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## ANNUAL TAX REPORT

TRLIA COMMUNITY FACILITIES DISTRICT NO. 2006-1  
(SOUTH COUNTY AREA)

FISCAL YEAR 2007-2008

Prepared for:

Three Rivers Levee Improvement Authority

Prepared by:

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August 1, 2007

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## TABLE OF CONTENTS

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I.	INTRODUCTION .....	1
	Purpose of the Report .....	2
	Organization of the Report .....	2
II.	CALCULATION OF ANNUAL COSTS.....	3
	Annual Costs.....	3
III.	PARCELS SUBJECT TO THE TAX.....	6
	Determining Parcels Subject to the Special Tax .....	6
	Tax Escalation Factor .....	6
	Assignment of Maximum Annual Special Tax to Taxable Parcels.....	6
IV.	ACCOUNTING FOR SPECIAL TAX REVENUE.....	7

Appendix A: Special Tax Levy 2007–2008

## LIST OF TABLES

---

Table 1	Summary of Fiscal Year 2007–2008 Maximum Annual Special Tax Revenue by Tax Zone.....	5
Table 2	Special Tax–Revenue Accounting by Tax Zone .....	8
Table 3	Estimate of Administrative Expenses.....	9

## I. INTRODUCTION

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The Three Rivers Levee Improvement Authority (TRLIA) Board of Directors (Board) approved the formation of two Community Facilities Districts (CFDs) in April 2006, one of which was "TRLIA CFD No. 2006-1 (South County Area)" (CFD 2006-1) and the other of which was "TRLIA CFD No. 2006-2 (South County Area—Overlay District)" (CFD 2006-2), herein referred to collectively as CFD(s). The property owners within the proposed boundaries of each CFD who qualified as the electors for the purposes of authorizing the CFD unanimously voted to form the CFDs and to incur bonded indebtedness in an amount not to exceed \$250,000,000 for CFD 2006-1. The CFD 2006-1 bond proceeds would be used to fund the costs of the Levee Improvement Program funded through an advanced funding agreement entered into by certain landowners, Yuba County (County) and the TRLIA. The CFD 2006-2 proceeds would be used to fund the costs of the Levee Improvement Program previously advanced by certain landowners through prior agreements, as well as other improvements included in County capital facilities impact fees. This report primarily focuses on the Annual Special Tax Levy for Fiscal Year (FY) 2007–2008 related to CFD 2006-1.

CFD 2006-1 comprises approximately 825 acres in a portion of the County. In FY 2007–2008, 66 parcels will be subject to the levy of a special tax. The total amount of special tax levied against these parcels in this FY is \$58,824.00. All of the parcels will be taxed at 100 percent of maximum annual special tax.

In April 2007, TRLIA issued two series of bonds: Series A related to CFD 2006-1 in the total amount of \$14,930,382, and Series B related to CFD 2006-2 in the total amount of \$8,663,901. Both of these series of bonds are Builder Bonds, 100 percent of which were purchased by landowners in the district at the time formation. All the Builder Bonds are capital appreciation bonds, which have no debt service or annual cost associated with them. These bonds merely accrete in value over time, and the entire accreted amount is due at either redemption or maturity of the bond solely to the extent payable by Refunding Bonds issued by the CFD. Refunding Bonds are bonds expected to be issued by the CFD solely to repay outstanding bonds, which include the above-referenced Builder Bonds. No Refunding Bonds have been issued by either CFD as of the date of this report.

In each fiscal year that any bonds are outstanding, the CFD must levy a special tax against taxable parcels in CFD 2006-1 to pay principal and interest on outstanding bonds and to pay other costs of the CFD 2006-1, such as the costs of administration. Once the district has identified the annual costs of CFD 2006-1, the district must then apply the Special Tax Formula to determine the parcels to be taxed, the maximum amount of special tax that can be levied against all taxable parcels, and finally, using the Special Tax Formula, determine the amount of special tax to be levied in a given fiscal year.

