

County of Orange Community Facilities Districts



CEO Budget & Finance

Local Agency Special Tax and Accountability Act
Report for Community Facilities Districts: Ladera
Ranch (2001-1, 2002-1, 2003-1, and 2004-1), Rancho
Mission Viejo – Village of Esencia (2015-1, 2016-1,
and 2017-1 Improvement Area 1 and 2) and Rancho
Mission Viejo – Village of Rienda (2021-1)

Financial Information as of
June 30, 2023

10/31/2023

Background:

California Senate Bill 165 enacted the Local Agency Special Tax and Accountability Act (“Act”). This Act requires that any local bond measure subject to voter approval 1) contain a statement indicating the specific purposes of the bonds, 2) require that the proceeds of the bonds be applied to those purposes, 3) require that the creation of an account into which the proceeds shall be deposited, and 4) require an annual report containing specified information concerning the use of the proceeds. The Act applies to bonds issued on or after January 1, 2001, in accordance with Section 53410 of the California Government Code.

Requirements 1 – 3, stated above, are fulfilled at the formation and bond finance of the Community Facilities District (“District”) and requirement 4 is satisfied through filing this annual report.

The annual report shall contain all of the following:

- (a) The amount of funds collected and expended.
- (b) The status of any project required or authorized to be funded as identified in subdivision (a) of Section 53410.

The requirements of the Act apply to the funds of Community Facilities Districts 2001-1, 2002-1, 2003-1, 2004-1, 2015-1, 2016-1, 2017-1 (Improvement Area 1 and 2) and 2021-1 of the County of Orange. All interest earnings in the funds are utilized for any lawful purpose of the District.

Community Facilities District 2001-1

Community Facilities District 2001-1 was formed on July 17, 2001. The County of Orange issued \$32,985,000 Community Facilities District No. 2001-1 of the County of Orange (Ladera Ranch) Series A of 2002 Special Tax Bonds, less \$70,204.80 Original Issue Discount, on May 23, 2002. The following Accounts were funded with bond proceeds:

Accounts	Initial Deposit	6/30/2023 Balance	Expended Amount	Account Status
Capital Project Fund	28,655,994.10	0.00	28,655,994.10	Complete
Cost of Issuance	335,000.00	0.00	335,000.00	Complete
Reserve Account	2,953,800.00	0.00	2,953,800.00	Complete
Capitalized Interest	433,211.10	0.00	433,211.10	Complete
Administrative Expense Account	75,000.00	0.00	75,000.00	Complete
Underwriter Discount	461,790.00	0.00	461,790.00	Complete

On November 30, 2005, the bonds were refunded under the Marks Roos Act by the South Orange County Public Financing Authority (SOCPFA) (pooled with CFDs 1999-1 and 2000-1). SOCPFA issued

\$84,015,000 Special Tax Revenue Bonds 2005 Series A (Ladera Ranch). A Cost of Issuance Account was established with \$166,745.62 bond proceeds from the refunded bonds and the account was closed in March 2007.

On February 7, 2018, the Special Tax Revenue Bonds 2005 Series A were refunded (pooled with CFDs 1999-1 and 2000-1). SOCPFA issued \$51,940,000 Special Tax Revenue Refunding Bonds 2018 Series A (Ladera Ranch). A Cost of Issuance Account was established with \$103,388.53 bond proceeds from the refunded bonds and the account was closed on June 29, 2018. The current reserve requirement for the refunded bonds is secured and met by AGM bond insurance and surety reserve held with the Trustee as of June 30, 2023.

The Special Tax Fund is funded by a special tax levy placed on taxable parcels within the District. The Special Tax Fund records tax revenue, interest earnings, and bond payments. The Special Tax is collected in advance of debt service and will reconcile in the following year. The following table summarizes taxes collected and amounts expended on a cash-basis for the fiscal year ended June 30, 2023:

Special Tax Fund	Amounts
Special Taxes Collected and Interest Earnings	2,127,989.18
Debt Service Expense	2,024,926.46
Administrative Expense	44,320.80

Community Facilities District 2002-1

Community Facilities District 2002-1 was formed on November 5, 2002. The County of Orange issued \$68,280,000 Community Facilities District No. 2002-1 of the County of Orange (Ladera Ranch) Series A of 2003 Special Tax Bonds, less \$82,714.05 Original Issue Discount, on May 28, 2003. The following Accounts were funded with bond proceeds:

