

ITEM 4.15

CITY MANAGER'S REPORT JULY 8, 2019, CITY COUNCIL REGULAR MEETING

ITEM: APPROVAL OF A JOINT COMMUNITY FACILITIES AGREEMENT WITH RIVER ISLANDS PUBLIC FINANCING AUTHORITY FOR RIVER ISLANDS PHASE 2 COMMUNITY FACILITIES DISTRICT 2019-1

RECOMMENDATION: Adopt Resolution Approving a Joint Community Facilities Agreement between City of Lathrop and River Islands Public Financing Authority (RIPFA) Community Facilities District No. 2019-1 (Phase 2 Public Improvements)

SUMMARY:

In June of 2003, the City Council authorized the Mayor to enter into Joint Community Facilities Agreement (JCFA) with the River Islands Public Financing Authority (RIPFA or "Authority") to facilitate the formation of a Community Facilities District (CFD). The primary purpose of the CFD was providing for the financing of public improvements related to development occurring within and adjacent to River Islands. Since that time, the City has entered into a number of JCFAs with RIPFA for additional infrastructure financed with bonds issued by RIPFA, the most recent being in November 2015 for CFD 2015-1.

The JCFA (Attachment B) commits the City to own and operate certain infrastructure financed with bonds issued by RIPFA in conjunction with a new CFD 2019-1 currently being formed by the Authority pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"). As with other CFDs formed on the Stewart Tract, special taxes will be levied on River Islands property owners (which includes the master developer) as debt service for the bonds being issued. Under the Act, the City is considered a "Participating Agency" that will own and operate some of the improvements financed by RIPFA; it is this action that requires a JCFA between the two public agencies.

BACKGROUND:

In June of 2003, the City Council authorized the Mayor to enter into the first JCFA with RIPFA to facilitate the formation of a CFD on the Stewart Tract. The primary purpose of this CFD was providing for the financing of public improvements related to development occurring within and adjacent to River Islands, including financing River Islands' share of the South County Surface Water Project. Since that time, the City has entered into a number of JCFAs with RIPFA for additional infrastructure financed with bonds issued by RIPFA.

Subsequent JCFAs have been entered into between the City and RIPFA for the issuance of bonds for the financing of infrastructure within River Islands Phase 1 area.

CITY MANAGER'S REPORT **PAGE 2**
JULY 8, 2019, CITY COUNCIL REGULAR MEETING
JOINT AGREEMENT WITH RIPFA CFD 2019-1 FOR PHASE 2 OF RIVER ISLANDS

The resolution, provided as Attachment A, approves the JCFA relating to financing of infrastructure within the River Islands Phase 2 development area (Attachment C). Some of the improvements constructed with the bond proceeds will be ultimately owned and maintained by the City, and some will be owned but not maintained by the City, and this requires a JCFA between RIPFA and the City to confirm that the City has agreed to the arrangement.

REASON FOR RECOMMENDATION:

Additional infrastructure associated with the second phase of development for River Islands is proposed at this time. A series of bonds will be issued by RIPFA, with a series issued later this year. The list of improvements that will be either owned and/or maintained by the City is included as Attachment A of the JCFA included as Attachment B of this report. A brief summary of the infrastructure subject to this JCFA is included below:

- *Roadway improvements and bridges, including curb, gutter and sidewalks; landscaping and irrigation; and related improvements.*
- *Water supply and distribution improvements, including construction of tanks, pump stations, pipelines and related facilities.*
- *Storm drains and related improvements.*
- *Sewer improvements, including pipelines, lift stations, treatment plant improvements, spray fields for disposal of recycled water, force mains and related facilities.*
- *Drainage improvements, storm water detention basins, pump stations and related facilities.*
- *Parks, trails, parkways, open space and related improvements.*
- *Public safety facilities, other than fire stations, and equipment related to the operation thereof.*

Bonding associated with CFD 2019-1 can also finance improvements to be maintained by RIPFA, but owned by the City, including public parks not adjacent to or near water bodies (known as "dry parks"), as well as landscaping and recreational features along rivers, lakes, within parks and along and including pathways. Any "wet park areas located adjacent to lakes or rivers are not included.

BUDGET IMPACT:

The City shall have no obligation under the JCFA for the financing, completion or payment of any costs associated with the design and construction of the improvements. All costs associated with review and approval of the design, inspections and all aspects associated with the acceptance of improvements shall be paid from the River Islands Public Financing Authority's Improvement Account.

