

**TEMECULA PUBLIC FINANCING AUTHORITY/CITY COUNCIL
AGENDA REPORT**

TO: Executive Director/Board of Directors
City Manager/City Council Members

FROM: Aaron Adams, Authority Executive Director/City Manager

DATE: September 23, 2025

SUBJECT: Approve Issuance of Special Tax Bonds for Temecula Public Financing Authority
Community Facilities District No. 23-02 (Prado)

PREPARED BY: Jennifer Hennessy, City Director of Finance/Authority Treasurer

RECOMMENDATION: That the City Council hold a public hearing adopt resolutions entitled:

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
TEMECULA MAKING FINDINGS WITH RESPECT TO AND
APPROVING THE ISSUANCE OF BONDS BY THE
TEMECULA PUBLIC FINANCING AUTHORITY

RESOLUTION NO. TPFA

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
TEMECULA PUBLIC FINANCING AUTHORITY
AUTHORIZING THE ISSUANCE OF SPECIAL TAX BONDS
FOR COMMUNITY FACILITIES DISTRICT NO. 23-02
(PRADO), AND APPROVING OTHER RELATED
DOCUMENTS AND ACTIONS

BACKGROUND: In 2024, the Temecula Public Financing Authority (the “Authority”) Community Facilities District No. 23-02 (Prado) (the “CFD”) was formed by the Authority to finance various public improvements described in the proceedings for the formation of the CFD.

The Authority has now received a request from Meritage Homes of California, Inc. (the “Developer”) to issue special tax bonds for the CFD (the “2025 Bonds”), payable from a Special Tax A levied on property in the CFD in order to provide funds to finance costs of improvements authorized to be financed by the CFD.

In December of 2023, the Developer submitted to City of Temecula (the “City”) a check in the amount of \$130,000 (the “Deposit”), to be used by the City to pay costs of the City and the

Authority in connection with the formation of the CFD and the issuance of the 2025 Bonds. Pursuant to a Deposit/Reimbursement Agreement (the “Agreement”), entered into in December of 2023 by the Developer, the City and the Authority, funds advanced by the Developer for CFD costs, including the Deposit, will be reimbursed to the Developer from proceeds of the issuance of the 2025 Bonds.

The 2025 Bonds are proposed to be issued pursuant to a Fiscal Agent Agreement setting forth the various terms and provisions for the 2025 Bonds. The 2025 Bonds are expected to be offered to investors for sale pursuant to a Preliminary Official Statement, and are expected to be sold to Stifel, Nicolaus & Company, Incorporated, the underwriter for the 2025 Bonds (the “Underwriter”), pursuant to a Bond Purchase Agreement, subject to parameters set forth in the Authority Resolution authorizing the issuance of the 2025 Bonds, the title of which is set forth above. Those parameters allow for the issuance of up to \$20,000,000 of 2025 Bonds for the CFD. The Authority will enter into a Continuing Disclosure Agreement for the 2025 Bonds, which will require that the Authority provide certain ongoing information for the CFD on annual basis until the 2025 Bonds have been paid in full. City Staff and consultants have reviewed the documents described above and they are now in form ready for approval by the Board of Directors so that the sale and issuance of the 2025 Bonds can occur. Further descriptions of the bond documents to be approved tonight are as follows:

Fiscal Agent Agreement. Agreement between the Authority and Fiscal Agent that includes the terms of the 2025 Bonds, provides for the funds and accounts to be held by the Fiscal Agent, the bond payment and redemption provisions and the certain covenants of the Authority.

Preliminary Official Statement. The Preliminary Official Statement is the “offering document” for the 2025 Bonds, required to be made available to investors pursuant to federal securities laws. It must include all information that would be material to a prospective investor’s decision whether to purchase the 2025 Bonds. While the various members of the financing team have contributed to the preparation of the Preliminary Official Statement, the Authority is ultimately responsible for ensuring that the Preliminary Official Statement is accurate, contains no misleading information and does not omit any information necessary to make the Preliminary Official Statement not misleading to investors.

Bond Purchase Agreement. Agreement between the Authority and Underwriter whereby the Authority agrees to sell the 2025 Bonds to the Underwriter and the Underwriter agrees to buy the 2025 Bonds from the Authority and sell them to the public.

Continuing Disclosure Agreement. Specifies the Authority’s obligation to provide annual disclosure to the municipal bond market related to the 2025 Bonds by preparing and filing annual disclosure reports and provides for the Authority to give notices of certain material events related to the CFD and the 2025 Bonds, if they occur.

Section 6586.5 of the California Government Code requires that the City, following the conduct of a public hearing, approve the financing of public improvements with proceeds of the 2025 Bonds, and make a finding of significant benefit from such financing. A notice of the public hearing for the 2025 Bonds has been duly published in accordance with the requirements of the Government Code.

At the time of the formation of the CFD, the Authority and the City entered into a Joint Community Facilities Agreement relating to improvements and services to be funded by the CFD, but to be owned and provided by the City, and the Authority and the Developer entered into an Acquisition Agreement (the “Acquisition Agreement”) pursuant to which the Developer has agreed to construct some of the improvements authorized to be funded by the CFD; and the Authority now desires to enter into amendments to the Acquisition Agreement.

If the City Council holds the public hearing and adopts the City Resolution, and the Board of Directors adopts the Resolution authorizing the issuance of the 2025 Bonds, it is anticipated that the sale of the 2025 Bonds will occur early October 2025 and close late October 2025.

SPECIFIC ACTIONS: The City Council to hold the public hearing and the City Council and Board of Directors to consider the adoption of their respective Resolutions.

FISCAL IMPACT: None. The 2025 Bonds will not be obligations of the City, or general obligations of the Authority, but will be limited obligations of the Authority for the CFD payable solely from special taxes levied on land in the CFD and amounts held under the Fiscal Agent Agreement for the 2025 Bonds.

ATTACHMENTS:

1. City Council Resolution – Issuance of Bonds
2. TPFA Resolution- Issuance of Special Tax Bonds
3. Fiscal Agent Agreement
4. Preliminary Official Statement (including Continuing Disclosure Agreements as Appendix E and Appendix F)
5. Bond Purchase Agreement
6. First Amendment to Acquisition Agreement