## **PURPOSE OF THE REPORT**

This report serves as the Annual Tax Report for FY 2007–2008, which is submitted to the Treasurer of the TRLIA (Treasurer) for approval in support of the annual levy of the special tax. This is the first year in which special taxes will be levied. Pursuant to TRLIA Ordinance No. 2, the TRLIA Board authorized the Treasurer to determine the specific tax rate and amount to be levied for each parcel of real property in the CFD in each fiscal year. The Annual Tax Report will identify the annual costs of CFD 2006-1, the parcels to be taxed, the maximum amount that can be levied against all taxable parcels, and the amount to be levied in FY 2007–2008.

## **ORGANIZATION OF THE REPORT**

This report consists of four chapters including this introduction. **Chapter II** describes annual costs of CFD 2006-1. **Chapter III** describes the parcels to be taxed and the assignment of the tax to taxable parcels. **Chapter IV** discusses the accounting by Tax Zone and the accounting's relation to the Second Agreement for Advanced Funding and Reimbursement of Costs for Levee Improvement (Second Funding Agreement).

One appendix is attached to this report. **Appendix A** contains a list of all parcels to be taxed in FY 2007–2008, the maximum amount of special tax that could be levied against any given parcel, and the amount of the FY 2007–2008 special tax levy.

## II. CALCULATION OF ANNUAL COSTS

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### ANNUAL COSTS

Annual costs of the CFD 2006-1 are those costs authorized by the formation documents. CFD 2006-1 was authorized to fund the following costs and facilities:

- The construction, repair, and/or rehabilitation of flood control improvements, including but not limited to levee-system and drainage improvements and any necessary habitat mitigation incident to any improvements.
- The acquisition of land; the costs of design, engineering and planning; the costs of any environmental or other studies, surveys or other reports; the cost of any required environmental mitigation measures; landscaping, soils testing, permits, plan check and inspection fees; insurance, legal and related overhead costs; coordination and supervision; and any other costs or appurtenances related to any of the foregoing.

The district is also authorized to fund the following items:

- Bond-related expenses, including underwriter's discount, reserve fund, capitalized interest, bond and disclosure counsel, and all other incidental expenses.
- Administrative fees of the TRLIA, the County, and the bond trustee or fiscal agent related to the CFD, and any bonded indebtedness of the CFD.
- Reimbursement of costs related to the formation of the CFD that were advanced by the TRLIA, the County, Reclamation District No. 784, or any other governmental agency, or any landowner or developer in the CFD, as well as reimbursement of any costs advanced by the TRLIA or any related entity or any landowner or developer in the CFD for facilities, fees or other purposes or costs of the CFD.

Pursuant to the Rate and Method of Apportionment and Method of Collection of the Special Tax (RMA) **Section 9 A**, for each individual Tax Zone the minimum amount of Annual Costs is equal to the Maximum Annual Special Tax Revenue from all Occupied Parcels until Authorized Facilities are complete and all outstanding Builder Bonds are retired. As previously stated, TRLIA Series A Bonds (Bonds) were issued in April 2007. Bonds were issued for each of the eight Tax Zones in the CFD, and all zones continue to have bonds outstanding. Therefore, for each tax zone, the minimum amount of Annual Costs is equal to the Maximum Annual Special Tax Revenue from Occupied Parcels in the zone.

**Table 1** computes the Maximum Annual Special Tax Revenue from all Occupied Parcels by Tax Zone. **Appendix A** provides the detailed listing of each individual parcel that will be levied, the corresponding Maximum Annual Special Tax, and the proposed levy for FY 2007–2008.

The determination of parcels subject to the tax (Occupied Parcels) is discussed in **Chapter II** below.

Combined, all the Tax Zones will generate \$58,824 in Maximum Annual Special Tax Revenue from 66 Occupied Parcels. Therefore, Annual Costs is defined as \$58,824, an amount including all administrative expenses. **Chapter III** discusses the estimate of expenses for administration.

