

CITY OF SAN DIEGO

Fiscal Year 2026-2027 Administration Report For:

**Community Facilities District No. 2 (Santaluz)
Improvement Area No. 3**

June 2026

CITY OF SAN DIEGO
COMMUNITY FACILITIES DISTRICT NO. 2
(SANTALUZ)
IMPROVEMENT AREA NO. 3

ADMINISTRATION REPORT
FISCAL YEAR 2026-2027

Prepared For:

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1. EXECUTIVE SUMMARY

Introduction

This report was prepared by NBS, the City of San Diego's Special District Consultant, for the Fiscal Year 2026-2027 special tax levy of the City of San Diego Community Facilities District No. 2 (Santaluz) ("CFD No. 2") Improvement Area No. 3 ("IA No. 3"). CFD No. 2 is a legally constituted governmental entity established under the Mello-Roos Community Facilities Act of 1982 ("Act"), as amended. The Act provides an alternative method for the financing of certain public capital facilities and services.

Overview of CFD No. 2 IA No. 3 Special Tax Bonds

IA No. 3 issued its \$4,350,000 Series B of 2000 Special Tax Bonds (the "Prior Bonds") in October 2000. The Prior Bonds were refunded by the sale of the \$3,380,000 Series 2015 Special Tax Refunding Bonds (the "Bonds") issued in June 2015.

The proceeds of the Prior Bonds were used to finance the acquisition and construction of certain road, water, and sewer related facilities necessary to meet increased demands placed on the City of San Diego as a result of the development of IA No. 3.

The Bonds are scheduled to mature on September 1, 2030.

Annual Levy and Collection

The bonded indebtedness of IA No. 3 is both secured and repaid through the annual levy and collection of special taxes from all property subject to the tax within IA No. 3. There are currently 94 taxable parcels. In calculating the special tax liability for Fiscal Year 2026-2027, this report examines the financial obligations of the current fiscal year and analyzes the level of development within IA No. 3.

The information provided in this report is derived primarily from documents developed at the time IA No. 3 was formed and from data provided by the City or accessed through the City building permit system. The information sources include the Rate and Method of Apportionment for IA No. 3 ("RMA") dated January 31, 2000 and approved by the City Council on March 14, 2000, annual budget information for IA No. 3, the debt service schedule, building permit information accessed through the City's building permit system by NBS and the City's prior special tax consultant, special tax delinquency data provided by the County of San Diego, builder provided information, and historical development status and special tax prepayment records maintained by NBS and the prior special tax consultant.

2. SPECIAL TAX CLASSIFICATIONS AND DEVELOPMENT STATUS

2.1 Special Tax Classifications

The methodology employed to calculate and apportion the special tax is contained in the RMA for IA No. 3 dated January 31, 2000. The RMA defines two primary categories of taxable property, namely "Developed Property" and "Undeveloped Property." The category of Developed Property is in turn divided into thirteen separate rate classifications which vary with land use (e.g., residential, non-residential and institutional) and size for residential development. A table of the Developed Property classifications is shown below.

Developed Property Classifications

Class	Designation	Residential Floor Area/Unit Type
1	Residential Property	Less than 2,250 square feet
2	Residential Property	2,250 – 2,749 square feet
3	Residential Property	2,750 – 3,149 square feet
4	Residential Property	3,150 – 3,749 square feet
5	Residential Property	3,750 – 4,049 square feet
6	Residential Property	4,050 – 4,499 square feet
7	Residential Property	4,500 – 4,999 square feet
8	Residential Property	5,000 – 5,499 square feet
9	Residential Property	5,500 – 5,999 square feet
10	Residential Property	6,000 – 6,499 square feet
11	Residential Property	6,500 square feet or greater
12	Non-Residential Property	Not Applicable
13	Institutional Property	Not Applicable

Developed Property is distinguished from Undeveloped Property by the issuance of a building permit. Specifically, property for which a building permit was issued prior to March 1 will be classified as Developed Property in the following fiscal year. Therefore, all property in IA No. 3 for which building permits were issued prior to March 1, 2026, will be classified as Developed Property in Fiscal Year 2026-2027. Hence, the development status discussed on the next page reflects development through the time period ending prior to March 1, 2026.

