



309 North Rios Avenue  
Solana Beach, California  
92075

Phone: (858) 792-6937

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## BOARD OF DIRECTORS

**Eric Dill,**

Chairperson,

San Dieguito Union High

School District

**Nancy Lynch,**

Vice Chairperson,

Solana Beach School

District

**Doug Rafner,**

Director,

Del Mar Union School

District

**Mark Risco,**

Executive Director and

Board Secretary

# North City West School Facilities Financing Authority Board of Directors' Meeting

December 11, 2014 309 North Rios Avenue Solana Beach, CA 92075

2:30 p.m.

Phone: (858) 792-6937; Fax: (858) 792-8270

## Welcome...

### PUBLIC COMMENTS

With the exception of personnel items, individuals wishing to address the Board concerning an agenda item (or on other topics pertaining to JPA/CFD jurisdiction) are invited to do so at this time.

In the interest of time, **public presentations are limited to five (5) minutes per person, per topic.** If you wish to speak, please complete a card (located at the sign-in desk); and present it to the Board chairperson before commencement of the meeting. When the chairperson invites you to speak, please state your name, address and/or organization before making your presentation.

**Please note:** The law does not permit complaints and/or charges against an employee or staff member in an open Board of Directors' meeting.

In accordance with the Brown Act, there shall be no action taken for an item that has not been scheduled on a published agenda. Instead, the Board may:

- 1) Acknowledge receipt of the information,
- 2) Refer to staff for further study, or
- 3) Defer the matter to a future agenda.

We appreciate your cooperation.

### PUBLIC INSPECTION OF DOCUMENTS

In compliance with *Government Code 54957.5*, agenda related documents distributed to the Board less than 72 hours prior to meetings are available for inspection at North City West School Facilities Financing Authority executive offices located at 27368 Via Industria, Suite 110, Temecula, California.

### CLOSED SESSION

To consider timely, qualified matters of litigation, personnel, or on real estate negotiations, the Board may meet in a closed session.

### AMERICANS WITH DISABILITIES ACT

In compliance with the *Americans with Disabilities Act*, please contact the director at (858) 792-6937 by **noon**, the day before the Board meeting, to arrange reasonable accessibility for meeting participation.

Please set cellular phones and pagers to **silent mode**, and engage in conversations outside the meeting room.

# North City West School Facilities Financing Authority

**Directors:**

Eric Dill, Chairperson, San Dieguito Union High School District  
Nancy Lynch, Vice Chairperson, Solana Beach School District  
Doug Rafner, Director, Del Mar Union School District  
Mark Risco, Executive Director and Board Secretary

## AGENDA

<u>Items</u>	<u>Page No.</u>
<b>1. CALL TO ORDER, ROLL CALL</b>	
<b>2. PLEDGE OF ALLEGIANCE</b>	
<b>3. APPROVAL OF AGENDA</b>	<b>1-2</b>
<b>4. APPROVAL OF MINUTES</b>	<b>3-5</b>
A. Regular meeting, September 11, 2014	
<b>5. PUBLIC COMMENT</b>	
In accordance with the Brown Act, unless an item has been placed on the published agenda, there shall be no action taken. The Board may 1) acknowledge receipt of the information, 2) refer to staff for further study, or 3) refer the matter to the next agenda.	
<b>6. ADJOURNMENT INTO CLOSED SESSION</b>	
A. Conference with Legal Counsel – Potential Litigation (Government Code Section 54956.9(d)(4).)	
• Facts have arisen creating potential for litigation involving the Authority.	
<b>7. ADJOURNMENT FROM CLOSED SESSION/RECONVENE REGULAR BOARD MEETING</b>	
<b>8. FINANCIAL REPORTS</b>	<b>6-14</b>
The following reports record the routine business of the JPA/CFD for Fiscal Year 2013/14. Members of the Board, the administration or the public may request that specific items be discussed prior to their acknowledgement.	
A. Executive Summary	
B. Building Permit Activity	
C. Financial Overview	
D. Income & Expenditures (through September 2014)	
<b>9. EXECUTIVE DIRECTOR'S REPORT</b>	
A. Annual Audit has been completed for FY 2013-14	
B. CDIAC reports were filed 10/29/14	
C. Delinquency Management Update	

# North City West School Facilities Financing Authority

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## 10. ACTION ITEMS

15-16

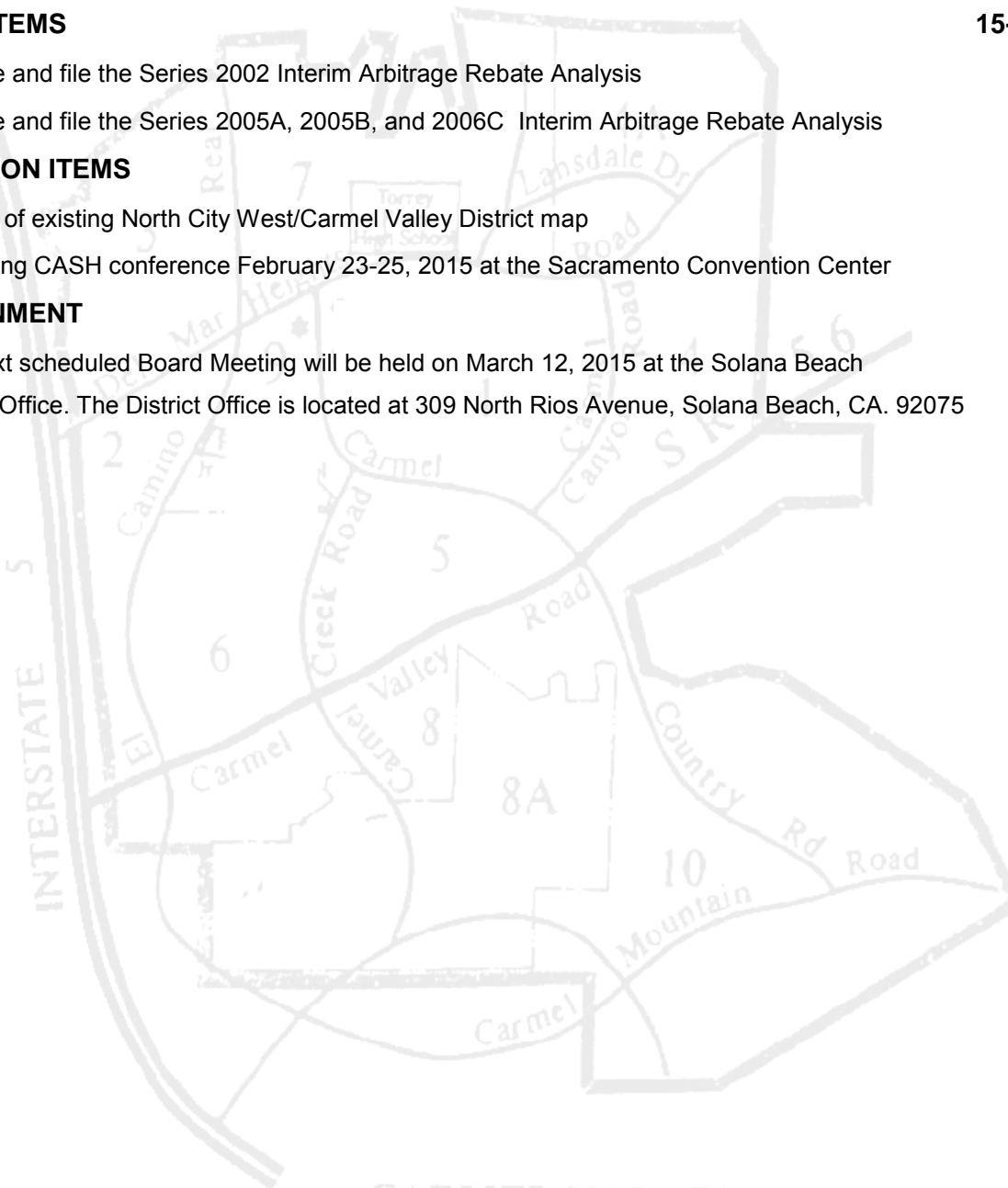
- A. Receive and file the Series 2002 Interim Arbitrage Rebate Analysis
- B. Receive and file the Series 2005A, 2005B, and 2006C Interim Arbitrage Rebate Analysis

