

**RESOLUTION NUMBER 3359**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PERRIS AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2001-1 (MAY FARMS) OF THE CITY OF PERRIS DETERMINING THE NECESSITY TO INCUR BONDED INDEBTEDNESS IN AN AMOUNT NOT TO EXCEED \$60,130,000 WITHIN IMPROVEMENT AREA NOS. 4, 5, 6 AND 7 OF SAID DISTRICT; AND CALLING SPECIAL ELECTIONS**

**WHEREAS**, the City Council (the “Council”) of the City of Perris has heretofore adopted its Resolution No. 2950 on May 28, 2002 (“Formation Resolution”) forming Community Facilities District No. 2001-1 (May Farms) of the City of Perris (the “District”), which District is comprised of Improvement Area Nos. 1 through 7; and

**WHEREAS**, the Council of the City of Perris, California (the “City”), has heretofore adopted its resolution of consideration (the “Resolution of Consideration”) stating its intention to propose certain changes within Improvement Area Nos. 4, 5, 6 and 7 (the “Improvement Areas”) of the District, including (i) changes to the boundaries of the Improvement Areas; (ii) changes to the description of the facilities to be financed by the Improvement Areas; (iii) changes to the maximum bonded indebtedness for each of the Improvement Areas; and (iv) changes to the special tax and the rate and method of apportionment of the special tax within each Improvement Area included in the Formation Resolution and prior proceedings (collectively, the “Changes”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, (the “Act”); and

**WHEREAS**, a copy of the Resolution of Consideration, incorporating the Changes, including the amended special taxes to be levied within each of the Improvement Areas of the District to be used to pay principal and interest on bonds, the proceeds of which will be applied to finance (1) the purchase, construction, modification, expansion, improvement or rehabilitation of certain real or other tangible property, including all furnishings, equipment and supplies related thereto and the payment of development and other fees of public agencies, all as described therein (collectively, the “Facilities”), which Facilities have a useful life of five years or longer; and (2) the incidental expenses to be incurred in connection with financing the Facilities and forming and administering the District (the “Incidental Expenses”) is on file with the City Clerk and incorporated herein by reference; and

**WHEREAS**, the City Council of the City has heretofore adopted its resolution of intention to incur bonded indebtedness (the “Resolution of Intention to Incur Bonded Indebtedness”) stating its intention to incur bonded indebtedness in an amount of not to exceed \$15,000,000 within Improvement Area No. 4 of the District, \$10,000,000 within Improvement Area No. 5 of the District, 12,000,000 within Improvement Area No. 6 of the District and \$13,000,000 within Improvement Area No. 7 of the District; and

**WHEREAS**, a copy of the Resolution of Intention to Incur Bonded Indebtedness is on file with the City Clerk; and

**WHEREAS**, the Council has heretofore received a “Request and Consent to Modifications to the Resolution of Consideration and the Resolution of Intention to Incur Bonded Indebtedness” (the “Request”) from KB HOME Coastal Inc., the sole landowner (“Owner”) of all the property within Improvement Areas 4, 5, 6 and 7 of the District, requesting that the Council increase the maximum amount of bonded indebtedness to be authorized within the Improvement Area No. 4 of the District to \$18,605,000, within Improvement Area No. 5 of the District to \$11,905,000, within Improvement Area No. 6 of the District to \$13,725,000 and within Improvement Area No. 7 of the District to \$15,895,000; and

**WHEREAS**, pursuant to the Request on file with the City Clerk, the Owner has waived all notices and proceedings in connection with the increase in the maximum amount of bonded indebtedness and changes in the special taxes in connection therewith; and

**WHEREAS**, on January 11, 2005, this Council held noticed hearings as required by law relative to the proposed Changes within the Improvement Areas of the District; and

**WHEREAS**, at said hearings all persons not exempt from the special tax desiring to be heard on all matters pertaining to proposed Changes within the Improvement Areas of the District were heard and full and fair hearings were held; and

**WHEREAS**, at said hearings evidence was presented to this Council on said matters before it, and this Council at the conclusion of said hearing was and is fully advised in the premises; and

**WHEREAS**, the proposed Changes and special tax to be levied upon property within the Improvement Areas of the District to pay principal and interest on the bonds proposed to be issued within the District has not been precluded by protest of the owners of one-half (1/2) or more of the area of land within each of the Improvement Areas of the District; and

