DISTRICT TO THE QUALIFIED ELECTORS OF SUCH COMMUNITY FACILITIES DISTRICT

WHEREAS, the Borrego Water District (the "District") has formed its Community Facilities District No. 2007-1 (Montesoro) of the Borrego Water District ("CFD No. 2007-1") and, in connection therewith, has issued its Borrego Water District Community Facilities District No. 2007-1 (Montesoro) Series 2007 Special Tax Bonds in the original principal amount of \$9,520,000 (the "2007 Bonds") which are secured by special taxes levied by the District on property within the boundaries of CFD No. 2007-1, and the 2007 Bonds are currently in default; and

WHEREAS, the Board of Directors (the "Board") of the District, has previously declared its intention to form a community facilities district for the purpose of paying and discharging the obligation to pay a portion of the principal of and certain accrued and unpaid interest on the 2007 Bonds (the "Payment and Discharge", previously referred to as the "Defeasance and Discharge") and ordered the preparation of a community facilities district report (the "Report") relating to the initiation of proceedings to establish such community facilities district 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"). This community facilities district shall hereinafter be referred to as Borrego Water District Community Facilities District No. 2017-1 ("CFD No. 2017-1"); and

WHEREAS, notice of a public hearing relating to the establishment of CFD No. 2017-1, the extent of CFD No. 2017-1, the financing of the Payment and Discharge and all other related matters has been given, and the Report, as ordered by this Board, has been presented to this Board and has been made a part of the record of the hearing to establish CFD No. 2017-1; and

WHEREAS, all communications relating to the establishment of CFD No. 2017-1, the financing of the Payment and Discharge and the rate and method of apportionment of special tax proposed to be levied within CFD No. 2017-1 have been presented, and it has further been determined that a majority protest as defined by law has not been received against these proceedings or the levy of the special tax within CFD No. 2017-1; and,

WHEREAS, inasmuch as there have been less than twelve (12) registered voters residing within CFD No. 2017-1 for at least the preceding ninety (90) days, the authorization to levy special taxes within CFD No. 2017-1 shall be submitted to the landowners of CFD No. 2017-1, such landowners being the qualified electors as authorized by law.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

SECTION 1. Recitals. The above recitals are all true and correct.

SECTION 2. Determinations. It is hereby determined by this Board that:

- A. All prior proceedings pertaining to the formation of CFD No. 2017-1 were valid and taken in conformity with the requirements of the law, and specifically the provisions of the Act, and that this finding and determination is made pursuant to the provisions of Government Code Section 53325.1.
- B. The written protests received, if any, do not represent a majority protest as defined by the applicable provisions of the Act and as applied to the CFD No. 2017-1 and, therefore, the special tax proposed to be levied within CFD No. 2017-1 has not been precluded by majority protest pursuant to Section 53324 of the Government Code of the State of California.
- C. CFD No. 2017-1, as proposed, conforms to the District's local goals and policies concerning the use of community facilities district.
- D. Less than twelve (12) registered voters have resided within the territory of CFD No. 2017-1 for each of the ninety (90) days preceding the close of the public hearing, therefore, pursuant to the Act the qualified electors of CFD No. 2017-1 shall be the landowners of CFD No. 2017-1 as such term is defined in Government Code Section 53317(f) and each such landowner who is the owner of record as of the close of the public hearing, or the authorized representative thereof, shall have one vote for each acre or portion of an acre of land that she or he owns within CFD No. 2017-1.
- E. The time limit specified by the Act for conducting an election to submit the levy of the special taxes to the qualified electors of CFD No. 2017-1 and the requirements for impartial analysis and ballot arguments have been waived with the unanimous consent of the qualified electors of CFD No. 2017-1.
- F. The Board Secretary, acting as the election official, has consented to conducting any required election on a date which is less than 125 days following the adoption of any resolution forming and establishing CFD No. 2017-1.

SECTION 3. Community Facilities District Report. The Report for CFD No. 2017-1, as now submitted by David Tausig and Associates, Inc., Special Tax Consultant, shall stand as the report as required pursuant to Government Code Section 53321.5 for all future proceedings and all terms and contents are approved as set forth therein.



SECTION 4. Name of Community Facilities District. The Board does hereby establish and declare the formation of CFD No. 2017-1 known and designated as “Borrego Water District Community Facilities District 2017-1.”

SECTION 5. Boundaries of CFD No. 2017-1. The boundaries of CFD No. 2017-1 are generally described as follows:

All that property as shown on a map as previously approved by this Board, such map entitled “Proposed Boundaries of Borrego Water District Community Facilities District No. 2017-1, County of San Diego, State of California”, a copy of which is on file with the Board Secretary. The boundary map of CFD No. 2017-1 has been filed pursuant to Sections 3111 and 3113 of the Streets and Highways Code of the State of California in the Office of the County Recorder of the County of San Diego, at Page 35 of Book 46 of the Book of Maps of Assessment and Community Facilities Districts for such County as Document No. 2017-7000091.

SECTION 6. Description of the Transaction Authorized to be Financed. In accordance with Government Code Section 53313.5(g), it is the intention of this Board to finance the Payment and Discharge.

The cost of the Payment and Discharge also includes Incidental Expenses as such term is defined in Government Code Section 53317(e) and may include, but not be limited to, all costs associated with the establishment of CFD No. 2017-1, the issuance and administration of bonds to be issued for CFD No. 2017-1, including the payment of any rebate obligation due and owing to the federal government, the determination of the amount of any special taxes to be levied, the costs of collecting any special taxes, and costs otherwise incurred in order to carry out the authorized purposes of CFD No. 2017-1.

SECTION 7. Special Tax. Except where funds are otherwise available a special tax, secured by recordation of a continuing lien against all non-exempt real property within CFD No. 2017-1, is hereby authorized, subject to voter approval, to be levied within the boundaries of CFD No. 2017-1. For particulars as to the rate and method of apportionment of the special tax proposed to be levied within CFD No. 2017-1, reference is made to the attached and incorporated Exhibit “A” (the “Rate and Method of Apportionment”), which sets forth in sufficient detail the method of apportionment of the special tax to allow each landowner or resident within CFD No. 2017-1 to estimate the maximum amount that such person will have to pay. Such special tax shall be utilized to pay directly for (a) the Payment and Discharge and related Incidental Expenses authorized by the Act and (b) the principal and interest and other periodic costs on bonds or other indebtedness issued or incurred to finance the Payment and Discharge.

The special taxes herein proposed, to the extent possible, shall be collected through a direct billing procedure by the General Manager of the District, acting for and on behalf of CFD No. 2017-1 so long as the taxable property within CFD No. 2017-1 shall be owned by T2 Borrego LLC, a Colorado limited liability company (“Borrego”), T2 Holding LLC, a Colorado limited

liability company, or a related entity, including but not limited to, First American Trust, FSD, as Trustee of Trust No. 1082-0270-00, also known as or referred to as First American Trust Tr Trust No 1082-0270-00. If ownership of any taxable property within CFD No. 2017-1 is transferred to a third party, the special taxes shall, except as provided in the following sentence, thereafter be collected in the same manner as ad valorem property taxes or in such other manner at this Board shall determine, including without limitation, direct billing of the affected property owners, and shall be subject to the same penalties, procedure, sale and lien priority in any case of delinquency as applicable for ad valorem taxes. Any special taxes that may not be collected on the County tax roll shall be collected through a direct billing procedure by the General Manager of the District, acting for and on behalf of CFD No. 2017-1.

Under no circumstances will the special tax levied in any fiscal year against any parcel used for private residential purposes be increased as a consequence of delinquency or default by the owner of any other parcel or parcels within CFD No. 2017-1 by more than 10 percent (10%) above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults.

This legislative body further authorizes that special taxes may be prepaid and permanently satisfied in whole or in part pursuant to the provisions contained in the Rate and Method of Apportionment.

Upon recordation of a Notice of Special Tax Lien related to CFD No. 2017-1 pursuant to Section 3114.5 of the Streets and Highways Code of the State of California against the property within CFD No. 2017-1, a continuing lien to secure the levy of the special tax shall attach to all non-exempt real property in CFD No. 2017-1 and this lien shall continue in force and effect until the special tax obligation is prepaid and permanently satisfied and the lien canceled in accordance with law or until collection of the special tax by the legislative body ceases.

**SECTION 8. Special Tax Accountability Measures.** Pursuant to and in compliance with the provisions of Government Code Section 50075.1, this Board hereby establishes the following accountability measures pertaining to the levy by CFD No. 2017-1 of the special taxes described in Section 7 above:

- A. The special tax shall be levied for the specific purposes set forth in Section 7. above.
- B. The proceeds of the levy of the special tax shall be applied only to the specific applicable purposes set forth in Section 7. above.
- C. CFD No. 2017-1 shall establish a separate account into which the proceeds of the special tax shall be deposited.
- D. The General Manager or his or her designee, acting for and on behalf of CFD No. 2017-1, shall annually file a report with the Board as required pursuant to Government Code Section 50075.3.

SECTION 9. Preparation of Annual Tax Roll. The name, address and telephone number of the office, department or bureau which will be responsible for preparing annually a current roll of special tax levy obligations for CFD No. 2017-1 by Assessor's parcel number and which shall be responsible for estimating future special tax levies pursuant to Section 53340.1 of the Government Code of the State of California, are as follows:

General Manager  
Borrego Water District  
806 Palm Canyon Drive  
Borrego Springs, California 92004  
(760) 767-5806

SECTION 12. Election. This Board herewith submits the levy of the special tax within CFD No. 2017-1 to the qualified electors of CFD No. 2017-1, such electors being the landowners in CFD No. 2017-1, with each landowner having one (1) voter for each acre or portion thereof of land which he or she owns within CFD No. 2017-1.

ADOPTED, SIGNED AND APPROVED this \_\_\_\_\_ day of \_\_\_\_\_, 2017

\_\_\_\_\_  
President of the Board of Directors of  
Borrego Water District

ATTEST:

\_\_\_\_\_  
Secretary of the Board of Directors of  
Borrego Water District

**EXHIBIT A**

**RATE AND METHOD OF APPORTIONMENT FOR  
BORREGO WATER DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2017-1**

**[attach a copy of the Rate and Method for CFD No. 2017-1]**

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**RATE AND METHOD OF APPORTIONMENT FOR  
BORREGO WATER DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2017-1**

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels in Borrego Water District Community Facilities District No. 2017-1 ("CFD No. 2017-1") and collected each Fiscal Year commencing in Fiscal Year 2017-18, in an amount determined by the CFD Administrator of the Borrego Water District through the application of the Rate and Method of Apportionment as described below. All of the real property in CFD No. 2017-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

**A. DEFINITIONS**

The terms hereinafter set forth have the following meanings:

**"Acre" or "Acreage"** means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map. Lot size equals Acreage multiplied by 43,560.

**"Act"** means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Division 2 of Title 5 of the Government Code of the State of California.

**"Administrative Expenses"** means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2017-1: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the Water District or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Fiscal Agent; the costs of the Fiscal Agent (including its legal counsel) in the discharge of the duties required of it under the Fiscal Agent Agreement; the costs to the Water District, CFD No. 2017-1 or any designee thereof of complying with arbitrage rebate requirements; the costs to the Water District, CFD No. 2017-1 or any designee thereof of complying with Water District, CFD No. 2017-1 or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the Water District, CFD No. 2017-1 or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from any escrow account; and the Water District's annual administration fees, and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the Water District or CFD No. 2017-1 for any other administrative purposes of CFD No. 2017-1, including attorney's fees and other costs related to commencing and pursuing any foreclosure or other resolution of delinquent Special Taxes.

**"Assessor's Parcel"** means a lot or parcel shown in an Assessor's Parcel Map with an assigned Assessor's parcel number.



**"Assessor's Parcel Map"** means an official map of the Assessor of the County designating parcels by Assessor's parcel number.

**"Board"** means the Board of Directors of the Water District.

**"Bond Owner"** means (i) Considine Family Foundation, a Colorado nonprofit corporation, or (ii) a Related Party.

**"Bonds"** means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by CFD No. 2017-1 under the Act.

**"CFD Administrator"** means an official of the Water District, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

**"CFD No. 2017-1"** means Borrego Water District Community Facilities District No. 2017-1.

**"County"** means the County of San Diego.

**"Developed Property"** means, for each Fiscal Year, all Assessor's Parcels of Taxable Property for which a building permit for purposes of constructing a new residential or non-residential development has been issued by the County after January 1, 2017 and as of January 1 of the prior Fiscal Year.

**"Exempt Property"** means the geographic area identified as Exempt Property in Exhibit A herein.

**"Fiscal Agent"** means the fiscal agent under the Fiscal Agent Agreement.

**"Fiscal Agent Agreement"** means the fiscal agent agreement, indenture, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time.

**"Fiscal Year"** means the period starting July 1 and ending on the following June 30.

**"Maximum Special Tax"** means the Maximum Special Tax, determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor's Parcel.

**"Outstanding Bonds"** means all Bonds which are deemed to be outstanding under the Fiscal Agent Agreement.

**"Property Owner Association Property"** means, for each Fiscal Year, any property within the boundaries of CFD No. 2017-1 that was owned by a property owner association, including any master or sub-association, as of January 1 of the prior Fiscal Year.

**"Proportionately"** means, for Developed Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor's Parcels of Developed Property. For Undeveloped Property, "Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Undeveloped Property.

**"Public Property"** means, for each Fiscal Year, any property within CFD No. 2017-1 that is owned by, irrevocably offered for dedication to, or dedicated to the federal government, the State, the County, the Water District or any other public agency as of June 30 of the prior Fiscal Year; provided however that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in accordance with its use. To ensure that property is classified as Public Property in the first Fiscal Year after it is acquired by, irrevocably offered for dedication to, or dedicated to a public agency, the property owner shall notify the CFD Administrator in writing of such acquisition, offer, or dedication not later than June 30 of the Fiscal Year in which the acquisition, offer, or dedication occurred.

**"Related Party"** means any person or entity in which Terry Considine and/or Betsy Considine has direct or indirect control over.

**"Special Tax(es)"** means the special tax(es) to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property to fund the Special Tax Requirement.

**"Special Tax Requirement following sale of Bonds to a Third Party"** means that amount required in any Fiscal Year for CFD No. 2017-1 to: (i) pay debt service on all Outstanding Bonds; (ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year; less (vi) a credit for funds available to reduce the annual Special Tax levy, as determined by the CFD Administrator pursuant to the Fiscal Agent Agreement.

**"Special Tax Requirement for Bonds held by Bond Owner"** means that amount required in any Fiscal Year for CFD No. 2017-1 to: (i) pay debt service on all Outstanding Bonds; (ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay Administrative Expenses; less (iv) a credit for funds available to reduce the annual Special Tax levy, as determined by the CFD Administrator pursuant to the Fiscal Agent Agreement.

**"State"** means the State of California.

**"Taxable Property"** means all of the Assessor's Parcels within the boundaries of CFD No. 2017-1 which are not exempt from the Special Tax pursuant to law or Section E below.

**"Third Party"** means an entity other than the Bond Owner.

"**Undeveloped Property**" means, for each Fiscal Year, all Taxable Property not classified as Developed Property.

"**Water District**" means the Borrego Water District.

**B. ASSIGNMENT TO LAND USE CATEGORIES**

Each Fiscal Year, commencing Fiscal Year 2017-18, all Taxable Property within CFD No. 2017-1 shall be classified as Developed Property or Undeveloped Property, and shall be subject to Special Taxes in accordance with the rate and method of apportionment determined pursuant to Sections C and D below.

**C. MAXIMUM SPECIAL TAX**

**1. Developed Property**

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property shall be equal to \$740 per Acre.

**2. Undeveloped Property**

The Maximum Special Tax for Undeveloped Property in CFD No. 2017-1 shall equal \$740 per Acre.

**D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX**

For each Fiscal Year, commencing Fiscal Year 2017-18, if Bonds have been sold to a Third Party, then the Board shall determine the Special Tax Requirement following sale of Bonds to a Third Party and shall levy the Special Tax as described below. If Bonds have not yet been sold to a Third Party, then the Board shall determine the Special Tax Requirement for Bonds held by Bond Owner and shall levy the Special Tax as described below.

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax; and

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax for Undeveloped Property.

