

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

GOVERNING BOARD AGENDA ITEM

Prepared by: Business Services and Support

ITEM TITLE:

Approve Report on Annual Community Facilities Districts Activity for Fiscal Year 2015-16

 X Action

 Information

BACKGROUND INFORMATION:

In September 2000, the Governor signed legislation known as Senate Bill 165, Chapter 535, Statute 2000. Chapter 535 adds Sections 50075.3 and 53411 to the Government Code and requires the filing of an annual report on all voter-approved special taxes and bonded indebtedness. Government Code Section 53343.1 also sets forth the required contents of the report that must be made available to any requesting individual who resides or owns property within a Community Facilities District. Annual reports must be filed with the Board of Education no later than October 31 of each year.

ADDITIONAL DATA:

The District's report for the year ending June 30, 2016, is attached. Detailed information is available for review in the Office of the Assistant Superintendent for Business Services and Support.

FISCAL IMPACT/FUNDING SOURCE:

None.

STAFF RECOMMENDATION:

Recommend approval.



Chula Vista Elementary School District

Community Facilities Districts Nos. 1-6, 10-15, and 17-18

Annual Report Fiscal Year 2015-16

**Presented to the Board of Education
October 5, 2016**

By Business Services and Support
Oscar Esquivel, Assistant Superintendent for Business Services and Support
Theresa Villanueva, Director of Fiscal Services and Support
Bernadette Faustino, Accounting Manager

On September 18, 2000, the Governor signed legislation known as Senate Bill 165, Chapter 535, Statute 2000. Chapter 535 adds Sections 50075.3 and 53411 to the Government Code. In effect, these two code sections require the filing of certain information and an annual report on all voter-approved special taxes and bonded indebtedness. Section 53343.1 of the Government Code also sets forth the required contents of an annual report that must be made available to any requesting individual who resides or owns property within a Community Facilities District (CFD). The reports are to be filed with the Board of Education no later than October 31 of each year.

General Description

Since 1986, the Chula Vista Elementary School District (CVESD) has formed 14 Mello-Roos CFDs to finance certain school construction within CVESD. The following is a brief description identifying the location of each CFD.

Community Facilities District No. 1

This CFD is located in the eastern portion of the City of Chula Vista (the "City"), east of Interstate 805, south of Bonita, and west of the Otay Lakes Reservoir (with part of the boundary outside City limits). CFD No. 1 is governed by the Board of Education. It consists of 3,230 acres, and its boundaries are those of the EastLake Master-Planned Community. It will contain approximately 9,500 dwelling units at build out.

Community Facilities District No. 2

This CFD is located in the southeastern portion of the City, east of Interstate 805, roughly between Otay Lakes Road and Corral Canyon Road. CFD No. 2 is governed by the Board of Education. It consists of 365.5 acres, and its boundaries are those of Units Nos. 4 through 7 of a larger area known as the Bonita Long Canyon Development. This CFD is fully developed and consists of approximately 423 dwelling units.

Community Facilities District No. 3

This CFD is located in the eastern portion of the City, east of Interstate 805, roughly between Otay Lakes Road and Telegraph Canyon Road. CFD No. 3 is governed by the Board of Education. It consists of 1,600 acres, and its boundaries are those of the Rancho del Rey Development. It will contain approximately 3,915 dwelling units at build out.

Community Facilities District No. 4

This CFD is located in the southeastern portion of the City, east of Interstate 805, and south of Telegraph Canyon Road. CFD No. 4 is governed by the Board of Education. It consists of 704 acres, and its boundaries are those of the Sunbow (Rancho del Sur) Development. This CFD is fully developed and consists of approximately 2,332 dwelling units.

Community Facilities District No. 5

CFD No. 5 was an annexable CFD with annexation boundaries coterminous with the boundaries of CVESD. This CFD was used to annex small developments and did not provide for the levy of special taxes on undeveloped property. The original formation included a 76-unit condo project. In addition, 10 projects were added to this CFD representing approximately 787 dwelling units at build out.

Community Facilities District No. 6

This CFD is located south of Telegraph Canyon Road. It is represented by property initially owned by Baldwin Communities and is bisected by property

being developed by McMillin Communities, which is within CFD No. 11. Specifically, this CFD consists of approximately 940 gross acres within the City and is bounded by Telegraph Canyon/Otay Lakes Road on the north, Olympic Parkway to the south, Paseo Ranchero to the west, and CFD No. 1 to the east. This CFD is fully developed and consists of approximately 4,116 dwelling units.

