# The County of Yuba

**Community Development and Services Agency**

**TO:** Board of Supervisors

**FROM:** Community Development and Services Agency, Mike Lee
TRLIA Financial Consultant, Seth Wurzel

**SUBJECT:** Community Development & Services: Adopt resolution approving attached Fee Deposit and Reimbursement Agreement with Lennar and delegating authority to County Administrator to execute similar subsequent agreements (10 minute estimate)

**DATE:** April 27, 2021

**NUMBER:** 179/2021

**Recommendation:**
Adopt the attached resolution approving the attached Fee Deposit and Reimbursement Agreement (Agreement) with Lennar and delegating authority to the County Administrator to execute any subsequent Agreements with developers for projects within TRLIA's Plumas Lake CFD's substantially in conformance to the terms in the attached Agreement subject to County Counsel's review and approval.

**Background and Discussion:**
In July 2020, Three Rivers Levee Improvement Authority (TRLIA), the County, and the Yuba Water Agency (YWA) entered into the Plumas Lake CFD Workout Plan Agreement. The objectives of the Agreement are to;

1. Significantly reduce the levee impact fee amount,

2. Aid and incentivize additional development and construction in the Plumas Lake area,

3. Eliminate or refund and reduce the Builder Bonds obligations, and

4. Significantly reduce the CFD Special Tax amounts paid by existing and future homeowners within the Plumas Lake area.

Since July 2020, TRLIA's Municipal Advisor, NHA Advisors (NHA), its Bond Counsel, Quint & Thimmig, LLP (Q&T) and Larsen Wurzel & Associates (LWA), its Special Tax Consultant, have been engaged in discussions with developers that own both land planned for development within TRLIA's CFD's 2006-1 and 2006-2 and outstanding Builder Bonds. These discussions have focused on the terms and conditions related to the redemption of the outstanding Builder Bonds as well as identifying the impact of a reduced Three Rivers Levee Fee (Fee) on a project's remaining Fee obligation. In many cases, and specifically in the case of Lennar's River Oaks East and North projects, developers have remaining Fee obligations due on their projects. In these cases, it is possible for the proceeds of a new conventional Mello-Roos bond issuance to generate proceeds that could be used to finance the remaining Fee obligation and also provide proceeds to redeem outstanding builder bonds under the negotiated terms with the developers. However, because some developers are actively building their projects (i.e. applying for and finaling building permits) these developers may also be paying Fees in cash and forgoing the opportunity to finance their remaining Fee obligation through a conventional Mello-Roos bond issuance. The attached Agreement would provide a mechanism for the developer to recoup that cash paid for Fees due prior to a bond issuance. This would allow builders to continue to actively develop their projects versus pausing and waiting until July in order to recoup the Fee's due on permits when a conventional bond issuance is planned to take place. Without a prior written agreement in place, the proceeds of a bond issuance cannot be used to reimburse costs incurred in the past.

The Agreement requires approval by both the Board of Supervisors, as it is the County that levy's the Fee and would accept the Deposit, and the TRLIA Board as it is TRLIA that would be issuing the conventional Bonds. The attached Agreement would require the developer to deposit cash with the County to ensure that financial security is in place to cover the Fee's due that are expected to be paid between now and when a bond issuance is planned to take place. This financial security is needed in the event the Bond issuance fails to take place. Further, there is an added layer of financial security in place which includes Special Tax revenues levied on homes that are already in the CFD and actively paying Special Taxes. Upon the sale of conventional bonds, the proceeds would be used to pay the remaining Fees due, including those fees paid for those permits that were finaled between the execution of the agreement and the sale of the bonds. At that time, the developer would be able to receive their deposit back from the County thus effectively financing those fees as part of the bond issuance.

Staff recommends that the Board adopt the attached resolution approving the Agreement with Lennar and, for any future agreements with developers in a similar circumstance, delegating authority to the Executive Director to execute any subsequent Agreements substantially in conformance to the terms in the attached Agreement subject to County Counsel's review and approval.

**Committee Action:**
The Land Use & Public Works Committee was bypassed due to the urgency of this matter.

**Fiscal Impact:**
General Fund: None
Non-General Fund: None
There is no Fiscal Impact to the County's or TRLIA's operating budget from the recommended action as the agreement does not obligate TRLIA to incur any additional costs associated with the CFD's. The agreement would allow for the use of conventional Mello-Roos bonds to finance the additional Fee obligation of developers that have remaining Fees due. As a result, TRLIA would be in a position to issue a slightly higher amount of conventional Bonds based upon the amount of development that could take place between the execution of the Agreement and the issuance of conventional bonds expected to take place in July 2021.

*Attachments:*
*Resolution*
*Fee Deposit & Reimbursement Agreement*