

County of Orange Community Facilities Districts



CEO Public Finance

Local Agency Special Tax and Accountability Act
Report for Community Facilities Districts 2001-1,
2002-1, 2003-1, 2004-1 (Ladera Ranch), 2015-1
(Village of Esencia), 2016-1 (Village of Esencia) and
CFD 2017-1 (Village of Esencia) IA-1

Financial Information as of
June 30, 2020

12/15/2020

Background:

California Senate Bill 165 enacted the Local Agency Special Tax and Accountability Act (the “Act”). This Act requires that any local bond measure subject to voter approval 1) contain a statement indicating the specific purposes of the bonds, 2) require that the proceeds of the bonds be applied to those purposes, 3) require that the creation of an account into which the proceeds shall be deposited, and 4) require an annual report containing specified information concerning the use of the proceeds. The Act applies to bonds issued on or after January 1, 2001 in accordance with Section 53410 of the California Government Code.

Requirements 1 – 3, stated above, are fulfilled at the formation and bond finance of the Community Facilities District and requirement 4 is satisfied through filing this annual report.

The annual report shall contain all of the following:

- (a) The amount of funds collected and expended.
- (b) The status of any project required or authorized to be funded as identified in subdivision (a) of Section 53410.

The requirements of the Act apply to the funds of Community Facilities Districts 2001-1, 2002-1, 2003-1, 2004-1, 2015-1, 2016-1 and 2017-1 Improvement Area 1 of the County of Orange.

Community Facilities District 2001-1

Community Facilities District 2001-1 was formed on July 17, 2001. The County of Orange issued \$32,985,000 Community Facilities District No. 2001-1 of the County of Orange (Ladera Ranch) Series A of 2002 Special Tax Bonds, less \$70,204.80 Original Issue Discount, on May 23, 2002. The following Accounts were funded with bond proceeds:

Accounts	Initial Deposit	6/30/2020 Balance	Expended Amount	Project Status
Capital Project Fund	28,655,994.10	0.00	28,655,994.10	Complete
Cost of Issuance	335,000.00	0.00	335,000.00	Complete
Reserve Account	2,953,800.00	0.00	2,953,800.00	Complete
Capitalized Interest	433,211.10	0.00	433,211.10	Complete
Administrative Expense Account	75,000.00	0.00	75,000.00	Complete
Underwriter Discount	461,790.00	0.00	461,790.00	Complete

On November 30, 2005, the bonds were refunded under the Marks Roos Act by the South Orange County Public Financing Authority (SOCPFA) (pooled with CFDs 1999-1 and 2000-1). SOCPFA issued \$84,015,000 Special Tax Revenue Bonds 2005 Series A (Ladera Ranch). A new Cost of Issuance Account was established with \$166,745.62 bond proceeds from the refunded bonds and there was no balance as of June 30, 2020.

On February 7, 2018, the Special Tax Revenue Bonds 2005 Series A were refunded (pooled with CFDs 1999-1 and 2000-1). SOCPFA issued \$51,940,000 Special Tax Revenue Refunding Bonds 2018 Series A (Ladera Ranch). A new Cost of Issuance Account was established with \$103,388.53 bond proceeds from the refunded bonds and there was no balance as of June 30, 2020.

The current reserve requirement for the refunded bonds is secured and met by AGM bond insurance and surety reserve held with the Trustee as of June 30, 2020.

All interest earnings in the funds are utilized for any lawful purpose of the District.

