

RESOLUTION NUMBER 4822

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PERRIS APPROVING LOAN AGREEMENTS BETWEEN THE PERRIS PUBLIC FINANCING AUTHORITY AND THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF PERRIS RELATING TO REFINANCING OF PRIOR DEBT OF THE REDEVELOPMENT AGENCY; THE ISSUANCE OF CERTAIN BONDS BY THE AUTHORITY, THE PUBLIC BENEFITS RELATING TO SAID FINANCING AND TAKING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, prior to dissolution, the Redevelopment Agency of the City of Perris (the “Redevelopment Agency”) was a redevelopment agency authorized pursuant to the Community Redevelopment Law of the State of California, being Part 1 of Division 24 (commencing with Section 33000) of the California Health and Safety Code, as amended (the “Redevelopment Law” and, together with parts 1.8 and 1.85 of Division 24, the “Law”) to incur indebtedness for the purpose of financing and refinancing certain redevelopment and low and moderate income housing activities within and for the benefit of its redevelopment project areas; and

WHEREAS, the Redevelopment Agency established project areas for the purpose of financing certain redevelopment activities within the City, including the Central Perris and North Perris Redevelopment Project (the “Central North Redevelopment Project”), the Redevelopment Project-1987 (the “1987 Redevelopment Project”), and the Redevelopment Project-1994 (the “1994 Redevelopment Project” and, collectively, the “Redevelopment Projects”); and

WHEREAS, the redevelopment plans for the Redevelopment Projects contemplates that the Agency would, from time to time, issue its bonds and/or loans to finance and refinance a portion of the cost of such redevelopment and public improvements of benefit to the Redevelopment Projects and the Agency has from time to time issued obligations to finance and refinance such redevelopment activities; and

WHEREAS, the Redevelopment Agency has heretofore entered into the following loan agreements (collectively, the “Prior Senior Loan Agreements”), by and between the Redevelopment Agency and the Authority:

- (i) Loan Agreement, dated as of August 1, 2002, providing for a loan related to the Central North Redevelopment Project (the “Central North Redevelopment Project 2002 Series A Loan”) which secured all or a part of the Perris Public Financing Authority Tax Allocation Revenue Bonds 2002 Series A currently outstanding in the amount of \$4,635,000;
- (ii) Loan Agreement, dated as of August 1, 2002, providing for a loan related to the Central North Redevelopment Project (the “Central North Redevelopment Project 2002 Series B Loan”), which secured all or a part of the Perris Public Financing Authority Tax Allocation Revenue Bonds 2002 Series B currently outstanding in the amount of \$2,555,000;

- (iii) Loan Agreement, dated as of June 1, 2001, providing for a loan related to the 1987 Redevelopment Project (“1987 Redevelopment Project 2001 Series A Loan”) which secured all or a part of the Perris Public Financing Authority Tax Allocation Revenue Bonds 2001 Series A currently outstanding in the amount of \$3,100,000; and
- (iv) Loan Agreement, dated as of June 1, 2001, providing for a loan related to the 1994 Redevelopment Project (“1994 Redevelopment Project 2001 Series B Loan”) which secured all or a part of the Perris Public Financing Authority Tax Allocation Revenue Bonds 2001 Series B currently outstanding in the amount of \$1,120,000; and

WHEREAS, the Redevelopment Agency also entered into the following loan agreements (collectively, the “Prior Subordinate Loan Agreements”), by and between the Redevelopment Agency and the Authority:

- (i) Loan Agreement, dated as of August 1, 2002, providing for a loan related to the Central North Redevelopment Project (“Central North Redevelopment Project 2002 Series C Loan”) which secured all or a part of the Perris Public Financing Authority Tax Allocation Revenue Bonds 2002 Series C currently outstanding in the amount of \$2,415,000;
- (ii) Loan Agreement, dated as of May 1, 2006, providing for a loan related to the Central North Redevelopment Project (“Central North Redevelopment Project 2006 Series Loan”) which secured all or a part of the Perris Public Financing Authority 2006 Tax Allocation Revenue Bonds currently outstanding in the amount of \$2,995,000;
- (iii) Loan Agreement, dated as of May 1, 2006, providing for a loan related to the 1987 Redevelopment Project (“1987 Redevelopment Project 2006 Series Loan”) securing all or a part of the Perris Public Financing Authority 2006 Tax Allocation Revenue Bonds currently outstanding in the amount of \$4,815,000; and
- (iv) Loan Agreement, dated as of May 1, 2006, providing for a loan related to the 1994 Redevelopment Project (the “1994 Redevelopment Project 2006 Series Loan”) related to the Perris Public Financing Authority 2006 Tax Allocation Revenue Bonds currently outstanding in the amount of \$12,770,000; and

