



Finance Plan Review

Community Facilities District No. 09-1
Special Tax Bonds, Series 2020 A
\$87,070,000*

Community Facilities District No. 06-1
Special Tax Refunding Bonds, Series 2020
\$6,205,000*

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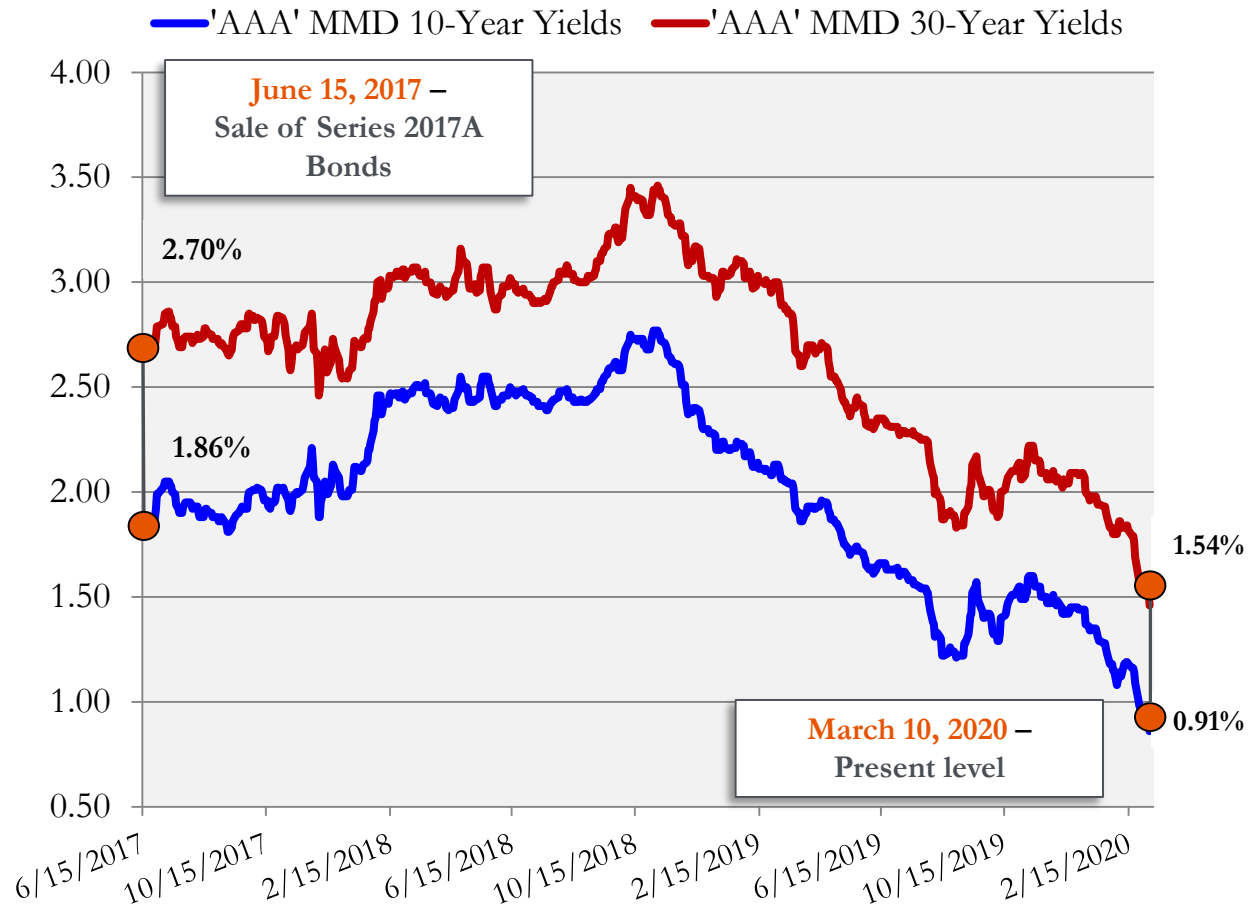
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March 17, 2020

