



309 North Rios Avenue
Solana Beach, California
92075

Phone: (858) 792-6937

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Email: jpa@sbsd.k12.ca.us

BOARD OF DIRECTORS

Eric Dill,

Chairperson,

San Dieguito Union High
School District

Doug Rafner,

Vice Chairperson,

Del Mar Union School
District

Terry Decker,

Director,

Solana Beach School
District

Mark Risco,

Executive Director and
Board Secretary

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

June 8, 2017

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 200, Temecula, California.

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
Doug Rafner, Vice Chairperson, Del Mar Union School District
Terry Decker, Director, Solana Beach School District
Mark Risco, Executive Director and Board Secretary

AGENDA

<u>Items</u>	<u>Page No.</u>
1. CALL TO ORDER	
2. PLEDGE OF ALLEGIANCE	
3. APPROVAL OF AGENDA	
4. APPROVAL OF MINUTES	3-6
A. Special meeting January 10, 2017, as amended	
B. Regular meeting, March 14, 2017, Draft	
5. PUBLIC COMMENT	
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.	
6. FINANCIAL REPORTS	7-15
The following reports record the routine business of the JPA/CFD for Fiscal Year 2016-17. 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 (through April 30, 2017)	
E. Expenditures (through April 30, 2017)	
F. Trust Fund Investments (as of March 31, 2017)	
7. EXECUTIVE DIRECTOR'S REPORT	
A. Kilroy Mitigation	
B. Carmel Valley Middle School Expansion Project	
C. Delinquency Management Update	
D. FY 2016-17 Master Plan Update	

North City West School Facilities Financing Authority

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Items

Page No.

8. ACTION ITEMS

16-29

- A. Approve proposed budget adjustments for FY 2016-17.
- B. Approve NCW JPA Administrative Budget for Fiscal Year 2017-18
- C. Election of NCW JPA Board officers for Fiscal Year 2017-18
- D. Establish dates and time for regular NCW JPA Board meeting for Fiscal Year 2017-18
- E. Approve Annual Special Tax levy for CFD No. 1 Special Taxes for Fiscal Year 2017-18
- F. Approve Annual Special Tax levy for CFD No. 2 Special Taxes for Fiscal Year 2017-18
- G. Ratification of Mitigation Agreement & Limited Release
- H. Approval of Resolution 2017-01 to establish a restricted fund known as the One Paseo Fund with San Diego County Auditor and Treasurer.
- I. Approval of Resolution 2017-02 to establish a restricted fund known as the Community Facilities District No.3 Fund with San Diego County Auditor and Treasurer.

9. DISCUSSION ITEMS

- A. Review of preliminary school cost overruns

10. ADJOURNMENT

The next scheduled Board Meeting will be held on [TBD by Board vote] _____ 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
Doug Rafner, Vice Chairperson, Del Mar Union School District
Terry Decker, Director, Solana Beach School District
Mark Risco, Executive Director and Board Secretary

AS AMENDED

ITEM 4A

MINUTES

The Directors of the **North City West School Facilities Financing Authority** and Community Facilities District Nos. 1, 2 and 3 of the North City West School Facilities Financing Authority held a **Special Meeting** on **January 10, 2017** at Solana Beach School District Offices, 309 North Rios Avenue, Solana Beach, CA, 92075. (The letters "NCW" 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 District Nos. 1, 2 & 3).

1. CALL TO ORDER

The meeting was called to order by Chairperson Dill at 2:31 p.m.

ROLL CALL

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

Quorum Achieved

Other Personnel, Member Districts:

John Addleman, Alternate Director -San Dieguito Union High School District
Lisa Davis, Alternate Director -Solana Beach School District
Holly McClurg, Alternate Director, Del Mar Union School District
Caroline Brown, Solana Beach School District
Cathy Birks, Del Mar Union School District

Administration: Gladys Medina, Willdan Financial Services
Bob Quaid, Willdan Financial Services

Guests: Warren Diven, Best Best & Krieger.

2. PLEDGE OF ALLEGIANCE

3. APPROVAL OF AGENDA

Moved by Director Rafner, seconded by Director Decker to approve the January 10, 2017 agenda
Ayes: Dill, Rafner, Decker. Motion Carried: 3:0:0

North City West School Facilities Financing Authority

Directors:

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

4. ACTION ITEMS

A. First Amendment to the Facilities Financing Agreement (FFA).

- Discussion between Board members on the allocation of overrun funds.
- The First Amendment to the FFA will release funds immediately upon encumbrance of the funds to complete the Carmel Valley middle school expansion and verification by Willdan of cost overruns by the other member districts.
- San Dieguito and Solana Beach overruns currently determined. Additional demography data is need to complete the Del Mar overrun amount.
- Warren Diven stated that the allocation of NCW students to Ocean Air is a NCW Board administrative decision to be made pursuant to the Facilities Funding Agreement to determine the portion of Ocean Air necessary to house and serve the students generated from NCW.

Moved by Director Decker, seconded by Director Rafner to approve the First Amendment to Facilities Financing Agreement.

Ayes: Dill, Rafner, Decker. Motion Carried: 3:0:0

5. ADJOURNMENT OF SPECIAL MEETING

Moved by Director Decker, seconded by Director Rafner to adjourn meeting.

Ayes: Decker, Rafner, Dill. Motion Carried: 3:0:0.

Chairperson Dill adjourned the meeting at 2:43 P.M.

The next Regular Board Meeting will be on March 9, 2017 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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Terry Decker, Director, Solana Beach School District
Mark Risco, Executive Director and Board Secretary

ITEM 4B

MINUTES

The Directors of the **North City West School Facilities Financing Authority** and Community Facilities District Nos. 1, 2 and 3 of the North City West School Facilities Financing Authority held a **Regular Meeting** on **March 14, 2017** at Solana Beach School District Offices, 309 North Rios Avenue, Solana Beach, CA, 92075. (The letters "NCW" 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 District Nos. 1, 2 & 3).

1. CALL TO ORDER

The meeting was called to order by Chairperson Dill at 1:02 p.m.

ROLL CALL

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

Quorum Achieved

Other Personnel, Member Districts:

John Addleman, Alternate Director -San Dieguito Union High School District
Lisa Davis, Alternate Director -Solana Beach School District
Holly McClurg, Alternate Director, Del Mar Union School District
Caroline Brown, Solana Beach School District
Cathy Birks, 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: Ty Dorward, Best Best & Krieger

2. PLEDGE OF ALLEGIANCE

3. APPROVAL OF AGENDA

Moved by Director Decker, seconded by Director Rafner to approve the March 14, 2017 agenda
Ayes: Dill, Rafner, Decker. Motion Carried: 3:0:0

4. APPROVAL OF MINUTES

- A. Moved by Director Decker, seconded by Director Rafner to approve as amended the minutes for the 12-8-16 Regular Meeting minutes.
Ayes: Dill, Rafner, Decker. Motion Carried: 3:0:0
- B. Board agrees to table the approval of minutes for the 1-10-17 Special Meeting minutes.

North City West School Facilities Financing Authority

Directors:

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

5. PUBLIC COMMENT

There were no comments from the public.

6. ADJOURNMENT INTO CLOSED SESSION

Chairperson Eric Dill adjourned to closed session at 1:23 p.m.

A. Conference with Legal Counsel – Potential Litigation.

- One Case – Potential Litigation.

Chairperson Eric Dill adjourned from closed session and reconvened open session at 1:45 p.m.

7. FINANCIAL REPORTS

- Authority is solid financially.
- No Building Permits have been pulled for FY 2016-17.

8. EXECUTIVE DIRECTOR'S REPORT

- There were very low delinquencies; CFD 1 is around 1%. More current delinquency data will come from the County in May.

9. ACTION ITEMS

- A.** Motion by Director Rafner, seconded by Director Decker to approve Fiscal Year 2016-17 NCWSFFA Master Plan Annual Review & Update Letter, subject to paragraph discussing portable classrooms to be reviewed by legal counsel and if in conformance with board discussion, Chairperson Eric Dill will sign and send to City Counsel.

Ayes: Dill, Rafner, Decker. Motion Carried: 3:0:0

- B.** Motion by Director Decker, seconded by Director Rafner to accept and file North City West School Facilities Financing Authority Financial Statements for the year ended June 30, 2016.

Ayes: Dill, Rafner, Decker. Motion Carried: 3:0:0

10. DISCUSSION ITEMS

No discussion items.

