



ORANGE COUNTY PUBLIC
FINANCE PROGRAM

POLICY STATEMENT
AND APPLICANT
INFORMATION PACKAGE

PREPARED BY
COUNTY EXECUTIVE OFFICE
PUBLIC FINANCE DEPARTMENT
AS AMENDED SEPTEMBER 12, 2000



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ORANGE COUNTY PUBLIC FINANCE PROGRAM

Policy Statement & Applicant Information Package

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SECTION I

SUMMARY POLICY

STATEMENT

ORANGE COUNTY PUBLIC FINANCE PROGRAM SUMMARY POLICY STATEMENT

Orange County's growth in population and economic development has created the need for a wide variety of public facilities which serve community needs: a network of major highway and connector roads, freeways, flood control facilities, fire stations, libraries, parks, public safety buildings, etc. The County has maintained a commitment to construct public improvements as development occurs; thereby minimizing unpleasant side effects of growth such as traffic congestion and overcrowded facilities.

With the approval of Proposition 13 in 1978 public financing changed overnight. No longer could local governments issue general obligation bonds secured by property taxes to pay for public facilities. About the same time, federal and state programs which funded local facilities were cut. As a result, local governments had few choices to finance needed public facilities, particularly in newly developing areas. One available funding choice was to charge fees on new development; another was to use tax-exempt financing mechanisms secured by the levy of special taxes.

Orange County chose to use both of these options, establishing new fee programs to generate revenue and issuing tax-exempt debt to assure continued orderly development with adequate public facilities. New development is required to pay for the cost of new public facilities through fees collected at the time building permits are issued. With the adoption of its Growth Management Element of the General Plan in 1988, the County required adequate infrastructure and public facilities concurrent with growth. The County also entered into development agreements with many of the major developers in unincorporated areas. These agreements required the early construction of public facilities and required substantial developer contributions.

Constructing public facilities as development occurs can be facilitated by borrowing the construction funds. This is usually accomplished by issuing tax-exempt bonds. Issuing debt allows needed public facilities to be constructed and/or acquired up front, before or concurrent with the increasing demand for the public facility, due to the development. For example, using debt financing, the County can construct an arterial highway at its ultimate width before or as adjacent homes or offices are occupied. The same facility paid for with development fees would likely be built in phases and sections initially, creating bottlenecks and gaps in the transportation network. The disadvantage of using fees or taxes to build public facilities is the time required to amass the dollars necessary for construction.

Two general types of debt financing mechanisms are used by Orange County: assessment districts and community facilities districts (CFD's more commonly called Mello-Roos districts).

COMPARISON OF SPECIAL ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS

Local governments form assessment districts using a public process, which includes opportunities for formal public input. The local government can impose special assessments to pay for public facilities that directly benefit the property in the district. By law, special assessments cannot exceed the cost of providing the facility or service. A protest procedure is available to property owners who object to the formation of the district. The County collects assessments on the County property tax bill.

Local governments may also form community facilities districts (CFD) and levy special taxes to finance public facilities of general benefit to the community if authorized to do so by a 2/3 vote of the qualified electors of the district, which may be the landowner(s) if there are less than twelve (12) registered voters in the district. As with assessment districts, there is a public hearing and protest procedure by which property owners may object to the formation of the CFD. The County also collects special taxes on the County property tax bill.

The main distinction between assessment districts and community facilities districts is in the types of public facilities that a jurisdiction can finance. Assessment districts may only finance public facilities where a special benefit to each taxed parcel can be demonstrated. In contrast, community facilities districts may finance public facilities which have a general community benefit, as well as projects having direct benefit to the property.

The attached table compares assessment districts and community facilities districts on a number of criteria.

When the County determines that it is appropriate and beneficial to finance needed public facilities using tax-exempt debt, it first evaluates all available financing alternatives. The County's preference is to form an assessment district since the assessment is more clearly related to the benefit to the taxpayer and the assessment district is more easily administered.

Issuing debt carries with it a responsibility to protect taxpayers, homebuyers, and bond investors alike. The County's objectives are to:

- Assure that the proposed facilities are truly needed, serve a legitimate public purpose, supplement rather than replace privately financed development improvements and have a life expectancy appropriate for debt financing;
- Assure that the costs of the proposed facilities are reasonable and accurate;
- Assure the proposed method of financing is equitable, or fair, and that the local community will benefit from construction of the facilities;
- Assure that the maximum effective tax rate on a piece of property is not overly burdensome;
- Inform those who will pay the assessment or tax fully and accurately as to the amount of their maximum obligation, its duration, the circumstances under which it can change, and the improvements to be financed;
- Minimize the financial risk of default to general taxpayers;
- Inform prospective investors fully and accurately as to the investment and its risks; and
- Comply with all applicable federal, state, and local laws

Based on these objectives, the County applies specific criteria, or guidelines, before agreeing to issue debt to finance public facilities. The proposed project must meet or exceed all of these tests:

1. The financed facilities must serve a public purpose and, in the case of a community facilities district, a community need.
2. The special taxes or assessments imposed to repay the debt must relate to the use and cost of the financed facilities. Additionally, for assessment districts, the assessment must directly relate to the benefit imparted to the property.

3. The property owners who propose the use of tax-exempt financing to pay for facilities must demonstrate the ability to pay the special taxes or assessments on their undeveloped land within the district. Criteria used to evaluate a property owners' ability to pay the special taxes or assessments will include, but not be limited to, a property value-to-lien ratio of at least 3:1 (as described in #4 below), proforma financial statements of the property owner(s) and whether the property owner(s) have ever been delinquent in the payment of special taxes or assessments or is currently in default on any development related private financing.
4. Acting in its capacity as the legislative body, the Board of Supervisors shall not approve any sale of bonds secured by special taxes levied on property in community facilities districts until it makes the following findings and/or determinations, pursuant to Government Code Section 53345.8, as it may be amended from time to time: 1) prior to the award of sale of the bonds, the value of the real property that would be subject to the special tax to pay debt service on the bonds will be at least three (3) times the principal amount of the sum of the bonds to be sold and the principal amount of all other bonds outstanding that are secured by a special tax on property within the community facilities district or a special assessment levied on property within the community facilities district (value-to-lien ratio of at least 3:1); or 2) the proposed bonds do not present any unusual credit risk due to the availability of credit enhancements, or because a sufficient portion of the principal amount of a bond issue has been deposited in a self-financing and self-liquidating escrow account under conditions such that it cannot be withdrawn until the value of real property subject to special taxes has increased sufficiently so that the requirements of this section will be met or for other reasons specified by the legislative body; or 3) the proposed bond issue should proceed for specified public policy reasons, as determined by the legislative body's vote of not less than four-fifths of all of its members. The requirements applicable to community facilities districts shall also apply to the sale of bonds secured by special assessments levied on property in assessment districts. (Community facilities districts and assessment districts together are referred to as "Districts" in the plural or "District" in the singular.)

