

City of Chula Vista

**Reassessment District
No. 2001-1
(AD 90-1, AD 90-3, AD 91-1)
&
Reassessment District
No. 2001-2
(AD 88-1, AD 90-2, AD 92-2)**

**CLOSE OUT & FINDINGS
REPORT**

**REVISED
November 20, 2019**

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I. EXECUTIVE SUMMARY

On September 4, 2001, the Chula Vista Public Financing Authority (“Authority”) issued Refunding Revenue Bonds (2001 Assessment Districts Refinancing) of \$25,885,000 Series A Senior Lien Bonds and \$4,265,000 Series B Subordinate Lien Bonds (collectively “the Authority Bonds”). The Authority Bonds were used primarily to purchase two series of refunding bonds issued by the City of Chula Vista (“City”) including the \$20,445,000 City of Chula Vista Reassessment District No 2001-1 (“RAD 2001-1”) Limited Obligation Refunding Bonds (the “2001-1 Bonds”) and the \$9,705,000 City of Chula Vista Reassessment District No 2001-2 (“RAD 2001-2”) Limited Obligation Refunding Bonds (the “2001-2 Bonds”) (collectively “the Refunding Bonds”). The proceeds of the 2001-1 Bonds were used primarily to refund the local obligations for the City’s Assessment District Nos. 90-1, 90-3 and 91-1 in the amount of \$3,235,000, \$12,680,000 and \$4,530,000, respectively. The proceeds of the 2001-2 Bonds were used primarily to refund the local obligations for the City’s Assessment District Nos. 88-1, 90-2 and 92-2 in the amount of \$4,615,000, \$3,660,000 and \$1,430,000, respectively. The refunded local obligations are collectively “the Local Bonds”. The Authority Bonds, the Refunding Bonds and the Local Bonds were issued simultaneously. The flow chart in Appendix A is presented to help understand the flow of bond proceeds.

The Authority Bonds’ annual debt service was paid by the flow of funds initially collected through annual assessments on the property owners in the City Assessment District Nos. 88-1, 90-1 90-2, 90-3, 91-1 and 92-2 (collectively the “Assessment Districts”). These annual assessments paid debt service on the Local Bonds that in turn paid debt service on the Refunding Bonds that in turn paid debt service on the Authority Bonds. Each year a surplus was generated at the Authority Bond level as the Authority Bond annual debt service paid was less than the payments received from the Refunding Bonds. This surplus accumulated to approximately \$3.2 million through September 2015.

On September 2, 2015, the City used the bond fund surplus to fully payoff the Series A & Series B Bonds as evidenced by the Notice of Defeasance shown in Appendix B. As of September 30, 2019, there remains \$3,771,981.59 surplus funds located primarily in several Authority level Reserve funds and a \$88,541.19 surplus in an AD 90-2 Improvement fund as shown Section III. Fund Balances of this report. The City retained Willdan Financial Services (“Willdan”) to prepare a close out report (“Report”) to provide the following.

1. Provide analysis of all remaining funds to determine the appropriate disposition in accordance with applicable laws, Assessment District documents and City preferences.
2. Prepare a detailed delinquency report and address impact on final disposition of the remaining funds.
3. Prepare detail Closeout Analysis and Findings Report (“Report”).
4. Prepare all necessary resolutions regarding the closeout of the Assessment Districts.

The following sections of this Report provide an analysis of the legal requirements and calculations resulting in the recommended disposition of the remaining funds.

In summary, Willdan has determined and recommends that the City dispose of a total of \$3,816,957.24, in net remaining funds by transferring the calculated amounts shown in Table 3 of this Report for each Assessment District to a designated account for the Assessment Districts as outlined in Section V. including delivering refund checks totaling \$3,729,045.74 to the property owners in the Assessment Districts at the time the Series A and B bonds were defeased in 2015.

II. LEGAL REQUIREMENTS

The City of Chula Vista originally formed Assessment Districts 88-1, 90-1, 90-2, 90-3, 90-1 and 92-2 under the provisions of the Municipal Improvement Act of 1913 (“1913 Act”) and Local Bonds were issued for each district under the provisions of the Improvement Bond Act of 1915 (“1915 Act”). The Authority Bonds were issued pursuant to the Refunding Act of 1984 (“1984 Act”) for 1915 Improvement Act Bonds causing

the underlying RAD 2001-1 and RAD 2001-2 Refunding Bonds and the Local Bonds to fall under the same related bond law provisions. Under the 1915 Act, Division 10 of the Streets and Highways Code [SHC Sections 8500-8887] disposition of Redemption Fund and Reserve Fund surpluses are similar when the bonds are fully paid off. Under the 1913 Act, Division 12 of the Streets and Highways Code [SHC Sections 1000-10706] Improvement Fund surplus are disposed as stated below.

A. Redemption Fund Surplus (RADs 2001-1 and 2001-2)

Regarding the Redemption Fund surplus, SHC Section 8784 reads: “If there is a surplus remaining in the redemption fund after payment of all bonds and the interest thereon, that surplus shall . . . be repaid to those persons whose assessments have been previously paid or may be transferred to the general fund of the city.”

B. Reserve Fund Surplus (RADs 2001-1 and 2001-2)

Regarding the Reserve Fund surplus, SHC Section 8885 reads: “In the event that the balance in the fund at the time of liquidation exceeds the amount required to retire all outstanding bonds in the issue, the excess shall be apportioned to each parcel upon which the individual assessment remained unpaid at the time the balance in the reserve fund was sufficient to retire all outstanding bonds in the issue. The payments shall be made in cash to the respective owners of the parcels except that, if the excess is not greater than one thousand dollars (\$1,000), the excess may be transferred to the general fund of the entity conducting the proceedings.”