## 11. DISCUSSION ITEMS

- A. Review of existing North City West/Carmel Valley District map
- B. Upcoming CASH conference February 23-25, 2015 at the Sacramento Convention Center

## 12. ADJOURNMENT

The next scheduled Board Meeting will be held on March 12, 2015 at the Solana Beach District Office. The District Office is located at 309 North Rios Avenue, Solana Beach, CA. 92075



CARMEL VALLEY

# North City West School Facilities Financing Authority

## Directors:

Eric Dill, Chairperson, San Dieguito Union High School District  
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Mark Risco, Executive Director and Board Secretary

## ITEM 4A

### MINUTES

The Directors of the **North City West School Facilities Financing Authority** and Community Facilities District 1 & 2 of the North City West School Facilities Financing Authority held a **Regular Meeting** on **September 11, 2014** at Solana Beach School District Offices, 309 North Rios Avenue, Solana Beach, CA, 92075. (The letters "JPA" will be used in place of North City West School Facilities Financing Authority and the letters "CFD" will be used in place of Community Facilities Districts 1 & 2).

#### PRESENT:

Directors: Eric Dill, Board Chairperson, San Dieguito Union High School District  
Nancy Lynch, Vice Chairperson, Solana Beach School District  
Doug Rafner, Director, Del Mar Union School District

#### Other Personnel, Member Districts:

Caroline Brown, Solana Beach School District  
Carlos Estella, Solana Beach School District  
Holly McClurg, Del Mar Union School District

#### Administration:

Mark Risco, Secretary & Executive Director, Willdan Financial Services  
Gladys Medina, Willdan Financial Services  
Bob Quaid, Willdan Financial Services

#### Guests:

Warren Diven, Best Best & Krieger  
Tyron Dorward, Best Best & Krieger

#### 1. CALL TO ORDER

The meeting was called to order by Director Dill at 3:34 p.m.

#### 2. PLEDGE OF ALLEGIANCE

#### 3. APPROVAL OF AGENDA

Moved by Director Rafner, seconded by Director Lynch to approve the agenda. Carried unanimously.

#### 4. APPROVAL OF MINUTES

Moved by Director Lynch, seconded by Director Rafner to approve the minutes. Carried unanimously.

#### 5. PUBLIC COMMENT

There were no comments from the public.

# North City West School Facilities Financing Authority

## Directors:

Eric Dill, Chairperson, San Dieguito Union High School District  
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## 6. FINANCIAL REPORTS

Mr. Risco to the Board on the following item.

- Sufficient funds available are available to pay debt service and middle school expansion.
- FY 2014-15 levies have been submitted.
- Nine (9) out of thirteen (13) apportionments for FY 2013-14 have been received.
- Low delinquencies for CFD 1 and CFD 2.
- There are sufficient funds available to meet encumbrances and debt service.

## 7. EXECUTIVE DIRECTOR'S REPORT

- Developer is questioning the amount of the District's direct deposit fees applicable to its property. Staff will be meeting with developer next week to discuss the issues and will report back to the Board.

## 8. ACTION ITEMS

**A.** Approval of contract for FY 2013-14 annual independent audit with Wilkinson Hadley & King Co., LLP for an amount not to exceed \$5,800, including expenses, and amend the FY 2014-15 budget for the annual audit fee from \$5,500 to \$5,800.

Moved by Director Rafner, second by Director Lynch. Carried unanimously.

**B.** Action to amend FY 2014-15 budget for Demography Study Fee from \$7,000 to \$30,000 was tabled to the next Board meeting pending presentation by Director Raftner of documentation supporting the increase in the Del Mar study fee and presentation by Director Lynch to submit invoices supporting previously unreimbursed study fees.

## 9. DISCUSSION ITEMS

- A.** Dates of Upcoming Board Meetings for FY 2014-15 were approved for December 11, 2014, March 12, 2015 and June 11, 2015.
- B.** Reminder that NCWJPA pays for one board member rep to attend the CASH conference. Upcoming meeting in February 2015.
- C.** Consult with the legal counsel regarding North City West funding possibility for the modernization of schools. Mr. Warren Diven provided response to question by the Board on the use of special taxes or surplus CFD bond fund monies to fund school improvements not previously authorized in the JPA Facilities Funding Agreement. Mr. Diven stated that no such funds could be used for unauthorized facilities without a change in modification proceedings including approval by two-thirds the registered voters within the district boundaries. CFD funds could be used to replace temporary facilities, such as relocatables, with permanent facilities.

# North City West School Facilities Financing Authority

**Directors:**

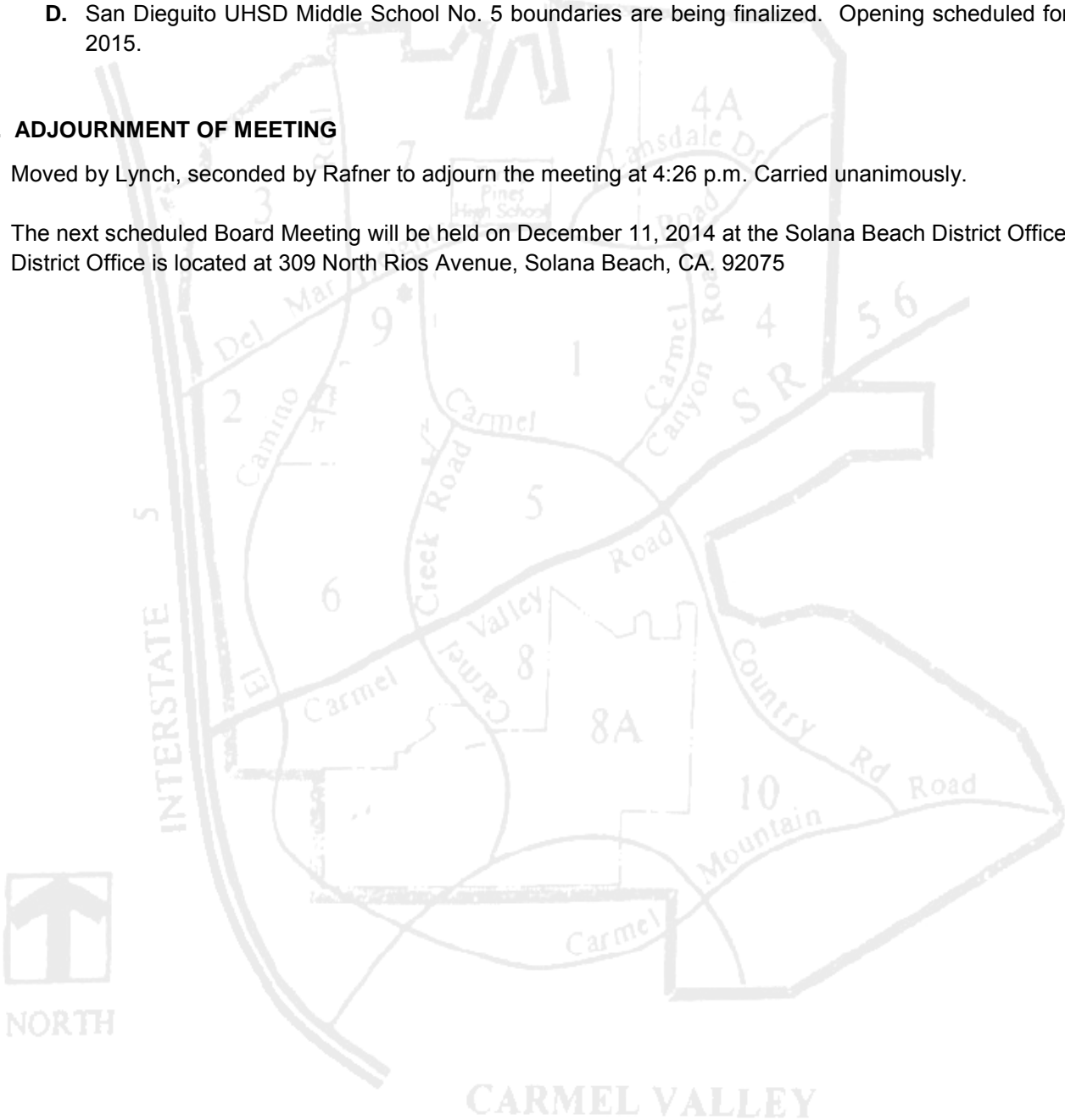
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D. San Dieguito UHSD Middle School No. 5 boundaries are being finalized. Opening scheduled for Fall of 2015.

