

RESOLUTION NO. 2025-001

A RESOLUTION OF INTENTION OF THE CITY COUNCIL OF THE CITY OF PALM DESERT TO ESTABLISH THE CITY OF PALM DESERT COMMUNITY FACILITIES DISTRICT NO. 2025-1 (SHADOW RIDGE PUBLIC SERVICES), TO AUTHORIZE THE LEVY OF A SPECIAL TAX THEREIN, AND TAKING OTHER ACTIONS RELATED THERETO

WHEREAS, the City Council (the "City Council") of the City of Palm Desert (the "City") has received a petition requesting the institution of proceedings for the formation of a community facilities district pursuant to Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the California Government Code, commonly known as the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), for the purpose of financing certain public services described below, which are necessary to meet the increased demands placed upon the City as a result of the development of real property within the territory to be included in the community facilities district; and

WHEREAS, in accordance with Section 53312.7 of the Act, on October 13, 2005 pursuant to Resolution No, 05-68, the City Council of the City adopted the City's Goal's and Policies for Community Facilities Districts ("Policy"); and

WHEREAS, the Policy provides for the financing of services authorized to be financed under the Act on a case by case basis; and

WHEREAS, the City Council, having received a petition and waiver ("Petition") from the owner(s) of not less than 10% of the area of land proposed to be included in a proposed community facilities district, now desires to proceed with the establishment of such community facilities district to finance the provision of certain public services pursuant to Section 53313 of the Act that are necessary to meet the increased demands for services placed upon the City as a result of development within the area, and to levy a special tax within the proposed community facilities district to finance such services, provided that the special tax levies are approved at an election to be held within the proposed community facilities district in accordance with the Act; and

WHEREAS, the owner (the "Owner") is the owner of all of the property which is proposed to be included within the proposed community facilities district; and

WHEREAS, the Council has determined that the Petition complies with the requirements of Sections 53318 and 53319 of the Government Code.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PALM DESERT, DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. Recitals. The City Council finds and determines that all the foregoing recitals are true and correct and incorporated herein.

SECTION 2. Authority. The City Council proposes to conduct proceedings to establish a community facilities district pursuant to the Act.

SECTION 3. Name of CFD. The name proposed for the community facilities district is "City of Palm Desert Community Facilities District No. 2025-1 (Shadow Ridge Public Services), County of Riverside, State of California" (the "CFD").

SECTION 4. Boundaries Described. The proposed boundaries of the CFD, as described in Exhibit C attached hereto and incorporated herein by reference, are hereby preliminary approved. A copy of the map is also on file with the City Clerk. The City Clerk is hereby directed to record, or cause to be recorded, the map of the boundaries of the CFD in the office of the Riverside County Recorder within 15 days of the date of adoption of this Resolution.

SECTION 5. Services. The type of services proposed to be financed by the CFD pursuant to the Act shall consist of those listed in Exhibit A attached hereto and incorporated herein by reference (the "Services"). The City Council hereby determines that the Services are necessary to meet increased demands for such services placed upon the City as the result of development occurring within the area of the CFD. The Services are in addition to those provided in the territory of the CFD as of the date hereof and will not supplant services already available within the territory of the CFD as of the date hereof.

SECTION 6. Special Tax. Except to the extent that funds are otherwise available to the CFD to pay for the Services, a special tax (the "Special Tax") sufficient to pay the costs thereof, secured by recordation of a continuing lien against all non-exempt real property in the CFD, will be levied annually within the CFD, and collected in the same manner as ordinary ad valorem property taxes, or in such other manner as the City Council shall determine, including direct billing of the affected property owners. The proposed rate and method of apportionment of the Special Tax among the parcels of real property within the CFD in sufficient detail to allow each landowner within the proposed CFD to estimate the maximum amount such owner will have to pay, are described in the Rate and Method of Apportionment of Special Tax attached hereto as Exhibit B and incorporated herein by this reference (the "Rate and Method of Apportionment"). The City Council hereby finds that the provisions of Section 53313.6, 53313.7 and 53313.9 of the Act (relating to adjustments to ad valorem property taxes and schools financed by a community facilities district) are inapplicable to the proposed CFD.

