



\$13,075,000
COMMUNITY FACILITIES DISTRICT NO. 2006-1
OF THE CITY OF DANA POINT
2020 SPECIAL TAX REFUNDING BONDS
SERIES A

\$26,430,000
COMMUNITY FACILITIES DISTRICT NO. 2006-1
OF THE CITY OF DANA POINT
2020 SPECIAL TAX REFUNDING BONDS
TAXABLE SERIES B

ORANGE COUNTY, CALIFORNIA
DATED: AUGUST 19, 2020
BASE CUSIP+: 235839

2019/2020 ANNUAL CONTINUING DISCLOSURE
INFORMATION STATEMENT
AS OF MARCH 8, 2021

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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.

I. INTRODUCTION

Pursuant to an Official Statement dated August 5, 2020, the Community Facilities District No. 2006-1 of the City of Dana Point 2020 Special Tax Refunding Bonds, Series A (the “2020A Bonds”) in the amount of \$13,075,000 were issued by Community Facilities District No. 2006-1 of the City of Dana Point (the “District”) to: (i) refund on a current basis the outstanding Community Facilities District No. 2006-1 of the City of Dana Point 2013 Special Tax Bonds; (ii) make a deposit into a reserve fund for the Bonds; (iii) to pay a portion of the premium for a municipal bond insurance policy for the Insured Bonds; and (iv) pay costs of issuance of the 2020A Bonds. The Community Facilities District No. 2006-1 of the City of Dana Point 2020 Special Tax Refunding Bonds, Taxable Series B (the “2020B Bonds” and together with the 2020A Bonds, the “Bonds”) in the amount of \$26,430,000 were issued by the District to: (i) refund on an advance basis the outstanding Community Facilities District No. 2006-1 of the City of Dana Point 2014 Special Tax Bonds; (ii) make a deposit into a reserve fund for the Bonds; (iii) to pay a portion of the premium for a municipal bond insurance policy for the Insured Bonds; and (iv) pay costs of issuance of the 2020B Bonds.

The Bonds were authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq.* of the Government Code of the State of California), Resolution No. 20-07-21-03 adopted by the City Council of the City of Dana Point (the “City”), acting as the legislative body of the District, on July 21, 2020, and pursuant to a Fiscal Agent Agreement, dated as of July 1, 2020 by and between the District and Wells Fargo Bank, National Association.

The City is located in the southwestern portion of Orange County, on the coast of the Pacific Ocean. The District is located east of and generally bordered by the Pacific Ocean, north of Scenic Drive, and west of Pacific Coast Highway and Street of the Green Lantern.

The Bonds are special obligations of the District and are payable solely from revenues derived from certain annual Special Taxes and from certain other funds pledged under the Fiscal Agent Agreement, as defined within the Official Statement. The Bonds are not a debt of the City, the State of California, or any of its political subdivisions and neither the City, the State of California, nor any of its political subdivisions is liable. The Bonds do not constitute indebtedness within the meaning of any constitutional or statutory debt limit or restriction.

This Annual Continuing Disclosure Information Statement (“the Report”) is being provided pursuant to a covenant made by the District for the benefit of the holders of the Bonds and includes the information specified in each respective Continuing Disclosure Certificate for the Bonds. For further information and a more complete description of the City, the District and the Bonds, reference is made to each respective Official Statement.

The information set forth herein has been furnished by the City and by other sources, which is believed to be accurate and reliable, but are not guaranteed as to accuracy or completeness. Statements contained in this Report that 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 Report will not, under any circumstances, create any implication that there has been no change in the affairs of the City, 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. IN PROVIDING THIS REPORT, 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 UNLESS SPECIFICALLY AGREED TO IN A SEPARATE WRITING WITH THE RECIPIENT. PRIOR TO ACTING ON ANY INFORMATION OR MATERIAL CONTAINED IN THIS REPORT, YOU SHOULD DISCUSS IT WITH APPROPRIATE INTERNAL OR EXTERNAL ADVISORS AND EXPERTS AND ONLY RELY UPON THEIR ADVICE.

