



## CITY COUNCIL STAFF REPORT

DATE: January 21, 2015

CONSENT CALENDAR

SUBJECT: APPROVE USE OF SURPLUS IN ASSESSMENT DISTRICTS TO REDEEM BONDS

FROM: David H. Ready, City Manager

BY: Department of Finance and Treasury

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### SUMMARY

Surplus funds are available for early bond redemptions in Assessment District No. 161, Assessment District No. 162 and Assessment District No. 164. If the redemptions are made, future assessments to the homeowners in these assessment districts will be reduced.

### RECOMMENDATION:

1. ADOPT RESOLUTION NO. \_\_\_\_, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA, DETERMINING SURPLUS IN IMPROVEMENT FUND RELATING TO OUTSTANDING ASSESSMENT BONDS FOR ASSESSMENT DISTRICT NO. 161 (MOUNTAIN GATE) AND ORDERING THE DISPOSITION THEREOF.
2. ADOPT RESOLUTION NO. \_\_\_\_, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA, DETERMINING SURPLUS IN IMPROVEMENT FUND RELATING TO OUTSTANDING ASSESSMENT BONDS FOR ASSESSMENT DISTRICT NO. 162 (THE VILLAS IN OLD PALM SPRINGS AND 48 @ BARISTO) AND ORDERING THE DISPOSITION THEREOF
3. ADOPT RESOLUTION NO. \_\_\_\_, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA, DETERMINING SURPLUS IN IMPROVEMENT FUND RELATING TO OUTSTANDING ASSESSMENT BONDS FOR ASSESSMENT DISTRICT NO. 164 (MOUNTAIN GATE II) AND ORDERING THE DISPOSITION THEREOF.
4. ADOPT RESOLUTION NO. \_\_\_\_, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA, ADJUSTING THE BUDGET FOR FISCAL YEAR 2014-2015.

ITEM NO. 2M

5. AUTHORIZE THE FINANCE DIRECTOR TO TRANSFER FUNDS AND TO NOTIFY THE FISCAL AGENT TO REDEEM BONDS

STAFF ANALYSIS:

During 2004 and 2005, the City issued Limited Obligation Improvement Bonds in Assessment District No. 161, Assessment District No. 162 and Assessment District No. 164. After the improvements funded by the bonds were complete, a small balance of unexpended bond proceeds remains on hand. The City Council must adopt a resolution for each assessment district declaring the remaining funds to be surplus and not needed for improvements within each assessment district. Once the funds are declared surplus, \$1,000 will be transferred to the General Fund from each assessment district to cover expenses, and the balance will be used to redeem bonds of each assessment district on March 2, 2015.

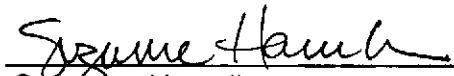
Further, there is currently an excess of funds in each assessment district that have accumulated over time from the collection of penalties and interest on delinquent assessments. These funds can also be used to redeem bonds in each assessment district on March 2, 2015. A budget amendment is required to authorize the use of such funds, as well as the use of the surplus construction funds, to be used to redeem bonds.

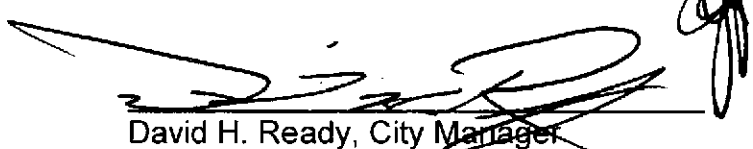
The staff has also determined that each of the assessment district bonds can be refinanced and generate additional savings to the property owners. The City Council will be presented with additional information for the refunding at a future date. In total, taking both the surplus and the refinancing into account, each property owner could see a reduction in future assessments between 12% and 20% depending on the amount of their existing assessments.

FISCAL IMPACT:

None.

  
\_\_\_\_\_  
Geoffrey Kiehl, Director of Finance and  
Treasurer

  
\_\_\_\_\_  
Suzanne Harrell,  
City Financial Advisor

  
\_\_\_\_\_  
David H. Ready, City Manager

**Attachment:**

- Resolution Declaring Surplus in Assessment District No. 161
- Resolution Declaring Surplus in Assessment District No. 162
- Resolution Declaring Surplus in Assessment District No. 163
- Resolution Amending the Budget for 2014-2015

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA, DETERMINING SURPLUS IN IMPROVEMENT FUND RELATING TO OUTSTANDING ASSESSMENT BONDS FOR ASSESSMENT DISTRICT NO. 161 (MOUNTAIN GATE) AND ORDERING THE DISPOSITION THEREOF.

