

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



FROM: COUNTY EXECUTIVE OFFICE **SUBMITTAL DATE:** July 15, 2003

SUBJECT: Assessment District No. 159 Supplemental (Rancho Villages) of the County of Riverside

RECOMMENDED MOTION:

That the Board approves and adopts Resolution No. 2003-376 authorizing the issuance of an additional series of limited obligation improvement bonds, the Series C Bonds, in an principal amount not to exceed \$3,000,000, prescribing the terms thereof, providing for the appointment of a Fiscal Agent, and approving various documents related thereto.

BACKGROUND:

On October 8, 1991, the Board of Supervisors initiated proceedings to establish Assessment District No. 159 Supplemental (Rancho Villages) of the County of Riverside (the "Supplemental Assessment District"). The Supplemental Assessment District has issued two series of limited obligation bonds to finance the construction of certain public improvements (i) the Series A Bonds, in the principal amount of \$29,532,229.41, issued on August 25, 1994 and (ii) the Series B Bonds, in the principal amount of \$780,000, issued on December 21, 2000.

On August 10, 1999, the Board of Supervisors authorized the sale and issuance of bonds to refund the Series A Bonds, the principal amount of the Refunding Bonds was \$24,759,000.

(Continued on Page 2)

Jerry Norris
Jerry Norris, Senior Management Analyst

FINANCIAL DATA:

CURRENT YEAR COST \$ 0
NET COUNTY COST \$ 0

ANNUAL COST \$ 0
IN CURRENT YEAR BUDGET: YES / NO / X
BUDGET ADJUSTMENT: YES/ NO/X FOR FY: 00/01

SOURCE OF FUNDS: Bond Proceeds

C. E. O. RECOMMENDATION: APPROVE

County Executive Officer Signature

Bronda King

Prev. Agn. ref.

Dist. 1 / 3

AGENDA NO.

FORM APPROVED
COUNTY COUNSEL
JUL 09 2003
Policy ✓
Policy ✓
Consent
Consent
Department Recommendation:
Per Executive Office:

Form 11
AD No. 159 Supplemental Series C
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There is presently a need to issue an additional series of bonds (the "Series C Bonds") to construct the three remaining projects within the Supplemental Assessment District, Deerhollow Way, the Wolf Valley Creek Channel and additional improvements to State Route 79 South. The County's intent is to issue this additional bond series was noticed in October of 2002. The aggregate principal assessment was \$8,376,604.18, but two of the principal Property Owners (the Temecula Valley Unified School District and S-P Murdy/Wolf Creek Development) have elected to pay off their assessment prior to the bonds being issued, which has resulted in the bond sizing of the Series C Bonds being reduced to an amount less than \$3,000,000.

In June of this year, the Board took action to release all unused bonds authorization for the Supplemental Assessment District other than that needed for the Series C Bonds and the Butterfield Interceptor Channel (approximately \$2,050,000).

Approval of the attached resolution provides for the determination of the amount of unpaid assessments, and provides for the issuance of the Series C Bonds secured by the original assessment of the Supplemental Assessment District and their sale to the County's Public Financing Authority, the appointment of a Fiscal Agent and the approval of the related documents required to effectuate the sale.

RESOLUTION NO. 2003-376

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE DETERMINING UNPAID ASSESSMENTS AND AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$3,000,000 COUNTY OF RIVERSIDE ASSESSMENT DISTRICT NO. 159 SUPPLEMENTAL (RANCHO VILLAGES) LIMITED OBLIGATION IMPROVEMENT BONDS, SERIES C, PRESCRIBING THE TERMS THEREOF, PROVIDING FOR THE APPOINTMENT OF A FISCAL AGENT AND APPROVING VARIOUS DOCUMENTS RELATED THERETO

WHEREAS, on October 8, 1991, the Board of Supervisors of the County of Riverside (respectively, the "Board of Supervisors" and the "County") adopted Resolution No. 91-553 (the "Resolution of Intention") declaring its intention to order a supplemental assessment to finance the deficit in the costs of certain improvements, declaring the work to be of more than local benefit, describing the district to be assessed and providing for the issuance of bonds pursuant to the provisions of the Municipal Improvement Act of 1913 (the "1913 Act"), constituting Division 12 (commencing with Section 10000) of the Streets and Highways Code of the State of California (the "Code"), and the sale of bonds pursuant to the Improvement Bond Act of 1915 (the "1915 Act"), constituting Division 10 (commencing with Section 8500) of the Code; and

