

**TEMECULA PUBLIC FINANCING AUTHORITY
AGENDA REPORT**

TO: Board of Directors/Executive Director

FROM: Greg Butler, Assistant Executive Director

DATE: April 13, 2021

SUBJECT: Formation of Temecula Public Financing Authority Community Facilities District No. 20-01 (Heirloom Farms) Generally Located West of Date Street Between Ynez Road and Temecula Center Drive

PREPARED BY: Jim Fabian, Fieldman Rolapp – Municipal Finance Advisor
Paul Thimmig, Quint & Thimmig – Bond Counsel

RECOMMENDATION: That the Board of Directors:

1. Hold a public hearing regarding the formation of the proposed Temecula Public Financing Authority Community Facilities District No. 20-01 (Heirloom Farms) (the “CFD”), the levy of special taxes in the CFD, and the issuance of bonds by the Temecula Public Financing Authority (the “Authority”) for the CFD, and adopt resolutions entitled:

RESOLUTION NO. TPFA 2021-

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TEMECULA PUBLIC FINANCING AUTHORITY OF FORMATION OF TEMECULA PUBLIC FINANCING AUTHORITY COMMUNITY FACILITIES DISTRICT NO. 20-01 (HEIRLOOM FARMS), AUTHORIZING THE LEVY OF A SPECIAL TAX WITHIN THE DISTRICT, AND PRELIMINARILY ESTABLISHING AN APPROPRIATIONS LIMIT FOR THE DISTRICT

RESOLUTION NO. TPFA 2021-

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TEMECULA PUBLIC FINANCING AUTHORITY DETERMINING THE NECESSITY TO INCUR BONDED INDEBTEDNESS OF THE TEMECULA PUBLIC FINANCING AUTHORITY COMMUNITY FACILITIES DISTRICT NO. 20-01 (HEIRLOOM FARMS)

RESOLUTION NO. TPFA 2021-

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TEMECULA PUBLIC FINANCING AUTHORITY CALLING SPECIAL ELECTION WITHIN COMMUNITY FACILITIES DISTRICT NO. 20-01 (HEIRLOOM FARMS)

2. That the Board of Directors hold an election regarding the CFD, and adopt the resolution entitled:

RESOLUTION NO. TPFA 2021-

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TEMECULA PUBLIC FINANCING AUTHORITY DECLARING RESULTS OF SPECIAL ELECTION AND DIRECTING RECORDING OF NOTICE OF SPECIAL TAX LIEN – COMMUNITY FACILITIES DISTRICT NO. 20-01 (HEIRLOOM FARMS)

3. That the Board of Directors have the first reading of the ordinance entitled:

ORDINANCE NO. TPFA 2021-

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE TEMECULA PUBLIC FINANCING AUTHORITY LEVYING SPECIAL TAXES WITHIN TEMECULA PUBLIC FINANCING AUTHORITY COMMUNITY FACILITIES DISTRICT NO. 20-01 (HEIRLOOM FARMS)

DISCUSSION:

In March of last year, in response to a request by Meritage Homes of California, Inc. (“Meritage”), the Authority adopted Resolution No. TPFA 2020-01 and the City Council adopted Resolution No. 2020-15, pursuant to which it approved a Deposit/Reimbursement Agreement, subsequently executed by the Authority, the City and Meritage, whereby Meritage agreed to pay the costs of the Authority and the City in connection with the formation of a community facilities district. The Resolution of the Authority also designated various consultants to assist with the formation of the community facilities district.

The Authority received a petition (including waivers) (the “Petition”) from Meritage requesting that it move forward with the formation of the CFD for the purpose of financing public facilities and to fund the costs of certain municipal services in connection with the planned Heirloom Farms development project.

The CFD is generally located west of Date Street between Ynez Road and Temecula Center Drive. The territory to be included within the boundaries of the CFD includes five County Assessor’s parcels identified in the Petition.

On February 23, 2021, the Board adopted two resolutions related to the formation of the new CFD and set the date for a public hearing regarding the new CFD for April 13, 2021. On February 23, 2021, the City Council adopted a resolution approving a Joint Community Facilities Agreement with the Authority whereby the City agrees to own and operate certain facilities financed by the CFD, to provide the municipal services to be provided for by the CFD and to assist the Authority administer an Acquisition Agreement with Meritage pursuant to which Meritage will construct public improvements authorized to be funded by the CFD.