2.2 Development Status

IA No. 3 encompasses the residential development known as “Fairbanks Highlands.” Fairbanks Highlands, which comprises most of IA No. 3, consists of approximately 380 acres situated in northwestern San Diego County, 20 miles north of the City’s downtown area and six miles north of the La Jolla/Golden Triangle area. The community is 100% built-out with 93 dwelling units and a church.

Building permits for all 93 residential lots were issued prior to March 1, 2001. In addition, a building permit for 6.93 acres (1 parcel) of Institutional Property was issued prior to March 1, 2006. The table below indicates the cumulative Developed Property, by class, within IA No. 3.

No prepayment of the special tax obligation for IA No. 3 properties has occurred to date.

Cumulative Developed Property

Class	Designation	Residential Floor Area/Unit Type	Number of Units/Acres ⁽¹⁾
1	Residential Property	Less than 2,250 square feet	0 units
2	Residential Property	2,250 – 2,749 square feet	0 units
3	Residential Property	2,750 – 3,149 square feet	0 units
4	Residential Property	3,150 – 3,749 square feet	0 units
5	Residential Property	3,750 – 4,049 square feet	12 units
6	Residential Property	4,050 – 4,499 square feet	34 units
7	Residential Property	4,500 – 4,999 square feet	12 units
8	Residential Property	5,000 – 5,499 square feet	30 units
9	Residential Property	5,500 – 5,999 square feet	2 units
10	Residential Property	6,000 – 6,499 square feet	3 units
11	Residential Property	6,500 square feet or greater	0 units
12	Non-Residential Property	Not Applicable	0 acres
13	Institutional Property	Not Applicable	6.93 acres

(1) Includes taxable properties only.

3. DELINQUENCY STATUS AND FORECLOSURE COVENANT

3.1 Fiscal Year 2025-2026 Special Tax Levy Summary

The aggregate special tax levy for Fiscal Year 2025-2026 equaled \$288,476. As of June 2, 2026, \$282,572 of Fiscal Year 2025-2026 special taxes had been collected by the County. The remaining \$5,904 in special taxes were delinquent, resulting in a delinquency rate of 2.05 percent.

3.2 Anticipated Delinquencies

The anticipated delinquencies as referenced in Section 5 of this report, represents the anticipated amount of delinquencies based on historical trends determined by the City.

3.3 Special Tax Appeals

As of the date of this report, there were no special tax appeals submitted by property owners within CFD No. 2 IA No. 3 in Fiscal Year 2025-2026.

3.4 Foreclosure Covenant

Pursuant to the Bond Indenture dated June 1, 2015, IA No. 3 has covenanted to determine each year whether or not any owners of property within IA No. 3 are delinquent in the payment of their special taxes. If such delinquencies exist, IA No. 3 is required to commence judicial foreclosure proceedings no later than October 1, against (i) parcels with delinquent special taxes in excess of \$7,500; and (ii) all properties with delinquent special taxes in any fiscal year in which the City receives special taxes in an amount which is less than 95% of the total special tax levied and the amount in the Reserve Account is less than the Reserve Requirement. Based on the criteria set forth in the foreclosure bond covenant, at this time, IA No. 3 is not required to commence foreclosure proceedings.

4. METHOD OF APPORTIONMENT

4.1 Maximum Special Taxes

The amount of special taxes that IA No. 3 may levy is strictly limited by the maximum special taxes set forth in the RMA. Section C of the RMA states that the maximum special tax for a parcel of Developed Property is equal to the sum of the Assigned Special Tax plus the Backup Special Tax. The Backup Special Tax was established for the contingency of a shortfall in revenues resulting from significant changes in development densities. The contingency for which the Backup Special Tax was established does not exist and hence, all discussion of maximum tax rates focuses on the assigned special taxes set forth for each classification of Developed Property in Section C of the RMA.

