GOODWIN CONSULTING GROUP

City of Merced
Community Facilities District No. 2006-1
(Moraga of Merced)

CFD Tax Administration Report
Fiscal Year 2023-24

January 24, 2024

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Community Facilities District No. 2006-1
CFD Tax Administration Report

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EXECUTIVE SUMMARY

The following summary provides a brief overview of the main points from this report regarding the City of Merced Community Facilities District No. 2006-1 (Moraga of Merced) ("CFD No. 2006-1"):

Fiscal Year 2023-24 Special Tax Levy

Number of Taxed Parcels	Total Special Tax Levy
520	$339,445.70

For further detail regarding the special tax levy, or special tax rates, please refer to Section IV of this report.

Development Status for Fiscal Year 2023-24

Land Use Category	Tax Area	Units or Acres
Single Family Residential	A	206 Units
Single Family Residential	B	173 Units
Single Family Residential	C	141 Units
Other Property	A	0.00 Acres
Other Property	B	0.00 Acres
Other Property	C	0.00 Acres
Undeveloped Property	A	0.00 Acres
Undeveloped Property	B	0.00 Acres
Undeveloped Property	C	0.00 Acres

For more information regarding the status of development in CFD No. 2006-1, please see Section V of this report.

Delinquency Summary

Delinquent Amount for FY 2022-23 (as of September 6, 2023)	Number of Parcels Delinquent	Total Levy for FY 2022-23	Delinquency Rate
$833.08	1	$337,670.04	0.25%

For additional delinquency information, including historical delinquency rates, please see Section IX of this report.

Outstanding Bonds Summary

2019 Special Tax Refunding Bonds

Issuance Date	Original Principal	Amount Retired	Current Amount Outstanding
December 2019	$4,080,000	$935,000*	$3,145,000*

* *As of the date of this report.*

For more information about the bond proceeds, please see Section XI of this report.

I. INTRODUCTION

City of Merced Community Facilities District No. 2006-1 (Moraga of Merced)

On July 3, 2006, the City Council of the City of Merced (the "Council") adopted Resolution No. 2006-78 and established the City of Merced Community Facilities District No. 2006-1 (Moraga of Merced) ("CFD No. 2006-1" or the "CFD"). Also on July 3, 2006, the Council adopted Resolution No. 2006-79 and authorized bonded indebtedness for the CFD not to exceed $6,500,000. On November 6, 2006, the Council adopted Resolution No. 2006-182 authorizing the issuance of the 2006 Special Tax Bonds and on December 14, 2006, special tax bonds (the "2006 Bonds") in the aggregate principal amount of $5,840,000 were issued on behalf of the CFD. The 2006 Bonds were issued to finance certain public facilities both within and outside of the CFD. These facilities include, but are not limited to, street and road facilities, storm drainage facilities, water system facilities, sewer system facilities, public facilities included in the City's development impact fee, connection, or capacity fee programs, and dry utilities.

On November 4, 2019, the Council adopted Resolution No. 2019-76 authorizing the issuance of the 2019 Special Tax Refunding Bonds and on December 10, 2019, special tax bonds (the "2019 Bonds") in the aggregate principal amount of $4,080,000 were issued on behalf of the CFD. The 2019 Bonds were issued to fully defease and redeem the outstanding 2006 Bonds.

The CFD is located in the northeastern portion of the City of Merced (the "City") and contains approximately 110 acres of land south of Yosemite Avenue and east of McKee Road. Development within the CFD is planned for approximately 520 new residential units and a 7.16 acre community park. The CFD consists of three distinct neighborhoods, and each neighborhood will be developed in two phases.

The Mello-Roos Community Facilities Act of 1982

The reduction in property tax revenue that resulted from the passage of Proposition 13 in 1978 required public agencies and real estate developers to look for other means to fund public infrastructure. The funding available from traditional assessment districts was limited by certain requirements of the assessment acts, and it became clear that a more flexible funding tool was needed. In response, the California State Legislature approved the Mello-Roos Community Facilities Act of 1982 (the "Act"), which provides for the levy of a special tax within a defined geographic area, namely a community facilities district, if such a levy is approved by two-thirds of the qualified electors in the area. Community facilities districts can generate funding for a broad range of facilities, and special taxes can be allocated to property in any reasonable manner other than on an ad valorem basis.