Accounts	Initial Deposit	6/30/2023 Balance	Expended Amount	Account Status
Capital Project Fund	59,860,852.96	0.00	59,860,852.96	Complete
Cost of Issuance	390,000.00	0.00	390,000.00	Complete
Reserve Account	6,278,498.54	0.00	6,278,498.54	Complete
Capitalized Interest	779,719.65	0.00	779,719.65	Complete
Administrative Expense Account	75,000.00	0.00	75,000.00	Complete
Underwriter Discount	813,214.80	0.00	813,214.80	Complete

On January 29, 2014, the bonds were refunded under the Marks Roos Act by the South Orange County Public Financing Authority (SOCPFA) (pooled with CFD 2003-1). SOCPFA issued \$64,545,000 Senior Series A of 2014 Special Tax Revenue Refunding Bonds and \$40,000,000 Subordinate Series B of 2014 Special Tax Revenue Refunding Bonds. A Cost of Issuance Account was established with \$203,627.77 bond proceeds from the refunded bonds, all proceeds were spent by July 2, 2014, and the account was closed on July 3, 2014.

On May 18, 2023, SOCPFA issued \$40,010,000 2023 Series A (Senior Lien) Special Tax Revenue Refunding Bonds to refund the SOCPFA Series A of 2014 Special Tax Revenue Refundings Bonds. The SOCPFA Series A of 2014 reserve funds and available special tax collections were a source of funds along with the bond proceeds to refund the bonds and establish a new reserve. A Cost of Issuance Account was established with \$102,930.52 bond proceeds from the SOCPFA 2023 Series A bonds and there was a balance of \$14,624.62 as of June 30, 2023.

For this District, the current reserve requirement for the SOCPFA 2023 Series A bonds is \$1,389,358.83 and the reserve fund balance of \$1,426,600.35 with the Trustee as of June 30, 2023, meets the requirement; and the current reserve requirement for SOCPFA Series B of 2014 Special Tax Revenue Refundings Bonds is \$201,051.01 and the reserve fund balance of \$207,285.55 as of June 30, 2023, meets the requirement. The Reserve Account is held as security for the bonds and will be utilized to make the final debt service payment.

The Special Tax Fund is funded by a special tax levy placed on taxable parcels within the District. The Special Tax Fund records tax revenue, interest earnings, and bond payments. The Special Tax is collected in advance of debt service and will reconcile in the following year. The following table summarizes taxes collected and amounts expended on a cash-basis for the fiscal year ended June 30, 2023:

Special Tax Fund	Amounts
Special Taxes Collected and Interest Earnings	4,635,546.84
Debt Service Expense	4,403,291.45
Administrative Expense	43,450.25

Community Facilities District 2003-1

Community Facilities District 2003-1 was formed on October 21, 2003. The County of Orange issued \$57,185,000 Community Facilities District No. 2003-1 of the County of Orange (Ladera Ranch) Series A of 2004 Special Tax Bonds, less \$140,239.50 Original Issue Discount, on April 21, 2004. The following Accounts were funded with bond proceeds:

Accounts	Initial Deposit	6/30/2023 Balance	Expended Amount	Account Status
Capital Project Fund	49,604,377.73	0.00	49,604,377.73	Complete
Cost of Issuance	370,000.00	0.00	370,000.00	Complete
Reserve Account	5,299,038.19	0.00	5,299,038.19	Complete
Capitalized Interest	981,532.08	0.00	981,532.08	Complete
Administrative Expense Account	75,000.00	0.00	75,000.00	Complete
Underwriter Discount	714,812.50	0.00	714,812.50	Complete

On January 29, 2014, the bonds were refunded under the Marks Roos Act by the South Orange County Public Financing Authority (SOCPFA) (pooled with CFD 2002-1). SOCPFA issued \$64,545,000 Senior Series A of 2014 Special Tax Revenue Refunding Bonds and \$40,000,000 Subordinate Series B of 2014 Special Tax Revenue Refunding Bonds. A Cost of Issuance Account was established with \$106,107.49 bond proceeds from the refunded bonds, all proceeds were spent by July 2, 2014, and the account was closed on July 3, 2014.

On May 18, 2023, SOCPFA issued \$40,010,000 2023 Series A (Senior Lien) Special Tax Revenue Refunding Bonds to refund and redeem the outstanding SOCPFA Series A of 2014 Special Tax Revenue Refundings Bonds. The SOCPFA Series A of 2014 reserve funds and available special tax collections were a source of funds along with the bond proceeds to refund the bonds and establish a new reserve. A Cost of Issuance Account was established with \$87,069.48 bond proceeds from the SOCPFA 2023 Series A bonds and there was a balance of \$12,018.19 as of June 30, 2023.

