

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

TO: City Council/Board of Directors

FROM: Aaron Adams, City Manager/Executive Director

DATE: December 12, 2023

SUBJECT: Approve Deposit/Reimbursement Agreement and Initiate Community Facilities District Formation Proceedings Related to the Prado Development

PREPARED BY: Jennifer Hennessy, Director of Finance/Treasurer

RECOMMENDATION: That the City Council/Board of Directors adopt resolutions entitled:

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEMECULA APPROVING A DEPOSIT/REIMBURSEMENT AGREEMENT – PRADO

RESOLUTION NO. TPFA

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TEMECULA PUBLIC FINANCING AUTHORITY ACKNOWLEDGING RECEIPT OF A DEPOSIT RELATIVE TO THE FORMATION OF A COMMUNITY FACILITIES DISTRICT, AND AUTHORIZING AND DIRECTING ACTIONS WITH RESPECT THERETO – PRADO

BACKGROUND: The Authority has received a request from Meritage Homes of California, Inc., a California corporation (the “Developer”), that expects to develop certain property in the City, that the Board of Directors of the Authority, with the assistance of City Staff and the Authority’s and the City’s consultants, form the Temecula Public Financing Authority Community Facilities District No. 23-02 (Prado) (the “CFD”). The proposed CFD would be authorized to issue special tax bonds (the “Bonds”) in order to finance various public improvements necessitated by the development of the property in the area of the CFD, as well as to fund various municipal services. The property to be developed consists of the Prado development, including Riverside County Assessor’s Parcel Numbers 916-400-051, 916-400-052, 916-400-053 and 916-400-070.

The Developer has submitted to the Finance Director of 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 to form the CFD

and issue the Bonds. Pursuant to a Deposit/Reimbursement Agreement (the “Agreement”) to be entered into by the Developer, the City and the Authority, and to be administered by the City, funds advanced by the Developer for CFD costs, including the Deposit, will be reimbursed to the Developer upon the issuance and from proceeds of the Bonds.

SPECIFIC ACTIONS: The City Council to consider the adoption of the Resolution approving the Agreement and authorizing actions necessary to implement the Agreement. The Board of Directors to consider the adoption of the Resolution acknowledging receipt of the Deposit, directing staff to present to the Board of Directors the proceedings to form the CFD and authorize the issuance of the Bonds, and designating and authorizing the Executive Director to execute contracts with Webb Municipal Finance, LLC as Special Tax Consultant and Quint & Thimmig LLP as Formation Counsel to assist in the formation and authorization proceedings. The passage of these Resolutions does not obligate the City Council or the Board of Directors to form the CFD or to issue the Bonds.

FISCAL IMPACT: The City has received an initial \$130,000 deposit from the Developer; these funds will be expended in accordance with the Deposit/Reimbursement Agreement. Provisions in the Deposit/Reimbursement Agreement require the Developer to deposit additional funds as necessary to cover all costs of formation of the CFD. There is no fiscal impact to the Authority or the City.

ATTACHMENTS:

1. City Council Resolution
2. TPFAs Resolution
3. Petition of the Developer
4. Deposit/Reimbursement Agreement