

Revenue and expenditure data contained herein is based upon unaudited financial information for fiscal year 2011.

DISCUSSION

Previous Council actions, public hearings, and elections have formally established the aforementioned districts, authorized the levy of special taxes, and authorized the issuance of special tax bonds to finance the acquisition of certain necessary public improvements. The documents associated with those actions fulfill, or provide for, satisfaction of the first three requirements referenced above. The purpose of this report is to comply with the Annual Report requirements (No. 4, above) of the Act as they pertain to the above referenced Community Facilities Districts. Accordingly, the following information is presented:

**COMMUNITY FACILITIES DISTRICT NO. 2
(Santaluz)
Improvement Area No. 1
Special Tax Bonds**

**Annual Report
Pursuant to the Local Agency Special Tax and Bond Accountability Act
(Unaudited)**

Pursuant to Ordinance No. O-19085 and Resolution Nos. R-296009 and R-292869 (the “Authorizing Documents”), Community Facilities District No. 2 (Santaluz) Improvement Area No. 1 was established and authorized to issue up to \$62.2 million of special tax bonds and to levy special taxes to pay debt service on the bonds and/or to directly pay for the acquisition of various public facilities.

Special Taxes

In accordance with Government Code Section 50075.3, the following information is presented for the fiscal year ending June 30, 2011:

(a) The amount of funds collected and expended:

Funds Collected	
Special Tax Collections	\$ 5,430,182
Interest Earnings	10,192
Transfers In ¹	154,478
Total	\$ 5,594,852
Funds Expended	
Debt Service Payments	\$ 5,902,789
Administrative Expenses ²	88,142
Total³	\$ 5,990,931

(b) Pursuant to the Authorizing Documents, special taxes may be levied to pay debt service on the bonds and/or to directly pay for the acquisition of various public facilities and to pay costs associated with administration of the district. Special taxes, referenced above, were utilized to pay debt service on the bonds and to pay administrative costs. The status of projects to be funded by the bonds is shown in Appendix A.

¹ Transfer from Reserve Fund (Gov Code 53411) in the total amount of \$154,478.

² Includes \$3,750 in bond call premium.

³ Fund balance used for expenditures in excess of funds collected.

Local Bond Measure (Special Tax Bonds)

In accordance with Government Code Section 53411, the following information is presented for the fiscal year ending June 30, 2011:

- (a) The amount of funds collected and expended:

Funds Collected	
Interest Earnings	\$ 290,435
Total	\$ 290,435
Funds Expended	
Transfers Out	\$ 154,478
Total	\$ 154,478

- (b) The status of any project required or authorized to be funded, pursuant to the Authorizing Documents

See Appendix A.

COMMUNITY FACILITIES DISTRICT NO. 2
(Santaluz)
Improvement Area No. 4
Special Tax Bonds

Annual Report
Pursuant to the Local Agency Special Tax and Bond Accountability Act
(Unaudited)

Pursuant to Ordinance No. O-19152 and Resolution Nos. R-297633 and R-297634 (the “Authorizing Documents”), Community Facilities District No. 2 (Santaluz) Improvement Area No. 4 was established and authorized to issue up to \$10.5 million of special tax bonds and to levy special taxes to pay debt service on the bonds and/or to directly pay for the acquisition of various public facilities.

Special Taxes

In accordance with Government Code Section 50075.3, the following information is presented for the fiscal year ending June 30, 2011:

(a) The amount of funds collected and expended:

Funds Collected	
Special Tax Collections	\$ 903,353
Interest Earnings	1,677
Transfers In ⁴	1,030,206
Total	\$ 1,935,236
Funds Expended	
Debt Service Payments	\$1,705,325
Transfers Out ⁵	11,493
Administrative Expenses ⁶	84,037
Total	\$ 1,800,855

(b) Pursuant to the Authorizing Documents, special taxes may be levied to pay debt service on the bonds and/or to directly pay for the acquisition of various public facilities and to pay costs associated with administration of the district. Special taxes, referenced above, were utilized to pay debt service on the bonds and to pay administrative costs. The status of projects to be funded by the bonds is shown in Appendix A.

⁴ Transfer from Project Fund (Gov Code 53411) in the amount of \$1,030,000 to pay Optional bond call on March 2011 and the excess reserve fund in the amount of \$206.

⁵ Transfer to Delinquency Fund 200506 per O-17882.

⁶ Includes \$31,650 in bond call premium.

