

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



FROM: Supervisor Ashley and Supervisor Wilson **SUBMITTAL DATE:** June 29, 2004

SUBJECT: City of Desert Hot Springs Bankruptcy Settlement (Case No. RS01-30756 DN)

RECOMMENDED MOTION: That the Board of Supervisors:

1. Accept the Third Amended Plan for the Adjustment of Debts of The City of Desert Hot Springs, California, dated April 28, 2004.
2. Authorize the County's vote: **To Accept The Plan.**

This will be the official Board of Supervisors position for the claims of all County Departments in the above Case.

BACKGROUND: The City of Desert Hot Springs filed for Bankruptcy protection on December 19, 2001. The County of Riverside had four (4) claims against the City of Desert Hot Springs for a total of \$99,176.91.

After lengthy litigation, the City of Desert Hot Springs, working with the Creditors Committee developed the Third Amended Plan for the Adjustment of Debts. The plan contemplates seven (7) different Classes of Claims. The County's Claims are in Class 3 (General Unsecured) which will be paid in the amount allowed by the Court. The amount allowed by the Court for the County's Claims is \$83,688.76.

The Plan, as proposed, represents a good deal for Riverside County as well as for the residents of Desert Hot Springs. The County will recover the vast majority of the unpaid debt and the City of Desert Hot Springs will regain financial viability.

It is recommended that the County accept the proposed Plan and settlement.

Supervisor Marion Ashley
Fifth District

Supervisor Roy Wilson
Fourth District

5000 3111 St. W. J: 30
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