

**SUBMITTAL TO THE BOARD OF SUPERVISORS,
COMMUNITY FACILITIES DISTRICT'S LEGISLATIVE BODY
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

Delc

460



FROM: COUNTY EXECUTIVE OFFICE

SUBMITTAL DATE:
July 7, 2004

SUBJECT: Enrollment of FY 2004-05 Special Tax Levies for County CFD's.

RECOMMENDED MOTION: That the Board approve and adopt the following resolutions authorizing the enrollment of the Community Facilities Districts FY 2004-05 Special Tax Levies:

- Res. No. CFD 2004-03 Authorizing the Levy of a Special Tax in CFD 84-2 (Lakehills)
- Res. No. CFD 2004-04 Authorizing the Levy of a Special Tax in CFD 85-1 Imp. Area A (Golden Triangle)
- Res. No. CFD 2004-05 Authorizing the Levy of a Special Tax in CFD 85-1 Imp. Area B (Golden Triangle)
- Res. No. CFD 2004-06 Authorizing the Levy of a Special Tax in CFD 85-2 (California Oaks)
- Res. No. CFD 2004-07 Authorizing the Levy of a Special Tax in CFD 86-1 (Menifee Village)
- Res. No. CFD 2004-08 Authorizing the Levy of a Special Tax in CFD 87-1 ("A" Street - South)
- Res. No. CFD 2004-09 Authorizing the Levy of a Special Tax in CFD 87-5 (Wild Rose)
- Res. No. CFD 2004-10 Authorizing the Levy of a Special Tax in CFD 88-4 (Winchester Ranch)
- Res. No. CFD 2004-11 Authorizing the Levy of a Special Tax in CFD 88-8 ("A" Street - North)
- Res. No. CFD 2004-12 Authorizing the Levy of a Special Tax in CFD 89-1 (Mountain Cove)
- Res. No. CFD 2004-13 Authorizing the Levy of a Special Tax in CFD 89-4 (Walsh Medical Center)
- Res. No. CFD 2004-14 Authorizing the Levy of a Special Tax in CFD 03-1 (Newport Road)

Departmental Concurrence

BACKGROUND: State statute requires the legislative body of a community facilities district to annually adopt, by resolution, the levy of special taxes to be enrolled for each fiscal year. Attached are the Resolutions for the Community Facilities Districts for which the Board serves as the Legislative Body. The status and key indicators for each District is shown on the attached Exhibit "A". The resolutions conform to the requirements of State statute as well as the Rate and Method of Apportionment for the respective Community Facilities Districts.

Jerry Norris
Jerry Norris, Senior Management Analyst

FORM APPROVED
COUNTY COUNSEL

JUL 19 2004
[Signature]

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N / A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N / A
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2005

SOURCE OF FUNDS: N / A	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:
APPROVE

County Executive Office Signature *[Signature]*

- Dept't Recomm.: Consent
- Per Exec. Ofc.: Consent
- Policy
- Policy

Prev. Agn. Ref.: _____ **District:** 1, 3, & 5 **Agenda Number:** _____

**ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD**

8.1

EXHIBIT A
Key Indicators Affecting FY 2004-2005 Community Facilities District Levies

Economic improvement and intensive workout efforts have resulted in significant improvement in our CFD's from several years ago. There is now only one challenge remaining for staff to address, which is the default of CFD 88-8 ('A' Street North). CFD 87-1 (South 'A' Street) was brought out of technical default this year when staff was able to restore the reserve fund to its requirement. Highlights on the status of all of the districts follow:

<u>CFD 84-2 (Lakehills)</u>	<u>FY2004-05</u>	<u>FY2003-04</u>	<u>% Change</u>
Proposed/Actual Levy	\$ 785,204	\$ 785,204	0.00%
Total Administration as % of levy	7.11%	7.13%	N/A
2003-2004 Delinquency Rate	N/A	6.27%	N/A

The proposed levy remains unchanged from last years amount. The tax delinquency rate decreased from 6.51% to 6.27%. Currently the landowner of the "top of the Hill" property is proposing financing for infrastructure for the area. By agreement, the current taxpayers will not be impacted by that proposal.

