

RESOLUTION NUMBER 4776

RESOLUTION OF INTENTION OF THE CITY COUNCIL OF THE CITY OF PERRIS TO ESTABLISH COMMUNITY FACILITIES DISTRICT NO. 2014-2 (PERRIS VALLEY SPECTRUM) OF THE CITY OF PERRIS AND TO AUTHORIZE THE LEVY OF A SPECIAL TAX WITHIN SAID DISTRICT TO PREPAY OUTSTANDING SPECIAL TAXES AND REFINANCE COMMUNITY FACILITIES DISTRICT NO. 91-1 (PERRIS VALLEY SPECTRUM) OF THE CITY OF PERRIS

WHEREAS, the City Council (the “Council”) of the City of Perris (the “City”) has previously formed Community Facilities District No. 91-1 (Perris Valley Spectrum) of the City of Perris (“CFD 91-1”) by adoption of Resolution No. 1913 on January 28, 1991 pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, commencing with Section 53311 of the Government Code of the State of California (the “Act”); and

WHEREAS, pursuant to a special tax election and a Notice of Special Tax Lien recorded as Document No. 61694 on February 25, 1991, in the Recorder’s Office of the County of Riverside, the City levies a special tax annually in CFD 91-1, to pay for principal and interest and other permitted costs in connection with the outstanding Community Facilities District No 91-1 (Perris Valley Spectrum) of the City of Perris 1991 Special Tax Bonds (“1991 Bonds”); and

WHEREAS, the proceeds of the 1991 Bonds were used to finance facilities and incidental expenses permitted by the Act; and

WHEREAS, due to high delinquencies in CFD 91-1, and a special tax formula which requires undeveloped property to pay for public improvements at the same rate as developed property, the Council hereby determines that it is in the best interests of the CFD 91-1 to prepay the 1991 Bonds and special taxes associated therewith (“Refinance Plan”); and

WHEREAS, in order to accomplish the Refinance Plan, the City Council hereby determines that the appropriate course of action would be to form a new community facilities district to levy special taxes within the area of the CFD 91-1 and apportion the special taxes in a manner that spurs further development within the area, and issue a new series of bonds to pay off the 1991 Bonds; and

WHEREAS, in connection with the Refinancing Plan, a new boundary map will need to be recorded to reflect the new district and a new special tax formula will need to be approved; and

WHEREAS, the special tax formula will include a contribution of former tax increment within the new district to special taxes (“Agency Contribution”) from the Successor

Agency to the former Redevelopment Agency of the City of Perris (“Successor Agency”) in a similar form to the contribution to special taxes within CFD 91-1; and

WHEREAS, the Council hereby initiates the CFD on its own initiative pursuant to the requirements of Government Code Section 53318 and now intends to form Community Facilities District No. 2014-2 (Perris Valley Spectrum) of the City of Perris; and

WHEREAS, the Council desires to adopt this resolution of intention as provided in Section 53321 of the Act to establish a community facilities district consisting of the territory described in Exhibit “A” hereto and incorporated herein by this reference, which the Council hereby determines shall be known as “Community Facilities District No. 2014-2 (Perris Valley Spectrum) of the City of Perris” (“Community Facilities District No. 2014-2” or the “District”) pursuant to the Act to (1) prepay special taxes in CFD No. 91-1 by refinancing the outstanding 1991 Bonds which were used for the purchase, construction, modification, expansion, improvement or rehabilitation of certain real or other tangible property and the incidental expenses described in Resolution No. 1913, adopted on January 28, 1991 by the City Council (“Resolution 1913”) and incorporated herein by this reference, as permitted by Section 53313.5(g) of the Act (collectively, the “Facilities”); and (2) the incidental expenses to be incurred in connection with refinancing the Facilities and forming and administering the District (the “Incidental Expenses”); and

WHEREAS, it is the intention of the Council to consider the financing and refinancing the Facilities and the Incidental Expenses through the formation of Community Facilities District No. 2014-2 and the sale of bonded indebtedness in an amount not to exceed \$4,000,000 within the proposed District and the levy of a special tax within the District to pay for bonded indebtedness to refinance the 1991 Bonds and the Facilities and pay the Incidental Expenses; provided that the bond sales and special tax levies are approved at an election to be held within the District;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PERRIS DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The above recitals are true and correct and incorporated herein by this reference.

Section 2. The Council hereby determines to institute proceedings for the formation of a community facilities district under the terms of the Act. The exterior boundaries of the District are hereby specified and described to be as shown on that certain map now on file in the office of the City Clerk entitled “Proposed Boundaries of Community Facilities District No. 2014-2 (Perris Valley Spectrum) of the City of Perris,” which map indicates by a boundary line the extent of the territory included in the proposed District and shall govern for all details as to the extent of the District. On the original and one copy of the map of such District on file in the Clerk’s office, the Clerk shall endorse the certificate evidencing the date and adoption of this resolution. The Clerk shall file the original of such map in her office and, within fifteen (15) days after the adoption of this Resolution, the Clerk shall file a copy of such map so endorsed in the records of the County Recorder, County of Riverside, State of California.

Section 3. The name of the proposed District shall be designated as “Community Facilities District No. 2014-2 (Perris Valley Spectrum) of the City of Perris.”

Section 4. Pursuant to Section 53313.5(g) of the Act, a community facilities district may pay in full all amounts necessary to pay, repay, or defease any obligation to pay or any indebtedness secured by any tax, fee, charge or assessment levied within the area of the community facilities district or may pay debt service on that indebtedness.