SECTION 7. Exempt Property. Except as may otherwise be provided by law or by the Rate and Method of Apportionment of the Special Tax for the CFD, all lands owned by any public entity, including the United States, the State of California, the County and/or the City, or any departments or political subdivisions thereof, shall be omitted from the levy of the Special Tax to be made to cover the costs and expenses of the Services and the CFD. In the event that a portion of the property within the CFD shall become for any reason exempt, wholly or in part, from the levy of the Special Tax, the City Council will, on behalf of the CFD, increase the levy to the extent necessary upon the remaining property within the CFD which is not exempt in order to yield the annual expenses of the CFD, if any, subject to the provisions of the Rate and Method of Apportionment of the Special Tax and the Act.

SECTION 8. Election and Unanimous Approval. The levy of the Special Tax in the CFD shall be subject to the approval of the qualified electors of the CFD at a special election. The proposed voting procedure shall be by mailed or hand-delivered ballot among the landowners in the proposed CFD, with each landowner having one vote for each acre or portion of an acre such owner owns in the CFD.

SECTION 9. CFD Report. The City Manager (or deputy or designee thereof) is hereby directed to study the proposed Services and to make, or cause to be made, and file with the City Clerk a report in writing (the "CFD Report"), which shall be a part of the record of the public hearing hereinafter specified and which report shall present the following:

(a) A description of the Services that will be required to adequately meet the needs of the CFD.

(b) An estimate of the fair and reasonable cost of the Services and incidental expenses in connection therewith, and all other related costs.

SECTION 10. Public Hearing. February 13, 2025, at 3:00 p.m. (which date is at least 30 days and not more than 60 days after the date of this Resolution), or as soon thereafter as possible in the City Council Chambers located at City Hall, 73-510 Fred Waring Drive, Palm Desert, California 92260, shall be the time and place when and where the City Council, as legislative body for the CFD, will conduct a public hearing on the establishment of the CFD and consider and finally determine whether the public interest, convenience and necessity require the formation of the CFD and the levy of the Special Tax.

SECTION 11. Notice of Hearing. The City Clerk is hereby directed to cause notice of the public hearing to be given by publication one time in a newspaper published in the area of the proposed CFD. The publication shall be completed at least seven (7) days before the date of the public hearing specified above.

The City Clerk may also cause notice of the hearing to be given to each property owner within the CFD by first class mail, postage prepaid, to each such owner's address as it appears on the most recent tax records of the County or as otherwise known to the City Clerk to be correct. Such mailing shall be completed not less than 15 days before the date of the public hearing.

The notice of the public hearing shall be substantially in the form specified in Section 53322 of the Act, with the form summarizing the provisions hereof hereby specifically approved.

At the above-mentioned time and place for public hearing any persons interested, including taxpayers, persons registered to vote within the CFD, and property owners, may appear and be heard. The testimony of all interested persons for or against the establishment of the CFD, the extent of the CFD, or the furnishing of the services will be heard and considered.

Any protests may be made orally or in writing. However, any protests pertaining to the regularity or sufficiency of the proceedings shall be in writing and clearly set forth the irregularities and defects to which the objection is made. All written protests shall be filed with the City Clerk on or before the time fixed for the public hearing. Written protests may be withdrawn in writing at any time before the conclusion of the public hearing.

If a written majority protest against the establishment of the CFD is filed (as determined in accordance with Section 53324 of the Act), the proceedings shall be abandoned. If such majority protest is limited to certain services or portions of the Special Tax, those services or that tax shall be eliminated by the City Council.

SECTION 12. Work-in-Kind. The City may accept advances of funds or work-in-kind from any sources, including private persons or private entities, and is authorized and directed to use such funds for any authorized purpose, including any cost incurred in creating the CFD. The CFD may enter into an agreement to repay all of such funds as are not expended or committed for any authorized purpose at the time of the election on the levy of the Special Tax, if the proposal to levy such tax should fail, and to repay all of such funds advanced if the levy of the Special Tax shall be approved by the qualified electors of the CFD.

SECTION 13. Further Action. The Mayor, City Manager, Finance Director, Community Development Director, City Attorney, City Clerk and all other officers and agents of the City are hereby authorized and directed to take all actions necessary or advisable to give effect to the transactions contemplated by this Resolution.

SECTION 14. Effective Date. This resolution shall take effect upon its adoption.

ADOPTED ON JANUARY 9, 2025.