Local Bond Measure (Special Tax Bonds)

In accordance with Government Code Section 53411, the following information is presented for the fiscal year ending June 30, 2011:

(a) The amount of funds collected and expended:

Funds Collected	
Interest Earnings	\$ 4,607
Total	\$4,607
Funds Expended	
Transfers Out ⁷	\$ 1,030,206
Project Cost	3,606,722
Total⁸	\$ 4,636,928

(b) The status of any project required or authorized to be funded, pursuant to the Authorizing Documents:

See Appendix A.

⁷ Transfer to Special Tax Fund and Redemption Fund (Gov Code 50075.3) in the total amount of \$ 1,030,206.

⁸ Fund balance used for expenditures in excess of funds collected.

**COMMUNITY FACILITIES DISTRICT NO. 3
(Liberty Station)
Special Tax Bonds**

**Annual Report
Pursuant to the Local Agency Special Tax and Bond Accountability Act
(Unaudited)**

Pursuant to Ordinance No. O-19078 and Resolution Nos. R-296710 and R-296742 (the "Authorizing Documents"), Community Facilities District No. 3 (Liberty Station) was established and authorized to issue up to \$30 million of special tax bonds and to levy special taxes to pay debt service on the bonds and/or to directly pay for the acquisition of various public facilities.

Special Taxes

In accordance with Government Code Section 50075.3, the following information is presented for the fiscal year ending June 30, 2011:

(a) The amount of funds collected and expended:

Funds Collected	
Special Tax Collections	\$1,607,362
Interest Earnings	2,464
Total	\$ 1,609,826
Funds Expended	
Debt Service Payments	\$1,402,834
Transfers Out ⁹	8,787
Transfers Out ¹⁰	496,895
Admin Expense	60,575
Total¹¹	\$ 1,969,091

(b) Pursuant to the Authorizing Documents, special taxes may be levied to pay debt service on the bonds and/or to directly pay for the acquisition of various public facilities and to pay costs associated with administration of the district. Special taxes, referenced above, were utilized to pay debt service on the bonds and to pay administrative costs. The status of projects to be funded by the bonds is shown in Appendix A.

⁹ Transfer to Delinquency Fund 200506 in the amount of \$8,787 per O-17882.

¹⁰ Transfer to Reserve Fund/Project Fund (Gov Code 53411) in the total amount of \$ 496,895.

¹¹ Fund Balance used for expenditures in excess of funds collected.

Local Bond Measure (Special Tax Bonds)

In accordance with Government Code Section 53411, the following information is presented for the fiscal year ending June 30, 2011:

(a) The amount of funds collected and expended:

Funds Collected	
Interest Earnings	\$ 4,255
Transfers In ¹²	496,895
Total	\$ 501,150
Funds Expended	
Project Cost	\$ 499,212
Total	\$ 499,212

(b) The status of any project required or authorized to be funded, pursuant to the Authorizing Documents:

See Appendix A.

¹² Transfer from Special Tax Fund/Surplus Fund (Gov Code 50075.3) in the total amount of \$496,895.

**COMMUNITY FACILITIES DISTRICT NO. 4
(Black Mountain Ranch Villages)
Special Tax Bonds**

**Annual Report
Pursuant to the Local Agency Special Tax and Bond Accountability Act
(Unaudited)**

Pursuant to Ordinance No. O-19090 and Resolution Nos. R-294259, R-294260, and R-296893 (the "Authorizing Documents"), Community Facilities District No. 4 (Black Mountain Ranch Villages) was established and authorized to issue up to \$30 million of special tax bonds and to levy special taxes to pay debt service on the bonds and/or to directly pay for the acquisition of various public facilities.

Special Taxes

In accordance with Government Code Section 50075.3, the following information is presented for the fiscal year ending June 30, 2011:

(a) The amount of funds collected and expended:

Funds Collected	
Special Tax Collections	\$ 1,149,050
Interest Earnings	3,416
Total	\$ 1,152,466
Funds Expended	
Project Cost	\$ 410,000
Debt Service Payments	893,057
Transfers Out ¹³	3,360
Transfers Out ¹⁴	256,470
Administrative Expenses	45,333
Total¹⁵	\$ 1,608,220

(b) Pursuant to the Authorizing Documents, special taxes may be levied to pay debt service on the bonds and/or to directly pay for the acquisition of various public facilities and to pay costs associated with administration of the district. Special taxes, referenced above, were utilized to pay for project costs, debt service and administrative costs. The status of projects to be funded by the bonds is shown in Appendix A.

¹³ Transfer to Delinquency Fund 200506 in the amount of \$3,360 per O-17882.