A community facilities district is authorized to issue tax-exempt bonds that are secured by land within the district. If a parcel does not pay the special tax levied on it, a public agency can foreclose on the parcel and use the proceeds of the foreclosure sale to ensure that bondholders receive interest and principal payments on the bonds. Because bonds issued by a community facilities district are land-secured, there is no risk to a public agency's general fund or taxing capacity. In addition, because the bonds are tax-exempt, they typically carry an interest rate that is lower than conventional construction financing.

II. PURPOSE OF REPORT

This CFD Tax Administration Report (the "Report") presents findings from research and financial analysis performed by Goodwin Consulting Group, Inc. to determine the fiscal year 2023-24 special tax levy for CFD No. 2006-1. The Report is intended to provide information to interested parties regarding the current financial obligations of the CFD, special taxes to be levied in fiscal year 2023-24, and public facilities authorized to be funded by the CFD. The Report also summarizes development activity as well as other pertinent information (e.g., prepayments, foreclosures, and arbitrage rebate) on property within CFD No. 2006-1.

The Report is organized into the following sections:

- **Section III** identifies financial obligations of the CFD for fiscal year 2023-24.
- **Section IV** provides a summary of the methodology that is used to apportion the special tax among parcels in the CFD. The maximum special tax rates for fiscal year 2023-24 are also identified in this section.
- **Section V** provides an update of the development activity occurring within CFD No. 2006-1.
- **Section VI** provides information regarding facilities authorized to be funded by the CFD.
- **Section VII** provides information regarding funds and accounts established for the 2019 Bonds, including the current balances in such funds and accounts.
- **Section VIII** identifies parcels, if any, that have prepaid their special tax obligation.
- **Section IX** provides information regarding special tax delinquencies.
- **Section X** provides information regarding bond foreclosure covenants and foreclosure proceedings, if any.
- **Section XI** provides a summary of the CFD's reporting requirements as set forth in Senate Bill 165, the Local Agency Special Tax and Bond Accountability Act.
- **Section XII** provides information on state reporting requirements.
- **Section XIII** provides information regarding arbitrage rebate calculations.

III. FISCAL YEAR 2023-24 SPECIAL TAX REQUIREMENT

Pursuant to the Rate and Method of Apportionment of Special Tax (the "RMA"), which was adopted as an exhibit to the Resolution of Formation of CFD No. 2006-1, the Special Tax Requirement means, in the following priority, the amount necessary in any fiscal year to (i) pay all administrative expenses except those associated with City staff time, (ii) pay principal and interest on bonds which is due in the calendar year that begins in such fiscal year, (iii) create and/or replenish reserve funds for the bonds, (iv) cure any delinquencies in the payment of principal or interest on bonds which have occurred in the prior fiscal year or, based on existing delinquencies in the payment of special taxes, are expected to occur in the fiscal year in which the tax will be collected, (v) pay administrative expenses associated with City staff time, and (vi) pay the costs of facilities, as applicable. For fiscal year 2023-24, the Special Tax Requirement is $339,446, as shown in the table below, and a detailed breakdown of the fiscal year 2023-24 Special Tax Requirement is included in Appendix B.

Special Tax Requirement for Fiscal Year 2023-24

Administrative Expenses (Excluding City Staff Expenses)*	**$13,682.00**
Debt Service Payments	
Interest Payment Due March 1, 2024	$46,959.38
Interest Payment Due September 1, 2024	$46,959.38
Principal Payment Due September 1, 2024	$230,000.00
Total Debt Service Due in 2024	**$323,918.76**
Amount Needed to Replenish Reserve Fund and Cure Delinquencies	**$0.00**
Other Excess Revenues	**$0.00**
City Staff Administrative Expenses	**$1,845.00**
Rounding Adjustment	**($0.06)**
Fiscal Year 2023-24 Special Tax Requirement	**$339,445.70**

* *Includes fiscal agent, CFD administrator, and county fees.*

IV. FISCAL YEAR 2023-24 SPECIAL TAX LEVY

Special Tax Categories

Special taxes within CFD No. 2006-1 are levied pursuant to the methodology set forth in the RMA. The RMA divides taxable property into the following categories: Developed Property, Undeveloped Property, Excess Property Owner Association Property, and Excess Public Property. *[Capitalized terms are defined in the Rate and Method of Apportionment of Special Tax in Appendix D of this Report.]*