The CFD will only include land currently owned by Meritage as delineated in the Petition. In the Petition, Meritage has requested that the CFD levy special taxes and issue bonds to provide funds to fund various public improvements identified in the Petition and 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 the costs of certain municipal services identified in the Petition.

The Authority proposes to use bond proceeds to finance the design, construction and installation of certain public improvements, including related incidental expenses, all as specified in the Resolution of Intention to Establish the CFD adopted by the Board on February 23, 2021. These facilities, when complete, will become the property of and will be maintained by the City, the Eastern Municipal Water District (EMWD) and the Temecula Valley Unified School District (TVUSD), as appropriate.

SPECIFIC ACTIONS:

It is recommended that the Board will receive and file the CFD Report prepared by the direction of the Authority and conduct a public hearing regarding (a) the establishment of the new CFD, (b) the levy of special taxes on property in the CFD, (c) the necessity to incur bonded indebtedness for the CFD, and (d) the establishment of an appropriation limit for the new CFD.

If, following the public hearing, no majority protest has been filed pertaining to the establishment of the CFD or the levy of special taxes within the new CFD, the Board will consider the adoption of the following resolutions:

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TEMECULA PUBLIC FINANCING AUTHORITY OF FORMATION OF TEMECULA PUBLIC FINANCING AUTHORITY COMMUNITY FACILITIES DISTRICT NO. 20-01 (HEIRLOOM FARMS), AUTHORIZING THE LEVY OF A SPECIAL TAX WITHIN THE DISTRICT, AND PRELIMINARILY ESTABLISHING AN APPROPRIATIONS LIMIT FOR THE DISTRICT

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TEMECULA PUBLIC FINANCING AUTHORITY DETERMINING THE NECESSITY TO INCUR BONDED INDEBTEDNESS OF THE TEMECULA PUBLIC FINANCING AUTHORITY COMMUNITY FACILITIES DISTRICT NO. 20-01 (HEIRLOOM FARMS)

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TEMECULA PUBLIC FINANCING AUTHORITY CALLING SPECIAL ELECTION WITHIN COMMUNITY FACILITIES DISTRICT NO. 20-01 (HEIRLOOM FARMS)

Following the adoption of the above resolutions, the Secretary will tabulate the ballot cast in the special election called for the new CFD to enable the qualified elector of the new CFD to vote on ballot questions regarding (a) the authorization to levy special taxes within the CFD, (b) the authorization to issue bonds secured by the levy of such special taxes and (c) the establishment of an appropriations limit for the CFD. Meritage, 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 reveals that the propositions have received the affirmative vote of Meritage, the Authority is then requested to take the following actions.

Adopt the following resolution:

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TEMECULA PUBLIC FINANCING AUTHORITY DECLARING RESULTS OF SPECIAL ELECTION AND DIRECTING RECORDING OF NOTICE OF SPECIAL TAX LIEN – COMMUNITY FACILITIES DISTRICT NO. 20-01 (HEIRLOOM FARMS)

Hold the first reading of the following ordinance:

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE TEMECULA PUBLIC FINANCING AUTHORITY LEVYING SPECIAL TAXES WITHIN TEMECULA PUBLIC FINANCING AUTHORITY COMMUNITY FACILITIES DISTRICT NO. 20-01 (HEIRLOOM FARMS)

FISCAL IMPACT: Meritage has agreed to pay all expenses incurred relative to the proposed formation of the new CFD and the issuance of bonds for the CFD. Costs of issuance of the proposed bond issue will be paid from the proceeds of the bonds to be issued by the Authority for the CFD and bond proceeds may be used to reimburse Meritage for funds advanced by it in connection with the formation of the CFD and the bonds. All annual costs of administering the new CFD and the bonds issued for the CFD will be paid from a portion of the special taxes levied on the properties in the CFD. The bonds, if and when issued by the Authority for the new CFD, would be payable from special taxes levied on land in the new CFD and collected by the Authority. All costs of the City and the Authority to administer the Acquisition Agreement and the Joint Community Facilities Agreement will be paid for with proceeds of a portion of the special taxes levied on property of the CFD.

ATTACHMENTS:

1. Resolutions (4)
2. CFD Report
3. Ordinance
4. Notice of Special Tax Lien