CITY MANAGER'S REPORT
JULY 8, 2019, CITY COUNCIL REGULAR MEETING
JOINT AGREEMENT WITH RIPFA CFD 2019-1 FOR PHASE 2 OF RIVER ISLANDS

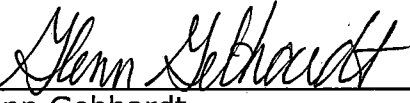
PAGE 3

ATTACHMENTS:

- A. Adopt Resolution Approving a Joint Community Facilities Agreement between City of Lathrop and River Islands Public Financing Authority (RIPFA) Community Facilities District No. 2019-1 (Phase 2 Public Improvements)
- B. Joint Community Facilities Agreement between City of Lathrop and River Islands Public Financing Authority (RIPFA) Community Facilities District No. 2019-1 (Phase 2 Public Improvements)
- C. Boundary Map of River Islands Phase 2 development area and CFD 2019-1

CITY MANAGER'S REPORT
JULY 8, 2019, CITY COUNCIL REGULAR MEETING
JOINT COMMUNITY FACILITIES DISTRICT 2019-1 FOR PHASE 2 OF RIVER ISLANDS

APPROVALS



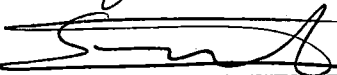
Glenn Gebhardt
City Engineer

6/26/19
Date



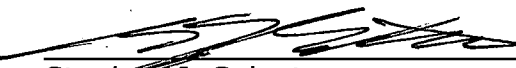
Cari James
Administrative & Finance Services Director

6/27/19
Date



Salvador Navarrete
City Attorney

6-26-19
Date



Stephen J. Salvatore
City Manager

6.28.19
Date

RESOLUTION NO. 19-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LATHROP APPROVING A JOINT COMMUNITY FACILITIES AGREEMENT BETWEEN CITY OF LATHROP AND RIVER ISLANDS PUBLIC FINANCING AUTHORITY (RIPFA) COMMUNITY FACILITIES DISTRICT NO. 2019-1 (PHASE 2 PUBLIC IMPROVEMENTS)

WHEREAS, the Board of Directors of the River Islands Public Financing Authority (the "Authority") has advised the City of Lathrop (the "City") that it is in the process of forming the River Islands Public Financing Authority Community Facilities District No. 2019-1 (Phase 2 Public Improvements) (the "CFD") pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), and that the Authority intends to issue bonds of the Authority for the CFD (collectively, the "Bonds") in order to finance, among other improvements, the costs of certain public improvements expected to be owned by the City (the "Improvements"); and

WHEREAS, in order to enable the CFD to finance the Improvements, Section 53316.2 of the California Government Code requires that the City and the Authority enter into a joint community facilities agreement with respect to the Improvements to be owned by the City; and

WHEREAS, a form of joint community facilities agreement, by and between the City and the Authority relating to the Improvements which are expected to be owned by the City (the "Joint Community Facilities Agreement") was provided in the City Council staff report for this matter dated July 9, 2019; and

WHEREAS, the City Council, with the assistance of City Staff, has reviewed the Joint Community Facilities Agreement, and the City Council now desires to approve the Joint Community Facilities Agreement and direct its execution and delivery.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Lathrop as follows:

Section 1. Approval of Joint Community Facilities Agreement. The City Council hereby approves a Joint Community Facilities Agreement between City of Lathrop and River Islands Public Financing Authority (RIPFA) Community Facilities District No. 2019-1 (phase 2 public improvements) The City Council hereby declares that the Joint Community Facilities Agreement will be beneficial to City residents.

Section 2. Official Actions. The Mayor, City Manager, City Clerk and all other proper officers of the City are hereby authorized and directed to take all actions and do all things necessary or desirable to implement the Joint Community Facilities Agreement, including but not limited to the execution and delivery of any and all agreements, certificates, instruments and other documents, which they, or any of them, may deem necessary or desirable and not inconsistent with the purposes of this Resolution and the Joint Community Facilities Agreement.

Section 3. Effective Date. This resolution shall take effect upon its adoption.

The foregoing resolution was passed and adopted this 8th day of July 2019, by the following vote of the City Council, to wit:

AYES:

NOES:

ABSTAIN:

ABSENT:

Sonny Dhaliwal, Mayor

ATTEST:

Teresa Vargas, City Clerk

APPROVED AS TO FORM:



Salvador Navarrete, City Attorney

JOINT COMMUNITY FACILITIES AGREEMENT - CITY OF LATHROP

**RIVER ISLANDS PUBLIC FINANCING AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 2019-1
(PHASE 2 PUBLIC IMPROVEMENTS)**

This Joint Community Facilities Agreement - City of Lathrop (the "Agreement"), dated for convenience as of July 9, 2019, is by and between the River Islands Public Financing Authority (the "Authority") and the City of Lathrop, California (the "Participating Agency").