11. ADJOURNMENT OF MEETING

Moved by Director Decker, seconded by Director Rafner to adjourn meeting.

Ayes: Decker, Rafner, Dill. Motion Carried: 3:0:0.

Chairperson Dill adjourned the meeting at 1:57 P.M.

The next regular Board Meeting will be on June 8, 2017 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

Directors:

Eric Dill, Chairperson, San Dieguito Union High School District
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ITEM 6A

EXECUTIVE SUMMARY, FINANCIAL REPORTS

Through April 30, 2017

- 1. School fees/building permits for CFD No.1**
 - For Fiscal Year 2016/17, school fees for zero (0) homes were paid.
- 2. Direct Master Plan school fee permits forecast:**
 - No direct Master Plan school fee permits have been pulled for Fiscal Year 2016/17.
- 3. CFD No. 1 Special Tax Collections:**
 - We have received nine (9) of the thirteen (13) apportionments for Fiscal Year 2016/17 totaling \$5,780,579. (table at Item 6D)
- 4. CFD No. 2 Special Tax Collections:**
 - We have received nine (9) of the thirteen (13) apportionments for Fiscal Year 2016/17 totaling \$46,232. (table at Item 6D)
- 5. Current Funds Available (Item 7C-1)**
 - Unencumbered funds have been increasing by over \$1 million per year and are \$6.8 million at April 30, 2017, which appear more than sufficient to cover Overruns on prior JPA facilities.
- 6. Expenditures (Item 7E)**
 - Expenditures at April 30, 2017 include \$17,700 in legal and consulting fees relating to the One Paseo mitigation matter.
- 7. Trust Investments (Item 7F)**
 - Since Board approved Investment Advisor services with US Bank in December, average yield on Authority funds has increased from 0.901% to 0.980.



CARMEL VALLEY

North City West School Facilities Financing Authority

Directors:

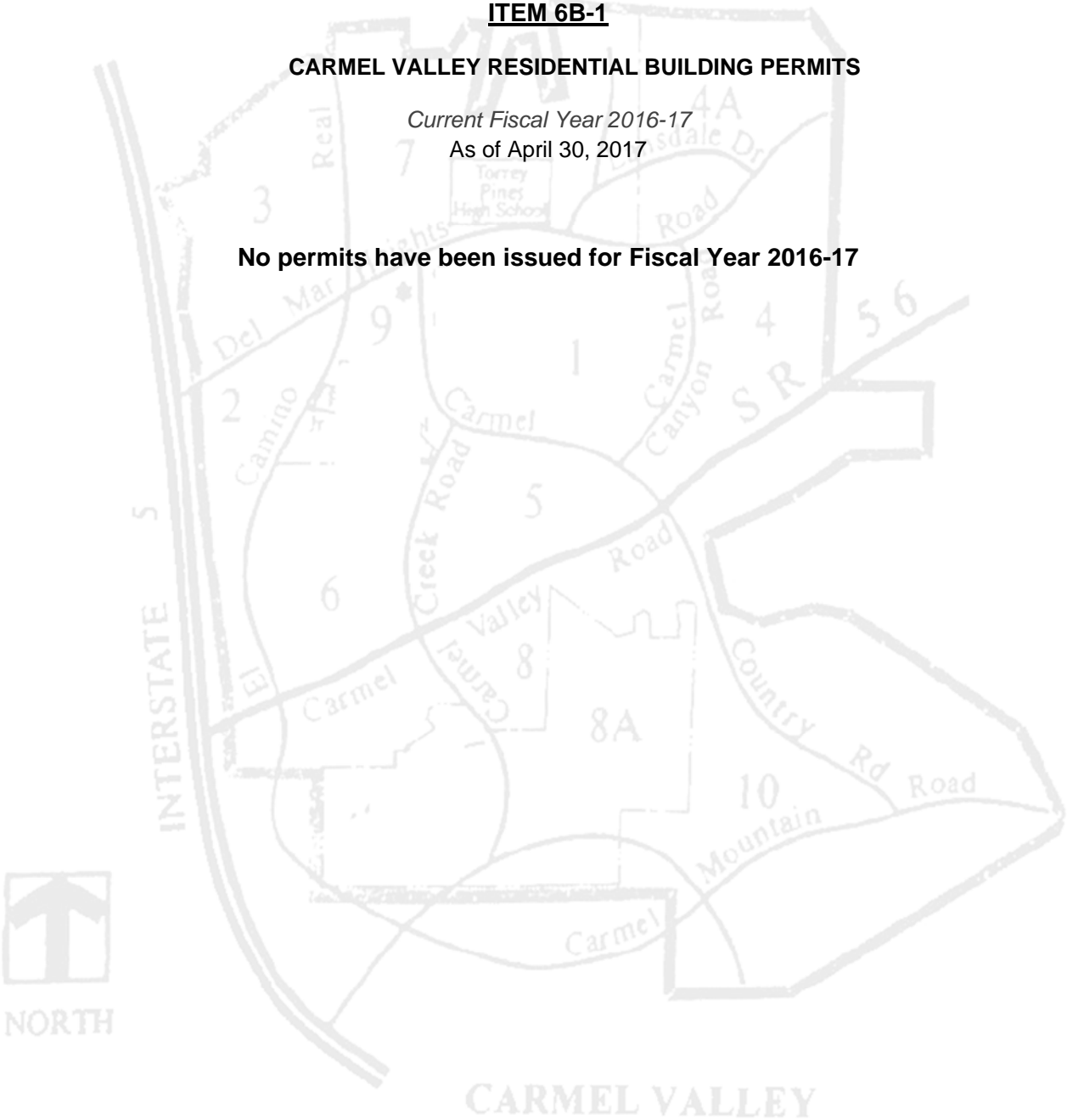
Eric Dill, Chairperson, San Dieguito Union High School District
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ITEM 6B-1

CARMEL VALLEY RESIDENTIAL BUILDING PERMITS

Current Fiscal Year 2016-17
As of April 30, 2017

No permits have been issued for Fiscal Year 2016-17



North City West School Facilities Financing Authority

Directors:

Eric Dill, Chairperson, San Dieguito Union High School District
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ITEM 6B-2

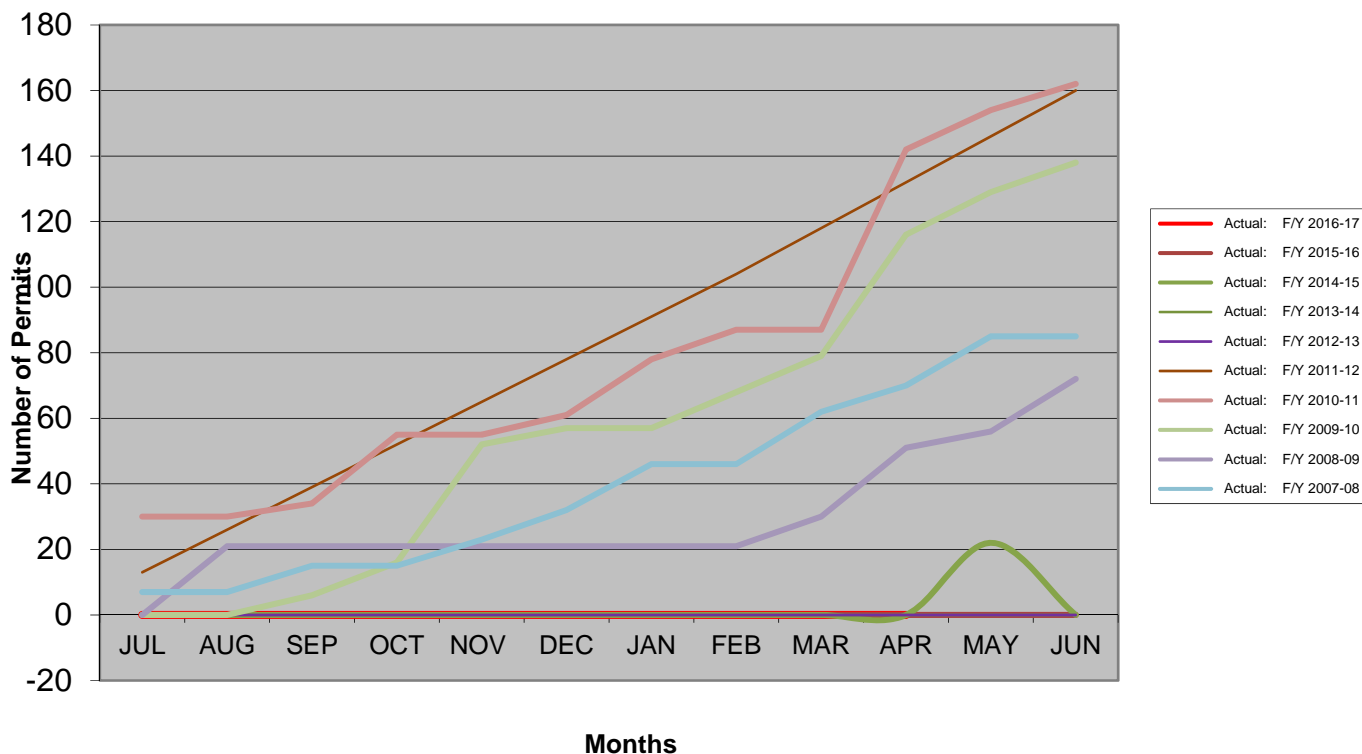
CARMEL VALLEY RESIDENTIAL BUILDING PERMITS