Signed by:
Jan C. Harnik
8062A180732D427...
JAN C. HARNIK
MAYOR

ATTEST:

Signed by:
Anthony J. Mejia
8062A180732D427...
ANTHONY J. MEJIA
CITY CLERK

Resolution No. 2025-001

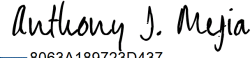
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I, Anthony J. Mejia, City Clerk of the City of Palm Desert, hereby certify that Resolution No. 2025-001 is a full, true, and correct copy, and was duly adopted at a regular meeting of the City Council of the City of Palm Desert on January 9, 2025, by the following vote:

AYES: NESTANDE, PRADETTO, QUINTANILLA, TRUBEE, AND HARNIK
NOES: NONE
ABSENT: NONE
ABSTAIN: NONE
RECUSED: NONE

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Palm Desert, California, on 1/10/2025.

Signed by:

80634189733D437...

ANTHONY J. MEJIA
CITY CLERK

EXHIBIT A
CITY OF PALM DESERT
Community Facilities District No. 2025-1
(Shadow Ridge Public Services)

DESCRIPTION OF SERVICES

The services to be funded, in whole or in part, by the community facilities district (the "CFD" or "District") include, but are not limited to: (i) police protection and related services of the City of Palm Desert required to sustain the public safety service delivery capability for emergency and non-emergency services including related facilities, equipment, vehicles, services, supplies and personnel; (ii) Fire protection and suppression services, and ambulance and paramedic services; (iii) maintenance and lighting of parks, parkways, streets, roads and open space; (iv) flood and storm protection services; and (v) other public services authorized to be funded under Section 53313 of the California Government Code.

The District may fund any of the following related to the services described in the preceding sentence: obtaining, constructing, furnishing, operating and maintaining equipment, apparatus or facilities related to providing the services and/ or equipment, apparatus, facilities or fixtures in areas to be maintained, paying the salaries and benefits of personnel necessary or convenient to provide the services, payment of insurance costs and other related expenses and the provision of reserves for repairs and replacements and for the future provision of services. It is expected that the services will be provided by the City, either with its own employees or by contract with third parties, or any combination thereof.

The services to be financed by the District are in addition to those provided in the territory of the District before the date of creation of the District, and will not supplant services already available within that territory when the District is created.

Administrative Expenses: The administrative expenses to be funded by the District include the direct and indirect expenses incurred by the City in carrying out its duties with respect to the District (including, but not limited to, the levy and collection of the special taxes) including the fees and expenses of attorneys, any fees of the County of Riverside related to the District or the collection of special taxes, an allocable share of the salaries of the City staff directly related thereto and a proportionate amount of the City's general administrative overhead related thereto, any amounts paid by the City from its general fund with respect to the District or the services authorized to be financed by the District, and expenses incurred by the City in undertaking action to foreclose on properties for which the payment of special taxes is delinquent, and all other costs and expenses of the City in any way related to the District.

Other: The incidental expenses that may be funded by the District include, in addition to the administrative expenses identified above, the payment or reimbursement to the City of all costs associated with the establishment and administration of the District.

EXHIBIT B**CITY OF PALM DESERT
Community Facilities District No. 2025-1
(Shadow Ridge Public Services)****RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX**

For the City of Palm Desert Community Facilities District No. 2025-1 (Shadow Ridge Public Services), County of Riverside, State of California

The Special Tax as hereinafter defined shall be levied on all Assessor's Parcels within the City of Palm Desert Community Facilities District No. 2025-1 (Shadow Ridge Public Services), ("CFD 2025-1"), other than Assessor's Parcels classified as Exempt Property as defined herein and collected each Fiscal Year commencing in Fiscal Year 2025-26, in an amount determined by the CFD Administrator through the application of the procedures described below. All the real property within CFD 2025-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Act" means the Mello-Roos Communities Facilities Act of 1982 as amended, being Chapter 2.5, Part 1, Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means the following actual or reasonably estimated expenses related to the administration of CFD 2025-1: (i) the costs of determining the amount of the levy of the Special Tax, the collection of Special Taxes, including the expenses of collecting delinquencies and pursuing foreclosures; (ii) the payment of a proportional share of salaries and benefits of any City employee and City overhead whose duties are directly related to the administration of CFD 2025-1; (iii) fees and expenses for counsel, audits, costs associated with responding to public inquiries regarding CFD 2025-1; and (iv) any and all other costs incurred in connection with the administration of CFD 2025-1.