Notwithstanding the above, under no circumstances will the Special Tax levied in a Fiscal Year against any Assessor's Parcel of Developed Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent (10%) above the amount that would have been levied in that Fiscal Year as a consequence of delinquency or default by the owner of any other Assessor's Parcel within CFD No. 2017-1. To the extent that the levy of the Special Tax on residential property is limited by the provision in the

previous sentence, the levy of the Special Tax on all other Assessor's Parcels shall continue in equal percentages at up to 100% of the Maximum Special Tax.

**E. EXEMPTIONS**

No Special Tax shall be levied on the Exempt Property identified in Exhibit A.

In addition, no Special Tax shall be levied on Property Owner Association Property and Public Property.

**F. APPEALS AND INTERPRETATIONS**

Any property owner claiming that the amount or application of the Special Tax with respect to his or her Assessor's Parcel is not correct and requesting a refund may file a written notice of appeal and refund to that effect with the CFD Administrator not later than one calendar year after having paid the Special Tax that is disputed. The CFD Administrator shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and decide the appeal. If the CFD Administrator's decision requires the Special Tax be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy), but an adjustment shall be made to the next Special Tax levy. Any dispute over the decision of the CFD Administrator shall be referred to the Board and the decision of the Board shall be final.

This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to any legal action by such owner.

Interpretations may be made by the Board by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment.

**G. MANNER OF COLLECTION**

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 2017-1 may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

**H. PREPAYMENT OF SPECIAL TAX**

The following definition applies to this Section H:

**"Bond Redemption Date"** means the redemption date pursuant to the Fiscal Agent Agreement for the Outstanding Bonds to be redeemed with the prepayment.

**"Outstanding Bonds"** means all Previously Issued Bonds which are deemed to be outstanding under the Fiscal Agent Agreement after the first interest and/or principal payment date following the current Fiscal Year.

**"Previously Issued Bonds"** means all Bonds that have been issued by CFD No. 2017-1 prior to the date of prepayment.

**1. Prepayment in Full**

The obligation of an Assessor's Parcel of Developed Property or Undeveloped Property to pay the Special Tax may be prepaid and permanently satisfied as described herein; provided that (i) Bonds have been issued and (ii) there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount for such Assessor's Parcel. The CFD Administrator may charge a reasonable fee for providing this service.

The Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	<u>Reserve Fund Credit</u>
Total: equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

**Step No.:**

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. Compute the Maximum Special Tax applicable for the Assessor's Parcel to be prepaid.
3. Divide the Maximum Special Tax, computed pursuant to paragraph 2, by the total estimated Maximum Special Taxes for the entire CFD No. 2017-1 based on the Maximum Special Taxes which could be charged in the current Fiscal Year in CFD No. 2017-1.
4. Multiply the quotient computed pursuant to paragraph 3 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "Bond Redemption Amount").

5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium, if any, as set forth in the Fiscal Agent Agreement, on the Outstanding Bonds to be redeemed (the "Redemption Premium").
6. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the Bond Redemption Date.
7. Determine the Special Taxes levied on the Assessor's Parcel in the current Fiscal Year which have not yet been paid.
8. Compute the minimum amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount (as defined below) less the Administrative Fees and Expenses (as defined below) from the date of prepayment until the Bond Redemption Date.
9. Add the amounts computed pursuant to paragraphs 6 and 7 and subtract the amount computed pursuant to paragraph 8 (the "Defeasance Amount").
10. Verify the administrative fees and expenses of CFD No. 2017-1, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "Administrative Fees and Expenses").
11. If reserve funds for the Outstanding Bonds, if any, are at or above 100% of the reserve requirement (as defined in the Fiscal Agent Agreement) on the prepayment date, a reserve fund credit shall be calculated based on a reduction in the applicable reserve fund for the Outstanding Bonds, as set forth in the Fiscal Agent Agreement, to be redeemed pursuant to the prepayment (the "Reserve Fund Credit"). No Reserve Fund Credit shall be granted if reserve funds are below 100% of the reserve requirement.
12. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 9 and 10, less the amount computed pursuant to paragraph 11 (the "Prepayment Amount").
13. From the Prepayment Amount, the amounts computed pursuant to paragraphs 4, 5, 9 and 11 shall be deposited into the appropriate fund as established under the Fiscal Agent Agreement and be used to retire Outstanding Bonds or make debt service payments. The amount computed pursuant to paragraph 10 shall be retained by CFD No. 2017-1.

The Prepayment Amount may be sufficient to redeem other than a \$5,000 increment of Bonds. In such cases, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Fiscal Agent Agreement to be used with the next prepayment of Bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year's Special Tax levy as determined under paragraph 7 (above), the CFD Administrator shall remove the current Fiscal Year's Special Tax levy for such Assessor's Parcel from the County tax rolls. With respect to any Assessor's Parcel that is prepaid, the Board shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Maximum Special Taxes that may be levied on all property in CFD No. 2017-1, both prior to and after the proposed prepayment, less expected Administrative Expenses, is at least 1.1 times the maximum annual debt service on all Outstanding Bonds.

## **2. Prepayment in Part**

The Special Tax on an Assessor's Parcel located in CFD No. 2017-1 may be partially prepaid. The amount of the prepayment shall be calculated as in Section H.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = (P_E - A) \times F + A$$

These terms have the following meaning:

- PP = the partial prepayment
- P<sub>E</sub> = the Prepayment Amount calculated according to Section H.1
- F = the percentage by which the owner of the Assessor's Parcel(s) is partially prepaying the Special Tax.
- A = the Administration Fees and Expenses from Section H.1

The owner of any Assessor's Parcel who desires such prepayment shall notify the CFD Administrator of such owner's intent to partially prepay the Special Tax and the percentage by which the Special Tax shall be prepaid. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax for an Assessor's Parcel within thirty (30) days of the request and may charge a reasonable fee for providing this service. With respect to any Assessor's Parcel that is partially prepaid, the Water District shall (i) distribute the funds remitted to it according to Section H.1, and (ii) indicate in the records of CFD No. 2017-1 that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage (1.00 - F) of the remaining Maximum Special Tax, shall continue to be levied on such Assessor's Parcel pursuant to Section D.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Maximum Special Taxes that may be levied all property in CFD No. 2017-1, both prior to and after the proposed prepayment, less expected Administrative Expenses, is at least 1.1 times the maximum annual debt service on all Outstanding Bonds.

**I. TERM OF SPECIAL TAX**

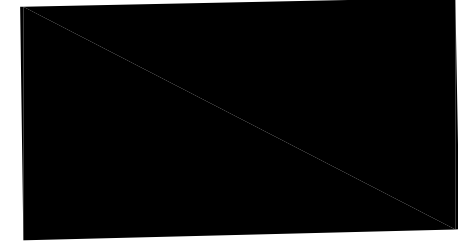
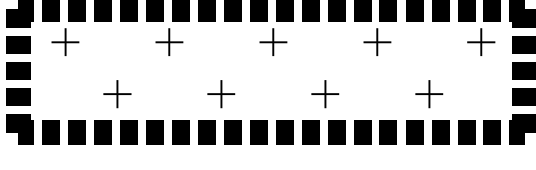
The Special Tax shall be levied for a period not to exceed forty years commencing in Fiscal Year 2017-18.

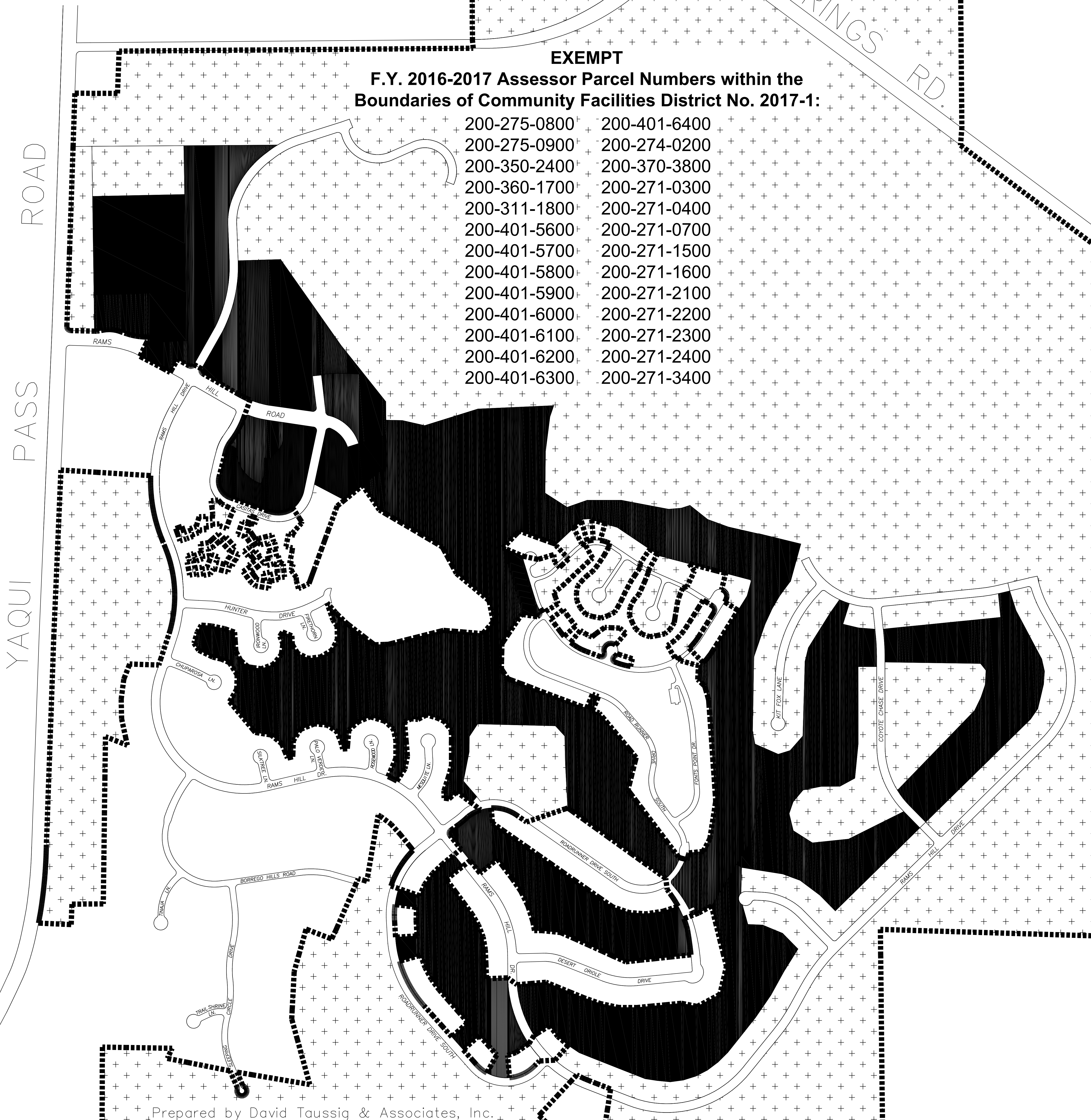
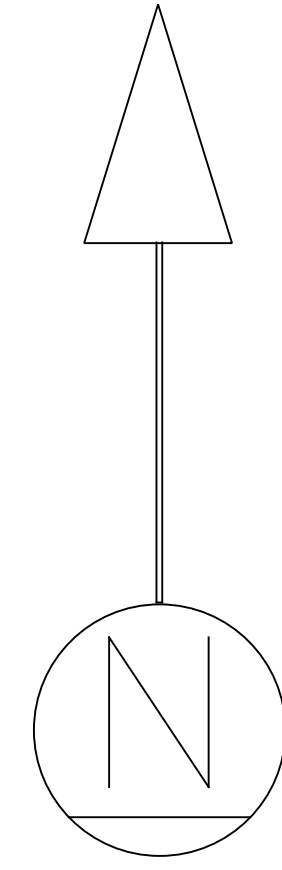


**EXHIBIT A**

EXEMPT LOTS WITHIN THE  
 PROPOSED BOUNDARIES OF  
 BORREGO WATER DISTRICT  
 COMMUNITY FACILITIES DISTRICT NO. 2017-1  
 COUNTY OF SAN DIEGO  
 STATE OF CALIFORNIA

LEGEND

 Exempt Lots within the Proposed Boundaries of Borrego Water District Community Facilities District No. 2017-1, San Diego County, State of California  
 Area within C.F.D. Boundary



**EXEMPT  
 F.Y. 2016-2017 Assessor Parcel Numbers within the  
 Boundaries of Community Facilities District No. 2017-1:**

- |              |              |
|--------------|--------------|
| 200-275-0800 | 200-401-6400 |
| 200-275-0900 | 200-274-0200 |
| 200-350-2400 | 200-370-3800 |
| 200-360-1700 | 200-271-0300 |
| 200-311-1800 | 200-271-0400 |
| 200-401-5600 | 200-271-0700 |
| 200-401-5700 | 200-271-1500 |
| 200-401-5800 | 200-271-1600 |
| 200-401-5900 | 200-271-2100 |
| 200-401-6000 | 200-271-2200 |
| 200-401-6100 | 200-271-2300 |
| 200-401-6200 | 200-271-2400 |
| 200-401-6300 | 200-271-3400 |

RESOLUTION NO. 2017-04-09

RESOLUTION OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT DETERMINING NECESSITY TO INCUR A BONDED INDEBTEDNESS FOR BORREGO WATER DISTRICT COMMUNITY FACILITIES DISTRICT NO. 2017-1, SUBMITTING TO THE QUALIFIED ELECTORS OF SUCH COMMUNITY FACILITIES DISTRICT PROPOSITIONS TO AUTHORIZE THE LEVY OF A SPECIAL TAX THEREIN, TO AUTHORIZE SUCH COMMUNITY FACILITIES DISTRICT TO INCUR A BONDED INDEBTEDNESS SECURED BY THE LEVY OF SUCH SPECIAL TAX THEREIN TO FINANCE THE PAYMENT AND DISCHARGE OF THE OBLIGATION TO PAY A PORTION OF THE PRINCIPAL OF AND CERTAIN ACCRUED AND UNPAID INTEREST ON BONDS OF COMMUNITY FACILITIES DISTRICT NO. 2007-1 (MONTESORO) OF THE BORREGO WATER DISTRICT AND TO ESTABLISH AN APPROPRIATIONS LIMIT FOR COMMUNITY FACILITIES DISTRICT NO. 2017-1, AND GIVING NOTICE THEREON

WHEREAS, the Board of Directors (the “Board”) of the Borrego Water District (the “District”), has previously declared its intention and held and conducted a public hearing relating to the issuance of bonds to be secured by special taxes within a proposed community facilities district to finance the payment and discharge of the obligation to pay a portion of the principal of and certain accrued and unpaid interest on the Borrego Water District Community Facilities District No. 2007-1 (Montesoro) Series 2007 Special Tax Bonds (the “CFD No. 2007-1 Bonds”) 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”). This community facilities district shall hereinafter be referred to as Borrego Water District Community Facilities District No. 2017-1 (“CFD No. 2017-1”); and

WHEREAS, at this time the Board desires to proceed to make the determination of necessity to incur a bonded indebtedness for CFD No. 2017-1, to declare the purposes for such debt, and to authorize the submittal of a proposition to the qualified electors of CFD No. 2017-1, being the landowners of CFD No. 2017-1, all as authorized and required by the Act; and

WHEREAS, the Board further desires to authorize the submittal of propositions to such qualified electors of CFD No. 2017-1 to (a) authorize the levy of special taxes within CFD No. 2017-1 and (b) to establish an appropriations limit for CFD No. 2017-1; and

WHEREAS, all of the qualified electors of CFD No. 2017-1 have waived the time limits specified in the Act pertaining to the conduct of the election for CFD No. 2017-1 and the requirements for impartial legal analysis and arguments have also been waived by the unanimous consent of the qualified electors of CFD No. 2017-1; and

WHEREAS, the Board Secretary, as the Election Official, has concurred in the shortening of time for conducting the election.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

SECTION 1. Recitals. The above recitals are all true and correct.

SECTION 2. Necessity for Bonded Indebtedness. The Board hereby expressly declares and states that it is necessary to incur a bonded indebtedness of CFD No. 2017-1 as authorized under the terms and provisions of the Act, in order to finance the payment and discharge of the obligation to pay a portion of the principal of and certain accrued and unpaid interest on the CFD No. 2007-1 Bonds (the "Payment and Discharge").

SECTION 3. Purpose for such Bonded Indebtedness. The specific purpose for the proposed bonded indebtedness is to finance the Payment and Discharge.