The legislative body shall estimate the principal amount of these other bonds that are secured by property within the District by assuming that the maximum allowable tax or assessment applicable to each parcel of property within the District will be levied until the date of maximum maturity of the bonds.

Any determination made pursuant to this subdivision shall be based upon the full cash value as shown on the ad valorem assessment roll or upon an appraisal of the subject property made in a manner consistent with the policies adopted pursuant to paragraph (5) of subdivision (a) of Section 53312.7 by a state certified real estate appraiser, as defined in subdivision (c) of Section 11340 of the Business and Professions Code. The Treasurer may recommend definitions, standards, and assumptions to be used for these appraisals. These definitions, standards, and assumptions are advisory only, and the definitions, standards, and assumptions to be applied to appraisals will be those adopted by the local agency pursuant to paragraph (5) of subdivision (a) of Section 53312.7.

5. The maximum special tax or special assessment that may be levied for a District should not cause the Total Tax Burden (as defined below) on residential property in the District to exceed two percent (2%) of its estimated market value. Total Tax Burden shall mean the projected sum of the estimated ad valorem taxes and the maximum special taxes and special assessments that may be first levied by a District on residential property as of the first date that residential property is to be occupied, including taxes and assessments levied by any other agency for the payment of District debt and overlapping debt. (special taxes or special assessments levied by other taxing agencies on property within a District for the payment of debt incurred by these agencies). If the residential property has not been developed and sold to the end user (homeowner), the Total Tax Burden should not exceed two percent (2%) of the estimated market value of the improved parcel. The 2% Test shall not apply to commercial, retail or industrial property or bond refinancings. Additionally, the 2% test shall not apply to residential property for which a tax subsidy agreement is provided in accordance with this Policy Statement.

The estimated market value of unsold residential property in a District shall be based upon the lowest anticipated sales price, excluding premiums, for each proposed product type within a given project (e.g., apartment, townhome, condominium, attached single family home and detached single family home by square foot area categories). The applicant shall supply the necessary information related to the anticipated sales price for the proposed product types which will be confirmed on behalf of the District by a report of an independent real estate economist, appraiser and/or review appraiser.

The 2% Test shall be calculated at the time of District formation. In connection with each District bond issue, the County Executive Office, Public Finance Staff, will disclose to the Board the District's estimated Total Tax Burden. If the 2% Test is not met, at the time of District Formation or a District bond issue, the Board may consider the following options: 1) entering into an agreement with a major landowner to require the landowner to provide a tax subsidy to ensure the Total Tax burden paid by the homeowners does not exceed 2% of the estimated market value of the property; 2) approving additional security for the bonds, such as, a letter of credit or surety which is acceptable to the Board; 3) issuing bonds where the Total Tax Burden exceeds the 2% Test; or 4) not issuing bonds.

The landowner shall provide any tax subsidy agreement or additional security approved for a reasonable period of time in order to prevent sudden tax increases to homeowners. Terms and details of any tax subsidy and/or additional security shall be fully disclosed by the landowner to all prospective homebuyers at the time of their receipt of the notice of special tax. Neither the District nor the County shall bear any liability or financial obligation for any tax subsidy and/or additional security which may be approved.

Additionally, any exception to the 2% Test must be justified on the basis of its public benefit, and must be specifically considered and recommended by the Public Financing Advisory Committee (so long as it remains in effect) and approved by the Board and or applicable legislative body. Any information provided by the applicant to justify an exception to the 2% Test may be subject to review by independent consultants retained on behalf of the District.

6. At the time of a bond issuance the maximum special taxes authorized for a CFD on all taxable property, less projected administrative expenses and taking into consideration potential changes in land use or development, must be estimated to be at least one hundred ten percent (110%) of the CFD's maximum annual debt service amount in each fiscal year for as long as the debt is outstanding.
7. Prior to the time of a bond issuance an appraisal shall be completed to estimate the market value of property in the District which shall be conducted pursuant to the County's Appraisal Guidelines, as these may be modified from time to time, unless assessed values are to be used in connection with the bond sale.

The County takes several additional steps to assure that taxpayers and investors are protected:

1. The County regularly reviews special tax and assessment delinquencies to identify any potential problems with the financial stability of property owners within districts. If necessary, the County is prepared to aggressively pursue foreclosure proceedings.
2. The County fully informs prospective bond buyers about the District and any risks which may be involved in purchasing the bonds as an investment.
3. The County invests the tax and bond proceeds with highly rated secure investors, maximizing return while minimizing risk.

By following these standards, the County realizes the benefits of building needed regional facilities as development occurs without exposing taxpayers, homebuyers, or investors to undue risk.

ORANGE COUNTY PUBLIC FINANCE PROGRAM
COMPARISON OF SPECIAL ASSESSMENT AND
COMMUNITY FACILITIES (MELLO-ROOS) DISTRICTS

	<u>SPECIAL ASSESSMENT</u>	<u>MELLO-ROOS</u>
Statutory Authorization	Municipal Improvement Act of 1911 Municipal Improvement Act of 1913 Improvement Bond Act of 1915	Mello-Roos Community Facilities Act of 1982
Eligible Facilities	Public facilities whose benefits are identifiable, specific and direct and whose costs can be easily apportioned among the properties	Any tangible or real property with an expected life of five years or more to be owned or operated by a public agency or local government
Can mechanism finance public facilities of specific benefit to property within the District?	Yes	Yes
Can mechanism finance facilities of general public benefit?	No	Yes
Can mechanism finance public services?	Yes; maintenance and repair of financed public facilities	Yes; police, library, and fire protection; recreation and park maintenance
Can district formation be initiated by petition?	Yes; by property owners	Yes; by registered voters or property owners.
Is a public Hearing required?	Yes	Yes
Is voter approval required?	No; however, a protest procedure is available	Yes; 2/3 vote of qualified electors.

SECTION II

APPLICANT INFORMATION PACKAGE

ORANGE COUNTY PUBLIC FINANCE PROGRAM APPLICANT INFORMATION

GENERAL INFORMATION

In August 1982 the Orange County Board of Supervisors adopted the County Finance Program for the purpose of financing the construction and/or acquisition of public facilities and affiliated services on developed or undeveloped property located in the County. Under the program, property owners may apply to obtain tax-exempt financing for eligible projects.