"Annual Escalation Factor" means two percent (2%).

"Assessor's Parcel" means a lot or parcel shown in an Assessor's Parcel Map with an assigned assessor's parcel number.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by assessor's parcel number.

"Base Year" means the first year that any Assessor's Parcel of Taxable Property is classified as Developed Property.

"Building Permit" means a permit issued for new construction of a Residential Unit. For purposes of this definition, "Building Permit" shall not include permits for construction or

installation of retaining walls, grading, utility improvements, or other such improvements not intended for human habitation.

“Certificate of Occupancy” means a document issued by the City certifying that a newly constructed Residential Unit complies with all applicable codes and ordinances and that it is suitable and safe for occupancy.

“CFD Administrator” means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Tax for CFD 2025-1.

“CFD 2025-1” means City of Palm Desert Community Facilities District No. 2025-1 (Shadow Ridge Public Services), County of Riverside, State of California established by the City Council under the Act.

“City” means the City of Palm Desert.

“City Council” means the Council of the City of Palm Desert, acting as the legislative body of CFD 2025-1.

“County” means the County of Riverside.

“Developed Property” means an Assessor’s Parcel of Taxable Residential Property for which a Certificate of Occupancy was issued on or before June 1 preceding the Fiscal Year for which the Special Tax is being levied.

“Exempt Property” means all Assessor’s Parcels within CFD 2025-1 that are exempt from the Special Tax pursuant to the Act or Section F herein.

“Fiscal Year” means the period commencing on July 1 of any year and ending the following June 30.

“Maximum Special Tax” means the maximum Special Tax determined in accordance with Section C, which may be levied in any Fiscal Year on an Assessor’s Parcel of Taxable Property.

“Property Owner Association Property” means for each Fiscal Year any property within the boundaries of CFD 2025-1 that was owned by, or irrevocably dedicated as indicated in an instrument recorded with the County Recorder to a property owner association, including any master or sub-association, as of June 1.

“Proportionately” means in a manner such that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Developed Property.

“Public Property” means any property that is owned by, dedicated or irrevocably dedicated to a city, the federal government, the State of California, the County, or any other public agency (each, a “Public Entity”); provided, however, that any such property is leased by such a Public Entity to a private entity and is thereby subject to taxation pursuant to Section 53340.1 of the Act, such leasehold estate shall be classified and taxed according to the use thereof.

“Public Services” means those authorized services that may be funded by CFD 2025-1 pursuant to the Act, as amended including but not limited to police protection services, fire protection services, paramedic services, park maintenance, street maintenance and flood control.

“Residential Property” means Assessor’s Parcels of Developed Property within CFD 2025-1 for which a Building Permit has been issued for purposes of constructing one or more Residential Unit(s).

“Residential Unit” means any residence in which a person or persons may live, which is not considered to be used for non-residential purposes.

“Special Tax” means the special tax authorized to be levied within CFD 2025-1 pursuant to the Act, to fund the Special Tax Requirement.

“Special Tax Requirement” means the amount, as determined by the CFD Administrator, for any Fiscal Year to: (i) pay the costs of providing the Public Services during such Fiscal Year, (ii) pay Administrative Expenses associated with the Special Tax, (iii) establish or replenish any operational reserve fund established for Public Services, (iv) pay incidental expenses related to the Public Services as authorized pursuant to the Act, (v) fund an amount equal to a reasonable estimate of delinquencies expected to occur in the Fiscal Year in which the Special Tax will be levied (“Estimated Special Tax Delinquency Amount”) and (vi) fund the shortfall, if any, in the Special Tax revenues collected in the preceding Fiscal Year necessary to fund the Special Tax Requirement for such Fiscal Year where such shortfall resulted from delinquencies in the payment of the Special Tax in such Fiscal Year that exceeded the Estimated Special Tax Delinquency Amount included in the Special Tax Requirement for such Fiscal Year.

“Taxable Property” means all Assessor’s Parcels that are not exempt from the Special Tax pursuant to the Act or Section F.