SECTION 4. Territory to Pay for such Bonded Indebtedness.

This Board determines that the property within CFD No. 2017-1 will pay for the bonded indebtedness of CFD No. 2017-1 referred to in Section 3 above. A general description of CFD No. 2017-1 is as follows:

All that property as shown on a map as previously approved by this Board, such map entitled "Proposed Boundaries of Borrego Water District Community Facilities District No. 2017-1, County of San Diego, State of California", a copy of which is on file with the Board Secretary.

SECTION 5. Bond Authorization. The amount of the proposed bonded indebtedness may include all costs and estimated costs incidental to, or connected with, the accomplishment of the purpose for which the indebtedness is proposed to be incurred as authorized pursuant to the Act. The amount of indebtedness for CFD No. 2017-1 shall not exceed \$10,500,000.

SECTION 6. Bond Term. This Board hereby further determines that the maximum term of bonds and/or any series shall not exceed the maximum term permitted by the Act. The maximum rate of interest to be paid on such bonds may not exceed the greater of either twelve percent (12%) per annum or the maximum rate permitted by law at the time of sale of any of such bonds. The bonds, except where other funds are made available, shall be paid exclusively from the annual levy of the special tax within CFD No. 2017-1, and are not secured by any other taxing power or funds of CFD No. 2017-1 or the District.

SECTION 7. Accountability Measures. Pursuant to and in compliance with the provisions of Article 1.5 (commencing with Section 53410) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, this Board hereby establishes the following accountability measures pertaining to any bonded indebtedness incurred by or on behalf of CFD No. 2017-1:

A. Such bonded indebtedness shall be incurred for the applicable specific purposes set forth in the Section 3.

B. The proceeds of any such bonded indebtedness shall be applied only to the applicable specific purposes identified in Section 3.

C. The document or documents establishing the terms and conditions for the issuance of any such bonded indebtedness shall provide for the creation of an account into which the proceeds of such indebtedness shall be deposited.

D. The General Manager or his or her designee, acting for and on behalf of the District, shall annually file a report with this Board as required by Government Code Section 53411.

SECTION 8. Election. The propositions related to the incurring of the bonded indebtedness for CFD No. 2017-1 shall be submitted to the qualified voters of CFD No. 2017-1, together with ballot propositions to authorize the levy of special taxes within CFD No. 2017-1 and to establish an appropriations limit for CFD No. 2017-1, at a special election to be held on April 18, 2017, and such election shall be a special election to be conducted by the Board Secretary (the "Election Official"). If any proposition for the levy of the special tax and any proposition for incurring the bonded indebtedness receives the approval of two-thirds (2/3) or more of the votes cast on each respective proposition, bonds may be authorized, issued and sold for the applicable purposes set forth herein and the applicable special tax may be levied as provided in the Resolution Forming and Establishing Borrego Water District Community Facilities District No. 2017-1 and Authorizing the Submittal of Special Taxes to the Qualified Electors of Such Community Facilities District. If the proposition to establish the appropriations limit for CFD No. 2017-1 receives the approval of a majority of the votes cast on such proposition, such appropriations limit shall be established.

SECTION 9. Ballots. The ballot proposals to be submitted to the qualified voters of CFD No. 2017-1 at the election shall generally be as follows:

#### PROPOSITION A

Shall the Borrego Water District Community Facilities District No. 2017-1 ("CFD No. 2017-1"), subject to accountability measures required pursuant to Government Code Section 50075.1, levy a special tax throughout CFD No. 2017-1 pursuant to the rate and method of apportionment thereof set forth in Resolution No. 2017-03-03 for the purposes of financing the payment and discharge of the obligation to pay a portion of the principal of and certain accrued and unpaid interest on Borrego Water District Community Facilities District No. 2007-1 (Montesoro) Series 2007 Special Tax Bonds issued by Community Facilities District No. 2007-1 (Montesoro) of the Borrego Water District and paying costs of administering CFD No. 2017-1 and such indebtedness as described Resolution No. 2017-03-03?

## PROPOSITION B

Shall CFD No. 2017-1, subject to accountability measures required pursuant to Government Code Sections 53410 and 53411, incur a bonded indebtedness for CFD No. 2017-1 in an amount not to exceed \$10,500,000 for the payment and the discharge of the obligation to pay a portion of the principal of and certain accrued and unpaid interest on the Borrego Water District Community Facilities District No. 2007-1 (Montesoro) Series 2007 Special Tax Bonds issued by Community Facilities District No. 2007-1 (Montesoro) of the Borrego Water District?

## PROPOSITION C

Shall CFD No. 2017-1 establish an Article XIII B appropriations limit equal to \$10,500,000?

SECTION 10. Vote. The appropriate mark placed on the line in front of the word “YES” shall be counted in favor of the adoption of the proposition, and the appropriate mark placed on the line in front of the word “NO” in the manner as authorized, shall be counted against the adoption of such proposition.

SECTION 11. Election Procedure. The Election Official is hereby authorized to take any and all steps necessary for the holding of such election. The Election Official shall perform and render, or cause to be performed and rendered, all services and proceedings incidental to and connected with the conduct of the election, which services shall include, but not be limited to, the following activities as are appropriate to the election:

- A. Prepare and furnish to the election officers necessary election supplies for the conduct of the election.
- B. Printed the requisite number of official ballots, tally sheets and other necessary forms.
- C. Furnish and address official ballots for the qualified electors.
- D. Deliver the official ballots to the qualified electors or their authorized representatives, as required by law.
- E. Receive the returns of the election and supplies.
- F. Sort and assemble the election material and supplies in preparation for the canvassing of the returns.
- G. Canvass the returns of the election.

- H. Furnish a tabulation of the number of votes given in the election.
- I. Conduct and handle all other matters relating to the proceedings and conduct of the election in the manner and form as required by law.

ADOPTED, SIGNED AND APPROVED this \_\_\_\_\_ day of \_\_\_\_\_, 2017

\_\_\_\_\_  
President of the Board of Directors of  
Borrego Water District

ATTEST:

\_\_\_\_\_  
Secretary of the Board of Directors of  
Borrego Water District  
61170.00001\29680902.4

RESOLUTION NO. 2017-04-10

RESOLUTION OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT ACTING IN ITS CAPACITY AS THE LEGISLATIVE BODY OF BORREGO WATER DISTRICT COMMUNITY FACILITIES DISTRICT NO. 2017-1 DECLARING THE RESULTS OF A SPECIAL ELECTION IN SUCH COMMUNITY FACILITIES DISTRICT

WHEREAS, the Board of Directors (the “Board”) of the Borrego Water District (the “District”), has previously undertaken proceedings to create and did establish a community facilities district 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”). This community facilities district shall hereinafter be referred to as Borrego Water District Community Facilities District No. 2017-1 (“CFD No. 2017-1”); and

WHEREAS, this Board did call for and order to be held an election to submit to the qualified electors of CFD No. 2017-1 separate propositions relating to the levy of special taxes within CFD No. 2017-1, the issuance of bonds to be secured by the levy of special taxes within CFD No. 2017-1 and the establishment of an appropriations limit for CFD No. 2017-1; and

WHEREAS, at this time said election has been held and the measures voted upon and each such measure did receive the favorable 2/3's vote of the qualified electors, and this Board desires to declare the results of the election in accordance with the provisions of the Elections Code of the State of California.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT, ACTING AS THE LEGISLATIVE BODY OF BORREGO WATER DISTRICT COMMUNITY FACILITIES DISTRICT NO. 2017-1, DOES HEREBY RESOLVE, DECLARE, FIND, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. Recitals. The above recitals are all true and correct.

SECTION 2. Approval of Results of the Election. This Board hereby receives and approves the Certificate of Election Official and Statement of Votes Cast (“Certificate of Election Official”), as submitted by the Board Secretary, acting in his capacity as the Election Official, said Certificate of Election Official setting forth the number of votes cast in the election, the measures voted upon, and the number of votes given for and/or against the measures voted upon. A copy of said Certificate of Election Official is attached hereto, marked Exhibit “A”, referenced and so incorporated.



SECTION 3. Entry of the Election Results in the Minutes. The Board Secretary is hereby directed, pursuant to the provisions of the Elections Code of the State of California, to enter in the minutes the results of the election as set forth in said Certificate of Election Official.

ADOPTED, SIGNED AND APPROVED this \_\_\_\_ day of \_\_\_\_\_, 2017

\_\_\_\_\_  
President of the Board of Directors of  
Borrego Water District

ATTEST:

\_\_\_\_\_  
Secretary of the Board of Directors of  
Borrego Water District

EXHIBIT "A"

**CERTIFICATE OF ELECTION OFFICIAL  
AND STATEMENT OF VOTES CAST**

STATE OF CALIFORNIA                    )  
COUNTY OF SAN DIEGO                ) ss

The undersigned, ELECTION OFFICIAL OF THE BORREGO WATER DISTRICT, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, DOES HEREBY CERTIFY that pursuant to the provisions of Section 53326 of the Government Code and Division 12, commencing with Section 17000 of the Elections Code of the State of California, I did canvass the returns of the votes cast at the

**BORREGO WATER DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2017-1  
SPECIAL ELECTION**

in Borrego Water District, held April 18, 2017.

I FURTHER CERTIFY that this Statement of Votes Cast shows the whole number of votes cast in Community Facilities District No. 2017-1 in Borrego Water District, and the whole number of votes cast for the Measures in Community Facilities District No. 2017-1 in Borrego Water District, and the totals of the respective columns and the totals as shown for the Measures are full, true and correct.

- |    |                              |                       |
|----|------------------------------|-----------------------|
| 1. | VOTES CAST ON PROPOSITION A: | YES _____<br>NO _____ |
| 2. | VOTES CAST ON PROPOSITION B: | YES _____<br>NO _____ |
| 3. | VOTES CAST ON PROPOSITION C: | YES _____<br>NO _____ |

WITNESS my hand this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

\_\_\_\_\_  
BOARD SECRETARY  
ELECTION OFFICIAL  
BORREGO WATER DISTRICT  
STATE OF CALIFORNIA

ORDINANCE NO. 17-01

ORDINANCE OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT, ACTING AS THE LEGISLATIVE BODY OF BORREGO WATER DISTRICT COMMUNITY FACILITIES DISTRICT NO. 2017-1, AUTHORIZING THE LEVY OF A SPECIAL TAX IN SUCH COMMUNITY FACILITIES DISTRICT

WHEREAS, the Board of Directors (the "Board") of the Borrego Water District, (the "District"), has initiated proceedings, held a public hearing, conducted an election and received a favorable vote from the qualified electors authorizing the levy of special taxes in a community facilities district, all as authorized 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"). This community facilities district shall hereinafter be referred to as Borrego Water District Community Facilities District No. 2017-1 ("CFD No. 2017-1").

THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT, ACTING AS THE LEGISLATIVE BODY OF BORREGO WATER DISTRICT COMMUNITY FACILITIES DISTRICT NO. 2017-1, DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. This Board does, by the passage of this ordinance, authorize the levy of special taxes on taxable properties located in CFD No. 2017-1 pursuant to the Rate and Method of Apportionment of Special Taxes as set forth in Exhibit "A" attached hereto and incorporated herein by this reference (each, a "Rate and Method").

SECTION 2. This Board, acting as the legislative body of CFD No. 2017-1, is hereby further authorized, by Resolution, to annually determine the special tax to be levied within CFD No. 2017-1 for the then current tax year or future tax years; provided, however, the special tax to be levied shall not exceed the maximum special tax authorized to be levied pursuant to the Rate and Method.

SECTION 3. The special taxes herein authorized to be levied, to the extent possible, shall be collected shall be collected through a direct billing procedure by the General Manager of the District, acting for and on behalf of CFD No. 2017-1 so long as the taxable property within CFD No. 2017-1 shall be owned by T2 Borrego LLC, a Colorado limited liability company ("Borrego"), T2 Holding LLC, a Colorado limited liability company, or a related entity, including but not limited to, First American Trust, FSD, as Trustee of Trust No. 1082-0270-00, also known as or referred to as First American Trust Tr Trust No 1082-0270-00. If ownership of any taxable property within CFD No. 2017-1 is transferred to a third party, the special taxes shall, except as provided in the sentence below, thereafter be collected in the same manner as ad valorem property taxes or in such other manner at this Board shall determine, including without limitation, direct billing of the affected property owners, and shall be subject to the same penalties, procedure, sale and lien priority in any case of delinquency as applicable for ad valorem taxes. Any special taxes that may not be collected on the County tax roll shall be collected through a direct billing procedure by the General Manager of the District, acting for and on behalf of CFD No. 2017-1.

SECTION 4. The special taxes authorized to be levied shall be secured by the lien imposed pursuant to Sections 3114.5 and 3115.5 of the Streets and Highways Code of the State of California, which lien shall be a continuing lien and shall secure each levy of the special taxes. The lien of the special taxes shall continue in force and effect until the special tax obligation is prepaid, permanently satisfied and canceled in accordance with Section 53344 of the Government Code of the State of California or until the special tax ceases to be levied by the City Council in the manner provided in Section 53330.5 of said Government Code.

SECTION 5. This Ordinance shall be effective upon its adoption.

Enacted at a regular meeting of the Board of Directors of the Borrego Water District, California, held on the \_\_\_\_\_ day of \_\_\_\_\_, 2017.

\_\_\_\_\_  
President of the Board of Directors of  
Borrego Water District

ATTEST:

\_\_\_\_\_  
Secretary of the Board of Directors of  
Borrego Water District

**EXHIBIT A**

**RATE AND METHOD OF APPORTIONMENT FOR  
BORREGO WATER DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2017-1**

**[attach a copy of the Rate and Method for CFD No. 2017-1]**

**RATE AND METHOD OF APPORTIONMENT FOR  
BORREGO WATER DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2017-1**

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels in Borrego Water District Community Facilities District No. 2017-1 ("CFD No. 2017-1") and collected each Fiscal Year commencing in Fiscal Year 2017-18, in an amount determined by the CFD Administrator of the Borrego Water District through the application of the Rate and Method of Apportionment as described below. All of the real property in CFD No. 2017-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

**A. DEFINITIONS**

The terms hereinafter set forth have the following meanings:

**"Acre" or "Acreage"** means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map. Lot size equals Acreage multiplied by 43,560.

**"Act"** means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Division 2 of Title 5 of the Government Code of the State of California.

**"Administrative Expenses"** means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2017-1: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the Water District or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Fiscal Agent; the costs of the Fiscal Agent (including its legal counsel) in the discharge of the duties required of it under the Fiscal Agent Agreement; the costs to the Water District, CFD No. 2017-1 or any designee thereof of complying with arbitrage rebate requirements; the costs to the Water District, CFD No. 2017-1 or any designee thereof of complying with Water District, CFD No. 2017-1 or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the Water District, CFD No. 2017-1 or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from any escrow account; and the Water District's annual administration fees, and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the Water District or CFD No. 2017-1 for any other administrative purposes of CFD No. 2017-1, including attorney's fees and other costs related to commencing and pursuing any foreclosure or other resolution of delinquent Special Taxes.

**"Assessor's Parcel"** means a lot or parcel shown in an Assessor's Parcel Map with an assigned Assessor's parcel number.

**"Assessor's Parcel Map"** means an official map of the Assessor of the County designating parcels by Assessor's parcel number.

**"Board"** means the Board of Directors of the Water District.

**"Bond Owner"** means (i) Considine Family Foundation, a Colorado nonprofit corporation, or (ii) a Related Party.

**"Bonds"** means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by CFD No. 2017-1 under the Act.

**"CFD Administrator"** means an official of the Water District, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

**"CFD No. 2017-1"** means Borrego Water District Community Facilities District No. 2017-1.

**"County"** means the County of San Diego.

**"Developed Property"** means, for each Fiscal Year, all Assessor's Parcels of Taxable Property for which a building permit for purposes of constructing a new residential or non-residential development has been issued by the County after January 1, 2017 and as of January 1 of the prior Fiscal Year.

**"Exempt Property"** means the geographic area identified as Exempt Property in Exhibit A herein.

**"Fiscal Agent"** means the fiscal agent under the Fiscal Agent Agreement.

**"Fiscal Agent Agreement"** means the fiscal agent agreement, indenture, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time.

**"Fiscal Year"** means the period starting July 1 and ending on the following June 30.

**"Maximum Special Tax"** means the Maximum Special Tax, determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor's Parcel.