Section 5. The Facilities proposed to be refinanced by the District are public infrastructure facilities and other governmental facilities with an estimated useful life of five years or longer, which the City, or other public agency is authorized by law to construct, acquire, own, operate or contribute revenue to. The Council hereby finds and determines that the description of the refinancing of the 1991 Bonds which financed the Facilities herein is sufficiently informative to allow taxpayers within the proposed District to understand what the funds of the District may be used to refinance and the special taxes that will be prepaid by the District. The Incidental Expenses expected to be incurred include the cost of forming the District, issuing bonds and levying and collecting a special tax within the District.

Section 6. Except where funds are otherwise available, it is the intention of the Council to levy annually in accordance with procedures contained in the Act a special tax within the District (the “Special Tax”) sufficient to pay for the costs of refinancing the acquisition and/or construction of the Facilities and Incidental Expenses, including the principal and interest and other periodic costs of bonds or other indebtedness proposed to be issued to finance the Facilities, and Incidental Expenses, the establishment and replenishment of reserve funds, the credit enhancement fees, if any, the costs of administering the levy and collection of the Special Tax and all other costs of the levy of the Special Tax and issuance of the bonds, including any foreclosure proceedings, legal, fiscal, and financial consultant fees, discount fees, interest on bonds, election costs and all costs of issuance of the bonds, including, but not limited to, fees for bond counsel, disclosure counsel, financing consultants and printing costs, and all other administrative costs of the tax levy and bond issue. The Special Tax will be secured by recordation of a continuing lien against all non-exempt real property in the District and will be annually levied with the District. In the first year in which such a Special Tax is levied, the levy shall include a sum sufficient to repay to the City all amounts, if any, transferred to the District pursuant to Section 53314 of the Act and interest thereon. The schedule of the rate and method of apportionment and manner of collection of the Special Tax within The District is described in detail in Exhibit “C” attached hereto and by this reference incorporated herein. The Special Tax is based upon the cost of refinancing the Facilities and paying the Incidental Expenses in the District and such other reasonable basis permitted pursuant to the Act.

The Special Tax within the District is apportioned to each parcel on the foregoing basis pursuant to Section 53325.3 of the Act. In the event that a portion of the property within the District shall become for any reason exempt, wholly or partially, from the levy of the Special Tax, 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. 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 for a period not to exceed seven years (7) years or as otherwise permitted by law, commencing with Fiscal Year 2015-16, as further described in Exhibit "C" hereto; and (iii) under no circumstances will such special tax be increased as a consequence of delinquency or default by the owner of any other parcels within the District by more than ten percent (10%) as required by the Act. Notwithstanding anything to the contrary herein, the maturity of the bonds shall not exceed (7) years, and the levy shall commence on or after a refunding of the 1991 Bonds.

Section 7. The Special Tax within the proposed District is based on the amount necessary to prepay the 1991 Bonds to refinance the Facilities and pay Incidental Expenses and such other reasonable basis described herein. The Council has previously determined that the proposed Facilities are necessary to meet the increased demand placed upon the City, and other agencies and the existing infrastructure in the City as a result of the development of land in CFD 91-1 and hereby affirms such determination for the same land proposed for inclusion in the District. The Council's previous determination regarding the Facilities and the reasonableness of special taxes is contained in Resolution 1913. The Council hereby determines the rate and method of apportionment of the Special Tax set forth in Exhibit "C" for the District to be reasonable.

Section 8. A public hearing (the "Hearing") on the establishment of Community Facilities District No. 2014-2, the proposed rate and method of apportionment of the Special Tax and the proposed issuance of bonds to refinance the Facilities and the Incidental Expenses shall be held on November 25, 2014, at 6:00 p.m., or as soon thereafter as practicable, at the chambers of the City Council of the City of Perris, 101 North "D" Street, Perris, California 92570. Should the Council determine to form the District, a special election will be held within the District to authorize the issuance of bonds and the levy of the Special Tax in accordance with the procedures contained in Government Code Section 53326. If held, the proposed voting procedure at the election will be a landowner vote with each landowner who is the owner of record of land within the District at the close of the Hearing, or the authorized representative thereof, having one vote for each acre or portion thereof owned within the District. Ballots for the special election may be distributed by mailed ballot election, or if agreed to by the landowner, by personal service. If there are more than 12 registered voters within the proposed District within the 90 days preceding the public hearing the close of the public hearing, the election shall be a registered voter election as provided by the Act.

Section 9. At the time and place set forth above for the Hearing, any interested person, including all persons owning lands or registered to vote within the proposed District, may appear and be heard.

Section 10. Each City officer who is or will be responsible for the Facilities to be refinanced by the District, if it is established, is hereby directed to study the proposed District and, at or before the time of the above-mentioned Hearing, file a report with the Council pursuant to 533215 of the Act, and which is to be made a part of the record of the Hearing, containing a brief description of the refinanced Facilities by type which were required to adequately meet the needs of the District and his or her estimate of the cost of providing the refinancing of the Facilities, including an estimate of the fair and reasonable cost of all Incidental

Expenses, including all costs associated with the creation of the District, issuance of bonds, determination of the amount of any special taxes, collection of any special taxes, or costs otherwise incurred in order to carry out the authorized purposes of the City with respect to the District, and any other expenses incidental to the construction, completion and inspection of the authorized work to be paid through the proposed financing. The City has previously filed a similar report in connection with the financing of CFD 91-1.

Section 11. The City may accept advances of funds or work-in-kind from any sources, including private persons or private entities, and is authorized and directed to use such funds for any authorized purpose, including any cost incurred in creating the District. The District may enter into an agreement to repay all of such funds as are not expended or committed for any authorized purpose at the time of the election on the levy of the Special Tax, if the proposal to levy such tax should fail, and to repay all of such funds advanced if the levy of the Special Tax shall be approved by the qualified electors of the District.

