

**Memorandum**  
**Office of Jenine Windeshausen**  
**Treasurer-Tax Collector**



**To:** The Honorable Board of Supervisors  
**From:** Jenine Windeshausen, Treasurer-Tax Collector  
**Date:** June 21, 2011  
**Subject:** Dry Creek Community Facilities District Delinquencies

---

**Action Requested:**

Direct the Treasurer-Tax Collector and the Auditor to remove all delinquent Dry Creek-West Placer Community Facilities District (the District) special assessments from the 2010/2011 property tax roll on parcels that have not paid delinquent special assessments by June 21, 2011. 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 District experiences a delinquency rate of 5% or more overall, all delinquent parcels, regardless of amount, must be foreclosed. If the District experiences a delinquency rate of less than 5%, then only delinquent parcels with \$1,200 or more remaining unpaid must be subject to foreclosure. "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 2010/2011, it has been determined as of June 7, 2011, 4.49% (48 parcels) of the special taxes for the District are delinquent. Of those delinquent, 22 parcels are delinquent by more than \$1,200. The County may be required to institute foreclosure proceedings no later than December 1, 2011 on the parcels delinquent by \$1,200 or more.

Although we are not obligated to remove special assessments on delinquent parcels with a delinquency of less than \$1,200, removing all delinquent parcels from the property tax roll is recommended to increase administrative and collection effectiveness.

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 8, 2010, your Board directed staff to remove the special taxes from fifty-six delinquent parcels from the 2009/2010 property tax roll. Fifteen parcels still remain delinquent.

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.

**Fiscal Impact:**

A debt service payment for the District was paid March 1, 2011 in the amount of \$499,131.25. The Reserve Fund balance is \$1,646,363.19. The next debt service payment is payable September 1, 2011, in the amount of \$1,124,131.25. The Reserve Fund balance is enough to make one year of debt service payments (two payments). In addition to the Reserve Fund, there is \$1,325,546.94 in the debt service repayment fund which has been collected from property owners 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.

Attachments: List of the District Delinquencies

**Placer County Treasurer-Tax Collector**  
**Delinquent Dry Creek West Placer CFD Special Assessments**  
**As of June 7, 2011**

<b>Asmt Number</b>	<b>Total Special Taxes Delinquent incld Penalty</b>
1 029-010-005-000	1,243.00
2 029-040-041-000	1,017.50
3 029-050-013-000	2,035.00
4 029-060-008-000	2,035.00
5 029-080-007-000	1,017.50
6 029-080-037-000	1,017.50
7 029-110-006-000	2,486.00
8 029-130-006-000	2,035.00
9 029-130-021-000	1,017.50
10 029-130-022-000	2,035.00
11 029-160-004-000	2,035.00
12 029-160-020-000	1,017.50
13 029-160-023-000	2,035.00
14 029-180-009-000	1,243.00
15 029-190-006-000	1,662.44
16 029-190-011-000	1,243.00
17 029-220-006-000	2,486.00
18 029-220-009-000	1,243.00
19 029-240-004-000	2,486.00
20 029-240-013-000	2,486.00
21 029-250-007-000	831.22
22 029-250-011-000	1,243.00
23 029-250-015-000	1,662.44
24 029-260-001-000	1,662.44
25 029-260-002-000	1,243.00
26 029-260-004-000	831.22
27 029-260-007-000	831.22
28 029-260-008-000	831.22
29 029-260-009-000	831.22
30 029-260-010-000	2,486.00
31 029-260-012-000	831.22
32 029-260-013-000	831.22
33 029-260-014-000	831.22
34 029-260-017-000	831.22
35 029-270-016-000	831.22
36 029-270-019-000	831.22
37 029-290-005-000	2,486.00
38 029-290-010-000	1,243.00
39 029-320-018-000	2,035.00
40 029-340-003-000	1,243.00
41 029-340-011-000	2,035.00
42 029-350-012-000	1,017.50
43 029-350-021-000	2,035.00
44 029-350-023-000	2,035.00
45 029-360-002-000	2,035.00
46 029-360-007-000	2,035.00
47 029-370-017-000	2,486.00
48 029-370-018-000	1,243.00
<b>Total</b>	<b>73,244.74</b>