It is clear from Bond Law that any Redemption Fund and Reserve Fund surpluses of significant amount should be repaid proportionately to the property owners whose assessment liens have been paid in full. Any property owner repayment should be reduced by outstanding delinquencies at the time of repayment.

C. Improvement Fund Surplus (AD 90-2)

The California Streets and Highways Code (“Code”) states:

“After completion of the improvement and the payment of all claims from the improvement fund, the legislative body shall determine the amount of the surplus, if any, remaining in the improvement fund by reason of the assessment and any supplemental assessment levied for the improvement. The surplus shall be used, in amounts determined by the legislative body, for one or more of the following purposes:

Section 10427 (regarding excess Improvement/Construction Funds).

- (a) For transfer to the general fund of the city, provided that the amount transferred shall not exceed the lesser of one thousand dollars (\$1,000) or 5 percent of the total amount expended from the improvement fund.
- (b) As a credit upon the assessment and any supplemental assessment, in the manner provided in Section 10427.1.
- (c) For the maintenance of the improvement.
- (d) To call bonds, thereby reducing outstanding assessments and subsequent assessment installments. In the event that the legislative body determines to use all or some portion of the surplus to call bonds prior to maturity, the treasurer shall do each of the following:
 - (1) Cause the special reserve fund, if any, to be reduced as necessary pursuant to Section 8887 to assure that the bonds will not become subject to federal income taxation.
 - (2) Cause any assessment previously paid in cash to receive a credit in cash pursuant to subdivision (b) of Section 10427.1 for the proportionate share of the surplus as determined pursuant to subdivision (a) of Section 10427.1.
 - (3) Cause the preparation of new auditor's records to reflect the adjusted principal amount of the assessment as reflected in the revised auditor's record.”

III. FUND BALANCES

Table 1 below shows the remaining funds balances as of September 30, 2019.

City of Chula Vista			
RAD Nos. 2001-1 and 2001-2			
Bond Fund Balances			
As of September 30, 2019			
<u>TABLE 1</u>			
Bond Fund	Fund No.	Joint Total (1)	AD 90-2 Total
Held by Trustee			
Series A Reserve Fund	135777-004	\$ 1,166,997.05	
Series B Reserve Fund	135777-004	405,011.83	
Series A Revenue Fund	135777-000	1,555,778.61	
Series B Principal Account	135777-003	53,320.25	
Series A Expense Fund	135777-002	1,642.75	
Held by City			
Series A	838-1001	145,027.28	
Series B	839-1001	444,203.82	
AD 90-2 Improvement	507		\$ 88,541.19
Total Fund Balances at 9/30/19		\$ 3,771,981.59	\$ 88,541.19
(1) Source: City of Chula Vista			

Section 3.04 of the Indenture of Trust for the Authority Bonds states, “On July 1 of each year, the Trustee shall transfer any funds then held in the Expense Fund to the City.” As such, the balance in the Series A Expense Fund will not be considered as part of the remaining funds for disposition. The Authority/City should instruct the trustee to transfer the balance in the Series A Expense Fund to the City General Fund.

Section 10.01 of the Indenture of Trust for the Authority Bonds states the following once the Authority Bonds are paid in full.

“In such event, upon the Written Request of the Authority, and upon receipt of a Written Certificate of Authorized Representatives of the Authority and an opinion of Bond Counsel acceptable to the Trustee, each to the effect that all conditions precedent herein provided for relating to the discharge and satisfaction of the obligations of the Authority have been satisfied, the Trustee shall cause an accounting for such period or periods as may be requested by the Authority to be prepared and filed with the Authority and shall execute and deliver to the Authority all such instruments as shall be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver all moneys or securities or other property held by it pursuant to this Indenture, which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption, to the Authority.”

As such, the Authority/City should coordinate the application of this section of the Indenture with the trustee and instruct the trustee to transfer the remaining balances to the City for any lawful disposition of the remaining funds.

IV. DISPOSITION ANALYSIS

A. Net Remaining Funds Available for Disposition.

Table 2 below shows the Net Remaining Funds Available for Disposition at September 30, 2019 as well as estimated interest earnings through November 30, 2019, the estimated date of disposition. The Redemption Fund and Reserve Fund surpluses comprise the Joint amount while the Improvement Fund (Fund 507) funds held by the City comprise the AD 90-2 amount.

City of Chula Vista RAD Nos. 2001-1 and 2001-2 Net Funds for Disposition			
TABLE 2			
Funds Available (1)	Joint	AD 90-2	Total
Series A Reserve Fund	\$1,166,997.05		\$ 1,166,997.05
Series B Reserve Fund	405,011.83		405,011.83
Series A Revenue Fund	1,555,778.61		1,555,778.61
Series B Principal Account	53,320.25		53,320.25
Series A Fund 838 Held by City	145,027.28		145,027.28
Series B Fund 839 Held by City	444,203.82		444,203.82
AD 90-2 Fund 507 Held by City		\$88,541.19	88,541.19
Estimated Interest Earnings to 11/30/19	7,935.00	-	7,935.00
Total Available Funds	\$3,778,273.84	\$88,541.19	\$3,866,815.03
	98%	2%	100%
Fund Close Out Expenses			
Arbitrage Liability (2)	\$ -	\$ -	\$ -
Trustee Fee (3)	2,442.76	57.24	2,500.00
City Administration (4)	32,501.67	228.98	32,730.65
Willdan Close Out Analysis fee (5)	14,656.53	343.47	15,000.00
Total Close Out Expenses	\$ 49,600.96	\$ 629.69	\$ 50,230.65
Net Funds for Disposition	\$ 3,728,672.88	\$ 87,911.50	\$ 3,816,584.38
(1) Balances provided by City of Chula Vista			
(2) See Arbitrage Report at Appendix C			
(3) Estimated Trustee fees			
(4) Estimated City fees inclusive of the cost of check issuance			
(5) Per City PO 2201088			

