

FUNDAMENTALS OF LAND-SECURED FINANCING



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Session VI

Ongoing Administration



Administration - Basic Steps

Community Facilities Districts

- Assign taxable parcels to appropriate tax category
- Calculate “Special Tax Requirement”
 - Debt Service
 - Administrative Expenses
 - Pay-as-you-go facilities costs
 - Services costs
- Apply RMA to determine special tax for each parcel
- Submit levy to county auditor’s office before deadline
- With most CFDs, one-time ordinance at formation allows for annual special tax levy without further action of legislative body

Administration - Basic Steps

Assessment Districts

- Confirm prepayment of assessment liens
- Perform reapportionments as needed
- Identify Debt Service (principal & interest) for each parcel
- Determine Administrative Cost and allocate to each parcel
- Debt service + Administrative Cost = Annual Payment
- Submit levy to county auditor's office before deadline
- Record release of assessment lien for prepayments
- With ADs, resolution at formation allows for annual assessment levy without further action of legislative body



Additional Administrative Responsibilities

Delinquency Management

- Accelerated judicial foreclosure
- Monitor delinquencies, even in Teeter Plan counties
 - Delinquency thresholds
 - Notice to delinquent owners
 - Strip delinquent levies from tax roll
 - Involve foreclosure counsel

Arbitrage Rebate Calculations

- Positive arbitrage must be rebated every 5 years
- Annual calculation keeps track of what will be due



Continuing Disclosure

- SEC Rule 15c2-12
- Obligated Persons - Issuer & Developer
- What to disclose
 - Material events
 - Items in Continuing Disclosure Certificate
- Information Repository – MSRB
(Municipal Securities Rule-making Board)
- Reports must be filed on time

Annual Disclosure Reports

S.E.C. Rule 15c2-12 (Continuing Disclosure)

- Obligated persons: Issuer and Developer
- What to disclose: annual report and notice of listed events
- EMMA System of the Municipal Securities Rulemaking Board (MSRB)

California Debt and Investment Advisory Commission (CDIAC)

- Yearly Fiscal Status Report: October 30 deadline
- Annual Debt Transparency Report: January 31 deadline
- 10-day significant event reporting

State Controller's Office

- AB 2109 Parcel Tax Reporting in Financial Transactions Report

Local Agency Special Tax & Bond Accountability Act (SB 165)

- Report filed with Clerk each year
- CFD Administration Report will suffice

Assembly Bill 1666

- Requires public agencies to post on its website the CDIAC YFSR and the AB 2109 report
- Copy of report with CFD budgetary information if requested by a taxpayer

Assembly Bill 1483 (new in 2020)

- Requires public agencies to post on its website a current schedule of fees, exactions, and affordability requirements imposed on housing developments
- Special taxes and assessments are exactions
- Information must be updated within 30 days of a change, including annual escalation of special taxes or assessments



Other Administrative Items

- Reconcile bank statements
- Disbursing and investing bond proceeds (fiscal agent or trustee)
- Prepayment calculations and release of special tax or assessment lien
- Answer questions from homeowners, appraisers, realtors, and bond investors



Consultants or Staff?

- Staff's experience
- Evaluation of workloads
- Number of districts
- Complexity of districts
- Combined approach