**"Outstanding Bonds"** means all Bonds which are deemed to be outstanding under the Fiscal Agent Agreement.

**"Property Owner Association Property"** means, for each Fiscal Year, any property within the boundaries of CFD No. 2017-1 that was owned by a property owner association, including any master or sub-association, as of January 1 of the prior Fiscal Year.

**"Proportionately"** means, for Developed Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor's Parcels of Developed Property. For Undeveloped Property, "Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Undeveloped Property.

**"Public Property"** means, for each Fiscal Year, any property within CFD No. 2017-1 that is owned by, irrevocably offered for dedication to, or dedicated to the federal government, the State, the County, the Water District or any other public agency as of June 30 of the prior Fiscal Year; provided however that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in accordance with its use. To ensure that property is classified as Public Property in the first Fiscal Year after it is acquired by, irrevocably offered for dedication to, or dedicated to a public agency, the property owner shall notify the CFD Administrator in writing of such acquisition, offer, or dedication not later than June 30 of the Fiscal Year in which the acquisition, offer, or dedication occurred.

**"Related Party"** means any person or entity in which Terry Considine and/or Betsy Considine has direct or indirect control over.

**"Special Tax(es)"** means the special tax(es) to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property to fund the Special Tax Requirement.

**"Special Tax Requirement following sale of Bonds to a Third Party"** means that amount required in any Fiscal Year for CFD No. 2017-1 to: (i) pay debt service on all Outstanding Bonds; (ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year; less (vi) a credit for funds available to reduce the annual Special Tax levy, as determined by the CFD Administrator pursuant to the Fiscal Agent Agreement.

**"Special Tax Requirement for Bonds held by Bond Owner"** means that amount required in any Fiscal Year for CFD No. 2017-1 to: (i) pay debt service on all Outstanding Bonds; (ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay Administrative Expenses; less (iv) a credit for funds available to reduce the annual Special Tax levy, as determined by the CFD Administrator pursuant to the Fiscal Agent Agreement.

**"State"** means the State of California.

**"Taxable Property"** means all of the Assessor's Parcels within the boundaries of CFD No. 2017-1 which are not exempt from the Special Tax pursuant to law or Section E below.

**"Third Party"** means an entity other than the Bond Owner.



"**Undeveloped Property**" means, for each Fiscal Year, all Taxable Property not classified as Developed Property.

"**Water District**" means the Borrego Water District.

**B. ASSIGNMENT TO LAND USE CATEGORIES**

Each Fiscal Year, commencing Fiscal Year 2017-18, all Taxable Property within CFD No. 2017-1 shall be classified as Developed Property or Undeveloped Property, and shall be subject to Special Taxes in accordance with the rate and method of apportionment determined pursuant to Sections C and D below.

**C. MAXIMUM SPECIAL TAX**

**1. Developed Property**

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property shall be equal to \$740 per Acre.

**2. Undeveloped Property**

The Maximum Special Tax for Undeveloped Property in CFD No. 2017-1 shall equal \$740 per Acre.

**D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX**

For each Fiscal Year, commencing Fiscal Year 2017-18, if Bonds have been sold to a Third Party, then the Board shall determine the Special Tax Requirement following sale of Bonds to a Third Party and shall levy the Special Tax as described below. If Bonds have not yet been sold to a Third Party, then the Board shall determine the Special Tax Requirement for Bonds held by Bond Owner and shall levy the Special Tax as described below.

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax; and

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax for Undeveloped Property.

Notwithstanding the above, under no circumstances will the Special Tax levied in a Fiscal Year against any Assessor's Parcel of Developed Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent (10%) above the amount that would have been levied in that Fiscal Year as a consequence of delinquency or default by the owner of any other Assessor's Parcel within CFD No. 2017-1. To the extent that the levy of the Special Tax on residential property is limited by the provision in the

previous sentence, the levy of the Special Tax on all other Assessor's Parcels shall continue in equal percentages at up to 100% of the Maximum Special Tax.

**E. EXEMPTIONS**

No Special Tax shall be levied on the Exempt Property identified in Exhibit A.

In addition, no Special Tax shall be levied on Property Owner Association Property and Public Property.

**F. APPEALS AND INTERPRETATIONS**

Any property owner claiming that the amount or application of the Special Tax with respect to his or her Assessor's Parcel is not correct and requesting a refund may file a written notice of appeal and refund to that effect with the CFD Administrator not later than one calendar year after having paid the Special Tax that is disputed. The CFD Administrator shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and decide the appeal. If the CFD Administrator's decision requires the Special Tax be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy), but an adjustment shall be made to the next Special Tax levy. Any dispute over the decision of the CFD Administrator shall be referred to the Board and the decision of the Board shall be final.

This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to any legal action by such owner.

Interpretations may be made by the Board by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment.

**G. MANNER OF COLLECTION**

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 2017-1 may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

**H. PREPAYMENT OF SPECIAL TAX**

The following definition applies to this Section H:

**"Bond Redemption Date"** means the redemption date pursuant to the Fiscal Agent Agreement for the Outstanding Bonds to be redeemed with the prepayment.

**"Outstanding Bonds"** means all Previously Issued Bonds which are deemed to be outstanding under the Fiscal Agent Agreement after the first interest and/or principal payment date following the current Fiscal Year.

**"Previously Issued Bonds"** means all Bonds that have been issued by CFD No. 2017-1 prior to the date of prepayment.

**1. Prepayment in Full**

The obligation of an Assessor's Parcel of Developed Property or Undeveloped Property to pay the Special Tax may be prepaid and permanently satisfied as described herein; provided that (i) Bonds have been issued and (ii) there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount for such Assessor's Parcel. The CFD Administrator may charge a reasonable fee for providing this service.

The Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	<u>Reserve Fund Credit</u>
Total: equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

**Step No.:**

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. Compute the Maximum Special Tax applicable for the Assessor's Parcel to be prepaid.
3. Divide the Maximum Special Tax, computed pursuant to paragraph 2, by the total estimated Maximum Special Taxes for the entire CFD No. 2017-1 based on the Maximum Special Taxes which could be charged in the current Fiscal Year in CFD No. 2017-1.
4. Multiply the quotient computed pursuant to paragraph 3 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "Bond Redemption Amount").

5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium, if any, as set forth in the Fiscal Agent Agreement, on the Outstanding Bonds to be redeemed (the "Redemption Premium").
6. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the Bond Redemption Date.
7. Determine the Special Taxes levied on the Assessor's Parcel in the current Fiscal Year which have not yet been paid.
8. Compute the minimum amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount (as defined below) less the Administrative Fees and Expenses (as defined below) from the date of prepayment until the Bond Redemption Date.
9. Add the amounts computed pursuant to paragraphs 6 and 7 and subtract the amount computed pursuant to paragraph 8 (the "Defeasance Amount").
10. Verify the administrative fees and expenses of CFD No. 2017-1, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "Administrative Fees and Expenses").
11. If reserve funds for the Outstanding Bonds, if any, are at or above 100% of the reserve requirement (as defined in the Fiscal Agent Agreement) on the prepayment date, a reserve fund credit shall be calculated based on a reduction in the applicable reserve fund for the Outstanding Bonds, as set forth in the Fiscal Agent Agreement, to be redeemed pursuant to the prepayment (the "Reserve Fund Credit"). No Reserve Fund Credit shall be granted if reserve funds are below 100% of the reserve requirement.
12. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 9 and 10, less the amount computed pursuant to paragraph 11 (the "Prepayment Amount").
13. From the Prepayment Amount, the amounts computed pursuant to paragraphs 4, 5, 9 and 11 shall be deposited into the appropriate fund as established under the Fiscal Agent Agreement and be used to retire Outstanding Bonds or make debt service payments. The amount computed pursuant to paragraph 10 shall be retained by CFD No. 2017-1.

The Prepayment Amount may be sufficient to redeem other than a \$5,000 increment of Bonds. In such cases, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Fiscal Agent Agreement to be used with the next prepayment of Bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year's Special Tax levy as determined under paragraph 7 (above), the CFD Administrator shall remove the current Fiscal Year's Special Tax levy for such Assessor's Parcel from the County tax rolls. With respect to any Assessor's Parcel that is prepaid, the Board shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Maximum Special Taxes that may be levied on all property in CFD No. 2017-1, both prior to and after the proposed prepayment, less expected Administrative Expenses, is at least 1.1 times the maximum annual debt service on all Outstanding Bonds.

## **2. Prepayment in Part**

The Special Tax on an Assessor's Parcel located in CFD No. 2017-1 may be partially prepaid. The amount of the prepayment shall be calculated as in Section H.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = (P_E - A) \times F + A$$

These terms have the following meaning:

- PP = the partial prepayment
- P<sub>E</sub> = the Prepayment Amount calculated according to Section H.1
- F = the percentage by which the owner of the Assessor's Parcel(s) is partially prepaying the Special Tax.
- A = the Administration Fees and Expenses from Section H.1

The owner of any Assessor's Parcel who desires such prepayment shall notify the CFD Administrator of such owner's intent to partially prepay the Special Tax and the percentage by which the Special Tax shall be prepaid. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax for an Assessor's Parcel within thirty (30) days of the request and may charge a reasonable fee for providing this service. With respect to any Assessor's Parcel that is partially prepaid, the Water District shall (i) distribute the funds remitted to it according to Section H.1, and (ii) indicate in the records of CFD No. 2017-1 that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage (1.00 - F) of the remaining Maximum Special Tax, shall continue to be levied on such Assessor's Parcel pursuant to Section D.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Maximum Special Taxes that may be levied all property in CFD No. 2017-1, both prior to and after the proposed prepayment, less expected Administrative Expenses, is at least 1.1 times the maximum annual debt service on all Outstanding Bonds.

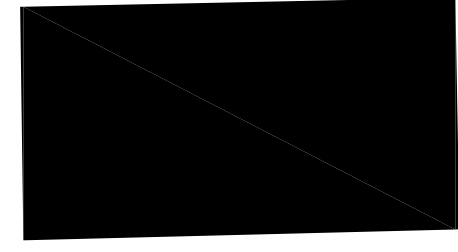
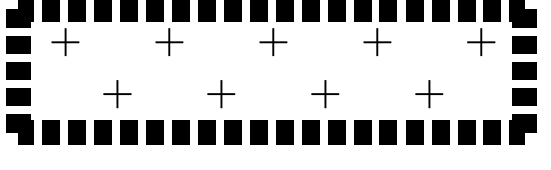
**I. TERM OF SPECIAL TAX**

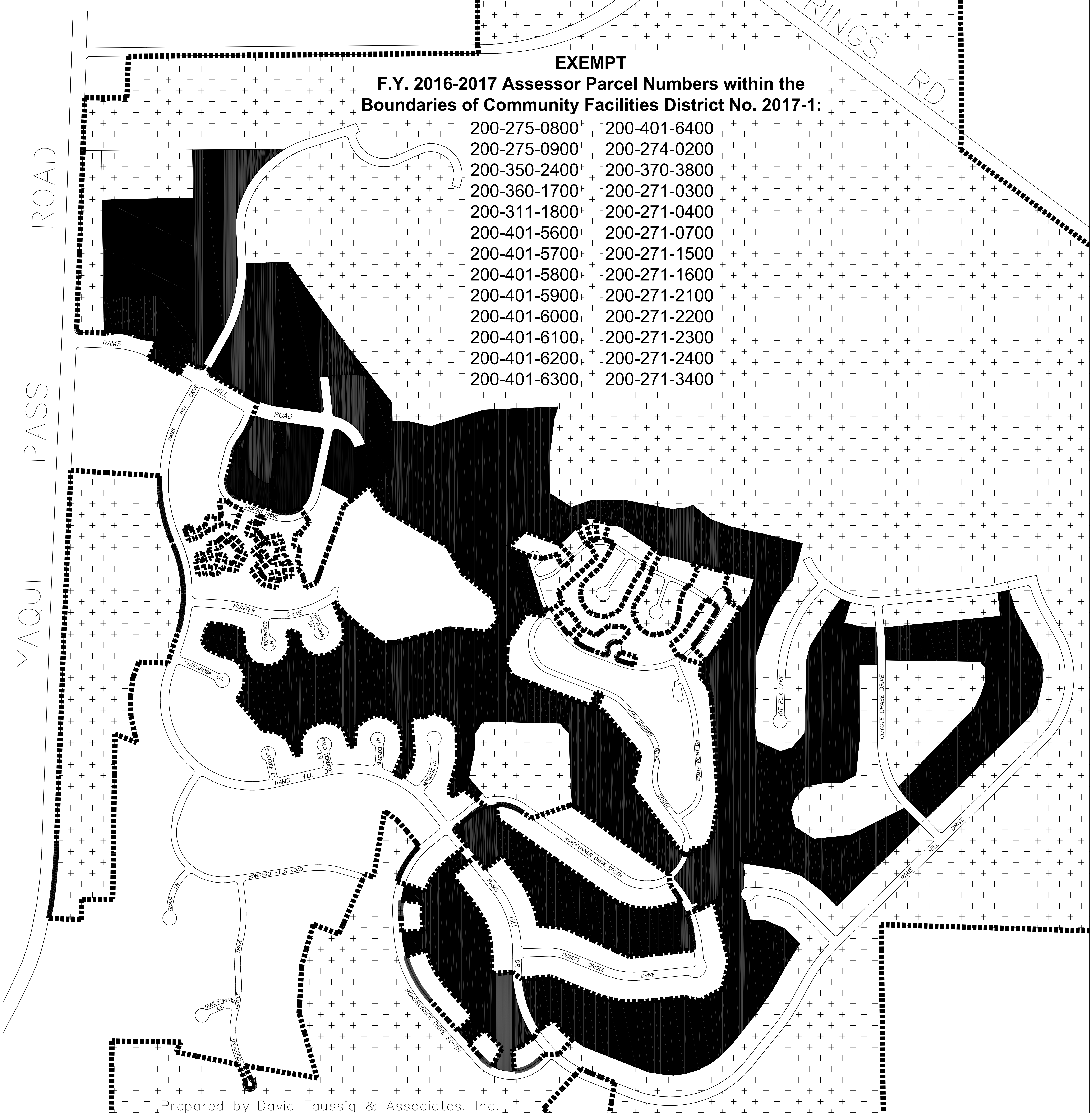
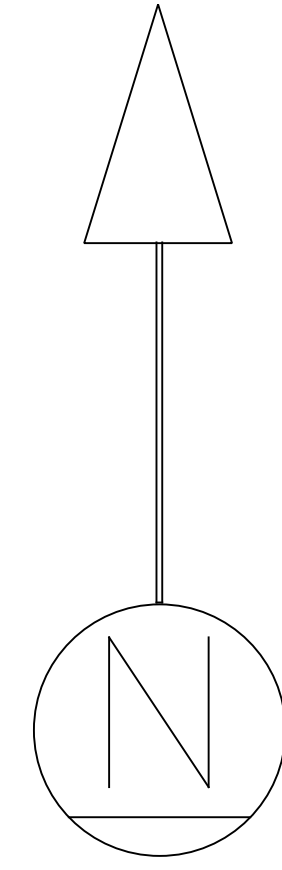
The Special Tax shall be levied for a period not to exceed forty years commencing in Fiscal Year 2017-18.

## **EXHIBIT A**

EXEMPT LOTS WITHIN THE  
 PROPOSED BOUNDARIES OF  
 BORREGO WATER DISTRICT  
 COMMUNITY FACILITIES DISTRICT NO. 2017-1  
 COUNTY OF SAN DIEGO  
 STATE OF CALIFORNIA

LEGEND

 Exempt Lots within the Proposed Boundaries of Borrego Water District Community Facilities District No. 2017-1, San Diego County, State of California  
 Area within C.F.D. Boundary



**EXEMPT  
 F.Y. 2016-2017 Assessor Parcel Numbers within the  
 Boundaries of Community Facilities District No. 2017-1:**

200-275-0800	200-401-6400
200-275-0900	200-274-0200
200-350-2400	200-370-3800
200-360-1700	200-271-0300
200-311-1800	200-271-0400
200-401-5600	200-271-0700
200-401-5700	200-271-1500
200-401-5800	200-271-1600
200-401-5900	200-271-2100
200-401-6000	200-271-2200
200-401-6100	200-271-2300
200-401-6200	200-271-2400
200-401-6300	200-271-3400



BORREGO WATER DISTRICT  
BOARD OF DIRECTORS MEETING – APRIL 18, 2017  
AGENDA BILL II.B

April 12, 2017

TO: Board of Directors, Borrego Water District  
FROM: Geoff Poole, General Manager  
SUBJECT: Presentation and Discussion of Draft FY 2017-18 Budget – K Pittman

**RECOMMENDED ACTION:**

Receive presentation on Draft Budget for FY 2017-18

**ITEM EXPLANATION**

At the April 18th Board Meeting, Kim will present a detailed review and respond to questions on the Proposed Draft Budget for FY 2017-18. A similar review has been performed by the Operations and Infrastructure Committee.

