

RESOLUTION NUMBER 5654

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PERRIS ACTING FOR THE CITY AND IN ITS CAPACITY AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2007-2 (PACIFIC HERITAGE), OF THE CITY OF PERRIS, AUTHORIZING THE ISSUANCE OF BONDED INDEBTEDNESS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$4,000,000, TO FINANCE PUBLIC FACILITIES, PERMITTING THE PURCHASE OF SUCH BONDS BY THE PERRIS JOINT POWERS AUTHORITY, AND APPROVING CERTAIN DOCUMENTS AND TAKING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the City Council (the “City Council”) of the City of Perris (the “City”), located in Riverside County, California (hereinafter sometimes referred to as the “legislative body of the District”) has, pursuant to its Resolution No. 4038 (the “Resolution of Intention”) adopted on November 27, 2007, and Resolution No. 4061 (the “Resolution of Formation”) adopted on January 8, 2008, heretofore undertaken proceedings and declared the necessity of Community Facilities District No. 2007-2 (Pacific Heritage) of the City of Perris (the “District”) to issue bonds pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the “Act”); and

WHEREAS, pursuant to its Resolution of Formation, and Resolution Nos. 4062 and 4063 (collectively the “Resolutions”), adopted by the legislative body of the District on January 8, 2008, a certain bond proposition was submitted to the qualified electors within the District, and was approved by more than two-thirds of the votes cast at the election held on January 8, 2008, in addition to the levy of a special tax (the “Special Tax”) in accordance with a rate and method of apportionment, as amended (the “RMA”); and

WHEREAS, based upon Resolutions adopted by the legislative body of the District and the election, the District is authorized to issue bonds, pursuant to the Act, in an aggregate principal amount not to exceed \$7,000,000; and

WHEREAS, the legislative body of the District received a petition requesting institution of proceedings for annexation to the District signed by landowners within the proposed area to be annexed, and has, pursuant to its Resolution No. 5581 adopted on September 10, 2019, and Resolution Nos. 5609 and 5610 adopted on October 29, 2019 (collectively, “Annexation Resolutions”), heretofore undertaken annexation proceedings and declared the necessity of the District to issue bonds pursuant to the terms and provisions of the Act; and

WHEREAS, on October 29, 2019, pursuant to the Annexation Resolutions, the qualified electors within the annexation property of the District approved a certain bond proposition and the levy of a Special Tax in accordance with the RMA; and

WHEREAS, on October 29, 2019, pursuant to the Annexation Resolutions, the qualified electors within the annexation property of the District authorized the District to issue bonds in an amount not to exceed \$7,000,000; and

WHEREAS, the Annexation Resolutions and related actions by and for the City in connection with the District were validated in a validation proceeding, when the Honorable Craig G. Reimer ordered a default judgment of validation on March 13, 2020, in the Superior Court of State of California, County of Riverside, in the case of *City of Perris v. All Persons Interested, et. al.* (Case No. RIC 1906147), which deemed all such actions, proceedings and elections valid, legal and binding, and in conformity with the applicable provisions of all laws and enactments at any time in force or controlling upon such proceedings, whether imposed by law, constitution, statute, charter, or ordinance, and whether federal, state, or municipal; and

WHEREAS, the City and the Housing Authority of the City of Perris, entered into a Joint Exercise of Powers Agreement, created under the Joint Exercise of Powers Act (Sections 6500 *et seq.* of the California Government Code) (the “Bond Law”), dated as of March 26, 2013, thereby forming the Perris Joint Powers Authority (the “Authority”) to assist the City and the Housing Authority of the City in their respective financings; and

WHEREAS, in connection with the annexation, the City, Eastern Municipal Water District (“EWMD”) and Pelican Landing, LP will enter into a Joint Community Facilities Agreement (the “EMWD Agreement”); and

WHEREAS, the City Council has heretofore undertaken proceedings and declared the necessity of the District to issue bonds pursuant to the terms and provisions of the Act, and desires to issue bonds at this time under the Act, with the assistance of the Authority, for the purpose of providing financing for the acquisition and construction of public facilities and public capital fees associated with the District, which the District is authorized to finance; and

WHEREAS, the District desires to accomplish the financing of certain public capital improvements and/or fees to finance such improvements through the issuance of bonds in an aggregate principal amount not to exceed \$4,000,000 designated as the “Community Facilities District No. 2007-2 (Pacific Heritage) of the City of Perris Special Tax Bonds” (the “District Bonds”); and