WHEREAS, the Redevelopment Agency also entered into the following loan agreements (the “Prior Housing Loan Agreements” and, together with the Prior Senior Loan Agreements and the Prior Subordinate Loan Agreements, the “Prior Loans”), by and between the Redevelopment Agency and the Authority, which were secured by 20% of all taxes allocated within the applicable Redevelopment Project and deposited into the Low and Moderate Housing Fund (“Housing Fund”) pursuant to Section 33334.3 of the Redevelopment Law:

- (i) Loan Agreement, dated as of June 1, 2001, providing for a loan related to the Housing Fund (“2001 Housing Loan”) which secured all or part of the Perris Public Financing Authority Tax Allocation Revenue Bonds 2001 Series A currently outstanding in the amount of \$4,730,000; and

- (ii) Loan Agreement, dated as of May 1, 2006 providing for a loan related to the Housing Fund (“2006 Housing Loan”) which secured all or part of the Perris Public Financing Authority 2006 Tax Allocation Revenue Bonds currently outstanding in the amount of \$6,915,000.

WHEREAS, on June 27, 2012, after adopting California Assembly Bill No. 26 (“AB1X 26”) on June 29, 2011, which dissolved all redevelopment agencies in existence in the State of California as of February 1, 2012, and designated “successor agencies” and “oversight boards” to satisfy “enforceable obligations” of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies, the California State Legislature adopted Assembly Bill No. 1484, a follow on bill to AB1X 26, to provide a mechanism to refund tax allocation bonds under certain circumstances; and

WHEREAS, pursuant to California Health and Safety Code Section 34173(d), the City elected to act as the successor agency (the “Agency”) to the dissolved Redevelopment Agency with respect to the Redevelopment Agency’s outstanding bonds; and

WHEREAS, the Agency is authorized under Health and Safety Code Section 34177.5(a)(1) to refund debt of the Redevelopment Agency as long as the following two conditions are met: first, the total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness shall not exceed the total remaining interest cost to maturity on the debt to be refunded plus the remaining principal of the debt to be refunded; second, the principal amount of the refunding bonds or other indebtedness shall not exceed the amount required to defease the debt to be refunded, to establish customary debt service reserves, and to pay related costs of issuance including costs of financial advisors, consultants, counsel and staff related to the refunding (the “Refunding Test”); and

WHEREAS, in order to refinance the Prior Senior Loans, the Agency has requested that the Perris Public Financing Authority (the “Authority”) make the following four senior loans (the “Senior Loans”):

- (i) Series A 1987 Redevelopment Project Loan in an aggregate principal amount not to exceed \$3.7 Million;
- (ii) Series A Central North Redevelopment Project Loan in an aggregate principal amount not to exceed \$8 Million;
- (iii) Series A 1994 Redevelopment Project Loan in an aggregate principal amount not to exceed \$1.5 Million; and
- (iv) Housing Loan in an aggregate principal amount not to exceed \$12.5 Million, which Housing Loan shall be issued on a parity with the Redevelopment Agency’s 2010 Housing Loan; and

WHEREAS, in order to refinance the Prior Subordinate Loans, the Agency has requested that the Perris Public Financing Authority (the “Authority”) make the following three subordinate loans with a subordinate lien on tax revenues from the respective Redevelopment Project to the Senior Loans (the “Subordinate Loans”):

- (i) Series B 1987 Redevelopment Project Loan in an aggregate principal amount not to exceed \$5.5 Million, issued on a parity basis to the 2009 1987 Redevelopment Project Loan;
- (ii) Series B Central North Redevelopment Project Loan in an aggregate principal amount not to exceed \$6 Million, issued on a parity basis to the 2009 Central North Redevelopment Project Loan; and
- (iii) Series B 1994 Redevelopment Project Loan in an aggregate principal amount not to exceed \$13.8 Million, issued on a parity basis to the 2009 1994 Redevelopment Project Loan; and