B. Allocation of Net Remaining Funds to Assessment Districts

Table 3 below shows the allocation of the net funds for disposition of the all district funds to the Assessment Districts based on the ratio of the remaining original liens for each Assessment District to the total Series A and Series B bonded amount less paid off liens after bond issuance. The refund amount for each assessor parcel is approximately 13.05% of the Remaining Original Assessment Lien for the Joint funds and 2.40% of the Original Assessment Lien for the AD 90-2 funds allocation.

City of Chula Vista							
RAD Nos. 2001-1 and 2001-2							
Allocation of Net Funds for Disposition							

TABLE 3

				<u>Joint</u>		<u>AD 90-2</u>		<u>Total</u>
Net Funds for Disposition (1)				\$ 3,728,672.88		\$ 87,911.50		\$ 3,816,584.38
Allocation to All Assessment Districts								
	Remaining Original Liens (2)	% Allocation (2)	Funds Allocation	% of Liens		% of Liens		
RAD 2001-1								
AD 90-1	\$ 3,235,000.00	11.3%	\$ 422,085.77	13.05%				\$ 422,085.77
AD 90-3	11,850,920.49	41.5%	1,546,280.64	13.05%				1,546,280.64
AD 91-1	4,530,000.00	15.9%	590,994.65	13.05%				590,994.65
	\$ 19,615,920.49	68.6%						
RAD 2001-2								
AD 88-1	3,874,474.08	13.6%	505,608.04	13.05%				505,608.04
AD 90-2	3,660,000.00	12.8%	477,643.00	13.05%	\$ 87,911.50	2.40%		565,554.50
AD 92-2	1,430,000.00	5.0%	186,433.64	13.04%				186,433.64
	\$ 8,964,474.08	31.4%						
Total	\$ 28,580,394.57	100.0%	\$ 3,729,045.74	13.05%	\$ 87,911.50			\$ 3,816,957.24

(1) From Table 2 of this Report

(2) From Table 1 of the Refunding Bonds Official Statement, less parcels that paid off liens after bond issuance.

V. RECOMMENDED SURPLUS FUND DISPOSITION

Based on legal requirements cited in Section II, transferring the balances in the various funds to the General Fund is not an option due to the magnitude of the amounts that are well in excess of \$1,000.

The Authority is advised to dispose of the funds by performing the following tasks.

1. For Fund 135777-002 Series A Expense Fund – Request the trustee to transfer the remaining \$1,642.75 in the to the City's General Fund.
2. For all other Trustee and City held funds,
 - a. Establish at the City an *Assessment District Disposition* Fund in which to deposit the balances in the various trustee and City held funds shown in Table 1 for making refunds to the Assessment District property owners and to pay close out expenses.
 - b. Request the trustee to transfer the balances in the Series A Reserve Fund, Series B Reserve Fund, Series A Revenue Fund and Series B Principal Account to the established Assessment District Disposition Fund. Transfer City held Series A and B fund balances to the Assessment District Disposition Fund.
 - c. Transfer \$50,230.65 from the Assessment District Disposition Fund to the City general fund for payment of estimated close out costs.
 - d. Prepare refund checks totally \$3,729,045.74 drawn on the Assessment District Disposition Fund payable to each of the Assessment District's eligible property owners equal to 13.05% of Remaining Original Assessment Liens. Willdan will provide a separate list to the City of the names, mailing addresses and outstanding delinquencies for the eligible property owners who should receive refunds.

- e. Due to the lack of information identifying the property owners who previously paid their original assessment liens in cash over twenty years ago and the cost and complexity of trying to research this information, it recommended that the Authority transfer the \$87,911.50 in AD 90-2 Improvement fund surplus to a specific fund for future maintenance of the AD 90-2 improvements as allowable under SHC Section 10427 (c) as cited in II. Legal Requirements above.

Appendix A – BOND FLOW CHART

Chula Vista Public Financing Authority



Series A Senior Lien Bonds
\$25,885,000

Series B Subordinate Lien Bonds
\$4,265,000



RAD 2001-1
\$20,445,000

RAD 2001-2
\$9,705,000



AD 90-1
AD 90-3
AD 91-1



AD 88-1
AD 90-2
AD 92-2

Appendix B – NOTICE OF DEFEASANCE

**Chula Vista Public Financing Authority
Refunding Revenue Bonds
(2001 Assessment Districts Refinancing)
\$25,885,000 Series A
Senior Lien Bonds
\$4,265,000 Series B
Subordinate Lien Bonds**

**San Diego County, California
Dated: September 4, 2001
Base CUSIP⁺: 17131N**

**NOTICE OF DEFEASANCE AND
TERMINATION OF REPORTING OBLIGATION
September 1, 2015**

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AGENCY

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* In its role as Disclosure Consultant, Willdan Financial Services has not passed upon the accuracy, completeness or fairness of the statements contained herein.

