



Staff Report

TO: City Council
FROM: Brian Forbath, Bond Counsel
DATE: February 18, 2025
SUBJECT: Joint Community Facilities Agreement with the City of Beaumont, Beaumont Cherry Valley Water District and Meritage Homes of California, Inc. Relating to Community Facilities District No. 2021-1 (Fairway Canyon) and Community Facilities District No. 2024-__

Description Approval of a Joint Community Facilities Agreement among the City, Meritage Homes and Beaumont-Cherry Valley Water District.

Background and Analysis:

The developer, Meritage Homes of California, Inc., a California corporation (the "Developer") owns property containing 366 proposed residential lots within the City. Such property is located in the northwestern part of the City in Fairway Canyon. As discussed in a previous agenda item tonight, the Developer has requested that the City form a community facilities district ("CFD No. 2025-1") to encompass such property in accordance with the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), to finance the costs of certain public improvements, public safety services, and maintenance services through the levy of a special tax. In connection with the formation of proposed CFD No. 2025-1 (which is expected in the spring of 2025), the Developer is requesting that CFD No. 2025-1 finance certain water improvements required to develop the property which would be owned by Beaumont-Cherry Valley Water District ("Water District"). In order to finance such improvements, the City would be required to enter into a Joint Community Facilities Agreement ("JCFA") with the Developer and Water District. The Developer has also posted a deposit with the City to pay the costs of forming CFD No. 2025-1.

As discussed in the previous agenda item tonight, the City has obligations under the Development Agreement to cooperate with the Developer in forming CFD 2025-1. However, the Development Agreement does not specifically address the JCFA issue.

Analysis:

A JCFA is required under the Act to allow CFD 2025-1 to finance facilities to be owned by the Water District. Although the City does not have any JCFAs with any other public agencies, JCFAs are common in the State for CFD financings. Pursuant to the proposed JCFA, the CFD 2025-1 would issue bonds at the discretion of the City Council and when and if bonds are issued, a portion of the proceeds could be used by the Water District to acquire water facilities from the Developer. The Developer agrees within the JCFA to indemnify the City and the Water District for any and all actions relate to the JCFA.

Fiscal Impact:

The estimated cost to prepare this report is \$250.

Recommended Action:

Approve Joint Community Facilities Agreement among the City, Meritage Homes and Beaumont-Cherry Valley Water District.

Attachments:

A. Joint Community Facilities Agreement