

MINUTES
A SPECIAL MEETING OF THE HIGHLAND CITY COUNCIL
JULY 14, 2022

CALL TO ORDER

The special meeting of the City Council of the City of Highland was called to order at 4:00 p.m. by Mayor Pro Tem Lilburn at the Donahue Council Chambers, 27215 Base Line, Highland, California.

ROLL CALL

Present: Lilburn, Solano, Timmer
Absent: Chavez, McCallon

PUBLIC COMMENT (LIMITED TO ITEMS ON THIS AGENDA ONLY)

None

CITY COUNCIL PUBLIC HEARING

1. Public Hearing to Consider Calling a Special Election; Declaring the Results of the Election; and Approving Formation and Levy of Special Taxes for City of Highland Community Facilities District No. 2022-01 (Mediterra) Generally on Greenspot Road, East of La Cresta Street

Mayor Pro Tem Lilburn stated at this time she will ask the City Clerk for the certificate of elections concerning the special election. This is just providing the certification on file.

Mayor Pro Tem Lilburn opened the public hearing. This is the time and place set for the public hearing on the establishment of City of Highland Community Facilities District 2022-01 Mediterra. The extent of the district, the furnishing of specified types of services to serve the district and the proposed rate and method of apportionment of the special tax for the district.

City Attorney Marroquin stated for purposes of the record. The esteemed City Manager is going to be serving in his role as Deputy City Clerk for the proceedings today.

Mayor Pro Tem Lilburn stated she will refer to the City Clerk at this time for the proper noticing of the hearing. Has the City Clerk given notice of this hearing in accordance with the applicable law?

City Manager/Deputy City Clerk Hughes stated yes, notice of this public hearing has been published in accordance with the Mello-Roos Community Facilities Act and proof of such publication is on file with the City Clerk's office.

Mayor Pro Tem Lilburn stated the public hearing is now officially open. We will first have a presentation from staff about the district and about the CDF report required to be filed with the City at today's hearing. After that we will receive comments and questions and any protests from any interested persons. When all comments have been received, the public hearing will be closed. At this time, she will refer to Assistant Public Works Director Bennett and ask him to give our staff report.

Assistant Public Works Director Bennett stated thank you Mayor Pro Tem and Council Members. He wants to point out first, before getting started, before you on the dais is the Resolution of Formation, revised and compiled to include the Amended Rate Method of Apportionment. This was also posted on the website today and there are copies available in the back of Council Chambers if anybody has questions to that addition. As he goes through the staff report, in general, he wanted to point to a couple of pages that might make it easier to see the boundaries of this special district that we are establishing. Within the staff report, pages 60 and 61, if you have that available in front of you, these two pages show the boundary map of the CFD district that we are establishing tonight. As we look at it, these are identified as Special Tax Areas A, B, C & D. He wants to describe what each one is and then go into further detail afterwards. Special Tax A applies to phases one and two, which are the under-construction properties by D.R. Horton on the westerly side of this map on page 60. Special Tax A generally deals with streetlights, median landscaping, and trails. Special Tax B applies to all phases one through four. Phases three and four are the areas that are not under construction at this time and that is the easterly portion of this property. For general reference, this is north of East Valley Water District's headquarters and the development to the west is D.R. Horton. Generally, the development to the east of that is phases three and four. The Special Tax B generally includes the public park and trails. Further definitions are available within the report on pages 46 through 49. These boundaries describe those tax areas, further tax areas that are dormant tax, these are Special Tax C & D. They are for the majority of the streetscape, landscaping, private park, clubhouse and WQMP basin. Special Tax C & D would only be levied if the HOA fails to maintain these facilities. Again, detailed descriptions would be found within the staff report, pages 46 through 49. Within Resolution No. 2022-039, there is the latter portion Exhibit B, which is the Amended Rate and Method of Apportionment. This is also found within your staff report, pages 41 through 58. So, if we could take a look at that and specifically the table. Table 51 is a table showing the max tax rates for the developed properties that would be levied in the years 2023-2024. In this we have several land use classes. We have specifically the upper two, which are under development. Phases one and two are single family, low density residential and as is phase three. Phase four, adjacent to Greenspot Road is generally the medium density residential property. That would be shown back on that map, in the boundary adjacent to Greenspot Road and northeast of East Valley Water District's

headquarters for reference. The single-family medium density residential, what was amended in this report, between the Resolution of Intent and the Resolution of Formation, was that the medium density residential or phase four maximum tax was lowered in proportion to the higher density expected for these phases. That is shown on land class in that table one of single-family medium density of the tax rates, Special Tax A, B, C & D individually. The overall report is to establish the districts, show the details of the services within the district and described by the CFD report, and the rate and method of apportionment. All that is contained within the report, we have discussed portions of this in the Resolution of Intent. If there are any questions, he would entertain those. With us today is the representative from Harris and Associates, who assisted us with this. The developers are in the audience tonight and they have provided their ballots as well. If there are any further questions, he would be happy to answer those.

