

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

268



FROM: COUNTY EXECUTIVE OFFICE


SUBMITTAL DATE:
August 29, 2006

SUBJECT: Community Facilities District No. 89-1 of the County of Riverside, Resolution No. CFD 2006-01 Authorizing the Issuance of the Series 2006 Refunding Bonds.

RECOMMENDED MOTION: That the Board, acting ex officio as the legislative body of Community Facilities District No. 89-1 of the County of Riverside, approve and adopt Resolution No. CFD 2006-01 which; (1) authorizes the issuance of Community Facilities District No. 89-1 Series 2006 Special Tax Refunding Bonds in an aggregate principal amount not to exceed \$12,000,000, (2) approves the form of and authorizes the execution and delivery of an Indenture, an Escrow Agreement, a Bond Purchase Agreement, a Continuing Disclosure Agreement, and an agreement for Bond Counsel Services (3) authorizes the preparation of an Official Statement and all other matters related thereto, and (4) approves and authorizes the County Executive Officer or his designee to sign the consultant agreements for services required to facilitate the refunding process.

BACKGROUND: On June 6, 1989, the Board of Supervisors adopted Resolution No. 89-229 (the Resolution of Formation) establishing Community Facilities District No. 89-1 of the County of Riverside (the "District") pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the California Government Code of the State of California (the "Code").

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Jerry Norris, Principal Management Analyst

FORM APPROVED
COUNTY COUNSEL
AUG 22 2006

Departmental Concurrence

FINANCIAL DATA	Current F.Y. Total Cost:	\$	In Current Year Budget:
	Current F.Y. Net County Cost:	\$	Budget Adjustment:
	Annual Net County Cost:	\$	For Fiscal Year: 2006

SOURCE OF FUNDS: Bond Proceeds	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 

- Policy
- Policy
- Consent
- Consent

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

August 15, 2006
Community Facilities District No. 89-1
Resolution No. CFD 2006-01
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Based on Resolution No. 89-230 and an election, the District issued its \$14,000,000 Series 1991 Special Tax Bonds (the "Original Bonds") to cover the cost of the approved facilities.

In 2001, the District issued its \$12,000,000 Series 2001 Special Tax Refunding Bonds (the "Prior Bonds") which were issued to defease the Series 1991 Original Bonds and to cover the cost of additional facilities approved through a change proceeding.

The District now desires, in an effort to achieve savings for the property owners, to refund the Prior Bonds through the issuance of new refunding bonds, in an aggregate principal amount that will not exceed \$12,000,000. The new bonds will be designated as the "Community Facilities District No. 89-1 of the County of Riverside Series 2006 Special Tax Refunding Bonds" (the "Series 2006 Bonds").

In order to effect the issuance of the Series 2006 Bonds and the refunding and redemption of the Prior Bonds, the legislative body of the District needs to execute and deliver a continuing disclosure certificate (the "Continuing Disclosure Certificate"), and to enter into a Bond Indenture (the "Bond Indenture") with The Bank of New York Trust Company, N.A. in substantially the forms presented with the Resolution of Issuance.

The adoption of Resolution No. CFD 2006-01 will allow the District to proceed with the sale and issuance of the Series 2006 Special Tax Refunding Bonds in an amount not to exceed \$12,000,000. The benefit of which will be a reduction in overall debt placed on the property owners of the District, through a reduction in the interest expense of the Series 2006 Bonds, and which exceeds the County's policies regarding savings of at least 3% by providing an estimated 5% savings based on current market conditions.

The proposed sale and issuance of the Series 2006 Bonds has been reviewed and approved by the County's Debt Advisory Committee.