Market Update

- ❖ Since the beginning of 2020, municipal interest rates have fallen by over 50 basis points (0.50%) to all-time new historical lows amid concerns of the effects the coronavirus epidemic could have on the global economy
- ❖ On March 3rd, the Federal Reserve cut its short-term rates for the first time this year by 50 basis points in an effort to support the economy and lower the risk of a recession

Historic Change in 'AAA' MMD Yields (June 15, 2017 through March 10, 2020)



Market Update

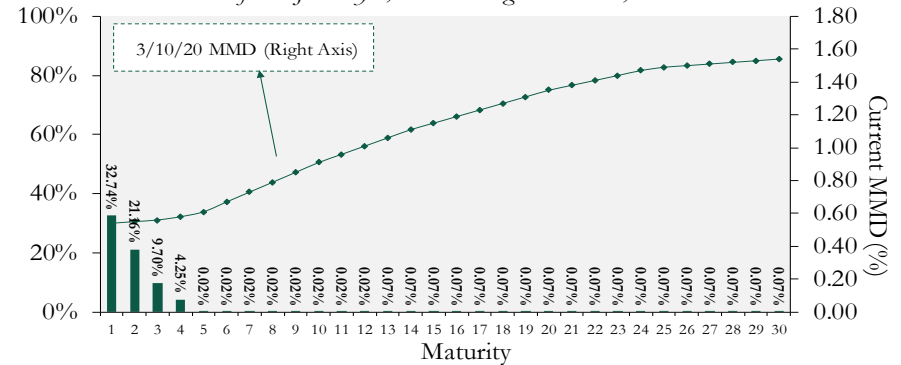
❖ **Municipal Market Data (MMD):** ‘AAA’ rated yield curve published daily by Thomson Reuters. All tax-exempt municipal bonds price based on a spread to MMD.

❖ Overall, historical rates have been lower than current rates only 1.79% of the time since 1998

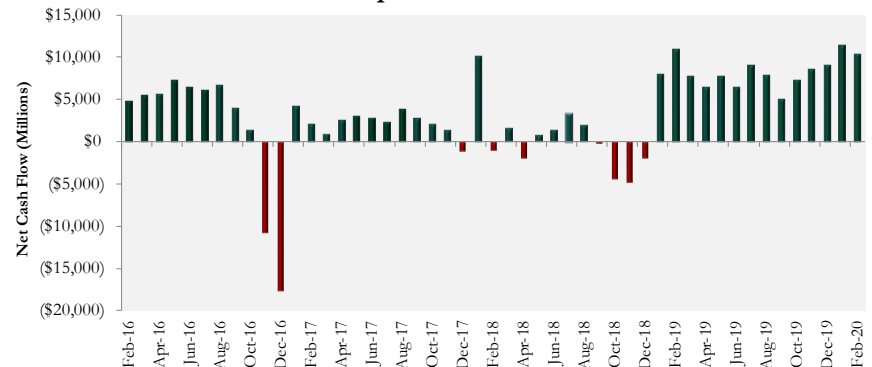
❖ U.S. municipal bond funds reported \$250 million of net outflows for the week ended March 4th

❖ It marked the first week of outflows after 60 consecutive record weeks of net inflows

Current "AAA" MMD and Percentage of Time Historical "AAA" MMD has been Lower than Current "AAA" MMD
from January 2, 1998 through March 10, 2020



Monthly Flow of Funds
Municipal Bond Mutual Funds



CFD No. 09-1 Executive Summary

- ❖ From March 2012 to March 2016, the District issued six series of adjustable rate bonds in the amount of \$392.4 million to be repaid by special taxes from development of CFD No. 09-1
 - Existing series of bonds were structured as adjustable rate debt with daily and weekly interest rate resets

- ❖ Beginning in 2017, the District has taken advantage of historically low long-term interest rates to amend its adjustable rate bonds to fixed rate bonds
 - Series 2012A: \$61,572,000 principal amended
 - Series 2012B: \$48,375,000 principal amended
 - Series 2014A: \$35,500,000 principal amended
 - Series 2016A: \$41,495,000 principal amended
 - Series 2014C: \$98,106,000 principal amended

- ❖ As a result on continued development in CFD No. 09-1 since June 30, 2019 and all-time historically low rates, the District is preparing to amend the final outstanding adjustable rate Series 2014B Bonds to fixed rate mode

