

**REDEVELOPMENT AGENCY OF THE  
CITY OF INDIAN WELLS**

**CONSOLIDATED WHITEWATER  
REDEVELOPMENT PROJECT AREA  
\$41,135,000  
TAX ALLOCATION BONDS, SERIES 2003A**

**AND**

**\$46,110,000  
TAXABLE TAX ALLOCATION BONDS, SERIES 2003 A-T**

**Riverside County, California  
Dated: May 29, 2003  
Base CUSIP<sup>+</sup>: 45455C**



**2010/11  
ANNUAL CONTINUING DISCLOSURE  
INFORMATION STATEMENT  
As of January \_\_, 2012**

Also available at:



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## LIST OF PARTICIPANTS

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\* In its role as Disclosure Consultant and Dissemination Agent, Willdan Financial Services has not passed upon the accuracy, completeness or fairness of the statements contained herein.

## **I. INTRODUCTION**

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Pursuant to an Official Statement dated May 7, 2003, the Redevelopment Agency of the City of Indian Wells (the "Agency") issued \$41,135,000, Consolidated Whitewater Redevelopment Project Area Tax Allocation Bonds, Series 2003A (the "2003A Bonds") and \$46,110,000 Taxable Tax Allocation Bonds Series 2003A-T (the "2003A-T Bonds", and together with the 2003A Bonds, the "Bonds"). Proceeds of the Series 2003A Bonds were used to refund the outstanding City of Indian Wells Consolidated Whitewater Area Refunding Tax Allocation Bonds, Series 1992 and to fund certain capital improvements within the Consolidated Whitewater Redevelopment Project Area (the "Project Area"). Proceeds of the 2003A-T Bonds were used to fund projects to increase the supply of low to moderate income housing within the Project Area. The Bonds are on Parity with the Agency's Consolidated Whitewater Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2005A (the "2005A Bonds"); Consolidated Whitewater Redevelopment Project Area Tax Allocation Bonds, Series 2006A (the "2006A Bonds"); and the Consolidated Whitewater Redevelopment Project Area Tax Allocation Bonds, Series 2010A (the "2010A Bonds").

The City of Indian Wells, (the "City") is located in the Coachella Valley in eastern Riverside County, 20 miles southeast of Palm Springs and 120 miles southeast of Los Angeles.

The Bonds are special obligations of the Agency and are secured by a pledge of Tax Revenues, as defined within the Official Statement. The Bonds are not a debt of the City, the State of California, or any of its political subdivisions and neither the City, the State of California, nor any of its political subdivisions is liable. The Bonds do not constitute indebtedness within the meaning of any constitutional or statutory debt limit or restriction.

This Annual Continuing Disclosure Information Statement is being provided pursuant to a covenant made by the Agency for the benefit of the holders of the Bonds and includes the information specified in a Continuing Disclosure Certificate. For further information and a more complete description of the Agency, the City and the Bonds, reference is made to the Official Statement.

The information set forth herein has been furnished by the Agency and by sources, which are believed to be accurate and reliable but is not guaranteed as to accuracy or completeness. Statements contained in this Annual Continuing Disclosure Information Statement which involve estimates, forecasts, or other matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. Further, the information and expressions of opinion contained herein are subject to change without notice and the delivery of this Annual Continuing Disclosure Information Statement will not, under any circumstances, create any implication that there has been no change in the affairs of the Agency or any other parties described herein.

## II. BOND INFORMATION

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### A. PRINCIPAL OUTSTANDING

Bond Issue	As of November 30, 2011
Consolidated Whitewater Project Area Tax Allocation Bonds, Series 2003A	\$8,390,000 <sup>(1)</sup>
Consolidated Whitewater Project Area Taxable Tax Allocation Bonds, Series 2003A-T	\$30,990,000
Consolidated Whitewater Project Area Tax Allocation Refunding Bonds, Series 2005A	\$10,560,000
Consolidated Whitewater Project Area Tax Allocation Bonds, Series 2006A	\$63,885,000
Consolidated Whitewater Redevelopment Project Area Tax Allocation Bonds, Series 2010A	\$10,625,000

(1) The Series 2003A Bonds were partially refunded by the Series 2006A Bonds.