RECITALS:

WHEREAS, the Board of Directors of the Authority is in the process of forming the River Islands Public Financing Authority Community Facilities District No. 2019-1 (Phase 2 Public Improvements) (the "CFD"), pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), being Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing at Section 53311, of the California Government Code, and the Authority intends to issue bonds of the Authority for the CFD (the "Bonds") under the Act in order to finance various public improvements necessitated by the development occurring within and in the vicinity of the CFD; and

WHEREAS, the CFD is authorized to finance, among other improvements the public improvements described in Attachment A hereto (the "Improvements"), which Attachment is, by this reference, incorporated herein; and

WHEREAS, the parties hereto expect that the Participating Agency will own some of the Improvements if they comply with the standards, and have been completed to the satisfaction, of the Participating Agency, and certain other of the Improvements will be owned but not maintained by the Participating Agency after they have been completed as indicated on Attachment A; and

WHEREAS, Section 53316.2 of the Act requires that the Authority enter into a joint community facilities agreement with the Participating Agency in respect of the Improvements which Improvements are to be financed, in part, with the proceeds of the Bonds, and, upon completion, are to be owned or operated by the Participating Agency; and

WHEREAS the Authority and the Participating Agency now desire to enter into this Agreement to satisfy the requirements of Section 53316.2 of the Act and to memorialize their understanding with respect to the proceeds of the Bonds and the Improvements, all as more particularly set forth below.

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing and mutual covenants set forth below, the parties hereto do hereby agree as follows:

Section 1. Reservation of Bond Funds; Use of Special Taxes. The Authority intends to use a portion of the proceeds of the Bonds to finance the costs incurred in connection with the acquisition and construction of the Improvements and other public improvements authorized to be financed by the CFD. Said amount, together with any investment earnings thereon, will be held in an Improvement Fund established for the CFD (the "Improvement Fund") for the sole and exclusive benefit of the CFD, and such amount shall in no way be pledged as security for the Bonds.

Other than the funds available in the Improvement Fund described in the preceding paragraph, to the extent they are allocated by the Authority to pay costs of the Improvements, the Authority shall have no obligation to pay for any of the costs of the Improvements, including but not limited to any costs of planning, acquisition, construction, installation or inspection of the Improvements. Any costs of the Improvements in excess of the available proceeds of the Bonds will be paid by or on behalf of the owner of the land in the CFD, which is Califia, LLC.

The Participating Agency shall have no obligation whatsoever to pay for any of the costs to complete the Improvements, and will only accept title to, and/or the maintenance of, those Improvements which conform to all of the Participating Agency's standards and are free and clear of all liens, stop notices and other obligations.

All special taxes levied by the Authority on property in the CFD shall be used as provided in the proceedings to form the CFD.

Section 2. Construction of Improvements. The Improvements will be constructed pursuant to plans and specifications approved by the Participating Agency and in accordance with all applicable requirements of the Participating Agency. It is expected that all construction of the Improvements will be done by independent contractors employed, supervised and administered by (a) Island Reclamation District No. 2062 ("RD 2062"), or (b) Califia, LLC. The Participating Agency shall not have any liability whatsoever in respect of any work performed in connection with the Improvements that is undertaken by or at the direction of RD 2062 or the Califia, LLC; provided that this sentence shall in no way limit any rights the Participating Agency may have against any persons or entities in respect of the acquisition or construction of the Improvements once the Participating Agency accepts title to and control over the Improvements to be owned by it.

To the extent that the Participating Agency incurs expenses incident to reviewing and approving design plans and specifications, conducting field inspections and otherwise in connection with the design and construction of the Improvements, or in connection with the acceptance of the Improvements to be owned by it, such expenses shall be reimbursed to the Participating Agency, upon presentation of an invoice as to the nature and amount of such expenses, from available amounts in the Improvement Fund or, if there are no such available funds, from Califia, LLC.

Section 3. Inspection and Acceptance; Use of Bond Funds. The Participating Agency shall cause inspections to be made during the construction of the Improvements not yet completed in accordance with its customary procedures for construction projects of a similar nature.

Upon completion of construction of the Improvements to be owned by it to the sole and complete satisfaction of the Participating Agency, the Participating Agency shall accept dedication of such Improvements in accordance with its customary procedures, and shall accept ownership, and (as applicable) responsibility for operation of the Improvements to be owned by it conditioned upon the passage to the Participating Agency of title clear of all encumbrances unacceptable to the Participating Agency in its sole discretion. The Participating Agency shall have no responsibility with respect to the ownership or operation of any of the Improvements unless and until construction has been completed to the satisfaction of the Participating Agency, and with respect to the Improvements to be owned by it the Participating Agency has accepted dedication of the Improvements.