WHEREAS, in proceedings conducted by this City Council of the City of Palm Springs (the "City") pursuant to Resolution No. 20817 adopted on January 21, 2004, under the Municipal Improvement Act of 1913, Division 12 of the California Streets and Highways Code (the "Act"), in and for Assessment District No. 161 (Mountain Gate) (the "Assessment District"), the City provided for the levy of assessments (the "Assessments") and the issuance, delivery and sale of improvement bonds and making of certain acquisitions and improvements, all as therein described; and

WHEREAS, the City issued limited obligation improvement bonds secured by the Assessments, designated the City of Palm Springs 2005 Limited Obligation Improvement Bonds Assessment District No. 161 (Mountain Gate) and issued in the aggregate principal amount of \$4,752,500 (the "Bonds") under the Improvement Bond Act of 1915, Division 10 of the Streets and Highways Code of California (the "1915 Act"), in order to finance the costs of the acquisitions and improvements; and

WHEREAS, all acquisitions and improvements provided for in the proceedings for the Assessment District required to be made have been made and all costs thereof, together with the expenses incidental thereto, have been paid;

WHEREAS, as of November 30, 2014, an unencumbered balance remains in the Acquisition and Construction Fund for the Assessment District in the amount of \$62,677.52; and

WHEREAS, this Council now wishes to make provision for the determination of surplus funds for their orderly distribution under Section 10427 of the 1915 Act.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA HEREBY RESOLVES, AS FOLLOWS:

SECTION 1. The City Council hereby determines that the work of improvement, as set forth in the proceedings relating to the Assessment District, has been substantially completed to the satisfaction of the City Council and all payments have either been made or set aside for all existing or potential claims, costs and expenses relating to said improvements.

**SECTION 2.** The surplus amounts remaining in the Acquisition and Construction Fund in the amount of \$62,677.52 (the "Surplus") shall be applied as follows:

- (a) \$1,000 shall be transferred to the General Fund of the City and applied to the cost incurred by the City in determining the surplus and making the credits hereinafter specified;
- (b) the balance of the Surplus shall be transferred to the Redemption Fund held for the Assessment District to be applied as a credit upon the assessment in the proportion which the amount of each individual assessment bears to the total amount of all individual assessments, as follows:
  - (i) for any individual assessments which have been fully paid and satisfied as of the date of the adoption of this Resolution, the credit thereon shall be given in cash (by check of the City) to the owner of record of the applicable parcel as of the date of the adoption of this Resolution; and
  - (ii) the balance available after giving the credits specified in (i) above shall be transferred to the Redemption Fund established for the Bonds and used to redeem a portion of the Bonds at the next interest payment date of the Bonds for which notice of redemption can be timely given in accordance with the documents authorizing the issuance of the Bonds; and
- (c) any additional amounts remaining on deposit in the Acquisition and Construction Fund following the redemption of Bonds under the foregoing provisions of this Resolution shall be transferred to the Redemption Fund for the Bonds.

**SECTION 3.** The Finance Director (or designee thereof) is hereby authorized and directed to cause the credits (if any) to be made in accordance with this Resolution.

**SECTION 4.** For any delinquent assessments subject to judicial foreclosure proceedings, the Finance Director shall notify foreclosure counsel of the giving of the credits herein specified.

ADOPTED THIS 21st DAY OF JANUARY, 2015.

DAVID H. READY, City Manager

ATTEST:

JAMES THOMPSON, City Clerk

CERTIFICATION

STATE OF CALIFORNIA )  
COUNTY OF RIVERSIDE ) ss.  
CITY OF PALM SPRINGS )

I, JAMES THOMPSON, City Clerk of the City of Palm Springs, hereby certify that Resolution No. \_\_\_\_\_ is a full, true and correct copy, and was duly adopted at a regular meeting of the City Council of the City of Palm Springs on January 21, 2015, by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

JAMES THOMPSON, CITY CLERK  
City of Palm Springs, California

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA, DETERMINING SURPLUS IN IMPROVEMENT FUND RELATING TO OUTSTANDING ASSESSMENT BONDS FOR ASSESSMENT DISTRICT NO. 162 (THE VILLAS IN OLD PALM SPRINGS AND 48 @ BARISTO) AND ORDERING THE DISPOSITION THEREOF.