### B. RESERVE FUND

Fund	As of November 30, 2011
Series 2003A Bonds Reserve Fund <sup>(1)</sup>	N/A
Series 2003A Bonds Reserve Requirement	\$3,249,750
Series 2003A-T Bonds Reserve Fund <sup>(1)</sup>	N/A
Series 2003A-T Bonds Reserve Requirement	\$3,816,649
Series 2005A Bonds Reserve Fund <sup>(1)</sup>	N/A
Series 2005A Bonds Reserve Requirement	\$1,211,831
Series 2006A Bonds Reserve Fund <sup>(1)</sup>	N/A
Series 2006A Bonds Reserve Requirement	\$5,818,863
Series 2010A Bonds Reserve Fund	\$780,693
Series 2010A Bonds Reserve Requirement	\$780,645

(1) The Reserve Funds are funded by Qualified Reserve Account Surety Bonds.

## III. FINANCIAL INFORMATION

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The audited financial statements for the Agency for the fiscal year ended June 30, 2011 will be separately filed with the MSRB's Electronic Municipal Market Access website ("EMMA") and are hereby incorporated by reference into this Annual Continuing Disclosure Information Statement.

## IV. OPERATING INFORMATION

### A. ASSESSED VALUES

The following tables present the taxable value of all property within the Project Area and the resulting tax increment for fiscal year 2010/11.

Assessed Valuations:	
Secured Value	\$3,630,988,702
Unsecured Value	30,240,210
<b>Total</b>	<b>\$3,661,228,912</b>
Less: Base Year Assessed Value	(390,429,692)
Incremental Taxable Value Above Base	\$3,270,799,220
Gross Incremental Tax Revenue	\$34,788,615
Less: County Administrative Charge	(415,756)
<b>Total Tax Increment Revenue</b>	<b>\$34,372,859</b>

Source: Assessed Values – California Municipal Statistics, Inc.

### B. TAX REVENUE

Fiscal Year	Total Tax Incremental Revenue <sup>(1)</sup>	Housing Set Aside	Pass Through Agreements	Pledged Revenues
2006/07	\$34,114,604	\$6,926,823	\$19,874,202	\$7,313,579
2007/08	36,897,235	7,491,824	21,471,829	7,933,582
2008/09	38,003,626	7,712,472	22,107,922	8,183,232
2009/10	36,438,113	7,398,602	21,138,998	7,900,513
2010/11	34,372,859	6,957,723	19,811,872	7,603,264

(1) Total Tax Incremental Revenue is calculated as the Gross Tax Increment Received less the County Administration Charge.

### C. ANNUAL DEBT SERVICE COVERAGE

Fiscal Year	Pledged Revenues	2003A Bonds Debt Service <sup>(1)</sup>	2005A Bonds Debt Service <sup>(2)</sup>	2006A Bonds Debt Service	2010A Bonds Debt Service <sup>(2)</sup>	Total Debt Service	Debt Service Coverage
2006/07	\$7,313,579	\$1,011,638	\$1,211,484	\$3,588,022	N/A	\$5,811,144	1.26
2007/08	7,933,582	1,008,888	1,210,084	3,594,638	N/A	5,813,609	1.36
2008/09	8,183,232	1,008,288	1,207,684	3,599,038	N/A	5,815,009	1.41
2009/10	7,900,513	1,012,238	1,209,283	3,590,438	\$133,936	5,945,895	1.33
2010/11	7,603,264	1,009,200	1,209,683	3,597,769	772,546	6,589,198	1.15

(1) Excludes debt service related to refunded portion of the Series 2003A Bonds.

(2) Debt Service on the 2010A Bonds began in fiscal year 2009/10.