The Special Tax Fund is funded by a special tax levy placed on taxable parcels within the District. The Special Tax Fund records tax revenue, interest earnings, and bond payments. The Special Tax is collected in advance of debt service and will reconcile in the following year. The following table summarizes taxes collected and amounts expended on a cash-basis for the fiscal year ended June 30, 2020:

Special Tax Fund	Amounts
Special Taxes Collected and Interest Earnings	2,112,366.22
Debt Service Expense	1,912,664.57
Administrative Expense	52,151.72

Community Facilities District 2002-1

Community Facilities District 2002-1 was formed on November 5, 2002. The County of Orange issued \$68,280,000 Community Facilities District No. 2002-1 of the County of Orange (Ladera Ranch) Series A of 2003 Special Tax Bonds, less \$82,714.05 Original Issue Discount, on May 28, 2003. The following Accounts were funded with bond proceeds:

Accounts	Initial Deposit	6/30/2020 Balance	Expended Amount	Project Status
Capital Project Fund	59,860,852.96	0.00	59,860,852.96	Complete
Cost of Issuance	390,000.00	0.00	390,000.00	Complete
Reserve Account	6,278,498.54	0.00	6,278,498.54	Complete
Capitalized Interest	779,719.65	0.00	779,719.65	Complete
Administrative Expense Account	75,000.00	0.00	75,000.00	Complete
Underwriter Discount	813,214.80	0.00	813,214.80	Complete

On January 29, 2014, the bonds were refunded under the Marks Roos Act by the South Orange County Public Financing Authority (SOCPFA) (pooled with CFD 2003-1). SOCPFA issued \$64,545,000 Senior Series A of 2014 Special Tax Revenue Refunding Bonds and \$40,000,000 Subordinate Series B of 2014 Special Tax Revenue Refunding Bonds. A new Cost of Issuance Account was established with \$203,627.77 bond proceeds from the refunded bonds and there was no balance as of June 30, 2020. The current reserve for

the refunded bonds is \$3,655,370.32 and the reserve fund balance with the Trustee as of June 30, 2020 meets the requirement. The Reserve Account is held as security for the bonds and will be utilized to make the final debt service payment.

The Special Tax Fund is funded by a special tax levy placed on taxable parcels within the District. The Special Tax Fund records tax revenue, interest earnings, and bond payments. The Special Tax is collected in advance of debt service and will reconcile in the following year. The following table summarizes taxes collected and amounts expended on a cash-basis for the fiscal year ended June 30, 2020:

Special Tax Fund	Amounts
Special Taxes Collected and Interest Earnings	4,250,774.59
Debt Service Expense	4,094,621.37
Administrative Expense	56,203.14

Community Facilities District 2003-1

Community Facilities District 2003-1 was formed on October 21, 2003. The County of Orange issued \$57,185,000 Community Facilities District No. 2003-1 of the County of Orange (Ladera Ranch) Series A of 2004 Special Tax Bonds, less \$140,239.50 Original Issue Discount, on April 21, 2004. The following Accounts were funded with bond proceeds:

Accounts	Initial Deposit	6/30/2020 Balance	Expended Amount	Project Status
Capital Project Fund	49,604,377.73	0.00	49,604,377.73	Complete
Cost of Issuance	370,000.00	0.00	370,000.00	Complete
Reserve Account	5,299,038.19	0.00	5,299,038.19	Complete
Capitalized Interest	981,532.08	0.00	981,532.08	Complete
Administrative Expense Account	75,000.00	0.00	75,000.00	Complete
Underwriter Discount	714,812.50	0.00	714,812.50	Complete

On January 29, 2014, the bonds were refunded under the Marks Roos Act by the South Orange County Public Financing Authority (SOCPFA) (pooled with CFD 2002-1). SOCPFA issued \$64,545,000 Senior Series A of 2014 Special Tax Revenue Refunding Bonds and \$40,000,000 Subordinate Series B of 2014 Special Tax Revenue Refunding Bonds. A new Cost of Issuance Account was established with \$106,107.49 bond proceeds from the refunded bonds and there was no balance as of June 30, 2020. The current reserve for the refunded bonds is \$2,986,100.13 and the reserve fund balance with the Trustee as of June 30, 2020 meets the requirement. The Reserve Account is held as security for the bonds and will be utilized to make the final debt service payment.

