



**Board Administrative Committee  
March 7, 2019**

**SUBJECT:**

Adopt Two Proposed Resolutions of Intention of the Board of Directors of Eastern Municipal Water District in Connection with the Establishment of Community Facilities District No. 2018-82 (Aspen Pointe)

**BACKGROUND:**

The Land Secured Financing Team has received petitions from Forestar (USA) Real Estate Group, Incorporated, and D.R. Horton Los Angeles Holding Company, Incorporated, the landowners representing 100 percent of the area subject to the Special Tax, requesting the establishment of Communities Facilities District (CFD) No. 2018-82 (Aspen Pointe). This project is located in the Winchester area of unincorporated Riverside County, north of Domenigoni Parkway, east of Leon Road, and west of Winchester Road (Highway 79), as depicted on the Location Map (Exhibit D). CFD No. 2018-82 will finance Eastern Municipal Water District (EMWD) facilities costs in lieu of fees.

The Preliminary Analysis of Formation (Exhibit C) summarizes the CFD’s compliance with EMWD’s Comprehensive Debt Policy as summarized in the table below. These conditions include the CFD’s number of lots, estimated value to lien ratio, effective tax rate, and estimated par amount of the debt issuance. CFD No. 2018-82 (Aspen Pointe) meets the conditions with the exception of the minimum number of lots. This project is planned for 42 lots owned by D.R. Horton Los Angeles Holding Company, Incorporated, and 81 lots owned by Forestar (USA) Real Estate Group, Incorporated, for a total of 123 lots. Due to the concentration of Special Tax rates, the number of delinquent special tax payments that would cause a draw on reserves is similar to a CFD with a higher number of parcels. Therefore, the CFD will not pose a greater risk of cash flow deficiency.

<b>Criteria</b>	<b>Requirement</b>	<b>CFD 2018-82</b>
1. Number of Lots	150 or greater	123
2. Estimated Value to Lien Ratio	4:1 or greater	16.84:1
3. Effective Tax Rate	2.00% or less	1.97%
4. Estimated Par Amount	\$1,000,000 or greater	\$2,380,000

The Rate and Method of Apportionment (RMA) allows the levy of Special Taxes prior to bond issuance to pay Administrative Expenses, fund the Improvement Account, and establish the Reserve Fund. The proposed CFD No. 2018-82 (Aspen Pointe) is structured to allow properties to be taxed at their assigned rate from the time a parcel is considered developed.

The Resolution of Intention to Establish CFD No. 2018-82 (Exhibit A) states the Board of Directors intention to form CFD No. 2018-82 (Aspen Pointe). This Resolution, if adopted, also approves the Funding, Construction, and Acquisition Agreement (Exhibit E) as to form, and establishes a public hearing date of May 1, 2019, at 9:00 a.m. The Resolution of Intention to Incur Bonded Indebtedness within CFD No. 2018-82 (Exhibit B) sets an amount of indebtedness not to exceed \$3,000,000.

**FINANCIAL IMPACT:**

None

**STRATEGIC PLANNING GOAL/OBJECTIVE:**

Financial Stability: Enhance and maintain the District's strong financial position and credit quality by identifying and implementing specific opportunities to improve underlying financial metrics.

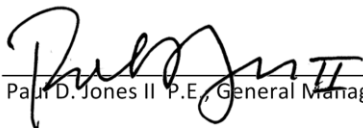
**ENVIRONMENTAL IMPACT:**

None

**RECOMMENDATION:**

Adopt two proposed Resolutions of Intention of the Board of Directors of Eastern Municipal Water District to establish Community Facilities District No. 2018-82 (Aspen Pointe), to authorize the levy of a Special Tax, to establish a public hearing date of May 1, 2019, at 9:00 a.m., and to incur bonded indebtedness not to exceed \$3,000,000 within CFD No. 2018-82 (Aspen Pointe).

**SUBMITTED BY:**



Paul D. Jones II, P.E., General Manager

2/27/2019



Laura Nomura, Deputy General Manager

2/25/2019

**Attachment(s):**

*Exhibit A - Resolution to Establish*

*Exhibit B - Resolution to Incur Indebtedness*

*Exhibit C - Formation Analysis*

*Exhibit D - Location Map*

*Exhibit E - Funding Construction and Acquisition Agreement*

03/20/19 Board Meeting

Staff Contact: Charles Turner