



AGENDA STAFF REPORT

Control: 26001287

MEETING DATE: 05/19/2026

LEGAL ENTITY TAKING ACTION: Community Facilities District 2025-1 (Rienda Phase 3)

BOARD OF SUPERVISORS DISTRICT(S): District 5

SUBMITTING AGENCY/DEPARTMENT: County Executive Office

DEPARTMENT CONTACT PERSON(S): Louis McClure, 714-834-5999
Oana Cosma, 714-834-7410

SUBJECT: Community Facilities District No. 2025-1 Financing Approval

CEO CONCUR	COUNTY COUNSEL REVIEW	CLERK OF THE BOARD
Concur	Approve resolution to form	DISCUSSION
		4/5 Vote

Budgeted: No	Current Year Cost: See Financial Impact Section	Annual Cost: See Financial Impact Section
Staffing Impact: No	Funding Source: Bond Proceeds and Special Taxes: 100%	Sole Source: No
Current Fiscal Year Revenue: See Financial Impact Section		County Audit in Last 3 years: No
Levine Act Review Completed? Yes		

Prior Board Action: 4/8/2025 #24, 2/11/2025 #S31A, 1/14/2025 #39, 12/3/2024 #32

RECOMMENDED ACTION(S):

1. Adopt the Resolution of the Board of Supervisors, acting in its capacity as the Legislative Body of Community Facilities District No. 2025-1 of the County of Orange (Rienda 3), authorizing the issuance of bonds for Improvement Area No. 1 of Community Facilities district No. 2025-1 (Rienda 3) in a principal amount not to exceed \$130 million and the execution of documents and certain actions related thereto.
2. Direct the Auditor-Controller to establish appropriations and revenues pursuant to Government Code Section 29130 as follows: **(requires 4/5 vote)**.

Fund	Department	Budget Control	Unit	Object	Description	Amount
569	017	569	5300	1900	Professional Services	1,000,000
569	017	569	5300	2400	Special Department Expense	105,150,000
569	017	569	5300	7815	Operating Transfer In	106,150,000
570	017	570	5300	1900	Professional Services	100,000
570	017	570	5300	2400	Special Department Expense	10,600,000
570	017	570	5300	4710	Discount on Bonds Issued	1,450,000

570	017	570	5300	4805	Operating Transfers Out	106,150,000
570	017	570	5300	7840	Long Term Debt Proceeds	118,300,000

SUMMARY:

Approval of the Recommended Actions will allow for financing of public infrastructure at the time of development.

BACKGROUND INFORMATION:

The Development

On November 8, 2004, your Board approved the Ranch Plan Development Agreement (Development Agreement) between the County of Orange and Rancho Mission Viejo allowing up to 14,000 dwelling units, as well as retail, office, and recreational uses within a development area of approximately 7,700 acres with approximately 15,000 acres retained in open space. Rancho Mission Viejo has proposed the formation of one or more community facilities districts (CFD) and financing of the public facilities and projects that are required pursuant to the Development Agreement, to be completed in phases, as development occurs.

Pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982 (Act), as amended, the County formed three CFDs (2015-1, 2016-1 and 2017-1) to finance improvements in Planning Area 2, known as the Village of Esencia (Esencia). The residential portion of Esencia was developed in three phases and included 1,784 for-sale market rate residential units, 730 age-qualified residential units, 242 apartment units and 112 affordable apartment units. Additionally, 53 non-residential acres have been developed to include a 99,200 square foot business park and a 130,000 square foot self-storage center. A 75,000 square foot Mission Hospital medical building is substantially complete and a 30-acre retail/entertainment complex is planned to be developed within the Village of Esencia.

Development is underway in Planning Area 3, which is located on approximately 2,100 acres in an unincorporated area of South Orange County, east of the new community of Esencia, and between the existing master planned community of Coto de Caza and Ortega Highway. Upon build out, Planning Area 3 is expected to contain approximately 7,000 residential units, including market rate and affordable apartments, three million square feet of commercial development, schools, a civic center, parks, trails and community recreation space. The County formed CFD 2021-1 and CFD 2023-1 to finance improvements for the first two phases of Planning Area 3.