Historical 2007- 2017

Current Fiscal Year 2016-17

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Actual: F/Y 2016-17	0	0	0	0	0	0	0	0	0	0		
Actual: F/Y 2015-16	0	0	0	0	0	0	0	0	0	0	0	0
Actual: F/Y 2014-15	0	0	0	0	0	0	0	0	0	0	22	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	13	26	39	52	65	78	91	104	118	132	146	160
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

Permits by Fiscal Year



North City West School Facilities Financing Authority

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ITEM 6C

FINANCIAL OVERVIEW

The financial overview consists of three parts:

ITEM 6C-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 18** (25-18): Direct Deposit Capital Facilities/Mitigation Fees collected under Master Plan.
- B. **Fund 77** (21-09): CFD No. 1 Special Tax Funds.
- C. **Fund 78** (21-10): CFD No. 1 Special Taxes collected by County of San Diego.
- D. **Fund 79** (35-00): CFD No. 2 Special Taxes collected by the County of San Diego.
- E. **Fund 83** (21-25): Del Mar Neighborhood #8A School Site Fun
- F. **Fund 84** (21-25): Del Mar Neighborhood #8A School Construction Fund
- G. **Fund 85** (21-39): Carmel Valley Middle School Expansion Fund

Currently inactive funds: 76, 80, 81, 82

ITEM 7C-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.

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ITEM 6C-1

CURRENT FUNDS AVAILABLE FOR FUTURE PROJECTS

As of April 30, 2015, 2016 & 2017

	April 30, 2015	April 30, 2016	April 30, 2017
FUNDS ON DEPOSIT			
Fund 18, Mitigation Fees	\$ 287,182	\$ 288,707	\$ 289,121
Fund 76, subordinate tax fund	6,284	6,317	6,326
Fund 77, CFD #1 devel fees & check acct	1,265,867	1,309,730	1,311,607
Fund 78, CFD #1 Special Tax Fund	9,551,501	10,814,534	12,000,142
Fund 79, Master Plan fees & CFD #2	55,640	40,558	59,298
Fund 80, SBSB #6 site	-		
Fund 81, La Costa Canyon	-		
Fund 82, SBSB #6 construction	-	1	1
Fund 83, DMUSD #7 land	85,384	75,687	76,319
Fund 84, DMUSD #7 construction	4	4	4
2002 Bonds Special fund	41,054	41,054	41,075
2005A & B Bonds Project Fund	4,718,817	4,721,803	4,451,679
Total Unrestricted Funds on Deposit	\$ 16,011,733	\$ 17,298,395	\$ 18,235,573
ENCUMBRANCES			
Carmel Valley Middle School Expansion	\$ 5,525,448	\$ 5,586,098	\$ 5,287,643
Del Mar School (Neighb. #8A) site	72,852	62,702	75,962
Administration	179,752	33,131	59,998
Next Debt Service on Bonds	5,731,775	5,885,025	5,942,475
NCW JPA Reserve			
Total Encumbrances	\$ 11,509,827	\$ 11,566,956	\$ 11,366,078
SUMMARY			
Total Unrestricted Funds on Deposit	\$ 16,011,733	\$ 17,298,395	\$ 18,235,573
Encumbrances (current fiscal year)	\$ (11,509,827)	\$ (11,566,956)	\$ (11,366,078)
Unencumbered Funds Available	\$ 4,501,906	\$ 5,731,439	\$ 6,869,495

CARMEL VALLEY

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ITEM 6C-2

FINANCIAL STATUS OF APPROVED PROJECTS

Current Fiscal Year 2016-17
 As of April 30, 2017

		C.V. MIDDLE SCHOOL	DEL MAR ELEM. N #8A School	TOTAL PROJECTS
F/Y 2016/17	L		\$ 76,319	\$ 76,319
ENCUMBERED	C	\$ 5,586,098	\$ -	\$ 5,586,098

EXPEND.	L		\$ -	\$ -
FUND 83	C			\$ -
EXPEND .	L			\$ -
FUND 85	C			\$ -
EXPEND.	L			\$ -
FACIL. FUND.	C	\$ 298,455		\$ 298,455
TOTAL	L	\$ -	\$ -	\$ -
EXPEND.	C	\$ 298,455	\$ -	\$ 298,455

PERCENT	L		0.0%	
OF BUDGET	C	0.0%	0.0%	

BALANCE	L		\$ 76,319	\$ 76,319
REMAINING	C	\$ 5,287,643	\$ -	\$ 5,287,643

L = Land purchase
C = Construction/Operations

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ITEM 6D

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

Current Fiscal Year 2016-17
 As of April 30, 2017

DATE	ITEM NO.	SOURCE	FUND 18 (25-18)		FUND 77 (21-09)		FUND 78 (21-10)		FUND 79 (35-00)			FUND 76 (21-62)	FUNDS (21-00,25)
			MITIGATION INCOME	INTEREST INCOME	PERMIT INCOME	INTEREST INCOME	TAX APPN. INCOME	INTEREST INCOME	TAX APPN. INCOME	INTEREST INCOME	PERMIT INCOME	INTEREST INCOME	80, 81, 82, 83 & 84 INCOME
07/19/16	CT	Apportionment #13					\$37,116.53						
07/20/16	CT	County Int, 100% 6/30/16		\$413.80		\$1,877.22		\$17,815.18		\$74.80		\$9.05	\$109.45
08/09/16	CT	Apportionment #1					881.91						
09/06/16	CT	Apportionment #2					5,168.74						
10/04/16	CT	Apportionment #3					6,269.65						
10/19/16	CT	County Int, 100% 9/30/16		630.39		2,859.81		23,005.27		129.30		13.79	165.28
11/01/16	CT	Apportionment #4					195,915.26		1,860.80				
12/06/16	CT	Apportionment #5					1,480,281.77		13,248.60				
01/17/17	CT	Apportionment #6					3,074,594.88		22,400.09				
01/20/17	CT	County Int, 100% 12/31/16		622.37		2,823.40		17,263.45		138.03		13.62	163.17
02/14/17	CT	Apportionment #7					412,787.09		2,503.00				
03/24/17	6359354	Refund for overpayment 307-022-37-33					(452.00)						
04/04/17	CT	Apportionment #8					567,562.97		6,220.00				
04/24/17	CT	County Int, 100% 03/31/17		741.71		3,364.80		28,796.83		186.65		16.23	194.46
YEAR TO DATE TOTAL INCOME				2,408.27		10,925.23	\$ 5,780,126.80	86,880.73	\$ 46,232.49	528.78		\$52.69	\$632.36
FORECAST TOTAL INCOME							\$ 8,229,016.50		\$ 62,822.00				
PERCENT COLLECTED YEAR TO DATE							70.2%		73.6%				

