



**Board Administrative Committee
May 2, 2019**

SUBJECT:

Fourth Quarter Report on Activities Related to Program Management of Community Facilities Districts and Assessment Districts

BACKGROUND:

In the first quarter of Calendar Year 2019, Eastern Municipal Water District (EMWD) was responsible for Program Administration of seven Assessment Districts (ADs), and 57 Community Facilities Districts (CFDs), which include 102 separate financing areas; i.e., Improvement Areas (IAs) or Tax Zones, as detailed in the Quarterly CFD Program Management Report (Exhibit A) and Quarterly Status Report (Exhibit C).

CFD Formation:

The formation of CFD No. 2018-82 (Aspen Pointe) is in progress. The CFD name has been changed from The Woods to Aspen Pointe. The Resolution of Intention was approved at the March 20, 2019 Board Meeting, and the Public Hearing is scheduled for May 1, 2019. The EMWD Program management team continues to evaluate the applications to form CFD No. 2017-79 (French Valley South), CFD No. 2018-81 (Cimarron Ridge), and CFD No. 2019-83 (Winchester Ridge). The team is waiting on additional information regarding these projects from the developers before the Resolutions of Intention are scheduled. We have also received an application to form CFD No. 2019-85 from Developer Winchester Meadows, LLC. This application is currently under evaluation. This project will include 228 units and is located in unincorporated Riverside County, north of Domenigoni Parkway, west of Leon Road, and south of Olive Avenue. Pending and upcoming CFD activity is listed in the Action Item Summary (Exhibit B). The location of each current, new and proposed CFD formation and bond sale is illustrated on the attached location maps (Exhibit F).

Bond Sale:

The EMWD program management team completed a parity bond issuance for CFD No. 2014-67 IA A in the first quarter. The District has commenced proceedings for a new money bond issuance within CFD No. 2013-64 (Atherton and Terracina). This item was approved by the Board on March 20, 2019, and is expected to close on April 17, 2019. The team is also currently evaluating two additional bond sale requests. Pacific Communities has requested a bond sale for CFD No. 2002-07 IA C (Pacific Mayfield) and Lennar Homes has requested a bond sale for CFD No. 2013-63 IA A (Belle Terre).

Change Proceedings:

During the first quarter, the EMWD program management team completed the change proceedings for CFD No. 2003-25 IA C (Pacific Communities) and CFD No. 2017-77 (La Ventana) IA A and IA B. Two additional change proceedings are currently in progress. For CFD No. 2012-61 (Autumn Winds), KB Homes has requested to increase the Special Tax rates and extend the tax term, as well as to add a Joint Community Facilities Agreement (JCFA) with Valley-wide Recreation and Parks District (Valley-wide). For CFD No. 2002-07 IA C (Pacific Mayfield), Griffin Residential has requested an additional 29 units be annexed into Zone 1 of Improvement Area C of the CFD. Both of these change proceedings are expected to be completed within the second quarter of 2019. In addition, the team has received an application from Regent French Valley, LLC for CFD No. 2013-63 IAs B, C, and D (Belle Terre) requesting an amendment to the special tax rates. An application was also received for CFD No. 2006-51 (Nuevo Meadows) to amend the Rate and Method of Apportionment (RMA) to increase the Special Tax rates, extend the term of the tax, and enter into a Joint Agreement with Nuview Union School District. These two change proceedings are currently under evaluation. One preliminary change proceeding request to amend the RMA for CFD No. 2013-62 (Eucalyptus Grove/McLaughlin South) is still being reviewed. Lansing Stone Star, LLC, the developer, is seeking to remove Zone 1 from the EMWD CFD, and form a new CFD with Romoland School District as the lead agency. The developer is requesting EMWD enter into a JCFA with the new proposed Romoland School District CFD. They would also like to increase the Special Tax rates in Zone 2. All requested change proceedings would comply with the Special Funding Land Secured Guidelines as incorporated in the District's Comprehensive Debt Policy.