On each July 1, commencing July 1, 2001 and ending on July 1 of the tenth fiscal year in which special taxes are levied in IA No. 3, the maximum special tax rates shall be increased by two percent (2%) of the amount in effect in the previous fiscal year. On July 1 of the eleventh and twelfth fiscal years in which special taxes are levied in IA No. 3, the maximum special taxes may be increased by up to two percent (2%) of the amount in effect in the previous fiscal year, provided that such increase is necessary to meet the special tax requirement. There will be no increase in the maximum special taxes that may be levied after the twelfth fiscal year in which special taxes are levied in IA No. 3. Fiscal Year 2001-2002 was the first year in which special taxes were levied in IA No. 3. Therefore, Fiscal Year 2010-2011 was considered the tenth fiscal year and the last year of mandatory escalation of the maximum special tax. No increase in the maximum special tax rate was needed for Fiscal Years 2011-2012 and 2012-2013. Therefore, the maximum special taxes are equal to the rates established for Fiscal Year 2010-2011. The Fiscal Year 2026-2027 assigned/maximum special tax rates for each classification of property are shown in the table on the following page.

4.2 Apportionment of Special Taxes

The special tax that is apportioned to each parcel is determined through the application of Section E of the RMA. Section E apportions the special tax requirement in three steps which prioritize the order in which Developed Property, Undeveloped Property and other taxable property are taxed.

The first step states that the special tax shall be levied against each parcel of Developed Property at 100 percent of the assigned special tax. If the special taxes raised pursuant to the first step are less than the special tax requirement, then the second step is applied. The second step states that the special tax shall be levied against each parcel of Undeveloped Property at up to 100 percent of the maximum special tax. The third step is designed to accommodate changes in land use and is intended to be used only as a last resort. Since actual land uses have not substantially deviated from the original projections, these steps are not necessary.

Application of the first step produces special tax revenues of \$479,934 from Developed Property which is more than sufficient to meet all obligations for IA No. 3 for Fiscal Year 2026-2027. Therefore, the Fiscal Year 2026-2027 special tax for each parcel of Developed Property is reduced to approximately 60.06 percent of the assigned/maximum special tax to provide \$288,266 in special tax revenues.

4.3 Maximum and Actual Special Tax Rates

The Fiscal Year 2026-2027 assigned/maximum and actual special taxes are shown for each classification of Developed Property and Undeveloped Property in the following table.

Improvement Area No. 3
Fiscal Year 2026-2027 Special Taxes
for Developed Property and Undeveloped Property

Class	Designation	Residential Floor Area/Unit Type	Assigned/Maximum Special Tax	FY 2026-2027 Actual Special Tax ⁽¹⁾
1	Residential Property	Less than 2,250 square feet	\$2,914.59/unit	\$0.00/unit
2	Residential Property	2,250 – 2,749 square feet	\$3,524.33/unit	\$0.00/unit
3	Residential Property	2,750 – 3,149 square feet	\$3,755.48/unit	\$0.00/unit
4	Residential Property	3,150 – 3,749 square feet	\$4,217.65/unit	\$0.00/unit
5	Residential Property	3,750 – 4,049 square feet	\$4,622.09/unit	\$2,776.20/unit
6	Residential Property	4,050 – 4,499 square feet	\$4,910.98/unit	\$2,949.72/unit
7	Residential Property	4,500 – 4,999 square feet	\$5,199.85/unit	\$3,123.22/unit
8	Residential Property	5,000 – 5,499 square feet	\$5,430.96/unit	\$3,262.04/unit
9	Residential Property	5,500 – 5,999 square feet	\$5,951.19/unit	\$3,574.50/unit
10	Residential Property	6,000 – 6,499 square feet	\$6,468.11/unit	\$3,884.98/unit
11	Residential Property	6,500 square feet or greater	\$6,988.35/unit	\$0.00/unit
12	Non-Residential Property	Not Applicable	\$6,176.10/acre	\$0.00/acre
13	Institutional Property	Not Applicable	\$124.33/acre	\$74.68/acre
NA	Undeveloped Property	Not Applicable	\$5,275.21/acre	\$0.00/acre

(1) No parcels are levied in Land Use Classes where \$0.00 is shown.

