



RANCHO MURIETA COMMUNITY SERVICES DISTRICT

15160 Jackson Road, Rancho Murieta, CA 95683

Office - 916-354-3700 * Fax - 916-354-2082

FINANCE COMMITTEE

(Directors John Merchant and Tim Maybee)

Regular Meeting

April 4, 2019 at 8:30 a.m.

All persons present at District meetings will place their cellular devices in silent and/or vibrate mode (no ringing of any kind). During meetings, these devices will be used only for emergency purposes and, if used, the party called/calling will exit the meeting room for conversation. Other electronic and internet enabled devices are to be used in the "silent" mode. Under no circumstances will recording devices or problems associated with them be permitted to interrupt or delay District meetings.

AGENDA

1. **Call to Order**
2. **Comments from the Public**
3. **Delinquent Installments for CFD# 2014-1**
4. **Budget Update**
5. **Directors and Staff Comments/Suggestions [no action]**
6. **Adjournment**

In accordance with California Government Code Section 54957.5, any writing or document that is a public record, relates to an open session agenda item and is distributed less than 72 hours prior to a regular meeting will be made available for public inspection in the District offices during normal business hours. If, however, the document is not distributed until the regular meeting to which it relates, then the document or writing will be made available to the public at the location of the meeting.

Note: This agenda is posted pursuant to the provisions of the Government Code commencing at Section 54950. The date of this posting is April 1, 2019. Posting locations are: 1) District Office; 2) Post Office; 3) Rancho Murieta Association; 4) Murieta Village Association.

MEMORANDUM

Date: April 3, 2019
To: Finance Committee
From: Mark Martin, General Manager
Subject: Community Facilities District (CFD) 2014-1 Delinquent Installments

Community Facilities District (CFD) No. 2014-1 was formed and bonds issued in 2015 as a means for property owners of developable lands to help fund their share of the District's water treatment plant expansion needed to accommodate future development.

In early February 2019, NBS, the CFD 2014-1 Bond Administrator contacted me about their concern as to the extent of delinquent parcel tax payments on seven parcels tied to the bond. On February 12, 2019, NBS issued installment delinquency letters for the seven parcels with delinquent installments (Attachment A). As bond administrator, NBS helps the District monitor bond obligations. On April 3, 2019, NBS provided the District an updated Delinquency Summary Report which lists current billings, payments and penalties since bond inception. Since February, one minor parcel (073-0800-007), with a delinquency of \$235.22, including penalties, was made current leaving six parcels delinquent (See Attachments B & C).

On March 18, 2019, I received a call from a CFD 2014-1 bond-holder who voiced concerns about the ongoing delinquent installments and inquired about development in the area and if the landowner was still pursuing development of the above properties along with other development in the area. I conveyed the landowner had an application with the County from 2017, and that active development of the 78 residential lots and commercial areas of the Murieta Gardens area is being pursued. Once he learned the landowner continued to actively develop other areas of the community, he voiced a concern about what he perceived as the landowner's strategy to remain delinquent on CFD 2014-1 obligations as part of a cash-flow strategy.

The parcels with delinquent payments are as listed below along with the name of corresponding ownership entities:

- Murieta Highlands, LLC
 - 073-0800-008-0000
 - 073-0800-009-0000
- Murieta Lakeside Properties, LLC
 - 073-0090-062-0000
 - 073-0790-023-0000
 - 073-0800-003-0000
- Murieta Industrial Park, LLC
 - 073-0180-029-0000

Installments were current on the above properties until the December 10, 2017 billings. From that date to now, about 12% of the installments were paid, with approximately 88% outstanding. As of April 3, 2019, \$539,756.47 is delinquent with additional penalties of \$107,992.92, for a total of \$647,754.39 outstanding with beginning delinquencies aged one year and four months. Next installments are due April 10, 2019.

On March 18, 2019, I contacted the landowners' representative, John Sullivan, to make clear that as the District's General Manager, I have a fiduciary responsibility to make the District Board, ratepayers and bondholders aware of these significant delinquencies. On March 19, 2019., Mr. Sullivan called me and provided feedback on how the landowners plan to become more current on their CFD 2014-1 obligations. So as not to incorrectly present the intent of the landowner(s), I believe it better for the Committee to hear directly from Mr. Sullivan on how the landowner(s) plan to meet their outstanding obligations to CDF 2014-1. On April 3, 2019, Mr. Sullivan confirmed he planned to attend the Finance Committee meeting of April 4, 2019.

District legal counsel Richard Shanahan will join us at this Committee meeting to discuss CFD 2014-1 requirements and remedies available to the District in the event delinquent installments continue.