**D. ANNUAL HOUSING SET-ASIDE DEBT SERVICE COVERAGE**

Fiscal Year	Housing Set-Aside Revenues	2003A-T Bonds Debt Service	Debt Service Coverage
2006/07	\$6,926,823	\$3,816,260	1.82
2007/08	7,491,824	3,812,353	1.97
2008/09	7,712,472	3,815,697	2.02
2009/10	7,398,602	3,815,577	1.94
2010/11	6,957,723	3,816,649	1.82

**E. TOP TEN PROPERTY OWNERS**

The following table sets forth the top ten largest local secured property taxpayers for the Project Area for fiscal year 2011/12, together with the assessed values and percentage of aggregate assessed value of such property.

Property Owner	Land Use	2011/12 Assessed Valuation	% of Total <sup>(1)</sup>
Grand Champions LLC <sup>(2)</sup>	Hotel	\$44,304,203	1.22%
Felcor Esmeralda	Hotel	37,695,362	1.04%
Vintage Club	Residential/Country Club	26,515,812	0.73%
Bank of California	Commercial	22,109,491	0.61%
LH Indian Wells Holding	Hotel	20,377,025	0.56%
El Dorado Country Club	Residential/Country Club	17,222,173	0.47%
Ryan Oil	Residential Properties	15,770,304	0.43%
Village Shopping Center at Indian Wells	Shopping Center	14,480,464	0.40%
Schmid Investments <sup>(2)</sup>	Commercial	12,673,321	0.35%
Leo W. Cook	Mobilehome Park	12,390,766	0.34%
<b>Total</b>		<b>\$223,538,921</b>	<b>6.16%</b>

(1) 2011/12 Local Secured Assessed Valuation: \$3,630,988,702.

(2) Pending appeals.

Source: California Municipal Statistics, Inc.

**F. ASSESSMENT APPEALS**

The following table sets forth information on active appeals by Top Ten Taxpayers within the Project Area.

Property Owner	Number of Parcels under Appeal	County Assessed Value	Applicant Opinion of Value	Potential Loss in Value
Grand Champions LLC	1	\$9,520,248	\$3,800,000	\$5,720,248
Schmid Investments	3	8,940,513	890,000	8,050,513
<b>Total</b>	<b>4</b>	<b>\$18,460,761</b>	<b>\$4,690,000</b>	<b>\$13,770,761</b>

Source: County of Riverside Assessor, as compiled by Willdan Financial Services.

## **G. STATUS OF PASS THROUGH AGREEMENTS**

There have been no revisions to any of the Pass-Through Agreements as described in the Official Statement.

## **V. RATINGS CHANGES**

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At issuance, the Bonds were insured by Ambac Assurance Corporation (“Ambac”).

- On April 7, 2011, Moody's Investors Service withdrew various ratings of Ambac Financial Group, Inc. (“Ambac Group”) and its operating subsidiaries. This action included the withdrawal of Ambac’s insurance financial strength of ‘Caa2’.
- On November 30, 2010, Standard & Poor’s withdrew its 'D' counterparty credit rating and its 'R' financial strength and financial enhancement ratings on Ambac.
- On November 8, 2010, Ambac Group whose principal operating subsidiary, Ambac, is a guarantor of public finance and structured finance obligations, announced that it filed for a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code (“Bankruptcy Code”) in the United States Bankruptcy Court for the Southern District of New York (“Bankruptcy Court”). Ambac Group will continue to operate in the ordinary course of business as “debtor-in-possession” under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and the orders of the Bankruptcy Court.

## **VI. OCCURRENCE OF LISTED EVENTS**

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As amended, the Continuing Disclosure Covenants outline the Occurrence of Listed Events that must be reported in not more than ten (10) business days after the occurrence of the event, ***irrespective of any determination as to whether such event may or may not be deemed material.*** The City has no knowledge that any of the events listed below have occurred or have not been previously reported during the fiscal year ended June 30, 2011.

1. Principal and interest payment delinquencies on the Bonds.
2. Unscheduled draws on debt service reserves reflecting financial difficulties.
3. Unscheduled draws on credit enhancements reflecting financial difficulties.
4. Substitution of credit or liquidity providers, or their failure to perform.
5. Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds.
6. Defeasances.
7. Tender offers.
8. Bankruptcy, insolvency, receivership or similar proceedings pertaining to the Authority.
9. Ratings changes.