NOTICE OF DEFEASANCE AND TERMINATION OF REPORTING OBLIGATION

This information is being submitted to MSRB's Electronic Municipal Market Access system ("EMMA") and to the Municipal Securities Rulemaking Board pursuant to Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, and pursuant to Section 5 of the Continuing Disclosure Agreement executed in connection with the delivery of the Chula Vista Public Financing Authority Refunding Revenue Bonds (2001 Assessment Districts Refinancing) \$25,885,000 Series A Senior Lien Bonds and \$4,265,000 Series B Subordinate Lien Bonds (collectively, the "Bonds").

On September 2, 2015, \$3,075,000 and \$505,000 principal amount of the Series A Senior Lien Bonds and Series B Subordinate Lien Bonds, respectively, were redeemed.

- The Bonds shall be deemed defeased as of September 2, 2015.
- In accordance with the Continuing Disclosure requirements, the City's reporting obligation with regards to the Bonds has been terminated and the City will make no additional filings thereunder.

This Notice of Defeasance and Termination of Reporting may contain information material to Bond owners and does not purport to contain all material information with respect to the Bonds or the financial condition of the District. The information set forth herein has been furnished by the District and by sources, which are believed to be accurate and reliable but is not guaranteed as to accuracy or completeness. Statements contained in this Notice of Defeasance and Termination of Reporting, which involve estimates, forecasts, or other matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. Further, the information and expressions of opinion contained herein are subject to change without notice and the delivery of this Notice of Defeasance and Termination of Reporting Statement will not, under any circumstances, create any implication that there has been no change in the affairs of the District or any other parties described herein.

THIS REPORT IS OF A FACTUAL NATURE WITHOUT SUBJECTIVE ASSUMPTIONS, OPINIONS, OR VIEWS AND MAY NOT BE RELIED UPON AS ADVICE OR RECOMMENDATION TO PURCHASE OR SELL ANY PRODUCT OR UTILIZE ANY PARTICULAR STRATEGY RELATING TO THE ISSUANCE OF MUNICIPAL SECURITIES OR PURCHASE OF FINANCIAL PRODUCTS. WILLDAN FINANCIAL SERVICES AND ITS EMPLOYEES (COLLECTIVELY "WILLDAN") DO NOT RECOMMEND ANY ACTIONS AND ARE NOT ACTING AS AN ADVISOR TO ANY MUNICIPAL ENTITY, BOARD, OFFICER, AGENT, EMPLOYEE OR OBLIGATED PERSON PURSUANT TO SECTION 15B OF THE EXCHANGE ACT. PRIOR TO ACTING ON ANY INFORMATION OR MATERIAL CONTAINED IN THIS COMMUNICATION, YOU SHOULD DISCUSS IT WITH APPROPRIATE INTERNAL OR EXTERNAL ADVISORS AND EXPERTS AND ONLY RELY UPON THEIR ADVICE.

Appendix C – ARBITRAGE REBATE REPORT

Chula Vista Public Financing Authority

\$30,150,000.00

Refunding Revenue Bonds

(2001 Assessment Districts Refinancing)

***Series A Senior Lien Bonds and
Series B Subordinate Lien Bonds***

Final Computation

September 2015

September 29, 2015

Ms. Maria Kachadoorian
Deputy City Manager and Director of Finance/Treasurer
City of Chula Vista
276 Fourth Avenue
Chula Vista, California 91910

RE: Final Arbitrage Rebate Calculation

Dear Ms. Kachadoorian:

At the request of the City of Chula Vista (the “City”), Willdan Financial Services has completed the Final Arbitrage Rebate Calculation for Refunding Revenue Bonds (2001 Assessment Districts Refinancing) Series A Senior Lien Bonds and Series B Subordinate Lien Bonds (collectively, the “Obligations”) issued by the Chula Vista Public Financing Authority (the “Authority”). The *final computation date* is September 2, 2015. The issue has a rebate liability of \$64,189.66 for the period beginning September 4, 2001, the *delivery date*, and ending September 2, 2015. This payment is due to the Internal Revenue Service by November 1, 2015, 60 days from the *final computation date*. Please see the enclosed instructions for filing this payment. This amount represents 100% of the total liability due and includes all applicable computation date credits and prior rebate payments.

Willdan Financial Services is of the opinion that the calculations contained in the attached schedules are mathematically accurate and were completed in accordance with Section 148(f) of the Internal Revenue Code of 1986 and existing applicable Treasury Regulations. Assuming all tax covenants relating to the Obligations have been complied with and the information provided to Willdan Financial Services is correct, a legal review of the rebate computation is not necessary at this time.

This report is intended for the information of the City and should not be used for any other purpose.

If you have questions regarding this calculation, or any other concerns, please contact Anne Pelej at apelej@willdan.com or (800) 755-6864.

Regards,

Willdan Financial Services
Federal Compliance Group

Enclosure

CALCULATION SUMMARY

Chula Vista Public Financing Authority
Refunding Revenue Bonds (2001 Assessment Districts Refinancing)
Series A Senior Lien Bonds and Series B Subordinate Lien Bonds
\$30,150,000.00

Arbitrage Yield: 4.67051783%
Final Maturity Date: September 2, 2015

Arbitrage Rebate Liability
For the Period September 4, 2001 – September 2, 2015

FV Prior Liability - 09/04/11	\$ 88,263.14
Senior Reserve	45,870.21
Subordinate Reserve	16,362.40
FV Computation Date Credit – 09/04/12	(1,779.80)
FV Computation Date Credit – 09/04/13	(1,743.36)
FV Computation Date Credit – 09/04/14	(1,696.11)
Final Computation Date Credit – 09/02/15	(1,650.00)
Subtotal	\$ 143,626.48
FV Prior Payment – 09/04/06	(1,214.85)
FV Prior Payment – 09/04/11	(78,221.97)
Total due to IRS	\$ 64,189.66

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SUMMARY OF ANALYSIS

Assumptions

The calculations in this report are mathematically accurate and were performed in accordance with the existing applicable laws and regulations. The Obligations were issued on September 4, 2001 and are subject to the 1993 Regulations. In the event of changes to the existing regulations or the release of new regulations or rulings that apply to the Obligations, the calculation should be re-examined to include all the applicable changes.