<u>CFD 85-1A (Golden Triangle)</u>	<u>FY2004-05</u>	<u>FY2003-04</u>	<u>% Change</u>
Proposed/Actual Levy	\$ 504,210	\$ 469,039	7.50%
Total Administration as % of levy	6.93%	7.50%	N/A
2003-2004 Delinquency Rate	N/A	5.84%	N/A

CFD 85-1A is a participant in the 1995 Marks-Roos refinancing pool issued through the Riverside County Public Financing Authority, and receives a surplus fund credit from the pool each year. The credit for FY 2003-2004 is projected to be \$38,592.50. There is an increase in the proposed levy as compared to last year. The tax delinquency rate increased from 3.56% to 5.84%.

<u>CFD 85-1B (Golden Triangle)</u>	<u>FY2004-05</u>	<u>FY2003-04</u>	<u>% Change</u>
Proposed/Actual Levy	\$ 119,155	\$ 128,524	-7.29%
Total Administration as % of levy	26.49%	27.91%	N/A
2003-2004 Delinquency Rate	N/A	3.16%	N/A

CFD 85-1B is a participant in the 1995 Marks-Roos refinancing pool issued through the Riverside County Public Financing Authority, and receives a surplus fund credit from the pool each year. The credit for FY 2003-2004 is projected to be \$10,975.00. There is a decrease in the proposed levy as compared to last year. The tax delinquency rate increased from 3.10% to 3.16%.

<u>CFD 85-2 (California Oaks)</u>	<u>FY2004-05</u>	<u>FY2003-04</u>	<u>% Change</u>
Proposed/Actual Levy	\$ 2,996,083	\$ 3,031,547	-1.17%
Total Administration as % of levy	1.99%	2.04%	N/A
2003-2004 Delinquency Rate	N/A	4.02%	N/A

CFD 85-2 is a participant in the 1995 Marks-Roos refinancing pool issued through the Riverside County Public Financing Authority, and receives a surplus fund credit from the pool each year. The credit for FY 2003-2004 is projected to be \$346,300. There is a decrease in the proposed levy as compared to last year. The tax delinquency rate increased from 3.92% to 4.02%.

<u>CFD 86-1 (Menifee Village)</u>	<u>FY2004-05</u>	<u>FY2003-04</u>	<u>% Change</u>
Proposed/Actual Levy	\$ 3,252,106	\$ 3,252,106	0.00%
Total Administration as % of levy	2.70%	2.71%	N/A
2003-2004 Delinquency Rate	N/A	4.27%	N/A

CFD 86-1 was refunded in 1986. The refunding is supported by two levies, the total of which is the current levy supported by the property in the Original Area of the CFD and the property included in the Improvement Area. The levy in the original area will be paid in full in fiscal year 2011. The levy on the Improvement Area property may continue to fiscal year 2024. The tax delinquency rate increased from 3.83% to 4.27%. However, the levy remains unchanged from last years amount.

<u>CFD 87-1 (South 'A' Street)</u>	<u>FY2004-05</u>	<u>FY2003-04</u>	<u>% Change</u>
Proposed/Actual Levy	\$ 1,014,648	\$ 1,014,648	0.00%
Total Administration as % of levy	13.15%	13.48%	N/A
2003-2004 Delinquency Rate	N/A	12.30%	N/A

In 2004, this Districts reserve fund was brought back to its full requirement. This will be the first year since the mid 1990's that this District is not at risk of defaulting on its obligation to the Bondholders. The proposed levy, which is at the maximum allowable, will be sufficient to pay principal and interest on the bonds for the next fiscal year. The tax delinquency rate decreased for the second year in a row from 16.87% to 12.30%. The decreases are the result of workouts and redemptions on the delinquent properties. The levy remains unchanged from last years amount, which is the maximum allowed.

<u>CFD 87-5 (Wild Rose)</u>	<u>FY2004-05</u>	<u>FY2003-04</u>	<u>% Change</u>
Proposed/Actual Levy	\$ 1,402,369	\$ 1,462,765	-4.13%
Total Administration as % of levy	3.23%	3.21%	N/A
2003-2004 Delinquency Rate	N/A	5.41%	N/A

Since CFD 87-5's restructure in April 1997, parcel development has nearly reached completion. Prior year credits continue to allow for a lower levy in the current year. The tax delinquency rate decreased from 6.40% to 5.41%.