North City West School Facilities Financing Authority

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ITEM 6E

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

Current Fiscal Year 2016-17

As of April 30, 2017

DATE	VENDOR	PURPOSE	WARRANT / SOURCE	EXPENDITURES		(21-10) Semi-Anl Paym. Int. & Principal
				(21-10)	(21-10)	
				FUND 78 54904 Special Taxes	Total Expenditures	
07/07/16	MKS	MKS 50% Reimbursement for CFD 3	CT	(16,877.22)	\$ (16,877.22)	
07/29/16	US Bank	(Annual Trustee Fees FY 2016/17)(Series 2012A)	6283911	2,400.00	\$ 2,400.00	
07/29/16	US Bank	(Annual Trustee Fees FY 2016/17)(Series 2006C)	6283911	3,062.50	\$ 3,062.50	
08/10/16	AT&T	Jul 11-Aug 10	6285489	46.48	\$ 46.48	
08/18/16	US BANK CORPORATE TRUST	SEPTEMBER 1, 2016 DEBT SERVICE PAYMENT (SERIES 2012A)	6288824	1,256,478.14	\$ 1,256,478.14	1,256,478.14
08/18/16	US BANK CORPORATE TRUST	SEPTEMBER 1, 2016 DEBT SERVICE PAYMENT (SERIES 2005B)	6288825	1,737,630.20	\$ 1,737,630.20	1,737,630.20
08/18/16	US BANK CORPORATE TRUST	SEPTEMBER 1, 2016 DEBT SERVICE PAYMENT (SERIES 2006C)	6288826	2,890,864.25	\$ 2,890,864.25	2,890,864.25
08/24/16	San Dieguito USHD	FY 2015-16 Demographic Study Reimbursement	6288821	4,674.24	\$ 4,674.24	
08/29/16	AT&T	Aug 11-Sept 10	6291791	56.48	\$ 56.48	
08/29/16	Best Best & Krieger	General Counsel June 30, 2016	6291803	345.00	\$ 345.00	
08/29/16	Best Best & Krieger	CFD Formation Services June 30, 2016	6291802	130.50	\$ 130.50	
08/29/16	Solana Beach SD	FY 2015-16 Demographic Study Reimbursement	6292068	3,495.25	\$ 3,495.25	
08/29/16	SD County School Risk JPA	FY 2016-17 JPA P&L Insurance Contribution	6290933	4,145.00	\$ 4,145.00	
11/09/16	AT&T	Monthly Service - Sept 11 thru Nov 10	6312366	108.37	\$ 108.37	
11/09/16	Best Best & Krieger	Services Rendered through August 31, 2016 (General Counsel)	6312387	1,482.34	\$ 1,482.34	
11/09/16	US Bank (Annual Trustee Fees FY 2016/17)(Series 2002)	Annual Trustee Fees 2016/2017	6312837	2,700.00	\$ 2,700.00	
12/12/16	AT&T	Monthly Service - Nov 11 thru Dec 10	6329000	48.47	\$ 48.47	
12/12/16	Willdan Financial Services	Professional Services Rendered July 1, 2016 thru September 30, 2016	6329227	21,894.48	\$ 21,894.48	
12/14/16	BLX Group LLC	Arbitrage Series 2005A / B & 2006C for Period Ending 09/02/2016	6329836	1,500.00	\$ 1,500.00	
12/14/16	BLX Group LLC	Arbitrage Series 2002 for Period Ending 09/02/2016	6329837	1,500.00	\$ 1,500.00	
01/12/17	Wilkinson Hadley King & Co. LLP	Progress Billing for the FY2015-16 Annual Audit	6338242	4,500.00	\$ 4,500.00	
01/18/17	AT&T	Monthly Service - Dec 11 thru Jan 10	6339399	48.27	\$ 48.27	
02/13/17	AT&T	Monthly Service - Jan 11 thru Feb 10	6347938	48.30	\$ 48.30	
02/16/17	US Bank	Wire Transfer -Debt Service Payment (Series 2005B)	WFB ID 9982	485,577.52	\$ 485,577.52	485,577.52
02/16/17	US Bank	Wire Transfer -Debt Service Payment (Series 2006C)	WFB ID 9984	215,546.01	\$ 215,546.01	215,546.01
02/16/17	US Bank	Wire Transfer -Debt Service Payment (Series 2012A)	WFB ID 9985	561,203.77	\$ 561,203.77	561,203.77
02/17/17	Best Best & Krieger	Services Rendered through December 31, 2016 (General Counsel)	6349682	2,862.00	\$ 2,862.00	
02/22/17	Willdan Financial Services	Professional Services Rendered July 1, 2016 thru December 31, 2016	6350707	14,847.86	\$ 14,847.86	
03/01/17	AT&T	Monthly Service - Feb 11 thru Mar 10	6352362	48.30	\$ 48.30	
3/1/2017	Best Best & Krieger	Services Rendered through October 31, 2016 (One Paseo)	6352381	2,308.70	\$ 2,308.70	
3/1/2017	Best Best & Krieger	Services Rendered through September 30, 2016 (One Paseo)	6352382	4,211.90	\$ 4,211.90	
3/1/2017	Wilkinson Hadley King & Co. LLP	Final Billing for the 2016 Audit	6352784	1,700.00	\$ 1,700.00	
03/22/17	Best Best & Krieger	Services Rendered through January 31, 2017 (General Counsel)	6358302	1,351.50	\$ 1,351.50	
03/22/17	Solana Beach SD	CASH Conference for Caroline Brown February 20-22, 2017	6358677	1,638.80	\$ 1,638.80	
03/29/17	AT&T	Monthly Service - Mar 11 thru Apr 10	6360168	57.97	\$ 57.97	
04/10/17	Best Best & Krieger	Services Rendered through November 30, 2016 (General Counsel)	6363892	1,510.50	\$ 1,510.50	
04/10/17	Best Best & Krieger	Services Rendered through December 31, 2016 (General Counsel)	6363893	2,968.00	\$ 2,968.00	
4/28/17	Willdan Financial Services	Professional Services Rendered January 1, 2017 thru March 31, 2017	6369480	20,325.74	\$ 20,325.74	
Total Expenditures To Date:				\$7,236,439.62	\$7,236,439.62	\$7,147,299.89

North City West School Facilities Financing Authority

Directors:

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

ITEM 6F

Trust Fund Investments

Current Fiscal Year 2016-17
 As of March 31, 2017

USB Account	Account Description	Issuer	Investment Type	Rating S&P/ Moodys	Date Purchased	Maturity	Term Years	CUSIP I.D.	Investment				
									Par	% Rate	Cost/ Price	% Yield	Market Value
131352-004	2002 Reserve Fund	FNMA	Note	AA+/AAA	12/18/2012	12/20/2017	5.01	3135G0RT2	\$ 240,000	0.875	\$ 240,881	0.872	\$ 239,647
		FNMA	Note	AA+/AAA	9/18/2013	9/18/2018	5.00	3135G0YM9	240,000	1.875	240,342	1.872	242,338
		FHLB	Note	AA+/AAA	2/10/2016	2/10/2020	5.00	3130A7A70	250,000	1.370	250,000	1.370	247,195
		FFCB	Note	AA+/AAA	2/11/2016	2/11/2019	5.00	3133EYFT8	250,000	1.200	250,000	1.200	249,423
		FNMA	Note	AA+/AAA	11/25/2016	8/25/2020	3.75	3136G4HR7	240,000	1.625	240,000	1.625	238,637
									\$ 1,220,000		\$ 1,221,224	1.376%	\$ 1,217,239
Weighted													
790415-003	2005B/2006C Reserve	FNMA	Note	AA+/AAA	12/18/2012	12/20/2017	5.01	3135G0RT2	\$ 351,000	0.875	\$ 352,289	0.872	\$ 350,484
		FNMA	Note	AA+/AAA	9/18/2013	9/18/2018	5.00	3135G0YM9	360,000	1.875	360,513	1.872	363,506
		FHLM	Note	AA+/AAA	1/13/2017	10/26/2017	0.78	3130AAM47	360,000	1.200	360,513	1.200	349,717
		FHLB	Note	AA+/AAA	2/10/2016	2/10/2020	5.00	3133EYFT8	370,000	1.200	370,000	1.200	369,145
		FFCB	Note	AA+/AAA	2/11/2016	2/11/2019	5.00	3130A7A70	370,000	1.370	370,000	1.370	365,849
									\$ 1,811,000		\$ 1,813,316	1.290%	\$ 1,798,701
Weighted													
790415-004	2005B Project Fund	FHLB	Note	NA	2/13/2017	6/28/2017	0.38	313385HL3	\$ 700,000	0.561	\$ 698,541	0.561	\$ 698,747
		FNMA	Note	NA	2/13/2017	6/28/2017	0.38	313589HL0	\$ 800,000	0.541	798,392	0.541	798,568
		FHLMC	Note	NA	2/23/2017	9/28/2017	0.60	313397MG3	\$ 1,250,000	0.673	1,244,975	0.673	1,244,750
		FHLMC	Note	AA+/NA	2/27/2017	12/15/2017	0.81	3137EADX4	\$ 300,000	1.000	300,375	1.037	299,964
		FFCB	Note	AAA/AA+	2/23/2017	12/17/2017	0.83	3133EFWW3	\$ 1,000,000	0.875	999,979	0.899	999,320
		FFCB	Note	AAA/AA+	3/28/2017	3/12/2018	0.97	3133EETEO	\$ 700,000	1.125	700,277	1.130	700,189
									\$ 4,750,000		\$ 4,742,539	0.759%	\$ 4,741,538
Weighted													
									\$ 7,781,000		\$ 7,777,078	0.980%	\$ 7,757,478
Weighted													
San Diego County Investment Pool for First Quarter 2017 1.042%													

ITEM 8A-1

FY 2016/17 ADMINISTRATIVE EXPENSE BUDGET AMENDMENT

BACKGROUND: The Administrative Expense Budget for Fiscal Year 2016-17 was approved in June 09, 2016 in the amount of \$126,630. That budget included estimates for both recurring and one-time expenditures for the year.

