



Staff Report

TO: City Council
FROM: Elizabeth Gibbs, City Manager
DATE: November 4, 2025
SUBJECT: Public Hearing to Approve the Issuance of Local Agency Revenue Bonds, Series 2025B for Improvement Areas 1 and 2 Community Facilities District No. 2023-1 (Fairway Canyon)

Description: The proposed action authorizes the issuance of the Local Agency Revenue Bonds, Series 2025B by the Beaumont Public Improvement Authority (PIA) to finance public improvements for Improvement Area 1 and Improvement Area 2 within Community Facilities District No. 2023-1 (Fairway Canyon). The PIA will issue the 2025B Bonds and use the proceeds to acquire the Local Obligations from each Improvement Area, with debt service on those obligations securing repayment of the Bonds. The financing structure achieves economies of scale and reduces issuance costs while ensuring that all debt service is repaid solely from special taxes levied within the Improvement Areas. Approval of the related resolutions authorizes the execution of the bond documents necessary to complete the transaction.

Background and Analysis:

The City formed Community Facilities District No. 2023-1 (Fairway Canyon) (“District”), including Improvement Area 1 and Improvement Area 2 (the “Improvement Areas”) on June 20, 2023. Subsequent to a noticed public hearing on June 20, 2023, the City Council adopted resolutions establishing the District, designating the Improvement Areas, authorizing the levy of a special tax, approving bonded indebtedness, and calling landowner elections.

On June 20, 2023, elections were held within the Improvement Areas, approving the issuance of bonds in amounts not to exceed \$3,500,000 for Improvement Area 1 and \$11,000,00 for Improvement Area 2, and authorized the levy of a special tax to repay the bonds.

The District intends to issue a series of bonds on behalf of Improvement Area 1 and a series of bonds on behalf of Improvement Area 2. To achieve efficiencies and economies of scale, the transaction contemplates an issuance through the Beaumont Public Improvement Authority (“PIA”), which will acquire each Improvement Area’s bond

issue (“Local Obligation”). Debt service on the Local Obligations will be used to pay debt service on the Local Agency Revenue Bonds, Series 2025B (“2025B Bonds”) to be issued by the PIA.

The District is in the western portion of the City, west of the 10 Freeway and north of Oak Valley Parkway and includes a total of 419 residential lots comprising Planning Area 4B of the Fairway Canyon master planned community.

Improvement Area No. 1 consists of two non-contiguous tax zones: one in the southwest portion of the District, north of West Oak Valley Parkway, and another located in the northeastern portion of the District, west of Tukwet Canyon Parkway and south of Mickelson Drive. D.R. Horton developed the land within Improvement Area 1 into a residential development of 132 single-family homes in a development known as August II at The Fairways. As of September 5, 2025, the date of value of the Appraisal Report, 131 units had been completed and conveyed to individual homeowners and D.R. Horton owned one completed home. The aggregate value of the property within Improvement Area 1 subject to the Special Tax levy is \$79,893,725. Based on the estimated principal amount of the Improvement Area 1 bonds (\$2,050,000), the value-to-lien ratio for Improvement Area 1 is approximately 38.97 to 1.

Improvement Area 2 is located in the center of the District, along Sorenstam Drive, and is being developed by Meritage Homes with 287 single family homes, in three developments known as “Magnolia at The Fairways,” “Holly at The Fairways” and “Azalea at The Fairways.” As of September 5, 2025, of the 287 units planned within Improvement Area 2, 271 had been completed and conveyed to individual homeowners and Meritage Homes owned three completed homes and 13 homes in various stages of construction. The aggregate value of the property within Improvement Area 2 is \$162,727,411. Based on an estimated principal amount of \$7,015,000 for Improvement Area 2, the value-to-lien ratio is approximately 23.20:1.

Discussion:

Based on market conditions as of October 16, 2025, the 2025B Bonds are expected to be issued in a par amount of \$9,065,000, with a final maturity of September 1, 2055. The resolution includes a not to exceed par amount of \$10 million to allow for potential changes in market conditions before the bonds are priced and sold. Net proceeds from the 2025B Bonds will be used to acquire the Local Obligations, which will in turn be used to finance certain public improvements benefiting the Improvement Areas. After the issuance of the 2025B Bonds, future parity bonds may be issued for refunding purposes only.

Assuming the City Council approves the resolutions this evening, the 2025B Bonds are expected to price in mid-November 2025 and close roughly two weeks later. Provided in

the table below are estimated financing statistics relating to the 2025B Bonds, and local obligations for each Improvement Area, as well as the projected special tax levy on homes within each Improvement Area. 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 2025B Bonds as Attachment A.

