

**M E M O R A N D U M
CITY OF CHINO
FINANCE DEPARTMENT**

COUNCIL MEETING DATE: JUNE 18, 2019

TO: MATTHEW C. BALLANTYNE, CITY MANAGER

FROM: ROB BURNS, DIRECTOR OF FINANCE

SUBJECT: DECLARATION OF INTENTION TO ESTABLISH COMMUNITY FACILITIES DISTRICT 2019-1 AND INCUR BONDED INDEBTEDNESS FOR THE DISTRICT.

RECOMMENDATION

1) Approve Acquisition Agreement with Lennar Homes of California, Inc.; 2) adopt Resolution No. 2019-031, declaring the City of Chino's Intention to Establish Community Facilities District No. 2019-1 and to authorize the Levy of Special Taxes; and 3) adopt Resolution No. 2019-032, declaring the City of Chino's Intention to Incur Bonded Indebtedness for the proposed Community Facilities District No. 2019-1; and 4) authorize the City Manager to execute all necessary documents on behalf of the City.

FISCAL IMPACT

There is no financial impact to the City of Chino. The bond proceeds will be used to reimburse Lennar for infrastructure costs and the revenues received will be used to repay the bonds.

Revenue:

Expenditure:

Transfer In:

Transfer Out:

BACKGROUND

Lennar Homes of California, Inc. (Lennar) owns approximately 12.6 acres of land in The Preserve. The property is located north of Bickmore Avenue and west of Rincon Meadows Avenue. Lennar plans to develop this land with 200 units ranging from 1,330 to 2,592 square feet.

Representatives from the City of Chino and Lennar have discussed all the details related to the formation of a Community Facilities District with respect to property that is owned and would be developed by Lennar. The formation of a Community Facilities District will help finance the required public infrastructure improvements, City services, and City related development impact fees (DIF).

ISSUES/ANALYSIS

The Acquisition Agreement defines the public facilities that are eligible for acquisition by the City from the Developer including a specific description, estimated construction costs, process for acquisition and reimbursement of costs of the facilities that are constructed by the developer. The Acquisition Agreement also defines the eligible DIFs that are due to be paid by the developer to the City. This agreement requires the approval by minute action of the City Council prior to authorizing the formation of the district.

Current Government Code provisions require the City to adopt a Resolution of Intention to establish the District, and to declare its intention to incur bonded indebtedness for the proposed District. The City must also set a public hearing date for no less than 30 days, and no more than 60 days after the date the Resolution of Intention is approved. Prior to the public hearing, a public notice must be published in a local paper. After the public hearing has been held, an election is held for the affected property owners to cast their ballots. The ballots are then counted, and if the District is approved by the property owner(s), the City adopts a resolution determining the formation of the District.

On August 7, 2019, a public hearing will be scheduled on the following:

- 1) To consider and finally determine whether the public interest, convenience, and necessity require the issuance of bonds for the CFD.
- 2) Establishment of the CFD and the levy of a special tax.
- 3) Approval of the proposed bonds for the District.

The levy of the proposed special tax shall be subject to approval of the qualified electors of the CFD at a special election. The proposed voting procedure shall be by hand delivered ballots to the landowners in the proposed CFD. Currently, Lennar is the sole owner of the properties that will be included in the CFD.

Pursuant to Section 53314.9 of the Mello-Roos Community Facilities Act of 1982, the City proposes to authorize bonded indebtedness for financing the acquisition and/or construction of certain public improvements and City development impact fees not to exceed the aggregate principal amount of \$11,000,000. The CFD bonds are payable from and secured by special taxes, which are levied upon each individual property within the District. The City of Chino is not

obligated to pay debt service on the bonds.

RB:hm

Attachments: Resolution No. 2019-031 (Exhibits A, B & C)
Resolution No. 2019-032
Boundary Map
Acquisition Agreement