As of April 30, certain adjustments are required to reallocate and bolster approved funds based on the projected final expenditures at June 30, 2017.

The following is a summary of the most significant adjustments.

Travel/Conference

A budget decrease of \$2,361 is requested as San Dieguito UHSD has reported it will not be submitting reimbursement for the 2017 CASH conference. Only Solana Beach School District has submitted for reimbursement. Del Mar Union School District has yet to submit for reimbursement, and funds are being retained for that contingency before the end of the year.

Outside Legal

Increase of up to \$37,800 for additional legal fees from Best Best & Krieger relating to the Kilroy Mitigation negotiations and agreement including attendance at four special meeting during the fiscal year on this matter.

Outside Consultants

Decrease of \$3,944 due to lower FY 15-16 demographic fee study reimbursements.

Executive Director

Increase of up to \$12,000 for additional administration relating to the Kilroy Mitigation negotiations and agreement including attendance at two negotiation meetings with Kilroy and two special Board meetings during the fiscal year on this matter. Willdan also attended one special Board meeting relating to the first amendment to the Facilities Funding Agreement.

Contingency

Decrease of \$1,000 to reflect the reallocation of the contingency to other budget items.

FISCAL IMPACT: Net increase of \$41,385 in the FY 2016-17 Administrative expense budget as shown on the following page.

RECOMMENDED ACTION: Board to amend the Fiscal Year 2016-17 NCWSFFA Administrative Expense Budget from \$126,630 to \$168,015.

North City West

School Facilities

Financing Authority

Directors:

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

ITEM 8A-2

Proposed FY 2016-17 Budget Amendments

	FY 16/17	FY 16/17	FY 16/17
ACCOUNT DESCRIPTION	Approved BUDGET	Proposed Amendments	Amended BUDGET
Travel/Conference	\$ 6,000	\$ (2,361)	\$ 3,639
Dues & Subscriptions	480	\$ (96)	384
Outside Legal services	8,000	\$ -	8,000
Outside Legal-Litigation	-	\$ 37,800	37,800
Outside Consultants	22,000	\$ (3,944)	18,056
Insurance	4,500	(355)	4,145
Audit, annual	6,500	(300)	6,200
Arbitrage Calculation	3,000	-	3,000
Bond Trustee	8,500		8,500
Executive Director	66,000	(338)	65,662
Executive Director - Litigation	-	12,000	12,000
Telephone	650	(21)	629
Contingency	1,000	(1,000)	-
TOTAL EXPENSES	\$ 125,630	\$ 41,385	\$ 168,015

ITEM 8B-1

ADMINISTRATIVE BUDGET FOR FISCAL YEAR 2017/18

BACKGROUND: Prior to the start of each Fiscal Year, the NCWSFFA Board approves the annual administrative budget for the Authority.

A proposed Administrative Budget for FY 2017/18 of \$125,852 is shown on the following page. The budget for FY 2017/18 generally reflects normal annual expenses with anticipated cost escalations for inflation. With the proposed development of a website for NCWSFFA, a budget of \$2,700 has been included in anticipation of approval by the Board.

FISCAL IMPACT: Not to exceed \$125,852 for FY 2017/18

RECOMMENDED ACTION: Approve the recommended Administrative Expense budget in the amount of \$125,852 for FY 2017/18.

North City West

School Facilities

Financing Authority

Directors:

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

ITEM 8B-2

FY 2016/17 OUTLOOK AND FY 2017/18 PROPOSED BUDGET

	FY 16/17		FY 17/18
ACCOUNT	Forecasted		Proposed
DESCRIPTION	ACTUALS		BUDGET
Travel/Conference	\$ 3,639		\$ 6,000
Dues & Subscriptions	384		480
Outside Legal services	8,000		8,000
Outside Legal-Litigation (1)	37,800		-
Outside Consultants (2)	18,056		18,000
Web Site Design/Maintenance (3)	-		2,700
Insurance	4,145		4,200
Audit, annual	6,200		6,400
Arbitrage Calculation	3,000		3,000
Bond Trustee	8,162		8,200
Executive Director (4)	66,000		67,200
Executive Director-Litigation (1)	12,000		-
Telephone	629		672
Contingency	-		1,000
TOTAL EXPENSES	\$ 168,015		\$ 125,852

(1) Litigation not expected to recur in FY 2017-18

(2) Includes demographic study reimbursement to member school districts.

(3) Includes website design, set up and one year maintenance.

(4) Executive Director budget includes annual administration and accounting, mitigation fee report and expenses. Labor rates increase by San Diego CPI as per contract.

North City West School Facilities Financing Authority

Directors:

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

ITEM 8C

**Election of North City West School Facilities Financing Authority
Board Officers for Fiscal Year 2017/18**

BACKGROUND: The Joint Powers Agreement of April 15, 1983, section 2D, requires that the Board shall elect a Chairperson, Vice-chairperson, and Secretary to hold office for a period of one year commencing July 1 of each Fiscal Year. The Chairperson and Vice-chairperson must be Directors appointed by each member District. The Secretary may, but need not be, a Director.

FISCAL IMPACT: None

RECOMMENDED ACTION: Nominations for Board Chairperson, Vice-Chairperson and Secretary

1. Move by _____, second by _____ to elect

_____ as Chairperson of the North City West School Facilities Financing Authority for fiscal year 2017/18.

2. Move by _____, second by _____ to elect

_____ as Vice-chairperson of the North City West School Facilities Financing Authority for fiscal year 2017/18.

3. Move by _____, second by _____ to elect

_____ as Secretary of the North City West School Facilities Financing Authority for fiscal year 2017/18.

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North City West School Facilities Financing Authority

Directors:

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

ITEM 8D-1

Establish dates and time for regular North City West School Facilities Financing Authority Board meetings for Fiscal Year 2017/18

BACKGROUND: Usually each June, the NCW JPA Board sets the dates and times of regular meetings for the upcoming fiscal year. The NCW Joint Powers Agreement requires the Board hold at least one regular meeting in each 3 month (quarterly) period of each year. Usually, Board meetings are set for the 2nd Thursday of the month.

FISCAL IMPACT: None

RECOMMENDED ACTION: Approve Proposed Board Meetings for FY 2017/18

Time: 2:30 p.m., unless otherwise noted

Location: Solana Beach School District conference room, unless otherwise noted
309 North Rios Avenue, Solana Beach, CA 92075

Proposed Regular meeting dates (for Fiscal Year 2017/18):

Thursday, **September 14, 2017**

Thursday, **December 14, 2017**

Thursday, **March 08, 2018**

Thursday, **June 14, 2018**

Note: Considerations before setting calendar:

- Area Superintendents meeting (monthly on 3rd Thursday)
- C.A.S.H. conferences & meetings
- June graduation date
- Spring & Winter recess
- District Trustee meetings

North City West School Facilities Financing Authority

Directors:

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

ITEM 8D-2

Proposed Board Meeting Dates for Fiscal Year 2017/18

July 2017						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

August 2017						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

September 2017						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

October 2017						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

November 2017						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

December 2017						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

January 2018						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

February 2018						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28			

March 2018						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

April 2018						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

May 2018						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

June 2018						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

Federal Holidays 2017/18

Jul 4 Independence Day
 Sep 4 Labor Day
 Oct 9 Columbus Day
 Nov 10 Veteran's Day

Nov 23 Thanksgiving Day
 Dec 25 Christmas Day
 Jan 1 New Year's Day
 Jan 15 Martin Luther King Day

Feb 19 President's Day
 May 28 Memorial Day

North City West School Facilities Financing Authority

Directors:

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

ITEM 8E-1

Authorization to levy the CFD No. 1 Special Taxes fiscal year 2017/18

BACKGROUND: Annually, the NCWSFFA Board must authorize the levy of the Maximum Annual Special Taxes on the developed residential parcels within North City West (Carmel Valley) CFD No. 1. These Special Taxes generate the revenue necessary to pay the annual debt service on the 2002, 2005B, 2006C and 2012A Bonds, school expenses and administrative costs.

