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1911-1929
KIRKBRIDE & WILSON
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1947-1961

OF COUNSEL
ARTHUR J. HARTZFELD
A. A. KAPLAN (MO. ONLY)

August 30, 1976

Ms. Roberta Lahtinen
215 East Fourth Avenue
San Mateo CA 94402

Re: Mariner's Island

Dear Ms. Lahtinen:

After meeting with your improvement association board of directors on Wednesday, August 18, 1976, I undertook to write a letter briefly outlining the situation in Mariner's Island.

There have been three separate special assessment proceedings conducted to finance the public improvements in Mariner's Island:

1. Project No. 64-9A. This project initially incorporated the entire area of Mariner's Island and was formed for the purpose of financing basic improvements of benefit to the entire area, including the reclamation improvements, major roadways and the like.
2. Project No. 65-3 which included Mariner's Island Units 1 and 2. The property in this assessment district included Units 1 and 2. Fixed lien assessments (that is to say, fixed amounts per lot representing that lot's share of the total project cost) were imposed for the dual purpose of (i) "buying out of" Project No. 64-9 by paying the area's share of the project costs in cash, thereby becoming relieved from future assessments for Project 64-9 bonds and (ii) paying the costs of internal subdivision improvements including roads, curbs, gutters, sewers, water, lighting, drainage and the like.
3. Project No. 66-3. This project included Unit 3 of Mariner's Island and assessments were levied in that project for the same purposes as were levied for Project No. 65-3, that is, buying out of project 64-9 and financing the additional local improvements required.

The bonds in Project 64-9 were issued under Bond Plan H of the San Mateo Improvement Procedure Code. Such bonds are not issued to represent fixed lien assessments but are issued

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in a total amount, principal and interest on which is paid from the proceeds of an annual assessment tax levied in proportion to the assessed valuation of land in the improvement district. The annual assessment rate necessary to service the bonds is determined by dividing total principal and interest falling due in the next succeeding fiscal year and dividing that figure by the total assessed valuation of land in the district. The resulting rate, expressed in dollars per \$100 of assessed valuation of the land, is then multiplied by the individual land assessed values of each parcel in the district to determine the amount of the annual assessment.

Bonds in Projects 65-3 and 66-3 were issued pursuant to Bond Plan C of the Code. This plan calls for the levy of fixed lien assessments, as described above, with additional bonds issued to represent the unpaid fixed lien assessments. The precise amounts payable over the period of the bonds are computed at the time the bonds are issued, with the computation directed at billing and collecting sufficient amounts each year to meet total bond payments.

Bond Plan C and Bond Plan H both provide that in the event of delinquencies in the payment of the basic assessments levied in each year, the district (that is to say, the assessment district created in Project No. 64-9 and comprising all of Mariner's Island) is subject to the levy of a special assessment tax in an amount of not to exceed 10¢ per \$100 of assessed valuation of all taxable property for each local improvement. The obligation to levy the 10¢ arises for each separate assessment district formed and is triggered by assessment delinquencies in any of such districts.

One of the principal questions at our discussion the other night was delinquencies in Projects 65-3 and 66-3. I am enclosing a plat of Mariner's Island showing the various development units. You will note that there are a number of parcels fronting on Mariner's Island Boulevard within Units 2 and 3 which are not within the residential subdivision areas. I note three such lots on the east side of Mariner's Island Boulevard (identified as Unit 2, Block 4, Lot 2; Unit 2, Block 4, Lot 3; and Unit 2, Block 5, Lot 1) in Unit 2 and ten large lots on both sides of Mariner's Island Boulevard in Unit 3.

All of these large lots are delinquent and it is for this reason that a special override tax was levied for the delinquent C bonds in Projects 65-3 and 66-3.

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The special 10¢ tax was also levied because of the delinquencies in Project 64-9 for the reason that the mere increase in the underlying land ad valorem rate would be a useless act because all of said land ad valorem assessments regardless of quantity were delinquent. Under these circumstances, the obligation to levy the special 10¢ override on the entire area arises.

The obligation to levy the special 10¢ tax continues until the delinquencies are paid off and the bonds become current. The Code authorizes the bondholders to pursue a concurrent remedy of foreclosure of the lien of the assessment against the delinquent properties.

We are advised that three such actions have been filed as follows:

1. Francis D. Clare, on behalf of herself and all others similarly situated, v. City of San Mateo, Trans-Coastal Services, Inc., Security Savings and Loan Association, et al.

San Mateo Superior Court Case No. 202174--concerns Mariner's Island Units 1 & 2, Series 65-3, Bond Plan C, Chapter 21.60 SMMC.

2. Armando Flocchini, Sr., on behalf of himself and all others similarly situated, v. City of San Mateo, San Mateo Marina Homes, Inc., Security Savings & Loan Association, California Financial Corporation, et al.

San Mateo Superior Court Case No. 202175--concerns Mariner's Island Unit 3, Series 66-3, Bond Plan C, Chapter 21.60 SMMC.

3. Catherine Doliani, on behalf of herself and all others similarly situated, v. City of San Mateo, Security Savings and Loan Association, et al.

San Mateo Superior Court Case No. 202548--concerns Mariner's Island Project 64-9A, Division 1, Bond Plan H, Chapter 21.80 SMMC.

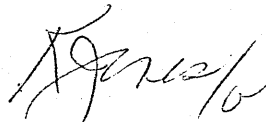
When these actions culminate in judgments of foreclosure, the delinquent lands are sold and the proceeds applied to the payment of delinquent installments of assessments. The sale

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must be made to the bidder who offers to take the least amount of the delinquent property for the amount due. As represented to you before, any of such proceeds which represent surplus redounds to the benefit of the district to be used to advance the retirement of bonds and thereby accelerate the relief of the area from the bond obligations.

I hope that this letter will clarify the situation for you. If I can be of further assistance, please advise.

Very truly yours,



for WILSON, JONES, MORTON & LYNCH

KIJ/v

cc: John Lewis
Maurice Hamilton, Esq.
John Lilly
Robert Bezzant
✓ Carl Reynolds

P.S. I am enclosing a schedule of unmatured bonds which was prepared as of June 25, 1975. KIJ

MARINER'S ISLAND UNMATURED BONDS

64-9A - Bond Plan H
 65-3 - Bond Plan C
 66-3 - Bond Plan C

<u>64-9A, DIVISION NO 1.</u>	<u>65-3</u> Bond Nos. 36-1092 Intermitt
1975 42,000	1975 30,000
1976 37,000	1976 30,000
1977 37,000	1977 30,000
1978 37,000	1978 30,000
1979 37,000	1979 30,000
1980 37,000	1980 30,000
<u>227,000</u>	<u>180,000</u>
<u>64-9A, DIVISION NO. 2</u>	<u>66-3A</u>
1975 95,000	1975 90,000
1976 100,000	1976 90,000
1977 100,000	1977 90,000
1978 100,000	1978 90,000
1979 100,000	1979 90,000
1980 100,000	1980 90,000
1981 100,000	1981 90,000
<u>695,000</u>	<u>90,000</u>
<u>65-3</u> Bond Nos. 1-1062 Intermittent	<u>720,000</u>
1975 50,000	<u>66-3B</u>
1976 50,000	1975 90,000
1977 60,000	1976 90,000
1978 60,000	1977 90,000
1979 60,000	1978 90,000