



CITY OF MENIFEE

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

MEETING DATE: August 21, 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 amending 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, and calling an election; and
2. Adopt a resolution certifying election results for Improvement Area No. 2 of Community Facilities District No. 2023-2, Cimarron Ridge; and
3. Introduce an ordinance authorizing the levy of special taxes within Improvement Area No. 2 of Community Facilities District No. 2023-2, Cimarron Ridge.

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. 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") over such property 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 million for Improvement Area No. 1 and \$15 million for Improvement Area No. 2 (for a total of \$25 million).

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.

On July 17, 2024, the City Council adopted a resolution to initiate the process to amend the rate and method of apportionment of special taxes for Improvement Area No. 2 (the "Resolution of Consideration"). The Resolution of Consideration called for a public hearing to be held at this City Council meeting. Following the close of the public hearing, the City Council will be asked to adopt the resolution (the "Approving Resolution") approving the amended and restated rate and method of apportionment of special taxes for Improvement Area No. 2 (the "Amended RMA"). Such resolution calls for an election to submit to the qualified voters in Improvement Area No. 2 the measure on the approval of the levy of special taxes in Improvement Area No. 2 in accordance with the Amended RMA.

In addition, the Approving Resolution approves the execution and delivery of the following agreements in the forms presented to the City Council: (i) a First Amendment to the Acquisition, Construction and Funding Agreement with the Developer (the "Amended Funding Agreement"); and (ii) the Joint Community Facilities Agreement with the Developer, Romoland School District and Perris Union High School District (the "Joint Community Facilities Agreement"). The Amended Funding Agreement updates the types and costs of the facilities eligible to be financed by CFD No. 2023-2. In accordance with the Mello-Roos Act, the approval and execution of the Joint Community Facilities Agreement allows for CFD No. 2023-2 to finance improvements to be owned and operated by Romoland School District and Perris Union High School District, which benefit the development within CFD No. 2023-2.

On file with the City Clerk is a Certificate of the Registrar of Voters of Riverside County, attached for reference, certifying there are no registered voters residing within the boundaries of Improvement Area No. 2. Accordingly, under the Mello-Roos Act, only landowners in Improvement Area No. 2 are eligible to vote at the election, with each owner having one vote for each acre (or portion thereof) that they own within Improvement Area No. 2. The Developer, as the owner of all the property in Improvement Area No. 2, will be the sole landowner voter in the election.

If the City Council approves the resolution approving the Amended RMA and calling the election, the City Clerk will conduct the election. The City Clerk will announce the election results and the City Council will be asked to adopt the resolution certifying the election results. Based on the certification that two-thirds of the votes cast are in favor of the proposition voted upon, the resolution certifying the election results directs the City Clerk to record an amended notice of special tax lien on the property within Improvement Area No. 2. The City Council will then be asked to introduce the ordinance authorizing the levy of the special tax within Improvement Area No. 2 in accordance with the Amended RMA.

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. There is no fiscal impact to the General Fund regarding changes to any rates within CFD No. 2023-2.

ATTACHMENTS

1. Resolution Approving Amended RMA
2. Resolution Certifying Election Results
3. Ordinance Levying Special Taxes
4. Certificate of Registrar of Voters
5. Amended Funding Agreement
6. Joint Community Facilities Agreement