



CITY OF MENIFEE

SUBJECT: Proposed Formation of Community Facilities District No. 2024-2, Golden Meadows

MEETING DATE: June 19, 2024

TO: Mayor and City Council

PREPARED BY: Lauri Lockwood, Financial Analyst

REVIEWED BY: Travis Hickey, Chief Financial Officer

APPROVED BY: Armando G. Villa, City Manager

RECOMMENDED ACTION

1. Adopt a resolution of intention to establish Community Facilities District No. 2024-2, Golden Meadows, located southeast of Evans Road and Garbani Road; and
2. Adopt a resolution of intention to incur bonded indebtedness for Community Facilities District No. 2024-2, Golden Meadows.

DISCUSSION

Golden Meadowland, LLC and Golden Hill Country, LLC (together, the “Developer”) own land in the City of Menifee that is proposed for a residential community of 552 homes on approximately 195 gross acres. The property is located southeast of Evans Road and Garbani Road, as shown in the attached Project Map. The Developer has requested that the City form a Community Facilities District (“CFD No. 2024-2”) and four improvement areas therein (“Improvement Area No. 1,” “Improvement Area No. 2,” “Improvement Area No. 3,” and “Improvement Area No. 4”) in accordance with the Mello-Roos Community Facilities Act of 1982, as amended, (“The Act”) to finance the costs of certain public improvements through the levy of a special tax and the issuance of bonds in an amount not-to exceed \$7,000,000 for each of Improvement Area Nos. 1 through 3 and \$13,000,000 for Improvement Area No. 4 (for a total of \$34,000,000). The Developer has requested that the boundaries of CFD No. 2024-2 and the Improvement Areas therein include the area described in Exhibit A of the Resolution of Intention to Establish CFD No. 2024-2 (the “Resolution of Intention”) and that special taxes be levied within the boundaries of Improvement Area Nos. 1 through 4 in accordance with each Rate and Method of Apportionment (each an “RMA”) as described in Exhibits C through F, respectively, to the Resolution of Intention.

This proposed CFD No. 2024-2 was presented to the Finance Committee in March 2024 and was recommended for submittal to the City Council.

The Resolution of Intention is the first step in the process to form CFD No. 2024-2. The attached Resolutions declare the City's intention to establish CFD No. 2024-2 and Improvement Area Nos. 1 through 4 therein, and the intention to incur bonded indebtedness by CFD No. 2024-2 for each of Improvement Area Nos. 1 through 4, and call for a public hearing. A public hearing on the matter would take place on August 7, 2024, and at that time the City Council would formally consider forming CFD No. 2024-2 and Improvement Area Nos. 1 through 4 therein and hold an election on the approval of the special taxes and the incurring of bonded indebtedness within each of Improvement Area Nos. 1 through 4.

The Developer may request that the City enter into a Joint Community Facilities Agreement (the "JCFA") with the Developer and Eastern Municipal Water District relating to certain facilities proposed to be financed by CFD No. 2024-2 and owned and operated by Eastern Municipal Water District. If the decision is made to finance facilities of Eastern Municipal Water District, the JCFA would be entered into prior to the approval of the issuance of bonds pursuant to the Act.

The Developer is proposing to build 109 residential units in each of Improvement Area Nos. 1 and 2, 94 residential units in Improvement Area No. 3 and 240 units in Improvement Area No. 4, for a total of 552 residential units in CFD No. 2024-2. The home sizes in CFD No. 2024-2 are planned to range from below 1,600 square feet to over 4,100 square feet. The total tax effective tax rate is estimated to be at or below 2.00% of projected home prices, which is the allowable tax rate limit in the City's Financing Goals and Policies.

The RMAs have different assigned annual special tax rates based on unit size of the homes. The assigned annual special tax rates range from \$1,796 for homes less than 1,600 square feet to \$3,317 for homes over 4,100 square feet. Such rates would escalate at 2% per year.

The anticipated bond issuances for all four improvement areas in the aggregate, based on current rates, after reserve fund deposits and financing costs, would generate approximately \$21,797,499 in net bond proceeds for facilities. The proposed facilities, which may be funded with proceeds of the bonds for CFD No. 2024-2 are currently estimated to be:

- \$1,271,247 – City priority facilities (20% premium to project-specific priorities, per the City's CFD Goals & Policies)
- \$6,356,238 – City Development Impact Fees
- \$4,452,101 – City facilities (street and drainage facilities)
- \$10,088,352 – Eastern Municipal Water District fees and facilities

The amount of the foregoing facilities costs that exceed available bond proceeds would be funded by the Developer.

In addition to the costs of the foregoing facilities, proceeds of the special tax may be expended to pay administrative costs.

STRATEGIC PLAN OBJECTIVE

Regular City Business

FISCAL IMPACT

There is no fiscal impact associated with the recommended action to the General Fund. The Developer made a deposit with the City to pay for the costs of the formation proceedings, some of which may be reimbursed to the Developer in accordance with the acquisition agreement to be entered into by the City with the Developer. CFD No. 2024-2 would levy special taxes annually on all of the taxable property within each improvement area in accordance with the applicable RMA in order to pay for the costs of facilities, debt service on bonds, and administration of CFD No. 2024-2. Any bonds issued by CFD No. 2024-2 for an improvement area would not be obligations of the City and would be secured solely by the special taxes levied on parcels within such improvement area of CFD No. 2024-2. The funds are held within custodial accounts that are restricted for these specific costs.

ATTACHMENTS

1. Project Map
2. Resolution of Intention to Establish CFD No. 2024-2
3. Resolution of Intention to Incur Debt
4. Landowner Petition