The adjustments made at the April 18 Meeting will be incorporated into the Final Draft and Staff will return to the Board at the next meeting with the Final Proposed Budget Package. The Board will have an opportunity to make comments on that document one more time and Final Board Approval would take place at the May 24<sup>th</sup> meeting.

**ATTACHMENTS**

Proposed 2017-18 Draft Budget

C		CF	CJ	CO	CP	CQ	CR	CS	CT	CU	CV	CW	CX	CY	CZ	DA	DB	DC	DD	DE
06/09/16		ADOPTED	Actual YTD	COMMENTS	Rate Adjustment		PROJECTED BUDGET	PROJECTED BUDGET	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
BUDGET		2016-2017	2016-2017		FY 2018	less July %	2017-2018	2017-2018	2017	2017	2017	2017	2017	2017	2018	2018	2018	2018	2018	2018
REVENUE							W/Rate increase													
6	WATER REVENUE				(6% increase 4% revenue)															
7	Residential Water Sales	1,149,431	916,400		36,656	(3,171)	949,885	916,400	79,271	134,070	134,665	87,877	77,232	70,871	32,763	45,045	46,414	65,000	68,194	75,000
8	Commercial Water Sales	160,956	291,570		11,663	(378)	302,856	291,570	9,442	15,175	13,100	13,865	38,042	27,331	20,854	26,614	23,830	36,772	33,421	33,125
9	Irrigation Water Sales	176,219	203,021		8,121	(945)	210,597	203,021	13,615	23,827	27,761	25,686	22,294	19,637	1,747	7,618	10,361	16,557	15,174	18,746
10	GWM Surcharge	145,959	154,503		6,180	(409)	160,274	154,503	18,871	18,871	19,090	14,883	14,883	14,883	14,883	14,883	14,883	14,883	14,883	14,883
11	Water Sales Power Portion	463,059	441,575		17,636	(1,324)	457,206	440,894	33,106	53,538	53,947	30,689	41,995	33,477	17,101	24,345	24,705	43,667	41,265	43,058
12	TOTAL WATER COMMODITY REVENUE:	2,095,624	2,007,070		80,256	(5,827)	2,080,818	2,006,389	145,667	245,480	248,564	171,741	194,446	163,185	78,541	112,262	114,076	176,135	172,208	184,084
13	Readiness Water Charge	997,818	1,054,146		63,249	(6,441)	1,110,954	1,054,146	107,345	86,568	86,830	86,829	86,753	86,977	86,587	86,073	84,694	85,163	85,163	85,163
15	RH Golf Course surplus capacity lease	0	-		0	0	0	0	-	-	-	-	-	-	-	-	0	0	0	0
17	Meter Install/Reconnect Fees	2,380	1,020		1,360	0	1,360	1,360	-	340	-	340	-	-	-	340	0	0	340	0
18	Backflow Testing/Installation	6,500	6,500		7,000	0	7,000	7,000	-	-	-	-	-	-	-	0	0	0	0	7,000
19	Bulk Water Sales	0	566		600	0	600	600	-	24	-	34	287	134	-	100	22	0	0	0
20	Penalty & Interest Water Collection	10,000	27,288		27,288	0	27,288	27,288	1,417	3,230	1,666	4,756	6,140	972	(645)	2,816	4,446	830	830	830
21	TOTAL WATER REVENUE:	3,112,323	1,089,520		143,504	(12,267)	3,228,360	3,097,123	254,430	335,643	337,059	263,700	287,626	251,269	164,483	201,590	203,578	262,128	258,541	277,077
22	PROPERTY ASSESSMENTS/AVAILABILITY CHARGES																			
23	641500 1% Property Assessments	65,000	65,100		62,303		62,303	62,303	-	1,057	354	862	1,852	19,080	10,616	2,321	2,102	14,638	9,222	200
25	641502 Property Assess w/1/3w/rid	106,212	104,814		106,212		106,212	106,212	-	-	-	-	-	5,709	50,292	914	693	1,056	46,262	300
27	641501 Water avail Standby	82,467	79,309		82,445		82,445	82,445	-	51	263	777	4,011	24,795	25,486	3,496	3,015	3,732	14,821	2,000
29	641504 ID 3 Water Standby (La Casa)	33,722	33,304		33,722		33,722	33,722	-	37	133	33,722	21	3,738	14,633	362	889	396	12,527	490
30	641503 Pest standby	17,885	17,378		17,882		17,882	17,882	-	6	37	86	86	3,184	6,954	443	416	651	5,498	523
31	TOTAL PROPERTY ASSES/AVAIL CHARGES:	305,286	299,906		302,563		302,563	302,563	-	1,113	787	1,747	7,465	56,506	107,981	7,536	7,114	20,472	88,329	3,513
32	SEWER SERVICE CHARGES																			
34	Town Center Sewer Holder fees	393,398	214,521		226,391	(728)	218,384	218,384	18,199	18,199	18,199	18,199	18,199	18,199	18,199	18,199	18,199	18,199	18,199	18,199
35	Town Center Sewer User Fees	103,158	86,325		85,015	(273)	82,008	82,008	6,834	6,834	6,834	6,834	6,834	6,834	6,834	6,834	6,834	6,834	6,834	6,834
36	Sewer user Fees	256,294	260,455		267,460	(860)	258,000	258,000	21,500	21,500	21,500	21,500	21,500	21,500	21,500	21,500	21,500	21,500	21,500	21,500
38	Penalty Interest-Sewer	752,850	2,985		581,866	(1,861)	561,352	561,352	46,783	46,783	46,783	46,783	46,783	46,783	46,783	46,783	46,783	46,783	46,783	46,783
40	TOTAL SEWER SERVICE CHARGES:		564,286		22,336				46,783	46,783	46,783	46,783	46,783	46,783	46,783	46,783	46,783	46,783	46,783	46,783
41	OTHER INCOME																			
47	Water Credits income/Gain on Asset Sold	49	1,000		1,000		1,000	1,000	500	-	-	-	-	-	500	0	0	0	0	0
51	Interest Income	49	64		544		544	544	40	40	40	40	40	40	40	40	40	40	40	40
52	TOTAL OTHER INCOME:		1,064		1,544		1,544	1,544	540	40	40	40	40	40	540	40	40	40	40	40
53																				
54	TOTAL INCOME:	4,170,507	3,961,845		165,841	(14,128)	4,114,335	3,962,624	301,753	383,579	384,668	312,301	341,914	354,597	319,787	255,948	257,515	329,438	393,692	327,428





	CF	CJ	CO	CP	CQ	CR	CS	CT	CU	CV	CW	CX	CY	CZ	DA	DB	DC	DD	DE
	ADOPTED BUDGET 2016-2017	Actual YTD and Projected 2016-2017	COMMENTS	Rate Adjustment FY 2018	less July %	PROJECTED BUDGET 2017-2018	PROJECTED BUDGET 2017-2018	Actual July 2017	Actual August 2017	Actual September 2017	Actual October 2017	Actual November 2017	Actual December 2017	Actual January 2018	Actual February 2018	Actual March 2018	Projected April 2018	Projected May 2018	Projected June 2018
<b>BWD</b>																			
<b>CASH FLOW</b>																			
<b>2016-2017</b>																			
<b>NON O &amp; M EXPENSES</b>																			
136																			
137	Water																		
138	Pickup	42,607																	
139	Backhoe	-																	
140	Pump and Cleaning Well ID4-4-Wellis-ID1-12/ID4-4	150,000																	
141	Booster Station 1 Rehab	40,000																	
142	New 900 Reservoir	501,688																	
143	Transmission mains for new 900 Reservoir	100,000																	
144	Environmental review for water storage infrastructure	50,000																	
145	Engineering analysis for water storage infrastructure	30,000																	
146	Twin Tanks, 1970's-inside coating	54,435																	
147	Pipeline replacement-Borrego Springs Rd./W.eathervane to Barrel	125,000				125,000	125,000				21,000	21,000	21,000	20,000					
148	Pipeline replacement-Slash M to Tank	30,000				30,000	30,000				30,000								
149	Pipeline replacement-Double O					30,000	30,000									48,300			
150	Pipeline replacement-City Circle East					20,000	20,000												
151	Pipeline replacement-Country Club from Tilling T to Booster Sia #3					100,000	100,000									20,000			
152	Pipeline install to convey well water to reservoirs ID-1					100,000	100,000		100,000									100,000	
153	Pipeline install to convey well water to reservoirs ID-4					100,000	100,000							100,000					
154	Relocate alley water mains to streets in southern ID-4					100,000	100,000												
158	Air Quality Compliance					50,000	50,000			25,000									
159	ID 5-5, 200 HP					80,000	80,000												
160	ID 1-16 pump and casing cleaning					20,000	20,000												
162	ID4-Well '18 new submersible pump					12,000	12,000												
163	Indianhead, 1970's 1-0-22MG, inside coating					125,000	125,000				125,000								
164	Emergency Generator Connectors					15,000	15,000						25,000						
165	Pressure Reducing Station Design & Installation ID4					25,000	25,000					20,000							
166	Pressure Reducing Station Design & Installation ID5					20,000	20,000												
168																			
169																			
170																			
171	WWTP-Skid Steer					953,300	953,300	125,000	92,000	25,000	146,000	141,000	46,000	120,000	30,000	48,300	20,000	100,000	60,000
172	WWTP-Back up Generator/Portable engine driven trash pump																		
173	Transfer Switch																		
174	Return Pump																		
175	Fence at ponds WWTP										75,000								
176	Forcemain replacement at La Casa/Collection system repairs																		
177	Sewer Main replacement/upgrades																		
178	Motor and Gear Reducers for Brushes							17,920											
185	WWTP-Rehab Clarifier/pump/bearings																		
191																			
192	NON-CIP	69,500						17,920	10,000	10,000	75,000	50,000	-	75,000	50,000	-	50,000	-	50,000
194	GWM-Misc-prop 1 grant/USGS																		
195	Conservation incentive program																		
196	District portion of GSP																		
204		60,000																	
206		204,000																	
207		264,000																	
207	TOTAL GWM NON O&M																		
208	OTHER																		
214	New Computer for server and new Software system										10,000								
221	Air Photo Imagery										10,000								
222		10,000									10,000								
223	TOTAL NON O&M EXPENSES	1,448,500				1,621,220	1,621,220	165,420	124,500	57,500	253,500	213,500	68,500	217,500	102,500	70,800	92,500	122,500	132,500
224																			
225																			
226	CASH RECAP																		
227	Cash beginning of period	3,257,872						4,152,584	4,007,123	4,050,431	3,961,637	3,845,283	3,761,786	3,859,772	3,781,264	3,737,683	3,672,301	3,737,762	3,802,051
227	Net Cash Flow (O&M)	1,464,388						1,309,423	167,808	(31,294)	137,146	130,003	166,486	136,992	58,919	5,417	157,961	186,789	171,235
228	Total Non O&M Expenses	(1,448,500)						(165,420)	(124,500)	(57,500)	(253,500)	(213,500)	(68,500)	(217,500)	(102,500)	(70,800)	(92,500)	(122,500)	(132,500)
228	CASH AT END OF PERIOD	3,273,759						4,007,123	4,050,431	3,961,637	3,845,283	3,761,786	3,859,772	3,781,264	3,737,683	3,672,301	3,737,762	3,802,051	3,840,787
230																			
231	RESERVES																		
232	Debt Reserves																		
233	Working Capital-Water (4 months)																		
237	Contingency Reserves (10% O&M)																		
238	Rate Stabilization Reserves																		
239	Available for Emergency Reserves																		
240	Target Emergency Reserves																		
241	Emergency Reserves Deficit																		
241		(1,071,241)						(42,877)	431	(88,363)	(204,717)	(288,214)	(190,228)	(268,736)	(12,317)	(77,699)	(12,238)	52,051	96,787

BORREGO WATER DISTRICT  
BOARD OF DIRECTORS MEETING – APRIL 18, 2017  
AGENDA BILL II.C

April 12, 2017

TO: Board of Directors, Borrego Water District  
FROM: Geoff Poole, General Manager  
SUBJECT: Proposal for Municipal Advisory Services – L Brecht

**RECOMMENDED ACTION:**

Discuss proposal and consider approval.

**ITEM EXPLANATION**

Director Brecht requested this item be placed on the Agenda and would like to discuss the concept of hiring a Consultant to provide Municipal Advisory Services. As examples of these services, proposals from Fieldman Rolapp and Associates and Hilltop Securities are attached.

**ATTACHMENTS**

Proposal for Municipal Advisory Services by Fieldman/Rolapp and Associates and Hilltop Securities

April 10, 2017

Mr. Lyle Brecht, Secretary/Treasurer  
Board of Directors  
Borrego Water District  
590 Palm Canyon Drive  
Borrego Springs, CA 92004

Dear Mr. Brecht:

Thank you for the opportunity to provide my firm's qualifications and fee proposal for financial advisory services. Fieldman, Rolapp & Associates (FRA) offers education, guidance, and recommendations on capital planning, policy development, financial and credit strategies as well as providing clients with technical and human resources comparable to the Wall Street firms. FRA's role begins with a thorough understanding of our clients' objectives. It is our duty to provide clients with the clearest, most direct and least costly path to achieve those objectives. We help clients achieve their financial goals by offering multiple options and then applying our expertise to narrow the options to a viable few. Before making a final recommendation, we apply our understanding of market, economic and political conditions to analyze the remaining viable options and assess mitigation strategies where appropriate.

As we discussed, due to recent legislation most underwriting firms will no longer provide traditional financial services. I believe a banker at Piper, Jaffray declined to perform the proposed type of service for the District. Financial advisory firms today, more than ever, provide services such as developing financial plans and models and developing long-term strategies for cost-effective and successful capital market access. Please note that FRA has always provided such services to our special district clients.

Our team of three professionals will consult with District staff to understand the timing and costs related to the capital needs of the District. Please refer to our resumes in Appendix A. We will develop a new model, or potentially use the Raftelis model, to overlay proposed capital expenditures onto the projections of revenues and expenses. This aids us to determine the adequacy of net revenues to support capital costs, whether through pay-go, or debt. The FRA team would be able to judge the credit ratings of any potential debt, and, along with other analyses that we will conduct, estimate the cost of funding the capital program and forecasting the most advantageous type and structure of debt to achieve the overall lowest cost of capital. At the direction of the District we would manage the transaction process for the District to ensure that the District objectives are achieved.

As one of California's most experienced and active financial advisory firms, we have completed more transactions for water/wastewater clients than any other firm over the past ten years; we are frequently advising clients on capital market access. We utilize a rigorous process to hire the best investment banking firm to underwrite public debt that results in effective cost savings to our clients. Frequently, the cost savings of this process becomes clearly demonstrable during the process. Our experience and frequency in the market gives us a thorough understanding of debt pricing that we aggressively use to ensure that our client's debt is priced at or through, if possible, the market, resulting in efficient capital costs.

FRA proposes to be compensated for the financial analysis, planning and modeling component of this assignment on an hourly basis, plus expenses. In the event the District decides to issue debt, we would propose to be compensated on an hourly basis, plus expenses. Alternatively we would explore a fixed fee arrangement if that were the preference of the District and its counsel. Further, we would welcome the opportunity to serve as a pricing consultant on the District's upcoming CFD private placement and propose to be compensated on an hourly basis, plus expenses.

Mr. Lyle Brecht, Secretary/Treasurer Board of Directors  
Borrego Water District  
April 14, 2017  
Page 2

Our hourly rates are below.

HOURLY FEE SCHEDULE	
Principal	\$315
Senior Vice President	\$295
Vice President	\$245
Assistant Vice President	\$210
Senior Associate	\$165
Associate	\$140
Analyst	\$95
Administrative Assistant	\$75
Clerical	\$45

Please direct all communication to Robert Porr, Senior Vice President. Mr. Porr can be reached as follows:

Fieldman, Rolapp & Associates  
19900 MacArthur Boulevard, Suite 1100  
Irvine, California 92612  
Telephone: 949.660.7323  
Facsimile: 949.474.8775  
Email: [rporr@fieldman.com](mailto:rporr@fieldman.com)

We trust that the material contained herein will conclusively demonstrate the usefulness of hiring our team for planning and executing your strategy. The team assigned to Borrego Water District is prepared to start the engagement immediately. Thank you for your confidence in us.

