



**Board of Directors
November 20, 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. 2017-79 (Eagle Crest)

BACKGROUND:

The Land Secured Financing Team has been working with landowner Pulte Home Company, LLC, to establish Communities Facilities District (CFD) No. 2017-79 (Eagle Crest). EMWD has received a petition from the landowner, representing 100 percent of the area subject to the Special Tax, requesting formation of the CFD. This project is planned for 303 individual homes within Tract Nos. 30837, 30837-1, and 30837-2 in the unincorporated area of Riverside County, known as French Valley. The property is north of Yates Road and east of Washington Street, as depicted on the Location Map (Exhibit E). CFD No. 2017-79 will finance Eastern Municipal Water District (EMWD) facilities costs in lieu of fees and facility improvements. This CFD will also fund Riverside County Transportation Commission Improvements through a Joint Community Facilities District (JCFA).

The Preliminary Formation Analysis (Exhibit D) outlines that CFD No. 2017-79 is in compliance to the Debt Issuance section of EMWD’s Comprehensive Debt Policy, as summarized in the table below. These criteria include the number of lots, estimated value to lien ratio, effective tax rate, and minimum par amount of the debt issuance. CFD No. 2017-79 exceeds the minimum requirements.

Criteria	Requirement	CFD 2017-79
1. Minimum Number of Lots	150	303
2. Estimated Value to Lien Ratio	4:1 or greater	10.41:1
3. Effective Tax Rate	2.00% or less	1.98%
4. Minimum Par Amount	\$1,000,000	\$12,855,000

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. 2017-79 (Eagle Crest) 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. 2017-79 (Exhibit A) states the Board of Directors intention to form CFD No. 2017-79 (Eagle Crest), approves to form the JCFA (Exhibit C), and establishes a public hearing date of January 8, 2020, at 9:00 a.m. At this hearing, the

Board will vote on the establishment of the proposed CFD. If the CFD is established, a special election will be held to authorize the rate and method of apportionment of the special tax and the issuance of bonds to finance the improvements and incidental expenses. The Resolution of Intention to Incur Bonded Indebtedness within CFD No. 2017-79 (Exhibit B) sets an amount of indebtedness not to exceed \$16,100,000.

FINANCIAL IMPACT:

None

STRATEGIC PLANNING GOAL/OBJECTIVE:

Financial Stability: Enhance and maintain EMWD'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. 2017-79 (Eagle Crest), to authorize the levy of a Special Tax, approve to form the Joint Community Facilities District, to establish a public hearing date of January 8, 2020, at 9:00 a.m., and to incur bonded indebtedness not to exceed \$16,100,000 within CFD No. 2017-79 (Eagle Crest).

SUBMITTED BY:


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

10/24/2019


Laura Nomura, Deputy General Manager

10/23/2019

Attachment(s):

- Exhibit A - Resolution of Intention to Establish CFD 2017-79*
- Exhibit B - Resolution of Intention to Incur Bonded Indebtedness CFD 2017-79*
- Exhibit C - Joint Community Facilities Agreement CFD 2017-79*
- Exhibit D - Preliminary Formation Analysis*
- Exhibit E - Location Map*

History:

11/07/19 Board Administrative Committee RECOMMENDED FOR APPROVAL

11/20/19 Board Meeting

Staff Contact: Thomas Hays