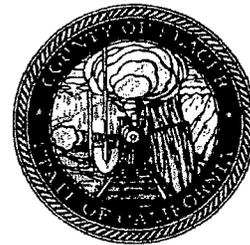


Memorandum
Office of Jenine Windeshausen
Treasurer-Tax Collector



To: The Honorable Board of Supervisors
From: Jenine Windeshausen, Treasurer-Tax Collector
Date: June 8, 2010
Subject: Dry Creek Community Facilities District Delinquencies

Action Requested:

Direct the Treasurer-Tax Collector and the Auditor to remove delinquent Dry Creek-West Placer Community Facilities District (the District) special assessments from the 2009/2010 property tax roll on parcels that have not paid delinquent special assessments by June 15, 2010. See attached list of delinquent parcels.

Background:

On December 4, 2001, the County issued \$20 million in community facilities district (Mello-Roos) bonds for the purpose of financing backbone infrastructure in the Morgan Creek subdivision. The infrastructure included roadways, drainage facilities, sewer and reclaimed water system, water main transmission lines, park land, fire protection equipment and costs related to the issuance of the bonds. Repayment of the bonds is dependant upon an annual levy and collection of special taxes on the property tax roll. There are a total of 902 parcels in the District which are subject to the special tax. Depending on lot size, the annual special tax on each parcel is either \$1,850 or \$2,260 which is payable on the property tax bill in two installments.

In approving and executing the bond, the County agreed to certain covenants for the protection of repayment to bondholders. Specifically, the Indenture and the Official Statement require the County "to review annually on or before October 1 of each year the records of the prior Fiscal Year and on the basis of such review the County will, not later than the succeeding December 1, institute foreclosure proceedings as authorized by the Law against all parcels that are delinquent in the payment of such Special Tax in such Fiscal Year..." As such the County must institute foreclosure proceedings by December 1(i) against all parcels that are delinquent in the payment of the Special Tax in that fiscal year by \$1,200 or more and (ii) against all parcels that are delinquent in the payment of the Special Tax in that fiscal year, if the County determines that the total amount collected in that fiscal year is less than 95% of the total amount of the Special Tax levied. Meaning if the County experiences a delinquency rate of 5% or more overall, all delinquent parcels, regardless of amount, must be foreclosed. If the County experiences a delinquency rate of less than 5%, then only parcels delinquent by \$1,200 must be foreclosed. "The County has covenanted to diligently prosecute and pursue all foreclosure proceedings to judgment and sale."

After review of the delinquency rate for the fiscal year 2009/2010, it has been determined as of May 20, 2010, 5.51% of the special taxes for the District are delinquent. Thus, the County may be required to institute foreclosure proceedings no later than December 1, 2010 on all delinquent parcels. If the delinquency rate for fiscal year 2009/2010 decreases to less than 5%, only the parcels delinquent by \$1,200 or more may be included in the foreclosure proceedings.

Should actual foreclosure be required on any parcel, the Treasurer, as Trustee, recommends the County hire special counsel to begin the foreclosure process.

On June 23, 2009, your Board directed staff to remove the special taxes from one hundred and six delinquent parcels from the 2008/2009 property tax roll. Thirty-Five parcels still remain delinquent and thirty of those parcels are subject to foreclosure. The Treasurer-Tax Collector continues to work diligently to collect the delinquent special taxes on the remaining two parcels from 2007/2008.

Fiscal Impact:

A debt service payment for the District was paid March 1, 2010 in the amount of \$515,493.75. The Reserve Fund balance is \$1,650,534.31. The next debt service payment is payable September 1, 2010, in the amount of \$1,110,493.75. The Reserve Fund balance is enough to make one year of debt service payments (two payments). In addition to the Reserve Fund, there is available \$1,287,088.66 collected from property owners which will be used to pay the next debt service payment. At this time, the District is not threatened with default due to the current delinquencies; nor is there any impact to County finances from these delinquencies.

County Action Requested:

Direct the Treasurer-Tax Collector and the Auditor to remove delinquent Dry Creek-West Placer Community Facilities District (the District) special assessments from the 2009/2010 property tax roll on parcels that have not paid delinquent special assessments by June 15, 2010. As Trustee of the Dry Creek-West Placer Community Facilities District, on behalf of the bondholders, I am obligated to notify the County of the covenants with bondholders regarding foreclosure requirements on delinquent parcels in the Indenture Agreement, which are also documented in the Official Statement of the bonds.

Attachments: List of the District Delinquencies

Placer County Treasurer-Tax Collector
Delinquent Dry Creek West Placer CFD Special Assessments
As of May 20, 2010

Asmt Number

**Total Special Taxes
Delinquent incld
Penalty**

1	029-010-004-000	2,486.00
2	029-020-012-000	1,243.00
3	029-030-009-000	1,017.50
4	029-030-030-000	2,035.00
5	029-030-031-000	1,017.50
6	029-040-009-000	1,017.50
7	029-040-021-000	1,017.50
8	029-040-035-000	1,017.50
9	029-040-038-000	1,017.50
10	029-040-045-000	1,017.50
11	029-060-005-000	2,035.00
12	029-060-007-000	2,035.00
13	029-080-009-000	2,035.00
14	029-100-002-000	864.98
15	029-100-004-000	2,486.00
16	029-100-005-000	2,486.00
17	029-110-006-000	1,243.00
18	029-120-007-000	2,486.00
19	029-130-002-000	2,035.00
20	029-130-006-000	2,035.00
21	029-130-021-000	2,035.00
22	029-130-031-000	2,035.00
23	029-130-037-000	1,017.50
24	029-140-006-000	2,035.00
25	029-140-011-000	1,017.50
26	029-140-017-000	2,035.00
27	029-160-004-000	1,017.50
28	029-160-020-000	1,017.50
29	029-160-023-000	1,017.50
30	029-170-001-000	2,486.00
31	029-170-005-000	1,729.96
32	029-170-008-000	864.98
33	029-190-006-000	1,729.96
34	029-190-011-000	2,486.00
35	029-220-006-000	2,486.00
36	029-230-010-000	2,486.00
37	029-230-023-000	2,486.00
38	029-240-004-000	1,243.00
39	029-240-007-000	2,486.00
40	029-240-013-000	1,243.00
41	029-250-001-000	1,729.96
42	029-250-003-000	1,729.96
43	029-250-015-000	1,729.96
44	029-250-017-000	864.98
45	029-280-010-000	1,243.00
46	029-280-012-000	2,486.00
47	029-280-018-000	2,486.00
48	029-280-020-000	2,486.00
49	029-320-008-000	1,017.50
50	029-320-023-000	2,035.00
51	029-340-011-000	2,035.00

52	029-340-016-000	708.05
53	029-340-034-000	2,035.00
54	029-340-043-000	2,035.00
55	029-350-012-000	1,017.50
56	029-350-020-000	2,035.00
57	029-350-031-000	2,035.00
58	029-350-034-000	1,017.50
59	029-360-002-000	2,035.00
60	029-360-007-000	2,035.00
61	029-360-019-000	2,035.00
62	029-370-017-000	2,486.00
63	029-370-018-000	1,243.00

108,142.29