Sincerely,

FIELDMAN, ROLAPP & ASSOCIATES



Robert A. Porr  
Senior Vice President

### **Standard Proposal Regulatory Disclaimers & Disclosures**

FRA is a SEC-registered Municipal Advisor. When formally engaged by public agency clients, we undertake a fiduciary duty with respect to advice provided on financial matters.

### **PROPOSAL DOES NOT CONSTITUTE “ADVICE” OR MUNICIPAL ADVISORY RELATIONSHIP**

These materials are delivered to you for the purpose of obtaining an engagement as your municipal advisor, and we wish to clarify the nature of our relationship. We are providing the information contained in these materials for informational purposes only. The information provided in these materials does not create or imply any fiduciary relationship, and is being provided solely for the purpose of marketing our services to you as a prospective client of FRA. The information provided to you is not be construed as “advice” within the meaning of Section 15B of the Securities and Exchange Act of 1934, or relied upon by you as advice in determining a course of action in connection with any current or prospective undertakings relative to any municipal securities issuance or municipal financial product. Any information contained in these materials has been prepared without taking into account your circumstances, financial or otherwise, and is not intended to replace or supplement any advice you may have already received internally or externally from any other professional.

### **Potential for Limitation of Advisory Scope Disclosure**

At the explicit direction of the District, our scope of services may be limited to the implementation a pre-determined financial transaction or strategy. In such instances, a complete review of all feasible and suitable financial alternatives will not be undertaken as part of our engagement. We would otherwise operate under a fiduciary duty to consider all feasible and suitable alternatives to accomplish a given objective.

### **Potential Conflict of Interest Disclosure**

Compensation contingent on the completion of a financing or project is customary for municipal financial advisors. To the extent that our compensation for the proposed engagement is contingent on successful completion of any transactions, a potential conflict of interest exists as we would have a potential incentive to recommend the completion of a transaction that might not be optimal for the District. However, as noted earlier, FRA undertakes a fiduciary duty in advising public agencies regardless of compensation structure.





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**Appendix A**

Proposed Team Resumes



Engagement Manager



**ROBERT A. PORR**  
**CIPMA**

949.660.7323 direct  
949.751.8445 cell  
rporr@fieldman.com

**Mr. Robert A. Porr**, Senior Vice President, returned to the firm in May 2005 after spending eight years as a public finance investment banker. Since re-joining the firm, he has focused on serving the firm’s utility clients. He has been advisor to Nevada Irrigation District, Eastern Municipal Water District, Rancho California Water District, Orange County Water District, Western Municipal Water District, Mesa Consolidated Water District, Castaic Lake Water Agency, Azusa Light & Water, Westlands Water District, and Olivenhain Municipal Water District. Mr. Porr leads the swap advisory practice at the Firm and has served as swap advisor to Riverside County Transportation Commission, Eastern Municipal Water District, Castaic Lake Water Agency, the County of Riverside, Hemet Unified School District, and Western Municipal Water District.

**Mr. Porr has completed more than \$7.0 billion in water revenue financings during his career; approximately \$1 billion has been in connection with variable-rate bonds.** He has structured commercial paper programs for Castaic Lake Water Agency and assisted the finance team for Riverside County Transportation Commission with that CP Program; he also structured a credit facility for Merced Irrigation District and is currently working on a structured note program that offers the flexibility of CP, but with greater flexibility at a lower cost. Mr. Porr has aided Mr. Porr structured and completed approximately \$400 million of GO Bonds for water district clients in his career.

His experience as an investment banker includes working with numerous local agencies in connection with the issuance of more than \$1.2 billion in debt. Mr. Porr has assisted issuers with the structure and sale of many forms of debt including general obligation, special tax, assessment, revenue and lease backed debt. He structured nearly \$100 million of complex tax-backed refunding debt for the County of Riverside and developed a novel lease revenue bond structure for the Alaska Industrial Development and Export Authority.

Mr. Porr worked as a finance/marketing representative for Lockheed Martin Finance Corporation. During his time with LMFC, Mr. Porr worked on developing financing structures to support turnkey delivery programs for communication satellites, aircraft and proprietary technology products. Mr. Porr was involved in projects for the People’s Republic of China, valued at approximately \$1 billion, and for a consortium of Asian telephony entities valued at nearly \$500 million.

Mr. Porr earned his undergraduate degree in Psychology from Pace University in New York, NY and his Juris Doctorate from New York Law School in New York, NY.

Mr. Porr holds the Series 50 License CIPMA designation as a Certified Independent Professional and is admitted to practice law in the State of New York.



**Project Manager**



**PAUL D. PENDER**  
**CIPMA**

949.660.7319 direct  
949.274.2135 cell  
ppender@fieldman.com

**Mr. Paul D. Pender**, Vice President, joined the firm in January 2005. Since joining the firm, Mr. Pender has completed over 140 financing engagements.

Mr. Pender specializes in California water finance, with on-going clients including Orange County Water District, Castaic Lake Water Agency, Sacramento Suburban Water District, Mesa Water District, Elsinore Valley Municipal Water District, Cucamonga Valley Water District, Merced Irrigation District, and Westlands Water District.

For these clients, Mr. Pender specializes in analyzing the economics bond structuring alternatives, including variable-rate bonds. He also manages the creation of credit materials and interactions with credit rating agencies. In the case of competitive bond sales, Mr. Pender manages the technical aspects of the process, including drafting the terms of the sale, setting up the electronic bidding platform, and soliciting bids from potential underwriters.

Other notable client engagements completed by Mr. Pender include the County of Orange, the County of Ventura, the City of San Diego, the City of Irvine, and the City of Newport Beach.

Mr. Pender also provides clients with a wide range of non-transactional financial advisory services, including: long-term capital improvement finance plans, refinancing of existing debt analyses, special district formation, and debt policy development.

Mr. Pender has a Masters of Public Policy degree from the University of Southern California and a Bachelor's degree in History from Grinnell College (Iowa). He also maintains a CIPMA designation as a Certified Independent Professional Municipal Advisor from the National Association of Municipal Advisors.

**Technical Consultant**



**LORA CARPENTER**

949.660.7312 direct  
949.892.8617 cell  
lcarpenter@fieldman.com

**Ms. Lora Carpenter**, Senior Associate, joined the firm in March of 2014. Since joining the firm, Ms. Carpenter has been active with the firm's utility clients. Lora has worked with Nevada Irrigation District, Merced Irrigation District, Cucamonga Valley Water District, Indio Water Authority, Mojave Water Agency, Castaic Lake Water Agency, and its retail division Santa Clarita Water District, South Coast Water District and Lake Arrowhead Community Services District. Lora is currently working with Silicon Valley Clean Water, Rancho California Water District, Orange County Water District, Merced Irrigation District, Yorba Linda Water District, Marina Coast Water District, and Cucamonga Valley Water District.

For these clients, Ms. Carpenter conducts credit analysis and prepares credit presentations; researches relevant market conditions and events; and prepares quantitative analyses to support Firm recommendations, transaction structures and financial modeling.

Prior to joining the firm, Ms. Carpenter served as an Office Clerk for a Surgeon of St. Joseph's Hospital in Orange and a Teacher's Assistant for the Geology Department at Bucknell University.

Lora received her Bachelor of Science degree in Mathematics from Bucknell University.

**Michael Newman**

Managing Director

**Date:** April 13, 2017  
**To:** Mr. Lyle Brecht, Borrego Water District  
**Cc:**  
**Subject:** Provision of Financial Advisory Services

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It was a pleasure to speak with you yesterday, and pursuant to our discussion I write to provide a Statement of Qualifications outlining our ability and experience to provide Borrego Water District with financial advisory services. Included within the Statement of Qualifications is my resume, as well as others that would work with me to provide the District with financial advisory services. It is FirstSouthwest's business philosophy to implement the team concept to provide the best possible service to our clients. Under this concept, a client's needs are met by a variety of professionals from different disciplines with specialized expertise in various aspects of a particular transaction. To accomplish this goal, I have assembled a multi-disciplinary team of professionals capable of meeting the needs of the District while maintaining a single and consistent point of contact responsible for the provision of all services by FirstSouthwest.

FirstSouthwest's policy is to assign sufficient senior staff to each engagement to ensure that such personnel are available at all times to assist its clients in achieving their financial objectives on a timely basis. As a Managing Director of FirstSouthwest, I personally commit to serve as Project Manager and lead professional to the District by attending all requested meetings with staff, managing all work products, and ensuring that all commitments of FirstSouthwest are met in a timely fashion to facilitate the completion of the proposed plan of finance. We are experienced in and dedicated to providing personalized service to clients located in the State of California, with three offices in the State, and as I mentioned I serve as the financial advisor to the Pioneers Memorial Healthcare District in Brawley, California.

We are a registered broker/dealer with the Financial Industry Regulatory Authority, with our activities regulated by the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. We believe maintaining a trading and underwriting desk is essential to properly advise clients about market conditions. Our underwriting and trading desk routinely provides recommendations based on its active market involvement and extensive institutional

investor relationships. Consequently, we are able to negotiate as equals with underwriters and to speak with authority on market conditions. Our ability as a fiduciary to provide the District with first hand, independent real-time pricing information is an enormous advantage over firms that do not have market making capabilities. As much as 70% of our underwriters' time is invested in working with financial advisory clients. These capabilities provide an enormous advantage to the District, and differentiates FirstSouthwest from other financial advisory firms that do not have actual market involvement and capabilities.

With respect to our fees and expenses, we typically structure our engagements based on an hourly fee, a fee based on principal amount of debt incurred, or a combination of both such methods of compensation. With certain clients, due to their needs for on-going advisory services absent a financing, we have a retainer arrangement as well. Based on your e-mail, my initial reaction is that the best fee structure would be (a) an hourly fee, and (b) a fee based on the principal amount of debt incurred by the District. At this point, I would estimate our fee, assuming completion of the proposed financings with the fee based on the principal amount of debt incurred only payable upon completion, at \$25,000 to \$30,000 plus reimbursement of documented travel expenses. As we learn more, we will be able to provide a more detailed fee estimated, as well as a proposed fee schedule.



## Contacts

**Michael Newman**

**Managing Director**

1201 Elm Street, Suite 3500

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Phone: (214) 953-8875

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# Borrego Water District

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April 2017

Overview of Hilltop Securities Inc.

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# Overview of HilltopSecurities

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# Introduction to HilltopSecurities

## A Trusted Leader in Public Finance

- More than 70 years of industry experience and approximately 175 employees committed to public finance
- Our Municipal Products Include:

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Municipal Advisory

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Underwriting

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Investment Banking

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Structured Finance

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Continuing Disclosure

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Government Investment Pools

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Asset Management

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Arbitrage Rebate

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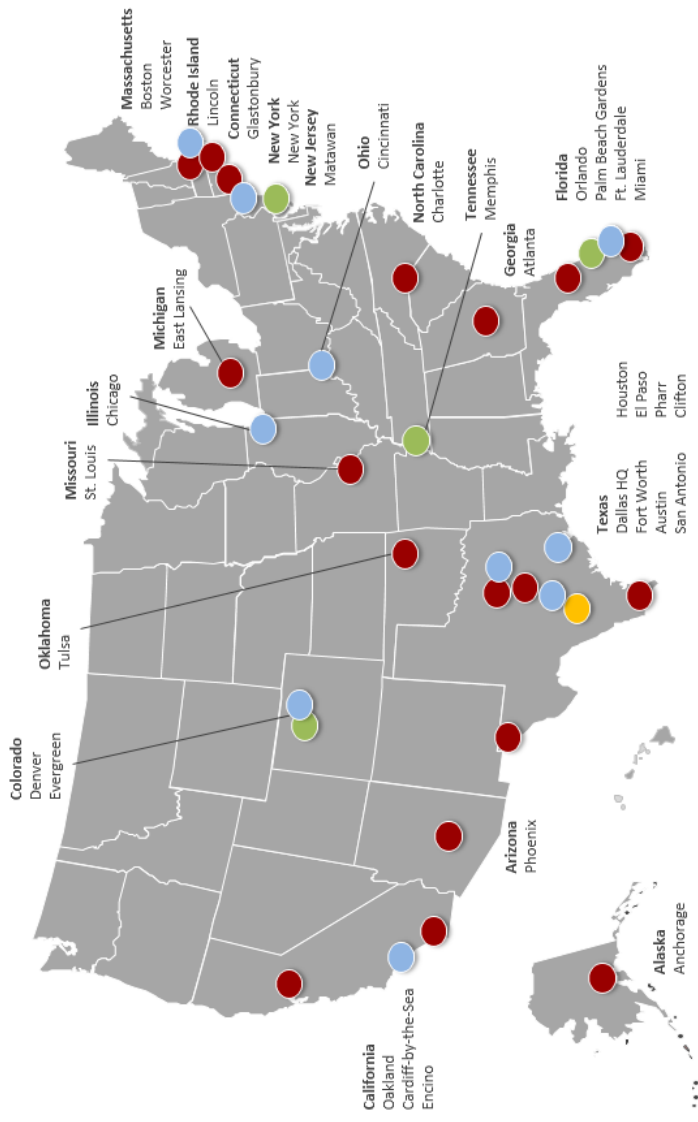
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Pension and OPEB Consulting

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## HilltopSecurities National Platform

### 48 Office Locations in 19 States



# Introduction to HilltopSecurities, cont.

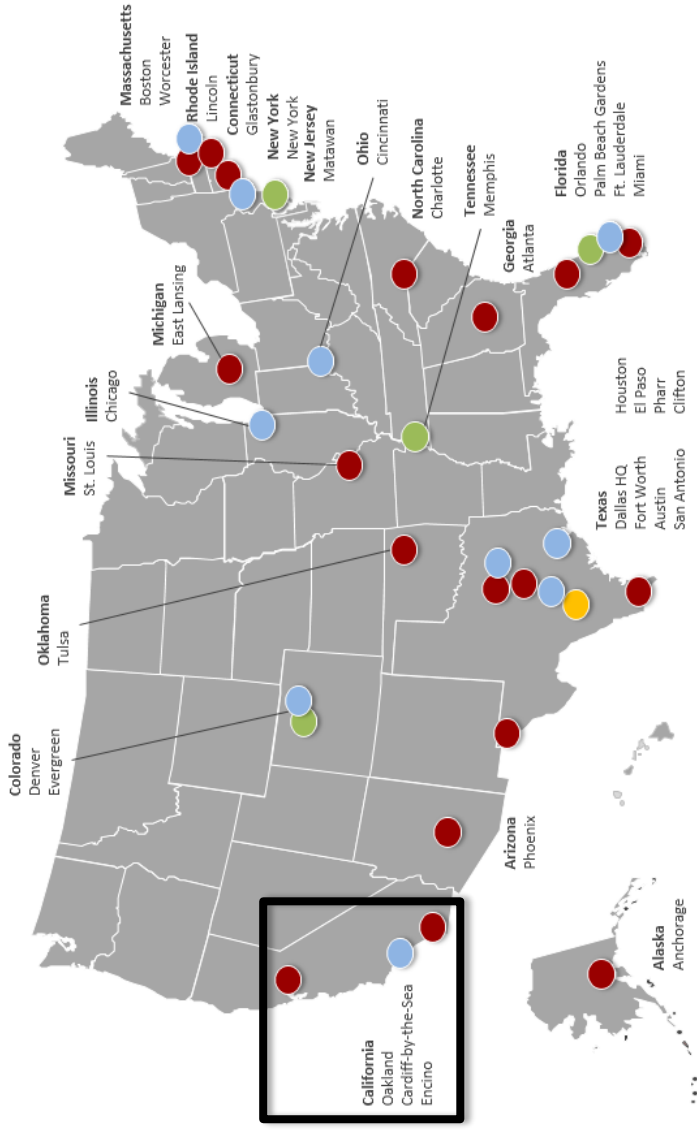
## A Trusted Leader in Public Finance

HilltopSecurities believes that excellence in investment banking is not exclusive to “Wall Street” and that a dedicated team of experienced and regional banking talent can serve the financial needs of a community or institution at a higher level.