In March 2024, the County Executive Office received an Infrastructure Finance Program District Application from Rancho Mission Viejo, on behalf of RMV PA3 Development, LLC (Developer), for the proposed formation of the third CFD within Planning Area 3. The Petition requested the establishment of CFD 2025-1, and the formation of Improvement Area No. 1.

Improvement Area No. 1 of CFD 2025-1 consists of approximately 178 acres, of which approximately 51 acres are expected to be subject to the special tax at build-out. Development within Improvement Area No. 1 is expected to include 501 for-sale single family homes (175 market-rate and 326 age-qualified) and an apartment project planned for 217 market-rate units. The property within Improvement Area No. 1 which is not subject to the special tax is anticipated to be used for a public school, rights of way and community amenities. All property planned for residential development in the eight for-sale projects have been conveyed by the Developer to either the merchant builders or their respective landbanks. The area included

in Improvement Area No. 1 has been graded and major infrastructure (sewer, water, storm drains, utilities and arterial roads) to be installed by the Developer has been substantially completed. All of the merchant builders have commenced home sales of their projects, 59 homes have been conveyed to individual homeowners, and 277 building permits have been issued for the 501 planned single-family homes within Improvement Area No. 1. The Developer expects construction to commence on the 217-unit apartment project in July 2026 and be completed in November 2028.

The Bonds

The estimated principal amount of the proposed 2026 Series A Special Tax Bonds (Bonds) is \$118.2 million. The Bonds are expected to be sold at a discount of approximately \$1.4 million, which will generate net proceeds of \$116.8 million. Of the \$116.8 million, approximately \$105.3 million will be deposited into the project fund and approximately \$10.6 million will be deposited into the Bond reserve fund. The true interest cost of the Bonds is estimated at 5.35 percent and the cost of issuance including underwriter's discount and all other fees and charges paid to third parties is estimated at \$873,000. The not to exceed amount in the resolution provides flexibility in the event municipal bond market conditions change from the estimated amounts above.

The proceeds of the Bonds will be used to pay the costs and expense of the acquisition and construction of facilities and improvements, fund the reserve account and pay the costs of issuing the Bonds. The facilities authorized to be constructed and acquired consist of roadway improvements, tunnels, regional hiking and biking trails, storm drains and basins, water and wastewater facilities, wet and dry utilities, bridges and pedestrian bridges, parks, traffic signals, school sites, school facilities and equipment and related infrastructure improvements, appurtenances and appurtenant work in connection with the facilities.

The Act provides that the legislative body of a CFD may sell bonds only if it determines, prior to the award of the sale of bonds, that the value of the real property that would be subject to the special tax to pay debt service on the bonds will be at least three times the principal amount of the bonds to be sold and the principal amount of all other bonds outstanding that are secured by a special tax or assessment levied on property within the CFD (or improvement area). This is referred to as the value-to-lien test. In accordance with industry practice, the County's special tax consultant has calculated the direct and overlapping debt of the Capistrano Unified School District and the Metropolitan Water District allocable to Improvement Area No. 1 of CFD 2025-1 to be approximately \$118.2 million, including the proposed Bonds. The market value of the land and improvements in Improvement Area No. 1 of CFD 2025-1 was appraised at \$445.2 million, as of February 26, 2026, by Integra Realty Resources (Attachment D). This results in a value-to-lien ratio of 3.77 to 1, which is at least three times the principal amount of the Bonds as required by the Act.

The Market Absorption Study (Attachment E) prepared by Empire Economics, Inc. (Empire) estimates the rate of absorption for the projects within CFD 2025-1. Empire estimates the calendar year absorption schedules for the for-sale residential projects as follows: 49 units in 2025, 197 units in 2026, 203 units in 2027, and the final 52 units in 2028. Empire's conclusions are based on market conditions and a statistical comparison of the currently active comparable projects.