- Developed Property is distinguished from the other categories by the issuance of a building permit. Specifically, all property in CFD No. 2006-1 for which a building permit was issued on or prior to May 1, 2023, will be classified as Developed Property for fiscal year 2023-24.
- Undeveloped Property is all Taxable Property that is not Developed Property.
- Excess Property Owner Association Property is the acreage of Property Owner Association Property that is not exempt from the special tax pursuant to Section F of the RMA.
- Excess Public Property is the acreage of Public Property that is not exempt from the special tax pursuant to Section F of the RMA.

Developed Property Assigned Special Tax Rates

The assigned annual special tax rates applicable to Developed Property in CFD No. 2006-1 are set forth in Section C.1 of the RMA. These tax rates shall be used to allocate the assigned special tax to parcels of Developed Property as explained in the RMA. The following table identifies the assigned annual special tax that can be levied on Developed Property.

Developed Property
Assigned Special Tax Rates for Fiscal Year 2023-24

Land Use Category	Tax Zone	Special Tax
Single Family Residential Other Property	A	$734.00 per Unit $6,604.00 per Acre
Single Family Residential Other Property	B	$880.00 per Unit $6,796.00 per Acre
Single Family Residential Other Property	C	$1,148.00 per Unit $7,717.00 per Acre

Developed Property Backup Special Tax

The backup annual special tax rates applicable to Developed Property in CFD No. 2006-1 are set forth in Section C.2 of the RMA. These tax rates shall be used to allocate the maximum special tax to parcels of Developed Property as explained in the RMA. The following table identifies the backup annual special tax that can be levied on Developed Property.

Developed Property
Backup Special Tax Rates for Fiscal Year 2023-24

Land Use Category	Tax Zone	Special Tax
Single Family Residential Other Property	A	$863.00 per Unit $6,604.00 per Acre
Single Family Residential Other Property	B	$1,035.00 per Unit $6,796.00 per Acre
Single Family Residential Other Property	C	$1,351.00 per Unit $7,717.00 per Acre

Developed Property Maximum Special Tax

The maximum special tax for each parcel of Developed Property in CFD No. 2006-1 shall be the greater of the assigned special tax or the backup special tax identified above. The application of the assigned special tax and the backup special tax for Developed Property is outlined in Section D of the RMA and in the Apportionment of Special Taxes section below.

Undeveloped Property Maximum Special Tax

The maximum annual special tax rates applicable to Undeveloped Property in CFD No. 2006-1 are set forth in Section C.3 of the RMA. These tax rates shall be used to allocate the maximum special tax to parcels of Undeveloped Property as explained in the RMA. The following table identifies the maximum annual special tax that can be levied on Undeveloped Property.

Undeveloped Property
Maximum Special Tax Rates for Fiscal Year 2023-24

Land Use Category	Tax Zone	Special Tax
Undeveloped Property	A	$6,604.00 per Acre
Undeveloped Property	B	$6,796.00 per Acre
Undeveloped Property	C	$7,717.00 per Acre

Exceptions to Maximum Annual Special Tax

Notwithstanding the maximum annual special tax rates set forth above, parcels that have prepaid their special taxes are no longer subject to the annual special tax. More detailed information regarding parcels, if any, that have prepaid their special tax obligation is included in Section VIII of this Report. Furthermore, no special tax shall be levied in CFD No. 2006-1 on (i) the first 12.18 acres of Public Property and Property Owner Association Property within Tax Zone A, (ii) the first 8.66 acres of Public Property and Property Owner Association Property within Tax Zone B, and (iii) the first 7.67 acres of Public Property and Property Owner Association Property within Tax Zone C.

Apportionment of Special Taxes

The amount of special tax that is apportioned to each parcel is determined through the application of Section D of the RMA. Section D apportions the Special Tax Requirement in four steps that prioritize the order in which properties are taxed.

The first step states that the special tax shall be levied against each parcel of Developed Property up to 100% of the assigned special tax rate for each such parcel prior to applying any capitalized interest that is available in the CFD accounts.