The Special Tax Fund is funded by a special tax levy placed on taxable parcels within the District. The Special Tax Fund records tax revenue, interest earnings, and bond payments. The Special Tax is collected

in advance of debt service and will reconcile in the following year. The following table summarizes taxes collected and amounts expended on a cash-basis for the fiscal year ended June 30, 2020:

Special Tax Fund	Amounts
Special Taxes Collected and Interest Earnings	3,370,941.99
Debt Service Expense	3,215,533.16
Administrative Expense	55,673.89

Community Facilities District 2004-1

Community Facilities District 2004-1 was formed June 29, 2004. The County of Orange issued \$75,645,000 Community Facilities District No. 2004-1 of the County of Orange (Ladera Ranch) Series A of 2005 Special Tax Bonds, less \$12,691.40 Original Issue Discount, on February 1, 2005. The following Accounts were funded with bond proceeds:

Accounts	Initial Deposit	6/30/2020 Balance	Expended Amount	Project Status
Capital Project Fund	65,524,706.53	0.00	65,524,706.53	Complete
Cost of Issuance	430,000.00	0.00	430,000.00	Complete
Reserve Account	6,681,327.16	0.00	6,681,327.16	Complete
Capitalized Interest	2,021,099.41	0.00	2,021,099.41	Complete
Administrative Expense Account	75,000.00	0.00	75,000.00	Complete
Underwriter Discount	900,175.50	0.00	900,175.50	Complete

On February 5, 2014, the bonds were refunded by the County of Orange. \$36,540,000 Senior Series A of 2014 Special Tax Refunding Bonds of CFD No. 2004-1 (Ladera Ranch) and \$31,380,000 Subordinate Series B of 2014 Special Tax Refunding Bonds of CFD No. 2004-1 (Ladera Ranch) were issued to refund the Bonds issued in 2005. A new Cost of Issuance Account was established with \$270,664.42 bond proceeds from the refunded bonds and there was no balance as of June 30, 2020. The current reserve for the refunded bonds is \$6,357,750 and the reserve fund balance as of June 30, 2020 meets the requirement. The Reserve Account is held as security for the bonds and will be utilized to make the final debt service payment.

The Special Tax Fund is funded by a special tax revenue levy placed on taxable parcels within the District. The Special Tax Fund records tax revenue, interest earnings, and bond payments. The Special Tax is collected in advance of debt service and will reconcile in the following year. The following table summarizes taxes collected and amounts expended on a cash-basis for the fiscal year ended June 30, 2020:

Special Tax Fund	Amounts
Special Taxes Collected and Interest Earnings	4,919,946.02
Debt Service Expense	4,689,646.25
Administrative Expense	52,897.47

Community Facilities District 2015-1

Community Facilities District 2015-1 was formed April 14, 2015. The County of Orange issued \$90,845,000 Community Facilities District No. 2015-1 of the County of Orange (Village of Esencia) Series A of 2015 Special Tax Bonds, plus \$5,802,809.55 Original Issue Premium, on October 28, 2015. The following Accounts were funded with bond proceeds:

Accounts	Initial Deposit	6/30/2020 Balance	Expended Amount	Project Status
Capital Project Fund	87,701,058.22	0.00	87,716,628.15	Complete
Cost of Issuance	515,000.00	0.00	499,430.07*	Complete
Reserve Account	7,872,807.58	7,872,807.58	0.00	Complete
Administrative Expense Account	75,000.00	0.00	75,000.00	Complete
Underwriter Discount	483,943.75	0.00	483,943.75	Complete

* Remaining Cost of Issuance balance was transferred to the Capital Projects Fund, per COI Agreement, Section 3.01(D) and was spent.

The current reserve for the bonds is \$7,910,725.36 and is met by the balance in reserve fund as of June 30, 2020. The Reserve Account is held as security for the bonds and utilized to make the final debt service payment.