WHEREAS, in proceedings conducted by this City Council of the City of Palm Springs (the "City") pursuant to Resolution No. 21130 adopted on November 3, 2004, under the Municipal Improvement Act of 1913, Division 12 of the California Streets and Highways Code (the "Act"), in and for Assessment District No. 162 (The Villas in Old Palm Springs and 48 @ Baristo) (the "Assessment District"), the City provided for the levy of assessments (the "Assessments") and the issuance, delivery and sale of improvement bonds and making of certain acquisitions and improvements, all as therein described; and

WHEREAS, the City issued limited obligation improvement bonds secured by the Assessments, designated the City of Palm Springs 2005 Limited Obligation Improvement Bonds Assessment District No. 162 (The Villas in Old Palm Springs and 48 @ Baristo) and issued in the aggregate principal amount of \$1,300,000 (the "Bonds") under the Improvement Bond Act of 1915, Division 10 of the Streets and Highways Code of California (the "1915 Act"), in order to finance the costs of the acquisitions and improvements; and

WHEREAS, all acquisitions and improvements provided for in the proceedings for the Assessment District required to be made have been made and all costs thereof, together with the expenses incidental thereto, have been paid;

WHEREAS, as of November 30, 2014, an unencumbered balance remains in the Acquisition and Construction Fund for the Assessment District in the amount of \$61,813.86; and

WHEREAS, this Council now wishes to make provision for the determination of surplus funds for their orderly distribution under Section 10427 of the 1915 Act.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA HEREBY RESOLVES, AS FOLLOWS:

SECTION 1. The City Council hereby determines that the work of improvement, as set forth in the proceedings relating to the Assessment District, has been substantially completed to the satisfaction of the City Council and all payments have

either been made or set aside for all existing or potential claims, costs and expenses relating to said improvements.

SECTION 2. The surplus amounts remaining in the Acquisition and Construction Fund in the amount of \$61,813.86 (the "Surplus") shall be applied as follows:

- (a) \$1,000 shall be transferred to the General Fund of the City and applied to the cost incurred by the City in determining the surplus and making the credits hereinafter specified;
- (b) the balance of the Surplus shall be transferred to the Redemption Fund held for the Assessment District to be applied as a credit upon the assessment in the proportion which the amount of each individual assessment bears to the total amount of all individual assessments, as follows:
  - (i) for any individual assessments which have been fully paid and satisfied as of the date of the adoption of this Resolution, the credit thereon shall be given in cash (by check of the City) to the owner of record of the applicable parcel as of the date of the adoption of this Resolution; and
  - (ii) the balance available after giving the credits specified in (i) above shall be transferred to the Redemption Fund established for the Bonds and used to redeem a portion of the Bonds at the next interest payment date of the Bonds for which notice of redemption can be timely given in accordance with the documents authorizing the issuance of the Bonds; and
- (c) any additional amounts remaining on deposit in the Acquisition and Construction Fund following the redemption of Bonds under the foregoing provisions of this Resolution shall be transferred to the Redemption Fund for the Bonds.

SECTION 3. The Finance Director (or designee thereof) is hereby authorized and directed to cause the credits (if any) to be made in accordance with this Resolution.

SECTION 4. For any delinquent assessments subject to judicial foreclosure proceedings, the Finance Director shall notify foreclosure counsel of the giving of the credits herein specified.



ADOPTED THIS 21st DAY OF JANUARY, 2015.

DAVID H. READY, City Manager

ATTEST:

JAMES THOMPSON, City Clerk

CERTIFICATION

STATE OF CALIFORNIA )  
COUNTY OF RIVERSIDE ) ss.  
CITY OF PALM SPRINGS )

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- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

JAMES THOMPSON, CITY CLERK  
City of Palm Springs, California

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA, DETERMINING SURPLUS IN IMPROVEMENT FUND RELATING TO OUTSTANDING ASSESSMENT BONDS FOR ASSESSMENT DISTRICT NO. 164 (MOUNTAIN GATE II) AND ORDERING THE DISPOSITION THEREOF.

WHEREAS, in proceedings conducted by this City Council of the City of Palm Springs (the "City") pursuant to Resolution No. 21292 adopted on June 15, 2005, under the Municipal Improvement Act of 1913, Division 12 of the California Streets and Highways Code (the "Act"), in and for Assessment District No. 164 (Mountain Gate II) (the "Assessment District"), the City provided for the levy of assessments (the "Assessments") and the issuance, delivery and sale of improvement bonds and making of certain acquisitions and improvements, all as therein described; and

WHEREAS, the City issued limited obligation improvement bonds secured by the Assessments, designated the City of Palm Springs 2005 Limited Obligation Improvement Bonds Assessment District No. 164 (Mountain Gate II) and issued in the aggregate principal amount of \$3,806,000 (the "Bonds") under the Improvement Bond Act of 1915, Division 10 of the Streets and Highways Code of California (the "1915 Act"), in order to finance the costs of the acquisitions and improvements; and

WHEREAS, all acquisitions and improvements provided for in the proceedings for the Assessment District required to be made have been made and all costs thereof, together with the expenses incidental thereto, have been paid;

WHEREAS, as of November 30, 2014, an unencumbered balance remains in the Acquisition and Construction Fund for the Assessment District in the amount of \$90,104.14; and

WHEREAS, this Council now wishes to make provision for the determination of surplus funds for their orderly distribution under Section 10427 of the 1915 Act.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA HEREBY RESOLVES, AS FOLLOWS:

SECTION 1. The City Council hereby determines that the work of improvement, as set forth in the proceedings relating to the Assessment District, has been substantially completed to the satisfaction of the City Council and all payments have either been made or set aside for all existing or potential claims, costs and expenses relating to said improvements.

