

**TEMECULA PUBLIC FINANCING AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 23-02
(PRADO)**

COMMUNITY FACILITIES DISTRICT REPORT

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(PRADO)**

INTRODUCTION. The Board of Directors (the “Board of Directors”) of the Temecula Public Financing Authority (the “Authority”) did, pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982 (the “Law”), on January 23, 2024, adopt Resolution No. TPFA 2024-01 entitled “A Resolution of the Board of Directors of the Temecula Public Financing Authority Declaring Its Intention to Establish a Community Facilities District and to Authorize the Levy of Special Taxes Therein – Prado” (the “Resolution of Intention”). In the Resolution of Intention, the Board of Directors expressly ordered the preparation of a written Community Facilities District Report (the “Report”), for the proposed Temecula Public Financing Authority Community Facilities District No. 23-02 (Prado) (the “District”).

The Resolution of Intention ordering the Report did direct that the Report generally contain the following:

1. A brief description of the special taxes eligible to be prepaid and the facilities and the municipal services eligible to be funded by the District; and
2. An estimate of the fair and reasonable cost of providing for the prepayment of the special taxes, and the funding of the facilities and the municipal services, including the incidental expenses in connection therewith, including the costs of the proposed bond financing, any Authority or City of Temecula administrative costs and all other related costs.

For particulars, reference is made to the Resolution of Intention, as previously approved and adopted by the Board of Directors.

NOW, THEREFORE, I, the Director of Public Works of the City of Temecula, do hereby submit the following data:

A. DESCRIPTION OF SPECIAL TAXES ELIGIBLE TO BE PREPAID, AND THE FACILITIES AND THE MUNICIPAL SERVICES ELIGIBLE TO BE FUNDED. A brief description of the special taxes eligible to be prepaid and the facilities and municipal services that the Authority has determined to be eligible to be funded by the District are as shown in Exhibit “A” attached hereto and hereby made a part hereof.

B. PROPOSED BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT. The proposed boundaries of the District are those properties and parcels in which special taxes may be levied to pay for the cost to prepay certain special taxes, and the costs and expenses of the facilities and municipal services to be funded by the District. The proposed boundaries of the District are described in the map of the District recorded on February 7, 2024 at the hour of 10:11 o’clock a.m. in Book 92 at Page 66 of Maps of Assessment and Community Facilities Districts in the office of the County Recorder for the County of Riverside (instrument no. 2024-0034988), a copy of which map is on file with the Secretary.

C. COST ESTIMATE. The cost estimate of the funding for the prepayment of the special taxes, the facilities, and the annual municipal services is set forth in Exhibit "B" attached hereto and hereby made a part hereof.

Dated: _____, 2024

By: _____
Patrick Thomas,
Director of Public Works
of the City of Temecula

EXHIBIT A

DESCRIPTION OF SPECIAL TAXES, FACILITIES AND MUNICIPAL SERVICES ELIGIBLE TO BE FUNDED BY THE DISTRICT

SPECIAL TAXES TO BE PREPAID

It is proposed that the District be eligible to finance all or a portion of any amount necessary to eliminate any fixed special assessment liens, or to pay, repay, or defease any obligation to pay or any indebtedness secured by any tax, fee, charge, or assessment levied within the area of the CFD (including, but not limited to the lien of special taxes by the Temecula Public Financing Authority Community Facilities District No. 01-2 (Harveston)), or to pay debt service on any such indebtedness.

FACILITIES

It is proposed that the District be eligible to finance all or a portion of the costs of the following facilities:

- The acquisition and construction of: streets (including paving, aggregate base, striping and traffic marking, sidewalks, curbs, gutters and driveways), including Temecula Center Drive, Ynez Road and Date Street within and in the vicinity of the District; stormwater drainage systems (including storm drain lines, inlets, outlets, channels, structures, junctions, manholes, catch basins and related dewatering); street light improvements (including light fixtures, substructures, conduits and service points of connection); and street signage (including traffic, stop and street name signs).

The foregoing are to include the acquisition of any related right-of-way and other land needed for the installation of any such improvements, demolition of existing structures and site leveling needed for the installation of any such improvements, erosion control, and other appurtenances.

- The acquisition and installation of traffic signal improvements, including traffic signal interconnection and video surveillance systems, at the intersection of Ynez Road and Temecula Center Drive.
- Landscaping improvements in the public right of way along or in the vicinity of Temecula Center Drive, Date Street and Ynez Road, including related appurtenances.
- Capital improvements included in the City of Temecula's adopted Capital Improvement Program for Fiscal Years 2024-2028.
- School improvements to be designated by the Temecula Valley Unified School District, which may include construction of buildings, equipping of school facilities, and acquisition of support and other appurtenances with a useful life of five years or more.
- Sewer system improvements to be designated by the Eastern Municipal Water District.
- Water facilities to be designated by the Rancho California Water District.

