

RESOLUTION NUMBER 3783

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PERRIS DETERMINING THE VALIDITY OF PRIOR PROCEEDINGS, ESTABLISHING COMMUNITY FACILITIES DISTRICT NO. 1-S (SOUTH PERRIS PUBLIC SERVICES) OF THE CITY OF PERRIS; AUTHORIZING THE LEVY OF A SPECIAL TAX WITHIN COMMUNITY FACILITIES DISTRICT NO. 1-S (SOUTH PERRIS PUBLIC SERVICES) OF THE CITY OF PERRIS; ESTABLISHING AN APPROPRIATIONS LIMIT; CALLING A SPECIAL ELECTION AND TAKING CERTAIN OTHER ACTIONS RELATING TO SAID DISTRICT

WHEREAS, the City Council (the “Council”) of the City of Perris, California (the “City”), on August 29, 2006, has heretofore adopted its resolution of intention (the “Resolution of Intention”) stating its intention to form Community Facilities District No. 1-S (South Perris Public Services) of the City of Perris (the “District”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, (the “Act”) being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California; and

WHEREAS, a copy of the Resolution of Intention, incorporating a description and map of the proposed boundaries of the District and setting forth the rate and method of apportionment and manner of collection of the special tax to be levied within the proposed District, is on file with the City Clerk and incorporated herein by reference, with such changes to the terms thereof, including, but not limited to, revisions to the rate and method of apportionment of the special tax, as have been made and submitted with this Resolution; and

WHEREAS, a report by each City officer who is or will be responsible for the District (the “Report”) has been filed with the Council pursuant to the Resolution of Intention; and

WHEREAS, the Resolution of Intention set October 10, 2006, as the date of the public hearing on the formation of the District; and

WHEREAS, on October 10, 2006, said hearing was held; and

WHEREAS, at said hearing all persons not exempt from the special tax desiring to be heard on all matters pertaining to the formation of the District were heard and a full and fair hearing was held; and

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

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

Section 1. That the above recitals are all true and correct.

Section 2. Pursuant to Section 53325.1(b) of the Government Code, the Council finds and determines that the proceedings prior hereto were valid and in conformity with the requirements of the Act, including, without limitation, the following:

- A. Filing of a petition of a landowner requesting institution of proceedings to establish the District;
- B. Adoption of a Resolution of Intention to establish the District;
- C. Publication and mailing of notice of public hearing on the establishment of the District and of the proposed debt issue;
- D. Conducting of a public hearing on the establishment of the District, the proposed public services and the incurring of the proposed special taxes, at which time all interested persons or taxpayers not exempt from the special tax were permitted to protest orally or in writing against the establishment of the District, were permitted to file written protests to the regularity or sufficiency of the proceedings, and any persons interested, including persons owning property within the District, were permitted to appear and present any matters material to the questions set forth in the Resolution of Intention.

Section 3. The Report, as now submitted, is hereby approved and is made a part of the record of the hearing, and is ordered kept on file with the transcript of these proceedings and open for public inspection.

Section 4. A community facilities district to be designated “Community Facilities District No. 1-S (South Perris Public Services)” (“the District”) is hereby established pursuant to the Act.

Section 5. The description and map of the boundaries of the District on file in the City Clerk's office and as described in said Resolution of Intention and incorporated herein by reference, shall be the boundaries of the District. The map of the proposed boundaries of the District has been recorded in the Office of the County Recorder of Riverside County, California in Book 67, Page 95 (Document No. 2006- 0674632) of the Book of Maps of Assessments and Community Facilities Districts.

Section 6. The type of public services (“Services”) authorized to be provided within the District are described on Exhibit “B” hereto and in the Report and by this reference incorporated herein and are additional services which the City is authorized by law to provide

and which are necessary to meet increased demands placed upon the City or other public agency as a result of development or rehabilitation occurring within the District.

Section 7. Except where funds are otherwise available, there shall be levied annually, in accordance with procedures contained in the Act, a special tax within the District, secured by recordation of a continuing lien against all nonexempt real property in the District, sufficient to pay for the Services and incidental expenses in connection therewith, including, but not limited to, the cost of administering the District (“Incidental Expenses”). The rate and method of apportionment and manner of collection of the special tax within the District is described in detail in Exhibit “A” attached hereto and incorporated herein by this reference. Exhibit “A” allows each landowner within the District to estimate the maximum amount that may be levied against each parcel.