Mayor Pro Tem Lilburn stated at this time the floor is now open for testimony from members of the public. At this time, all interested persons or taxpayers may approach the podium and testify, orally or in writing, for or against the establishment of the district, the extent of the district, the furnishing of specified types of services to serve the district, and the proposed rate and method of apportionment of the special tax for the district. Let the record reflect we have no one wishing to speak. At this point she is going to open it up for questions or discussion by the City Council members.

Council Member Timmer stated he had a lot of questions. They were mostly general questions, he had them addressed by staff and he does not need to bring it up. The only other question he has remaining is on page 47, under special tax fee services. It lists on the first line, excluding clubhouse and pool area, he knows that it is not part of the district we are putting together, but he assumes the homeowner's association will oversee that.

Assistant Public Works Director Bennett asked Council Member Timmer which paragraph are you under?

Council Member Timmer stated Special Tax B services, the last paragraph.

Assistant Public Works Director Bennett stated there is a public park, and there is a private park. The private park is HOA maintained and the public park is (inaudible).

Council Member Timmer stated he knows it was explained earlier, but he just wanted to be clear that the clubhouse and pool area are not part of the action that we are taking today.

Assistant Public Works Director Bennett stated correct, the dormant CFD does cover elements. It does not include the pool and the clubhouse. If those were to fail, the HOA would fail, those would not be continued within the CFD. It is not included.

Council Member Timmer stated that is the only item he has. He had all the other questions answered. Most of the concerns he had about it were how long does this go on, who is going to oversee the project and so forth. The general questions we have been asking have all been addressed now in the new documentation.

Mayor Pro Tem Lilburn stated she had the opportunity to spend several hours on the phone with someone who educated her at length on this project, so she appreciates that, Camille Bahri. Thank you for taking time to spend with her on the phone. Staff, thank you for your presentation, she appreciates that and the hard work that everyone has put into this as of now. So, before she formally closes the hearing, is there any property owner subject to the proposed tax who wishes to file a written protest? If so, it must be filed with the City Clerk at this time. Only written protests are to be considered. Please let the record reflect that there is no one wishing to protest. At this time, she is now going to close the public hearing. City Clerk does the majority protest exist against any of the following: the establishment of the district, the extent of the district, the furnishing of specified types of services to serve the district, and the levy of the special tax pursuant to the proposed rate and method of apportionment for the district?

City Manager/Deputy City Clerk Hughes stated no written protests have been received from the landowners within the district. Therefore, a majority protest does not exist.

Mayor Pro Tem Lilburn stated thank you. At this time a majority protest does not exist. It is appropriate for the City Council to consider resolutions to form the district and to call a special election within the district. Is anyone willing to make a motion on Resolution A, a resolution on the formation of the City Council of the City of Highland, California, to establish City of Highland Community Facilities District No. 2022-01 Mediterra to establish an appropriations limit, therefore, to authorize the submittal of the levy of special taxes, and to submit this establishment of appropriations limit to the qualified electors of such Community Facilities District.

Council Member Timmer stated that is Item 3 on the recommendations.

Mayor Pro Tem Lilburn stated that is Item 3A.

Council Member Timmer stated he will go ahead and move forward with the formation.

Mayor Pro Tem Lilburn stated she has a motion to move forward from Council Member Timmer.

Council Member Solano stated she will second.

Mayor Pro Tem Lilburn stated there is a second from Council Member Solano. All those in favor signify by saying, aye.

The City Council voted unanimously in favor of Resolution A.

A MOTION was made by Council Member Timmer, seconded by Council Member Solano, to adopt Resolution No. 2022-039 entitled, "A Resolution of Formation of the City Council of the City of Highland, California, to Establish City of Highland Community Facilities District No. 2022-01 (Mediterra), to Establish an Appropriations Limit Therefor, to Authorize the Submittal of the Levy of Special Taxes, and to Submit the Establishment of an Appropriations Limit, to the Qualified Electors of Such Community Facilities District". Motion carried, 3-0, with Mayor McCallon and Council Member Chavez being absent.