In the process of calculating the Arbitrage Rebate Requirement, Willdan Financial Services has reviewed the following documents: Official Statement, Cash Flow and Yield Verification Report, Tax Certificate of Authority, and IRS Form 8038-G. Willdan Financial Services assumes the documents and any information provided to us are accurate and contain no errors or omissions that would affect the calculation of the rebate liability.

Willdan Financial Services assumes the financial schedules and information provided with respect to the proceeds is allowable and accurate in all respects, including the dates and amounts of the cash flow transactions. Willdan Financial Services further assumes that a current cash outlay occurred no later than five (5) banking days after the date on which the allocation of gross proceeds to an expenditure was made as allowed under Section 1.148-6(d)(1)(ii) of the Regulations.

Willdan Financial Services assumes that the investments were purchased at fair market value, that the administrative expenses, commissions or similar expenses, unless otherwise allowable, were not included in the purchase price, and that the investments were purchased in an “arms length transaction.”

The issue does not qualify for the small issuer exception per Section 1.148-8 of the Regulations.

Willdan Financial Services assumes the funds used for the payment of debt service meet the requirement of a “bona fide” debt service fund, unless otherwise noted. The funds/accounts established for the purpose of matching revenues and debt service in each calculation period constitute bona fide debt service funds as described under Section 1.148-1(b) of the Regulations.

Willdan Financial Services assumes that no transactions have occurred that would result in the creation of additional gross proceeds, unless otherwise noted in this report.

Arbitrage Rebate Calculation

The issue is a “Refunding” issue as described under Section 1.148-9 of the Regulations.

Purpose

The Obligations were issued in the principal amount of \$30,150,000.00 for the purpose of refunding the following Limited Obligation Improvement Bonds of the City: Assessment District No. 88-1 (Otay Lakes Road, Phase 1); Assessment District No. 90-1 (Salt Creek I); Assessment District No. 90-2 (Otay Valley Road) Series A; Assessment District No. 90-2 (Otay Valley Road) Series B; Assessment District No. 90-3 (Eastlake Greens – Phase I); Assessment District No. 91-1 (Telegraph Canyon Road – Phase II); and Assessment District No. 92-2 (Autopark) (collectively, the “Prior Obligations”).

Sources and Uses

Proceeds equal \$39,708,015.76 as described below:

Principal	\$ 30,150,000.00
Original Issue Discount	(61,496.40)
Credit Enhancement	(378,553.67)
Underwriter's Discount	(273,175.10)
Prior Proceeds	10,213,595.47
Equity Contributions	57,645.46
Total	\$ 39,708,015.76

Proceeds were expended on the *delivery date* or deposited as follows:

Escrow (AD 90-1)	\$ 4,247,646.86
Escrow (AD 91-1)	5,752,531.57
Expense	300,657.33
Senior Reserve	1,201,777.50
Subordinate Reserve	426,500.00
Redemption	27,778,902.50
Total	\$ 39,708,015.76

Important Dates

- The *dated date* is September 4, 2001.
- The *delivery date* is September 4, 2001. The first *bond year* runs from September 4, 2001 through close of business on September 4, 2002.
- The *calculation period* for this report begins September 4, 2001 and runs through September 2, 2015.
- The *final computation date* is September 2, 2015, the date on which the Obligations were redeemed. One hundred percent of the rebate liability is due no later than 60 days after this date.

Yield

The *arbitrage yield* is 4.67051783% (Exhibit B). The issue price has been adjusted to include original issue discount and credit enhancement. The Obligations were not subject to the provisions of the yield-to-call rule. The calculation of yield is based on a year of 360 days comprised of twelve 30-day months with interest compounding semi-annually.

Yield Restriction

Yield restriction limits the taxable yield on investment earnings. If investment earnings on proceeds exceed the *arbitrage yield*, the Obligations could lose their tax-exempt status retroactive to the *delivery date*. The rebate requirement does not eliminate the need to restrict investment earnings on construction fund balances remaining at the end of the temporary period. Some exceptions to investment yield restriction are:

- The temporary period exception allows higher yields on investments for a period up to three years on construction or acquisition funds.
- The reserve fund exception allows higher yields on investment earnings for a “reasonably required reserve fund” on a continual basis for the term of the issue.
- The minor portion exception allows higher yields on investment earnings if the amount does not exceed the lesser of 5% of the total Obligation proceeds or \$100,000.