Section 8. If special taxes of the District are levied against any parcel used for private residential purposes, (i) the maximum special tax rate shall not be increased over time except that it may be increased by an amount not to exceed two percent (2%) per year to the extent permitted in the rate and method of apportionment; (ii) such tax shall be levied in perpetuity, commencing with Fiscal Year 2006-2007, as further described in Exhibit “A” hereto; and (iii) under no circumstances will such special tax be increased more than ten percent (10%) as a consequence of delinquency or default by the owner of any other parcels within the District by more than ten percent (10%).

Section 9. The special tax within the District is based on the expected demand that each parcel of real property the District will place on the Services, on the benefit that each parcel derives from the right to access the Services, and on other factors. The Council hereby determines the rate and method of apportionment of the special tax set forth in Exhibit “A” to be reasonable. The special tax is apportioned to each parcel on the foregoing basis pursuant to Section 53325.3 of the Act, and such special tax is not based upon the value or ownership of real property. In the event that a portion of the property within Community Facilities District No. 1-S shall become for any reason exempt, wholly or partially, from the levy of the special tax specified on Exhibit “A”, the Council shall, on behalf of the District, cause the levy to be increased, subject to the limitation of the maximum special tax for a parcel as set forth in Exhibit “A,” to the extent necessary upon the remaining property within the District which is not delinquent or exempt, in order to yield the special tax revenues required for the purposes described herein.

Section 10. Pursuant to and in compliance with the provisions of Government Code Section 50075.1, the City Council hereby establishes the following accountability measures pertaining to the levy by the CFD of the Special Tax described in Section 7 above:

- A. Such Special Tax shall be levied for the specific purposes set forth in Section 6 hereof.
- B. The proceeds of the levy of such Special Tax shall be applied only to the specific purposes set forth in Sections 6 and 7 hereof.

- C. The CFD shall establish an account or accounts into which the proceeds of such Special Tax shall be deposited.
- D. The City Manager or Finance Director, or his or her designee, acting for and on behalf of the CFD, shall annually file a report with the City Council as required pursuant to Government Code Section 50075.3.

Section 11. Upon recordation of a notice of special tax lien pursuant to Section 3114.5 of the Streets and Highways Code, a continuing lien to secure each levy of the special tax shall attach to all nonexempt real property in the District, and this lien shall continue in force and effect until the special tax obligation is prepaid or otherwise permanently satisfied and the lien cancelled in accordance with law or until collection of the tax by the District ceases.

Section 12. The Council finds that the Services are necessary to meet the increased demand put upon the City or other public agency as a result of the development within the District.

Section 13. The Council finds that there is not an *ad valorem* property tax currently being levied on property within the proposed District for the exclusive purpose of financing the provision of the same services to the territory of the District as provided by the District.

Section 14. An appropriation limit for the District is hereby established as an amount equal to all the proceeds of the special tax collected annually and as defined by Article XIII B of the California Constitution, as adjusted for changes in the cost of living and changes in population.

Section 15. Written protests against the establishment of the District, or against the furnishing of specified services or facilities or the levying of a specified special tax within the 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 16. 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 17. The Council hereby establishes the District.

Section 18. Pursuant to Section 53314.7 and 53326 of the Act, a special election is hereby called on behalf of the District on the proposition of levying the special tax on the territory within the District and establishing an appropriations limit therein. The proposition relating to the District authorizing the levy of the special tax on the Property and establishing an appropriations limit shall be substantially in the form attached hereto as Exhibit "C."

Section 19. The special election for the District on the proposition of authorizing the levy of the special tax on the property within the District and establishing an appropriations limit shall be held on October 10, 2006. The District has received waivers from the landowners of all of the property within the District.

Section 20. It is hereby found that there were fewer than twelve (12) registered voters that resided within the territory of the proposed District during each of the ninety (90) days preceding October 10, 2006, and preceding the closing of the October 10, 2006, public hearing regarding the levy of the special tax on the territory within the District and establishing an appropriations limit therein and, pursuant to Section 53326 of the Act, the ballots for the special election shall be distributed by personal service, or by mail, with return postage prepaid, by the Election Official, to the landowners of record within the District as of the close of the public hearing. Each landowner shall have one (1) vote for each acre or portion thereof that he or she owns within the District, as provided in Section 53326 of the Act and may return the ballot by mail or in person to the Election Official not later than 6:00 p.m. on October 10, 2006. In accordance with Section 53326(d) of the Act, the election shall be closed and the results certified by the Election Official as soon as all qualified electors have voted.