**10. ADJOURNMENT OF MEETING**

Moved by Lynch, seconded by Rafner to adjourn the meeting at 4:26 p.m. Carried unanimously.

The next scheduled Board Meeting will be held on December 11, 2014 at the Solana Beach District Office. The District Office is located at 309 North Rios Avenue, Solana Beach, CA. 92075



# North City West School Facilities Financing Authority

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## ITEM 8A

### **SUBJECT: EXECUTIVE SUMMARY, FINANCIAL REPORTING THROUGH September 30, 2014**

**1. School fees/building permits for CFD No.1**

For Fiscal Year 2014/15, school fees for zero (0) homes were paid.

**2. Master Plan direct deposit fees forecast:**

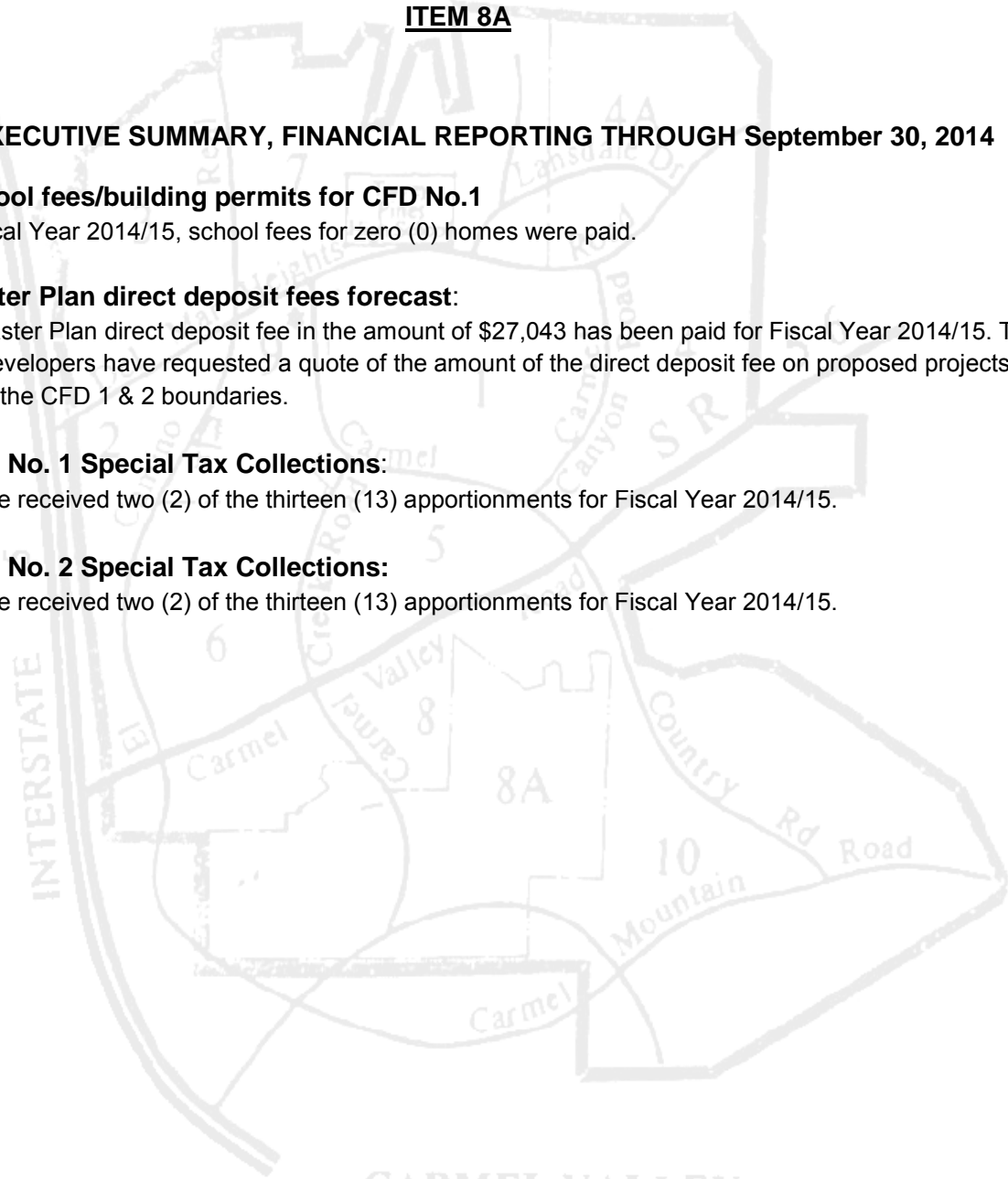
One Master Plan direct deposit fee in the amount of \$27,043 has been paid for Fiscal Year 2014/15. Two other developers have requested a quote of the amount of the direct deposit fee on proposed projects outside the CFD 1 & 2 boundaries.

**3. CFD No. 1 Special Tax Collections:**

We have received two (2) of the thirteen (13) apportionments for Fiscal Year 2014/15.

**4. CFD No. 2 Special Tax Collections:**

We have received two (2) of the thirteen (13) apportionments for Fiscal Year 2014/15.



CARMEL VALLEY







# North City West School Facilities Financing Authority

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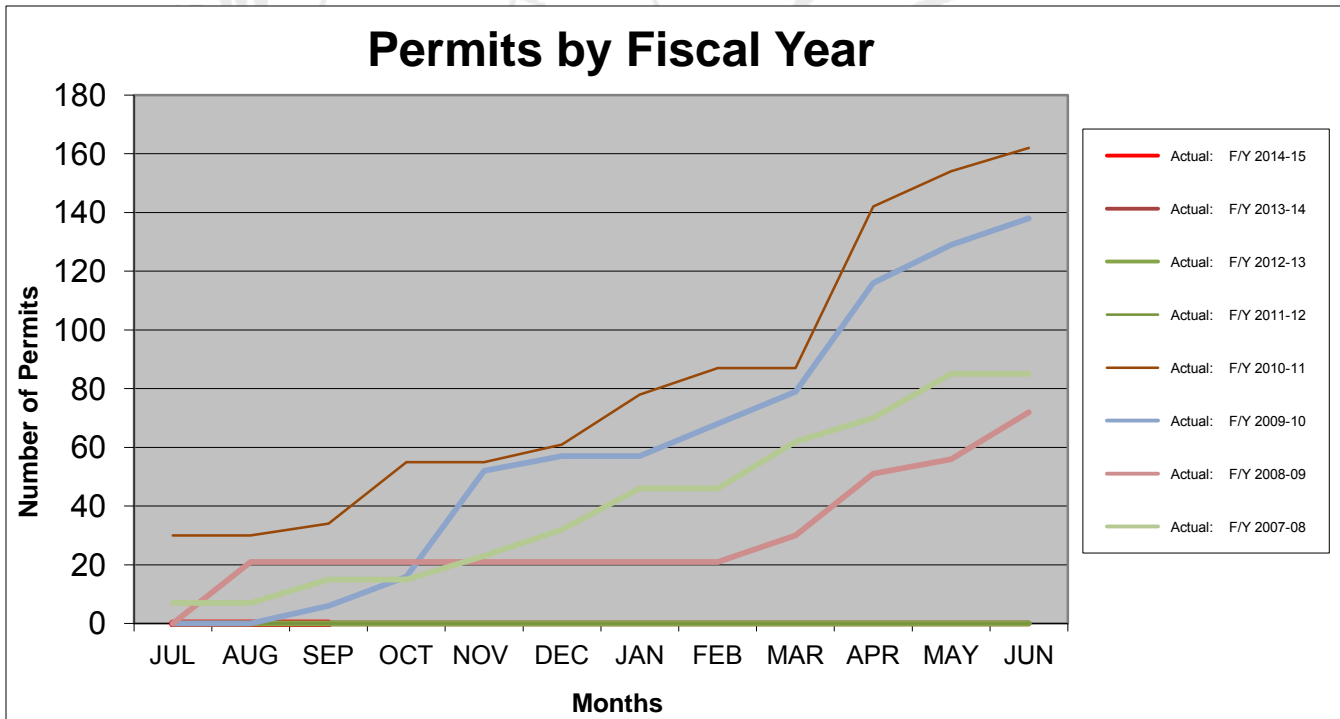
**ITEM 8B-2**