The Facilities include the acquisition of right-of-way, the costs of design, engineering and planning, the costs of any environmental or traffic studies, surveys or other reports, the cost of any required environmental mitigation and any required noise mitigation measures, landscaping and irrigation, soils testing, permits, plan check and inspection fees, insurance, legal and related overhead costs, coordination and supervision and any other costs or appurtenances related to any of the foregoing.

MUNICIPAL SERVICES

It is proposed that the District be eligible to fund all or a portion of the costs of the following municipal services:

- Public safety services, including police and fire protection.
- Maintenance of parks, and landscaping in public areas, public easements and public right of way in or near the area of the District, such maintenance to include but not be limited to maintenance of planting areas, trees, bioretention filters, multipurpose trails, and the furnishing of water for irrigation.
- Maintenance of public signage in or near the District.
- Maintenance of storm drainage systems within or serving the area of the District, and including storm drain pipes, culverts, detention/desilting basins, manholes, catch basins and drop inlets, cleanout of storm drains and catch basin cleaning and inspection.
- Maintenance of sidewalks, streets and roadways within or in the vicinity of the area of the District, and including slurry, overlay, curbs and gutters, curb ramps, striping and street sweeping.
- Maintenance of street lighting located within or in the vicinity of the District, and including decorative lighting and pull box assemblies.
- Maintenance of traffic signals, and traffic interconnection and video surveillance systems, within and in the vicinity of the District, and including electrical, LED replacement, maintenance and replacement.
- Graffiti removal from public improvements within and in the area of the District.

The District may fund any of the following related to the services described above: the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of the improvements, including repair, removal or replacement of all or part of any of the improvements, the furnishing of water for the irrigation and the furnishing of electric current or energy, for any lights or irrigation facilities, 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, obtaining supplies or appurtenant facilities necessary for such maintenance, paying the salaries and benefits of personnel necessary or convenient to provide the services, payment of insurance costs and other related expenses. The District may also provide for the reimbursement to the City of Temecula to the extent that the City of Temecula advances funds to pay for any of the foregoing services, and may fund reserves for repairs and replacements and for future expected costs of services. It is expected that the services will be provided by the City of Temecula, either with its own employees or by contract with third parties, or any combination thereof.

The services to be financed by the District shall be 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.

OTHER

It is expected that the District may also finance any of the following:

1. Bond related expenses, including underwriters discount, appraisal and price point study costs, reserve fund, capitalized interest, bond and disclosure counsel fees and expenses, landowner counsel fees and expenses, and all other incidental expenses related to any special tax bonds (the "Bonds") issued for the District.

2. Administrative fees of the Authority, the City of Temecula and the Bond trustee or fiscal agent related to the District and the Bonds.

3. Reimbursement of costs related to the formation of the District advanced by the Authority, the City of Temecula, any landowner in the District, or any party related to any of the foregoing, as well as reimbursement of any costs advanced by the Authority, the City of Temecula, any landowner in the District or any party related to any of the foregoing, for facilities, fees or other purposes or costs of the District.

EXHIBIT B

TEMECULA PUBLIC FINANCING AUTHORITY
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(PRADO)

PREPAYMENT OF SPECIAL TAXES ESTIMATE

The cost to prepay the special taxes levied on property in the District for the Temecula Public Financing Authority Community Facilities District No. 01-2 (Harveston), if the special taxes were prepaid on July 1, 2024, is estimated to be \$191,706.97; consisting of the following: bond redemption amount \$208,536.25, bond redemption premium \$4,170.72, less a reserve fund credit of \$21,000.00.

BONDS/FACILITIES COST ESTIMATE

Acquisition & Construction of Facilities	\$17,097,000
Incidentals	
(a) Bond Reserve Fund	\$1,311,000
(b) Capitalized Interest	692,000
(c) Bond Discount/Underwriter Compensation	500,000
(d) Other Costs of Issuance	<u>400,000</u>
Subtotal Incidentals:	<u>\$ 2,903,000</u>
Total Bond Amount Needed	\$20,000,000

MUNICIPAL SERVICES COST ESTIMATE

The maximum annual special tax that may be levied in the District to pay costs of providing the services eligible to be funded by the District is projected to be \$99,540.00 for fiscal year 2024-25 (assuming buildout of 237 homes expected to be constructed in the District), increasing each fiscal year thereafter by an amount equal to five and six-tenths percent (5.6%) of the amount in effect for the previous fiscal year; to be replaced by a maximum special tax projected to be \$4,025.20 per unit for the Transition Year (as defined in the Rate and Method of Apportionment of Special Taxes for the District), that will increase, each fiscal year following the Transition Year by an amount equal to five and six-tenths percent (5.6%) over the amount in effect for the previous fiscal year.