Section 21. If two-thirds (2/3) of the votes cast upon the question of levying such special tax and establishing such appropriations limit are cast in favor of levying such special tax within the District as determined by the Legislative Body after the canvass of the returns of such election, the Legislative Body may levy such special tax within the District under the Act in the amount and for the purposes as specified in this Resolution. Such special tax may be levied only at the rate and may be apportioned only in the manner specified in this Resolution, subject to the Act, except that the special tax may be levied at a rate lower than that specified herein and the maximum annual tax rate may be lowered. Such special tax may be levied so long as it is needed to pay for the financing of the services.

Section 22. In the event that a portion of the property in the District shall become for any reason exempt, wholly or partially, from the levy of the special tax specified in Exhibit "A", the Council shall, on behalf of the District, increase the levy to the extent necessary upon the remaining property within the District which is not delinquent or exempt, in order to yield the required payments, subject to the maximum tax.

Section 23. The Elections Official shall cause to be published once in a newspaper of general circulation the text of Proposition A, along with a description of the election proceedings. The publication shall also state that only the qualified electors in the District may vote on the proposition and that the canvass of the election will take place in the office of the City Clerk following the close of the election. Pursuant to the petition and request, the publication of such notice has been waived by the property owner.

Section 24. The Election shall be held at and the ballots canvassed at City Council Chambers, 101 North "D" Street, Perris, California 92570.

Section 25. The Office of the City Manager, 101 North "D" Street, Perris, California 92570, (909) 943-6100, or its designee, is designated to be responsible for preparing annually a current roll of special tax levy obligations by assessor's parcel number and for estimating future special tax levies pursuant to Section 53340.2 of the Government Code.

Section 26. The City Manager may take any action necessary in furtherance of this Resolution, including the execution of any agreements or consents.

Section 27. The City Clerk is directed to certify and attest to this Resolution, and to take any and all necessary acts to call, hold, canvass and certify an election or elections on the levy of the special tax, and the establishment of the appropriation limit.

ADOPTED, SIGNED and **APPROVED** this 10th day of October, 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 3783 was duly and regularly adopted by the City Council of the City of Perris at a regular meeting thereof held the 10th day of October, 2006, and that it was so adopted by the following called vote:

AYES: Landers, Motte, Rogers, Yarbrough, Busch

NOES:

ABSENT:

ABSTAIN:

City Clerk, Judy L. Haughney

EXHIBIT “A”
(RESOLUTION NUMBER 3783)

CITY OF PERRIS
COMMUNITY FACILITIES DISTRICT NO. 1-S (SOUTH PERRIS PUBLIC SERVICES)
RATE AND METHOD OF APPORTIONMENT

A Special Tax shall be levied on all Taxable Property within the boundaries of the City of Perris Community Facilities District No. 1-S (South Perris Public Services) (“CFD No. 1-S”) and collected each Fiscal Year commencing in Fiscal Year 2006-2007 according to the tax liability determined by the Council, through the application of the rate and method of apportionment of the Special Tax set forth below. All Taxable Property shall be taxed to the extent and in the manner herein provided.

1. Definitions

“**Acreage**” means the land area of an Assessor’s Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map. An Acre means 43,560 square feet of land.

“**Act**” means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California.

“**Administrative Expenses**” means the costs incurred by the City to determine, levy and collect the Special Taxes, including salaries of City employees and the fees of consultants and the costs of collecting installments of the Special Taxes upon the general tax rolls; preparation of required reports, and any other costs required to administer CFD No. 1-S as determined by the City.

“**Annual Cost(s)**” means for each Fiscal Year, the total of 1) the estimated cost of Services as determined by the City, 2) Administrative Expenses, and 3) any amounts needed to cure actual or projected delinquencies in Special Taxes for the current or previous Fiscal Year.

“**Annual Tax Escalation Factor**” means an increase in the Maximum Special Tax Rate each year following the Base Year in an amount not to exceed 2% annually.

“**Assessor**” means the Assessor of the County of Riverside.

“**Assessor's Parcel**” means a lot or parcel shown on an Assessor's Parcel Map with an assigned Assessor's Parcel Number.

“**Assessor’s Parcel Map**” means an official map of the Assessor designating parcel(s) by Assessor’s Parcel Number(s).

“**Assessor's Parcel Number**” means the number assigned to an Assessor’s Parcel by the County for purposes of identification.

