

RESOLUTION NUMBER 4855

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PERRIS ACTING FOR THE CITY AND IN ITS CAPACITY AS THE LEGISLATIVE BODY, APPROVING THE EXECUTION OF A LOAN AGREEMENT BETWEEN THE CITY OF PERRIS AND THE PERRIS PUBLIC UTILITY AUTHORITY IN CONNECTION WITH THE SETTLEMENT AGREEMENT WITH BAI INVESTOR, INC., AUTHORIZING CERTAIN ACTIONS, AND THE EXECUTION OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH

WHEREAS, the City Council (the “City Council”) of the City of Perris (the “City”), located in the Riverside County, California entered into an agreement with McCanna Ranch Water Company (“MRWC”) to purchase assets of the MRWC used in providing water service to the residents of a portion of the City (the “Water System Assets”); and

WHEREAS, the City assigned its rights and obligations of the Water System Assets previously owned by McCanna Ranch Water Company under a Purchase and Sale Agreement to the Perris Public Utility Authority (the “Authority”); and

WHEREAS, the Authority acquired the Water System Assets and executed a promissory note in favor of McCanna Ranch Water Company (“Promissory Note”); and

WHEREAS, the first payment under the Promise Note, the first payment would be due when the State Water Resources Control Board (“SWRBC”) issued a permit that would allow the appropriation of water from an underground stream and the Authority would issue a bond, payable from the increased water rates paid by the customers served under the permit (“First Payment”)

WHEREAS, litigation in connection with the use of the Water System made it infeasible to increase water rates to satisfy the First Payment as the Authority intended; and

WHEREAS, the First Payment in the amount of \$5,879,635, is still outstanding; not including other amounts such as interest and collection costs; and

WHEREAS, pursuant to the terms and provisions of the Joint Exercise of Powers Act (the “Act”), being Section 6588, Article 4, Chapter 5, Division 7, Title 1 of the Government Code of the State of California, the Authority may enter into an agreement to loan money from another local agency and pledge revenues in connection therewith; and

WHEREAS, the City has determined that in the interest of prudent management of its fiscal affairs, it will loan the Authority an amount sufficient to satisfy the outstanding First Payment with an interest rate of 6% amortized over 30 years pursuant to

the terms of a loan agreement between the City and the Authority (“Loan Agreement”); and

WHEREAS, pursuant to the Loan Agreement, the Authority will repay the City by pledging the net revenues of its 1400 metered water units (after operating and maintenance expenses), and shall be pre-payable at any time; and

WHEREAS, in connection with the loan, the Authority, among other obligations, will execute the Loan Agreement substantially consistent with the terms thereto; and

NOW THEREFORE, BE IT RESOLVED by the City Council 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 City Council of the City of Perris.

Section 2. The Loan Agreement in a form to be approved by the City Attorney, between the City and the Authority is hereby approved with such changes as may be approved by the Mayor, City Manager, Assistant City Manager, or Finance Director (each, an “Authorized Officer”), such approval to be conclusively evidenced by the execution and delivery thereof. Each Authorized Officer, acting alone, is hereby authorized and directed for and in the name of the City to execute the Loan Agreement.

Section 3. The City hereby determines that it is prudent in the management of its fiscal affairs to enter into the Loan Agreement and hereby finds significant public benefits will result in accordance with the criteria set forth in Government Code Section 6586, including but not limited to demonstrable savings in effective interest rate, bond preparation, bond underwriting, or bond issuance costs, significant reductions in effective user charges for the water system over time, employment benefits from undertaking future projects and more efficient delivery of local agency services to residential and commercial development.

Section 4. The Authorized Officers and the City Clerk, or their designees, and each and every officer thereof is authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents and certificates which they may deem necessary or advisable in order to consummate the transactions authorized hereby, including but not limited to the execution of the any agreements, deeds, notes, the filing of any documents and otherwise effectuate the purpose of this Resolution.

APPROVED, PASSED AND ADOPTED this 31st day of March, 2015.

Daryl R. Busch, 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, CALIFORNIA, DO HEREBY CERTIFY that the foregoing Resolution Number 4855 was duly and regularly adopted by the City Council of the City of Perris at a regular meeting thereof held 31st day of March, 2015, by the following called vote:

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

City Clerk, Nancy Salazar