

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

339



FROM: COUNTY EXECUTIVE OFFICE

SUBMITTAL DATE:
September 23, 2010

SUBJECT: Resolution No. CFD 2010-12 Authorizing the conversion of the Special Tax Refunding Bonds to a fixed rate mode for Community Facilities District No. 88-4 of the County of Riverside.

RECOMMENDED MOTION: That the Board acting ex officio as the legislative body of Community Facilities District No. 88-4 of the County of Riverside:

- (1) Approve and adopt Resolution No. CFD 2010-12; (a) authorizing the conversion of Community Facilities District No. 88-4 Special Tax Refunding Bonds to a fixed interest rate in an aggregate principal amount not to exceed \$9,000,000, (b) approve the form of and authorize the execution and delivery of an Ammended and Restated Fiscal Agent Agreement, a Bond Purchase Agreement, and a Continuing Disclosure Agreement, and (c) authorizing the preparation of an Official Statement and all other matters related thereto;
- (2) Approve and authorize the execution of the agreements for Bond Counsel and Disclosure Counsel Services;
- (3) Approve and authorize the Chairman to sign the agreement for consent of the conversion by and between Community Facilities District No. 88-4 of the County of Riverside and Pulte Homes Corporation.

Stephanie Persi

Stephanie Persi, Associate Management Analyst

Continued on Page 2

FORM APPROVED COUNTY COUNSEL
BY: *Dale A. Gardner* DATE: 9/28/10
DALE A. GARDNER
Departmental Concurrence

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 200,000	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2010

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
BY: *Christopher M. Hans*
County Executive Office Signature Christopher M. Hans

Policy
 Policy
 Consent
 Consent

Dept's Recomm.:
 Per Exec. Ofc.:

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

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

8.2

BACKGROUND: In 1988, the Board of Supervisors formed Community Facilities District No. 88-4 of the County of Riverside (the "District") pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982. In 1997, the District was authorized to issue adjustable rate refunding bonds, with an aggregate principal amount not to exceed \$28,000,000.

The District now desires to convert the existing adjustable-rate bonds to a fixed interest rate. In order to effect the conversion of the bonds, the legislative body of the District needs to execute and deliver a continuing disclosure certificate, and to enter into an amended agreement with U.S. Bank National Association in substantially the forms presented with the attached resolution. The agreements for Bond Counsel and Disclosure Counsel Services allows them and other members of the finance team to assist the County with the conversion to fixed rate special tax bonds. The agreement for consent of the conversion is a requirement of section 8.2 of the Protocol Agreement dated July 1, 1997 between the District and Pulte Homes Corporation.

The benefit of the conversion will be a reduction in overall tax burden placed on the property owners of the District, through an elimination of the letter of credit expense of the bonds. Total savings of approximately \$387,500 will exceed the County's policies regarding savings of at least 3 percent for a deal of this nature to proceed. This restructuring is one element of the District plan to reduce the yearly tax burden on homeowners by approximately 25 percent.

All fees and costs will be paid through the cost of issuance for the District at the time bonds are converted to a fixed interest rate. The issuance cost for the conversion is \$200,000. No county funds will be used.

The proposed conversion of the adjustable rate bonds to fixed rate bonds has been reviewed and approved by the County's Debt Advisory Committee.

3 **RESOLUTION NO. CFD 2010-12**

4 **RESOLUTION OF THE LEGISLATIVE BODY OF COMMUNITY FACILITIES**
5 **DISTRICT NO. 88-4 (WINCHESTER RANCH) OF THE COUNTY OF RIVERSIDE**
6 **AUTHORIZING THE SALE OF SPECIAL TAX REFUNDING BONDS IN A NOT TO**
7 **EXCEED \$9,000,000 AGGREGATE PRINCIPAL AMOUNT CONSISTING OF A**
8 **COMBINATION OF SPECIAL TAX REFUNDING BONDS CONVERTED FROM AN**
9 **ADJUSTABLE RATE MODE TO A FIXED RATE MODE AND RELATED**
10 **ADDITIONAL BONDS ISSUED IN CONNECTION THEREWITH, PRESCRIBING THE**
11 **TERMS THEREOF, APPROVING VARIOUS FINANCING DOCUMENTS AND**
12 **PROVIDING FOR OTHER MATTERS RELATED THERETO**

