

RESOLUTION NUMBER 3749

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
PERRIS APPROVING AN AMENDED AND RESTATED
STATEMENT OF GOALS AND POLICIES FOR THE USE OF
THE MELLO ROOS COMMUNITY FACILITES ACT OF 1982**

WHEREAS, the City has previously adopted a “Statement of Goals and Policies for the Use of The Mello-Roos Community Facilities Act of 1982”; and

WHEREAS, the City desires to update the policies to provide for the funding of certain services pursuant to the Mello-Roos Community Facilities Act of 1982, commencing with Section 53311 of the Government Code of the: State of California (the “Mello-Roos Act”) and to update the policies in accordance with current standards; and

WHEREAS, the City Council desires to adopt the policies entitled “Amended and Restated Statement of Goals and Policies for the Use of The Mello-Roos Community Facilities Act of 1982” (the “New Policy”) attached hereto as Exhibit “A” and by this reference incorporated herein; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Perris, California, as follows:

Section 1. That the recitals set forth hereinabove are true and correct in all respects.

Section 2. That the New Policy in the form attached hereto as Exhibit “A” is hereby approved.

Section 3. That the City Manager or Finance Director of the City is hereby authorized and directed to implement the New Policy for and on behalf of the City.

ADOPTED, SIGNED and **APPROVED** this 29th day of August, 2006.

Mayor, Daryl R. Busch

ATTEST:

City Clerk, Judy L. Haughney

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

I, Judy L. Haughney, CITY CLERK OF THE CITY OF PERRIS, CALIFORNIA, DO HEREBY CERTIFY that the foregoing Resolution Number 3749 was duly and regularly adopted by the City Council of the City of Perris at a regular meeting thereof held the 29th day of August, 2006, and that it was so adopted by the following called vote:

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

City Clerk, Judy L. Haughney

EXHIBIT "A"
(RESOLUTION NUMBER 3749)

CITY OF PERRIS

AMENDED AND RESTATED

**STATEMENT OF GOALS AND POLICIES FOR THE USE OF
THE MELLO-ROOS COMMUNITY FACILITIES ACT OF 1982**

I. INTRODUCTION

The City of Perris (the "City") has developed the following Goals and Policies on debt financing for the payment of facilities and special tax financing for facilities and services as guidelines to assist concerned parties in following the City's approach to Community Facilities District financing. It is the City's goal to support projects which address a public need and provide a public benefit. Proposed projects requesting Community Facility District debt financing or other financing will be evaluated to determine if such financing is financially viable and in the best interest of the City and current and future City and project residents. These Goals and Policies are designed to comply with Section 53312.7 of the Government Code.

The City will consider applications requesting the formation of community facilities districts to finance facilities and services and the issuance of bonds to finance eligible public facilities pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the "Mello Roos Act"). The City reserves the right to request any additional reports, information or studies reasonably necessary in evaluating these applications.

All City and any consultant costs incurred in evaluating applications requesting the establishment of Districts will be paid by the applicant(s) by advance deposit increments or as otherwise agreed in writing by the City. The City shall not incur any non-reimbursable expense for processing such applications. Expenses not chargeable to the district shall be borne by the applicant.

II. DEFINITIONS

"Bonds" means bonds authorized and issued under the Mello-Roos Community Facilities Act of 1982.

"City" means the City of Perris.

"District" means a Community Facilities District formed under the Mello-Roos Community Facilities Act of 1982, as amended.

"Public Facilities" means improvements authorized to be constructed or acquired under the Mello-Roos Act including, but not limited to, fees for capital facilities imposed by public

agencies as a condition to approval of the development encompassed by the district or as a condition to service the district.

"Value" or "Fair Market Value" means the amount of cash or its equivalent which property would bring if exposed for sale in the open market under conditions in which neither buyer nor seller could take advantage of a difficulty of the other and both have knowledge of all of the uses and purposes to which the property is adapted and for which it is capable of being used and of the enforceable restrictions upon uses and purposes.

"Services" means any services authorized to be financed or paid for pursuant to the Mello-Roos Act including but not limited to police and fire protection services and park maintenance services.

III. ELIGIBLE PUBLIC FACILITIES, SERVICES AND PRIORITIES

The improvements eligible to be financed must be owned by a public agency or public utility, and must have a useful life of at least five (5) years. In any event, no bonds shall be issued with a maturity date greater than the useful life of the facilities or improvements being financed. The development proposed within the district must be consistent with the City's general plan, if any, and must have received any required zoning or specific plan approvals.

The list of public facilities eligible to be financed by a district includes, but are not limited to, the following:

Streets, highways and bridges	Flood control facilities
Street lighting	Libraries
Traffic signals and safety lighting	Public utilities
Park facilities, open space	Police and fire protection
Governmental facilities	Recreation facilities
Sanitary sewer facilities measures involving land acquisition, dedication and revegetation	Biological mitigation
Storm drain facilities	Potable and reclaimed water facilities
School facilities	Sewer facilities and water facilities
Other Facilities authorized pursuant to the Mello-Roos Act, as such act may be amended from time to time	Facilities authorized pursuant to development agreements, impact fee programs, capital improvement programs and capital facility fee programs of the City and other public agencies

The City shall have final determination as to any facility's eligibility for financing, as well as the prioritization of facilities to be included within a district. The City shall evaluate the priority of such items on a project by project basis. The City may also require applicants to commit significant equity to projects for which public financing assistance is requested. The City shall also require the payment of a capital facilities fee of not less than \$1,000 per unit to finance facilities described in the resolution of intention to form the district or similar resolution relating to changes or annexations to the district.