**WHEREAS**, a joint community facilities agreement between KB HOME Coastal Inc., Eastern Municipal Water District (“EMWD”) and the City (the “JCFA”) was presented to this Council for approval; and

**WHEREAS**, pursuant to Section 53316.2 of the Act, a community facilities district is authorized to finance facilities to be owned or operated by an entity other than the agency that created the community facilities district pursuant to a joint community facilities agreement; and

**WHEREAS**, the governing board of EMWD has approved the JCFA presented at this meeting; and

**WHEREAS**, the City has determined that it is necessary and desirable to enter into the JCFA to authorize the District to contribute revenue to the construction or acquisition of the facilities to be owned and operated by EMWD in accordance with the Act; and

**WHEREAS**, this Council wishes to present to the qualified electors of each of the Improvement Areas of the District a combined proposition with respect to each Improvement Area to: (1) levy special taxes on property within such Improvement Area of the District; (2) incur bonded indebtedness; and (3) establish an appropriations limit for such Improvement Area of the District.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Perris, Acting as the Legislative Body of Community Facilities District No. 2001-1 (May Farms) of the City of Perris, California, as follows:

**Section 1.** The Council hereby declares that the Request is approved and deems that the public convenience and necessity require and it is necessary to incur bonded indebtedness in a maximum aggregate principal amount not to exceed \$18,605,000 within Improvement Area No. 4 of the District, a maximum aggregate principal amount not to exceed \$11,905,000 within Improvement Area No. 5 of the District, a maximum aggregate principal amount not to exceed \$13,725,000 within Improvement Area No. 6 of the District and a maximum aggregate principal amount not to exceed \$15,895,000 within Improvement Area No. 7 of the District for the purpose of financing all or a portion of the Facilities and more particularly described as set forth in that certain Report filed with the City Council for the District.

**Section 2.** The Amended and Restated Rate and Method of Apportionment of the special tax with respect to each of the Improvement Areas set forth in Exhibit "A" hereto is hereby approved.

**Section 3** The purpose of the proposed bonded indebtedness within each of the Improvement Areas of the District is generally described as follows: to finance (1) the purchase, construction, modification, expansion, improvement or rehabilitation of the Facilities, which Facilities have a useful life of five years or longer and the payment of development and other fees of public agencies; and (2) the Incidental Expenses.

**Section 4.** Except for property within each of the Improvement Areas of the District that is exempt, wholly or partially, from the levy of the special taxes specified in the applicable Rate and Method of Apportionment of Special Tax attached hereto as "A" and to the Resolution of Consideration, the whole of the property within the applicable Improvement Area of the District shall pay for the applicable bonded indebtedness pursuant to the levy of the special tax authorized by the Resolution of Consideration and the Resolution of Change to be adopted within such Improvement Area following the election.

**Section 5.** The maximum term of the bonds or any series thereof to be issued shall in no event exceed forty (40) years.

**Section 6.** The bonds or any series thereof shall bear interest at a rate not to exceed the greater of twelve percent (12%) per annum or the maximum interest rate permitted by law, payable semiannually, with the actual rates and times of payment to be determined at the time of sale thereof.

**Section 7.** Pursuant to and in compliance with the provisions of Article 1.5 (commencing with Section 53410) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, the Council hereby establishes the following accountability measures pertaining to any bonded indebtedness incurred by or on behalf of the District:

- A. Such bonded indebtedness shall be incurred for the specific purposes set forth in Section 2 above.
- B. The proceeds of any such bonded indebtedness shall be applied only to the specific purposes identified in Section 2 above.
- C. The documents establishing the terms and conditions for the issuance of any such bonded indebtedness shall provide for the creation of an account or accounts into which the proceeds of such bonded indebtedness shall be deposited.
- D. The City Manager, or his designee, acting for and on behalf of the City, shall annually file a report with the City Council as required by Government Code Section 53411.

**Section 8.** Pursuant to Section 53316.2 of the Act, the Council hereby approves the JCFA substantially in the form on file with the City Clerk, and determines that the JCFA will be beneficial to the residents of the territory served by the City and included within the jurisdictional boundaries of the District. The Mayor or City Manager or Finance Director (each an "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 to execute and deliver the JCFA. In the event that the Mayor is unavailable to sign the JCFA, any Authorized Officer may sign such document. The JCFA may also be signed by a duly appointed Deputy City Clerk.