Community Facilities District No. 10

CFD No. 10 is an annexable CFD with annexation boundaries coterminous with the boundaries of CVESD. This CFD is used to annex small developments and does not provide for the levy of special taxes on undeveloped property. It was initially formed to accommodate the Bella Nevona development, a 28 single-family detached project built by Western Pacific Housing. Since its formation, an additional nine projects have been added to this CFD representing approximately 2,055 dwelling units at build out. Of this number, approximately 1,864 have been completed or are currently under construction.

Community Facilities District No. 11

This CFD is located south of Telegraph Canyon Road/Otay Lakes Road and is represented by property located in the development known as Lomas Verdes. The project is being developed by McMillin Communities. Specifically, this CFD consists of approximately 700 gross acres within the City and is bounded by Telegraph Canyon Road/Otay Lakes Road on the north, Olympic Parkway to the south, and CFD No. 6 to the east and west. It will contain approximately 2,981 units at build out.

Community Facilities District No. 12

This CFD is located in Otay Ranch and is located more specifically in the area known as Village One West. It is bounded by Telegraph Canyon Road to the north, Olympic Parkway to the south, Paseo Ranchero to the east, and the easternmost portion of CFD No. 4 to the west. This CFD is fully developed and consists of approximately 909 single-family detached homes.

Community Facilities District No. 13

This CFD is located to the northeast of EastLake Hills and EastLake Shores and east of CFD No. 2. It is represented by property located in the development known as San Miguel Ranch. The project is being developed by Trimark Homes. Specifically, this CFD consists of 357 gross acres and will contain approximately 1,315 dwelling units. The project is bisected by a right-of-way for State Route 125.

Community Facilities District No. 14

This CFD is located just south of EastLake Greens and primarily will consist of future residential neighborhoods located to the northwest of the southern extension of Hunte Parkway. This area is largely identified as Village 11 within

the Otay Ranch Specific Plan and is being developed through a joint venture of Brookfield Homes and Shea Homes. This CFD consists of approximately 662 gross acres and will contain approximately 2,245 dwelling units at build out.

Community Facilities District No. 15

This CFD is located just south of Olympic Parkway and Otay Ranch Village One and west of the southern portion of CFD No. 11. This area is largely identified as Village 6 within the Otay Ranch Specific Plan and is being developed by The Otay Ranch Company. This CFD consists of approximately 184 gross acres and will contain approximately 1,537 dwelling units at build out.

Community Facilities District No. 17

This CFD is located just south of Olympic Parkway and the southern portion of CFD No. 11 and is bisected by La Media Road. The Otay Ranch Company formed CFD No. 17 to mitigate the impact on school facilities of its development in Otay Ranch Villages 2 and 7. It currently consists of 1,528 dwelling units but is expected to contain approximately 4,000 dwelling units at build out.

Community Facilities District No. 18

This CFD is located in eastern Chula Vista south of Birch Road and is bounded by Eastlake Parkway and State Route 125 to the east and west, respectively. CFD No. 18 is being developed by McMillin Communities and once completed, will contain a mix of retail and commercial development and approximately 3,000 attached dwelling units.

Purpose of the Bonds and Authorized Facilities Funding

In total, CVESD has issued approximately \$193 million in CFD Certificates of Participation (COPs) and bonds since 1988 to finance various authorized facilities. Generally, the facilities authorized to be acquired or constructed with the bond proceeds include the acquisitions of elementary school sites and the design, construction, lease, equipping, and/or improvements thereon of elementary school facilities. The following table identifies the section in each respective resolution of formation that describes the authorized facilities for each CFD.

Authorized Facilities Reference

CFD	Resolution Establishing CFD	Date of Establishment	Section Authorizing Facilities
1	86-87.07	July 8, 1986	Section 4
2	87-88.56	January 5, 1988	Section 4
3	88-89.54	October 18, 1988	Section 4
4	88-89.59	October 18, 1988	Section 4
5	88-89.72	November 15, 1988	Section 4
6	98-99.29	August 21, 1998	Section 6
10	98-99.70	October 7, 1998	Section 6
11	98-99.73	October 7, 1998	Section 6
12	2000-01.60	November 17, 2000	Section 6
13	2001-02.07	July 17, 2001	Section 6
14	2002-03.66	January 14, 2003	Section 6
15	2002-03.68	January 14, 2003	Section 6
17	2005-06.46	October 18, 2005	Section 6
18	2012-13.93A	April 17, 2013	Section 6

CVESD Bonds and Authorized Funding

The following chart summarizes debt issues currently outstanding for which the repayment is derived from special taxes levied within the District's CFDs.