Section 12. The Clerk is hereby directed to publish a notice (“Notice”) of the Hearing pursuant to Section 6061 of the Government Code in a newspaper of general circulation published in the area of the proposed District. Such Notice shall contain the text or a summary of this Resolution, state the time and place of the Hearing, a statement that the testimony of all interested persons or taxpayers will be heard, a description of the protest rights of the registered voters and landowners in the proposed District as provided in Section 53324 of the Act and a description of the proposed voting procedure for the election required by the Act. Such publication, unless waived, shall be completed at least seven (7) days prior to the date of the Hearing.

Section 13. The Clerk may send a copy of the Notice of the Hearing by first-class mail, postage prepaid, to each registered voter and to each landowner within the proposed District as shown on the last equalized assessment roll. Said mailing shall be completed not less than fifteen (15) days prior to the date of the Hearing.

Section 14. Pursuant to Section 53344.1 of the Act, the Council hereby reserves to itself, in its sole discretion, the right and authority by subsequent resolution to allow any owner of property within the District, subject to the provisions of Section 53344.1 of the Act and those conditions as it may impose, and any applicable prepayment penalties as prescribed in the bond indenture or comparable instrument or document, to tender to the District treasurer in full payment or part payment of any installment of the special taxes or the interest or penalties thereon which may be due or delinquent, but for which a bill has been received, any bond or other obligation secured thereby, the bond or other obligation to be taken at par and credit to be given for the accrued interest shown thereby computed to the date of tender.

Section 15. The voting procedure with respect to the establishment of the District and the imposition of the Special Tax shall be by mail or hand delivered ballot election. If, following the public hearing described in Section 8 above, the City Council determines to establish the District and proposes to levy the Special Tax within the District, the City Council shall then submit the levy of the Special Taxes to the qualified electors of the District in the time period provided by the Act. The vote shall be by the landowners of the District with each landowner or the authorized representative thereof, having one (1) vote for each acre or portion of an acre of

land owned within the District. If there are more than twelve (12) registered owners in the District within the 90 days preceding the hearing, the election shall be a registered voter election as provided by the Act.

The election shall be conducted by the City Clerk, and shall be held on a date selected by the City Council in conformance with the provisions of Section 53326 of the California Government Code and pursuant to the provisions of the California Elections Code, insofar as they may be applicable, or such date as agreed upon by the landowners of the District pursuant to a consent and waiver form executed by the District landowners.

A successful election relating to the authorization of Special Tax shall establish the appropriations limit as authorized by Article XIII B of the California Constitution as it is applicable to the District. The election shall be a consolidated election and include any election on bonded indebtedness.

Section 16. The Council, on behalf of the District, hereby approves of the agreement between the District, CFD 91-1 and the Successor Agency attached hereto as Exhibit D and by this reference incorporated herein relating to the Agency Contribution (the "Agreement"). The Mayor or City Manager (the "Designated Officers"), each acting alone, are hereby authorized and directed to execute, the Agreement in said form, together with such additions thereto or changes therein as the Designated Officer executing the Agreement, upon consultation with Bond Counsel, shall deem necessary, desirable or appropriate, and the execution of the Agreement by a Designated Officer shall be conclusive evidence of the approval of any such additions and changes.

Section 17. Following the issuance of the bonds to refinance the 1991 Bonds, the City, on behalf of CFD 91-1, may cease to levy or collect special taxes in CFD 91-1 pursuant to Government Code Section 53330.5 and the Act. To evidence such cessation, CFD No 91-1 may record a notice of cessation of the special tax in the office of the County Recorder of the County of Riverside. Any cessation of the special tax to pay the 91-1 Bonds may provide for the forgiveness of past due or current delinquent taxes in CFD No. 91-1 as determined by CFD No. 91-1.

ADOPTED, SIGNED and APPROVED this 14th day of October, 2014.

DARYL R. BUSCH,
MAYOR OF THE CITY OF PERRIS

ATTEST:

NANCY SALAZAR, CITY CLERK

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

I, Nancy Salazar, CITY CLERK OF THE CITY OF PERRIS, DO HEREBY CERTIFY that the foregoing Resolution Number 4776 was duly adopted by the City Council of the City of Perris at a regular meeting of said Council on the 14th day of October, 2014, and that it was so adopted by the following vote:

AYES: RODRIGUEZ, ROGERS, YARBROUGH, LANDERS, BUSCH

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

By: _____
NANCY SALAZAR, CITY CLERK

EXHIBIT A

**COMMUNITY FACILITIES DISTRICT NO. 2014-2
(PERRIS VALLEY SPECTRUM) OF THE CITY OF PERRIS**

BOUNDARY MAP

[ATTACHED]

EXHIBIT "B"

**TYPES OF FACILITIES TO BE REFINANCED BY
COMMUNITY FACILITIES DISTRICT NO. 2014-2
(PERRIS VALLEY SPECTRUM) OF THE CITY OF PERRIS**

The General Description of the Facilities financed by the CFD 91-1 pursuant to Resolution No. 1913 is as follows:

(a) street and road facilities (including the purchase of rights-of-way and construction or acquisition of street and road improvements);

(b) water facilities, wastewater and sewer facilities and storm drains;

(c) street lights, traffic lights and public utility facilities (including gas, electrical and telephone); and to serve the area within proposed Community Facilities District No. 91-1 (Perris Valley Spectrum);

(d) school facilities, fire protection and suppression facilities and services and open space, including the payment of capital facilities fees to finance the construction and/or acquisition of such facilities; and

(e) governmental facilities which the City Council of the City of Perris is authorized by law to contribute revenue to, or construct, own or operate, including but not limited to civic center improvements and facilities, municipal facilities and improvements, police, jail and detention facilities, parks, recreation facilities, parkways, open-surface facilities, museums and cultural facilities, including the payment of capital facilities fees to finance the construction and/or acquisition of such facilities.