For this District, the current reserve requirement for the SOCPFA 2023 Series A bonds is \$1,175,266.17 and the reserve fund balance of \$1,205,767.92 with the Trustee as of June 30, 2023, meets the requirement; and the current reserve requirement for SOCPFA Series B of 2014 Special Tax Revenue Refundings Bonds is \$163,419.44 and the reserve fund balance of \$168,487.02 as of June 30, 2023, meets the requirement. The Reserve Account is held as security for the bonds and will be utilized to make the final debt service payment.

The Special Tax Fund is funded by a special tax levy placed on taxable parcels within the District. The Special Tax Fund records tax revenue, interest earnings, and bond payments. The Special Tax is collected in advance of debt service and will reconcile in the following year. The following table summarizes taxes collected and amounts expended on a cash-basis for the fiscal year ended June 30, 2023:

Special Tax Fund	Amounts
Special Taxes Collected and Interest Earnings	3,616,587.46
Debt Service Expense	3,456,097.91
Administrative Expense	43,302.50

Community Facilities District 2004-1

Community Facilities District 2004-1 was formed June 29, 2004. The County of Orange issued \$75,645,000 Community Facilities District No. 2004-1 of the County of Orange (Ladera Ranch) Series A of 2005 Special Tax Bonds, less \$12,691.40 Original Issue Discount, on February 1, 2005. The following Accounts were funded with bond proceeds:

Accounts	Initial Deposit	6/30/2023 Balance	Expended Amount	Account Status
Capital Project Fund	65,524,706.53	0.00	65,524,706.53	Complete
Cost of Issuance	430,000.00	0.00	430,000.00	Complete
Reserve Account	6,681,327.16	0.00	6,681,327.16	Complete
Capitalized Interest	2,021,099.41	0.00	2,021,099.41	Complete
Administrative Expense Account	75,000.00	0.00	75,000.00	Complete
Underwriter Discount	900,175.50	0.00	900,175.50	Complete

On February 5, 2014, the bonds were refunded by the County of Orange. The County issued \$36,540,000 Senior Series A of 2014 Special Tax Refunding Bonds of CFD No. 2004-1 (Ladera Ranch) and \$31,380,000 Subordinate Series B of 2014 Special Tax Refunding Bonds of CFD No. 2004-1 (Ladera Ranch) to refund the Bonds issued in 2005. A Cost of Issuance Account was established with \$270,664.42 bond proceeds from the refunded bonds and on June 12, 2014, residual funds of \$28,310.15 were transfer to the Special Tax Fund and the account was closed.

On May 18, 2023, the County issued \$30,780,000 Series 2023 Special Tax Refunding Bonds to refund and redeem the outstanding Series A of 2014 Special Tax Refunding Bonds. The Series A of 2014 reserve funds and available special tax collections were a source of funds along with the bond proceeds to refund the bonds and establish a new reserve. A Cost of Issuance Account was established with \$174,246.91 bond proceeds from the Series 2023 bonds and there was a balance of \$29,053.42 as of June 30, 2023.

The current reserve requirement for the District is \$5,260,500 and the reserve fund balance of \$5,260,500 as of June 30, 2023, meets the requirement. The Reserve Account is held as security for the bonds and will be utilized to make the final debt service payment.

The Special Tax Fund is funded by a special tax revenue levy placed on taxable parcels within the District. The Special Tax Fund records tax revenue, interest earnings, and bond payments. The Special Tax is collected in advance of debt service and will reconcile in the following year. The following table summarizes taxes collected and amounts expended on a cash-basis for the fiscal year ended June 30, 2023:

Special Tax Fund	Amounts
Special Taxes Collected and Interest Earnings	5,233,342.20
Debt Service Expense	4,974,470.75
Administrative Expense	45,724.82

Community Facilities District 2015-1

Community Facilities District 2015-1 was formed April 14, 2015. The County of Orange issued \$90,845,000 Community Facilities District No. 2015-1 of the County of Orange (Village of Esencia) Series A of 2015 Special Tax Bonds, plus \$5,802,809.55 Original Issue Premium, on October 28, 2015. The following Accounts were funded with bond proceeds:

Accounts	Initial Deposit	6/30/2023 Balance	Expended Amount	Account Status
Capital Project Fund	87,701,058.22	0.00	87,716,628.15*	Complete
Cost of Issuance	515,000.00	0.00	499,430.07*	Complete
Reserve Account	7,872,807.58	8,014,787.50**	0.00	Ongoing
Administrative Expense Account	75,000.00	0.00	75,000.00	Complete
Underwriter Discount	483,943.75	0.00	483,943.75	Complete

* Remaining Cost of Issuance balance was transferred to the Capital Projects Fund, per COI Agreement, Section 3.01(D) and was spent.