II. BOND INFORMATION

A. PRINCIPAL OUTSTANDING

Bond Issue	As of January 31, 2021
Community Facilities District No. 2006-1 2020 Special Tax Refunding Bonds, Series 2020A	\$13,075,000
Community Facilities District No. 2006-1 2020 Special Tax Refunding Bonds, Taxable Series 2020B	\$26,430,000

B. FUND BALANCES AND RESERVE REQUIREMENTS

Fund Balances	As of January 31, 2021
Bond Fund Balance ⁽¹⁾	\$18,484
Special Tax Fund Balance ⁽¹⁾	\$416,071
Reserve Fund Balance ⁽¹⁾	\$2,649,467
Reserve Requirement ⁽²⁾	\$2,649,214

⁽¹⁾ Fund Balances are for Bonds.

⁽²⁾ The Reserve Requirement, as defined in the Fiscal Agent Agreement, is an amount equal to the least of the Maximum Annual Debt Service; one hundred twenty-five percent (125%) of the average Annual Debt Service; or ten percent (10%) of the initial principal amount of the Bonds and initially means an amount equal to \$2,649,214.36.

III. FINANCIAL INFORMATION

THE CITY’S AUDITED FINANCIAL STATEMENTS ARE PROVIDED SOLELY TO COMPLY WITH THE SECURITIES EXCHANGE COMMISSION STAFF’S INTERPRETATION OF RULE 15C2-12. NO FUNDS OR ASSETS OF THE CITY ARE REQUIRED TO BE USED TO PAY DEBT SERVICE ON THE BONDS AND THE CITY IS NOT OBLIGATED TO ADVANCE AVAILABLE FUNDS FROM THE CITY’S TREASURY TO COVER ANY DELINQUENCIES. INVESTORS SHOULD NOT RELY ON THE FINANCIAL CONDITION OF THE CITY IN EVALUATING WHETHER TO BUY, HOLD OR SELL THE BONDS.

The audited financial statements for the City for the fiscal year ended June 30, 2020 have been separately filed on February 11, 2021 with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website (“EMMA”) and are hereby incorporated by reference into this Report.

IV. OPERATING INFORMATION

A. MAXIMUM SPECIAL TAX AND SPECIAL TAX LEVY

The following table summarizes the Maximum Special Tax and Special Tax Levy by Zone and Class.

Zone / Class	Parcels	Number of Parcels with Building Permits	Acreage	Maximum Special Tax Per Unit/Acre ⁽¹⁾	Fiscal Year 2020/2021 Special Tax Levied Per Unit/Acre ⁽²⁾	Aggregate Fiscal Year 2020/2021 Special Tax Levy ⁽³⁾	Percent of Total
Zone 1							
Custom Lot ⁽⁴⁾	107	78	30.79	\$25,700	\$25,700	\$2,827,000	96.37%
Final Map ⁽⁵⁾	3	0	0.72	\$25,700	\$19,356	58,068	1.98%
Zone 2							
Final Map ⁽⁶⁾	6	0	4.29	\$15,000	\$11,297	48,465	1.65%
Total	116	78	35.80			\$2,933,533	100.00%

⁽¹⁾ Maximum Special Tax rate per unit in Zone 1 and per acre in Zone 2.
⁽²⁾ Fiscal Year 2020/2021 Special Tax levy is equal to 100% of the Maximum Annual Special Tax for Custom Lot Property in Zone 1. Final Map Property in Zone 1 and Zone 2 is not projected to be levied at the Maximum Tax.
⁽³⁾ The Special Tax levy for Fiscal Year 2020/2021 has been calculated to be sufficient to pay debt service for March and September 2021, set aside Administrative Expenses of \$18,241 and provide for a delinquency contingency of 10%.
⁽⁴⁾ Three of the 108 Custom Lot Property parcels were combined and are counted as two lots each, for a total of 111 units of Custom Lot Property for purposes of the Special Tax Levy, pursuant to the Rate and Method of Apportionment. Does not include five parcels of Custom Lot Property that have prepaid the Special Tax.
⁽⁵⁾ Represents two Final Map Property parcels which are custom residential lots owned by the Master Developer.
⁽⁶⁾ Represents three Commercial Parcels and three Hotel Parcels.

Source: Orange County 2020/2021 Secured Property Roll, as compiled by Willdan Financial Services.