**Table 1**  
**TRLIA CFD 2006-1**  
**Summary of Fiscal Year 2007-2008 Maximum Annual Special Tax Revenue by Tax Zone**

<b>Tax Zone</b>	<b>Builder / Developer</b>	<b>Project</b>	<b>Number of Parcels</b>	<b>FY 2007-2008 Tax Levy</b>
1	<b>Cresleigh Homes Corporation, a California corporation</b> Cresleigh Cresleigh Woodside			
	<b>Total Proposed Tax Zone 1</b>		0 Parcels	\$0
2	<b>Dansk-Californisk Ejendomsselskab A.P.S., a Denmark corporation</b> Rio Del Oro (Danna 70)			
	<b>Total Proposed Tax Zone 2</b>		0 Parcels	\$0
3	<b>KB Home Northbay, Inc.</b> Hawes Ranch Plumas Lake Cobblestone			
	<b>Total Proposed Tax Zone 3</b>		26 Parcels	\$18,924
4	<b>Lennar Renaissance, Inc. a California corporation</b> River Oaks East River Oaks North			
	<b>Total Proposed Tax Zone 4</b>		25 Parcels	\$20,000
5	<b>Meritage Homes of California, Inc., a California corporation</b> Draper Ranch North			
	<b>Total Proposed Tax Zone 5</b>		0 Parcels	\$0
6	<b>Plumas Lake Holdings, L.L.C.</b> Rio Del Oro (Villages 6 & 8)			
	<b>Total Proposed Tax Zone 6</b>		0 Parcels	\$0
7	<b>Plumas Lake Riverside Meadows, L.P.</b> Riverside Meadows			
	<b>Total Proposed Tax Zone 7</b>		15 Parcels	\$19,900
8	<b>Rio del Oro Farms 2 L.L.C.</b> Rio Del Oro (Village 16)			
	<b>Total Proposed Tax Zone 8</b>		0 Parcels	\$0
	<b>TOTAL PROPOSED TAX LEVY - ALL ZONES</b>		<b>66 Parcels</b>	<b>\$58,824</b>

*"summary"*

### III. PARCELS SUBJECT TO THE TAX

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#### **DETERMINING PARCELS SUBJECT TO THE SPECIAL TAX**

The Special Tax Formula states that the Administrator first must determine whether a parcel is a Tax-Exempt Parcel, Occupied Parcel, Developed Parcel, Final Map Parcel, Large Lot Parcel or Undeveloped Parcel.

Only Builder Bonds are outstanding and no Refunding Bonds have been issued, so no parcels other than Occupied Parcels are to be taxed. Occupied Parcels are defined as Developed Parcels (Parcels having an already-issued building permit for a residential use) ownership of which has been transferred to a Homeowner. A Parcel will be designated as an Occupied Parcel either when the Administrator has received, in writing, a certification from the Builder/Developer that the parcel in question is deemed to be occupied by a Homeowner or when County records indicate that the Parcel has transferred ownership to a Homeowner. For a Parcel to be classified as Occupied by certification for the Fiscal Year in which taxes will be levied, the certification from the Builder/Developer must be received by June 1 of the prior fiscal year.

TRLIA received no Occupancy Certification forms from landowners before June 1, 2007. Records obtained from the County (parcel-level data from the County Assessor's office that show parcel ownership information and log records from the County Recorder's office that indicate Deed transfer between a Builder/Developer and a third party) indicated that 66 parcels transferred ownership from a Builder/Developer to a Homeowner. Based on this information, the parcels in question were classified as Occupied Parcels. Appendix A lists the parcels subject to the tax levy.

#### **TAX ESCALATION FACTOR**

As specified by the RMA, the maximum special tax for all tax categories is increased by 2 percent in each fiscal year after the Base Year. FY 2007-2008 is the Base Year; therefore, the Maximum Special Tax Rates are the rates indicated in Attachment 3 to the RMA.

#### **ASSIGNMENT OF MAXIMUM ANNUAL SPECIAL TAX TO TAXABLE PARCELS**

Section 7 of the RMA describes the process for assigning the Maximum Annual Special tax to Final Map Parcels. This assignment takes place when Final Map Parcels are created by the recordation of Final Maps. Since the formation of the CFD, on April 3, 2007, no additional Final Map parcels were created by the recordation of Final Maps; therefore, no Maximum Annual Special Taxes need to be assigned to Final Map Parcels.