13 **WHEREAS**, the Board of Supervisors (the "Board of Supervisors") of the County of Riverside, California
14 (the "County"), acting as the "legislative body of the District" (the "Legislative Body"), has heretofore undertaken
15 proceedings to establish Community Facilities District No. 88-4 (Winchester Ranch) of the County of Riverside
16 (the "District") and declared the necessity to issue bonds on behalf of the District pursuant to the terms and
17 provisions of the "Mello-Roos Community Facilities Act of 1982," as amended, being Chapter 2.5, Part 1,
18 Division 2, Title 5 (commencing with Section 53111) of the Government Code of the State of California (the
19 "Act"); and

20 **WHEREAS**, the District previously issued \$28,000,000 aggregate principal amount of its special tax
21 Refunding Bonds on July 30, 1997 (the "1997 Bonds") pursuant to the Fiscal Agent Agreement, dated as of July 1,
22 1997 (the "Original Fiscal Agent Agreement"), by and between the District and U.S. Bank National Association
23 (successor to First Trust of California, National Association), as Fiscal Agent, as amended by the First
24 Supplemental Fiscal Agent Agreement, dated as of June 1, 2004 (the "First Supplemental Fiscal Agent
25 Agreement"), by and between the District and the Fiscal Agent, and as amended by the Second Supplemental
26 Fiscal Agent Agreement, dated as of July 1, 2008 (the "Second Supplemental Fiscal Agent Agreement"), between
27 the District and the Fiscal Agent (collectively, the Original Fiscal Agent Agreement, as supplemented by the First
28 Supplemental Fiscal Agent Agreement and as supplemented by the Second Supplemental Fiscal Agent Agreement
being referred to herein as the "Original Fiscal Agent Agreement"); and

WHEREAS, \$8,000,000 aggregate principal amount of the 1997 Bonds remain outstanding and the
Legislative Body hereby desires to authorize conversion of all or a portion of the 1997 Bonds to a Fixed Interest
Rate in accordance with the Fiscal Agent Agreement, dated as of July 1, 1997, as heretofore supplemented, the

FORM APPROVED COUNTY COUNSEL
BY: DALE A. GARDNER 9/23/10 DATE

1 redemption of any of such 1997 Bonds which are not converted to a Fixed Interest Rate and the issuance of up to
2 \$1,000,000 aggregate principal amount of Related Additional Bonds (as defined in the Original Fiscal Agent
3 Agreement” and together with the 1997 Bonds converted to a Fixed Interest Rate, the “Bonds”) to the extent
4 necessary to fund a reserve fund for the Bonds, to pay costs relating to the conversion of the 1997 Bonds and/or to
5 pay the costs relating to the issuance of the Related Additional Bonds; and

6 **WHEREAS**, the value of the real property that would be subject to the Special Tax to pay debt service on
7 the Bonds will be at least three times the sum of the principal amount of the Bonds outstanding and the principal
8 amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act on property
9 within the District or a special assessment levied on property within the District and there shall be established a
10 reserve fund for the Bonds in an amount equal to approximately 10% of the aggregate principal amount of the
11 Bonds, or such lesser amount as an Authorized Representative (as defined below) shall determine to be appropriate
12 as set forth in the Amended and Restated Fiscal Agent Agreement; and

13 **WHEREAS**, the Legislative Body finds that the conversion of 1997 Bonds to a Fixed Interest Rate, the
14 issuance of Related Additional Bonds, if any, and the execution of the Amended and Restated Fiscal Agent
15 Agreement and other contracts and agreements to accomplish the conversion is designed to reduce the amount of
16 payment and interest rate risk by converting to a Fixed Interest Rate.

17 **NOW, THEREFORE, IT IS HERBY RESOLVED, FOUND, DETERMINED AND ORDERED** by
18 the Legislative Body of Community Facilities District No. 88-4 (Winchester Ranch) of the County of Riverside, as
19 follows:

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

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

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

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

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

4 "Officer(s) of the Legislative Body" means the Chairman of the Legislative Body, the Clerk of the
5 Legislative Body, or the County Executive Officer, acting on behalf of the District, or any written designee of the
6 foregoing.