RESOLUTION NO. 2022-039

A RESOLUTION OF FORMATION OF THE CITY COUNCIL OF THE CITY OF HIGHLAND, CALIFORNIA, TO ESTABLISH CITY OF HIGHLAND COMMUNITY FACILITIES DISTRICT NO. 2022-01 (MEDITERRA), TO ESTABLISH AN APPROPRIATIONS LIMIT THEREFOR, TO AUTHORIZE THE SUBMITTAL OF THE LEVY OF SPECIAL TAXES, AND TO SUBMIT THE ESTABLISHMENT OF AN APPROPRIATIONS LIMIT, TO THE QUALIFIED ELECTORS OF SUCH COMMUNITY FACILITIES DISTRICT

Mayor Pro Tem Lilburn stated we will move forward for Resolution B. A resolution of the City Council of the City of Highland, California, calling a special election, and submitted the qualified electors of the City of Highland Community Facilities District No. 2022-01 (Mediterra) propositions regarding the establishment of an appropriations limit and the annual levy of a special taxes within the Community Facilities District.

Council Member Solano stated she will go ahead and motion.

Mayor Pro Tem Lilburn stated we have a motion from Council Member Solano.

Council Member Timmer stated he will second that.

Mayor Pro Tem Lilburn stated there is a second from Council Member Timmer. All those in favor signify by saying, aye.

The City Council voted unanimously in favor of Resolution B.

A MOTION was made by Council Member Solano, seconded by Council Member Timmer, to adopt Resolution No. 2022-040 entitled, "A Resolution of the City Council of the City of Highland, California, Calling a Special Election and Submitting to the Qualified Electors of City of Highland Community Facilities District No. 2022-01 (Mediterra) Propositions Regarding the Establishment of an Appropriations Limit and the Annual Levy of a Special Tax Within the Community Facilities District". Motion carried, 3-0, with Mayor McCallon and Council Member Chavez being absent.

RESOLUTION NO. 2022-040

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HIGHLAND, CALIFORNIA, CALLING A SPECIAL ELECTION AND SUBMITTING TO THE QUALIFIED ELECTORS OF CITY OF HIGHLAND COMMUNITY FACILITIES DISTRICT NO. 2022-01 (MEDITERRA) PROPOSITIONS REGARDING THE ESTABLISHMENT OF AN APPROPRIATIONS LIMIT AND THE ANNUAL LEVY OF A SPECIAL TAX WITHIN THE COMMUNITY FACILITIES DISTRICT

Mayor Pro Tem Lilburn stated at this time, we are going to hold the opening of the elections for the levy of the special tax and the establishment of the appropriations limit for the City of Highland Community Facilities District No. 2022-01 Mediterra, is now open, and the City Clerk may conduct the elections. At this point she is going to ask the City Clerk to open, read and review the election ballots.

City Attorney Marroquin stated we are just going to have the record reflect that the City Clerk has received the ballots and to please confirm that the ballots have been received.

City Manager/Deputy City Clerk Hughes stated yes, he has received the ballots and finds that all ballots in the election have been submitted and declare the election closed.

Mayor Pro Tem Lilburn stated could the City Clerk proceed to canvas the ballots.

City Manager/Deputy City Clerk Hughes stated he will need to first verify the information on the identification envelope for return of the ballot. The first one is to the Highland City Clerk CFD 2022-02 Mediterra, Vista Verde.

Mayor Pro Tem Lilburn stated let the record reflect there are three ballots.

City Attorney Marroquin stated correct.

City Manager/Deputy City Clerk Hughes stated let the record show that it is a yes for Vista Verde. The next ballot is to the City of Highland City Clerk CFD 2022-02, Mediterra, D. R. Horton, and that is also a yes. The final one is to City of Highland City Clerk CFD 2022-01, Mediterra, Greenspot Corridor, LLC. Let us show that it is also a yes.

Mayor Pro Tem Lilburn stated there were three yeses.

City Manager/Deputy City Clerk Hughes stated he will now report the results. As election official for the City of Highland Community Facilities District No. 2022-01 (Mediterra) special election held on July 14, 2022, he has completed the canvassing of the ballots. The canvas was as follows, three votes were cast in support of the proposition, and zero votes were cast in opposition of the proposition. Therefore, Proposition A was approved with a 100% vote in favor.

