

RESOLUTION NUMBER 4681

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PERRIS ACTING IN ITS CAPACITY AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2001-2 (VILLAGES OF AVALON) OF THE CITY OF PERRIS, AUTHORIZING THE ISSUANCE OF BONDED INDEBTEDNESS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$16,800,000 TO REFINANCE PRIOR BONDS OF THE DISTRICT AND APPROVING CERTAIN DOCUMENTS AND TAKING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, pursuant to the 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”), the City originally formed Community Facilities District No. 2001-2 (Villages of Avalon) of the City of Perris (the “District”) on January 8, 2002, by the adoption of Resolution No. 2904 (the “Resolution”), for the purpose of providing financing for the acquisition and construction of public facilities associated therewith, and also approved the levy of a special tax in accordance with the rate and method of apportionment (the “Rate and Method of Apportionment”) and approved issuance of bonds by the District; and

WHEREAS, the qualified electors on January 8, 2002, pursuant to Resolution Nos. 2905, 2906, and 2907, authorized the District to issue bonds in an amount not to exceed \$50,000,000; and

WHEREAS, 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 heretofore as legislative body of the District issued its Community Facilities District No. 2001-2 (Villages of Avalon) of the City of Perris Special Tax Revenue Bonds, 2002 Series A (the “Prior 2002 District Bonds”) in the principal aggregate amount of \$16,890,000, secured by the levy of special taxes in the District, which are currently refundable for an amount equal to 101.0% of the outstanding principal amount on the Prior 2002 District Bonds; and

WHEREAS, the Prior 2002 District Bonds were issued pursuant to the terms of a master fiscal agent agreement, dated as of March 1, 2002, by and between the District and Wells Fargo Bank, National Association, as predecessor fiscal agent (the “Master Fiscal Agent Agreement”)

WHEREAS, there is currently \$15,345,000 outstanding of the Prior 2002 District Bonds; and

WHEREAS, the City Council has heretofore undertaken proceedings and declared the necessity of the District to issue bonds with respect to the District pursuant to the terms and provisions of the Act, and desires to issue bonds at this time under the Act, to refinance and defease the District’s outstanding Prior 2002 District Bonds, which financed

certain costs of facilities provided to the District, including public capital improvements which the District is authorized to finance; and

WHEREAS, the District desires to refunding the Prior 2002 District Bonds in order to accomplish the refinancing of certain public capital improvements through the issuance of refunding bonds in an aggregate principal amount not to exceed \$16,800,000, designated as the Community Facilities District No. 2001-2 (Villages of Avalon) of the City of Perris Special Tax Parity Refunding Bonds, 2014 Series A (the “District Bonds”), the proceeds of which will be used to refund the Prior 2002 District Bonds, to pay certain costs of issuance and fund certain reserve funds and other funds in connection therewith; and

WHEREAS, the City Council of the City has heretofore as legislative body of the District also issued its Community Facilities District No. 2001-2 (Villages of Avalon) of the City of Perris Special Tax Parity Bonds, 2005 Series B (the “2005 District Bonds”) in the principal aggregate amount of \$5,210,000 secured by the levy of special taxes in the District, pursuant to the terms of the Master Fiscal Agent Agreement as amended by a First Supplement to the Master Fiscal Agent Agreement, and of which \$5,115,000 remains outstanding; and

WHEREAS, the District does not desire to refund the 2005 District Bonds at this time; and

WHEREAS, the legislative body of the District has determined in accordance with Government Code Section 53360.4, 53363.5 and other applicable laws that a negotiated sale of the District Bonds to O’Connor & Company Securities, Inc. (the “Underwriter”) in accordance with the terms of the Purchase Contract to be entered into by and between the District and the Underwriter (the “Purchase Contract”), a form of which is on file with the City Clerk, will result in a lower overall cost to the District than a public sale of the District Bonds; and

WHEREAS, in order to effect the issuance of the District Bonds by the District, and the refunding of the Prior 2002 District Bonds, the legislative body of the District desires to approve the form of a Preliminary Official Statement for the District Bonds, and to approve the form of and authorize the execution and delivery of a Second Supplement to the Fiscal Agent Agreement, by and between the District and U.S. Bank National Association as Fiscal Agent (the “Second Supplement”), and an Escrow Deposit and Trust Agreement, by and between the District and the Fiscal Agent acting as Escrow Bank, 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 a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”), by and between the District and Willdan Financial Services, Inc., as Dissemination Agent, 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 that refunding the Prior 2002 District Bonds will effect savings; 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 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.