(f) The incidental expenses which will be incurred are: (i) the cost of planning and designing such facilities and the cost of environmental evaluations thereof, (ii) all costs associated with the creation of the proposed community facilities district, issuance of the bonds thereof, the determination of the amount of and collection of taxes, the payment of taxes, and costs otherwise incurred in order to carry out the authorized purposes of the community facilities district, and (iii) any other expenses incidental to the construction, completion, and inspection of such facilities.

OTHER

The District may also finance any of the following:

1. Bond related expenses, including underwriter's discount, reserve fund, capitalized interest, financial advisor fees and expenses, bond and disclosure counsel fees and expenses, special tax consultant fees and expenses, dissemination agent fees and all other incidental expenses.

2. Administrative fees of the City and the Bond trustee or fiscal agent related to the District and the Bonds.

3. Reimbursement of costs related to the formation of the District advanced by the City or any related entity, or any landowner or developer within the District, as well as reimbursement of any costs advanced by the City or any related entity, or any landowner or developer within the District, for facilities or other purposes or costs of the District.

EXHIBIT C

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

Community Facilities District No. 2014-2 (Perris Valley Spectrum) of the City of Perris RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

A Special Tax shall be levied by the City on all Assessor's Parcels within CFD No. 2014-2 and collected each Fiscal Year, commencing no earlier than Fiscal Year 2015-16, in an amount sufficient to pay the Annual Costs, as defined herein, of the CFD No. 2014-2 and, all payments required under the Bond Documents for the Bonds and any supplements thereto. The Special Tax may be levied each fiscal year, to the extent, and in the manner herein provided.

A. DEFINITIONS

2014 Pledge Agreement means the agreement between the City of Perris on behalf of CFD No. 2014-2, CFD 91-1 and itself, and the Agency which memorializes the Agency Contribution to the Bonds.

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

Agency means the successor agency of the Redevelopment Agency of the City of Perris created to make payments on all enforceable obligations of the former redevelopment agency of the City or of the successor agency with respect to the refinancing of enforceable obligations, including the Agency Contribution.

Agency Contribution means for any fiscal year an amount equal to the Tax Increment Revenues to be received by the Agency in the such fiscal year as certified in a Report of an Independent Financial Consultant; provided that in no event shall the Agency Contribution in any fiscal year exceed an amount necessary, together with funds on deposit in the Bonds Fund, to pay (i) the debt service due on the bonds in such fiscal year; (ii) Administrative Expenses in such fiscal year, and (iii) the amount, if any, to increase the deposit in the Reserve Fund to the Reserve Requirement (the "Maximum Agency Contribution"). The Agency Contribution is subordinate to all outstanding or future bonded indebtedness of the Agency and any pass through payments pursuant to Section 33607.7 and 33607.5 of the Redevelopment Law or pass through agreements as provided in the 2014 Pledge Agreement. The Agency Contribution may be reduced by \$1 in each fiscal year to effectuate savings to the Agency or as otherwise described in the 2014 Pledge Agreement.

Annual Costs for any fiscal year equals the sum of (i) annual Debt Service for the current Bond Year; (ii) the estimated administrative fees or expenses of the City for such fiscal year; (iii) the

amount, if any, necessary to replenish the Revenue Fund on the Bonds to the level required under the Bond Documents; (iv) any other payment required under the Bond Documents and any amendment thereto; (v) less the Agency Contribution for such Fiscal Year.

Assigned Special Tax means the amount determined in accordance with Section C, which may be levied for each applicable Fiscal Year on an Assessor's Parcel of Taxable Property.

Assessor means the County Assessor.

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 parcels by Assessor's Parcel Number.

Assessor's Parcel Number or APN means the number assigned to an Assessor's Parcel by the Assessor for purposes of identification.

Authority is the City of Perris Joint Powers Authority.

Bond Documents means any fiscal agent agreement, indenture, trust agreement or similar document setting forth the terms of any Bonds.

Bond Year means the subsequent Calendar Year for which Debt Service is due and payable following the Fiscal Year for which Special Taxes are levied.

Bonds means any debt (as defined in the Act) of CFD No. 2014-2, whether in one series or more, secured by the levy of Special Taxes, of which, the first series of Bonds issued shall be used to defease the Prior Bonds.

Boundary Map means the "Map of Proposed Boundaries of Community Facilities District No. 2014-2, City of Perris, County of Riverside, State of California," filed _____ 201__ in Book _____, Page(s) _____ of Maps of Assessments and Community Facilities Districts in the office of the County Recorder.

Building Permit means a permit for new construction for a residential or non-residential structure. For purposes of this definition, "Building Permit" shall not include permits for construction or installation of retaining walls, utility improvements, or other such improvements not intended for human habitation.

Calendar Year means the period commencing January 1 of any year and ending the following December 31.

CFD Administrator means an official of the City, or designee thereof, responsible for determining the Annual Costs and providing for the levy and collection of the Special Taxes for CFD No. 2014-2.

CFD No. 91-1 means Community Facilities District No. 91-1 (Perris Valley Spectrum) of the City of Perris, originally formed by the City on January 28, 1991.

CFD No. 2014-2 means Community Facilities District No. 2014-2 (Perris Valley Spectrum) of the City of Perris, established for the sole purpose of refinancing CFD No. 91-1.

City means the City of Perris, California.

Debt Service for any fiscal year is the total annual principal and interest payment on the Bonds or Prior Bonds for the next succeeding March 1 (the March 1 in such fiscal year) and the following September 1 (September 1 in the next fiscal year), less investment earnings on the Reserve Fund available for that purpose and not required under the Bond Documents to be set aside in a separate account to be used to make payments to the United States pursuant to the federal tax laws, and less any capitalized interest and any other amounts on deposit in the Bond Fund under the Bond Documents as of the first day of such fiscal year.

Developed Property means an Assessor's Parcel of Taxable Property for which a Building Permit was issued on or before **March 1** preceding the Fiscal Year for which Special Taxes are being levied.