Generally, only publicly owned and maintained facilities serving public needs such as arterial highways, freeways, libraries, fire stations, public safety facilities, flood control facilities, and parks are eligible for this financing program. The County may also finance local public facilities serving local needs such as commuter and collector streets and local utilities if necessary or convenient to the delivery of adequate public services as determined on a case-by-case basis.

Before the County establishes a district and/or authorizes the sale of bonds, a detailed procedure involving opportunities for public input must be followed. The property owners within a proposed assessment district or community facilities district must be notified of the proposed improvements and may protest formation of the district. Public hearings are held. In addition, once a CFD is formed the property owners within the CFD must approve the levy of special taxes by a 2/3 vote of the qualified electors of the district.

The County most often finances public infrastructure in accordance with the provisions of the following acts:

- Municipal Improvement Act of 1911
- Municipal Improvement Act of 1913
- Improvement Bond Act of 1915
- Mello-Roos Community Facilities Act of 1982
- Integrated Financing District Act of 1986

Please submit applications for participation in the program to:

- County Executive Office
- Public Finance Manager
- 10 Civic Center Plaza, Third Floor
- Santa Ana, CA 92701

To obtain information regarding the program contact the CEO/Public Finance Program Office at (714) 834-5969.

Program Requirements

ELIGIBLE FACILITIES

Financed facilities must be public facilities for which the County, or a public agency as determined appropriate by the County, will be the owner or will have the normal operating and maintenance responsibility.

The types of facilities eligible for the County program in order of priority are:

- Arterial highways and corridors
- Commuter and collector streets
- Public buildings
- Utilities
- Flood control facilities
- Public parks

Priority will be given to those public facility improvements which provide a regional benefit as opposed to public improvements required for local subdivision development.

Typical subdivision improvements are not eligible for public financing unless the County determines they provide a needed public benefit and are not a private financing responsibility.

FINDING OF PUBLIC BENEFIT

The County must find that the facilities proposed to be financed provide a public benefit. The County will establish the public benefits of the project prior to granting Provisional Authorization. Public benefits may be established through a Development Agreement, fee program or other mechanism that identifies the proposed improvements and includes adopted findings of public benefit in support of the use of public financing assistance. Formation documents and all Acquisition, Funding and Disclosure Agreements (AFDA's) and Funding, Reimbursement and Disclosure Agreement (FRDA's) will include findings of public benefit.

LAND USE

Land use determination must have progressed to a point (e.g. approved Planned Community zoning or specific plan approval) that the County can adequately assess and determine proposed land uses and specific facility requirements.

VALUE-TO-LIEN-REQUIREMENTS

The County requires that the project property's value-to-lien ratio be at least 3:1 for the District as a whole. The County considers the value of undeveloped parcels within the District, the multiplicity of ownership within the District, the financial strength of the landowner(s), and the tax rate projections in determining the size of the bond issue and the need for additional security. If the County determines that the underlying land value for any part of the District is inadequate, it requires additional security in the form of insurance, Letter of Credit backing, or other surety acceptable to the County.

AFDA'S AND FRDA'S

The County requires the applicant to enter into an Acquisition, Funding and Disclosure Agreement or Funding, Reimbursement and Disclosure Agreement, ensuring that there will be full disclosure of this special tax or assessment on individual parcels to those who purchase property within the District from the landowner or builder(s).

CONCURRENCE OF PROPERTY OWNERS

The applicant is required to demonstrate to the County that the property owners included in the proposed District concur in its creation. The County may require the applicant to submit letters evidencing this support. In the case of an application for an assessment district or Mello-Roos District formation sponsored by a public agency, the County may determine that there is an overriding need for the public facilities and waive the requirement that all property owners concur. Public protest procedures and election requirements required by law will still apply.

CONSULTANT SELECTION

The Board of Supervisors will select the primary project consultants. County staff will submit a slate of consultants for a financing to the Board of Supervisors on the basis of the size and complexity of the project, related experience, and the availability of consultant staff resources necessary for the specific type and magnitude of the project. Applicants may be consulted regarding the selection of the consulting team.

The Board of Supervisors may select co-managing Underwriters when necessary to improve the marketing of bonds. The County will consider eligibility for public funding of real estate appraisal costs on a case-by-case basis. The County will require independent review of an appraisal provided by the applicant.

RESPONSIBILITY FOR DISTRICT FORMATION COSTS

The applicant must enter into a Reimbursement Agreement with the County to cover staff and County Consultants' costs to review the application and to evaluate the establishment of a community facilities district or an assessment district. The County may waive deposit requirements for publicly sponsored Districts. The applicant will bear all expenses not reimbursable by the District.

ACQUISITION PROCEDURES

The County and the applicant will mutually agree on the facilities included in the District. The Board of Supervisors must approve an Acquisition, Funding and Disclosure Agreement prior to the issuance of bonds. If the proposed improvements will be owned or maintained by another public agency, the Board of Supervisors must also approve a Joint Community Facilities Agreement with the agency. Joint Community Facilities Agreements must be entered into prior to, or at the time of formation of the District.

CONSTRUCTION OF FINANCED FACILITIES

The applicant will state in his application whether he intends to construct the proposed public improvements and have the County acquire the improvements with bond proceeds or is requesting the County to be the construction agent. CEO and RDMD staff will identify County staffing requirements for construction projects and recommend approval or denial of the proposal to the Board of Supervisors based upon the ability of the County to provide adequate staff resources.

ADEQUACY OF FINANCING PLAN

The County will retain a district engineer and/or a special tax consultant to advise it as to the adequacy of special taxes or assessments to support the proposed debt. Further, the County will evaluate the proposed development utilizing the 3-to-1 property value to debt ratio or other credit enhancements of the proposed development in determining the adequacy of the development's financing plan. The County may select an independent real estate appraiser and economist to

review the assumptions used in the proposed development to determine land values and absorption rates.

EFFECTIVE TAX RATE

The County requires that the aggregate of all property taxes, assessments and other obligations on the property, to the extent they exist or may exist in the future, not be overly burdensome to the property owners and be reasonable for the benefits derived and for comparable development.

REAL ESTATE APPRAISAL

The County prepares or requires the applicant to prepare an appraisal of the project pursuant to the Minimum Appraisal Requirements (see Appendix C) to demonstrate that the lien is adequately secured. The County requires an independent market absorption study to provide assurance that the development will find market acceptance.