Select Financing and Levy Statistics			
	Improvement Area 1	Improvement Area 2	2025B Bonds
Par Amount	\$2,050,000	\$7,015,000	\$9,065,000
True Interest Cost	5.05%	5.05%	5.05%
Average Annual Debt Payments	\$133,069	\$454,694	\$587,763
Total Debt Payments	\$3,958,056	\$13,524,614	\$17,482,669
FY 2025-26 Special Tax Levy Rate Per Parcel	\$1,106 - \$1,414	\$1,481 - \$2,135	--

Based on market conditions as of October 16, 2025

Documents Subject to Approval

City Council will hold a public hearing and be presented with a resolution making findings of significant public benefit in the PIA's issuance of the 20025B Bonds.

A resolution for the District is presented for consideration by the City Council, acting as the legislative body of the District, to approve its documents with respect to the proposed issuance of bonds by Improvement Area 1 and Improvement Area 2.

The City Council members are members of the Board of Directors of the PIA. Approval by the Board of Directors of the PIA of its resolution presented at this meeting approves its documents with respect to the 2025B Bonds.

The documents for consideration by the City Council and the Board of Directors of the PIA are described below. Approval of the Resolutions approves the preparation, form, and/or authorizes the execution and delivery of the following documents:

- **Preliminary Official Statement:** The POS is the 'offering document,' providing a description of the underlying taxing jurisdictions, the 2025B Bonds, and all other information that would be material to a prospective investor's decision on whether to purchase the 2025B Bonds. While the City's counsel, consultants, and underwriter have participated in preparing the POS, Council and staff are ultimately responsible for ensuring that the POS is accurate, contains no misleading information and does not omit any information necessary to make the POS not misleading to investors.
- **Authority Indenture of Trust (PIA):** The Indenture is a contract entered into between the City and Zions Bancorporation, National Association, as the appointed

Trustee for the 2025B Bonds. This document contains terms of the 2025B Bonds including, but not limited to, the payment and redemption provisions, the pledge of revenues to pay the 2025B Bonds, rights and duties of the Trustee, remedies upon a default in the payment of the 2025B Bonds, and other related matters.

- **Bond Indentures (Local Obligations):** These documents contain the terms of the bonds in connection with Improvement Area 1 and Improvement Area 2, including payment and redemption provisions, definition and pledge of revenues to pay the underlying obligations, Rights and Duties of the Trustee, remedies upon a default in the payment of the underlying obligations, and final discharge of the underlying obligations and other related matters.
- **Bond Purchase Agreement:** Pursuant to the Bond Purchase Agreement, the City agrees to sell the 2025B Bonds to the underwriter and the underwriter agrees to purchase the 2025B Bonds and the District agrees to sell the Improvement 1 and Improvement Area 2 bonds to the PIA, subject to typical closing conditions. City staff, its municipal advisor, and bond counsel will sign off on the final pricing prior to the execution of the Bond Purchase Agreement.
- **Continuing Disclosure Agreement:** Executed for the benefit of bondholders, this agreement obligates the PIA to file an annual report each Fiscal Year which includes, among other things, the most recent audited financial statements of the City and financial data relating to the underlying tax jurisdictions. The PIA is also required to report certain events to bondholders if and when they occur.

Fiscal Impact:

The Local Obligations and 2025B Bonds are paid from special taxes levied in the Improvement Areas. 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 in Fiscal Year 2025-26 of approximately \$1,106 to \$1,414 in Improvement Area 1, and \$1,481 to \$2,135 in Improvement Area 2, depending on the size of the home. Such taxes will not increase over time.

The estimated cost to prepare this report is \$575.

Recommended Action:

City Council hold a public hearing with respect to the issuance of the 2025B Bonds;

Waive the full reading and adopt by title only “Resolution of the City Council of the City of Beaumont making certain findings with respect to and approving the issuance of Bonds by the Beaumont Public Improvement Authority”

Waive the full reading and adopt by title only, “Resolution of the City Council of the City of Beaumont acting as legislative body of Community Facilities District No. 2023-1 (Fairway Canyon), authorizing the issuance of Special Tax Refunding Bonds and taking other actions in connection therewith” and recess the City Council meeting.

Convene a meeting of the Board of Directors of the Beaumont Public Improvement Authority and waive the full reading and adopt by title only, “Resolution of the Board of Directors of the Beaumont Public Improvement Authority, Riverside County, California, Authorizing the Issuance of its Local Agency Revenue Bonds in an Aggregate Principal Amount Not To Exceed Ten Million Dollars (\$10,000,000) And Approving Certain Documents And Taking Certain Other Actions In Connection Therewith” and adjourn the Board Meeting and reconvene the City Council meeting.

Attachments:

- A. Good Faith Estimates
- B. City Council Resolution Making Findings and approving PIA Bonds
- C. CFD 2023-1 Resolution Approving the Issuance of Improvement Area 1 Bonds and Improvement Area 2 Bonds
- D. PIA Resolution Approving the Issuance of the Local Agency Revenue Bonds, Series 2025B
- E. Notice of Public Hearing
- F. Authority Indenture of Trust
- G. Improvement Area No. 1 Indenture
- H. Improvement Area No. 2 Indenture
- I. Preliminary Official Statement (includes Continuing Disclosure Agreement)
- J. Bond Purchase Agreement
- K. Presentation