

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

381



FROM: COUNTY EXECUTIVE OFFICE

SUBMITTAL DATE:

July 26, 2005

SUBJECT: Enrollment of FY 2005-06 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 2005-06 Special Tax Levies:

- Res. No. CFD 2005-08 Authorizing the Levy and Enrollment of a Special Tax in CFD 84-2 (Lakehills)
- Res. No. CFD 2005-09 Authorizing the Levy and Enrollment of a Special Tax in CFD 85-2R (Series 2005)
- Res. No. CFD 2005-10 Authorizing the Levy and Enrollment of a Special Tax in CFD 86-1 (Menifee Village)
- Res. No. CFD 2005-11 Authorizing the Levy and Enrollment of a Special Tax in CFD 87-1 ("A" Street - South)
- Res. No. CFD 2005-12 Authorizing the Levy and Enrollment of a Special Tax in CFD 87-5 (Wild Rose)
- Res. No. CFD 2005-13 Authorizing the Levy and Enrollment of a Special Tax in CFD 88-4 (Winchester Ranch)
- Res. No. CFD 2005-14 Authorizing the Levy and Enrollment of a Special Tax in CFD 88-8 ("A" Street - North)
- Res. No. CFD 2005-15 Authorizing the Levy and Enrollment of a Special Tax in CFD 89-1 (Mountain Cove)
- Res. No. CFD 2005-16 Authorizing the Levy and Enrollment of a Special Tax in CFD 89-4R (Series 2005)
- Res. No. CFD 2005-17 Authorizing the Levy and Enrollment of a Special Tax in CFD 03-1 (Newport Road)

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

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:	2006

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]

- Policy
- Policy
- Consent
- Consent

Dept't Recomm.:
Per Exec. Ofc.:

Prev. Agn. Ref.: | **District:** 1 & 3 | **Agenda Number:**

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

8.2

FORM APPROVED
COUNTY COUNSEL

JUL 20 2005

Departmental Concurrence

EXHIBIT A

Key Indicators Affecting FY 2005-2006 Community Facilities District Levies

This year's levies are affected by several events. CFD's 85-1A & 85-1B were both defeased early due to surplus funds generated by the 1995 refunding of the Districts. CFD 84-2 will be enrolling its final levy due to a final bond payment scheduled for September of 2006. CFD 85-2 and CFD 89-4 were successfully refunded in early 2005. CFD 88-8 ('A' Street North) continues to be the only distressed district under the County's administration, however, as a result of a settlement agreement approved by the Board in 2004 we anticipate this to be the last year that this district will be in default. Highlights on the status of each of the districts follows:

<u>CFD 84-2 (Lakehills)</u>	<u>FY2005-06</u>	<u>FY2004-05</u>	<u>% Change</u>
Proposed/Actual Levy	\$ 275,000	\$ 785,204	-64.98%
Total Administration as % of levy	18.33%	7.11%	N/A
Delinquency Rate	N/A	6.13%	N/A

The proposed levy has been reduced because this is the final enrollment for this district. The levy will provide sufficient funds to complete the final payment in September 2006. The tax delinquency rate decreased from 6.27% to 6.13%. The increase in the administrative cost as a percentage of the levy is due to the reduction of the levy amount for the final year, and to pay the administrative costs for closing out the district.

<u>CFD 85-2R (California Oaks)</u>	<u>FY2005-06</u>	<u>FY2004-05</u>	<u>% Change</u>
Proposed/Actual Levy	\$ 2,416,129	\$ 2,416,129	0.00%
Total Administration as % of levy	2.53%	2.53%	N/A
Delinquency Rate	N/A	4.40%	N/A

CFD 85-2 was successfully refunded in May 2005, providing a savings to the property owners by accelerating the defeasance of the bonds from 2013 to 2009, and reducing the levy requirement in the final year. There is no change in the proposed levy as compared to last year. The tax delinquency rate increased from 4.02% to 4.40% over the past year.

<u>CFD 86-1 (Menifee Village)</u>	<u>FY2005-06</u>	<u>FY2004-05</u>	<u>% Change</u>
Proposed/Actual Levy	\$ 3,252,106	\$ 3,252,106	0.00%
Total Administration as % of levy	2.61%	2.70%	N/A
Delinquency Rate	N/A	5.25%	N/A

CFD 86-1 was refunded in 2000. 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 4.27% to 5.25%. However, the levy remains unchanged from last year's amount.