B. ASSESSED VALUATION FOR TAXABLE PARCELS

The following table summarizes the assessed values for the taxable parcels within the District.

Fiscal Year	Number of Parcels	Land Value	Structure Value	Assessed Value of Parcels ⁽¹⁾	Percentage Change of Total Assessed Value
2015/2016	116	\$429,378,965	\$80,841,608	\$510,220,573	9.15%
2016/2017	116	\$509,051,594	\$105,895,331	\$614,946,925	20.53%
2017/2018	116	\$592,363,525	\$134,591,941	\$726,955,466	18.21%
2018/2019	116	\$668,651,229	\$168,140,144	\$836,791,373	15.11%
2019/2020 ⁽²⁾	116	\$722,462,476	\$193,736,936	\$916,199,412	9.49%
2020/2021 ⁽³⁾	116	\$745,471,455	\$218,490,642	\$963,962,097	5.21%

⁽¹⁾ Includes assessed values for parcels of Taxable Property that was levied for Fiscal Year 2020/2021 Special Tax, including Final Map Property.

⁽²⁾ The 2019/2020 secured property tax roll contained a structure value for one parcel within the District of \$41,929,810; however, the County subsequently revised the structure value for such parcel for Fiscal Year 2020/2021 to \$1,505,526. Amount shown in the table above reflects the revised 2020/2021 structure value for such parcel.

⁽³⁾ The 2020/2021 updated based on revised Total Assessed Value for parcel prepaid June 29, 2020.

Source: Orange County 2020/2021 Secured Property Roll, as compiled by Willdan Financial Services.

C. VALUE-TO-LIEN

The following table sets forth the Summary of Parcel Assessed Value-to-Lien by Property Owner based upon the most recent Special Tax levy for all the taxable parcels within the District.

Property Owner ⁽¹⁾	Number of Parcels ⁽²⁾	Fiscal Year 2020/2021 Special Tax	Percent of Fiscal Year 2020/2021 Special Tax	Share of Bonds ⁽³⁾	Estimated Share of Overlapping Debt Outstanding ⁽⁷⁾	Total Combined Direct & Overlapping Debt	Total Fiscal Year 2020/2021 Assessed Value	Assessed Value to Debt Ratio
Developed Property ⁽⁴⁾								
Individual Owner	106	\$2,801,300	95.49%	\$37,724,264	\$229,488	\$37,953,752	\$932,187,309	24.56:1
Master Developer	1	25,700	0.88%	346,094	710	346,804	2,882,020	8.31:1
Final Map ⁽⁵⁾								
Individual Owner	7	67,821	2.31%	913,323	6,845	\$920,168	27,727,177	30.13:1
Master Developer ⁽⁶⁾	2	38,712	1.32%	521,319	268	\$521,587	1,088,591	2.09:1
Total	116	\$2,933,532	100.00%	\$39,505,000	\$237,311	\$39,742,311	\$963,885,097	24.25:1

⁽¹⁾ Ownership status as of January 1, 2020.

⁽²⁾ Three of the parcels of Developed Property were combined and are counted as two units each, for a total of 111 units of Developed Property for purposes of the Special Tax, pursuant to the Rate and Method of Appointment.

⁽³⁾ Allocated based on the Fiscal Year 2020/2021 Special Tax levy.

⁽⁴⁾ All of the parcels classified as Developed Property for purposes of the Fiscal Year 2020/2021 Special Tax levy are Custom Lot Property.

⁽⁵⁾ Individually-owned parcels of Final Map Property are the Hotel Parcels and the Commercial Parcels.

⁽⁶⁾ Custom residential lots which have been owned by the Master Developer (Developer-Owned) since 2005 and have not been assigned a structure assessed value.

⁽⁷⁾ Based on information as of July 1, 2020.

Source: Orange County 2020/2021 Secured Property Roll, as compiled by Willdan Financial Services.

D. TOP OWNERS OF TAXABLE PROPERTY AND ALLOCATION OF MAXIMUM ANNUAL SPECIAL TAX LIABILITY

The following table sets forth the top ten property owners. Of these, there are three (3) property owners responsible for two percent (2%) or more of the Annual Special Tax levy for Fiscal Year 2020/2021.