**Section 9.** Pursuant to Government Code Section 53353.5, the Council hereby submits to the qualified electors of each Improvement Area of the District a combined proposition ("Proposition A") to: (1) levy special taxes on property within the District in accordance with the rate and method with respect to each of the Improvement Areas specified in the Resolution of Consideration and herein; (2) incur bonded indebtedness in the maximum aggregate principal amount of \$18,605,000 within Improvement Area No. 4 of the District, a maximum aggregate principal amount not to exceed \$11,905,000 within Improvement Area No. 5 of the District, a maximum aggregate principal amount not to exceed \$13,725,000 within Improvement Area No. 6 of the District and a maximum aggregate principal amount not to exceed \$15,895,000 within Improvement Area No. 7 of the District; and (3) establish an appropriations limit as defined by subdivision (h) of Section 8 of Article XIII B of the California

Constitution, for each Improvement Area of the District. Said appropriations limit shall equal the amount of all proceeds of the special taxes within each Improvement Area collected annually and as defined by said Article XIII B, as adjusted for changes in the cost of living and changes in population. The Propositions with respect to the Improvement Areas of the District are attached hereto as Exhibit "B."

**Section 10.** Written protests against the changes to the Improvement Areas of the District, or against the furnishing of specified services or facilities or the levying of a specified special tax or the proposed bonded indebtedness within the Improvement Areas of District, have not been filed by fifty percent (50%) or more of the registered voters or property owners of one-half (1/2) or more of the area of land within the District.

**Section 11.** The proposed special tax to be levied in the District to pay for all the proposed facilities has not been precluded by protests by owners of one-half or more of the land in the territory included in the District pursuant to Government Code Section 53324.

**Section 12.** A special election is hereby called for each Improvement Area of the District on the Propositions set forth in Section 8, hereinabove.

**Section 13.** The Clerk shall hand deliver or mail the ballots to the landowner on January 11, 2005.

**Section 14.** The time for notice having been waived by all of the qualified electors, the date of the special election for the District on the combined Propositions shall be on the 11<sup>th</sup> day of January, 2005. The voter ballot shall be returned to the City Clerk at 101 North "D" Street, Perris, California 92570, no later than 6:00 p.m. on January 11, 2005.

**Section 15.** The Council finds and determines that there were no registered voters residing within the territory of each Improvement Area of the District at the time of the protest hearing and ninety (90) days prior thereto, and that there is only one landowner in the District, and hence, within each Improvement Area of the District. The requirements of Section 53326 of the Government Code having been waived by the landowner, the ballots for the special election shall be personally delivered or mailed to the landowner within each Improvement Area of the District.

**Section 16.** Notice of said election and written arguments for or against the measures have been waived by the landowner.

**Section 17.** Each of the Improvement Areas of the District shall constitute a single election precinct for the purpose of holding said election.

**Section 18.** The Council hereby directs that the election be conducted by the City Clerk of the City of Perris, as the elections official.

**Section 19.** The City Clerk shall certify the adoption of this Resolution.

***ADOPTED, SIGNED*** and ***APPROVED*** this 11<sup>h</sup> day of January, 2005.

---

Mayor, Daryl R. Busch

ATTEST:

---

City Clerk, Margaret Rey

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

I, Margaret Rey, CITY CLERK OF THE CITY OF PERRIS, CALIFORNIA, DO HEREBY CERTIFY that the foregoing Resolution Number 3359 was duly and regularly adopted by the City Council of the City of Perris, acting as the legislative body of Community Facilities District No. 2001-1 (May Farms) of the City of Perris, at a regular meeting thereof held on the 11<sup>th</sup> day of January, 2005, and that it was so adopted by the following called vote:

AYES: Landers, Motte, Yarbrough, Busch  
NOES:  
ABSENT: Rogers  
ABSTAIN:

---

City Clerk, Margaret Rey

**EXHIBIT "A"**  
**(RESOLUTION NUMBER 3359)**

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX**

**[See Attached]**



**EXHIBIT "B"**  
**(RESOLUTION NUMBER 3359)**

**[See Attached]**

OFFICIAL BALLOT

IMPROVEMENT AREA NO. 4 OF  
COMMUNITY FACILITIES DISTRICT NO. 2001-1 (MAY FARMS)  
OF THE CITY OF PERRIS

SPECIAL BOND, TAX AND APPROPRIATIONS LIMIT ELECTION  
JANUARY 11, 2005

To vote, mark a cross (+) in the voting square after the word “YES” or after the word “NO.” All marks otherwise made are forbidden.