We understand the importance of maintaining offices near our clients in order to provide the highest level of service. As a result, there are three offices in California as shown on the map.

## HilltopSecurities National Platform

### 48 Office Locations in 19 States



18 Public Finance Office Locations

10 Public Finance and Capital Markets Office Locations

4 Capital Markets Office Locations

1 Public Finance, Capital Markets and Retail Sales Office Location

15 Retail Sales Only Offices (not shown)

# Overview of HilltopSecurities

## *A Trusted Leader in Public Finance*

- A leader in public finance since 1946 with a national presence
- Involved in an average of 28 deals, totaling approximately \$1.4 billion par amount per week as municipal advisor or underwriter
- Public finance is HilltopSecurities' core business, supported by underwriting professionals who assist municipal advisory clients, providing firsthand market knowledge and insight
- Registered Broker/Dealer with transparency and accountability, Subject to SEC, MSRB and FINRA rules and regulations



# Our Core Business is Municipal Finance

*HilltopSecurities Offers a Comprehensive Service Platform*

## **Sector Expertise**

<b>Airports</b>	<b>Ports</b>
<b>Benefit Plan Services</b>	<b>Public Power</b>
<b>Convention Center / Hotel</b>	<b>School Districts</b>
<b>General Obligation</b>	<b>Special Districts</b>
<b>Healthcare</b>	<b>State Revolving Funds</b>
<b>Higher Education</b>	<b>Student Loans</b>
<b>Housing</b>	<b>Toll Roads / Rapid Transit</b>
<b>Public-Private Partnership</b>	<b>Water and Sewer</b>

HilltopSecurities is a diversified investment bank specializing in public finance that sets itself apart by putting clients first.



# Broker / Dealer Advantage

*Support, Above and Beyond*

**Underwriting professionals who work in partnership with municipal advisory bankers from preliminary structuring of a transaction through pricing and final allocations of bonds**

**Experienced**

- The underwriting desk has been involved with pricing an average of 28 deals per week as municipal advisor or underwriter for the past five years

**Reliable**

- Active daily participation in the capital markets provides clients current and reliable market information and helps assure that clients' bonds are priced and sold at market levels

**Timely**

- Municipal Advisors without an underwriting desk do not have timely access to the same level of market data and must obtain pricing information from third-party underwriters or via other indirect means

**Respected**

- Risking capital gives HilltopSecurities additional perspective into the nuances of the underwriting process and gives the company valuable credibility with the underwriting community
- Other broker/dealers know that HilltopSecurities is speaking to many of the same institutional investors on a daily basis

# Municipal Advisory Qualifications

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# Our Core Business is Municipal Finance

## Extensive Municipal Market Experience

- Since 2012, HilltopSecurities has provided municipal services on 7,390 transactions totaling more than \$364 billion as municipal advisor or underwriter
- On average, HilltopSecurities is involved in 28 financings per week as either municipal advisor or underwriter



Municipal Advisor Experience		
Year	No. of Issues	Par (\$mils)
2012	1,093	35,003
2013	1,025	29,951
2014	1,013	37,564
2015	1,016	39,155
2016	1,036	40,295
<b>Total</b>	<b>5,183</b>	<b>\$181,968</b>

Underwriting Experience (Senior Manager or Co-Manager)		
Year	No. of Issues	Par (\$mils)
2012	648	53,479
2013	464	42,682
2014	384	28,580
2015	393	28,183
2016	318	29,404
<b>Total</b>	<b>2,207</b>	<b>\$182,328</b>

Role	No. of Issues	Par (\$mils)
Underwriter	2,207	182,328
Municipal Advisor	5,183	181,968
<b>Total</b>	<b>7,390</b>	<b>\$364,296</b>

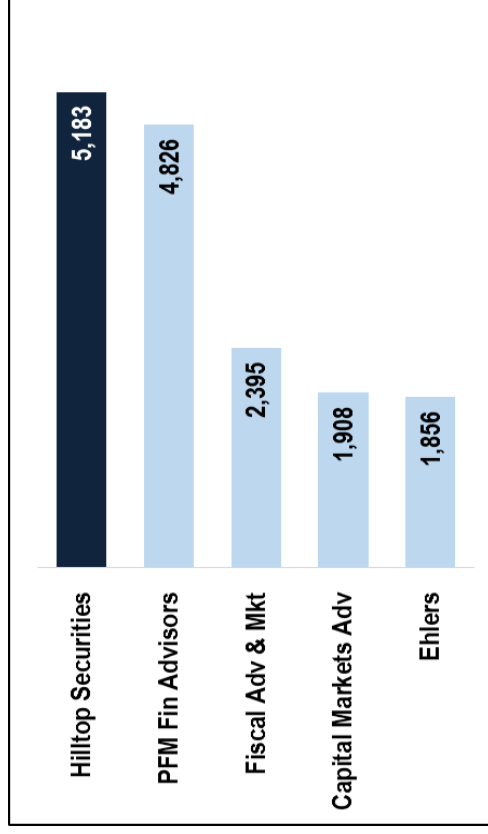
Source: Ipreo MuniAnalytics



# Ranked #1 Municipal Advisor

## Top Municipal Advisor Nationally

### National Municipal Advisor Rankings January 1, 2012 – December 31, 2016 Number of Issues



For the five-year period ending December 31, 2016, HilltopSecurities is the **number one ranked municipal advisor in the nation**, based on number of issues, with 5,183 issues completed representing a par amount of \$181.96 billion.

Source: Ipreo MuniAnalytics

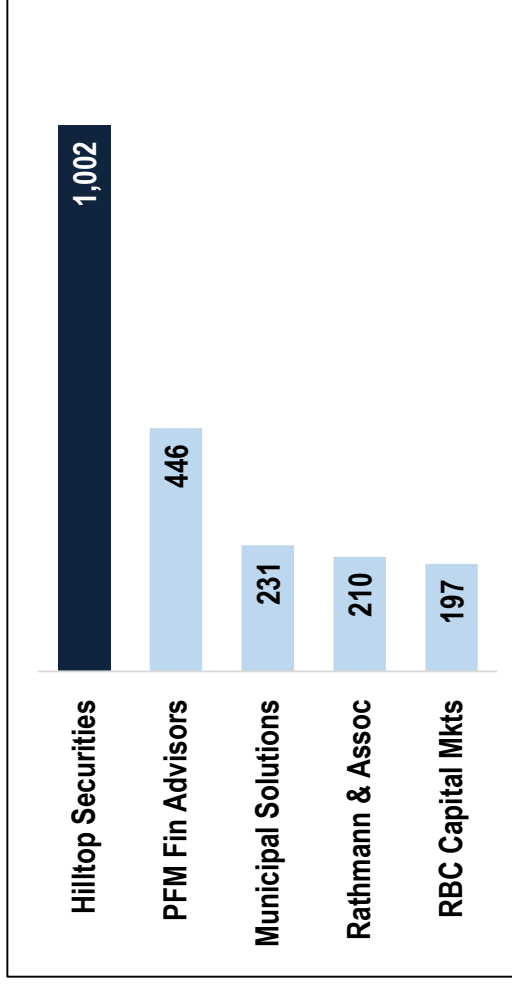


# Ranked #1 Municipal Advisor – Water & Sewer

## *Top Municipal Advisor Nationally for Number of Water and Sewer Transactions*

For the five-year period ending December 31, 2016, HilltopSecurities is the **number one ranked municipal advisor in the nation for water and sewer transactions**, based on number of issues, with 1,002 issues completed for a par amount of \$23.17 billion.

### **National Water and Sewer Municipal Advisor Rankings January 1, 2012 – December 31, 2016 Number of Issues**



Source: Ipreo MuniAnalytics

# National Water & Sewer Financial Advisory Experience

- Select water and sewer clients are set forth below and illustrate our national practice in this sector.

City of Isle of Palms (SC)	Town of Falmouth (MA)
Galveston County Fresh Water Supply District (TX)	Baytown Area Water Authority (TX)
Town of Erie (CO)	Town of Raynham (MA)
Town of Ipswich (MA)	South Adams County Water and Sanitation District (CO)
Cibolo Creek Municipal Authority (TX)	Town of Bedford (MA)
Beeville Water Supply District (TX)	Erie County (NY)
City of Kansas City (MO)	City of North Miami Beach (FL)
City of Fort Lauderdale (FL)	City of Fitchburg (MA)
City of Newburyport (MA)	City of Lawrence (MA)
Town of Stafford (CT)	City of Port St Lucie (FL)
Town of Ashburnham (MA)	Town of Nantucket (MA)
Town of Shrewsbury (MA)	Upper Trinity Regional Water District(TX)
Bacliff Municipal Utility District (TX)	Town of Kingston (MA)
Town of Webster (MA)	Newport Municipal Utility District (TX)
Town of Brookfield (CT)	City of Gloucester (MA)
Town of Easton (MA)	City of Greeley (CO)
City of Nashua (NH)	Wellborn Special Utility District (TX)
Town of Plymouth (MA)	City of Atlanta (GA)
Metropolitan Govt of Nashville and Davidson County (TN)	Sudbury Water District (MA)
Town of Groveland (MA)	Upper Trinity Regional Water District (TX)

## Financial Advisory Experience in California

- For the five-year period ending December 31, 2016, HilltopSecurities has served as financial advisor for approximately \$3.9 billion in par amount specifically for clients in the State of California.

California School Cash Reserve Program Authority	Montebello Public Financing Authority
Sacramento Area Flood Control Agency	Successor Agency to the Vista Redevelopment Agency
Oxnard Financing Authority	Oakland-Alameda County Coliseum Authority
L.A. Unified School District	City of Sacramento
City of Oakland	North Natomas Community Facilities District No. 4
Inglewood Public Financing Authority	Pioneers Memorial Healthcare District, Brawley
Turlock Public Financing Authority	Sacramento Public Financing Authority
Modesto Irrigation District	Community Redevelopment Agency of Montebello
Sweetwater Union High School District	Vista Joint Powers Financing Authority
Kirkwood Meadows Public Utility District	Redevelopment Agency of the City of Sacramento
City and County of San Francisco	Sacramento Financing Authority
Santa Monica Community College District	Public Utilities Commission of the City of San Francisco
L.A. County Sanitation Districts Financing Authority	Murrieta Finance Authority
Modesto Irrigation District Financing Authority	Roseville Finance Authority
San Francisco Bay Area Rapid Transit District	Roseville Redevelopment Agency
Imperial Beach Redevelopment Agency	Pioneers Memorial Healthcare District
Simi Valley Public Facilities Financing Authority	South Feather Water and Power Agency

# Why HilltopSecurities

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# Municipal Finance is Our Primary Business

## Municipal Advisory Experience

- #1 in the nation for five-year period\*
- Vast experience with public sector and non-profit entities throughout the U.S.
- Professionals across the country share ideas and innovations that enhance the quality of the company's public finance services to clients

## Underwriting and Trading

- Provide firsthand market information
- Able to recommend appropriate structures and timing of issuance
- Continual contact with retail and institutional investors

## Reliability and Resources

- Approximately 940 employees, with 175 employees committed to public finance, in 48 offices nationwide
- Broad scope of municipal resources
- Believe in and use a team concept
- Organize a multi-disciplinary team to collaborate expertise

## Registered Broker Dealer

- Subject to SEC, MSRB and FINRA rules and regulations
- Subject to regulatory oversight and minimum capital requirements

\* Source: Ipreo MuniAnalytics Ranked by Number of Transactions (2012-2016)

# HilltopSecurities has Earned National Recognition

## *Twenty-Three “Deal of the Year” Awards by The Bond Buyer, Institutional Investor, and International Financing Review for Innovative Structures Tailored to our Clients’ Needs*

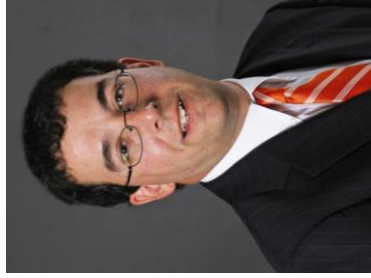
- 2016** Southwest Region Deal of the Year Award for financial advisor to the initial \$810 million of the 50-year, \$27 billion Texas Water Development Board’s SWIFT program (*The Bond Buyer*)
- 2016** Small Issuer Deal of the Year Award for financial advisor to the Northwest Dallas County Flood Control District’s \$15.7 million sale of unlimited tax refunding bonds to restructure a compounding obligation created through a 1992 Chapter 9 bankruptcy. The new bonds lifted a tax-rate cap imposed by the 1992 bankruptcy judgment, allowing the District to obtain an investment grade rating and resolve an accrued and unpaid interest liability (*The Bond Buyer*)
- 2015** Southwest Region Deal of the Year Award for financial advisor to the North Texas Tollway Authority for its strategic refinancings of more than \$2 billion, lowering its maximum annual debt service to a level that brought multiple credit rating upgrades (*The Bond Buyer*)
- 2015** Non-Traditional Financing Deal of the Year Award for Financial Advisor to the State of Hawaii Department of Business, Economic Development, and Tourism for its \$150 million financing to support the new Green Energy Market Securitization (GEMS) program (*The Bond Buyer*)
- 2014** Southwest Region Deal of the Year Award for financial advisor to the Colorado Regional Transportation District for its \$441 million certificates of participation, preserving voter authorized debt capacity (*The Bond Buyer*)
- 2014** Deal of the Year Award for Financial Advisor to the State of Hawaii Department of Business, Economic Development, and Tourism for its \$150 million financing to support the new Green Energy Market Securitization (GEMS) program (*International Financing Review*)
- 2013** Southwest Region Deal of the Year Award for Financial Advisor to Dallas-Fort Worth International Airport for its \$2.73 billion of new money and refunding financings for the airport’s Terminal Renewal and Improvement Program (*The Bond Buyer*)
- 2012** National Deal of the Year Award for Financial Advisor to the Michigan Finance Authority for its \$2.9 billion unemployment insurance deal (*The Bond Buyer*)
- 2011** Southwest Region Financial Advisor to the Love Field Modernization Corporation for its \$310 million special facilities revenue bonds (*The Bond Buyer*)
- 2011** Southeast Region Financial Advisor to the Atlanta Department of Aviation for its \$1.5 billion new money and refunding deal (*The Bond Buyer*)
- 2010** Regional Title Co-Managing Underwriter to The La Vernia Higher Education Finance Corp. for the Kipp Academy’s \$66.17 million education revenue bonds (*The Bond Buyer*)
- 2009** Regional Title Financial Advisor to The Dallas County Hospital District for its \$705 million deal to renovate Parkland Memorial Hospital (*The Bond Buyer*)
- 2009** Far West Region Deal of the Year for Underwriter to Chawanakee Unified School District (*The Bond Buyer*)
- 2008** Regional Title Financial Advisor to the Camino Real Regional Mobility Authority (*The Bond Buyer*)
- 2008** Far West Region Deal of the Year for Underwriter to Yuba Levee Financing Authority (*The Bond Buyer*)
- 2006** Small Issuer Financial Advisor to the Town of Clayton, New Mexico (*The Bond Buyer*)
- 2005** Southwest Region Financial Advisor to the Central Texas Regional Mobility Authority (*The Bond Buyer*)
- 2004** Runner-Up Financial and Swap Advisor to New Mexico Finance Authority – State Department of Transportation (*The Bond Buyer*)
- 2003** Regional Title Financial Advisor to Dallas/Fort Worth International Airport (*The Bond Buyer*)
- 2003** Financial and Swap Advisor to Orlando-Orange County Expressway (*The Bond Buyer*)
- 1996** Swap Advisor to the City of Fort Worth (*The Bond Buyer*)
- 1993** Financial and Swap Advisor to the City of Lewisville, Texas (*Institutional Investor*)
- 1990** Financial and Swap Advisor to the Dallas/Fort Worth Regional Airport (*Institutional Investor*)

# Financing Team Resumes

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# Mike Newman

## Managing Director



### Areas of Focus

- Transportation finance, project finance, and variable rate indebtedness including all types of bank supported indebtedness

