



**Board Administrative Committee
August 14, 2019**

SUBJECT:

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

BACKGROUND:

In the second quarter of Calendar Year 2019, Eastern Municipal Water District (EMWD) was responsible for activities related to seven Assessment Districts (ADs), and 58 Community Facilities Districts (CFDs), which include 103 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 Formations:

The program management team completed the formation of CFD No. 2018-82 (Aspen Pointe) in the second quarter. The team continues to evaluate the applications to form CFD No. 2017-79 (French Valley South), CFD No. 2018-81 (Cimarron Ridge), CFD No. 2019-83 (Winchester Ridge), and CFD No. 2019-85 (Winchester Meadows). The team is waiting on additional information from each prospective developer before scheduling the Resolutions of Intention for consideration by the Board. The attached location maps (Exhibit F) show the location of each current, new, and proposed CFD formation.

Bond Sales:

In the second quarter, the team completed the bond issuance for CFD No. 2013-64 (Atherton and Terracina). The team also received petitions from two current land owners to issue bonds. Pacific Communities requested a parity issuance for CFD No. 2002-07 IA C (Pacific Mayfield). Lennar Homes requested a new money issuance for CFD No. 2013-63 IA A (Belle Terre) and CFD No. 2014-66 (Meadow Creek). The team is currently evaluating each request in order to determine the order of priority to issue bonds.

Change Proceedings:

As detailed in the CFD/AD Administrative Committee Action Item summary (Exhibit B), the team completed two change proceedings, CFD No. 2002-07 IA C (Pacific Mayfield) and CFD No. 2012-61 (Autumn Winds). The team continues to evaluate petitions received from developers for change proceedings within CFD No. 2006-51 (Nuevo Meadows), CFD No. 2013-62 (Eucalyptus Grove/McLaughlin South), and CFD No. 2013-63 IAs B, C, and D (Belle Terre). The request for CFD No. 2006-51 (Nuevo Meadows) intends to amend the RMA to

increase the Special Tax rates, extend the term of the tax, and enter into a Joint Agreement with Nuvview Union School District. The request for CFD No. 2013-62 intends to amend the RMA. The request for CFD No. 2013-63 intends to amend the Special Tax rates. All requested change proceedings will comply with the Special Funding Land Secured Guidelines as incorporated in the District's Comprehensive Debt Policy.

Joint Community Facilities Agreements:

During the second quarter, the team completed the Joint Community Facilities Agreements (JCFAs) with Moreno Valley Unified School District (MVUSD) CFD Nos. 2018-1 and 2019-1. The Board approved an amended and restated JCFA with Menifee Union School District for EMWD CFD No. 2002-07 (Pacific Mayfield). The original JCFA expired on July 1, 2010. The District reviews each JCFA against the Land Secured Guidelines to ensure it is within the two percent effective tax rate at formation. Additionally, each agency forming a JCFA with EMWD must 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 35 calls received within the second quarter. Approximately 50 percent of the callers inquired about the maturity of the bonds in their district. The other 50 percent stated that they were not aware of a Special Tax on their property, inquired what the maximum Special Tax is for their parcel, or requested information on the process to pay off their tax.

During the second quarter, the team calculated and began preparing the enrollment of AD assessments and CFD Special Tax enrollments for Fiscal Year 2019-20. The team reviewed balances against debt service and administration expenses to ensure that sufficient revenue is levied to meet all requirements.

The delinquency summary report (Exhibit E) dated June 30, 2019, reflects an overall delinquency percentage of 1.10 percent, a decrease of 0.54 percent from the first quarter. Assessment Districts 5, 7, and 8 have delinquency rates above five percent. The team sent delinquency letters to these property owners in an attempt to reduce the overall delinquency rate in these districts.

FINANCIAL IMPACT:

None

STRATEGIC PLANNING GOAL/OBJECTIVE:

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

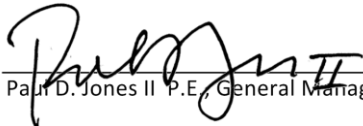
ENVIRONMENTAL IMPACT:

None

RECOMMENDATION:

Receive and file

SUBMITTED BY:



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

8/9/2019



Laura Nomura, Deputy General Manager

8/6/2019

Attachment(s):

Exhibit A - Quarterly Report 2019 Q2

Exhibit B - EMWD CFD Admin Committee Action Item Summary 7.24.2019

Exhibit C - Quarterly Administrative Committee AD-CFD Status Report July 2019

Exhibit D - Second Quarter Call Log

Exhibit E - EMWD FY 18-19 Delinquency Summary 6-30-19

Exhibit F - Location Maps

08/21/19 Board Meeting

Staff Contact: Thomas Hays