



## **CITY OF MENIFEE**

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SUBJECT: Community Facilities District 2022-2, McLaughlin Village,  
Issuance of Special Tax Bonds

MEETING DATE: June 4, 2025

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

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### **RECOMMENDED ACTION**

1. Adopt a resolution authorizing the issuance of special tax bonds and the execution and delivery of bond documents in connection with Community Facilities District 2022-2, McLaughlin Village, located on the southeast corner of McLaughlin Road and Sun City Boulevard, directly adjacent to the Interstate 215 freeway; and
2. Authorize the Finance Department to establish the necessary revenue and expenditure budgets and corresponding appropriations for the bond issuance.

### **DISCUSSION**

The City Council has previously completed the necessary proceedings to establish Community Facilities District No. 2022-2 of the City of Meniffee, McLaughlin Village, (the "District"). As part of those proceedings, the City Council declared the necessity to issue bonds on behalf of the District pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the "Act").

On September 21, 2022, the City Council adopted the Resolution of Formation, which established the District, authorized the levy of a special tax (the "Special Tax"), determined the necessity to incur bonded indebtedness in an amount not to exceed \$6 million, and called an election on the proposition of incurring bonded indebtedness, levying the Special Tax and setting an appropriations limit. On the same date, an election was held within the District in which the property owner approved the proposition authorizing the issuance of bonds in an amount not to exceed \$6 million.

The District contains approximately 14 taxable acres and is located on the southeast corner of

McLaughlin Road and Sun City Boulevard, directly adjacent to the Interstate 215 freeway. Century Communities of California LLC, a Delaware limited liability company (“Century Communities”), is developing the property within the District 126 single-family detached homes, known as “The Village by Century Communities.”

As of April 1, 2025, the date of value of the Appraisal, Century Communities had completed and conveyed 93 homes within the District to individual homeowners, and as of such date, Century Communities owned two model homes, 25 homes in various stages of construction, and 6 finished lots.

Annual debt service on the proposed Special Tax Bonds, Series 2025 (the “Bonds”) will be sized based on the expected Special Tax revenues to be received from all 126 parcels to be developed in the District.

The property owners are expected to pay Special Taxes of approximately \$2,563 to \$2,659 per parcel in Fiscal Year 2025/2026, depending on the size of the home. Such Special Taxes will increase at a rate of 2.0% annually.

Based on current market conditions, the Bonds are estimated to have a par amount of approximately \$5,015,000 with a final maturity no later than September 1, 2055 (30-year financing term). Proceeds from the Bonds will primarily finance public improvements benefiting the development within the District. The final par amount and interest rate structure will be determined when the Bonds are priced and sold, which is currently expected to occur during the week of June 9, 2025.

As required under Section 5852.1 of the California Government Code (the “Code”), good faith estimates as provided by the municipal advisor and underwriter are provided as an attachment to this staff report.

The resolution before the City Council authorizes the issuance of the 2025 Bonds and the execution and delivery of certain documents in connection therewith as further described below.

- ✓ Preliminary Official Statement
- ✓ Bond Indenture
- ✓ Continuing Disclosure Certificate
- ✓ Bond Purchase Agreement

Bond Counsel and the City Attorney have reviewed the attached legal and financing documents on behalf of the City and the District. If the resolutions are approved, City staff will continue to work with the financing team to finalize all the aforementioned documents. The pricing date is targeted for the week of June 9, 2025, with bond closing anticipated approximately two weeks later.

### **STRATEGIC PLAN OBJECTIVE**

Regular City Business

### **FISCAL IMPACT**

The Bonds will be repaid with Special Taxes levied in the District. There is no fiscal impact to the City's General Fund. The City will, however, be required to provide administration for the District, which will be funded as part of the annual Special Tax levy.

The property owners are expected to pay Special Taxes of approximately \$2,563 to \$2,659 per parcel in Fiscal Year 2025-26, depending on the size of the home. Such Special Taxes will increase at 2.0% per year.

### **ATTACHMENTS**

1. Project Map CFD 2022-2
2. Good Faith Estimates CFD 2022-2
3. Resolution of Issuance CFD 2022-2
4. Preliminary Official Statement CFD 2022-2
5. Bond Indenture CFD 2022-2
6. Continuing Disclosure Certificate CFD 2022-2
7. Bond Purchase Agreement CFD 2022-2
8. Appraisal Report CFD 2022-2