CREDIT QUALITY

The County will issue assessment and/or community facility district bonds only if it is assured that the proposed financing is solidly structured, and has strong marketability. The County will sell bonds only if it determines prior to the sale of bonds that the value of the real property, which would be subject to the special tax or assessment lien to pay debt service on the bonds exceeds by at least three times, the principal amount of the bonds to be sold.

The valuation of real property can be based upon either (a) cash value as shown on the latest County Assessor's roll, or (b) independent appraisal of the property (see Appendix C).

The County may waive the above requirements if (a) the Board of Supervisors determines that the bonds do not represent an unusual credit risk due to proper credit enhancement, or (b) if the Board of Supervisors determines by a 4/5's vote that the requirements should be disregarded for specified public policy reasons.

The County may require credit enhancement (such as a Letter of Credit) or insurance from a national municipal bond insurance agency for a District financing.

NOTICE OF SPECIAL TAX

In order to provide notice to purchasers of real property subject to a CFD's Special Tax, the County shall furnish a form of NOTICE OF SPECIAL TAX for use by subdividers and other sellers of real property in providing the legal notice to subsequent purchasers of real property within the boundaries of a CFD.

DEBT FINANCING IN LIEU OF FEES

The County may use assessment and community facility district bond proceeds under some circumstances to finance public facilities that would otherwise be funded from fee program revenues. To qualify for tax-exempt bonds, the financing must meet applicable statutory requirements, including tax code requirements. The applicant must demonstrate that his firm or another entity will construct the facility within three years of bond issuance. The County will allow fee credits to the extent permitted by the applicable adopted fee program. The applicant may only establish fee credits through construction of facilities pursuant to an Acquisition, Funding and Disclosure Agreement, Development Agreement, or a Joint Financing Agreement between the County and the public agency granting the credit. The County may also require a separate Fee Credit Agreement.

APPLICATION PROCEDURES

The County encourages applicants to seek early communication with the County to evaluate the feasibility of available financing alternatives and to discuss district formation procedures and program requirements.

County Executive Office (CEO) and Resources and Development Management Department (RDMD) Staff will evaluate each proposal for assistance based upon information supplied in an application for participation in the program. To proceed with an application, the County will require the applicant to enter into a Reimbursement Agreement with the County to cover staff and County Consultant's costs involved in assisting the applicant prior to the filing of a petition and in preparing and analyzing the program application prior to action by the Board of Supervisors. The Reimbursement Agreement will require an initial deposit as determined by CEO Staff. Each proposal will be forwarded to the Board of Supervisors with a staff report and recommendation to commit or not to commit additional staff and consultant resources to the formation process.

After the District formation is authorized by the Board of Supervisors, any additional County and Consultant costs will be paid by the applicant pursuant to the terms specified in the negotiated Reimbursement Agreement. Any deposit provided for deposit payments due under the Reimbursement Agreement will be payable under the Reimbursement Agreement and will be based on the estimated District formation costs (e.g., consultant costs, advertising and mailing costs, State fees, County staff costs, and other eligible non-contingent costs). The payments will be due within 10 days of the Board's approval of the Reimbursement Agreement.

The County will refund an application deposit for an abandoned or denied district less actual costs incurred by the County prior to the Board of Supervisor's action, as determined by the CEO. If a District is formed and bonds are sold, the full amount of the application deposit may be incorporated in the financing and refunded according to the terms of the Reimbursement Agreement.

The County will select Bond Counsel, Assessment/District Engineer, Financial Advisor, Special Tax Consultant, Investment Bankers, Real Estate Appraisers, and Economists associated with the formation and financing of a District, as necessary. In addition, the County may retain Special Counsel to advise on legal and policy issues. The successful application for financial assistance under the public finance program will involve some, but not necessarily all, of the following steps:

PRE-APPLICATION CONFERENCE: The applicant meets with County staff to discuss the proposed project and required application procedures.

APPLICATION SUBMISSION: The applicant submits an initial application for review by County Staff and, if warranted, enters into a Reimbursement Agreement requiring initial deposit.

PROJECT REVIEW: The applicant and County Staff may meet to discuss the initial application and to determine what further information is required. If necessary, the applicant may be required to submit a revised application.

APPLICATION PROCESSING: County Staff prepares a report including recommendations on District formation and project financing for the Board of Supervisors' consideration.

BOARD ACTION: The Board of Supervisors grants or denies provisional authorization to proceed. If granted, the Board selects consultants and directs staff to proceed with the formation of the District.

CFD IMPROVEMENT AREAS

In some cases, a CFD may provide for specified facilities for only a portion of the land within the district. In that event, the statute calls for the formation of improvement areas. Separate elections are conducted to impose specific special taxes for each improvement area.

SECTION III

APPENDICES

- Appendix A: Assessment District Formation Procedures
- Appendix B: Community Facilities District Formation Procedures
- Appendix C: Minimum Appraisal Requirements
- Appendix D: District Application Form

APPENDIX A

Assessment District Formation Procedures

APPENDIX A

ASSESSMENT DISTRICT FORMATION PROCEDURES

I. Introduction

When a determination is made by the County to provide for construction of specified local improvements with special assessment financing, the legal proceedings will normally be conducted pursuant to the Municipal Improvement Act of 1913. (the "1913 Act") to authorize the public improvement work and to impose the fixed liens on the benefited parcels of land with limited obligation improvement bonds issued pursuant to the Improvement Bond Act of 1915 (the "1915 Act") in the amount of and upon the security of the unpaid 1913 Act assessments. In proceedings involving multiple landowners, the County will normally contract for the construction of the improvements, with a sale of bonds preceding construction. Where a developer is the proponent of the proceedings, the County may permit the developer to contract for work, with bonds issued upon completion to acquire the improvements. Under this latter procedure, the developer will be required to enter into an agreement with the County respecting, among other things, (1) developer deposits with the County to pay preliminary administrative and consultant costs and (2) procedures for bond issuance and acquisition of completed improvements.

II. Procedures for District Formation

A. Initiation of Proceedings.

The proceedings will normally be initiated by one of the following:

1. A property owner petition requesting the proceedings, signed by the owners of at least 60% in area of the property to be assessed, and otherwise meeting the requirements of Sections 2804 – 2804.5 of the Streets and Highways Code; or
2. A written recommendation of the County health officer (respecting sanitary sewer, storm drain, or water facilities) that the subject public improvements are necessary as a health measure.

When proceedings are initiated by property owner petition from a developer, the petition must be accompanied by a written application (and application fee) to demonstrate public purpose. Assuming a sufficient demonstration of public purpose, the agreement referred to above must then be prepared and executed and the necessary developer deposit made before further proceedings are undertaken.

