

RESOLUTION NO. 2022-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEMECULA AUTHORIZING THE PREPAYMENT OF FINANCING LEASE AGREEMENTS ENTERED INTO BY THE CITY OF TEMECULA IN 2011 AND 2018 RELATING TO THE FINANCING AND REFINANCING OF CAPITAL PROJECTS FOR THE CITY AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO

RESOLVED, by the City Council (the “City Council”) of the City of Temecula (the “City”), as follows:

WHEREAS, in 2011, the City, together with the Temecula Public Financing Authority (the “Authority”), entered into a lease transaction to refund (a) certificates of participation delivered in 2001 to finance and refinance the construction of various community recreation facilities, and (b) certificates of participation delivered in 2008 to finance the construction of the Temecula Civic Center (the “2011 Lease Financing”);

WHEREAS, in 2018, the City, together with the Authority, entered into a lease transaction to finance the construction and equipping of a new recreation center in Margarita Park in place of the former YMCA including the demolition of the existing building and pool and construction and equipping of a new building and pool (the “2018 Lease Financing”);

WHEREAS, in connection with the 2011 Lease Financing, the City entered into a financing lease agreement which requires the City to make semi-annual lease payments (which include a principal component and an interest component) from its general fund (the “2011 Lease Agreement”) and in connection with the 2018 Lease Financing, the City entered into a financing lease agreement which requires the City to make semi-annual lease payments (which include a principal component and an interest component) from its general fund (the “2018 Lease Agreement”);

WHEREAS, the lease payments made by the City under the 2011 Lease Agreement were assigned to Compass Mortgage Corporation, since succeeded by PNC Bank, National Association (the “Bank”), which, in exchange for such assignment, advanced funds to the City to refund the 2001 certificates of participation and the 2008 certificates of participation;

WHEREAS, the lease payments made by the City under the 2018 Lease Agreement were also assigned to the Bank which, in exchange for such assignment, advanced funds to the City to finance the construction and equipping of a new recreation center in Margarita Park in place of the former YMCA including the demolition of the existing building and pool and construction and equipping of a new building and pool;

WHEREAS, the remaining principal amount of the 2011 Lease Agreement is \$12,482,000 and the remaining principal amount of the 2018 Lease Agreement is \$4,982,079;

WHEREAS, the current terms of the 2011 Lease Agreement preclude the option by the City to prepay the agreement until December 1, 2026, and the current terms of the 2018 Lease Agreement preclude the option by the City to prepay the agreement until September 1, 2028;

WHEREAS, the City desires to prepay the 2011 Lease Agreement and the 2018 Lease Agreement in advance of the stated prepayment dates and has requested that the Bank waive the stated prepayment dates and permit the immediate prepayment of the 2011 Lease Agreement and the 2018 Lease Agreement;

WHEREAS, the Bank has agreed to waive the stated prepayment dates and to permit the immediate prepayment of the 2011 Lease Agreement and the 2018 Lease Agreement at the current remaining principal amount thereof in exchange for the payment of a release fee equal to 1% of the principal amount of each agreement plus accrued interest from the last interest payments made by the City;

WHEREAS, the prepayment amount for the 2011 Lease Agreement, assuming prepayment on December 15, 2022, is \$12,624,606.85 (remaining principal amount of \$12,482,000.00, plus a 1% release fee of \$124,820.00, and accrued interest from December 1, 2022 of \$17,786.85); and

WHEREAS, the prepayment amount for the 2018 Lease Agreement, assuming prepayment on December 15, 2022, is \$5,038,999.25 (remaining principal amount of \$4,982,079.00, plus a 1% release fee of \$49,820.79, and accrued interest from December 1, 2022 of \$7,099.46);

NOW, THEREFORE, it is hereby DECLARED and ORDERED, as follows:

Section 1. The City Council hereby authorizes the prepayment by the City of the 2011 Lease Agreement in the total amount of \$12,624,606.85 and approves the prepayment by the City of the 2018 Lease Agreement in the total amount of \$5,038,999.25.

Section 2. The Mayor or the City Manager is hereby authorized and directed to execute any and all documents required to properly consummate the prepayment of the 2011 Lease Agreement and the 2018 Lease Agreement including, but not limited to, and documents required to terminate the encumbrances on the real estate of the City that was employed in connection with the 2011 Lease Financing and the 2018 Lease Financing and any and such other agreements, documents and certificates and to take such other actions as may be necessary to effect the purposes of this resolution.

Section 3. This resolution shall take effect upon its adoption by the City Council.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Temecula

this 13th day of December, 2022.

Matt Rahn, Mayor

ATTEST:

Randi Johl, City Clerk

[SEAL]

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss
CITY OF TEMECULA)

I, Randi Johl, City Clerk of the City of Temecula, do hereby certify that the foregoing Resolution No. 2022- was duly and regularly adopted by the City Council of the City of Temecula at a meeting thereof held on the 13th day of December, 2022, by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

Randi Johl, City Clerk