

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

347



FROM: COUNTY EXECUTIVE OFFICE

SUBMITTAL DATE:
June 20, 2006


SUBJECT: Community Facilities District No. 87-1 of the County of Riverside, Resolution No. CFD 2006-04 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. 87-1 of the County of Riverside, (1) approve and adopt Resolution No. CFD 2006-04; (a) authorizing the issuance of Community Facilities District No. 87-1 Series 2006 Special Tax Refunding Bonds in an aggregate principal amount not to exceed \$6,500,000, (b) approve the form of and authorize the execution and delivery of an Indenture, an Escrow Agreement, a Bond Purchase Agreement, and a Continuing Disclosure Agreement, (c) authorizing the preparation of an Official Statement and all other matters related thereto, and (d) approve and authorize the County Executive Officer or his designee to sign the consultant agreements for services required to facilitate the refunding process.

BACKGROUND: In 1987, the Board of Supervisors formed Community Facilities District No. 87-1 of the County of Riverside (the "District") pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982 (the "Act"). Based on Resolution Nos. 87-378 and 87-379 and an election, the District was authorized to issue bonds, pursuant to the Act, in an aggregate principal amount not to exceed \$11,000,000.

Continued on Page 2


Jerry Norris, Principal Management Analyst

FORM APPROVED
COUNTY COUNSEL
JUN 14 2006
BY 

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 

- Consent
- Policy
- Consent
- Policy

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

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

8.3

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June 20, 2006
Community Facilities District No. 87-1
Resolution No. CFD 2006-04
Page 2

The District had previously issued its \$8,900,000 Series 1990 Special Tax Bonds (the "Series 1990 Bonds") of which \$6,770,000 aggregate principal amount remains outstanding.

The District now desires to refund the Series 1990 Bonds through the issuance of new bonds in an aggregate principal amount not to exceed \$6,500,000 designated as the "Community Facilities District No. 87-1 of the County of Riverside Special Tax Refunding Bonds Series 2006" (the "Series 2006 Bonds"). In order to effect the issuance of the Bonds and the refunding and defeasance of the Series 1990 Bonds, the Legislative Body needs to authorize the execution of a bond indenture (the "Bond Indenture") with U.S. Trust National Association, a bond purchase agreement (the "Bond Purchase Agreement") and a continuing disclosure certificate (the "Continuing Disclosure Certificate") that are being presented to the Legislative Body in substantially complete form.

The adoption of Resolution No. CFD 2006-04 will allow the District to proceed with the sale and issuance of the Series 2006 Bonds in an amount not to exceed \$6,500,000. 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 19% 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 2006-04**

3 **RESOLUTION OF THE LEGISLATIVE BODY OF COMMUNITY**
4 **FACILITIES DISTRICT NO. 87-1 OF THE COUNTY OF**
5 **RIVERSIDE, AUTHORIZING THE ISSUANCE OF SPECIAL TAX**
6 **REFUNDING BONDS, IN A PRINCIPAL AMOUNT NOT TO**
7 **EXCEED \$6,500,000 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. 87-1 of the
13 County of Riverside (the "District") and declared the necessity to issue bonds on behalf of the District
14 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"); and,

17 **WHEREAS**, pursuant to Resolution No. 87-378 establishing the District, authorizing the
18 levy of a special tax (the "Special Tax"), establishing an appropriations limit and calling an election,
19 adopted by the Board of Supervisors on December 8, 1987, and Resolution No. 87-379 determining the
20 necessity to incur bonded indebtedness in an amount not to exceed \$11,000,000, adopted by the Board of
21 Supervisors on December 8, 1987, a special election was duly and legally held and conducted in the
22 District on the 22nd day of March, 1988, at which election there was submitted to the qualified voters of
23 the District the questions of establishing the District, incurring bonded indebtedness, levying the Special
24 Tax and establishing an appropriations limit for the District; and,

25 **WHEREAS**, the validity of the Special Tax and the issuance of bonds were confirmed by
26 a judgment entered in the Superior Court of the County of Riverside in Case No. 192787; and,

27 **WHEREAS**, on November 20, 1990, the District issued \$8,900,000 of special tax bonds
28 of the District designated as the "Community Facilities District No. 87-1 of the County of Riverside,
State of California, Special Tax Bonds, Series 1990" (the "1990 Bonds") of which \$6,770,000 aggregate
principal amount, is currently outstanding; and,