“Base Year” means Fiscal Year ending June 30, 2006.

“CFD No. 1-S” means the City of Perris Community Facilities District No. 1-S (South Perris Public Services).

“CFD Administrator” means an official of the City, or designee thereof, responsible for determining the Annual Costs and for levying and collecting the Special Taxes.

“Council” means the City Council of the City of Perris which acts for CFD No. 1-S under the Act.

“County” means the County of Riverside, California.

“Developed Property” means for each Fiscal Year, commencing with Fiscal Year 2006-2007, each Assessor’s Parcel, for which a building permit for new construction was issued prior to May 1 of the previous Fiscal Year.

“Exempt Property” means an Assessor’s Parcel that is not classified as Taxable Property. Exempt Property is not subject to the Special Tax.

“Fiscal Year” means the period starting on July 1 and ending the following June 30.

“Land Use Class” means any of the classes listed in Table 1 under Section 3 below.

“Maximum Annual Special Tax” means the greatest amount of Special Tax, determined in accordance with Section 3 below, which may be levied in any Fiscal Year on any Assessor’s Parcel.

“Multi-Family Unit” means all Developed Property for which building permits have been issued for attached residential units.

“Non-Residential Property” means all Developed Property for which a building permit(s) was issued for a non-residential use.

“Public Property” means any property within the boundaries of CFD No. 1-S, the ownership of which is transferred to a public agency of CFD No. 1-S, and is used for rights-of-way or any other purpose and is owned by, or irrevocably offered for dedication to the federal government, the State of California, the County, the City or any other public agency where the public agency has officially agreed to accept the offer of dedication; provided, however, that any property owned by a public agency and leased to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in accordance with its use.

“Residential Property” means all Assessor’s Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

“**Services**” means services, including 1) police protection services, 2) fire protection services, and 3) park maintenance services that are in addition to those services that were provided within the boundaries of CFD 1-S at the time of formation of CFD 1-S.

“**Single-Family Unit**” means all Developed Property for which a building permit has been issued for single-family detached residential development. Single-Family Unit also includes mobile homes within a mobile home park or on other property.

“**Special Tax**” means any tax levied within CFD No. 1-S pursuant to the Act and this rate and method of apportionment of Special Tax.

“**State**” means the State of California.

“**Taxable Property**” means all of the Assessor's Parcels within the boundaries of CFD 1-S that are classified as Residential Property or Non-Residential Property.

2. Land Use Classification

Each Fiscal Year, each Assessor’s Parcel within the boundaries of CFD No. 1-S shall be classified as Taxable Property, Public Property or Exempt Property. Each Assessor’s Parcel of Taxable Property shall be classified as Residential Property or Non-Residential Property. Each Assessor’s Parcel of Residential Property shall be further classified as either a Single-Family Unit or the number of Multi-Family Units located on such Assessor’s Parcel.

3. Maximum Special Tax Rates

**Table 1
Base Year
Maximum Special Tax Rates**

| Land Use Class | Description | Maximum Special Tax | Special Tax Levy Basis |
|-----------------------|--|----------------------------|-------------------------------|
| 1 | Residential Property Single-Family Unit | \$313.00 | per Unit |
| 2 | Residential Property Multi-Family Unit | \$156.50 | per Unit |
| 3 | Non-Residential Property | \$1,252.00 | per Acre |

Escalation of Maximum Special Tax

Each Fiscal Year following the Base Year, the Maximum Special Tax Rate shall be increased in accordance with the Annual Tax Escalation Factor and otherwise adjusted as provided in this rate and method of apportionment.

Multiple Land Use Classes

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Class. The Maximum Special Tax levied on an Assessor's Parcel shall be the sum of the Maximum Special Taxes for all Land Use Classes located on that Assessor's Parcel. For an Assessor's Parcel that contains both Residential Property and Non-Residential Property, the Acreage of such Assessor's Parcel shall be allocated to each type of property based on the amount of Acreage designated for each Land Use Class as determined by reference to the site plan approved for such Assessor's Parcel. The CFD Administrator's allocation to each type of property shall be final.

4. Method of Apportionment

For each Fiscal Year the Council shall determine the Annual Costs and levy the Special Tax, until the amount of Special Taxes equals the Annual Costs. The Special Tax shall be levied each Fiscal Year as follows:

First: Calculate the available Special Tax revenues by taxing each Assessor's Parcel of Taxable Property at 100% of its Maximum Special Tax. If revenues are greater than the Annual Costs, then reduce the Special Tax proportionately against all Assessor's Parcels until the tax levy is set at an amount sufficient to cover the Annual Costs.

