

**CITY OF EL CENTRO**  
**COMMUNITY FACILITIES DISTRICT**  
**CFD - PROTOCOL**

1. Developer requests CFD application from City's Finance Department
  - a. This step should be at least three months before initiation of CFD process
  - b. Any Developer that requests the formation of a CFD shall not receive any building permits prior to the formation of the CFD. The City, at their discretion, may make exceptions to this policy, provided that the issuance of any building permits is for the benefit of the City's objectives. However, in no event, shall any Certificates of Occupancy be granted prior to the "Special Election" on the special tax of the CFD
  
2. City mails/e-mails, to the applicant, the following:
  - a. CFD application
  - b. CFD Policy
  - c. CFD protocol
  
3. Developer submits the following documentation two months before initiation of CFD process (presentation to council):
  - a. **Completed CFD application**
  - b. **Deposit in the amount of \$70,000** - This deposit is for the purpose of application processing, preliminary costs, retention of appropriate consultants, and the compensation of staff time devoted to the formation of the CFD.
  - c. **Deposit and Reimbursement agreement** (see attached sample)

All costs incurred by the City from the formation of the district and bond issuance including but not limited to consultant costs (e.g., legal counsel, engineering firms, appraisers, special tax consultants, assessment engineers, financial advisors), City staff, administrative costs, related expenses, cost of providing notices, printing, publication costs and all expenses directly or indirectly relating to these items, shall be reimbursed to the City by the applicant/developer with this deposit and additional deposits as needed.
  - d. **Fee Deposit and Reimbursement agreement** (see attached sample)

The Project will require the payment, pursuant to the land use entitlements, conditions of approval, existing City ordinances and resolutions and development agreement for and applicable to the Project (the "Project Conditions"), of certain City Fees. In conjunction with the recording of the final subdivision map(s) for the Project, issuance of grading permits and/or the issuance of building permits for the construction of the Project or other applicable stages of approval of the Project, the Property Owner, or its successors or assigns, may elect to provide a security deposit to cover City Fees to the City (the "Deposit") before any Bond Proceeds are available to pay the City Fees. In such case, the Property Owner shall be entitled to (i) reimbursement of such Deposits and (ii) credit for payments made to the City from Bond Proceeds of the City Fees which would otherwise be due to the City in conjunction with the Project.
  
4. The City will conduct an initial evaluation of the application to determine if it is complete and whether additional information is required.
  
5. Applicant and the City Manager, or his/her designee, shall meet to discuss the initial project and application.

6. Once the application is accepted by the City Manager, a City financing team consisting of City staff and Consultants determined by the City Manager will review application, based on the needs of the project, to determine the adequacy of the proposed financing. City Manager may also forward the application to the City's engineering staff for determination that the application package is in fact both complete and practicable.
7. Upon City staff determination that the application package is complete, the following will be forwarded to City Council for further action:
  - a. Staff recommendation
  - b. Application for CFD formation
  - c. Deposit & Reimbursement agreement (related to the \$70,000 deposit).
  - d. Fee deposit & Reimbursement Agreement –
  - e. Resolution accepting application for CFD formation
  - f. Resolution approving the deposit and reimbursement agreement and the fee deposit and reimbursement agreement.
  - g. petition signed by the requisite percentage of owners
  - h. Consultant agreements for (1) bond counsel and (2) special tax consultant/formation services consultant
  - i. Resolution approving consultant agreements
8. The applicant, City Manager and consultants meet to determine a preliminary project schedule and begin work necessary to complete the district formation and financing.
9. Consultants develop the following:
  - a. Rate & Method of apportionment and boundary map.
10. Intent meeting is held and council is presented with the following for their review and approval:
  - a. Rate & Method of apportionment including boundary map
  - b. Resolution of intent to establish the City of El Centro CFD
  - c. Resolution of intent to incur bonded indebtedness in a not to exceed amount.
11. Ballots are mailed to all property owners – at least 15 days prior to the public hearing/special election.

12. Public Hearing/Special Election is held and council is presented with the following for their review and approval:
  - a. Resolution of formation of the City Council of the City of El Centro determining the validity of prior proceedings and establishing City of El Centro CFD No. X
  - b. Resolution of the City Council of the City of El Centro, to incur bonded indebtedness in a not to exceed amount within the City of El Centro CFD no. X and calling for a special election
  - c. Election is held and the ballots are opened and counted.
  - d. Resolution of the City Council of the City of El Centro canvassing the results of the special election held within the City of El Centro CFD No. X.
  - e. Ordinance of the City Council of the City of El Centro, acting as the legislative body of the City of El Centro CFD No. X and authorizing the levy of a special tax
13. Prior to any issuance of Bonds, a copy of each executed "Notice of Special Tax" (as specified per Mello-Roos Act section 53340.2) must be provided to the City and/or CFD Administrator (see attached sample).
14. Pursuant to continuing disclosure requirements, the City and/or CFD Administrator shall request the Developer to provide a status update of the proposed development. The City and/or CFD Administrator shall request information which will include, but may not limited to, price points of products being offered for sale, number of units within each plan, final map acreage, number of escrows closed, schedule of construction, and expected absorption for remaining units.

## ***DISCLOSURE REQUIREMENTS***

### **A. Disclosure Requirement for Developers:**

The Applicant will be required to demonstrate, to the satisfaction of the City, that there will be full disclosure of the Mello-Roos special taxes (and any other special tax, assessment, overlapping special taxes or assessment of other districts, or other liens) on individual parcels to existing and future property owners, and to prospective purchasers of property including interim purchasers and sales to merchant builders (Section 53341.5 of the government Code).

In addition to all requirements of law, the City shall require the Applicant to provide disclosure of such information as the City deems appropriate to the purchasers of property within the District, with respect to the existence of the District, maximum and/or backup special taxes to be levied within the District, facilities to be constructed, the foreclosure process and the terms and conditions of bond issues on behalf of the District. Such disclosure shall include home buyer notifications requiring signature prior to home purchases, as well as methods to notify subsequent home purchasers.