<u>CFD 88-4 (Winchester Ranch)</u>	<u>FY2004-05</u>	<u>FY2003-04</u>	<u>% Change</u>
Proposed/Actual Levy	\$ 2,885,860	\$ 1,650,000	74.90%
Total Administration as % of levy	29.89%	16.57%	N/A
2003-2004 Delinquency Rate	N/A	4.00%	N/A

The bonds were issued at a variable interest rate and are guaranteed by a letter of credit. Comerica Bank on behalf of the District issued a substitute letter of credit, which will expire July 15, 2005, but will automatically be extended for successive one (1) year periods. Until fiscal year 04/05 interest only was being paid on the bonds, principal payments will commence this year, which is the reason for the significant increase in the annual levy. The tax delinquency rate decreased from 6.91% to 4.00%.

<u>CFD 88-8 ('A' Street North)</u>	<u>FY2004-05</u>	<u>FY2003-04</u>	<u>% Change</u>
Proposed/Actual Levy	\$ 3,283,360	\$ 3,218,981	2.00%
Total Administration as % of levy	2.66%	3.43%	N/A
2003-2004 Delinquency Rate	N/A	72.78%	N/A

This district continues to be in default due to a high delinquency rate that increased from 70.29% to 72.78%. The reserve fund remains fully depleted, and there have only been a few redemptions of prior

year delinquencies over the last year. This issue originally defaulted on September 1, 1996, and no principal payments have been made to bondholders since September 1995. The levy for FY 2004-05 is at the maximum allowable, and is approximately \$2.4 million short of the amount that would be required to pay full principal and interest for the current year and restore the reserve fund. Staff continues to diligently pursue redemptions and foreclosure sales as a means of reviving this district. The Board recently entered into an inducement agreement with a private developer to bring current a majority of the delinquencies within the district. It is reasonable to expect that if the terms of the agreement are met, the outstanding bonds will be brought current and possibly refunded.

<u>CFD 89-1 (Mountain Cove)</u>	<u>FY2004-05</u>	<u>FY2003-04</u>	<u>% Change</u>
Proposed/Actual Levy	\$ 925,131	\$ 925,131	0.00%
Total Administration as % of levy	5.43%	5.77%	N/A
2003-2004 Delinquency Rate	N/A	1.32%	N/A

The County and Shea Homes, who is developing the property with a senior overlay as originally intended, refunded this District in early 2001. The CFD financing was restructured to take advantage of lower interest rates, which resulted in a savings to the property owners. The development of this property is progressing at a good rate with a significant number of home sites already occupied. The golf course is also fully operational and is open to the public. The tax delinquency rate increased from 1.11% to 1.32%.

<u>CFD 89-4 (Walsh Medical Arts)</u>	<u>FY2004-05</u>	<u>FY2003-04</u>	<u>% Change</u>
Proposed/Actual Levy	\$ 168,351	\$ 0	N/A
Total Administration as % of levy	1136.54%	N/A	N/A
2003-2004 Delinquency Rate	N/A	0.00%	N/A

Due to surplus funds provided during a workout two years ago, this District was able to meet its debt services requirements without the levy of taxes last year. Those surplus funds are the result of the payment of penalties and interest owed to the District on prior delinquent taxes. The remaining surplus will again be used to offset the levy in FY 2004-05, however this year it will only cover a portion of the levy. The development of this property is progressing at a good rate with a multi family development getting approval from the local jurisdiction and a number of commercial developments proceeding as well. There is no tax delinquency rate because there was no levy last year.

<u>CFD 03-1 (Newport Road)</u>	<u>FY2004-05</u>	<u>FY2003-04</u>	<u>% Change</u>
Proposed/Actual Levy	\$ 1,425,000	\$ 0	N/A
Total Administration as % of levy	4.10%	0.00%	N/A
2003-2004 Delinquency Rate	N/A	0.00%	N/A

This is a brand new District formation, and it will be levied for the first time in the 2004-2005 fiscal year. There is no tax delinquency rate since this upcoming year will be the first year to receive a levy.