**CARMEL VALLEY RESIDENTIAL BUILDING PERMITS**

**YEAR TO DATE TOTALS**

*Current Fiscal Year 2014-15*

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Actual: F/Y 2014-15	0	0	0	0	0	0	0	0	0	0	0	0
Actual: F/Y 2013-14	0	0	0	0	0	0	0	0	0	0	0	0
Actual: F/Y 2012-13	0	0	0	0	0	0	0	0	0	0	0	0
Actual: F/Y 2011-12	0	0	0	0	0	0	0	0	0	0	0	0
Actual: F/Y 2010-11	30	30	34	55	55	61	78	87	87	142	154	162
Actual: F/Y 2009-10	0	0	6	16	52	57	57	68	79	116	129	138
Actual: F/Y 2008-09	0	21	21	21	21	21	21	21	30	51	56	72
Actual: F/Y 2007-08	7	7	15	15	23	32	46	46	62	70	85	85



# North City West School Facilities Financing Authority

## Directors:

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### ITEM 8C

#### FINANCIAL OVERVIEW

The financial overview consists of three parts:

#### **ITEM 8C-1** - Summary of Current Funds Available for Future Projects

Shows funds on deposit as of the beginning of each fiscal quarter, less current fiscal year encumbrances, resulting in the balance of unencumbered funds available for future projects

Funds held in the San Diego County Treasury (through the S.D. County Office of Education).

- A. **Fund 77** (21-09): CFD No. 1 Special Tax Funds.
- B. **Fund 78** (21-10): CFD No. 1 Special Taxes collected by County of San Diego.
- C. **Fund 79** (35-00): Direct mitigation fees collected under the Master Plan,  
and CFD No. 2 Special Taxes collected by the County of San Diego.
- D. **Fund 83** (21-25): Del Mar Neighborhood #8A School Site Fund
- E. **Fund 84** (21-25): Del Mar Neighborhood #8A School Construction Fund

Currently inactive funds: 76, 80, 81, 82

#### **ITEM 8C-2** - Financial Status of Approved Projects

Shows the annual approved project budgets, the year to date project expenditures (by county fund or bonds), the percent of budget spent year to date, and the resulting unspent balance remaining for the fiscal year.

NORTH

CARMEL VALLEY

# North City West School Facilities Financing Authority

## Directors:

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### ITEM 8C-1

#### SUMMARY OF CURRENT FUNDS AVAILABLE FOR FUTURE PROJECTS

Current Fiscal Year 2014-15  
As of September 30, 2014

	Sept 30, 2013	Dec 31, 2013	April 30, 2014	June 30, 2014	Sept 30, 2014
<b>FUNDS ON DEPOSIT</b>					
Fund 76, subordinate tax fund	\$ 6,243	\$ 6,248	\$ 6,259	\$ 6,259	\$ 6,265
Fund 77, CFD #1 devel fees & check acct	1,256,817	1,257,796	1,259,919	1,519,939	1,521,346
Fund 78, less semi-annual bond payments	4,417,840	6,361,213	8,496,064	11,092,623	5,496,460
Fund 79, Master Plan fees & CFD #2	(15,186)	(6,758)	-	25,648	35,698
Fund 80, SBSB #6 site	-	-	-	-	-
Fund 81, La Costa Canyon	-	-	-	-	-
Fund 82, SBSB #6 construction	-	-	1	-	-
Fund 83, DMUSD #7 land	84,830	84,896	85,040	85,040	85,123
Fund 84, DMUSD #7 construction	4	4	4	4	4
1997C Bond Construction Fund	-	-	-	-	-
2002 Bonds Special fund	41,054	41,054	41,054	41,054	41,054
2005A & B Bonds Project Fund	4,707,744	4,707,771	4,707,792	4,713,203	4,713,386
<b>Total Unrestricted Funds on Deposit</b>	<b>\$ 10,499,348</b>	<b>\$ 12,452,225</b>	<b>\$ 14,596,133</b>	<b>\$ 17,483,769</b>	<b>\$ 11,899,337</b>
<b>ENCUMBRANCES</b>					
Carmel Valley Middle School Expansion	\$ 5,368,166	\$ 5,368,166	\$ 5,368,166	\$ 5,368,166	\$ 5,525,448
La Costa Canyon High School	-	-	-	-	-
Torrey Pines H.S. C.S.R. addition	-	-	-	-	-
Ashley Falls School	-	-	-	-	-
Ashley Falls addition	-	-	-	-	-
Sage Canyon School (Neighb. #10)	-	-	-	-	-
Sage Canyon 8 Relocatables	-	-	-	-	-
Del Mar School (Neighb. #8A) site	72,852	72,852	72,852	72,852	72,852
Del Mar School (Neighb. #8A) construct.	-	-	-	-	-
Other Del Mar JPA Relocatables	-	-	-	-	-
Solana Pacific School construction	-	-	-	-	-
Administration	90,695	81,520	18,098	10,647	178,714
NCW JPA Reserve	-	-	-	-	-
<b>Total Encumbrances</b>	<b>\$ 5,531,713</b>	<b>\$ 5,522,538</b>	<b>\$ 5,459,116</b>	<b>\$ 5,451,665</b>	<b>\$ 5,777,014</b>
<b>SUMMARY</b>					
Total Unrestricted Funds on Deposit	\$ 10,499,348	\$ 12,452,225	\$ 14,596,133	\$ 17,483,769	\$ 11,899,337
Encumbrances (current fiscal year)	\$ (5,531,713)	\$ (5,522,538)	\$ (5,459,116)	\$ (5,451,665)	\$ (5,777,014)
<b>Unencumbered Funds Available</b>	<b>\$ 4,967,635</b>	<b>\$ 6,929,687</b>	<b>\$ 9,137,017</b>	<b>\$ 12,032,105</b>	<b>\$ 6,122,324</b>

NORTH

CARMEL VALLEY

# North City West School Facilities Financing Authority

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## ITEM 8C-2

### FINANCIAL STATUS OF APPROVED PROJECTS

Current Fiscal Year 2014-15  
As of September 30, 2014

		C.V. MIDDLE SCHOOL	DEL MAR ELEM. N #8A School	ADMIN.	TOTAL PROJECTS
F/Y 2014/15	L		\$ 72,852		\$ 72,852
BUDGET	C	\$ 5,525,448	\$ -	\$ 187,635	\$ 5,713,083