If the special tax levied pursuant to the first step is less than the Special Tax Requirement, and after applying any remaining capitalized interest, the special tax shall be levied against all parcels of Undeveloped Property up to 100% of the applicable maximum special tax.

If additional revenue is needed to satisfy the Special Tax Requirement after applying the first two steps, the special tax levied on each parcel of Developed Property whose maximum special tax is derived by application of the backup special tax shall be increased in equal percentages from the assigned special tax to the maximum special tax for each parcel.

If additional revenue is needed after applying the first three steps, the special tax shall be levied proportionately on each parcel of Excess Public Property and Excess Property Owner Association Property, up to 100% of the maximum special tax for Undeveloped Property.

In order to meet the Special Tax Requirement for fiscal year 2023-24, it is necessary to levy a tax on all Developed Property. Taxing Developed Property at 73% of the maximum special tax will generate $339,446 in tax revenue, assuming no special tax delinquencies, which is equal to the Special Tax Requirement. Therefore, it is not necessary to levy a tax on Undeveloped Property in fiscal year 2023-24. A summary of the taxes levied for fiscal year 2023-24 for all tax categories is shown in Appendix A of this Report, and the CFD tax roll, which identifies the CFD special tax levied against each taxable parcel in the CFD for fiscal year 2023-24, is provided in Appendix C.

Fiscal Year 2023-24 Actual Special Tax Rates

Land Use Category	Tax Zone	Special Tax
Single Family Residential Other Property	A	$535.46 per Unit $4,817.62 per Acre
Single Family Residential Other Property	B	$641.96 per Unit $4,957.70 per Acre
Single Family Residential Other Property	C	$837.46 per Unit $5,629.56 per Acre
Undeveloped Property	A	$0.00 per Acre
Undeveloped Property	B	$0.00 per Acre
Undeveloped Property	C	$0.00 per Acre

V. DEVELOPMENT STATUS

The CFD contains approximately 110 acres of land within the Moraga of Merced development area. Development within the CFD is planned for approximately 520 new residential units and a 7.16 acre community park.

Background research was conducted to determine the amount and type of development activity that has occurred in the CFD. A review of the City of Merced's records indicated that as of May 1, 2023, permits for all 520 single family homes have been issued. Therefore, no Undeveloped Property remains in the CFD. The status of development in the CFD is summarized in the table below.

Development Status for
Fiscal Year 2023-24 Tax Levy

Land Use Category	Tax Zone	Units/Acres
Single Family Residential	A	206 Units
Single Family Residential	B	173 Units
Single Family Residential	C	141 Units
Other Property	A	0.00 Acres
Other Property	B	0.00 Acres
Other Property	C	0.00 Acres
Undeveloped Property	A	0.00 Acres
Undeveloped Property	B	0.00 Acres
Undeveloped Property	C	0.00 Acres

VI. AUTHORIZED CFD FACILITIES

The Resolution of Formation adopted by the City on July 3, 2006, authorizes the financing of the following facilities:

1) Street and road facilities, including street lights and traffic signals.

2) Storm drainage facilities.

3) Water system facilities, including capacity in existing facilities.

4) Sewer system facilities, including capacity in existing facilities.

5) Public facilities included in the City's development impact fee, connection, or capacity fee programs.

6) Dry utilities.

VII. CFD FUNDS

Various funds and accounts were established on behalf of the CFD pursuant to the Fiscal Agent Agreement between the City and MUFG Union Bank, N.A. (the "Fiscal Agent"). Following is a brief description of the purpose of each fund.

The **Special Tax Fund** is held by the Fiscal Agent to receive all special tax revenue from the City. When sending special tax revenues to the Fiscal Agent, the City may direct, via an Officer's Certificate, that a portion of the revenues be transferred to the Administrative Expense Fund to cover administrative costs. Moneys shall be dispersed from the Special Tax Fund to the following funds in the order of priority given: (i) to the Administrative Expense Fund; (ii) to the Reserve Fund; (iii) to the Interest Account; and (iv) to the Principal Account.

The **Surplus Account** is held by the Fiscal Agent and is a subaccount of the Special Tax Fund. On September 2 of each year, the Fiscal Agent shall transfer any moneys remaining on deposit in the Special Tax Fund to the Surplus Account, Reserve Fund, or Administrative Expense Fund, as directed by the City. Moneys in the Surplus Account shall be used, as necessary, to pay debt service on the bonds.