When the foregoing preliminaries are satisfied, the Board of Supervisors approves and directs the recording of a boundary map and adopts its "Resolution of Intention", containing a number of provisions prescribed by the 1913 Act, appointing the person who will function as "engineer of work", and directing the engineer of work to prepare the required Engineer's Report.

The required contents of the Engineer's Report are prescribed by Section 10204 of the 1913 Act to include (1) plans and specifications for the improvements, (2) a cost estimate of improvement costs and related expenses of the legal proceedings and bond financing, (3) the assessment roll or "spread", and (4) the assessment diagram.

Normally, any required environmental review and documentation will proceed concurrently with preparation of the Engineer's Report.

B. File Report, Call for Bids, Schedule Hearings.

Upon completion of the Engineer's Report, it is filed with the Clerk of the Board and the Board adopts a resolution preliminarily approving the report, scheduling each of two required hearings, and directing mailed notice of the hearings to the affected property owners.

C. Receive Construction Bids, Revise Report.

Construction bids are received, opened, declared and referred to staff for review and recommendation respecting award. Assuming the apparent low bid is identified and recommended for award, the Engineer's Report will usually be modified to reflect the selected bid, especially if estimated costs (and, therefore, assessments) can be reduced.

In the developer-initiated proceedings, this step is skipped.

D. Conduct Hearings.

The first hearing is an information hearing for property owners, with a focus on presentation of a summary of the information in the Engineer's Report and an opportunity for property owners to ask questions and otherwise reach an understanding of the proposed program.

The second hearing is for receipt of written protests and public testimony, whether pro or con. Following closure of the hearing, and assuming either no protests received or Board action to overrule protests, the Board fixes the amount of the assessments, and orders the construction of the public improvements.

Normally, award of the construction contract will be deferred until bonds are sold (see below), but circumstances may suggest award at this time.

E. Recording Steps.

The concluding steps of assessment district formation are the recording with the County Recorder of the assessment diagram and the Notice of Assessment, as a result of which the assessments become foreclosable liens on the respective parcels.

III. Procedures for Cash Collection, Bond Sale and Award of Contract

A. Cash Collection

Following the recording steps, a Notice of Assessment is mailed to each property owner, advising of the assessment levy, describing the entitlement to pay all or part of the assessment in cash, at a discount and without interest, and prescribing the deadline (30 days following recording). At the conclusion of the cash payment period, the County Treasurer certifies cash payments received and the amount of assessments remaining unpaid.

B. Authorize Issuance of and Sale of Bonds

Following certification of the unpaid assessments, the Board adopts a resolution (the Bond Resolution) authorizing issuance of limited obligation 1915 Act bonds in that amount. If bonds are to be sold by competitive sale, the Board approves a Preliminary Official Statement (POS) and a Notice of Sale (Notice) soliciting bids for the entire bond issue. Publication of the Notice and mailed distribution to bond underwriters of the POS and Notice is coordinated by the financial advisor.

If bonds are to be sold by negotiated sale, a purchase agreement is negotiated with the bond underwriter.

Following receipt of bond bids (competitive sale) or concurrence on the terms of the purchase agreement (negotiated sale), the Board takes appropriate action to award sale of bonds, and the bond delivery date is scheduled.

C. Award of Construction Contract

Once bonds are sold and delivery scheduled (thereby assuring the project funding), the Board will award the construction contract. Bond sale proceeds are combined with any property owner cash payments and are deposited to funds or accounts prescribed by the Bond Resolution and utilized for the purposes authorized by the Engineer's Report.

APPENDIX B

Community Facilities District Formation Procedures

APPENDIX B

MELLO-ROOS COMMUNITY FACILITIES DISTRICT FORMATION PROCEDURES

A Community Facilities District (CFD) is a special financing entity through which a local government can levy special taxes and issue bonds authorized by a two-thirds vote of the District's qualified electors. A CFD is similar to an assessment district in that each can be used to finance public infrastructure. The main differences between an assessment district and a CFD are the types of facilities that can be financed and the security for the debt. A CFD may finance a broad range of facilities, including facilities which benefit an area in a general way as opposed to benefiting specific properties as required in an assessment district. The security for debt in an assessment district is a fixed lien while in a CFD it is a special tax lien.

The following steps are involved in a CFD formation:

INITIATION OF PROCEEDINGS:

Two members of the Board of Supervisors may initiate district formation proceedings by written request. Alternatively, a petition signed by 10% of the registered voters (or 10% of the landowners by area if less than twelve registered voters) within the proposed CFD may initiate proceedings.

When proceedings are initiated by property owner petition from a developer, the petition must be accompanied by a written application (and application fee) to demonstrate public purpose. Assuming a sufficient demonstration of public purpose, the developer will be required to enter into agreements with the County respecting, among other things, (1) developer deposits with the County to pay preliminary administrative and consultant costs and (2) procedures for bond issuance and acquisition of completed improvements.

RESOLUTION OF INTENTION:

Within 90 days of receipt of a written request or petition, the Board of Supervisors must adopt a Resolution of Intention to establish a CFD. The Resolution of Intention must state the boundaries and name of the proposed CFD, the public facilities and services to be financed, and that except where funds are otherwise available, a special tax to pay for the facilities and services will be annually levied. The Resolution of Intention fixes a time and place for a public hearing between 30 and 60 days after the adoption of the Resolution of Intention and describes the method of levy and apportionment of the special tax and the proposed voting procedure. In addition, the resolution may specify conditions under which the obligation to pay the special tax may be prepaid and permanently satisfied. The Board of Supervisors directs County staff or the County's District Engineer to study the proposed CFD and to file a report at or before the public hearing describing the proposed public facilities and services and an estimate of costs.

PUBLIC HEARING:

The County must publish notice of the public hearing in a newspaper of general circulation and may mail notices to each registered voter and to each landowner within the proposed CFD. At or prior to the hearing, the interested persons or taxpayers may protest orally or in writing against the formation of the CFD, the extent of the boundaries of the CFD or the furnishing of specified types of public facilities or services by the CFD.

If 50% or more of the registered voters, or six registered voters, whichever is more, residing within the proposed CFD, or the owners of one-half or more of the area of the land in the proposed CFD which is not exempt from the special tax, file written protests against the establishment of the District, and protests are not withdrawn so as to reduce the value of the protests to less than a

majority, then no further proceedings to create the District may be taken for a period of one year. The hearing may be continued for up to 30 days without special findings and up to six months if the Board of Supervisors makes specified findings.