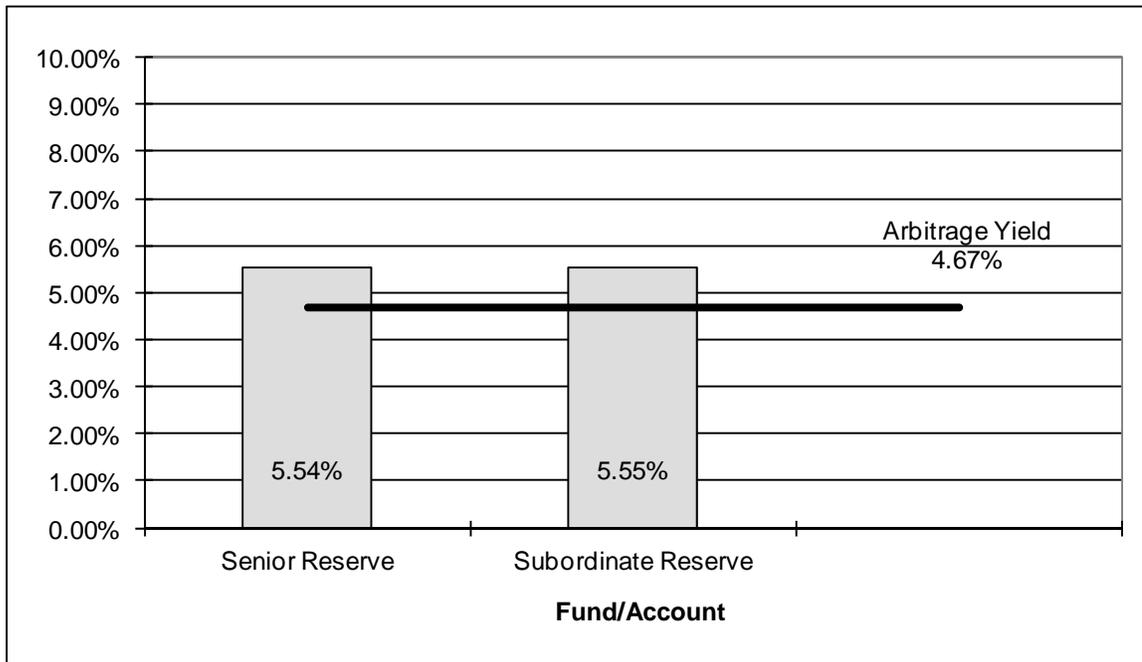
Based upon determinations the Authority made at the *delivery date* and additional materials reviewed, the Reserve Funds were “reasonably required” per Section 1.148-2(f)(2) of the Regulations and were not required to be yield restricted.

Rebate Liability

There is an aggregate rebate liability as summarized below:

FV Prior Liability - 09/04/11	\$ 88,263.14
Senior Reserve	45,870.21
Subordinate Reserve	16,362.40
FV Computation Date Credit – 09/04/12	(1,779.80)
FV Computation Date Credit – 09/04/13	(1,743.36)
FV Computation Date Credit – 09/04/14	(1,696.11)
Final Computation Date Credit – 09/02/15	(1,650.00)
Subtotal	\$ 143,626.48
FV Prior Payment – 09/04/06	(1,214.85)
FV Prior Payment – 09/04/11	(78,221.97)
Total due to IRS	\$ 64,189.66

Yield Comparison



Notes

1. Willdan Financial Services has relied upon the “Interim Arbitrage Rebate Analysis” report prepared by BLX Group LLC reflecting activity through September 4, 2011.
2. The Obligations give rise to transferred proceeds from the Prior Obligations. As provided in Treas. Reg. 1.148-9(b), unspent proceeds of the Prior Obligations cease to be gross proceeds of the Prior Obligations and are treated as transferred proceeds of the Obligations when proceeds of the Obligations repay the outstanding principal of the Prior Obligations.
3. The Obligations were fully redeemed on September 2, 2015 at the election of the City and the Authority.

Chula Vista Public Financing Authority
Refunding Revenue Bonds (2001 Assessment Districts Refinancing)
Series A Senior Lien Bonds and Series B Subordinate Lien Bonds

Dated Date	04-Sep-01	Total Interest	\$ 12,285,050.32
Issue Date	04-Sep-01	Total Principal	30,150,000.00
First Maturity	02-Sep-02	Total Debt Service	\$ 42,435,050.32
Last Maturity	02-Sep-17		
First Coupon	02-Mar-02		

Date	Principal	Interest Rate	Interest	Total Debt Service	Annual Debt Service
02-Mar-02	\$ 0.00		\$ 621,859.07	\$ 621,859.07	\$ 0.00
02-Sep-02	1,460,000.00	Various	628,846.25	2,088,846.25	2,710,705.32
02-Mar-03	0.00		606,280.00	606,280.00	0.00
02-Sep-03	1,505,000.00	Various	606,280.00	2,111,280.00	2,717,560.00
02-Mar-04	0.00		582,760.00	582,760.00	0.00
02-Sep-04	1,555,000.00	Various	582,760.00	2,137,760.00	2,720,520.00
02-Mar-05	0.00		558,091.25	558,091.25	0.00
02-Sep-05	1,595,000.00	Various	558,091.25	2,153,091.25	2,711,182.50
02-Mar-06	0.00		532,441.25	532,441.25	0.00
02-Sep-06	1,665,000.00	Various	532,441.25	2,197,441.25	2,729,882.50
02-Mar-07	0.00		503,622.50	503,622.50	0.00
02-Sep-07	1,730,000.00	Various	503,622.50	2,233,622.50	2,737,245.00
02-Mar-08	0.00		471,727.50	471,727.50	0.00
02-Sep-08	1,805,000.00	Various	471,727.50	2,276,727.50	2,748,455.00
02-Mar-09	0.00		436,677.50	436,677.50	0.00
02-Sep-09	1,875,000.00	Various	436,677.50	2,311,677.50	2,748,355.00
02-Mar-10	0.00		398,427.50	398,427.50	0.00
02-Sep-10	1,965,000.00	Various	398,427.50	2,363,427.50	2,761,855.00
02-Mar-11	0.00		357,340.00	357,340.00	0.00
02-Sep-11	2,045,000.00	Various	357,340.00	2,402,340.00	2,759,680.00
02-Mar-12	0.00		313,093.75	313,093.75	0.00
02-Sep-12	2,140,000.00	Various	313,093.75	2,453,093.75	2,766,187.50
02-Mar-13	0.00		265,223.75	265,223.75	0.00
02-Sep-13	2,250,000.00	Various	265,223.75	2,515,223.75	2,780,447.50
02-Mar-14	0.00		212,838.75	212,838.75	0.00
02-Sep-14	2,360,000.00	Various	212,838.75	2,572,838.75	2,785,677.50
02-Mar-15	0.00		155,703.75	155,703.75	0.00
02-Sep-15	2,480,000.00	Various	155,703.75	2,635,703.75	2,791,407.50
02-Mar-16	0.00		94,992.50	94,992.50	0.00
02-Sep-16	2,615,000.00	Various	94,992.50	2,709,992.50	2,804,985.00
02-Mar-17	0.00		27,952.50	27,952.50	0.00
02-Sep-17	1,105,000.00	Various	27,952.50	1,132,952.50	1,160,905.00