WHEREAS, the Board of Supervisors, by adoption of Resolution No. 91-619 on November 12, 1991, confirmed an assessment for Assessment District No. 159 Supplemental (Rancho Villages) of the County of Riverside (the "Supplemental District") in the amount of \$79,320,887.00 that allowed the County to issue for the Supplemental District, in one or more series, limited obligation improvement bonds in a total amount not to exceed the confirmed assessment amount; and

WHEREAS, pursuant to the Resolution of Intention, the Board of Supervisors, among other things, directed the Assessment Engineer to prepare and file a written report (the "Engineer's Report") with the Clerk of the Board of Supervisors describing the public improvements and the assessments representing such improvements in accordance with Section 10204 of the Code and to file a supplement to the Engineer's Report for each series of bonds proposed to be issued by the County for the Supplemental District; and

WHEREAS, in furtherance of Resolution No. 91-553, on July 26, 1994, the Board of Supervisors adopted Resolution No. 94-251 providing for the issuance of \$29,532,229.41 principal amount of Assessment District No. 159 Supplemental (Rancho

Villages) of the County of Riverside Limited Obligation Improvement Bonds, Series A (the "1994 Bonds"), and approving various financing documents in connection therewith and on August 25, 1994, \$29,532,229.41 aggregate principal amount of 1994 Bonds were issued; and

WHEREAS, on June 29, 1999, the Board of Supervisors adopted Resolution No. 99-202 declaring its intention to refund the \$25,935,000 outstanding principal amount of 1994 Bonds and to levy reassessments as security for the refunding bonds to be issued and on August 10, 1999 the Board of Supervisors adopted Resolution No. 99-366 authorizing the issuance of not to exceed \$27,000,000 aggregate principal amount of Reassessment District No. 159 Supplemental (Rancho Villages) of the County of Riverside Limited Obligation Refunding Bonds (the "Refunding Bonds") and on August 17, 1999, \$24,759,000 aggregate principal amount of Refunding Bonds were issued; and

WHEREAS, in furtherance of Resolution No. 91-553, on December 12, 2000, the Board of Supervisors adopted Resolution No. 2000-331 providing for the issuance of not to exceed \$885,000 principal amount of Assessment District No. 159 Supplemental (Rancho Villages) of the County of Riverside (the "Supplemental District") Limited Obligation Improvement Bonds, Series B (the "2000 Bonds"), and approving various financing documents in connection therewith and on December 21, 2000, \$780,000 aggregate principal amount of 2000 Bonds were issued; and

WHEREAS, at the direction of the County, a supplement to the Engineer's Report has been prepared by the Assessment Engineer describing the improvements (the "Series C Improvement") and the assessment for such improvements to secure an additional series of bonds (the "Series C Bonds") and a notice of such proposed assessment has been provided in the manner required by law to each owner of property receiving a benefit from the Series C Improvements, providing a period of 30 days during which such owner could pay all or a portion of its assessment, stating that the portion of the assessment remaining unpaid will be used to secure bonds issued to pay the acquisition price of the Series C Improvements, including incidental costs incurred by the County in issuing the bonds;

WHEREAS, the Board of Supervisors now wishes to determine the amount of such unpaid assessments and to provide for the issuance of the Series C Bonds secured by the original assessment of the Supplemental District and to make the findings that the public interest and necessity requires such issuance;

NOW, THEREFORE, BE IT HEREBY RESOLVED, FOUND, DETERMINED AND ORDERED by the Board of Supervisors of the County of Riverside in regular session assembled as follows:

Section 1. Definitions. For purposes of this Resolution, the following capitalized term has the indicated meaning:

“Officer of the County” means the Chairman of the Board of Supervisors, the Clerk of the Board of Supervisors, the County Executive Officer, or the Treasurer-Tax Collector of the County, or any designee of any of the foregoing.

Section 2. Additional Bonds. The Board of Supervisors hereby finds and determines that the public interest and necessity require and that it is the intention of this Board to authorize the issuance of additional bonds on the basis of and secured by a portion of the original assessment not previously utilized to secure prior series of bonds.

Section 3. Unpaid Assessments. The Board of Supervisors hereby finds, following the expiration of the 30 day period during which assessments could be paid in full or in part, based on the Series C Certificate of Paid and Unpaid Assessments, presented by the Assessment Engineer and attached hereto as Exhibit A, that such unpaid assessments shall be used to secure bonds to acquire the Series C Improvements and to pay incidental costs of issuing bonds.

Section 4. Appointment of Fiscal Agent. The Board of Supervisors hereby determines to appoint U.S. Bank National Association as Fiscal Agent (the “Fiscal Agent”) under the terms of the Fiscal Agent Agreement, hereinafter defined.

