



### 30,000 Acres in 5 Phases World Class Resort

- 5,000 Homes
- 6 Golf Courses
- Vineyards
- Hotel
- European Spa
- Retail Center
- Business Park



- 1<sup>st</sup> Phase within the boundaries of the Western Hills Water District
  - Water, Sewer, and Storm Drain Service
  - Custodian/Trustee of CFD

#### Current Facts on Western Hills Water District Financial Debt!

- Mello Roos Debt on May 31<sup>st</sup> will be \$23,673,528
- Penalties, Fees, and Legal costs owed apx \$1,900,000
- County Property Taxes current owed apx \$1,800,000
- Kern Water Authority \$7,600,000
- City of Patterson Sewar \$2,600,000
- World's Assumed Water Charges \$515,601
- Direct Angels Crossing Water Charges \$500,000
- Loan to WHWD for operations \$1,169,014
- World Int'l subsidy loan at 8% annum
- \$16,897,000 accumulated since 2008

Not Including HOA Debt \$540,000 Estimated

#### How Did The WHWD Attain Their Current Debt?

- Don Panoz, the original developer filed for bankruptcy in 2008
- World Int'l, Mexico, acquired the property, phases 1-5 out of bankruptcy in 2008
- The court agreement mandated that WI subsidize the WHWD until enough homes were built for the WHWD to be self sustaining
- World Int'l stopped paying the subsidy, Mello Roos & County Taxes in May 2019
- World Int'l stopped paying HOA & COA fees in May 2019
- World Int'l sold phase one (they still own phases 2-5) to Angel's Crossing through an Assignment, Acquisition, & Release Agreement (AA&R) in April of 2020 for \$100,000
- Angel's Crossing never paid the subsidy, Mello Roos Taxes, County Taxes, HOA or COA monthly fees after acquiring the property in April 2020
- On behalf of the Mello Roos bondholders, the WHWD filed 3 foreclosure lawsuits, two on Angel's Crossing and one on World Int'l in?
- November 2022, the WHWD, won summary judgement on all 3 lawsuits
- August 2023, the auction was held and the WHWD took control of phase one via a credit bid

#### WHWD Historical Revenues, Losses, and Subsidy

Fiscal year	Revenue	Loss	Subsidy	Golf Course Revenue	
2010	\$940,717	\$2,602,383	\$2,618,108	\$635,279	Legends/Ranch
2011	\$2,090,717	\$1,826,673	\$2,079,564	\$717,618	Legends/Ranch
2012	\$2,150,790	\$1,837,711	\$1,138,000	\$941,228	Legends/Ranch
2013	\$2,207,622	\$1,511,369	\$900,001	\$1,054,575	Legends/Ranch
2014	\$1,851,345	\$2,430,160	\$697,667	\$987,638	Legends/Ranch
2015	\$1,562,695	\$2,417,740	\$2,117,099	\$496,743	Ranch
2016	\$2,064,084	\$2,479,074	\$2,295,000	\$362,643	Ranch
2017	\$2,557,174	\$1,863,301	\$1,234,000	\$316,745	Ranch
2018	\$2,052,461	\$2,630,582	\$920,000	\$571,513	Ranch
2019	\$2,801,049	\$1,805,057	\$1,137,000	\$571,012	Ranch
2020	\$2,449,717	\$2,339,983	\$0	\$0	
2021*	\$1,849,849	\$2,490,555	\$0	\$0	
2022*	\$2,144,631	\$2,356,666	\$0	\$0	
2023*	\$1,998,872	\$1,965,001	\$0	\$0	
	* Unaudtited for FY 2021 and FY 2022				
			Subsidy Total	Golf Course Total	
			\$15,136,439	\$6,654,994	

## Items of Concerns

- Because of the property transfer, the financial debt to the Water District is now approximately \$13.4M and growing each month
- The accounting loss to WHWD is apx \$150,000 per month
- Both World International and Angels Crossing have filed UCC1 Liens against Western Hills Water District for the Subsidy. Who owns the note?
  - World has utilized the Master Agreement
  - Angels Crossing has utilized the Assignment, Assumption, and Release Agreement (AA&R)
- Angels Crossing has not paid the following since acquiring the development
  - No payment of Property Taxes
  - No payment of Mello Roos Taxes
  - No payment of HOA Fees Estimated Debt of over \$540,000
  - No subsidy to the Water District
- Angels Crossing is in breach of contract with the District (AA&R)
  - The District may at its discretion <u>legally</u> invalidate and rescind this contract
  - All liabilities could be placed back on World International

#### Western Hills Water District Urgent Needs Now Moving Forward!

Ideally, find a master developer who will finish phase one of Diablo Grande

- Total buildout of phase one would be approximately 1500 homes
- District currently has 62 custom lots ready to build and another possible 60 lots that may be ready as well
- Urgent need to finish the water treatment plant which all construction stopped when Panoz went bankrupt in 2008.
- Currently, we have enough water capacity for about 120 more homes but to finish phase one (1500 more homes) we will need a new storage tank and finish the water treatment plant
- Acquire a State grant ASAP to finish the water treatment plant
- Resolve our water debt with Kern County WD and renegotiate our 8000-acre feet water deal for phase one
- Resolve our sewar debt with the city of Patterson and possibly negotiate a deal in which they may be able to utilize some of our legally owned sewar capacity

# In Summary Everyone Benefits

- Finishing the water treatment plant will allow the buildout of 1500 more homes which will help support the growth and the need for more housing in the central valley
- Tax revenues will benefit the county of Stanislaus
- 1500 more homes and the water district can become self sustaining for residents at reasonable rates
- More residents in Diablo Grande benefits all the merchants in the central valley area
- Opening one or both of the golf courses will be a benefit to the surrounding communities in the central valley
- Reopen the community center to include a top-rated restaurant that will benefit all communities in the central valley area.