Staff plans meet with County Assessor staff to better understand the County's policies about long-term delinquencies placed onto Teeter. We expect to report our findings within the next month or so to the Finance Committee and the full Board.



32605 Temecula Parkway, Suite 100
Temecula, CA 92592
Toll free: 800.676.7516 (P) 951.296.1997
(F) 951.296.1998
nbsgov.com

MURIETA HIGHLANDS LLC
OR CURRENT RESIDENT
PO BOX 1280
RANCHO MURIETA, CA 95683

Date: February 12, 2019

**RE: RANCHO MURIETA COMMUNITY SERVICES DISTRICT SPECIAL TAX DELINQUENCY
COMMUNITY FACILITIES DISTRICT NO. 2014-1
ASSESSOR'S PARCEL NUMBER: 073-0800-007-0000**

Dear Property Owner:

Your property is located within the above-referenced District. According to the most recent data from the Sacramento County Tax Collector, there are delinquent installments due on this property.

Note: These installments are part of your regular property taxes that become delinquent on December and April of every year. This letter pertains to current and/or prior year taxes.

This District was created by the Community Services District to fund public improvements in your area. When the District was created, bonds were sold to investors to raise money to pay for the improvements. A special tax is billed annually against your property to pay off the bonds. The Community Services District has covenanted to the owners of the bonds that it will take certain steps, including the eventual initiation of judicial foreclosure proceedings, on properties which have special tax delinquencies. The Community Services District may need to enforce this covenant even if you are delinquent for only one installment. Please note that this still applies even if you are participating in a Sacramento County Tax Collector payment plan.

If the special tax delinquency remains on your property after 30 days from the date of this letter, the Community Services District may be required to provide the delinquency information to an attorney to initiate judicial foreclosure against your property. At that time, the delinquency will be payable only to the foreclosure attorney, along with all applicable penalties, interest, attorney's fees and administrative expenses. The legal fees will be at least \$500, in addition to your delinquency amount.

Please pay the delinquent special tax installments due on your property along with other delinquent property taxes directly to the Sacramento County Tax Collector. If you have recently paid, please disregard this letter. If you have any general questions regarding this District or the special tax, please call us at (800) 676-7516.

Sincerely,

NBS



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COMMUNITY FACILITIES DISTRICT NO. 2014-1
ASSESSOR'S PARCEL NUMBER: 073-0800-008-0000**

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Date: February 12, 2019

**RE: RANCHO MURIETA COMMUNITY SERVICES DISTRICT SPECIAL TAX DELINQUENCY
COMMUNITY FACILITIES DISTRICT NO. 2014-1
ASSESSOR'S PARCEL NUMBER: 073-0800-009-0000**

Dear Property Owner:

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MURIETA LAKESIDE PROPERTIES LLC
OR CURRENT RESIDENT
PO BOX 1280
RANCHO MURIETA, CA 95683

Date: February 12, 2019

**RE: RANCHO MURIETA COMMUNITY SERVICES DISTRICT SPECIAL TAX DELINQUENCY
COMMUNITY FACILITIES DISTRICT NO. 2014-1
ASSESSOR'S PARCEL NUMBER: 073-0090-062-0000**

Dear Property Owner:

Your property is located within the above-referenced District. According to the most recent data from the Sacramento County Tax Collector, there are delinquent installments due on this property.

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RANCHO MURIETA, CA 95683

Date: February 12, 2019

**RE: RANCHO MURIETA COMMUNITY SERVICES DISTRICT SPECIAL TAX DELINQUENCY
COMMUNITY FACILITIES DISTRICT NO. 2014-1
ASSESSOR'S PARCEL NUMBER: 073-0790-023-0000**

Dear Property Owner:

Your property is located within the above-referenced District. According to the most recent data from the Sacramento County Tax Collector, there are delinquent installments due on this property.

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Date: February 12, 2019

**RE: RANCHO MURIETA COMMUNITY SERVICES DISTRICT SPECIAL TAX DELINQUENCY
COMMUNITY FACILITIES DISTRICT NO. 2014-1
ASSESSOR'S PARCEL NUMBER: 073-0800-003-0000**

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MURIETA INDUSTRIAL PARK LLC
C/O ATTN PO BOX 1280
OR CURRENT RESIDENT
14670 CANTOVA WAY
#220
RANCHO MURIETA, CA 95683

Date: February 12, 2019

**RE: RANCHO MURIETA COMMUNITY SERVICES DISTRICT SPECIAL TAX DELINQUENCY
COMMUNITY FACILITIES DISTRICT NO. 2014-1
ASSESSOR'S PARCEL NUMBER: 073-0180-029-0000**

Dear Property Owner:

