



Staff Report

TO: City Council
FROM: Elizabeth Gibbs, City Manager
DATE: March 18, 2025
SUBJECT: Approval of an Amendment to the Acquisition Agreement for Community Facilities District No. 2016-3 and Authorizing the Issuance of its Special Tax Bonds, Series 2025

Description Approve amendment to the Acquisition Agreement for Community Facilities District No. 2016-3 and authorize the issuance of Special Tax Bonds.

Background and Analysis:

The City formed Community Facilities District (“CFD” or “District”) 2016-3 on February 7, 2017. Subsequent to a noticed public hearing on February 7, 2017, the City Council adopted resolutions which established the District, authorized the levy of a special tax within the District, determined the necessity to incur bonded indebtedness within the District, and called an election within the District on the proposition of incurring bonded indebtedness, levying a special tax and setting an appropriations limit within the District.

On February 7, 2017, an election was held within the District at which the landowners eligible to vote approved the issuance of bonds for the District in an amount not to exceed \$22,000,000 and approved a rate and method of apportionment of special tax for the District.

The District previously issued its \$8,800,000 2023 Special Tax Bonds, (the “2023 Bonds”) to finance certain public facilities which the District was authorized to finance. The proposed 2025 Special Tax Bonds (the “2025 Bonds”) will be issued to finance the costs of additional public improvements benefitting the District. The 2025 Bonds will be payable from the Special Taxes of the District on a parity with the 2023 Bonds.

The District is located in the northeastern part of the City and is bounded by Starlight Avenue to the west, North Highland Springs Avenue to the east and Cougar Way to the north. Tri Pointe Homes IE-SD, Inc., a California corporation (“Tri Pointe”), is developing the land within the District into a residential development of 704 age-restricted (55+) single family detached homes known as “Altis Beaumont.” Formation of

the CFD and issuance of the 2025 Bonds was included as part of the Settlement Agreement between Pardee Homes (predecessor to TriPointe Homes) and the City.

As of January 17, 2025, the date of value of the Appraisal Report, of the 704 units planned within the District, 556 had been completed and conveyed to individual homeowners. As of such date, TriPointe owned 11 completed homes which are model homes, 40 units in various stages of construction, and 97 finished lots. TriPointe expects to complete and convey all remaining homes to be constructed in the District to individual homeowners by the second quarter of 2026.

The aggregate value of the property within the District subject to the Special Tax levy is \$277,259,091. Based on the estimated principal amount of the 2025 Bonds (\$6,580,000) and including direct and overlapping debt, including the outstanding 2023 Bonds, the value-to-lien ratio for the District is approximately 14.50 to 1.

Discussion

Based on market conditions as of February 24, 2025, the 2025 Bonds are expected to be issued in a par amount of approximately \$6.58 million with a final maturity of September 1, 2055. The resolution includes a not to exceed par amount of \$7.5 million to allow for potential changes in market conditions before the bonds are priced and sold. Net proceeds from the 2025 Bonds will be used to finance certain public improvements constructed by TriPointe or to finance certain development impact fees pursuant to the Settlement Agreement. A description of such facilities is contained in Exhibit A to the Acquisition Agreement, as amended (as discussed below). After the issuance of the 2025 Bonds, future parity bonds may be issued for refunding purposes only.

The attached CFD resolution approves an amendment to the Acquisition Agreement, the issuance of the 2025 Bonds and forms of a First Supplement to the Bond 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, City Council should review the Preliminary Official Statement. The attached City Resolution also approves an amendment to the Acquisition Agreement, which amends the list of improvements eligible to be financed with proceeds of the 2025 Bonds set forth in Exhibit A thereto. The Preliminary Official Statement also includes a disclosure certificate, which is located in the appendix, providing additional relevant information for reference.

Assuming the City Council approves the resolution this evening, the 2025 Bonds are expected to price the last week of March 2025 and close roughly two weeks later. Provided in the table below are estimated financing statistics relating to the 2025 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 2025 Bonds as Attachment A.

Select Financing and Levy Statistics

Par Amount	\$6,580,000
True Interest Cost	4.97%
Average Annual Debt (Principal and Interest) Payments	\$444,498
Total Debt (Principal and Interest) Payments	\$13,510,272
	\$1,366 -
Fiscal Year 2025-26 Special Tax Levy Rate Per Parcel	\$2,058

Based on market conditions as of February 24, 2025

Fiscal Impact:

The 2025 Bonds are paid from special taxes levied in the District. There is no fiscal impact to the City’s General Fund. The City will, however, be required to provide administration for the District, which will be funded as part of the annual special tax levy.

The property owners are expected to pay special taxes of approximately \$1,366 to \$2,058 in Fiscal Year 2025-26, depending on the size of the home. Such taxes will not increase over time.

The estimated cost to prepare this report is \$310.

Recommended Action:

1. 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. 2016-3, authorizing the issuance of its Special Tax Bonds, Series 2025 in a principal amount not to exceed \$7,500,000 and approving certain documents and taking certain other actions in connection therewith”.
2. Adopt a resolution of the City Council of the City of Beaumont approving First Amendment to Acquisition Agreement.

Attachments:

- A. Good Faith Estimates

- B. CFD Resolution
- C. City Resolution
- D. First Supplement to Bond Indenture
- E. Bond Purchase Agreement
- F. Preliminary Official Statement
- G. First Amendment to Acquisition Agreement
- H. 2025 Special Tax Bonds Presentation

ATTACHMENT A

GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the 2025 Bonds in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the District by Urban Futures, Inc., the District's Municipal Advisor, in consultation with the Underwriter, Stifel Nicolaus.

Principal Amount. The Municipal Advisor has informed the District that, based on the District's financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the 2025 Bonds to be sold is \$6,580,000 ("Estimated Principal Amount").

True Interest Cost of the Bonds. The Municipal Advisor has informed the District that, assuming that the respective Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the 2025 Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the 2025 Bonds, is 4.97%.

Finance Charge of the Bonds. The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount of the 2025 Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the 2025 Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the 2025 Bonds), is \$297,055. Additionally, there will be an annual Trustee fee of roughly \$2,000 for as long as the 2025 Bonds are outstanding.

Amount of Proceeds to be Received. The Municipal Advisor has informed the District that, assuming the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the District for sale of the 2025 Bonds, less the finance charge of the 2025 Bonds, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the 2025 Bonds, is \$5,850,843.

Total Payment Amount. The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount of the 2025 Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the District will make to pay debt service on the 2025 Bonds, plus the finance charge for the 2025 Bonds, as described above, not paid with the respective proceeds of the 2025 Bonds, calculated to the final maturity of the 2025 Bonds, is \$13,510,272. Additionally, there will be an annual Trustee fee of \$2,000 for as long as the 2025 Bonds are outstanding.

The foregoing estimates constitute good faith estimates only and are based on market conditions prevailing at the time of preparation of such estimates. The actual principal amount of the 2025 Bonds issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to: (a) the actual date of the sale of the 2025 Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of 2025 Bonds sold being different from the respective Estimated Principal Amounts, (c) the actual amortization of the 2025 Bonds being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the 2025 Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the District's financing plan, or a combination of such factors. The actual date of sale of the 2025 Bonds and the actual principal amount of 2025 Bonds sold will be determined by the District based on various factors. The actual interest rates borne by the 2025 Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the 2025 Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the District.