Chula Vista Public Financing Authority
Refunding Revenue Bonds (2001 Assessment Districts Refinancing)
Series A Senior Lien Bonds and Series B Subordinate Lien Bonds

		Total Principal	\$ 30,150,000.00
		Accrued Interest	0.00
Dated Date	04-Sep-01	Original Issue Discount	(61,496.40)
Delivery Date	04-Sep-01	Original Issue Premium	0.00
		Credit Enhancement	(378,553.67)
		Adjusted Price	\$ 29,709,949.93
		Arbitrage Yield	4.67051783%

Date	Payments	Principal	Interest	Total Debt Service	Present Value
02-Mar-02	INTEREST	\$ 0.00	\$ 621,859.07	\$ 621,859.07	\$ 607,824.32
02-Sep-02	PRINC & INT	1,460,000.00	628,846.25	2,088,846.25	1,995,112.00
02-Mar-03	INTEREST	0.00	606,280.00	606,280.00	565,859.69
02-Sep-03	PRINC & INT	1,505,000.00	606,280.00	2,111,280.00	1,925,555.56
02-Mar-04	INTEREST	0.00	582,760.00	582,760.00	519,367.37
02-Sep-04	PRINC & INT	1,555,000.00	582,760.00	2,137,760.00	1,861,738.08
02-Mar-05	INTEREST	0.00	558,091.25	558,091.25	474,940.88
02-Sep-05	PRINC & INT	1,595,000.00	558,091.25	2,153,091.25	1,790,488.30
02-Mar-06	INTEREST	0.00	532,441.25	532,441.25	432,668.67
02-Sep-06	PRINC & INT	1,665,000.00	532,441.25	2,197,441.25	1,744,920.87
02-Mar-07	INTEREST	0.00	503,622.50	503,622.50	390,785.37
02-Sep-07	PRINC & INT	1,730,000.00	503,622.50	2,233,622.50	1,693,626.56
02-Mar-08	INTEREST	0.00	471,727.50	471,727.50	349,521.41
02-Sep-08	PRINC & INT	1,805,000.00	471,727.50	2,276,727.50	1,648,421.79
02-Mar-09	INTEREST	0.00	436,677.50	436,677.50	308,953.28
02-Sep-09	PRINC & INT	1,875,000.00	436,677.50	2,311,677.50	1,598,210.41
02-Mar-10	INTEREST	0.00	398,427.50	398,427.50	269,172.52
02-Sep-10	PRINC & INT	1,965,000.00	398,427.50	2,363,427.50	1,560,265.15
02-Mar-11	INTEREST	0.00	357,340.00	357,340.00	230,522.05
02-Sep-11	PRINC & INT	2,045,000.00	357,340.00	2,402,340.00	1,514,397.94
02-Mar-12	INTEREST	0.00	313,093.75	313,093.75	192,865.54
02-Sep-12	PRINC & INT	2,140,000.00	313,093.75	2,453,093.75	1,476,621.20
02-Mar-13	INTEREST	0.00	265,223.75	265,223.75	156,006.28
02-Sep-13	PRINC & INT	2,250,000.00	265,223.75	2,515,223.75	1,445,709.36
02-Mar-14	INTEREST	0.00	212,838.75	212,838.75	119,544.55
02-Sep-14	PRINC & INT	2,360,000.00	212,838.75	2,572,838.75	1,412,102.92
02-Mar-15	INTEREST	0.00	155,703.75	155,703.75	83,507.90
02-Sep-15	PRINC & INT	2,480,000.00	155,703.75	2,635,703.75	1,381,337.47
02-Mar-16	INTEREST	0.00	94,992.50	94,992.50	48,648.25
02-Sep-16	PRINC & INT	2,615,000.00	94,992.50	2,709,992.50	1,356,190.51

Date	Payments	Principal	Interest	Total Debt Service	Present Value
02-Mar-17	INTEREST	0.00	27,952.50	27,952.50	13,669.35
02-Sep-17	PRINC & INT	1,105,000.00	27,952.50	1,132,952.50	541,394.36

Chula Vista Public Financing Authority
Refunding Revenue Bonds (2001 Assessment Districts Refinancing)
Series A Senior Lien Bonds and Series B Subordinate Lien Bonds

Delivery Date 04-Sep-01
Computation Date 02-Sep-15
Arbitrage Yield 4.67051783%
 Investment Yield 5.54456107%
 Total Earnings \$ 267,943.75