As amended, the Continuing Disclosure Covenants outline the Occurrence of Listed Events that must be reported in not more than ten (10) business days after the occurrence of the event, ***if deemed material.*** The City has no knowledge that any of the events listed below have occurred or have not been previously reported during the fiscal year ended June 30, 2011.

10. Mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the City or the dissolution of the City.
11. Appointment of a successor or additional Trustee or the change of the name of the Trustee or any successor or additional Trustee.
12. Non-payment related defaults.
13. Modifications to the rights of Holders.
14. Optional, contingent or unscheduled bond calls, prepayment or redemptions other than defeasances.
15. Release, substitution or sale of property securing repayment of the Bonds.

## **VII. SUBSEQUENT EVENTS**

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### **A. SERAF Shift for fiscal year 2010/2011**

On July 23, 2009, the State adopted legislation, requiring a shift of monies during fiscal years 2009/2010 and 2010/2011 to be deposited into the County “Supplemental” Educational Revenue Augmentation Fund (SERAF). These monies were to be distributed to meet the State's Prop 98 obligations to schools. The California Redevelopment Association (CRA) and its member agencies filed a legal action in an attempt to stop these amounts from having to be paid; however, in May 2010 the Sacramento Superior Court upheld the legislation. This decision is in the process of being appealed by CRA and its member agencies.

The payment of the SERAF was due on May 10, 2010 for fiscal year 2010/2011 and it was made in the amount of \$1,966,243 using available resources.

### **B. California Redevelopment Agency Dissolution Redevelopment Law Changes and Court Decision**

Pursuant to legislation enacted in the summer of 2011 (Assembly Bill No. 26 (2011/2012 1st Executive Session) enacted as Stats. 2011, 1st Executive Session 2011/2012, Chapter 5 (hereafter Assembly Bill X1 26) and upheld by the California Supreme Court on December 29, 2011, in a case captioned *California Redevelopment Association v. Matosantos*, 2011 Cal. LEXIS 11671 (Cal., December 29, 2011), (the “CRA Lawsuit”) as of February 1, 2012, redevelopment agencies in California, including the Agency, will be terminated and successor agencies appointed to wind down the affairs of the redevelopment agencies. The City of Indian Wells (the “City”) has elected to be appointed as successor agency for purposes of winding down the affairs of the Agency, including those relating to payment of the above bonds of the Agency to which this report relates (the “Bonds”).

*Assembly Bill X1 26 contains a number of provisions which acknowledge the obligation to pay debt service on indebtedness, such as the Bonds, notwithstanding the termination of redevelopment agencies.* However, the implementation process for Assembly Bill X1 26 is uncertain and the specific effects of Assembly Bill X1 26 on the overall administration and/or payment of the Bonds cannot be determined at this time. Administration and payment of the Bonds depends on provisions of Assembly Bill X1 26 and the interactions of a variety of parties involved in different capacities in the process of winding down the affairs of the Agency. For example, Assembly Bill X1 26 includes a variety of provisions, including (i) limitations on the powers of the successor agency in connection with winding down the affairs of the Agency, (ii) establishment of an oversight board comprised of seven members appointed by various entities with

competing interests to review and in some circumstances approve activities of the successor agency, (ii) provision for administration of property taxes by the county auditor-controller in a manner different than had been the case at the time of issuance of the Bonds, (iii) direction to county auditor-controllers to conduct audits (a) to establish each redevelopment agency's assets and liabilities, (b) to document and determine each redevelopment agency's pass-through payment obligations to other taxing agencies, (c) to document and determine both the amount and the terms of any indebtedness incurred by the redevelopment agency and (d) to certify the initial "Recognized Obligation Payment Schedule" (as defined in Assembly Bill X1 26); and (iv) oversight of activities of the redevelopment agency and the successor agency by the California Department of Finance, the State Controller and the State Attorney General.

The text of Assembly Bill X1 26 can be found at <http://www.legislature.ca.gov/port-bilinfo.html>; Docket information for the CRA Lawsuit can be found at the California Appellate Courts Case Information System website, at the following webpage: <http://appellatecases.courtinfo.ca.gov/>;; *provided, however*, that nothing contained in either such website is incorporated into this report.