

**TO:** Mayor and Members of the City Council  
 Chair and Board of the Beaumont Financing Authority  
**FROM:** City Manager  
**DATE:** November 18, 2014  
**SUBJECT:** **Formation for Community Facilities District (CFD) 93-1 - Improvement Area 7A1 (Four Seasons - first area)**

**BACKGROUND**

The City Council on March 18<sup>th</sup> approved a resident request for Resolution of Intention for the first phases of Four Seasons (north of the creek trails) also known as CFD 93-1 Improvement Area (IA) 7A. The City has held a public meeting with the IA7A residents to explain and better understand their CFD, rates, and prepayment options, including methods to eliminate the originally approved annual increase of 2% and a Public Hearing on May 20, 2014.

The Outstanding Bonds for homes in IA 7A will currently be fully paid by 2035, a maximum of 30 years from 2005 unless prepaid sooner by any homeowner. Currently, the rates increase each year by 2% rather than an initially higher flat rate for the full 30 years. A method of reducing future annual rates is to “extend the time period of annual payments”; an increase of up to 10 years would be required to hold rates at the 2014-2015 levels if consistent interest rates are available. The CFD if approved will be designated as IA7A1 for identification purposes and the property owners will have any additional “Mello Roos Their Choice” option for paying for the Facilities portion: 1) pay the new flat rates until 2045; 2) request to pay the original +2% rates until 2035; or 3) prepay at anytime.

As always, by the State Constitution, any changes that increase the time or changes the amounts to be paid, requires a vote of the then current qualified voters. As there are more than 12 registered voters, a change requires 2/3rds approval of the registered voters residing within the boundaries of IA7A1 as of the close of the Public Hearing as confirmed by the County Registrar of Voters.

Total Votes Cast			
	Eligible Voters	Votes Cast	% of Votes Cast
Yes		316	84.3%
No		56	14.9%
Declined		3	0.8%
<b>TOTAL</b>	<b>633</b>	<b>375</b>	<b>100%</b>

**FISCAL IMPACT**

There is no City or Authority fiscal impact; as with every CFD Improvement Area, their fair share obligations for public improvements are payable solely from the special taxes to be paid only by property within IA7A.

The amendments will only affect the number of years and reduce future annual rates. The current prepayment amount (remaining fair share) will not be increased.

**ACTIONS**

A flow chart of the required actions is attached and specific items can be discussed. Any ultimate changes must be approved by a positive vote of 2/3rds of the votes by the current registered voters within IA 7A1. All of the following are required for this requested change:

- 1) **Intention** to extend beyond the 30 years on March 18 (Approved)
- 2) **Hold Public Hearing** (continued from May 6<sup>th</sup>) May 20<sup>th</sup> (Held)
- 3) **Adopt a Resolution calling an Election** on May 20<sup>th</sup> (Approved)
- 4) **Residents’ (Registered Voters) Election** (Voter approved by 85%)
- 5) **Formation Ordinance adopted** on November 18<sup>th</sup>
- 6) **Municipal Bond interest** rates stay under 5.6%

**OPTIONS** City Council/Beaumont Financing Authority may:

- 1) Approve a first reading of the Ordinance;
- 2) Request additional information; or
- 3) Abandon process.