EXPEND.	L				
FUND 78	C				\$ -
EXPEND.	L				
FUND 79	C			\$ 8,921	\$ 8,921
EXPEND.	L				\$ -
FACIL. FUND.	C				\$ -
TOTAL	L				\$ -
EXPEND.	C	\$ -	\$ -	\$ 8,921	\$ 8,921

PERCENT	L		0.0%		
OF BUDGET	C	0.0%	0.0%	4.8%	

BALANCE	L		\$ 72,852	\$ -	\$ 72,852
REMAINING	C	\$ 5,525,448	\$ -	\$ 178,714	\$ 5,704,162

L = Land purchase

C = Construction/Operations

# North City West

## School Facilities

### Financing Authority

**Directors:**

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**ITEM 8D-1**

**INCOME TO DATE, Funds 76, 77, 78, 79, 80, 81, 82, 83, & 84**

Current Fiscal Year 2014-15  
 As of September 30, 2014

DATE	ITEM NO.	SOURCE	FUND 77 (21-09)		FUND 78 (21-10)			FUND 79 (35-00)			FUND 76 (21-62)	FUNDS (21-00,25)	
			FEE INCOME	INTEREST INCOME	TAX APPN. INCOME	INTEREST INCOME	MISC. INCOME	TAX APPN. INCOME	INTEREST INCOME	PERMIT INCOME	MISC. INCOME	INTEREST INCOME	\$0, 81, 82, 83 & 84 INCOME
7/16/14	CT	County Int, 100% 6/30/14		\$1,407.80		\$9,896.63			\$ 9.45		\$ 6.16	\$ 83.69	
7/17/14	CT	Apportionment #13			17,187.00								
8/12/14	CT	Apportionment #1			5,287.84								
9/9/14	CT	Apportionment #2			11,911.61								
9/18/14		Direct Deposit Fee									27,043.00		
9/19/14		Refund Special Tax - Undeliverable Check			452.00								
9/24/14	12-353587	Refund Special Tax			(113.00)								
<b>YEAR TO DATE TOTAL INCOME</b>			\$ -	\$1,407.80	\$ 34,725.45	\$9,896.63	\$ -	\$ -	\$ 9.45	\$ -	\$27,043.00	\$ 6.16	\$ 83.69
<b>FORECAST TOTAL INCOME</b>			\$ -		\$ 8,401,728.00			\$ 67,798.00		\$ -			
<b>PERCENT COLLECTED YEAR TO DATE</b>			#DIV/0!		0.4%			0.0%		NA			



# North City West School Facilities Financing Authority

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**ITEM 8D-2**

**EXPENDITURES TO DATE, Funds 76, 77, 78, 79, 80, 81, 82, 83, & 84**

Current Fiscal Year 2014-15

As of September 30, 2014

DATE	VENDOR	PURPOSE	WARRANT / SOURCE	EXPENDITURES					
				21-09 Fund 77	(21-10) FUND 78	(21-10) REFUNDS	(21-00) F. FUND AGR Funds 83 & 84	(35-00) FUND 79 ADMIN	TOTAL EXPEND.
07/29/14	US Bank	Transfer to Trustee for Debt Service	12-337065		\$ 1,201,944.22				\$ 1,201,944.22
07/29/14	AT&T	Phone Service July 11 thru Aug 10	12-337066					30.48	\$ 30.48
07/29/14	Best Best & Krieger LLP	Legal Services Rendered thru June 30	12-337067					1,244.18	\$ 1,244.18
07/29/14	US Bank	Administrative Fees 6/1/14-5/31/15 (2012A)	12-337068					2,400.00	\$ 2,400.00
07/29/14	US Bank	Administrative Fees 6/1/13-5/31/14 (2006C)	12-337068					3,062.50	\$ 3,062.50
08/07/14	US Bank	Transfer to Trustee for Debt Service	12-339110		4,438,840.35				\$ 4,438,840.35
08/14/14	Best Best & Krieger LLP	Legal Services Rendered thru July 31	12-340892					1,729.84	\$ 1,729.84
08/22/14	AT&T	Phone Service Aug 11 thru Sept 10	12-342982					30.20	\$ 30.20
09/02/14	Best Best & Krieger LLP	Refund of over payment						(1,244.18)	\$ (1,244.18)
09/24/14	Kolinko Eugene	Refund for overpayment of CFD 1 (FY 2009/10 thru 2012/13)	12-353587			113.00			\$ 113.00
09/24/14	Best Best & Krieger LLP	Legal Services Rendered thru August 31	12-353588					116.02	\$ 116.02
09/24/14	Bondlogistix	Interim Arbitrage Rebate Report - Series 2005A & B, 2006C	12-353589					1,500.00	\$ 1,500.00
09/26/14	AT&T	Phone Service Sept 11 thru Oct 10	12-354611					36.31	\$ 36.31
09/26/14	San Diego County - Mapping Dept.	NCW Map (Carmel Valley South)	12-354612					16.00	\$ 16.00
<b>Total Expenditures To Date:</b>					<b>\$ 5,640,784.57</b>	<b>\$ 113.00</b>	<b>\$ -</b>	<b>\$ 8,921.35</b>	<b>\$ 5,649,818.92</b>



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## ITEM 8E

### Trust Fund Balance and Investments

Current Fiscal Year 2014-15  
As of September 30, 2014

USB Account	Account Description	Issuer	Investment Type	Rating S&P/ Moodys	Date Purchased	Maturity	Term Years	Investment			
								Par	% Rate	Price	% Yield
131352-004	2002 Reserve Fund	FHLMC	Note	AA+/AAA	12/18/2012	11/25/2014	1.94	\$ 235,000	0.750	\$ 237,268	0.250
		FHLB	Note	AA+/AAA	12/18/2012	11/20/2015	2.92	235,000.0	0.500	236,161	0.330
		FNMA	Note	AA+/AAA	12/18/2012	11/15/2016	3.91	229,000.0	1.375	236,385	0.540
		FNMA	Note	AA+/AAA	12/18/2012	12/20/2017	5.01	240,000.0	0.875	240,881	0.800
		FNMA	Note	AA+/AAA	9/18/2013	9/18/2018	5.00	240,000.0	1.875	240,342	1.845
<b>Total</b>								<b>\$ 1,179,000</b>		<b>1,191,037</b>	<b>0.762%</b>
Weighted											
790415-003	2005B/2006C Reserve Fund	FHLMC	Note	AA+/AAA	12/18/2012	11/25/2014	1.94	\$ 350,000	0.750	\$ 353,378	0.250
		FHLB	Note	AA+/AAA	12/18/2012	11/20/2015	2.92	350,000	0.500	351,729	0.330
		FNMA	Note	AA+/AAA	12/18/2012	11/15/2016	3.91	341,000	1.375	351,997	0.540
		FNMA	Note	AA+/AAA	12/18/2012	12/20/2017	5.01	351,000	0.875	352,289	0.800
		FNMA	Note	AA+/AAA	9/18/2013	9/18/2018	5.00	360,000	1.875	360,513	1.880
<b>Total</b>								<b>\$ 1,752,000</b>		<b>1,769,906</b>	<b>0.764%</b>
Weighted											
790415-004	2005B Project Fund	GE Capital	CP	A-1+ / P-1	7/31/2014	4/27/2015	0.74	\$ 4,500,000	0.160	\$ 4,494,600	0.162%
<b>Total</b>								<b>\$ 4,500,000</b>		<b>\$ 4,494,600</b>	<b>0.162%</b>
<b>Grand Total</b>								<b>\$ 7,431,000</b>		<b>\$ 7,455,543</b>	<b>0.444%</b>
Weighted											

LAIF Rate for Third Quarter 2014 0.240%

Interest Received Fiscal Year Ended June 30, 2014 \$ 26,641  
Interest Received Fiscal Year to Date \$ 5,625



NORTH

CARMEL VALLEY



# North City West School Facilities Financing Authority

## Directors:

Eric Dill, Chairperson, San Dieguito Union High School District  
Nancy Lynch, Vice Chairperson, Solana Beach School District  
Doug Rafner, Director, Del Mar Union School District  
Mark Risco, Executive Director and Board Secretary

### ITEM 10A

**SUBJECT:** Series 2002 Bond Interim Arbitrage Rebate Analysis for the computation period September 19, 2002 through September 2, 2014.