A history of CFD No. 1 Special Taxes levied since inception in 1989 is on the following page.

FISCAL IMPACT: Special Taxes Revenues of \$8,327,840 for FY 2017-18

RECOMMENDED ACTION: Authorize the levy of the CFD No. 1 special tax at the maximum annual special tax for FY 2017/18.

North City West School Facilities Financing Authority

Directors:

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

Item 8E-2

<u>Fiscal Year</u>	<u>No. of Parcels (APN's) Cumulative</u>	<u>Annual Special Tax Levy Cumulative</u>
89-90	1,012	\$1,136,938
90-91	1,290	1,663,671
91-92	1,684	1,775,055
92-93	1,865	1,974,788
93-94	2,132	2,144,943
94-95	2,645	2,640,931
95-96	3,034	3,035,122
96-97	3,393	3,242,976
97-98	3,905	3,912,884
98-99	4,621	4,710,803
99-00	5,094	5,167,306
00-01	5,680	6,455,967
01-02	6,077	6,929,733
02-03	6,303	7,118,268
03-04	6,401	7,233,627
04-05	6,583	7,319,319
05-06	6,834	7,506,384
06-07	7,581	7,698,530
07-08	7,826	7,836,282
08-09	7,909	7,937,389
09-10	7,981	8,019,158
10-11	8,054	8,154,052
11-12	8,209	8,301,486
12-13	8,246	8,305,218
13-14	8,283	8,305,218
14-15	8,283	8,300,472
15-16	8,283	8,300,472
16-17	8,294	8,327,840
Current Fiscal Year	17-18	8,294
Total		\$171,782,672

North City West School Facilities Financing Authority

Directors:

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

ITEM 8F-1

Authorization to levy the CFD No. 2 Special Taxes fiscal year 2017/18

BACKGROUND: Annually, the NCWSFFA Board must authorize the levy of the Maximum Annual Special Taxes on the developed residential parcels within North City West (Carmel Valley) CFD No. 2. These Special Taxes generate the revenue necessary to pay the annual debt service on the 2002, 2005B, 2006C and 2012A Bonds, school expenses and administrative costs.

A history of CFD No. 2 Special Taxes levied since inception in 1999 is on the following page.

The Authority has levied at the maximum special tax during the construction of the remaining school facilities listed in the Facilities Finance Agreement dated

FISCAL IMPACT: Special Taxes Revenues of \$64,688 for FY 2017-18

RECOMMENDED ACTION: Authorize the levy of the CFD No. 2 special tax at the maximum annual special tax for FY 2017-18.

North City West School Facilities Financing Authority

Directors:

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

Item 8E-2

<u>Fiscal Year</u>	<u>No. of Parcels (APN's) Cumulative</u>	<u>Annual Special Tax Levy Cumulative</u>
99-00	18	\$22,392
00-01	18	22,392
01-02	18	22,392
02-03	18	22,392
03-04	18	22,392
04-05	52	64,688
05-06	52	64,688
06-07	52	64,688
07-08	52	64,688
08-09	52	64,688
09-10	52	64,688
10-11	52	64,688
11-12	52	64,688
12-13	52	64,688
13-14	52	64,688
14-15	52	64,688
15-16	52	64,688
16-17	52	64,688
Current Fiscal Year	17-18	52
		64,688
Total		\$1,017,592

ITEM 8G

Ratification of Mitigation Agreement and Limited Release

BACKGROUND: On May 18, 2017, the North City West School Facilities Financing Authority (“NCWSFFA”) negotiated fair share school fees with Kilroy Realty LLP (“Kilroy”) relating to its planned commercial/residential development project commonly referred to as One Paseo (the “Project”). The Project lies within the non-CFD portion of the NCWSFFA boundaries and is subject to developer/mitigation fees pursuant to the NCWSFFA’s Master Plan. As the result of negotiations between the NCWSFFA and Kilroy, a Mitigation Agreement and Limited Release (the “Agreement”) was executed and a fair share mitigation fee of \$3,636,288.76 relating to Phase 1 of the One Paseo project was paid by Kilroy to the NCWSFFA. The NCWSFFA subsequently issued a Certificate of Compliance to Kilroy allowing Kilroy to pull building permits on Phase 1 with the City of San Diego. The Agreement further requires an additional mitigation fee to be paid should Kilroy decide to develop additional 280,000 square feet of commercial space as part of Phase 2 of the One Paseo project.

FISCAL IMPACT: \$3,636,288.76 in unrestricted mitigation fee income to the NCWSFFA. Additional mitigation fee income pending development of Phase 2 of the One Paseo project.

RECOMMENDED ACTION: Ratification of Mitigation Agreement and Limited Release between North City West School Facilities Financing Authority and Kilroy Realty dated May 18, 2017

Attachment: Attachment Item 8G – Mitigation Agreement & Release of Lien

North City West School Facilities Financing Authority

Directors:

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

ITEM 8H

Resolution 2017-01 to Establish “One Paseo Fund”

BACKGROUND: On May 18, 2017, the North City West School Facilities Financing Authority (“NCWSFFA”) negotiated fair share school fees with Kilroy Realty LLP (“Kilroy”) relating to its planned commercial/residential development project commonly referred to as One Paseo (the “Project”). As the result of negotiations between the NCWSFFA and Kilroy, a Mitigation Agreement and Limited Release (“Agreement”) was executed and a fair share mitigation fee of \$3,636,288.76 relating to Phase 1 of the Project was paid by Kilroy to the NCWSFFA. The Agreement “provides for the creation of a new mitigation fund which shall be used solely to mitigate the impacts of the Project on school facilities.” Accordingly, the NCWSFFA Board is required to authorize by resolution the establishment of this new mitigation fund with the San Diego County Treasurer.

FISCAL IMPACT: None

RECOMMENDED ACTION: Board to approval of Resolution 2017-01 to establish a restricted fund known as the “One Paseo Fund” with San Diego County Auditor and Treasurer.

Attachment: Attachment 8H - Resolution 2017-01

North City West School Facilities Financing Authority

Directors:

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

ITEM 8I

Resolution 2017-02 to Establish “Community Facilities District No. 3 Fund”

BACKGROUND: On March 10, 2016, the North City West School Facilities Financing Authority (the “NCWSFFA”) approved Ordinance No. 2016-01 authorizing the levy of a special tax on all taxable properties located in Community Facilities District No. 3 (the “CFD No. 3”). In conjunction with the CFD No.3 ordinance, a mitigation agreement was entered into with a developer building apartment units within the CFD No. 3 boundary to pay a one- time special tax of \$2 million as a full and complete mitigation of the project impact on school facilities with the NCWSFFA boundary. Accordingly, the NCWSFFA Board intends to authorize by resolution the establishment of this new mitigation fund with the San Diego County Treasurer to be used to acquire or construct the school facilities described in the CFD No. 3 Public Hearing Report.

FISCAL IMPACT: None

RECOMMENDED ACTION: Board to approval of Resolution 2017-02 to establish a restricted fund known as the “Community Facilities District No. 3 Fund” with San Diego County Auditor and Treasurer.

Attachment: Attachment 8I - Resolution 2017-02

RECORDING REQUESTED BY AND

WHEN RECORDED, RETURN TO:
North City West School Facilities Financing Authority
309 N. Rios Ave.
Solana Beach, CA 92075

MITIGATION AGREEMENT & LIMITED RELEASE

This Mitigation Agreement and Limited Release ("Agreement") is entered into effective the 18 day of May 2017 (the "Effective Date"), between, on the one hand, Kilroy Realty L.P., a Delaware limited partnership and Kilroy Realty Corporation, a Maryland corporation (collectively, "KILROY"); and, on the other hand, North City West School Facilities Financing Authority ("NCWSFFA"), as the final agreement between KILROY and NCWSFFA regarding the amount of school facility or development impact mitigation necessary to mitigate the impacts of students generated from the KILROY project, as detailed below. Both KILROY and NCWSFFA are referenced herein at times collectively as the "Parties."