## IV. ACCOUNTING FOR SPECIAL TAX REVENUE

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With respect to the use of Special Tax Revenues, provisions of the Second Funding Agreement entered into by the Builders/Developers in the CFD, the County, and TRLIA have been transferred into Article IV of the Fiscal Agent Agreements for each respective Tax Zone's currently outstanding Builder Bonds. Article IV, Section 4.01, of each of these agreements outlines the use of Special Tax Revenues. Section 4.01 states that Special Tax Revenues, after the payment of any claims or pledges as related to the Builder Bonds, will be used for the following purposes:

“(i) the payment of debt service on any Private Placement Bonds or Conventional Bonds, as such terms are defined in the Second Funding Agreement; (ii) the payment of any debt service on any Refunding Bonds; and (iii) the payment of any other Annual Cost, as such term is defined in the RMA, other than the payment of the Bonds.”

According to the RMA, the following item is one component of Annual Costs:

“Pay-As-You-Go Expenditures for Authorized Facilities to be constructed or acquired by the CFD, including the repayment of Builder Bonds, or to be used to reduce the amount of future Capital Calls.”

Based on the RMA and Fiscal Agent Agreements, Special Tax Revenues must be used to fund Authorized Facilities, as described in **Chapter II**, and not used to retire Builder Bonds.

Since a portion of Authorized Facilities are yet to be constructed as of FY 2007–2008, remaining Special Tax Revenue (after administrative expenses) from each Tax Zone will be used to fund these facilities directly. The intent of the Second Funding Agreement was for the remaining Special Tax Revenue from each of the Tax Zones that goes to fund Authorized Facilities directly ultimately be used to reduce the remaining Capital Calls. In other words, the Builder/Developers would get credit for Special Tax Revenue generated by their respective Tax Zones. **Table 2** shows the accounting for Special Tax Revenue by Tax Zone to fund its share of estimated administrative expenses and authorized facilities that results in a reduction of remaining Capital Calls. This table presumes that 100 percent of all Tax Levies is received. **Table 3** outlines the estimated administrative expenses used in **Table 2**. The ultimate credit received by each Builder/Developer will be determined upon the receipt of Special Tax Revenue by the Trustee and the transfer of that revenue into the appropriate fund in accordance with the Fiscal Agreement and the ultimate determination of Administrative Expenses.

**Table 2**  
**TRLJA CFD 2006-1**  
**Special Tax Revenue Accounting by Tax Zone**

Tax Zone	Builder / Developer	Total FY 2007-2008 Special Tax Revenue	Share of Total CFD Tax Revenue	Share of Estimated Administrative Expenses	Remaining Tax Revenue for Authorized Facilities
1	Cresleigh Homes Corporation, a California corporation	\$0	0.0%	\$0	\$0
2	Dansk-Californisk Ejendomselskab A.P.S., a Denmark corporation	\$0	0.0%	\$0	\$0
3	KB Home Northbay, Inc.	\$18,924	32.2%	\$3,860	\$15,064
4	Lennar Renaissance, Inc. a California corporation	\$20,000	34.0%	\$4,080	\$15,920
5	Meritage Homes of California, Inc., a California corporation	\$0	0.0%	\$0	\$0
6	Plumas Lake Holdings, L.L.C.	\$0	0.0%	\$0	\$0
7	Plumas Lake Riverside Meadows, L.P.	\$19,900	33.8%	\$4,060	\$15,840
8	Rio del Oro Farms 2 L.L.C.	\$0	0.0%	\$0	\$0
<b>Total CFD Special Tax Revenue</b>		<b>\$58,824</b>	<b>100.0%</b>	<b>\$12,000</b>	<b>\$46,824</b>

Table 1

Table 3

[1]

∞

[1] Estimated amount for credit to be applied to each builder in advancement of capital calls in accordance with the Second Funding Agreement. Actual Credit will be determined when Special Tax Revenues are received by the Trustee and funds are transferred to TRLJA in accordance with the Fiscal Agent Agreement.

\*accounting\*

**Table 3**  
**TRLIA CFD 2006-1**  
**Estimate of Administrative Expenses**

<b>Item</b>	<b>Estimated Amount</b>
Preparation of Annual Tax Roll (EPS)	\$5,000
Special Fund Accounting	\$4,000
Treasure Tax Collector Expenses	\$3,000
<b>Estimated Administrative Expenses [1]</b>	<b>\$12,000</b>

*"admin"*

[1] Expenses are estimated amounts; only actual cost will be charged.