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

Maximum Special Tax means the maximum Special Tax determined in accordance with Section C, which may be levied for each applicable Fiscal Year on an Assessor's Parcel of Taxable Property.

Prior Bonds means the remaining outstanding Community Facilities District No. 91-1 of the City of Perris, 1991 Special Tax Bonds, dated April 1, 1991.

Resolution of Issuance is any Resolution adopted by the City authorizing the issuance of the Bonds to be secured by the levy of a Special Tax within the CFD No. 2014-2.

Special Tax is any tax authorized under Section 53340 of the California Government Code to be levied by the City within CFD No. 2014-2.

Tax Increment Revenues shall mean for each July 1-June 30 ("Fiscal Year") the total ad valorem tax revenues generated within the Site in a Fiscal Year, which revenues are allocated to and actually received by Successor Agency for such Successor Agency Fiscal Year pursuant to Section 33670(b) of the California Health and Safety Code, minus the amount of such revenues set aside pursuant to sections 33334.2 and 33334.3 of said Redevelopment Law for low and moderate-income housing purposes, and minus such amounts as may be allocated or required to be paid to or for the benefit of the County of Riverside and any other taxing entities pursuant to an agreement entered into pursuant to former Health and Safety Code Section 33401. In the event Available Tax Increment Revenues decrease or are eliminated, then for purposes of the 2014 Pledge Agreement, the Available Tax Increment Revenues shall be deemed to mean the form of tax or revenue which the Successor Agency receives in total or partial replacement of such Available Tax Increment Revenues, including funds constituting Available Tax Increment Revenues under the Dissolution Law deposited from time to time in the Redevelopment Property Tax Fund established pursuant to Health and Safety Code Section 34170.5(a) of the Law and administered by the auditor controller of the County of Riverside, constituting part of the Dissolution Law. Tax Increment Revenues are further limited as provided in the 2014 Pledge Agreement by and between the City (on behalf of CFD 91-1 and CFD 2014-2) related to the Agency Contribution.

Taxable Lot Square Footage or TLSF is all of the area of an Assessor's Parcel within CFD No. 2014-2, which is not exempt from the Special Tax pursuant to Section 53311, et. seq. of the California Government Code.

Taxable Property means all Assessor's Parcels that are not exempt from the Special Tax pursuant to the Act.

Trustee means the trustee, fiscal agent, or paying agent under the Bond Documents.

Undeveloped Property means all Assessor's Parcel for which a Building Permit has not been issued on or before **March 1**, preceding the Fiscal Year for which Special Taxes are being levied.

B. CLASSIFICATION OF ASSESSOR'S PARCELS

Each Fiscal Year, beginning with Fiscal Year 2015-16, each Assessor's Parcel shall first be classified by the CFD Administrator as Taxable Property or Exempt Property. In addition, each such Fiscal Year, each Assessor's Parcel of Taxable Property shall be further classified by the CFD Administrator as Developed Property or Undeveloped Property. Commencing with Fiscal Year 2015-16 and for each subsequent Fiscal Year, all Taxable Property shall be subject to the levy of Special Taxes pursuant to Section C below.

C. MAXIMUM SPECIAL TAXES

Each Fiscal Year commencing the later of the issuance of the Bonds to refund the Prior Bonds or in Fiscal Year 2015-16, each taxable Assessor's Parcel shall be subject to the Special Tax. The Maximum Special Tax shall be equal to \$0.2645 per TLSF.

D. METHOD OF APPORTIONMENT OF SPECIAL TAX

Commencing in Fiscal Year 2015-16 and for each subsequent Fiscal Year as provided in Section G, the CFD Administrator shall levy a Special Tax on all Taxable Property until the total amount of Special Taxes levied equals the Annual Costs in accordance with the following steps:

Step One: The Special Tax shall be levied proportionately on each Assessor's Parcel of Developed Property, up to 100% of the applicable Maximum Special Tax for such Fiscal Year to fund the Annual Costs.

Step Two: If additional monies are needed to fund the Annual Costs after the first step has been completed, the Special Tax shall be levied proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Special Tax.

E. MANNER OF COLLECTION

The collection of Special Taxes for CFD No. 2014-2 shall commence in Fiscal Year 2015-16 provided that the Prior Bonds have been refunded. The annual Special Taxes shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that the Special

Taxes may be billed and collected at a different time or in a different manner if necessary to meet the financial obligations of CFD No. 2014-2.

F. PREPAYMENT OF SPECIAL TAX

The following definitions apply to this Section F.

“Administrative Fee” equal the fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption.

“Outstanding Bonds” means all previously issued Bonds which will remain outstanding after the first interest and/or principal payment date following the current Fiscal Year.

“Reserve Fund Credit” shall equal the lesser of (i) the expected reduction in the applicable reserve fund requirement (as defined in the Bond Documents), if any, following the redemption of Outstanding Bonds from proceeds of the prepayment or (ii) the amount derived by subtracting the new reserve fund requirement in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the applicable reserve fund on the prepayment date. Notwithstanding the foregoing, the Reserve Fund Credit shall in no event be less than \$0.

The Special Tax obligation of an Assessor’s Parcel of Taxable Property may be prepaid in full, provided that there are a) no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor’s Parcel at the time that the Special Tax obligation would be prepaid, and b) the amount of Special Taxes that may be levied on Taxable Property, net of reasonably estimated annual administrative expenses, is at least 1.10 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

The Prepayment Amount for an Assessor’s Parcel eligible for prepayment shall be determined as described below.

