Agenda Item

Orange City Council

Item #: 3.15.	6/9/2026	**File #:** 26-0357

TO: **Honorable Mayor and Members of the City Council**

THRU: **Jarad Hildenbrand, City Manager**

FROM: **Trang Nguyen, Finance Director**

1. SUBJECT

Community Facilities District No. 06-1 Del Rio Public Improvements 2026 Special Tax Refunding Bonds

2. SUMMARY

The District proposes to issue 2026 Special Tax Refunding Bonds to refund its outstanding 2015 Special Tax Refunding Bonds (the "2015 Bonds"). Staff recommends adoption of the attached Resolution authorizing the issuance of the 2026 Bonds and approving related financing documents. The refunding will only proceed if it achieves a minimum net present value savings of 3%, with all savings used to reduce annual special taxes for property owners within the District. Pursuant to the Resolution, the principal amount of the 2026 Bonds will not exceed $20,000,000.

3. RECOMMENDED ACTION

Adopt Resolution No. 11701. A Resolution of the City Council of the City of Orange, acting as the Legislative Body of City of Orange Community Facilities District No. 06-1 (Del Rio Public Improvements), authorizing the issuance of its 2026 Special Tax Refunding Bonds and approving certain documents and taking certain other actions in connection therewith.

4. FISCAL IMPACT

The issuance and sale of the 2026 Bonds to refinance the outstanding 2015 Bonds is not a direct obligation of the City. Neither the faith and credit nor the taxing power of the City, the State of California, or any political subdivision thereof other than the District is pledged to the payment of the 2026 Bonds. The 2026 Bonds are payable solely from Special Taxes levied on properties within the District. The refinancing will only proceed if it generates a minimum net present value savings of 3%. Any savings achieved through the refinancing will be passed through to property owners within the District through a reduction in the annual Special Tax levy. All issuance costs will be paid from bond proceeds.

5. STRATEGIC PLAN GOALS

Goal 2: Enhance Economic Development and Achieve Fiscal Sustainability

6. DISCUSSION AND BACKGROUND

The City formed Community Facilities District ("CFD" or "District") 06-1 (Del Rio Public Improvements) on December 12, 2006. Subsequent to a noticed public hearing on December 12, 2006, the City Council adopted resolutions which established the District, authorized the levy of a special tax within the District, determined the necessity to incur bonded indebtedness within the District, and called an election within the District on the proposition of incurring bonded indebtedness, levying a special tax and setting an appropriations limit within the District.

On the same date, an election was held within the District at which the landowners eligible to vote approved the issuance of bonds for the District in an amount not to exceed $47,000,000 and approved a rate and method of apportionment of special tax for the District.

The District previously issued its $23,920,000 2015 Special Tax Refunding Bonds (the “2015 Bonds”) to refinance certain public facilities which the District was authorized to finance. The proposed 2026 Special Tax Refunding Bonds (the “2026 Bonds”) will be issued to refund the 2015 Bonds to effect debt service savings.

The District is located in the northwestern portion of the City, adjacent to the City of Anaheim, west of Glassell Avenue and north of Lincoln Avenue. A portion of the boundary of the District runs along the bank of the Santa Ana River. The District is part of an area known as the Riverbend community and is fully built out. The District includes approximately 73.64 gross acres, within which there are approximately 43 acres of developed single family residential properties (comprising 597 parcels of taxable property), a 10.5 acre public sports park, six acres of bio-swale area and 13.5 acres of public streets.

The aggregate secured assessed value of the property within the District subject to the Special Tax levy is $391,322,037. Based on the estimated principal amount of the 2026 Bonds ($16,005,000) and including direct and overlapping debt, the value-to-lien ratio for the District is approximately 19.27 to 1.

The proposed 2026 Bonds would maintain the same final maturity as the 2015 Bonds listed above. In other words, there will be no extension of the original bond term for the refunding. Final interest rates will be determined if and when the 2026 Bonds are priced.

The 2026 Bonds are expected to qualify for an investment grade rating and bond insurance, which would lead to a lower cost of borrowing. Furthermore, the 2026 Bonds may also qualify for a reserve fund surety policy. With a reserve fund surety policy, the 2026 Bonds would not need to cash fund a debt service reserve (or a portion thereof) as part of the issuance. This would enable the City to downsize the 2026 Bonds.

As established in the Resolution, the 2026 Bonds will only be sold if the District is able to realize at least 3% net present value savings by refunding the 2015 Bonds. The savings generated will be used to reduce the special tax levy on homeowners within the District, estimated to be approximately $257 saving per unit. Interest rates have remained volatile in 2026, and the final savings will be determined when the bonds are priced and sold.

As required under Section 5852.1 of the California Government Code, good faith estimates have been provided to the City by Fieldman Rolapp & Associates, Inc., the Municipal Advisor, in consultation with Stifel, Nicolaus & Company, Incorporated, as underwriter of the 2026 Bonds as Attachment A.

7. ATTACHMENTS

- Attachment 1 - Resolution No. 11701
- Attachment 2 - Bond Indenture

- Attachment 3 - Bond Purchase Agreement
- Attachment 4 - Preliminary Official Statement
- Attachment 5 - Escrow Agreement