

**TEMECULA PUBLIC FINANCING AUTHORITY
AGENDA REPORT**

TO: Executive Director/Board of Directors

FROM: Aaron Adams, Executive Director

DATE: September 27, 2022

SUBJECT: Approve Resolutions Related to the Annexation of Territory to the Temecula Public Financing Authority Community Facilities District No. 16-01 (Roripaugh Ranch Phase 2)

PREPARED BY: Jennifer Hennessy, Treasurer

RECOMMENDATION:

1. That the Board of Directors of the Temecula Public Financing Authority (the “Board”) hold a public hearing relating to the proposed annexation of territory to Zone 1 of the Community Facilities District No. 16-01 (Roripaugh Ranch Phase 2), and adopt the resolution entitled:

RESOLUTION NO. TPFA 2022-

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TEMECULA PUBLIC FINANCING AUTHORITY OF ANNEXATION OF TERRITORY TO ZONE 1 OF THE TEMECULA PUBLIC FINANCING AUTHORITY COMMUNITY FACILITIES DISTRICT NO. 16-01 (RORIPAUGH RANCH PHASE 2), AUTHORIZING THE LEVY OF A SPECIAL TAX THEREIN AND SUBMITTING LEVY OF SPECIAL TAX TO THE QUALIFIED ELECTOR

2. That the Board hold an election regarding the annexation, and adopt the resolution entitled:

RESOLUTION NO. TPFA 2022-

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TEMECULA PUBLIC FINANCING AUTHORITY DECLARING RESULTS OF SPECIAL ANNEXATION ELECTION, DETERMINING VALIDITY OF PRIOR PROCEEDINGS, DIRECTING RECORDING OF AMENDMENT TO NOTICE OF SPECIAL TAX LIEN AND APPROVING SECOND AMENDMENT TO ACQUISITION AGREEMENT

BACKGROUND: In 2016, the Temecula Public Financing Authority (the “Authority”) Community Facilities District No. 16-01 (Roripaugh Ranch Phase 2) (the “CFD”) was formed and subsequently \$42,815,000 principal amount of bonds were issued in 2017 by the Authority for the CFD to finance various public facilities required for the development of the property in the CFD. The bonds are payable from the proceeds of an annual special tax levied on property in the CFD.

The Authority has received a Petition (Including Waivers) (the “Petition”) from Woodside 05S, LP, a California limited partnership (the “Developer”) requesting that the Authority, among other matters, annex property identified in the Petition to Zone 1 of the CFD. Furthermore, the Developer would like the Authority to issue special tax bonds for the CFD (the “Bonds”), payable from special taxes levied on property in the CFD and in the property being annexed to Zone 1 of the CFD on a parity with the bonds issued in 2017, to provide funds to finance costs of improvements authorized to be financed by the CFD in excess of available 2017 bond proceeds.

On August 23, 2022, the Board adopted a resolution of intention to annex territory owned by the Developer to Zone 1 of the CFD and levy special taxes on the property proposed to be annexed and set the date for a public hearing regarding the annexation for September 27, 2022.

SPECIFIC ACTIONS: If, following the public hearing, no majority protest has been filed pertaining to the annexation, the Board will consider the adoption of the following resolution:

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TEMECULA PUBLIC FINANCING AUTHORITY OF ANNEXATION OF TERRITORY TO ZONE 1 OF THE TEMECULA PUBLIC FINANCING AUTHORITY COMMUNITY FACILITIES DISTRICT NO. 16-01 (RORIPAUGH RANCH PHASE 2), AUTHORIZING THE LEVY OF A SPECIAL TAX THEREIN AND SUBMITTING LEVY OF SPECIAL TAX TO THE QUALIFIED ELECTOR

Following the adoption of the above resolution, the Secretary of the Board will tabulate the ballot cast in the special election called regarding the levy of a special tax within the territory annexed to the CFD. The Developer, as the sole owner of the land in the CFD, is the only entity entitled to vote in the election.

If the results of the special election reveal that the propositions have received the affirmative vote of the Developer, the Authority is then requested to adopt the following resolution:

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TEMECULA PUBLIC FINANCING AUTHORITY DECLARING RESULTS OF SPECIAL ANNEXATION ELECTION, DETERMINING VALIDITY OF PRIOR PROCEEDINGS, DIRECTING RECORDING OF AMENDMENT TO NOTICE OF SPECIAL TAX LIEN AND APPROVING SECOND AMENDMENT TO ACQUISITION AGREEMENT

The Resolution declares the subject property to be fully annexed to Zone 1 of the CFD and provides that special taxes now can be levied on the property. The Resolution directs the Secretary to record in the County Record's Office an amendment to the Notice of Special Tax Lien (previously recorded at the time the CFD was formed in 2016) that places a lien on the annexed property to secure the payment of the special taxes. The Resolution also approves a Second Amendment to the Acquisition Agreement between the Authority, for and on behalf of the CFD, and the Developer that governs the use of proceeds of the Bonds, when and if issued, to finance improvements authorized to be funded by the CFD. A prior First Amendment to the Acquisition Agreement, entered into by the Authority for the CFD and the Developer on March 9, 2022, set forth the priority for use of CFD Bond proceeds to finance improvements as follows:

- 1) First Priority Public Improvements:
 - a. Butterfield Stage Road Improvements
 - b. Rancho California Road Intersection and Transitions
- 2) Second Priority Public Improvements
 - a. Santa Gertrudis Creek Channel Improvements
- 3) Third Priority Public Improvements; in this order
 - a. Nicolas Road from BSR to Phase 2 Boundary 1,200 feet
 - b. Nicolas Road from Phase 2 Boundary to Westerly end of Improvements near Liefer Rd.
 - c. Nicolas/Calle Girasol Culvert and Channel Improvements
- 4) Fourth Priority Public Improvements
 - a. Winchester Road/Nicolas Road Intersection Improvements

It is expected that staff will present a Resolution approving the issuance of the Bonds and related Bond documents at the October 25th Authority Board meeting.

FISCAL IMPACT: None. All costs associated with the annexation and the issuance of the Bonds will be paid for from amounts advanced by the Developer and/or out of the proceeds of the Bonds when and if they are issued.

ATTACHMENTS:

1. Resolutions (2)
2. Amendment to Notice of Special Tax Lien
3. Second Amendment to Acquisition Agreement