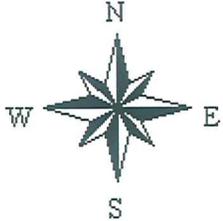
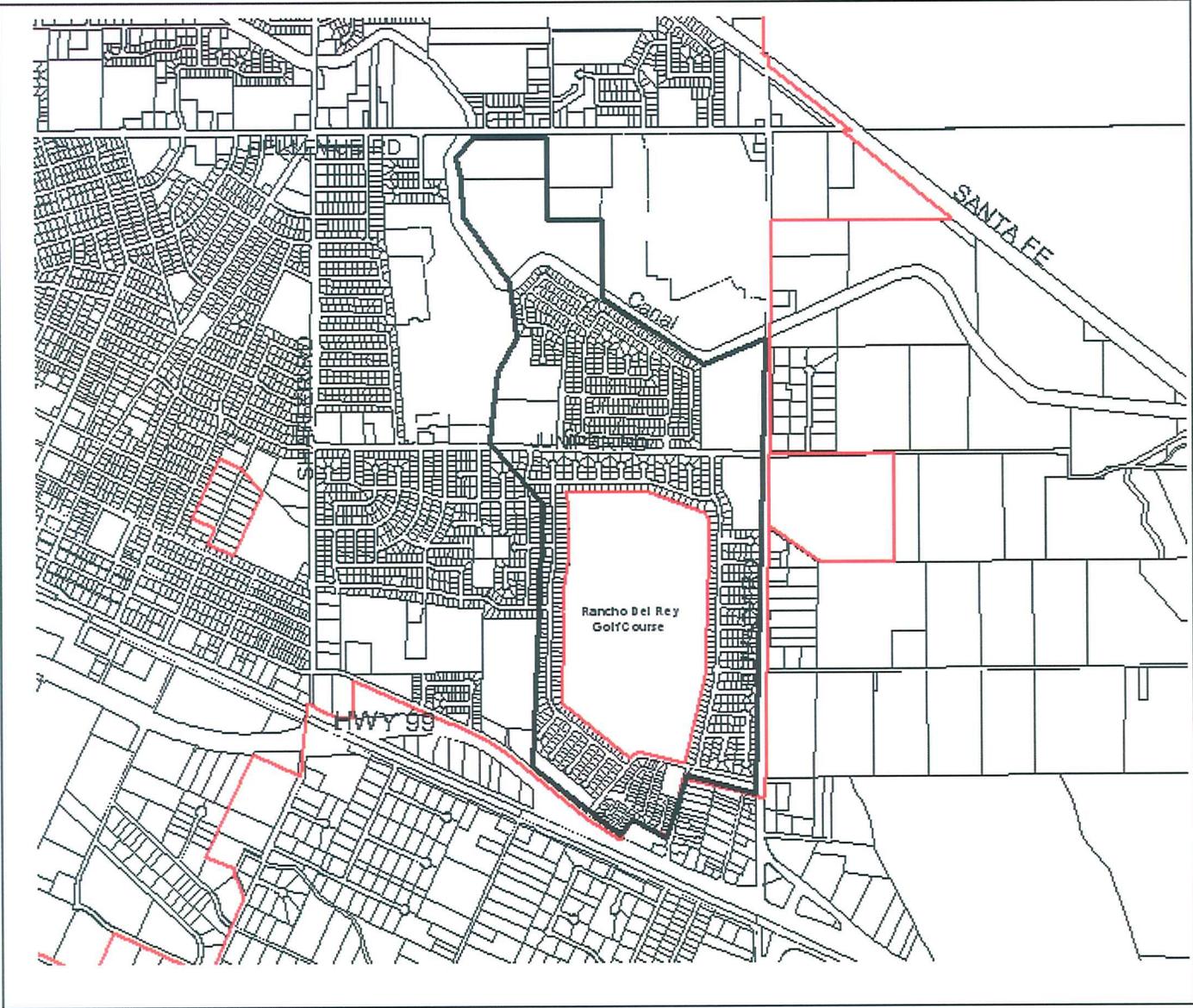


Community Meeting Atwater, California

CFD 1-90

July 30, 2009

Atwater Mello Roos District



What is Mello Roos?

- Mello-Roos Community Facilities Act of 1982
- Legislative response to Prop 13
- Provides for Special Tax Levy within defined geographic area –
- Initially required two-third of the qualified electorate
- Can generate facilities from broad range of facilities
- Way for developers to shift infrastructure

More about Mello Roos

- Authorizes the district to issue tax-exempt bond secured by land within the district
- If a parcel does not pay the special tax levy...
 - Public Agency can foreclose
 - Proceed from foreclosure insures the bond holders receive interest and principle payments
- Bonds are secured by land within the district
- Do not risk Public Agency General Fund
- Tax-exempt bonds – typically lower rate than conventional construction financing

Community Facilities District 1-90 (CFD 1-90)

- Created in July, 1990
- Authorized to borrow up to \$20 million to pay for infrastructure improvements. \$17.5 million in bonds were issued.
- Repayment was to be made by those who owned the land and, as homes and businesses were built, the homeowners and businesses located in the CFD.

Community Facilities District 1-90

- The \$17.5 million paid for:
 - Street improvements
 - Water and sewer main extensions
 - Underground utility extensions:
 - electricity
 - natural gas
 - cable TV and
 - phone service

But...

- The recession of the early 1990's slowed homebuilding in CFD 1-90.
- The closing of Castle Air Base in 1994 hurt the local economy and further slowed growth in the area.
- By 1994, non-payment of taxes threatened to put the District in default.
- In 1995, the City issued bonds to restructure the debt and avoid a default.
- Since 1995, the taxes collected each year from the land owners and the homeowners in the CFD has not raised enough money to keep the debt current and repay this debt by 2015.

Currently in CFD 1-90

- In 2006 the all debt payment were current and the reserve fund was made whole
- Homeowners in the CFD currently pay enough special taxes to pay the bond debt service.
- Homeowners pay based on the square footage of their home.
- The amount each homeowner pays increases by 2% each year when there is not sufficient tax revenue to make the annual debt service.
- The remaining undeveloped land in the District has large tax liens

CFD 1-90 Debt Service 2009

- Bonds structured in two series A and B.
- Debt service due in Fiscal Year 2008-09:
 - Series A debt service approximately \$1.2 million
 - Series B debt service approximately \$0.6 million
- All Debt service are is current at this time
- All required reserve funds have been restored
- August 31, 2008 reserve fund \$1,357,201

We have Improved the Situation

- 2009 refinancing
 - Took advantage of Interest rates at a 40 year low
 - Out year CFD debt was financed at 7 ¾%
 - CFD was refinanced, the interest rate were be lowered to approximately 6%
- Restructuring leveled debt service on series A bonds
- No extension of term
- Final year of debt service remains at 2015

Development Status

	2003-04	2006-07	2008-09
Total Parcels in CFD	960	1,180	1,183
Residential Parcels	945	1,020	1,036
Undeveloped Parcels	5	146	131

Going Forward

- Increase delinquencies in District is a concern
- We expect these to continue until the economy improves
- Foreclosure Covenants
 - Require foreclosure procedures for parcels delinquent by \$3,000 as long as the reserve fund is maintained
 - Increase noticing helps prevent foreclosure proceedings
- Legal issues related to foreclosures have reached settlement
- Last year of Debt Service remains at 2015

Question and Answer Period