Mayor Pro Tem Lilburn stated thank you, at this time it is appropriate for the City Council to consider the resolution declaring the results of the special election and the ordinance authorizing the levy of the special tax within the district. A resolution of the City Council of the City of Highland, California, declaring the results of a special election in the City of Highland Community Facilities District No. 2022-01 (Mediterra) and directing the recording of a notice of a special tax lien. She will ask the Council to entertain a motion.

Council Member Solano stated she will go ahead and make a motion.

Council Member Timmer stated he will second the motion.

Mayor Pro Tem Lilburn stated there is a motion and a second from Council Member Timmer. All those in favor signify by saying, aye.

The City Council voted unanimously in favor.

A MOTION was made by Council Member Solano, seconded by Council Member Timmer, to adopt Resolution No. 2022-041 entitled, "A Resolution of the City Council of the City of Highland, California, Declaring the Results of a Special Election in City of Highland Community Facilities District No. 2022-01 (Mediterra) and Directing the Recording of a Notice of Special Tax Lien". Motion carried, 3-0, with Mayor McCallon and Council Member Chavez being absent.

RESOLUTION NO. 2022-041
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HIGHLAND,
CALIFORNIA, DECLARING THE RESULTS OF A SPECIAL ELECTION IN CITY
OF HIGHLAND COMMUNITY FACILITIES DISTRICT NO. 2022-01
(MEDITERRA) AND DIRECTING THE RECORDING OF A NOTICE OF
SPECIAL TAX LIEN

Mayor Pro Tem Lilburn stated at this time, it is appropriate for the City Council to consider introduction of an ordinance of the City Council of the City of Highland, California, acting in its capacity as the legislative body of the City of Highland Community Facilities District No. 2022-01 (Mediterra) authorizing the levy of a special tax therein to approve reading by title only and to waive further readings. Just so you know, this is only the first reading, and we have to have a second reading in order to approve this final ordinance.

City Attorney Marroquin stated we need a motion to approve the introduction of the ordinance.

Council Member Timmer stated he will move it.

Council Member Solano stated she will second it.

Mayor Pro Tem Lilburn stated she has motion by Council Member Timmer and a second by Council Member Solano. All those in favor, say aye.

The City Council voted unanimously.

A MOTION was made by Council Member Timmer, seconded by Council Member Solano, to waive full reading, read by title only, and introduce Ordinance No. 453 entitled: "An Ordinance of the City Council of the City of Highland, California, acting in its Capacity as the Legislative Body of City of Highland Community Facilities District No. 2022-01 (Mediterra) Authorizing the Levy of a Special Tax Therein." Motion carried, 3-0, with Mayor McCallon and Council Member Chavez being absent.

ORDINANCE NO. 453

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF HIGHLAND, CALIFORNIA ACTING IN ITS CAPACITY AS THE LEGISLATIVE BODY OF CITY OF HIGHLAND COMMUNITY FACILITIES DISTRICT NO. 2022-01 (MEDITERRA) AUTHORIZING THE LEVY OF A SPECIAL TAX THEREIN

Mayor Pro Tem Lilburn stated thank you very much, she appreciates everyone's hard work. She knows this was a long process. She would really like to thank Assistant Public Works Director Bennett and the rest of the staff.

City Attorney Marroquin stated she just wants to have the record reflect the different resolution numbers as she knows we usually read those into the record. Resolution of formation is Resolution No. 2022-039. The resolution calling a special election is Resolution No. 2022-040 and the resolution declaring the results of the special election is Resolution No. 2022-041.

Council Member Timmer stated he has been on the Council for a while and we have dealt with many Mello-Roos over the years. One of the issues that he had a little concern with, and it was explained to him very clearly, this special district taxing assessment is now funded by bonds. It is going to be funded through an assessment for the property, so there are no bonds associated with this at all, which was kind of refreshing to see a document where people are actually going to pay for this. We are not going to borrow money to do a project. He has a question on page 13. It talks about the word financed. He had asked the question earlier; does it mean bonds and they told him no. He said he wants to make sure it is clear in the record that there are no bonds associated with this decision at all.

It is strictly monies funded by the special tax to pay for the ongoing operation of this program.

Mayor Pro Tem Lilburn stated that is a good point. Thanks for bringing that up because a lot of people do not understand that. This is not the tax dollars, it is the homeowners. With that, we will go ahead and adjourn.

ADJOURN

There being no further business, Mayor Pro Tem Lilburn adjourned the meeting at 4:25 p.m.

Submitted By:

Approved By:

Betty Hughes, MMC
City Clerk

Larry McCallon
Mayor