

RESOLUTION NUMBER 3491

A RESOLUTION OF THE CITY COUNCIL ACTING 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 IMPROVEMENT AREA NO. 4 SPECIAL TAX BONDS, 2005 SERIES A IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$16,500,000; AND APPROVING CERTAIN DOCUMENTS 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 Improvement Area No. 4 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, a certain bond proposition was submitted to the qualified electors within Improvement Area No. 4 of the District, and was approved by more than two-thirds of the votes cast at the election held within the District on January 11, 2005; and

WHEREAS, based upon Resolutions adopted by the legislative body of the District and the election, the District is now authorized to issue bonds with respect to Improvement Area No. 4 in one or more series, pursuant to the Act, in an aggregate principal amount not to exceed \$18,605,000; and

WHEREAS, the legislative body of the District desires to issue bonds for Improvement Area No. 4 of the District at this time under the Act to finance fees and public facilities which the District is authorized to finance with respect to Improvement Area No. 4 of the District; and

WHEREAS, the District desires to accomplish the financing of certain public facilities through the issuance of bonds in an aggregate principal amount not to exceed \$16,500,000 designated as “Community Facilities District No. 2001-1 (May Farms) of the City of Perris Improvement Area No. 4 Special Tax Bonds, 2005 Series A” (the “Bonds”); and

WHEREAS, in order to effect the issuance of the Bonds, the legislative body of the District desires to approve the form of a Preliminary Official Statement for the Bonds and to approve the forms of and authorize the execution and delivery of a Fiscal Agent Agreement, a purchase contract and continuing disclosure agreement, the forms of which are on file with the City Clerk; 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 Southwest Securities, Inc. (the “Underwriter”) in accordance with the terms of the Purchase Contract for

the Bonds to be entered into by the District and the Underwriter (a “Bond Purchase Contract”) will result in a lower overall cost to the District than a public sale; 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 Improvement Area No. 4 of the District subject to the special tax to pay debt service on the Bonds shall not be not less than three times the principal amount of the non-escrowed 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 Improvement Area No. 4 of the District, which fact is required as a precondition to the issuance of the Bonds (“Escrow Conditions”); and

WHEREAS, pursuant to Section 53345.8 (b) of the Act, the legislative body of the District finds that the Bonds will not present any unusual credit risk because, to the extent necessary, a sufficient portion of the principal amount of the Bonds will be deposited in a self-financing and self liquidated escrow account under conditions that it cannot be withdrawn until the value of the real property subject to special taxes has been increased to meet the requirements of Section 53345.8 (a) of the Act;

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Perris, California, acting as the legislative body of Community Facilities District No. 2001-1 (May Farms) of the City of Perris, 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 public facilities, fees of public agencies and incidental expenses which the District is authorized to finance.

Section 3. The issuance of the Bonds in a principal amount not to exceed \$16,500,000 is hereby authorized, subject to the Escrow Conditions. The exact principal amount shall be determined by the official signing of the 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 Bond Purchase Contract to be executed on behalf of the District in accordance with Section 7 hereof.

Section 4. The form of the Fiscal Agent Agreement (the “Fiscal Agent Agreement”) by and between Wells Fargo Bank, National Association, as fiscal agent (the “Fiscal Agent”), and the District, 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 or 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 the Authorized Officers be and is hereby authorized, together or alone to execute and deliver said Fiscal Agent Agreement.

Section 5. The Bonds shall be executed on behalf of the District by the manual or facsimile signature of the Mayor and the seal of the District or the City, or a facsimile thereof, 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.

Section 7. The form of the Purchase Contract, a copy of which is on file with the City Clerk, be and is hereby approved in 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 said Authorized Officers be and are hereby authorized, together or alone, to execute and deliver said Bond Purchase Contract and to insert in the Bond Purchase Contract and each of the aforesaid Agreements the dollar amount which reflects the provisions of said Bond Purchase Contract; provided, however, that (1) the aggregate principal amount of the Bonds shall not exceed \$16,500,000; and (2) the Bonds will have a True Interest Cost of not more than 7.00%, and (3) an initial underwriter's discount (exclusive of original issue discount) of no more than 2% of the principal amount of the Bonds.

Section 8. The form of the Continuing Disclosure Agreement, executed and delivered by the District and MuniFinancial, as Dissemination Agent thereunder (the "Continuing Disclosure Agreement"), 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 the Authorized Officers be and are hereby authorized, together or alone, to execute and deliver said Continuing Disclosure Agreement.

Section 9. The form of the Preliminary Official Statement relating to the sale of the Bonds (the "Preliminary Official Statement"), on file with the City Clerk 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 Bonds. The City Manager or Finance Director 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 City Manager or Finance Director 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 the District subject to the special tax to pay debt service on the Bonds shall be at the time of delivery of the Bonds not less than three times the principal amount of the Bonds (or the

principal amount of non escrowed bonds to the extent necessary) 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 value of the real property within the District in an appraisal prepared for the District, which appraisal is made in a manner consistent with the City of Perris policies adopted pursuant to Section 53312.7 of the Act. In accordance with Section 53345.8(b) of the Act, the Legislative Body determines that the proposed bonds do not present any credit risk as a sufficient portion of the principal amount of the bonds will be placed in a self-financing and self-liquidating escrow account under conditions such that it cannot be withdrawn until the value of real property subject to special taxes has increased to meet the ratio required by Section 53345.8(a).

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

Section 12. 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 13. The law firm of Fulbright & Jaworski, LLP, Los Angeles, California, is hereby appointed as Disclosure Counsel with respect to the Bonds.

Section 14. The Authorized Officers 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 clerk.

Section 15. All conditions precedent to the issuance of the bonds pursuant to the policies of the City of Perris relating to community facilities districts have been met or are hereby waived.

Section 16. This resolution shall take effect and be enforceable immediately upon its adoption.

ADOPTED, SIGNED and **APPROVED** this 30th day of August, 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 3492 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 the 30th day of August, 2005, and that it was so adopted by the following called vote:

AYES: Rogers, Yarbrough, Landers, Motte, Busch

NOES:

ABSENT:

ABSTAIN:

City Clerk, Margaret Rey