**BACKGROUND:** The JPA/CFD contracted with BLX Group LLC to calculate the Series 2002 Bonds potential Federal liability for an excess of funds earned over funds paid on the outstanding Bonds. *Excess earnings are required to be paid to the IRS every five years.*

For the period September 19, 2002 through September 2, 2014, there is **no Cumulative Rebate Arbitrage Liability** with respects to the Bonds. The allowable Yield on Investments is 5.145849% for the same period.

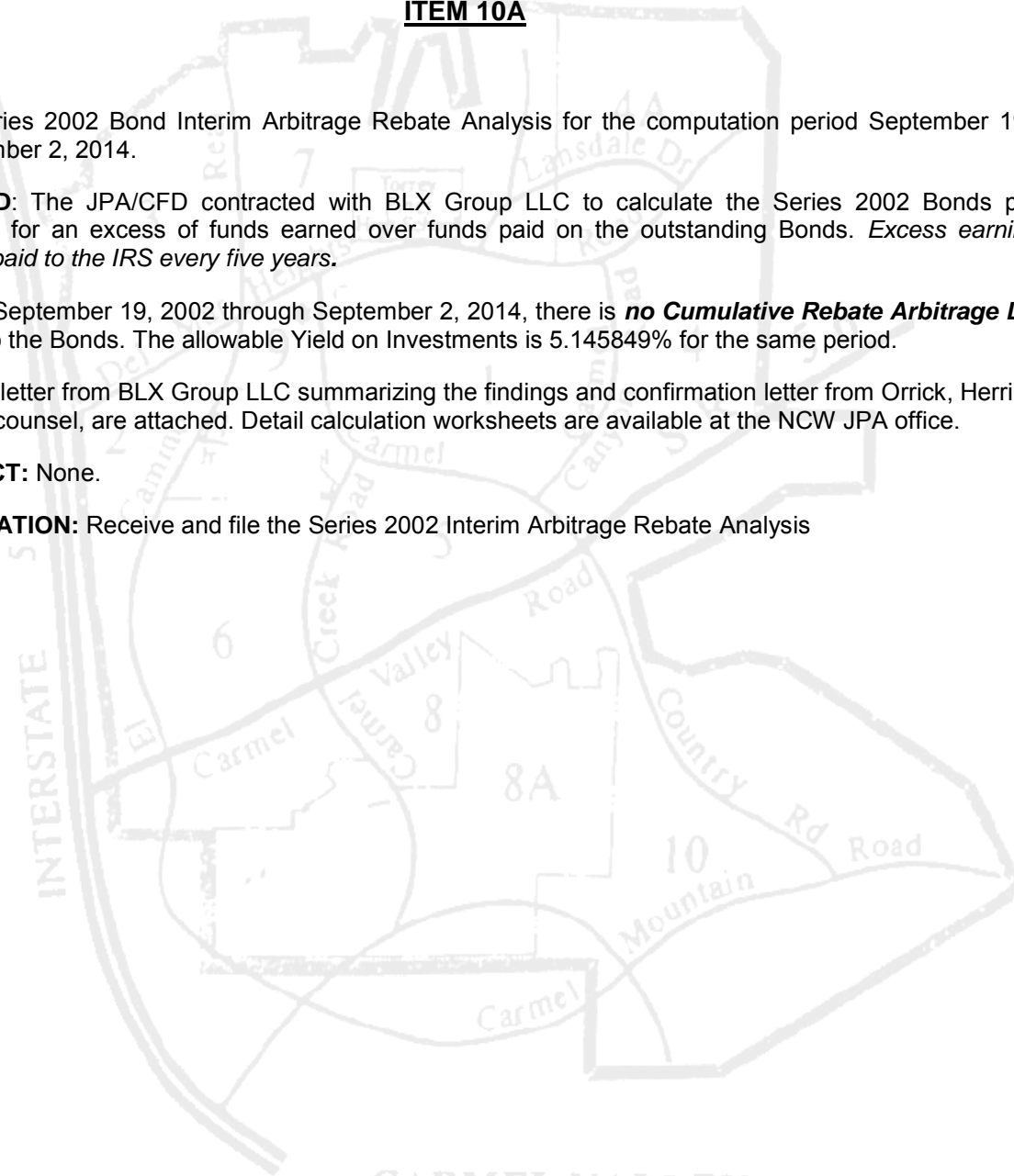
The transmittal letter from BLX Group LLC summarizing the findings and confirmation letter from Orrick, Herrington & Sutcliffe, bond counsel, are attached. Detail calculation worksheets are available at the NCW JPA office.

**FISCAL IMPACT:** None.

**RECOMMENDATION:** Receive and file the Series 2002 Interim Arbitrage Rebate Analysis



NORTH



CARMEL VALLEY

# North City West School Facilities Financing Authority

## Directors:

Eric Dill, Chairperson, San Dieguito Union High School District  
Nancy Lynch, Vice Chairperson, Solana Beach School District  
Doug Rafner, Director, Del Mar Union School District  
Mark Risco, Executive Director and Board Secretary

### ITEM 10B

**SUBJECT:** Series 2005A, 2005B, & 2006C Interim Arbitrage Rebate Analysis for the computation period August 4, 2005 through September 1, 2014.

**BACKGROUND:** The JPA/CFD contracted with BLX Group LLC to calculate the Series 2005A, 2005B, & 2006C Bonds potential Federal liability for an excess of funds earned over funds paid on the outstanding Bonds. *Excess earnings are required to be paid to the IRS every five years.*

For the period August 4, 2005 through September 1, 2014, there is **no Cumulative Rebate Arbitrage Liability** with respects to the Bonds. The allowable Yield on Investments is 4.456817% for the same period.