WHEREAS, the value of the real property in the District subject to the Special Tax to pay debt service on the District Bonds is more than three times the principal amount of the District Bonds (based on assessed values on the records of the County of Riverside and an appraisal, dated February 24, 2020 by Integra Realty Resources (the “Appraisal”)) and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act or a special assessment levied on property within the District, which fact is required as a precondition to the issuance of the District Bonds; and

WHEREAS, in order to raise the funds to purchase the District Bonds, the Authority will issue its Perris Joint Powers Authority Local Agency Revenue Bonds (CFD No. 2007-2 (Pacific Heritage)), 2020 Series (the “Authority Bonds”) pursuant to the Bond Law, and use the proceeds

thereof to purchase the District Bonds from the District, to pay certain costs of issuance and/or fund a reserve fund and other funds in connection therewith; and

WHEREAS, the legislative body of the District has determined in accordance with Government Code Sections 53360.4 and other applicable laws that a negotiated sale of the District Bonds to the Authority in accordance with the terms of the Commitment Agreement and Purchase Contract for Purchase and Sale of Local Obligation Bonds to be entered into by the District and the Authority (the “Local Obligation Bond Purchase Contract”), a form of which is on file with the City Clerk, will result in a lower overall cost to the District; and

WHEREAS, the Authority will sell the Authority Bonds to Brandis Tallman LLC (the “Underwriter”) pursuant to the terms of the Bond Purchase Agreement, by and between the Authority and the Underwriter (the “Authority Purchase Contract”), a form of which is on file with the City Clerk; and

WHEREAS, in order to effect the issuance of the District Bonds by the District, the legislative body of the District desires to approve the form of a Preliminary Official Statement for the Authority Bonds and the District Bonds and to approve the form of and authorize the execution and delivery of a fiscal agent agreement, by and between the District and U.S. Bank National Association, as Fiscal Agent (the “Fiscal Agent Agreement”), with respect to the issuance of the District Bonds, forms of which are on file with the City Clerk; and

WHEREAS, the District further desires to approve the forms and authorize the execution and delivery of the Local Obligation Bond Purchase Contract, the EMWD Agreement, a Continuing Disclosure Agreement (as hereinafter defined), and certain other agreements related thereto, the forms of which are on file with the City Clerk; and

WHEREAS, the legislative body of the District has determined that it is prudent in the management of its fiscal affairs to issue the District Bonds, that it will accomplish a public purpose; and

WHEREAS, certain bonds may be issued by the District at a later date and as additional bonds pursuant to the Fiscal Agent Agreement so long as the entire principal amount does not exceed the maximum allowable authorization of \$7,000,0000; and

WHEREAS, in accordance with Government Code Section 6586.5, the City has published notice of a public hearing in a newspaper of general circulation and on the date hereof held a public hearing concerning the financing of the capital improvements described herein through the issuance of the Authority Bonds as required by Government Code Section 6586.5(a)(2); and

WHEREAS, in compliance with Government Code Section 5852.1, the City has obtained from its municipal advisor the required good faith estimates of the following information (a) the true interest cost of the bonds, (b) the finance charge of the bonds, (c) the amount of proceeds of the bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the bonds, (d) the sum total of all debt service payments on the bonds calculated to the final maturity of the bonds plus the fees and charges paid to third parties not paid with the proceeds of the bonds; and

WHEREAS, such good faith estimates are disclosed and set forth in Exhibit A attached hereto and incorporated herein.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Perris, acting for itself and as the legislative body of Community Facilities District No. 2007-2 (Pacific Heritage) of the City of Perris, does hereby resolve, determine and order as follows:

Section 1. Each of the above recitals is true and correct and is adopted by the legislative body of the District.

Section 2. The District is authorized pursuant to the Act to issue the District Bonds for the purpose of financing capital improvements and public facilities in the District.

Section 3. The issuance of the District Bonds in a principal amount not to exceed \$4,000,000 is hereby authorized with the exact principal amount to be determined by the official signing of the Local Obligation Bond Purchase Contract for the District Bonds in accordance with Section 7 below. The legislative body of the District hereby determines that it is prudent in the management of its fiscal affairs and a public purpose to issue the District Bonds. The District Bonds shall mature on the dates and pay interest at the rates set forth in the Local Obligation Bond Purchase Contract to be executed on behalf of the District in accordance with Section 7 hereof.