Owner Name	No. of Parcels	Fiscal Year 2020/2021 Total Assessed Value ⁽¹⁾	Fiscal Year 2020/2021 Special Tax ⁽²⁾	Percent of 2020/2021 Special Tax	Fiscal Year 2020/2021 Maximum Special Tax	Percent of 2020/2021 Maximum Special Tax	Total Combined Direct & Overlapping Debt ⁽³⁾	Assessed Value to Lien ⁽⁴⁾
Farago, Betty Jean TR the & B J Farago Family TR ⁽⁵⁾	2	\$27,509,824	\$77,100	2.63%	\$77,100	2.60%	\$1,045,055	26.32:1
Martin, Steven P TR & Martin Family TR	3	34,857,977	\$77,100	2.63%	77,100	2.60%	1,046,864	33.30:1
Headlands Reserve LLC ⁽⁶⁾	3	3,970,611	\$64,412	2.20%	77,100	2.60%	868,391	4.57:1
1517 coral cove LLC	2	8,074,178	\$51,400	1.75%	51,400	1.73%	694,176	11.63:1
Dana View Properties LLC ⁽⁷⁾	2	\$5,878,258	\$51,400	1.75%	51,400	1.73%	693,635	8.47:1
Morales, David J Jr TR D & C V Morales Living TR	2	\$7,940,074	\$51,400	1.75%	51,400	1.73%	694,143	11.44:1
The Strands Property 11 & 12 LLC	1	\$8,867,670	\$51,400	1.75%	51,400	1.73%	694,371	12.77:1
Wagner, Kenneth L Jr TR & Wagner Community Property	2	\$30,928,655	\$51,400	1.75%	51,400	1.73%	699,802	44.20:1
Wisdom Investment Lee LLC	2	\$5,694,110	\$51,400	1.75%	51,400	1.73%	693,590	8.21:1
Wurr, Tiffany TR Starfire & TR	2	\$26,873,985	\$51,400	1.75%	51,400	1.73%	698,804	38.46:1
Subtotal	21	\$160,595,342	\$578,412	19.72%	\$591,100	19.91%	\$7,828,832	20.51:1
All Others	95	803,289,755	2,355,121	80.28%	2,377,350	80.09%	31,913,478	25.17:1
Total	116	\$963,885,097	\$2,933,533	100.00%	\$2,968,450	100.00%	\$39,742,310	24.25:1

⁽¹⁾ Based on assessed values for Fiscal Year 2020/2021 per the Orange County Secured Property Roll.

⁽²⁾ Allocated based on the Fiscal Year 2020/2021 Special Tax levy.

⁽³⁾ Represents the principal amount of the Bonds plus overlapping general obligation bonds. Lien amounts are allocated based on the proportionate share of the Fiscal Year 2020/2021 Special Tax.

⁽⁴⁾ Value-to-lien calculated by dividing total assessed value by total combined direct and overlapping debt.

⁽⁵⁾ Includes two parcels which were previously combined and therefore count as three units for purposes of the Special Tax, pursuant to the Rate and Method of Apportionment.

⁽⁶⁾ Master Developer.

⁽⁷⁾ Related entity to the owners of Commercial Parcels and the Hotel Parcels. Property Owner is delinquent with first installment, December 10, 2020. There are no other delinquencies as of January 26, 2021.

Source: Orange County 2020/2021 Secured Property Roll, as compiled by Willdan Financial Services.

E. SPECIAL TAX COLLECTIONS AND DELINQUENCIES

As of January 26, 2021, there are thirteen (13) parcels delinquent in the Annual Special Taxes within the District for Fiscal Year 2020/2021. The following table details the Special Tax collections and delinquencies for each fiscal year since the date of issuance of the Bonds.

Of these delinquent property owners, there are no property owners responsible for two percent (2%) or more of the Annual Special Tax Levy.