The Authority shall have no obligation to at any time to own or operate any of the Improvements.

The Authority shall disburse the proceeds of the Bonds described in Section 1 above to pay or reimburse payment of the costs incurred by RD 2062 or Califia, LLC in connection with the construction of the Improvements. The Authority may disburse such amounts as are necessary to pay costs of construction of the Improvements prior to completion of all of the Improvements, to the extent that such disbursement is permissible under the Act.

Section 4. Limited Obligations. All obligations of the Authority under and pursuant to this Agreement shall be limited to the amounts on deposit in the Improvement Fund and identified in Section 1 above. No Boardmember, officer, employee or agent of the Authority shall in any event be personally liable hereunder.

The sole obligation of the Participating Agency hereunder shall be to inspect and accept the Improvements to be owned by it as described above. The Participating Agency shall have no responsibility or obligation with respect to the Improvements to be owned by it for any action occurring prior to acceptance of dedication by the Participating Agency. If, for any reason whatsoever there are insufficient funds to complete the Improvements or any portion thereof, the Participating Agency shall have no obligation to fund any such shortfall. If the Participating Agency shall fail to perform any of its obligations hereunder, the sole remedy of the Authority shall be the commencement of an action in the Superior Court for specific performance by the Participating Agency of such obligations.

Section 5. Termination. This Agreement shall terminate upon the earlier of December 31, 2030, or acceptance of the ownership and/or operation, as applicable, of all the Improvements by the Participating Agency, and disbursement from the Improvement Fund by the Authority of amounts therein to pay costs of the Improvements.

Section 6. Agreement of Benefit to Residents. By their respective approvals of this Agreement, the Authority and the Participating Agency have each declared and hereby confirm that this Agreement is beneficial to the residents within the jurisdiction of their respective entities in assuring the provision of financing for a portion of the costs of the Improvements in furtherance of the purposes of the Act.

Section 7. Partial Invalidity. If any part of this Agreement is held to be illegal or unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall be given effect to the fullest extent reasonably possible.

Section 8. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto. This Agreement is for the sole benefit of the Authority, the CFD and the Participating Agency and their successors and assigns, and no other person or entity shall be deemed to be a beneficiary hereof or have an interest herein.

Section 9. Amendment. This Agreement may be amended at any time but only in writing signed by each party hereto.

Section 10. Entire Agreement. This Agreement contains the entire agreement between the parties hereto with respect to the matters provided for herein and supersedes all prior agreements and negotiations between the parties hereto with respect to the subject matter of this Agreement. The signatories hereto represent that they have been appropriately authorized to enter into this Agreement on behalf of the party for whom they sign.

Section 11. Severability. If any part of this Agreement is held to be illegal or unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall be given effect to the fullest extent reasonably possible.

Section 12. Governing Law. This Agreement and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State of California applicable to contracts made and performed in such State.

Section 13. Execution in Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

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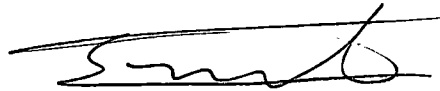
IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year written alongside their signature below.

CITY OF LATHROP, CALIFORNIA (the
"Participating Agency")

Date of Execution: July __, 2019

By: _____
Sonny Dhaliwal, Mayor

Approved as to form for the:
City of Lathrop:



Salvador Navarrete, City Attorney

Attest:

Teresa Vargas, City Clerk

RIVER ISLANDS PUBLIC FINANCING
AUTHORITY (the "Authority")