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. 2001-2 (Villages of Avalon) 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, which are hereby designated as the "Community Facilities District No. 2001-2 (Villages of Avalon) of the City of Perris Special Tax Parity Refunding Bonds, 2014 Series A", for the purpose of refinancing capital improvements and public facilities in the District and effectuate the refunding and/or cancellation of the Prior 2002 District Bonds.

Section 3. The issuance of the District Bonds in a principal amount not to exceed \$16,800,000 is hereby authorized with the exact principal amount to be determined by the official signing of the 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 to issue the District Bonds. The District Bonds shall mature on the dates and pay interest at the rates and pursuant to the terms set forth in the Purchase Contract and Second Supplement to be executed on behalf of the District in accordance with the terms herein.

Section 4. The District Bonds shall be issued pursuant to the terms of the Master Fiscal Agent Agreement and the Second Supplement. The form of the Second Supplement, 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 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 Second Supplement. 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 an Authorized Officer, 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 Master Fiscal Agent Agreement and the Second Supplement, 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 Purchase Contract relating to the purchase of the District Bonds by the Underwriter, copies of which are 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 Purchase Contract and to insert in the Purchase Contract the dollar amount which reflects the provisions of said Purchase Contracts; provided, however, that the true interest cost with respect to the District Bonds shall not exceed 5.75% and the Underwriter's discount shall not exceed 2% of the of the principal amount of the District Bonds thereof, excluding any original issue discount on the District Bonds and the purchase price of the District Bonds shall not exceed any amount prohibited by the Bond Law.

Section 8. 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, 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 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 Preliminary Official Statement presented at this meeting is hereby approved, and the Underwriter is hereby authorized to distribute the Preliminary Official Statement to municipal bond broker-dealers, to banking institutions, and to members of the general public who may be interested in purchasing the District Bonds. Each Authorized Officer is authorized to approve the amendment of the Preliminary Official Statement, from time to time, pending distribution of the Preliminary Official Statement as shall be required to cause such Preliminary Official Statement to contain any further information necessary to accurately describe the District Bonds and the Authorized Officer is authorized to deem final the Preliminary Official Statement as of its date for the purpose of Rule 15c2-12 under the Securities Exchange Act of 1934 as amended. The final Official Statement relating to the District Bonds shall be submitted to the Mayor, City Manager, Assistant City Manager or the Finance Director for approval.

Section 10. The form of the Escrow Agreement, by and between the District and U.S. Bank National Association as Escrow Bank, a form 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 an Authorized Officer, said Authorized Officer's execution thereof to constitute conclusive evidence of said 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 Escrow Agreement.

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 in the District subject to the special tax to pay debt service on the District Bonds is not less than three

times the principal amount of the 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 value of the real property within the District as shown in the records of the County. The District has not prepared an appraisal in connection with the refinancing of the original District because the District has already been developed, and therefore, the City waives any requirement in the City's policies related to an appraisal.

Section 13. All conditions precedent to the financing pursuant to the City's policies relating to Mello-Roos Districts have been met or are hereby waived.

Section 14. The law firm of Aleshire & Wynder, LLP, Irvine, California, is hereby appointed as bond counsel to the District with respect to the District Bonds.

Section 15. The financing consultant firm of Rod Gunn Associates, Inc., a California Corporation, is hereby appointed as financial advisor to the District with respect to the District Bonds.

Section 16. The law firm of Fulbright & Jaworski, L.L.P., Los Angeles, California, is hereby appointed as Disclosure Counsel with respect to the District Bonds.

Section 17. 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. 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 18. This resolution shall take effect and be enforceable immediately upon its adoption.

ADOPTED, SIGNED and APPROVED this 28th day of January, 2014.

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, do hereby certify that the foregoing Resolution Number 4681 was duly adopted by the City Council of the City of Perris at a regular meeting of said Council on the 28th day of January, 2014, and that it was so adopted by the following vote:

AYES: RODRIGUEZ, ROGERS, YARBROUGH, LANDERS, BUSCH

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

By: _____
City Clerk, Nancy Salazar