



## **CITY OF MENIFEE**

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SUBJECT: Ordinance Introduction and Formation of Community Facilities District No. 2024-1, Banner Park II by Pulte Home Company, 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

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### **RECOMMENDED ACTION**

1. Adopt a resolution establishing Community Facilities District No. 2024-1, Banner Park II, ("CFD No. 2024-1"), located southeast of Domenigoni Parkway at Lindenberger Road and calling an election; and
2. Adopt a resolution determining the necessity to incur bonded indebtedness in an amount-not-to exceed \$15,000,000 for CFD No. 2024-1; and
3. Adopt a resolution certifying the election results for CFD No. 2024-1; and
4. Introduce an ordinance authorizing the levy of special taxes within CFD No. 2024-1.

### **DISCUSSION**

On June 19, 2024, the City Council adopted Resolution No. 24-1447 (the “Resolution of Intention”), declaring its intent to commence the formation of CFD No. 2024-1. The next step in the proceedings is to hold a public hearing to conduct an election for CFD No. 2024-1 and to declare the results of that election.

Pulte Home Company, LLC, a Michigan limited liability company (the “Developer”) owns the property in CFD No. 2024-1 and intends to develop it with 182 homes on approximately 81 gross acres located southeast of Domenigoni Parkway at Lindenberger Road. The Developer requested that the City form CFD No. 2024-1 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 \$15,000,0000.

The Developer has requested that the boundaries of CFD No. 2024-1 include the area described in “Exhibit A” of the Resolution of Intention and that special taxes be levied within the boundaries of CFD No. 2024-1 in accordance with the Rate and Method of Apportionment (the “RMA”) as described in “Exhibit C” to 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 No. 2024-1 and the levy of the special taxes within CFD No. 2024-1. 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 and the levy of the special taxes within the CFD in accordance with the RMA and determines the necessity for the CFD to issue bonds in an amount not to exceed \$15,000,000. Such resolutions call for an election to submit to the qualified voters in the CFD ballot measures on the approval of the special taxes, the issuance of the bonds and an appropriations limit for the CFD.

In addition, the Resolution of Formation, would also approve and authorize the City Manager to execute and deliver of the following agreements in the forms presented to the City Council: (i) the Acquisition, Construction and Funding Agreement with the Developer (the “Funding Agreement”); (ii) the Joint Community Facilities Agreement with the Developer and Eastern Municipal Water District (“Water District JCFA”) and (iii) the Joint Community Facilities Agreement with the Developer and Menifee Union School District (“School District JCFA”). The Funding Agreement sets 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 Water District JCFA and the School District JCFA allows for the CFD to finance improvements to be owned and operated by Eastern Municipal Water District and Menifee Union School District, respectively, 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 the CFD are eligible to vote at the election with each

owner having one vote for each acre (or portion thereof) that they own within the CFD. The Developer, as the landowner in the CFD, has executed a consent and waiver of certain election procedures for the election within the CFD, 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 the 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, the Resolution Certifying the Election Results directs the City Clerk to record a notice of special tax lien on the property within the CFD. The City Council would then be asked to introduce the Ordinance authorizing the levy of the special tax within the CFD 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 CFD. The Developer has made a deposit to pay for the costs of forming the CFD. The Funding Agreement includes a provision for reimbursement of these costs to the Developer if and when bonds are issued for the CFD.

### **ATTACHMENTS**

1. Resolution of Formation CFD 2024-1
2. Resolution of Necessity to Incur Debt CFD 2024-1
3. Resolution Certifying Election Results CFD 2024-1
4. Ordinance Authorizing the Levy of Special Taxes CFD 2024-1
5. Public Hearing Report CFD No. 2024-1
6. Acquisition Construction and Funding Agreement CFD 2024-1
7. Joint Community Facilities Agreement (EMWD)
8. Joint Community Facilities Agreement (MUSD)
9. Certificate of Registrar of Voters CFD 2024-1