** Current balance includes initial deposit of bond proceeds of \$7,872,807.58.

The current reserve requirement for the bonds is \$8,014,787.50 and the reserve fund balance of \$8,014,787.50 as of June 30, 2023, meets the requirement. The Reserve Account is held as security for the bonds and utilized to make the final debt service payment.

The Special Tax Fund is funded by a special tax revenue levy placed on taxable parcels within the District. The Special Tax Fund records tax revenue, interest earnings, and bond payments. The Special Tax is collected in advance of debt service and will reconcile in the following year. The following table summarizes taxes collected and amounts expended on a cash-basis for the fiscal year ended June 30, 2023:

Special Tax Fund	Amounts
Special Taxes Collected and Interest Earnings	5,237,028.97
Debt Service Expense	5,064,050.00
Administrative Expense	40,290.23

Community Facilities District 2016-1

Community Facilities District 2016-1 was formed March 22, 2016. The County of Orange issued \$93,110,000 Community Facilities District No. 2016-1 of the County of Orange (Village of Esencia) Series A of 2016 Special Tax Bonds, plus \$10,142,136.95 Original Issue Premium, on November 9, 2016. The following Accounts were funded with bond proceeds:

Accounts	Initial Deposit	6/30/2023 Balance	Expended Amount	Account Status
Capital Project Fund	94,357,858.62	0.00	94,357,858.62	Complete
Cost of Issuance	345,000.00	0.00	345,000.00	Complete
Reserve Account	7,978,002.03	8,441,907.93*	0.00	Ongoing
Administrative Expense Account	75,000.00	0.00	75,000.00	Complete
Underwriter Discount	496,276.30	0.00	496,276.30	Complete

* Current balance includes initial deposit of bond proceeds of \$7,978,002.03.

The current reserve requirement for the bonds is \$8,316,000.00 and the reserve fund balance of \$8,441,907.93 as of June 30, 2023, meets the requirement. The Reserve Account is held as security for the bonds and will be utilized to make the final debt service payment.

The Special Tax Fund is funded by a special tax revenue levy placed on taxable parcels within the District. The Special Tax Fund records tax revenue, interest earnings, and bond payments. The Special Tax is collected in advance of debt service and will reconcile in the following year. The following table summarizes taxes collected and amounts expended on a cash-basis for the fiscal year ended June 30, 2023:

Special Tax Fund	Amounts
Special Taxes Collected and Interest Earnings	5,285,098.48
Debt Service Expense	5,151,612.50
Administrative Expense	54,695.52

Community Facilities District 2017-1

Community Facilities District 2017-1 was formed March 28, 2017. Improvement Area 1 is the residential portion of the District and Improvement Area 2 is the commercial portion of the District. Bonds were issued for each Improvement Area.

Improvement Area No. 1

The County of Orange issued \$76,950,000 Community Facilities District No. 2017-1 of the County of Orange (Village of Esencia Improvement Area No. 1) Series A of 2018 Special Tax Bonds, plus \$7,903,480.30 Original Issue Premium, on February 22, 2018. The following Accounts were funded with bond proceeds:

Accounts	Initial Deposit	6/30/2023 Balance	Expended Amount	Account Status
Capital Project Fund	77,225,647.77	0.00	77,262,369.57*	Complete
Cost of Issuance	490,000.00	0.00	453,278.20*	Complete
Reserve Account	6,647,513.78	7,061,520.32**	0.00	Ongoing
Administrative Expense Account	75,000.00	0.00	75,000.00	Complete
Underwriter Discount	415,318.75	0.00	415,318.75	Complete

* Remaining Cost of Issuance balance was transferred to the Capital Project Fund per Indenture, Section 3.9(b).

** Current balance includes initial deposit of bond proceeds of \$6,647,513.78.

The current reserve requirement for the bonds is \$6,926,458.13 and the reserve fund balance of \$7,061,520.32 as of June 30, 2023, meets the requirement. The Reserve Account is held as security for the bonds and will be utilized to make the final debt service payment.