RESOLUTION OF FORMATION:

If the Board of Supervisors decides to establish the CFD, it adopts a Resolution of Formation containing information similar to that in the Resolution of Intention.

ELECTION:

If the Board of Supervisors forms the CFD, it may submit the question of whether special taxes should be levied within the CFD to an election of the qualified voters. Combined with the special tax proposition there may be a proposition on the question of incurring bonded indebtedness. Two-thirds of the voters casting ballots at the election must approve the special tax. If approved by the voters, the special tax is levied annually by action of the Board of Supervisors. The special tax election is held at the next general election or at a special election between 90 and 180 days following the adoption of the Resolution of Formation. The election time limits may be shortened by the unanimous consent of the qualified electors within the CFD and the concurrence of the election official conducting the election. The County conducts most CFD elections by mailed ballot as provided by statute. With certain exceptions, the elections are generally regulated by the same laws that govern County elections.

IMPROVEMENT BONDS:

The County may form a CFD solely to provide the facilities and services permitted by statute. The proceedings to authorize and incur bonded indebtedness usually parallel the proceedings for formation of the CFD and the authorization to levy the special tax. The County may, however, conduct bond proceedings separately and at a later date. The proceedings to authorize bonded indebtedness involve a Resolution of Intention, a public hearing, and an election all conducted in a manner similar to the proceedings to form the CFD and levy the special tax. CFD bonds may be sold competitively or through negotiated sale and may bear fixed or variable interest rates. Most CFD bonds are unrated.

CFD IMPROVEMENT AREAS:

In some cases, a CFD may provide for specified facilities for only a portion of the land within the District. In that event, the statute calls for the formation of improvement areas. Separate elections are conducted to impose specific special taxes for each improvement area.

APPENDIX C

Minimum Appraisal Requirements

APPENDIX C

MINIMUM APPRAISAL REQUIREMENTS

(Community Facilities District and Assessment District Assignments)

GENERAL

The appraiser undertaking the assignment shall be a MAI, Member of the Appraisal Institute, or an appraiser with similar training, experience and qualifications. He/she shall be an independent appraiser contractor and represent himself/herself to be well qualified to perform the appraisal services required. Appraiser shall certify that he/she is thoroughly familiar with the recognized and acceptable appraisal methods, techniques and standards of Professional Practice and Code of Ethics as set forth by the Appraisal Institute and Uniform Standards of Professional Appraisal Practice of The Appraisal Foundation. The appraiser shall hold a current credential of "Certified-General" issued by the State of California, Office of Real Estate Appraisers.

In the preparation of this report the appraiser shall follow professional appraisal practices utilizing such methods and approaches to value as are appropriate for the specific property being appraised. Should certain approaches to value, or requirements covered in these specifications, not be applicable to the assignment at hand, the appraiser can fulfill the obligation herein by identifying that approach or requirement together with a brief explanation of its omission (i.e., an appraisal involving land only).

Generalizations and unsupported assumptions by the appraiser relating to the existence of infrastructure, utilities, improvements, grading, access, soil conditions, topography, etc., and/or an estimated Highest and Best Use which differs from the present or permitted use and zoning are unsatisfactory in reports to be submitted relating to the formation of a Community Facilities District or Assessment District. These items must be confirmed or justified by patterns of growth and demand trends, as indicated in the area, city and neighborhood analyses. As a minimum, the format of the appraisal report must comply with the appraisal requirements set forth in the following pages.

Appraiser should use precise definitions of terms, as some readers of appraisals are from outside the real estate profession. Examples of definitions include bulk acreage sales, bulk discounts, aggregate retail value, quick sale valuation, etc.

VALUE OPINION SOUGHT

In appraisals completed in the conventional manner wherein the fair market value is sought and the review appraiser concurs that the value estimate is reasonable, the review letter will state that review appraiser's concurrence as to the reasonableness of the value conclusion implies that were he/she to prepare a complete independent appraisal (given the same assumptions, conditions data), his/her value conclusion would likely fall within 10% of the value set forth in the report.

The appraisals completed, wherein assessed values or mass appraisal techniques are utilized, should reflect a "not less than" or "minimum" market value. Review appraiser will no longer state concurrence within a 10% range of value. Review appraiser's concurrence will indicate that if he/she were to perform said appraisal (given the same assumptions, limiting conditions and data), his/her value opinions would exceed those of the "not less than" or "minimum" market value appraisals.

FORMAT

The report shall be bound on the left margin, in book fashion, with an 8 ½ x 11" durable cover. The property is to be identified on the cover along with the community facilities district number. The paper shall be a good grade bond and all pages shall be numbered consecutively, including all exhibits. Each important heading shall be shown in the Table of Contents with reference to page number. Tabbed dividers are to be used to separate major sections of the report.

Because of the increasing number of parcels which have been developed within the participating CFDs or assessment districts, it has become necessary to draft revised appraisal guidelines. A thorough understanding of these guidelines and how they pertain to the appraisal of the real property within the various CFDs or assessment districts, must be clearly understood by each appraiser retained in these assignments.

CONTENTS OF APPRAISAL

1. Title Page
2. Table of Contents
3. Letter of Transmittal
4. Color Photographs (aerial, if available)
5. Statement of Limiting Conditions and Assumptions
6. Certification of Appraiser and permission to reproduce and use report as required for bond issuance
7. Purpose of Appraisal - This shall include the reason for the appraisal, a definition of all values required, and property rights appraised.
8. Primary Assumption - The appraiser will process the valuation of the subject properties assuming Foothill Circulation Phasing Plan improvements are completed for current or prior phases only.
9. Legal Description - This description shall be complete so as to properly identify the property appraised.
10. Area, City and Neighborhood Data - These data shall include such information as directly affects the appraised property together with the appraiser's conclusions as to significant trends.
11. Property Data - This shall include a detailed physical description of the property, its size, shape, soil conditions, topography, improvements, and other physical characteristics which affect the property being appraised. The availability, capacity of, and proximity to, utilities and other infrastructure must also be discussed.

The condition of title of the property appraised shall be discussed in the appraisal report based upon examination of a title report to be furnished by the property owner, a copy of which shall be included in the report addenda. In those instances where numerous homes, units, lots, etc., are being appraised (within a single tract or planned unit development) a title report of a sample property should be reviewed as opposed to a title report for each parcel. The appraiser shall analyze and discuss those title issues which are concluded to impact the value of the property being appraised (e.g., property within flood zone or 65 CNEL line from arterials or aircraft).

a. Improvement Description

- (1) Land parcels which have been developed with residences and subsequently sold should, at a minimum, indicate land parcel size, number of lots, density, number of plans, square footages, room counts, year construction was initiated, year of

completion, and when sales were initiated.