2 RESOLUTION NO. CFD 2006-01

3 **RESOLUTION OF THE LEGISLATIVE BODY OF COMMUNITY**
4 **FACILITIES DISTRICT NO. 89-1 OF THE COUNTY OF**
5 **RIVERSIDE, AUTHORIZING THE ISSUANCE OF SPECIAL**
6 **TAX REFUNDING BONDS, IN A PRINCIPAL AMOUNT NOT TO**
7 **EXCEED \$12,000,000 PRESCRIBING THE TERMS THEREOF,**
8 **APPROVING VARIOUS FINANCING DOCUMENTS AND**
9 **PROVIDING FOR OTHER MATTERS RELATED THERETO**

10 **WHEREAS**, the Board of Supervisors (the “Board of Supervisors”) of the County of
11 Riverside, California (the “County”), acting as the “legislative body of the District” (the “Legislative
12 Body”), has heretofore undertaken proceedings to establish Community Facilities District No. 89-1 of
13 the County of Riverside (the “District”) and declared the necessity to issue bonds on behalf of the
14 District pursuant to the terms and provisions of the “Mello-Roos Community Facilities Act of 1982,” as
15 amended, being Chapter 2.5, Part 1, Division 2, Title 5 (commencing with Section 53111) of the
16 Government Code of the State of California (the “Act”);

17 **WHEREAS**, the District has previously issued \$10,945,000 of special tax bonds of the
18 District designated as the “Community Facilities District No. 89-1 of the County of Riverside, Special
19 Tax Refunding Bonds, Series 2001” (the “2001 Bonds”) of which \$9,640,000 aggregate principal
20 amount, will be outstanding as of September 1, 2006;

21 **WHEREAS**, the Legislative Body hereby desires to proceed to issue refunding bonds
22 authorized in the aggregate principal amount of not to exceed \$12,000,000 designated as “Community
23 Facilities District No. 89-1 of the County of Riverside, Special Tax Refunding Bonds, Series 2006” (the
24 “Bonds”) to pay and refund the 2001 Bonds;

25 **WHEREAS**, the proceeds of the Bonds will be used to refund the 2001 Bonds;

26 **WHEREAS**, the value of the real property that would be subject to the Special Tax to pay
27 debt service on the Bonds will be at least three times the principal amount of the sum of the principal
28 amount of the Bonds outstanding and the principal amount of all other bonds outstanding that are secured
by the Special Tax levied pursuant to the Act on property within the District or a special assessment
levied on property within the District;

1 **WHEREAS**, Legislative Body of the District has determined in accordance with
2 Government Code Section 53360.4 that a negotiated sale of the Bonds to E.J. De La Rosa, Inc. in
3 accordance with the terms of the Bond Purchase Agreement referred to herein will result in a lower
4 overall cost to the District than a public sale;

5 **NOW, THEREFORE, IT IS HERBY RESOLVED, FOUND, DETERMINED AND**
6 **ORDERED** by the Legislative Body of Community Facilities District No. 89-1 of the County of
7 Riverside, as follows:

8 **Section 1. Recitals.** Each of the above recitals is true and correct and is adopted by
9 the Legislative Body.

10 **Section 2. Definitions.** For purposes of this Resolution, the following capitalized
11 terms have the indicated meanings:

12 “Bond Counsel” means Stradling Yocca Carlson & Rauth, A Professional Corporation, in
13 its capacity as bond counsel with respect to the bonds referred to herein.

14 “County Counsel” means the County Counsel of the County, or his deputy.

15 “Officers of the Legislative Body” means the Chairman of the Legislative Body, the Clerk
16 of the Legislative Body, the County Executive Officer acting on behalf of the District or the Deputy
17 County Executive Officer acting on behalf of the District, or any written designee of the foregoing.

18 **Section 3. Issuance of Bonds.** The Bonds of the District, being the Community
19 Facilities District No. 89-1 of the County of Riverside Special Tax Refunding Bonds, Series 2006, are
20 hereby authorized to be issued in an aggregate principal amount estimated not to exceed \$12,000,000,
21 pursuant to Section 53362.5 of the California Government Code. The Bonds shall be issued upon the
22 terms and conditions contained in the Bond Indenture hereinafter referred to, which terms and conditions
23 are by this reference incorporated herein. The Legislative Body determines that it is prudent in the
24 management of its fiscal affairs to issue the Bonds.

25 **Section 4. Manner of Sale of the Bonds.** Pursuant to Section 53360.4 of the
26 California Government Code, the Legislative Body hereby finds and determines that a negotiated sale of
27 the Bonds to E.J. De La Rosa, Inc. (the “Underwriter”) would result in a lower overall cost to the
28 District, and the Bonds shall be sold at a negotiated sale.