The Special Tax Fund is funded by a special tax revenue levy placed on taxable parcels within the District. The Special Tax Fund records tax revenue, interest earnings, and bond payments. The Special Tax is collected in advance of debt service and will reconcile in the following year. The following table summarizes taxes collected and amounts expended on a cash-basis for the fiscal year ended June 30, 2023:

Special Tax Fund	Amounts
Special Taxes Collected and Interest Earnings	4,401,559.37
Debt Service Expense	4,230,387.50
Administrative Expense	83,717.80

Improvement Area No. 2

The County of Orange issued \$21,565,000 Community Facilities District No. 2017-1 of the County of Orange (Village of Esencia Improvement Area No. 2) Series A of 2020 Special Tax Bonds, plus \$2,219,500.60 Original Issue Premium, on August 26, 2020. The following Accounts were funded with bond proceeds:

Accounts	Initial Deposit	6/30/2023 Balance	Expended Amount	Account Status
Capital Project Fund	20,741,925.12	0.00	20,779,928.08*	Complete
Capitalized Interest	816,950.83	0.00	816,950.83	Complete
Cost of Issuance	395,000.00	0.00	356,997.04*	Complete
Reserve Account	1,650,299.65	1,675,285.92**	0.00	Ongoing
Administrative Expense Account	35,000.00	0.00	35,000.00	Complete
Underwriter Discount	145,325.00	0.00	145,325.00	Complete

* Remaining Cost of Issuance balance was transferred to the Capital Project Fund per Indenture, Section 3.9(b).

** Current balance includes initial deposit of bond proceeds of \$1,650,299.65.

The current reserve requirement for the bonds is \$1,650,299.65 and the reserve fund balance of \$1,675,285.92 as of June 30, 2023, meets the requirement. The Reserve Account is held as security for the bonds and will be utilized to make the final debt service payment.

The Special Tax Fund is funded by a special tax revenue levy placed on taxable parcels within the District. The Special Tax Fund records tax revenue, interest earnings, and bond payments. The Special Tax is collected in advance of debt service and will reconcile in the following year. The following table summarizes taxes collected and amounts expended on a cash-basis for the fiscal year ended June 30, 2023:

Special Tax Fund	Amounts
Special Taxes Collected and Interest Earnings	1,018,766.83
Debt Service Expense	996,150.00
Administrative Expense	99,088.42

Community Facilities District 2021-1

Community Facilities District 2021-1 was formed November 23, 2021. The County of Orange issued \$118,720,000 Community Facilities District No. 2021-1 of the County of Orange (Village of Esencia) Series A of 2022 Special Tax Bonds, plus \$4,189,810.40 Original Issue Premium, on September 8, 2022. The following Accounts were funded with bond proceeds:

Accounts	Initial Deposit	6/30/2023 Balance	Expended Amount	Account Status
Capital Project Fund	111,891,818.82	49,036,616.60	62,855,202.22	Ongoing
Cost of Issuance	252,000.00	0.00	252,000.00	Complete
Reserve Account	10,353,844.74	10,510,587.50*	0.00	Ongoing
Administrative Expense Account	75,000.00	0.00	75,000.00	Complete
Underwriter Discount	337,146.84	0.00	337,146.84	Complete

Accounts	Initial Deposit	6/30/2023 Balance	Expended Amount	Account Status
-----------------	------------------------	--------------------------	------------------------	-----------------------

* Current balance includes initial deposit of bond proceeds of \$10,353,844.74.

The current reserve requirement for the bonds is \$10,353,844.74 and the reserve fund balance of \$10,510,587.50 as of June 30, 2023, meets the requirement. The Reserve Account is held as security for the bonds and will be utilized to make the final debt service payment.

The Special Tax Fund is funded by a special tax revenue levy placed on taxable parcels within the District. The Special Tax Fund records tax revenue, interest earnings, and bond payments. The Special Tax is collected in advance of debt service and will reconcile in the following year. The following table summarizes taxes collected and amounts expended on a cash-basis for the fiscal year ended June 30, 2023:

Special Tax Fund	Amounts
Special Taxes Collected and Interest Earnings*	6,635,241.53
Debt Service Expense	2,584,852.36
Administrative Expense	87,655.05

*Special Taxes levied include amount needed for debt service of \$3.6M due in August 2023.