



Council Agenda Report

From: Ryan Cornell, Administrative Services Director

Subject: Approval of Resolutions Authorizing the Issuance of Special Tax Bonds for and on Behalf of the City of Paso Robles Community Facilities District No. 2022-1N (Olsen/South Chandler Ranch-Facilities) (Improvement Area No. 2), Execution of a Fiscal Agent Agreement

CEQA Determination: The City finds that this action is not a project under the California Environmental Quality Act pursuant to State Guidelines Section State CEQA Guidelines, §§ 15060, subd. (c)(2)-(3), 15378.

Date: December 2, 2025

Facts

1. On August 2, 2022, the City Council approved Resolution 22-113, establishing Community Facilities District (CFD) No. 2022-1N (Olsen/South Chandler Ranch-Facilities) (hereinafter referred collectively as the "District") to assist in the financing, acquisition, and construction of certain public facilities and payment of certain fees within portions of the Olsen/South Chandler Ranch project.
2. On August 2, 2022, City Council approved Resolution No. 22-114, that declared the necessity to incur bonded indebtedness in a maximum principal amount not to exceed \$19 million for Improvement Area No. 2 of the District.
3. The appraised value of the taxable property within Improvement Area No. 2 of the District, based upon the appraisal prepared by Integra Realty Resources, is \$39,599,000.
4. Should bonds be issued and sold in an aggregate principal amount that does not exceed \$9,895,000, the appraised value of the taxable property in Improvement Area No. 2 of the District will be more no more than four times such principal amount of the bonds.
5. The payment of the principal of and interest of the bonds are secured by special taxes levied on parcels of taxable property in Improvement Area No. 2.
6. A Purchase Contract (Attachment No. 4), whereby Stifel Nicolas & Co., Inc. (the "Underwriter") has offered to purchase the bonds from the City and form a Preliminary Official Statement (the "POS") related to bonds, the terms thereof, and the security for the bonds.
7. A form of Fiscal Agent Agreement (Attachment No. 2), with respect to the bonds to be executed and delivered by the City and the Fiscal Agent, whereby the Fiscal Agent will authenticate and deliver the bond and perform certain other duties.
8. A form of Continuing Disclosure Certificate shall be executed and delivered by the City for the benefit of the owners of the bonds and in order to assist the Underwriter in complying with Rule 15c12(b)(5) of the Securities and Exchange Commission, as amended.
9. The City has considered the forms of the Fiscal Agent Agreement, the Continuing Disclosure Certificate, the Purchase Contract, and the Preliminary Official Statement; and has determined that it is in the best interest of the owners of property in and the future residents of the District that the City Council authorize the issuance and sale bonds and the execution and delivery of said agreements, and approve and authorize the distribution of the Preliminary Official Statement subject to the conditions hereinafter contained.

10. Section 5852.1 of the Government Code of the State of California (“Section 5852.1”) provides that the City Council obtain from an underwriter, financial advisor, or private lender and disclose good faith estimates of: (a) the true interest cost of the bonds; (b) the finance charge of the bonds, meaning the sum of all fees and charges paid to third parties; (c) the amount of proceeds of the bonds received less the finance charge described above and any reserves or capitalized interest paid or funded with proceeds of the bonds; and (d) the sum total of all debt service payments on the bonds calculated to the final maturity of the bonds plus the fees and charges paid to third parties not paid with the proceeds of the bonds.
11. The City has obtained such good faith estimates from NHA Advisors, LLC, the City’s municipal advisor (the “Municipal Advisor”), and such estimates are disclosed in Exhibit A attached hereto and incorporated herein by reference in accordance with Section 5852.1.

Options

1. Take no action;
2. Approve resolutions authorizing issuance of bonds;
3. Provide alternative direction to staff.

Analysis and Conclusions

Assuming the City Council approves this financing, staff will work with the bond finance team to determine the final bond sizing, and the Preliminary Official Statement (POS) will be finalized and posted electronically for investors to review. Assuming the market remains stable, the City; NHA Advisors, LLC, the City’s Municipal Advisor; and Stifel, the bond underwriter, are expected to hold a pre-pricing and pricing calls the week of December 8, 2025, to review bond market conditions and preliminary interest rates, after which, the bonds will be sold. An authorized officer will then execute, on behalf of the City, a Bond Purchase Agreement with Stifel, finalizing the bond interest rates and setting the delivery date, which is anticipated to occur the week of December 22, 2025.

The facilities authorized to be financed from bond proceeds (the “Facilities”) consist of transportation facilities, park and recreation improvements and facilities, parkway and landscaping improvements, public safety facilities including police and fire buildings and equipment, public library and community center facilities, water, wastewater and storm drain improvements, street improvement and general governmental facilities and all appurtenances and appurtenant work in connection with the foregoing facilities, including the costs of engineering, planning, designing, materials testing, coordination, construction, staking, construction management and supervision for such facilities, and to finance the incidental expense to be included, including the cost of engineering, planning and designing the Facilities, all costs, including costs of the property owner petition to form Improvement Area No. 2, associated with the creation of the Improvement Area No. 2, the issuance of bonds, the determination of the amount of special taxes to be levied and costs otherwise incurred in order to carry out the authorized purposes of Improvement Area No. 2, and any other expenses incidental to the construction, acquisition, modification, rehabilitation, completion and inspection of the facilities, and any capital improvement fee imposed by any local agency pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311 et seq. of the Government Code of the State of California) that serves or is required for the project.

Descriptions of these documents are as follows:

- a. **Fiscal Agent Agreement:** This agreement allows U.S. Bank to act on behalf of the City to provide for the issuance of the Bonds, the disbursement of proceeds of the Bonds, the disposition of the special taxes securing the Bonds, and the administration and payment of the Bonds.
- b. **Preliminary Official Statement:** This document serves as the prospectus for the Bonds. It is the disclosure document relied on by Bond investors that details the underlying security for the Bonds and all associated investment risks. The Preliminary Official Statement is the offering document used by the underwriter to market the Bonds and indicated how investors in the Bonds will be repaid.
- c. **Bond Purchase Agreement:** This agreement is a legally binding document between the issuer (City on behalf of Improvement Area No. 2) and the Underwriter establishing the terms of the Bond sale. After the issuer delivers the Bonds to the underwriter, and the underwriter pays the issuer for them, the underwriter will put the Bonds on the market at the price and yield established during the Bond pricing call, currently scheduled for the week of December 8, 2025, and investors will purchase the Bonds from the underwriter.

Fiscal Impact

There is no fiscal impact. The special tax bonds are secured solely by the special taxes levied within Improvement Area No. 2 and are not a debt of the City's General Fund. Costs of issuance are payable solely from bond proceeds.

CEQA

The City finds that this action is not a project under the California Environmental Quality Act pursuant to State Guidelines Section State CEQA Guidelines, §§ 15060, subd. (c)(2)-(3), 15378.

Recommendation (Option 2)

Approve Resolution 25-XXX, authorizing the execution and delivery of bonds in connection with the financing of public improvements within IA No. 2; authorizing and directing the execution of a Fiscal Agent Agreement, Bond Purchase Agreement, and other related documents; authorizing the sale of the bond through a negotiated sale; and authorizing official actions and execution of related documents.

Attachments

1. Resolution 25-XXX - Financing Public Improvement CFD 2022-1N - IA 2Fiscal Agent Agreement
2. Fiscal Agent Agreement
3. Preliminary Official Statement
4. Bond Purchase Agreement