WHEREAS, the Legislative Body hereby desires to proceed to issue refunding bonds

1 authorized in the aggregate principal amount of not to exceed \$6,500,000 designated as "Community
2 Facilities District No. 87-1 of the County of Riverside, Special Tax Refunding Bonds, Series 2006" (the
3 "Bonds") to pay and refund the 1990 Bonds; and,

4 **WHEREAS**, the proceeds of the Bonds will be used to refund the 1990 Bonds; and,

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

10 **WHEREAS**, Legislative Body of the District has determined in accordance with
11 Government Code Section 53360.4 that a negotiated sale of the Bonds to Stone & Youngberg LLC in
12 accordance with the terms of the Bond Purchase Agreement referred to herein will result in a lower
13 overall cost to the District than a public sale;

14 **NOW, THEREFORE, IT IS HERBY RESOLVED, FOUND, DETERMINED AND**
15 **ORDERED** by the Legislative Body of Community Facilities District No. 87-1 of the County of
16 Riverside, as follows:

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

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

21 "Authorized Representative" means any one of the following County officials: (i) the
22 County Executive Officer, (ii) the Assistant Executive Officer, (iii) the County Finance Director, (iv)
23 Deputy County Executive Officer, (v) Principal Management Analyst or (vi) the written designee of the
24 County Executive Officer, each of whom acting alone is, authorized and directed, for and in the name of
and on behalf of the County and/or the District, to execute and deliver necessary documents.

25 "Bond Counsel" means McFarlin & Anderson LLP, in its capacity as bond counsel with
26 respect to the bonds referred to herein.

27 "County Counsel" means the County Counsel of the County, or his deputy.

1 “Officers of the Legislative Body” means the Chairman of the Legislative Body, the Clerk
2 of the Legislative Body, the County Executive Officer acting on behalf of the District or the County
3 Finance Director acting on behalf of the District, or any written designee of the foregoing.

4 **Section 3. Issuance of Bonds.** The Bonds of the District, being the Community Facilities
5 District No. 87-1 of the County of Riverside, Special Tax Refunding Bonds, Series 2006, are hereby
6 authorized to be issued in an aggregate principal amount estimated not to exceed \$6,500,000, pursuant to
7 Section 53362.5 of the California Government Code. The Bonds shall be issued upon the terms and
8 conditions contained in the Bond Indenture hereinafter referred to, which terms and conditions are by this
9 reference incorporated herein. The Legislative Body determines that it is prudent in the management of
10 its fiscal affairs to issue the Bonds.

11 **Section 4. Manner of Sale of the Bonds.** Pursuant to Section 53360.4 of the California
12 Government Code, the Legislative Body hereby finds and determines that a negotiated sale of the Bonds
13 to Stone & Youngberg LLC would result in a lower overall cost to the District, and the Bonds shall be
14 sold at a negotiated sale.

15 **Section 5. Bond Indenture.** The proposed form of Bond Indenture, dated as of July 1,
16 2006 (the “Bond Indenture”), by and between the District and U.S. Bank National Association, as trustee
17 (the “Trustee”), presented to the Legislative Body at this meeting, is hereby approved. The Chairman
18 and the Clerk of the Legislative Body are, and each of them is, hereby authorized and directed, for and in
19 the name of the District, to execute and deliver to the Trustee the Bond Indenture in substantially said
20 form, with such changes therein as County Counsel and Bond Counsel may require or approve, such
21 requirement or approval to be conclusively evidenced by the execution of the Bond Indenture by the
22 Chairman of the Legislative Body.

23 **Section 6. Bond Purchase Agreement.** The proposed form of Bond Purchase
24 Agreement (the “Bond Purchase Agreement”) related to the Bonds, by and between the District and
25 Stone & Youngberg LLC (the “Underwriter”), presented to the Legislative Body at this meeting, is
26 hereby approved. The Authorized Representatives are, and each of them acting individually is, hereby
27 authorized and directed, for and in the name of the District, to execute and deliver to the Underwriter the
28 Bond Purchase Agreement in substantially said form, with such price, interest rate, redemption dates and

1 prices, selling compensation, and such other changes therein as County Counsel and Bond Counsel may
2 require or approve, such requirement or approval to be conclusively evidenced by the execution of the
3 Bond Purchase Agreement by an Authorized Representative; provided, that the stated interest rate on the
4 Bonds shall not exceed 6.0% per annum and the Underwriter's discount shall not exceed 2.5% of the
5 principal amount of the Bonds, and the purchase price for the Bonds, including the selling compensation,
6 shall not be less than 97% of the principal amount thereof plus accrued interest, if any, on the Bonds.