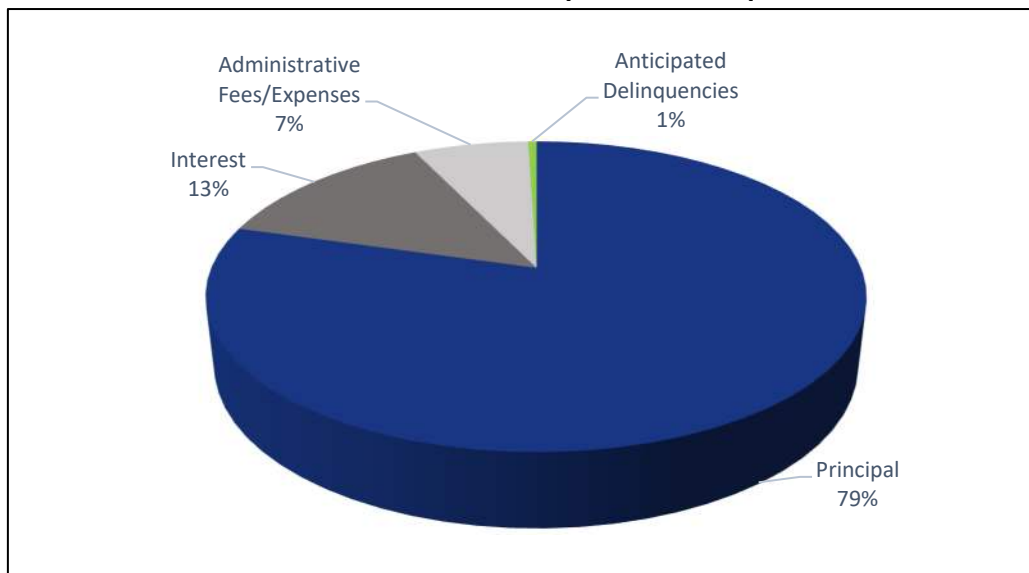
A list of the actual special tax levied against each parcel in CFD No. 2 IA No. 3 based on the RMA is included on the Special Tax Roll in Section 8.

5. FISCAL YEAR 2026-2027 SPECIAL TAX REQUIREMENT

The RMA states that the special tax on Developed Property may be reduced from the assigned special tax if the following three conditions are met: (i) it is not necessary to levy a special tax pursuant to steps two and three described in Section E of the RMA in order to meet the special tax requirement; (ii) all authorized IA No. 3 Bonds have already been issued or the City Council has covenanted that it will not issue any additional IA No. 3 Bonds (except refunding bonds); and (iii) all facilities identified on Exhibit C to the Purchase and Financing Agreement have been acquired. The City has determined that all three conditions have been met. Therefore, the special tax on Developed Property is reduced from the assigned special tax. The total special tax requirement is equal to \$288,266 and is shown in detail and graphically below.

FISCAL YEAR 2026-2027 USES OF FUNDS:	
CFD Administrative Expenses	\$20,657.20
Interest Due March 1, 2027	20,650.00
Interest Due September 1, 2027	20,650.00
Principal Due September 1, 2027	245,000.00
Anticipated Delinquencies/Maintain Reserve Requirement	1,507.00
Fiscal Year 2026-2027 Gross Special Tax Requirement:	\$308,464.20
Fiscal Year 2025-2026 Surplus Applied as Credit:	(20,198.00)
Fiscal Year 2026-2027 Special Tax Requirement:	\$288,266.20

Fiscal Year 2026-2027 Gross Special Tax Requirement



6. CURRENT DEBT SERVICE SCHEDULE

**The following page shows the Debt Service Schedule of
CFD No. 2 (Santaluz) IA No. 3.**

City of San Diego
Community Facilities District No. 2 (Santaluz) Improvement Area No. 3
Current Debt Service Schedule