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## APPENDIX A

### SPECIAL TAX LEVY 2007-2008

Table A-1	Detailed List of Fiscal Year 2007-2008	
	Proposed Special Tax Levy (3 pages) .....	A-1

**Table A-1**  
**TRLIA CFD 2006-1**  
**Detailed List of Fiscal Year 2007-2008 Proposed Special Tax Levy**

Tax Zone	Builder/ Developer	Project	APN	Owner	Street Address	FY 2007-2008 Maximum Special Tax	FY 2007-2008 Annual Cost & Tax Levy	
1	Cresleigh Homes Corporation, a California corporation	Creekside Plumas Ranch						
		Woodside						
	<b>Total Proposed Tax Zone 1</b>						<b>0 Parcels</b>	<b>\$0</b>
2	Dansk-Californisk Ejendomselskab A.P.S., a Denmark corporation	Rio Del Oro (Danna 70)						
	<b>Total Proposed Tax Zone 2</b>						<b>0 Parcels</b>	<b>\$0</b>
3	KB Home Northbay, Inc.							
	Hawes Ranch							
			014-631-012		1593 CHATEAU DR	\$857	\$857	
			014-631-016		1625 CHATEAU DR	\$857	\$857	
			014-631-017		1633 CHATEAU DR	\$857	\$857	
			014-631-018		1641 CHATEAU DR	\$857	\$857	
			014-631-019		1649 CHATEAU DR	\$857	\$857	
			014-631-020		1657 CHATEAU DR	\$857	\$857	
			014-631-021		1665 CHATEAU DR	\$857	\$857	
			014-631-022		1673 CHATEAU DR	\$857	\$857	
			014-631-023		1681 CHATEAU DR	\$857	\$857	
			014-632-004		1616 CHATEAU DR	\$857	\$857	
			014-632-005		1624 CHATEAU DR	\$857	\$857	
			014-632-007		1640 CHATEAU DR	\$857	\$857	
			014-632-008		1648 CHATEAU DR	\$857	\$857	
			014-632-009		1656 CHATEAU DR	\$857	\$857	
			014-632-011		1672 CHATEAU DR	\$857	\$857	
			014-632-012		1680 CHATEAU DR	\$857	\$857	
	Plumas Lake Cobblestone							
			016-490-029		1287 LEIGHTON GROVE DR	\$453	\$453	
			016-490-031		1297 LEIGHTON GROVE DR	\$453	\$453	
			016-490-032		1301 LEIGHTON GROVE DR	\$453	\$453	
			016-490-033		1307 LEIGHTON GROVE DR	\$453	\$453	
			016-490-034		1311 LEIGHTON GROVE DR	\$453	\$453	
			016-490-035		1315 LEIGHTON GROVE DR	\$453	\$453	
			016-490-036		1321 LEIGHTON GROVE DR	\$453	\$453	
			016-490-037		1325 LEIGHTON GROVE DR	\$453	\$453	
			016-500-005		1707 RAINHAM CT	\$794	\$794	
			016-500-006		1713 RAINHAM CT	\$794	\$794	
	<b>Total Proposed Tax Zone 3</b>						<b>26 Parcels</b>	<b>\$18,924</b>

