



CITY OF MENIFEE

SUBJECT: Change Proceedings for Improvement Area No. 2 of Community Facilities District No. 2023-2, Cimarron Ridge, by Pulte Home Company, LLC

MEETING DATE: July 17, 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 consideration to amend the Rate and Method of Apportionment of special taxes for Improvement Area No. 2 of Community Facilities District No. 2023-2, Cimarron Ridge, located southwest of McLaughlin Road and Byers Road.

DISCUSSION

Pulte Home Company, LLC, a Michigan limited liability company (the “Developer”) is proposing to develop a residential community of 756 homes on approximately 209 gross acres within the City. The property is located southwest of McLaughlin Road and Byers Road, as shown in the attached Location Map. In 2023, pursuant to a request by the Developer, the City formed Community Facilities District (“CFD No. 2023-2”) and two improvement areas therein (“Improvement Area No. 1” and “Improvement Area No. 2”) in accordance with the Mello-Roos Community Facilities Act of 1982, as amended, 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 \$10,000,000 for Improvement Area No. 1 and \$15,000,000 for Improvement Area No. 2 (for a total of \$25,000,000).

Due to the removal of a Romoland School District community facilities district lien from the property in Improvement Area No. 2, the Developer has requested that the City undertake change proceedings pursuant to the Act to amend the rate and method of apportionment of special taxes for Improvement Area No. 2. The amended and restated rate and method of apportionment of special tax (the “Amended RMA”) is attached to the resolution of consideration (the “Resolution of Consideration”) presented at this meeting. This proposed change for Improvement Area No. 2

was previously presented to the Finance Committee and was recommended for submittal to the City Council.

The Resolution of Consideration is the first step in the process to amend the rate and method of apportionment of special tax with the Amended RMA. A public hearing on the matter would take place on August 21, 2024, and at that time the City Council would formally consider approval of the Amended RMA and hold an election on the approval of the Amended RMA. Based on the tax rates in the Amended RMA. The total tax effective tax rate within Improvement Area No. 2 is estimated to be at or below 2.00% of projected home prices, which is the tax rate limit specified in the City's Financing Goals and Policies.

STRATEGIC PLAN OBJECTIVE

Regular City Business

FISCAL IMPACT

The Developer made a deposit to pay for the costs of the change proceedings, which may be reimbursed to the Developer in accordance with the reimbursement agreement previously entered into with the Developer.

ATTACHMENTS

1. Location Map
2. Resolution of Consideration