

RESOLUTION NUMBER 4997

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PERRIS, CALIFORNIA, ADOPTING A RESERVATION OF FUND BALANCE TO CREATE A RATE STABILIZATION FUND IN THE SEWER ENTERPRISE FUND

WHEREAS, the City of Perris entered into an Enterprise Fund Installment Sale Agreement with California Infrastructure and Economic Development Bank (“CIEDB”) to fund capital improvements for the City’s sewer system on July 23, 2002; and

WHEREAS, the Enterprise Fund Installment Sale Agreement debt covenant requires the City’s Sewer Fund to maintain “Pledged Net System Revenues” of 110% of annual debt service payments due to CIEDB; and

WHEREAS, the City’s Sewer Fund did not meet the debt covenant of maintaining net revenues of 110% of annual debt service, which is considered an “Event of Default” in the Enterprise Fund Installment Sale Agreement; and

WHEREAS, the Enterprise Fund Installment Sale Agreement allows the City to create a rate stabilization fund to satisfy the debt covenant and to avoid the “Event of Default” or immediate call of the loan; and

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

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

Section 2. The City of Perris shall establish a rate stabilization account to satisfy the CIEDB sewer loan debt covenant by restricting fund balance in the amount of \$104,570.

Section 3. The rate stabilization account is to be established to cause net revenues, as defined in the Enterprise Fund Installment Sale Agreement, plus the rate stabilization account to exceed or equal the debt covenant.

Section 4. The City of Perris Sewer fund has sufficient unrestricted fund balance available for a transfer of \$104,570, the amount necessary to satisfy the debt covenant, to the rate stabilization fund account.

Section 5. The City Clerk shall certify as to the adoption of this Resolution.

ADOPTED, SIGNED, and APPROVED this 10th day of May, 2016.

Mayor, Daryl R. Busch

ATTEST:

Nancy Salazar, City Clerk

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

I, Nancy Salazar, CITY CLERK OF THE CITY OF PERRIS, CALIFORNIA, DO HEREBY CERTIFY that the foregoing Resolution Number 4997 was duly and regularly adopted by the City Council of the City of Perris at a regular meeting held on the 10th day of May, 2016, by the following vote:

AYES: BURKE, RABB, ROGERS, YARBROUGH, BUSCH
NOES: NONE
ABSENT: NONE
ABSTAIN: NONE

Nancy Salazar, City Clerk