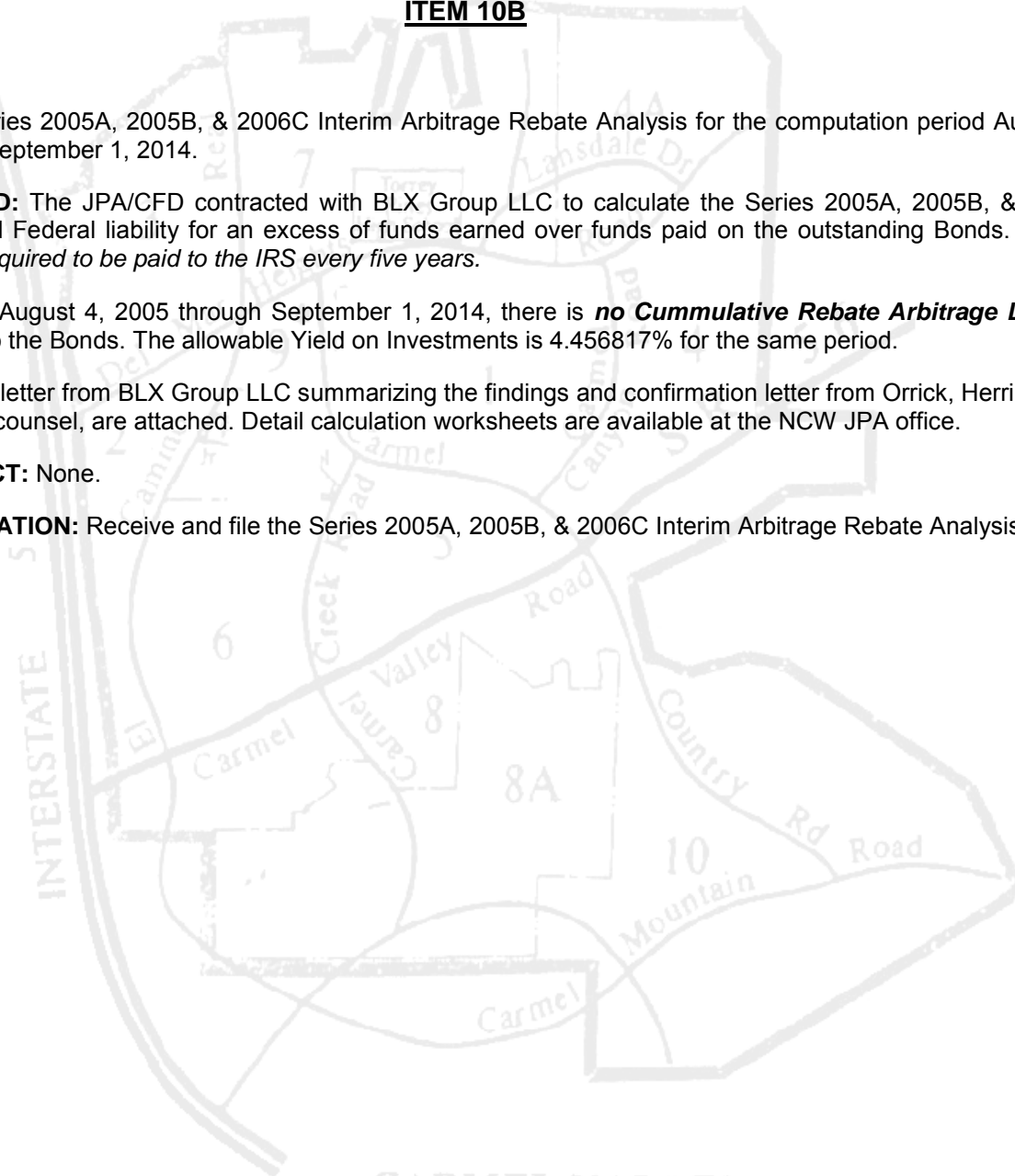
The transmittal letter from BLX Group LLC summarizing the findings and confirmation letter from Orrick, Herrington & Sutcliffe, bond counsel, are attached. Detail calculation worksheets are available at the NCW JPA office.

**FISCAL IMPACT:** None.

**RECOMMENDATION:** Receive and file the Series 2005A, 2005B, & 2006C Interim Arbitrage Rebate Analysis



NORTH



CARMEL VALLEY



October 13, 2014

North City West School Facilities Finance Authority  
c/o Willdan Financial Services  
27368 Via Industria, Suite 110  
Temecula, CA 92590

Re: \$21,857,921  
North City West School Facilities Financing Authority  
Subordinate Special Tax Revenue Bonds  
Series 2002  
Interim Arbitrage Rebate Analysis  
Computation Period: September 19, 2002 through September 2, 2014

Ladies and Gentlemen:

This report (the "Report"), which is being delivered to you pursuant to our engagement letter, consists of computations and the assumptions on which such computations are based with respect to the rebate liability of the North City West School Facilities Financing Authority (the "Issuer") in connection with the above-captioned issue (the "Bonds") for the above-referenced period (the "Interim Computation Period").

The computations herein are based on an analysis of existing laws, regulations, and rulings. The Department of the Treasury ("Treasury") may publish additional regulations and supplement, amend, or interpret such laws, regulations, and rulings from time to time, with the result that the amount of rebate liability described in the Report may be subject to adjustment under such future pronouncements.

The scope of our engagement was limited to preparing the Report based on information supplied to us. In accordance with our engagement letter (which is incorporated herein by reference), our engagement did not include determination of whether securities allocable to proceeds of the Bonds were purchased at fair market value within the meaning of Treasury Regulations, or an audit or review of the investments acquired with gross proceeds or the payment of debt service on the Bonds. With your permission, we have relied entirely on the information provided to us without independent verification, and we express no opinion as to the completeness, accuracy, or suitability of such information for purposes of calculating rebate liability with respect to the Bonds. We have undertaken no responsibility to audit or review the tax-exempt status of interest on the Bonds or any other aspect of the Bond program. We are under no obligation to consider any information obtained by us pursuant to this engagement for any purpose other than determining such rebate liability. Also, we have no obligation to update this Report delivered herewith because of any events occurring, changes in existing laws, regulations, or rulings or interpretations thereof, or data or information received, subsequent to the date hereof.



For the Interim Computation Period September 19, 2002 through September 2, 2014:

Allowable Yield on Investments:	5.145849%
Cumulative Rebate Liability:	<u>\$0.00</u>

Ninety percent (90%) of the Cumulative Rebate Liability (reduced by any applicable computation date credits) is required to be rebated to the United States no later than 60 days after September 2, 2017 (the end of the fifteenth Bond Year). Such Cumulative Rebate Liability is subject to change, however, pursuant to computations undertaken up to and including September 2, 2017. Additionally, should the Bonds be retired prior to September 2, 2017, 100% of the Cumulative Rebate Liability (reduced by any applicable computation date credits) as of such retirement date will become due and payable within 60 days.

This Report is not to be used, circulated, quoted, referred to, or relied upon by any other person without our express written permission.

Very truly yours,

A handwritten signature in black ink that reads "BLX Group LLC". The signature is written in a cursive, flowing style.

BLX Group LLC



**O R R I C K**

ORRICK, HERRINGTON & SUTCLIFFE LLP  
777 SOUTH FIGUEROA STREET  
SUITE 3200  
LOS ANGELES, CA 90017-5855  
*tel 213-629-2020*  
*fax 213-612-2499*  
[WWW.ORRICK.COM](http://WWW.ORRICK.COM)

October 13, 2014

North City West School Facilities Finance Authority  
c/o Willdan Financial Services  
27368 Via Industria, Suite 110  
Temecula, CA 92590

Re: \$21,857,921  
North City West School Facilities Financing Authority  
Subordinate Special Tax Revenue Bonds  
Series 2002  
Interim Arbitrage Rebate Analysis  
Computation Period: September 19, 2002 through September 2, 2014

Ladies and Gentlemen:

This opinion is being delivered to you pursuant to our engagement to provide certain legal services and accompanies a report (the "Report") prepared on the date hereof by BLX Group LLC ("BLX") consisting of computations and the assumptions on which such computations are based with respect to the rebate liability of the North City West School Facilities Financing Authority (the "Issuer") in connection with the above-captioned issue (the "Bonds") for the above-referenced period (the "Interim Computation Period"). In particular, we note that our opinion is specifically subject to the notes and assumptions contained in the Report.

The opinion expressed herein is based on an analysis of existing laws, regulations, and rulings. The Department of the Treasury ("Treasury") may publish additional regulations and supplement, amend, or interpret such laws, regulations, and rulings from time to time, with the result that the amount of rebate liability described in the Report and in this opinion may be subject to adjustment under such future pronouncements.

The scope of our engagement was limited to preparing this opinion, based on information supplied to us by you, BLX, and U.S. Bank, N.A. (the "Trustee"). In accordance with our engagement letter (which is incorporated herein by reference), our engagement did not include determination of whether securities allocable to proceeds of the Bonds were purchased at fair market value within the meaning of Treasury Regulations, or an audit or review of the investments acquired with gross proceeds or the payment of debt service on the Bonds. With your permission, we have relied entirely on information provided by you, BLX, and the Trustee without independent verification, and we express no opinion as to the completeness, accuracy, or suitability of such information for purposes of calculating rebate liability with respect to the Bonds. We have undertaken no responsibility to audit or review the tax-exempt status of interest on the Bonds or any other aspect of the Bond program. No opinion is expressed on any matter other than rebate liability to the extent set forth below, and we are under no obligation to consider any information obtained by us pursuant to this engagement for any purpose other than determining such rebate liability. Also, we have no obligation to update this opinion delivered



herewith because of any events occurring, changes in existing laws, regulations, or rulings or interpretations thereof, or data or information received, subsequent to the date hereof.