- (2) Land parcels with residential product under construction or with standing inventory should be described as in (1) above and include a summary of the stage of development re: number of units completed, number of models, status of units under construction, finished lots and mass-graded or raw lots. In addition, a comment on the marketability of the units (architecture, size, etc.) is appropriate.
- (3) Land parcels which have been developed with income-producing (or owner-occupied) commercial, industrial, apartments, offices, etc., should be described as follows:
 - (a) Commercial-Retail – Land parcel size; basic construction type; typical tenant improvements (and who is responsible for their construction); leasable area, when construction was initiated; and date of completion.
 - (b) Industrial – Land parcel size; basic construction type, whether single or multi-tenant improvements (and who is responsible for their construction); leasable area, when construction was initiated; and date of completion.
 - (c) Apartments – Land parcel size; basic construction type; number of stories, number of units; unit mix; size; total rentable area, when construction was initiated; and date of completion.
 - (d) Office – Land parcel size; basic construction type; typical tenant improvements/allowance; net rentable area, when construction was initiated; and date of completion.
12. Zoning – Describe the zoning for the subject and comparable properties and if re-zoning is imminent, discuss further under Item 13 below.
13. Analysis of Highest and Best Use - The report shall state and support the highest and best use to which a property can be put and recognize that land is appraised as though vacant and available for development to its highest and best use, and the improvements are based on their actual contribution to the site. If the highest and best use is based on a "Land Use" study provided by the developer, the appraiser's investigation and study supporting the conclusion that said land use is reasonable must be included in the report.
14. Proposed Construction – The report shall describe the construction in the manner proposed by the developer, based on the appraiser's study of construction drawings and/or interviews with engineers and architects responsible for project design which support such construction.
15. Sales Comparison Approach to Value
 - a. Land – Direct comparison – The appraiser's opinion of the value of the land shall be supported by confirmed sale prices of comparable, or nearly comparable, lands having like optimum uses. The report shall support all adjustments including other-than-market financing, and the report shall set forth the analysis that resulted in the value of the land being appraised. Detailed data sheets shall be included either in the body or the addendum of the report. Any discounts for deferral period to timely development should be incorporated into master discounted cash flows, taking into consideration absorption of all like land in the community facilities district or assessment district.

Product that is under construction may be appraised by the Cost Approach and/or on percent-of-completion basis by direct comparison. When available, the direct comparison valuation is preferred; costs to complete construction or additives to land value for work initiated (slabs poured, framing, etc.) must disclose source of costs.
 - b. Subdivision or Developmental Approach - All variables contained within this approach shall be appropriately supported.

- (1) Subdivision layouts or the anticipated size of merchant builder land sales shall

conform to reasonable anticipated configurations and site yields considering the characteristics of the property appraised.

(2) Costs of Development – Land: Direct Costs

- a) All land improvement costs shall either be estimated by developer's independent civil engineer or if based upon "in-house" estimates, these costs shall be presented in the report in sufficient detail so that they may be reviewed by a qualified civil engineer.

Estimates made by appraiser or "rules of thumb" are not acceptable.

- b) Indirects – Appraiser shall include reasonable estimates for indirect costs such as: marketing, overhead, taxes including Mello-Roos/CFD or assessment district amortization, financing, architect and engineering and entrepreneurial profit (financing and entrepreneurial profit may be built into the discount rate or shown as line items).

(3) Costs of Improvement – Structures – Appraisers shall check for reasonableness of the developer's costs of constructing structures for work in progress/percentage of completion projects and cite sources of cost data.

(4) Absorption – Appraiser should contact County-employed consultant to receive copies of pertinent market absorption estimates. Appraiser should utilize the consultant's absorption schedule in his/her appraisal. If the consultant's absorption schedule conflicts with other absorption estimates available in the market, or prepared specifically for FCPP developers, the appraiser may use an alternate absorption schedule and should so note and provide adequate written rationale and support for the absorption estimate included in his/her appraisals.

(5) Discount Rates – Appraisals should have an adequate discussion and support/reasoning for discount rate derivation.

(6) When the Subdivision Approach is to be used: Any product (merchant builder sites, residential units or an unleased income property) which will have unsold/unleased inventory for one year or longer is subject to a discount. This may be accomplished best by preparation of a discounted cash flow study. If market data of partially completed product is available, this approach to value is also appropriate. If both direct comparison valuation and discounted cash flow are provided, the two appraisal amounts should be reconciled.

(c) Improved Properties – Sales Comparison Approach to Value – Attached and Detached Residential – When valuing residential complexes with completed and sold units, standing inventory or newly completed units, the appraiser must identify the source of the data (in-tract or outside projects) base selling prices of units, premiums, concessions/incentives, unit sizes cost to complete (carpets, appliances, etc.), and support adjustments to the data.

Income Properties – Identify sources of data, sale price, terms, etc.; comparability to subject property; and support adjustments to the data.

16. Value Estimate: Cost Approach, if Applicable – This section shall be in the form of computative data, arranged in a sequence beginning with reproduction or replacement cost, and shall state the name of the source of all cost estimates (i.e., engineering firm, contractor, cost estimating service, etc.).

The dollar amounts of physical depreciation and functional and economic obsolescence, or

the omission of same, shall be explained in narrative form.

This procedure may be omitted on improvements for which only a salvage or scrap is estimated.

17. Income Approach to Value – This approach should include a discussion on the leasing rental status of subject property (i.e., percent occupied, rental rates, concessions, terms, rental adjustments, etc.).
 - a. Appraiser shall estimate market rental using rental comparisons and include a discussion of market to actual rentals in existence. A summary of the rental data is to be included in the report.
 - b. Allowance for Vacancy and Collection Cost – This should be market related and not an industry “rule of thumb”. If project is partially occupied, the appraisal should indicate the time period to reach stabilized occupancy, and the value should reflect the rental loss until such stabilized conditions are achieved.
 - c. Estimated Operating Expenses – appraisals should consist of an itemized estimate of annual operating expenses, including reserves for replacements. The support for these estimates should be cited.
 - d. Capitalization Rate – The capitalization of net income shall be at the rate prevailing for this property type and location. The capitalization technique, method and rate used shall be explained with sources and reasoning for rate selection.
18. Mass Appraisal Techniques – It may be appropriate for projects that have built-out and occupied product to use mass appraisal techniques.
 - a. Built and Occupied Residential – When an entire tract or project has been built and fully absorbed, appraisers may use an aggregate value estimate utilizing conservative per dwelling estimates. These estimates may be the actual base selling prices of each plan, provided resales in the tract do not indicate a downward price trend. If price reductions have occurred, these indications must be considered.
 - b. Built and Occupied Non-CFD Product – When conforming groups of these property types within the same CFD or assessment district are built and have achieved a stabilized occupancy, appraiser may utilize a modified Cost Approach to value wherein the land value is estimated by the Sales Comparison Approach and the Orange County Assessor’s full assessed values may be used to estimate contribution of the improvements to total value.