### Profile

- Joined HilltopSecurities in 2004
- Has been in the securities industry since 1990
- Has worked with public sector entities, including but not limited to, Commonwealth of Kentucky State Property and Buildings Commission; Pioneers Memorial Healthcare District (Brawley, California); Blue Grass Airport (Lexington, Kentucky); Regional Transportation District of Denver; Oklahoma Turnpike Authority; District of Columbia (Washington, D.C.); University of Alaska; University of Oklahoma; City and County of Denver, Colorado; Town of Clayton, New Mexico; and Oklahoma Department of Transportation.
- Previously served as a first vice president at George K. Baum & Company, where he was responsible for the provision of investment banking services to public sector and not-for-profit clients
- Prior to working at George K. Baum & Company, served as a vice president in the public finance departments of Landesbank Hessen-Thüringen Girozentrale and National Westminster Bank Plc., where his principal responsibilities involved providing credit enhancement and liquidity support to a variety of tax-exempt and taxable indebtedness issued by public sector entities and not-for-profit institutions

### Education

- Bachelor of Science in Business Administration, Case Western Reserve University
- Master of Business Administration in Finance, State University of New York at Albany
- Completed studies in Industrial Relations at The London School of Economics in London

### Current Affiliations

- Healthcare Financial Management Association, member

### Past Affiliations

- Municipal Analysts Group of New York

### Licenses Held

- Registered Representative of the Financial Industry Regulatory Authority (FINRA)
  - General Securities Representative, Series 7
  - Municipal Advisor Representative, Series 50
  - Uniform Securities Agent, Series 63
  - Investment Banking Representative, Series 79

### Contact Info:

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Fax: 214.953.4050

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# Steven D. Johnson

## Director



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Dallas, Texas 75270

Telephone: 214.953.4005

Fax: 214.953.4050

steven.d.johnson@hilltopsecurities.com

### Areas of Focus

- Specializes in public finance with experience in fixed and variable rate structures, interest rate swaps and other derivative contracts

### Profile

- Joined HilltopSecurities in 2004
- Has been in public finance since 1996
- Background includes structuring general obligation bond issues, refundings, single-family and multi-family housing programs, revolving loan fund and pooled loan programs, convention center and arena financings as well as other tax and revenue supported projects
- Has provided services for an array of diverse issuers such as the cities of Dallas, Atlanta, Memphis, and Nashville; the State of North Carolina; the Commonwealth of Virginia; the State of Mississippi, and Arkansas Development Finance Authority, and the North Texas Tollway Authority
- Responsible for structuring more than \$25 billion in municipal bonds since 1996

### Education

- Bachelor of Business Administration in Finance and Economics, Augsburg College, Minneapolis
- Juris Doctor, William Mitchell College of Law, Minneapolis

### Current Affiliations

- National Council of State Housing Agencies

### Licenses Held

- Registered Representative of the Financial Industry Regulatory Authority (FINRA)
  - General Securities Representative, Series 7
  - Municipal Representative Advisor, Series 50
  - Uniform Securities Agent, Series 63
  - Investment Banking Representative, Series 79



### Contact Info:

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Telephone: 310.401.8053

[phillip.curls@hilltopsecurities.com](mailto:phillip.curls@hilltopsecurities.com)

### Area of Focus

- Specializes in public finance

### Profile

- Has more than 7 years experience in the public finance industry
- Joined HilltopSecurities in 2007
- Specializes in debt structuring and cash flow models
- Provides new money/refunding analysis for prospective and outstanding debt issues
- Provides credit analysis and experience preparing credit presentations for issuer credit ratings, and short-term/long-term financings
- Experience serving as financial advisor to California cities/counties general fund and enterprise fund secured debt transactions
- Representative clients include numerous California issuers, including the counties of Sacramento and San Francisco; cities of Oakland, Oxnard, Montebello, Sacramento, and San Diego, and special districts such as Los Angeles County Sanitation Districts, San Francisco Public Utilities Commission and the Nevada Irrigation District, among others **Education**
- Bachelor of Arts in Economics, University of California, Irvine
- Master of Business Administration degree with concentration in Finance, Carnegie Mellon University

### Education

- Bachelor of Science in Business Administration, California State University Northridge

### Licenses Held

- Registered Representative of the Financial Industry Regulatory Authority (FINRA)
  - General Securities Representative, Series 7
  - Municipal Advisor Representative, Series 50
  - Uniform Securities Agent, Series 63





### Areas of Focus

- Specializes in quantitative analytical investment banking services for a variety of clients representing several industry sectors

### Profile

- Joined HilltopSecurities in 2015
- Has been in the industry since 2013
- Assists with bond sizing, spreadsheet modeling, refunding analyses, interest rate swap analyses and documentation review for debt offerings
- Experience with a range of debt transactions including fixed and variable rate bonds, private placements and notes
- Has provided services for issuers, including but not limited to, Texas A&M University System, Texas State University System, Texas Woman's University System, University of North Texas System, Irving Hospital Authority, Denver Regional Transportation District and other 501 (c)3 entities.

### Contact Info:

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Dallas, Texas 75270

Telephone: 214.953.4181

Fax: 214.953.4050

[cody.miller@hilltopsecurities.com](mailto:cody.miller@hilltopsecurities.com)

### Education

- Bachelor of Business Administration, Neeley School of Business – Texas Christian University

### Licenses Held

- Registered Representative of the Financial Industry Regulatory Authority (FINRA)
  - General Securities Representative, Series 7
  - Municipal Securities Representative, Series 52
  - Uniform Securities Agent, Series 63

# John Bannon

## Assistant Vice President



### Areas of Focus

- Structured financial products specialist focusing on municipal investment products and commodity cost management solutions.

### Profile

- Joined HilltopSecurities in 2011
- Manages the group's bond proceeds investment services
- Oversees and conducts IRS compliant competitive bids for a variety of structured investment products
- Creates various cash flow models, conducts commodity driven analytics and structuring, and performs documentation review for a variety of products.

### Education

- Bachelor of Arts, Princeton University

### Licenses Held

- Registered Representative of the Financial Industry Regulatory Authority (FINRA)
  - General Securities Representative, Series 7
  - Municipal Representative Advisor, Series 50
  - Municipal Securities Representative, Series 52
  - Uniform Securities Agent, Series 63

### Contact Info:

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BORREGO WATER DISTRICT  
BOARD OF DIRECTORS MEETING – APRIL 18, 2017  
AGENDA BILL III

April 12, 2017

TO: Board of Directors, Borrego Water District  
FROM: Geoff Poole, General Manager  
SUBJECT: Informational Items

**A. Borrego Valley Groundwater Sustainability Plan Update**

i. Summary of April 10<sup>th</sup> GSP Advisory Committee Meeting – BWD Core Team

The 2<sup>nd</sup> Advisory Committee Meeting was held on April 10<sup>th</sup> with an attendance of approximately 20 residents. The meeting consisted on further discussion of the AC by laws followed by a presentation from County Staff on the GSP and its components. The AC members also had an opportunity to start to prioritize the key issues/deliverables inside the GSP.

ii. Next AC Meeting Date: May 15, 2017

The next AC meeting has been set and will include a presentation and discussion of key issues/deliverables from Dudek.

iii. Update on Formation of BWD GSP Ratepayer Council – G Poole

Of the 9 GSP Advisory Committee members, 5 local organizations are represented with unique perspectives on groundwater issues in the Borrego basin. Each Representative has a nominating organization that he/she will consult on the issues considered by the AC. Since the inception of the BWD GSP AC Ratepayer selection process, creation of a support group for the person selected by the BWD Board was part of the plan. Richard Dopp and I have been asking Borrego residents to see if they are interested in participating and so far 8 knowledgeable residents have agreed and we are still looking for more. Staff has expanded the list of participants to include the organizations/agencies who support BWD ratepayers such as SDGE/Fire/Trash/Internet/Health and all are expected join. Staff has made an attempt to include Ray Shindler and Borrego Ratepayer Group as part of the GSP Council. As of this date, Ray has decided not to participate and he knows the door is always open if he wants to attend the meetings in the future. A few members of Ray's group have informed me they want to participate in the BWD GSP Ratepayer Council. Richard and I are planning to hold at least one meeting of the Council before the next AC Meeting on May 15<sup>th</sup>.

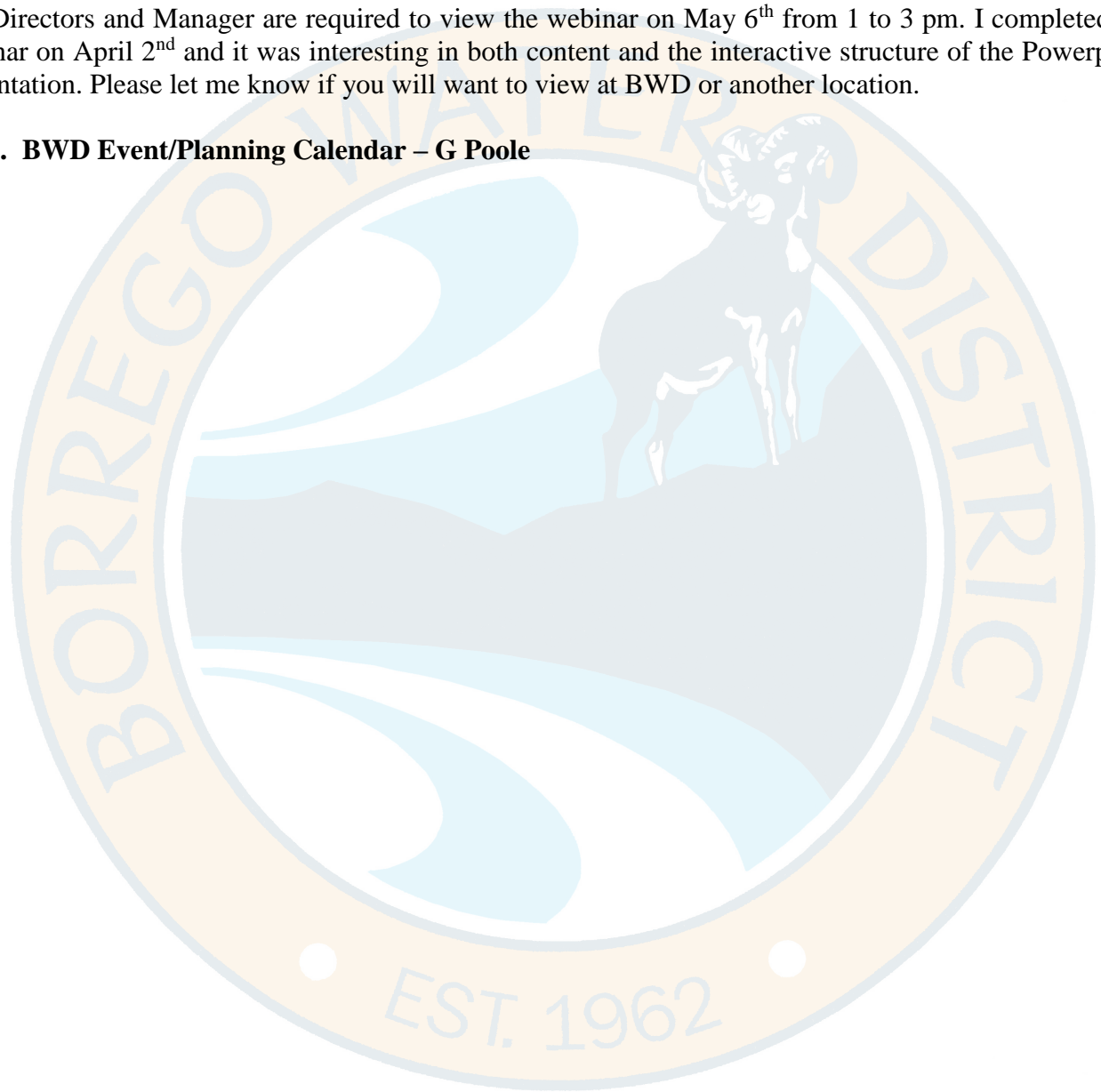
**B. 2017 Town Hall Summary – G Poole**

The Town Hall was held on March 29<sup>th</sup> and although attendance was lower than usual, the event met its goal in my opinion. BWD had an opportunity to talk about the we feel are most important (GSP and CIP) issues and the public had an opportunity to ask questions.

**C. Directors and Managers Sexual Harassment Prevention Webinar – May 6, 2017**

The Directors and Manager are required to view the webinar on May 6<sup>th</sup> from 1 to 3 pm. I completed the webinar on April 2<sup>nd</sup> and it was interesting in both content and the interactive structure of the Powerpoint presentation. Please let me know if you will want to view at BWD or another location.

**D. BWD Event/Planning Calendar – G Poole**





# BORREGO WATER DISTRICT 2017 CALENDAR OF EVENTS

## JANUARY

- Design Agenda for 2017 Town Hall Meeting

## FEBRUARY

- **CLUB CIRCLE** - Option to renew lease by 2/28/2017
- **GREEN DESERT LANDSCAPING** - Discuss w/ Bob the option of continuing with contract 2/28/2017

## MARCH

- **P & I PAYMENT FOR ID4 COP'S** - 1st half of payments due
- **ANNUAL EAR REPORT (CDHS)** – Due 3/31 for previous year
- **BUDGET** – Pump Check
- **BVG GSP CONSULTANT SELECTION PROCESS AND GSP DEVELOPMENT SCHEDULE:**
  - 2017- CONSULTANT NOTICE TO PROCEED
  - 2017-2019 – GSP Development
- **GSP** – 3/6/2017 GSP Advisory Committee Meeting
- **TOWN HALL MEETING**

## APRIL

- **T2** – Raftelis spare capacity cost analysis
- **PITNEY BOWES** – 4/1 Send letter of cancellation if desired
- **CASGEM** – Submit CASGEM water level data
- **SURPLUS WATER ACTIVITY** – 4/1 Calculate Surplus Water Activity
- **BUDGET** – CIP meeting, draft budget document
- **BORREGO WATER ADVISORY COMMITTEE** – BWD/County approval nominations

## MAY

- **SURPLUS WATER ACTIVITY** – 5/1 Notify Rams Hill of Surplus availability
- **BUDGET** – Final Budget document/ Y Rate resolution
- **BUSINESS PLAN** – FY Budget and New Rates Approved
- **BORREGO WATER ADVISORY COMMITTEE**
  - DATE: MAY 15, 2017*
  - TIME: 10AM*
  - WHERE: BORREGO SPRINGS HIGH SCHOOL*
  - BWD/County approval of Nominations
  - Prepare By-Laws and Orientation





# BORREGO WATER DISTRICT 2017 CALENDAR OF EVENTS

## JUNE

- **CLUB CIRCLE** – Lease expires 6/30/2017
- **GREEN DESERT LANDSCAPE** – Agreement expires 6/30/2017
- **SANTIAGO ESTATE** – Occupancy Report Due
- **BUDGET** – 6/9/2017 Approval of Budget
- **INVESTMENT POLICY** – Investments policies restated
- **SPECIAL ASSESMENTS / TAX BILL RESOLUTIONS TAUSSIG:**  
Special Assessments resolutions due

## JULY

- **T2 BORREGO** – 7/1/17 Establish water budget
- **COMPASS BANK** – 1<sup>st</sup> Payment due September 1<sup>st</sup>
- **GREEN DESERT LANDSCAPE** – Cost of water adjustment each July 1<sup>st</sup> with Cameron
- **XEROX** – Lease contract expires 7/2020
- **PITNEY BOWES POSTAGE MACHINE** – Lease expires 7/2017
- **CCR** – CCR to be distributed July 1<sup>st</sup>
- **BUSINESS PLAN** – New Rates go in to effect

## AUGUST

- **RAMONA DISPOSAL**  
CLUB CIRCLE - Contact RDS RE: Contract Renewal  
BWD Dumpsters – Contact RDS RE: Contract Renewal
- **AUDIT** – Begin Audit

## SEPTEMBER

- **P & I PAYMENT FOR ID4 COP'S** - 2nd half of payments due
- **CHECK FALLOWED PROPERTY FOR WATER USAGE** – Annual fallow property check
- **AUDIT** – Review Audit draft report

## OCTOBER

- **COMPASS BANK** - Payment due December 1<sup>st</sup>
- **CCR** – Mail CCR Certification Form
- **CAMERON BORS. WATER USAGE REPORT (GOLF COURSE) TO COUNTY**  
Send to County DPLU by 10/31





# **BORREGO WATER DISTRICT 2017 CALENDAR OF EVENTS**

## **NOVEMBER**

- **CASGEM** – Submit CASGEM water level data
- **REPORT CONSERVATION LEVELS TO STATE** – Report Due

## **DECEMBER**

- **T2 BORREGO**  
12/31/14: T2 to purchase land to fallow  
12/31/18 lease expires  
Send invoice for Spare Capacity