An owner of an Assessor’s Parcel intending to prepay all or a part of the Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay, and within 10 business days of receipt of such notice, the City shall notify such owner of the amount of a non-refundable deposit determined by the CFD Administrator as necessary to cover the cost to be incurred by CFD No. 2014-2 in calculating the proper amount of a prepayment. Within 30 business days of receipt by the CFD Administrator of the non-refundable deposit, the CFD Administrator shall notify such owner of the prepayment amount for the applicable Assessor’s Parcel. Prepayment must be made not less than 60 days prior to the next occurring date that notice of redemption of Bonds from the proceeds of such prepayment may be given by the Trustee pursuant to the Bond Documents.

The Prepayment Amount for each applicable Assessor’s Parcel or group of Assessor’s Parcels shall be calculated according to the following formula (capitalized terms defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Defeasance Amount

plus	Administrative Fee
less	<u>Reserve Fund Credit</u>
equals	Prepayment Amount

As of the date of prepayment, the Prepayment Amount shall be calculated as follows:

1. For an Assessor's Parcel of Taxable Property, compute the Special Tax applicable to such Assessor's Parcel by taking the product of \$0.2645 and the Taxable Lot Square Footage of such Assessor's Parcel.
2. For each Assessor's Parcel intending to prepay, divide the Special Tax computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Special Tax applicable to all Assessor's Parcels of Taxable Property within CFD No. 2014-2 using the same approach identified in Step 1, excluding the Special Taxes of any Assessor's Parcels for which the Special Tax obligation has been previously prepaid.
3. For each Assessor's Parcel intending to prepay, multiply the quotient computed pursuant to paragraph 2, by the Outstanding Bonds. Sum up the product of each of the parcels to be prepaid, and round up to the nearest \$5,000 increment to calculate the "Bond Redemption Amount," for such Assessor's Parcel(s).
4. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds on the next available redemption date to be redeemed with the proceeds of the Bond Redemption Amount. This product is the "Redemption Premium."
5. Compute the amount needed to pay interest on the Bond Redemption Amount starting with the first Bond interest payment date after which the prepayment has been received until the earliest redemption date for the Outstanding Bonds, taking into consideration the amount of Special Tax levied on and paid, for the Assessor's Parcel in the current Fiscal Year and the portion of Outstanding Bonds.
6. Compute the amount the CFD Administrator reasonably expects to be derived from the reinvestment of the Prepayment Amount until the next available redemption date for the Outstanding Bonds less an Administrative Fee (as listed in the definitions above).
7. Subtract the amount computed pursuant to paragraph 6 from the result computed pursuant to paragraph 5. This difference is the "Defeasance Amount."
8. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Defeasance Amount, and the Administrative Fee, less the Reserve Fund Credit (as listed in the definitions above).

With respect to the Special Tax obligation that is prepaid pursuant to this Section F, the CFD Administrator shall indicate in the records of CFD No. 2014-2 that there has been a prepayment of the Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such prepayment to indicate the prepayment of the Special Tax obligation and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such Special Tax shall cease.

G. TERMINATION OF SPECIAL TAX

For each Fiscal Year that any Bonds are outstanding, the Special Tax shall be levied on all Assessor's Parcels of Taxable Property in accordance with Section D but in no event shall the Special Tax be levied on an Assessor Parcel after Fiscal Year 2020-21. If any delinquencies for Special Tax remain uncollected prior to or after all Bonds are retired, the Special Tax may continue to be levied on delinquent parcels to the extent necessary to reimburse CFD No. 2014-2 for any uncollected Special Taxes.

H. CESSATION OF SPECIAL TAX IN CFD No. 91-1

Following the issuance of the Bonds, the City, on behalf of CFD 91-1, may cease to levy or collect special taxes in CFD 91-1 pursuant to Government Code Section 53330.5 and the Act. To evidence such cessation, CFD No, 91-1 may record a notice of cessation of the special tax in the office of the County Recorder of the County of Riverside. Any cessation of the special tax to pay the 91-1 Bonds may provide for the forgiveness of past due or current delinquent taxes in CFD No. 91-1 as determined by CFD No. 91-1.

I. APPEALS

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the CFD Administrator not later than twelve months after having paid the first installment of the Special Tax that is disputed. The CFD Administrator shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the decision of the CFD Administrator requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund will only occur in the final Fiscal Year of Outstanding Bonds and for each prior Fiscal Year a cash refund shall not be made, but an adjustment shall be made to the Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s) to compensate for the overpayment of the Special Tax.

EXHIBIT D

PLEDGE AGREEMENT

AGREEMENT BETWEEN CITY OF PERRIS FOR COMMUNITY FACILITIES DISTRICT NO. 2014-2, COMMUNITY FACILITIES DISTRICT NO. 91-1 AND THE SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY OF THE CITY OF PERRIS

THIS AGREEMENT, dated_____, is made and entered into by and between the City of Perris (the "City") on behalf of Community Facilities District No. 2014-2 (Perris Valley Spectrum) of the City of Perris, as described below (the "CFD 2014-2") and Community Facilities District No. 91-1 (Perris Valley Spectrum) of the City of Perris (CFD "91-1"), and the Successor Agency to the Dissolved Redevelopment Agency of the City of Perris (the "RDA"), a successor agency duly existing under the law (the "Successor Agency").

RECITALS

A. The City of Perris, by its adoption of Resolution No. 1913 adopted January 28, 1991 (the "Resolution of Formation") established Community Facilities District No. 91-1 (Perris Valley Spectrum) of the City of Perris (the "1991 District) pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended, commencing with Section 53311 of the California Government Code (the "Act").

B. The City Council, by its Resolution No. 1932 adopted March 11, 1991, completed proceedings for the authorization of bonded indebtedness on behalf of the CFD 91-1 in an aggregate principal amount not to exceed \$9,000,000 to finance the costs of construction of certain public facilities (the "Public Facilities"). The Resolution of Formation and ensuing election authorized the levy of a special tax (the "1991 Special Tax") on property within the 1991 District to pay debt service on such bonded indebtedness and to pay certain administrative expenses and other costs of the 1991 District.