The list of public services eligible to be financed are:

- (1) Fire protection and suppression services, and ambulance and paramedic services including all furnishings, equipment and supplies related thereto;
- (2) police protection services, including but not limited to criminal justice services, including all furnishings, equipment and supplies related thereto;
- (3) park, parkways and open space maintenance services, including all furnishings, equipment and supplies related thereto; and
- (4) flood and storm protection services; and
- (5) such other services and related facilities permitted by the Mello-Roos Act which the City determines necessary to fund pursuant to a resolution.

The City shall determine and evaluate the priority of services and the eligibility to fund services on a district by district basis.

IV. CREDIT QUALITY REQUIRED OF BOND ISSUES

In evaluating a proposed Bond issuance, the City will require that the City's Independent Financing Consultant has reviewed and approved the proposed issuance of the Bonds.

V. DISCLOSURE REQUIREMENTS

(1) Disclosure Requirement for Developers. The applicant will be required to demonstrate, to the satisfaction of the City, that there will be full disclosure of the Mello-Roos special taxes and any other special tax, assessment, overlapping special taxes or assessment of other districts, or other liens on individual parcels to existing and future property owners, and to prospective purchasers of property including interim purchasers and sales to merchant builders (Section 53341.5 of the Government Code). In addition to all requirements of law, the City shall require the applicant to provide disclosure of such information as the City deems appropriate to the purchasers of property within the District, with respect to the existence of the District, maximum and/or backup special taxes to be levied within the District, facilities to be constructed, the foreclosure process and the terms and conditions of Bond issues on behalf of the District. Such disclosure shall include home buyer notifications requiring signature prior to home purchases, as well as methods to notify subsequent home purchasers. The City may require that Developers offer residential buyers the option of having all special taxes prepaid upon close of escrow, with a corresponding increase in the purchase price of the residence.

(2) Compliance with Federal Securities Laws. The City shall use all reasonable means to ensure compliance with applicable federal securities laws in connection with the issuance of debt and the provision of annual information regarding any District established by the City with respect to which Bonds have been issued, including requiring any developer in a District who is material to the Bond issue to transmit appropriate information to the City or its designee for disclosure to Bond investors.

VI. EQUITY OF TAX ALLOCATION FORMULAS

The rate and method of apportionment of the special tax must be both reasonable and equitable in apportioning the costs of the public facilities to be financed to each of the parcels within the boundaries of the proposed District.

The rate and method of apportionment of the special tax is to provide for the administrative expenses of the proposed District, including, but not limited to, those expenses necessary for the enrollment and collection of the special tax and Bond administration.

All property not otherwise exempted by the Mello-Roos Act from taxation shall be subject to the special tax. The rate and method of apportionment may provide for exemptions to be extended to parcels that are to be dedicated at a future date to public entities, held by a home owner's association, or designated open space.

The annual special tax levy on each residential parcel developed to its final land use shall be approximately equal each year, except that a variation for administrative expenses will be allowed. The City will allow an annual escalation factor on parcels within a District. The objective of the City is to limit such annual escalations in special taxes to two percent (2 %) per year.

The maximum annual special tax, together with ad valorem property taxes, special assessments or taxes for an overlapping financing district, or any other charges, taxes, or fees payable from and secured by the property, including potential charges, taxes, or fees relating to authorized but unissued debt of public entities other than the City, in relation to the expected assessed value of each parcel upon completion of the private improvements to the parcel is of great importance to the City in evaluating the proposed financing.

The objective of the City is to limit the "overlapping" debt burden on any parcel to two percent (2%) of the expected assessed value of the parcel upon completion of the improvements. In evaluating whether this objective can be met, the City will consider the aggregate public service needs for the proposed project. It will consider what public improvements the applicant is proposing to be financed in relation to these aggregate needs and decide what is an appropriate amount to extend in public financing to the identified public improvements.

This evaluation will be based on information obtained from other affected taxing entities that have jurisdiction to impose a levy on the proposed project.

The total maximum annual special taxes that can be collected from taxable property in a District, taking into account any potential changes in land use or development density or rate, and less all projected administrative expenses, must be equal to at least one hundred ten percent

(110%) of the gross annual debt service on any Bonds issued by or on behalf of the District in each year that said Bonds will remain outstanding.

The rate and method of apportionment of the special tax shall include a provision or a backup tax to protect against any changes in development that would result in insufficient special tax revenues to meet the debt service requirements of the district. Such backup tax shall be structured in such a manner that it shall not violate any provisions of the Mello-Roos Act regarding cross-collateralization limitations for residential properties.

A formula to provide for the prepayment of the special tax may be provided; however, neither the City nor the Community Facilities District shall be obligated to pay for the cost of determining the prepayment amount which is to be paid by the applicant.

VII. APPRAISALS

(1) Definition of Appraisal. An appraisal is a written statement independently and impartially prepared by a qualified appraiser setting forth an opinion of defined value of an adequately described property as of a specific date, supported by the presentation and analysis of relevant market information.

(2) Standards of Appraisal. The City hereby adopts the standards reflected in the California Debt and Investment Advisory Commission Appraisal Standards for Land Secured Financings, as such standards may be amended from time to time. A copy of such standards is available at the Treasurer of the State of California's website at <http://www.treasurer.ca.gov/cdiac/reports/recmndPracticeR-E.pdf>.

(3) Conflict of Interest. No appraiser or review appraiser shall have any interest direct or indirect in the real property being appraised for the City or District that would in any way conflict with the preparation or review of the appraisal. Compensation for making an appraisal shall not be based on the sale of the Bonds.

VIII. EXCEPTIONS TO THESE POLICIES

The City may find in certain instances that a waiver to any of the above stated policies is reasonable given benefits to be derived from such waiver. Such waivers are granted only by action of the City Council.