The **Administrative Expense Fund** is held by the Fiscal Agent and is used to pay or reimburse the City for administrative expenses. The City may direct the Fiscal Agent to disburse moneys for administrative expenses by providing an Officer's Certificate. Annually, at least five days before the last day of each fiscal year, the Fiscal Agent shall transfer any remaining moneys in the Administrative Expense Fund that have not been allocated to pay administrative expenses to the Surplus Account.

The **Costs of Issuance Fund** is held by the Fiscal Agent and is used to pay or to reimburse the City, or payees designated by the City, for the payment of the costs of issuance of the bonds. The Costs of Issuance Fund shall be closed 90 days after the closing date of the 2019 Bonds. At that point, any moneys remaining in the Costs of Issuance Fund shall be transferred to the Interest Account of the Bond Fund.

The **Bond Fund** is held by the Fiscal Agent and is used to pay the principal of, and interest and any premium on, bonds. The Interest Account and the Principal Account are separate subaccounts within the Bond Fund.

The **Interest Account** is held by the Fiscal Agent and moneys therein shall be disbursed for the payment of interest becoming due and payable on the outstanding bonds on such interest payment date.

The **Principal Account** is held by the Fiscal Agent and moneys therein shall be disbursed for the payment of principal becoming due and payable on the outstanding bonds, as well as the redemption price of bonds required to be redeemed pursuant to the Fiscal Agent Agreement.

The **Redemption Fund** is held by the Fiscal Agent and moneys therein shall be used to redeem outstanding bonds. The Optional Redemption Account is a subaccount of the Redemption Fund which holds any amounts intended to be used for an optional redemption of bonds. Similarly, the Special Mandatory Redemption Account is a subaccount of the Redemption Fund created to hold special tax prepayments. All moneys in the Redemption Fund shall be used to redeem bonds on the next date for which notice of redemption can timely be given.

The **Reserve Fund** is held by the Fiscal Agent and used as a reserve for the payment of principal and interest on the bonds. Whenever the amount in the Reserve Fund is less than the Bond Reserve Requirement (i.e., $323,919 as of September 2, 2023), the Fiscal Agent shall deposit an amount into the Bonds Reserve Fund necessary to restore the balance in the Bond Reserve to the Bond Reserve Requirement. Any amounts in excess of the Bond Reserve Requirement shall be transferred by the Fiscal Agent on September 2 of each year for deposit into the Surplus Account.

Money held in any of the aforementioned funds and accounts will be invested by the Fiscal Agent at the direction of the City and in conformance with limitations set forth in the Fiscal Agent Agreement. Investment interest earnings, if any, will generally be applied to the fund for which the investment is made.

Fund Balances

As of June 30, 2023, the various funds had the following balances:

Community Facilities District No. 2006-1
Account Balances*

Fund/Account Name	Account Number	Account Balance
Special Tax Fund	6712263601	$286,728.67
Surplus Account	6712263602	$93,585.98
Interest Account	6712263604	$42.24
Principal Account	6712263605	$87.69
Bond Reserve Fund	6712263606	$334,022.60
Administrative Expense Fund	6712263608	$0.03

** All funds and accounts that have been closed are omitted from the above table.*

VIII. PREPAYMENTS

As of June 30, 2023, no property owners in CFD No. 2006-1 have fully prepaid their special tax obligation. Therefore, all parcels of taxable property remain subject to the CFD special tax levy.

IX. DELINQUENCIES

As of September 6, 2023, the Merced County Tax Collector's Office reports the following delinquency amounts for CFD No. 2006-1:

Community Facilities District No. 2006-1
Delinquencies as of September 6, 2023

Fiscal Year	Parcels Delinquent	Delinquent Amount	CFD Tax Levied	Percent Delinquent
2020-21	1	$880.00	$337,919.10	0.26%
2021-22	2	$714.49	$336,830.50	0.21%
2022-23	1	$833.08	$337,670.04	0.25%

X. FORECLOSURE COVENANTS

The CFD is currently included in the County's Teeter Plan, although the County may discontinue the Teeter Plan in future years. Pursuant to Section 53356.1 of the Act, if any delinquency occurs in the payment of the special tax, the City may order the institution of a Superior Court action to foreclose the lien therefore within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at a judicial foreclosure sale.