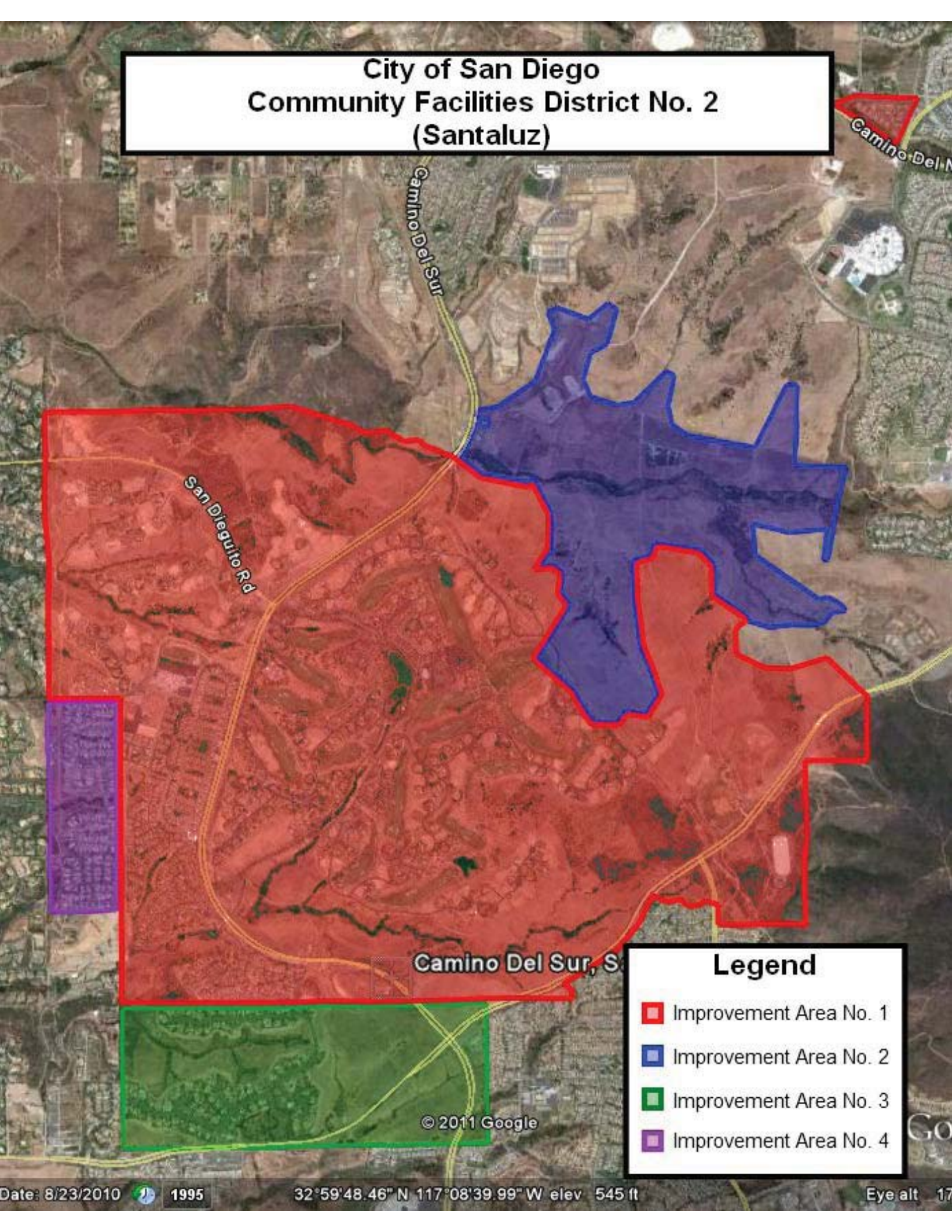
Bonds Dated: 06/16/2015
Bonds Issued: \$3,380,000.00