Resolution Approving Section D-2

- ❖ By amending the final series of adjustable rate special tax bonds, the District can exercise Section D-2 of the Rate and Method of Apportionment (“Section D-2”)
- ❖ Section D-2 allows for the elimination of the undeveloped land tax for CFD No. 09-1, which:
 - (i) Eliminates a potential obligation of The Irvine Company, but also
 - (ii) Provides flexibility to the District to use special tax proceeds in excess of what is required to pay CFD administration fees and debt service on the bonds

CFD No. 09-1 Debt Outstanding

CFD No. 09-1 Special Tax Bonds Outstanding

| Issue | Fixed Rate Bonds Outstanding | | | | | | Adjustable Rate |
|---------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|--|
| | 2017 A (prev. 2012 A) | 2017 B (prev. 2012 B) | 2017 C (prev. 2014 A) | 2017 D | 2018 A (prev. 2016 A) | 2019 A (prev. 2014 C) | 2014B |
| Dated Date | 6/29/2017 | 6/29/2017 | 6/29/2017 | 6/29/2017 | 6/21/2018 | 9/18/2019 | 10/30/2014 |
| Final Maturity | 9/1/2047 | 9/1/2051 | 9/1/2053 | 3/1/2057 | 9/1/2056 | 9/1/2054 | 9/1/2054 |
| Par Amount | \$53,040,000 | \$43,010,000 | \$33,325,000 | \$74,440,000 | \$38,465,000 | \$86,845,000 | \$100,965,000 |
| Par Outstanding | \$53,040,000 | \$43,010,000 | \$33,325,000 | \$74,440,000 | \$38,465,000 | \$86,845,000 | \$100,965,000 |
| Max Interest Rate Allowed | True Interest Cost: 3.03% | True Interest Cost: 4.07% | True Interest Cost: 3.95% | True Interest Cost: 4.33% | True Interest Cost: 4.46% | True Interest Cost: 3.29% | 12% |
| Credit Rating | BAM Insured S&P: (AA) | BAM Insured S&P: (AA) | BAM Insured S&P: (AA) | BAM Insured S&P: (AA) | BAM Insured S&P: (AA) | BAM Insured S&P: (AA) | S&P: (A/A-1) Moody's: (A1/VMIG1) |
| LOC Provider | - | - | - | - | - | - | Sumitomo Mitsui Banking Corporation |
| LOC Expiration Date | - | - | - | - | - | - | 10/5/2020 |

CFD No. 09-1 Sources, Uses and Coverage*

Sources & Uses

| SOURCES | | Total |
|---------------------------|-----------|-----------------------|
| Bond Proceeds | | |
| Par Amount | \$ | 87,070,000.00 |
| Net Premium | | 16,883,361.15 |
| | \$ | 103,953,361.15 |
| Total Sources | \$ | 103,953,361.15 |
| USES | | |
| Refunding Escrow Deposits | | |
| Cash Deposit | \$ | 100,993,466.52 |
| Delivery Date Expenses | | |
| Cost of Issuance | \$ | 350,000.00 |
| Underwriter's Discount | | 446,233.75 |
| Bond Insurance at 115 bps | | 1,924,284.08 |
| Reserve Surety at 3.25% | | 238,933.77 |
| | \$ | 2,959,451.60 |
| Other Uses of Funds | | |
| Additional Proceeds | \$ | 443.03 |
| Total Uses | \$ | 103,953,361.15 |