Year of Issuance	Amount	Purpose	School Site(s)
2001	\$5 million refunding COPs (Series A)*	Refund outstanding 1991 CFD bonds	The 1991 COPs were issued to help finance construction costs of Eastlake Elementary and Clear View Elementary.
2002	\$5.9 million refunding COPs*	Refund outstanding 1992 COPs	The 1992 refunding COPs were issued to help finance construction cost of Discovery Charter.
2010	\$11.2 million refunding COPs*	Refund outstanding 2000 COPs	The 2000 COPs were issued to help finance construction of Corky McMillin Elementary.
2011	\$25 million COPs	Finance new school construction.	Enrique S. Camarena Elementary.
2013	\$41.6 million refunding COPs*	Refund outstanding 2001, 2002, 2003 Series A, and 2003 Series B COPs.	The refunded COPs were issued to help finance the construction of McMillin Elementary, Hedenkamp Elementary, Salt Creek Elementary and the completion of expansion efforts at several schools serving various CFD developments.
2014	\$42.4 million refunding COPs*	Refund outstanding 2004 and 2006 COPs	The 2004 and 2006 COPs were issued to help finance Veterans Elementary and Wolf Canyon Elementary.
2016	\$36.8 million COPs	Finance new school construction	Saburo Muraoka Elementary
2016	\$6.6 million refunding COPs*	Refund outstanding 1997 and 1999 special tax bonds	The 1997 and 1999 special tax bonds we issued to help finance the construction cost of Joseph Casillas Elementary and Arroyo Vista Charter Elementary.

*Refunded bonds to reduce interest rate payments.

Thus, for the 2016-17 tax year, debt service payments to be paid with special tax funds are the amounts due for the outstanding six refunding COPs in 2001, 2002, 2010, 2013, 2014 and 2016; and the “new money” COPs issued in 2011 and 2016.

Application of Proceeds 2016 COPs and 2016 Refunding COPs

In January 2016, COPs were issued in the approximate aggregate amount of \$36,785,000 which yielded net proceeds available to finance the construction of

Saburo Muraoka Elementary School.

In March 2016, refunding COPs were issued in the amount of \$6,600,000, to defease the 1997 and 1999 Special Tax Bonds.

The Bank of New York Mellon Trust Company, N.A., is the trustee on behalf of CVESD and received and deposited proceeds from both COPs.

Account Activity

During fiscal year 2015-16, funds collected and expended were as follows.

<u>All Funds</u>	Beginning Balance July 1, 2015	\$ 34,498,123
	Income	62,452,624
	Expenditures	<u><35,386,442></u>
	Ending Balance June 30, 2016	\$ 62,564,305

Status of Projects Improvement

During fiscal year 2015-16 \$35,386,442 was expended from the CVESD school account of which \$11,973,211 was used to pay the scheduled debt service on the outstanding COPs and CFD bonds and \$9,565,035 was used to redeem bonds in advance of their scheduled maturity as a result of refinancing. In addition, \$12,480,143 was used for the land acquisition and construction expenditures for Saburo Muraoka while \$165,991 was used for phone system upgrades at Joseph Casillas Elementary, Heritage Elementary, Marshall Elementary and McMillin. Also, \$144,522 was used to pay for the cost of collecting taxes and other administrative costs.

Summary of Annual Revenues and Expenditures

On September 26, 2002, the Governor signed legislation known as Assembly Bill 2851, Chapter 960, an act to add Sections 53343.1 and 53344.4 to the Government Code relating to CFDs. This legislation requires that for CFDs formed after January 1, 1992, (a) an annual report be prepared identifying the amount of special taxes collected along with associated interest earnings and how such revenues are expended, and (b) a certification and explanation by the district of how the moneys described in subdivisions (d), (e), (f), and (g) comply with Section 53343 and that this annual report be made available to the public within 120 days of the end of the fiscal year. In order to comply with the requirements of AB 2851, incorporated in this annual report is a summary of annual revenues and expenditures (Attachment A) and a certification of compliance (Attachment B). An annual report for each of the CFDs in CVESD is on file in the Office of the Assistant Superintendent for Business Services and Support.

ATTACHMENT B

**Chula Vista Elementary School District
Community Facilities Districts
Nos. 1-6, 10-15, and 17-18
Annual Report
Fiscal Year 2014-15**

This report has been prepared solely for the purpose of complying with the requirements pursuant to Government Code Section 53343.1(h), the special taxes collected, and expenditures reported.

A qualified representative of the Chula Vista Elementary School District has reviewed the contents of the report and certifies that to the best of his/her knowledge, the information contained herein is factually correct.

Oscar Esquivel
Assistant Superintendent for
Business Services and Support