

City of Hesperia

STAFF REPORT



DATE: January 19, 2021

TO: Mayor and City Council Members

FROM: Nils Bentsen, City Manager

BY: Casey Brooksher, Director of Finance
Anne Duke, Deputy Finance Director

SUBJECT: Receive and File the SB 165 Local Agency Special Tax and Bond Accountability Act Report (SB 165) for the Fiscal Year Ended June 30, 2020

RECOMMENDED ACTION

It is recommended that the City Council receive and file the Communities Facilities District (CFD) 2005-1 (Belgate Development Restructuring) Local Agency Special Tax and Bond Accountability Act Report (SB 165) for the Fiscal Year Ended June 30, 2020.

BACKGROUND

CFD 2005-1 is the result of a workout agreement to restructure the previously defaulted CFD 91-3 (Belgate Development Project) \$10,000,000 Special Tax Bonds, 1992 Series A (1992 Bonds). These bonds were used to finance the construction of certain street, sewer, water, storm drain, and fire suppression improvements within CFD No. 91-3. The 1992 Bonds were in default because the properties were not built-out as expected, which resulted in the failure to pay the special taxes.

On August 10, 2003, the City entered into a Workout Agreement with Hesperia-ET Ventures, LLC to restructure the defaulted 1992 Bonds from CFD 91-3. Because delinquent principal and interest on the 1992 Bonds continued to accrue since issuance, the amount to defease and redeem the 1992 Bonds exceeded \$18 million. In order to extend the maturity of the bonds and implement a new development plan, a new CFD was formed for the purpose of refunding the 1992 Bonds. In 2005, CFD 2005-1 was formed and the related CFD 2005-1 (Belgate Development Restructuring) \$18,554,508 Special Tax Bonds, 2005 Series A were issued to refinance and restructure the 1992 Bonds.

In December 2014, these bonds were refinanced into CFD 2005-1 Special Tax Refunding Bonds, Series 2014, achieving a net present value savings of \$4.2 million. The refinancing lowered the special taxes by approximately 12% for the parcel owners within the District. The CFD 2005-1 Bonds are secured by and payable solely from the proceeds of special taxes levied annually on the taxable property in the district.

ISSUES/ANALYSIS

Annually, a report is required of the CFD which includes information prepared in compliance with the Local Agency Special Tax and Bond Accountability Act (Accountability Act). The Accountability Act was enacted by the California State Legislature through SB 165 to provide accountability measures for any local special tax and/or bond measure subject to voter approval on or after January 1, 2001. According to the requirements of the Accountability Act (Section 53410 of the Government Code of the State of California), an annual report must be filed by the

local agency levying the special tax and/or issuing a bond measure and shall contain a description of the following:

1. The amount of funds collected and expended.
2. The status of any project required or authorized to be funded by the special tax and/or bond measure.

In compliance with SB 165, the CFD 2005-1 report for the Fiscal Year (FY) Ended June 30, 2020 was distributed to the City Council on December 31, 2020. The CFD 2005-1 SB 165 Report has also been attached to this staff report (Attachment 1) and includes information regarding the total amount of annual Special Taxes collected, as well as authorized expenditures for FY 2019-20.

FISCAL IMPACT

There is no fiscal impact associated with receiving and filing the SB 165 report.

ALTERNATIVES

1. Provide alternative direction to staff.

ATTACHMENT

1. CFD 2005-1 Local Agency Special Tax and Bond Accountability Act Report (SB 165)