Payment Date	CUSIP	Interest Rate	Balance	Principal	Interest	Payment Total	Annual Total	Call Premium	Status
03/01/2016		2.0000%	\$3,380,000.00	\$0.00	\$71,435.42	\$71,435.42	\$0.00	3.0000%	Paid
09/01/2016		2.0000	3,380,000.00	170,000.00	50,425.00	220,425.00	291,860.42	3.0000	Paid
03/01/2017		2.0000	3,210,000.00	.00	48,725.00	48,725.00	.00	3.0000	Paid
09/01/2017		2.0000	3,210,000.00	195,000.00	48,725.00	243,725.00	292,450.00	3.0000	Paid
03/01/2018		2.0000	3,015,000.00	.00	46,775.00	46,775.00	.00	3.0000	Paid
09/01/2018		2.0000	3,015,000.00	200,000.00	46,775.00	246,775.00	293,550.00	3.0000	Paid
03/01/2019		2.0000	2,815,000.00	.00	44,775.00	44,775.00	.00	3.0000	Paid
09/01/2019		2.0000	2,815,000.00	205,000.00	44,775.00	249,775.00	294,550.00	3.0000	Paid
03/01/2020		2.2500	2,610,000.00	.00	42,725.00	42,725.00	.00	3.0000	Paid
09/01/2020		2.2500	2,610,000.00	205,000.00	42,725.00	247,725.00	290,450.00	3.0000	Paid
03/01/2021		2.5000	2,405,000.00	.00	40,418.75	40,418.75	.00	3.0000	Paid
09/01/2021		2.5000	2,405,000.00	210,000.00	40,418.75	250,418.75	290,837.50	3.0000	Paid
03/01/2022		2.5000	2,195,000.00	.00	37,793.75	37,793.75	.00	3.0000	Paid
09/01/2022		2.5000	2,195,000.00	220,000.00	37,793.75	257,793.75	295,587.50	3.0000	Paid
03/01/2023		3.0000	1,975,000.00	.00	35,043.75	35,043.75	.00	3.0000	Paid
09/01/2023		3.0000	1,975,000.00	225,000.00	35,043.75	260,043.75	295,087.50	2.0000	Paid
03/01/2024		3.0000	1,750,000.00	.00	31,668.75	31,668.75	.00	2.0000	Paid
09/01/2024		3.0000	1,750,000.00	225,000.00	31,668.75	256,668.75	288,337.50	1.0000	Paid
03/01/2025		3.1250	1,525,000.00	.00	28,293.75	28,293.75	.00	1.0000	Paid
09/01/2025		3.1250	1,525,000.00	230,000.00	28,293.75	258,293.75	286,587.50	0.0000	Paid
03/01/2026		3.3750	1,295,000.00	.00	24,700.00	24,700.00	.00	0.0000	Paid
09/01/2026		3.3750	1,295,000.00	240,000.00	24,700.00	264,700.00	289,400.00	0.0000	Unpaid
03/01/2027		5.0000	1,055,000.00	.00	20,650.00	20,650.00	.00	0.0000	Unpaid
09/01/2027		5.0000	1,055,000.00	245,000.00	20,650.00	265,650.00	286,300.00	0.0000	Unpaid
03/01/2028		3.5000	810,000.00	.00	14,525.00	14,525.00	.00	0.0000	Unpaid
09/01/2028		3.5000	810,000.00	260,000.00	14,525.00	274,525.00	289,050.00	0.0000	Unpaid
03/01/2029		3.5000	550,000.00	.00	9,975.00	9,975.00	.00	0.0000	Unpaid
09/01/2029		3.5000	550,000.00	270,000.00	9,975.00	279,975.00	289,950.00	0.0000	Unpaid
03/01/2030		3.7500	280,000.00	.00	5,250.00	5,250.00	.00	0.0000	Unpaid
09/01/2030		3.7500	280,000.00	280,000.00	5,250.00	285,250.00	290,500.00	0.0000	Unpaid
Grand Total:				\$3,380,000.00	\$984,497.92	\$4,364,497.92	\$4,364,497.92		

