

Staff Report

Regular Meeting

TO: Committee Members

FROM: Chief Financial Officer

SUBJECT: Review the Community Facilities District (CFD) Petition and Resolutions 2021.14, 2021.15, and 2021.16 to Facilitate Establishment of CFD No. 2021-1 for Mediterra

RECOMMENDATION

This agenda item is for informational purposes only, no action required.

BACKGROUND / ANALYSIS

In September of 2020, the owners of the Mediterra project, across Greenspot Road from the District Headquarters, deposited \$90,000 with the District stating their intent to file a Petition with the Board to request the District's help in forming a Community Facilities District (CFD) for Mediterra. This was less than three months after the District had completed formation of the Highland Hills CFD, so staff and the team of consultants that had just completed that CFD held a meeting to discuss a Mediterra CFD (CFD 2021-1).

Staff deposited the \$90,000 and began working with the owner and consultant team on the Resolutions and Agreements necessary to acknowledge the deposit and to acknowledge the District's willingness to facilitate the formation of a CFD for the Mediterra project.

Over the past several months the owner sold a portion of the property drawn (now referred to as Improvement Area 1) to DR Horton, which has been busy with grading while the parcel map was being discussed/approved with the City of Highland and prepared for recording with the County. The map was recorded on August 31, 2021 and is included in documents presented to the Board. As a result, the owners petition for formation of a CFD was delivered to the City in September 2021. The petition and three related Resolutions are attached. Summaries of the Resolutions are as follows:

Resolution 2021.14 – A Resolution of EVWD approving execution of a Reimbursement Agreement Related to the Mediterra CFD:

1. Reimbursement Agreement – Specifies a \$90,000 deposit the Owner must give to the District to pay for costs associated with establishment of a CFD, which deposit has been provided to the District, and how the Owner may be reimbursed for those and other CFD costs if and when CFD Bonds are issued. A

similar agreement and approving resolution were approved in connection with the Highland Hills CFD formation.

Resolution 2021.15 – A Resolution of EVWD declaring its intention to establish CFD 2021-1 (Mediterra) and Improvement Areas 1 and 2 therein, to authorize a special tax levy to pay for Facilities, Incidental Expenses, and Principal and Interest on Bonds. This Resolution establishes:

- the name of the CFD;
- the types of facilities that can be built;
- special tax rates and the method for allocating taxes to properties within the CFD;
- the time and place for a public hearing and noticing requirements for the public hearing, which is required before the CFD can be formally established, and which is anticipated to be scheduled for December 8, 2021; and
- a financing team for issuing CFD debt.

Resolution 2021.16 – A Resolution of EVWD to incur Bonded Indebtedness within CFD No. 2021-1 (Mediterra), and Improvement Areas 1 and 2 therein. This Resolution establishes the not to exceed amount for a CFD bond issue at \$16.5 million and establishes the purpose for which bonds may be issued, and the term for which they may be issued.

These Resolutions declare the Board's intention to take certain actions to facilitate the CFD, but do not commit any financial resources to the CFD – the Mediterra CFD is intended, both now and in the future, to be cost neutral to the District. Ongoing administration, including staff time and work performed by a Special Tax Consultant, will be paid for out of annual tax levies on the properties within the CFD.

Staff anticipates that the next request for Board action will be at a Public Hearing during the December 8, 2021, Regular Board Meeting to consider adoption of a Resolution of Formation for CFD 2021-1.

AGENCY GOALS AND OBJECTIVES

- IV - Promote Planning, Maintenance and Preservation of District Resources
 - B. Enhance Planning Efforts that Respond to Future Demands

REVIEW BY OTHERS

This agenda item has been reviewed by the Finance Department and Legal Counsel.

FISCAL IMPACT

There is no fiscal impact associated with this agenda item.

ATTACHMENTS

1. EVWD Presentation
2. Owner's Petition
3. Resolution 2021.14
 - a. Reimbursement Agreement
4. Resolution 2021.15
5. Resolution 2021.16