7 **Section 3. Conversion of 1997 Bonds to a Fixed Interest Rate.** The \$8,000,000 aggregate principal
8 amount of the 1997 Bonds of the District are hereby authorized to be converted from an Adjustable Interest Rate to
9 a Fixed Interest Rate, pursuant to the Act and the Original Fiscal Agent Agreement and the issuance of not to
10 exceed \$1,000,000 aggregate principal amount of Related Additional Bonds as necessary in connection therewith
11 pursuant to the Original Fiscal Agent Agreement is hereby authorized. The Bonds shall be subject to the
12 applicable terms and conditions contained in the Original Fiscal Agent Agreement and upon conversion, shall be
13 executed and delivered to the purchasers thereof in accordance with the Amended and Restated Fiscal Agent
14 Agreement hereinafter referred to, which terms and conditions are by this reference incorporated herein. The
15 Legislative Body determines that it is prudent in the management of its fiscal affairs to convert the 1997 Bonds to a
16 Fixed Interest Rate and to issue the Related Additional Bonds, if any, in accordance with the terms of the Amended
17 and Restated Fiscal Agent Agreement. In accordance with Government Code Section 5922, the Legislative Body
18 finds that the conversion of the 1997 Bonds to a Fixed Interest Rate, the issuance of any Related Additional Bonds,
19 and the execution of the Amended and Restated Fiscal Agent Agreement and other contracts and agreements to
20 accomplish the conversion are designed to reduce the amount of payment and interest rate risk by converting the
21 1997 Bonds to a Fixed Interest Rate. In connection with such conversion, any 1997 Bonds which are not
22 converted to a Fixed Interest Rate shall be redeemed.

23 **Section 4. Amended and Restated Fiscal Agent Agreement.** The proposed form of Amended and
24 Restated Fiscal Agent Agreement, dated as of November 1, 2010 (the "Fiscal Agent Agreement"), by and between
25 the District and U.S. Bank National Association, as fiscal agent (the "Fiscal Agent"), presented to the Legislative
26 Body at this meeting, is hereby approved. The Chairman and the Clerk of the Legislative Body are, and each of
27 them is, hereby authorized and directed, for and in the name of the District, to execute and deliver the Fiscal Agent
28 Agreement in substantially said form, with such changes therein as County Counsel and Bond Counsel may require

1 or approve, such requirement or approval to be conclusively evidenced by the execution of the Fiscal Agent
2 Agreement by the Chairman of the Legislative Body. Such changes may include, but are not limited to, (i) a
3 change in the refunding bonds test for the issuance of refunding bonds, such as a change in the minimum value-to-
4 lien at the time of issuance of additional bonds or the portion of debt service on the bonds which shall be paid from
5 Special Taxes on Developed Property and/or Approved Property (as such terms are defined in the Rate and
6 Method), (ii) a change in the redemption terms of the Bonds or (iii) a change in the amount of the reserve
7 requirement for the Bonds. With respect to the reserve requirement, the reserve fund deposit as of the conversion
8 may be paid from proceeds of the Related Additional Bonds and/or from funds on deposit with the Fiscal Agent
9 and the balance, if any, to be deposited to the reserve fund to satisfy the reserve requirement for the Bonds may be
10 deposited from Special Taxes received in Fiscal Year 2010-11. The amount of the reserve requirement shall be
11 approved by an Authorized Officer, such approval to be evidenced by execution of the Amended and Restated
12 Fiscal Agent Agreement.

13 **Section 5. Sale of the Bonds.** In connection with the conversion, the proposed form of Purchase
14 Agreement, dated as of its date of execution (the "Purchase Agreement"), by and between the District and E.J. De
15 La Rosa & Co, Inc., as underwriter (the "Underwriter"), presented to the Legislative Body at this meeting, is
16 hereby approved. The Chairman and the Clerk of the Legislative Body are, and each of them acting individually
17 is, hereby authorized and directed, for and in the name of the District, to execute and deliver the Purchase
18 Agreement in substantially said form, with such price, interest rate, redemption dates and prices, selling
19 compensation, and such other changes therein as County Counsel and Bond Counsel may require or approve, such
20 requirement or approval to be conclusively evidenced by the execution of the Purchase Agreement; provided, that
21 (i) the stated interest rate on the Bonds shall not exceed 6% per annum, (ii) the Underwriter's discount shall not
22 exceed 1.5% of the aggregate principal amount of the Bonds and (iii) the purchase price for the Bonds shall be the
23 par amount of the Bonds unless it shall be determined appropriate in connection with pricing the Bonds to include
24 a discount, in which case the net interest cost taking such discount into effect shall not exceed 6% per annum.

