



## Staff Report

**TO:** City Council  
**FROM:** Elizabeth Gibbs, City Manager  
**DATE:** October 15, 2024  
**SUBJECT:** Approval of Acquisition Agreement for Community Facilities District No. 93-1 (Improvement Area 17D) and Authorizing the Issuance of its Special Tax Bonds, Series 2024

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**Description** Approval of Acquisition Agreement in relation to Community Facilities District No. 93-1 (Improvement Area 17D) and authorize the issuance of special tax bonds with a par amount of approximately \$9,400,000 with a not to exceed amount of \$10,500,000 and a final maturity of September 1, 2054.

### **Background and Analysis:**

The City formed Community Facilities District No. 93-1 ("District") on June 29, 1993. Subsequent to a noticed public hearing on May 19, 2015, the City Council adopted resolutions which established Improvement Area No. 17D (the "Improvement Area"), authorized the levy of a special tax within the Improvement Area, determined the necessity to incur bonded indebtedness within the Improvement Area, and called an election within the Improvement Area on the proposition of incurring bonded indebtedness, levying a special tax and setting an appropriations limit.

On May 19, 2015, an election was held within the Improvement Area at which the landowners eligible to vote approved the issuance of bonds in an amount not to exceed \$25,000,000 and approved a rate and method of apportionment of special tax.

The Improvement Area is specifically located north of West Oak Valley Parkway and east of Omera Way. Tri Pointe Homes IE-SD, Inc., a California corporation ("Tri Pointe"), is developing the land within the Improvement Area into a residential development of 268 single-family detached homes and consists of the final subdivision of the Tournament Hills master planned community. Tournament Hills is a gated community that will consist of approximately 1,362 single family homes at buildout.

As of July 31, 2024, which is the date of value of the Appraisal Report, of the 268 units planned within the Improvement Area, 202 had been completed and conveyed to individual homeowners. As of such date, TriPointe owned one model home, 63 units in

various stages of construction, and two finished lots. Development has progressed since July 31, 2024. As of September 22, 2024, TriPointe had completed and conveyed an additional 27 homes to individual homeowners for a total of 229. TriPointe expects to complete and convey all remaining homes to be constructed in the Improvement Area to individual homeowners by the second quarter of 2025.

The aggregate value of the property within the Improvement Area subject to the Special Tax levy is \$113,430,327. Based on the estimated principal amount of the bonds (\$9,400,000), the value-to-lien ratio for the Improvement Area is approximately 12.06 to 1.

## **Discussion**

Based on market conditions as of September 12, 2024, the 2024 Bonds are expected to be issued in a par amount of approximately \$9,400,000 with a final maturity of September 1, 2054. Net proceeds from the 2024 Bonds will be used to finance certain public improvements needed with respect to the development of property located within the Improvement Area. A description of such facilities is contained in Exhibit A to the Acquisition Agreement. After the issuance of the 2024 Bonds, future parity bonds may be issued for refunding purposes only.

The attached resolution approves the Acquisition Agreement, the issuance of the 2024 Bonds and forms of an Indenture, Bond Purchase Agreement, Continuing Disclosure Certificate and Preliminary Official Statement. The Preliminary Official Statement contains the SEC mandated disclosure related to the Cease and Desist Order and the Beaumont Financing Authority's compliance history with its continuing disclosure undertakings. As part of its obligations under federal securities laws, Council should review the Preliminary Official Statement. The Acquisition Agreement establishes the terms pursuant to which the District will reimburse Tri Pointe for the eligible facilities which Tri Pointe has completed and conveyed to the City.

Assuming the City Council approves the resolution this evening, the 2024 Bonds are expected to price in late October 2024 and close roughly two weeks later. Provided in the table below are estimated financing statistics relating to the 2024 Bonds, as well as the projected special tax levy on homes within the District. As required under Section 5852.1 of the California Government Code, good faith estimates have been provided to the City by Urban Futures, Inc., the Municipal Advisor in consultation with Stifel, Nicolaus & Company, Incorporated, as underwriter of the 2024 Bonds as Attachment A.

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**Select Financing and Levy Statistics**

Par Amount	\$9,400,000
True Interest Cost	4.78%
Average Annual Debt (Principal and Interest) Payments	\$657,033
Total Debt (Principal and Interest) Payments	\$19,594,194
Fiscal Year 2024-25 Special Tax Levy Rate Per Parcel	\$2,015 - \$2,188

*Based on market conditions as of September 12, 2024*

As described above, the Fiscal Year 2024-25 special taxes range from \$2,015 to \$2,188, depending on the size of the home. Such special taxes will increase at 2.0% per year pursuant to the Rate and Method of Apportionment and an existing agreement with Tri Pointe.

**Fiscal Impact:**

The 2024 Bonds are paid from special taxes levied in the Improvement Area. There is no fiscal impact to the City's General Fund. The City will, however, be required to provide administration for the Improvement Area, which will be funded as part of the annual special tax levy.

As previously mentioned, the property owners are expected to pay special taxes of approximately \$2,015 to \$2,188 in Fiscal Year 2024-25, depending on the size of the home. Such special taxes will increase at 2.0% per year.

**Recommended Action:**

Waive the full reading and adopt by title only, "A Resolution of the City Council of the City of Beaumont, Acting as the Legislative Body of the City of Beaumont Community Facilities District No. 93-1, Authorizing the Issuance of Its Improvement Area 17D Special Tax Bonds, Series 2024, In an Aggregate Principal Amount Not to Exceed ten million five hundred thousand dollars (\$10,500,000) and Approving Certain Documents and Taking Certain Other Actions in Connection Therewith".

**Attachments:**

- A. Good Faith Estimates
- B. Resolution
- C. Acquisition Agreement
- D. Indenture of Trust
- E. Bond Purchase Agreement
- F. Continuing Disclosure Certificate
- G. Preliminary Official Statement
- H. Presentation