1 **Section 5. Bond Indenture.** The proposed form of Bond Indenture, (the “Bond
2 Indenture”), by and between the District and The Bank of New York Trust Company, N. A., as trustee
3 (the “Trustee”), presented to the Legislative Body at this meeting, is hereby approved. The Chairman
4 and the Clerk of the Legislative Body are, and each of them is, hereby authorized and directed, for and in
5 the name of the District, to execute and deliver to the Trustee the Bond Indenture in substantially said
6 form, with such changes therein as County Counsel and Bond Counsel may require or approve, such
7 requirement or approval to be conclusively evidenced by the execution of the Bond Indenture by the
8 Chairman of the Legislative Body.

9 In satisfaction of the requirements contained in Government Code Section 53363.2, the
10 Legislative Body of the District hereby determines that: (1) it is anticipated that the purchase of the
11 Bonds will occur on or about September 26, 2006, (2) the Bonds shall bear the date, be in the
12 denominations, have the maturity dates (which do not exceed the latest maturity date of the 2001 Bonds
13 being refunded), be payable at the place and be in the form specified in the Bond Indenture, (3) the
14 Bonds will bear interest at the minimum rate of 2.0% per annum, and (4) the designated cost of issuing
15 the portion of the Bonds being used to refund the 2001 Bonds, as defined by Section 53363.8 of the Act,
16 shall include all of the costs specified in Section 53363.8(a), (b) and (c). In satisfaction of the
17 requirements contained in Section 53364.2 of the Act, the Board hereby determines that any savings
18 achieved through the issuance of the Bonds shall be used to reduce the special taxes of the District, and
19 such reductions shall be made in accordance with the Act.

20 **Section 6. Bond Purchase Agreement.** The proposed form of Bond Purchase
21 Agreement (the “Bond Purchase Agreement”) related to the Bonds, by and between the District and the
22 Underwriter, presented to the Legislative Body at this meeting, is hereby approved. The County
23 Executive Officer or the Deputy County Executive Officer are, and each of them is, hereby authorized
24 and directed, for and in the name of the District, to execute and deliver to the Underwriter the Bond
25 Purchase Agreement in substantially said form, with such price, interest rate, redemption dates and
26 prices, selling compensation, and such other changes therein as County Counsel and Bond Counsel may
27 require or approve, such requirement or approval to be conclusively evidenced by the execution of the
28 Bond Purchase Agreement by the County Executive Officer or the Deputy County Executive Officer;

1 provided, that the Underwriter's discount (exclusive of original issue discount) shall not exceed 1.5% of
2 the principal amount of the Bonds, and only if the interest rate on the Bonds is such that the principal and
3 total net interest cost to maturity on the Bonds is less than the principal and total net interest cost to
4 maturity on the 2001 Bonds and the total interest cost of the Bonds as calculated by the Underwriter is
5 less than 6.0%. Each of the Officers of the Legislative Body is authorized to determine the day on which
6 the Bonds are to be priced in order to attempt to produce the lowest borrowing cost for the District and
7 may reject any terms presented by the Underwriter if determined not to be in the best interest of the
8 District, if any, on the Bonds.

9 **Section 7. Official Statement.** The form of Preliminary Official Statement of the
10 District with respect to the Bonds presented to the Legislative Body at this meeting is hereby approved.
11 The County Executive Officer or the Deputy County Executive Officer are, and each of them is, hereby
12 authorized and directed, for and in the name of the District, to cause to be prepared a final Official
13 Statement with respect to the Bonds (the "Official Statement"), consisting of said Preliminary Official
14 Statement with such changes therein as County Counsel and Bond Counsel may require or approve, and
15 to execute the Official Statement. The Underwriter is hereby authorized to distribute said Preliminary
16 Official Statement to persons who may be interested in purchasing the Bonds, and the Underwriter is
17 hereby directed to deliver copies of the final Official Statement to all actual purchasers of the Bonds.