A-1

**Table A-1**  
**TRLLA CFD 2006-1**  
**Detailed List of Fiscal Year 2007-2008 Proposed Special Tax Levy**

Tax Zone	Builder/ Developer	Project	APN	Owner	Street Address	FY 2007-2008 Maximum Special Tax	FY 2007-2008 Annual Cost & Tax Levy	
<b>4</b>	<b>Lennar Renaissance, Inc. a California corporation</b>	<b>River Oaks East</b>	022-221-007		2032 EARHART WAY	\$800	\$800	
			022-221-008		2024 ABELIA CT	\$800	\$800	
			022-221-009		2016 ABELIA CT	\$800	\$800	
			022-221-010		2008 ABELIA CT	\$800	\$800	
			022-221-012		2007 ABELIA CT	\$800	\$800	
			022-221-013		2015 ABELIA CT	\$800	\$800	
			022-221-014		2023 ABELIA CT	\$800	\$800	
			022-221-015		2022 LOTHLAND CT	\$800	\$800	
			022-221-016		2014 LOTHLAND CT	\$800	\$800	
			022-221-017		2006 LOTHLAND CT	\$800	\$800	
			022-221-018		2005 LOTHLAND CT	\$800	\$800	
			022-221-019		2013 LOTHLAND CT	\$800	\$800	
			022-221-020		882 CALABRESE WAY	\$800	\$800	
			022-222-001		2035 EARHART WAY	\$800	\$800	
			022-223-001		883 CALABRESE WAY	\$800	\$800	
			022-223-002		891 CALABRESE WAY	\$800	\$800	
			022-223-003		905 CALABRESE WAY	\$800	\$800	
			022-223-004		913 CALABRESE WAY	\$800	\$800	
			022-223-005		920 CHALICE CREEK DR	\$800	\$800	
			022-223-006		912 CHALICE CREEK DR	\$800	\$800	
			022-223-007		904 CHALICE CREEK DR	\$800	\$800	
			022-223-008		2071 DANFORTH WAY	\$800	\$800	
			022-223-009		2063 DANFORTH WAY	\$800	\$800	
			022-223-010		2055 DANFORTH WAY	\$800	\$800	
			022-223-011		2047 DANFORTH WAY	\$800	\$800	
<b>River Oaks North</b>						<b>25 Parcels</b>	<b>\$20,000</b>	
<b>Total Proposed Tax Zone 4</b>								
<b>5</b>	<b>Meritage Homes of California, Inc., a California corporation</b>	<b>Draper Ranch North</b>					<b>0 Parcels</b>	<b>\$0</b>
			<b>Total Proposed Tax Zone 5</b>					
<b>6</b>	<b>Plumas Lake Holdings, L.L.C.</b>	<b>Rio Del Oro (Villages 6 &amp; 8)</b>					<b>0 Parcels</b>	<b>\$0</b>
			<b>Total Proposed Tax Zone 6</b>					

A-2

Table A-1  
 TRRLA CFD 2006-1  
 Detailed List of Fiscal Year 2007-2008 Proposed Special Tax Levy

Tax Zone	Builder/ Developer	Project	APN	Owner	Street Address	FY 2007-2008	
						Maximum Special Tax	FY 2007-2008 Annual Cost & Tax Levy
7	Plumas Lake Riverside Meadows, L.P. Riverside Meadows		022-111-004		1213 PECOS WAY	\$1,437	\$1,437
			022-111-007		1197 PECOS WAY	\$1,437	\$1,437
			022-111-008		1191 PECOS WAY	\$1,437	\$1,437
			022-111-011		1173 PECOS WAY	\$1,437	\$1,437
			022-112-004		1206 PECOS WAY	\$1,437	\$1,437
			022-112-009		1168 TANANA CT	\$1,437	\$1,437
			022-113-002		1140 COLORADO DR	\$1,437	\$1,437
			022-113-003		1144 COLORADO DR	\$1,437	\$1,437
			022-113-004		1148 COLORADO DR	\$1,437	\$1,437
			022-121-002		1208 COLORADO DR	\$1,437	\$1,437
			022-141-023		1176 SABINE CT	\$1,106	\$1,106
			022-142-001		1747 POWDER WAY	\$1,106	\$1,106
			022-142-008		1782 POWDER WAY	\$1,106	\$1,106
			022-142-009		1778 POWDER WAY	\$1,106	\$1,106
			022-142-021		1710 POWDER WAY	\$1,106	\$1,106
	<b>Total Proposed Tax Zone 7</b>					<b>15 Parcels</b>	<b>\$19,900</b>
8	Rio del Oro Farms 2 L.L.C. Rio Del Oro (Village 16)					0 Parcels	\$0
	<b>TOTAL PROPOSED TAX LEVY - ALL ZONES</b>					<b>66 Parcels</b>	<b>\$58,824</b>
							"2006-1_07/08_levy"

A-3