C. Pursuant to such authorization, the District issued \$8,010,000 aggregate principal amount of its 1991 Special Tax Bonds (the "1991 Bonds") pursuant to the terms of an Administration Agreement dated as of April 1, 1991 (the "Administration Agreement"), by and between the District and Security Pacific National Bank, as fiscal agent, as succeeded by successor fiscal agents, including U. S. Bank National Association, of which \$3,350,000 remains outstanding.

D. In connection with the 1991 District, the 1991 District and the RDA entered into an agreement (the "1991 Pledge Agreement") wherein the RDA agreed to contribute certain tax increment revenues from the Central Perris and North Perris Redevelopment Project (the "1991

Contribution) to the payment of 1991 Bonds pursuant to the Community Redevelopment Law, constituting Section 33000 et seq. of the California Health and Safety Code (the “Redevelopment Law”).

E. The RDA has been dissolved pursuant to California Assembly Bill No. 26 (“AB1X 26”) enacted on June 29, 2011, which law dissolved all redevelopment agencies in existence in the State of California as of February 1, 2012, and designated “successor agencies” and “oversight boards” to satisfy “enforceable obligations” of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies, and AB1X26 was amended by Assembly Bill No. 1484, a follow on bill to AB1X 26, to provide a mechanism to refund certain bonds or indebtedness under certain circumstances (collectively, AB 1X 26 and AB 1484 are referred to herein as the “Dissolution Law”). The Successor Agency is the successor agency to the dissolved RDA.

F. The 1991 Pledge Agreement is a recognized “enforceable obligation” on the Recognized Obligation Payment Schedule of the Successor Agency, as permitted under the Dissolution Law.

G. Due to high delinquencies in the 1991 District, and the high interest rates of the 1991 Bonds, the City, on behalf of the 1991 District, desires to refinance the 1991 District. The City has determined that it is in the best interests of the CFD 91-1 and the bondholders of the 1991 Bonds to refinance the 1991 District by forming a new district to be entitled “Community Facilities District No. 2014-2 (Perris Valley Spectrum) of the City of Perris” (the “CFD 2014-2”) and to issue bonds, loans or other indebtedness of the CFD 2014-2 to refinance the 1991 Bonds (the “Refunding Bonds”). The boundaries of the CFD 2014-2 once formed will be identical to the boundaries of the 1991 District.

H. The City has requested that the Successor Agency enter this Agreement in order to memorialize the contribution of former tax increment to the Refunding Bonds in a similar manner to the 1991 Contribution.

I. The Successor Agency intends to subordinate the contribution to all outstanding and future bond issues of the Successor Agency and/or former RDA and all pass through payments to taxing entities in the project area.

J. The 1991 Contribution received by the 1991 District constituted indebtedness received by the RDA pursuant to Section 33670 et. seq. of the California Health and Safety Code under the 1991 Pledge Agreement.

K. The Successor Agency adopted Resolution No. ___ on ____, approving this Agreement. The Oversight Board adopted Resolution No. ___ approving this action. The Department of Finance approved of this action on _____.

AGREEMENT

NOW THEREFORE, in consideration of the mutual promises and covenants set forth below, the parties hereto agree as follows:

1. Recitals. The Recitals to this Agreement are true and correct and incorporated herein by this reference.
2. Definitions. The following terms shall be given the meaning set forth below.

“Available Tax Increment Revenues” means: for each July 1-June 30 (“Agency Fiscal Year”) the total ad valorem tax revenues generated within the Site in an Agency Fiscal Year, which revenues are allocated to and actually received by Successor Agency for such Successor Agency Fiscal Year pursuant to Section 33670(b) of the California Health and Safety Code, minus the amount of such revenues set aside pursuant to sections 33334.2 and 33334.3 of said Redevelopment Law for low and moderate-income housing purposes, and minus such amounts as may be allocated or required to be paid to or for the benefit of the County of Riverside and any other taxing entities pursuant to an agreement entered into pursuant to former Health and Safety Code Section 33401. In the event Available Tax Increment Revenues decrease or are eliminated, then for purposes of this Agreement, the Available Tax Increment Revenues shall be deemed to mean the form of tax or revenue which the Successor Agency receives in total or partial replacement of such Available Tax Increment Revenues, including funds constituting Available Tax Increment Revenues under the Dissolution Law deposited from time to time in the Redevelopment Property Tax Fund established pursuant to Health and Safety Code Section 34170.5(a) of the Law and administered by the auditor controller of the County of Riverside, constituting part of the Dissolution Law.

“Fiscal Agent Agreement” means the indenture, fiscal agent or agreement providing for the issuance of the Refunding Bonds by and between the CFD 2014-2 and a trustee or fiscal agent.

“Recognized Obligation Payment Schedule” means a Recognized Obligation Payment Schedule, each prepared and approved from time to time pursuant to subdivision (l) of Section 34177 of the Law.

“Site” shall mean the area of the CFD 2014-2.

“Special Tax” shall mean the Special Tax levied within the CFD 2014-2 on property owners pursuant to the rate and method of apportionment adopted for the CFD 2014-2 and levied pursuant to an ordinance, resolution or other authorization and the notice of special tax lien recorded for the CFD 2014-2.

“Special Tax Fund” means the fund of that name described in the Fiscal Agent Agreement for the Refunding Bonds.

“CFD 2014-2” means Community Facilities District No. 2014-2 (Perris Valley Spectrum) of the City of Perris.

“Refunding Bonds” means the special tax bonds issued by the CFD 2014-2 to

refund and/or prepay the outstanding 1991 Bonds.

3. Purposes. This Agreement establishes a binding obligation on the part of the Successor Agency to pay to the City for CFD 2014-2 its Available Tax Increment Revenue for the payment of debt service on the Refunding Bonds.

