



Steven S. Choi, Ph.D., Mayor

cityofirvine.org

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949-724-6233

July 12, 2016

Mr. Peter Hersh, Foreperson
2015-16 Orange County Grand Jury
Orange County Superior Court
700 Civic Center Drive West
Santa Ana, CA 92701

Dear Mr. Hersh:

The City of Irvine has received the Orange County Grand Jury Request, “Mello-Roos: Perpetual Debt Accumulation and Tax Assessment Obligation” review of outstanding items dated May 25, 2016. As requested by the Grand Jury, and in accordance with California Penal Code Section 933, this letter constitutes the City of Irvine’s response to the review of outstanding items R.1 and R.2.

The City of Irvine agrees with the importance of transparency and oversight surrounding Community Facility District (CFD) financings. The City of Irvine has implemented additional reporting and review for its CFD transactions, as detailed within this response. Since 1993, all issuers of CFD bonds have been required by law to report specific information related to their CFD bond issues within a Yearly Fiscal Status Report. This information is gathered and made available through Nationally Recognized Municipal Securities Information Repositories, and since 2009, on the public Electronic Municipal Market Access (EMMA) website. EMMA includes information on all bond issues, including CFDs, and encompasses Official Statements, trade activity bond ratings and other filings.

The City of Irvine contracts with a third party to prepare its CFD annual reporting – providing another professional review of this information. The City also has links on its website to its Bond Disclosure reports for its assessment district financings and has added a direct link to the EMMA website to make accessing this information easier for the public.

RECOMMENDATIONS

R.1. Each local agency that established the CFD should create an oversight committee and an audit committee to provide for an independent, transparent view of the manner in which CFD funds are being expended. (F.1, F.2)

City of Irvine's response to the Honorable Glenda Sanders on September 14, 2015 to recommendation R.1. is shown below:

Irvine will implement the Grand Jury's recommendation, beginning at the close-out of this fiscal year, by providing the City's Finance Commission with an annual report of its CFD expenditures, in the format delineated in California Government Code, 1982 section 53343.1. Recognizing the importance of economic and financial affairs with regard to the proper functioning of City government and the well-being of its citizens, in 1986, the Irvine City Council created the Finance Commission. This citizen oversight body, comprised of five appointed members, meets regularly to advise the City Council on financial matters. After review by the City's Finance Commission, the same information will be provided to the Irvine City Council. **(F.1, F.2)**

In review of outstanding item R.1:

On November 2, 2015, the City of Irvine provided to the City's Finance Commission the annual report for Fiscal Year 2014-2015 for the City's three active CFDs: CFD 2004-1 Central Park, CFD 2005-2 Columbus Grove and CFD 2013-3 Great Park. The City will continue to provide the reports to the Finance Commission on an annual basis.

On November 24, 2015, the City of Irvine also provided the City Council the City's three active CFD annual reports for Fiscal Year 2014-2015. The annual reports were for CFD 2004-1 Central Park, CFD 2005-2 Columbus Grove and CFD 2013-3 Great Park. The City will continue to provide the reports to the City Council on an annual basis.

R.2. Audit report information, as delineated in California Government Code, 1982 section 53343.1, should be made available to the CFD taxpayers on a website after each fiscal year for each CFD number. (F.1, F.2)

City of Irvine's response to the Honorable Glenda Sanders on September 14, 2015 to recommendation R.2 was as follows:

While publishing this information on the City's website goes beyond the requirements of the law, the City of Irvine agrees with the recommendation and will implement it by proactively developing an annual report encompassing the information delineated in California Government Code, 1982 section 53343.1. This report will be presented to the City's Finance Commission and City Council as part of its year-end close-out reporting. The information will then be published on the City's website, www.cityofirvine.org for easy accessibility. As previously discussed, the City will also include a link to the EMMA website, where other information on the City's CFDs is available to the public. These actions will be implemented with the close-out of this fiscal year.

The City has posted the annual CFD reports for the Fiscal Year 2014-2015 on the City's website. The City will include on the website annual updates to the annual reports with the information delineated in California Government Code, Section 53343.1.

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The City website currently has a link to the EMMA website for the public to access additional information on the City's CFD financings.

Please contact me or City Manager Sean Joyce at 949-724-6249 if you have questions, or if we can provide additional information.

Sincerely,

A handwritten signature in blue ink, appearing to read "Steven S. Choi".

Steven S. Choi, Ph.D.
Mayor

cc: Irvine City Council
Sean Joyce, City Manager
Grace K. Leung, Director of Administrative Services