While judicial foreclosure is not mandatory, the City agreed in the Fiscal Agent Agreement that the City will review the public records of the County of Merced relating to the collection of the special tax each year to determine the amount of the special tax collected in the prior fiscal year. The City covenants with and for the benefit of the owners of the 2019 Bonds (i) that it will order, and cause to be commenced, judicial foreclosure proceedings against properties with delinquent special taxes in excess of $5,000 by the October 1 following the close of the fiscal year in which such special taxes were due, and (ii) that it will commence judicial foreclosure proceedings against all properties with delinquent special taxes by the October 1 following the close of each fiscal year in which it received special taxes in an amount which is less than ninety-five percent (95%) of the total special taxes levied, and diligently pursue completion of such foreclosure proceedings.

As of the date of this Report, the City has not initiated foreclosure proceedings on any parcel in the CFD. Delinquency reminder letters were mailed to all property owners who remained delinquent on September 6, 2023. The table below outlines the type and number of letters mailed to delinquent property owners.

Community Facilities District No. 2006-1
Mailed Delinquency Letters

Mailing Date	Type of Letter	Number of Letters Mailed
September 6, 2023	Reminder	3

XI. SENATE BILL 165 REPORTING REQUIREMENTS

On September 18, 2000, former Governor Gray Davis signed Senate Bill 165 which enacted the Local Agency Special Tax and Bond Accountability Act. In approving the bill, the Legislature declared that local agencies need to demonstrate to the voters that special taxes and bond proceeds are being spent on the facilities and services for which they were intended. To further this objective, the Legislature added Sections 50075.3 and 53411 to the California Government Code setting forth annual reporting requirements relative to special taxes collected and bonds issued by a local public agency. Pursuant to Sections 50075.3 and 53411, the "chief fiscal officer" of the public agency will, by January 1, 2002, and at least once a year thereafter, file a report with the City Council setting forth the following information.

Section 50075.3

Item (a): Identify the amount of special taxes that have been collected and expended.

Fiscal Year 2022-23 Revenues*

Interest	$18,345
Assessments	$337,670
Total Revenues Collected	**$356,015**

Fiscal Year 2022-23 Expenditures*

Bond Interest	$100,619
Bond Principal	$220,000
Fiscal Agent Fees	$2,750
Professional Services	$9,232
Support Services	$24
Administrative Services	$1,044
Direct Service Charges	$753
Total Expenditures	**$334,422**

Beginning Fund Balance**	**$698,537**
Ending Fund Balance**	**$720,130**
Net Change in Fund Balance	**$21,593**

*Note: This is unaudited financial information.
**Note: Includes Reserve Requirement.

Item (b): Identify the status of any project required or authorized to be funded by the special taxes.

All authorized items have been funded by the annual special tax proceeds.

<u>Section 53411</u>

Item (a): Identify the amount of bonds that have been collected and expended.

The 2006 Bonds were issued by the City on December 14, 2006, in the aggregate principal amount of $5,840,000. An Original Issue Discount of $44,560 and an Underwriter's Discount of $59,977 left a total of $5,735,463 in bond proceeds. Of these proceeds, $4,858,330 was deposited into the Improvement Fund to pay the project's costs. An additional $320,000 was placed in the Costs of Issuance Fund, $175,093 was placed in the Capitalized Interest Subaccount, and $382,040 was placed in the Reserve Fund. Funds in these accounts, except for the Reserve Fund, have been fully expended.

The 2019 Bonds were issued by the City on December 10, 2019, in the aggregate principal amount of $4,080,000. The 2019 Bonds were sold with an Original Issue Premium of $139,467. These amounts were combined with $363,728 from the 2006 Bond accounts for a total of $4,583,195 to be disbursed. Of these proceeds, $3,987,161 was deposited into the Escrow Fund to redeem the outstanding 2006 Bonds. An additional $176,627 was placed in the Costs of Issuance Fund and $358,207 was placed in the Reserve Fund. The remaining $61,200 was used to pay the Underwriter's Discount.