¹⁴ Transfer to Project fund (Gov code 53411) in the amount of \$256,470.

¹⁵ Fund balance used for expenditures in excess of funds collected.

Local Bond Measure (Special Tax Bonds)


In accordance with Government Code Section 53411, the following information is presented for the fiscal year ending June 30, 2011:

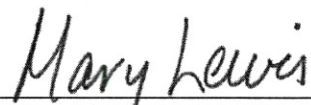
(a) The amount of funds collected and expended:

Funds Collected	
Interest Earnings	\$ 2,690
Transfer In ¹⁶	256,470
Total	\$ 259,160
Funds Expended	
Project Cost	\$ 286,103
Total¹⁷	\$ 286,103

(b) The status of any project required or authorized to be funded, pursuant to the Authorizing Documents:

See Appendix A.


Kenton C. Whitfield
City Comptroller


Mary Lewis
Chief Financial Officer

¹⁶ Transfer from Surplus Fund (Gov Code 50075.3) in the amount of \$ 256,470.

¹⁷ Fund balance used for expenditures in excess of funds collected.

APPENDIX A

In accordance with Government Code Section 50075.3 and Section 53411, the following information is presented:

The status of any project required or authorized to be funded, pursuant to the Authorizing Documents.

As noted below, for each Community Facilities District, the project status information is obtained directly from the associated developer responsible for the projects, and is reported as of December 2011. For the purpose of this report, status of the projects was not independently verified by the City.

COMMUNITY FACILITIES DISTRICT NO. 2 (Santaluz) Improvement Area No. 1 Special Tax Bonds

The construction status information below was provided by the CFD No. 2 Improvement Area No. 1 developer, Santaluz, LLC:

Project	Construction Status
Carmel Valley Road from Via Abertura to Black Mountain Road (Seg B) Includes Black Mountain Road from Carmel Valley Road southerly to existing Black Mountain Road Includes Collins Nursery ROW acquisition Includes portion of 36" water line – 793 zone Includes 36" water line – 610 zone Includes Pressure Reduction Station	Complete
Construction of Carmel Valley Road Segments 1, 2 and 3 from North of SR 56 to Via Abertura Includes traffic signal at Rancho Santa Fe Farms Road	Complete
Camino Ruiz South Includes 16" Water Line in Camino Ruiz Includes 24" Water Line in Camino Ruiz	Complete
Camino Ruiz from CR South Northerly to San Dieguito and Extension to Stn. 213 Includes 16" Water Line Includes 24" Water Line Includes Sewer Trunk from Fairbanks Highlands Intercept to Pump Station No. 3 Intercept	Complete
San Dieguito Road from Camino Ruiz to existing San Dieguito Road - includes Water Facilities	Complete

Project	Construction Status
Median and Parkway Landscaping of Carmel Valley Road from Via Abertura to Black Mountain Road (Seg B) Includes Black Mountain Road from Carmel Valley Road southerly to existing Black Mountain Road	Complete
Water and Sewer Facilities a. Sewer Trunk Line from Existing Carmel Valley Sewer Trunk Line to Fairbanks Highlands Intercept b. Trunk Sewer from Pump Station No. 3 Intercept to Pump Station No. 2 Intercept c. Trunk Sewer from Pump Station No. 2 Intercept to northerly end of Project d. Pump Station No. 3 and Force Main to Trunk Sewer e. Pump Station No. 2 and Force Main to Trunk Sewer f. 36" Water Line from Reservoir to Black Mountain Road, including construction of initial Carmel Valley Road Segment BB improvements (land bridge, grading and encasement of existing water facilities)	Complete
25 Million Gallon Reservoir	Complete
South Fire Station and Equipment (Portion)	Complete
Offsite Traffic Signals and Intersection Improvements Intersection Improvements at El Camino Real and San Dieguito Road Traffic Signal at Black Mountain Road and Maler Road Intersection Improvements at Black Mountain Road and Park Village Road	Complete
Traffic Signal at Camino Ruiz and San Dieguito Traffic Signal at Carmel Valley Road and Camino Ruiz Traffic Signal at Carmel Valley Road and Black Mountain Road	Complete
Regional Park Land Acquisition and Grading (Fair Share)	Complete
Preliminary Design Costs of Public Improvements	Complete
Neighborhood Park Improvements	Complete
Landscaping of Camino Del Sur and San Dieguito Road	Complete
Community Park Improvements	Complete

**COMMUNITY FACILITIES DISTRICT NO. 2
(Santaluz) Improvement Area No. 4
Special Tax Bonds**

The construction status information below was provided by the CFD No. 2 Improvement Area No. 4 developer, D.R. Horton, Inc.:

Project	Construction Status
Offsite Water and Sewer Improvements	Complete
Community Park Improvements	Complete
El Camino Real from Derby Downs Road to San Dieguito Road	Road portion of the project is complete. Traffic Signalization at El Camino Real and Sea Country is complete and operational. The El Camino Real Animal Undercrossing bid September 14 th . Construction commenced on November 1 st . The anticipated schedule is 60 working days with completion in February 2012.