Fiscal Year	Subject Fiscal Year ⁽¹⁾					As of January 26, 2021		
	No. of Parcels Levied ⁽²⁾	Amount Levied ⁽²⁾	Parcels Delinquent as of June 30	Amount Delinquent as of June 30 ⁽³⁾	% Delinquent as of June 30	Parcels Currently Delinquent as of 1/26/2021	Current Amount Delinquent as of 1/26/2021	% Current Delinquent as of 1/26/2021
2013/2014	43	\$1,063,203	1	\$12,363	1.16%	0	\$0	0.00%
2014/2015	113	\$2,809,083	2	\$38,550	1.37%	0	\$0	0.00%
2015/2016	111	\$2,929,800	7	\$115,650	3.95%	0	\$0	0.00%
2016/2017	117	\$2,970,055	17	\$209,664	7.06%	0	\$0	0.00%
2017/2018	117	\$2,834,123	8	\$108,822	3.84%	0	\$0	0.00%
2018/2019	117	\$2,968,543	18	\$317,306	10.69%	0	\$0	0.00%
2019/2020	117 ⁽⁴⁾	\$2,963,398	18 ⁽⁵⁾	\$266,094	8.98%	1	\$12,850	0.43%

⁽¹⁾ Delinquency information as of June 30th in the fiscal year in which the Special Taxes were levied is not available. Delinquency information shown is as of a date as close to June 30 as available for each fiscal year.

⁽²⁾ Does not include the Maintenance Special Tax component.

⁽³⁾ Amount does not include any penalties, interest or fees.

⁽⁴⁾ As of June 29, 2020 one (1) parcel levied in FY 2019/2020, prepaid their Facilities District Special Tax.

⁽⁵⁾ Judicial Foreclosure proceedings have commenced on eight (8) properties; three (3) are Commercial properties (Hotel) and five (5) are Single Family Residential properties. Note that between October 2, 2019 and October 12, 2020, taxes were paid for four (4) of the delinquent parcels.

Source: Orange County Tax Collector, as compiled by Willdan Financial Services.

F. JUDICIAL FORECLOSURES

The following table summarizes four (4) properties, as of June 30, 2020 that were in the foreclosure process. These parcels have since paid their delinquent amounts as of August 5, 2020 and October 12, 2020. As of the date of this report, there are no foreclosure sales to report.

Of these property owners, there are no property owners responsible for two percent (2%) or more of the annual Special Tax levy.

Assessor Parcel Number	Delinquent Date	Amount Delinquent ^{(3) (4)}
672-593-57 ⁽¹⁾	4/10/2018	\$0.00
	12/10/2018	0.00
	4/10/2019	0.00
	12/10/2019	0.00
	4/10/2020	0.00
672-592-19 ⁽²⁾	12/10/2019	0.00
	4/10/2020	0.00

Assessor Parcel Number	Delinquent Date	Amount Delinquent ^{(3) (4)}
672-592-20 ⁽²⁾	12/10/2019	0.00
	4/10/2020	0.00
672-592-21 ⁽²⁾	12/10/2019	0.00
	4/10/2020	0.00
Total		\$0.00
Parcel Count:		4

⁽¹⁾ Delinquent parcels are Single Family Residential properties that were paid as of October 12, 2020.

⁽²⁾ Delinquent parcels are Commercial properties (Hotel) that were paid as of August 5, 2020.

⁽³⁾ Does not include the Maintenance Special Tax delinquency.

⁽⁴⁾ Delinquency data as of January 26, 2021.

G. PREPAYMENTS

During Fiscal Year 2019/20, there was one (1) parcel that prepaid their special tax obligations for the District. The following table lists the parcels that prepaid and amount of the prepayment.

APN	Prepayment Total ^{(1) (2)}
672-651-05	\$414,681.63

⁽¹⁾ Total prepayment is for the Facilities portion only. The Maintenance portion will continue to be levied.

⁽²⁾ Total prepayment amount, including but not limited to, share of then outstanding bonds, reserve credit, redemption amount and premium, investment earnings and administrative fees.

H. CALIFORNIA DEBT INVESTMENT ADVISORY COMMISSION (CDIAC) REPORT

Reporting for “State of California Mello-Roos Community Facilities District Yearly Status Reports” for the 2020 Bonds is not required until October 2021.

I. CHANGES TO THE RATE AND METHOD OF APPORTIONMENT

There have been no changes to the Rate and Method of Apportionment of Special Taxes approved or submitted to the qualified electors for approval prior to the filing of this Report.