Item (b): Identify the status of any project required or authorized to be funded from bond proceeds.

All construction and acquisition proceeds from the 2006 Bonds have been spent on the CFD authorized facilities. Proceeds of the 2019 Bonds were used to redeem the outstanding 2006 Bonds in March 2020.

XII. STATE REPORTING REQUIREMENTS

Assembly Bill No. 1666

On July 25, 2016, Governor Jerry Brown signed Assembly Bill No. 1666, adding Section 53343.2 to the California Government Code ("GC"). The bill enhances the transparency of community facilities districts by requiring that certain reports be accessible on a local agency's web site. Pursuant to Section 53343.2, a local agency that has a web site shall, within seven months after the last day of each fiscal year of the district, display prominently on its web site the following information:

Item (a): A copy of an annual report, if requested, pursuant to GC Section 53343.1. The report required by Section 53343.1 includes CFD budgetary information for the prior fiscal year and is only prepared by a community facilities district at the request of a person who resides in or owns property in the community facilities district. If the annual report has not been requested to be prepared, then a posting to the web site would not be necessary.

Item (b): A copy of the report provided to the California Debt and Investment Advisory Commission ("CDIAC") pursuant to GC Section 53359.5. Under Section 53359.5, local agencies must provide CDIAC with the following: (i) notice of proposed sale of bonds; (ii) annual reports on the fiscal status of bonded districts; and (iii) notice of any failure to pay debt service on bonds, or of any draw on a reserve fund to pay debt service on bonds.

Item (c): A copy of the report provided to the State Controller's Office pursuant to GC Section 12463.2. This section refers to the parcel tax portion of a local agency's Financial Transactions Report that is prepared for the State Controller's Office annually. Note that school districts are not subject to the reporting required by GC Section 12463.2.

Assembly Bill No. 1483

On October 9, 2019, Governor Gavin Newsom signed Assembly Bill No. 1483, adding Section 65940.1 to the California Government Code. The law requires that a city, county, or special district that has an internet website, maintain on its website a current schedule of fees, exactions, and affordability requirements imposed by the public agency on all housing development projects. Pursuant to Section 65940.1, the definition of an exaction includes a special tax levied pursuant to the Mello-Roos Community Facilities Act.

Assembly Bill No. 1483 defines a housing development project as consisting of (a) residential units only; or (b) mixed-use developments consisting of residential and non-residential land uses with at least two-thirds of the square footage designated for residential use; or (c) transitional housing or supportive housing. Assembly Bill No. 1483 also requires a city, county, or special district to update this information on their website within 30 days of any changes made to the information.

Senate Bill No. 165

On September 18, 2000, former Governor Gray Davis signed Senate Bill 165 which enacted the Local Agency Special Tax and Bond Accountability Act. In approving the bill, the Legislature declared that local agencies need to demonstrate to the voters that special taxes and bond proceeds are being spent on the facilities and services for which they were intended. To further this objective, the Legislature added Sections 50075.3 and 53411 to the California Government Code setting forth annual reporting requirements relative to special taxes collected and bonds issued by a local public agency. Pursuant to the Sections 50075.3 and 53411, the "chief fiscal officer" of the public agency will, by January 1, 2002, and at least once a year thereafter, file a report with the City setting forth (i) the amount of special taxes that have been collected and expended; (ii) the status of any project required or authorized to be funded by the special taxes; (iii) if bonds have been issued, the amount of bonds that have been collected and expended; and (iv) if bonds have been issued, the status of any project required or authorized to be funded from bond proceeds.

XIII. ARBITRAGE REBATE CALCULATIONS

The final arbitrage rebate analysis for the 2006 Bonds was complete as of June 23, 2020. The analysis showed that the City was not subject to arbitrage rebate or yield restriction payments to the IRS for investment earnings from the 2006 Bonds.

An interim arbitrage rebate analysis for the 2019 Bonds was complete as of September 1, 2023. The analysis showed that the City was not subject to arbitrage rebate or yield restriction payments to the Internal Revenue Service for investment earnings from the 2019 Bonds. The next interim arbitrage rebate analysis for the 2019 Bonds will be completed on September 1, 2023.

APPENDIX A

Summary of Fiscal Year 2023-24
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CFD Budget Worksheet for
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Boundary Map of
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