Joint Community Facilities Agreements:

The financing team completed a JCFA with Moreno Valley USD CFD No. 2015-3 during the first quarter. In addition, the proposed JCFAs with Moreno Valley USD CFDs No. 2019-1, No. 2018-1, and No. 2002-07 IA C were in progress during the first quarter. The District reviews each JCFA against our land secured guidelines to ensure it is within the two percent effective tax rate at formation. Each agency forming a JCFA with EMWD must also covenant that they will not place EMWD's name on the property tax bills referencing a CFD where EMWD is not the lead agency.

Administration and Consulting:

The detailed quarterly call log (Exhibit D) includes 24 calls received within the first quarter. This is a decrease in calls of 33.3 percent over the first quarter of last year. Approximately 58 percent of the callers inquired about the maturity of the bonds in their district. The other 42 percent inquired about the back-up tax, the maximum Special Tax for their parcel, if the taxes will increase each year, or how the taxes are calculated.

The Delinquency Summary Report (Exhibit E), dated February 24, 2019, reflects an overall delinquency percentage of 1.64, which is down from 2.40 percent last quarter. The delinquencies are for the first installment of the Fiscal Year 2018-19 levy, which was due December 10, 2018. CFD No. 2015-70 (Maravilla Estates) has a 13.67 percent delinquency rate

on this report, which is the same as last quarter. This is due to delinquent developer owned parcels; we have reached out to Maravilla Partners, the developer, regarding payment of their taxes. Assessment Districts 5, 7, and 8 also have delinquency rates above five percent. The Financing team will be meeting to discuss options for addressing these delinquency rates.

During the first quarter, the team prepared and filed all CFD Bond Annual Disclosure Reports due by April 1, 2019. The Disclosure reports have been filed on the Electronic Municipal Market Access (EMMA) website in accordance with SEC Rule 15c2-12. In addition, they have been posted to the District's Investor Relations section of its website.

The team prepared and submitted detailed parcel tax reports to the California State Controller, in accordance with Assembly Bill 2109. These reports contain information for each CFD including, the type and rate of tax, the number of parcels subject to and exempt from the tax, the sunset date, the revenue received, and the manner in which revenue is being used. These reports were filed along with EMWD's State Controller's Report in January 2019, and have also been posted to the District's Investor Relations section of its website.

The team also prepared and filed all required Senate Bill 1029 reports. These Annual Debt Transparency Reports require issuers to include the debt authorized, the debt outstanding, and the use of proceeds of the debt issued during the reporting period. The reports were due January 31, 2019, and require details on debt issued between January 1, 2017 and June 30, 2018. The District has four new eligible land secured debt issuances added in this year's report: CFD No. 2003-20 IA D, CFD No. 2014-67 IA A and IA B, and CFD No. 2003-25 IA B.

In the first quarter of 2019, the team began preparing the Fiscal Year 2019-20 special assessment and special tax levy. This preparation includes performing parcel and building permit research to ensure all eligible CFDs are levied, as well as work on budgets for each AD and CFD anticipated to be levied for the upcoming fiscal year.

FINANCIAL IMPACT:

None

STRATEGIC PLANNING GOAL/OBJECTIVE:

Financial Stability: Enhance and maintain the District's strong financial position and credit quality by identifying and implementing specific opportunities to improve underlying financial metrics.

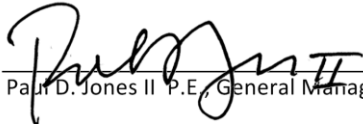
ENVIRONMENTAL IMPACT:

None

RECOMMENDATION:

Receive and file

SUBMITTED BY:



Paul D. Jones II, P.E., General Manager

4/26/2019



Laura Nomura, Deputy General Manager

4/19/2019

Attachment(s):

Exhibit A - First Quarter Report 2019

Exhibit B - Admin. Committee CFD Action Item Summary

Exhibit C - Quarterly Admin. Committee AD-CFD Status Report

Exhibit D - First Quarter Call Log

Exhibit E - FY 2018-19 Delinquency Summary

Exhibit F - Location Maps

05/15/19 Board Meeting

Staff Contact: Charles Turner