This will be acceptable only if a representative property or properties within this group are appraised by other conventional means. The test property or properties will be used to verify the reasonableness of the “minimum” or “not let less than” values utilizing summation of land value estimates and assessed values of improvements. If the test property appraised indicates inconclusive reasonableness compared with the summation land values and improvement assessed values, the properties within this conforming group would have to be appraised by more conventional methods.
19. Interpretation and Correlation of Estimates – The appraiser shall interpret the foregoing estimates and shall state his/her reasons why one or more of the conclusions reached in Items 15 through 18 are indicative of the market value of the property.
20. Value Allocations – Appraiser should report values by ownerships or assessor parcel numbers. In CFDs or assessment districts where production units have been built and sold/occupied,

these separate ownerships may be grouped together by logical categories (e.g., by tract, etc).

These value allocations are necessary for preparation of the Official Statement (O.S.) for bond sale offerings.

21. Qualifications of All Appraisers and Technicians Contributing to the Report – Any appraiser signing as responsible appraiser for reports submitted shall hold the MAI designation and be a member in good standing of the Appraisal Institute, or be an appraiser with similar training, experience and qualifications.
22. Number of Copies – Eight (8) copies are required of all appraisal reports submitted to COUNTY relative to the FCPP.
23. Exhibits – The appraisal report must contain sufficient exhibits to assist the reader in understanding the appraisal problem, including but not limited to the following:
 - a. Location Map
 - b. Comparable Sales Map
 - c. Detail of Comparative Data (Market Data Sheets)
 - d. Matrix of the Comparative Data (Spread Sheet)
 - e. Construction Drawings or Portions Thereof (if available)
 - f. Plot Plans
 - g. Floor Plans (If needed to explain the value estimate)
 - h. Photographs
 - i. Title Report
 - j. Subdivision Layout Plans and Engineering Estimates
 - k. Subject Property Land Use Map
 - l. Other Pertinent Items

APPENDIX D

District Application Form

APPENDIX D

ORANGE COUNTY PUBLIC FINANCE PROGRAM
DISTRICT APPLICATION

APPLICANT INFORMATION

Applicant Name:	_____	Landowner Name	_____
Relationship to Landowner	_____	Mailing Address	_____ _____
Mailing Address	_____ _____ _____	Contact	_____
Contact	_____	Title	_____
Title	_____	Contact	_____
Phone	_____	<u>Preferred Proceedings</u> (check)	
		Improvement Act of 1911	_____
<u>Developer Name</u>	_____	Improvement Act of 1913/15	_____
Mailing Address	_____	Mello-Roos Community Facilities	_____
Contact	_____	Undecided	_____
Title	_____	Explanation	_____
Phone	_____	Construction or Acquisition	
		district (see policies)	_____
Developer Name	_____	<u>Name of Project:</u> Provide map identifying project	
Mailing Address	_____ _____	or ordinance number	

<u>Name of Civil Engineer for Project to date:</u>		Project land use summary	
		(i.e. number of units/acres by land use category)	
Name	_____		_____
Contact	_____		_____
Title	_____		_____
Phone	_____ _____		_____ _____

PLEASE ATTACH ADDITIONAL PAGES AS NEEDED:

I. ADDITIONAL PROJECT INFORMATION

- A. County planning approvals (subdivision approvals received to date including processing numbers, date of approval, and current processing status).

- B. Previous names under which this project has been known or processed by the County (list of names and dates).

- C. Improvements or facilities proposed for Assessment District or Community Facilities District financing. (Provide a cost breakdown, map and construction timetable for each facility or improvement proposed. Also indicate if the improvements are the subject of Tract Map, Development Agreement, or other requirements. Provide details on all such agreements).

- D. Other public infrastructure needs including, but not limited to waste/water, flood control, school facilities, onsite or offsite highways or intersections, or public facilities requirements. Provide estimated costs and methods of funding for each. If facilities exist or service agency does not require funding participation, please indicate.

- E. All existing and proposed taxes, assessments, liens or other secured interests on the property within the proposed district. (Provide a copy of recent property tax bill).

- F. Estimated property value-to-lien ratio including the lien for the public improvements to be financed (value to be documented by letter from MAI appraiser or other qualified party).

- G. Other experience developer/landowner has had with assessment and/or community facilities district financings within the last five years.

- H. Other land development ventures by landowner and/or developer in Orange County and in California within the last five years (include location, land use summary, period of construction, etc.).

II. OTHER DISTRICT FORMATION/FINANCING INFORMATION

- A. Project's public purpose for an Assessment and/or Community Facilities District financing.

- B. Public entities anticipated to own, operate and maintain facilities or improvements proposed.

- C. Surrounding property owners which may be affected by or included in the proposed District financing. (Attach a map identifying their property locations, affected facilities, and evidence indicating support for the proposed District financing).

III. MISCELLANEOUS

- A. Indicate whether an application for an Assessment and/or Community Facilities District financing has ever been previously denied by the Board of Supervisors for this property. If so, explain the circumstances and reasons.

- B. Indicate whether the landowner/developer and/or joint venture participant has ever been party to an abandoned, defaulted and/or court challenged Assessment or Community Facilities District financing. Also indicate whether the landowner/developer and/or joint venture have ever been delinquent in the payment of special taxes or assessments or is currently in default on any development related private financing. If so, state when, where, issue size, circumstances and reasons.

- C. Do you foresee any unusual requirements, problems, unique opportunities, etc., that may exist in the requested financing of the project?

- D. Provide recent financial statements of landowner, developer, joint venture, etc., or provide lead/banker/lender references or other information on past financial performance.

- E. Indicate any fee obligations to be paid from District financing.

- F. Indicate any final map improvement agreements entered into, the date of agreements, and improvements to be provided.

- G. Indicate any other public improvement agreements or Development Agreements entered into with the County or other public agency, and facilities, improvements, or fee obligations included. Do these agreements contemplate public debt financing for construction of facilities, fee payment or refunding of fee paid?