Second: Levy on each Assessor's Parcel of Taxable Property the amount calculated above. No Special Tax shall be levied on Exempt Property.

The City shall make every effort to correctly assign the number of taxable units and calculate the Special Tax for each Assessor's Parcel. It shall be the burden of the landowner to correct any errors in the determination of the Assessor's Parcels subject to the tax and their Special Tax assignments.

5. Collection of Special Taxes

Collection of the Special Tax shall be by the County in the same manner as *ad valorem* property taxes, and the Special Tax shall be subject to the same penalties and the same lien priority in the case of delinquency as *ad valorem* taxes; provided, however, that the Council may provide other means of collecting the Special Tax if necessary to meet its financial obligations, including direct billings to the property owners.

6. Administrative Changes and Appeals

Any landowner who pays the Special Tax and claims the amount of the Special Tax levied on his or her Assessor's Parcel is in error shall first consult with the CFD Administrator regarding such error not later than twelve months after first having paid the first installment of the Special Tax that is disputed. If, following such consultation, the CFD Administrator determines that an error has occurred; the CFD Administrator may amend the amount of the Special Tax levied on such Assessor's Parcel. If, following such consultation and action, if any, by the CFD Administrator, the landowner believes such error still exists, such person may file a written notice with the City Manager, or designee of the City, appealing the

amount of the Special Tax levied on such Assessor's Parcel. Upon the receipt of such notice, the City Manager, or designee, may establish such procedures as deemed necessary to undertake the review of any such appeal. The City Manager, or designee thereof, shall interpret this Rate and Method of Apportionment and make determinations relative to the administration of the Special Tax and any landowner appeals. The decision of the City Manager, or designee, shall be final and binding as to all persons.

Interpretations may be made by Resolution of the Council for purposes of clarifying any vagueness or ambiguity as it relates to the Special Tax rate, the method of apportionment, the classification of properties, or any definition applicable to CFD No. 1-S.

7. Term of Special Tax

The Special Tax shall be levied annually in perpetuity, unless terminated earlier by the Council.

EXHIBIT "B"
(RESOLUTION NUMBER 3783)

**TYPES OF SERVICES TO BE FINANCED BY
COMMUNITY FACILITIES DISTRICT NO. 1-S**

Fire protection and suppression services, and ambulance and paramedic services, including all furnishings, equipment and supplies related thereto; police protection services, including, but not limited to, criminal justice services, including all furnishings, equipment and supplies related thereto; park maintenance services, including all furnishings, equipment and supplies related thereto (collectively, the "Services).

EXHIBIT "C"
(RESOLUTION NUMBER 3783)

[FORM OF BALLOT]

OFFICIAL BALLOT

COMMUNITY FACILITIES DISTRICT NO. 1-S (SOUTH PERRIS PUBLIC SERVICES)

SPECIALTAX AND APPROPRIATIONS LIMIT ELECTION

October 10, 2006

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 _____, as owner and authorized representative of owner of _____ acres of land within Community Facilities District No. 1-S (South Perris Public Services) of the City of Perris and represents _____ vote.

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 a Special Tax be levied within Community Facilities District No. 1-S (South Perris Public Services) (the "District") to pay for the provision of (a) fire protection and suppression services, and ambulance and paramedic services including all furnishings, equipment and supplies related thereto, (b) police protection services, including but not limited to criminal justice services, including all furnishings, equipment and supplies related thereto; (c) park maintenance services, including all furnishings, equipment and supplies related thereto and (d) incidental expenses related thereto, as authorized in the Resolution establishing District and calling a special election, adopted on October 10, 2006, and shall an appropriations limit be established for Community Facilities District No. 1-S (South Perris Public Services) 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

Signed this 10th day of October, 2006

[INSERT NAME]

By: _____

Property owned: The District encompasses the property:

[Signature Page to Ballot for Community Facilities District No. 1-S
(South Perris Public Services) of the City of Perris

RETURN THIS BALLOT TO:

City Clerk
City of Perris
101 N. "D" Street
Perris, CA 92570

Your completed ballot may be mailed or personally delivered, but it must be received prior to the end of the public hearing on October 10, 2006. Incomplete, late or unsigned ballots will not be considered in the tabulation.