18 **Section 8. Escrow Agreement.** The proposed form of the Escrow Agreement (the
19 "Escrow Agreement"), by and between the District and The Bank of New York Trust Company, N. A.,
20 as escrow agent (the "Escrow Agent"), presented to the Legislative Body at this meeting, is hereby
21 approved. The County Executive Officer or the Deputy County Executive Officer are, and each of them
22 is, hereby authorized and directed, for and in the name of the District, to execute and deliver the Escrow
23 Agreement to the Escrow Agent in substantially said form, with such changes therein as County Counsel
24 and Bond Counsel may require or approve, such requirement or approval to be conclusively evidenced
25 by the execution of the Escrow Agreement by the County Executive Officer or the Deputy County
26 Executive Officer.

27 **Section 9. Continuing Disclosure Agreement.** The proposed form of the Continuing
28 Disclosure Agreement (the "Continuing Disclosure Agreement"), by and between the District and The

1 Bank of New York Trust Company, N. A., as Trustee and as Dissemination Agent (the “Dissemination
2 Agent”), presented to the Legislative Body at this meeting, is hereby approved. The County Executive
3 Officer or the Deputy County Executive Officer are, and each of them is, hereby authorized and directed,
4 for and in the name of the District, to execute and deliver the Continuing Disclosure Agreement to the
5 Dissemination Agent in substantially said form, with such changes therein as County Counsel and Bond
6 Counsel may require or approve, such requirement or approval to be conclusively evidenced by the
7 execution of the Continuing Disclosure Agreement by the County Executive Officer or the Deputy
8 County Executive Officer.

9 **Section 10. Determination to Proceed With Bond Issue.** In accordance with the Act
10 and the County of Riverside policies adopted pursuant to Section 53312.7 of the Government Code, the
11 Legislative Body hereby finds and determines that the Bonds shall be sold at a negotiated sale. In
12 accordance with the requirements of Section 53345.8 of the Act, the legislative body of the District
13 hereby determines that the value of the real property in the District subject to the special tax to pay debt
14 service on the Bonds is at least three times the principal amount of the Bonds and the principal amount of
15 all other bonds outstanding that are secured by a special tax levied pursuant to the Act or a special
16 assessment levied on property within the District. This determination is based on the *ad valorem*
17 assessment roll and on the appraisal of such property prepared by Bruce Hull & Associates on file with
18 the Clerk of the Board of Supervisors.

19 **Section 11. Bond Insurance.** Each of the Officers of the Legislative Body is hereby
20 authorized (i) to solicit bids on a municipal bond insurance policy, (ii) to negotiate the terms of such
21 policy, (iii) to finalize the form of such policy with a municipal bond insurer and (iv) if it is determined
22 that the policy will result in interest rate savings on the Bonds which exceed the cost of the premium for
23 the policy, to pay the insurance premium for the policy from the proceeds of the Bonds. In the event that
24 a municipal bond insurance policy is not purchased, the references to such a policy for the Bonds will be
25 deleted from the Indenture, the Bond Purchase Agreement and the Official Statement.

26 **Section 12. Bond Counsel Agreement.** The proposed form of the Bond Counsel
27 Agreement (the “Bond Counsel Agreement”), by and between the District and Bond Counsel, presented
28 to the Legislative Body at this meeting, is hereby approved. The County Executive Officer or the

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PASSED APPROVED AND ADOPTED this 29th day of August, 2006.

By: _____
Bob Buster, Chairman of the Legislative Body of
Community Facilities District No. 89-1 of the County
of Riverside

ATTEST:
Nancy Romero, Clerk of the Legislative
Body of Community Facilities District
No. 89-1 of the County of Riverside

By: _____
Deputy Clerk

1 STATE OF CALIFORNIA)
2) ss.
3 COUNTY OF RIVERSIDE)

4 I, Nancy Romero, Clerk of the Legislative Body of Community Facilities District No. 89-1 of the County
5 of Riverside, Riverside County, California, do hereby certify that the foregoing Resolution was
6 introduced and adopted at a regular meeting of the Legislative Body held on the ____ day of
7 _____, 2006, by the following vote:

8 AYES:

9 NOES:

10 ABSENT:

11 ABSTAIN:

12 **IN WITNESS WHEREOF**, I have hereunto set my hand this ____ day of _____, 2006.

13 By: _____
14 Deputy Clerk