Date	Receipts	Payments	Earnings	Balance	Future Value
04-Sep-11	\$ 1,202,525.46	\$ 0.00	\$ 0.00	\$ 1,202,525.46	\$ (1,446,056.39)
04-Sep-11	1		(747.77)	1,201,777.69	
03-Oct-11			0.01	1,201,777.70	
28-Feb-12			33,275.88	1,235,053.58	
02-Apr-12			0.14	1,235,053.72	
01-May-12			0.14	1,235,053.86	
01-Jun-12			0.14	1,235,054.00	
02-Jul-12			0.14	1,235,054.14	
01-Aug-12			0.14	1,235,054.28	
29-Aug-12			33,836.71	1,268,890.99	
04-Sep-12		(67,113.49)		1,201,777.50	77,063.76
04-Sep-12			0.15	1,201,777.65	
01-Oct-12			0.03	1,201,777.68	
27-Feb-13			33,275.88	1,235,053.56	
01-Apr-13			0.14	1,235,053.70	
01-May-13			0.14	1,235,053.84	
03-Jun-13			0.14	1,235,053.98	
01-Jul-13			0.14	1,235,054.12	
01-Aug-13			0.14	1,235,054.26	
28-Aug-13			33,836.71	1,268,890.97	
03-Sep-13		(67,113.47)		1,201,777.50	73,596.16
03-Sep-13			0.16	1,201,777.66	
01-Oct-13			0.02	1,201,777.68	
26-Feb-14			33,275.88	1,235,053.56	
03-Mar-14			0.01	1,235,053.57	
04-Mar-14		(33,275.88)		1,201,777.69	35,652.83
04-Mar-14	2 11,809.31			1,213,587.00	(12,652.87)
01-Apr-14			0.06	1,213,587.06	
01-May-14			0.05	1,213,587.11	
02-Jun-14			0.05	1,213,587.16	
01-Jul-14			0.05	1,213,587.21	
01-Aug-14			0.05	1,213,587.26	
22-Aug-14		(11,809.76)		1,201,777.50	12,383.65
27-Aug-14			33,836.71	1,235,614.21	
02-Sep-14			0.05	1,235,614.26	
01-Oct-14			0.14	1,235,614.40	

Date	Receipts	Payments	Earnings	Balance	Future Value
16-Oct-14		(33,836.90)		1,201,777.50	35,236.32
03-Nov-14			0.07	1,201,777.57	
25-Feb-15			33,275.88	1,235,053.45	
26-Feb-15		(33,275.95)		1,201,777.50	34,079.24
16-Jul-15		(120,750.00)		1,081,027.50	121,464.44
03-Aug-15			0.02	1,081,027.52	
28-Aug-15			33,402.91	1,114,430.43	
02-Sep-15	³		672.64	1,115,103.07	
02-Sep-15		(1,115,103.07)		0.00	1,115,103.07
Total Rebatable Arbitrage					\$ 45,870.21

¹ Interest accrued during prior period.

² Transfer from Subordinate Reserve.

³ Interest accrued on investments through September 2, 2015.

Chula Vista Public Financing Authority
Refunding Revenue Bonds (2001 Assessment Districts Refinancing)
Series A Senior Lien Bonds and Series B Subordinate Lien Bonds

Delivery Date 04-Sep-01
Computation Date 02-Sep-15
Arbitrage Yield 4.67051783%
Investment Yield 5.55048569%
Total Earnings \$ 95,027.16

Date	Receipts	Payments	Earnings	Balance	Future Value
04-Sep-11	\$ 426,765.45	\$ 0.00	\$ 0.00	\$ 426,765.45	\$ (513,192.38)
04-Sep-11	¹		(265.38)	426,500.07	
28-Feb-12			11,809.31	438,309.38	
02-Apr-12			0.05	438,309.43	
01-May-12			0.05	438,309.48	
01-Jun-12			0.05	438,309.53	
02-Jul-12			0.05	438,309.58	
01-Aug-12			0.05	438,309.63	
29-Aug-12			12,008.34	450,317.97	
04-Sep-12		(23,817.97)		426,500.00	27,349.23
04-Sep-12			0.05	426,500.05	
01-Oct-12			0.01	426,500.06	
27-Feb-13			11,809.31	438,309.37	
01-Apr-13			0.05	438,309.42	
01-May-13			0.05	438,309.47	
03-Jun-13			0.05	438,309.52	
01-Jul-13			0.05	438,309.57	
01-Aug-13			0.05	438,309.62	
28-Aug-13			12,008.34	450,317.96	
03-Sep-13		(23,817.96)		426,500.00	26,118.61
03-Sep-13			0.06	426,500.06	
01-Oct-13			0.01	426,500.07	
26-Feb-14			11,809.31	438,309.38	
04-Mar-14	²	(11,809.31)		426,500.07	12,652.87
27-Aug-14			12,008.34	438,508.41	
02-Sep-14			0.01	438,508.42	
01-Oct-14			0.05	438,508.47	
16-Oct-14		(12,008.47)		426,500.00	12,505.11
03-Nov-14			0.02	426,500.02	
25-Feb-15			11,809.31	438,309.33	
26-Feb-15		(11,809.33)		426,500.00	12,094.41
16-Jul-15		(51,545.00)		374,955.00	51,849.98
03-Aug-15			0.01	374,955.01	
28-Aug-15			11,796.25	386,751.26	
02-Sep-15	³		233.31	386,984.57	
02-Sep-15		(386,984.57)		0.00	386,984.57
Total Rebatable Arbitrage					\$ 16,362.40

¹ Interest accrued during prior period.

² Transfer to Senior Reserve.

³ Interest accrued on investments through September 2, 2015.