City of Desert Hot Springs
Series 2010
Special Tax Refunding Bonds

Community Facilities District No. 2006-1
Improvement Area 1

Prepared for:

December 2016
Bond Accountability Act (Senate Bill 165)

Senate Bill 165 (SB 165) shall be cited as the Local Agency Special Tax and Bond Accountability Act (the "Act"). This Act requires that any local special tax/local bond measure subject to voter approval contain a statement indicating the specific purposes of the special tax, require that the proceeds of the special tax be applied to those purposes, require the creation of an account into which the proceeds shall be deposited, and require an annual report containing specified information concerning the use of the proceeds. The Act only applies to bonds issued on or after January 1, 2001 in accordance with Sections 50075.1 and 53410 of the California Government Code.

Some of the requirements of the Act are handled at the formation (bond issuance) of the Special Tax District and others are handled through annual reports. This section of the report intends to comply with Sections 50075.3 and 53411 of the California Government Code that states:

The chief fiscal officer of the issuing local agency shall file a report with its governing body no later than January 1, after the bonds have been issued and at least once a year thereafter. The Annual report shall contain all of the following:

(a) The amount of funds collected and expended.
(b) The status of any project required or authorized to be funded as identified in subdivision (a) of Section 50075.1 and Section 53410.
2. Community Facilities District

Community Facilities District No. 2006-1 Improvement Area 1

The City of Desert Hot Springs Community Facilities District No. 2006-1 (the "District") Improvement Area 1 Special Tax Refunding Bonds Series 2010 are issued primarily to refund all of the District’s outstanding City of Desert Hot Springs Community Facilities District No. 2006-1 Improvement Area 1 Special Tax Bonds, Series 2008A (the "Prior Bonds") issued in November 2008. Proceeds of the Bonds will also be used to provide a small amount of new money to complete fire station improvements, to establish a reserve fund for the Bonds and to pay the cost of issuance of the Bonds, as described herein. The specific Facilities constructed for Improvement Area 1 include street improvements, a fire station, facilities contingency (including a developer impact fee contingency, construction contingency and an engineering costs and construction management contingency) and capacity and development impact fees.

The following table shows the Initial Amount deposited to the Improvement Fund, the District’s June 30, 2016 Improvement Fund balance, the amount expended and the project status.

Table 2-1
CFD 2006-1 IA 1

<table>
<thead>
<tr>
<th>District</th>
<th>Bond Series</th>
<th>Initial Improvement Fund Deposit</th>
<th>Amount Expended</th>
<th>June 30, 2016 Balance</th>
<th>Project Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>CFD No. 2006-1</td>
<td>2010</td>
<td>$1,622,793.50</td>
<td>$1,622,793.50</td>
<td>$0.00</td>
<td>Complete</td>
</tr>
</tbody>
</table>

Improvements have been completed in the District. The Improvement Fund has been closed.