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

16 **Section 8. Escrow Agreement.** The proposed form of the Escrow Agreement, dated for
17 reference purposes as of July 1, 2006 (the "Escrow Agreement"), by and between the District and U.S.
18 Bank National Association, as escrow agent (the "Escrow Agent"), presented to the Legislative Body at
19 this meeting, is hereby approved. The Authorized Representatives are, and each of them acting
20 individually is, hereby authorized and directed, for and in the name of the District, to execute and deliver
21 the Escrow Agreement to the Escrow Agent in substantially said form, with such changes therein as
22 County Counsel and Bond Counsel may require or approve, such requirement or approval to be
23 conclusively evidenced by the execution of the Escrow Agreement by an Authorized Representative.

24 **Section 9. Continuing Disclosure Agreement.** The proposed form of the Continuing
25 Disclosure Agreement, dated for reference purposes as of July 1, 2006 (the "Continuing Disclosure
26 Agreement"), by and between the District and U.S. Bank National Association, as Fiscal Agent and as
27 Dissemination Agent (the "Dissemination Agent"), presented to the Legislative Body at this meeting, is
28 hereby approved. The Authorized Representatives are, and each of them acting individually is, hereby

1 authorized and directed, for and in the name of the District, to execute and deliver the Continuing
2 Disclosure Agreement to the Escrow Agent in substantially said form, with such changes therein as
3 County Counsel and Bond Counsel may require or approve, such requirement or approval to be
4 conclusively evidenced by the execution of the Continuing Disclosure Agreement by an Authorized
5 Representative.

6 **Section 10. Determination to Proceed With Bond Issue.** In accordance with the Act
7 and the County of Riverside policies adopted pursuant to Section 53312.7 of the Government Code, the
8 Legislative Body hereby finds and determines that the Bonds shall be sold at a negotiated sale and that
9 the value of the real property that would be subject to the Special Tax to pay debt service on the Bonds
10 will be at least three times the sum of the principal amount of the Bonds to be sold and the principal
11 amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act on
12 property within the District or a special assessment levied on property within the District.

13 **Section 11. Authorization to Enter Professional Services Agreements.** The Authorized
14 Representatives are, and each of them hereby is, authorized and directed to enter into agreements with
15 Stephen G. White, MAI, as appraiser, with Empire Economics, Inc., as the market absorption consultant,
16 and with McFarlin & Anderson LLP, as Bond Counsel, for their services in connection with the District.

17 **Section 12. Delegation of Authority.** The Officers of the Legislative Body and the
18 Authorized Representatives are, and each of them hereby is, authorized and directed to do any and all
19 things, and to execute and deliver any and all documents which said Officers and Authorized
20 Representatives may deem necessary or advisable in order to consummate the issuance of the Bonds and
21 otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, the Bonds,
22 the Bond Indenture, the Escrow Agreement, the Official Statement and the Bond Purchase Agreement.

23 **Section 12. Effective Date.** This Resolution shall take effect immediately upon its
24 adoption.

1 **PASSED APPROVED AND ADOPTED** this 20th day of June, 2006.

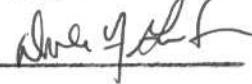
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4 By: _____
5 Bob Buster, Chairman of the Legislative Body
6 of Community Facilities District No. 87-1
7 of the County of Riverside

8 **ATTEST:**
9 Nancy Romero, Clerk of the Legislative
10 Body of Community Facilities District No. 87-1
11 of the County of Riverside

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17 By: _____
18 Deputy Clerk

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FORM APPROVED
COUNTY COUNSEL

JUN 14 2006

BY: 

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

4 I, Nancy Romero, Clerk of the Legislative Body of Community Facilities District No. 87-1 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 June,
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

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