RECITALS

This Agreement is made with reference to the following facts and circumstances:

A. The KILROY Project: KILROY is developing a commercial and multi-family residential development in the Carmel Valley area of San Diego County commonly referred to as the "One Paseo" project located at the southwest corner of El Camino Real and Del Mar Heights Road (the "Project"). The legal description of the Project is attached hereto as Exhibit "A." When completed, the Project will consist of the current development of approximately 608 units of multi-family residential units with additional development of approximately 100,000 square feet of commercial/retail space as well as approximately 280,000 square feet of office development planned for a potential future phase.

B. NCWSFFA is a Joint Powers Authority created and administered by its members, the Del Mar Union, Solana Beach and San Dieguito Union School Districts (the "Districts"). NCWSFFA's primary responsibility is to ensure that appropriate mitigation/financing is provided for the Districts' school facilities within the North City West/Carmel Valley area consistent with its formational documents and as approved by the City of San Diego ("City").

C. NCWSFFA has informed KILROY that the Project is within the North City West/Carmel Valley planning area, and is thus subject to the school facilities mitigation requirements in the North City West School Facilities Master Plan adopted and approved by the City and the Districts. Accordingly, NCWSFFA contends that the Project is required to pay "Direct Deposit" school mitigation fees (the "Direct Deposit Fees") or provide for other alternative mitigation/financing that ensures that the impacts of the students generated by the Project on school facilities are appropriately mitigated.

D. NCWSFFA and KILROY have met, with a retired judge acting as mediator, and discussed the standards for mitigation of such impacts under applicable State law and the North City West/Carmel Valley planning documents and, with the recommendation of the mediator have agreed that it is in their mutual best interest to enter into this Mitigation Agreement to ensure that appropriate funding/financing is available as necessary to mitigate the impacts of the students generated by the Project on the Districts' school facilities.

E. This Agreement resolves all such mitigation funding/financing issues, and provides for the creation of a new mitigation fund which shall be solely to mitigate the impacts of the Project on school facilities (the "One Paseo Fund").

F. KILROY's participation and cooperation in implementing this Agreement is intended to constitute complete mitigation of the impact of the development of the Project upon NCWSFFA and the Districts in lieu of any Direct Deposit Fees, or any other fees which the NCWSFFA and/or the Districts might have imposed, or be able to impose, on the Project pursuant to Education Code Section 17620 or Government Code Sections 65970, *et seq.* and 65995, *et seq.* as applicable.

NOW, THEREFORE, in consideration of the covenants contained herein, the undersigned agree as follows:

1. Purpose. The purpose of this Agreement is to establish a method of funding the school facilities needed to house potential students generated by the Project and to operate and maintain such school facilities. By entering into this Agreement and complying with its terms, KILROY shall be deemed to have fulfilled and mitigated their entire obligation to assist in funding school facilities to house the Project students pursuant to Education Code Section 17620 *et seq.*, Government Code Sections 65970, *et seq.* and/or 65995, *et seq.* as applicable.
2. Mitigation Obligation/Payment into One Paseo Fund. NCWSFFA hereby acknowledges receipt of mitigation payments from KILROY in the amount of Two Million Six Hundred Thirty-Six Thousand Two Hundred Eighty-Eight Dollars and 76/100 (\$2,636,288.76). Within ten (10) business days following execution by the Parties, KILROY shall pay to NCWSFFA, an additional One Million Dollars (\$1,000,000.00) as full and complete mitigation (the "Payment") for the Project's impact on the school facilities of NCWSFFA's member Districts, expressly conditioned on all the following: Neither the NCWSFFA, its constituent Districts, nor any other State or local agency has demanded school facility or impact fees, or any other school-related mitigation from KILROY other than the obligations/payments addressed in this Agreement. NCWSFFA shall deposit the Payment into the One Paseo Fund for expenditure on school facilities improvements projects to be determined by the NCWSFFA in its sole discretion.
3. Additional Payment for Future Phase. The Parties acknowledge that there may be a potential future phase of the Project consisting of the approximately 280,000 square feet of office space for which no building permit is currently anticipated to be sought in the near future. At the time such a building permit (or permits) are

sought and so long as the proposed improvements remain commercial office space, KILROY agrees to make an additional mitigation payment (“Additional Payment”) to NCWSFFA for deposit into the One Paseo Fund. The Additional Payment shall be calculated based on the actual square footage reflected in such permit(s) and the then applicable statutory school fee amount for commercial and industrial construction established pursuant to Education Code section 17620 et seq. and Government Code section 65995 et seq..

4. Additional Partnering Opportunities. In addition to the Payment, KILROY also agrees to give consideration to future partnering opportunities and/or support of the NCWSFFA’s member Districts’ educational programs and students. Such opportunities may include, but not necessarily be limited to, consideration for member District students to participate in any scholarship and/or internship programs KILROY may offer, as well as KILROY considering participation in and/or support of the Districts’ parent teacher association programs, non-profit foundations, and/or other fundraisers that may be undertaken by the Districts in support of their educational programs. The Parties mutually agree to work cooperatively in the future to identify such partnering opportunities for KILROY to consider.
5. Voiding Of Agreement/Tolling. KILROY is entering into this Agreement based on the representation and warranty hereby made by NCWSFFA that NCWSFFA is the sole entity authorized to assess the Project with any mitigation school impact/facility fees (which include, but are not limited to fees, charges, or general or special taxes for school facilities or costs). Should some other entity claim the right to require the Project to pay any sort of school impact or school facility mitigation fees, KILROY shall have the unilateral right to void this Agreement upon written notice to NCWSFFA. The effect of such notice shall be a voiding of this Agreement, and a concurrent tolling of all claims between the Parties from the Effective Date through the date of that notice, so that the Parties are in no way prejudiced by the passage of time. If the Payment has not yet been made when the notice is sent, KILROY will be relieved of its obligation to make the Payment. If the Payment has already been made prior to the notice being sent, then NCWSFFA shall return the Payment to KILROY within 30 days of receipt of the notice.
6. Limited Release By NCWSFFA. Subject to, and conditioned on, its receipt of the Payment and no voiding of this Agreement by KILROY, NCWSFFA, on behalf of itself and its constituent Districts, hereby releases KILROY from any and all school facility mitigation or development impact fees, costs, taxes, or other exactions, and agrees that the Payment satisfies all such in full. NCWSFFA agrees that once the Payment is made, KILROY is released from any and all additional mitigation obligations of any type relative to the Project’s impact on the Districts’ school facilities, and that neither NCWSFFA nor its constituent Districts shall further assess KILROY in any manner for school-related fees or charges, including but not limited to any fees, general or special taxes, or charges for any continuing existence or operation of the New CFD. NCWSFFA agrees that neither it nor the Districts shall make further demand for, or impose on the Project, any additional impact fees

(including but not limited to school fees), general and special taxes, or other exactions. However, the foregoing release shall not restrict the Districts from seeking approval of any future general obligation bonds or special taxes for the construction, maintenance or operation of school facilities to be approved by the electorate of the applicable District, so long as such bonds or taxes apply to the entirety of the applicable District and are not just applicable to the Project.