**SECTION 2.** The surplus amounts remaining in the Acquisition and Construction Fund in the amount of \$90,104.14 (the "Surplus") shall be applied as follows:

- (a) \$1,000 shall be transferred to the General Fund of the City and applied to the cost incurred by the City in determining the surplus and making the credits hereinafter specified;
- (b) the balance of the Surplus shall be transferred to the Redemption Fund held for the Assessment District to be applied as a credit upon the assessment in the proportion which the amount of each individual assessment bears to the total amount of all individual assessments, as follows:
  - (i) for any individual assessments which have been fully paid and satisfied as of the date of the adoption of this Resolution, the credit thereon shall be given in cash (by check of the City) to the owner of record of the applicable parcel as of the date of the adoption of this Resolution; and
  - (ii) the balance available after giving the credits specified in (i) above shall be transferred to the Redemption Fund established for the Bonds and used to redeem a portion of the Bonds at the next interest payment date of the Bonds for which notice of redemption can be timely given in accordance with the documents authorizing the issuance of the Bonds; and
- (c) any additional amounts remaining on deposit in the Acquisition and Construction Fund following the redemption of Bonds under the foregoing provisions of this Resolution shall be transferred to the Redemption Fund for the Bonds.

**SECTION 3.** The Finance Director (or designee thereof) is hereby authorized and directed to cause the credits (if any) to be made in accordance with this Resolution.

**SECTION 4.** For any delinquent assessments subject to judicial foreclosure proceedings, the Finance Director shall notify foreclosure counsel of the giving of the credits herein specified.

ADOPTED THIS 21st DAY OF JANUARY, 2015.

\_\_\_\_\_  
DAVID H. READY, City Manager

ATTEST:

\_\_\_\_\_  
JAMES THOMPSON, City Clerk

CERTIFICATION

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COUNTY OF RIVERSIDE ) ss.  
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AYES:  
NOES:  
ABSENT:  
ABSTAIN:

\_\_\_\_\_  
JAMES THOMPSON, CITY CLERK  
City of Palm Springs, California

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
PALM SPRINGS, CALIFORNIA, AMENDING THE BUDGET  
FOR FISCAL YEAR 2014-15.

WHEREAS, Resolution No. 23560 approving the Budget for the Fiscal Year 2014-2015 was adopted on June 4, 2014; and

WHEREAS the City Manager has recommended, and the City Council desires to approve, certain amendments to said budget.

NOW THEREFORE THE CITY COUNCIL DETERMINES, RESOLVES AND APPROVES AS FOLLOWS: that the Director of Finance is authorized to record cash transfers and expenditures as required in accordance with this Resolution, and Resolution No. 23560, adopting the Budget for Fiscal Year 2014-15 is hereby amended as follows:

SECTION 1. ADDITIONS

| Fund | Activity | Account | Amount    |
|------|----------|---------|-----------|
| 325  | 7871     | 49620   | \$130,000 |
| 325  | 7871     | 42540   | 1,000     |
| 326  | 7874     | 49620   | 105,000   |
| 326  | 7874     | 42540   | 1,000     |
| 327  | 7875     | 49620   | 165,000   |
| 327  | 7875     | 42540   | 1,000     |

Purpose: Transfer surplus in the Acquisition and Construction Fund held by Fiscal Agent and Assessment Revenue Fund held by City for Assessment District No. 161, Assessment District No. 162, and Assessment District No. 164, such surplus to be used for the early redemption of the respective assessment district's Limited Obligation Improvement Bonds and to provide for expenses in connection therewith.

SECTION 2. SOURCE

| Fund | Activity | Account | Amount    |
|------|----------|---------|-----------|
| 325  |          | 29301   | \$131,000 |
| 326  |          | 29301   | \$106,000 |
| 327  |          | 29301   | \$166,000 |

Resolution No. \_\_\_\_\_

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ADOPTED THIS 21ST DAY OF JANUARY, 2015.

\_\_\_\_\_  
David H. Ready, City Manager

ATTEST:

\_\_\_\_\_  
James Thompson, City Clerk

CERTIFICATION

STATE OF CALIFORNIA )  
COUNTY OF RIVERSIDE ) ss.  
CITY OF PALM SPRINGS )

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AYES:  
NOES:  
ABSENT:  
ABSTAIN:

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James Thompson, City Clerk  
City of Palm Springs, California