

RESOLUTION NO. 4019

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. 2001-1 (MAY FARMS) OF THE CITY OF PERRIS; AUTHORIZING THE ISSUANCE OF ITS SPECIAL TAX BONDS FOR IMPROVEMENT AREA NOS. 6 AND 7 IN THE AGGREGATE PRINCIPAL AMOUNTS NOT TO EXCEED \$8,000,000 AND \$9,000,000 RESPECTIVELY; PERMITTING THE PURCHASE OF SUCH BONDS BY THE PERRIS PUBLIC FINANCING 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 heretofore undertaken proceedings and declared the necessity of Community Facilities District No. 2001-1 (May Farms) 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 Resolutions adopted by the legislative body of the District on January 11, 2005 and April 24, 2007 (the "Resolution"), certain bond propositions were submitted to the qualified electors of Improvement Area No. 6 and/or Improvement Area NO. 7 of the District, and were approved by more than two-thirds of the votes cast at the elections held within each of such Improvement Areas the District; and

WHEREAS, based upon Resolutions adopted by the legislative body of the District and the elections, the District is now authorized to issue bonds in one or more series, pursuant to the Act, in an aggregate principal amount not to exceed \$13,725,000 within Improvement Area No. 6 of the District and \$15,895,000 within Improvement Area No. 7 of the District; and

WHEREAS, the legislative body of the District desires to issue bonds at this time under the Act to finance public facilities and capital fees for public facilities which the District is authorized to finance; and

WHEREAS, the District desires to accomplish the financing of certain public facilities through the issuance of bonds (a) in an aggregate principal amount not to exceed Eight

Million Dollars (\$8,000,000) designated as the "Community Facilities District No. 2001-1 (May Farms) of the City of Perris Improvement Area No. 6 Special Tax Bonds, 2007 Series A" (the "IA 6 Bonds") and (b) in an aggregate principal amount not to exceed Nine Million Dollars (\$9,000,000) designated as "Community Facilities District No. 2001-1 (May Farms) of the City of Perris Improvement Area No. 7 Special Tax Bonds, 2007 Series B "(the "IA 7 Bonds" and, together with the IA 6 Bonds, the "Bonds"); and

WHEREAS, in order to effect the issuance of the Bonds, the legislative body of the District desires to approve and authorize the execution and delivery of a Fiscal Agent Agreement, between the District and Wells Fargo Bank, National Association, as fiscal agent ("Fiscal Agent"), and related Improvement Area No. 6 of the District and a Fiscal Agent Agreement, between the District and the Fiscal Agent related to Improvement Area No. 7 of the District (the "Fiscal Agent Agreement"); and

WHEREAS, the legislative body of the District has determined in accordance with Government Code Section 53360.4 that a negotiated sale of the Bonds to the Perris Public Financing Authority (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") will result in a lower overall cost to the District than a public sale of the Bonds; and

WHEREAS, the Authority will issue its Local Agency Revenue Bonds (May Farms IA 6 & 7), 2007 Series D (the "Authority Bonds") pursuant to the Mark-Roos Local Bond Pooling Act of 1985 (Sections 6500 *et seq.* of the California Government Code) (the "Bond Law") and use the proceeds thereof to purchase the Bonds from the District and to pay certain costs of issuance and fund certain reserve funds and other funds in connection therewith; and

WHEREAS, the Authority will sell the Authority Bonds to Southwest Securities, Inc. (the "Underwriter") pursuant to the terms of the Purchase Contract, between the Authority, the City and the Underwriter (the "Authority Purchase Contract"); and

WHEREAS, in order to effect the issuance of the Bonds by the District and the Authority Bonds, the legislative body of the District desires to approve the form of a Preliminary Official Statement for the Authority Bonds related to the Bonds and to approve the forms of and authorize the execution and delivery of the Fiscal Agent Agreements, the Local Obligation Bond Purchase Contract, the 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 Bonds; and

WHEREAS, the value of the real property in the District subject to the special tax to pay debt service on the Bonds is more than three times the principal amount of the 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 applicable improvement area of the District, which fact is required as a precondition to the issuance of the Bonds.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PERRIS, ACTING FOR ITSELF AND AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2001-1 (MAY FARMS) 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 Bonds for the purpose of financing capital improvement fees and public facilities which the District is authorized to finance.

Section 3. The issuance of the IA 6 Bonds in a principal amount not to exceed \$8,000,000 and the IA 7 Bonds in a principal amount not to exceed \$9,000,000 is hereby authorized with the exact principal amount to be determined by the official signing of the Local Obligation Bond Purchase Contract for the 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 Bonds. The 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 forms of the Fiscal Agent Agreements, a copies of which are on file with the City Clerk, be and are 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 Fiscal Agent Agreements. 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 Bonds shall be executed on behalf of the District by the manual or facsimile signature of an Authorized Officer and the seal of the District or the City, if available, shall be impressed or imprinted thereon and attested with the manual or facsimile signature of the City Clerk. Wells Fargo Bank, National Association is hereby appointed to act as fiscal agent for the 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. All conditions precedent to the issuance of the Bonds pursuant to the City's policies have been met or are hereby waived.

Section 7. The forms of the Local Obligation Bond Purchase Contract and the Authority Purchase Contract relating to the purchase of the District Bonds by the Authority and relating to the purchase of the Authority Bonds by Southwest Securities, Inc., 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 said agreements and to insert in each of the aforesaid Agreements the dollar amount which reflects the provisions of said purchase contracts; provided, however, that the true interest cost with respect to the Authority Bonds shall not exceed 6% and the Underwriter's Discount shall not exceed 2% of the of the principal amount of the Authority Bonds thereof, excluding any original issue discount on the Authority 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 City and MuniFinancial, 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 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 Authority 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 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 Bonds shall be submitted to the City Manager or the Finance Director for approval.

Section 10. 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 each of Improvement Area Nos. 6 and 7 of the District subject to the special tax to pay debt service on the respective series of Bonds within each of said Improvement Areas is not less than three times the principal amount of the Bonds of such series 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 such Improvement Area of the District. This determination is based on the value of the real property within Improvement Area Nos. 6 and 7 of the District in an appraisal prepared for the District, which appraisal has been made in a manner consistent with the City of Perris policies adopted pursuant to Section 53312.7 of the Act.

Section 11. 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 12. The law firm of Aleshire & Wynder, LLP, Irvine, California, is hereby appointed as bond counsel to the District with respect to the Bonds.

Section 13. The financing consultant firm of Rod Gunn Associates, Inc., Huntington Beach, California, is hereby appointed as financial advisor to the District with respect to the Bonds.

Section 14. The law firm of Fulbright & Jaworski, L.L.P., Los Angeles, California, is hereby appointed as Disclosure Counsel with respect to the Bonds.

Section 15. Each Authorized Officer and the other officers and staff of the City of Perris 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 as are necessary to accomplish the issuance, sale and delivery of the 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 16. This resolution shall take effect and be enforceable immediately upon its adoption.

ADOPTED, SIGNED and ***APPROVED*** this 9th day of October, 2007.

Daryl R. Busch, Mayor

Attest:

Judy L. Haughney, City Clerk

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

I, Judy L. Haughney, CITY CLERK OF THE CITY OF PERRIS, DO HEREBY CERTIFY that the foregoing Resolution Number 4019 was duly adopted by the City Council of the City of Perris at a regular meeting of said Council on the 9th day of October, 2007, and that it was so adopted by the following vote:

AYES: Rogers, Yarbrough, Landers, Motte, Busch
NOES: None
ABSENT: None
ABSTAIN: None

Judy L. Haughney, City Clerk