**COMMUNITY FACILITIES DISTRICT NO. 3
(Liberty Station)
Special Tax Bonds**

The construction status information below was provided by the CFD No. 3 developer, McMillin Companies, LLC:

Project	Construction Status
Rosecrans Street Improvements and Lytton Street Improvements	Complete
Park Demolition and Rough Grading	Complete
Landscaping of Rosecrans Parkway	Complete
Rosecrans Intersection At Nimitz Boulevard	Plans are approved and permitted. Construction is estimated to commence mid 2013 with completion by mid 2014
Phase I Park Facilities and Remaining Park Demolition and Rough Grading	Complete
Phase II Park Facilities	Complete
Harbor Drive Street Improvements	Complete

Project	Construction Status
Laning/Cushing Drive Signal Improvements	Construction estimated to commence in May 2012 with completion by August 2012

**COMMUNITY FACILITIES DISTRICT NO. 4
(Black Mountain Ranch Villages)
Special Tax Bonds**

The construction status information below was provided by the CFD No. 4 developer, Black Mountain Ranch, LLC:

Project	Construction Status
Extend Camino Ruiz, 2 Lanes, from Santaluz to Resort Street: a. Street Improvements (portion of T-5) b. Wildlife Crossing (T-7) c. Underground Utilities & Improvements	Complete Complete Complete
Sewer Lift Station No. 1, including Gravity Line from Camino Ruiz and Force Mains to Santaluz	Complete
Extend Camino Ruiz, 2 Lanes, from Resort Street to Camino del Norte: a. Street Improvements (remainder of T-34.1) b. Underground Utilities & Improvements	Complete Complete
If not already existing, widen Camino Ruiz, from 2 to 4 Lanes, from San Dieguito Road to Carmel Valley Road: a. Street Improvements (T-10) b. Wildlife Crossing (T-12)	Construction has not commenced; estimated completion date December 2013 Construction has not commenced; estimated completion date December 2013

Project	Construction Status
<p>If not already existing, widen Carmel Valley Road, from 2 to 4 lanes, from Black Mountain Road to entrance of Fairbanks Highlands:</p> <p>a. Street Improvements (portion of T-22)</p> <p>b. Wildlife Crossing (T-24)</p>	<p>Construction has not commenced; estimated completion date December 2013</p> <p>Complete</p>
<p>Extend Carmel Valley Road, 4 Lanes, from Black Mountain Road to Camino Crisalida:</p> <p>a. Street Improvements (T-25)</p> <p>b. Wildlife Crossing (T-27)</p> <p>c. Underground Utilities & Improvements</p>	<p>Construction has commenced; estimated completion date December 2015</p> <p>Construction has commenced; estimated completion date December 2015</p> <p>One portion of project is complete (Rancho Bernardo pipeline); estimated completion date for remainder of project is December 2013</p>
<p>Gravity Sewer Line from East Clusters to Existing Gravity Line at Camino Ruiz</p>	<p>Construction has not commenced; estimated completion date December 2013</p>
<p>If not already existing, extend Camino Ruiz, 2 lanes, from Carmel Valley Road to SR-56. (T-13)</p>	<p>Complete</p>
<p>If not already existing, widen Camino Ruiz, from 2 to 4 lanes, from Carmel Valley Road to SR-56. (T-14)</p>	<p>Complete</p>
<p>If not already existing, widen Carmel Valley Road, from 2 to 4 lanes, from Via Abertura to Del Mar Heights Road. (T-20)</p>	<p>Construction has not commenced; estimated completion date December 2015</p>
<p>If not already existing, widen Camino Ruiz, from 2 to 4 lanes, from San Dieguito Road to Camino del Norte:</p> <p>a. Street Improvements (T-6 and T-34.2)</p> <p>b. Wildlife Crossing (T-8)</p>	<p>Construction is underway for T-6. The estimated completion date is January 2012. Construction for T-34.2 has not commenced; estimated completion date December 2012</p> <p>Complete</p>