7. Waiver of Right to Protest. Execution of this Agreement is made by KILROY without protest. KILROY knowingly and willingly waives their right of protest as may be afforded by Government Code Sections 66020 or any other substantive or procedural provision of law, but only as to NCWSFFA and the Districts, and only as to the amount of school facility or development impact mitigation necessary to mitigate the impacts of students generated from the KILROY Pproject, as covered by this Agrccment.
8. NCWSFFA Acknowledgement of Mitigation/Issuance of Certificate(s) of Compliance. NCWSFFA acknowledges that the compliance with terms of this Agreement makes adequate provision for school facilities needed to house the students generated by the Project, and that the City of San Diego hereby is authorized to issue any and all building permits for the Project and that this Agreement shall constitute a Certificate of Compliance. Upon request, NCWSFFA shall also execute letters or other written materials, as reasonably requested by KILROY or the City, describing this Agreement and stating that adequate provision for school facilities necessary to house the students generated by the Project has been made in connection with development of the Project.
9. Agreement Unaffected By Changes in Law. NCWSFFA and KILROY agree that each Party has negotiated in good faith to reach accord on this Agreement, and as such, the Agreement is a legally binding contract between the Parties, enforceable by its terms. The Parties agree that to the maximum extent permitted by law, the Agreement shall not be affected, modified, or annulled by any subsequent change in local, state or federal law.
10. No Admissions: The undersigned understand, acknowledge, and agree that the execution of this Agreement is a compromise of disputed claims and this is not to be construed as an admission of liability on the part of any of the Parties as to those disputed claims.
11. Warrants: Each party represents and warrants that it has not heretofore assigned, transferred, or purported to assign or transfer any liability, claim, demand, action, cause of action or right herein released and discharged, and shall indemnify the other Parties from and against: (a) any liability, claim, demand, action, cause of action or right so assigned or transferred in violation of the foregoing representation and warranty; and (b) any and all liability, loss, claim, expense and/or obligation arising directly or indirectly out of its breach of the foregoing representation or warranty.

12. California Law: This Agreement is deemed made and executed in the State of California and in all respects shall be interpreted, enforced and governed by and under the laws of the State of California.
13. Attorney's Fees And Costs: If any action or proceeding is brought to enforce the provisions of this Agreement, the prevailing party shall be entitled to an award of all incurred attorneys' fees and costs.
14. Entire Agreement: This Agreement (i) constitutes the Parties' entire agreement, including all terms, conditions, definitions, warranties, representations, and covenants, with respect to the subject matter hereof, (ii) merges all prior discussions and negotiations between or among any or all of them as to the subject matter hereof, and (iii) supersedes and replaces all terms, conditions, definitions, warranties, representations, covenants, agreements, promises and understandings, whether oral or written, with respect to the subject matter hereof. This Agreement may not be amended, altered or modified except by a writing signed by all Parties hereto.
15. Cooperation: Each Party hereto agrees to perform any further acts and execute and deliver any further documents reasonably necessary to carry out the provisions of this Agreement.
16. Notices: All notices between the Parties related to this Agreement shall be sent via overnight delivery service to:

KILROY: Jeff Chine, Esq.
Allen Matkins Leck Gamble Mallory Natsis LLP
600 West Broadway, 27th Floor
San Diego, CA 92101-0903

NCWSFFA: Tyree Dorward, Esq.
Best Best & Krieger LLP
655 West Broadway, 15th Floor
San Diego, CA 92101
17. No Construction Against Drafter: This Agreement and the provisions contained herein shall not be construed or interpreted against any Party on the grounds that such Party or such Party's attorney drafted this Agreement or any of its provisions.
18. Authority: Any individual signing this Agreement on behalf of an entity represents and warrants that he/she is duly authorized to sign and make this Agreement on behalf of said entity.
19. Binding On Successors And Assigns. This Agreement is binding on all successors and assigns of the Parties.

20. Counterparts: This Agreement may be executed in counterparts, each of which shall be deemed an original. Signatures of the Parties may be obtained by facsimile or e-mail and shall be considered effective upon delivery to the other Party.
21. Recordation. NCWSFFA shall have the right to record a copy of this Agreement in the Official Records of the Recorder for the County of San Diego.

IN WITNESS WHEREOF, the Parties hereto execute this Agreement and make it effective as of the date first written above.

**KILROY REALTY CORPORATION,
a Maryland corporation**

By: _____
Name: Jeffrey C. Hawken
Title: Executive Vice President
Date: 5/16/17 Chief Operating Officer

By: [Signature]
Name: PHILIP TATE
Title: SUP, DEVELOPMENT & GOVT. AFFAIRS
Date: 5/16/17

**KILROY REALTY, L.P.,
a Delaware limited partnership**

By: **Kilroy Realty Corporation,
a Maryland corporation
its general partner**

By: _____
Name: Jeffrey C. Hawken
Title: Executive Vice President
Date: 5/16/17 Chief Operating Officer

By: [Signature]
Name: PHILIP TATE
Title: SUP, DEVELOPMENT & GOVT. AFFAIRS
Date: 5/16/17

North City West School Facilities Financing Authority:

By: [Signature]
Its: Chair

EXHIBIT A

LEGAL DESCRIPTION

Parcels 1 & 2 of Parcel Map 15061 recorded in the office of the County Recorder of San Diego County on December 16, 1987 and Parcel 2 of Parcel Map 19130, recorded in the Office of the County Record of San Diego County on December 20, 2002, all located in the City of San Diego, County of San Diego, State of California.

RESOLUTION NO. 2017-01

RESOLUTION OF THE BOARD OF DIRECTORS OF NORTH CITY WEST SCHOOL FACILITIES FINANCING AUTHORITY TO ESTABLISH A “ONE PASEO FUND”

On motion of Member _____, Seconded by Member _____, the following resolution is adopted:

WHEREAS, school districts are authorized by California law, including but not limited to Government Code Section 65970 et seq, to levy fees, charges, dedications, or other requirements against any construction within the boundaries of the district; and

WHEREAS, on May 18, 2017, the North City West School Facilities Financing Authority entered into a Mitigation Agreement with a developer and received developer/mitigation fees relating to said agreement for the purpose of constructing additional school facilities, and

WHEREAS, the local agency receiving such fees is required by law to deposit the revenues in a separate capital facilities fund. The California Department of Education recommends the establishment of a “Fund 25” to facilitate the segregation of revenues and expenditures related to this activity. Expenditures collected under this authority are restricted to the purposes specified in Government Code section 65970-65981 or to the items specified in agreements with the developer pursuant to other applicable law;

NOW THEREFORE, BE IT RESOLVED, that the Governing Board hereby authorizes the San Diego County Auditor and Treasurer to establish a restricted fund to be known as the “One Paseo Fund”.

AND ADOPTED by the Governing Board of the North City West School Facilities Financing Authority, at Solana Beach, California, on the 8th Day of June 2017, by the following vote:

AYES: __ NOES: __ ABSENT: __ ABSTENTIONS: __

STATE OF CALIFORNIA)
) SS
COUNTY OF SAN DIEGO)

I, Mark J. Risco, Secretary of the Governing Board of the North City West School Facilities Financing Authority of San Diego, California, do hereby certify that the foregoing is a full, true and correct copy of a resolution adopted by said board at the regular meeting hereof at the time and place of vote stated, which resolution is on file and of record in the office of said board.

Secretary of the Governing Board

RESOLUTION NO. 2017-02

RESOLUTION OF THE BOARD OF DIRECTORS OF NORTH CITY WEST SCHOOL FACILITIES FINANCING AUTHORITY TO ESTABLISH A “COMMUNITY FACILITIES DISTRICT NO. 3 FUND”

On motion of Member _____, Seconded by Member _____, the following resolution is adopted:

WHEREAS, school districts are authorized by California law, including but not limited to Government Code Section 65970 et seq, to levy fees, charges, dedications, or other requirements against any construction within the boundaries of the district; and

WHEREAS, on March 10, 2016, as evidenced by Ordinance 2016-01, the North City West School Facilities Financing Authority did form Community Facilities District No. 3 to fund the purchase and/or construction of new school facilities through the levy of a one-time special tax, and

WHEREAS, the local agency receiving such fees is required by law to deposit the revenues in a separate capital facilities fund. The California Department of Education recommends the establishment of a “Fund 25” to facilitate the segregation of revenues and expenditures related to this activity. Expenditures collected under this authority are restricted to the purposes specified in Government Code section 65970-65981 or to the items specified in agreements with the developer pursuant to other applicable law;

NOW THEREFORE, BE IT RESOLVED, that the Governing Board hereby authorizes the San Diego County Auditor and Treasurer to establish a restricted fund to be known as the “Community Facilities District No. 3 Fund”.

AND ADOPTED by the Governing Board of the North City West School Facilities Financing Authority, at Solana Beach, California, on the 8th Day of June 2017, by the following vote:

AYES: __ NOES: __ ABSENT: __ ABSTENTIONS: __

STATE OF CALIFORNIA)
) SS
COUNTY OF SAN DIEGO)

I, Mark J. Risco, Secretary of the Governing Board of the North City West School Facilities Financing Authority of San Diego, California, do hereby certify that the foregoing is a full, true and correct copy of a resolution adopted by said board at the regular meeting hereof at the time and place of vote stated, which resolution is on file and of record in the office of said board.

Secretary of the Governing Board