The Special Tax Fund is funded by a special tax revenue levy placed on taxable parcels within the District. The Special Tax Fund records tax revenue, interest earnings, and bond payments. The Special Tax is collected in advance of debt service. A landowner tax prepayment of approximately \$2 million was collected in Fiscal Year 2018-19 and was used to pay down the bond this fiscal year. The following table summarizes taxes collected and amounts expended on a cash-basis for the fiscal year ended June 30, 2020:

Special Tax Fund	Amounts
Special Taxes Collected and Interest Earnings	7,354,409.48
Debt Service Expense	9,077,320.75
Administrative Expense	116,226.11

Community Facilities District 2016-1

Community Facilities District 2016-1 was formed March 22, 2016. The County of Orange issued \$93,110,000 Community Facilities District No. 2016-1 of the County of Orange (Village of Esencia) Series A of 2016 Special Tax Bonds, plus \$10,142,136.95 Original Issue Premium, on November 9, 2016. The following Accounts were funded with bond proceeds:

Accounts	Initial Deposit	6/30/2020 Balance	Expended Amount	Project Status
Capital Project Fund	94,357,858.62	4,646.49*	94,353,212.13	Ongoing
Cost of Issuance	345,000.00	0.00	345,000.00	Complete
Reserve Account	7,978,002.03	7,978,002.03	0.00	Complete
Administrative Expense Account	75,000.00	0.00	75,000.00	Complete
Underwriter Discount	496,276.30	0.00	496,276.30	Complete

* This amount includes a year-end accrual of \$191,602.90 that was recorded in Fiscal Year 19-20 but paid in Fiscal Year 20-21 (July 2020).

The current reserve for the bonds is \$8,132,169.85 and is met by the balance in reserve fund as of June 30, 2020. The Reserve Account is held as security for the bonds and will be utilized to make the final debt service payment.

The Special Tax Fund is funded by a special tax revenue levy placed on taxable parcels within the District. The Special Tax Fund records tax revenue, interest earnings, and bond payments. The Special Tax is collected in advance of debt service and will reconcile in the following year. The following table summarizes taxes collected and amounts expended on a cash-basis for the fiscal year ended June 30, 2020:

Special Tax Fund	Amounts
Special Taxes Collected and Interest Earnings	4,993,418.34
Debt Service Expense	4,862,862.50
Administrative Expense	120,800.05

Community Facilities District 2017-1 Improvement Area No. 1

Community Facilities District 2017-1 was formed March 28, 2017. The County of Orange issued \$76,950,000 Community Facilities District No. 2017-1 of the County of Orange (Village of Esencia Improvement Area No. 1) Series A of 2018 Special Tax Bonds, plus \$7,903,480.30 Original Issue Premium, on February 22, 2018. The following Accounts were funded with bond proceeds:

Accounts	Initial Deposit	6/30/2020 Balance	Expended Amount	Project Status
Capital Project Fund	77,225,647.77	18,853,032.93	18,869,149.52	Ongoing
Cost of Issuance	490,000.00	0.00	453,278.20*	Complete
Reserve Account	6,647,513.78	6,647,513.78	0.00	Complete
Administrative Expense Account	75,000.00	0.00	75,000.00	Complete
Underwriter Discount	415,318.75	0.00	415,318.75	Complete

* Remaining Cost of Issuance balance was transferred to the Capital Project Fund per Indenture, Section 3.9(b).

The current reserve for the bonds is \$6,741,112.72 and is met by the balance in reserve fund as of June 30, 2020. The Reserve Account is held as security for the bonds and will be utilized to make the final debt service payment.

The Special Tax Fund is funded by a special tax revenue levy placed on taxable parcels within the District. The Special Tax Fund records tax revenue, interest earnings, and bond payments. The Special Tax is collected in advance of debt service and will reconcile in the following year. The following table summarizes taxes collected and amounts expended on a cash-basis for the fiscal year ended June 30, 2020:

Special Tax Fund	Amounts
Special Taxes Collected and Interest Earnings	4,186,489.51
Debt Service Expense	3,993,137.50
Administrative Expense	107,320.24