The Policy Compliance Report (Attachment H) prepared by the Municipal Advisor, CSG Advisors Inc., concludes that the County policies have been met and the economics of the project are sound. The project serves a community need, the special taxes have been apportioned to the property owners on a reasonable basis and relate to the cost of the financed facilities. An independent market economist and real estate appraiser were used, and the value of the property is at least three times the principal amount of the proposed

Bonds and other overlapping debt. The tax rate within Improvement Area No. 1 of CFD 2025-1 is approximately 2.0 percent or less of the estimated market value of the units at the time of sale. This estimated tax burden includes the overlapping debt of the Capistrano Unified School District and the Metropolitan Water District, as well as the base property tax rate of 1 percent. With the estimated tax burden being 2 percent or less of the estimated market value, Improvement Area No. 1 of CFD 2025-1 is in compliance with the County's policy.

Consistent with the County's practices regarding CFD financings, on February 20, 2025, the County filed a complaint in the Superior Court of the State of California (Court) for the County of Orange seeking judicial validation of the formation of CFD 2025-1. On August 7, 2025, the Court entered a default judgment that validated the actions taken with respect to the formation of CFD 2025-1, the designation of Improvement Area No. 1, the incurrence of bonded indebtedness and levy of the special tax. The last day of the appeal period for the validation action was September 7, 2025.

The County Executive Office (CEO) recommends the issuance of the Bonds since the proposed Bonds are in compliance with County policies, the Act and other applicable statutes. In addition, the value of Improvement Area No. 1 of CFD 2025-1 is expected to increase with the continued development of the project. The analysis by Empire indicates a favorable project absorption period. The Developer has a history of success and experience in Orange County and CFD 2025-1 is consistent with the County's formation and financing of previous CFDs and the County's commitment to construct public improvements as development occurs.

Prior Board Action

On December 3, 2024, the Board adopted resolutions stating its intention to form CFD 2025-1 and Improvement Area No. 1 therein, authorizing the levy of a special tax on the taxable property within Improvement Area No. 1, designating additional property which may be annexed to Improvement Area No. 1 and stating its intention to incur bonded indebtedness in a principal amount not to exceed \$160,000,000 in Improvement Area No. 1. On January 14, 2025, subsequent to a public hearing, the Board adopted resolutions establishing CFD 2025-1 and designating Improvement Area No. 1 therein, authorizing the levy of a special tax within Improvement Area No. 1, determined the necessity to incur bonded indebtedness and calling an election within Improvement Area No. 1 on the proposition of incurring bonded indebtedness, levying a special tax and setting an appropriations limit within CFD 2025-1. On January 14, 2025, an election was held at which the landowners within Improvement Area No. 1 eligible to vote approved the issuance of bonds for Improvement Area No. 1 of CFD 2025-1 and authorized the levy of a special tax to repay the bonds. On February 11, 2025, the Board, acting as the legislative body of CFD 2025-1, adopted an ordinance which authorizes the levy of a special tax within Improvement Area No. 1. On April 8, 2025, the Board, acting as the legislative body of CFD 2025-1, adopted a resolution accepting the unanimous approval of the owners of property to be annexed to Improvement Area No. 1, and such property has been annexed to Improvement Area No. 1 and is subject to the levy of the Special Tax.

The Public Financing Advisory Committee considered this item at its meeting on May 14, 2026. CEO provided a written summary of the results of the meeting to the Board.

FINANCIAL IMPACT:

There is no financial impact to the County as repayment of the Bonds, as well as the administrative costs of County staff, will be paid by the special taxes levied within Improvement Area No. 1 of CFD 2025-1,

and the costs of issuing the Bonds will be paid from proceeds of the Bonds. CFD 2025-1 RMV (Rienda 3) Construction Fund 569 and CFD 2025-1 RMV (Rienda 3) Debt Service Fund 570 were established in August 2025. Appropriations and revenues will be established through the recommended actions above.

STAFFING IMPACT:

N/A

REVIEWING AGENCIES/DEPARTMENTS:

N/A

ATTACHMENTS:

Attachment A - Resolution

Attachment B - Bond Indenture

Attachment C - Preliminary Official Statement

Attachment D - Appraisal Report

Attachment E - Market Absorption Study

Attachment F - Acquisition Funding and Disclosure Agreement

Attachment G - Bond Purchase Agreement

Attachment H - Policy Compliance Report

Attachment I - Continuing Disclosure Certificate

Attachment J - Government Code Section 29130