“Undeveloped Property” means an Assessor’s Parcel of Taxable Property which is not classified as Developed Property.

B. CLASSIFICATION OF ASSESSOR’S PARCELS

Each Fiscal Year, beginning with Fiscal Year 2025-26, using the definitions above, each Assessor’s Parcel within CFD 2025-1 shall be classified by the CFD Administrator as Taxable Property or Exempt Property. In addition, each such Fiscal Year, each Assessor’s Parcel of Taxable Property shall be further classified by the CFD Administrator as Developed Property or Undeveloped Property and subject to the levy of the Special Tax pursuant to Section C below.

C. SPECIAL TAX RATES

1. Developed Property

Each Fiscal Year commencing in Fiscal Year 2025-26, each Assessor’s Parcel of Developed Property shall be subject to the Special Tax.

The initial Maximum Special Tax for each Assessor’s Parcel of Developed Property in its Base Year shall be \$2,200.

For each subsequent Fiscal Year following the Base Year, the Maximum Special Tax rates shall be increased from the Maximum Special Tax rate in effect for the prior Fiscal Year by the Annual Escalation Factor.

2. Undeveloped Property

Each Assessor's Parcel classified as Undeveloped Property shall be exempt from the levy of the Special Tax.

3. Exempt Property

No Special Tax shall be levied on Exempt Property as defined in Section F.

For each Fiscal Year, if the use or ownership of an Assessor's Parcel or Exempt Property changes so that such Assessor's Parcel is no longer classified as one of the uses set forth in Section F, therefore making such Assessor's Parcel no longer eligible to be classified as Exempt Property, such Assessor's Parcel shall be deemed to be Taxable Property and shall be taxed pursuant to the provisions of Section C.

D. METHOD OF APPORTIONMENT OF SPECIAL TAX

Commencing in Fiscal Year 2025-26 and for each subsequent Fiscal Year, the CFD Administrator shall levy the Special Tax on all Taxable Property of CFD 2025-1 until the total amount of Special Tax levied equals the Special Tax Requirement. The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property within CFD 2025-1 up to 100% of the Maximum Special Tax to satisfy the Special Tax Requirement.

Notwithstanding any provision of this Section D to the contrary, under no circumstances will the Special Tax levied against any Assessor's Parcel of Developed Property that is classified as Residential Property be increased by more than ten percent (10%) per Fiscal Year as a consequence of delinquency or default in the payment of the Special Tax by the owner of any other Assessor's Parcel.

E. PREPAYMENT OF SPECIAL TAX

The Special Tax for an Assessor's Parcel of Undeveloped Property that has been issued a Building Permit or for an Assessor's Parcel of Developed Property may be prepaid. The prepayment amount shall be the lesser of (i) \$66,000 or (ii) the Maximum Special Tax that will be in effect the following Fiscal Year times the number of Fiscal Years remaining in the 30-year period defined in Section I below.

F. EXEMPTIONS

The City Council shall classify as Exempt Property: (i) Public Property, (ii) Property Owner Association Property, (iii) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, including but not limited to property designated for open space, trails, pathways, parks or park and recreation related facilities, and (iv) property reasonably designated by the City or CFD Administrator as Exempt Property due to deed restrictions, conservation easement, or similar factors.

G. APPEALS

Any property owner claiming that the amounts or application of the Special Tax is not correct may file a written notice of appeal with the CFD Administrator not later than twelve months after having paid the first installment of the Special Tax. The CFD Administrator shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the decision of the CFD

Administrator requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made but an adjustment shall be made to the Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s) to compensate for the overpayment of the Special Tax.

H. MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that the Special Tax may be billed and collected at a different time or in a different manner if necessary to meet the financial obligations of CFD 2025-1.

I. DURATION OF TAX

For each Residential Unit, the Special Tax shall be levied for a cumulative 30-year period to fund the Special Tax Requirement unless such tax is no longer required as determined by the City Council.

J. INTERPRETATION

The City may interpret, clarify, and revise this Rate and Method to correct any inconsistency, vagueness, or ambiguity, by resolution and/or ordinance, that does not create a material adverse effect on the levy and collection of the Special Tax.

EXHIBIT C

CITY OF PALM DESERT Community Facilities District No. 2025-1 (Shadow Ridge Public Services)

PROPOSED BOUNDARY MAP