This ballot is provided to KB HOME Coastal Inc., as sole owner or authorized representative of such sole owner of 97.5 acres of land within Improvement Area No. 4 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris and represents 98 votes.

If you wrongly mark, tear, or deface this ballot, return it to the City Clerk of the City of Perris at 101 North “D” Street, Perris, California 92570.

PROPOSITION A: Shall Improvement Area No. 4 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris incur an indebtedness and be authorized to issue bonds in the maximum aggregate principal amount of \$18,605,000 with interest at a rate or rates established at such time as the bonds are sold in one or more series at fixed or variable interest rates, however not to exceed any applicable statutory rate for such bonds, the proceeds of which will be used to finance the purchase, construction, modification, expansion, improvement or rehabilitation of certain real or other tangible property, including all furnishings, equipment and supplies related thereto and the payment of development and other fees of public agencies, all as described therein (collectively, the “Facilities”), which Facilities have a useful life of five years or longer; and (2) the incidental expenses to be incurred in connection with financing the Facilities and forming and administering the District (the “Incidental Expenses”), as such Facilities and Incidental Expenses are described in Resolution of Consideration No. 3334 of the City Council of the City of Perris, adopted on November 30, 2004 (the “Resolution”); and shall a Special Tax be levied to pay the principal of and interest on such indebtedness and bonds and to pay directly the cost of acquisition and construction of Facilities and Incidental Expenses as authorized in the Resolution; and shall an appropriations limit be established for Improvement Area No. 4 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris pursuant to Article XIII B of the California Constitution, said appropriations limit to be equal to the amount of all proceeds of the special tax collected annually, as adjusted for changes in the cost of living and changes in population?

YES

NO

OFFICIAL BALLOT

IMPROVEMENT AREA NO. 5 OF  
COMMUNITY FACILITIES DISTRICT NO. 2001-1 (MAY FARMS)  
OF THE CITY OF PERRIS

SPECIAL BOND, TAX AND APPROPRIATIONS LIMIT ELECTION  
JANUARY 11, 2005

To vote, mark a cross (+) in the voting square after the word "YES" or after the word "NO." All marks otherwise made are forbidden.

This ballot is provided to KB HOME Coastal Inc., as sole owner or authorized representative of such sole owner of 57.6 acres of land within Improvement Area No. 5 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris and represents 58 votes.

If you wrongly mark, tear, or deface this ballot, return it to the City Clerk of the City of Perris at 101 North "D" Street, Perris, California 92570.

PROPOSITION A: Shall Improvement Area No. 5 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris incur an indebtedness and be authorized to issue bonds in the maximum aggregate principal amount of \$11,905,000 with interest at a rate or rates established at such time as the bonds are sold in one or more series at fixed or variable interest rates, however not to exceed any applicable statutory rate for such bonds, the proceeds of which will be used to finance the purchase, construction, modification, expansion, improvement or rehabilitation of certain real or other tangible property, including all furnishings, equipment and supplies related thereto and the payment of development and other fees of public agencies, all as described therein (collectively, the "Facilities"), which Facilities have a useful life of five years or longer; and (2) the incidental expenses to be incurred in connection with financing the Facilities and forming and administering the District (the "Incidental Expenses"), as such Facilities and Incidental Expenses are described in Resolution of Consideration No. 3334 of the City Council of the City of Perris, adopted on November 30, 2004 (the "Resolution"); and shall a Special Tax be levied to pay the principal of and interest on such indebtedness and bonds and to pay directly the cost of acquisition and construction of Facilities and Incidental Expenses as authorized in the Resolution; and shall an appropriations limit be established for Improvement Area No. 5 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris pursuant to Article XIII B of the California Constitution, said appropriations limit to be equal to the amount of all proceeds of the special tax collected annually, as adjusted for changes in the cost of living and changes in population?