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ATTACHMENT B
Rancho Murieta Community Services District
Delinquency Detail Report

Late Charges Calculated Through: 04/03/2019

Account ID	Owner	Due Date	Amount	Penalties	Fees (1)	Total	Delinquency Mgmt (2)	Misc (3)
CFD 2014-1 - Community Facilities District No. 2014-1								
073-0090-062-0000	MURIETA LAKESIDE PROPERTIES LLC	12/10/2017	10,718.69	2,679.67	0.00	13,398.36	DL	
	PO BOX 1280	04/10/2018	10,718.69	2,679.67	0.00	13,398.36	DL	
	RANCHO MURIETA, CA 95683	12/10/2018	10,690.94	1,069.09	0.00	11,760.03	DL	
		Account Subtotal:	\$32,128.32	\$6,428.43	\$0.00	\$38,556.75		
073-0180-029-0000	MURIETA INDUSTRIAL PARK LLC	12/10/2017	8,575.10	2,143.78	0.00	10,718.88	DL	
	C/O: ATTN PO BOX 1280	04/10/2018	8,575.10	2,143.78	0.00	10,718.88	DL	
	14670 CANTOVA WAY	12/10/2018	8,552.90	855.29	0.00	9,408.19	DL	
	#220							
	RANCHO MURIETA, CA 95683							
		Account Subtotal:	\$25,703.10	\$5,142.85	\$0.00	\$30,845.95		
073-0790-023-0000	MURIETA LAKESIDE PROPERTIES LLC	12/10/2017	42,874.78	10,718.70	0.00	53,593.48	DL	
	PO BOX 1280	04/10/2018	42,874.78	10,718.70	0.00	53,593.48	DL	
	RANCHO MURIETA, CA 95683	12/10/2018	42,763.78	4,276.38	0.00	47,040.16	DL	
		Account Subtotal:	\$128,513.34	\$25,713.78	\$0.00	\$154,227.12		
073-0800-003-0000	MURIETA LAKESIDE PROPERTIES LLC	12/10/2017	58,952.64	14,738.16	0.00	73,690.80	DL	
	PO BOX 1280	04/10/2018	58,952.64	14,738.16	0.00	73,690.80	DL	
	RANCHO MURIETA, CA 95683	12/10/2018	58,800.01	5,880.00	0.00	64,680.01	DL	
		Account Subtotal:	\$176,705.29	\$35,356.32	\$0.00	\$212,061.61		
073-0800-008-0000	MURIETA HIGHLANDS LLC	12/10/2017	32,156.09	8,039.02	0.00	40,195.11	DL	
	PO BOX 1280	04/10/2018	32,156.09	8,039.02	0.00	40,195.11	DL	
	RANCHO MURIETA, CA 95683	12/10/2018	32,072.83	3,207.28	0.00	35,280.11	DL	
		Account Subtotal:	\$96,385.01	\$19,285.32	\$0.00	\$115,670.33		
073-0800-009-0000	MURIETA HIGHLANDS LLC	12/10/2017	26,796.93	6,699.23	0.00	33,496.16	DL	
	PO BOX 1280	04/10/2018	26,796.93	6,699.23	0.00	33,496.16	DL	
	RANCHO MURIETA, CA 95683	12/10/2018	26,727.55	2,672.76	0.00	29,400.31	DL	
		Account Subtotal:	\$80,321.41	\$16,071.22	\$0.00	\$96,392.63		
District Totals:	6 Accounts		\$539,756.47	\$107,997.92	\$0.00	\$647,754.39		

(1) Fees: This amount excludes Delinquency Management fees that were or will be collected in a subsequent billing.

(2) Delinquency Management (DM): RL=Reminder Letter Sent; DL=Demand Letter Sent; SR=Tax Roll Removal Requested; SC=Tax Roll Removal Confirmed; FL=Foreclosure Letter Sent; OL=Other Letter Sent; FI=Judicial Foreclosure Initiated; CP=County Payment Plan; FH=Judicial Foreclosure on Hold/Special Case; FC=Foreclosure Complete; LIT=Litigation Guarantee; LGL=Legal Fees and Costs; O=Other Fees; SO=Tax Roll Removal County Fee; PP=Payment Plan.

(3) Miscellaneous Codes: DB=Direct Bill Sent; BK=Declared Bankruptcy; PM=Partial Payment made, remainder delinquent.

Rancho Murieta Community Services District

Delinquency Detail Report

Late Charges Calculated Through: 04/03/2019

Report Totals:	6 Accounts	\$539,756.47	\$107,997.92	\$0.00	\$647,754.39
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ATTACHMENT C

CFD 2014-1 DELINQUENT TAX INSTALLMENTS
as of April 4, 2019