| Bond Year Ending | Net Tax Roll Revenues | Outstanding Fixed Rate and Adjustable Rate Bonds Debt Service | Series 2020 A Bonds Estimated Debt Service | Total Debt Service | Debt Service Coverage |
|------------------|-----------------------|---|--|--------------------|-----------------------|
| 9/1/2020 | \$21,095,794 | \$16,076,638 | \$1,207,516 | \$17,284,154 | 122.05% |
| 9/1/2021 | 29,283,917 | 21,986,038 | 3,780,050 | 25,766,088 | 113.65% |
| 9/1/2022 | 29,176,746 | 21,903,888 | 3,780,050 | 25,683,938 | 113.60% |
| 9/1/2023 | 29,169,431 | 21,899,038 | 3,780,050 | 25,679,088 | 113.59% |
| 9/1/2024 | 29,161,970 | 21,884,488 | 3,780,050 | 25,664,538 | 113.63% |
| 9/1/2025 | 29,154,360 | 21,896,438 | 3,780,050 | 25,676,488 | 113.54% |
| 9/1/2026 | 29,146,598 | 21,894,538 | 3,780,050 | 25,674,588 | 113.52% |
| 9/1/2027 | 29,138,681 | 17,552,538 | 5,330,050 | 22,882,588 | 127.34% |
| 9/1/2028 | 29,130,605 | 17,556,988 | 5,317,550 | 22,874,538 | 127.35% |
| 9/1/2029 | 29,122,367 | 17,550,438 | 5,316,800 | 22,867,238 | 127.35% |
| 9/1/2030 | 29,113,965 | 17,548,088 | 5,317,050 | 22,865,138 | 127.33% |
| 9/1/2031 | 29,105,395 | 17,548,713 | 5,308,050 | 22,856,763 | 127.34% |
| 9/1/2032 | 29,096,654 | 17,546,425 | 5,305,050 | 22,851,475 | 127.33% |
| 9/1/2033 | 29,087,737 | 17,546,488 | 5,297,550 | 22,844,038 | 127.33% |
| 9/1/2034 | 29,078,643 | 17,541,219 | 5,295,550 | 22,836,769 | 127.33% |
| 9/1/2035 | 29,069,366 | 17,541,394 | 5,283,550 | 22,824,944 | 127.36% |
| 9/1/2036 | 29,059,904 | 17,542,894 | 5,276,800 | 22,819,694 | 127.35% |
| 9/1/2037 | 29,050,253 | 17,539,894 | 5,274,800 | 22,814,694 | 127.33% |
| 9/1/2038 | 29,040,408 | 17,538,250 | 5,267,050 | 22,805,300 | 127.34% |
| 9/1/2039 | 28,132,575 | 16,838,463 | 5,253,550 | 22,092,013 | 127.34% |
| 9/1/2040 | 28,101,125 | 16,822,988 | 5,244,300 | 22,067,288 | 127.34% |
| 9/1/2041 | 28,090,678 | 16,823,788 | 5,233,800 | 22,057,588 | 127.35% |
| 9/1/2042 | 28,080,022 | 16,819,700 | 5,231,200 | 22,050,900 | 127.34% |
| 9/1/2043 | 28,069,153 | 16,820,400 | 5,224,000 | 22,044,400 | 127.33% |
| 9/1/2044 | 28,058,067 | 16,820,250 | 5,212,200 | 22,032,450 | 127.35% |
| 9/1/2045 | 28,046,759 | 16,822,250 | 5,200,800 | 22,023,050 | 127.35% |
| 9/1/2046 | 28,035,225 | 16,815,600 | 5,199,600 | 22,015,200 | 127.34% |
| 9/1/2047 | 28,023,460 | 16,814,800 | 5,193,000 | 22,007,800 | 127.33% |
| 9/1/2048 | 28,011,459 | 16,818,700 | 5,176,000 | 21,994,700 | 127.36% |
| 9/1/2049 | 27,999,219 | 16,821,300 | 5,163,800 | 21,985,100 | 127.36% |
| 9/1/2050 | 27,986,734 | 16,812,900 | 5,166,000 | 21,978,900 | 127.33% |
| 9/1/2051 | 27,973,999 | 16,818,100 | 5,146,800 | 21,964,900 | 127.36% |
| 9/1/2052 | 27,961,010 | 16,810,350 | 5,146,800 | 21,957,150 | 127.34% |
| 9/1/2053 | 27,947,761 | 16,779,200 | 5,165,000 | 21,944,200 | 127.36% |
| 9/1/2054 | 27,934,247 | 12,434,250 | 9,500,400 | 21,934,650 | 127.35% |



* Preliminary and subject to change in market conditions.