YES

NO

OFFICIAL BALLOT

IMPROVEMENT AREA NO. 6 OF  
COMMUNITY FACILITIES DISTRICT NO. 2001-1 (MAY FARMS)  
OF THE CITY OF PERRIS

SPECIAL BOND, TAX AND APPROPRIATIONS LIMIT ELECTION  
JANUARY 11, 2005

To vote, mark a cross (+) in the voting square after the word "YES" or after the word "NO." All marks otherwise made are forbidden.

This ballot is provided to KB HOME Coastal Inc., as sole owner or authorized representative of such sole owner of 63.5 acres of land within Improvement Area No. 6 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris and represents 64 votes.

If you wrongly mark, tear, or deface this ballot, return it to the City Clerk of the City of Perris at 101 North "D" Street, Perris, California 92570.

PROPOSITION A: Shall Improvement Area No. 6 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris incur an indebtedness and be authorized to issue bonds in the maximum aggregate principal amount of \$13,725,000 with interest at a rate or rates established at such time as the bonds are sold in one or more series at fixed or variable interest rates, however not to exceed any applicable statutory rate for such bonds, the proceeds of which will be used to finance the purchase, construction, modification, expansion, improvement or rehabilitation of certain real or other tangible property, including all furnishings, equipment and supplies related thereto and the payment of development and other fees of public agencies, all as described therein (collectively, the "Facilities"), which Facilities have a useful life of five years or longer; and (2) the incidental expenses to be incurred in connection with financing the Facilities and forming and administering the District (the "Incidental Expenses"), as such Facilities and Incidental Expenses are described in Resolution of Consideration No. 3334 of the City Council of the City of Perris, adopted on November 30, 2004 (the "Resolution"); and shall a Special Tax be levied to pay the principal of and interest on such indebtedness and bonds and to pay directly the cost of acquisition and construction of Facilities and Incidental Expenses as authorized in the Resolution; and shall an appropriations limit be established for Improvement Area No. 6 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris pursuant to Article XIII B of the California Constitution, said appropriations limit to be equal to the amount of all proceeds of the special tax collected annually, as adjusted for changes in the cost of living and changes in population?

YES

NO

OFFICIAL BALLOT

IMPROVEMENT AREA NO. 7 OF  
COMMUNITY FACILITIES DISTRICT NO. 2001-1 (MAY FARMS)  
OF THE CITY OF PERRIS

SPECIAL BOND, TAX AND APPROPRIATIONS LIMIT ELECTION  
JANUARY 11, 2005

To vote, mark a cross (+) in the voting square after the word "YES" or after the word "NO." All marks otherwise made are forbidden.

This ballot is provided to KB HOME Coastal Inc., as sole owner or authorized representative of such sole owner of 72 acres of land within Improvement Area No. 7 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris and represents 72 votes.

If you wrongly mark, tear, or deface this ballot, return it to the City Clerk of the City of Perris at 101 North "D" Street, Perris, California 92570.

PROPOSITION A: Shall Improvement Area No. 7 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris incur an indebtedness and be authorized to issue bonds in the maximum aggregate principal amount of \$15,895,000 with interest at a rate or rates established at such time as the bonds are sold in one or more series at fixed or variable interest rates, however not to exceed any applicable statutory rate for such bonds, the proceeds of which will be used to finance the purchase, construction, modification, expansion, improvement or rehabilitation of certain real or other tangible property, including all furnishings, equipment and supplies related thereto and the payment of development and other fees of public agencies, all as described therein (collectively, the "Facilities"), which Facilities have a useful life of five years or longer; and (2) the incidental expenses to be incurred in connection with financing the Facilities and forming and administering the District (the "Incidental Expenses"), as such Facilities and Incidental Expenses are described in Resolution of Consideration No. 3334 of the City Council of the City of Perris, adopted on November 30, 2004 (the "Resolution"); and shall a Special Tax be levied to pay the principal of and interest on such indebtedness and bonds and to pay directly the cost of acquisition and construction of Facilities and Incidental Expenses as authorized in the Resolution; and shall an appropriations limit be established for Improvement Area No. 7 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris pursuant to Article XIII B of the California Constitution, said appropriations limit to be equal to the amount of all proceeds of the special tax collected annually, as adjusted for changes in the cost of living and changes in population?

YES

NO