WHEREAS, in order to finance the Senior Loans, the Authority has determined to issue not to exceed \$25 Million aggregate principal amount of Perris Public Financing Authority Tax Allocation Revenue Refunding Bonds 2015 Series A (the Series A Bonds) pursuant to the terms of the Indenture of Trust (the “Series A Indenture”), by and between the Authority and U.S. Bank National Association, as trustee, and the Marks-Roos Local Bond Pooling Act of 1985, constituting Sections 6584 et. seq. of the California Government Code (the “Act”); and

WHEREAS, the proceeds of the Series A Bonds will be used to make the Senior Loans to the Agency; and

WHEREAS, in order to finance and purchase the Subordinate Loans, the Authority has determined to issue not to exceed \$25 Million aggregate principal amount of Perris Public Financing Authority Tax Allocation Subordinate Revenue Refunding Bonds 2015 Series B (the Series B Bonds) pursuant to the terms of the Indenture of Trust (the “Series B Indenture”), by and between the Authority and U.S. Bank National Association, as trustee, and the Marks-Roos Local Bond Pooling Act of 1985, constituting Sections 6584 et. seq. of the California Government Code (the “Act”); and

WHEREAS, the proceeds of the Series B Bonds will be used to make the Subordinate Loans to the Agency; and

WHEREAS, the Agency deems it necessary, desirable and feasible to enter into the Senior Loans and Subordinate Loans for the purpose of refinancing portions of the Redevelopment Projects, which will generate savings for taxing entities; and

WHEREAS, the City Council, with the aid of its staff, has reviewed the documentation relating to the Senior Loans and Subordinate Loans, and wishes to approve the Senior Loans and Subordinate Loans, and the issuance of the Series A Bonds and the Series B Bonds; and

WHEREAS, the City Clerk/Secretary of the Authority has caused a notice of public hearing to be published pursuant to Section 6586.5 of the Act in connection with the financing by the Authority; and

WHEREAS, the City Council has held such public hearing; and

WHEREAS, the City Council approves of the Senior Loans and the issuance of the Series A Bonds by the Authority to provide proceeds to make the Senior Loan to refinance the Prior Senior Loans and to generate significant savings, and finds that significant

public benefits will occur as a result of the financing, including but not limited to demonstrable savings in effective interest rate, bond preparation, bond underwriting and financing costs, employment benefits from undertaking the projects, user charge reductions and efficient delivery of local services associated with the improvements as contemplated by Section 6586 of the Act;

WHEREAS, the City Council approves of the Subordinate Loans and the issuance of the Series B Bonds by the Authority to provide proceeds to make the Subordinate Loan to refinance the Prior Subordinate Loans and to generate significant savings, and finds that significant public benefits will occur as a result of the financing, including but not limited to demonstrable savings in effective interest rate, bond preparation, bond underwriting and financing costs, employment benefits from undertaking the projects, user charge reductions and efficient delivery of local services associated with the improvements as contemplated by Section 6586 of the Act;

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

Section 1. The City Council of the City of Perris finds that the above recitals are true and correct and are incorporated herein by reference.

Section 2. The entering into of the Senior Loans by the Agency and the issuance of the Series A Bonds by the Authority to finance the Senior Loans is hereby approved. The entering into of the Subordinate Loans by the Agency and the issuance of the Series B Bonds by the Authority to finance the Subordinate Loans is also hereby approved.

Section 3. The City Council finds that significant public benefits will occur as a result of the financing in accordance with Section 6586 of the Act.

Section 4. Each of the Mayor, the City Manager, Assistant City Manager and the City Clerk of the City and any person designated by any of them, is hereby authorized and directed, jointly and severally, to execute and deliver any and all documents and instruments and to do all things which they may deem necessary or proper for carrying out the transactions contemplated by this Resolution.

Section 5. This Resolution shall be in full force and effect from its adoption.

ADOPTED, SIGNED and APPROVED this 10th day of February, 2015

Mayor, Daryl R. Busch

ATTEST:

City Clerk, Nancy Salazar

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

I, Nancy Salazar, CITY CLERK OF THE CITY OF PERRIS, CALIFORNIA, DO HEREBY CERTIFY that the foregoing Resolution Number 4822 was duly and regularly adopted by the City Council of the City of Perris at a regular meeting held on the 10th day of February, 2015, by the following called vote:

AYES: RODRIGUEZ, ROGERS, BURKE, RABB, BUSCH
NOES: NONE
ABSTAIN: NONE
ABSENT: NONE

City Clerk, Nancy Salazar