CFD No. 06-1 Executive Summary

- ❖ CFD No. 06-1 (Portola Springs) was established on July 18, 2006
- ❖ Special Tax Bonds, Series 2010 were issued in the amount of \$13,075,000 in January 2010
- ❖ Currently, \$13,075,000 in principal remains outstanding and callable at par value on September 1, 2020
 - The current interest rates range from 5.75% - 6.70%
 - The District could achieve significant taxpayer savings by issuing tax-exempt refunding bonds in June 2020 to achieve a current refunding
 - The savings would reduce annual special taxes for homeowners

CFD No. 06-1 Sources, Uses and Savings*

Sources & Uses

| SOURCES | | Total |
|----------------------------|-----------|---------------------|
| Bond Proceeds | | |
| Par Amount | \$ | 6,205,000.00 |
| Net Premium | | 859,206.40 |
| | \$ | 7,064,206.40 |
| Other Sources of Funds | | |
| Prior Reserve Fund | \$ | 735,673.75 |
| Total Sources | \$ | 7,799,880.15 |
| USES | | |
| Refunding Escrow Deposits | | |
| Cash Deposit | \$ | 0.52 |
| SLGs Purchase ^a | | 6,908,552.00 |
| Other Fund Deposits | | |
| Debt Service Reserve Fund | \$ | 555,000.00 |
| Delivery Date Expenses | | |
| Cost of Issuance | \$ | 240,000.00 |
| Reserve Surety at 3.25% | | 93,075.00 |
| Other Uses of Funds | | |
| Additional Proceeds | \$ | 3,252.63 |
| Total Uses | \$ | 7,799,880.15 |

| | Prior Debt Service | Refunding Debt Service | Savings | NPV Savings |
|--------------|---------------------|------------------------|--------------------|--------------------|
| 9/1/2020 | \$220,337 | \$218,447 | \$1,890 | \$1,882 |
| 9/1/2021 | 735,674 | 553,650 | 182,024 | 179,056 |
| 9/1/2022 | 733,711 | 554,200 | 179,511 | 173,578 |
| 9/1/2023 | 730,111 | 551,200 | 178,911 | 170,052 |
| 9/1/2024 | 730,611 | 552,800 | 177,811 | 166,128 |
| 9/1/2025 | 729,480 | 553,800 | 175,680 | 161,342 |
| 9/1/2026 | 730,025 | 554,200 | 175,825 | 158,705 |
| 9/1/2027 | 728,895 | 549,000 | 179,895 | 159,576 |
| 9/1/2028 | 731,090 | 553,400 | 177,690 | 154,916 |
| 9/1/2029 | 731,275 | 552,000 | 179,275 | 153,601 |
| 9/1/2030 | 729,450 | 550,000 | 179,450 | 151,096 |
| 9/1/2031 | 730,615 | 552,400 | 178,215 | 147,464 |
| 9/1/2032 | 729,435 | 549,000 | 180,435 | 146,710 |
| 9/1/2033 | 730,910 | 555,000 | 175,910 | 140,551 |
| 9/1/2034 | 724,705 | 550,000 | 174,705 | 137,158 |
| 9/1/2035 | 496,155 | 374,400 | 121,755 | 93,935 |
| Total | \$10,942,479 | \$8,323,497 | \$2,618,982 | \$2,295,751 |

* Preliminary and subject to change in market conditions.

Summary of Next Steps*

CFD No. 09-1

| Date | Description |
|---------------------------|--|
| Tuesday, March 17, 2020 | District Board Meeting - Introduce Plan of Finance |
| Tuesday, April 14, 2020 | District Board Meeting - Consider D2 Resolution - Consider Resolution of Issuance |
| Wednesday, April 22, 2020 | Price Bonds |
| Wednesday, May 6, 2020 | Bond Closing and Prior Bonds Amended |

CFD No. 06-1 (Portola Springs)

| Date | Description |
|-------------------------|--|
| Tuesday, March 17, 2020 | District Board Meeting - Introduce Plan of Finance |
| Tuesday, April 14, 2020 | District Board Meeting - Consider Resolution of Issuance |
| Thursday, May 7, 2020 | Price Bonds |
| Thursday, June 4, 2020 | Bond Closing |

* Preliminary and subject to change.

