

May 9, 2024

Margarita Cornejo  
Deputy Finance Director  
City of Menifee  
29844 Haun Road  
Menifee, CA 92586  
T. (951) 723-3716  
E. [mcornejo@cityofmenifee.us](mailto:mcornejo@cityofmenifee.us)

RE: Series 1 Bond Issuance Request, CFD No. 2023-1 (Rockport Ranch)

Dear Ms. Cornejo,

On behalf of Lennar Homes (“Developer”), we are requesting the City of Menifee (“City”) move forward with the issuance of a series of bonds (“Bonds”) for CFD No. 2023-1 (Rockport Ranch) (“CFD”). The CFD includes 305 lots within Tract Map No. 37131 (the “Project”). We would like to issue a series of bonds secured by roughly 60% of the lots within the Project (“Series 1 Bonds”). A summary of the development status for the proposed Series 1 Bonds is included in the table below.

CFD No. 2023-1 (Rockport Ranch)		
Development Status	Units	% of Total
Closed Homes*	110	61%
Completed Homes (8 Models)	9	5%
Under Construction/Sold	47	26%
Under Construction/Unsold	12	7%
Finished Lots (Permitted)	3	2%
<b>Series 1 Bonds - Total Units</b>	<b>181</b>	<b>100%</b>

*\* Estimated closings as of June 2024*

The attached Exhibit A shows the estimated bond sizing and debt service schedule for the Series 1 Bonds, which results in approximately \$7.9M in construction proceeds. The construction proceeds would fund City impact fees and facilities and EMWD facilities. The purpose of issuing two series of bond is to limit the special taxes to be levied on property owned by the Developer. Given that interest rates have remained low and the City’s recent success in selling bonds, we believe it’s on optimal time to move forward with the Series 1 Bonds.

We appreciate your consideration of this request and look forward to working with the City team to issue bonds for the Project. If you have any questions, please contact me at (949) 542-7072.

Sincerely,



John Zimmerman  
Principal

CC: Shane Spicer, Spicer Consulting Group  
Sepideh Bastani, Lennar Homes – Project Manager  
William Sacriste, Lennar Homes – Director of Forward Planning  
Geoff Smith, Lennar Homes – Vice President

**EXHIBIT A**  
**City of Menifee CFD No. 2023-1 (Rockport Ranch)**  
**Lennar Homes - Rockport Ranch (TR No. 37131)**  
**Estimated Debt Service & Bond Sizing Schedule**  
**May 9, 2024**

ISSUANCE ASSUMPTIONS			
Closing Date		9/15/2025	
Special Tax Revenue Escalation		2.000%	
Annual Administration Expense	\$	30,000	
Administration Expense Escalation		2.000%	
Debt Service Coverage Ratio		110%	
Underwriter Discount Estimate		2.000%	
Issuance Costs Estimate	\$	250,000	
Months of Capitalized Interest		-	
Gross Special Tax Revenues 2024-2025	\$	582,604	

ESTIMATED SOURCES AND USES			
<b>Sources</b>			
Par Bond Amount	\$	9,170,000	
<b>Uses</b>			
Reserve Fund	\$	846,869	
Capitalized Interest		-	
Underwriter Discount		183,400	
Costs Of Issuance		250,000	
Construction Fund		7,889,731	
Total Uses	\$	9,170,000	

BOND DEBT SERVICE									
Period Ending	Gross Revenues	Priority Admin	Principal	Yield	Interest	Capitalized Interest	Net Debt Service	Debt Service Coverage	
9/1/2026	\$ 582,604	\$ 30,000	\$ 10,000	2.420%	\$ 471,932	\$ -	\$ 481,932	114.66%	
9/1/2027	594,256	30,600	20,000	2.420%	490,786	-	510,786	110.35%	
9/1/2028	606,141	31,212	30,000	2.670%	490,302	-	520,302	110.50%	
9/1/2029	618,264	31,836	40,000	3.020%	489,501	-	529,501	110.75%	
9/1/2030	630,629	32,473	55,000	3.420%	488,293	-	543,293	110.10%	
9/1/2031	643,241	33,122	65,000	3.720%	486,412	-	551,412	110.65%	
9/1/2032	656,106	33,785	80,000	3.920%	483,994	-	563,994	110.34%	
9/1/2033	669,228	34,461	95,000	4.170%	480,858	-	575,858	110.23%	
9/1/2034	682,613	35,150	110,000	4.420%	476,897	-	586,897	110.32%	
9/1/2035	696,265	35,853	125,000	4.620%	472,035	-	597,035	110.62%	
9/1/2036	710,191	36,570	145,000	4.770%	466,260	-	611,260	110.20%	
9/1/2037	724,394	37,301	165,000	4.870%	459,343	-	624,343	110.05%	
9/1/2038	738,882	38,047	185,000	4.920%	451,308	-	636,308	110.14%	
9/1/2039	753,660	38,808	205,000	5.000%	442,206	-	647,206	110.45%	
9/1/2040	768,733	39,584	230,000	5.070%	431,956	-	661,956	110.15%	
9/1/2041	784,108	40,376	255,000	5.140%	420,295	-	675,295	110.13%	
9/1/2042	799,790	41,184	280,000	5.200%	407,188	-	687,188	110.39%	
9/1/2043	815,786	42,007	310,000	5.270%	392,628	-	702,628	110.13%	
9/1/2044	832,101	42,847	340,000	5.320%	376,291	-	716,291	110.19%	
9/1/2045	848,743	43,704	370,000	5.370%	358,203	-	728,203	110.55%	
9/1/2046	865,718	44,578	405,000	5.420%	338,334	-	743,334	110.47%	
9/1/2047	883,033	45,470	445,000	5.470%	316,383	-	761,383	110.01%	
9/1/2048	900,693	46,379	480,000	5.520%	292,041	-	772,041	110.66%	
9/1/2049	918,707	47,307	525,000	5.620%	265,545	-	790,545	110.23%	
9/1/2050	937,081	48,253	570,000	5.620%	236,040	-	806,040	110.27%	
9/1/2051	955,823	49,218	615,000	5.620%	204,006	-	819,006	110.70%	
9/1/2052	974,939	50,203	670,000	5.620%	169,443	-	839,443	110.16%	
9/1/2053	994,438	51,207	725,000	5.620%	131,789	-	856,789	110.09%	
9/1/2054	1,014,327	52,231	780,000	5.620%	91,044	-	871,044	110.45%	
9/1/2055	1,034,614	53,275	840,000	5.620%	47,208	-	887,208	110.61%	
<b>Total</b>	<b>23,635,109</b>	<b>1,217,042</b>	<b>9,170,000</b>	<b>5.48%</b>	<b>11,128,515</b>	<b>-</b>	<b>20,298,515</b>	<b>110.01%</b>	