7. BOUNDARY MAP

**The following page shows the Boundary Map of
CFD No. 2 (Santaluz) IA No. 3.**

**City of San Diego
Community Facilities District No. 2
(Santaluz)**



Legend

- Improvement Area No. 1
- Improvement Area No. 2
- Improvement Area No. 3
- Improvement Area No. 4

8. SPECIAL TAX ROLL FOR FISCAL YEAR 2026-2027

**The following pages show the Special Tax Roll
for the Fiscal Year 2026-2027 Levy.**

City of San Diego
CFD No. 2 (Santaluz)
Improvement Area No. 3
Fiscal Year 2026-2027 Special Tax Levy

Assessor's Parcel Number	FY 2026-2027 Special Tax Levy
306-020-39-00	\$517.54
306-240-01-00	2,949.72
306-240-02-00	2,776.20
306-240-03-00	3,123.22
306-240-04-00	3,262.04
306-240-05-00	2,949.72
306-240-06-00	2,776.20
306-240-07-00	2,949.72
306-240-08-00	3,262.04
306-240-09-00	3,123.22
306-240-10-00	2,776.20
306-240-11-00	3,262.04
306-240-12-00	2,949.72
306-240-13-00	3,262.04
306-240-14-00	2,949.72
306-240-15-00	3,262.04
306-240-16-00	3,262.04
306-240-17-00	2,776.20
306-240-18-00	2,949.72
306-240-19-00	2,949.72
306-240-20-00	2,949.72
306-240-21-00	2,949.72
306-240-22-00	3,262.04
306-240-23-00	2,949.72
306-240-24-00	2,949.72
306-240-25-00	2,949.72
306-240-28-00	3,262.04
306-240-29-00	2,949.72
306-240-30-00	2,949.72
306-240-31-00	3,262.04
306-240-32-00	2,776.20
306-240-33-00	3,574.50
306-240-34-00	2,949.72
306-240-35-00	3,123.22
306-240-36-00	3,262.04
306-240-37-00	3,262.04
306-240-38-00	2,949.72
306-240-39-00	3,884.98
306-240-40-00	3,262.04
306-240-41-00	3,123.22
306-240-42-00	2,949.72
306-240-49-00	3,262.04
306-240-53-00	3,262.04
306-241-01-00	3,262.04
306-241-02-00	3,123.22
306-241-03-00	2,949.72
306-241-04-00	3,262.04
306-241-05-00	2,776.20
306-241-06-00	2,949.72
306-241-07-00	2,949.72

FY 2026-2027	
Assessor's Parcel Number	Special Tax Levy
306-241-08-00	3,262.04
306-241-09-00	2,776.20
306-241-10-00	3,262.04
306-241-11-00	2,949.72
306-241-12-00	2,949.72
306-241-13-00	2,949.72
306-241-14-00	3,262.04
306-241-15-00	2,949.72
306-241-16-00	3,262.04
306-241-17-00	3,123.22
306-241-18-00	2,949.72
306-241-19-00	2,776.20
306-241-20-00	3,884.98
306-241-21-00	3,123.22
306-241-22-00	3,262.04
306-241-23-00	3,262.04
306-242-01-00	3,262.04
306-242-02-00	3,123.22
306-242-03-00	3,123.22
306-242-04-00	3,262.04
306-242-05-00	3,262.04
306-242-06-00	2,776.20
306-242-07-00	2,949.72
306-242-08-00	3,262.04
306-242-09-00	3,884.98
306-242-10-00	2,949.72
306-242-11-00	3,123.22
306-242-12-00	3,262.04
306-242-13-00	2,949.72
306-242-14-00	3,262.04
306-242-15-00	2,949.72
306-242-16-00	2,776.20
306-242-17-00	2,949.72
306-242-18-00	3,123.22
306-242-19-00	2,949.72
306-242-20-00	2,949.72
306-242-21-00	3,574.50
306-242-22-00	2,949.72
306-242-23-00	2,776.20
306-242-24-00	3,262.04
306-242-25-00	2,949.72
306-242-26-00	3,123.22
306-242-27-00	2,776.20
306-242-28-00	3,262.04
94 Taxable Parcels	Total: \$288,266.20