Section 5. Terms of Series C Bonds. The Series C Bonds shall be issued in an aggregate principal amount of not to exceed \$3,000,000 upon the terms and conditions contained in the Fiscal Agent Agreement, which terms and conditions are by this reference incorporated herein.

The Bonds shall be issued in fully registered form in the denomination of \$5,000 and integral multiples thereof. The Bonds shall be dated their date of issuance. The Bonds shall be executed as provided in Section 3.02 of the Fiscal Agent Agreement. The Bonds shall be numbered as determined by the Fiscal Agent and shall bear interest and mature as provided in the District Purchase Contract hereinafter defined; provided, however, that in no event (a) may the net interest cost (but not including purchaser’s discount) of the Bonds exceed 12%, (b) shall the first maturity of the Bonds be earlier than September 2, 2004, and shall the last installment of the Bonds mature later than September 2, 2014. The Bonds are subject to redemption as provided in Article IV of the Fiscal Agent Agreement.

Section 6. Fiscal Agent Agreement. The proposed form of Fiscal Agent Agreement, dated as of August 1, 2003 (the “Fiscal Agent Agreement”), by and between the County and the Fiscal Agent, related to the Bonds, presented to the Board of Supervisors on July 15, 2003, and the proposed form of the First Supplemental Fiscal Agent Agreement, by and between the County and the Fiscal Agent, related to the Refunding Bonds, presented to the Board of Supervisors on July 15, 2003, are hereby approved. The Officers of the County, and each of them acting alone is, hereby authorized and directed, for and in the name of and on behalf of the County, to execute by manual or facsimile signature and deliver the Fiscal Agent Agreement in substantially the form presented herewith with such changes therein as they may

approve, in their discretion, as being in the best interests of the County, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. District Purchase Contract. The proposed form of District Purchase Contract (the "District Purchase Contract") between the County and the Riverside County Public Financing Authority (the "Authority"), as purchaser of the Bonds, presented to the Board of Supervisors on July 15, 2003, is hereby approved. The Officers of the County, and each of them acting alone is, hereby authorized and directed, for and in the name of and on behalf of the County, to execute by manual or facsimile signature and deliver the District Purchase Contract in substantially the form presented herewith with such changes therein as they may approve, in their discretion, as being in the best interests of the County, such approval to be conclusively evidenced by the execution and delivery thereof; provided, that the purchaser's discount shall not exceed 2.75% of the principal amount of the Bonds.

Section 8. Bond Purchase Agreement. The form of the Bond Purchase Agreement (the "Bond Purchase Agreement"), by and among the Authority, the County, and Stone & Youngberg LLC (the "Underwriter"), related to the Authority's Assessment Revenue Bonds, Series 2003 (Junior Lien Bonds), in an aggregate principal amount not to exceed \$6,000,000 (the "Authority Bonds") and presented on July 15, 2003, is hereby approved and each of the Officers of the County, and each of them acting alone is, hereby authorized to execute the Bond Purchase Agreement in the form so approved, with such additions thereto and changes therein as are necessary to conform the Bond Purchase Agreement to the dates, amounts, interest rates and other terms applicable to the Authority Bonds as of the sale date. Approval of such additions and changes shall be conclusively evidenced by the execution and delivery of the Bond Purchase Agreement; provided, however, that the Bond Purchase Agreement shall be signed only if the Underwriter's fee does not exceed 2.75% of the principal amount of the Authority Bonds.

Section 9. Continuing Disclosure Agreement. The form of the Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") to be entered into among the Authority, the County on behalf of each District and U.S. Bank National Association, as initial dissemination agent presented on July 15, 2003, is hereby approved and each of the Officers of the County, and each of them acting alone is, hereby authorized and directed to execute a Continuing Disclosure Agreement in the form hereby approved, with such additions therein and changes thereto as the officer or officers executing the same deem necessary to cure any defect or ambiguity therein or to bring the agreement into compliance with Rule 15c2-12 of the Securities and Exchange Commission, with such approval to be conclusively evidenced by the execution and delivery of such agreement.

Section 10. Preliminary Official Statement. The form of the Preliminary Official Statement (the "Preliminary Official Statement") presented on July 15, 2003 is hereby approved and the Underwriter is hereby authorized to distribute the Preliminary Official Statement to prospective purchasers of the Authority Bonds in the form hereby approved, together with such additions thereto and changes therein as are determined necessary by the Executive Director of the Authority, or his designee (the "Executive Director"), to make such

Preliminary Official Statement final as of its date for purposes of Rule 15c2-12 of the Securities and Exchange Commission, including, but not limited to, such additions and changes as are necessary to make the information therein on the owners of the property in the Districts and all other matters accurate and not misleading. The Chairman of the Board of Supervisors or Officer of the County is hereby authorized to execute a final Official Statement in the form of the Preliminary Official Statement, together with such permitted changes as are determined necessary by the Executive Director, to make such Official Statement complete and accurate as of its date. The Underwriter is further authorized to distribute the final Official Statement for the Bonds and any supplement thereto to the purchasers thereof upon its execution on behalf of the County and the Authority as described above.

