



CITY OF MENIFEE

SUBJECT: Ordinance Introduction and Formation of Community Facilities District No. 2024-2, Golden Meadows by Golden Meadowland, LLC and Golden Hill Country, LLC

MEETING DATE: August 7, 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 establishing Community Facilities District No. 2024-2, Golden Meadows ("CFD 2024-2"), located southeast of Evans Road and Garbani Road, and calling an election; and
2. Adopt a resolution determining the necessity to incur bonded indebtedness in an amount not to exceed \$7,000,000 for each of Improvement Area Nos. 1, 2, and 3, and \$13,000,000 for Improvement Area No. 4 for CFD No. 2024-2; and
3. Adopt a resolution certifying the election results for CFD No. 2024-2; and
4. Introduce an ordinance authorizing the levy of special taxes within CFD No. 2024-2.

DISCUSSION

On June 19, 2024, the City Council adopted Resolution No. 24-1449 (the "Resolution of Intention"), declaring its intent to commence the formation of CFD No. 2024-2 and the designation of Improvement Area No. 1, Improvement Area No. 2, Improvement Area No. 3, and Improvement Area No. 4 within. The next step in the proceedings is to hold a public hearing to conduct an election in each of the four Improvement Areas and to declare the results of those elections.

Golden Meadowland, LLC and Golden Hill Country, LLC (together, the "Developer"), is proposing to develop a residential community of 552 homes on approximately 195 gross acres located southeast of Evans Road and Garbani Road in the City of Menifee. The Developer has requested that the City form CFD No. 2024-2 and Improvement Area No. 1, Improvement Area No. 2,

Improvement Area No. 3, and Improvement Area No. 4 therein, in accordance with the Mello-Roos Community Facilities Act of 1982, as amended, (the "Mello-Roos 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 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 and that special taxes be levied within the boundaries of each Improvement Area in accordance with their respective Rate and Method of Apportionment ("RMA") as described in Exhibits C through F, respectively, of the Resolution of Intention, which is included as an appendix to the attached Public Hearing Report.

The Resolution of Intention called for a public hearing to be held on August 7, 2024, for the City Council to formally consider the formation of CFD 2024-2, the designation of the four Improvement Areas therein, and the levy of the special taxes within each of the Improvement Areas. Notice of the public hearing was published in the Press Enterprise and mailed to the Developer in accordance with the Mello-Roos Act.

In connection with the public hearing, Spicer Consulting Group has prepared a Public Hearing Report that describes and analyzes the facilities to be financed by the CFD and the estimated costs of such facilities. Following the close of the public hearing, the City Council will be asked to adopt the Resolution of Formation and the Resolution Determining the Necessity to Incur Debt, which, together, approve the formation of the CFD, the designation of the four separate Improvement Areas therein, and the levy of the special taxes within each Improvement Area in accordance with the applicable RMA and determine the necessity for the CFD to issue bonds for each Improvement Area in the amounts stated above. Such resolutions call for elections to submit to the qualified voters in each of the four Improvement Areas ballot measures on the approval of the special taxes, the issuance of bonds and an appropriations limit for the CFD.

The Developer expects to request approval of an Acquisition, Construction and Funding Agreement with the Developer (the "Funding Agreement") and a Joint Community Facilities Agreement with the Developer and Eastern Municipal Water District ("JCFA") at a subsequent City Council meeting. The Funding Agreement is expected to set forth the terms, among others, pursuant to which the CFD will finance improvements to be constructed by the developer. In accordance with the Mello-Roos Act, the approval and execution of the JCFA allows for the CFD to finance improvements to be owned and operated by Eastern Municipal Water District, which benefit the development within the CFD.

On file with the City Clerk is a Certificate of the Registrar of Voters of Riverside County certifying that there are no registered voters residing within the boundaries of the CFD. Accordingly, under the Mello-Roos Act, only landowners in each of the four Improvement Areas are eligible to vote at the election, with each owner having one vote for each acre (or portion thereof) that they own within the applicable Improvement Area. The Developer as the sole landowner in each Improvement Area, has executed consents and waivers of certain election procedures for the election within each Improvement Area, including certain timing requirements with respect to the election in accordance with the Mello-Roos Act. Accordingly, if the City Council approves the

Resolution of Formation and the Resolution Determining the Necessity to Incur Debt, the City Clerk would conduct the elections. The City Clerk would announce election results and the City Council would be asked to adopt the Resolution Certifying the Election Results. Based upon certification that two-thirds of the votes cast are in favor of the propositions voted upon for an Improvement Area, the Resolution Certifying the Election Results directs the City Clerk to record a notice of special tax lien on the property within such Improvement Area. The City Council would then be asked to introduce the ordinance authorizing the levy of the special tax within each Improvement Area in accordance with the applicable RMA.

STRATEGIC PLAN OBJECTIVE

Regular City Business

FISCAL IMPACT

The CFD would be required to annually levy special taxes on all taxable property within the CFD in order to pay for the costs of facilities, debt service on bonds and administration of the CFD. Any bonds issued by the CFD are not obligations of the City and would be secured solely by the special taxes levied in the applicable Improvement Area. The Developer has made a deposit to pay for the costs of forming the CFD. The future Funding Agreement is expected to include a provision for reimbursement of these costs to the Developer if and when bonds are issued for the CFD.

ATTACHMENTS

1. Resolution of Formation City of Menifee CFD 2024-2
2. Resolution Determining Necessity to Incur Debt for CFD No. 2024-2
3. Resolution Certifying Election Results for CFD No. 2024-2
4. Ordinance Authorizing the Levy of Special Taxes
5. Public Hearing Report
6. Certificate of Registrar of Voters