

CFD Program Recap

May 16, 2017



Strength through History & Innovation



Scope of the Presentation

The City's CFD Program Includes Two Types of CFD/IA

1. **Facilities** – Issues bonds, matures, and finances the construction/acquisition of facilities
2. **Services** – Cannot issue bonds, generally does not mature, pays for the annual maintenance costs associated with landscaping, lighting, parks, streets, drainage, etc.
 - New CFDs include police, fire, paramedic, and ambulance services

Primary Focus of the Presentation is the Facilities IAs

Special Tax Requirement - Defined

How are the special taxes calculated each year?

The Special Tax Requirement – means the amount required in any Fiscal Year to pay: (i) the debt service or the periodic costs on all outstanding Bonds due in the Calendar Year that commences in such Fiscal Year, (ii) Administrative Expenses, (iii) the costs associated with the release of funds from an escrow account, (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, (v) the collection or accumulation of funds for the acquisition or construction of facilities authorized by the CFD, less (vi) any amounts available to pay debt service or other periodic costs on the Bonds pursuant to any applicable bond Indenture, fiscal agent agreement, or trust agreement.

Calculating the Special Tax Requirement

Calculating the Special Tax Requirement = 's Creating a Budget

The Calculation (or Budget) can include the following:

- **Past Calculation Practices:**
 - Debt Service Payment
 - + Administrative Expense
 - + Delinquency Reserve
 - + Future Facilities
 - = **Special Tax Requirement**

- **The City has some Discretion:**
 - Reducing the Future Facilities Charge
 - = **Lower Special Tax Requirement**

- **Refinancing of Bonds (Debt Service Component):**
 - Lower Interest Cost
 - = **Lower Special Tax Requirement**

IA Eligibility – Special Tax Reductions

Needs to be Case by Case!

Not All IAs are Eligible – The Criteria for Reduction in Annual Special Taxes

To be eligible an IA must be both:

1. Fully Developed; and
2. Have all Bonds Issued

Simple Test:

- If Both #'s 1 & 2 = True, Then Eligible
- If Either # 1 or 2 = False, Then Future Facilities Remains

Reasons:

- Funds collected now used to offset future bonding
 - Less Bonds = Lower Taxes
- Could be Requirement with Developer
- Creates a Consistent Tax for Property Owners

Reduction of 50% of Future Facilities

Total Impact of Reduction in Future Facilities by 50% of FY 2016-17 Rates

Includes:

- 19 Improvement Areas
- 8,392 parcels
- Estimated combined **\$985,089 annual savings**
 - Estimated average savings of \$131/property or 6%
 - Savings varies by IA and individual property within each IA. Properties will have higher/lower actual savings

Reduction of Interest Costs

Refinancing Options:

Improvement Area	Par Amount Outstanding	Final Maturity	Additional Bonds	Parity Debt Outstanding	2% Escalator in Special Taxes allowed	Escalation of Debt Service currently	Refunding Bonds Par Amount	Gross Savings	NPV Savings (\$)	NPV Savings (%)	Avg. Annual Savings p/Parcel (\$)
8A	\$ 7,235,000	9/1/2035	Refunding Only	No	Yes	No	\$ 6,845,000	\$ 1,376,836	\$ 616,794	8.53%	\$ 187
6A1	\$ 33,310,000	9/1/2035	Refunding Only	No	Yes	Yes, to 23 then level	\$ 31,030,000	\$ 7,802,349	\$ 3,756,894	11.28%	\$ 454
19C	\$ 17,190,000	9/1/2036	Refunding Only	Yes, 2013A	Yes	Yes	\$ 16,525,000	\$ 4,146,647	\$ 2,246,950	13.07%	\$ 326
8B	\$ 6,655,000	9/1/2037	Refunding Only	No	Yes	Yes	\$ 6,395,000	\$ 1,041,665	\$ 356,402	5.36%	\$ 271
3	\$ 3,420,000	9/1/2032	Refunding Only	No	Yes	No	\$ 3,180,000	\$ 256,785	\$ 73,200	2.14%	\$ 33
11	\$ 1,370,000	9/1/2032	Refunding Only	No	Yes	No	\$ 1,280,000	\$ 101,146	\$ 29,533	2.16%	\$ 48
14	\$ 9,330,000	9/1/2032	Refunding Only	No	No	No	\$ 8,675,000	\$ 715,132	\$ 201,088	2.16%	\$ 25
14B	\$ 4,060,000	9/1/2037	Refunding Only	No	No	No	\$ 3,845,000	\$ 435,064	\$ 156,845	3.86%	\$ 70
8	\$ 8,590,000	9/1/2032	Refunding Only	No	No	No	\$ 8,175,000	\$ 349,940	\$ 41,303	0.48%	\$ 25
9	\$ 581,000	9/1/2033	Refunding Only	No	Yes	No	\$ 555,000	\$ 46,062	\$ 22,113	3.81%	\$ 42
10A	\$ 2,309,000	9/1/2033	Refunding Only	No	Yes	Yes	\$ 2,245,000	\$ 199,998	\$ 99,640	4.32%	\$ 86
12	\$ 1,243,000	9/1/2033	Refunding Only	No	Yes	No	\$ 1,195,000	\$ 100,302	\$ 49,286	3.97%	\$ 59
14A	\$ 15,762,000	9/1/2033	Refunding Only	No	No	No	\$ 15,115,000	\$ 1,329,542	\$ 626,778	3.98%	\$ 66
8C ⁽¹⁾	\$ 11,945,000	9/1/2042	Yes; 3:1 and 110% of MADS	No	Yes	Yes, to /27 then level	\$ 12,375,000	\$ 3,021,085	\$ 1,311,081	10.98%	\$ 176
8D ⁽¹⁾	\$ 715,000	9/1/2039	Yes; 3:1 and 110% of MADS	No	Yes	No	\$ 855,000	\$ 295,389	\$ 155,081	21.69%	\$ 45

(1) Does not include authorized but unissued debt.

Refinancing and County Deadlines

County Deadlines and Fees for the Annual Enrollment and Resubmittals.

County Deadlines for FY 2017-18

- Enrollment Deadline – August 15, 2017
- Resubmittal Deadline – August 21, 2017
- Black Out Period (No Changes Allowed) – Month of September
- Final Resubmittal Deadline (with Fee) – October 31, 2017
 - Resubmittals can only be completed after October 31 at County discretion (fee still applies)

Resubmittal Fees (Est. FY2017-18 Rates Pending Approval)

- Resubmittals after August
 1. \$115.26 per batch; plus
 2. \$0.09 per parcel; plus
 3. \$7.94 per parcel

Estimated Total Cost if Completed after Enrollment Deadline

- 8,578 parcels in 15 IAs = ~\$70,610

Tentative Schedule for Implementation

1. Actions Underway:

- City to formalize prepayment policy by June 2017
- Implementation tentatively scheduled for September 2017
 - Black out Period - (June – August) the annual special taxes are being calculated – No repayments can be processed

2. Once Implemented – Possible Options:

- City to post full prepayment process on website
- “Estimate Range” may also be posted on website
- A formal application and fee (TBD) will be required to proceed

3. Why is this Required?:

- A CFD does not record a \$\$ lien like a mortgage or assessment district
- Instead a Special Tax is levied against each property pursuant to a formula that varies over time and is different for each class of property under the special tax formula