Based on and subject to the foregoing, and subject to the notes and assumptions contained in the Report, in our opinion, the computations shown in the Report were performed in accordance with applicable federal law and regulations and reflect the following:

For the Interim Computation Period September 19, 2002 through September 2, 2014:

Allowable Yield on Investments:	5.145849%
Cumulative Rebate Liability:	<u>\$0.00</u>

This opinion is not to be used, circulated, quoted, referred to, or relied upon by any other person without our express written permission.

Very truly yours,



ORRICK, HERRINGTON & SUTCLIFFE LLP



September 16, 2014

North City West School Facilities Finance Authority  
c/o Willdan Financial Services  
27368 Via Industria, Suite 110  
Temecula, CA 92590

Re: \$79,805,000  
North City West School Facilities Finance Authority  
\$17,665,000 Subordinate Tax Revenue Bonds, Series 2005A  
\$31,110,000 Subordinate Special Tax Revenue Refunding Bonds, Series 2005B  
\$31,030,000 Subordinate Special Tax Revenue Refunding Bonds, Series 2006C  
Interim Arbitrage Rebate Analysis  
Computation Period: August 4, 2005 through September 1, 2014

Ladies and Gentlemen:

This report (the "Report"), which is being delivered to you pursuant to our engagement letter, consists of computations and the assumptions on which such computations are based with respect to the rebate liability of the North City West School Facilities Finance Authority (the "Issuer") in connection with the above-captioned issue (the "Bonds") for the above-referenced period (the "Interim Computation Period").

The computations herein are based on an analysis of existing laws, regulations, and rulings. The Department of the Treasury ("Treasury") may publish additional regulations and supplement, amend, or interpret such laws, regulations, and rulings from time to time, with the result that the amount of rebate liability described in the Report may be subject to adjustment under such future pronouncements.

The scope of our engagement was limited to preparing the Report based on information supplied to us. In accordance with our engagement letter (which is incorporated herein by reference), our engagement did not include determination of whether securities allocable to proceeds of the Bonds were purchased at fair market value within the meaning of Treasury Regulations, or an audit or review of the investments acquired with gross proceeds or the payment of debt service on the Bonds. With your permission, we have relied entirely on the information provided to us without independent verification, and we express no opinion as to the completeness, accuracy, or suitability of such information for purposes of calculating rebate liability with respect to the Bonds. We have undertaken no responsibility to audit or review the tax-exempt status of interest on the Bonds or any other aspect of the Bond program. We are under no obligation to consider any information obtained by us pursuant to this engagement for any purpose other than determining such rebate liability. Also, we have no obligation to update this Report delivered herewith because of any events occurring, changes in existing laws, regulations, or rulings or interpretations thereof, or data or information received, subsequent to the date hereof.





*North City West School Facilities Finance Authority  
September 16, 2014  
Page 2*

For the Interim Computation Period August 4, 2005 through September 1, 2014:

Allowable Yield on Investments:	4.456817%
Cumulative Rebate Liability:	\$0.00
Rebate Payment Due:	<u>\$0.00</u>

As set forth on Schedule A hereof, no payment is required to be made to the United States on or before October 31, 2014 (60 days after September 1, 2014, the end of the tenth Bond Year). As no payment is due to the United States, no Internal Revenue Service Form 8038-T needs to be filed. The next rebate installment payment will be due not later than October 31, 2019 (60 days after September 1, 2019, the end of the fifteenth Bond Year). Should the Bonds be retired prior to September 1, 2019, 100% of the Cumulative Rebate Liability (reduced by any applicable computation date credits) as of such retirement date will become due and payable within 60 days.

This Report is not to be used, circulated, quoted, referred to, or relied upon by any other person without our express written permission.

Very truly yours,

A handwritten signature in black ink that reads "BLX Group LLC". The signature is written in a cursive, flowing style.

BLX Group LLC



**O R R I C K**

ORRICK, HERRINGTON & SUTCLIFFE LLP  
777 SOUTH FIGUEROA STREET  
SUITE 3200  
LOS ANGELES, CA 90017-5855  
  
tel 213-629-2020  
fax 213-612-2499  
  
WWW.ORRICK.COM

September 16, 2014

North City West School Facilities Finance Authority  
c/o Willdan Financial Services  
27368 Via Industria, Suite 110  
Temecula, CA 92590

Re: \$79,805,000  
North City West School Facilities Finance Authority  
\$17,665,000 Subordinate Tax Revenue Bonds, Series 2005A  
\$31,110,000 Subordinate Special Tax Revenue Refunding Bonds, Series 2005B  
\$31,030,000 Subordinate Special Tax Revenue Refunding Bonds, Series 2006C  
Interim Arbitrage Rebate Analysis  
Computation Period: August 4, 2005 through September 1, 2014

Ladies and Gentlemen:

This opinion is being delivered to you pursuant to our engagement to provide certain legal services and accompanies a report (the "Report") prepared on the date hereof by BLX Group LLC ("BLX") consisting of computations and the assumptions on which such computations are based with respect to the rebate liability of the North City West School Facilities Finance Authority (the "Issuer") in connection with the above-captioned issue (the "Bonds") for the above-referenced period (the "Interim Computation Period"). In particular, we note that our opinion is specifically subject to the notes and assumptions contained in the Report.

The opinion expressed herein is based on an analysis of existing laws, regulations, and rulings. The Department of the Treasury ("Treasury") may publish additional regulations and supplement, amend, or interpret such laws, regulations, and rulings from time to time, with the result that the amount of rebate liability described in the Report and in this opinion may be subject to adjustment under such future pronouncements.

The scope of our engagement was limited to preparing this opinion, based on information supplied to us by you, BLX, and U.S. Bank, N.A. (the "Trustee"). In accordance with our engagement letter (which is incorporated herein by reference), our engagement did not include work performed by prior counsel, independent determination of which funds were subject to or exempt from rebate, determination of whether securities allocable to proceeds of the Bonds were purchased at fair market value within the meaning of Treasury Regulations, or an audit or review of the investments acquired with gross proceeds or the payment of debt service on the Bonds. With your permission, we have relied entirely on information provided by you, BLX, and the Trustee without independent verification, and we express no opinion as to the completeness, accuracy, or suitability of such information for purposes of calculating rebate liability with respect to the Bonds. We have undertaken no responsibility to audit or review the tax-exempt status of interest on the Bonds or any other aspect of the Bond program. No opinion is expressed on any matter other than rebate liability to the extent set forth below, and we are under no obligation to consider any information obtained by us pursuant to this engagement for any



*North City West School Facilities Finance Authority  
September 16, 2014  
Page 2*

purpose other than determining such rebate liability. Also, we have no obligation to update this opinion delivered herewith because of any events occurring, changes in existing laws, regulations, or rulings or interpretations thereof, or data or information received, subsequent to the date hereof.

Based on and subject to the foregoing, and subject to the notes and assumptions contained in the Report, in our opinion, the computations shown in the Report were performed in accordance with applicable federal law and regulations and reflect the following:

For the Interim Computation Period August 4, 2005 through September 1, 2014:

Allowable Yield on Investments:	4.456817%
Cumulative Rebate Liability:	\$0.00
Rebate Payment Due:	<u>\$0.00</u>

This opinion is not to be used, circulated, quoted, referred to, or relied upon by any other person without our express written permission.

Very truly yours,

A handwritten signature in cursive script that reads "Orrick, Herrington &amp; Sutcliffe LLP".

ORRICK, HERRINGTON & SUTCLIFFE LLP