Section 11. Infrastructure Funding and Reimbursement Agreement. The form of the Infrastructure Funding and Reimbursement Agreement (Deer Hollow Way) (the "Deer Hollow Agreement") made and entered into by and among the County, on behalf of Assessment District No. 159 (Rancho Villages) of the County and the Supplemental District, the City of Temecula, Centex Homes, a Nevada general partnership, and Redhawk Communities, Inc., a California corporation, as of July 1, 2003, is hereby approved and each of the Officers of the County, and each of them acting alone is, hereby authorized and directed to execute the Deer Hollow Agreement in the form hereby approved, with such additions therein and changes thereto as the officer or officers executing the same deem necessary to cure any defect or ambiguity therein, with such approval to be conclusively evidenced by the execution and delivery of such agreement.

Section 12. Assessment Payoff Agreement. The form of the Assessment Payoff Agreement (the "Assessment Payoff Agreement ") made and entered into among the County, on behalf of the Supplemental District, and Wolf Creek Development, LLC, a California Limited liability company, and S-P Murdy, LLC, a California limited liability company, property owners owning land within the Supplemental District, as of July 15, 2003, is hereby approved and each of the Officers of the County, and each of them acting alone is, hereby authorized and directed to execute the Assessment Payoff Agreement in the form hereby approved, with such additions therein and changes thereto as the officer or officers executing the same deem necessary to cure any defect or ambiguity therein, such approval to be conclusively evidenced by the execution and delivery of such agreement.

Section 13. Delegation of Authority. The Officers of the County are, and each of them hereby is, authorized and directed to do any and all things, and to execute and deliver any and all documents which said Officers may deem necessary or advisable in order to consummate the issuance of the Bonds and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, the Bonds, the Fiscal Agent Agreement, the Local Obligation Purchase Contract, the Bond Purchase Agreement, the Continuing Disclosure Agreement and the Preliminary Official Statement.

Section 14. Effective Date. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED on this 15th day of July, 2003.

COUNTY OF RIVERSIDE

CHAIRMAN

ATTEST:
NANCY ROMERO, CLERK TO
THE BOARD OF SUPERVISORS

BY: _____

EXHIBIT 'A'
A.D. 159-SUPPLEMENTAL
BOND SERIES C

| Assessor's Parcel Number | | Assessment Number | Confirmed Assessment | Unpaid Balance |
|--------------------------------|---|----------------------|-------------------------|-------------------|
| 961-020-001-7 | * | 011-021 | \$1,483,923.50 | \$1,483,923.50 |
| 961-020-003-9 | * | 011-023 | \$791,977.37 | \$791,977.37 |
| 962-010-003-5 | * | 012-003 | \$2,114,823.95 | \$2,114,823.95 |
| 962-010-004-6 | * | 012-004 | \$685,575.31 | \$685,575.31 |
| 962-020-001-4 | | 012-267 | \$830,873.61 | \$0.00 |
| 962-020-002-5 | | 012-268 | \$1,687,757.97 | \$82,721.13 |
| 962-020-008-1 | | 012-269 | \$440,001.25 | \$440,001.25 |
| 962-020-003-6 | | 012-270 | \$894,453.23 | \$184,753.39 |
| 962-030-002-6 | | 012-277 | \$209,916.18 | \$209,916.18 |
| 962-020-007-0 | | 012-278 | \$341,019.31 | \$341,019.31 |
| 962-020-006-9 | | 012-279 | \$486,963.53 | \$486,963.53 |
| 962-020-005-8 | | 012-280 | \$231,921.74 | \$231,921.74 |
| 962-190-007-6 | | 012-621 | \$77,475.72 | \$77,475.72 |
| 962-040-004-9 | | 013-010 | \$240,591.98 | \$240,591.98 |
| 962-040-005-0 | | 013-011 | \$394,484.30 | \$394,484.30 |
| 962-040-006-1 | | 013-012 | \$148,833.99 | \$148,833.99 |
| | | | \$11,060,592.95 | \$7,914,982.65 |

* A credit facility has been posted for these parcels therefore, bonds will not be issued against the unpaid balance.