Section 4. The form of the Fiscal Agent Agreement, a copy of which is on file with the City Clerk, be and is hereby approved in substantially the form thereof or with such changes as may be approved by the Mayor, City Manager, Assistant City Manager or Finance Director (each, an "Authorized Officer"), said Authorized Officer's execution thereof to constitute conclusive evidence of said Authorized Officer's approval of all such changes, and each of said Authorized Officers be and is hereby authorized, together or alone to execute and deliver said Fiscal Agent Agreement. The City Clerk or a duly authorized Deputy or Assistant City Clerk (the "City Clerk") is hereby authorized to attest to said Authorized Officer's signature.

Section 5. The District Bonds shall be executed on behalf of the District by the manual or facsimile signature of the Mayor of the City, acting as the legislative body of the District, and attested with the manual or facsimile signature of the City Clerk. U.S. Bank National Association is hereby appointed to act as Fiscal Agent for the District Bonds.

Section 6. The covenants set forth in the Fiscal Agent Agreement to be executed in accordance with Section 4 above are hereby approved, shall be deemed to be covenants of the legislative body of the District, and shall be complied with by the District and its officers.

Section 7. The form of the Local Obligation Bond Purchase Contract relating to the purchase of the District Bonds by the Authority, a copy of which is on file with the City Clerk, be and are hereby approved in the forms thereof, or with such changes as may be approved by an Authorized Officer, said Authorized Officer's execution thereof to constitute conclusive evidence of said officer's approval of all such changes, and each Authorized Officer be and is hereby authorized, together or alone, to execute and deliver the Local Obligation Bond Purchase Contract; provided, however, that the purchase price of the District Bonds shall not exceed any amount prohibited by the Bond Law or the Act.

Section 8. The form of the EMWD Agreement executed and delivered by the City, EMWD and Pelican Landing, LP, a copy of which is on file with the City Clerk, is hereby approved in substantially the form thereof or with such changes as may be approved by an Authorized Officer, said Authorized Officer's execution thereof to constitute conclusive evidence of said Authorized Officer's approval of all such changes, and each Authorized Officer be and is hereby authorized, together or alone, to execute and deliver said Agreement.

Section 9. The form of the Continuing Disclosure Agreement executed and delivered by the District and Willdan Financial Services, as Dissemination Agent thereunder, a copy of which is on file with the City Clerk (the "Continuing Disclosure Agreement"), be and is hereby approved in substantially the form thereof or with such changes as may be approved by an Authorized Officer, said Authorized Officer's execution thereof to constitute conclusive evidence of said Authorized Officer's approval of all such changes, and each Authorized Officer be and is hereby authorized, together or alone, to execute and deliver said Agreement.

Section 10. The form of the Preliminary Official Statement presented at this meeting and on file with the City Clerk is hereby approved, and the Underwriter is hereby authorized to distribute the Preliminary Official Statement to prospective purchasers of the Authority Bonds. Each Authorized Officer is authorized to make such additions thereto and changes therein as are determined necessary by the such Authorized Officer to make such Preliminary Official Statement final as of its date for purposes of Rule 15c2 12 of the Securities and Exchange Commission ("Rule 15c2-12"), including, but not limited to, such additions and changes as are necessary to make all information set forth therein accurate and not misleading. Each Authorized Officer is authorized to deem final the Preliminary Official Statement as of its date for the purpose of Rule 15c2-12. The final Official Statement shall be submitted to an Authorized Officer for approval.

Section 11. In accordance with the requirements of Section 53345.8 of the Act, the legislative body of the District hereby determines that the value of the real property within the District subject to the respective special taxes to pay debt service on the District Bonds is not less than three times the principal amount of the respective District Bonds and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act or a special assessment levied on property within the District. This determination is based on the assessed values of the property on the records of the County of Riverside.

Section 12. As an alternative to a public offering of the Authority Bonds and the purchase of the District Bonds, due to the current economic conditions and advent of the Covid-19, the Authorized Officers are hereby authorized to enter into documents to provide for the financing to be effectuated as a private placement under the same parameters described in Section 7 hereof with respect to interest rate and placement agent fee (in lieu of underwriter's fee) and a pledge of special taxes less administrative expenses. ***The Authorized Officers are hereby authorized to execute such documents, certificates and bonds as required to issue the bonds and sell such bonds in a private placement transaction to a limited number of investors or to a commercial bank, in the form approved by the Authorized Officers with the assistance of Bond Counsel and Disclosure Counsel, as appropriate. Said Authorized Officer's execution thereof constitutes conclusive evidence of said Authorized Officer's approval of the documents. Such transaction may be effectuated by the District with or without the assistance of the Authority.***

Section 13. The City Council approves of the financing and hereby finds that significant public benefits exist in undertaking the financing in accordance with the criteria set forth in Government Code Section 6586.

