

RESOLUTION NUMBER 2857

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PERRIS DECLARING ITS OFFICIAL INTENT TO REIMBURSE EXPENDITURES FROM THE PROCEEDS OF TAX EXEMPT OBLIGATIONS AND APPROVING A DEPOSIT/REIMBURSEMENT AGREEMENT RELATING TO A PROPOSED MUNICIPAL ELECTRIC UTILITY.

WHEREAS, the City of Perris (the "City") desires to finance the construction and acquisition of the public facilities described below (collectively, the "Project"); and

WHEREAS, the City will be expending funds for the construction and acquisition of the Project; and

WHEREAS, the City reasonably expects to reimburse such expenditures by authorizing the sale and delivery of one or more series of Bonds, as described below; and

WHEREAS, Barratt American Incorporated, a Delaware corporation (the "Developer") has requested that the City consider the formation of a Municipal Electric Utility ("MEU") under Sections 10000 et seq. of the California Utilities Code and Section 39732(a) of the California Government Code; and

WHEREAS, the Developer is willing to deposit funds with the City to ensure payment of the costs of the City in considering and, if approved, forming the MEU, provided that such funds so advanced are reimbursed to the Developer from (i) net revenues derived from operations of the MEU, or (ii) the proceeds of any bonds that may be issued by the City to finance the MEU, including but not limited to formation, acquisition and construction; and

WHEREAS, a Deposit/Reimbursement Agreement has been prepared and submitted with this Resolution for City Council consideration;

NOW, THEREFORE, the City Council of the City of Perris hereby resolves as follows:

Section 1. This Resolution is a declaration of official intent to reimburse expenditures pursuant to Treasury Regulations Section 1.150-2.

Section 2. The City desires to finance the construction and acquisition of the Project consisting of publicly owned and operated municipal electric utility.

Section 3. The City reasonably expects to reimburse the expenditures through the sale and delivery of one or more series of bonds (the "Bonds"), the interest component on which is excludable from gross income under Section 103 of the Internal Revenue Code. The maximum principal amount of Bonds expected to be issued for the Project is \$10,000,000.

Section 4. The reimbursement allocation to be made with respect to the expenditures will occur not later than eighteen (18) months after the later of (i) the date on which the expenditure is paid, or (ii) the date on which the Project is placed in service, but in no event more than 3 years after the expenditure is paid.

Section 5. This Resolution expresses the City's expectations as of this date with respect to the financing of the construction and acquisition of the Project. Future events or extraordinary circumstances beyond the control of the City may result in the Project being financed in a manner other than as described in this Resolution, and nothing contained herein constitutes an irrevocable commitment by the City to issue the Bonds.

Section 6. The Deposit/Reimbursement Agreement, by and among the City and the Developer, in substantially the form presented at this meeting, is hereby approved.

Section 7. The City Clerk shall certify to the adoption of this Resolution, and thenceforth and thereafter the same shall be in full force and effect. Notwithstanding the foregoing, such certification and any of the other duties and responsibilities assigned to the City Clerk pursuant to this Resolution may be performed by an Assistant City Clerk/Deputy City Clerk with the same force and effect as if performed by the City Clerk hereunder.

ADOPTED, SIGNED and APPROVED this 31st day of July, 2001.

MAYOR OF THE CITY OF PERRIS

Attest:

City Clerk

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

I, Margaret Rey, duly elected City Clerk of the City of Perris, California, hereby certify that the foregoing Resolution Number 2857 was duly and regularly adopted by the City Council of the City of Perris at a regular meeting held the 31st day of July, 2001, by the following called vote:

Ayes: Rogers, Yarbrough, Motte, Busch
Noes: Larios
Absent:

City Clerk