<u>CFD 87-1 (South 'A' Street)</u>	<u>FY2005-06</u>	<u>FY2004-05</u>	<u>% Change</u>
Proposed/Actual Levy	\$ 900,016	\$ 1,014,648	-11.30%
Total Administration as % of levy	8.80%	7.81%	N/A
Delinquency Rate	N/A	3.27%	N/A

The proposed levy has decreased, in part, because of a reduction in delinquencies over the prior year, and because the reserve fund was fully funded last year. This levy will be sufficient to pay principal and interest on the bonds for the next fiscal year. The tax delinquency rate decreased for the third year in a row from 12.3% to 3.27%. The decreases are the result of workouts and redemptions on the delinquent properties.

<u>CFD 87-5 (Wild Rose)</u>	<u>FY2005-06</u>	<u>FY2004-05</u>	<u>% Change</u>
Proposed/Actual Levy	\$ 1,365,400	\$ 1,402,369	-2.64%
Total Administration as % of levy	4.12%	3.23%	N/A
Delinquency Rate	N/A	9.91%	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 increased from 5.41% to 9.91%.

<u>CFD 88-4 (Winchester Ranch)</u>	<u>FY2005-06</u>	<u>FY2004-05</u>	<u>% Change</u>
Proposed/Actual Levy	\$ 4,100,000	\$ 2,885,860	41.10%
Total Administration as % of levy	19.24%	29.89%	N/A
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, 2006, but will automatically be extended for successive one (1) year periods until it is no longer required. There is an increase in the annual levy due to an increase in approved taxable property. The tax delinquency rate increased from 4.00% to 4.28%.

<u>CFD 88-8 ('A' Street North)</u>	<u>FY2005-06</u>	<u>FY2004-05</u>	<u>% Change</u>
Proposed/Actual Levy	\$ 3,349,028	\$ 3,283,361	2.00%
Total Administration as % of levy	2.52%	2.66%	N/A
Delinquency Rate	N/A	65.58%	N/A

This district continues to be in default due to a high delinquency rate. However, that rate decreased from 72.78% to 65.58% due to redemptions. The reserve fund remains fully depleted. This issue originally defaulted on September 1, 1996, and no principal payments have been made to bondholders since September 1995. The levy for FY 2005-06 is at the maximum allowable, and is approximately \$2.1 million short of the amount that would be required to pay full principal and interest for the current year and restore the reserve fund. In 2004, the Board approved an inducement agreement with a private developer to bring current 98% 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 during the current fiscal year.

<u>CFD 89-1 (Mountain Cove)</u>	<u>FY2005-06</u>	<u>FY2004-05</u>	<u>% Change</u>
Proposed/Actual Levy	\$ 925,131	\$ 925,131	0.00%
Total Administration as % of levy	5.44%	5.43%	N/A
Delinquency Rate	N/A	2.07%	N/A

The County and Shea Homes, who is developing the property with a senior's only project 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 majority of the home sites being occupied. The tax delinquency rate increased from 1.32% to 2.07%.

<u>CFD 89-4R (Series 2005)</u>	<u>FY2005-06</u>	<u>FY2004-05</u>	<u>% Change</u>
Proposed/Actual Levy	\$ 323,110	\$ 168,351	91.93%
Total Administration as % of levy	18.45%	35.41%	N/A
Delinquency Rate	N/A	0.00%	N/A

In 2004-05 the district used the remaining amount of surplus funds, which were provided during a workout three years ago, to offset the levy. Those surplus funds were the result of the payment of penalties and interest owed to the District on prior delinquent taxes. The district issued a new series of bonds on June

16, 2005 to cover, in part, the refunding of the prior series of bonds. The development of this property is progressing at a good rate with the construction of a multi family development, and a number of commercial developments. There were no delinquencies in this district last year.

<u>CFD 03-1 (Newport Road)</u>	<u>FY2005-06</u>	<u>FY2004-05</u>	<u>% Change</u>
Proposed/Actual Levy	\$ 1,715,805	\$ 1,425,000	0.00%
Total Administration as % of levy	3.62%	4.10%	N/A
Delinquency Rate	N/A	0.00%	N/A

FY 2004-05 was the first levy year for this district. The increase in the levy this year is to provide funds for the March 1, 2006 interest payment as well as the principal and interest in September 2006. In FY 2004-05 the district only had to pay one interest and one principal payment due to the timing of the bond issuance. The tax delinquency rate remains at 0.00%.