25 **Section 6. Preliminary Official Statement.** The form of Preliminary Official Statement of the District
26 with respect to the Bonds presented to the Legislative Body at this meeting, is hereby approved. The Authorized
27 Representatives are, and each of them acting individually is, hereby authorized and directed, for and in the name of
28 the District, to cause to be prepared a final Official Statement with respect to the Bonds (the "Official Statement"),

1 consisting of said Preliminary Official Statement with such changes therein as County Counsel and Bond Counsel
2 may require or approve, and to execute the Official Statement. The Underwriter is hereby authorized to distribute
3 said Preliminary Official Statement to persons who may be interested in purchasing the Bonds, and the
4 Underwriter is hereby directed to deliver copies of the final Official Statement to all actual purchasers of the
5 Bonds.

6 **Section 7. Continuing Disclosure Agreement.** The proposed form of the Continuing Disclosure
7 Agreement, dated for reference purposes as of November 1, 2010 (the "Continuing Disclosure Agreement"), by
8 and between the District and U.S. Bank National Association, as Fiscal Agent and as Dissemination Agent (the
9 "Dissemination Agent"), presented to the Legislative Body at this meeting, is hereby approved. The Officers of
10 the Legislative Body are, and each of them acting individually is, hereby authorized and directed, for and in the
11 name of the District, to execute and deliver the Continuing Disclosure Agreement to the Dissemination Agent in
12 substantially said form, with such changes therein as County Counsel and Bond Counsel may require or approve,
13 such requirement or approval to be conclusively evidenced by the execution of the Continuing Disclosure
14 Agreement.

15 **Section 8. Agreement with Pulte Home Corporation.** The proposed form of agreement with Pulte
16 Home Corporation, dated for reference purposes as of its date of execution (the "Conversion Agreement"), by and
17 between the District and Pulte Home Corporation, presented to the Legislative Body at this meeting, relating to the
18 termination of obligations of the District and Pulte Home Corporation upon conversion of the 1997 Bonds to a
19 Fixed Interest Rate, is hereby approved. The Officers of the Legislative Body 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 the
21 Conversion Agreement in substantially said form, with such changes therein as County Counsel and Bond Counsel
22 may require or approve, such requirement or approval to be conclusively evidenced by the execution of the
23 Conversion Agreement.

24 **Section 9. Determination to Proceed With Bond Conversion.** In accordance with the Act and County
25 policies adopted pursuant to Section 53312.7 of the Government Code, the Legislative Body hereby finds and
26 determines that the Bonds shall be sold at a negotiated sale and that the value of the real property that would be
27 subject to the Special Tax to pay debt service on the Bonds will be at least three times the sum of the principal
28 amount of the Bonds to be sold and the principal amount of all other bonds outstanding that are secured by a

1 special tax levied pursuant to the Act on property within the District or a special assessment levied on property
2 within the District.

3 **Section 10. Authorization to Enter Professional Services Agreements.** The Authorized
4 Representatives are, and each of them hereby is, authorized and directed to enter into agreements with McFarlin &
5 Anderson LLP, as Bond Counsel, and Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure
6 Counsel, in connection with their services on behalf of the District.

7 **Section 11. Delegation of Authority.** The Authorized Representatives are, and each of them hereby is,
8 authorized and directed to do any and all things, and to execute and deliver any and all documents which said
9 Authorized Representatives may deem necessary or advisable in order to consummate the conversion and issuance
10 of the Bonds and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, the
11 Bonds, the Fiscal Agent Agreement, the Continuing Disclosure Agreement, the Official Statement, the Purchase
12 Agreement and the Conversion Agreement.

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

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1 PASSED, APPROVED AND ADOPTED this ____ day of _____, 2010.

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By: _____
Marion Ashley, Chairman of the Legislative Body
of Community Facilities District No. 88-4
(Winchester Ranch) of the County of Riverside

ATTEST:
Kecia Harper-Ihem, Clerk of the Legislative
Body of Community Facilities District No. 88-4
(Winchester Ranch) of the County of Riverside

By: _____
Deputy Clerk

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

3 I, Kecia Harper-Ihem, Clerk of the Legislative Body of Community Facilities District No. 88-4 (Winchester
4 Ranch) of the County of Riverside, State of California, do hereby certify that the foregoing Resolution was
introduced and adopted at a regular meeting of the Legislative Body held on the _____ day of _____, 2010,
5 by the following vote:

- 6 AYES:
- 7 NOES:
- 8 ABSENT:
- 9 ABSTAIN:

10 **IN WITNESS WHEREOF**, I have hereunto set my hand this ___ day of _____, 2010.

11
12 By: _____
13 Deputy Clerk

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