Section 14. All conditions precedent to the financing pursuant to the City's policies relating to Mello-Roos Districts have been met or are hereby waived. The City finds that the District Bonds and the Authority Bonds are an authorized form of long-term debt are compliant with and meet all necessary and required conditions of the City's debt policies.

Section 15. Each Authorized Officer and the other officers and staff of the City and the District responsible for the fiscal affairs of the District are hereby authorized and directed to take any actions and execute and deliver any and all documents and certificates as are necessary to accomplish the issuance, sale and delivery of the District Bonds and to consummate the transactions contemplated by each aforesaid Agreement and resolution. In the event that the Mayor is unavailable to sign any document authorized for execution herein, any Authorized Officer may sign such document. Any document authorized herein to be signed by the City Clerk may be signed by a duly appointed deputy or assistant city clerk.

Section 16. This resolution shall take effect and be enforceable immediately upon its adoption.

ADOPTED, SIGNED and APPROVED this 28th day of April, 2020.

Michael M. Vargas, Mayor

ATTEST:

Nancy Salazar, City Clerk

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) §
CITY OF PERRIS)

I, Nancy Salazar, City Clerk of the City of Perris, do hereby certify that the foregoing Resolution Number 5654 was duly adopted by the City Council of the City of Perris at a regular meeting of said Council on the 28th day of April, 2020, and that it was so adopted by the following vote:

AYES: RABB, ROGERS, CORONA, VARGAS

NOES: NONE

ABSENT: NONE

ABSTAIN: MAGAÑA

By: _____
Nancy Salazar, City Clerk

EXHIBIT A

The good faith estimates set forth herein are provided with respect to the Series 2020 Bonds in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the Authority by Fieldman, Rolapp & Associates, Inc. (together, the Authority's "Municipal Advisor").

Principal Amount of the Series 2020 Bonds. The Municipal Advisor has informed the Authority that, based on the Authority's financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Series 2020 Bonds to be sold is \$3,415,000 (the "Estimated Principal Amount").

True Interest Cost of the Series 2020 Bonds. The Municipal Advisor has informed the Authority that, assuming that the respective Estimated Principal Amount of the Series 2020 Bonds are sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the Series 2020 Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Series 2020 Bonds, is 3.88%.

Finance Charge of the Series 2020 Bonds. The Municipal Advisor has informed the Authority that, assuming that the Estimated Principal Amount of the Series 2020 Bonds are sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the Series 2020 Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Series 2020 Bonds), is \$251,225.

Amount of Proceeds to be Received. The Municipal Advisor has informed the Authority that, assuming that the Estimated Principal Amount of the Series 2020 Bonds are sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the Authority for sale of the Series 2020 Bonds, less the finance charge of the Series 2020 Bonds as estimated above, less a debt service reserve fund deposit for the Series 2020 Bonds, paid or funded with proceeds of the Series 2020 Bonds, is \$3,088,424.

Total Payment Amount. The Municipal Advisor has informed the Authority that, assuming that the Estimated Principal Amount of the Series 2020 Bonds are sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the Authority will make to pay debt service on the Series 2020 Bonds, plus the finance charge for the Series 2020 Bonds, as described above, not paid with the respective proceeds of the Series 2020 Bonds, calculated to the final maturity of the Series 2020 Bonds, is \$5,822,048 and the sum of annual ongoing costs to administer the Series 2020 Bonds not paid with proceeds of the Series 2020 Bonds is \$593,521.

The foregoing estimates constitute good faith estimates only and are based on market conditions prevailing at the time of preparation of such estimates on April 9, 2020. The actual principal amount of the Series 2020 Bonds issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the Series 2020 Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of Series 2020 Bonds sold being different from the respective Estimated Principal Amount, (c) the actual amortization of the Series 2020 Bonds being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Series 2020 Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the Authority's financing plan, or a combination of such factors. The actual date of sale of the Series 2020 Bonds and the actual principal amount of Series 2020 Bonds sold will be determined by the Authority based on various factors. The actual interest rates borne by the Series 2020 Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the Series 2020 Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the Authority.