

PETITION
(Including Waivers)

**To Create a Community Facilities District and
With Respect to Related Matters**

To the Board of Directors of the
Temecula Public Financing Authority
41000 Main Street
Temecula, California 92589-9033

Dear Directors:

This is a petition to create a community facilities district, and with respect to related matters, under Sections 53311 and following of the California Government Code (the "Act"), and the undersigned hereby states as follows:

1. Petitioner. This petition is submitted by the entity identified below (the "Petitioner") as the owner of the parcels of land identified below (the "Land"). By submitting this petition, the Petitioner represents to the Temecula Public Financing Authority (the "Authority") that it is the sole owner of the Land, and that the person executing this Petition is authorized to execute it for the Petitioner.

2. Proceedings Requested. The Petitioner hereby asks that the Board of Directors of the Authority undertake proceedings under the Act to create a community facilities district to be designated "Temecula Public Financing Authority Community Facilities District No. 23-02 (Prado)" (the "CFD"), to levy special taxes in the CFD and to authorize special tax bonds for the CFD in an amount of not to exceed \$20,000,000.

3. Boundaries of CFD. The Petitioner hereby asks that the territory to be included within the boundaries of the CFD include the Land.

4. Purpose of CFD. The Petitioner hereby asks that the CFD be created, the special taxes be levied and the bonds be issued (a) to finance costs of the public improvements and the elimination of liens or payment of indebtedness of any overlapping district identified as the "Facilities" on Exhibit A hereto, and (b) to finance other costs of issuing the special tax bonds and of providing a reserve fund for the bonds. It is also expected that special taxes will be levied to fund costs of the "Municipal Services" identified on Exhibit A.

5. Election. The Petitioner hereby asks that the special election to be held under the Act to authorize the levy of the special taxes and the issuance of the bonds and to establish an appropriations limit for the CFD be consolidated into a single election and that the election be conducted by the Authority and its officials, using mailed or hand-delivered ballots and that such ballots be opened and canvassed and the results certified at the same meeting of the Board of Directors of the Authority as the meeting at which the public hearings on the CFD under the Act are to be held, or as soon thereafter as possible.

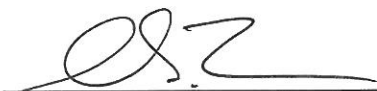
6. Waivers. To expedite the completion of the proceedings for the formation of the CFD, the Petitioner hereby waives all notices of hearings and all notices of election, applicable waiting periods under the Act for the election and all ballot analysis and arguments for the election. The Petitioner also waives (a) any requirement as to the specific form of the ballot to be used for the election, whether under the California Elections Code or otherwise, and (b) any notice with respect to the special taxes to be levied on property in the CFD otherwise required by California Government Code Section 54930.

This Petition is dated December 5th, 2023.

The property that is the subject of this Petition is identified as the Riverside County Assessor Parcel Nos.:

916-400-051
916-400-052
916-400-053
916-400-070

Meritage Homes of California, Inc.,
a California corporation

By: 
Aaron Talarico,
Vice President – Land Acquisition
and Forward Planning

The address to which a ballot for the CFD election may be sent:

Meritage Homes
5 Peters Canyon Road, Suite 310
Irvine, CA 92606
Attention: Aaron Talarico, Vice President – Land
Acquisition and Forward Planning

EXHIBIT A

DESCRIPTION OF FACILITIES AND MUNICIPAL SERVICES TO BE FUNDED BY THE CFD

FACILITIES

It is proposed that the CFD 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, Date Street and Ynez Road within and in the vicinity of the CFD; 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 and water development improvements to be designated by the Eastern Municipal Water District.
- Water facilities to be designated by the Rancho California Water District.

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.

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 CFD 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 CFD, 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 CFD.
- Maintenance of storm drainage systems within or serving the area of the CFD, 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 CFD, 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 CFD, 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 CFD, and including electrical, LED replacement, maintenance and replacement.
- Graffiti removal from public improvements within and in the area of the CFD.

The CFD 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 CFD 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 CFD shall be in addition to those provided in the territory of the CFD before the date of creation of the CFD, and will not supplant services already available within that territory when the CFD is created.

ADMINISTRATIVE EXPENSES

The administrative expenses to be financed by the CFD include the direct and indirect expenses incurred by the Authority and the City in carrying out their respective duties with respect to the CFD (including, but not limited to, the levy and collection of the special taxes) including the fees and expenses of attorneys, any fees of the County of Riverside related to the CFD or the collection of special taxes, an allocable share of the salaries of the Authority and City staff directly related thereto and a proportionate amount of the Authority's and the City's

general administrative overhead related thereto, any amounts paid by the Authority and the City from its respective general fund with respect to the CFD or the facilities and services authorized to be financed by the CFD, and expenses incurred by the Authority and the City in undertaking action to foreclose on properties for which the payment of special taxes is delinquent, and all other costs and expenses of the Authority and City in any way related to the CFD.

OTHER

The CFD 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 CFD.
2. Administrative fees of the Authority, the City of Temecula and the Bond trustee or fiscal agent related to the CFD and the Bonds.
3. Reimbursement of costs related to the formation of the CFD advanced by the Authority, the City of Temecula, any landowner in the CFD, 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 CFD or any party related to any of the foregoing, for facilities, fees or other purposes or costs of the CFD.