Date of Execution: July __, 2019

By: _____
Herb Moniz, Executive Director

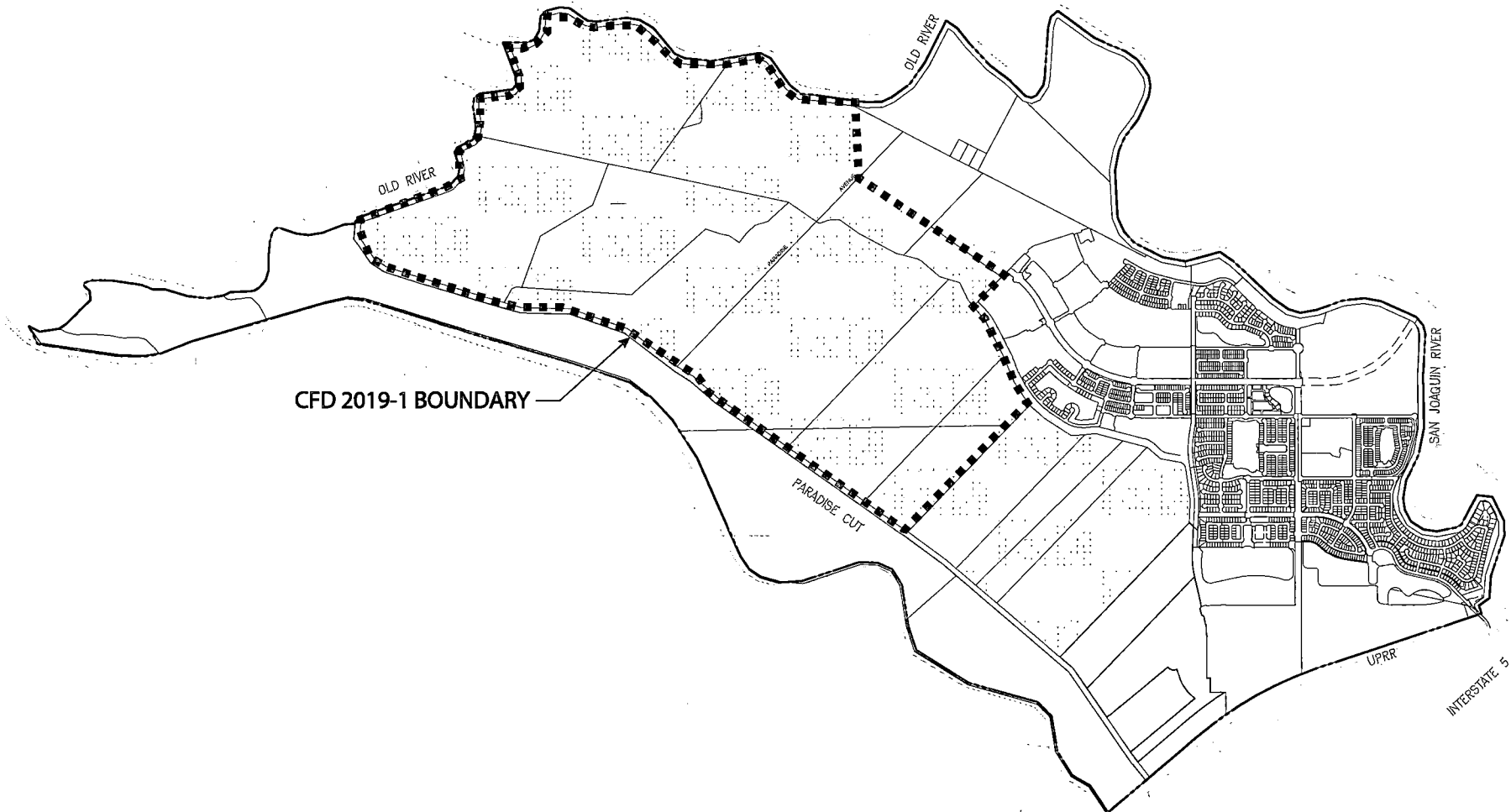
ATTACHMENT A

DESCRIPTION OF THE IMPROVEMENTS TO BE OWNED AND OPERATED BY THE PARTICIPATING AGENCY

- Roadway improvements and bridges, including curb, gutter and sidewalks; landscaping and irrigation; and related improvements.
- Water supply and distribution improvements, including construction of tanks, pump stations, pipelines and related facilities.
- Storm drains and related improvements.
- Sewer improvements, including pipelines, lift stations, treatment plant improvements, spray fields for disposal of reclaimed water, force mains and related facilities.
- Drainage improvements, storm water detention basins, pump stations and related facilities.
- Parks, trails, parkways, open space and related improvements.
- Public safety facilities other than fire stations, and equipment related to the operation thereof.



DESCRIPTION OF THE IMPROVEMENTS TO BE OWNED BUT NOT MAINTAINED BY THE PARTICIPATING AGENCY

Public parks (dry), as well as landscaping and recreational features along rivers, lakes, within parks and along and including pathways. Any public park areas adjacent to lakes or rivers (wet) are not included.



CFD 2019-1 BOUNDARY

Legend

-  Phase 2 Development Area
-  CFD No. 2019-1 Boundary

**River Islands
Phase 2 Development Area
(CFD 2019-1 Boundary Map)**

CITY OF LATHROP SAN JOAQUIN COUNTY CALIFORNIA
DATE: JUNE 24, 2019



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