4. Available Tax Revenues to Offset Special Tax. Subject to Section 11 hereof, the Successor Agency has agreed that the Successor Agency shall pay Available Tax Revenue to offset the Special Tax to be levied in the CFD 2014-2 on the following basis:

(a) Upon the receipt by the Successor Agency of Available Tax Revenue in each fiscal year, the Successor Agency agrees to pay to the City for deposit by the City in the Special Tax Fund established in the Fiscal Agent Agreement, that amount of Available Tax Increment Revenue realized from the District. Moneys paid to the City are to be directed for deposit to the Special Tax Fund established by the Fiscal Agent Agreement and will be used for the purposes of such fund. The Successor Agency shall only pay such Available Tax Revenue to the City which is necessary for payment of debt service on the Refunding Bonds. The City and the Successor Agency agree that any excess Available Tax Increment Revenue shall be used by the Successor Agency for any lawful purpose and as permitted by the Dissolution Law.

(b) Annually, on or before July 1, Successor Agency will provide CFD 2014-2 with a report of an Independent Financial Consultant certifying the amount to be received by the Successor Agency in the ensuing Fiscal Year. The CFD 2014-2 will determine from such Report and Certificate the amount of off-set of the Special Tax to be levied within the CFD 2014-2 for the ensuing fiscal year.

7. Indebtedness to Successor Agency. This Agreement constitutes an indebtedness of the Successor Agency incurred in carrying out the Redevelopment Plan and pursuant to Health and Safety Code Section 34177.5(a); provided, however, that such payment of Available Tax Increment Revenues shall be subordinate to any payments to be paid by the Successor Agency pursuant to Health and Safety Code Sections 33607.5 and 33607.7, pass through agreements currently existing between the Successor Agency and other taxing entities and any currently outstanding bonded indebtedness of the RDA or future indebtedness of the Successor Agency. Subject to Section 7 hereof, the Successor Agency hereby pledges the Available Tax Increment Revenues to the payment of the Refunding Bonds.

8. Savings. In order to generate the savings required by the Dissolution Law, the Successor Agency may subtract \$1 from any Available Tax Increment Revenues received in any Fiscal Year.

9. Compliance with the Dissolution Law. The Successor Agency covenants that it will comply with all other requirements of the Dissolution Law as it relates to the dissolution of redevelopment agencies. Without limiting the generality of the foregoing, the Successor Agency covenants and agrees to file all required statements and hold all public hearings required under the Dissolution Law to assure compliance by the Successor Agency with its covenants under the Agreement. Further, the Successor Agency will take all actions required under the Dissolution Law to include the Available Tax Increment Revenues pursuant to this Agreement in Recognized Obligation Payment Schedules for each six-month period so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Successor Agency's Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required for the

Successor Agency to pay the Available Tax Increment Revenues to the City hereunder for deposit pursuant to the Fiscal Agent Agreement.

10. Term. This Agreement shall remain in effect as long as bonds issued and sold by the CFD 2014-2 remain outstanding and the levy of the Special Tax by the CFD 2014-2 is required.
11. Authority. Each party hereto does hereby represent and warrant to the other party that it has the power and authority to enter into this Agreement, and that each person executing this Agreement on its behalf has been duly authorized so to act for and on behalf of such party. The Successor Agency is entering this Agreement pursuant to Section 9 of the 1991 Pledge Agreement and pursuant to Section 34177.5(a)(1) and/or (3) of the Health and Safety Code. The City and the Successor Agency agree that this Agreement shall not adversely affect the obligations undertaken in the 1991 Pledge Agreement as this Agreement will only be implemented on a refunding of the 1991 Bonds.
12. Amendment to 1991 Pledge Agreement. This Agreement shall constitute and amendment to the 1991 Pledge Agreement upon implementation hereof, which implementation shall be solely upon the issuance of the Refunding Bonds. Until such time, the 1991 Pledge Agreement remains in full force and effect.
13. Incorporation of Provisions Required by Law. Each provision and clause required by law to be inserted into this Agreement shall be deemed to be included herein, and this Agreement shall be read and enforced as though *each* were included herein, it being specifically provided that if through mistake or otherwise any such provision is not inserted or is not correctly inserted, the Agreement shall be amended to make such insertion upon application by any party hereto.
14. Entire Agreement. It is agreed that this Agreement expresses the entire agreement between the parties with regard to the matter hereof, and that no other agreement or understanding, verbal or otherwise, relative to the subject matter hereof exists between the parties at the time of execution, and that this Agreement may be modified or amended only by a written document signed by the duly authorized representative of each and all parties hereto.
15. Notices. Any notices required or permitted to be served by any party upon the other shall *be* addressed to the respective parties as set forth below, or to such other address as shall be designated by proper notice given from time to time by the respective parties hereto:
 - DISTRICTS: Community Facilities District 2014-2 City of Perris
Community Facilities District 91-1 of the City of Perris
101 North "D" Street
Perris, California 92370
 - AGENCY: Successor Agency
101 North "D" Street
Perris, California 92570
16. Amendments. The City and the Successor Agency agree that this agreement shall not be amended in any manner which adversely affects the *Successor Agency's* obligation to pay

Available Tax Increment Revenues to the City for the purpose of paying debt service on the Refunding Bonds.

17. Applicable Law. This Agreement is made in the State of California and is to be construed under the laws and the constitution of such State.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year set forth above.

CITY OF PERRIS, on behalf of
Community Facilities District No. 2014-2
(Perris Valley Spectrum of the City of
Perris) and Community Facilities District
No.
91-1 (Perris Valley Spectrum) of the City of
Perris

By _____
Mayor of the City of Perris Ex Officio the
Legislative Bodies

ATTEST:

By _____
City Clerk

SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE
CITY OF PERRIS

By _____
Chairman

ATTEST:

By _____
Secretary